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From the Associate Editor

We enter the second financial quarter of 2006 in anticipation of a highly turbulent 90-day period, in which the foundations of the global monetary-financial system will be shaken, and governments will be destabilized. The real estate bubble in the United States could burst; speculation is rife in the “emerging markets”; bankruptcy looms in Iceland and New Zealand, as the yen “carry trade” dries up; and the derivatives markets are in a state of panic.

Lyndon LaRouche addressed the economic and strategic ramifications of this situation in his speech in Monterrey, Mexico on March 30 (see *National Economy*), while emphasizing that solutions to the crisis are at hand, provided leaders are willing to abandon the failed axioms which have caused the crisis in the first place—notably the belief in free trade and “globalization.”

The most explosive situation right now, of course, is the takedown of the U.S. auto industry, whose management is ripping up not only its contracts with the unions, but the industry’s plant and equipment itself. LaRouche charged, in a March 31 press release, that “Congress has acted in a dilatory fashion in dealing with a situation which I warned about approximately one year ago. Nothing has been done to stop the destruction of the auto industry, and thus we now face a disaster which could have been avoided. Congress should examine its conscience. . . . Anyone who doesn’t act now, doesn’t give a damn about the United States.”

In *Economics*, we cover both the ongoing carnage in the auto sector, and what can be done to stop it—including measures such as those proposed by the late UAW President Walter Reuther in 1945.

Faced with such a crisis, the synarchist financier oligarchy is responding with a drive for war and fascism. Our *Feature* presents the chilling story of how the Cheney-Rumsfeld cabal subverted both the efforts of the U.S. military and constitutional authority, to *prolong* the Iraq War, turning that country into a looting ground for Halliburton and other “private military companies” (PMAs). This continues last week’s exposé of the privatization of military intelligence and other vital national security functions.

See *National* for psychiatrist Dr. Justin Frank’s professional evaluation of President Bush’s mental dysfunction—grounds for removal of a President, under the 25th Amendment to the Constitution.

Susan Welsh

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Coalition Provisional Authority head Lt. Paul Bremer (right) in Iraq, on Dec. 13, 2003. Lt. Gen. Ricardo Sanchez is speaking.



DoD/Staff Sgt. Steven Pearsall

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Halliburton's War

by Jeffrey Steinberg

President George W. Bush landed in a Navy S-3B jet on the deck of the aircraft carrier *USS Abraham Lincoln*, off the California coast, on May 1, 2003. In what may go down in history as the most expensive pre-election campaign stunt by a sitting American President, Bush delivered the words that now haunt his Presidency: "Mission accomplished."

President Bush was referring to the Iraq War, which had commenced on March 19, 2003. By May Day, the "hot" combat phase of the war had ended, with 170,000 American troops, 35,000 British troops, and a smattering of other "Coalition" forces occupying the capital city of Baghdad and a number of other Iraqi cities and towns. Saddam Hussein and his two sons were in hiding, the insurgency that would soon grip the country had not yet begun in earnest, but, as the world now knows, the "mission" was, and still is, anything but "accomplished."

Nevertheless, as President Bush was prancing around the deck of the *USS Abraham Lincoln*, telling the sailors how much he "preciated" their efforts, hard-working combat commanders from the Central Command (CENTCOM), and officials of the interim occupation authority, the Office of Reconstruction and Humanitarian Assistance (ORHA), under Gen. Jay Garner (ret.), were cobbling together a plan for the rapid transfer of power to the Iraqis—a plan that offered the last best hope for an exit strategy, to restore stability and sovereignty to an Iraq that is today viewed by many experts as caught hopelessly in a rapidly spreading, out-of-control civil war.

At the same time that there was still a chance to repair some of the damage done by the preemptive invasion, and do the right thing in Iraq, the U.S. State Department was being offered an opportunity to open comprehensive talks with Iran, covering everything from Tehran's assistance in the post-Saddam Iraq stabilization and reconstruction, to Iran's nuclear energy program, to Iran's relationship with Hezbollah, Hamas, and Islamic Jihad.

Within weeks of Bush's PR stunt on the deck of the *USS Abraham Lincoln*, all of these opportunities had been flushed down the toilet by the "Cheney-Rumsfeld



U.S. Navy/Photographer's Mate 3rd Class Tyler J. Clements

President Bush aboard the USS Abraham Lincoln on May 1, 2003, where he announced, with respect to the Iraq War, "Mission accomplished." Nothing could have been farther from the truth, as the Cheney-Rumsfeld-Halliburton gang was already hard at work to undermine the efforts of U.S. military personnel to forge a viable exit strategy, including transfer of power to non-Baathist Iraqi military commanders.

Cabal," to use the terminology of Col. Lawrence Wilkerson (ret.), who was, at the time, the chief of staff to Secretary of State and former Joint Chiefs of Staff Chairman, Gen. Colin Powell (ret.).

Instead of a comprehensive solution to the Persian Gulf crisis, we got what can only be called "Halliburton's War," the three-year descent into Hell, during which time, thousands of American GIs were killed or maimed, Iraq became engulfed in an ever-growing asymmetric warfare insurgency, and a parade of private military corporations (PMCs), led by Halliburton, raked in tens of billions in U.S. taxpayers' dollars and Iraqi Oil-for-Food funds, left over from the Saddam Hussein era.

Pentagon and Congressional investigations have confirmed that the PMCs, particularly Halliburton, have engaged in crass war profiteering, with the latest Pentagon audit concluding that Halliburton's Kellogg Brown and Root (KBR) subsidiary has systematically over-billed U.S. taxpayers by 25% on all of their Iraq logistics and reconstruction contracts, since the beginning of the Iraq imbroglio.

As *EIR* documented last week, the architects of the Iraq War had a larger "transformational" agenda: to set the precedent for the privatization of war, by giving the lion's share of the post-combat occupation mission to a combine of PMCs, collectively modelled on the neo-feudal British East India Company, which had administered the 18th- and 19th-Century British Empire through a private cartel of banks and chartered corporations. Today, this system is called "globalization," and the leading champions of the privatization of

national security are Synarchist bankers, typified by Felix Rohatyn and George Shultz.

Eyewitnesses

The story of the willful sabotage of the opportunity to end an unwarranted and unjust invasion of Iraq, with at least some semblance of stability in the Persian Gulf, has been documented by eyewitnesses with impeccable credentials. Bernard Trainor, a highly respected, retired three-star Marine Corps general, and *New York Times* military correspondent Michael Gordon have catalogued the role of Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, former Deputy Defense Secretary Paul Wolfowitz, former Undersecretary of Defense for Policy Douglas Feith, Undersecretary of Defense for Intelligence Stephen Cambone, and George Shultz and Henry Kissinger-protégé L. Paul Bremer, in the sabotage of the plan for a successful American withdrawal from Iraq. While Trainor and Gordon's new book, *Cobra II: The Inside Story of the Invasion and Occupation of Iraq* (New York: Pantheon Books, 2006) does not take up the consequences of the sabotage, in ushering in Halliburton, Bechtel, and a legion of smaller PMCs, it does provide a damning indictment of the Cheney-led neo-con insurgency that is critical to comprehending the bigger picture.

And two senior officials in the first term of the Bush-Cheney Administration, Colonel Wilkerson and National Security Council senior director for Middle East affairs Flynt Leverett, came forward in late March to reveal how Cheney directly blocked a proposal from Tehran for a comprehensive



White House photo/Kimberlee Hewitt

Vice President Dick “Halliburton” Cheney killed the Iraq exit strategy and poisoned the possibility of a dialogue with Iran. Here, Cheney addresses the Conservative Political Action Committee in Washington, Feb. 9, 2006.

U.S.-Iranian direct dialogue, at the same time that the Iraq situation was being sabotaged almost beyond repair. Wilkerson and Leverett provided their damning account to historian Gareth Porter, who reported it in a March 29 Inter Press Service (IPS) story, “Neocons Blocked 2003 Nuclear Talks With Iran.”

Before ‘De-Baathification’

As recounted in *Cobra II*, on April 17, 2003, just one week after American troops had taken Baghdad, then-Deputy Commander Gen. John Abizaid held a satellite video conference, during which he unfurled plans to establish three divisions of an interim Iraqi Army, which would take up critical security functions, and to clearly signal that the United States had no intention of long-term occupation. As Trainor and Gordon write, Abizaid “believed that Arab armies were not just military organizations—they provided jobs, helping to hold Arab societies together. His goal was to field three divisions in three months.”

The approach taken by CENTCOM’s top generals was to reconstitute the interim Iraq Army from the top down—by recruiting commanders from the former Army who were not tainted by close ties to Saddam Hussein’s Baathist inner circle, and recalling their units, intact. As it would turn out, months later, when U.S. commanders got access to the Iraqi Ministry of Defense personnel records, they discovered that few of the top-ranking military officers, and even fewer of the junior officers and NCOs, were Baath Party figures.

A key player in the strategy of CENTCOM was Lt. Gen. David D. McKiernan, who was the commander of the combined allied ground forces during the invasion, which was officially called “Cobra II.” On May 9, 2003, General

McKiernan, along with a small group of U.S. senior officers and CIA officials, met with Faris Naima, a former Iraqi military officer and Ambassador to the Philippines and Austria, who had defected at the close of his diplomatic tour in Vienna. Naima had contact with a number of Iraqi generals, and he presented a plan for creating a new Ministry of Defense, staffed by experienced officers who were all prepared to denounce the Baath Party and work with the Americans.

A parallel effort was also being run by Gen. Jay Garner (ret.), the Bush-appointed head of ORHA. As Trainor and Gordon report, “Soon after arriving in Baghdad, one of Garner’s top planners, Colonel Paul Hughes, heard that some former Iraqi officers had approached U.S. troops in Baghdad to ask how they might receive their salaries. After securing approval from senior officers, Hughes met with the group

at one of the Republican Guard’s officers’ clubs. Calling themselves the Independent Military Gathering, the Iraqi officers indicated that they wanted to cooperate with the Americans. Though many wanted to work outside the military, they were willing to supply names of potential recruits, including lower-ranking noncommissioned officers. Anticipating that the Defense Ministry would be bombed, they had wisely removed the computers containing military personnel records. Eventually, they gave the Americans a list of some 50,000 to 70,000 names, including the military police.” As the authors note, “The United States may not have had a ready-made military force but it seemed to have some of the pieces—if, that is, it wanted to use them.”

Obviously the situation on the ground in Iraq was already chaotic and complicated. While Garner’s impulse was to back CENTCOM’s traditional military plan to turn over power to an interim Iraqi authority and begin withdrawing American forces, he was also already turning to PMCs to join in the process of implementing the exit strategy. He had hired two American companies, RONCO and MPRI (Military Professional Resources Inc.), to screen Iraqi soldiers for future employment, as military or civilian workers. MPRI, one of the first American PMCs, drawn from the top ranks of American retired military officers, received an initial contract of \$625,000 from Garner, to launch the vetting and training program.

Iran’s ‘Grand Bargain’

At the exact moment that Generals Abizaid, McKiernan, and Garner were putting together a comprehensive exit strategy from Iraq, the Iranian government sent an offer to Washington that was almost too good to be true. As reported by

Gareth Porter, in early May 2003, Tehran sent a letter to the U.S. State Department, via the Swiss Ambassador in Tehran. The letter would be referred to as Iran's "grand bargain." The Khatami government, with the backing of the Grand Ayatollah Khamenei, proposed to open comprehensive talks with the Bush Administration on a wide range of issues, including Iran's nuclear energy program; Iranian assistance in stabilizing Iraq, with its large Shiite majority; Iran's support for Hamas and Islamic Jihad; and the prospect of Hezbollah being transformed into a strictly political institution within Lebanon. The Iranians also proposed to give the Americans information about al-Qaeda members in Iranian custody, in return for the American side providing information about the Mujahideen el-Khalq (MEK), an Iranian exile group on the U.S. State Department's list of terrorist organizations, based in Iraq.

The May 3, 2003 Iranian letter was not without precedent. In 2001-02, the United States and Iran had conducted secret talks in Geneva, which had resulted in Iranian cooperation in stabilizing Afghanistan, following the U.S. post-9/11 invasion of that country. Initially, over howls of protest from the neo-cons inside the Bush Administration, the President gave his special Iraq envoy, Zalmay Khalilzad, the okay

to begin talks with Iran's "man in Geneva" Javad Zarif, about Iraq.

Cheney-Rumsfeld Cabal Reacts

With events turning potentially against the war party, both on the ground inside Iraq, and on the diplomatic level with Iran, Vice President Cheney and the neo-con civilian apparatus inside the Pentagon made their move. In what amounted to a quiet, but deadly policy coup, Cheney and company killed the Iraq exit strategy and poisoned the dialogue with Iran.

A U.S. intelligence official intimately familiar with the events of May 2003 was blunt: "Cheney and Rumsfeld had no intention of dealing with Iran. They viewed the Iraq invasion and occupation as part of a package, that also included regime change in Syria and Iran. They weighed in and killed a golden opportunity."

The man that Cheney and company chose to kill both initiatives was a longtime George Shultz and Henry Kissinger protégé, Ambassador L. Paul Bremer. Bremer had earned his stripes at the State Department, first as executive assistant to Kissinger, and later as Shultz's ambassador for combatting terrorism. In 1989, when he left the government, Bremer stepped in as managing director of Kissinger Associates, a

What Rohatyn Wants To Hide

As moderator of a panel discussion of the Center for Strategic and International Studies (CSIS) Public Infrastructure Commission, held at the National Press Club March 27 (see article, p. 41), CSIS president John Hamre quashed any mention of Felix Rohatyn's remarks on privatizing the U.S. military. Hamre implied that the LaRouche Youth Movement questioner was lying about the 2004 Middlebury College privatization conference sponsored by Rohatyn and George Shultz. He told the LYM questioner:

"Let me interrupt: I actually was at that conference, and I know what actually happened there, and I was the Deputy Secretary of Defense; let me talk with you when we get done about that. This is a session about America's



The Privatization of National Security

The Rohatyn Center for International Affairs, Middlebury College and
The Woodrow Wilson School of Public and International Affairs, Princeton University
October 9, 2004

Felix Rohatyn, President, Rohatyn Associates

...action could be taken. And I think this is now a very different world, and different businesses, and I think that we now want to take some care.

The issue of what is it that only the government can do; it's probably to kill people. But I don't think there are that many issues where the government can act where the private sector can't play a role if it is properly overseen and if the community of interests is protected.

I don't think I need to go much further here because we're short on time, but I do think this issue of community of interests, that this industry is going to get much bigger, because more people are going to leave because of the fact that we can't pay them enough, which is a whole different question that should be examined at some point. Should the government own those people or

infrastructure, and not about private defense functions."

For the record, here is a photocopy of a section of the Middlebury College transcript of the conference that Hamre did not want discussed.



DoD/Staff Sgt. Jerry Morrison, Jr.

Paul Bremer (second from right), the head of the Coalition Provisional Authority, with Defense Secretary Donald Rumsfeld (right) on board a helicopter in Iraq, Feb. 23, 2004. Bremer was a protégé of George Shultz and Henry Kissinger, and had served as managing director of the Kissinger Associates consulting firm until 2000. He was given his CPA post thanks to Dick Cheney and Rumsfeld.

post he held until 2000.

In his own self-serving memoir of his tour of duty as the head of the Coalition Provisional Authority (CPA) from May 2003-June 2004, Bremer made it clear that his appointment as proconsul in Baghdad was a Cheney-Rumsfeld maneuver. The two people who called him, to solicit his help in Iraq were: Lewis “Scooter” Libby, then Cheney’s chief of staff and chief national security aide; and Paul Wolfowitz. Bremer had worked with both men in George Shultz’s State Department during the Reagan years.

From the moment that Bremer agreed to go to Baghdad, things moved with lightning speed:

On May 5, Bremer was in Washington, meeting with Rumsfeld. The two men had been friends since the Ford Administration in the mid-1970s. As Bremer wrote of Rumsfeld in *My Year in Iraq* (New York: Simon & Schuster, 2006): “We had stayed in touch over the years and I admired his patriotism, quick intelligence and drive.” For Rumsfeld, one of Bremer’s greatest qualifications was that he had never served in Southwest Asia, and had no ties to the “damned Arabists” at the State Department, CIA, and DIA, who considered Rumsfeld and Cheney’s approach to the Iraq occupation to be madness.

On May 6, Bremer met with President Bush in the Oval Office and was offered the job as head of the Coalition mission in Iraq. Before he would accept the posting, Bremer insisted that the President fire Zalmay Khalilzad as the special White House envoy, insisting that he had to have absolute Presidential authority to act, with no one second-guessing his deci-

sions. A labile President Bush agreed, apparently without even consulting with Secretary of State Colin Powell, who later said, according to Trainor and Gordon, that he was “stunned” that Khalilzad, “the only guy who knew the Iraqi players well and who was regarded by them as a trusted representative of the White House,” was dumped. National Security Advisor Condoleezza Rice and the Joint Chiefs of Staff were also bypassed in the Bremer coup.

Next, Vice President Cheney assigned one of his aides, Brian McCormack, to Bremer’s staff. In a meeting with Doug Feith at the Pentagon, shortly before he departed for Baghdad, Bremer was given a draft text of a de-Baathification order, which was to have been issued by Garner. Bremer insisted that the order be postponed until his arrival in Baghdad, so he could deliver it as his first order of business as the head of the newly created Coalition Provisional Authority, which replaced the Of-

fice of Reconstruction and Humanitarian Affairs.

Bremer would be joined in Baghdad by another Cheney-Rumsfeld handpicked operative, Walter Slocombe. Although Slocombe had served in the Clinton Administration as Undersecretary of Defense for Policy, he had been an avid supporter of the Bush-Cheney “preemptive” invasion of Iraq. He was tapped to head up the interim Iraqi Defense Ministry by Rumsfeld’s Undersecretary of Defense for Intelligence and top protégé, Stephen Cambone. Slocombe arrived in Baghdad with instructions from Rumsfeld, Wolfowitz, and Feith to completely dismantle the Iraqi Army, and begin to rebuild it from the bottom up, a laborious process that would take years to complete, thus assuring a long-term American occupation.

On May 12, 2003, Bremer arrived in Baghdad. The very next day, by his own accounts, and the reporting of other eyewitnesses, Bremer convened a closed-door staff meeting. His first order of business: Issue shoot-to-kill orders against any Iraqis caught looting. Bremer insisted that the Iraqis had to be taught a harsh lesson, that the Americans were serious about bringing law and order to a country that had just been decimated by “shock and awe.”

At least two of the military commanders in the Baghdad district flat-out refused to accept Bremer’s instructions. According to Trainor and Gordon, “Bremer’s position came as a surprise to Buff Blount, who soon made clear that his soldiers had no intention of using deadly force to stop stealing by the impoverished Iraqis his soldiers had liberated. . . . Mattis expressed similar sentiments.” The next day, the details of Bremer’s closed-door orders appeared, verbatim, in the *New*



DoD/Helene C. Stikkel

Undersecretary of Defense for Intelligence Stephen Cambone played a leading role in sabotaging the efforts of on-the-ground U.S. military leaders to transfer power to Iraqis.

York Times.

On May 15, Bremer unilaterally cancelled a conference that had been called for the end of the month by Garner and Khalilzad, which was to have put together an interim Iraqi government. Bremer's policy precisely mirrored a classified memo that Rumsfeld had sent to Cheney, Powell, and CIA Director George Tenet, soon after the Iraq invasion began, warning that any premature effort to create a post-Saddam Iraqi government could result in an anti-American regime coming into power. Bremer set a one-year timetable for a hand-over of power, mandating that the drafting and popular ratification of a constitution should precede any turnover of sovereignty from the CPA to the Iraqis. For Halliburton and the other PMCs, this would mean a one-year open-ended license to steal.

The next day, Bremer signed the Feith-drafted Order No. 1, "De-Baathification of Iraqi Society." According to a CIA estimate, with the flick of a pen, Bremer fired more than 30,000 Iraqis.

Bremer waited just one week before dropping the other shoe. On May 23, he issued Order No. 2, "The Dissolution of Entities," formally dismantling the entire Iraqi Army. Slocombe had drafted the order, but only after Rumsfeld personally sent his two men in Baghdad a May 19 classified planning guidance on creating the "New Iraqi Corps."

Trainor and Gordon capture the treachery of the moment: "While Rumsfeld had been consulted in advance, other key players were blindsided by the edict. Peter Pace, the vice chairman of the Joint Chiefs of Staff, said later that the Joint Chiefs were not consulted about the decision. Powell did not know about it in advance. Condoleezza Rice was caught off guard but comforted herself with the thought that the White

House needed to respect the judgment of their man in Baghdad. . . . In fact, Abizaid and McKiernan did consider the decision an abrupt and unwelcome departure from their previous planning."

That was an understatement. Overnight, 300,000 Iraqi soldiers were unemployed and stigmatized as "Saddamists," despite the fact that under even Bremer's strict de-Baathification criteria, only 8,000 out of a total of 140,000 officers and NCOs would have been disqualified from serving in the New Iraqi Corps.

The day that Bremer signed that order was the day that the Iraqi insurgency was truly born. In fact, much to Rumsfeld and Cheney's dismay, on July 16, the day he took command of CENTCOM, General Abizaid honestly told the press that Coalition forces in Iraq were facing "a classical guerrilla-type campaign." This stood in stark contrast to Rumsfeld's glib claims that the United States was merely carrying out clean-up operations against "dead-enders." Two years later, Vice President Cheney would be peddling the same lies, claiming that the Iraqi insurgency was in its "last throes."

Battle Over the Iran Policy Directive

Here the narrative of treachery is picked up by Colonel Wilkerson and Flynt Leverett. The May 3 letter from the Iranian government to Secretary of State Powell, offering Iran's "grand bargain," arrived in Washington, as a feverish battle was already under way over Bush Administration policy towards Iran. For over a year, the Administration had been divided over the drafting of a National Security Policy Directive (NSPD) on Iran, with Administration "realists," led by Powell, arguing for a continuation of the Clinton Administration's policy of diplomatic engagement. The Cheney/Rumsfeld-led neo-cons, centered in the Office of the Vice President and in Feith's Pentagon Office of Special Plans (OSP), penned their own draft NSPD, calling for regime change, and even suggesting a role for the terrorist MEK.

According to U.S. intelligence community sources who spoke to *EIR*, it is believed that the OSP draft was prepared by Michael Rubin, a protégé of neo-con Richard Perle, who would spend six months in Iraq on Bremer's CPA staff. What is certain is that by no later than February 2003, a copy of the OSP Policy draft had been delivered to Israeli Embassy officials by OSP Iran desk officer Larry Franklin, who was subsequently indicted and pleaded guilty to passing classified material to Israel and to two officials of AIPAC, the American Israel Public Affairs Committee.

When the letter from Iran arrived in Washington, the already simmering battle inside the Bush Administration escalated into an all-out, behind-the-scenes policy brawl. Powell pressed President Bush for approval to have Khalilzad resume the Geneva channel of talks, which had produced positive results on Afghanistan after 9/11. The neo-cons, according to then-NSC Middle East chief Leverett, balked. "They were saying we didn't want to engage with Iran because we didn't

want to owe them,” he told Porter.

Although President Bush did approve the Khalilzad Geneva talks with Iran, by the end of May, the whole deal had been scotched. Wilkerson blames the “secret cabal” headed by Cheney: “The secret cabal got what it wanted; no negotiations with Tehran.” But he acknowledges, “As with many of these issues of national security decision-making, there are no fingerprints.” He did not hesitate to offer his own educated guess as to who had shut down the Iran channel: “I would guess Dick Cheney with the blessing of George W. Bush.”

In fact, the Administration stalemate represented a clear victory for Cheney and Rumsfeld. By April 1, the entire Geneva channel had been permanently shut, and, as of October 2003, Franklin would quietly inform the Israelis that all work on a final National Security Policy Directive on Iran had been shut down.

PMCs Fill a Gaping Hole

Both the Bremer and Trainor-Gordon accounts of the events of May 2003 highlight another burning issue that would play directly into the Shultz-Rohatyn-Cheney grand design for privatizing war and profiteering handsomely off of the neo-feudal scheme: the acute shortage of American troops for any long-term, postwar occupation of Iraq.

Generals Abizaid, McKiernan, and Garner had all been pressing for a quick stand-up of the Iraqi Army and the early creation of an interim Iraqi government, in part because of the lack of sufficient American military personnel to restore order without a lot of Iraqi involvement.

Rumsfeld’s position on the question had been made clear in April 2003, when he unceremoniously fired Army Secretary Tom White, for siding with Army Chief of Staff Gen. Eric Shinseki, over Shinseki’s insistence that the United States needed a minimum of 300,000 troops to invade and secure Iraq. White left office on May 9, and Shinseki followed a month later.

Just before he left for Baghdad, Bremer had met with a friend, James Dobbins, who had been a State Department trouble-shooter, and who had served in Afghanistan and the Balkans. Now at the RAND Corporation, Dobbins had just presided over a study of the history of nation-building, over the past 60 years, the results of which he shared with Bremer. The essential point of the RAND study was that any effective nation-building mission required a 1:50 ratio of peacekeepers to civilians. That was the size of the various Balkan peacekeeping forces. By that standard, between 450,000 and 500,000 U.S. troops would have been required in Iraq.

According to Trainor and Gordon, Bremer passed along a copy of the study to Rumsfeld, who promptly threw it in the garbage.

There might be 300,000 or even 500,000 Coalition forces eventually on the ground in Iraq, but the majority would not be active duty military. Iraq would be the PMCs’ Shangri-la: the first truly neo-feudal imperial occupation of their post-Treaty of Westphalia world.

Halliburton’s Gross Profiteering Record In Cheney’s Iraq War

by Carl Osgood

Halliburton may be the most corrupt and scandal-tainted company ever to get contracts from the U.S. Government, but that reputation doesn’t seem to be slowing it down one bit. Rep. Henry Waxman (D-Calif.) released a report on March 28 which shows that the corruption continues despite a growing list of complaints, audits, and investigations into Halliburton’s performance, almost from the time the Iraq war began in March 2003. What Waxman’s new report proves, by implication, is that despite the documented criminality, Halliburton continues to rob the taxpayer blind—\$11 billion so far—while it remains protected by the Bush Administration, which still refuses to investigate Halliburton’s conduct.

It is no secret, of course, that Vice President Dick Cheney was the head of Halliburton from 1995 until he left to become George W. Bush’s controller/running mate in 2000. Not only is Cheney the chief architect of the Iraq war, he also is the architect of the military privatization policies that Halliburton is benefitting from; and he receives a deferred salary, and still holds stock options in the company.

Waxman’s new report focusses on the second of two contracts Halliburton was awarded to restore Iraqi oil infrastructure, known as RIO 2. The report, covering the period from July 2004 to July 2005, “reveals that government officials and investigators have harshly criticized Halliburton’s performance under RIO 2, citing ‘profound systemic problems,’ ‘exorbitant indirect costs,’ ‘misleading’ and ‘distorted’ cost reports, a ‘lack of cost control,’ an ‘overwhelmingly negative’ evaluation, and an ‘obstructive’ corporate attitude toward oversight.” The report is based on hundreds of pages of previously undisclosed correspondence, evaluations, and audits by three entities—the Project and Contracting Office (PCO), the Pentagon agency set up to monitor Iraq reconstruction; a private contractor hired by the PCO, and the Defense Contract Audit Agency (DCAA).

Anyone familiar with the history of Halliburton in Iraq will recognize that all of the issues cited by Waxman in this latest report have been characteristics of Halliburton’s behavior in two other major contracts that the company has in Iraq—the original RIO contract, which was awarded in secrecy about 10 days before the U.S. invasion of Iraq, and the LOGCAP, or Logistics Civil Augmentation Program, contract, by which Halliburton is responsible for most of the logistics support required by the U.S. military.

Waxman's report notes that "The decision to award Halliburton the RIO 2 contract was controversial. Before the award of the contract, DCAA auditors warned the Defense Department not to enter into additional contracts with Halliburton because of 'significant deficiencies' in the company's cost estimating system, but the Department ignored this advice. It now appears that the problems that led to the unusual DCAA warning have been realized in RIO 2, with serious implications for the reconstruction effort in Iraq and federal taxpayers."

Halliburton's History of Fraud

Halliburton had already been the subject of a long list of scandals before it was awarded the RIO 2 contract; and by no means were all of the scandals related to contracts from the Bush Administration. Well before the Iraq war, Halliburton had come under scrutiny for, among other things, accounting irregularities that inflated its reported profits, supplying Libya and Iraq with oil-drilling equipment in violation of U.S. sanctions, and insider trading. In each of these cases, the improprieties occurred during Cheney's tenure as CEO of the company. In the case of the insider trading allegations, Cheney himself profited personally in August 2000, making an \$18.5 million profit in selling his shares of Halliburton stock at \$52 per share, 60 days before the company warned investors that its energy and construction business was not doing as well as had been forecast, causing the stock price to drop 11% in one day. The *Washington Post's* Dana Milbank concluded, in a July 16, 2002 article, that "Either the vice president did not know of the magnitude of problems at the oilfield services company he ran for five years, or he sold his shares in August 2000 knowing the company was likely headed for a fall."

Halliburton did nothing to improve its reputation as a government contractor. Twice during the 1990s, it was cited by the Government Accountability Office, the investigative arm of Congress, for poor management practices in its executing of contracts under LOGCAP in support of U.S. troops in the Balkans. Yet, it was awarded another LOGCAP contract, renewable for up to ten years, in November 2001. It was that contract that gave Halliburton the inside track to get the RIO and RIO 2 contracts, since it had direct access to U.S. Central Command planners preparing for the invasion of Iraq. It also benefitted from its relationship with the Vice President, as Representative Waxman documented in his letter to Cheney on June 13, 2004. Waxman revealed that Cheney's then-chief of staff, I. Lewis "Scooter" Libby, was briefed in October 2002 on the proposal to issue a task order to Halliburton, under the LOGCAP contract, to develop a contingency plan to operate Iraq's oil infrastructure.

Cheney's staff was also informed before the award of the RIO contract on March 8, 2003. All of this activity was coordinated by Michael Mobbs, a "special advisor" to the then-Undersecretary of Defense for Policy Doug Feith. Mobbs was also Feith's point man on the development of policy regarding the treatment of detainees being held at Gu-

antanamo Bay, Cuba. "These new disclosures," Waxman wrote, "appear to contradict your assertions that you were not informed about the Halliburton contracts."

The first major scandal to erupt after the U.S. invasion was the revelation in September 2003 that Halliburton was charging \$2.64 a gallon to import gasoline into Iraq from Kuwait, a price that experts queried by Waxman characterized as "highway robbery." The DCAA found in a Dec. 11, 2003 audit that Halliburton had overcharged the government by \$61 million. Despite the DCAA report, the U.S. Army Corps of Engineers waived requirements that Halliburton provide cost data from its subcontractors for the importation of gasoline from Kuwait into Iraq. Auditors also found that Halliburton had overcharged by \$67 million for food services provided to U.S. troops in Iraq under the LOGCAP contract. Halliburton had charged for serving 42,000 meals a day when, in fact, it was actually serving only 14,000.

When the gasoline importation scandal got too hot for Halliburton, the Coalition Provisional Authority, the governing body that was run by Ambassador Paul Bremer until June 2004, simply decided to pay Halliburton out of the Development Fund for Iraq, Iraqi money that had been put under the stewardship of the United States by the United Nations Security Council. The *Washington Post* reported on Aug. 4, 2004, that Halliburton was paid \$1.66 billion out of the DFI for work that was supposed to be paid from Congressionally appropriated funds, but Iraqi money was not covered by the same procedures that cover appropriated funds.

The Democrats Investigate Halliburton

On Feb. 14, 2004, the Senate Democratic Policy Committee, chaired by Sen. Byron Dorgan (D-N.D.) held the first of at least three hearings on contracting abuses in Iraq. A former employee of Halliburton, Henry Bunting, who worked in Halliburton's purchasing office in Kuwait for 15 months until August 2003, testified that he was told repeatedly "It's a cost plus contract; don't worry about the price, just fill the requisition." He described practices such as splitting purchasing orders into pieces to avoid the rule that requires price checking with two or more suppliers for any purchase orders more than \$2,500. He said he received persistent instructions to split purchase orders to get them under the \$2,500 limit to avoid competitive bidding.

He gave as an example of Halliburton's business practices, the purchasing of 2,500 towels for a military recreation center in Baghdad, the initial price of which was \$1.60 each. Halliburton managed to triple the price of the towels by adding a monogram that included the KBR logo which made them "upgraded" towels. He also described how Halliburton was leasing hundreds of vehicles for \$7,500 a month each for SUVs, vans, and trucks. Bunting reported that when he was in Kuwait, he had a stack of invoices for the leases, 1½ to 2 inches high on his desk. There were hundreds of such leases.

Up to this point, Congressional Republicans had successfully resisted holding any oversight hearings on contracting

abuses in Iraq. That resistance cracked slightly on March 11, 2004, when House Government Reform Committee chairman Tom Davis (R-Va.) finally convened a hearing at which he made every effort to minimize the relationship between Halliburton and Cheney, even asking each of the seven Pentagon witnesses whether or not he had had any contact with the Vice President's office regarding contracting in Iraq. However, after four hours of testimony, Davis was forced to concede that "It looks to me like something went wrong here." The fact that the hearing took place at all, was a victory for the LaRouche movement and the handful of members of Congress, particularly Representative Waxman, who consistently pressed the Halliburton issue, and dug out more and more damaging information.

Waxman had circulated a memo to the news media the day before the hearing on newly obtained information on Halliburton's contracts in Iraq. On the morning of the hearing, there were stories in all major newspapers on Halliburton's special treatment in Iraq. One major element of the new materials, which figured prominently in the hearing, was a Dec. 31 finding by the Defense Contract Audit Agency that there were "significant" and "systemic" deficiencies in the way Halliburton estimates and validates costs. The DCAA audit concluded that "These deficiencies could adversely affect the organization's ability to propose subcontract costs in a manner consistent with applicable government contract laws and regulations." This finding caused the DCAA, in a Jan. 13, 2004 memo, to recommend that the Defense Contract Management Agency "contact us to ascertain the status" of Halliburton subsidiary Brown and Root Services' "estimating system, before entering into future negotiations."

Halliburton got the \$1.2 billion RIO 2 contract on Jan. 16, 2004, just three days after the DCAA's explicit warning. While the Corps of Engineers had promised that the RIO 2 contract would be bid on, the other participants in the competition described it as "seriously flawed." Sheryl Tappan, a former employee of Bechtel responsible for writing contract proposals, in testimony to the Senate Democratic Policy Committee on Sept. 10, 2004, characterized the competition as a "sham" and a "farce." She told the committee, "In my 12 years doing government proposals, I had never seen anything as arrogant, as egregious as the ways in which Pentagon officials . . . treated the bidders, how they ignored our federal laws and regulations and the procedures that I still believe normally ensure fair play." She accused the Corps of Engineers of misleading bidders about the nature of the contract and structuring the competition to heavily favor Halliburton.

According to Waxman's March 28 report, correspondence and evaluations of government overseers reveal persistent problems with Halliburton's performance under the RIO 2 contract, including consistent failure to comply with the government's cost-reporting requirements. At one point, the Project and Contracting Office complained that Halliburton "has not shown any attempt to comply" with the cost-reporting requirements and "has done the minimum, and has not

shown initiative in providing the information required despite repeated requests and several meetings." The PCO even took the step of issuing a "cure notice" on Jan. 29, 2005, warning Halliburton that its contract could be terminated if ongoing problems were not cured. The cure notice remained in effect until July 2005.

Dirty Water to the Troops

On Jan. 23 of this year, the Senate Democratic Policy Committee aired even more dirt on Halliburton. This time, the dirt was in the water that Halliburton's KBR subsidiary was providing U.S. troops in Iraq. Two former KBR employees and a water expert from the Natural Resources Defense Council testified on Halliburton's malfeasance—supplying unclean, unsafe water to U.S. bases in Iraq. Ben Carter, a water purification specialist who worked for Halliburton in Iraq from January to April of 2005, was sent to Iraq to oversee the operation of a water purification unit supplying water to a U.S. base in Ar Ramadi, but wasn't even allowed to get near the unit before he was sent back to the United States. He discovered in March, after complaints from KBR employees of living organisms in the water, that the water coming out of the unit was not chlorinated and, as far as he could tell, never had been; but he was told by KBR's site manager *not* to inform the military. "I was ordered to concern myself only with the health and safety of KBR personnel," he said. Carter and Ken May, the other Halliburton whistle blower testifying at the hearing, presented an e-mail from William Granger, the man responsible for overseeing water quality operations for Halliburton in all of Iraq and Kuwait.

In the e-mail, dated July 15, 2005, Granger wrote: "We exposed a base camp population (military and civilian) to a water source that was not treated. The level of contamination was roughly 2X the normal contamination of untreated water from the Euphrates River." This exposure may have been ongoing for as long as a year, back to mid-2004. May testified: "Halliburton's continued denial and inaction has allowed nine more months to pass, possibly exposing thousands of military personnel and contractors to unnecessary risk. This in my mind borders on treasonous if not subversive conduct which simply cannot be tolerated."

Halliburton's behavior in Iraq has resulted in guilty pleas in at least two criminal cases. On March 24, a former Halliburton manager pled guilty in Federal court in Springfield, Ill., to wire fraud and money laundering charges for accepting \$124,000 in kickbacks from a Saudi subcontractor. The director of the Saudi company was also arrested, charged with making the payments to win a \$14.4 million subcontract to run food service for U.S. troops in Kuwait. Earlier, in February, an executive of a Houston-based logistics company pled guilty to a scheme to bill the government for fraudulent war-risk surcharges for flying cargo into Baghdad International Airport. The surcharges were billed through Halliburton, with which the company, EGL, Inc., had a subcontract. EGL paid \$4 million in restitution and fines for the scheme.

Today's Neo-Feudalism And the Crusades

by Gerald Rose

At the Oct. 9, 2004 conference at Middlebury College on "The Privatization of National Security," sponsored by Felix Rohatyn and George Shultz, Prof. Peter Feaver of Duke University said: "In fact what we are seeing is a return to neo-feudalism. If you think about how the East India Company played a role in the rise of the British Empire, there are similar parallels to the rise of the American quasi-empire."

This was not an imprecise use of language when Feaver called the privatization of the military "neo-feudalism." It is one of those anomalies which seems minuscule, but gives away the show.

As a system, feudalism was more than the use of the majority of the human population as chattel attached to the landed, titled nobility. Feaver was referring to the fact that under feudalism, there were no nation-states. Private armies, chartered as supranational corporations, or quasi-religious orders, roamed Jerusalem, Spain, southern France, and Constantinople to impose an ideology and a system of looting upon its victims. Feaver was not criticizing this; he was praising it as a new model.

Feaver's reference to the British East India Company as feudal was more precise than he perhaps imagined. As documented in *EIR* (March 31, 2006), the British East India Company had a larger standing army than that of the national British Army. The East India Company was a feudal form of organization, chartered by supranational authorities. In the case of the British East India Company, it was a Crown charter with its own army and its own charter to govern beyond the reach of any national authority.

There is no way to understand feudalism except as a dynamic system whose main animating force was the Crusades. To be clear: Feudalism was not a sociological phenomenon. It was a system maintained by the Crusades. In principle, the Crusades were used to crush the rise of secular government that led to nation-states. Through this dynamic, the feudal system imposed an ultramontane, universal dictatorship on behalf of the Black Nobility, led by Venice.

This is the technical meaning of corporatism, in which the state is subordinated to financial interests that rule above the state. Although some consider it impolite to mention this, feudalism is where fascism comes from. When Rohatyn recently burst out with the idea that Franklin Roosevelt did not go to supranational banks to borrow money for basic infrastructure in the 1930s (see article, p. 41), he was referencing

Mussolini and his feudal corporatist state. As we will document, this system is an exact repeat of the developments in which the Black Nobility, dominated by Venetian banking circles, chartered all corporations and gave them the franchise to loot. This is the explicit model advocated by today's Siena Group under the direction of economist Robert Mundell. It goes by the name of Globalization.

It is only a lack of historical insight as to where this system has led, that allows Feaver to get away with this fraud. The system Rohatyn and Feaver are referring to ended in the bankruptcy of the world banking system and the Black Plague, which wiped out one-third or more of the population, not only of Europe, but also of Asia.

What Really Were the Crusades?

Not surprisingly, there is an attempt in the United States to romanticize the Crusades, particularly the crusading orders such as the Knights Templar and Knights Hospitaler, around the cult novel *The Da Vinci Code*. If one wants to rid oneself of such delusions, read some of the greatest works of literature by Rabelais, Cervantes, and Shakespeare, who were disgusted by the utter ecstatic insanity of the crusading knights, who wrecked all good order and government in the Medieval period. The irony, that these Crusades were allegedly doing it for Christ, was such anathema to real Christians, like Shakespeare, Cervantes, and the monk Rabelais, that their prolific pens and minds were inspired to produce the greatest pieces of humor in history.

The initial Crusade was preached in 1095 by Pope Urban II. At the Council of Clermont, the idea arose to liberate Jerusalem and the Sepulchre of Christ from the infidels. It was preached in the open air before a crowd of thousands from the French countryside, who had been organized for a full year by a combination of tours by Pope Urban II and "Peter The Hermit," a populist ranter. There were a good number of nobles there along with their peasants. All those who would go to the Holy Land to liberate it were promised that they would be exempt not only from any sin carried out in the commission of that "liberation war," but also from any sin that they had ever committed! This doctrine later became the practice that with money you could buy such dispensations, which were called "indulgences."

Two things should be emphasized. First, Urban II, before becoming the Pope, was the Prior at the Benedictine Abbey at Cluny, which was a cult center inside the church. Second, he was a retainer of Mathilde of Tuscany, who, along with Hildebrand (who became Pope Gregory VII), created a faction of ruling elites called the Black Guelph. It was this tendency that waged war against the nation-building of Charlemagne and the Hohenstauffen. These two houses were the "Holy Roman Emperors," who opposed the proven forgery of "The Donation of Constantine." This forgery, which was discovered in the 8th Century, was a supposed 4th-Century document written by Constantine himself, in which he supposedly recognized that the highest temporal authority was



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Peter the Hermit (with crucifix), who aided Pope Urban II in recruiting Crusaders.

the Papacy, and that kings were only appendages of the Papacy. This is what is known as the “ultramontane” rule of the church. (During the Council of Florence, Lorenzo Valla proved that the Donation of Constantine was a forgery, with documents provided by the Eastern Orthodox Church, which participated in the Council.)

This ultramontane doctrine was imposed by the “Crusades.” The actual policy articulated by the Pope was a radical break with the previous Augustinian concept of the “just war.” In this latter view, although an individual Christian was called upon to turn the other cheek, and under no circumstances to kill his neighbor, there were situations, such as when tens of thousands of people were under attack, when Christians should defend themselves with armed might. The only circumstance under which this may be done, was for defense; such acts must not be taken out of revenge, or desire for territorial advantage, or to loot the resources of another country. The only goal of such a war was to impose a “just peace,” not only for oneself, but for those whom one had to fight. (Also there had to be some chance of one winning such a fight.)

This concept was defined in very beautiful terms by Rabelais. In the first paragraph of Gargantua’s “Address to the Vanquished,” Rabelais identifies this idea of a “just peace”:

“Our fathers and grandfathers, and ancestors from time immemorial have been of such a nature and disposition that as a memorial to the victories and triumphs they have won in battles they have fought, they have preferred to erect monuments in the hearts of the vanquished by a display of clemency, than to raise trophies in the form of architecture in the land they have conquered. For they have valued the lively

gratitude of men, won by their liberality, more highly than mute inscriptions on arches, columns, and pyramids, which are subject to the injuries of climate and all men’s spite. . . .”

Gargantua then elaborates on the “clemency” and “generous treatment” extended to barbarians who had “pillaged, depopulated, and sacked” regions of the state, or practiced piracy, or who simply were “defeated in fair naval battle.”

This is just the opposite of the attitude of the Crusades.

Fraud

The entire religious justification of the Crusades to liberate the Holy Land was a fraud. The tipoff was that the first act of the Crusaders, even before they got to the Holy Land, was to set off a series

of pogroms against the Jews of Europe, to steal their property to pay for part of the Crusades, and to kill a large number of Jews, just to get into the right spirit before the Crusaders got to the Holy Land. These pogroms were to last centuries, and the arguments for the Crusades were the justification for hardcore anti-Semitism. (That is why it was so ironic that the neocon Israeli Bibi Netanyahu preached such a Crusade against Muslims, in front of the America-Israel Public Affairs Committee in Washington, D.C., recently. That meeting of AIPAC, addressed by Vice President Dick Cheney and Netanyahu, was pretty much a “Madhatters’ Ball.”)

Also, the idea that the Crusades were liberating Jerusalem from the Muslims, or that this had anything to do with religion, was exposed by the reality that most of the Crusades had nothing to do with the Holy Land. There were Crusades in Spain against the Moorish and Jewish populations. There were Crusades against “heretics” in southern France (the Albigensian Crusade). But the Crusade that gave the show away was the fourth Crusade against Constantinople, which was the largest Christian city in the world at the time.

The Fourth Crusade: Venice’s Role

It was during the Fourth Crusade (1202-1204) that Venice consolidated its power internationally. Venice was the banker for the Papacy and the key beneficiary of the Crusades. In the breakup of the Roman Empire into the Western Empire, whose seat was Rome, and the Eastern Empire, whose seat was Constantinople, the Roman side of the Empire was being overrun by pagan tribes. So some of the Roman nobility took their money and retainers and escaped to the lagoons of Venice, a location that was defensible because it was approach-

able only by water. From there, they established the largest banking empire in history. (This empire, still intact today, created the international Synarchy organization, as *EIR* has documented in many locations.) How did Venice consolidate such enormous power? It did it through the Crusades.

If you look at the logistics of the Crusades to the Holy Land from Europe, there are only two routes available. One was over land, by way of Constantinople, and the other was by sea, by way of Venice. Venice had built up, for the purpose of mercantile looting and defense, the largest fleet in the world. Its shipyard, called “The Arsenal,” was by far the largest in Europe. While preparing for the Fourth Crusade, it had 19,000 full-time workers.

In this Fourth Crusade, the Venetians led the Norman Chivalry to attack Constantinople. So, this Crusade had nothing to do with Muslims, Jews, or religion. It was an attack on a Christian city, which was looted and burned to the ground.

The Venetians started the Fourth Crusade by convincing everyone that they were going to attack Egypt, so everyone piled onto boats, and the Doge of Venice, Dandolo, guided the ships toward Constantinople, using a very flimsy pretext to attack the city. Constantinople had 400,000 people. Venice, which had only 60,000, was the third- or fourth-largest city in the world, and I wouldn’t call it Christian either.

In the course of the Fourth Crusade, Venice and the Norman nobles killed several thousand Christians, and took everything that was movable to Venice. The two famous lions that stand in front of the largest church in Venice, Saint Mark’s, were stolen from Constantinople. And the top of Saint Mark’s Church in Venice has Byzantine domes which were stolen from Constantinople.

The Norman knights, who ran the operation, and the French kings and others, owed 85,000 gold florins to Venice, which is an enormous amount of money. And so, Venice bankrupted both the knights who fought the Crusade, and the countries that funded the knights who fought the Crusades—the English kings, French kings, Sicilian kings, and others.

Through this Crusade, Venice established the Venetian Empire. The Crusades consolidated the power of Venice by crushing all the potential nation-states. It was simply a pretext to get rid of these states: Any king who would not send his knights and vassals to fight, had a Crusade preached by the Pope against him. (This is referenced by Shakespeare in *King John*.) The Benedictine-run Papacy was an internal policing apparatus, using the Church, to loot all the peasants, all the knights, and all the kings, to fund the Crusades.

This process was set in motion because, until the Crusades, there were very strong city-building tendencies, which were referenced by the alliance in the East by Harun Al Rashid and the Baghdad Caliphates, and in the West by Charlemagne. These tendencies, like those of Abbey Suger and Abelard in the great Cathedral-construction movement in France, which was continued by the Hohenstauffen Holy Roman Emperors, represented a mortal threat to the Venetian interests, for the

idea of the city-builders was to develop the populations of Europe.

As Dante Alighieri points out in both *De Monarchia* and *De Vulgari Eloquentia*, secular governments and a literate language in the vernacular (not Latin), along with a common history, define a people. To have a people speaking a literate language, Dante said, was the fundamental question in governing human beings. This tendency was the exact opposite of the “Donation of Constantine” ultramontane Venetian-Papacy faction. The Crusades wiped out the tendency toward nation-states, until it emerged again in the wake of the 15th-Century Italian Renaissance.

The Untold Story

The most devastating aspect of this Fourth Crusade was that Venice consolidated control of all the trade routes with the East. The work done by Paul Gallagher, published in *Fidelio* magazine (Winter 1995), points out the most devastating irony: Do you know who became the Venetian allies after the Fourth Crusade? The Mongol Empire, led by the infamous Khans. The Mongols were the fascist policing apparatus of the entire East. They worked with Venice to loot China, to loot the Caucasus, to loot Kiev, and to loot the Holy Land; Venice was able to consolidate its trade with this Khan Dynasty in the wake of the Fourth Crusade.

What Gallagher develops is a very important historic insight into how, by the manipulation of the money supply of gold and silver by the Venetian banking houses, in coordination with the control of the Eastern production of gold, by the Mongol Khans, the Venetians created a monopoly of both precious metals. By the Mongols selling gold at a certain price to Venice, and Venice’s replacement by silver currency in Europe of the previous gold currency, Venice locked up the market in gold, and forced debt contracted by the western kings, in silver, to be repaid in gold. They also set the price for the gold/silver ratio. The rates of return on the Venetian gold were so great that they bankrupted every kingdom in Europe, and detonated mid-14th Century the bankruptcy of the famous Bardi-Peruzzi bank. This currency looting caused a worldwide banking crisis, and as a direct result of the physical looting of the East by the Mongols, and the Venetians looting Europe, it left Europe and Asia vulnerable to the spread of the Black Death.

Full Cycle

So, although it seemed a minor point in Feaver’s talk, the question of feudalism is not some historical curiosity. In a recent discussion, Lyndon LaRouche commented that, as we see in *EIR*’s recent work on the Black Nobility, Michael Ledeen, and Robert Mundell, today’s situation is not only analogous to feudalism, but the same Black Nobility families that imposed feudalism on the nascent potentials for nation-states in the period of the Crusades are today attempting to impose such a feudal-fascist order on the United States.

LaRouche Brings Water, Power Proposals to Mexico

by Gretchen Small

U.S. statesman and Democratic party leader Lyndon LaRouche returned to Monterrey, Mexico on March 29, invited to address the 27th Symposium on International Economics: “Visionomics: Challenges and Proposals for Mexico,” held on the campus of the Monterrey Technological Institute. LaRouche first addressed a forum at that prestigious institute in March 1981, when he laid out a perspective for the United States and Mexico to reach a long-term “oil-for-technology” accord as the only pathway to securing prosperity and peace on both sides of the border for decades to come.

As you will read below, 25 years later, LaRouche’s message to the audience of 150, mostly students at the institute, was in the same vein: It is in the interest of both countries to cooperate on developing the regions along both sides of their common border, in particular, with nuclear power at the center of that development.

LaRouche has become a near-legendary figure in Mexico, as the American leader who has not wavered in his defense of Mexico’s sovereignty since he first denounced foreign financier plans to impose “genocide” on Mexico by “shut[ting] the border, and let(ting) them scream,” in a U.S. 1976 national television broadcast. In his latest visit, LaRouche went after the current representatives of that same fascist outlook, naming, in particular, Wall Street banker and synarchist Felix Rohaytan, whose influence in the Democratic Party LaRouche vowed to obliterate.

LaRouche arrived as the debate over immigration nears a point of decision on both sides of the border, and three months before Mexico’s Presidential elections on July 3. Not surprisingly, Monterrey’s media bombarded LaRouche with questions about his view of the upcoming Mexican elections, and the prospects for their nation at this moment of transition to a new government.

On March 31, the daily *Milenio de Monterrey* featured an interview with LaRouche, “the leader and mentor of the International Youth Movement which bears his name,” covering everything from his statement that the Nazi-like immigration bill now under consideration can and must be defeated, to his optimism that if we change U.S. policy, Mexicans will refind their historic national pride.

Another daily, *El Norte*, ran a brief note the same day on LaRouche’s recommendation that the government invest in transportation infrastructure, water diversion, and nuclear energy. “If you can transport water from the south of Mexico to the north, and reactivate plans for nuclear plants for the production of energy, the northern region can once again be a productive area which would lessen the necessity to immigrate,” LaRouche was quoted.

Threats and Solutions Lie Outside Mexico

LaRouche’s message was delivered most broadly on March 29, when Architect Héctor Benavides, host of the most watched television news show in Monterrey, with a viewership which extends throughout northern Mexico and into Texas, broadcast an eight-minute segment of an interview with LaRouche on his evening news show (run pointedly right after coverage of the Cancun summit meeting between Presidents Vicente Fox and George Bush that same day). LaRouche delivered a bombshell warning that international financial disintegration may well hit even before the elections:

Benavides: From what you have observed, which of the three candidates from the major parties, [Felipe] Calderon, [Andrés Manuel] López Obrador, Roberto Madrazo, has greater support from the United States government?



EIRNS/Sergio Oswaldo Barbosa Garcia

Lyndon LaRouche at the Monterrey Technological Institute on March 30: “Our economic reforms would probably fail unless they met the requirement of promoting significant improvements in the general welfare,” on both sides of the U.S.-Mexico border.

LaRouche: Well, I think that they’re looking at Madrazo as a very likely person, to get the maximum pressure on him. And if he doesn’t do what they want, they’ll get somebody else.

Benavides: The polls have indicated for two years, that López Obrador has a clear nine-point advantage, taking into account that each point is a half-million voters in Mexico. Are the polls wrong?

LaRouche: No, they are not wrong. That’s in general what my reading is. He’s been a very successful populist candidate, populist mayor. So, it was an attack on him, which worked to his advantage on the question of that road. So, all the things have gone to his advantage, in the ordinary sense. And if he becomes President, I wish him the best. But, I have deep ties to certain currents of the PRI; there are some people still alive whom I would consider friends. And I would trust them personally.

Benavides: What do they tell you?

LaRouche: I haven’t talked to them about this question. I’ve kept my fingers out of the Presidential campaign in Mexico, and I’m looking at Mexico as a whole.

Benavides: A problem of ungovernability: Should the winner not be López Obrador on July 3rd—after two years of people hearing that he’s the one on top—is there a risk of ungovernability?

LaRouche: Let me be very concrete: This is an international question, not a Mexico question. We’re now at the point, we have gotten rid of Alan Greenspan. Alan Greenspan was in charge from 1987 until recently. Alan Greenspan was one of the worst things that ever happened to the United States—and to the world.

You have to realize that money is not worth anything, really. Because, what you have, you don’t have deposits, assets in banks: You have financial derivatives. And these financial derivatives are in layers. You saw what happened in Iceland. Iceland is totally bankrupt. New Zealand is bankrupt. Australia is near-bankrupt. They’re having a meeting in Australia now, of bankrupt countries: But it’s not just them. *Every leading bank in the United States is bankrupt.* The housing bubble is about to blow—all kinds of things are about to blow.

We can have, in the period of the coming months, April, May, June, these three months, are potentially three months of an *incalculable rate of financial collapse internationally.*

So, therefore, when you’re talking about an election coming up in Mexico, you have to realize that whatever the

situation is now, you have to factor in the fact that we’re facing a very great danger of an immediate collapse.

Presently, the leading bankers of the world have realized that this is the case. Therefore, they’re not going to put any more expansion or any money into the system. They’re going to allow the bubbles to collapse. They’re going to shut down the carry-trade—unless they change their mind in the coming months. But, right now, if they continue on the present policy, during the next three months, we’re facing a general collapse of the financial system, with horrifying effects on the economies and on the condition of people in national economies.

In France, you have three million people going on strike; you have strikes in Germany; you have an ungovernable situation in Italy. Poland is breaking down. The Belarus election shows you that there’s no popularity for this trend over there. Ukraine, they’ve lost. Netanyahu has lost the election in Israel: You’re now in a *global political crisis*, building up, so that there is no stable condition on which to hold to hold an election. Because, you can proceed like a commanding general in warfare, to have a strategy, which takes all conditions into account, but you can’t predict anything. *No one* can predict, because you have too many people who are now unpredictable in powerful positions.

Benavides: Will this panorama which you’re painting for us become worse in Mexico? The majority of the banks in Mexico are no longer ours.

LaRouche: That’s right! That’s the worst of it. . . .

Something to reflect on, Benavides concluded, announcing that the full interview will be broadcast on April 9.

Power, Water, and Transport: The Prospect for Mexico

by Lyndon H. LaRouche, Jr.

Here is Mr. LaRouche's speech as delivered on March 30 to the 27th International Economics Symposium, "Visionomics: Challenges and Proposals for Mexico," at the Monterrey Technological Institute in Monterrey, Mexico.

Greetings. I'm so glad to be here again. This city and I have a long history, not so much in detail, but over a long time.

At this time, the world as a whole is facing the greatest financial crisis since 1928-1933. However, as President Franklin Roosevelt said of those times, we have nothing today to fear as much as fear itself. In modern history, there has always been an available choice of correction for any crisis of the type which we face now. The presently accelerating physical decline of economies of Europe and the Americas during recent decades, was inherent in the misguided design of the post-1971 monetary-financial system. A suitable reorganization of the world's monetary-financial system, would take us back to something like the original Bretton Woods system, and would unleash the potential for a physical recovery, and provide the basis for a return to a genuine, global physical growth.

Under the present circumstances of growing world economic crisis, let me begin my remarks today with a few points in support of optimism.

From March 1933, until his death in April 1945, President Franklin Roosevelt led a national recovery of an economy which had been collapsed by approximately one-half during the three Depression years, prior to his inauguration—it had collapsed under U.S. Treasury Secretary Andrew Mellon. The economy which re-emerged under President Franklin Roosevelt, became the most powerful nation, and most successful economy the world had ever seen. As my own recently issued draft program of the U.S. Democratic Party illustrates, some of us in the U.S.A.'s Roosevelt tradition are already working today on the plans for immediate action to deal with any economic crisis which might strike us now.

In a very large degree, the success or failure of the U.S. in meeting the challenge, will be measured not only by the results inside the United States itself, but also by the effects of those recovery measures on our nearest neighbors within the Hemisphere. First of all, this means Mexico. This means,

most emphatically, the practical effects on the populations in these federal states of each nation which are near to the common border between the two republics. Today, I shall illustrate the needed economic-recovery policy by emphasizing the effects upon the states of northern Mexico, and those of the U.S.A. itself, bordering Mexico.

On both sides of that national border, the leading economic issues which must receive the relatively greatest attention for improving the conditions of life through investments, will be classed under the heading of the leading role of public-sector capital which is issued as governmental credit, for investments in improvements in the categories of mass-transportation, power, and water. Improvements in what is usually called the private sector, will be stimulated, both financially and technologically, by spillovers from growth of employment in such public-sector elements as transportation, power, and water. Today, in this address, I shall concentrate on the technical issues represented by needed developments in the closely related matters of power and water.

As we here today already know, the challenge which confronts us is not only an economic crisis; it is also an extremely dangerous social crisis. Economic policy must therefore emphasize the urgent contributions to solving these social problems, contributions which must be made through practical economic and related measures, measures which take care of the challenge to the stability on both sides of the border, especially under the added pressures from certain unpleasant political forces inside the United States, today.

However, since the social crises are largely rooted in material deficiencies, without correcting those policies responsible for the material deficiencies, there is no *real* solution for the worsening social crisis of today.

Since the crisis of 1982, there has been a general, worsening ruin of the economies of Central and South America. One of the effects of this has been the flight of masses of desperate persons seeking some margin of employment in life, through temporary and other employment north of Mexico's U.S. border. At the same time, persons of Hispanic-language cultural origins are the largest single group classed as minorities inside the United States. Many of these have lived in the United States for several, or more generations, and have normal lives



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President Franklin Roosevelt (right) led a national recovery of an economy which had been collapsed by approximately one-half during the three Depression years, before his inauguration—under U.S. Treasury Secretary Andrew Mellon (left). “The economy which re-emerged under FDR became the most powerful nation, and most successful economy the world had ever seen.”

inside the United States; but many live on the knife’s-edge of desperation, as very cheap labor, as legal or illegal immigrants into the United States. The added problem is not only the new fences which are being designed to keep people below the Mexico border; the collapse of the internal U.S. economy is wiping out recent patterns of cheap-labor employment opportunities inside the United States. Given such circumstances, our economic reforms would probably fail unless they met the requirement of promoting significant improvements in the general welfare and good relations of populations on both sides of the border.

With those opening remarks now made, keep what I have just stated in mind, and I shall focus on the technicalities of power and water, and the role of these elements of economic development in the situation confronting both of our nations today.

Now, Start With Water

In most parts of the world, much of the world’s human population is living by using up what is classed as fossil water. For example, an associate of mine reported on deeply located fossil-water reserves in southern India, water which scientists there have dated to approximately two million years ago. In many parts of the world, the fossil water being used up was buried deep in the Earth during a time as long ago as the recent ice-ages of the past two million years. When those reservoirs are drained, there is no more water for those areas which depend upon these supplies. That example from India is a relatively extreme example, but it nonetheless typifies much of the global problem today.

Look now at the map of the water supplies of Mexico. [Figure 1] Look particularly at Mexico City, and compare there, the ratio of the water being supplied to that area, as against the rate of consumption of the water in those areas. So you find in parts of Mexico, fossil water is playing a key part. And therefore, without increasing the water levels in Mexico, it would be impossible to solve most of the economic-development problems which exist today. So, as in other areas, you go to the South: We can move water from the South through the mountainous area, as well as along the coast, where water is rich in the South of Mexico and scarce in the North.

And you see on the map, we’re drawing water for production of agricultural products for consumption inside the United States, from this area. The rate of depletion of water

by agriculture, is therefore becoming a dangerous limitation. For example, if you had not had large migration out of these areas of Mexico into the United States as cheap agricultural labor, you would not have the opportunities, in terms of water alone, for maintaining a stable income in those areas. This is one of the problems that has to be traced. The very sovereignty of Mexico depends upon solving this water problem for that reason.

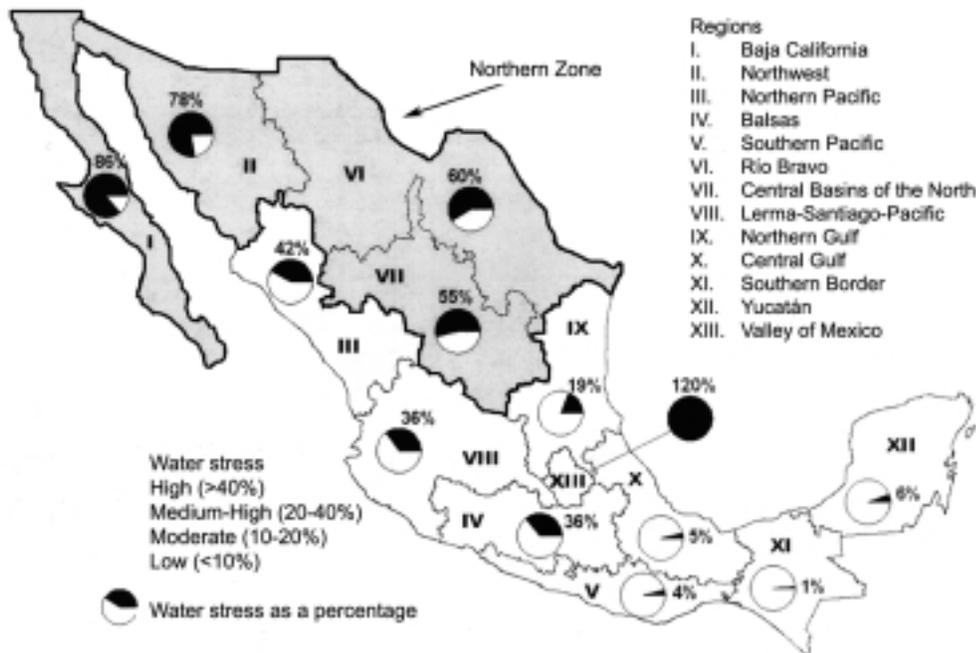
In Mexico, this will mean a significant upgrading of agriculture and of social infrastructure, to develop the base among stable family households for a normal continuing development of industrial infrastructure.

Now, thirdly, among the three measures to take, we must have the increase of the organization and maintenance of forests and agricultural crops which lower the temperature of the Earth, of the atmosphere, by converting solar radiation into plant-life, which is one of the most efficient ways of lowering temperature in a climate. Desert climate is very hot, because you have no living growth there. And therefore, if you want to improve environment and improve the water management, what you do, is, you let the solar energy, solar radiation, accumulate as much as 10% of the radiation of sunlight upon the land, convert that into trees, or less into shrubs and agricultural crops. These plants, then, give off water. The water given off by these plants, or these systems, now becomes rainfall; so that, by this process, you transform a desert area, over a period of some years of development of growth, you transform it into a cooler area, more habitable, and, through plant-life, becoming more productive, and increasing the wealth of the people.

FIGURE 1

Mexico Water Stress—Annual Water Withdrawals (2004)

(% of Available, Renewable Water Supplies)



“Water stress” refers to a comparison of the annual water withdrawals for use in an economy, to the total annual available, renewable water supplies (both surface and underground) coming from precipitation in that same region. Any area with water stress of 40% or greater, is considered “high stress.” The percentages are shown for the 13 hydrological administrative regions of Mexico in 2004. The northern states are all high stress, with Baja California at 86%. The highest water stress region of all in Mexico, is the Valley of Mexico (Region XIII), with a stress figure of 120%. Located here, metropolitan Mexico City, with its 20 million inhabitants, is so reliant on drawdown of underlying aquifers, that significant land slumping and subsidence is taking place.

Source: CNA, Mexico; EIR.

So, these three measures: First of all, we must generate more water, and I shall come to that.

Secondly, we must manage the water, in such a way as to improve the productivity.

And thirdly, we must think about managing the land-area strictly from an ecological standpoint to improve the area ecologically in terms of water-balance and in lowering temperatures in high-temperature areas. Northern Mexico is a classic example of this, where you have desert-like areas, or semi-arid areas in which this is a problem.

All three of these measures I’ve indicated require *large-scale increase of not only the quantity of power produced per capita and per square kilometer*. Without adequate increase of the supply of power per capita and per square kilometer, a state of economic health could not be achieved. *This requires, especially for desalination, adequate sources of applied power, as available only from nuclear and comparable sources*. This means relying, chiefly, on the very high-temperature gas-cooled reactor, which are the ultra-safe, Germany-produced model, the pebble-bed reactor, now being developed in China and in South Africa. For purposes of physical science, we must measure high temperature in terms of what we call energy-flux-density, which means *the density of power, as might be measured in kilowatts, across a square-*

centimeter cross-section of the generating process. In other words, you can not measure power efficiently in terms of calories. You might say the *quality of power* is more important now, than the mere quantity. It’s the energy-flux density, that is, the power represented in the production of useful heat, which is crucial—not the *quantity* in calories, but the *intensity*.

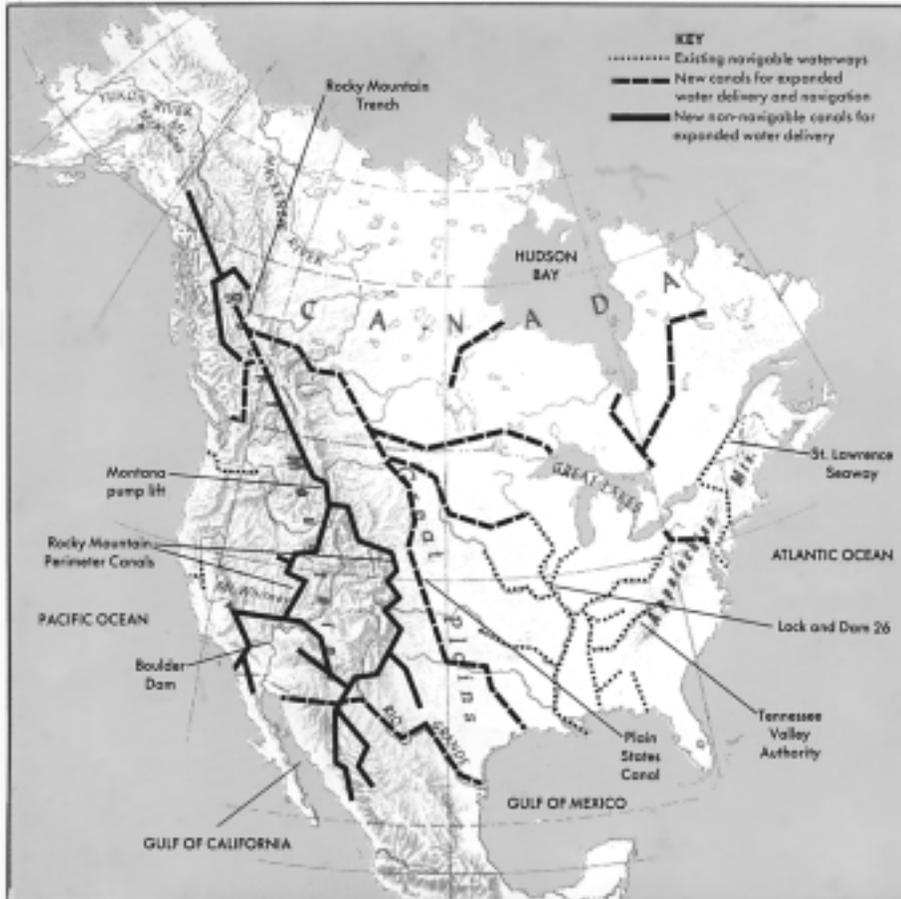
This is a question of physical chemistry. For example, what is the power required, in terms of energy-flux density, to produce a nuclear reaction, or a molecular reaction? And therefore, your power level in intensity, must correspond to your objectives. As I shall indicate, we’re now at a point, where we are, already as a planet, we are approaching, perhaps within two decades, a point at which we will be consuming what we call raw materials more rapidly than we generate them, than the Earth can regenerate them.

The Biosphere As a Factor

Now, most of the things we live on, called raw materials, exist within what is called the Biosphere. This is the area of the Earth, of the Earth’s outer crust, which is the result of the deposit of residue from living processes over millions and billions of years, since at least the time the Earth became a reducing, an oxidation environment of the surface. Most of

FIGURE 2

The NAWAPA Plan for Bringing Additional Fresh Water to the United States, Canada, and Mexico



what we get as minerals, as we mine for minerals, we dig down through the Biosphere, through the crust; we dig down until we find some concentration of something like potassium, or a metal of some kind.

Now, how did it get there? It was put there by dead bodies of plants and animals. And where a particular species of plant would be concentrated, which would have a certain mineral in it, and it would die, it would leave a skeleton behind. And whatever is absorbed in its body would be concentrated, as opposed to some other area where a different species of fossil would have a different concentration of mineral. When we get minerals, which we use for industry or other things, we are largely using up, or reprocessing things that were deposited in the top of the Earth, that is, in the outer Biospheric area, billions of years or less ago.

So, we're tending to exhaust the total amount of resources *in that form*. For example, an example of the Biosphere: The

water on this planet, with very few exceptions is a result of the action of living processes in an oxidation phase of the planet's existence. The atmosphere that we breathe, on which we depend, is a product of living processes, over a long period of time.

So therefore, we've come to the point that we're now beginning to use up mineral resources at a more rapid rate than an expanding population, a population demanding a higher standard of living and production, will demand. So therefore, we have to now take in, instead of mining for things left by the past, we now have to begin to *produce* what humanity requires as the new form of those raw materials. Therefore, *the cost of producing what we used to get by digging*, is now a cost of production, or will become a cost of production.

And therefore, within about two generations, as the population of China not only grows, that of India grows, other parts of the population grow, not only will there be an increased *rate* of consumption of raw materials, or what we call raw materials today, but, there will be a demand for an improved standard of living. And we're now getting to the point,

where *we now must produce, what we used to just take*. We can get enough, but we must produce it. So now, we have a new factor of cost, above the costs which are normally accounted for, in production.

And this can only be done by very high-temperature processes, in the order of magnitude of nuclear-fission reactions, in the order of magnitude of thermonuclear-fusion reactions. We're going to have to start to reprocess isotopes. This can be done. But we're going to have to get to that. We're going to have to say, on the horizon, two generations from now, we must reach the point, not only that we use the increase of nuclear power as a way of dealing with water and related problems. We will have to have, within two generations, about 50 years, we'll have to reach the point where we can begin to manipulate other parts of the spectrum for our needs.

It's a great change for mankind, but that's all right. Mankind has made many changes. If we were simply animals like

baboons, or gorillas, there would never be more than two or three million of us living on the planet, at any time during the past two million years of the ice-ages. We now have six billion people, more than that, now. It will increase. We can no longer live as primitives, going back to nature. We must now begin to create the environment we require to maintain a higher quality of life. And Mexico's a good place to do it. I think Mexicans would appreciate doing that.

There is, therefore, no real alternative to increasingly large-scale reliance on nuclear and, then, thermonuclear-fusion power. The economical driving of certain currently indispensable chemical reactions on the needed mass scale, requires large-scale power sources of the relevant high energy-flux density, to produce the needed chemical and other physical reactions cheaply on a mass scale. Contrary to popular beliefs derived from a presently widespread lack of scientific literacy, measuring power merely in calories does not meet this requirement.

For these and similar reasons, during the recent year, there has been a sudden upsurge in the declared intention of governments around much of the world, especially various parts of the Eurasian continent, as also in Brazil, for example, for a rapid development of nuclear power. In part, this very profound shift in policy is a reflection of an increase in the cost of petroleum, and also in shortages. But that is not the real reason. Behind this, is the recognition, that the kind of technology we require for an economy of the future, depends upon the high-density power of a nuclear-fission resource. And the standard reactor, most popular today, for that purpose, is the high-temperature gas-cooled reactor, such as the pebble-bed type. For example, you could produce these types of reactors in the 120 to 200 MW range. That would be good for many purposes, including desalination, and for normal supply of power.

But we also have come to the point that we can not use petroleum power forever. We will use petroleum more and more, as a chemical feedstock, and less and less as a source of heat energy, for driving things. Why should you take something as cheap as petroleum is today, and spend vast amounts of money distributing it around the world by ships and other methods, and processing? Why do that? Can't we produce fuels locally? For automobile vehicles, for aircraft, and so forth?

We can. We can produce—and it is now in process—we can produce hydrogen-based fuels, that is, fuels which are



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Only the widespread application of nuclear-fission, and, later, thermonuclear-fusion processes, will enable society to satisfy the required, large-scale desalination of sea-water. This photo shows the Palisades Nuclear Power Plant at the Lake Michigan Center for Great Lakes and Aquatic Sciences.

close to hydrogen. We can produce these locally. We can produce them with nuclear plants. This requires a nuclear reactor of about 800 MW power. With that, we can produce synthetic fuels, and other kinds of materials.

So, it is not the price of petroleum that's the real driver for this emphasis on nuclear-fission power. It is the reality, the physical reality that we can no longer continue to depend so much as we do, on combustion of petrochemicals. But, we must now synthesize. And, after all, the waste product of synthetic fuels, is largely water—which is not considered polluting. (Except by alcoholics!)

For these and similar reasons, during the recent year, there has been a sudden upsurge in the declared intention of governments around the world, as I said, for the rapid development of nuclear power. Mexico has already buried in its history, a former commitment of about a quarter-century ago to building 20 nuclear plants in Mexico. And of course, one of the places required is largely in the northern part of Mexico, where you have a population which lives under conditions where lack of moisture and so forth is an impediment to agriculture and to forms of life. So, to create the opportunities for life in areas where there's a large population, as opposed to the picture of people fleeing across the U.S.-Mexico border, to find cheap-labor jobs abroad, you can now keep the families together more, by developing the opportunities for normal family life and community life in these areas. Those plans existed 25 years ago, here in Mexico. They were being developed during the 1970s, and they were aborted by the crisis of

1982, and we never got back to it. But those things exist. And the talent exists potentially to do that. And that will give a start. It's a start on providing a basis for new opportunities for life in this area.

Since we must deploy the construction and operation of such nuclear reactors over broad areas, where the relative skill levels are varied, we must have the safest type of reactor model. The high-temperature gas-cooled model is one. There are also experimental reactors being developed, as operating test reactors and for training people, to train people rapidly in various of these types of technologies I've mentioned. And also, there's some more advanced technologies for fission power in the future, for producing all kinds of things.

But, we need a proliferation of this over areas, to transform areas which are now quasi-desert areas or poorly developed areas, into areas with a great inherent infrastructure basis for production.

As I said before, almost all of the Earth's water and atmosphere are products of life. They're products of action of living processes on a pre-biotic level of existence, to produce things.

This was set forth and proven by a great Russian scientist, who was a follower of Mendeleyev: Vernadsky. And Vernadsky was a person who gave a rigorous definition of the meaning of the Biosphere, and also went on to describe the Noösphere. That there are three principles we're dealing with as economists, in looking at the world today. First, we're dealing with things which you deal with in ordinary physical chemistry, abiotic systems, systems that are not living systems. On a second level, the fact is, despite some wild-eyed science-fiction people, you can never get a living process out of a non-living process. Only life can produce life. And life is a universal principle.

Vernadsky demonstrated that chemically, by showing the way in which living processes deal with non-living material. Now, going through your own bodies, I don't know if you've inspected this recently, but you'll find a certain chemical throughput. And there's nothing that gets into you, except as a chemical throughput. Normally, these chemical throughputs are considered abiotic. But, in living processes, they behave differently than they do in non-living processes. So, now, what you put out when you die, or animals die and so forth, is the same material, essentially, in terms of normal chemistry, as you took in. A living process selects the materials it wants from its environment, or adapts to them, and does not take in other things. It selects what it wants. It's a strict shopper: Each has its own shopping bag and its own shopping list. And it comes out, and it grabs what it wants. And it takes it in, and it processes it. It builds its body, it maintains its body by this process. Then, it puts the same material out, eventually. When you die, you return this to the soil. It's the same material, but it's different. It comes out in a different form, than it would ever occur in a non-living process.

So there we were able to define, as Vernadsky did, that nothing produces life, except life. There is no non-living process that will ever synthesize actual life.

Secondly, we find a second characteristic: The characteristic of the human mind. And in the same sense that only life produces life, only creative mentality produces creative mentality. For example, if we were apes, great apes—or, not so good apes, but great apes—then we would never have exceeded a population of several million individuals on this planet, in the past two million years—never. How did we get to *six billion people* and more on this planet today? We did it. It's more or less successful. The standard of living of our people living today around the planet, at the worst, is much better than it was a million years ago, or so.

So therefore, there's something about the human mind and its ability to innovate, by making discoveries of principle, which is called, of course, in Classical Greek *dynamis*, or we call in English "power," certain principles which we can discover, which are universal, such as gravitation, which is universal. Do you ever see a "gravitation"? Don't defy it. It's there, it's universal. It's a principle, as Kepler showed.

So, we are capable of discovering universal physical principles, which we as mankind apply in various ways, to increase our power to exist, and our development. These principles are embedded as part of the storehouse in our culture. That there are principles which were discovered a long time ago, which are passed down in the form of culture, or passed down in a systematic way with education, as I think some of you may know—that you're supposed to pick up a few principles along the way, in the course of education. Most of what you pick up, if you're good at it, you pick up not only what you're taught, but you develop the ability to make discoveries of the same type yourself. And therefore, you add to the store of principles at the disposal of mankind.

So therefore, we have to be optimistic because of the nature of man, that we have the power of discovery. We have the power of what Vernadsky called the Noösphere. We have the power which no animal has: the power to discover principles of the universal, *to change our behavior as a species*, to increase our power, to develop ourselves, to transmit something to future generations. So therefore, the very nature of mankind should make us optimistic, because we have a power in us, that no animal has. And we are only foolish if we don't develop those powers and don't use them.

Therefore, there are absolutely no limits to the human growth potential immediately before us. However, the physical cost of maintaining supplies on which human life depends, such as clean air and usable water, is going to increase, relative to present-day levels of physical productivity per capita and per square kilometer.

For example, let's take the case of China and India. China now has over 1.4 billion people. India over one billion people. The population will continue to increase. And many of these

people are very poor; about 70% of the population of India is extremely poor—and many of them poor, because of a certain lack of development. In China, you have 1.4 billion people, most of them extremely poor. China is not really producing much for itself. What it's producing, is actually producing a product for the world market, which is largely European- or U.S.-designed. We export our technology to China, to produce with cheaper labor, at lower prices, what we consume ourselves.

Therefore, in these cases, should the European economy, and the U.S. economy collapse, this would be an economic disaster for China, and for India, and for nearly all developing countries. Because the idea of exporting, the idea of outsourcing, in the way it's being practiced today, is a form of insanity. If you ship production from the United States, which has a high standard of living, and high standard of productivity, to Honduras or some other area; or you ship it to Mexico first, in the *maquiladoras*, and then you ship it from there down to Honduras, what's the effect? What's their standard of living? What's their cultural standard? You're not improving them. They're competing savagely for this work, because they think they need it. But the cultural benefit for the population as a whole is not there, because of the competitive standards.

And in the meantime, we, in the United States, who start this exporting process, we export our production, we shut down our factories, we shut down our farms, we stop educating our people, we invent make-work, where they're taking in each other's laundry to live! They don't produce anything, they take in each other's laundry. You don't cook a meal at home any more, you go out to a hamburger stand and get it! All the infrastructure, and the education, and the culture that goes with it, the facilities that go with it, with high-gain production in agriculture and industry, is gone! We've exported it to a cheap-labor market—and we're suffering. The same thing is happening in Europe. Europe is collapsing, and the United States is collapsing internally, *because* of outsourcing, *because* of globalization! *Because* of a breakdown of protectionism.

And therefore, we must consider the cost of maintaining a high-quality person, a high-quality family, a high-quality community. A high quality in use of language—not just learning to speak some common idiom: But a high quality of language used as a medium *of ideas*, of cultural ideas, of conceptions. Language used as a way of conveying the culture of ancestors into the present, and into the future.

All this means that, that instead of simply extracting materials in the Biosphere, we must help the Biosphere to replenish those supplies at rates consistent with our requirements. It is this challenge which makes nuclear-fission and thermonuclear-fusion technologies indispensable for the future of mankind over the coming two generations. Nuclear and sub-nuclear physical chemistry are the future of the world for today and tomorrow.

Therefore, on both sides of the border, governments must recognize that the policies we require for today are policies based on looking ahead 25 to 50 years. We must think of the improvement of education and skills, of the general population and its labor force, to bring it up to those higher levels of science and technology, which are needed for the generations to come to meet this mission, and to maintain the social standard of living for a growing world population.

In respect to power, policy-shapers of today must think ahead to no less than 30 years ahead, in terms of say, a nuclear power plant. A nuclear power plant has an expected physical economic life of about 30 years now. That could be extended by certain improvements. But you're talking about essentially a generation, 25 years, a generation of investment. It means you must *look ahead* a generation, you must *look ahead* 25 to 30 years, when you talk about what you're doing today, in policy today.

It also means, therefore, an improvement in education. Not for yesterday, or up to today, but education for practice for the coming 50 years of your adult life. You leave university today; the next 50 years is your adult life, essentially, your working adult life. Are you going to be qualified for that adult life, in a growing, advancing technology, a changing society? Are you going to have the foundation, to "keep up with the times," so to speak? And we, who are making policy, or shaping policy, must think in those terms. Governments must think in those terms. We must think 25 and 50 years ahead, in terms of large-scale improvements in infrastructure, and in technology of production, and in changing the land-area.

As much as we could do today, which is feasible today, is fine. But by the middle of this century, about 50 years from now, we're going to have entered a new phase, and the next 50 years—which is generally the working lifetime, a professional lifetime of you people, here today—by the time you reach retirement, the world will have come to the threshold of the need for qualitative changes in the technology of society, and you have to prepare yourself, and develop yourself along the course of time, shall we say, to keep up with the requirements. But there are going to be qualitative changes in the years ahead, *if* we don't go through a dark age.

Education and Productivity

The emphasis on what has been called the post-industrial society, by others the information society, has tended to blind those who reached the age of employment about 1968, to the actual requirements of an increase of physical productivity, as measured per capita and per square kilometer of the territory. This is the famous problem of the Baby-Boomer generation. There was a cultural change spreading out of Europe and the United States, but also down here, a cultural shift away from the orientation toward a *productive* society, toward the idea of a post-industrial society, without industry, and without



EIRNS

“We have the power which no animal has: the power to discover principles of the universal, to change our behavior as a species, to increase our power, to develop ourselves, to transmit something to future generations.” Members of the LaRouche Youth Movement in Los Angeles examine an apparatus that demonstrates the effect of mutual interaction among fields.

agriculture, a so-called information society. And that has been a great failure.

Computers are extremely valuable, but no computer ever made a scientific discovery, or ever will. At least, no digital computer could. Only a human being can make a scientific discovery. Only the human mind can do that. If you transfer to the computer what the human mind must do, you’re going to end up in a dead-end. And we have been heading in a dead-end.

What happened is we had a cultural conditioning which is associated with the time of the great riots of 1968. The cultural conditioning after which we began to go downhill. We said, “Industry is bad. Agriculture is bad. Technology is bad. Information is good.” But information didn’t include ideas. It included formulations. It included sophistry: Use language to persuade people, not to inform them. Use language to manipulate people, not to inform them.

So, as a result of this process, this idea of this new utopia of 1968ers, we shifted production out of the United States and

out of Europe, into poorer parts of the world, where labor was cheaper, and the conditions of life were poorer. The intention was not to improve the conditions of life in these countries where people were poorer, or poorly educated. Rather, the idea was to exploit them to the maximum. To pay them as little as possible is to run away from the responsibility.

For example, the “cost of production,” and the “cost of production” are sometimes terms that don’t mean the same thing. The cost of production for one person is, is what it costs me to hire somebody to produce something in a given society. From the standpoint of economy, the cost of production is what it costs to produce a society *at a cultural level* consistent with a certain standard of living. And what tends to happen is, you see the cuts in health care, you see cuts in education, you see cuts in sanitation, you see the breakdown of power systems. As over the past 25 years, we’re having a breakdown in power systems because we have not *renewed* them in 25 years in the United States. So therefore, the actual costs of maintaining and developing a population, are not taken into account.

You produce by using up the territory which you run. And this has resulted in this condition today, where some people say, China is the nation of the future. China *is* a nation of the future. Or that India is the nation of the future. That the Americas are not important any more. That Europe is not important any more. Europe’s economy is being destroyed. The conditions of life in Europe are being destroyed. The conditions of life of the people in the lower 80% of income-brackets in the United States have been destroyed *consistently*, since 1977. So, we have been destroying what was in the United States, the greatest economy the world had ever known! *We have largely destroyed it!* Not some enemy destroyed it—we destroyed it! We destroyed it by a change in policy, which is typified by the 68er mentality. And therefore, we have to go back to the standards we had before.

In European civilization, of which you’re a part, we have one of the greatest successes in all history: that, coming out of the positive side of developments in ancient Greece, we developed a notion of culture which is famous because of the writings of Plato, among others, or the writings of Solon of Athens. The idea of the society which was different than other societies. Because, in most societies, as in the Middle East, society was based on keeping most people almost as cattle, as human cattle, who worked at the pleasure of a ruling caste, which owned them and managed them.

In European civilization, beginning with people like Solon and so forth, we developed the idea which became the core of European civilization: that the state is not an entity unto itself; that the people are not the property of the state. But rather, the state is an agency which must be dedicated to the care of the general welfare of present and future generations of all of the people. This idea, which was embedded in Christianity, as in Paul’s *I Corinthians* 13, is the standard of



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“We’re taking the population of Mexico, reducing the population that comes across the border to a lower standard of life than they had in Mexico because they see no future. We don’t realize that the law, is the law of the development of people. And we’re losing the productive potential that we had once before.” Shown here: Mexican migrant workers.

European civilization, in all its best aspects. It is the standard of the modern nation-state, as established first in 15th-Century Italy, in the form of Renaissance; established with Louis XI’s France, where the principle of the general welfare was the ruling principle of society. It was established in England under Henry VII, where the welfare of all of the people was the primary responsibility of society. That was the law. It was called *agapē*. It was called the principle of the general welfare.

Thus, the great advantage of European civilization, which, in every country, as in Mexico, great struggles were fought to bring this standard of government into being. That the government as a republic is responsible for the development of *all* of its people, and their future condition of life. This was the rise out of serfdom and slavery.

And that is in jeopardy today. What we’ve done today, is, we’ve said, “economy is all-important.” Economy means, the cheapness of production, the cheapness of labor. Cutting this, cutting that: cutting health care, cutting education, cutting the improvement of land-areas, these kinds of things.

And so, we took a step backwards from 1968 on, back from the level of the modern European Renaissance. And that’s what you’re seeing in this issue about the border of Mexico and the United States. What you have, is you have people in the United States who are drawing forces from Mex-

ico, to produce the agricultural goods and cheap labor for construction inside the United States. What you see on the streets of the United States—you see everywhere, people who are illegals, working for firms managed by illegals! And these firms are doing the work. They’re building the houses, the cheap shacks that are about to come down. So, what we’re doing, we’re taking the population of Mexico, we’re reducing the population that comes across the border to a lower standard of life than they had in Mexico because they see no future. We’re using them up! We’re not developing them; *we’re using them up!* We’re tending to criminalize them! Because, we don’t realize that the law, is the law of the development of people. And we’re losing the productive potential that we had once before.

To give an example of this: Back in the middle of the 1970s, I was one of the founders of an organization which had some 200,000 members, and which represented many of the general generation of scientists. We were working on various scientific questions, largely including nuclear power, fusion

power, and so forth.

Most of those people with whom I was associated then, in the 1970s and 1980s are now dead. They have not been replaced. There’s a shrinking number of people, a shrinking percentile of people, today, who have the competence they represented. And so therefore, not only have we lost in the condition of life, in the condition of the general welfare, we’ve also lost a scientific population which was formerly essential to our achievements. And therefore, we are not capable, presently, of the kind of scientific endeavors which we were capable of then. We’ve lost science. We’ve lost science and technology. We talk about it a lot, but we’ve lost it.

We have to rebuild it.

Our challenge today, is to take the things that we can do, things we’re capable of doing in the direction I indicated, largely based on this issue of water, power, transportation; treat that as basic infrastructural development, basic challenge of government, the proper area of government—large-scale mass transit; large-scale power production; improvements in technology in general; and the fostering in the private sector of technological improvements, that’s what we used to do. And this is our future.

Look, go back to what I said in the beginning: 1928 to 1933, the United States, along with Europe, underwent a great collapse. In the United States, the U.S. economy, since about

October-November 1929, by February of 1933, had collapsed by one-half. Franklin Roosevelt took a broken economy, which had been mismanaged by the Coolidge and Hoover Administrations, and took that economy, and made it into the most powerful nation the world had ever seen, largely by virtue of economic power, but also the determination to use it. If the United States had not undergone that transformation under Roosevelt, Adolf Hitler would probably be ruling the world today, or his successors. Without the United States factor in that period, Hitler would have prevailed, there's no question about it.

So, we achieved something. In the postwar period, there was a tendency by powerful financier forces, to say, "No, we don't like that." Remember, that the Hitler phenomenon and the rise of fascism in France, actually, in Italy, in Germany, and elsewhere, was a product not of merely a fascist movement. The fascist movement was not something which generated itself: It was something that had been created by powerful financier forces. And they created this system, this system of fascism.

The British were behind it. But then, when Adolf Hitler's mind was changed to go westward first, instead of eastward first, which had been the British plan, many of them broke. And then they came to us in the United States, came to Franklin Roosevelt and said "help us." Roosevelt knew the war was inevitable, from the time he was actually inaugurated as President. Hitler became the dictator of Germany in late February of 1933. Roosevelt was inaugurated in March of 1933. On the day that Roosevelt moved into his office, in the White House, where he could barely find a pencil and a piece of paper with which to begin governing, the inevitability of World War II already existed. Because Hitler was in power. The machinery of war was already under way.

What Roosevelt did, not only organized the United States to deal with unemployment, but he created an organization under a fellow called Harry Hopkins, which included people like Lucius Clay, who became famous in the wartime and postwar period. And what we did, is we organized the unemployed—remember *four million people were employed in one day* under Harry Hopkins! Under Roosevelt: four million people in one day. This four million people in one day, was the start of a process of rebuilding the U.S. economy. Initially, it was cheap labor, the WPA and similar things like that. This force, from the beginning, used senior military officers who were recruited into this program on a logistical basis, on an engineering basis, and the plans for the recovery of the United States' economy took into account the needed preparations for war.

Now, the German military was far superior to any other military on this planet, at that time. The U.S. Army was not militarily superior to the German soldier. *But:* We have tons of materiel, against the hundreds of pounds of the German soldier. And it was our logistical power, built in the recovery program under Franklin Roosevelt, which gave us the power

to win World War II, and was decisive! Otherwise, Hitler would have won.

Now, again, the danger is not Hitler. He's gone. But similar threats threaten us today. Not the same kind of threats, but just the threat of poverty, the threat of a general collapse of the international financial system—which, I can tell you, is inevitable. This system is going to go down, the financial system: It's finished! In the next three months, you are going to see what Hell looks like, in terms of international markets.

Because, what's happened, just briefly, to conclude this: What happened, in 1987, we had the October collapse of the U.S. stock market. Paul Volcker was then the head of the Federal Reserve Board, the chairman. And at that point, Alan Greenspan had been nominated to be his successor. Greenspan sent a message to Volcker and company: "Don't do anything, until I come in. I have a plan." His plan was called financial derivatives, it's called financial derivatives today.

Now, what's happened is, this was a great hyperinflationary movement. You don't know who owns anything any more. Because, layer on layer of speculation has taken over ownership. The world is *quadrillions of dollars* in debt, way beyond any security. *And the whole system is coming down.* It's a super-John Law Bubble, all done under the guidance of Alan Greenspan.

Now, what has happened? With Bernanke coming in as the new Federal Reserve Chairman, it is recognized that we've reached a point with the so-called carry trade, which is the most dangerous part of this, and with large-scale real-estate speculation, that the whole system is going to come down. So, what is being done right now, is you will find the carry trade is collapsing. Many of you have noticed that Iceland went bankrupt; New Zealand is bankrupt; Australia's on the verge of bankruptcy, as a result of this speculation. We're now going through the months of April, May, and June: As it stands now, unless there's a fundamental change, you're going to see a crisis of the type you could not imagine possible. It's going to hit here. It's going to hit the United States. It's going to hit worldwide.

So, you're now at a point of crisis, which is different than, but comparable to what Roosevelt faced in March of 1933, when he picked up the first pencil inside the White House.

There's nothing fearful about the situation in one respect: There's no problem, no challenge we face, which is what we *should know* from past experience, we could not solve. It requires governments which have the nerve to deal with these problems, just as Roosevelt did with them then. This is a worse situation than Roosevelt faced, but we can solve it.

And what I've indicated today, is simply some of the factors that have to be taken into account. We're going into a new era. Everyone in leading positions, or relevance in government, knows it. We've got to go to nuclear energy, we've got to go beyond nuclear energy, we're going back to a different kind of economy than we thought was going to be paradise since 1968. You're here.

Congress Reads 'My Pet Goat' As Planes Hit U.S. Auto Towers

by Paul Gallagher

Perhaps the most devastating week in the U.S. auto industry's long history ended on March 31 with a mild letter of protest by 14 Members of Congress, but no sign of movement towards action to preserve and use America's most versatile industrial capability.

While the 50,000-worker Delphi Corporation was demanding clearance in bankruptcy court to virtually liquidate itself in North America, and General Motors was in a desperate scramble to try to avoid bankruptcy, U.S. auto sales in the first quarter fell below the level of 1999. Clearly, at least 50% of the unparalleled machine-tool capacity represented by the auto sector, is effectively now unused, awaiting a move by a Congress which is informed how to intervene to use it, but lacks the will. Should its inaction continue, the United Auto Workers will be forced into a long and damaging nationwide strike, and scores of modern tool-and-die floors and hundreds of machine shops in the auto sector will "be turned into concrete slabs in a year," as one auto unionist warned.

The alternative has been before Congress in outline for a year, in a series of memos by Lyndon LaRouche beginning April 2005, on "retooling auto" for other vital production. Should auto's capacity be shut down permanently rather than diversified, LaRouche warned in "Auto and World Economic Recovery" in September 2005, the formerly industrial United States will sink to virtual Third World economic status, unable to even maintain its own economic infrastructure.

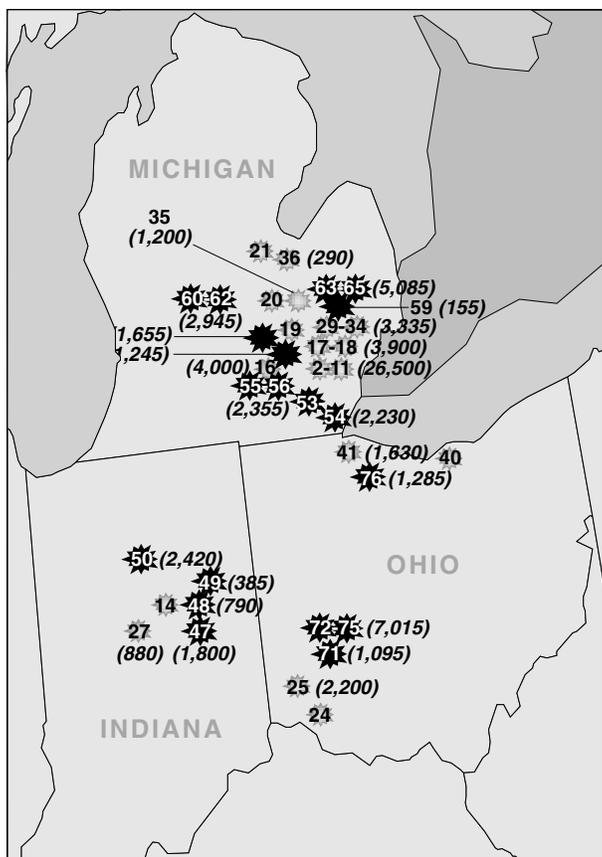
As if to drive the point home: On the same day the 14 Congressmen complained about Delphi's abandonment of its North American production and workforce, the Administration acknowledged that it had lost control of both the cost and the performance of contractors rebuilding the levees of New Orleans and Southeast Louisiana for the Army Corps of Engineers, and may be unable to get the work completed at all—certainly not before the 2006 hurricane season hits this Summer. It is just such major, modern infrastructural tasks and

projects to which, historically, the nation has been able to turn the versatile (and underutilized) auto industry at critical moments—from building tanks and planes, to railroads, to space rockets and satellites.

A 40% Industry Shrinkage

The incredible shrinking U.S. auto industry headed for strikes and general bankruptcy at the end of March. GM and Delphi announced offers attempting to flush as many as 40,000 more "excess" workers out of the industry in 60 days, by retirement buyouts at GM's expense. The idea that this would soften Delphi's demands to cut its workers' wages by up to 60% in bankruptcy court, were dashed almost immediately, when Delphi, on March 31, asked New York bankruptcy judge Robert Drain to throw out its contracts with the UAW and the International Union of Electrical Workers (IUE). That day, Delphi's pirate CEO, Steve Miller, told the court what UAW leaders had learned three to four days earlier: that the company also wanted to close or sell 20 of its 28 plants in North America, eliminate 75% of its 48,000-strong productive workforce, walk out of many of its supply contracts with GM, and abandon its pension plan costs either to GM or the Federal Pension Benefit Guaranty Corporation. Delphi would thus use the bankruptcy court, if Drain allows it, to become, in effect, a U.S.-based holding company, run by participating private equity funds, for almost entirely outsourced auto parts production. These 20 auto-parts production plants are even more machine-tool rich than the auto production and assembly plants.

GM, which was supposedly to provide the cash for the multi-billions in charges resulting from all this, is being driven toward bankruptcy by it. Not only GM's bonds fell, but its stock actually suspended trading in the NYSE's final hour on March 28, then fell by 4% when traded March 29. This followed news that: accounting reports of both GM and



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This is only a part of the auto capacity shut down or being shut down, in one core region of the country (the figure in parenthesis represents the production jobs lost). This map gave the picture before Delphi Corporation told the UAW and bankruptcy court that it would abandon 17 of its 22 plants in North America.

its financial division, GMAC, have to be redone for 2003-05, and there are market rumors of large hidden losses on GMAC's books; new Security Exchange Commission subpoenas have been issued to both GM and GMAC for accounting investigations; GM's planned sale of 51% of GMAC to raise cash, is threatened; and GM acknowledged on March 28 that it may have lost access to its \$6.5 billion bank credit line.

The company with the famous cash reserves is now scraping for cash, trying on March 30 to sell its share of Isuzu Motors for \$340 million, after having raised \$2.7 billion by selling out of Fuji Heavy Industries, Suzuki Motors, and Daiwo. But the statement by UAW leaders Ron Gettelfinger and Richard Shoemaker on March 31—that if Delphi's outrageous actions are approved by the bankruptcy court, "it will be impossible to avoid a long strike"—could mean early bankruptcy for GM. And that in turn promises a blowup of the global credit derivatives market. A Reuters March 29 story was headlined "Credit Investors Ponder a GM-Sized Hole in the Universe." The article reports, "For bond investors, a GM bankruptcy [brought on by a strike] would be hard, but a GMAC bankruptcy would be disastrous," because so much

of the credit derivatives markets involve GM/GMAC debt. "To be blunt, it would be total carnage," a Standard & Poor's analyst was quoted. That prospect did not prevent S&P from downgrading GM debt again March 30, to six levels below junk bonds.

Production employment in the U.S auto/auto parts sector as a whole, which was at 1.3 million as recently as 2000, has plunged by 240,000 jobs net since then. But as of the third week of March, with the shocking "retirement buyout" announcements made by GM and Delphi, combined with shrinkages planned by Ford, Chrysler, and a host of parts makers—the miserable prospect is that another 300,000 net jobs will be gone by 2008 or sooner. (Studies by the Chicago Federal Reserve and others have shown three to four auto-supply jobs disappearing for every one in auto production and assembly). Thus, a devastating 40% loss of employment in auto in less than a decade, and a corresponding loss to the nation of high-technology industrial capacity.

The shrinkage of auto is a global phenomenon, and the result of globalization. Auto sales worldwide in 2005, for the thrilling Toyotas and the boring GMs alike, fell or stagnated everywhere outside China, India, Brazil, and Mexico. Total auto sales in the United States, which are going at a 16.7 million annual rate so far in 2006, were 16.9 million in 1999, when the United States had 20 million fewer people. Not surprising, when real wages have fallen three of the past four years, household debt is an all-time record portion of household income, and the savings rate has been zero or negative for 12 consecutive months in February. The same real-wage factors of globalization have lowered auto sales in Europe and Japan, and created pressures for cheaper and cheaper wages—as metals and other supply prices have hyperinflated.

Election Inaction?

The falling real wages of globalization are not reversible by more intensive globalization, which is leading instead to a financial blowout. President Bush's "let the free market handle auto" stance is typically, dangerously incompetent. The Congress, confronting 50% "excess" capacity in auto, along with painful and worsening unmet infrastructure needs laid bare, among other events, by the hurricanes of 2005, has a clear path. Facing the same conditions before, as in 1939-40, we have "retooled" auto, with government credit and under definite mission-oriented reorganization, to meet the nation's prime economic or military needs.

Where is the Congress—where are the Democrats—in this auto crisis? In a self-declared election season, in which promises are stressed and action is discouraged? The danger is that both the promises and the inaction are being paid for by financial-contributor networks of Felix Rohatyn's "Democratic" faction of synarchist financiers. These happen to include—in Rohatyn, Kirk Kerkorian, Mike Steinhardt of Cerberus Capital hedge fund, Wilbur Ross, and Steve Miller, Kohlberg Kravits Roberts, etc.—the same financial networks tearing up the auto industry.

'LaRouche's Solution Will Work for Us'

Mark Sweazy is president of UAW Local 969, in Columbus, Ohio. Marcia Merry Baker interviewed him on March 21.

EIR: Mark, you are president of UAW Local 969 at the Delphi plant in Columbus, Ohio. You've been there for 29 years, and often you chair the sub-council for the UAW workers at 21 Delphi plants. And you've been a civic leader in Ohio for decades.

So, what took you in November 2005 to Washington? You took some 150 UAW workers from your local, and from that area, to lobby Congress to take action to intervene for auto retooling. What do you see coming out of that? What did you do at that time?

Sweazy: I think it was a result of pushing the resolutions to aid the auto industry. What took place prior to that, was sending resolutions to different city councils, state governments, and pushing those through those local governments, to address Congress, to get them to respond to the need of the auto industry, and the current condition of the auto industry.

The people from our plant were more than willing to go to Washington, because they knew about the several trips that I've made to Washington, and they were ready to express their opinion. They wanted Congress to know how serious the situation is, and the impact of this current condition with the auto industry. This is something we've never experienced to this degree, in our history. So, these folks are all—or primarily—close to retirement, and they have a great concern to do just that. They've worked almost their entire life, to get to the position where they are today, and to take that away from them, to strip that away as was indicated by Steve Miller, then the new CEO of Delphi, not only angered them, but it stripped them of what they'd worked for their entire life. So, they were more than willing to get on a bus, go to Washington, parade through the halls of Congress, and ask those Congressional leaders to take notice, to understand what the problem is—and, there's an absolute solution. There's a solution to the problem.

EIR: At several hearings, in Cincinnati and Columbus, you kept stressing the importance of conversion of the auto industry, that "there's space in every plant." What did you mean?

Sweazy: Because of the downsizing of General Motors, and Delphi Corporation, and the outsourcing of our work overseas, our plants are not at capacity. So, there is available floor

space in almost every plant, and there's floor space available to expand our operations. Not necessarily do we have to build a part for an automobile: We have tooling capacities, we have the resources available, research-development, we have the ability to make any component part for anything necessary. So, whether it be a railcar, whether it be a—who knows? A lock for a high-security system—we could do so many things! We have the capability to do these things. So, not necessarily do we have to build automobile parts.

So, to put our plants back into production, to retain the tool capacity that we have today, will require some action above the level of the auto industry, and that is our response to Congress. And we're waiting for *them* to respond to us, and say that we understand the problem, we see the problem, and we understand that these types of infrastructure projects could aid the recovery of not only the auto industry, but also our society, and our economy. . . .

EIR: In Ohio, one of your fellow locals, a UAW local, made a whole music DVD, saying "We Don't Make It Here Any More." What's that about?

Sweazy: That was done in Dayton, Ohio, and these guys did a tremendous job. It's a seven-minute video, and it just goes through the steps to say that the traditional work that we've always done in our factories is being done elsewhere. And it's just a video clip to show, and express, "Hey, we've done it here before, why can't we do it here, again? Why do we have to close all of our plants, vacate the plants, tear them down, be a detriment to our community, when we could put these plants back into production, increase the workforce, and cure the real problem?"

EIR: Well, then that takes us to the fight, right? Here we are, we're speaking in March 2006, and it was last Fall that Delphi Corporation declared bankruptcy, and that was only a short time after they put in Steve Miller, right?

Sweazy: Steve Miller comes in. He decides that, obviously through the board of directors, that the bankruptcy proceedings are necessary. But they only targetted the workforce in Delphi. Not salaried workforce, not the operations, but only—and not worldwide operations—but just American operations. And they identified plants being in the automotive holding group. Those are plants that they intended to close, sell, or consolidate.

Those plants are still identified, and with the restructuring, reorganization of Delphi, those plants will more than likely be closed, eliminating about half of the workforce.

The other plants are still up in the air. We don't know what the restructuring reorganization will be. So, the other plants could be sold—or, we have no idea. They have not ever told us, yet, as to which plants they intend to keep.

Steve Miller became a bad guy overnight. And he lived up to that, as well, by slandering the American workforce, and basically defeating their egos, by telling them they were



EIRNS/Stuart Lewis

“We do not necessarily have to build automobile parts,” said Sweazy. “By retooling, we have the ability to make any component part for anything necessary.” Here Sweazy (left) talks to Lyndon LaRouche after a LaRouche webcast.

not worth what they were being paid. He wanted to reduce their wages over 60%. He wanted to cut their pensions and their benefits. So, overnight, we became not part of American society, but almost an outcast of American society—the same people who built General Motors for the last 60-70 years. . . .

But, by March 31, they must reach a terminal agreement between the corporation and the international union, or we face filing by the corporation, the 111-13, 111-14 motions in the bankruptcy hearing. And those will open the contract of the retired and also the active worker. If that takes place, then there will be a strike. You’ll more than likely see a strike.

Will this be delayed, or amended, or ask for more time at this particular point in time? Nobody knows. We’re ten days away to see. I know that the negotiating process is close to an agreement, but I know that there’s some inroads, too; there’s some resolving that needs to be done, before they actually make public what it is that they’ve decided for.

EIR: And one way to look at it is, you’ve often used some ratios when you testify or speak to people, about how many jobs are contingent on all of this, and how much revenue-base for running communities.

Sweazy: Yes, you know, something that most people don’t even take a look at, is the reciprocating, or the ill-effect of unemployment: Regardless of what area you’re in, when there’s high unemployment levels, you have social ills. And we’ve seen that in major cities throughout the United States. But, in the auto industry, for every 100 automobiles built, there’s 27 related jobs. So, the impact, after you’ve built 15 million cars in the world last year, the impact of this can be devastating, not only to the United States, but throughout the world. And if this domino effect would take place, you’re looking at an economic crisis, which could cause disaster for the nation and our communities.

So, we’ve seen so many times in the past, that communities, the social level, by which I mean the poverty levels, your population decreases because people want to move to where jobs are. All the social ills associated with disease, everything becomes a prominent factor, and then you see the total deterioration of a community such as Detroit, which had 2 million people in its heyday; less than 900,000 people live there today. There’s as many boarded-up homes as there are occupied. And it’s a disaster financially for that community.

EIR: Just the opposite then, of that, was Walter Reuther and that tradition in the UAW, of making key shifts for progress, for furthering the good. And so, that’s what you’re talking about now: that we have to have this shift now, in this tradition.

Sweazy: Walter Reuther’s ideals were similar, if not very close to the same, as Lyndon LaRouche’s proposal to satisfy the problem. To find a solution to this problem, is to put people back to work. And how would you do that? Through infrastructure projects, through projects unrelated to the auto industry. So, if there’s the possibility that we could do that, why not fix the problem? Why procrastinate and say, “It can’t be done”? We’ve proven in history, through Franklin Delano Roosevelt’s plan, that it can be done. If that’s the possibility, at least give it a try.

There’s so many projects, that we could go half a day, and list projects in this country, from water projects to utility projects and beyond. Those projects themselves will only aid in developing our country, make it a better place to live for the good and welfare of our communities, and the people will all prosper.

We can convert our auto plants to do anything. We’ve done it in the past. We did it after World War II. Walter Reuther’s idea, Lyndon LaRouche’s solution for using the FDR program, certainly would work for us.

State Leaders Move To Save Auto Industry

As the leading auto companies continue to teeter on the brink of bankruptcy, and auto parts companies proceed to shed hundreds of jobs, legislative leaders in a number of states are moving ahead with the approach proposed by Democratic leader Lyndon LaRouche one year ago: Demand that Congress take emergency action to save the auto industry, and retool for production of desperately needed national infrastructure.

In June of 2005, resolutions modelled on LaRouche's approach began to be introduced in city councils and state legislatures, especially in the Midwest. Calls for Federal action were passed by the Wayne County Commission (the county including Detroit); and the city councils of: Detroit, Flint, and Pontiac, Michigan; Cleveland and Columbus, Ohio; Louisville, Kentucky; St. Louis, Missouri; and Buffalo, New York. But for the most part, those resolutions introduced into state legislatures were stalled. These included bills in Michigan, Ohio, Missouri, Tennessee, Alabama, Mississippi, and Kentucky. All these bills remain stalled except for the one in Alabama, which passed the House, but failed to get the necessary vote in the Senate.

The latest developments in this battle are the following:

Kentucky: On March 16, newly elected State Sen. Perry Clark of Louisville filed a resolution modelled on that of the other states. Entitled Senate Concurrent Resolution 283, it was formally put into committee during the week of March 20, and may receive consideration before the conclusion of the legislative session. The United Auto Workers are now circulating a petition in favor of the resolution, and the Ken-

tucky State AFL-CIO is actively promoting the measure among their members.

Clark has ten cosponsors on the bill, one of whom is a Republican.

New Jersey: State Assemblyman Gordon Johnson has recruited a co-sponsor for his resolution, AR 305, which is now being heard in the New Jersey General Assembly. A Senate version, SR 35, was introduced into the State Senate on March 6.

Ohio: State Rep. Catherine Barrett, chief sponsor of the Ohio House Resolution to save the auto industry, held a second public hearing on HCR 22 in Cincinnati on March 11, at the Laborers Union hall. A previous hearing had been held in the Columbus State Capitol on Feb. 16.

The meeting, held amidst a heavy rainstorm, drew 30 participants, including many prominent union officials. A dozen people testified including: two members of the LaRouche Youth Movement; John Morris, representing the LaRouche PAC; Mark Sweazy, president of UAW local 696 of Columbus, Ohio; UAW CAP representative and political director Rick Tincher of local 969, representing the Dayton Delphi plant; Fred Hubbard, president of the Bricklayers local of Cincinnati; Jesse Jenkins, longtime UAW Community Action Program representative in Cincinnati; Carol Smith, representing the Ford UAW local in Louisville, Ky.; and representatives from AFSCME and the United Food and Commercial Workers.

Representative Barrett has declared her intention to hold another public hearing on the resolution in April, in order to build up further support.

Rhode Island: On March 14, State Rep. Peter Ginaitt (D-Warwick), chair of the Committee on the Environment and Natural Resources, convened a hearing in Providence to hear, among other pending legislation, a resolution to save the auto industry, HR 7319. Three witnesses appeared before the six-member committee to support the resolution, two of whom represented the LaRouche Youth Movement local based in Boston, Massachusetts.



EIRNS/Stuart Lewis

Newly elected State Sen. Perry Clark of Kentucky has filed a resolution calling on Congress to take emergency action to retool the auto industry for production of desperately needed national infrastructure.



Rhode Island State Rep. Peter Ginaitt convened a hearing to hear a resolution to save the auto industry.

Using the Machine-Tool Principle To Save the U.S. Industrial Republic

by Richard Freeman

There is a successful historical precedent for *retooling*, conversion, and diversification of the collapsing U.S. auto sector, as Lyndon LaRouche has proposed since April 2005. Between 1940 and 1944, under the leadership of President Roosevelt, the United States retooled its auto factories as a leading part of the economic mobilization for World War II. Little known, is that among the forces who pushed through this proposal, a central role was played by the United Auto Workers union. A UAW founder and president, Walter Reuther, a highly skilled machinist, along with other skilled labor leaders, were a powerful political and moral force for the conversion of the auto industry into the “Arsenal of Democracy.”

On Dec. 23, 1940, Reuther shook up the nation, releasing his report, “500 Planes a Day—A Program for the Utilization of the Automobile Industry for the Mass Production of Defense Planes.” Reuther discussed how the United States could retool its auto sector, 50% of whose capacity was underutilized—just as it is today. He had assembled a team of skilled machinists which had conducted a several-month, plant-by-plant, tool-and-die room by tool-and-die room survey/study of the shut-down capacity.

In addition to his own extraordinary tooling skills, Reuther was a great organizer who, in combination with the UAW and Congress of Industrial Organizations (CIO), could mobilize auto workers, the broader labor movement, and the American population behind the plan—giving out literature, holding forums, making retooling a social force. This strengthened President Franklin Roosevelt’s hand, and educated the population on how to operate an economy in a superior way, from the perspective of the *machine-tool principle*.

Reuther later conducted the same kind of mobilization again at the war’s end, in 1945, promoting *reconversion* of the war/auto plants to railroad and housing construction (see *Documentation*). And in the middle 1950s, he became one of the most forceful advocates for America’s rapid development of a much broader new technology, nuclear power (see box).

A Master Tool- and Die-Maker

A “born machinist” who became one of the best in the world at his trade, Walter Reuther was so generally skilled that by 1940, in his 30s, he already had a dozen years experience

directing teams of much older and more experienced tool-and-die machinists. At the same time, he had been a leading organizer in the Detroit and Flint labor drives and the Flint 1937 sit-down strike which led—under the special impetus and leadership of Franklin Roosevelt’s Presidency—to the recognition of the UAW.

Reuther’s 1940 auto conversion report originated while he was Director of the General Motors Division of the UAW. It was presented to Philip Murray, President of the CIO, who in turn, presented it to President Roosevelt as a joint proposal of the UAW and CIO.

This proposal examined how the auto industry could produce military aircraft in the context of the 50% underutilization of auto capacity then existing.

In May 1940, Sidney Hillman, then a key figure in the National Defense Advisory Commission, had appointed Reuther to the NDAC manpower training committee. (In 1941, the NDAC was turned into the National Defense Production Board, headed by Donald Nelson, which directed the economic mobilization for World War II). In August 1940, Reuther brought up a preliminary concept for the plan to Hillman. The NDAC would not adopt the Reuther plan. Nonetheless, Hillman urged Reuther to pursue it. After a careful study of idle auto production capacity, Reuther’s team, led by his brother Victor and his staffer Ben Blackwood, had assembled enough data by November to hold an unofficial production council at Cass Technical School in Detroit. There, skilled tradesmen from more than a dozen factories assessed, made critical comments on, improved, and endorsed the plan. It said:

England’s battles, it used to be said, were won on the playing fields of Eton. This plan is put forward in the belief that America’s can be won on the assembly line of Detroit.

In an age of mechanized warfare, victory has become a production problem. The automotive workers for whom I speak, think our industrial system a productive giant capable of any task, provided it is not forced into battle with one hand tied behind its back. They also believe that we need send no men to a future conflict

with the Axis powers if we can supply enough machines now to our first line of defense in Britain. The machines we and the British need most are planes, and the survival of democracy depends on our ability to turn them out quickly.

The workers in the automotive industry believe that the way to produce planes quickly is to manufacture them in automobile plants. *The automotive industry today is operating at only half its potential capacity.* This plan proposes that the unused potential of the industry, in machines and men, be utilized in the mass production of aircraft engines and planes. It is our considered opinion that it would be possible, after six months of preparation, to turn out five hundred of the most modern fighting planes a day, if the idle machines and the idle men of the automotive industry were fully mobilized, and private interests temporarily subordinated to the needs of this emergency.

Time, every moment of it precious, its tragic periods ticked off by bombs falling upon London and the Midlands, will not permit us to wait until new mass production factories for aircraft and aircraft engines finally swing into action late in 1942. Emergency requires short-cut solutions. This plan is labor's answer to a crisis.

Capacity Half or More Unused

American aircraft production then was 30% behind the schedule needed just to support Britain's war effort. Reuther insisted it would stay far behind schedule with simple expansion of aircraft plants utilizing the slow and costly methods of an aircraft industry geared to hand-tooled custom-made production. "New plants cannot be built and put into operation in less than 18 months. In 18 months Britain's battle . . . may be lost, and our own country left to face a totalitarian Europe alone." And then the key driver-concept: "We propose, instead of building entirely new machines, to make the tools required to adapt existing automotive machinery to aircraft manufacture. "We propose to transform the entire unused capacity of the automotive industry into one huge plane production unit. . . . No industry in the world has the tremendous unused potential productive capacity of the American automotive industry, and no industry is as easily adaptable to the mass production of planes."

Reuther reviewed in detail the gross under-utilization—then, as now—of the American auto company's production capacities. An example:

During the automotive year ending August 1940, Nash



FDR Library

In 1940, Walter Reuther proposed converting the 50% under-utilization of auto capacity, into military aircraft production, to be supervised by an aviation production board. As a result, planes were produced much earlier. Ford Motor Co. embraced war retooling more quickly than General Motors. Here, Reuther is standing fifth from the left.

used only 17% of its productive capacity; Dodge used 36.5%. Nash, working at maximum capacity, could have maintained its total output for the twelve months in 49.5 working days; Dodge, in 111 working days. Chevrolet, the largest single producer of motor cars, turned out over a million cars during the last model year, and yet used less than 50% of its potential productive capacity.

The Chevrolet Motor plants at Flint, Michigan and Tonawanda, New York had a combined production capacity at peak of 470 motors per hour, but were building only 347 motors per hour, he reported.

With an unused capacity of 123 motors per hour at the peak of the production season, it is obvious that Chevrolet has an unused reserve which becomes tremendous during the month[s] of reduced operating schedules.

The availability of automotive production facilities for plane production in Chevrolet is again shown in the case of the Chevrolet drop-forge plant in Detroit, the largest drop-forge shop of its kind in the world. If this shop were operated at full capacity, it could produce all the drop-forgings required for the production of five hundred airplane motors per day, and still supply the Chevrolet company with sufficient drop-forgings for one million Chevrolet cars a year. Skilled labor to operate this shop at full capacity is available. Other forge shops, including the Buick and the Dodge forge shops, are also working at far less than capacity.

The report took on then-current claims that the aircraft engine was so vastly more complex than an automobile engine, that it could not be produced at an auto factory.

True, there are differences between the automobile engine and the airplane engine, as there are differences of a lesser degree between the engine of the Chevrolet and the engine of the Cadillac. These differences between different engines are produced by adding certain tools,

dies, jigs, or fixtures to the basic machine in order to make a difference in the product. The same 'tooling' process adapts the same basic machinery to the production of the airplane engine. Graphic proof of this statement is even now being supplied by General Motors. Many of the most difficult and precise parts of the Allison aviation engine are being manufactured in the Cadillac plant in Detroit, much of it retooled Cadillac machinery. The new Allison plant in Indianapolis, still in

Reuther's 'Atoms for Peace'

From Reuther's "A separate opinion to the Joint Congressional Committee on Atomic Energy, submitted as a member of the Panel on the Peaceful Use of Atomic Energy"—Jan. 25, 1956.

In the cold war—in freedom's struggle against the forces of Communist tyranny—in the struggle for the hearts and minds of men—speed, all speed, in harnessing the atom to man's peaceful needs, can be decisive.

Access to low-cost nuclear power may prove the key to the economic development of backward areas, and make possible the liberation of millions of people from poverty, hunger, ignorance, and disease. America's leadership is essential if we are to block the Communists in their efforts to forge poverty into power.

Our success in harnessing the atom to lift the burden of poverty and disease from hundreds of millions of the world's people living in hunger and ill-health, would establish America in a position of moral leadership against which Communist propaganda would be impotent.

Harnessing of the atom for peaceful purposes will give the tools with which to wage freedom's most powerful propaganda to these people—the propaganda of the democratic deed. Failure on the part of America to pursue the peaceful harnessing of the atom with maximum speed, determination, and dedication, may prove to be the Achilles Heel of the cold war.

Build Nuclear Plants at Home

We shall not give leadership to other people if we refuse to exercise it on our own behalf. The fact is that the United States is failing to demonstrate the outstanding leadership in releasing atomic energy for peaceful purposes, which it demonstrated in putting the atom to work for war.

We are not working with speed and determination to convert atomic energy into an instrument of peaceful progress. Our program for developing atomic energy as a

source of electric power is moving too slowly.

For many years after the war, no really significant beginning was made to apply the atom to peaceful uses. Finally, one year ago, the AEC [U.S. Atomic Energy Commission] invited private enterprise to submit proposals for participating in the development of atomic reactors for the development of electric power. But no private power reactors are now under construction, and none has completed the initial stages of design.

The one large-scale reactor now building is the AEC demonstration reactor in Shippingport, Pennsylvania. Apart from this government project, the sobering fact is that, today, ten and a half years after the end of the war, America's peacetime atomic program has not advanced beyond the drawing boards. The head of the AEC reactor division states that as of today, there is no certainty when, if ever, private industry will build and operate a power reactor. . . .

The need to develop atomic energy as a practical source of power for use in the United States, is urgent. There are power-hungry areas in our country today. There are other areas where the high cost of power retards economic progress and is encouraging the flight of industry to other parts of the country.

Total power requirements in the United States will expand at a tremendous rate over the next twenty-five years. We shall need nuclear power to meet those requirements. I cannot accept the comfortable assurance that our conventional fuel resources will meet all our power needs for the next twenty to twenty-five years. Nor will I rely on the Federal Power Commission's consistently conservative forecasts of power requirements as reflecting the true growth potential of our economy or the increasing needs of the American people.

No power ceiling should be imposed upon the normal and necessary expansion of our economy. Of that, we must make sure. We must develop every source of energy we have, including atomic energy. . . .

A fivefold increase in power supply in twenty-five years, presents a tremendous challenge. We should enthusiastically welcome the opportunity which the advent of nuclear power gives us, to meet that challenge.

process of expansion, is being used largely for assembly.

[This] should also dispose of the bugaboo of ‘tolerances.’ ‘Tolerances’ are the allowable fractional variations in size of engine parts, and they must be far finer in the plane engine than in the automobile engine. But these more precise dimensions can be obtained by more precise tooling.

Organization of Production

Driving home the point then crucial to U.S. national security and economic security, Reuther gave his forecast timetable for retooling—a forecast which thankfully proved accurate: “In this way, a job that will otherwise take at least eighteen months [ie, building new airplane factories] can be done in six months.”

Turning to the vital element of skilled labor for the Arsenal of Democracy, Reuther could have been speaking, today, of the 500,000 or more American skilled auto sector production workers and engineers being *lost to American industry* just during the first decade of the 21st Century.

Skilled labor is necessary to turn out the tools and dies required to adapt these various types of automotive machinery to plane production. The auto industry has the largest reservoir of skilled labor in the world. More than twenty-five thousand tool and die workers, jib and fixture men, patternmakers, draftsmen and designers, and allied craftsmen are employed in the auto industry at the peak of its tooling program.

Tooling is even more seasonal than production. Each year, thousands of the industry’s most skilled craftsmen work at top speed for a few months to complete the necessary tooling work to adapt the old machinery to the new [car] models. When the tooling program is completed, only a skeleton crew of these skilled craftsmen is retained for maintenance and duplicate tooling. Three or four thousand skilled craftsmen are shifted to ordinary production jobs while more than ten thousand are laid off entirely until their labor is needed for the next tooling season. During the past five years more than half of the tool- and die-makers in the industry, or more than ten thousand, averaged less than six months’ work per year. At the present time, there are approximately three thousand tool- and die-makers unemployed in the auto industry; some twenty-five hundred have been transferred to ordinary machine-tending production jobs. Many of the remainder are on short week.

Thus in manpower, as in machines, we have unused capacity; the highly specialized and valuable skills of seventy-five hundred tool and die workers are available to do the necessary tooling for the plane production program here outlined. . . . If the introduction of new models in the auto industry could be delayed for six

months, from twelve to fifteen thousand skilled mechanics could be made available to build the necessary tools, dies, jigs, and fixtures for the production of an all-metal pursuit ship on a mass production basis.

Finally, Reuther proposed that President Roosevelt appoint an aviation production board with “full authority to organize and supervise mass production of airplanes in the automobile and automotive parts industry,” from a full national plant survey by production and tooling engineers, to the allocation of aircraft needs to plants or regions of the auto industry on the basis of skills and unused capacity. He was writing at a time that Detroit and its environs, functioned as one unit, and there was an efficient railroad system, and shipping on Lake Erie, to move parts from one plant to another quickly.

Offering the total cooperation of labor, he concluded, “The merit of our plan is that it saves time, and time is our problem. Normal methods can build all the planes we need—if we wait until 1942 and 1943 to get them. This plan is put forward in the belief that the need for planes is immediate, and terrifying. Precious moments pass away as we delay. We dare not invite the disaster that may come with further delay.”

(Whereas Reuther oversimplified some things in his plan—a fighter plane had 10 times as many moving parts as an auto body, and they required frequent design changes—his fundamental thrust on the need, and the ability, to retool on a crash basis, was completely borne out by the history of World War II.)

Organizing Offensive

Then came the organizing blitz on the plan’s behalf. By Dec. 27—four days after its presentation to FDR by the CIO’s Philip Murray—Reuther was already able to explain his “500 Planes a Day” production plan to a nationwide radio audience; the next day, Sunday, he had a morning breakfast meeting with some of the top New Deal proponents of the Roosevelt administration, including John Carmody, who had succeeded Harry Hopkins as head of the Works Progress Administration (WPA); Treasury Department’s Harry Dexter White, who would draft the Bretton Woods accords; and the National Defense Advisory Commission’s Leon Henderson. With the dawn of 1941, Reuther presented his plan at the Washington Press Club. Even Joseph Rauh, who at the time was a lawyer for the defense mobilization, conceded about Reuther’s Washington Press Club address, “This young man took Washington and all its cynical reporters by storm that day.” He said that Reuther’s plan to accelerate aircraft production “was the greatest thing he ever did . . . because it combined his gigantic knowledge of social forces, his mastery of technical forces, and his idealism.”

Meanwhile, Undersecretary of War Robert Patterson—the number-two man in the Defense Department under Harry Stimson—had taken notice. Patterson’s assistant Robert Lo-

vett asked General Motors chairman William Knudsen to turn over aircraft engine blueprints to Reuther. A military aircraft was put at Reuther's disposal to tour defense plants in January 1941. Accompanied by Army Air Force officers, Reuther inspected the Pratt & Whitney engine factory in Hartford, Connecticut, and the Glenn L. Martin plant in Baltimore. According to a letter from H.H. Arnold to Patterson on Jan. 29, 1941, at both facilities, management attitudes toward Reuther quickly changed from "hostility to tolerance" because "he was earnestly trying to help the cause of National Defense."

General Motors was slower than Ford Motor Co. to embrace the war retooling, with the harmful Morgan-DuPont controlling influence at the company. Once the U.S. government organized for implementation on Feb. 1, 1942, of the cessation of all auto production and its replacement by war production, GM chairman William Knudsen became a leading figure of the Defense Production Board, which oversaw the economic mobilization for the war.

GM objected to Reuther's proposal, contained within the plan, whereby the U.S. government would set up a tripartite aviation production committee, through which workers would participate in determining how retooling would be done, the levels of production, what goods would be produced, etc. GM disapproved of what it called a current of "planning" in Reuther's proposal and for his call for pooling all underutilized machine-tool capacity, irrespective of the company it came from. GM President Charles Wilson stated, "Everyone admits that Reuther is smart, but this is none of his business. . . . If Reuther wants to become part of management, GM will be happy to hire him. But so long as he remains Vice-President of the Union, he has no right to talk as if he were Vice President of a company."

But the big opposition came from the FBI's Gay Edgar Hoover. He circulated charges that Walter and Victor Reuther were Communists. Hoover put the Reuthers on the FBI's "custodial list" of dangerous individuals slated for arrest should the President declare a national emergency. As well, shortly after Christmas 1940—i.e., a few days after Reuther presented his "500 Planes a Day" plan—Hoover started to circulate a vile dossier on Reuther to several parties, including Roosevelt's secretary Edwin Watson, GM's Knudsen, Dixiecrat Representative Eugene Cox of Georgia, etc.

Putting Hoover to the side, Reuther's "500 Planes a Day" retooling, and the associated matter of the development of the real scientific-technological capabilities of the economy, became a national issue. It was absolutely instrumental in realizing Roosevelt's industrial conversion for Lend-Lease and then war. Had Reuther's proposal not been advanced, retooling would have occurred far less efficiently and forcefully. *Time* magazine praised Reuther's plan as "on a braver, broader scale than Mr. Knudsen's proposal." The *Detroit News'* Washington correspondent, Blair Moody, reported that Reuther's plan was "being seriously regarded as perhaps the most constructive production proposal ever to come from the ranks of organized labor."

Furthermore, Reuther energetically spoke on the plan across the country, and the UAW, aided by the CIO and others, actively circulated the plan to auto workers, the broader labor movement, and the American population. The machine-tool principle, and the productive powers of labor, were featured in the proposal as the power that would uniquely protect and save freedom and the American republic.

Now, as then, leadership of the republic is defined by the ability to take such action for national security and for the general welfare of a once-great industrial nation and people. The adversary is globalization. The time for action, as Walter Reuther would have understood, is running out.

Documentation

Reuther's Retooling Plan To Build Rail and Housing

These are excerpts from "Are War Plants Expendable? A Program for the Conversion of Government-owned War Plants to the Mass Production of Modern Railroad Equipment and Low-Cost Housing," written by UAW founder Walter Reuther and published in July 1945.

During the war, the U.S. Reconstruction Finance Corporation (RFC) had extended billions of dollars for wartime production, and the government now owned a very large percentage of the nation's aircraft, machine-tool, aluminum, magnesium, and other facilities, which had immense machine-tool capacity and employed hundreds of thousands of workers. These factories, many of them retooled automobile plants, were beginning to close; the Willow Run aircraft assembly plant near Ypsilanti, Michigan, which had employed 42,000, was being shut.

Our soldiers, sailors and marines who have won the victory in Europe . . . have an equity in these plants. They have paid for them with blood. The use or non-use of these facilities will provide the answer—jobs or unemployment for our returned soldiers and our home-front war workers? These plants must be geared to the needs of the nation. . . .

We need not be baffled or dismayed by the magnitude of this challenge. For there is a peacetime need for these facilities as vast as the needs of war. . . .

As long as the arteries of commerce are clogged and our whole economy is victimized by the necessity of moving freight in hopelessly antiquated railroad rolling stock, these plants will have a job to do, turning out by mass-production methods, modern, lightweight railroad equipment.

The following proposals represent the outline of a program to utilize certain government-built war facilities in an

attack upon serious defects in two vital sectors of our economy . . . rail . . . and housing.

There will be those who will label this program impracticable; who will assert that wartime production facilities cannot be converted. A similar cry was raised by spokesmen of the automotive industry in the fall of 1940, when labor called for conversion of that industry to war production. At that time, we heard that only 10-15% of the industry's machinery was convertible. Yet three years later, on November 22, 1943 . . . Mr. K.T. Keller, President of the Chrysler Corporation, testified before the Truman Committee of the United States Senate that "around 89%" of Chrysler's machines had been converted to war production—and could be converted back to civilian production. . . .

Public Authorities Proposed

We propose that the Congress set up two public authorities, similar in organization and function to the Tennessee Valley Authority: a Housing Production Authority, and a Railroad Equipment Production Authority.

These public corporations will be authorized to operate government-owned war plants as they become available in a comprehensive program for the manufacture and distribution of low-cost housing and modern railroad rolling stock.

Within 90 days after this program had been authorized, modern railroad cars could be rolling out of the Willow Run plant. . . .

With final victory, we can employ, through this two-fold program, six million people who would be engaged directly and indirectly in the mass production and mass distribution of rolling stock and low-cost housing.

Each of the two authorities will be empowered to:

- 1) lease plants to private manufacturers, to be operated as part of the program
- 2) directly operate government-owned plants;
- 3) lease plants to workers' producer cooperatives, to be operated as part of the program.

The sharp tapering off and eventual complete curtailment of war production will leave unparalleled plants and equipment available for integration into a program for mass production of rolling stock for the railroads. Here are some of the facilities which will be available:

Aircraft engine plants contain the most modern cutting tool machine equipment. Such machinery can be retooled for the machining of the smaller functional parts needed in the railroad equipment production program. Government-owned plants such as those operated by Studebaker in South Bend, Chicago and Fort Wayne, which employed over 20,000 workers at peak production, are now completely shut down. They can be drawn into this program. . . .

If re-tooled, and properly organized and integrated into an over-all production program such as we propose, we can replace the nation's antiquated rolling stock with modern, lightweight, streamlined, efficient equipment.

Modern, streamlined [railroad] equipment built on a mass-production basis and utilizing light metals and alloys with roller and ball bearings, will considerably reduce the weight of rolling stock and permit drastic reduction in freight rates in the post-war period. Our whole economy will thereby be stimulated.

A country like ours, proud of its B-29 technology and efficiency, should not be forced to keep in operation rolling stock that saw its best days before the dust of the last covered wagons had fairly settled over the Western plains. . . .

The Railroad Equipment Authority will set production goals consistent with the requirements of the industry and with the national employment level.

The Authority will contract for the total production of the plants participating in this program, and will make this equipment available to all railroads. . . .

Housing: Cadillac Homes at Ford Prices

The Housing Production Authority will make a survey of government-owned plants and facilities for the purpose of determining the extent to which these facilities are adaptable to the mass production of prefabricated, low-cost modern housing. The program will include production of complete houses, including all fixtures, complete bathroom, kitchen, garbage disposal and air conditioning units, electric dish washers and other appliances. . . .

Financing the Authorities

Financing of the operations of the Housing and Railroad authorities will present no problem. As in the case of the TVA, the Housing Authority and the Railroad Authority will derive their funds from Congressional appropriation, from the sale of bonds and from the sale of their products. Immediate working capital may come from direct government advances, from government payment for work in progress, or by government guarantee of loans made in the private money markets—all practices followed during the war, when about half the expansion in business assets was financed by the government.

There is no reason why the Authorities may not obtain loans from the Reconstruction Finance Corporation, with favorable amortization terms. The public interest will be paramount. . . .

The Railroad Authority we propose, moving boldly into the center of the industry, may flutter the doves of a minority of investors, but it will break the deadlock of monopoly and inadequate public regulation. A technical staff in the employ of the Authority, as engineering personnel are employed by the TVA, will encourage and accelerate the tempo of technological development in the industry, guiding the introduction of new discoveries in design, materials, construction and safety devices.

Such a positive corrective force will ramify into every area of the economy.

Rohatyn's Suez Booted Out of Argentina

by Cynthia R. Rush

Any American who wants a glimpse of what kind of “infrastructure development” fascist Felix Rohatyn has in mind for the United States, should take a hard look at what just happened in Argentina. On March 21, President Néstor Kirchner signed a decree rescinding his government’s contract with the French utility giant, Suez Lyonnaise des Eaux-Dumez, charging them with breach of contract and negligence. From 2001 to 2004, Lazard Frère banker Felix Rohatyn sat on the Board of Directors and the Audit Committee of the Suez Group, which oversaw the utility’s operations.

Suez, the majority stockholder in Aguas Argentinas (AASA), failed to invest in vital infrastructure, Kirchner explained the next day, and much of the water it provided to 10 million people in metropolitan Buenos Aires, was contaminated with unacceptably high concentrations of nitrates. Aguas Argentinas even included warnings on its bills to customers, that children shouldn’t drink tap water because it was unsafe!

Enough is enough, Kirchner underscored. In view of such negligence and “appalling” service, “the Argentine State decided to take control of the company, to make the investments so that water can be given back to Argentines . . . and that it return to being a social asset, rather than something available only to a very few.” Suez has been in the country for 15 years, the Argentine President noted, and walked away with hundreds of millions of dollars. “But we had to beg to get just a drop of water.”

Much to the horror of international synarchist financiers, Kirchner signed a second decree March 21, establishing the new state company, AySA (Argentine Water and Sanitation Company), and authorized 400 million pesos to immediately build the necessary infrastructure, and close down contaminated wells. Financial sharks in London and on Wall Street brayed that the “authoritarian” Kirchner was on a “statist” offensive, and would soon take over other privatized companies.

Suez, Halliburton, and Bechtel

Not a bad idea. As Federal Planning Minister Julio De Vido observed in a March 22 press conference, “While Aguas Argentinas views potable water exclusively from the standpoint of a *market economy*, the State intends to ensure that [water] is valued and managed for what it is—a social and cultural product, which, in legal terms, means a human right.”

Suez has a long and sordid history of looting on behalf of the private banking interests it represents. In the developing sector, along with its “rival” Vivendi, also Lazard-linked, it has focussed on water privatization, and engages in electricity piracy as well. *EIR* economist John Hoefle suggests that Dick Cheney’s Halliburton and George P. Shultz’s Bechtel Corp. would better be called “the Suezes of America,” given that their economic depradation in Iraq, the United States, and around the globe, mirrors Suez’s crimes.

In Argentina, as part of the privatization binge that characterized his 1989-1999 Presidency, the International Monetary Fund’s poster boy, Carlos Menem, handed the former state company Obras Sanitarias (Sanitation Works) over to Suez in 1993, with the Spanish firm Aguas de Barcelona as a minority partner. Two years later, Suez took over the Santa Fe provincial sanitation company. The company also operates in Uruguay, Chile, and Bolivia, although Bolivian President Evo Morales is about to terminate Suez’s concession to run Aguas de Ilimani in the working class municipality of El Alto next to La Paz.

Suez’s 15-year operation in Argentina is marked by usurious rate hikes and contract violations, for which it has been repeatedly fined by regulatory agencies. Although its contract stipulated that rates would be frozen for the first few years of the concession, it raised rates by 88% on average between 1993 and 2003, claiming “unforeseen operating losses.” Those who couldn’t pay, usually the vulnerable poor, lost their service.

The 1993 contract obligated Suez to quickly address the nitrate problem and expand sanitation infrastructure. But by the eleventh year of its contract, in 2004, there were still several towns in the urban area it serviced, where well water had high nitrate concentrations, and where infrastructure was non-existent. In his press conference, De Vido pointed to the working class neighborhood of Lomas de Zamora, where nitrate levels in deep-water wells were 222% above the acceptable 45 milligrams per liter. Moreover, two million people in the concession area have no potable water, and 3 million have no sanitation services (sewers).

Rather than use its own resources to invest in infrastructure, Suez borrowed money abroad. After the government defaulted on its foreign debt in December 2001, and then forceably converted all dollar debts to pesos, or “pesification,” Suez started screaming—along with the IMF and allied vulture funds—that the government should allow rate hikes of 60% to compensate for losses caused by conversion to pesos. The increase wasn’t authorized, and the company spent the next three years biding its time, continuing to lobby for the increase while engaging in shady business dealings, and planning its exit from the country. Not even George Soros was interested in buying AASA, when it was offered by a minority partner.

Aware that Suez was preparing to leave the country, and that it intended to go to the World Bank’s arbitration board

to demand compensation, claiming breach of contract, the Kirchner government sent 50 undercover public sector agents into Aguas Argentinas to collect evidence of the company's misdeeds. The investigators discovered that just from its day-to-day operations, the company had more than enough revenue to resolve—in *one year's time*—the problem of excessive nitrate concentrations in drinking water. The investigation also discovered that the company had disbursed 25 million pesos annually for “consultants,” and paid equally large sums to Suez-linked construction firms for equipment and “repairs” that were never done!

French President Jacques Chirac made known, through his Foreign Ministry, that he was not happy about the rescinding of Suez's contract, and the lack of “juridical security” for French investors. To show his displeasure, he will not stop in Argentina when he visits South America's Southern Cone at the end of April.

Kirchner wasn't cowed. In a March 23 speech before school children in San Isidro, he warned, “Let it be clear that I am not willing to let down my guard, and allow Argentines to drink contaminated water in exchange for a President's visit, or to make a Foreign Ministry feel better.” As children in school, he said, “We learned that water is a public service which the State, minimally, must guarantee to reach all Argentines. There are companies . . . that can be concerned with profitability; but there are others that [must provide service] to people as an act of justice and dignity, and be very well managed by the State.” That is what he intends to do, he told his young audience.

Documentation

‘We Must Protect Our Most Vulnerable Citizens’

Here are excerpts from the March 21 press conference by Argentina's Federal Planning Minister Julio De Vido, translated from Spanish.

The President has just initialed Decree Number 303 which, due to the fault of the Argentine State's concessionaire, rescinds the contract which links it to the Aguas Argentinas, S.A. company, to provide running water and sanitation services to the most densely populated area of our country, the Federal District and the broader Buenos Aires metropolitan area.

I want to especially highlight the concessionaire's negligence, which forced the State to take this step. Reports prepared both by the ETOSS [regulatory agency], the Ministry of Water Resources, and the National Institute of Industrial

Technology, reveal the exceptionally high levels of nitrates in the water provided by Aguas Argentinas, S.A., which easily exceed established acceptable norms. These norms cohere with those the concessionaire itself agreed to.

As the ultimate guarantor of public health, the State is deeply concerned about the presence of nitrates in the water distributed by Aguas Argentinas, S.A. . . .

The usual standard of nitrate concentration in water [for public consumption] should be 45 milligrams per liter, according to the contract itself. This standard was established as a goal for the first year of the concession, and remained the parameter for future periods. . . .

In this context, it was established and accepted by the concessionaire that it would take out of service all wells which did not meet the specified quality levels . . . by 1998. . . .

Aggravating the situation is the fact that those most affected by the nitrate concentration, belong to a socioeconomic group characterized by its vulnerability, with no means of doing anything about it. Therefore, the basic *raison d'être* for the creation of the State emerges, to fully oppose the idea that “might makes right.” As a priority, the Argentine State must protect the most defenseless of its inhabitants against the abuse of power so brazenly and stubbornly displayed by Aguas Argentinas.

This latter point is directly related to the fact that access to potable water is considered a human right, with a noticeable impact on the implementation of social justice. . . .

More specifically, children deserve even greater protection, in accordance with the terms of the Convention on the Rights of Children, which has constitutional standing in our country. . . .

As a result of this situation, it is currently estimated that approximately 300,000 people live in areas at risk of excessive nitrate levels. . . .

. . . While Aguas Argentinas considers potable water exclusively from the standpoint of a market economy, the State demands that . . . it be valued and treated for what it is—a social and cultural asset which in legal terms, means a human right. . . .

To continue to entrust the health of the population to a company which has for years shown total disdain for reaching a definitive solution to the nitrates problem, despite all the cooperation, assistance, and understanding it has received from the State in this matter, would be irresponsible toward the citizens and consumers.

It is in this context that the State must react with severity. . . . The rescinding of the contract due to the concessionaire's negligence, taking direct control of service, and immediately building the projects which the company *has refused* to build, is the only viable solution. . . .

From this moment on, [the Secretary of Public Works] López will take charge of designing and implementing the plans, programs, and investment projects necessary to definitively reduce excessive nitrate levels in potable water.

Rohatyn Repudiates FDR on Infrastructure

A panel discussion of the Center for Strategic and International Studies (CSIS) Public Infrastructure Commission, created by synarchist banker Felix Rohatyn in 2004, took an unexpected turn at the National Press Club March 27, when some 25 LaRouche Youth Movement organizers began to ask questions of the speakers. Felix Rohatyn, and his cohort, former Republican Sen. Warren Rudman, had come to raise the Capitol Hill profile of their “National Infrastructure Commission,” but instead they showed their acute awareness that they and their fascist “infrastructure” schemes are in a battle with Lyndon LaRouche’s Congressional influence and activity.

The panel included Rohatyn, Rudman, Sen. Christopher Dodd (D-Conn.), Loral Electronics CEO and Democratic Leadership Committee board member Bernard Schwartz, CSIS staff directors Everett Ehrlich and Benjamin Landy, with CSIS president John Hamre moderating. During very brief presentations, Rohatyn lyingly claimed for his project, the legacy of Lincoln’s Land Grant College Act, Franklin Roosevelt’s TVA, and Eisenhower’s National Interstate and Defense Highways Act.

There were some 25 LYM organizers, in an audience of about 80, and three successive interventions, all from the LYM, laid out Lazard Frères’ synarchist policies; Rohatyn’s Middlebury College conference in 2004, where he demonstrated that he is for privatization of vital government functions (see *EIR*, March 31); and that the Rohatyn/Rudman “Commission” scheme means a “committee of bankers” would control U.S. infrastructure spending.

Moderator Hamre, after each of the first two interventions, said, “We won’t discuss that here,” and everyone heard Rohatyn whisper to Rudman, “LaRouche!” But when the third LYM questioner said, “Lyndon LaRouche has a better idea. . .” Rudman’s angry interruption let the cat out of the bag: “I think we’re all perfectly well aware of Mr. LaRouche’s presence in this room, and in this town, through his sur-

rogates this morning; and let me simply tell you, that you’re entitled to your view; we have laid out in great detail why we think this commission works; and you’re free to disagree; and you’re free to express it to Congressmen and Senators, as we know you do. . . . Could we have another question, please?”

That question came from *EIR*’s Paul Gallagher, who said that he would “put the policy question from Lyndon LaRouche to you, another way,” and demanded to know if the panelists were for or against “Franklin Roosevelt’s method” of large-scale public credits and spending for modern infrastructure, and LaRouche’s capital budget. This time Rohatyn erupted: “No! We have a lot of new financing mechanisms since the days of the New Deal. And Roosevelt did marvelous things because he had nothing—no alternatives with respect to financing these projects. We do! We have the private sector; we have state and local governments; we have union pension funds; we can create special-purpose bonds. *Some of it* may come directly from the budget. . . . But we are far away from the days and methods of the RFC [Reconstruction Finance Corporation].”

To subsequent questions, the panelists completely endorsed globalization (Rudman), privatization of infrastructure (Landy), and selling infrastructure to foreign or domestic companies (“money is money”—Ehrlich). Disconcerted, they ended the forum only 40 minutes after it had begun.

The panelists and audience received the March 31 *EIR* exposé on Rohatyn’s privatization schemes for the U.S. government, and one LYM member told Rohatyn that the LYM was mass-distributing the exposé “to get you out of the Democratic Party.”



EIRNS/Dan Sturman

Felix Rohatyn (left) and former Sen. Warren Rudman, at the CSIS event on March 27. “It’s LaRouche!” they exclaimed.

Destabilization Spreads Over Europe, Both East and West

A dramatic wave of instability is sweeping through Europe, East and West, threatening to topple governments, and creating the danger of Bonapartist, or even fascist, regimes. The primary responsibility for this upheaval, particularly in the West, can be attributed to the Maastricht Treaty, which has imposed a regime of ever-deepening austerity on the nations of Western Europe. The Eastern states, while not under Maastricht, have suffered from its results, due to the lack of orientation toward economic development on the part of the industrialized nations of the West, and the International Monetary Fund itself.

On top of this fundamental problem, the nations of Eastern Europe are also the victims of geopolitical maneuvers by those forces in the West, who are committed to stamping out the emergence of any healthy, developing nation-state, and are more than willing to use their assets in the East in order to launch attacks on the second-most-powerful state on the world scene, Russia.

The significance of this destabilization is twofold. On the one hand, it makes it clear that European governments will not be the source of diplomatic initiatives, to prevent the schemes for worldwide warfare that are being put forward by the Synarchist financial oligarchy, primarily under the sponsorship of the Cheney-Bush Administration. For not only are the current governments demonstrably unstable, but there is absolutely no visible mass political force within any of the nations of Europe, East or West, which represents a sane alternative economic and political policy.

Thus, only within the United States, where Lyndon LaRouche is acting to shape an FDR-vectored political force to replace the Cheney-Bush Administration, is a leadership with the ideas and power to act poised to emerge.

On the other hand, the very lack of an alternative policy, to the concerted economic deprivations which are being carried out against all the nations on the continent, represents the danger that Europe will become a source of further destabilization for the rest of the world. This is particularly clear in

the stirrings of renewed ethnic conflict in the Balkans, and in the calls for a racist “new Crusade” among radicalized masses in Spain and Italy.

We review the latest developments country by country, from West to East.

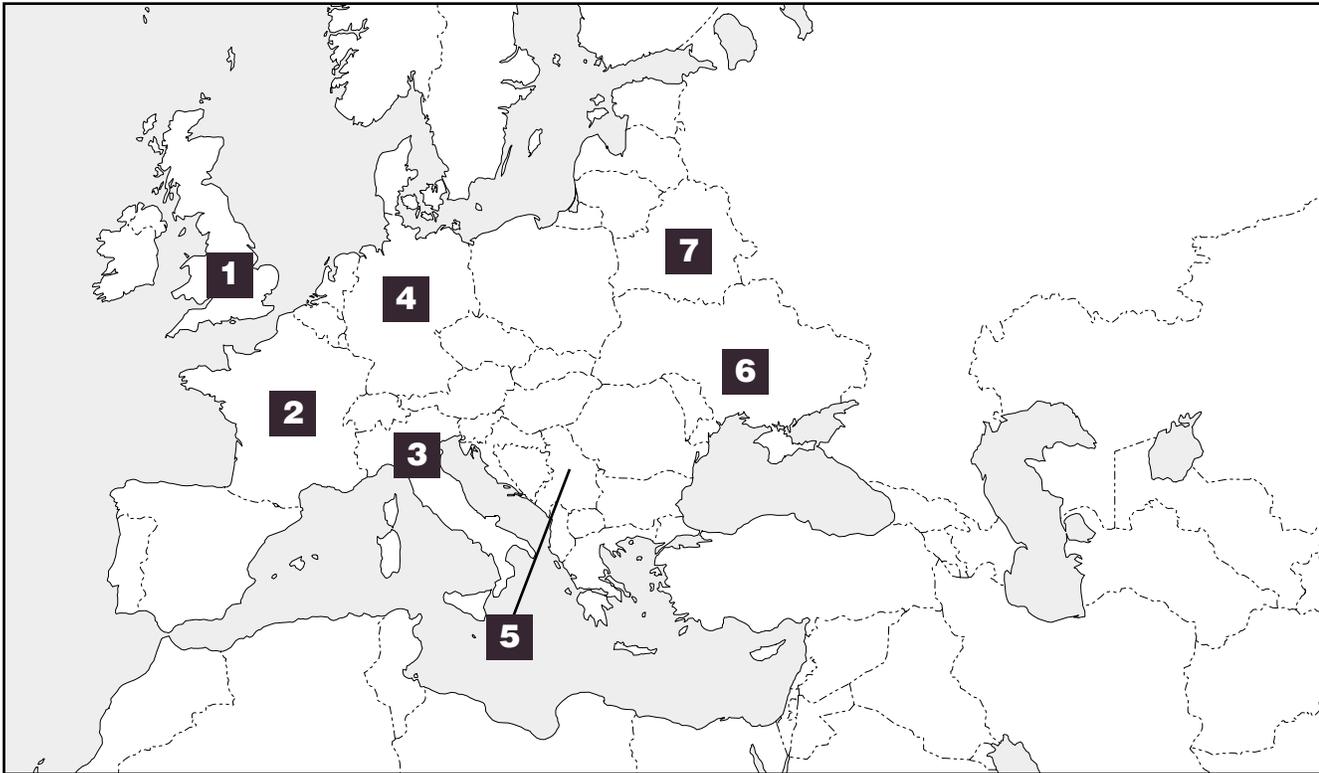
Strategic Map

1. Great Britain: Over 1 million government workers held the largest strike since the 1926 general strike, on March 28, to protest Tony Blair’s attempt to increase the retirement age.

Local council workers, including teachers, traffic police, museum workers, librarians, and crematory workers, went on a one-day strike over efforts to renege on the “85 rule,” which states that a worker can retire with full pension if his or her age plus years of work adds up to 85. Instead, town and city councils have changed the law so that it only applies to workers born before 1953.

This, the first of what may be several strikes, comes before the May local elections, in which Labour is expected to fail miserably. The “Winter of Discontent” strikes in 1970 helped force Labour out. Today, Prime Minister Tony Blair is being actively pushed to the door, including by Establishment leaders like the London *Economist*.

2. France: Three million people demonstrated on March 28, in protest against the “First Employment Contract” (CPE). While the final count is not yet established, the national day of action and strike against the CPE, which would allow employers to fire young workers without cause, was a resounding success. It was double the size of the demonstration on March 18. But it also means a level of mobilization comparable to the demonstrations against the Juppé Plan for social security reform in 1995, when a month-long transport



strike paralyzed Paris, and in 2003, with the very broad protest against the Balladur cuts in retirement pay.

The demonstrations were accompanied by a national day of strikes, followed by massive strikes in the education system with 66% of primary school teachers, and 55% of high school teachers out. All public transport systems were on strike, with 30-50% of all public transport modes shut down nationwide. Air France was also on strike, as were sections of the private sector, including metal workers, high-tech companies, and banks.

So far, however, the government of Dominique de Villepin has refused to discuss rescinding the law, which he pushed through by bypassing normal discussion procedures in the Parliament. Presidential elections loom in 2007.

3. Italy: The government of Silvio Berlusconi, which is fighting for re-election in the poll scheduled for April 9-10, is expected to lose to the Unione coalition led by former Prime Minister Romano Prodi. The election campaign features bizarre alliances on both sides, including the inclusion of Benito Mussolini's granddaughter, Alessandra Mussolini, on Berlusconi's slate, but is likely to be decided on the question of the economic collapse of the country. For, while Berlusconi's government has created a massive number of jobs (heavily low-wage), living standards have plummeted, and the Maastricht Treaty has made it impossible for the government to launch the necessary infrastructure projects.

4. Germany: Public-sector workers have been on

strike since Feb. 6, the first time in 14 years, to protest plans to increase the work week from 38.5 to 40 hours without any pay increase. Strikes spread to 10 of Germany's 16 states, and talks affecting some 900,000 state workers were broken off March 11. Public-sector doctors are among the strikers. Ver.di, Europe's second-largest labor union, representing 2.4 million workers, said local and regional authorities will use longer hours to cut as many as 250,000 jobs. (See Helga Zepp-LaRouche's leaflet below.)

5. Serbia and other former Yugoslav republics: The murder of former Serbian President Slobodan Milosevic in the Hague, coming immediately before important negotiations on the status of the province of Kosovo, and scheduled changes in the government structure of Bosnia-Herzegovina, has heightened tensions in this area, still economically prostrate following the British-sparked geopolitical wars of the 1990s.

6. Ukraine: The result of the March 26 Parliamentary election, has done nothing to resolve the bitter fights within this nation, the target of the Synarchist-sponsored "Orange Revolution" of 2004-05. (See the article below.)

7. Belarus: Despite the efforts by Synarchist agents to launch a destabilization of the recently re-elected Lukashenka government, the Belarus situation appears relatively stable, especially due to the fact that its government refused to carry out IMF shock therapy against the population. (See the interview below.)

The British Monarchy And Hitler

by Lyndon H. LaRouche, Jr.

March 26, 2006

Prince Philip's retrospective view of his Nazi family connections coincides with a pair of developments around the recent campaign to dump Dick Cheney's British cronies of the Prime Minister Tony Blair British government. Not only King Edward VII, but German members of the family of both Prince Philip and his uncle Dickie Mountbatten, were, for a time, deeply committed, aristocratic members of the Nazi Party apparatus. This must be considered against the background of the accelerated efforts of Cheney accomplices, George Shultz and banker Felix Rohatyn, to privatize U.S. military and intelligence institutions, along the lines of Adolf Hitler's SS.

The essential facts to be recalled, include the following.

From the time at which Kaiser Wilhelm II dumped Chancellor Bismarck, the policy of the British monarchy had been

to destroy Germany by a general war which was intended to pit Britain, France, and Russia, among others, against German-speaking central Europe. Britain dumped its support for Hitler only after it became clear that Hitler had been induced by the German military to dump his original plan to attack the Soviet Union first.

It had been the rapid industrial development of Germany under the pro-American Bismarck, from the time of U.S. economist Henry C. Carey's visit as a consultant to Germany, and the Bismarck reforms, which had caused the Britain of the Prince of Wales to consider the destruction of Germany by continental warfare, the primary motive of his monarchy, an aim which has been continued from the period when Prime Minister Margaret Thatcher and President François Mitterrand imposed the intentionally ruinous Maastricht agreement, including the Euro, on Germany.

The point to take into account in following Prince Philip's reminiscences on the Nazi connections of the German branch of his family, is not to propose that the Royal Consort is a Nazi; but, that there have been occasions during which relevant circles in the United Kingdom have considered fascists such as the Nazis as useful instruments for destroying a challenge to the imperial financial interests of London from the continent of Europe. That is the connection between Prince Philip's current reminiscences and the frankly Nazi-like efforts as an SS-like privatization of the military and intelligence capacities of the U.S.A.

Prince Philip's reminiscences are brought to public attention once again, at the moment a change in the British monarchy itself is under way. Shall Prince Charles succeed his parents, either now, or very soon? And what are the changes in the situations of both the institution of the monarchy and the City of London financial center, which an earlier or somewhat later dumping of Cheney's crony Blair might bring about?

The real issue behind the Prince's reminiscences is the scheme for eradicating the nation-state institution, world wide, to establish a form of world-wide financier-oligarchical imperial rule called "globalization." There lies the direct and continuing connection between the Anglo-French Liberals' pushing of Nazism for a time during the past, and the drive by Cheney, Shultz, Rohatyn, et al., for SS-like privatization of the military and intelligence functions of the U.S. today. This goes in tandem with the Carl Schmitt doctrine of the Federalist Society.



The screenshot shows the top of a Daily Mail news page. The masthead reads "Daily Mail" with a crown icon and "24 HOURS A DAY" below it. Navigation links for "Login" and "Register" are on the left, and the date "29 March 2006" is on the right. The main headline is "Prince Philip pictured at Nazi funeral" by Andrew Levy, dated 08:52am 6th March 2006. The article text begins: "Prince Philip has broken a 60-year public silence about his family's links with the Nazis. In a frank interview, he said they found Hitler's attempts to restore Germany's power and prestige 'attractive' and admitted they had 'inhibitions about the Jews'." It continues: "The revelations come in a book about German royalty kowtowing to the Nazis, which features photographs never published in the UK. They include one of Philip aged 16 at the 1937 funeral of his elder sister Cecile, flanked by relatives in SS and Brownshirt uniforms." A small photograph shows Prince Philip (circled) at the funeral in 1937, wearing a Royal Navy bicorne hat. A caption below the photo reads: "One row back in the cortege in Darmstadt, western Germany, was his uncle, Lord Mountbatten, wearing a Royal Navy bicorne hat."

The online edition of the British Daily Mail published this article on March 6, reviewing a new book, *Royals and the Reich*.

Unfair Sanctions Against Belarus Won't Stop Our Independent Development

Mikhail Khvostov is the Ambassador of Belarus to the United States. Ambassador Khvostov earlier served as Ambassador to Canada, and then went on to become an advisor to the President of Belarus. Between 2000 and 2003, he served as Deputy Prime Minister and Minister of Foreign Affairs of Belarus. William Jones interviewed him at the Belarus Embassy in Washington, D.C. on March 16.



EIR: Let's begin with the elections in Belarus. Now, the United States has said that they are not going to accept the results of the elections. What is this going to mean in reality?

Khvostov: We are not surprised by such reactions that we had a few days ago. It was predictable before the day of the election, because we knew from the declaration of some people at the State Department and the White House, that the United States would not accept the result of the elections, if President Lukashenka were re-elected. I would say that this is not an objective assessment of the situation. Belarus is different from other countries where the so-called "color revolutions" are produced. Sometimes people ask me why Belarus cannot take the path other countries have taken, like for example, Kyrgyzstan, Georgia, or Ukraine. And the answer is very simple: Because Belarus is not Kyrgyzstan; Belarus is not Ukraine or Georgia. Belarus is Belarus. We are an independent country. We have our own vision of the way which is needed to be taken in order to develop the country and the economy. And the essential thing is that the people of Belarus support the politics and the direction taken by the President and the government.

That's the reality. And the people of the United States, the President and the Secretary of State and other officials, including those involved with the assessment of the situation in Belarus, have nothing to do but accept the reality of that, both the political reality and the economic reality.

It is true that Belarus has taken another way for economic development and we believe that that is the best way for our people and the economy to be developed. We were, at the beginning of independence, against the "shock therapy," so-called. We started to develop our big enterprises, and they're

running well, they're healthy, bringing revenue for the social projects for the population affected, for example, by the Chernobyl catastrophe. So the socially oriented economy is for Belarus the best direction to be taken, as a direction for the market economy.

The affirmation that there is no market economy in Belarus is not true. Now more people are involved in market-like businesses than in government enterprises in Belarus. We are for the peaceful development of the political situation of Belarus. We are against any violence, from any side, internal or external.

Certainly we have our own vision of development of the Belarus economy, and we believe it is the best way for the people of Belarus, and the sign of that was the large support for President Lukashenka during the past Presidential election.

EIR: You said the United States had made clear already, prior to the election, that they would not accept the result of the elections if President Lukashenka were elected. Were you referring to the report that President Bush sent up to the Congress on Belarus, just days before the election?

Khvostov: No, I'm referring to the comments made by Assistant Secretary [Daniel] Fried on Feb. 7, 2006 to journalists during the press conference he was holding. He was very blunt in saying "We certainly don't support Lukashenka." To say that on the eve of the Presidential elections in Belarus, I would say it's black PR and direct interference into the internal affairs of the state.

And then you take this report which was sent to the U.S. Congress in accordance with the so-called Belarus Democracy Act. We are not surprised by the content of this report. But we are surprised by the fact that this report was sent to Congress one year after it was needed, and directly on the eve of the Presidential elections.

We looked through this and we couldn't find anything which might be considered a new discovery. The fact that we are selling arms? That is a fact. We do have a long heritage from the former Soviet Union, in the sense of conventional arms, and we try to sell what we can to some countries which are not under UN Security Council restrictions. We are in compliance with the international obligations for Belarus.

The second point in the report is that we were trading prohibited items to Iraq. Not at all! In our day, to forward

to a country armaments prohibited by international organizations like the United Nations is impossible, because there are plenty of technical means to detect any prohibited trade in arms. Iraq was an important market for us, a market in the sense of civilian products like tractors, vehicles, dump trucks, things like that. And what is also important is that we provided the United States government with a list of these items we were trading with Iraq, before we sent them. That wasn't a secret, because we were following the obligations under the decisions of the Security Council, which determined that all trade with Iraq be done through a special committee at the UN Secretariat. So we were just following this. To say that we were involved in an arms trade with Iraq, that's impossible. We have a transparent export-control system, and the government would never take a decision to permit a company to trade a product which is prohibited by the UN Security Council. No.

EIR: In the latest series of elections that we have seen in those countries on the periphery of Russia, there has been an intense effort to try to get a party in power, which is not only friendly to the United States, but which is also hostile to Russia. For instance, in Georgia, the NGOs that were helping in the elections were then sent to Ukraine to do the same thing. And I understand the same people were then eager to go into Belarus to do the same thing. Did you experience the same kind of problem?

Khvostov: Absolutely. We did have, and continue to have such problems, and we were very frank in saying, before the last Presidential elections, as well as before the referendum and parliamentary elections, that the government will be against any foreign money coming to support political activities in Belarus. And we have a lot of reasons. We don't see any country which would allow foreign money to take part in political activities. In the United States, this is prohibited by law. So what we were proposing was to be very open and transparent. Because if the government cannot understand for what reason the money is coming into the country, any government would be very suspicious of that. And we are no exception to that. The structure of civil society, as it's called, just started to be set up in the former Soviet republics, as well as in Belarus. But the number one role, we believe, belongs to the government in developing that. And if such organizations are coming to Belarus with a frank and understandable approach, we'd let it go. But we do have proof of what I would call "black participation" of such groups in Belarus.

That has been a problem since we established an office of the OSCE [Organization for Security and Cooperation in Europe] in Belarus in 2000. And we were very insistent in saying that the offices of the OSCE should not propose financial support for political activities in any country in their sphere of activity, including in Belarus. And I cannot believe that an office of the OSCE set up here in the United States could be involved in political activities, supporting financially



Press Service of the President of the Republic of Belarus

President Alexander Lukashenko was re-elected on March 19 with an overwhelming mandate of 82.6% of the vote—to the dismay of the Washington neo-cons, who had been unable to stir up a revolt against him.

and politically the opposition to this Administration! That would be prohibited immediately.

But we are always reproached that we are underdeveloped in the area of democracy, in the area of human rights. We have problems, of course. The country is only a few years old. We don't hide these problems. We simply request assistance, which can be given by the OSCE itself and by the Western countries. Of course, we are facing challenges and difficulties stemming from our past, the former Soviet Union times. But we can't change everything overnight, to just say in the morning, "Now we have a totally different system." We can change the system, but we can't change people's minds and approaches to the responsibilities of the state government. So we decided to go slowly; we decided to be very accurate and cautious in taking the decision to transform the economy, branches of the economy, or the society itself.

But the fact is that we do have certified political parties and persons involved in the political life of our country. I agree, we don't have such a developed system as the United States has here, with two major political parties. And we understand that no third political party will take over. But we do recognize that there is competition between the two parties. But if you compare electoral legislation in the United States with electoral legislation of the European Community, there is a difference, a big difference. And yet, none of the European nations insist that the United States should have the same legislation that they have.

And with regard to our relations with Russia: We took a decision, to develop good neighborly relations with Russia, Ukraine, and other neighboring countries—Poland, Lithuania, and Latvia. Russia is a major partner for us, both politically, and economically, and socially, I would say. There are a lot of connections, personal and family, between Belarus and Russia. But Russia, well, geographically, we have a big neighbor. And there will be no change in the geographical



situation. So objectively, we must have good relations with Russia.

Secondly, Russia is a huge market for the Belarusian economy. We are dependent on our exports, we are dependent on our manufactured products. So, we are looking to our nearest market that we have in the Russian Federation. They have the same language, the same rules regulating trade and economic development. So it is more clear for Belarusian producers, in the sense of the economic opportunities they may have in the Russia market, rather than elsewhere. We started our independence with a total dependence on the Russian market. I remember some of the figures, for instance, we were dependent on Russia for 80% of manufactured products which went there. In the beginning of the '90s, that was the case. But now we have 40%. Forty-five percent goes to the European Union market, and the rest to other countries of the world, including the United States, China, India, and some other big markets. And I am proud to say that our trade relations with the United States are developing quite well, in spite of the political difficulties we are having, For the last year, we have had half a billion dollars in bilateral trade. That's a very good figure. And we are forwarding to this market textiles, machinery, mineral fertilizers, steel.

EIR: The policy of the Bush Administration, of the Cheney-Rumsfeld policy, has been based on preserving the role of the United States as the world's only superpower. The prime targets of that policy are Russia and China. China, of course, is a growing economy, propelling much of the growth now in Asia; and Russia, which under Putin's leadership has taken

itself out of the very difficult situation it had found itself in, thanks to Yeltsin's capitulation to the "shock therapy" policy, has begun to reassert itself on the world political scene. And you have seen over the last few months, numerous articles about how Russia is becoming less democratic, and the beating of the drums for a possible "color revolution" in Russia.

Do you feel that many of the problems that Belarus is facing might be a part of this new "Great Game" being pursued against Russia, with Belarus maintaining such good relations with Russia and refusing to follow the path of Ukraine and Georgia in joining the campaign against Russia?

Khvostov: We realize that this kind of political approach from the U.S. is also a result of our good relations with the Russian Federation. But we are proud to have good relations with Russia. It is also true, and we understand that this Administration is trying to minimize the role of Russia in our region where Russia had a traditional presence and where Russia objectively has important national-security interests. Of course, we, being a small country, do not have geostrategic interests. But, being a small country, we rely on the United Nations, the organization which provides such small countries with the unique possibility to be equal. So we truly believe that independently of the power any country may have, military, economic, political, or diplomatic, it is only by the decision of the UN Security Council, that war may be declared and started. Only by the decision of the UN Security Council. Not by the decision of the government of any country. So the role of the United Nations, the role of the UN Security Council for Belarus, is very, very important.

And we do recognize that actually the United States is a unique superpower. But being a unique superpower is also a big responsibility. It's a big responsibility before the international community, before friendly countries, as Belarus is toward the United States. We were never hostile to the United States—never! We have never said that the United States is an enemy of Belarus. Not at all. To the contrary: We were very persistent in proposing cooperation, instead of the isolation we were actually facing from this Administration. And I understand that such an independent approach in assessing the role of the United Nations and for developing this vision, this approach, by the government of Belarus, may irritate this Administration.

I cannot speak on behalf of the government of Ukraine, Georgia, or Kyrgyzstan. They have chosen their own path of development. But I cannot agree with this passage from President Bush's speech, where he says that revolutions bring freedom and peace. Any revolution brings chaos and blood. We know that from our own experience. The revolution of 1917, and the period following that: civil war. All the want, and the suffering of the people of Belarus during World War II. We lost, during the last war, 2.2 million people.

So we know what freedom is. And we are free people. And that has been shown during this Presidential election. And I would say that maybe because of the efforts from here

We are free people, and that has been shown during this Presidential election. Maybe because of the efforts from here and the European Union countries against the President, the people of Belarus were actually so explicit in supporting President Lukashenka in the elections. We don't like pressure, and we will never agree that somebody else, and not the people of Belarus, will decide who will be elected.

and the European Union countries against the President, the people of Belarus were actually so explicit in supporting President Lukashenka in the elections. We don't like pressure, and we will never agree that somebody else, and not the people of Belarus, will decide who will be elected.

EIR: You talked about the “shock therapy” policy. Now, in 1989, when the Berlin Wall came down, there was a drive to introduce “shock therapy” into Eastern Europe and the former Soviet Union, in experiments that ended badly for those countries that adopted it. You look at Poland, or Russia under President Yeltsin. It took Russia a long while to recover from the effects of this policy. Belarus, you say, did not adopt those policies. Tell me something about the actual economic policies that Belarus adopted at the time, and what have been the economic consequences of adopting the alternate policies?

Khvostov: Actually, Belarus has been an economic success. And everybody recognizes this. It is recognized by both the World Bank and the International Monetary Fund. And this success is due to the reasonable approach of the President, of the government, to support first the big enterprises, to let them run efficiently, and then, based on the result of the big enterprises' activities, to support the small and medium-sized enterprises, and the development of the services of Belarus. We have developed the internal market, which had not been developed before. And if you take the data from 1990, 1991, and if you take the period of 1994, when President Lukashenka came to power, and compare them to the most recent figures, there are shocking differences. We emerged from the Soviet Union. We cannot be developed based on the liberal approaches to the economy. It will be destructive. That has been shown during a certain period of time in Russia.

It was essential for Belarus to keep the big entities running in order to create the focus for the small and medium-sized industries. Yes, you may say that Poland has now shown economic development. But Poland is a member of the European Union and is financed by the European Union.

At this period of time, we need strong leadership. We need strong leadership for the foreign-policy orientation, and for economic development. Any liberal approaches for the eco-

nomics development in our case, in the situation we face, would be destructive. That's my assessment. We are facing difficulties, challenges. During this difficult period of time, we need strong leadership and a responsible approach to the question of political and economic development.

EIR: What are some of the major products produced by Belarusian industry?

Khvostov: We are one of the largest producers in the world, of tractors.

EIR: Not John Deere, I suppose?

Khvostov: No, although it looks like John Deere! But, by the production and sales of tractors, we are keeping 15% of the international market in tractors. It may not be John Deere, but we are very competitive by price, and by quality, which is improving. Belarus is currently one of the biggest producers of tractors: We produce more than all the CIS countries together, including Russia. That's a fact. We also produce what we call heavy dump trucks, like Caterpillar, for the mining industry. We produce different capacities of such vehicles, from 20-ton to 350-ton capacities. And by the production and sales, we're keeping 30% of the international market. And, what is really important: The internal market is very limited, so we are looking for other country markets. We are selling them to China, Latin America, and to the Russian market, of course. We produce a lot of TV sets, refrigerators, clothing, of really good quality. By the way, much of it comes to the United States. You can find some of the products in Lord & Taylor and other trendy stores.

EIR: Perhaps a bit more expensive than in Belarus?

Khvostov: Sometimes more, sometimes less. But always of good quality. We are the number-two country in Europe after Russia in the production of potassium and salt. We produce mineral fertilizers for this market and also for the global market. And it brings a lot of revenue to the national budget. And machine tools of different kinds. From Soviet times, we have 30 enterprises that design and produce machine tools. And of course we have direct routes to the European Union—railways, highways, and pipelines.

EIR: How developed is the transportation system? Belarus is obviously in the center of Europe, and a main route for East-West trade. Is there still a need for further development of the transportation grid to facilitate increased trade?

Khvostov: There's still a lot to be done, especially with the transportation system to the European Union. We have started to discuss how to build the transportation grid for products to and from the European Union. Since we have a different rail gauge, all this changing of rail cars on the frontier with Poland could be made more efficient. Also we have good highways and good air transportation, pipelines going from Russia to the European Union. And I think it is in the interest of the European Union to invest in the transportation infrastructure in Belarus. We realized one project and set up a direct Berlin-to-Moscow highway through Minsk, which is very efficient.

EIR: In conclusion: The U.S. now is threatening some form of sanctions, targeting particularly diplomatic exchanges and travel. What effect do you think these will have? And are you concerned about any escalation by the United States which might impose more drastic economic sanctions? How would these affect Belarus? And how have the Europeans reacted to that?

Khvostov: We have to separate politics and the economics. From the political point of view, yes, there are declarations coming from the European Union and the member countries saying they don't like the political situation, and they won't recognize the government. But I think that is a violation of the provisions of the OSCE documents, which say that there should be no restrictions in cooperation within the European continent. This is important.

There is no fear in Belarus. We have Russia, China, India, Brazil. And from the political point of view, it would be a mistake, a shame, for the European Union not to propose cooperation. From the economic point of view, I would say that the countries of the European Union are also dependent on the products coming from Belarus. Look at that 45% of our production going to the European market. So that there will be an impact on their local economies. We are fully competitive in most of these products, which means there is a market, not only in Europe. There may be problems for Belarus in finding ways to channel this production to other markets, but we will easily do that. The Russian market will take everything we produce, but there is also Brazil and China. And from this point of view, I don't see a serious impact on our economy. On the contrary, I think that such an entity as the European Union should always be trying to find a way to ease the situation, rather than to set fire to the situation. To impose sanctions on travel—this will also be a violation of the norms of the Copenhagen Document, which provides that there should be no restrictions of travel from one country to another in Europe. But we are not frightened by this situation. Besides, the world is not so small!

Voters Lash 'Orange' President in Ukraine

by Rachel Douglas

"The opposition had nothing to offer anybody," was the comment I heard from one after another Belarusian acquaintance, in the wake of that country's election, with its failed, Western-backed attempt to stage yet another "color revolution" in Eastern Europe. One week later, on March 26, the Our Ukraine party of President Victor Yushchenko—the former opposition leader who was victorious in the Orange Revolution just 15 months before—failed miserably in Parliamentary elections. It turned out that he hadn't had anything to offer, either.

What happens in the economy matters to people in Ukraine, which suffered shock after shock during the 1990s, as industries shut down, workers fled abroad in search of jobs, leaving 1 million unemployed still in the country, and people's savings were wiped out by currency devaluations. The economic highlights of 2005 were: consumer price inflation running close to 15%, a surge in gasoline prices in the Spring, the natural gas price dispute with Russia's Gazprom at year's end (as the Russians pushed to impose world market prices), and the sale of one of the country's largest steel plants to the globalist Mittal empire.

Yushchenko boasted about his success in obtaining \$4.8 billion from Mittal in this reprivatization of Kryvorizhstal. His government had cancelled its first sale as having been underpriced and based on corruption. But the question of how to spend the proceeds was quickly swamped in factional squabbles, while the President's political opponents could argue with justification: "Mittal is going to shift the plant to using coal from mines Mittal owns in Kazakstan, double the amount of Ukrainian iron ore being exported to its plants in other countries, and reduce the product range to a handful of the cheapest products, which will be used as semimanufactures at Mittal Steel plants elsewhere. Thus 20% of Ukraine's own metal is simply being expropriated, and our domestic machine-building and construction industries will have to re-import essentially our own metal at the relevant prices."

Throughout it all, Yushchenko, a farm-sector accountant and banker, stuck to his posture that the way to a better life for Ukraine was to join the World Trade Organization and the European Union—the same European Union whose Maas-tricht basic documents require the free trade practices that are ravaging member countries. "Our place is in the European Union and my goal is 'Ukraine in United Europe,'" proclaimed Yushchenko in his inaugural speech in 2005.

A few days later, in Davos, Switzerland, at the World

Economic Forum, Yushchenko said his fervent hope was “to meet all the requirements necessary for joining the WTO by November.” That didn’t happen. In July, fistfights broke out in the Supreme Rada (Parliament) over some of the laws required for WTO accession. The goal remains on Ukraine’s agenda. Yushchenko fought all year to achieve recognition by the EU (announced in December 2005) and the United States (February 2006) of Ukraine as “a market economy.”

In the March 26 election, as one of Yushchenko’s aides eloquently put it, “the result received by the Our Ukraine bloc was connected, in part, with the low level of popularity of the party in power.” That result was 13.94%, as against Yushchenko’s 39% in the first round of the 2004 Presidential election, and the 52% with which he was elected in the repeat running of the second round, during the “orange” insurgency.

Four other parties will enter the Supreme Rada, the highest vote-getter being the Party of Regions (32.12%), led by the man Yushchenko defeated in 2004, ex-Premier Victor Yanukovich. The Bloc of Yulia Tymoshenko, co-figurehead of the orange revolution, got 22.27%, the Socialist Party (Alexander Moroz)—5.67%, and the Communist Party (Pyotr Symonenko)—3.66%. The People’s Opposition bloc of economist Natalia Vitrenko came within a hair’s breadth of the 3% threshold for entry into the Supreme Rada, being credited with 2.93% of the vote. By the end of the week after the vote, Vitrenko, Yushchenko, Tymoshenko, and Speaker of the Supreme Rada, Volodymyr Lytvyn, whose bloc got 2.43%, had all charged that vote fraud took place. The paper ballots are now to be recounted at Central Election Commission headquarters.

Coalition Government?

Negotiations over a new coalition government have started, but any agreement reached will go into effect only after May 10, when the new Supreme Rada convenes. Constitutional changes, forced by the Orange Revolution and effective Jan. 1, 2006, have cut the Ukrainian President’s powers, including those to form a government, and enhanced those of the Parliament.

Yulia Tymoshenko continued the “orange” operation into this election, exploiting her dismissal by Yushchenko from the post of Prime Minister on Sept. 8. They had clashed since early 2005. Where Yushchenko was prepared to reconsider about 30 major privatizations, Tymoshenko wanted to review 3,000 of them with an eye towards cancellation and resale. When gasoline prices spiked last Spring, Tymoshenko slapped a cap on them, which Yushchenko lifted a month later. Thus Tymoshenko, who has a shady business background, and who last year was captured on tape talking about Ukrainian voters as “biomass,” cast herself as a populist. Having been out of office during the natural gas price showdown with Gazprom, she campaigned on promises to cancel the agreement.

Tymoshenko had expert image-makers, keeping her

Ukrainian peasant hairdo, but switching the “orange” motif for a red heart, styled as if hastily drawn with lipstick on a white background, and captioned “Vote Yulia’s Bloc.” Even with only 22% of the total vote, Tymoshenko came in first in 14 out of Ukraine’s 24 regions. Yanukovich won decisively in the eastern and southern areas.

On March 28 Yushchenko held separate talks with Yanukovich, Tymoshenko, and Moroz. Socialist Party leader Moroz is circulating a memorandum as the basis for a coalition government, in which one noteworthy point is dropping the intention to enter NATO. His party is a potential partner in a new, sure-to-fail “orange” coalition with Yushchenko and Tymoshenko. As for a possible coalition, Foreign Minister Boris Tarasyuk of the Our Ukraine-Party of Regions (who took the point in a nasty clash with Russia over Black Sea Fleet facilities in Crimea in January 2006, on the heels of the natural gas price wars), revealed that Yushchenko had laid out three conditions to Yanukovich for coalition talks: Drop Yanukovich’s advocacy of “soft federalism,” i.e., some disconnection between the way the east and west of Ukraine are governed; stop demanding that Russian have the status of an official language alongside Ukrainian; and reorient from Russia towards the European Union.

Taras Chornovil, a member of the Party of Regions executive committee, said March 28 that one of the options for Yanukovich’s party is “to go into opposition and wait for an ‘orange’ coalition to be destroyed from within. Then we’ll be able to dictate our terms in the creation of a new coalition.” Chornovil said that “the best coalition would be a left center one, but that is unlikely to happen. If Lytvyn’s bloc had entered the Supreme Rada, we would have had a chance to form a government with them and the Communists.” Chornovil expressed skepticism about the Our Ukraine-Party of Regions scenario, commenting that grand coalitions have an unimpressive history in various countries, including Germany.

Asked what positions the Party of Regions would seek in any coalition government, Chornovil said, “We are prepared to assume responsibility for the entire economic policy area. Given a completely free hand, we would be able to get the economic situation out of the crisis.” Party of Regions candidates frequently mentioned their Strategy for the Economic Development of Ukraine, although its content was not widely known to voters. It is far from impressive, especially insofar as it pays lip-service to the achievement of a “post-industrial” economy as an end goal. But it rightly stresses Ukraine’s skilled labor and scientific capabilities as the country’s greatest strength, recognizes that repairing rail systems and other infrastructure is important, and advocates government action to promote basic science, technological experimentation, and incentives for domestic manufacturing, including the aerospace sector. In a setting where the failure of globalization will force changes in the economic policies of other major nations, it is an outlook that could lead to something viable for Ukraine.

Defend Germany Against Globalized Fascism!

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche is the chairwoman of the Civil Rights Movement Solidarity (BüSo) in Germany. She issued the statement excerpted here on March 24; it has been translated from German.

Germany today is facing an explosion: Hospital doctors are striking for a 30% pay increase; primary care doctors are afraid of losing 30% of their practice; public service employees launch a lengthy protest; civil servants and even police are joining in. A metal workers strike is looming. The massive attack on living standards of the long-term unemployed and pensioners is getting worse. In many cities, there is unrest because of the unprecedented wave of privatization and the takeover by the [financial] “locusts.” . . .

In France, one can see the agony of a dying system.

Does the Berlin government really believe, that the spark from France could not jump over to Germany? For while [French Prime Minister] de Villepin wants to eliminate job security “only” for youth, the [Berlin] coalition agreement envisions the abolition of job security protection in the first two years for *all* employees. This would leave about 8 million people who have been newly hired over the past year, and 27 million employees in total, mostly without rights. Apparently nobody in the CDU/CSU [Christian Democratic Union/Christian Social Union] who is dealing with issues of job security in the negotiations within Germany’s ruling coalition, is taking the news from France into consideration.

To be sure, most doctors are overworked and underpaid, and it is the patients who end up suffering on this account. But the doctors are not fundamentally questioning [Federal Minister of Health and Social Security] Ulla Schmidt’s brutal health reform, but are only trying to improve their own position within the system. To be sure, the dismantling of the public service sector has consequences for the common good—and not only for the removal of dead birds, which have succumbed to bird flu. To be sure, most workers have for a long time been confronted with falling real wages, while the management of many banks and businesses pockets millions. And certainly, the cut in pensions is a crime against the elderly, who have built up Germany and have paid into their pension funds over decades.

And to be sure, privatization leads, almost always, to a

brutal attack against the living standards of those affected.

But, as long as the affected groups only raise “their” issues and “their” demands, all the protests will, in the best case, have only a very limited and short-term effect, and in the worst case, will dissolve into general chaos. Thus, as long as the protesters don’t address the fundamental question of *why*, in Germany and worldwide, the bottom is now falling out of the system, they will achieve absolutely nothing. It is not a question of individual problems, but rather *the entire system*.

Who Is the Enemy?

The so-called “globalization” system is the problem. The paradigm-shift that for about 40 years has been leading us farther and farther away from a society of producers, oriented toward scientific and technological progress, and instead to speculation and a money economy, has reached its end. The budget- and trade-deficits and the debts of many countries, but especially of the U.S.A., cannot be paid. With the end of the zero-interest-rate policy in Japan, and thereby of the so-called “carry trade” that is linked to it, one of the most important liquidity-pumps is drying up. . . .

In the U.S.A., which is equally threatened as a nation by this predator capitalism, there is at the present time a massive resistance growing against these neo-cons: in the traditional military, since the Iraq War is turning out to be the greatest strategic catastrophe in the history of the United States; among traditional Republicans, since they don’t want to go down with Bush and Cheney and the neo-cons; and among Democrats, because most have understood that America will only survive, on the basis of Lyndon LaRouche’s proposal for a nonpartisan coalition of Democrats and Republicans, returning to the policies of Franklin D. Roosevelt and his New Deal, with which Roosevelt, during the 1930s, was able to overcome the Depression.

We need in Germany a new “Atlantic Alliance” with the real America, the opposition to the neo-cons. We need a patriotic movement, which will prevent Germany from being plundered by the representatives of predator capitalism. This means that we must regain sovereignty over our own currency, which now lies with the private European Central Bank (ECB). And we need about 200 billion euros per year, or 400 billion deutschemarks, of credit creation, in order to create a total of 10 million new productive jobs. Then the tax coffers will be full again, the unsocial health reform can be repealed, doctors can be better paid, the 1.2 million employees in public service who have been fired since 1990 could be rehired, and the well-deserved pensions can again be paid. . . .

Support the BüSo, and not the politicians who have done nothing lately but defend the system just described, whether they are in the Grand Coalition, or a black-yellow, red-green, or red-red coalition. Because only the most stupid calves will choose their own butchers!

Join us! Germany must be defended!

Berlin Conference Puts on the Table A Bold New Proposal for Iran

by Muriel Mirak-Weissbach

As became clear in the course of a conference held in Berlin on March 27-28, which brought together various sides of the conflict, relatively straightforward alternatives do exist, to the threats of military aggression against Iran voiced by the neo-conservatives around Tony Blair, Dick Cheney, John Bolton and company.

The conference, organized by the Peace Research Institute Frankfurt, addressed “The Nuclearization of the Broader Middle East as a Challenge for Transatlantic Policy Coordination.” Along with representatives of leading U.S. think-tanks, like the Center for Strategic and International Studies and RAND, and academics from Europe, a high-level Iranian delegation participated, as did two Israeli analysts. Political representatives of all the parties in the German Parliament summarized their positions on the issue, and diplomats from Egypt, Germany, and the United States wound up the discussions with their recommendations and warnings. A particularly important contribution was made by Dr. Tim Guldemann, the former Swiss Ambassador to Iran, who presented the International Crisis Group’s (ICG) concrete proposal for solving the conflict, a proposal endorsed at the conference by Zbigniew Brzezinski, U.S. National Security Advisor under President Jimmy Carter.

One problem besetting the discussions was the assumption that Iran has nuclear weapons, or is fast on its way to having them. Speaker after speaker presented diagrams and aerial photographs of Iran’s nuclear installations, at Arak and Natanz, for example, accompanied by maps showing the range of Iran’s missiles. One Israeli speaker warned that, were Iran to attain a missile with a range of 4,000 km, it could even hit London.

Though such a degree of uncertainty exists regarding what Iran actually possesses, the consensus among the think-tankers was that the danger exists, and that Iran must be forced to give up its uranium-enrichment program, on grounds it could one day lead to a weapons capability.

U.S. Military Options

Sam Gardiner, a retired U.S. Air Force colonel, delivered a reality shock to the conference, by arguing the case, that the United States “is very close to being left with only the military

option.” Gardiner listed seven assumptions embraced by those who make such decisions, about Iran, including: that it is developing WMD, supports terrorism, is active in Iraq and Afghanistan; and furthermore, that sanctions won’t work, and that the Iranians want regime change. Gardiner went on to present pressures on the U.S. Administration to go for a military strike, including the incomplete intelligence estimates, the deteriorating Iraq situation, and so forth, all of which fuel the drive to act sooner rather than waiting. The scenario he presented, saw the United States moving in the United Nations Security Council for sanctions, merely “to convince the world that the United States has tried diplomatic solutions.” After this, the United States would come up with some “smoking gun,” and move to a military operation. It was not the specific military options he outlined which shocked his listeners, but the fact that he quite confidently stated that, “The evidence is pretty strong that the U.S. policy makers have already picked the military option.”

As for consultations with allies, he was as blunt: “The new relationship with the German government is nice, but the U.S. military will not share its plans with the Germans. Plans for military options will not even be shared with the State Department,” he said. In remarks to *EIR*, Colonel Gardiner said he believes that there are people in the State Department who are serious about negotiations with Iran, over Iraq, but that more decisive are statements by U.S. Ambassador to Iraq Zalmay Khalilzad, accusing Iran of meddling there, and accusations by Secretary of State Condoleezza Rice, charging Iran with being the “central banker of terrorism.” Such statements, bolstered by new “revelations” of Iran-al-Qaeda links, are all part of the propaganda push to prepare for war.

Another retired military officer, Gen. Hermann Hagen, treated the military option seriously, outlining likely military and economic consequences. Michael Eisenstadt of the Washington Institute for Near East Policy, said he could “not rule out” the military option.

Iran’s Stance

The Iranian position, outlined by Deputy Foreign Minister Dr. Manouchehr Mohammadi, Ambassador Dr. Ali Asghar Soltanieh, Permanent Representative to the International

Atomic Energy Agency in Vienna, and Ambassador Dr. Seyyed Mohammad Kazem Sajjadpour, deputy head of the Permanent Mission of the Islamic Republic to the UN in Geneva, was unequivocal: The country will *not* give up its right to the entire nuclear-fuel cycle, including enrichment of uranium. Not only because the NPT (Non-Proliferation Treaty), which Iran has signed, allows this, but also because Iran does not want to be dependent on outside sources for nuclear fuel. The nuclear program has been there for almost 50 years, and there is no way it will be dismantled.

Dr. Sajjadpour contrasted the ambiguous depictions of a nuclear threat, as presented in the various maps, charts, to the reality of pressures on Iran, going back in time, and Dr. Soltanieh urged participants to exploit the presence of the Iranians, to clarify doubts, and get the real picture. There is an “awareness gap,” whereby those outside the region do not understand its realities.

What will happen in the region, if the military option is implemented against Iran, emerged in dramatic form from the speech delivered by Dr. Mohammadi. His analysis stressed that the “crisis and security challenges” of the region derive mainly from the interferences of “trans-regional powers,” especially the United States. In his view, the “lack of understanding, or misunderstanding, of the realities of this region,” on the part of outside powers, had led them to oversimplify, and in a “reductionist” manner, to view matters solely from the standpoint of security.

Due to these considerations, Dr. Mohammadi said, the region was being pushed toward what he called “permanent war:” “As a person who speaks to you from this region, my feeling and impression is that one more serious miscalculation can throw the region deep into the uncharted territories of a ‘permanent war,’ a situation that no one stands to gain.” Therefore, he urged outside powers to strive to gain a better understanding of the region and accept its realities, while leaving the regional actors to deal with their problems themselves.

A Bold Proposal

How to break the deadlock between the two apparently irreconcilable positions?

Dr. Guldemann, the former Swiss Ambassador to Tehran, presented an intriguing approach, worked out by the International Crisis Group. Starting from the assertion that currently there is no flexibility on either side regarding enrichment, and no mutual trust, the February 2006 ICG study sees little probability that the “best option,” i.e., stopping enrichment, is possible. If, in response to this fact, sanctions were to be imposed, or a military option implemented, it would lead to “total disaster.” Therefore, the ICG proposes a second-best solution: in the first phase, lasting two-three years, Iran would suspend its enrichment activities until the IAEA were able to clarify all open questions. Iran would also suspend plutonium activities, and its Parliament would ratify the additional proto-

col to the NPT which the government had signed, allowing for invasive inspections. Iran would benefit from enhanced trade cooperation also for its civilian nuclear program. After the IAEA had completed its work, in this phase, it would continue in a second phase, to ensure that no undeclared nuclear activities were being conducted. Iran would be allowed a low-enrichment scheme with a certain number of centrifuges. The low-enrichment uranium produced would be delivered to the Bushehr plant as fuel rods, and intrusive inspections would protect against possible diversion.

The key to success of this option, Dr. Guldemann stressed, lies in Washington: If the United States accepts a cooperative approach, then Tehran’s attitude may change as well. (See interview below.)

Dr. Guldemann’s proposal provoked a stream of objections. One speaker doubted the “practicality and effectiveness” of the ICG approach; another exclaimed this constituted “betrayal” of Israel, and demanded Iran be forced to recognize Israel as a precondition for any talks; another recalled the case of Brazil, which had moved towards a military program; another blurted out that “the second-best option is the worst,” and so on.

Thus, it came as a shock that none other than Zbigniew Brzezinski, the featured speaker in the evening session, should endorse the ICG proposal. For Brzezinski, the danger of an Iranian military program lay in the prospect that others in the region would imitate it, thus proliferating nuclear weapons. But he stated bluntly that Iranian possession of nuclear weapons would constitute no threat to the United States, which could respond with its deterrent; and Israel, a nuclear power with a huge arsenal, would retaliate. Considering that Iran is surrounded by four nuclear-armed neighbors, he said, one could expect Iran to get such weapons in the future.

To solve the problem, Brzezinski proposed that the United States move from a position of a “quasi-negotiating process”—whereby it is talking to the EU3, which in turn talks to Iran, etc.—to a real negotiating process, emulating the six-party talks on North Korea, with direct U.S. participation. A precedent can be found in the Bonn talks on Afghanistan, in which Iran played a positive role.

The mere notion that a military option is on the table, Brzezinski characterized as “counterproductive” and an impediment to serious negotiations, unless one really wants the military option. Better, he summed up, to delay any Iranian military program, if it cannot be prevented.

The former Carter Administration official also located the Iran crisis in a broader context, which he said should be addressed simultaneously. First, the Palestinian-Israeli conflict, where the United States, to show its commitment, must activate the peace process. He called for the United States and the EU to codify in a single statement the key elements for an agreement.

At the same time, he urged resolution of the Iraq crisis, referencing his own four-point plan for disengagement. Re-

ferring to President Bush's recent statement, that the Iraq crisis would be resolved by his successor, Brzezinski said that the Administration is privately discussing disengagement in Washington; they do not disagree, he said, but they have to find a way of calling it "victory."

In sum, the ICG approach should be adopted, in tandem with reactivating the peace process and disengaging from Iraq. In answer to questions about the ICG, Brzezinski announced he was a member of the board. Queried on the military option, again he said it would be a disaster, and one should consider how much one is willing to pay. The military option is "serious," he quipped, in the minds of those who propose it, but, "are they serious minds?"

The Berlin conference was not the venue for negotiations. Speakers presented their views as personal, not official. All were "participants," not "representatives." Such a format, in fact, is what made it possible for such a vast and frank exchange of views to occur. Although there were no statements of commitment for the ICG approach, there were indications, on the Iranian side, that the offer is appealing.

If there were a desire, on the part of the current administration in Washington, and its London cohorts, to solve the ostensible "Iran crisis" politically, peacefully, and diplomatically, the ICG has provided an initial draft of how they might proceed.

Interview: Dr. Tim Guldimann

The ICG Proposal for Negotiation With Iran

Dr. Guldimann is the former Swiss Ambassador to Iran. He presented the International Crisis Group's (ICG) proposal for solving the conflict, at the Berlin conference of the Peace Research Institute Frankfurt. Muriel Mirak-Weissbach interviewed him on March 28.

EIR: Dr. Guldimann, where did the International Crisis Group initiative come from?

Guldimann: There was a discussion in which I participated in an American NGO, working together with leading American nuclear scientists. We had discussions with Iranians, and there, given the clear position on the Iranian side not to give up the enrichment, the question was: Is there any way out, where something could be done under clear conditions, which could allow us to accept such an approach, that the Iranians would have any kind of enrichment? The idea of a limited

enrichment scheme under very severe inspections and collateral conditions has been developed. Now, from there, I was in contact with the ICG, with Gareth Evans, and I suggested that the Crisis Group should work on this issue, because this was last Summer, and I was assured that this was going to be a major international issue about which the ICG should do something. They asked me to participate, and we started. There was also Bruno Pello, the former deputy to [IAEA Director General Mohammad] ElBaradei, Dr. Seyyed Mohammad Kazem Sajjadpour, [deputy head of the Permanent Mission of the Islamic Republic to the UN in Geneva], and of course, Gareth Evans participated in the final discussion, very substantially so.

EIR: I find it very exciting, because it's a new alternative, it is rational, it's in accordance with the IAEA and NPT, and it is not punitive. What do you think the Iranian response will be?

Guldimann: First of all, I want to stress that we say the best solution is the zero option—no enrichment—and we have to insist on this. I think all endeavors to achieve this have to be pushed. We think it is premature to say that is hopeless, and we support all that can be done to achieve this. What we have formulated is a perspective in case this does not work. The chances have to be exhausted, of course, although they're not very big.

In view of this perspective, we have called this a fallback position, which is the second-best compared to the worst-case scenario of confrontation. That is the setting in which we present this proposal.

EIR: Your view is to take a series of small, but real steps, instead of presenting maximalist demands, like stopping all enrichment. Now, the demand for recognition of Israel came up several times at this conference. Do you see this as relevant?

Guldimann: It's absolutely relevant, because we think that the threats presented by President Ahmadinejad were very negative in the context of these negotiations, and everything is linked with every other. However, we did not enter this explicitly. We think a major condition for any success for a negotiated solution of the problem can only be achieved by a far more active engagement by the U.S. Engagement by the U.S., of course, brings these issues on the table. And we could not imagine that that aspect would *not* sooner or later come up.

My personal position on this, of course, is: We have to see that to put it at the beginning, might be somewhat difficult. But I would not exclude that, if something is happening, we see a very, very small starting point in Iraq with these talks between [U.S. Ambassador to Iraq Zalmay] Khalilzad and the Iranians. If this is gaining some pace, definitely the issue of Israel has to come on the table. And, the Iranians are not



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Dr. Tim Guldemann (right) with Iranian Foreign Minister Dr. Kamal Kharrazi, at the end of Guldemann's posting as Swiss Ambassador to Tehran, in 2004.

EIR: Mr. Brzezinski last night, when he was asked about the ICG report, said that he endorsed it, because he is a member of the board of the ICG. He's also a member of the policy-making circles—

Guldemann: —the Establishment.

EIR: —the Establishment, yes, in the U.S. Does his association with this mean that there is a push from certain Establishment circles for a shift in U.S. policy?

Guldemann: I think it is not so much a question of this proposal. It's a question of looking at Iran: Accept the fact that it's a regional power; accept the fact that there is a development that has to be taken seriously, because it is dangerous; and be realistic about what could be done to get it under control. We consider this proposal as a contribution to a general discussion. We don't say that it has to be, that it is the solution—for God's sake, no. It can be anywhere. I just hope that there is a solution.

EIR: Because you said that a military solution would be a total disaster.

Guldemann: That's my present conviction.

Just on the nuclear issue, my assessment—we don't have it in the report—but my personal assessment is that we have to make the distinction between the will of having the military option on the Iranian side—well, we have to see what it means. It has been said that that means they would be pregnant, and one can't be a little bit pregnant. I think they are already pregnant, but the question is, what does the baby look like? And if we accept a capability—they have it in a way, they want to work on that—we have to see under what conditions they can be, let's say, taken into an agreement, on such conditions that we have it under control. That is what we have to work on, and that is what the discussion is about.

stupid. They know, in the end, they have to be realistic. But, they're also *bazaaris*. And that is something we do not understand, that such a fundamental, absolutely clear issue, such as, just to look at the world map and to accept the realities, such as the existence of Israel, is not something we can negotiate on—but, well, we have to deal with the *bazaaris* attitude, that's also a fact.

EIR: What is your view of the U.S. attitude now? Is it monolithic? Is there a clear line in the government? Has your report been considered in any official way by the government, the State Department, or the Congress? Would you present it to the Congress?

Guldemann: I don't know. The only perception I have is, it's open. And everything should be done to keep it open, and to see what a constructive role could be played. What we see, and that has been said at this conference in Berlin over the last two days, is that the U.S. position moved from a very skeptical, to a very supportive attitude toward the EU approach. And this in itself is a move. We also see the move that, two years ago, the U.S. was clearly against any kind of nuclear activity in Iran. The current position of the U.S. Administration is to say, okay, peaceful use of nuclear energy, no problem. We should be optimistic about a possibility of flexibility, and I think it's open. So all has to be done to move it in this direction.

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Iran's Position on Nuclear Controversy

H.E. Ambassador Dr. Ali Soltanieh is the permanent representative of the Islamic Republic of Iran to the International Atomic Energy Agency (IAEA), in Vienna. Muriel Mirak Weissbach interviewed him at the Berlin conference of the Peace Research Institute Frankfurt on March 28.

EIR: Your Excellency, the focus of the conference here in Berlin has been on the nuclear issue. My magazine *EIR* and the LaRouche movement it represents, believe that the nuclear issue has nothing to do with the conflict, and that it is being used as a pretext for a policy of what Deputy Minister Mohammadi called “permanent war.” We believe this fact has to be put on the table. What is your view?

Soltanieh: I have to agree with you that, for the last 30 years, almost, there have been on different occasions, different issues that have been raised as pretexts to put pressure on Iran. The U.S. has a hidden—or it has even announced it—an agenda of regime change, but they are looking to convince others, like the Europeans, to join. The Europeans should be aware of the fact, and be careful that they are not dragged into a situation where I’m sure the European friends will not have the same opinion.

Therefore, we expect the Europeans to be careful about the fact that, regarding the nuclear issue, though both sides were not fully satisfied, we have been negotiating for three years. Iran gave a positive response, by suspending for three years all enrichment activities. Iran accepted, and was the only country implementing an additional protocol, prior to ratification in Parliament. We were responding positively to the good intentions of our European friends.

Now these achievements have been taken hostage by the American unilateral policy. Therefore, there is expectation that now the European friends be careful that the multilateral diplomacy not be weakened more. The IAEA and its secretary general, who have won the Nobel Peace Prize, should not be further weakened. This issue, calling the UN Security Council to “reinforce” the authority of the IAEA, is misleading the attention of the international community away from the fact that when it goes to the Security Council, it means the dimensions of these purely technical matters will be changed into security matters, and the other items of the U.S. agenda will be highlighted. And now the U.S. is running the show and the Europeans have almost nothing to say there.



D. Calma/IAEA

Ambassador Soltanieh: “We cannot compromise on our inalienable right to the peaceful use of nuclear energy.”

EIR: So you propose to return to the IAEA as the proper forum?

Soltanieh: I am proposing it, and I expect that our European friends will spare no effort to put this back on the right track, namely to the IAEA. And Iran assures that we will fully cooperate with the IAEA and also with European friends, to negotiate the ways and means whereby the whole international community will be assured that our nuclear activities will be exclusively for peaceful purposes.

The only thing is, we cannot compromise on our inalienable right to the peaceful use of nuclear energy. We don’t want the others to come and say that they are “recognizing” this right. The right is already envisaged in the NPT. The only thing is to apply this right, under international surveillance, of course.

EIR: A proposal by the International Crisis Group was presented here. Do you think this could be the basis for making progress?

Soltanieh: As long as Iran’s rights to enrichment and application of its right to enrichment are not excluded, initiatives are welcome. As our President said, at the UN General Assembly, any initiative for enrichment would be welcome and would be studied. For example, the Russian proposal: We said, in principle we agree. Of course, there are various dimensions, legal, technical, and financial dimensions that have to be thoroughly studied. Of course we understand, it shows a good intention on the part of the ICG; they are trying to find perhaps a solution in this crisis. But, of course, there are many things that have to be studied carefully, in this respect.

The only thing is, the issue of R&D for enrichment, is irreversible, because we paid a heavy price for it, and we cannot deprive our scientists of it. But, as I said, if the issue is back on the right track, in the IAEA, things would be different and we can discuss it, excluding the issue of R&D, which should be continued, as I said, under IAEA surveillance.

Netanyahu Smashed: It's The Economy, Stupid!

by Dean Andromidas

After a crushing defeat in the Israeli elections on March 28, the knives are out for Benjamin "Bibi" Netanyahu. Bibi, who is the darling of Vice President Dick Cheney and his synarchist controller George Shultz, led the Likud, a party that had been in power for most of the last three decades, into political oblivion. With Netanyahu's downfall, plans by Cheney and Shultz for a major Israeli role in a new Middle East war, with an attack on Syria, or Iran, have been shelved, for the time being.

It was not his extremist political policies that brought down Netanyahu, whose Likud won only 11 seats in the 120-seat Knesset, but the massive suffering that his radical free-market policies, as Finance Minister until August 2005, caused the vast majority of the Israeli population. Their electoral impact was felt throughout the political spectrum. These are the policies for which Bibi has been the Israeli front man for the last two decades on behalf of George Shultz and the synarchist financial interest he represents.

"More than the victory of any one party or another," wrote Ruth Sinai, social affairs commentator for the Israeli daily *Ha'aretz*, "Tuesday's election results were above all a victory for the civic, social welfare agenda that interests voters more than security and foreign policy measures in their daily lives."

The Kadima Party, founded by Ariel Sharon, who has been in a coma following a massive stroke in January, almost threw the elections. Although Kadima formally "won," with 28 seats in the Knesset, it did not become the "super party" that the manipulated pre-election polls and media spin doctors were predicting.

But here again, the electorate had not forgotten that, in the last Sharon-led government, Kadima Party chairman Ehud Olmert had been a full partner in implementing Netanyahu's so-called reforms. Nor did the electorate quite believe in the credibility of Kadima's slogan that it would "unilaterally establish the borders of Israel," which would require not only Palestinian partners, but international recognition.

Opposite the Kadima Party stands the "Social Bloc," of the Labor Party, led by former Histadrut Labor Federation chairman Amir Peretz, which won 20 seats; the Shas Party, which is representative of the Sephardic Orthodox sector of Israeli society, which won 13 seats; and the new Pensioners Party, with its 7 seats. These three parties, if united on a

common platform, would form a block of 40 seats, that would be capable of dictating terms that could overthrow Bibi's reforms, in a bid to become coalition partners with Kadima in the next government.

The vote made one thing clear: The majority of the Israeli population not only wants to pull out of the Occupied Territories, but a very large portion of the population wants a fundamental economic change. The question is, whether a government can be formed that will deliver, and if it will have the support of Washington

Bye-Bye Bibi

"Knives already drawn in party that collapsed in the elections" was the first line in an article in the daily *Yediot Aharonot* reporting only a few hours after the catastrophe Bibi brought on the Likud. According to *Yediot Aharonot*, top members of the Likud, including former Cabinet ministers who failed to win seats in the election, are out for blood, and want Netanyahu out of the party. One former minister told Ynet, the daily's website: "Bibi has to go home. It's clear as daylight. We prefer that he would get it and leave on good terms. If not on good terms, than he will have to leave on bad terms. After he caused us such a crash he has no other option." He said the party has to change and Netanyahu is not capable of leading that change: "Bibi cannot not take these steps. It's a bad joke played on the Likud. Every action of his is fake . . . and that's how he conducted himself during the campaign. Everything is bluff to him."

Ruth Sinai wrote in *Ha'aretz* that Bibi's miserable performance in the election was "a clear expression of public disgust for the economic policy championed by the Likud since 2002, the period in which two and a half million Israelis slid below the poverty line."

It was not Sharon who split the party, it was Bibi's brutal economic policies which hurt the mass base of the Likud, which is not in the West Bank settlements, but among the poorer Sephardic population.

"They know they were hurt by them," wrote Sinai, "and were forced to make sacrifices while the wealthy thrived . . . and the money that was saved on their backs paid for tax cuts for the highest earners. . . . The Israeli voter finds it hard to understand why neo-conservative ideas are being imported from the United States and applied to a very different society (and its results in the United States have been disastrous)—a society in which large segments of the Jewish and Muslim populations do not work for reasons connected to religion and tradition, in which there are hundreds of thousands of adult immigrants who lack language skills and in which the income gap between rich and poor is enormous."

Despite the meltdown of the Likud, Netanyahu not only refused to resign as chairman, but reportedly has begun scheming for a merger of the Likud with the National Union/National Religious Party. The latter is the most extreme party in the Knesset. Its leader, Rabbi Benny Elon, calls for the

“transfer” of all Israeli Arabs and Palestinians from the “Land of Israel.” But this drew scorn even from right-wing Likud members who told *Ha’aretz*, “Now, after Bibi has crushed us, we will not allow him to turn us into an extremist right-wing party.”

It is rumored that Netanyahu might return to the furniture business in Philadelphia where Shultz first found him.

A New National Leader Emerges

As readers of *EIR* know, it was Labor Party Chairman Amir Peretz who put the socio-economic issue on the table in these elections. The fact that Labor won 20 seats is widely seen as a major accomplishment which has transformed Peretz from a labor leader to a national political leader, who could very well become Prime Minister in the next elections.

“We had an amazing battle; people working day and night, and did something unbelievable. Yet the work is not over yet, it’s only beginning,” Peretz declared in a speech at Labor Party headquarters.

Labor general secretary Eitan Cabel said, “Amir tonight consolidated his power in the Labor Party. He is the first leader not to lose seats in the elections since Rabin.” And Prof. Avishay Braverman, among the top new Labor Party leaders, said: “This is the beginning of a new road. We placed the socio-economic agenda on the table. A Labor led by Amir Peretz would build a party and a state. I’m not disappointed; regardless of the results, we succeeded. The next few years will see us becoming the largest party in Israel.

The elections have put Peretz into a “position to be a decisive factor in the next government,” a source close to the Labor Party leader told *EIR*. “The press is saying he will be the ‘strongman’ in the government coalition talks.” Although Labor won fewer seats than it had hoped for, the source said, Peretz, in reality, created a new party, a new Social Democratic party. “Like the Likud, Labor split when Shimon Peres left the party and took as many as eight potential mandates [Knesset seats] with him, but unlike Netanyahu, Peretz brought eight new mandates by winning votes in sectors where the Labor Party never had a base,” including the poorer development towns in the periphery and among the Sephardim community. He said it was a “good thing” that Peres left and took the old Labor right-wing base with him. Labor is now a “completely new party, with a new electorate,” a stronger and better party. “Now for the first time in 30 years, Israel has a true Social Democratic party.”

Over the coming weeks, there will be a lot of hard bargain-



Antônio Milena/ABrSP

The majority of the Israeli population wants a pullout from the Occupied Territories and a fundamental economic change. Will Kadima’s Ehud Olmert now lead the way? Here, Olmert in Brazil as Israel’s Minister of Trade.

ing, as Kadima tries to put a new government together. Peretz has already reached out to form a “social bloc” with other like-minded parties, with which to enter coalition negotiations. He has made contact with the Shas Party, the Pensioners Party, and the pro-peace Meretz party. In the case of Meretz, which won only four Knesset seats, there is a discussion that they could merge with Labor. Such a bloc would have a powerful influence in a government.

Dirty Rafi Becomes a Pensioner

Winning no less than seven seats, the newly created Pensioners Party captured not only the vote of Israel’s pensioners, who have suffered badly under Netanyahu’s reforms, but also the protest vote of many of the younger voters. The party is led by the 80-year-old ex-Mossad agent Rafi Eitan. Better known as “Dirty Rafi,” he had been a long-time crony of Ariel Sharon, with whom he cooperated in everything from shady land deals in the West Bank to weapons deals in Latin America. He was also the controller of the notorious “terror against terror” Israeli hit teams against Palestinians living abroad, and controller of Jonathan Pollard, the American convicted for spying for Israel. For two decades, the U.S. authorities, who have named him an “unindictable co-conspirator,” have wanted to question him in the Pollard case. A group of Pollard sympathizers, who claim that Eitan betrayed Pollard, stormed the party’s headquarters on election night.

While Eitan refused to reveal what his positions are on political and security issues, ahead of coalition talks, his deputy, the 78-year-old Yaakov Ben Yizri, was more open: The party intends to reverse the pension reforms implemented by Netanyahu.

“The Pensioners Party will waste no time in repairing the

greatest damage ever inflicted on Israeli pensioners,” Ben Yizri, who is a former Labor Party trade unionist, told *Ha’aretz*, “We will abolish Netanyahu’s edicts.” He said pensions have gone down by 35% in the last decade and now stand on the average of \$300 to \$500 a month. “Who can live on that?” he asked.

Meanwhile, Bibi’s collapse has opened the way for the fascist Avigdor Lieberman, chairman of the Yisrael Beiteinu Party, whose base is in the Russian community, to lead the opposition in the next Knesset. Having won 12 seats, Beiteinu is now the fourth-largest party in Israel. Lieberman was the chief of staff of Netanyahu’s office when the latter was Prime Minister in the 1990s. A notorious racist, he campaigned on the program of transferring Israel’s own Arab citizens to the Palestinian National Authority as part of a negotiated settlement.

Hope for Peace?

On election night, Kadima chairman Ehud Olmert made an overture to Palestinian President Abu Mazen, declaring, “We are ready to compromise, to give up part of the beloved land of Israel and evacuate—under great pain—Jews living there, in order to create the conditions that will enable you to fulfill your dream and live alongside us.”

In response, Nabil Abu Rdeneh, an aide to the Palestinian President, said he is ready to open negotiations: “We’re ready to go into direct and immediate negotiations to implement the road map if the Israeli government is ready, We hope to see an Israeli government ready to implement the road map.”

Palestinian Prime Minister and leader of Hamas, Ismail Haniyah, said, “Let’s see how things will develop in the future. At the moment, what is declared is a unilateral separation plan from Olmert. This plan is rejected by the Palestinian people. Our interest is that any party which rules in the occupation state should be brave [enough] to recognize the rights of our people in establishing their full sovereign state, with Jerusalem as its capital, and to free male and female prisoners in their jails, and to recognize the right of return.”

Haniyah also said he would support Palestinian President Abu Mazen if the latter began negotiations: “If the Authority chairman, as the elected President, wants to get the negotiations moving, we have no objection to that. If what Abu Mazen presents to the people as a result of negotiations serves its interest, then we too will redefine our position.”

As of yet there is no hint that negotiations will begin in the near future. Olmert, whose party is already right-wing, is very capable of moving to the far right, even forming a government without the Labor Party, that might be quite open to one of Dick Cheney’s new adventures. The Bush Administration continues to refuse any contact with the Palestinian government led by Hamas, which it still considers to be a “terrorist organization.” The real issue is, that as long as Cheney is in the White House, it is highly unlikely that peace will break out in the Middle East.

Russia, India, China Seek ‘Mechanism’ for Trilateral Cooperation

by Ramtanu Maitra

Russian President Vladimir Putin’s visit to China March 21-22 put a slew of strategic issues on the table for discussion and made it evident that the leaders in Moscow, Beijing, and New Delhi are moving forward to assert themselves in a multi-polar world.

Perhaps the most important issue discussed appeared in the joint statement issued by President Hu Jintao and President Putin on March 22. It said: “The two sides favor an early establishment of a mechanism of trilateral cooperation in the Russia-China-India format in the belief that this will contribute to a fuller realization of their potentials for economic development and will strengthen international efforts to stand up to new threats and challenges.”

While he explained to the media the underlined importance of this paragraph, Chinese Foreign Ministry spokesman Qin Gang noted that India, China, and Russia are big countries, sharing much common interest in safeguarding regional security, stability, and development. Qin also pointed out that the trilateral meetings at the Foreign Minister level for the three nations have been taking place regularly. The last meeting of these Foreign Ministers was held in June 2005 in the Russian city of Vladivostok

Interestingly, during President Putin’s state visit to India last year, Russia and India had issued a joint statement in which trilateral cooperation among India, Russia, and China was mentioned as a “useful” mechanism in promoting understanding among the three nations. It is likely now that because of the enhanced crises the world over, Moscow, Beijing, and New Delhi could be pushing for an “early establishment of a mechanism for trilateral cooperation.”

Just such a “strategic triangle” was proposed by Lyndon LaRouche in 1998. But the “free market” maneuvering of the neo-cons, with its promotion of bilateral deals, delayed such a strategic triangle until now.

Energy Cooperation

One of the immediate developments expected to emerge out of the new trilateral mechanism, is closer cooperation in the energy sector. Although both India and China are short of oil and gas, and do not possess the capability to establish commercial nuclear power plants at the desired speed and level, Russia has a surplus in all three areas.



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The nuclear power plant at Kudankulam, India. Russia has supplied two 1,000-megawatt reactors for the facility, which is located in the state of Tamil Nadu. Nuclear power is a flourishing area of Indian-Russian cooperation.

The importance of energy in trilateral relations became evident during President Putin's visit to Beijing. There, Putin pledged to build two natural gas pipelines to China, and to jointly develop Russian offshore gas fields. The two proposed gas pipelines would deliver 60-80 billion cubic meters of Russian gas to China a year, Putin said in Beijing. He also confirmed Russia's promise to build a diversion to China from a proposed oil pipeline planned for eastern Siberia to the Pacific coast. In their joint declaration, Putin and Chinese President Hu Jintao described the plans as "strategic diversification in the energy sphere." Until now, Russian energy exports have been mainly to Europe.

Half of the annual gas supplies Putin has promised to China—30-40 billion cubic meters a year—will come from western Siberia, which accounts for the bulk of Russian gas production today. Output in western Siberia's aging gas fields is expected to fall from about 500 billion cubic meters today to 300 billion cubic meters by 2015. In other words, contrary to what some observers have pointed out, the relatively small amount of promised gas supply to China by President Putin will not affect the Russian supply of gas to Europe in the foreseeable future.

It is important to note that President Putin's proposal to supply gas to China has met with wide approval from Russia's powerful gas industry. Leading Russian gas industry experts told the media that the country's natural gas supplies to China would help Russia strengthen its position on the international gas market. Gazprom CEO Alexei Miller and China National Petroleum Corporation head Chen Gang signed the gas deal in Beijing on March 21.

Positive statements were issued by Konstantin Simonov,

director of the think-tank Center for Current Politics in Russia. He said that the West Siberian option was preferable, given that China was building liquefied gas terminals on its Pacific coast. "Separating liquefied gas [delivered by sea] and pipeline gas deliveries would make sense, and it would be logical to build a gas pipeline to China's western provinces, where LNG is more difficult to supply," Simonov said.

Meanwhile, Russian Foreign Minister Sergei Lavrov, who travelled with Putin on the China visit, said on March 22 that construction of an oil pipeline from East Siberia to China would start in 2006. "China has been informed [of the plans], and the feasibility study will be done jointly in short time. We will see the start of the construction very soon this year."

The mooted \$11.5 billion pipeline from East Siberia to the Pacific is slated to pump 1.6 million barrels per day for deliveries to Japan and China, but has been dogged by controversy as its planned route lies very close to Lake Baikal, the world's largest freshwater body. Environmentalists are still seeking to get the route changed, claiming that an accident could cause irreparable damage.

Addressing a Russian-Chinese economic forum in Beijing, Putin said the project would be completed, and would help boost oil supplies to energy-hungry China. "If the project is implemented, which I have no doubts about; it will ensure a dramatic increase in crude supplies from Russia to China."

Strengthening the Weak Legs

For the trilateral mechanism of Moscow, Beijing, and New Delhi to be effective in the world context, it is important to have strong Moscow-Beijing relations. During the extended Cold War period, Moscow-Beijing and Beijing-New Delhi relations were soured, but New Delhi-Moscow relations had blossomed and solidified. It is therefore essential that the two weak legs—Moscow-Beijing and New Delhi-Beijing—be strengthened, to make the trilateral mechanism productive and efficient.

Indo-Russian relations in the areas of defense and energy have remained strong. There is no question that interdependency has developed in the defense sector. In the aviation sector and naval sectors, and missiles, India and Russia are moving towards joint development and production. India has had a longtime link-up with the Russians in the space industry as well.

During his visit to China, President Putin also made clear Russia's willingness to help China with nuclear power generation. Prior to President Putin's departure for Beijing, the Russian Ambassador to China, Sergei Razov, had pointed out to reporters that the construction of the Tianwan nuclear plant

in Lianyungang, in East China's Jiangsu Province, is the largest project in the two countries' bilateral economic cooperation. The project will lay the foundation for future cooperation on peaceful use of nuclear energy, he said. Ambassador Razov also pointed out Russia's willingness to play an active role in the development and implementation of China's nuclear power plan. "Nuclear energy cooperation is of mutual benefit to the two countries and has broad prospects," Razov said.

Nuclear Energy

The area where India-Russia relations have begun to flourish is the nuclear energy sector. Russia has supplied two 1,000-megawatt nuclear reactors for the Kudankulam atomic power station, located in Tamil Nadu, under an agreement signed in 1988. However, the Russian interest in supplying more reactors, and the Indian eagerness to procure more Russian reactors, got waylaid by the laws associated with the Nuclear Non-Proliferation Treaty (NPT). Russia, as a signatory of the NPT and a member of the Nuclear Suppliers Group, a 45-member group in charge of monitoring of all exports of "dual-use items," cannot supply the enriched uranium fuel needed to run the Russia-supplied pressurized water reactors, because India has not signed the NPT.

Despite these difficulties, on March 17, Russian Premier Mikhail Fradkov sealed a deal with Indian Premier Manmohan Singh, that would make the sale of enriched uranium fuel for India's two 220-MW atomic power stations in Tarapur. Russia will be supplying 60 tons of uranium to the safeguarded Tarapur Atomic Power Stations 1 and 2, under the safety exception clause of the Nuclear Suppliers Group. It has responded to New Delhi's demands for "urgent and limited supplies of uranium fuel to enable the Tarapur reactor to function in safe and reliable conditions," according to India's Ministry of External Affairs. Analysts say that India would be forced to shut down operations at the Tarapur plant by June or July, if not for the supplies from Russia.

Although Washington has expressed concern over the fuel supply, Moscow considers it permissible under the guidelines of the Nuclear Suppliers Group.

While Russia is keen to see rapid development of India's nuclear power plan, and is ready to make India "an exception," Beijing is not yet ready for such concessions. However, the strengthening of Moscow-Beijing relations, and perhaps President Putin's discussions with the Chinese leaders, have softened Beijing's position vis-à-vis India's nuclear ambitions.

Prior to his visit to Australia, Chinese Premier Wen Jiabao told *The Australian* newspaper, in a March 30 interview, that China backs India's peaceful nuclear energy plans, but wants nuclear weapon states to honor their obligations under the Nuclear Non-proliferation Treaty. "India is a friendly neighbor of China and we do not object to its developing nuclear energy for peaceful purposes and co-operating with other

countries in nuclear-power generation. At the same time, we take the position that relevant parties should honor the obligations they have undertaken as parties to the non-proliferation treaty," Wen said.

Although it is evident that Beijing is not ready to embrace India as "an exception," the statements of the Chinese Premier indicate that Beijing is allowing some latitude for discussion on the subject. The first signal came on March 23, when Foreign Ministry spokesman Qin Gang told the press, "China would continue to participate in the relevant discussions at the Nuclear Suppliers Group with an earnestly responsible attitude." The statement did not indicate whether Beijing would support or oppose the landmark deal between India and the United States, struck during President George W. Bush's New Delhi visit in early March 2006.

'A True Asian Century'

The statements issued subsequently by China indicate that although Beijing will not summarily accept the unilateral "change of laws" orchestrated by Washington to accommodate New Delhi as "an exception," it does recognize India as an important element in maintaining peace in the region. This was exemplified by Chinese Prime Minister Wen, at a press conference shortly after the end of the national legislature's annual session on March 14, when he said he highly valued relations between China and India, and that "strong bilateral ties will usher in a true Asian century."

Releasing a compilation of important bilateral documents as part of the "2006 India-China Friendship Year," Chinese Foreign Minister Li Zhaoxing said on March 28 in Beijing: "China and India joining hands . . . in their pursuit of common development to the benefit of both people who account for two-fifths of the world's population carries a significant meaning for peace, stability, and development in Asia and the world at large. Today, China and India are brimming with vigor and vitality. The two countries are presented with important opportunities for deepening their relations. China and India with similar national conditions and respective strengths, share extensive common interests and have a great potential for cooperation."

According to New Delhi, the strengthening of bilateral relations between India and China is expected to come via a breakthrough in the Sino-Indian border settlement. A legacy of the British colonial era, the inadequate demarcation of the Sino-India border led to a border clash between the two nations in 1962 and embittered bilateral relations. Both Beijing and New Delhi are now hopeful that this logjam may end soon. On March 12, the Indian media reported that India and China were close to settlement, although nothing will be announced in this round of talks. The China-India border talks center on Chinese control of Aksai Chin in Kashmir in the north, and border areas of Arunachal Pradesh in the east. "The talks are moving in the right direction," said Indian National Security Advisor M.K. Narayanan.

Growing Backlash to ‘Coup On the Installment Plan’

by Edward Spannaus

In a significant institutional show of force against the unilateral, dictatorial actions of the Bush-Cheney Administration, four senior Federal judges, who have all served seven-year terms on the secret Foreign Intelligence Surveillance Act (FISA) Court, testified in front of the Senate Judiciary Committee on March 28. They appeared in support of the bill being proposed by Sen. Arlen Specter (R-Pa.), which would require the Administration to submit its domestic surveillance program to the FISA Court for review on its constitutionality.

While under normal circumstances, such a proposal as Specter’s might seem unremarkable, the Bush-Cheney Administration shunned the FISA Court when it instituted its domestic spying program, despite the fact that the FISA law states explicitly that its procedures are the “exclusive” means by which electronic surveillance can be carried out within the United States. Thus, Specter’s bill is strongly opposed by the Administration, which adheres to the Nazi-like position put forward since 9/11 by Dick Cheney and Cheney’s legal counsel (now chief of staff) David Addington, that “we don’t need no stinkin’ courts”—or Congress either—to tell them what they can do or not do, in the so-called war on terrorism.

This Constitution-be-damned attitude has provoked a strong backlash among the institutions of government, reflected on many fronts—including in the growing number of anti-Administration moves by Senate Republicans, in the increasing willingness of military-linked officials to speak out, and especially in the judiciary branch, as shown in the unprecedented appearances by the FISA judges at the Senate Judiciary Committee, and likewise in the recent proceedings at the U.S. Supreme Court.

Intelligence: No Conflict With Constitution

The four former FISA Court judges designated as their lead witness Federal Magistrate Judge Alan Kornblum,

probably the most experienced official in the country with respect to FISA. Kornblum served in the Justice Department’s Office of Intelligence Policy and Review, from 1979 to 2000. In contrast to the Administration’s blatant disdain and disregard for the FISA law, Kornblum described the FISA statute as “the most successful foreign-intelligence program the United States has had since the code-breaking operations of World War II.”

“I also want to emphasize,” Kornblum said, “that the real success of the FISA statute, is that it’s proven indisputably that intelligence and counterintelligence activities . . . are fully compatible with the rule of law”—again in stark contrast to the Cheney-Addington doctrine, modelled after the doctrine of Nazi “Crown Jurist” Carl Schmitt, that all the rules go out the window in the post-9/11 world.

The third point that Kornblum stressed, concerned the legal protections that FISA provides to intelligence agents, particular those in the FBI and National Security Agency (NSA) who are involved in clandestine intelligence activities—legal protections which are *not* afforded to those agents who are carrying out the Administration’s unauthorized warrantless surveillance program.

With respect to the claims of inherent Presidential authority which are being cited as the basis for the surveillance program, Kornblum declared: “I’m very wary of ‘inherent authority.’ It sounds like King George.”

A fifth former FISA Court judge, James Robertson, also weighed in, supporting Specter’s proposal. Robertson resigned from the FISA Court last December in protest, within days of the disclosure of the NSA domestic spying program which had circumvented the FISA Court. Specter read from a letter submitted by Robertson, who had served in military intelligence before being appointed to the Federal bench. “Seeking judicial approval for government activities that implicate Constitutional protections is, of course, the American

way,” Robertson wrote, adding that the FISA Court “is best situated to review the surveillance program. Its judges are independent, appropriately cleared, experienced in intelligence matters, and have a perfect security record.”

The four FISA judges who testified represent many decades of experience in the Federal judiciary, with their initial appointments ranging from 1975 to 1983; all have reached retirement age and are now serving in senior status. All had been appointed to serve on the FISA Court by the late Chief Justice William Rehnquist, during the 1990s. One of them, Judge Stanley Brotman of New Jersey, served in the Office of Strategic Services (OSS) in World War II, and then, during the Korean War in the Armed Forces Security Agency, the 1949-52 predecessor to the NSA. Judge John F. Keenan of New York served also served in military intelligence in the 1950s, in the Army Security Agency, also a precursor agency to the NSA.

Judge William Stafford of Florida, a former Navy lieutenant, concluded his testimony in support of Specter’s proposal, as follows:

“As I approach my 75th birthday, it remains my belief that our nation is really held together by a couple pieces of paper—the Declaration of Independence and the Constitution—and the belief of the American people that our system of government works.

“FISA was created by Congress to clarify that the President had the authority to conduct foreign-intelligence surveillance, but that the President would do so through a court composed of judges who had been nominated for lifetime appointments by a President, and confirmed by the Senate as provided in Article III of the Constitution. This arrangement seems to have worked well for everyone, and these amendments will, in my judgment, continue that arrangement into the real world of the 21st Century.”

A Coup on the Installment Plan

Another hearing on the NSA program and the scope of Presidential power was held by the Judiciary Committee on March 31, on the topic of the resolution for censure of the President put forward by Sen. Russ Feingold (D-Wisc.). Although Specter said he regards Feingold’s motion as having “no merit,” he said he was holding the hearing because the resolution “provides a forum for the discussion of these issues which really ought to be considered in greater depth than they have been.”

Given the opportunity to call witnesses of his choosing, Feingold selected two with Republican backgrounds: Watergate figure John Dean, and Reagan Administration Justice Department official Bruce Fein.

It was John Dean’s first appearance before the Senate since his famous 1974 testimony; he said that he was not aware of any Presidency in history before this one, that had adopted a policy of expanding power for its own sake, but that this was the policy of the Bush/Cheney Presidency from the outset. Dean said that he hoped that the Congress “for

institutional reasons, not partisan gamesmanship, will act on Senator Feingold’s resolution.”

Bruce Fein, who served in the Justice Department’s Office of Legal Policy in the early years of the Reagan-Bush Administration, also urged the Senate to act against President G.W. Bush for the warrantless surveillance program.

Fein testified that “there are two features of the current crisis with President Bush’s assertion of inherent constitutional authority that I think are unprecedented.” First, that these are war-time powers for a war on terrorism that has no ending point, and that “therefore, the President’s assertions of powers have to be taken as permanent changes on the political landscape of checks and balances.” And the second relates to the scope of the battlefield—which is all the world.

“These are the kinds of extravagant claims, I suggest, that require a very close attention to the legal theories that have been advanced to justify the warrantless surveillance program in secret for over 4.5 years,” Fein stated. “You can lose a republic on the installment plan every bit as efficiently as at one fell swoop with a coup d’état.”

The Supreme Court Reacts

A third institutional reflex was evident during the Supreme Court arguments in the case of Guantanamo detainee Salim Hamdam, which also took place on March 28. A majority of the Justices appeared unwilling to accept the Administration’s contention that Congress has stripped the courts of jurisdiction to hear habeas corpus petitions filed by prisoners at Guantanamo. Observers were particularly struck by the questioning by Justice Anthony Kennedy, who is the likely swing vote on the High Court, after the retirement of Justice Sandra Day O’Connor. Kennedy now holds the balance between the four hard-core Federalist Society followers (Antonin Scalia, Clarence Thomas, John Roberts, and Samuel Alito), and the more moderate Justices.

It seemed evident from the aggressive questioning of Solicitor General Paul Clement, that a majority of the Justices, including Kennedy, do not like being told that they have no power to consider something as fundamental to U.S. Constitutional law as the writ of habeas corpus.

Justice Scalia, who refused to recuse himself after publicly expressing his views on the case, was the Administration’s strongest defender during oral arguments. Significantly, five retired generals and admirals, who had filed a brief in support of Hamdam, asked Scalia to recuse himself, after he had made public comments ridiculing the notion that detainees held and being tried by the U.S. military should have any rights under the Geneva Conventions or the U.S. Constitution.

Surprising to most observers, a majority of the Justices also seemed to take issue with the manner in which the Administration has constituted military tribunals for trials of those captured in the war on terrorism—which could result in another major setback for the Cheney gang which designed the tribunal system after 9/11.

George Bush Is a Very Destructive Man; He Needs To Be Removed From Office

Dr. Justin A. Frank, a Washington, D.C.-based psychoanalyst and Professor of Psychiatry at George Washington University Medical School, was interviewed by Jeffrey Steinberg on March 26, 2006. Dr. Frank is the author of the bestselling book, Bush on the Couch: Inside the Mind of the President (HarperCollins: hardcover 2004, paperback 2005).



EIR: Let me first ask, what's the status of the book? I understand it's been translated and is being circulated in several languages, in addition to English.

Frank: Yes, it's been translated into Arabic, Korean, and German. The British edition is coming out in May, and that's got a more updated Epilogue. The Epilogue in the American edition paperback goes through the 2004 election and through all the debates of that Summer, and into the beginning of Bush's second term in early 2005. It still gets lots of media attention, largely because of the trouble that Bush is finding himself in.

EIR: That's terrific. Obviously, since the publication of the original paperback edition, and the update you included in that book, Bush went through a pretty horrific 2005. I wonder if you could start by giving us your updated psychological assessment of President Bush?

Frank: Well, my updated psychological assessment is essentially, that he is still very much the way he was: Which was that he suffers from a couple of basic things which I will describe. But I've gotten the sense recently, that Bush is like a Rorschach test for the left: Everybody has a different theory about him.

My clinical sense of him is that he is a man who is compromised by a couple of things:

One is by learning disabilities, which makes it hard for him to read, and therefore hard for him to visualize and anticipate events.

He is also compromised by his long history of alcoholism. That has led him to see the world in black and white, and for him to have to use black-and-white thinking, in order to

manage his anxiety—and *everything* makes him anxious. So, he has to surround himself with people who agree with him, who see things the way he does, and who never question him.

Both of these problems—his difficulty processing information and his need to manage his anxiety by seeing the world in black and white—make him impervious to criticism, and he blocks out anything that he doesn't like. So he actually attacks reality; he attacks material reality in ways that I have not seen, except occasionally with President Reagan.

I've never seen anybody so distort external reality the way Bush does. What he does not like, he just closes his eyes to. He's sort of like an ostrich, who puts his head in the sand, only he puts his head in the Crawford desert sand.

The other thing he does when he's anxious, is that he dissociates, which means that he switches off part of his mind, and disconnects in order to manage anxiety. Disturbing news is like water going off a duck's back; if you saw the pictures of him in the "[Fahrenheit] 9/11" movie by Michael Moore, reading the book when he was told about the attack on the Twin Towers, you see a kind of vague, glazed look in his eyes. And you see the same thing when he's being briefed about the Katrina flood, the day before it happened: He has a way of disconnecting inside, whenever he's flooded with anxiety he cannot manage.

Dissociation is a simple but profound way to manage overwhelming emotion. Bush has what psychiatrists call a problem with "affect regulation"; he cannot regulate his feelings by thinking them through, which is why he has to increase his exercise routines, increase his prayers, increase his time away from the White House, have only very brief meetings. He just does not want to do anything that will cause him pressure.

So, the diagnosis is very hard to make, and something I'm reluctant to do. I prefer to think much more of a long-range character diagnosis, which is that he is fundamentally a dissociated man, with paranoid and grandiose features. And the grandiose elements are really compensatory for feeling quite inadequate and frightened.

That's a mouthful. I don't know if that gives you exactly what you had in mind, about a specific diagnosis. I wrote in the Epilogue that he really has not changed, other than that he is becoming more grandiose, as bad news about Iraq and our economy continues to mount, and you can see him



University of St. Thomas website

Former Enron CEO Ken Lay, whom Bush jokingly claimed never to have known. Bush's KWD, or "Kenny Who? Defense," is his characteristic reaction of denial laced with feigned surprise.

sort of unravelling.

As I wrote in the Epilogue, people started using my hard-back book during the debates in 2004. Kerry used it, and he even quoted from it, when he talked about how Bush was living in a fantasy world of spin. And he used some Alcoholics Anonymous terms, when he said Bush was "constitutionally incapable" of telling the truth.

One of the things that happens with a person like Bush, is that he becomes a compulsive and congenital liar. And lying is a complicated thing also, in that, as a liar like he is, he believes what he says is true. He lies ultimately to himself. So, when he said the other day that he never made a link between Saddam Hussein and 9/11, and that he never made a link between Saddam Hussein and al-Qaeda, and that he doesn't know where people get these ideas, it makes me think he believes it when he says that, and that's what's very disturbing. It's as disturbing as if he were just a basic liar.

Nixon was just a liar. This guy *believes* his lies. Nixon, you could see, would be nervous and anxious when he lied. Bush is anxious when he's caught in a lie, directly and immediately, but less so when he just simply makes things up if he is not under pressure. For instance, when somebody asked him if he knew Jack Abramoff, he freezes, and says, "I never met him." And clearly there are pictures of him with each of Abramoff's children, and he used to talk to them about their bar mitzvahs and various things. And the same thing he did when asked if he knew Ken Lay, the CEO of Enron. He quipped, "Kenny Who?" In my book I call that reaction of

total denial laced with feigned surprise the "Kenny Who? Defense" (KWD).

But, when he lies, it's very specific and matter-of-fact (I should call it matter of fiction.) He makes a simple statement, and he believes what he is saying to be totally true. So, his sense of certainty serves him well, and is part of his ability to be convincing. A lot of people used to confuse that for strength of character, but actually it's a defect in his character. His *need* for certainty is so great, that he cannot, ever, doubt himself. So, whatever he is saying at the moment, is what he feels he's always felt.

EIR: When we had a brief discussion the other day, anticipating this interview, you had a very fascinating description about one particular aspect of the President's personality, that you had mentioned earlier. I wonder if you could elaborate on it, this inability to visualize?

Frank: Yes. One of the things that happens with people who have certain kinds of learning disabilities, and who are unable to process information, is that they cannot convert it into images which would help them think and anticipate. I don't think he could visualize the damage Katrina would inflict on New Orleans—partly because he dissociates and partly because he cannot process information in a way that is useful to him.

This is not unique to Bush. Those of you who have been in school will remember, that there are certain people who "pull all-nighters," or who procrastinate and write their papers at the last minute, because they get a rush of adrenalin which gives them an ability to focus. But they actually are not able to visualize the fact that they need to do this writing over the next two weeks; they put it off, because they are not able to visualize it. Well, he is that way in the extreme, in that he can actually not form images in his mind, I think, of what's happening, until after it's happened. So, he couldn't imagine Katrina; he couldn't imagine planes flying into buildings. He's being serious, because he has a deficit in the *capacity* to imagine it. It's not, "who would have thought it, who could imagine it," because he can't imagine it: He's not able to visualize it. He was telling the truth about himself not being able to imagine planes flying into buildings or the levees breaking. It's just that others *were* able to imagine it and warned him in advance. Then he wasn't willing or able to process what he was told.

And it has to do with processing information in the face of a particular kind of deficit neurologically, where you really can't visualize. So, there are some people, for instance, who can escape into reading, and when they read a book, they're able to completely visualize the scene. It's like being in a movie, it's a movie in their own mind, and that's why a lot of people who like to read, don't like to go to movies of the same books, because they don't like somebody else's "movie" of their "movie" of their book. Whereas, somebody like Bush is not *able* to visualize things when he reads, so what he reads

often doesn't make sense to him.

I can relate to that, because I have an element of that in myself, and it was one of the things I discovered over time, in reading about him, and looking at him, paying attention to him. I know that sometimes I'll have to re-read a sentence a couple of times, in order to get the image of the scene. I was just doing that this morning, actually, reading a novel, to get the image.

Bush, if he doesn't get it right away, makes it up. And if he is unable to visualize it completely, he just leaves and goes to something else. So, he is told on Aug. 6, 2001, that there are going to be, very likely, planes flown into buildings. He hears it, but that's as far as it goes. Any other President would immediately gather his intelligence people and look into the situation. But it's not only that he disregards it, he's also not capable of becoming anxious about it. It doesn't *convert* into an image.

So, some people immediately get uncomfortable or anxious. He is a person who doesn't, unless the danger poses an immediate personal threat. His not being able to visualize things is a central way of managing anxiety.

I think this is a serious problem in a President. It's something that can be compensated for. Actors have this problem, sometimes, where they can memorize lines but they can't read, and they can only visualize the action when they're in it. And Bush becomes alive, I think, only during the elections. He's able to visualize then, able to focus on his enemy. He has a kind of hunter's vision, where he can see the target from miles away, and hone in, and go and attack the jugular of somebody he's arguing with. Then, he's amazing. But that requires him to be totally alert and totally awake, sort of like the person who is "pulling an all-nighter" for an exam: All of his cylinders are burning, he has extra adrenalin going to his brain. But it's only few and far between, when that happens to him. The rest of the time, he's like a lion after the hunt, lounging about. And it's disturbing. You need to be always visualizing and always alert, especially if you're going to have the kind of awesome responsibility that he has.

EIR: This past week, Sally Quinn wrote an open letter to Laura Bush in the *Washington Post* Style Section, urging her to talk to her husband the way that Nancy Reagan talked to Ronald Reagan, in the midst of his second term, when he was being overwhelmed by the Iran-Contra scandals and other things, and he was tending to dig in his heels. Nancy Reagan convinced her husband to clean house; in particular, he fired Don Regan, brought in a fresh White House team, and it saved his Presidency. Can we expect Laura Bush to follow Sally Quinn's advice? And if she were to do so, what do you think the prospects are that President Bush would actually listen to her?

Frank: I think that Laura Bush could follow Sally Quinn's advice and speak to her husband. The prospects of him listening, however, are *pretty slim*. And the reason is, that he cannot

tolerate what we call "cognitive dissonance." He cannot entertain conflicting ideas in his mind. So, as for instance, the famous time when Diane Sawyer said to him: "Well, what if it turns out there are going to be no weapons of mass destruction?" And he said, "So what?" He dismisses anything that contradicts his fixed belief, and he right away switches to something else, like, "Who cares about this, the real problem is that." He is unable to hold onto conflicting ideas.

The issue is not whether Laura can talk to him, it's whether she can get through to him. The difference is that Reagan really listened to his wife. His wife had a *huge* impact on him. I think Bush may listen to some extent to his women, but mainly he uses them for comfort and solace. And Laura wrote that she learned over 20 years ago, never to criticize one of his speeches, for instance, because he would become enraged.

So, I don't think that he *could* listen to her, because to him, changing would mean admitting responsibility; changing would compromise a world built on the need for certainty; and therefore, listening to her would be a huge threat for him—for his manhood, for his entire mental functioning. So, I don't see it happening.

Maybe Sally Quinn's husband Ben Bradlee listens to her, and Nancy Reagan's husband Ronald Reagan listened to her—but this person is not going to. Because he can't. He blocks things out. He doesn't take in things, just like his mother who said she didn't "want to disturb her beautiful mind" by watching soldiers coming home in body bags on television. I mean, that's the way he is: He does not want to take in anything that's unpleasant.

He's never fired anybody. He doesn't do it. He hasn't vetoed a bill. He's not strong that way. He doesn't want to have confrontations, because that will really make him anxious. He's a very weak man, although many still think he's so strong. He's strong in terms of dressing up, like that article in *Vanity Fair* last month, the title of which was, "Dressed To Kill," and it had a picture of him in a flight jacket. His only confrontations involve freezing people out or walking away.

So, the open letter by Sally was a great idea. And the idea also contained in that letter, that some women are able to help their bull-headed husbands become less bull-headed and have a longer view, because women have a longer view.

I think this is different: I just don't see him as able to, or interested in listening to her.

EIR: Any brighter prospect, if Barbara Bush were to take a stab at it, or Barbara and Laura combined?

Frank: Yeah, if Barbara Bush would, she could get through to him. I mean, he would hate it, and he would be furious. What you are talking about is a family intervention, the type done with alcoholics. Bush is an alcoholic who has never been treated. He's an alcoholic who stopped drinking, and people can stop drinking, and he did turn to faith, and people can turn to faith to help them sustain their not drinking, but basically, he needs an intervention. And he needs to be surrounded by



White House/Paul Morse

Will Laura Bush whisper into her husband's ear that he'd better change policies at the White House? She might try, says Dr. Frank, but "the prospects of him listening are pretty slim."

a group of people, including Barbara Bush, Laura Bush, his father, his children. I just can't imagine that happening. And Karl Rove, you think he would intervene to stop it? Or Andy Card? I just don't see that happening. An intervention by anybody else, like some outsiders, or even Republican Senators, or Democratic Senators, he would just tune it out. I mean, he would walk out.

So, I don't see any hope to change him. I think the only way to deal with him, is to isolate him, and neutralize his behavior, which would mean blocking everything he proposed, and refusing to go along with it: Sanctioning him, quarantining him, censuring him—and impeaching him. He needs to be *removed* from office. He's a very destructive man, who is not in touch with his destructiveness.

He's like a teenage boy, who's in the midst of a prolonged fight against his father. The terms are basic and familiar: who has the credit card, who has the car, and who can do whatever he wants. It was like this when he was a child, a teenager, a President who didn't need a permission slip from the UN, and now a President who, if he disagrees with a bill he feels forced to sign into law, issues "signing statements" which give him the prerogative to do what he wants.

Well, to me the signing statements are about a person who refuses to obey the law. That's true. And it's about Presidential power, and he's got support from a few of his legal experts, like Gonzales and Alito, now. But the signing statements, essentially, are the same thing as a two-year-old, who is not going to go to the toilet when his mother wants him to. He is just going to do it, when and where he wants to. And it's the same thing as a person who says, "You can't tell me I can't drink. I'm going to make a false ID. I'm going to go and

become the supplier." "You can't tell me I can't play baseball! I'm going to be the commissioner of a stickball league." "You can't tell me I can't do this; I'm going to brand pledges in a fraternity—" In other words, "You can't tell me, I can't invade Iraq. I don't need a permission slip from the UN."

In other words, the law to him is a straitjacket, and there's a line that is direct and easy to follow in him, from his earliest childhood. And the irony is, now, he's the President who *executes* the laws, and yet, he still rebels against the law.

EIR: You commented the other day that he is of the view that the Constitution is advice with no obligation to listen to it.

Frank: That's right. It's what kids do with their parents. The Constitution for him is like a parent saying, "Now, I want you to call me at 10 o'clock"; "I want you to do this"; "I want you to study"; "I want you to park your car on the side of the street"—all of these things. And all Bush hears is "Blah, blah, blah, blah, blah." That's how the Constitution is to him.

When I was travelling years ago, in Turkey, I remember, we used to joke that red lights in the street were treated by the Turkish drivers as "suggestions" rather than the law—you know, "You might want to stop." But that's how he views the Constitution. And that's what the signing statements mean.

EIR: Now, in a March 19 TV interview, Vice President Dick Cheney discussed his relationship with the President, and essentially boasted that his key responsibility is to give the President private advice, and that they both agree that the relationship must be kept totally secret. How do you currently appraise the Bush-Cheney relationship? Would you put Cheney on the list of one of these people who is an Attention



White House photo

Dick Cheney is the President's "coach," says Dr. Frank. "Bush is a person who has a problem implementing things. They are hunters and implementers: Bush is not at all an implementer. Cheney is, apparently, and not a very good hunter from what we've seen recently. And so, he and Bush, I think, do have a very special relationship."

Deficit Disorder coach of the President?

Frank: Yes. Cheney is a coach of the President, and Cheney is a person who is an implementer of the President's ideas. In other words, Bush is a person who has a problem implementing things. They are hunters and implementers: Bush is not at all an implementer. Cheney is, apparently, and not a very good hunter from what we've seen recently. And so, he and Bush, I think, do have a very special relationship, where he can talk to Bush, tell him what he thinks. Cheney can also help Bush be strong, and be tough, and face things; and say, "Don't give up now, George. Don't cave. You have this position." So, Cheney is very much like a coach, and the helper of Bush, in that way—that's my sense of their relationship. And Cheney certainly was chosen by Bush because of his, Cheney's, own political beliefs.

There's another part of it, which is, of course, money and corruption, and that is, that the Bush family has been *very* closely tied with Saudi Arabia, for generations. They're like a second family to him. And Cheney, certainly, while not tied to Saudi Arabia, is certainly tied to oil and Halliburton and big oil money. And so, the two of them have a very close relationship aimed at protecting their financial interests.

Today, on Meet the Press, for instance, Condi Rice—she was unbelievable!—she talked about how Saddam Hussein bilked the Oil-for-Peace program out of all this money, and I was thinking she was unconsciously talking about Cheney and Halliburton, much more than Saddam Hussein.

So, when Bush made his comments after the first invasion of Iraq, he said, "Now don't mess with the pipelines"—that was clearly instructions from Cheney.

Cheney is very tough, and very strong, and I know you and I have had discussions over the years, about who's running the show. And my view has always been that Bush is: If he is a puppet, he's a puppet who chose his puppeteers. And my view

is, that Bush really does run the show. At the same time, I also think that Cheney exerts a powerful influence, but Bush is just not a cipher for him. They both do it together, and there's a good cop/bad cop quality, where Bush can charm audiences, charm people, and Cheney can be the kind of gruff guy.

So, he does give him advice. But the main advice—I'm getting a little bit off your question—but the main advice is, to help him stay on track (just like your questions which help me stay on track). He does not stay on track, unless he has somebody around him like Cheney. And the job of Cheney, I think, and Rove, and Laura Bush, really, is to keep the President on track. And the track is what he's made, not what they've made for him. But even though he's made it, he can still get off the track, because that's the nature of his particular deficit. It takes a village to keep a President on course.

I don't know at what point we call in the 25th Amendment here, about a President who's incapable of being President. But, I really think we're pretty close to it. He's incapable of visualizing the effects of what he's doing.

EIR: Now, in the context of what we've discussed so far, I've got two questions which you may choose to answer separately or together. First, what would be your assessment of the best course of action for Democrats, particularly Democrats in the House and Senate? And secondly, assuming that there are *many* Republicans—and I think there's growing evidence of this, in the House and Senate—who are deeply disturbed by the behavior of the White House, Bush and Cheney—what is your advice, as well, for how the Republicans can deal with the deepening dysfunctionality at the White House, presuming that they're looking out for the best interest of the country? But if not, even if they're looking out for their own political survival, and the survival of the Republican Party?

Frank: First of all, for members of both parties—and anybody in politics at this point who’s dealing with Bush—the hardest thing is to put their country’s interest ahead of their own, when their own might be at odds with what the country’s is. In other words, their own interests might be to have no taxes for the rich; their own interest might be to just stay comfortable and stay in power. But what’s best for the country may be very much at odds with what’s best for them privately, at least—and that’s a huge dilemma about long-range versus short-range visions. And I think that goes back to the Sally Quinn letter, too, which is that she thinks that some of the wives have had long-range vision where the husbands don’t.

My advice separately: The Democrats are in a tough position and it’s different from the Republicans. The Democrats have, for too long, gone along with him, or complained privately, and are very cowed by the media, by all kinds of people. So, they are uncomfortable criticizing him, because they will be seen as either being political opportunists or unpatriotic. And he’s managed to convince them, so that they believe that! So the few people who do criticize him openly, like Congressman [John] Conyers, and there’s a few other members of Congress, and then Sen. [Russ] Feingold, and a few others, are ostracized by the rest of the party, because people are uncomfortable being connected to them. It’s similar to the McCarthy-era idea, except this time the stakes are the future of our country.

So, my advice to Democrats would be to not be so afraid to stand up. They act like they don’t understand that in unity there is strength. I thought that’s what the Democrats were about in the first place, and I thought that’s what unions were about in the first place. And they need to rally *with* Feingold, not isolate him. And if they disagree with his approach, they should talk about it with him directly and in private, and make a concerted approach on a united basis.

As far as the Republicans go, I think their only option is—uh—I don’t know what their option is! Other than to work with the Democrats, and try to impeach him. I don’t see any other option, because when they criticize him, he will marginalize them. I mean, [Sen. Chuck] Hagel gets less air time; [Sen. John] McCain has decided to just join him and be like him [Bush]. There’s a few of the Republicans who’ve stood up—even [Sen. John] Warner has criticized him a little bit. But, I think it’s very risky for them, for their political future. And they, again, would have to put their country’s interest, and their own principles as Republicans, ahead of what they are asked to do. Many are aware that Bush has really gone against the Republicans, who once were the party of “fiscal responsibility” and a balanced budget. They also opposed government invasion of privacy, which requires big government. And he is really in favor of big government; he’s against privacy, Bush; and he is against having a balanced budget. And those are anathema to any thoughtful Republican. That’s what Republicans are supposed to be about.

I don’t know what else they can do. They can’t get through

to him, because he will just tune them out—look what he did with Richard Clarke (who was not really a Republican); but look what he did with Paul O’Neill. Anybody who might disagree with him is just out.

And people don’t understand that. They don’t understand that he can’t listen to logic. He’s not going to listen. He can only listen to somebody who says, “This is it. I’m taking away the car keys. You can’t drive any more, you’re a danger on the road.” “This is it, I’m taking away your credit card, it’s over.” That’s what has to happen.

And that’s the only way things are going to change. And other people are just hoping, “Well, maybe it won’t be so bad by 2009.” Meanwhile, the cover of *Time* magazine today, is polar bears slipping through ice—the world is really not in great shape with this President. It’s not all his fault, but he is the person whose indifference and tone-deafness, and inability to visualize what’s happening has just led us down a *very* slippery slope.

EIR: It’s been noteworthy that in the last several weeks in particular, Bush has been on a kind of a perpetual public speaking tour, including even a very, I would say, bizarre White House press conference, in which the main event was the fact, that I think for the first time in *three years*, he called on Helen Thomas—

Frank: Yes!

EIR: I wonder if you could give some psychological insight into that event. Because it was such an anomalous occurrence.

Frank: Well, I had two thoughts about it. One, is calling on Helen Thomas is a brilliant maneuver on his part, which is that he is going to re-isolate her, and re-equate her with the liberal press. So, if she starts attacking him, and criticizing him, even though everything she says is right to the point, and *very* true, and *very* important for us to look at, and for him to respond to, she can be isolated by him, and then lumped with the *New York Times* and all members of the so-called liberal media. And so, I think that it’s actually pretty clever to call on her. I don’t think it’s a sign of him breaking down *at all*. I think it’s a sign of him trying to seduce people by inviting them in, and then isolating them.

In the campaign of 2000, I wrote that Governor Bush was doing to the left what Muhammad Ali did to his opponents: “rope-a-dope.” And he leans back against the ropes, like he’s going to fall apart, and then he comes out and just knocks you out.

What was most disburbing to me about that press conference was that he treated every question as if he were taking an oral exam in college. Every time he answered a question without falling apart he would be proud of himself, proud that he got through it. He would get sort of a twinkle. And it was as if getting the right answer were more important than the question itself. He completely lost sight of our dead and dying soldiers, of our dead and dying health-care system, of our



President Bush continues reading the story of My Pet Goat to schoolchildren on the morning of 9/11, in a visibly dissociated state, after having been informed of the attack on the World Trade Center.

dead and dying civil liberties. In other words, his goal is to get through a question and answer—not to understand what the question is about or to grapple with it. And that is not only the way children behave; it is also the fundamental issue of an alcoholic. He is so focussed on trying to manage his anxiety and get through what he does manage, that he acted gleeful. I just thought it was disgraceful to our dead in Iraq, to the seriousness of the questions that are being asked him.

The other thing I noticed, was that, at times, he seemed indifferent. His focus on getting the right answer and needing more time to think of one revealed how truly indifferent he is to his Presidential responsibilities. He was sent out by his handlers to fight back against mounting criticism of his policies and I don't think he's that into it. I think it's not that important to him. I think he's lost interest. It's disturbing: He's disconnected. The only thing that keeps his attention is worrying about getting the right answer.

I remember when I read to my kids at bedtime, that sometimes my mind would wander while I was reading and I wouldn't have any idea of what I was saying. But my kids hung on every word. I feel the press conferences are similar—that he doesn't know or care what he's saying, so he is comfortable saying just about anything. That means to me that he's completely tuned out.

EIR: You commented to me, the other day (this is not a verbatim quote, but a kind of a general point): Selling Bush short by thinking that he's stupid, is like turning your back on him, only to be stabbed in the back. He is a competent killer.

Frank: Yes. Well, I'll stand by that. It's not exactly what I said, that he's a competent killer, but yes, he knows how to

wield a knife; he is amazingly like a bird of prey, and I would never turn my back on him—ever. And if I confronted him, I would be *very* much afraid of retaliation, immediately, swiftly, and accurately.

But ironically, I've never been afraid, because of this book. That is partly because my book is entirely based on public information—there are no smoking guns other than psychological insights. In other words, I don't have records of his secret dealings, say, with financial people; or his secret relationships with Abramoff; or how much he planned in 9/11, or whether he had anything to do with it at all, in terms of foreknowledge. People like Clarke and other people who know him, and know about him, are really at great risk.

I mean, look at [Harry] Whittington, who gets shot in the face, and then he says, "Oh, I'm so sorry, it was an accident." And he apologized to Cheney—when he's the one who was shot in the face! I mean, that's really stunning. That the President and the Vice President could have *that* much power. To get a really tough guy—Whittington's not exactly a little nothing: He's a very strong political man, even at 78, he's powerful, he's financially powerful; he's smart, he's tough—and he just said, "Yassuh, boss." It was amazing.

So, I think that Bush is comfortable in hiding; he can export or outsource his killing for the most part, but he just says, "Take care of it." At first blush sort of like a Tony Soprano type; except Tony Soprano is more comfortable fighting than he is hiding. He loves the face-to-face. Bush doesn't.

EIR: Two final questions. One, I guess it's a bit of a hypothetical: But, were you in a position to provide clinical assistance to President Bush, what kind of approach would you take?

Frank: First of all, if Bush wanted assistance, that would be half the battle, because it would mean that he knew something was wrong. This is a person who doesn't think there's anything wrong. That's also what a teenager is like: "Why should I go to a psychiatrist? There's nothing wrong with me."

If he were brought to my office, and I were then in a position of trying to help him, I would have to try to break through to his anxiety. And that's a very difficult thing, because he is so well-defended. That's a very hard thing to do without feeling like you're using a sledgehammer. I might say to him, "How does it feel, to be a con artist? What's it like to be able to fool so many of the people? Do you enjoy it? Do you enjoy lying? What do you feel when you know you can get away with doing whatever you want? What's it like for you?"

In other words, I would want to get into his grandiosity, and get through to his destructiveness: "What's it like to know that you can let people drown in New Orleans, and enjoy it? How does it feel to you? Do you really enjoy it? What's it like? What goes through your mind, when you look at those pictures? What do you think about?"

I don't know at what point we call in the 25th Amendment here, about a President who's incapable of being President. But, I really think we're pretty close to it. He's incapable of visualizing the effects of what he's doing.

In other words, I would pick one selected fact—I don't know which one, it would depend on what was happening in my meeting with him. I would pick something that he would say, and then I would stick with it, and not let go of it; I'd be like a dog with a bone. And that's what nobody seems to do with him, whenever anybody's questioning him.

That's how I would have to work. In other words, you have to get through to his anxiety, so he can start looking at himself. And that's a long process, and I don't think our nation can afford the time. He has to leave office, or be stopped while he is still there. I had hoped that people could see how dysfunctional Bush is before the election. I even wrote that he was "poised on the brink" of his greatest failure yet, which is the future of our nation. And people either aren't able to see that, or don't want to.

EIR: Final question: Do you have plans for a new book?

Frank: Well, my basic plan for a new book, has been really to try to understand, as best I can, how we as a country, enable people like Bush—and we have a long history of this, way before Bush, but certainly now—who are destructive, and how we turn our backs on their destructiveness: Is it just because we're selfish? Or, do we turn our backs on it, until we all have to become like Cindy Sheehan, and have horrible loss before we speak up? Is that what it's going to take? Or, maybe, Bush really does understand our collective vulnerabilities—that he isn't the only person with compromised imagination. So, I want to write about, shall we say, the psychopathology of American political life, and I'm working on an outline for that, now.

I'm also writing columns that will become a kind of "On the Couch" series—things like "The Media on the Couch," which I think would fit into this book.

For too long we have not paid attention to the psychology of our own willingness to collude with destructive leadership. Thomas Frank, a namesake, but no relation, wrote a great book, *What's the Matter With Kansas?*, as an attempt to understand why people vote against their own best interests. He said religion and faith played a central role, and that Bush understood enough that people didn't want to go against their own belief systems. I think it's deeper than that. It is about the unconscious power of parental abuse, that children who are abused often become abusive as adults. They deny how abused they actually are, crying out that "Nobody loves me as much as my violent father or violent mother does."

EIR: I guess the upcoming November elections represent a kind of psychological test for whether or not enough Americans have reached the point where they can see the reality of the consequences of their votes in 2000 and 2004—

Frank: Yes. The problem is whether people will be willing to act on the reality of the consequences of what it means to vote out the Republicans. One consequence I think of immediately—that we will have to raise taxes to keep our government functioning. And I think that that reality is going to be very difficult for people to face. And I think that that's one of the things that people like Bush can count on: And that is, it's one thing to vote Republicans out of office, and it's another thing to vote people in office who want to raise your taxes. For the past 30 years, taxes have been seen as the enemy and a bad thing. When I was growing up, taxes meant better schools, better roads, and people were happy to pay taxes. Those days are gone!

EIR: Well, as you know, we're trying to revive the FDR legacy as a political reality, today

Frank: Yeah, I know you are. It would be *great* to do that. He was a person who was born to the same kind of money as Bush, and had the same kind of privileges, and the same kind of everything. He didn't have a learning disability, and he knew how to read. So, those were big differences. The other difference was, he had an extremely intimate relationship with his mother. But later in life came another huge difference: He was struck down by polio which paralyzed him from the waist down, and he had to struggle to overcome that. Bush had to overcome his alcoholism, which he did—but he just jumped from one addiction to another without pushing through to face the many consequences of his drinking. But he's not really grown from any of these things.

EIR: He's not Roosevelt.

Frank: He's not Roosevelt. He's not even his father, who was also not Roosevelt.

EIR: Well, Dr. Frank, I want to thank you very much for taking time out of a very busy and fruitful schedule, to talk with us today. And I look forward to continuing this, and look forward to the new edition of the book, coming out in England, which will have an even more updated Epilogue, and of course, particularly look forward to your next book.

Frank: Thank you!

Editorial

Stop the Occupation of Iraq!

As of March 31, 2006, three years and one week after the start of the “preventive war,” it must be admitted by every moral American that there is no “democracy” in Iraq. Unity talks continuously stall out, after major bombings and slaughters, and now the elected Shi’ite majority leaders are accusing President Bush of trying to appoint a puppet leader to replace Prime Minister Ibrahim al-Jafaari, and are asking for U.S. Ambassador Zalmay Khalilzad to be recalled as Ambassador.

At the same time, casualties in Iraq are at an *all-time high*, and reporters caught military spokesman Maj. Gen. Rick Lynch trying to lie about it, in a briefing in Baghdad on March 30, by spinning the data to report that “attacks in the west are down,” and that the United States is in control of the “majority” of Iraq. The reporter forced Lynch to admit that the number of Iraqis and Americans killed by the insurgency was at its *highest level*.

The U.S. population does not support the war, and over 70% of the U.S. troops in Iraq want their country to withdraw. It is time for members of Congress and the Senate, from both parties, to end the U.S. occupation of Iraq. Staying with the Cheney-Bush policy will just make matters worse.

Here are some of the tragic realities:

- On March 26, the negotiations for forming an Iraqi government of national unity were stopped, following a U.S. Army-Iraqi Army joint action outside of Baghdad earlier that day. The joint U.S.-Iraqi force executed 19 Shi’ites, while they were at prayer, in the al-Mustafa Mosque. Those who were killed were members of the Shi’ite Dawa Party, and members of the Mahdi Army, followers of Shi’ite cleric Muqtada al-Sadr.

- Prime Minister Ibrahim al-Jafaari, the Iraqi Ministry of Defense, and members of the Iraqi National Assembly have called for a full investigation of the al-Mustafa Mosque operation. The Iraqis are demanding that the investigation be conducted by a panel that does *not* include any U.S. military or diplomatic personnel.

- The Governor of Baghdad has cut off all contact with the U.S. military and the U.S. Embassy because of

the al-Mustafa Mosque affair. A similar situation exists in Basra, where the Iraqi officials cut off all contact with the British military, which controls the Southern sector.

- Leading Iraqis are demanding the recall of U.S. Ambassador Khalilzad, accusing him of fueling the civil war.

The al-Mustafa Mosque operation may prove to be politically fatal for the U.S.-led “Coalition” and anyone who allies with it. As Gen. William Odom (ret.), the former head of the National Security Agency, warned in an op-ed in October 2005, there is only one answer to the sophists’ line that the U.S. has to stay in Iraq to prevent a civil war: “Iraqis are already fighting Iraqis. Insurgents have killed far more Iraqis than Americans. That’s civil war. We created the civil war when we invaded; we can’t prevent a civil war by staying.”

A new turn developed on March 31, in the aftermath of the al-Mustafa Mosque killings, with an exposé in the London-based Arabic newspaper *al-Hayat*, which charges that the United States has built up a “third force” Iraqi commando force that is sparking the civil war. *Al-Hayat* reports that the Iraqi Defense Ministry insisted that none of its units had been involved in the attack on the mosque.

The newspaper states: “The Iraqi National Security Minister, Abdul-Karim al-Anazi, said that there is ‘a third army’ in Iraq, in addition to the Iraqi Army and the Coalition forces. This [third] army does not receive its orders from the Iraqi government, and practices ‘dirty operations, and is usually dressed in a special uniform to obscure its identity.’ ”

Is this force carrying out many of the killings of leaders of various sectarian groups, setting off a chain of revenge? That is the question *al-Hayat* implicitly raises.

Further angering Iraqi leaders, on March 30, Major General Lynch defended the attack on the mosque, saying that only “insurgents” had been killed, and dismissing the statements of the Shi’ite leaders that the Shi’ite worshippers had been killed while praying, as unreliable. With such relations between the U.S. military and the Iraqi leadership, there is no question: The U.S. must leave now, for the good of all involved.