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

# **Cheney Is the Albatross Around Bush's Neck; Will Bush Cut Him Loose?**

**by Jeffrey Steinberg**

Vice President Dick Cheney lost a decisive White House policy battle Dec. 15, when President George W. Bush staged a photo opportunity with Republican Senators John McCain (Ariz) and John Warner (Va)—two of Cheney's biggest Republican Party critics—to announce Administration capitulation to bipartisan, bicameral Congressional demands that the U.S. repudiate torture. The White House session, where it was announced that the President supported the McCain amendment banning any American violation of anti-torture conventions, came just hours after the U.S. House of Representatives, by a veto-proof 308-112 vote, passed a resolution, instructing House conferees, hammering out a final defense budget, to support the McCain language.

Cheney ally and House Armed Services Committee chair Rep. Duncan Hunter (R-Calif) denounced the Bush-McCain deal and said he would block it, but the message coming from the White House was clear.

Adding insult to Cheney's injury, the House resolution was sponsored by Rep. John Murtha (D-Pa), whose Nov. 17 call for a U.S. military withdrawal from Iraq on a six-month timetable, triggered a national debate on a viable exit strategy. Murtha became the target of a Cheney-orchestrated smear campaign, which totally backfired on the Bush White House, and in effect, broke the Administration's nearly five-year vice-grip on the lower house. A core group of moderate Senate Republicans have already broken with the Cheney-led White House, after the failed "nuclear option" showdown in May.

The flight-forward against Rep. Murtha also put Cheney in the unenviable position of being at war with the entire uniformed U.S. military command, who moved preemptively, through the Congressman-war hero, to force an end to the Iraq quagmire, while the U.S. armed forces are still barely intact.

According to well-placed Washington sources, the Bush decision to cave in to McCain, Warner, and other Congressional leaders aligned with the uniformed military, marked the fourth time in the last six months, that the President has broken with Cheney on a substantive policy issue, and sided with other Cabinet officials.

However, senior Washington policymakers cautioned that so long as Cheney is still in office, the U.S. is in serious trouble. The President and the Vice President still hold weekly private lunches, through which Cheney exerts extraordinary power over the malleable Mr. Bush.

### **It's Not Only Torture**

Some leading Republicans, however, are trying to convince the President, and his closest confidantes, that Cheney has finally become such a liability he has to be dumped. Developments over the Patriot Act and the related issue of domestic

spying by the National Security Agency, which broke dramatically immediately after the Administration agreement with McCain, drove that point home.

Ongoing revelations of government surveillance of anti-war groups and activities had already put the renewal of the Patriot Act, complete with its numerous provisions for intrusive spying, in question, as the U.S. Senate moved toward a vote on the conference bill as approved by the House of Representatives. Then, on the evening of Dec. 15, the *New York Times* began to circulate a blockbuster exposé, in preparation for over a year, revealing that the National Security Agency had been conducting electronic surveillance and other monitoring of U.S. citizens since 2002, under a Presidential Order signed by President Bush a few months after the 9/11 attack. The NSA spying explicitly violates the 1978 Foreign Intelligence Surveillance Act (FISA), passed in the wake of the revelations of the domestic spying by the Nixon Administration, which mandated such agencies to get authorization from a special FISA court, in order to carry out this activity.

The *New York Times* report was immediately taken up in the Senate debate on the renewal of the Patriot Act, hardening the opposition, and contributing to a *bipartisan* rejection of the Administration's attempt to bring the Act to a vote. The Administration is now facing both hearings on its reported violations of FISA, and the defeat of its version of the Patriot Act, which has both Democrats and civil liberties-minded Republicans up in arms. The Bush Administration is beginning to look more and more like the Nixon Administration.

But, as some of the President's advisors will undoubtedly point out, he need look no further than his Vice President, to see where these problems are coming from. Just as Cheney was the lead actor in demanding an "exemption" for torture by CIA agents, so he was the dominant force behind pushing for the order enabling the illegal NSA surveillance, and in pushing through the "compromise" on the Patriot Act. It's not hard to see that removing Cheney would remove a good number of the President's problems.

Adding to the complex White House picture, former President George H.W. Bush has let it be known to GOP intimates that he wishes to "contain" Cheney's influence over his son, rather than force the Vice President's ouster, and pave the way for a new policy team to guide G.W. through the final three years of his Presidency. This is the same Bush Sr. whose own egotistical blunder led him to allow Cheney and George Shultz to mold the entire "Bush 43" Presidency, with disastrous consequences.

Cheney spent the better part of the last month twisting arms and pitching fits over the McCain amendment, which, he argued, would undermine U.S. efforts in the war on terrorism. Cheney argued for a loophole, exempting the CIA from the torture ban.

Cheney's efforts only triggered a new revolt by a group of 33 leading intelligence community veterans, led by former CIA Director Adm. Stansfield Turner, who explicitly opposed the CIA exemption.

## **Military and Intelligence Support**

The decisive support for the McCain amendment, came from the uniformed military and intelligence establishments, expressed by retired military and intelligence officers who are free to speak out in a manner that active-duty officers cannot.

This had already been the case when the Senate adopted the McCain amendment on Oct. 5 by a 90-9 vote. According to sources involved in the Senate vote, a crucial intervention was that of former Secretary of State—and former Chairman of the Joint Chiefs of Staff—Colin Powell. A letter from Powell in which he noted that the Senate has a constitutional obligation to regulate the treatment of prisoners captured in war, was read on the Senate floor by McCain.

Powell explicitly aligned himself with 28 other retired senior military officers who had previously sent a letter to McCain supporting his amendment. The military signers included 25 retired flag officers, such as former CentCom Commander Gen. Joseph Hoar, and former Chairman of the Joint Chiefs of Staff Gen. John Shalikashvili; the three other signers were former Vietnam prisoners of war.

Two crucial developments in the process in the House were these:

First, on Dec. 9, thirty-three former CIA officials and officers, and other intelligence specialists, signed and submitted a letter announcing their support for the McCain amendment, and explicitly rejecting the attempts of Dick Cheney to carve out a "torture exception" for CIA personnel.

"In the public debate over your amendment, some have argued that CIA interrogators should be exempt from the standards of decency and law that guide the actions of our military in battle and reflect our national values," the letter says. "They argue that the U.S. must retain 'flexibility' to act outside accepted standards in dealing with hardened enemies, on the presumption that violent and abusive tactics are the best way to successfully interrogate these prisoners. We reject this view."

Second, on Dec. 13, about three dozen retired military officers, heavily made up of flag-grade officers, who have combat experience going back to World War II, met privately to organize a campaign of behind-the-scenes support for McCain's amendment, and efforts of Cheney and the White House to water it down. The meeting was chaired by General Hoar, who said that it is no accident so much public support for the McCain amendment comes from former military officers. "Most of us who have served," he told UPI, "hold ourselves to a higher level than the community at large."

Hoar also said that the nature of the enemy should not be a factor. "I don't think it makes any difference that they are different, because *we're* not any different. It's about *us*," he said. "Who are we? Our President speaks with these throwaway lines about democracy and freedom, and then we do things like this. It makes no sense to me."

## **Firestorm Over Rendition**

When Secretary of State Condoleezza Rice travelled to Europe for a series of high-level meetings in early December, she was ambushed at every stop, over the issue of secret U.S. torture prisons in secret locations in Poland and other eastern European countries. The *Washington Post* had triggered a firestorm in the European Union by leaking details about the secret torture prisons last month, as well as several hundred unauthorized CIA and military flights, carrying suspected "terrorists" who had been captured through "extraordinary renditions," Cheney-speak for kidnappings.

During her meeting with the new German Chancellor Angela Merkel, Rice, in effect, changed Bush Administration policy, by vowing that there would be no more U.S. violations of international conventions and treaties, banning torture. Merkel infuriated Bush Administration officials, particularly Cheney, when she publicly reported that Rice had "admitted" that the U.S. policy had been wrong. Rice reportedly had authorization from President Bush to alter the U.S. policy, in the event of a diplomatic fiasco, but her action caught Cheney and his top staffers by surprise.

Cheney's new chief of staff and general counsel, David Addington, was the principal author of the White House memos, arguing that the events of 9/11 justified violating the Geneva Conventions, other international agreements, and U.S. laws barring torture.

Even before Rice's plane touched down on U.S. soil, following the disastrous European trip, the "Cheney-Rumsfeld Cabal" launched an information-warfare campaign against the European governments, leaking a story to London's *Sunday*

*Telegraph*, claiming that a January 2003 meeting of American and European Justice and Interior Ministry officials in Athens had agreed to cooperate on "extraordinary renditions."

The real question, however, was what would happen back in Washington when Rice returned. Would Bush side with Cheney and buck Congressional Republicans and world opinion, or would he slap down the "Vice President for Torture?" The Dec. 15 White House Bush-McCain photo-op signalled that Bush was forced to break with Cheney's tortured logic.

Further adding to the fiasco was a story, published in *The Observer* on Dec. 11, detailing another case of "extraordinary rendition" and torture. Binyam Mohammed, a 27-year-old Ethiopian living in England, was kidnapped while visiting Pakistan in April 2002, and held in several U.S. and British secret prisons, including in Morocco. Under torture, he "confessed" to being part of the al-Qaeda cell that was plotting to smuggle a "dirty bomb" into the United States, in league with Jose Padilla, another alleged al-Qaeda terrorist arrested in the U.S. shortly after 9/11.

Mohammed later told his lawyer that he never heard of Padilla, had no al-Qaeda ties, and did not even speak Arabic, but had succumbed to the torture and signed the prefab "confession" provided by his interrogators. When the Mohammed case came to light, the Padilla case blew up. Nevertheless, Mohammed was "rendered" to Guantanamo Bay, where he is currently being held, and is scheduled to be tried by a military tribunal as a member of al-Qaeda.

The *Observer* story quoted senior CIA sources that the Agency is in "deep crisis" over the torture/kidnapping policy, and many senior case officers are quitting, rather than stand trial later for serious crimes.

## **Rumsfeld Out?**

The Washington rumor mill has been buzzing with talk about the breakup of the "Cheney-Rumsfeld Cabal," a term coined by former chief of staff to former Secretary of State Colin Powell, Col. Lawrence Wilkerson. Several senior intelligence-community sources have stated that Defense Secretary Donald Rumsfeld will be leaving next year—by no later than the Summer.

One sure signal that the "vacancy" sign is being prepared at the Pentagon is the manic behavior of nominal Democrat, Sen. Joseph Lieberman (Conn), who raced off to Iraq on a "fact finding" mission. His findings: Bush's policy is succeeding, and "mission accomplished." All that was missing was the jump suit and the USS Lincoln.

While Lieberman's name has been floated as a replacement for Rumsfeld, more attention has been focussed on a replacement for Cheney himself.

Senior Republican Party sources have confirmed that a group of anti-Cheney GOP "big-whigs" are touting Senator McCain as the "clean-hands war hero" to replace Cheney as Vice President and reinvent the Bush Presidency. While the McCain fever has not yet hit the White House, the fight inside the Republican Party is intensifying by the hour, as GOP members of the House and Senate contemplate a midterm election earthquake if Cheney remains in office.

Meanwhile, Cheney's impolitic decision to stage a high-visibility fundraiser in Houston on Dec. 5 for Rep. Tom DeLay (R-Texas) has suddenly put the Jack Abramoff (the indicted lobbyist-moneybags for the DeLay, Inc. political-thug machine) spotlight on the Vice President himself.

## **Special from LaRouche**

*Lyndon LaRouche released the following open letter on Dec. 13, 2005 in response to an op-ed in the Washington Post by Felix Rohatyn and Warren Rudman.*

## **HOW NOT TO BUILD A RECOVERY**

### **A Tale of Two Bozos**

**by Lyndon H. LaRouche, Jr.**

The tale was told more or less as follows.

During one of those occasional silly seasons which the French call revolutions, a revolting pair of academics were sipping beverages in a favorite café, while successive clusters of revolutionaries raced past the café on the street outside. Suddenly, one of the pair in the café stood upright, grabbing his hat, scarf, and coat, exclaiming: "That is my revolution which just passed; I must go and lead it!"

That could be a replica of "Big MAC" swindler Felix Rohatyn and his confederate Warren Rudman, jerking into an upright position, after belatedly recognizing the importance of Democratic House leader Nancy Pelosi's now-famous Harvard address of just a little over a week ago. The product of their delayed reaction to Nancy Pelosi's address, is a silly swindle which they christened "a national investment corporation (NIC)," a piece of chicanery which Rohatyn and Rudman contributed to today's edition of the *Washington Post*.

For anyone who knows the reality of the present financial conditions of the financial institutions of Europe and the Americas as a whole, the most obvious swindle in the Rohatyn-Rudman proposal for raising money for infrastructure from issues of fifty-year bonds, is that the purchasing power for those bonds does not exist under the present economy with that economy's present role within the world's monetary-financial system.

This does not mean that Rohatyn is altogether stupid; it means that he hopes desperately that you readers of the *Washington Post* are dumb enough to be taken in by what he and Rudman have proposed in print. To understand why Rohatyn would make the kind of fraudulent argument he has contributed to today's issue of the *Washington Post*, you have to understand why Rohatyn hates and fears me personally.

### **Felix and Fascism**

Felix is, essentially, a fascist. He probably hates the memory of Adolf Hitler, and maybe even Benito Mussolini and Francisco Franco. What he represents is the type of financier circles which backed Mussolini and Hitler during the 1920s and early 1930s, the financier circles which put the Mussolinis and Hitlers into power because they believed that fascism was the tool needed to destroy the kind of society which the United States' Declaration of Independence and Federal Constitution represent, just as many tools of similar private financial interests have done so much to destroy the U.S. economy, in particular, during the time since the aftermath of the assassination of President John F. Kennedy.

As a result of the role of the 68ers, in shifting the economies of the U.S.A. and Europe, away from agro-industrial economies, into so-called "services economies," those nations are essentially hopelessly bankrupted under the international conditions existing today. In place of the U.S. economy which was crucial in defeating Hitler, we have a pile of decaying economic wreckage, in which traditional private agricultural and industrial ownership has been crushed under the power of gigantic financier networks controlling giant corporations which, like U.S. Steel, and as Kerkorian intends to ruin General

Motors, are financial husks of the productive enterprises which they used to be.

That means, the increasingly "globalized" world of today is dominated by super-gigantic financial combines which have greater economic power than entire nations, or, in some cases, even combinations of nations. What Rohatyn represents, and represents this in a fully conscious way, is a globalized system of imperial rule by a global combination of super-gigantic slime-molds made up of many private financier interests. They intend to eliminate what they regard as the former power of "big government," by either governments which are mere lackeys, errand-boys for financier slime-molds, or, for most cases, no real government at all. For that reason, people such as Rohatyn hate me bitterly, and very, very personally.

## **Why Rohatyn Fears Pelosi's Address**

The Rohatyn-Rudman scheme is pure swindle. They have no intention that anything like their proposed NIC would actually work. They are hoping to dupe a sufficient number of suckers into believing that it might work, to prevent the U.S. Federal government from doing the only thing, Franklin Roosevelt-style, which is, in fact, the only possible means for preventing the United States from collapsing soon into the worst and deepest depression ever, and that soon.

The first line of defense of the U.S. economy against a deep and early depression is the willingness of the U.S. government, under the clear provisions of our Federal Constitution, to take the bankrupt Federal Reserve system into receivership by government, to keep the bank doors open and the banks functioning, and to reorganize a credit-system which will launch the large-scale investments in infrastructure and private industry sufficient to repeat the miracle which Franklin Roosevelt's Administration accomplished during the 1930s.

Once the U.S. government begins to play that role, it will be sovereign governments which rule the world, not predatory loan-sharks like Rohatyn and his accomplices.

If he can succeed in fooling you into believing his fraudulent proposal would work, you have no chance of coming out of the crisis as free men and women. Give in to Rohatyn's swindle just long enough, and the world dictatorship for which he is working would become the ugly reality of your existence.

## **What Rohatyn Wrote**

*The following are excerpts from the op-ed titled "It's Time To Rebuild America: A Plan for Spending More—and Wisely—on Our Decaying Infrastructure," by Felix G. Rohatyn and Warren Rudman, published Dec. 13, in the Washington Post.*

"Two recent, very different events on opposite sides of the United States serve as startling examples of our unwillingness to support needed public investment or to consider the consequences of failing to do so.

"On the Gulf Coast, the failure to invest adequately in the levees of New Orleans and to prepare for or manage the resulting disaster was obvious to the world.

"On the Pacific Coast, in the state of Washington, a quieter crisis loomed. The region's infrastructure had been outstripped by growth. But the new governor, Christine Gregoire, had the courage to impose a phased-in motor fuels tax to repair the state's dilapidated and congested roads and bridges. ...

"Americans may not want 'big government,' but they want as much government as is necessary to be safe and secure. Today state and local governments spend at least three times as much on infrastructure as the federal government does. In

the 1960s the shares for both were even. Even so, increases in state spending have not been enough to check the decline in many of our public assets. A new type of federal involvement would be a powerful initiative and would require a new focus. Rebuilding America is a historic task; we have the means to do it.

"The shortfall in investment is aggravated by the fact that most infrastructure money is given out by formulas that do not force all projects to be evaluated on consistent or rational terms. The solution to both issues could begin with a national investment corporation (NIC) that would be the window through which states and groups of states and localities would request financing or grants for all infrastructure projects requiring federal participation. It could, over time, replace the existing dedicated trust funds, as well as address new missions for America's public infrastructure programs, including renovation of public school buildings.

"The NIC could use its financial power to bring about improvements in policy. Funds for new highways, airports or water projects would not be granted unless modern technology, appropriate user fees and other non-structural solutions had been brought to bear. Capital grants to individual school districts would be contingent on adopting management and human resource practices that would improve school performance.

"The NIC should have the authority to issue bonds with maturities of up to 50 years to finance infrastructure projects. The bonds would be guaranteed by the federal government. Such long-lived bonds would align the financing of infrastructure investments with the benefits they create; the repayment of those bonds would allow the NIC to be self-financing. In Europe, the European Investment Bank finances infrastructure in a similar fashion; it has created a superb and efficient European infrastructure, including a high-speed rail network, which is an enormous asset.

"The federal budget is in crisis thanks to unwarranted tax cuts, unbounded entitlements, and open-ended commitments for hurricanes and homeland defense. But the budget does not recognize assets; it recognizes only expenditures and liabilities. Under the rules as we have them, the Louisiana Purchase would have been accounted for on the basis of the debt issued to Napoleon, with no recognition of the astounding value created. An entity as large as the U.S. government must have a cash budget. But the use of dedicated, long-term bonds within an NIC would become a de facto capital budget, providing us with better information about the stock of public capital...."

## **Latest From LaRouche**

### **LYNDON LAROCHE ON THE LAROCHE SHOW:**

#### **SCIENCE AND ECONOMY: CHARTING THE COURSE IN THE POST-CHENEY ERA**

*The LaRouche Show host Harley Schlanger welcomed Lyndon LaRouche as his guest on Dec. 17, along with LaRouche Youth Movement panelists Riana St. Classis, Cody Jones, and Jason Ross.*

**HARLEY SCHLANGER:** Good afternoon, and welcome to the LaRouche Show. It's Saturday, Dec. 17, 2005. I'm Harley Schlanger, and I'll be your host today.

This has been an especially bad week for Vice President Dick Cheney. And that's good news for our nation and the world. The Vice President in charge of torture, and now apparently, domestic spying, suffered a one-two punch this week, as his effort to make torture part of U.S. policy was defeated decisively by a bipartisan alliance in the Congress. Then, the very next day, yesterday, his drive to extend the Patriot Act, under which domestic spying has been revived, was defeated—and, again, by a bipartisan coalition.

Our guest today, is the intellectual driving force behind the succession of bad days and defeats administered to Cheney and the neo-cons. He's also pressing ahead with a second flank, organizing to reverse the now 35-year descent into a post-industrial New Dark Age. Coming out with a soon-to-be-published paper, "The Principle of Power," which he composed in collaboration with members of the LaRouche Youth Movement; then again, this morning (this is a very busy man we have with us), he released a memo on the subject "Rebuilding the U.S.A.: Travel Among Cities."

I'm talking, of course, about Lyndon LaRouche. And we'll be joined later by a panel of LaRouche Youth Movement members who participated in the project with Mr. LaRouche: We'll have on with us today, Cody Jones, Jason Ross, and Riana St. Classis.

So, we'll begin by welcoming to The LaRouche Show, Lyndon LaRouche. How are you today, Lyn?

LYNDON LAROUCHE: Well, I think I'm probably alive and fairly well.

SCHLANGER: Lyn, this has been a very bad week for Dick Cheney. Give us the story from your perspective on these developments.

LAROUCHE: Well, there are a whole series of things. You know, actually, on Nov. 9 of last year, we found a Democratic Party which was about to give up the ghost for the time being, after the events of Nov. 2. And I began to kick a bit (as I am prone to do), and we got the Democratic Party, or some of them moving, and we got the whole party pretty much moving in short order, so that, in point of fact, that the George W. Bush Jr. Administration, the second administration, has actually been a lame-duck administration in the making from the beginning of the second inauguration. It really never got off the ground. But a lot of things that had been started in the first Bush Administration, rather ugly things, such as the war in Iraq, and other things of that sort, kept catching up. We weren't rid of it.

But, we're now at the point, that you can say, probably, that Rumsfeld is on the way out, he's as good as gone, and knows it. So, about the time that the first quarter of 2006 comes to an end, Rumsfeld will probably be out by that time. And that's all, in a sense, in the program.

You have, also now, a process of a White House which is becoming pretty much of a barren land. You've got the President in the Oval Office and a few old hands there hanging on. But there's not much activity going on there. He's going to be giving an address which won't mean much—make a fool of himself. And, Cheney's out travelling.

And Cheney's in deep trouble—for a whole series of reasons, not because of this or that, or the Congress. What's happening is, there's been a buildup, first in the Senate, of resistance from the Senate to Bush's plans to rob Social Security. That got jammed up. Then, at a later point, you had this DeLay process—DeLay got into trouble, and the Republican administration's control over the House of Representatives began to weaken. And now, you have a situation where both houses of the Congress are in a process of resistance to this administration: the torture business; one fraud after the other perpetrated largely under the direction of Dick Cheney. Dick Cheney's in trouble—he's lost Libby. The neo-cons who were the big funders from Hollinger Corp., who were funding the neo-cons—the head neo-con, Conrad Black is in deep trouble in a Chicago court. Things of that sort.

So, the problem now, is not how do we defeat Bush, Cheney, and so forth. That's already in process. The question is, how do we get started on the things that have to be started now? In other words, we have an impasse, in which the Bush-Cheney Administration is a failure, and there's no sign that it's going to be anything but a failure from here on in. But on the other hand, we have the forces of a bipartisan group which is taking shape, the overwhelming majority of Democratic Representatives and some Republicans, constituting a majority, really in both houses of Congress.

So, the question is—[interrupted by loud police siren going by]. We seem to have—Cheney's being carried away.

SCHLANGER: [laughs] Go ahead.

LAROUCHE: We've not yet got our act together. We have not yet got the Executive branch orders which have to be shaped, to deal with what is oncoming as the most dangerous international financial collapse in modern history. It's coming on fast.

SCHLANGER: Well, there've been some dramatic events on that just in this last week to ten days. There was Nancy Pelosi's speech at Harvard. And then, your old synarchist adversary, Felix Rohatyn took to the pages of the *Washington Post* to try to block the momentum behind your initiatives in the Congress, to reorganize the financial system and to restore an FDR-style approach to rebuilding infrastructure. How do you see this battle unfolding?

LAROUCHE: Well, there are actually three figures in the battle outside the members of the Congress: One is me; that I've been pushing for measures which I think are absolutely indispensable, to keep the world from going into a dark age, among other things, but to deal with this onrushing, general financial crisis—worldwide: not just the United States, not just the United States and Europe, not just the Americas and Europe, but worldwide. There's no part of the world, that can survive, successfully, for the coming two generations, unless certain initiatives come from the United States.

So, my main concern is to get those economic reforms in place, and to get the Congress mobilized behind it, to get other institutions, and hopefully get the Executive branch moving on this, now, quickly. Because the crash is coming on fast. It's already in process. It's not something that is going to "start" to happen, it is now happening. We're now in a crash. We're in a slide down, and we're about to go off the cliff.

So, I have my proposals. One of these proposals in a sense was satisfied by what Nancy Pelosi did, the leader of the House of Representatives, the Democratic leader; who, in her Harvard address, made what I've characterized as a new Tennis Court Oath, referring to the Marquis de Lafayette's proposal for a constitutional reform in France, during May-June of 1789. But that didn't happen, and other things did happen, and France went to hell. But we were close at that point, where, there is a revolt in the institutions, for which Nancy Pelosi played a signal role in announcing this. And that announcement, that we are now moving to try to save the economy, by a mobilization of measures which will get this economy out of the depression and moving ahead with an industrial-based development program.

So, that's where we stand.

The other thing, is, we have Paul Volcker, the former Federal Reserve Chairman, who has been moving on this issue with his own ideas. They're pro-American—I don't agree with him, but I agree with him against Rohatyn.

Rohatyn is actually a European fascist. He's what we call technically a "synarchist banker." He has no particular loyalties to the United States, though he does attach himself, like a flea, to the Democratic Party. But, he's on the other side.

So, you have the three of us, who are in a sense, outside the Congress—myself, Paul Volcker, and Felix Rohatyn the fascist—and we are in a sense, the ones who are pushing various kinds of approaches to general monetary and related reform. And you have people in the Congress who are moving ahead, around the idea of saving the auto industry, saving other industries, going ahead with programs which will replace some of the auto production with other kinds of production of things we need. For example, we need a rail system. We've lost our rail system, we need a rail system. We could build it. The automotive industry is capable of using its idle capacity to rebuild that. We need to rebuild the airline system. We need a rail system which includes things like magnetic levitation high-speed rails, so we get a more rational relationship

between air travel and highway travel and train travel.

We need to reform our river systems, our canal systems: They're breaking down. Our power systems are breaking down. These are all things in which the auto industry's machine-tool-design capability, and production capacity, combined, would help us fill a lot of these gaps that have to be filled. They would also ensure that we kept intact the production potential which the auto industry represents.

So, there's a lot of discussion about this kind of thing, among the three of us, the three rivals: myself, Paul Volcker, and Rohatyn. And of course, Paul [Volcker] and I will tend to converge on agreement on some of this, against Rohatyn.

SCHLANGER: Well, your initiative this morning, to draft this memo on the rebuilding around the traffic system, I assume that you had some idea in there of a commission in the Congress, since the White House doesn't function. How do you see that unfolding?

LAROCHE: Well, first of all, what we need is this: We have, between General Motors and Ford and other things associated with them, like Delphi and so forth—here we have, outside our aerospace sector, which includes NASA, which includes the aircraft industry, our machine-tool capacity, of the entire nation, is concentrated in the automobile industry and its affiliates. This capacity represents a tremendous amount of potential. Actually, the industry—General Motors and Ford combined—have much more capacity than we are presently utilizing, for production. But it also has a vital machine-tool design capability, without which this nation becomes a Third World economy.

Therefore, the point is, we need a rail system; we are no longer a united nation. You can not get into an airport someplace, or a train station, and get to some other part of the country by buying a ticket or group of tickets. That's vanishing. We've lost most of our rail system. We're losing our air-travel system. We're losing our barge and river system, as in the case of what's happened down in New Orleans, at the mouth of the Mississippi. Therefore, we've got to rebuild this, which is collapsing out of neglect and attrition over a period of nearly 40 years!

Now, the automobile industry, which makes automobiles, also has the capacity, using its millions of square feet of construction capacity, to make, within a course of even a year, completely new designs of new products that we need! For example, one of the things on there, is to convert the auto industry to a kind of hybrid engine, to convert the entire structure of how we build, design automobiles; to rebuild our rail system; to improve our air-transit system; to fix up our rivers, that is, the things that go with fixing up the rivers and canals, and things like that.

What my proposal is, we put this whole capacity, this whole idea, into one Federal package, and create an entity which is responsible for using government-generated credit, to ensure that things that have to be done anyway, like supplying our power plants, rebuilding our rail systems, maintaining our water systems—including drinking water, for example: That these things be in one package which use the same capability, these millions of square feet of idle capacity, the employees who are now making automobiles, or should be making them, the machine-tool designers, who are essential to anything. And take this one package, and bring this economy with one fell swoop out of where it is now, as operating *way below breakeven*—if you look at our unpaid foreign debts and things like that, we're operating *way below breakeven*. Get above breakeven. And we can do it, by taking this section of our economy, putting it, temporarily, under government subsidy; in a sense, use this capability and expand now, and get moving back to becoming a real industrial power again, and not a half-baked former industrial power.

SCHLANGER: You're listening to Lyndon LaRouche on The LaRouche Show today, it's Dec. 17, 2005. We can take some e-mail questions. You can send them to us at [radio@larouche.com](mailto:radio@larouche.com).

I want to just shift a little bit, Lyn, into discussion of your new paper, because, I think what you've done is you've launched

a profound revolution in the science of physical economy and the related science of statecraft. And I know the three LaRouche Youth Movement members on the phone will get at you in a moment on this—but, this piece will appear in the next issue of *EIR*, the [Dec. 23] issue. What was your intention in writing this paper? What was your thinking behind it?

LAROUCHE: Well, there are two things. First of all, from the standpoint of the negatives, we have been destroying our economy. Actually, we do not have the capability that we had 40 years ago! We are a poor economy, and a broken-down economy, compared to what we were 40 years ago.

Now, part of this, is, we've lost skills. For example, competent scientific education, engineering education, in our institutions of higher learning; orientation toward these kind of careers, in primary and secondary education, have been lost. We are becoming a nation—a *dumb nation* economically.

Now, we have to get back to becoming an industrial power, again. Otherwise, we're not going to make it. And, with the world crisis coming, unless the United States takes leadership on this thing for a world recovery, there is not going to be a world recovery. You look at various parts of the world, there're certain interesting things happening in China, some interesting things happening in India; some potentially interesting things could happen in Europe. Russia is very a interesting question mark these days. But, they're not going to start a recovery of the world system, and the world system is on the edge of the edge of greatest crisis in its modern history.

So therefore, we in the United States *must take the initiative* which moves the world as a whole, into the direction of a recovery policy. Now, this means that we have to not only recover the scientific potential we used to have, at the time that Kennedy launched the manned Moon landing, which was a continuation of measures which had been taken by Eisenhower in '57-'58. We've lost that. We have to rebuild our society.

Now, my view is this: There are certain known things that can be done very efficiently, to increase the level of scientific competence and engineering competence in our labor force. And obviously, these capabilities have to be introduced into the youth movement. They have to be introduced, especially, into the age-interval which corresponds to the normal university life, that is, of age 18 to 25, which is a time that people turn from adolescence into qualified employees in science and things of that sort.

So, what I did, is to lay out the basis for a program of higher education, and to utilize the LaRouche Youth Movement, which needs this anyway, to start the process of creating the model which people on that level of age-interval, can follow, with getting an *educational movement*, for a return to a powerful, technologically powerful, scientifically powerful, economy again. And, I thought, "Well, I'm writing this article on how to do this, but I'm not going to do it all myself: I'm going to challenge youth working with me, to jump on this, and with my knowing what they're going to do, let them discover what they're going to do!" Which is, I think, is a good educational program. And they've done it: We have a lot of material they've produced—I have not been directly involved in it; I specified what had to be created, they've gone ahead and done it. And this is all going to be presented, my article together with their examples, their explication, their extended footnotes so to speak, which will all be in a mammoth edition of *EIR*, the Christmas edition. And the purpose of this, is to help push an economic recovery, but also to shock the nation into saying, "We have to reform our educational system to fit the needs of the present and future."

SCHLANGER: Well, our listeners can get that *EIR* by calling us at 888-347-3258, and I think they're going to want to see it.

Now, I can tell you, we have had quite an extended process of deliberation which was set into motion by the way you laid out this project. And we have three people who were involved in three of the locals in pushing this forward. So, let me first bring on Cody Jones, who's in Los Angeles, here. Cody, go ahead.

CODY JONES: Yes, hello Mr. LaRouche. Well, the question I have, first off, is, one thing we've been wrestling with, is the challenge you've put out on the economic animations. And in looking at what you've called for in terms of what we want to animate, and then looking at this in terms of what we've been developing in something like that "Mathematica" program, some of the animations that Bruce [Director] has done for the elliptical functions and the higher transcendentals: How can we, in a sense, the way someone like Leonardo da Vinci took discoveries he had made in light and spherical perspective and then used those, brought those to bear, to communicate these profound ideas in his artistic compositions. We're trying to think about the artistic question of how can we take these ideas of these animations of elliptical functions, where you see a certain increase in degrees of freedom, kind of transformation from say, a sphere to a torus, and how do we then incorporate that into the kinds of animations we want to use on the economics, that communicate, really what you've discovered in physical economy; of the kind of transformations that take place whenever you introduce a newly discovered universal principle into the economic process?

LAROUCHE: Well, what we've had is a wrong educational approach—not entirely—there are a few institutions which have done better. But our general mass education, including mass higher education, has been tailored to play down the actual role of creativity. Instead of having young people, say at the university-age interval, instead of having them experience the process of discovering a universal physical principle, for example, what we do, is we give them a program of drill, in effect, in which they replicate, or "go through the motions" of constructing solutions, like solving crossword puzzles, for predetermined results.

This is wrong, in my view—always has been, in my view. That, the origin of science, and Classical artistic composition, is something which was relatively unique in our known history, to European civilization, starting with ancient Greece, with the Pythagoreans, and Thales, and Plato and so forth. Now, that method had been known and has been used by the great discoverers. It was used during—for example, like Leonardo da Vinci, in his time, and by Cusa who revived, Nicholas of Cusa, a Cardinal of the Church, who revived this into modern science. This was again revived, at a later point in the modern times, in France, around Jean-Baptiste Colbert, and the great economic revival which followed the 1648 Treaty of Westphalia. This was done by Leibniz. It was picked up again, later in the 18th Century, by a group of people including Lazare Carnot, Monge, and by Gauss, and through Riemann and some other people.

So, the method of doing actual, original generation, of the discovery of a universal physical principle, in large part, has been a lost art, in terms of even higher education, as well as programs for secondary education.

So, my work on this was simply to concentrate: why the word "power" came in. "Power" is a modern term corresponding to the meaning of the Pythagorean term *dynamis*, from the Greek. This concept was actually reintroduced into modern science by Leibniz and his exposure of the frauds of Descartes. So, to bring this into play, this kind of geometric approach to making original discoveries.

So, what we did, is, took the foundation of this work in modern science, essentially in modern times, from Kepler, his followers, through Riemann; but take this particular period on the issue of the implications of the doubling of the cube as a geometric construction. Which is the most relevant, from the standpoint of modern science, the most relevant discovery that anyone has to work up to, and through, to have the foundations of competence in science in general, and in economics in particular.

So, what we did, is, we just took some of the challenges, examples which I thought were the most important ones to portray, on this concept of power: power as the power of ideas, discoveries of principles that only a human being can make—no monkey can do it. This is the difference between a human being and an animal: to re-experience the challenge of working through some of these discoveries, as if the youth involved were making the original discovery *themselves*; which is, I think, what an educational process ought to be.

So, it seemed to me, that because of the great crisis that we're facing, economic crisis, that we need a science-driver program to quickly get the United States and other nations "out of the mud," so to speak, of our present depression: is to present that challenge to young people, of a generation who can no longer afford university. You know what a university education costs today, in terms of the average income of the average member of our society? Do you know what it costs for tuition for a four-year, decent university course? What the cost of living for the student, during that period is? Most people can't afford it. They can't afford it, in their lifetime! And we've come to the point, that to have a successful economy, we need to have most of our people enjoying the equivalent of a competent university education. Today, we just can't afford it! Not the way we could, say, in the 1960s, or back in the late 1940s or early 1950s. It's gone!

So, here I have a bunch of people, young people. They don't have a great deal of money—as matter of fact, they're a very poor generation, they don't have access to much money. They can't afford this kind of education, generally. And therefore, how can we provide a general education, or general level of education, for all people in that 18 to 25 generation, or at least most of them, which qualifies them to develop into competence for driving an economic recovery, of this nation, and of the world?

SCHLANGER: Lyn, we're going to have to take a short station break, and then we'll come back with more questions and more discussion.

It's clear for those of our listeners that what Lyndon LaRouche was just describing, is, in fact the way the LaRouche Youth Movement has been functioning as a university on wheels. And part of what you can do to participate in this, is contribute; you can buy the *EIR*, you can circulate it. So, let me give you that number again, it's 888-347-3258.

You're listening to The LaRouche Show, which is live on the web every Saturday, from 3 p.m. to 4 p.m. Eastern Time. Yes, we will have a show next Saturday on Christmas Eve, because this next week—this next couple of weeks, will be incredible, leading into the Jan. 11 webcast: On Jan. 11 at 1 p.m. Eastern Time, Lyndon LaRouche will be giving another in the series of webcasts that have been shaping the political fight, not just in Washington, but also internationally. So, you'll want to tune in for that: That will be on the <http://www.larouchepac.com> website. And I would encourage everyone listening, and everyone on the internet and on the conference call, to go out and "organize up a storm" to get people on that, to get your Congressman to either come to it, or listen to it on the computer; send their aides over. Many of the aides in Congress are the same age as the LaRouche Youth Movement, and they're beginning to get a good education, thanks to the work of the LaRouche Youth Movement in Washington, D.C.

I'm going to bring on our second participant from the LaRouche Youth Movement, who basically has been involved in setting up a workshop in Seattle to do some of the kinds of constructions that were inspired from Lyn's paper. Riana, are you there?

RIANA ST. CLASSIS: Yeah, I am.

SCHLANGER: Okay, go ahead.

ST. CLASSIS: Hi, Mr. LaRouche. When we were doing the building of all these volumes and trying to really get into the Archytas construction from a different... We were all really aware of a couple of different things. One was that we were doing intellectual archeology, something that you've discussed a lot. And also, that we were sort of grappling with—I don't know—maybe the (I don't know the right word), the "embryo" of the machine-tool principle: Because, as we were trying to do these things, to build these things, we were realizing what the Greeks, what Archimedes and the followers around Plato were probably having to confront. And then, we realized that we had to build machines, to be able to create the things that we had in our ideas, that we were trying to do. So, as we were doing that, we had the sense that that was something akin to

what you had been discussing.

And what we also began to think, was that this was probably the only way that you could communicate these ideas, and that it involved all of the principles that you discussed, including what Cody I think, was bringing up as well: this question of art. Because, in order to convey this idea, you actually had to bring to bear all of your capabilities.

So—I don't know if that's exactly a question, but—could you comment?

LAROUCHE: Yes, well, Cody raised the question and you've raised it again, in this question of art and science.

You know, what I've done, is because of the limitations that we're working with, how do you get a general educational effect, in terms of a scientific outlook, and a Classical artistic outlook. And so, I emphasized this geometric approach to the rediscovery of the history of European science, as traced from, especially the Pythagoreans with the conception of power, which they associate with *Sphaerics*. And on the other hand, is to take some Classical artistic compositions, musical compositions, as challenges. *Jesu, meine Freude* for example, or the Mozart *Ave Verum Corpus*, which are what are called *a cappella*, essentially, works. And to get people to understand exactly what is the same principle which is expressed an effective performance of, say, the *Jesu, meine Freude* or the Mozart *Ave Verum Corpus*—which I guess, all of you have discovered by now, is not such a simple thing. You do it with a chorus, you find out that you have to slightly adjust the voices to get the unity of effect, of the entire composition, that it's to be *undivided*, not a mosaic, but a continuous process of development from the beginning to end of a truly Classical choral work.

And in that, you find out that you make very slight changes, as, for example, the *Ave Verum Corpus* has several changes, which are called "Lydian intervals." And these changes produce, when they're performed effectively, produce the sensation in the audience, and among the singers, which corresponds to a creative experience. It's where a genuine idea, rather than singing the notes that you read on the page, you're actually conveying an idea.

In making discovery of physical principle, or in solving some of the challenges which implicitly I threw at you guys, with this article, you get to a point, where you actually get a sense of a breakthrough. And you get a sense of creativity, which most people do not get—or very rarely—in their entire educational experience.

So, my purpose here, among other things, is to get the emotion of this—for example: The emotion is fun, because, when you're experiencing the work of Archytas, this friend of Plato's, who was the commanding general, for example, of the forces of Syracuse at that time—and you realize that you are experiencing, or in the case of Archimedes, or the case of some of the discoveries of Eratosthenes, of thousands of years ago, you are experiencing in your own mind *exactly* this special creative emotion, which they experienced at that time! And therefore you get a sense of what humanity is.

You know, we're all going to die, sometime. We're born, and we die. But we also have a sense of immortality. This immortality is associated with what we do which continues what was done before us; and what we do, to extend that experience to those who come after us. So that we see ourselves as, in a sense, experiencing immortality.

For example, now, the problem the Baby-Boomer generation has: They're now, generally, between 55 and 65, or something like that, those born in the immediate postwar period. And because of the things they've been subjected to, they tend to be a no-future generation in their outlook. This represents a real problem for people of the younger generation, young adults, because, here they are, they're the children of these fellows, who are about to go out of business as the leaders of society within about ten years! And here, the young fellows coming along, 18 to 25 and so forth, and they sense that their parents' generation doesn't have a sense of the future! But has a sense of trying to find a comfort zone, in which to live out the ten years or so of leading life they have left, and probably ten more years beyond that, before they die! That's horrible!

Human beings must have a sense of participation in coming generations. They must have a sense of their participation in generations which went before them. And it's only in the experience of that which distinguishes a human being from a monkey: the power to make these kinds of discoveries, that a human being can look in a mirror and say, "I'm not a monkey." Otherwise, people behave, look like monkeys, don't they? They behave like monkeys, often, too.

So therefore, the important thing in education, is also *moral*. It's not simply becoming useful. A tool can be useful, but that doesn't make it human. But to become useful to society, is to express what a human being can do: It can make, and replicate, the discoveries of *ideas*, which have lifted humanity up above the level of the beast, and toward whatever the future can become.

So, what is needed, above all else, in difficult times like these now, is a sense of personal passion, a sense that what one is doing *has immortal significance*, in terms of reliving the past—you bring Archytas back to life; you bring Plato to life; you bring Eratosthenes back to life; you bring Cusa back to life; you bring Leonardo da Vinci back to life; Leibniz, Gauss, Riemann—bring them back to life! Because you can experience the ideas which were uniquely their creation, in yourself. You have a sense of immortality, in your connection to the past of mankind; in a sense, also, in the same way, a sense that what you're doing now, *will live, after you've died. It will be a part of the future of humanity*. It's that conviction, it's the joy of doing that, which is the motive, which enables a generation to accomplish great things.

Shelley refers to this in his essay "In Defense of Poetry": That there are times, special periods in history, in which the passion and ability to communicate, "to impart profound ideas respecting man and nature," is rare. Whenever mankind gets into trouble, as we're in trouble today, as our nation is in trouble today, what we need, above all, is to evoke from among our people, at least a significant number of them, this sense of the power of "receiving and imparting profound and impassioned conceptions respecting man and nature," what Shelley speaks of as the poetic principle. And, that's my purpose here. And that's what you guys are, both, so far—Cody, you, and Riana—have referred to: is this experience, this kind of thing, this poetic character, that you can evoke in terms of even physical scientific discoveries.

SCHLANGER: You're listening to Lyndon LaRouche. We're on The LaRouche Show today, and Lyn, we have the whole board filled up with e-mails and questions. I'll try to get to some of them, but I want to keep the dialogue going with the LaRouche Youth Movement members, by bringing in now, Jason Ross, who's on the line from Oakland, and Jason is another one who contributed both the article, but also to the discussion process with many other people who were working on it.

Jason, go ahead.

JASON ROSS: Well, I had a question about space, as in nearby space, like the space exploration. We've been doing some work on the Apollo Project, here in Oakland, and in regards to economics, we've been having a lot of success in forcing the question of economics, by intervening sometimes rather brusquely but pretty polemically, into the Economics Departments at the universities in the area around here. And we were looking at the Apollo Program from kind of, forcing the question of valuing something that's neither direct production, or infrastructure, but the scientific discovery process itself; because it seemed like that what the real value of the Apollo Program came from, not from (I don't know), selling Moon rocks to somebody.

And it seemed that, you say that it's been over a century since there's been a real breakthrough in scientific epistemology. Although we have discovered new things, the method hasn't progressed very much. Whether, if we followed through with what Pelosi laid out, of really going ahead with the space program again, that that could help force the same kind of discussion about scientific method, that's currently being forced about the method behind economic thinking.

LAROUCHE: Take the case of the Kennedy space program, as an example from my standpoint. This started, in a sense, you know, the space program—the rocket program had become moribund at Huntsville, [Alabama], which had been a leading center of this at one point, the Army program there. But then, after the '57 recession, which was a very deep and disappointing recession, I must say—I was there at the time, and saw it coming and forecast it, and experienced it when it occurred—the Eisenhower Administration decided to push a science-driver program ahead.

Now, as you know, probably from looking at some of the studies we were doing, that you had, Eisenhower was involved with MacArthur and with others, together with this program which involved Harry Hopkins during the 1930s. It included Lucius Clay, for example, who came out of that program. So, they went through this military-industrial program. And what Eisenhower did, was reactivate that, as President. Then, Kennedy came in, and Kennedy launched the space program, the Moon-landing program, by taking the elements which Eisenhower's program had begun to pull together. And the space program has really mystified people—it was really inspiring: We got 10 cents back for every penny we spent on it, in the time we spent on it.

You know, Marsha Freeman wrote recently, commenting on something I said some years ago, that one of the reasons we go into space, and to places like Mars, and so forth, and the Moon, is, we're trying to find a geology, a kind of chemistry, a geological chemistry and so forth, on these areas, which we don't find on Earth. Now, what we find there, is things we're familiar with, in large degree—that is, the elementary things are more or less familiar to us. But we find geologies, like we've found recently on Mars, which we don't find on Earth. But we find these geologies involve the same elements with which we are familiar.

So therefore, we find out, by exploring nearby space, we're doing several things: We are looking at the Solar System as the place in which we live. And we realize that, just as we have to take care of the planet Earth, to make it livable, we have to make the Solar System livable. Now, we're not going to do that all at once, but we will never get to that, unless we start doing it! And therefore, by going out to the Moon, we made discoveries, we made very important discoveries, physical discoveries in the Moon exploration. We're making new, important discoveries on Mars, by finding geologies we are not familiar with. We're finding out the Solar System is somewhat different than we thought it was—and we're going to have to manage this Solar System (the human race is), over a long time to come.

Now, we have a very practical program which has come up in this same connection, which I've been focussed on. I've emphasized the work of Vernadsky, because Vernadsky was the one who really systematically codified the distinction among three specific categories of kinds of processes which are on this planet: You have processes which are non-living processes, that is, defined by experimental method. You have processes which are living processes, again defined as that by experimental method. And you have processes which he called, placed as the Noosphere, that is, the area of human mentation; where we have physical processes on this planet, which are becoming more and more important, a bigger part of the weight of the planet as a whole, which are due entirely to the creative powers unique to the human mind, and not to any other living process.

And so, therefore, we have reached the point, that we are going to have to manage the raw materials and similar things on this planet, to ensure that we have a secure future for humanity. This means that we have to go into new geologies, and find ways of replenishing the kinds of materials on which human survival depends.

So therefore, as we go into space, we are discovering ways in which elements we're familiar with, that is, the so-called Periodic Table elements, we're familiar with those as elements, but we find they're behaving differently outside the Earth than they behave on the Earth. And this is part of the process we have to consider, in taking up the responsibility now, for beginning to manage the raw materials on which we depend, really than just using them up, as we have tended to do so far.

So, it's a very practical question, is that, we have to go into space with the idea that this, our Solar System, that we are

going to be living for a long time, as a human species, and that we have to take steps now, to prepare the groundwork, for managing whatever problems come up to threaten mankind's existence within the Solar System in the future. We're out there to understand the Solar System in which we live much better: We're prepared to take advantage of what we learn in the short term; and we are preparing also to deal with possible calamities, which we might have to overcome, in the future.

SCHLANGER: A caller has a question for you Lyn, that actually gets at another aspect of this question of scientific research: Lou, from New Mexico, wants to know your thoughts at this point on the research in fusion energy and the importance of that.

LAROUCHE: Well, obviously, it's a higher dimensionality. Not only is it a different order of magnitude than we deal with in the nuclear processes, but it's an area which behaves differently than nuclear processes. And it's part of the challenge of trying to manage this planet! We need those powers!

Beyond that, we have the question of matter/anti-matter reactions. Now, we do know what a matter/anti-matter reaction is. But the management of it, is somewhat beyond us now.

So, similarly, we had nuclear reactions, which is something which modern society has come to understand, or recognize. And then, later, the fusion processes, or the sub-nuclear processes, which are a different order of magnitude, those we have to master. And somewhere down the line, we're going to have to worry about how do we master this thing about matter/anti-matter reactions, as they're called today experimentally.

This is part of the necessary process.

Also, there's another part to this, where art and science come together. As I spoke earlier, in response to Riana on this issue of immortality: This experience of immortality is extremely important to us. We are human beings. We live, if we are human, with a prescience of the future of mankind, and see our mortal lives as a part, but also an integral part, a functioning part, of the past and future of humanity. And anything that might affect the human species, millions of years from now, is really of concern to us today, it's because we truly think of ourselves as being mortal in our flesh, but immortal in our sense of identity as a living being. And therefore, we are concerned with what happens to this universe, because we expect to be living in it, or having an effect, a living effect, an immortal effect on it, for a long time to come. And we would like to sort of, fix things in advance, so things come out better in future generations, not just our own.

SCHLANGER: Well, that's one of the reasons we have to make sure that Dick Cheney is out very soon.

You're listening to The LaRouche Show. I want to give out the number one more time, for people to take down and call in to get a copy of this blockbuster year-end *EIR*: the number you can call is 888-347-3258. Now, again, there are a lot of questions on the board here, but I want to continue the dialogue with the LYM members. If we don't get to your question, we will forward these e-mails to Mr. LaRouche and he can answer them, as he tends to do.

So, Cody, do you have a follow up?

JONES: Yeah, a little bit in a different direction. But, on the organizing, particularly when you're dealing with Boomers, you often don't have a lot of time to lead them through the profound discoveries. But you had talked before about this prescience in the population, and I was wondering, even as perverted as it's become in the United States, in terms of our understanding of history, and our own history here in terms of Classical culture, is there something unique to the culture in the United States, which may be just unconsciously transmitted through the generations that we can tap into?

LAROCHE: Yes, there is. You know, I've spent a lot of time on this, and probably because I have spent a lot of time on it, I probably have an advantage: that, I deal with Europe a good deal, and I deal also with other countries in the Americas. I have cultural encounters, of a type which show me that Europeans are different than Americans—not every one, it's not that simple—but, as a category.

We think differently. We're much more optimistic than Europeans are, that's partly because of all the wars they've gone through, and because they never got rid of the legacy of aristocratic systems. The idea of equality is much more accessible to the American than it is to the European. They may *say* they think they're equal, but very few of them actually do, they actually show it. They always have a sense that somehow there's an aristocrat, or something, or some kind of superior being, or superior race or something; or vice versa, that the people who are *not* part of the aristocracy, are somehow inferior to those who are.

So, we have that peculiar sense, which is embedded in our history, and it's transmitted sometimes in subtle ways across generations. As I say, you know, looking at my own history, as I say, I'm about 200 years old now; because I have a memory, not of seeing this relative, but he was a dominant figure at the dinner table back in the 1920s, who was a contemporary of Abraham Lincoln. So, in a sense, in terms of my family experience, direct family experience, I'm about 200 years old. And in terms of my family, came into the United States, the first representatives came in in the 17th Century, one from England, the other from France. And later one, we had some Scotsmen came in, in the middle of the 19th Century.

So, I have a very conscious understanding and feeling about America. I know the history of our country—better than most people do. I associate myself with things that happened, that were done by individuals, like the Winthrops of Massachusetts, or Cotton Mather for example.

So, we have embedded in us, a reflection of a culture, which is distinctly American. And we react that way—sometimes we do. So that, when you deal with a European, you generally get a much more pessimistic reaction to the world situation, than you'll get from an American. A quick joke, a quip on the street, a piece of witticism, which is typically American. Humor of this kind, is the best way in which to convey political ideas. If you want to talk to somebody about a serious idea, quickly, tell 'em a good joke, that's relevant to the situation. And immediately, you're now on good terms: They're laughing, you're laughing, you're enjoying sharing a joke, and now you can discuss something more seriously, because your potentiality for creative thinking is there.

That's what the organizing process among us is like: We are unique on this planet, right now, in terms of the kind of optimism we represent. Any other part of the planet I know of, the same degree of optimism is not there. We have it. And my view in organizing is, what you have to do is, evoke in our people, the sense of the optimism which is specifically inherent to us.

SCHLANGER: Okay, we're down to just a little less than four minutes. I want to give Riana another chance—Riana, you have a question?

ST. CLASSIS: Okay, yes. It's a little bit related to what Cody said again. It seems that when we're working really intensely on these ideas, and doing all of these things, that we're able to communicate to each other in the Youth Movement fairly rapidly. And I also think, in a certain way, the way people focussed in on some of the things you were saying about the fourth phase-space. Even when we hadn't communicated with each other, it seemed that people were grabbing onto the same things.

But one thing we hit on as a problem, is bringing other people into that. And we just had a discussion here, because we were talking about the difference when we were a youthful Youth Movement, when there weren't many of us, and the

difference between then and now. And one thing, is that we do have this development—but then, there also seems to be a barrier sometimes, because people realize that we are communicating in this way with each other, and they're intimidated by it. So, how do we overcome that?

LAROUCHE: Well, that's one of the reasons why I had this idea in writing this thing on the "Principle of 'Power'" to get some of your fellows involved in it. Because, the time has come that we have to go beyond just functioning implicitly as a kind of informal university, and to function more in part, in probably 40% of our time, or 30-40% of our time, is spent actually functioning as if we were a university. We have to have a sense of structure, of people who are coming around, who want to join a university. Not a university in the sense of the universities today, as they are, but in the tradition of what universities were, when largely students used to run universities. Of course, people had shorter life expectancies then; I guess it had to work that way. But, students were running universities, in just *exactly* the way that these projects were undertaken by the youth in this case. I thought it would happen that way, and it did!

It's simply, what came out of this, affirmed what I suspected would be the case: That what you have is classrooms essentially, were functioning in various parts of the United States with some degree of interrelationship. And working around the process of actually facing the challenge of re-experiencing a discovery of principle as a matter of construction. That is, the point is, you're taking something which is essentially intangible: a principle. Now, it's a physical principle, it runs the universe, but because it's universal, it does not have an exterior shape to you. Therefore, it's hard for you to recognize that it's object! It's there everywhere, like gravity, it's everywhere. But, you can't pick up "a gravity"—because it's everywhere! It's too big for you!

But, how could you make gravity manifest? Could you construct something, which shows you the principle you know is there, which is not a principle directly, an object of sense-perception. Can you make that an object of sense-perception, or make its existence an object of sense-perception?

So therefore, when you construct certain curves, as machine-tool-design principle, as was done for example in Boston, with showing the logarithmic function and its relationship to the catenary function, by using machine-tool methods to actually construct something which makes a physical principle visible, by creating a shadow, which is tangible. Hmm?

And so, this kind of work, this kind of approach, together with the music work which is sometimes more difficult to get some people started with—but just do it! And you will find, I think, with this, and with the animations—as you know, we're accelerating the animation work. And by reducing certain principles, that is, historical principles like what happened to the United States over the past 60 years in this respect, or that respect, and making it tangible, making the effect tangible, so people can recognize these ideas and know how to replicate them and prove them themselves.

So, I think we're into a phase, where we're going to just do more and more of the organizational responsibility of which you would think of as a university, we're responsible for helping the other people in the organization who are coming in, to assimilate and to "catch up," shall we say. And once they sense they're being brought in, they'll be happy.

SCHLANGER: Lyn, I hate to do this, but we're out of time. So, people can get the *EIR* as a starting point. Also, Lyndon LaRouche will be holding his next international webcast, Jan. 11. Those of you who had questions who didn't get on today, please forward them via e-mail to the "Ask LaRouche" section of <http://www.larouchepac.com>.

Lyn, thank you so much for joining us today. And, Riana, Jason, and Cody, thank you. And to all our listeners, tune in next week, but put on your calendar, Jan. 11, 2006, the next most important day of the beginning of the New Year.

# InDepth Coverage

Links to articles from

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## The Principle of Power

by Lyndon H. LaRouche, Jr.

November 25, 2005

The special circumstances presented to us by the presently onrushing, global breakdown crisis of this world monetary-financial system, require that we quickly replace what are now clearly the hopelessly failed practices which had been lately taught as 'economics' in our universities, governments, and comparable places. Instead of those currently failed ideas, we must adopt a notion of economy whose standard is functionally consistent with the crucial difference, the principle of creative reason, which is the only quality of action which actually sets man apart from Wolfgang Köhler's ape.

### • **A Socratic Dialogue**

The pedagogical boxes in this article were written by members of the LaRouche Youth Movement (and honorary LYM member Bruce Director). In commissioning the work, LaRouche advised that 'the pedagogical presentation represented by that combination of efforts will have the net outcome of presenting the subject-material in the mode of a Socratic dialogue. 'The general rule is: 'Be ecstatic, provided you do not sail without sextant, compass, and, above all else, a well-aimed rudder.' Albatrosses will not be supplied for this journey.'

#### • **BOX 1: Three Species of Number**

Let's play a game! One player will geometrically construct two lengths by whatever means he chooses. Can the other player always determine how the lengths were created? In fact, can he ever? Maybe this is not a game worth playing!

#### • **BOX 2: Constructing Volumes**

The difference between a real economy and the fantasy of a financial analyst is construction. Construction tests the viability of those ideas the mind thinks best conceived: Are they really of legitimate parentage, or did an adulterer slip in when your guard was down, and adulterate the whole affair?

#### • **BOX 3: The Torus and the Sphere**

The sequence that represents the volumes of those cubes that a person can build with unit cubes is 1, 8, 27, 64, etc. In the 4th Century B.C., Plato challenged his collaborators to solve an old problem: Build a cube of volume 2. In other words, construct two cubes, one of which can contain exactly twice the amount of material as the other. This means we must find an intermediate cube, not in the sequence of cubes which are generated by unit cubes.

#### • **BOX 4: Cardan and Complex Roots**

Archytus performed a Promethean act, when he discovered a Sphaerics-guided solution to the life-and-death paradox of doubling the cube. For Archytus, that solution lies not in the visible domain of the cube itself, but belongs to a higher domain, where human creativity dances with universal principles, what Gauss has since called the complex domain. From that time to the present, repeated acts of contempt have been perpetrated against Archytus, by those heirs of the legacy of Aristotle and Euclid, who, on behalf of their oligarchical masters, wish to rob man of his fire, and replace it with soulless analytic formulas.

#### • **BOX 5: Fermat's Principle**

What the reason was for the change in light's direction when passing from one medium to another was a major fight in the 17th Century, and it must become so, again, today. Fermat's principle that light's action is determined by the principle of quickest time, was a political

statement, a clear attack on the prevalent empiricist thinking, and a call back to the method of Greek knowledge.

- **BOX 6: Kästner's Argument for Anti-Euclidean Geometry**

'If two straight lines, in the same plane, are perpendicular to a third line, then they never intersect. This conclusion flows from the clear concept of straight line: for, on one side of the third line everything is identical to the other side, and so the two lines would have to intersect on the other side also, if they intersect on this side. But they cannot intersect twice. . . . 'However, when only one of the two lines is perpendicular to the third, and the other does not form a right angle, then do they intersect? And on which side of the third line? . . . 'Why should something necessarily occur with an oblique straight line, which does not have to occur, when one replaces it with a curved line? . . . Thus, the difficulty concerns the distinction between curved and straight lines...

- **BOX 7: Gauss, Bolyai, and Anti-Euclidean Geometry**

'I would also note that I have in the last days received a small paper from Hungary on Non-Euclidean geometry, wherein I find reflected all of my own ideas and results, developed with great elegance—although for someone to whom the subject is unknown, in a form somewhat hard to follow, because of the density. The author is a very young Austrian officer, the son of a friend of my youth, with whom I discussed this theme very much in 1798, although then my ideas were much further from the development and maturity, that they have attained through this young man's own reflection. I hold this young geometer v. Bolyai for a genius of the first order.' —Gauss to Gerling, Göttingen, Feb. 14, 1832

- **BOX 8: Hypergeometry**

Gauss and his student Riemann insisted that the physical universe must be characterized by an anti-Euclidean hypergeometry. Such notions of hypergeometry cannot be directly visualized; nevertheless, when the higher functions associated with physical action, such as elliptical and Abelian functions, are represented in the complex domain, the essential physical-geometrical characteristics of these hypergeometries become clear....

- **BOX 9: What Galileo Avoided**

In 1609, Kepler published the *New Astronomy*, a revolutionary work that for the first time used celestial physics as the basis for the ordering of the Solar System. Up to this point, since the hoax of Ptolemy's geocentric model, all astronomy was based on the Aristotelian idea that cause (i.e., Truth) was unknowable. The only thing that could be attained, according to Aristotle, at best was 'mathematical' approximations of what you see. This is what later became known as empiricism.

- **BOX 10: Kepler's Approach**

'Anyone who shows me my error and points the way will be for me the great Apollonius.' —Johannes Kepler, *Astronomia Nova* Kepler's anti-Euclidean approach to astrophysics dealt not with the motions of the heavenly bodies, but with the power that caused their motion. Shapes, figures, forms, and curves—none of these were adequate to express a principle that caused motion. Kepler dispenses with the empiricist approach of Ptolemy, Copernicus, and Brahe in the first section of his *Astronomia Nova*, demonstrating that while their three systems appear to differ, they are all geometrically equivalent, and therefore, all wrong. For how can figure cause itself?

- **BOX 11: Leibniz vs. Descartes**

Following in the footsteps of the heroic accomplishments of Kepler, who poetically described the motion of the planets as 'at once so well hidden and so admirable,' the ongoing scientific debate of the 17th Century became centered around the elusive concept of motion, and the true science necessary to comprehend such physical change.

- **BOX 12: Zorzi's Venetian Attack On Renaissance Science**

Were Francesco Zorzi (a.k.a. Giorgi) alive today, he might be described (as some Republicans have recently described their party's Vice President) as 'a nefarious bastard.' Zorzi, unfortunately, did have parents. He came from a very old family that was among the top ten ruling families in Venice. Zorzi's political role and his method of thinking should be seen from the standpoint of the historic significance of the institutions he represented.

- **BOX 13: How Cubic Roots Are Defined Algebraically**

From the Greek studies of the line, square, and cube came an understanding of simply, doubly, and triply extended self-similar action. For example, the triply extended action of a cube necessitates two means between the extremes. This gives an idea of cubic roots.

- **BOX 14: Gauss's Geometrical Approach to Algebra**

As Gauss devastatingly exposes in his 1799 doctoral dissertation, the approach to algebra as being ontologically arithmetic fails to explain itself: Algebra fails, internally, to prove what became known as the fundamental theorem of algebra.

- **BOX 15: Doubling the Square, The Cube, and Cubic Roots**

In these investigations of doubling the square, doubling the cube, and other challenges LaRouche has laid out, we find we must make a lot of constructions. If the faithful reader has not chickened out, and has begun the process of fighting with these problems, he has run into two things. First, a certain amount of frustration, a 'fire in the butt,' that provokes those industrious souls to do more work. Second, a sense that the investigation isn't really about doubling the square or doubling the cube, after all.

- **BOX 16: Eratosthenes' Sieve**

'First of all, though they had eyes to see, they saw to no avail; they had ears, but they did not understand; but, just as shapes in dreams, throughout their length of days, without purpose they wrought all things in confusion. They had neither knowledge of houses built of bricks and turned to face the sun nor yet of work in wood; but dwelt beneath the ground like swarming ants, in sunless caves. They had no sign either of winter or of flowery spring or of fruitful summer, on which they could depend but managed everything without judgment, until I taught them to discern the risings of the stars and their settings, which are difficult to distinguish. Yes, and numbers, too, chiefest of sciences, I invented for them, and the combining of letters, creative mother of the Muses' arts with which to hold all things in memory. . . .'

—Prometheus, speaking in Aeschylus's *Prometheus Bound*

- **BOX 17: Euler Misses the Point**

'The monad . . . is nothing else than a simple substance, which goes to make up composites; by simple, we mean without parts. Now, where there are no constituent parts, there is possible neither extension, nor form, nor divisibility. These monads are the true atoms of nature, and, in fact, the elements of things.'

—Gottfried Leibniz, *The Monadology*

- **BOX 18: Einstein-Born Dispute**

The 2,500-year-old fight between the method of the science of Sphaerics and the Aristotelean fraud represented by Euclidean geometry, is reflected during the 20th Century in the fight between Albert Einstein, Max Planck et al., and the culturally pessimistic irrationalism typified by Niels Bohr's so-called Copenhagen interpretation of quantum phenomena.

- **BOX 19: The Catenary**

'The resourcefulness of this curve is only equal to the simplicity of its construction, which makes it the primary one among all the transcendental curves.'

—G.W. Leibniz, *On the Catenary Curve*, 1691

Leibniz, knowing the order of the universe to be developing in accordance with perfection, by which the simplicity of its means carries out the richest accomplishments, sought to bring the state of mankind into coherence with the discoverable reality of such a universe.

- **THE ANIMATIONS in this section can be viewed at [www.larouchepac.com](http://www.larouchepac.com)**

## U.S. Economic/Financial News

### 'Standard & Whores' Squeeze Play vs. General Motors

The rating agency Standard and Poor's has been caught, red-handed, playing the game of thieves, in this case, the thief being Kirk Kerkorian, the asset-stripper who has his sights set on the cadaver of General Motors. On Dec. 12, S&W downgraded GM bonds, once again, to far, far below junk grade. This came just days after the GM board, in the first sign of sanity in a long while, refused to allow a Kerkorian flunky to be placed on the GM board (Kerkorian has a 9.9% stake in GM), on the grounds that he would be privy to inside information that Kerkorian would be likely to use to profiteer from a GM collapse. Lyndon LaRouche asked the obvious question: Is "Standard & Whores" working on behalf of Kerkorian?

More of the behind-the-scenes manipulation by Standard & Poor's came out Dec. 13 in Bloomberg's London columnist's story, "GM, GMAC Derivatives Bet May Unravel." He points out that, with no buyer for GMAC on the horizon—all those who came near fell out—the cost to GMAC to buy "insurance," i.e., purchase of credit-default derivatives to hedge against losses, at \$200,000 in October, is now back up to \$500,000. The *rise* in GM's "premium" payments occurred, in part, because there were no buyers for GMAC so traders stretched out the odds against loss or default.

The "premium" had been as high as \$750,000 in May after S&P downgraded GM to junk-bond level. The *fall* from \$750,000 to \$200,000 is attributed to the move by S&P in October to separate its ratings of GM from GMAC, under the cover it hoped such a move would improve GMAC's marketability. Now, after the latest S&P cut of GM's corporate credit rating, S&P analyst Scott Sprinzen let the cat out of the bag: "We've been unequivocal about [GMAC's inability to close a deal], "all along. We would revert to our prior [non-separation rating scale] ratings," if there's no sale.

All this drives GM into the hands of hedge funds.

## **FEMA Ordered To Maintain Housing for Katrina Victims**

A Federal court has ordered FEMA to maintain its "short-term" housing program for Katrina evacuees, now in hotels and motels. Federal Judge Stanwood Duval issued a temporary restraining order (TRO) Dec. 13 directing FEMA to continue to pay for the housing, finding the agency's actions "notoriously erratic and numbingly insensitive," as it has three times told these people it would terminate payments for their lodging. Judge Duval wrote, "It is unimaginable what anxiety and misery these erratic and bizarre vacillations by FEMA have caused these victims...."

Key to the court's consideration of issuance of a TRO, was whether FEMA, in attempting to end the Short-Term Lodging Program for the hurricane victims, has violated legal obligations to provide aid. Duval explicitly found that, "by *law and mandate*, the federal government *is* responsible," for providing this aid as detailed in the Stafford Act, which also prohibits discrimination on various grounds, including economic status. Duval found, "It is very evident ... the majority of the persons affected ... are the most disadvantaged of our citizens and/or the persons who lost virtually [everything] and in some cases family members.... The arbitrary January 7, 2006 termination of benefits is directly aimed at those who have virtually no resources, economic or otherwise." Based on this, he finds, "these actions by FEMA not only discriminate against victims based on ... economic status ... but also violate the intent of Congress in providing for disaster aid to assure ... means of assistance and alleviate the suffering...."

Duval's ruling requires FEMA to continue to pay the motel "rental" funds until Feb. 7, 2006, or such time as an applicant has been provided other housing assistance or been outright denied assistance. (The date could be extended upon further review as well.) As the *Baltimore Sun* put it, "The decision ... was a rebuff for federal officials who—after being criticized for the high cost of hotel housing—sought to force individuals and families to take over responsibility for their own housing."

## **Multitudes Still Homeless in Louisiana, Mississippi**

Tens of thousands are still homeless in Louisiana and Mississippi, 105 days after Hurricane Katrina. U.S. Reps. Charlie Melancon (D-La) and Gene Taylor (R-Miss) told reporters Dec. 13 that upwards of 40,000 families in southern Louisiana and another 10-12,000 in south Mississippi are still living in tents or other makeshift shelter, because FEMA has failed to provide travel trailers and mobile homes for them. Taylor reported that during the last Congressional recess, he discovered a lot in Pass Christian, Miss., run by Bechtel, that contained 330 travel trailers that had been cannibalized for parts and rendered unusable. "It's time for the President, for FEMA, for Bechtel, to get off their duffs and help these people," Taylor said. He noted that, while the weather on the Gulf Coast is not nearly as cold as in the rest of the country, nighttime temperatures are forecast to go down into the 30s this week, making life miserable for those thousands in tents.

## **Millions of Americans Need Help To Pay Energy Bills**

Six million Americans need assistance to pay winter energy bills, as available funds decline. Last year, the Congress allocated \$2.2 billion to the Low Income Home Energy Assistance Program (LIHEAP), which funds states to help people pay their winter heating bills, according to *USA Today* Dec. 12. The Nonpartisan Center on Budget and Policy Priorities estimates that 6 million people will apply for help this winter, and that this requires \$4.6 billion from Congress. In fact, the Republican Congressional leadership has attempted to cut LIHEAP funding, and 12 states are now taking steps to increase their supplement to the Federal dollars, by \$280 million, to deal with the crisis.

The government Energy Information Administration estimates that home heating costs using natural gas will increase an average of 37.8%, to over \$1,000, from \$743; costs for heating with oil will increase 21.3%, to over \$1,400, from \$1,200; and electricity will be up 6.5%.

## Housing for Full-Time Low-Wage Workers Is 'Out of Reach'

There is presently not a single county in the United States where a full-time worker, earning the Federal minimum wage, can afford a one-bedroom apartment, according to a report released Dec. 13 by the National Low Income Housing Coalition. "A full-time worker at minimum wage cannot afford a one-bedroom apartment anywhere in the country," concludes the NLIHC report, which is entitled, "Out of Reach 2005." It would take an average of \$15.78 per hour, 40 hours per week, 52 weeks per year, to afford housing; this is three times the minimum wage. Moreover, "Nationally, a family with two full-time workers earning federal minimum wage would make just \$21,424, significantly less than the \$32,822 annually they would need to afford a modest two-bedroom apartment."

## World Economic News

### Deutsche Bank Triggers Run on German Real Estate Funds

For the first time ever in post-war Germany, a so-called "open-ended property fund" was closed on the night of Dec. 13 due to an imminent liquidity crisis, the financial daily *Handelsblatt* reported Dec. 15. The Grundbesitz Invest fund counts 300,000 investors and belongs to DB Real Estate, Deutsche Bank's real-estate subsidiary. Its total capital amounts to 6.7 billion euros, invested mostly in office buildings, of which two-thirds are located in Germany.

On Dec. 9, DB Real Estate announced that due to the need for an overall re-evaluation of the real estate owned by Grundbesitz Invest, the fund would no longer accept any new investors. According to immediate market rumors, the re-evaluation—which could take until February—would likely result in a downgrading of roughly 10% or more. As shares in open-ended property funds can be traded freely, the prices of such shares crashed by 10%. On Dec. 12-13, several thousand investors of Grundbesitz Invest withdrew all their capital; by the end of the day Dec. 13, the fund was running out of cash.

This was just another accident waiting to happen in the German real-estate sector. There had been an office-building bubble emerging in Germany, in particular in and around Berlin, shortly after reunification. Since 1995, air is coming out of this bubble. According to estimates by Commerzbank, German prices for office real estate have plunged on average by 26%. Many German real estate funds have not yet acknowledged this price crash in their balance sheets.

The usual procedure for a German bank in the case of trouble at one of its real-estate funds would be a bail-out, either hidden or public. As an example, earlier this year a crisis emerged at the fund Deka Immobilien, belonging to Deka Bank. The bank at that time intervened by firing the top managers of the fund, announcing that it would keep the fund open, and by guaranteeing all the fund's obligations "without any limit."

However, Deutsche Bank decided differently. Instead of seeking a bail-out, Deutsche Bank closed the fund, which means that for the time being, no investors can withdraw their capital. The reaction to this unprecedented step was a kind of panic in the overall German real-estate fund sector.

The German financial supervisory agency BaFin raised the alarm level by demanding daily information on any German open real-estate fund concerning capital inflows and redemptions. Deutsche Bank claims that it had informed BaFin in time, but it was leaked to the media that BaFin officials are upset by Deutsche Bank's decision and are demanding an explanation by DB head Josef Ackermann. German legislation allows the closing of such a fund only under "extraordinary circumstances."

## **Bank of England Warns of 'Downside Risks' to Financial System**

The Bank of England warned of "significant downside risks" to the financial system in its biannual Financial Stability Review released Dec. 16. This is the last BoE report by Sir Andrew Large, the deputy governor responsible for financial stability, who is leaving the bank in January. Sir Andrew wrote that "we need to be particularly vigilant." The report raises "questions about whether, in some areas, standards of procedure, risk appetite, and financial discipline have weakened."

"We must remember that the financial environment is now more complex, opaque, interconnected, and leveraged, so a wholly benign outcome may not be a foregone conclusion," Large wrote.

"Market prices are at historically unusual levels." With some investors taking "on higher levels of risk," it is certainly prudent to plan for the possibility of a sharp reversion of prices to historically more normal levels (or even beyond them)... There could be a period of impaired liquidity during any such correction."

For the UK, the Bank report warns of the "rapid increase in highly leveraged financial products—a trend which, if anything, has intensified since June" when the last stability report was issued. "The relaxation of lending criteria in some markets and increased appetite for potentially illiquid instruments suggest that financial discipline may also have weakened somewhat. Previous experience suggests that such developments could herald future problems if assessments of risk were to change sharply."

The report warns about the rapid growth of the global mortgage-backed securities market, and the problem of settlements, "should a major risk arise."

While saying that—so far—the financial system has survived the GM and Ford shocks, the review says a fresh shock could prompt an investment stampede out of a particular market, destabilizing the financial system, as the collapse of the hedge fund Long Term Capital Management did in the late 1990s, *The Guardian* reported Dec. 16.

## **London Times Warns on Hedge Funds Risk**

In a commentary by financial editor Patience Wheatcroft Dec. 16, *The Times* raises the specter of LTCM, citing the Bank of England Financial Stability Review. "Long Term Capital Management had, it seemed, a fully hedged low-risk operation, which aimed to make a sure profit from the difference between highly rated bonds and European securitized housing-related debt. All angles seemed to be covered. Yet LTCM careened towards bankruptcy, threatening computerfuls of derivative contracts, when one single event, Russia's 1998 debt default, suddenly persuaded a stampede of investors to run from even the most modest credit risk to the haven of low returns obtainable with safety. The Bank of England fears that the whole banking system may now be running the same sort of risk as LTCM," Wheatcroft reported.

There are other risks. Lord Turner, who is overseeing the government report on pensions (a senior Merrill Lynch director) and Chancellor of the Exchequer (Treasury Minister) Gordon Brown, are both talking about investing proposed National Pension Savings Scheme in private equity deals or hedge funds. "Those who are meant to protect savers, or to save the financial system from imploding one Friday afternoon, are appalled by such talk," Wheatcroft wrote.

She added that Financial Services Authority head John Tiner, "was wringing his hands at the Treasury Select Committee this week," because of a new EU law has made it possible for German hedge funds to sell directly to anyone in Britain, without FSA control. These hedge funds "have proved about as popular as a swarm of financial locusts in Germany," but now can be sold to UK investors.

# United States News Digest

## Furious House Debate on Boehner Pension Bill

On Dec. 15, the House of Representatives passed, by a vote of 294 to 132, a bill sponsored by House Education and the Workforce Committee chairman John Boehner (R-Ohio) to "reform" the pension system. During the debate leading up to the vote, every Democrat who spoke, expressed opposition to the bill, with the ranking member of the committee, Rep. George Miller (D-Calif) telling the House that the passage of this pension bill would be the greatest assault on working people in the recent history of the Congress. He went further, saying that the bill doesn't address the relief needed for the airlines and doesn't stop companies from dumping their pensions on the Pension Benefit Guaranty Corporation. The other point that the Democrats made, was that, unlike the Senate version, the House version of the bill doesn't address the airlines-pension crisis; the Republicans claimed that this would be fixed later, in conference committee.

Before the vote in the House on the pension bill, the White House issued a statement saying it supported passage, but that tougher pension-funding requirements must be added during negotiations with the Senate on a final version. If the tougher requirements are not added and the net effect of the conference report is to weaken funding requirements for pension plans, then the President's advisers will recommend a veto of that conference report.

Lyndon LaRouche, after being briefed on the UAW's recent shift to support the Boehner pension bill, said, "Some of the UAW bureaucrats made a big mistake. They obviously really don't understand what's at stake here. They're too simple-minded about these issues. Someone has to stand up for the working people."

As to the possibility that the White House may veto the Boehner bill anyway, LaRouche said it's because it's not going to kill enough people to make them happy.

## Pelosi: Congress Must Address Americans' 'Unmet Needs'

House Minority Leader Nancy Pelosi (D-Calif) blasted the House Republican leadership, on Dec. 15, over their plan to not call Congress into session, again, until Jan. 31, 2006. Pelosi said that she and Democratic Whip Steny Hoyer (D-Md) sent a letter to Speaker of the House Dennis Hastert (R-Ill) saying that Congress should not adjourn unless it addresses some of the immediate needs facing the American people. She further stated that since they went out of session for Thanksgiving—"what was it, Nov. 18? We have come into session for two weeks and now we will go out until Jan. 31. That is ten weeks and we have been in session for two weeks. While the American people have unmet needs, and it has been 100 days since Katrina and people still need help." Pelosi said that this is the most corrupt Congress in history and has a culture of corruption and cronyism that has caused much loss of life and damage in the Gulf Coast states.

## Rice Contradicted DOD, FBI Briefings on Iraq

Rep. Betty McCollum (D-Minn) recounted, for the House International Relations Committee, on Dec. 15, the first classified briefing she attended on Iraq in 2002. The briefing was given by career civil service officials from both agencies, and McCollum noted that those in attendance asked tough questions of the briefers, including whether or not Saddam Hussein had weapons of mass destruction and whether he had ties to the 9/11 hijackers. On the first question, the briefers said "yes," but probably not the capability to actually launch them. On the second question, they answered "no." That very same night, McCollum said, then-National Security Advisor Condoleezza Rice appeared on PBS Newshour, and "contradicted everything we were told. That was the last time I was at a classified briefing without a political appointee being present."

The committee meeting at which McCollum reported this was called to complete the markup of a resolution of inquiry, sponsored by Rep. Maurice Hinchey (D-NY), requesting documents from the White House relating to President Bush's Oct. 7, 2002 speech in Cincinnati, and his Jan. 28, 2003 State of the Union message. The committee voted 24 to 19 to report the resolution without recommendation, making it unlikely it will be taken up on the House floor.

## **Pentagon Expands Domestic Spying**

NBC News has obtained a 400-page Defense Department report on domestic surveillance and spying on anti-war activities by the military, MSNBC.com reported Dec. 13. The document was generated by CIFA (Counter-Intelligence Field Activity), which is charged with protecting military installations and personnel; but many of the events monitored took place far from any military installation. "It means that they're actually collecting information about who's at those protests, the descriptions of vehicles at those protests," says military analyst William Arkin. "On the domestic level, this is unprecedented," he says. "I think it's the beginning of enormous problems and enormous mischief for the military."

But, in fact, it's not unprecedented, as former Army intelligence officer Christopher Pyle has reported. In 1970, Pyle (who has been interviewed by *EIR*), exposed a massive DOD program of domestic surveillance, resulting in extensive Congressional hearings. "The documents tell me that military intelligence is back conducting investigations and maintaining records on civilian political activity. The military made promises that it would not do this again," he said.

## **Supreme Court To Review DeLay's Texas Gerrymandering**

The U.S. Supreme Court announced on Dec. 12 that it will consider the constitutionality of the 2003 Texas redistricting scheme orchestrated by Rep. Tom DeLay (R-Texas). The new boundaries allowed DeLay's Republicans to win 21 of the state's 32 legislative districts in 2004, up from 15 in 2002. The case will likely be heard in April.

States are required, under the Constitution, to adjust their Congressional district boundaries every ten years, following the decadal census, to account for population shifts. But Texas has changed its Congressional districts twice since the 2000 Census, once by court order, and a second time by DeLay's operatives in the state legislature.

The Bush DOJ approved the DeLay plan, although DOJ staffers concluded that it diluted minority voting rights. Because of its years of discrimination against minorities, Texas is required to get DOJ approval of any voting changes.

## **Bush Admits 30,000 Iraqis Have Been Killed**

On Dec. 12, President Bush gave the third of his scheduled four speeches peddling his Iraq policy, this time, to the World Affairs Council in Philadelphia. After making some absurd comparisons between his democracy gambit in Iraq and the American Revolution, he gave a rendition of the political developments in Iraq from the founding of the CPA until the present, noting that democracy-building is not an easy or smooth process. He intoned his "staying the course" mantra, adding that U.S. forces will be able to "stand down" as quickly as Iraqi forces can be stood up. He gave no timetables for either.

He then took questions from the audience, which he rarely does. The first questioner asked him if he had any idea how many Iraqis have been killed since the beginning of the invasion. This has been a figure that *nobody* has discussed since the U.S. launched the invasion. Somewhat taken aback, Bush did respond, "I would say 30,000, more or less, have died as a result of the initial incursion and the ongoing violence against Iraqis."

Another questioner asked how his Administration could have linked Saddam Hussein to 9/11 when no Middle East expert

had accepted such an assumption. First, Bush asked her to repeat the question, claiming not to have heard it. Then he went into a song-and-dance about how 9/11 had changed his views on these international problems, babbling about what a dangerous man Saddam Hussein was, and how good it was to have gotten rid of that threat, and how secure America was as a result. He never answered the question, and instead replied, "The 9/11 attacks extenuated that threat [i.e., Saddam Hussein] as far as I was concerned."

## **Pentagon Under-Reporting Iraq War Casualties**

In a Dec. 7 letter to President Bush, Rep. John Conyers (D-Mich), notes that in its official casualty figures, the Pentagon reports only wounded in action, along with the total number of killed, even though the actual number of military personnel lost to their units for all reasons is far higher. Conyers notes that 101,000 of 431,000 Iraq veterans who have left military service, have sought help at Veterans Administration hospitals. "This figure shows that the Pentagon's official casualty count," which as of Dec. 12 stands at 2,144 killed and nearly 16,000 wounded, "to be inaccurate by several multiples. What we cannot understand is why you are reporting the total American casualty figures at just over 15,000 when you know that this figure is not an accurate representation of the facts and does not represent the entire picture of American lives affected by the war."

Two other indicators of the higher level of casualties include the following: U.S. Transportation Command reports that, as of Dec. 8, it has medically evacuated 25,289 service personnel from Iraq and Afghanistan just for non-battle injuries and illnesses. Separately, the Army is reporting that 20,748 soldiers have been evacuated to Army medical facilities, including 2,913 wounded in action.

## **Ibero-American News Digest**

### **Argentina Fights To Get Out from Under IMF Dictate**

As he announced his decision Dec. 15 to pay off the entirety of Argentina's debt to the IMF, President Nestor Kirchner challenged the premise that "reality is untouchable ... or that not to do anything new is the only realistic option."

Kirchner brought together provincial governors, mayors, labor leaders, legislators, the heads of the armed forces, and business leaders, at the Casa Rosada (the Presidential palace) to be present for his announcement that Argentina would pay the \$9.8 billion owed to the Fund, using reserves. It is his explanation of why his government had made that decision, which gained Kirchner the support of leading layers of the country, and has made the financiers and their IMF nervous:

"For a very long time, we have been instructed in impotence and told that we can't do anything," the President said in his address, which was broadcast to the nation. "They wanted to make us believe that we are worthless, that we don't have the ability or persistence to stand up for ourselves, as a nation. They wanted to instill in our soul the certainty that reality is untouchable; to convince us that our difficulties are so great, that it were better for nothing to change. They wanted to make us believe that not to do anything new is the only realistic option," he said.

The debt to be paid to the Fund, Kirchner said, "has been a constant vehicle for interference, because it is subject to periodic review and is a source of demands and more demands... The International Monetary Fund has acted toward our country as a promoter of, and vehicle for, policies which provoked poverty and pain among the Argentine people." The relationship with the IMF had led to a "real addiction to indebtedness, in which our creditors increasingly raised interest rates, toughened their auditing, control, and demands." With this \$9.8 billion payment, President Kirchner emphasized, "we are burying a good portion of the ominous past, that of infinite indebtedness and eternal adjustment."

## LaRouche Comments on the Argentine Debt Decision

The Ibero-American countries all know that the George W. Bush Administration is not in the greatest shape, and they are taking the occasion to get out and get themselves free of as many sources of threat as possible. This takes the form of concessions; but these are concessions to *end* concessions, *EIR's* founding editor Lyndon LaRouche noted on Dec. 16, about the decision to repay the IMF. "They are saying: 'We did the nice thing by paying you. You demanded it; now why don't you be reasonable?'"

So, the IMF is no longer the creditor. LaRouche continued. What about the other creditors, or the ones who claim to be the creditors, who may not be recognized as creditors in good standing? If the Argentines and others start to say: "Well, we did this nice thing with the IMF, now why aren't you nice to us?," then it just screws things up, but good. Because there is a fiduciary relationship between the IMF and these countries; there's *not* a fiduciary relationship between private interests and debtors, many of whose debts are highly doubtful in character.

What's going to happen is that the ability to impose regulation on these countries' internal balances is ended, he added. None of these other creditors has the power to demand—that is, with the force of regulatory authority—that they obey. They are just ordinary creditors, that's all. They have no special juridical authority.

So, if I were sitting in IMF headquarters, I'd treat that nice gesture as a threat. It sounds like fun, LaRouche concluded.

## Brazil Pays Off IMF, Too

Two days before President Nestor Kirchner's announcement (see above), the Brazil's Lula da Silva government announced Dec. 13 that it would pay the remaining \$15.5 billion Brazil owes the IMF, out of its reserves. Brazil's economic officials, who made the announcement, did not attack the IMF, instead, they claimed their payment was a show of the success of their economic policy, which faithfully adheres to IMF orthodoxy. London's *Financial Times* voiced financier expectations Dec. 14, that it is now "inevitable" that Brazil will next begin to pre-pay its gigantic—\$200 billion, at the current exchange rate—sovereign debts to private interests.

There are reports, however, that Presidents Lula and Kirchner had discussed these actions, when the two met with Venezuelan President Hugo Chavez during the Mercosur summit in Uruguay on Dec. 8-9. The role of Venezuela's government in the decision was to agree to increase the amount of Argentine bonds it will buy.

Reflecting financier nervousness over all this, the *Wall Street Journal* growled Dec. 16 that Kirchner's announcement "marked a hostile rupture with the Fund," contrasting it to Brazil's, which IMF managing director Rodrigo Rato "welcomed enthusiastically." Rato did welcome Argentina's decision, but quickly pointed out that it faces many "economic challenges" ahead, suggesting that Argentina would do well to follow Brazil's example in applying "coherent" and "prudent" economic policies.

Argentina's new Finance Minister Felisa Miceli has already indicated that she intends to change the "dialogue mode" with the Fund. On Jan. 15, the government will present the IMF with a document outlining its policy goals and how to achieve them, and Miceli has made clear to the IMF's Rato that she will only discuss implementation—not the goals themselves.

## U.S. Congressmen Warn Andean FTA Foments Drug Trade

The reinvigorated anti-free-trade sentiment within the U.S. Democratic Party was demonstrated again, in the Nov. 7 letter sent by 24 Congressmen, led by Rep. Jan Schakowsky (D-Ill), to U.S. Trade Representative Robert Portman, warning that

the current push by the Bush-Cheney Administration for an Andean Free Trade Agreement "may well jeopardize the viability of a stable, prosperous rural sector in the region, leading to the very real possibility of increased coca production and, consequently, transnational crime." The Congressmen cite a report prepared by the Colombian Ministry of Agriculture, which estimates that the income of traditional farmers "could experience a total reduction of 57% in income and a 35% reduction in employment in the nine major agricultural sectors." Similar results have been estimated by others for Ecuador.

The letter also warned that overly rigid enforcement of patents by Washington could mean that access to essential medicines would become largely impossible for the poorest in the Andean countries, leading to "increased levels of disease and premature death." The Congressmen cite figures compiled by the Peruvian Health Ministry, some 700,000 to 900,000 Peruvians could lose access to key medications.

### **'Ethno-Fascist' Humala Climbs in the Polls**

Demonstrating the political vacuum in Peru today, the Presidential candidacy of nazi-communist Ollanta Humala has begun to rise dramatically in the polls, and currently stands at over 20%, taking the number two slot.

While much can change between now and the April 2006 Presidential elections in Peru—including the possible emergence of former President Alberto Fujimori as a serious political contender—the sudden rise in popularity of the neofascist Humala option (especially viewed in connection with the possible Presidential victory of *cocalero* candidate Evo Morales in neighboring Bolivia), threatens major destabilization and chaos in the Andes over the coming year.

Humala, who until recently served as President Alejandro Toledo's military attache in South Korea, is a retired lieutenant colonel who, together with his brother Antauro Humala, heads up the Peruvian National Party, an ethno-fascist movement which models itself on the Italian "Fascisti" blackshirts, and which has capitalized on widespread discontent within the population over the disastrous and weak Toledo regime. It is explicitly racist, anti-Semitic, xenophobic, and has documented links to the drug trade.

Brother Antauro made the headlines on New Year's Day 2005, when he and 100 heavily-armed followers seized and occupied a police station in the south of the country, murdering four policemen, and then surrendering en masse to the authorities. That "uprising," a typical fascist propaganda ploy, not unlike the 1923 Munich putsch that thrust Hitler into the limelight in Germany, used the Humala's "indigenist" banner to capture the imagination of desperate students, workers, and peasants (especially Peru's coca farmers), who have turned the Humalas into folk heroes.

### **Second Round Needed in Chilean Presidential Election**

Chile's Presidential elections will go to a second round on Jan. 15, after the candidate of the governing Concertacion coalition, Socialist Michelle Bachelet, failed to win 50% of the vote on Dec. 11. Bachelet won 46%, followed by "centrist" free-marketeer Sebastian Pinera of the National Renewal (RN) party with 25.5%, and Joaquin Lavín, the Mont Pelerinite knuckle-dragger who was formerly the Mayor of Santiago, of the Pinochetista UDI party with 23.3%.

Former Defense Minister Bachelet, who was jailed and tortured by Pinochet in 1975, has said nothing to indicate she will break with the current government's "miracle" free-trade policy, although she has committed herself to addressing Chile's growing poverty, and to "reform" the privatized pension system to make it more equitable. The Kirchner government in Argentina has expressed support for Bachelet—Mrs. Cristina Kirchner has met with her more than once.

Billionaire Pinera, who made his money from the Pinochet regime's corruption, is the brother of the infamous pension

privatizer and Cato Institute fascist, Jose Pinera. Lavin has thrown his forces behind Pinera for the second round, and they hope to siphon off votes from a demoralized Christian Democracy, which, while a member of Bachelet's Concertacion coalition, is factionalized.

## Western European News Digest

### 2003 Summit Key to Trans-Atlantic Cooperation on Torture

Agreements between the U.S. and the European Union for massively upgraded judicial cooperation in the "war on terror" point to dirty trans-Atlantic collaboration on torture. Networks in the EU bureaucracy, in alliance with networks in the EU member states, are undoubtedly responsible for the joint EU/U.S. adoption of a highly upgraded collaboration in the fight against terror which created the conditions in which the torture flights and centers occurred. The key thing to look at is the June 25 EU/U.S. summit on "judicial collaboration" in Washington, where many measures were adopted "supranationally" by the EU with the U.S., without prior approval by the member states.

At that 2003 EU summit in Washington, the then-EU Commission President, Romano Prodi and other EU bigwigs, were received by President George W. Bush, Vice President Dick Cheney, Attorney General John Ashcroft, Homeland Security chief Tom Ridge and National Security Advisor Condoleezza Rice. The summit had been prepared by the May 2003 G-8 summit in Paris, where Ashcroft was warmly received by Nicolas Sarkozy and Dominique Perben. Then-Justice Minister Dominique Perben had earlier prepared the French aspects of this collaboration in his Nov. 12-14, 2002 meeting with Ashcroft in Washington, with the objective to finalize the Perben II laws, which he stated publicly, had been modelled on the Patriot Act. Ashcroft arrived in Paris on May 5 to contribute to this effort.

On Feb. 18, 2004, Reseau Voltaire, the online newsletter, began exposing this European/American collaboration, in particular the fact that Perben decided to modify French law to allow the FBI to extend its operations against terrorists into French territory. On March 8, the RV newsletter warned "that France had authorized the action of American services in its territory."

### Germany Denounces CIA Black Propaganda on Torture Issue

SPD Party vice chairman Kurt Beck told the German neo-con news daily *Die Welt* Dec. 12 that he is not convinced by what U.S. Secretary of State Condoleezza Rice said on the torture issue, during her recent European trip. "What was said publicly is not satisfactory at all. The attempt to launch a counterattack and put the blame on Germany once again, isn't either. And the reactions by U.S. government officials against the German Chancellor are simply unacceptable."

"America has been told clearly, what the German position is," Beck said, adding that through Eurocontrol, there is oversight of flights in Europe, including those that the U.S.A. did, and that therefore, the right approach is to investigate these affairs in a special commission in the European Parliament.

Beck added that whereas foreign intelligence work is a legal means of counterterrorism, "torture is not an instrument of a law-abiding state."

### Muentefering Calls for 'High Wages, High Productive Standards'

"Germany must be again a country of high wages and high productive standards." That was the core of a speech made by German Vice Chancellor Franz Muentefering (SPD), before 300 factory councilmen in Berlin Dec. 15. It was an obvious

echo of the debate inside the U.S. Democratic Party, a reflection of California Democratic Rep. Nancy Pelosi's "NASA speech," at Harvard's Kennedy School of Government on Dec. 2. Because Muentefering, lashing out against the always lower wages in Germany ("some people working 40 hours a week, get 800 euros gross per month"; "Germany is beginning to become a low-wage country") demanded a clear turn of economic policy: 1. "Germany must become a country of high productive standards again, and that means massive investment into education, research and technology"; 2. "The state must have higher income, we don't have too much state, we have too little ... especially the communities need better financial support, because they invest up to 15 billion euro less than ten years ago—and if they invest, we could create jobs in building of roads, canals, and electricity towers!"

The other issue Muentefering took up, was that "social dumping" within Europe must be stopped. Muentefering warned that Germany would fail completely within the next 20-30 years, if we don't turn around now! No government official had previously attacked these EU mechanisms in such harsh words.

## **German Parliamentarian Endorses Bretton Woods Concept**

At a public meeting in Berlin Dec. 1, Wolfgang Thierse (SPD), vice president of the German Bundestag, in reply to a question from EIR news service on the need for a new trans-Atlantic partnership based on a new Bretton Woods, answered that, "I would say, whether we call it Bretton Woods or something else, this is what we urgently need to bring order into the global system!"

During his speech, Thierse said that globalization brings not only opportunities, but also an acceleration of social tensions and imbalances. Therefore, we need order in global affairs, such as a fair trade concept. "But who can bring this order?" Thierse asked. "Only the USA has the civilizational power to do it. Europe is too divided as well as economically and military too weak." He also demanded in this context a "concept of the public good, which never must be brought under the control of private economic-financial interests like education, resources, security, etc." In strongly criticizing the Bush Administration for its violation of international law, he also said, "But we have to ask ourselves, if the European model is the adequate answer...."

The event was opened by a well-known theologian in Germany, who is also a strong critic of the neo-cons, and who had just returned from the U.S. "The power of the neo-cons is shrinking," he said. "The Senate voted against torture, and with that, against Cheney, so I am optimistic that we can get back to 'my America,' which is the America of Kennedy, Martin Luther King, and Lincoln."

## **Sarkozy Continues His Gingrichite Neo-Con Revolution**

Nicolas Sarkozy, who holds dual ministries in the French government—State, and Interior and Regional Development—announced a new offensive Dec. 13 against what he calls the "archaic" social model of France, the remnants of the de Gaulle/Adenauer policies of the 1960s and '70s, which all parties are still defending in France. He just created the Agincourt Circle, taking the name of the famous battle in 1415 between the French and English in which the French were defeated by the numerically inferior English. So today, if the French stick to their archaic "social" model, they will lose the battle of the future, according to Sarkozy.

Britain is out of its economic crisis and so is Spain, raved Sarkozy, and France will also come out of its crisis if it only dumps its social model.

## **Southwest Asia News Digest**

## **New Palestinian Political Party Brings New Life Into Elections**

The political earthquakes that have struck Israel over the recent months have now spread into the Palestinian National Authority, and will have a major impact on the January 2006 elections. On Dec. 15, it was announced that three of the leading younger generation of Fatah: Marwan Barghouti, who has been in an Israeli jail since 2002; former head of PNA Gaza security Mohammed Dahlan; and Jibril Rajoub, are forming a new party named al Mustaqbal or the Future. Barghouti, who is currently in an Israeli prison, is the most popular Palestinian leader, formed the party in reaction to the refusal of Palestinian President Abu Mazen (Mahmoud Abbas) to put him at the head of the Fatah list. Instead, Abu Mazen put Abu Ala, a member of the Palestine Liberation Organization (PLO) "old guard," at the head of the list.

Dahlan had been close to Abu Mazen and has a strong base of support in the Gaza Strip and Rajoub; he is a West Banker, and was Yasser Arafat's security chief. In 2005, Barghouti dropped his own candidacy for President of the PNA, paving the way for Abu Mazen's victory.

Other leading members of the new party include Barghouti's wife Fadwa, Palestinian parliamentarian Kadoura Fares, and former Fatah official Samir Masharawi.

The three founders of the party—Barghouti, Dahlan, and Rajoub—have played major roles in the security services for the PNA, and have worked closely with U.S. officials, both under President Bill Clinton, and the current Bush Administration. Dahlan, as one of the Palestinian security chiefs, had worked closely in the recent period with various U.S. military leaders, including General William Ward, who, until recently, was helping to reorganize the Palestinian security services in the Gaza Strip, prior to the Israeli withdrawal. Ward was not liked by the circles around Israeli Prime Minister Ariel Sharon. Rajoub, who also headed a Palestinian Preventive Security unit in the 1990s, had worked closely with former CIA director George Tenet, especially during the Clinton Presidency.

The new party was welcomed by a well-placed Israeli, who had been an active participant in the Geneva Accord dialogue between Israel and Palestine. The Israeli noted that this election group was *not* created to weaken Abu Mazen, but provides an important "new guard" alternative to the growing "anti-establishment" posture of militant groups such as Hamas, which have not renounced violence. Barghouti has long been recognized as one of the strongest, and most popular Palestinian leaders. Several months ago, former U.S. Secretary of State James Baker III, who had served under Bush "41" called for Barghouti's release from jail, so he could become a partner in peace negotiations.

Lyndon LaRouche has repeatedly called for Barghouti's release from Israel imprisonment, in the name of justice, and because of his important, positive role in the leadership of the Palestinians.

## **Sharon's Economic Policies Violate Israelis' Civil Rights**

A report by the Association for Civil Rights in Israel, covered in *Ha'aretz* Dec. 12, states: "State economic policy, including cutting stipends, reducing housing assistance, and constantly declining state participation in health-care and education costs, are forcing more elderly, children, and whole families into poverty and despair. The increasing damage to citizens' rights to earn a dignified living—both due to low wages and the lack of enforcement of labor laws—is particularly prominent."

Among the economic policies singled out, the report attacked the government's privatization laws: "Civil rights should be a matter between the state and the citizen. Privatization means preferring economic streamlining over civil rights and the transferal of roles, for which the executive authority is clearly responsible, to private companies, even foreign companies. The entry of the free-market economics between the state and the citizen is expropriating civil rights and [turning] each of us—each holder of rights—into a consumer."

## **First Kadima Candidate Indicted for Bribery**

The first member of Ariel Sharon's Kadima Party was indicted for corruption, forcing him to withdraw from the party, according to *Ha'aretz* Dec. 13. Haim Barbivai, Mayor of Kiryat Shmona, was indicted for shaking down contractors and businessman to donate money to his 2003 election campaign. This involved tens of thousands of shekels.

Barbivai is only the first to be indicted. Tzachi Hanegbi, the former head of the Likud Party who jumped into the Kadima, could be indicted any day now, since the police announced they have finished a corruption investigation against him with a recommendation that the state prosecutor indict him. A similar legal action could be taken against Sharon himself, who has a few cases hanging over his head, as well.

## **Mofaz Approves New Housing Construction in Settlements**

Israeli Defense Minister Shaul Mofaz approved permits for the construction of hundreds of new housing units in the West Bank, in violation of the Road Map for a Middle East Peace, *Ha'aretz* reported Dec. 14. He made the decision after leaving the Likud Party Dec. 11 on the claim that it was "extremist," and he wanted to join the "centrist" Kadima of Ariel Sharon.

Mofaz's move occurred while Sharon's spin doctors were leaking to the press that Sharon intends to divide Jerusalem, a claim that Sharon later denied. It is all part of a campaign of lies. While his spin doctors are trying to create the image that Sharon will bring "peace with security," various military spokesmen and others are playing up the threat of a nuclear Iran to create the 'proper' security atmosphere for his election. This latter point has prompted Labor Party Knesset member Benjamin Ben-Eliezer to declare, "I hope the upcoming elections won't motivate the Prime Minister and Defense Minister to stray from government policy and place Israel on the front lines of a confrontation with Iran."

## **EIBaradei: USA Should Give Security Guarantees to Iran**

Dr. Mohammed ElBaradei, director of the International Atomic Energy Agency, has called for the U.S. to provide security guarantees to Iran, in order to reach a solution in talks over Iran's nuclear program, reported Agence France Press Dec. 13. "I see security assurances provided by the U.S. as part of the solution to conflict over Iran's nuclear program," the IAEA chief said.

State Department spokesman Adam Ereli, in an apparent response, said Iran has to first act like a responsible member of the international community. "I don't think people should be asking the United States, 'Why don't you do this or why don't you do that?' " he said.

## **New Assassination in Lebanon Heightens Fears of War**

On Dec. 12, Gibran Tueni, a member of the Lebanese Parliament and managing editor of the Lebanese daily *An Nahar*, was killed by a car bomb in a Beirut suburb, just days after he returned to Lebanon from Europe. Tueni, like many other prominent Lebanese, had been living outside of the country because they are named on an assassination target list.

Tueni was killed on the same day that part two of the report by UN investigator Detlev Mehlis, on the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri, was to be turned over to the UN Security Council. The release of this report has heightened tensions and prompted the Lebanese government to call for an international court to be convened to try Syrian officials named in the report.

Adding to the tension is the recent discovery of several mass graves, which a senior British intelligence source told *EIR* has caused "shivers throughout Lebanon," since there are many mass graves throughout the country as a result of the 30-year-long civil war. He raised the concern that this could incite sectarian tensions.

Although the source said that he had spoken to people in Lebanon recently who said that the situation resembled the beginning of 1976 when the civil war began, Muslim and Christian sources reached in Lebanon shortly after the Tueni assassination stressed that government officials and other leaders were doing everything in their power to avoid sectarian strife, and that the population was continuing to respond to their efforts.

Several Western newspapers, including the *Washington Post*, have played up the growing sectarian divide. But, Hisham Melhem, Washington correspondent for *An Nahar*, in a conversation with *EIR*, called this "irresponsible journalism." He added, "One could find a few examples in this country too. and weave them into such a story of great chasms among people. It doesn't mean they are planning a civil war."

The other feared war danger concerns the drive by U.S. neo-conservatives, led by Dick Cheney, and his lackey, U.S. temporary envoy to the UN, John Bolton, to use the Mehlis investigation to launch a U.S. war against Syria. Lebanese patriots have repeatedly told *EIR* that they are opposed to the U.S. using Lebanon as a springboard for a war that will crush Lebanese interests, and serve the agenda of the U.S. neo-cons.

## Russia/Asia News Digest

### **N. Korea: Six-Power Talks Suspended Indefinitely**

North Korea suspended, "for an indefinite period," six-power talks Dec. 12, in an angry (if deliberately provoked) response to the new U.S. Ambassador to Seoul, Alexander Vershbow. Vershbow Dec. 7 called Pyongyang a "criminal regime," and said the U.S. would not remove economic sanctions against it. A North Korean Foreign Ministry spokesman said Dec. 11 that Vershbow's remarks amounted to a "declaration of war," and that the sanctions were just another example of the United States "faking up lies" to disrupt the six-way talks.

China and South Korea also said late last week that the sanctions show that not enough trust exists for true negotiations, so the sanctions should be removed to enable the talks to proceed.

U.S. Secretary of Defense Donald Rumsfeld revised the basic war plan for North Korea, dubbed "Operations Plan 5030," in 2003, adding plans to topple the Pyongyang regime using irregular warfare, including sanctions to strangle access to foreign exchange, food, energy, etc. The U.S. Treasury on Oct. 21, 2005 froze U.S.-based assets of eight North Korean companies it said had been aiding the proliferation of weapons of mass destruction (WMD).

### **First Russia-ASEAN Summit Opens in Kuala Lumpur**

The summit opened Dec. 13, with Russian President Vladimir Putin attending Itar-Tass reported Dec. 13. The leaders signed documents for a ten-year cooperation program, involving collaboration in "politics and security, the fight against terrorism and transnational crime, and energy and transport," plus "cooperation between small and medium-sized businesses," said Presidential adviser Sergei Prikhodko.

Putin held bilateral meetings also with the Prime Ministers of Malaysia, Singapore, and Thailand. He was scheduled to speak on Dec. 14 at the founding meeting of the East Asia Summit, although Russia is not a member. The EAS, made up

of the ASEAN+3, plus India, Australia, and New Zealand, expects to make Russia a member soon. The U.S., which has not signed the Southeast Asia Treaty of Amity (foreswearing preemptive attacks, among other things), did not attend and is not expected to become a member.

## **Russian Arms Sales in Southeast Asia Rising**

Although Russian trade in Southeast Asia is now small, Russian military sales are rapidly increasing. While President Putin is planning far closer trade and investment cooperation, *Moscow Defense Brief* reported before Putin's recent visit to Malaysia on the bloc of countries in Southeast Asia which are already actively buying Russian arms and military hardware. Malaysia, Indonesia, and Vietnam have signed contracts worth \$1.5 billion with Rosoboronexport since 2003, mostly for Russian warplanes. Kuala Lumpur signed the contract with Rosoboronexport to buy 18 Su-30MKM fighters worth \$900 million in 2003, Indonesia received two Su-27SK and two Su-30MK fighters in 2004, and intends to buy eight to ten such fighters from the Komsomolsk-on-Amur aircraft plant, and Vietnam purchased four Su-30MK fighters for \$110 million in 2004.

Now Irkut, another Russian arms manufacturer, plans to sign a contract with Thailand for 12-18 Su-30MKI fighters, at \$600-\$900 million. Warships and air defense missile systems are also in the works for Vietnam.

## **East Asia Summit Founding Meeting Uneventful**

The 16 founding members (the ASEAN 10 plus China, Japan, South Korea, India, Australia, and New Zealand) met for three hours Dec. 14, and essentially only agreed to meet again next year in Manila. Former Malaysian Prime Minister Mahathir Mohamad, who first proposed such an East Asia grouping, but has since denounced the inclusion of Australia, did not attend.

The "plus three"—Japan, China, and South Korea—did not hold the tripartite summit which usually takes place at ASEAN+3 meetings, because of the growing anger from both China and South Korea towards Japanese Prime Minister Koizumi's increasingly overt return to Japan's militarist/fascist traditions.

## **Mahathir Defends Myanmar vs. U.S. 'Democracy' Campaign**

Former Malaysian Prime Minister Dr. Mahathir Mohamad, speaking in Putrajaya on Dec. 7, said that calls for sanctions against Myanmar, until it accepts demands for "democracy," will not work, and should be rejected by ASEAN. "There is a belief that if you become democratic, therefore, you become a very good people," he told a foreign press meeting. "One has to remember that it is a democratic country that dropped atomic bombs on Nagasaki and Hiroshima. It is a democratic country that invaded Iraq. It is a democratic country that is trying to force others to do things before they are ready. All these things show that just being democratic does not mean everything is fine."

## **Ramos Allies Accused of Sedition in Philippines**

The former Philippine President, notorious agent of Kissinger, Shultz, and Carlyle, and the Washington-allied controller of the coups of 1986 and 2001 against Ferdinand Marcos and Joseph Estrada, claims that he has nothing to do with the actions of his old friends who are promoting a coup against the government of President Gloria Macapagal Arroyo. Four of those friends were detained on Dec. 15 on charges of sedition for having declared a "revolutionary government," and demanding that President Gloria Macapagal Arroyo step down, the *Inquirer* reported Dec. 16. General Fortunato Abat, who was Defense Secretary under the Ramos Presidency in the 1990s, and the top general at Ramos's side in the previous coups, was detained along with Salvador Enriquez, who had been Budget Secretary under Ramos, and two others.

The antics of General Abat over the past year have been rather comical, as he openly declared to the press his preparations for a coup against Arroyo, without any popular support—not because anybody supports Arroyo any longer, but because everyone knows that Abat is fronting for the despised Ramos, if only to divert attention from the growing anger over Arroyo's obedience to deadly IMF austerity policies, as poverty and hunger spread.

The Arroyo government detained the four men without bothering to acquire an arrest warrant, and searched several buildings—a level of lawlessness which is increasingly the norm in the Philippines. Arroyo has ordered all military and government officials to refuse to testify before the Congress, concerning the mounting evidence of vote fraud, on penalty of arrest, or even on the illegal wiretapping of her conversations with election officials, even though those illegal tapes provided the evidence of fraud which could bring down her government.

## **This Week in History**

### **December 20-26, 1933 & 1944**

#### **FDR Broadcasts Two Christmas Eve Addresses to the Nation**

Every year during his Presidency, Franklin Roosevelt sent a Christmas Eve greeting to the American people. In his first year as President, the message was delivered from around the national Christmas tree, as the nation began to defeat the pessimism and suffering that had stemmed from the Great Depression. That year of 1933 had seen a whirlwind of legislation designed to get people working, and to set the wheels of industry and agriculture turning again. For the first time in many years, Americans could see that they had a President who would fight for them.

Roosevelt's message that year was buoyant, for the grey, drawn faces he had seen during his 1932 campaign were now beginning to smile a little and there was hope in the air. The President began by saying, "We in the nation's capital are gathered around this symbolic tree celebrating the coming of Christmas; in spirit we join with millions of others, men and women and children, throughout our own land and in other countries and continents, in happy and reverent observance of the spirit of Christmas.

"For me and for my family it is the happiest of Christmases.

"To the many thousands of you who have thought of me and have sent me greetings, and I hope all of you are hearing my voice, I want to tell you how profoundly grateful I am. If it were within my power so to do, I would personally thank each and every one of you for your remembrance of me, but there are so many thousands of you that that happy task is impossible.

"Even more greatly, my happiness springs from the deep conviction that this year marks a greater national understanding of the significance in our modern lives of the teachings of Him whose birth we celebrate. To more and more of us the words 'Thou shalt love thy neighbor as thyself' have taken on a meaning that is showing itself and proving itself in our purposes and daily lives.

"May the practice of that high ideal grow in us all in the year to come.

"I give you and send you one and all, old and young, a Merry Christmas and a truly Happy New Year.

"And so, for now and for always, "God bless us, every one."

Eleven years later, America had come out of the Great Depression and had transformed herself into an industrial marvel. But the nation was also fighting a massive world war against fascism in every part of the globe, and President Roosevelt's tone during his last Christmas Eve broadcast was more thoughtful, yet perfectly consistent in outlook with his 1933 address. During 1944, he had set into motion many of the plans and projects which would create modern America. The Bretton Woods monetary system, the United Nations Organization, the G.I. Bill of Rights, and the framework for expanded scientific and technological research, were all in various stages of preparation by the time of Roosevelt's Christmas Eve broadcast from his home at Hyde Park.

This time, Roosevelt began by saying, "It is not easy to say 'Merry Christmas' to you, my fellow Americans, in this time of destructive war. Nor can I say 'Merry Christmas' lightly tonight to our armed forces at their battle stations all over the world—or to our allies who fight by their side.

"Here, at home, we will celebrate this Christmas Day in our traditional American way—because of its deep spiritual meaning to us; because the teachings of Christ are fundamental in our lives; and because we want our youngest generation to grow up knowing the significance of this tradition and the story of the coming of the immortal Prince of Peace and Good Will. But, in perhaps every home in the United States, sad and anxious thoughts will be continually with the millions of our loved ones who are suffering hardships and misery, and who are risking their very lives to preserve for us and for all mankind the fruits of His teachings and the foundations of civilization itself.

"The Christmas spirit lives tonight in the bitter cold of the front lines in Europe and in the heat of the jungles and swamps of Burma and the Pacific islands. Even the roar of our bombers and fighters in the air and the guns of our ships at sea will not drown out the messages of Christmas which come to the hearts of our fighting men. The thoughts of these men tonight will turn to us here at home around our Christmas trees, surrounded by our children and grandchildren and their Christmas stockings and gifts—just as our own thoughts go out to them, tonight and every night, in their distant places.

"We all know how anxious they are to be home with us, and they know how anxious we are to have them—and how determined every one of us is to make their day of home-coming as early as possible. And—above all—they know the determination of all right-thinking people and nations, that Christmases such as those that we have known in these years of world tragedy shall not come again to beset the souls of the children of God.

"This generation has passed through many recent years of deep darkness, watching the spread of the poison of Hitlerism and Fascism in Europe—the growth of imperialism and militarism in Japan—and the final clash of war all over the world. Then came the dark days of the fall of France, and the ruthless bombing of England, and the desperate battle of the Atlantic, and of Pearl Harbor and Corregidor and Singapore.

"Since then, the prayers of good men and women and children the world over have been answered. The tide of battle has turned, slowly but inexorably, against those who sought to destroy civilization.

"On this Christmas day, we cannot yet say when our victory will come. Our enemies still fight fanatically. They still have reserves of men and military power. But, they themselves know that they and their evil works are doomed. We may hasten the day of their doom if we here at home continue to do our full share.

"And we pray that that day may come soon. We pray that until then, God will protect our gallant men and women in the uniforms of the United Nations—that He will receive into His infinite grace those who make their supreme sacrifice in the cause of righteousness, in the cause of love of Him and His teachings.

"We pray that with victory will come a new day of peace on earth in which all the nations of the Earth will join together for all time. That is the spirit of Christmas, the holy day. May that spirit live and grow throughout the world in all the years to come."

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