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This Week You Need To Know

The Empire Versus the Nations

Synarchism, Sport, and Iran

by Lyndon H. LaRouche, Jr.

May 25, 2006

- Foreword -

As I and others have warned, in reports reflected in preceding days' editions of the U.S. Daily Briefing, the extensive preparations on behalf of the security of the events of the World Cup Soccer matches do not provide adequately for the possibility of the most serious of the security threats. I refer to a global strategic threat which must be actively considered as more than merely speculative for that period of time. This concern is not mine alone, nor only that among some of my associates. I am "blowing the whistle," in the hope that this exposure of the matter might prompt the quality of additional measures which were more likely to prevent that event's occurrence.

Behind this threat is the frequent inclination, in modern history, of certain types of political coups in which the plotters exploit the wide popular sentiment attached to certain types of highly competitive, popular sports events, placing such events among the category of choice targets for destabilizing large sections of national and international populations. The tendency for panic from among masses of victims of strong, childish qualities of irrational passions, as among massed adolescent and adult populations, make mass sports events, or the like, opportunities for inducing sudden and rapid changes in popular opinion and institutions. Sports events are used as targets for kindred mass-effects such as Hermann Göring's orchestration of the February 1933 burning of the Reichstag and the September 11, 2001 strike against New York City's World Trade Center.

It is of special note today, that no government not already a virtual accomplice of the George P. Shultz-crafted regime of President George W. Bush, Jr., has an interest in promoting, or permitting the kind of terrorist incident which could be used as a pretext for launching what U.S. Vice-President Cheney has fostered as a threatened, early, combined aerial bombardment on Iran during or following the general time-frame of the World Cup events....

...full version, PDF

Latest From The Worldwide LaRouche Youth Movement

Countdown to the Texas State Convention: On the Hustings with Kesha Rogers

by Stephanie Nelson

LaRouche Youth Movement

HOUSTON, June 1 (EIRNS)—The night I heard that Kesha Rogers, a fellow member of the LaRouche Youth Movement, was going to run for chairman of the Texas Democratic Party, Lyndon LaRouche was on his way to Mexico. During his historic visit there, in March of this year, he remarked that he is passing the torch on to us, the young adult generation of the world today. The first LYM member to run for a statewide office, Kesha is proving hers are capable hands to take up that torch.

Now, Texas is a big state, but unfortunately, the Democratic Party is not thinking very big. They have lost a lot of power in this state during the preceding couple of decades. It is therefore appropriate that Kesha would adopt as her campaign slogan and mission, to get Texas "Out of the Bushes, into the Future!" Her ideas have the potential to revive the Democratic Party here, as we focus on former, current, and future membership of the Party. - Focus on Labor -

One main focus has been on labor unions: to bring them back into the Party as a strong pillar of constituent support. Kesha has addressed the Transit Workers, the Steelworkers, and the Electrical workers, among others, in Dallas, San Antonio, Austin, and other cities, on LaRouche's emergency legislation to retool the auto industry for an FDR-style development program. She has challenged them to help us get the legislation pushed through, to save their jobs and the country's productive capacity. At these meetings, we found friendly receptions, both to Kesha's message of rebuilding the nation's infrastructure and to our singing of political canons. But very few union members are delegates to the state convention, or are politically involved at all. Kesha's challenge to them—that if they are not making the decisions, then who is?—motivated them to agree to take more responsibility as citizens and working people.

We hit all of the Democratic district and club meetings that we could, many of which Kesha was invited to address. Of course, we were virtually the only young people at these meetings, plus we engaged everyone in actual policy discussion, and that excited them. With this crowd, Kesha addressed the need for infrastructure, focussing on water and nuclear power as two areas important to Texas, and the nation, and that Democrats should be a driver for their development globally. - The Party Must Change -

Aside from some tired, old slanders about Lyndon LaRouche, people are generally wide open to LaRouche's ideas about how to rebuild the nation's economy by retooling the auto industry, using FDR's anti-depression measures. They are freaked out that the Democrats keep losing elections, and yet there is no change in thinking or strategy coming from the Party power structure. Those honest enough, recognized that Kesha represents the kind of change that is necessary.

Candidates for other positions have engaged in lengthy dialogue with the LYM at these events, to talk about how we organize, and what response we are getting from the population, and we instructed them on what ideas they have to fight for to make their candidacies relevant to the voters. The other focus has been on the LYM specialty: organizing students and young people to see they will only have a future if they join the fight.

The campaign has taken us to organize at universities in towns we have never been to before, including El Centro College in Dallas, the Technical University in Brownsville, University of Texas at Austin and San Antonio, to name a few. The students are provoked by the fact that someone their own age has decided not to complain, but to run for office. Many said they want to help us. At the Brownsville Technical College in southern Texas, countless students signed up and contributed. LYM members addressed the entire student government, and were invited back for a forum since they want to endorse LaRouche's call for emergency legislation to retool the auto industry.

It is Kesha's campaign that is bringing out the seriousness in young people, because we do not treat them as a focus group, but as future leaders of a nation. I cannot predict what will happen at the state convention in one week (June 9). But I can say that this campaign, along with all the other LYM organizing across the country, is the quality of transformation into national leadership that the LYM has always had potential for.

This article is reprinted from The New Federalist, June 5, 2006.

See also, InDepth: ["LaRouche Youth Bring *Ideas* to Mexican Presidential Campaign," by Gretchen Small.](#)

InDepth Coverage

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Strategic Studies:

[*LAROUCHE SPEAKS TO GERMAN ECONOMISTS*](#)

[The Key to Economics Is Human Scientific Discovery](#)

[by Lyndon LaRouche](#)

Lyndon LaRouche addressed more than 100 former students of Prof. Wilhelm Hankel, at Frankfurt University on May 29. Professor Hankel, who was the former chief consultant of Germany's Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency), introduced LaRouche as 'An American Legend.' LaRouche engaged in a two-hour presentation and seminar with Hankel's students, who are now retired from their professional careers, and many of whom are quite familiar with LaRouche's economics and political writings, through Hankel's lectures. Here is an edited transcript of LaRouche's opening remarks.

Economics:

[*A NATIONAL SECURITY THREAT*](#)

[Auctioning Off America's Ability To Produce](#)

[by Paul Gallagher](#)

Auto production plants which are being idled in the United States this year and next—a total of nearly 80 million square feet of capacity full of very diverse and capable machine tools—are also being rapidly sold off at auctions, and their unmatched machine-tool capabilities lost to the national economy. Rather than simply being 'idled' with the possibility of workforces returning and work resuming, these plants are disappearing under auctioneers' hammers almost as fast as they are shut down. A list of 65 major auto plants shutting down, and their capacities which may be lost, was featured in EIR, May 12, 2006 and in the LaRouche PAC pamphlet, Economic Recovery Act of 2006.

[Hundreds of Overdue Corps Projects To Restore Our Waterway System Are Unfunded](#)

[by Richard Freeman](#)

America's waterway system is at a critical phase, where if something is not done to reverse policy decision-making, it could, due to age and obsolescence, experience a grievous breakdown.

National:

Now More Than Ever: Cheney Must Go!

by Jeffrey Steinberg

In a series of personnel and policy shifts at the end of May, some officials in the Bush Administration have, for the first time, shown signs of waking up to the grave strategic crises exploding around the world. The most profound of these crises is the imminent collapse of the entire global financial system, under the weight of commodity hyperinflation, hedge-fund blowouts, and the bursting of the real-estate bubble.

Will Congress Buck Administration's Latest Abuse of Constitutional Powers?

by Carl Osgood and Nancy Spannaus

In the wake of the aggressive Congressional opposition, led by Republicans, to the unconstitutional midnight raid carried out by the FBI against the offices of Rep. William Jefferson (D-La.), Administration sources told the media that Attorney General Alberto Gonzales, FBI Director Robert Mueller, and Deputy Attorney General Paul J. McNulty had threatened to resign if President Bush failed to uphold their raid. Lyndon LaRouche had an immediate response: If they wish to be helpful to the President, in this, his hour of need, all three *should* resign.

- Documentation

The Sensenbrenner Hearings These are excerpts from the House Judiciary Committee hearing May 30, 2006, on the FBI raid on the Congressional office of Rep. William Jefferson.

Enron Trial

Lay, Skilling Convicted; Criminal System Remains

by Harley Schlanger

As one who has been watching Enron closely since the mid-1990s, I cannot say I was surprised by the convictions last week of founder and CEO Ken Lay, and his protégé and former CEO, Jeffrey Skilling. In their trial in a Houston federal court, the jury found Lay guilty on all six counts against him, and Skilling guilty on 19 of 28 counts. The sentencing is set for Sept. 11, 2006, and both men face the real possibility of spending the rest of their lives in prison.

Congress Must Launch Emergency Action Now!

The following resolution, calling on the U.S. Congress to enact emergency legislation to save the U.S. auto industry and its crucial machine-tool component, is being circulated for endorsement by the LaRouche Political Action Committee (LPAC). More than 100 state legislators, county council, and city council members, trade union officials, former Congressmen, and other leading figures from across the United States, have added their names to an ad which will appear in the influential Capitol Hill weeklies *The Hill* (Wednesday, June 7) and *Roll Call* (Thursday, June 8).

Feature:

THE EMPIRE VERSUS THE NATIONS

Synarchism, Sport, and Iran

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Foreword

As I and others have warned, in recent reports, the extensive preparations on behalf of the security of the events of the World Cup Soccer matches do not provide adequately for the possibility of the most serious of the security threats. I refer to a global strategic threat which must be actively considered as more than merely speculative for that period of time. This concern is not mine alone, nor only that among some of my associates. I am 'blowing the whistle,' in the hope that this exposure of the matter might prompt the quality of additional measures which were more likely to prevent that event's occurrence.

Is Cheney's War-Plan Stalled?

by Lyndon H. LaRouche, Jr.

June 3, 2006

Since my warning was published on March 24, and since **Pierre Beaudry's** valuable commentary on that piece was added, President George W. Bush, Jr. has taken apparently conciliatory steps of diplomacy toward Iran which might appear to have removed the launching of a massive air-borne attack on that nation.

- **Synarchist-Terrorist Fifth Column in France**

by Pierre Beaudry

On May 25, Lyndon LaRouche issued a public warning about the imminent dangers of a terrorist attack against the World Cup soccer tournament which starts in Germany June 9, as a prelude to a military strike against Iran, any time during the May-June period. In his statement, LaRouche made a direct correlation between the current danger and the fifth-column apparatus of the Synarchist International within France that financed the Nazi invasion of France in 1940.

- **What Is Synarchism?**

'Synarchism' is a name adopted during the Twentieth Century for an occult freemasonic sect, known as the Martinists, based on worship of the tradition of the Emperor Napoleon Bonaparte. During the interval from the early 1920s through 1945, it was officially classed by U.S.A. and other nations' intelligence services under the file name of 'Synarchism: Nazi/Communist,' so defined because of its deploying simultaneously both ostensibly opposing pro-communist and extreme right-wing forces for encirclement of a targetted government.

Twentieth-Century and later fascist movements, like most terrorist movements, are all Synarchist creations.

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International:

Israelis See Palestinian Letter As Opening for Peace

by Michele Steinberg and Dean Andromidas

Events since May 13 in the Palestinian National Authority and Israel have eclipsed the 'unilateral' moves by Israeli Prime Minister Ehud Olmert to seize Palestinian territory with a permanent 'Berlin wall,' which in fact is his desired 'permanent border.'

The following report, of the initiative by imprisoned Palestinian political leaders, including Marwan Barghouti of Fatah (the main group in the Palestinian Liberation Organization) and Sheik Abdel Halek Natshe of Hamas, and the positive response by leading Israelis, including former chiefs of the intelligence services, Ephraim Halevy of the Mossad and Ami Ayalon of the Shin Beth, should be a wake-up call to the U.S. Congress.

Behind the U.S.-Iran 'Breakthrough'

by Muriel Mirak-Weissbach

Since the Islamic Revolution of 1979, the United States has had no relations with Iran, nor any direct talks, except within the context of the limited post-9/11 roundtable discussions in Europe, regarding Afghanistan. As the threat of a U.S. military attack on Iran loomed large on the horizon, forces in Europe, Russia, and China, raised their voices to reject this option, and to urge Washington to deal with its presumed adversary directly.

Russian Official: Our Future Belongs To Nuclear Energy

by Rachel Douglas

Sergei Kiriienko, head of the Russian Federal Atomic Agency (Rosatom), was in the U.S.A. for a week-long visit ending May 24. He had talks with Secretary of Energy Samuel Bodman, and other Administration officials. Their agenda included steps towards a U.S.-Russian agreement on peaceful nuclear cooperation (a so-called '1-2-3 agreement'), the situation with Iran's nuclear program, and the need for lifting the 'anti-dumping' duties on Russian enriched uranium sales to the U.S. electric power industry, which were enacted in 1992.

Afghanistan Spins Out of Control

by Ramtanu Maitra

The spontaneous riot in Kabul on May 29 made it evident that the Bush/Cheney-led occupation is now rejected everywhere in Afghanistan. The foreign troops and other foreigners have become the target of wrath of all Afghans.

LaRouche Youth Bring Ideas to Mexican Presidential Campaign

by Gretchen Small

As the global financial crisis sends Mexico careening toward another debt blowout, LaRouche Youth Movement leader Ingrid Torres told the youth attending the LYM-sponsored debate between the LYM and the youth organizations of Mexico's main political parties, held May 31 at Mexico City's Legislative Assembly, that they must prepare themselves to assume the responsibility of governing. 'Let us be historical political actors, not pragmatists,' she exclaimed.

Blair Comes to Washington

Twins: The Two Losers

by Scott Thompson

Like two drunks leaning against one another to hold each other up, the 'Axis of Feeble'—President George W. Bush (at less than 30% approval rating) and British Prime Minister Tony Blair (at 35% approval rating)—met at the White House on May 25. At a press conference that evening, Blair caved in to Bush's demand that no timetable be set for withdrawal from the growing quagmire of Iraq. Instead, they stumbled through lines about how they had brought peace and democracy amidst the bloodshed.

Editorial:

Oil For Nuclear Technology, Now!

June 15 will see the convening of a most extraordinary event, which holds promise for all of the Americas, and beyond. Under the title 'Oil for Nuclear Technology,' representatives of the LaRouche Youth Movement (LYM) and Executive Intelligence Review will hold simultaneous linked meetings in Mexico City and Buenos Aires, which will be webcast internationally, in a combination of English and Spanish, on the larouchepub.com website.

U.S. Economic/Financial News

Top Economist: It's All One Bubble, and It's Ready To Blow

"The current surge in industrial commodity prices far outstrips anything we have seen in modern experience," said Stephen Roach, the chief economist at Morgan Stanley, according to the *New Straits Times* May 30. "The world is now in the midst of another bubble—this one in commodities. It, too, will burst. The only question is when."

Roach said the boom in commodities is essentially the same bubble that has shifted from the stock market to real estate, and now to primary materials.

"Breaking the chain of asset bubbles is up to the world's major central banks," he said. "It all boils down to whether they have the courage to do it. As I noted recently, I fear that history will not treat central banking kindly for its bubble-prone record over the past six years."

Business Schools Promote Enron-Style Formulas

The formulas used to create Enron will produce more debacles if business schools don't stop promoting them as gospel, wrote two Rice University professors in the May 27 *Houston Chronicle*.

"These formulas flow from something with the respect-inspiring name 'the Efficient Market Hypothesis.' Most managers

(or academics) who use such formulas would be hard pressed to derive them or to list the assumptions on which they are based. And any interest in their testing these formulas on historical data is minimal. No need to verify that which you know to be true.

"This attitude is bad science and can be devastating for investors. The Enron case has not changed the fact that in business schools throughout the nation the same formulas that were part of Enron's problem continue to be taught uncritically as Holy Writ....

"The nation's business schools should make it their mission to launch a massive re-evaluation of the formulas that clearly drove the thinking at Enron, and begin a search for working alternatives. We very much fear that Thursday's guilty verdicts will result in no such re-evaluation.

"This does not excuse the activities of Lay and Skilling. But sending them off to prison for multiple lifetimes will not, by itself, prevent Enrons from occurring in the future.

"There are systemic model failures that are not being addressed and ought to be....

"Beyond an intensive re-evaluation of the EMH formulas, there are other things which should be considered by our federal regulators.

"At present, a company can sell somebody an option to buy a stock that the seller does not own. This practice is called selling an uncovered option. Enron apparently had sold lots of these, with the purchasers left with nothing after Enron failed...."

The piece was written by James R. Thompson, Noah Harding Professor of Statistics in Rice's Brown School of Engineering, and Edward E. Williams, Henry Gardiner Symonds Professor of Management at Rice's Jesse Jones Graduate School of Management.

Big Three Automakers Post Steep Declines in Sales

Hit by falling sales of SUVs and trucks amid high fuel prices combined with rising interest rates, Detroit's automakers announced June 1 an overall 9% drop in sales in May. General Motors said monthly sales plunged 12.4%, while Ford's sales were down 2.2%, and Chrysler's sales tumbled 10.9%. Vehicle buying plans, according to the University of Michigan's monthly survey of consumer confidence, fell to their lowest level in 15 years. In an omen of more layoffs, both GM and Ford said they would cut production in the July-September period, GM lowering its output by 8.4% and Ford by 2.4%.

Pending Home Sales Fell in April; Third Month in a Row

Pending home sales dropped 3.7% in April compared to March, and were down 11.7% compared to a year ago, the National Association of Realtors reported June 1. Declines were steepest in the Midwest and West, according to the National Association of Realtors. Meanwhile, Pulte Homes, the largest U.S. homebuilder, says orders in April and May plunged 29% from a year ago, as the cancellation rate rose to a staggering 27.4%. Mortgage loan applications fell in the week ended May 26 to lowest level in four years, as mortgage interest rates rose to a four-year high, the Mortgage Bankers Association reported.

Euro Central Bank: Hedge Funds Threaten Financial Stability

Hedge Funds are threatening global financial stability, warned the latest semi-annual "Financial Stability Review" by the European Central Bank (ECB) June 2. For the first time, the report includes a special chapter on the hedge-fund sector. The report warns that an "idiosyncratic collapse of a key hedge fund or a cluster of small funds" poses one of the key risks for new shocks that could trigger fresh disruptions in financial markets. In addition to "potentially high leverage," there is another area of grave concern: the fact that hedge funds increasingly tend to use exactly the same kind of strategies.

"In fact, the levels reached in late 2005 exceeded those that had prevailed just before the near-collapse of Long-Term Capital Management (LTCM), a very large hedge fund, in September 1998," the report states. This "raises concerns that a triggering event could lead to highly correlated exits across large parts of the hedge fund industry." Already last year, during April and then again during October, a number of hedge funds suddenly suffered heavy losses, with the April 2005 events triggered by the downgrading of GM and Ford. A particular section of the hedge-fund sector—those specializing on "convertible arbitrage strategy"—thereby on average "lost about 40% of capital under management in 2005." A possible trigger for new turmoil could be an "unexpected end of the recent global search for yield," due to the "tightening of global liquidity conditions." This could "cause investors to withdraw their money abruptly, thereby exerting funding liquidity pressures on individual hedge funds. This could trigger substantial sell-offs and challenge perceptions regarding the degree of liquidity prevailing in affected markets. Moreover, hedge funds could flood their prime brokers with large and simultaneous credit demands at a time when brokers themselves could be suffering from corrections in overextended markets."

While the ECB report refers to an overall emerging market sell-off as a possible scenario for future hedge-fund trouble, this process has of course already been going on since early May. Between May 9 and May 31, the Morgan Stanley index for emerging-market stocks has plunged by 15%, with stocks in Turkey crashing by 30% and those in Brazil, Pakistan, and India by 20% on average.

Mexican Central Banker Denies Parallel to 1994 Blowout

There is no relationship between today and the 1994 blowout of the Mexican debt, Mexican Central Bank chief Guillermo Ortiz defensively insisted on May 8, in an interview with the *Financial Times*. When a Central Bank insists that "the situation today is very, very different," you know there's trouble!

The "difference" between December 1994, when Mexico required a \$50 billion bailout to stave off a default which threatened the global financial system, and today is fast shrinking. "The specter of default" is rising again in Ibero-America, a Bloomberg wire warned on May 30, as "investors" decide debt defaults in Brazil, Mexico and Peru, in particular, are "no longer unthinkable." Credit default swaps on Brazilian bonds have become the third-most active such derivative contracts after GMAC and Ford Motor Credit Co.; the price of insuring \$10 million in Brazilian bonds rose by \$83,500 in May.

The capital flight by foreign investors out of Brazil's so-called "domestic" debt bonds—specifically, the long-term NTN-Bs, which offered an interest rate of 7.5% plus inflation—became a "panic" at the end of May, and collapsed the market for these bonds, forcing the Brazilian Treasury to step in and buy the bonds back. Brazil announced also that in June, it will once again sell so-called "post-fixed" debt, which carry interest rates which vary; fluctuating with the benchmark SELIC rate. When that benchmark rate—currently a usurious 15.75%—goes up again as the global panic hits, Brazil's debt load goes through the roof, too.

United States News Digest

Murtha Charges Coverup of Haditha Massacre

Haditha was murder and "the chain of command tried to stifle the story," charged Rep. John Murtha (D-Pa) in an interview on ABC's Good Morning America May 30. For more than two weeks, Murtha has been sounding the alarm about the November 2005 incident in the Sunni town of Haditha, where U.S. Marines reportedly killed 24 Iraqi civilians in cold blood, in revenge for a roadside bomb. Murtha had introduced emergency legislation last December calling for a U.S. withdrawal from Iraq.

Murtha, who served in the Marines and the Marine Corps Reserves for 37 years, said that "it breaks my heart" to think that U.S. Marines would carry this out, but that this action was murder, and it cannot be condoned. He also said that the U.S. has "lost the hearts and minds" of the Iraqi people, and "80% of the Iraqis want us out of there."

Murtha also said that U.S. troops were acting under "tremendous stress," and ABC reported that several of the Marines under investigation had served two tours of duty in Iraq, and one was on his third.

Murtha added, "I will not excuse murder, and this is what happened. The investigation should have been over two or three weeks afterward, and it should have been made public and people should have been held responsible for it."

Albright Recommends Regime Change in Washington

In an interview published on June 1, by Germany's *Suddeutsche Zeitung* daily, the former U.S. Secretary of State, Madeleine Albright, said that she, too, believes in an "essential role" of the U.S. in world affairs, but that President Bush has overdone it, that he has been too much of a missionary—at the expense of the American reputation in the world.

As for the Islam issue, Albright said that Islam as such is not a religion of war, but rather one of peace. Iranian President Ahmadinejad's letter to Bush is largely unbearable, Albright said, but there are also important things in it. Her advice to Bush: He ought not respond directly to the Iranian President, but rather, give an address to outline what the U.S. positions are. Otherwise, given that the U.S. has talked to people like Milosevic and Kim il-Sung, direct talks with the Iranian President should not be ruled out.

Emphasizing again that she thinks the U.S. does have a leading role in world affairs and needs to be strong, Albright said that the Bush Administration overdid it in Iraq, that the scandals around Abu Ghraib, and now Haditha, have damaged the U.S. reputation severely. "What would help would be a new leadership in the U.S.A, the admission of grave mistakes, an end to the war in Iraq, and a serious effort to have a better approach to other countries," Albright recommended (paraphrases from Albright are backtranslated from German).

Supreme Court Rules Against Public Employees

The Supreme Court, in an outrageous 5-4 ruling, says that public employees who make charges of official misconduct are not protected from government retaliation, the *Washington Post* reported May 31. Confirming Lyndon LaRouche's warning of the consequences of Congress's capitulation to the Samuel Alito confirmation, the U.S. Supreme Court ruled—with the Federalist Society faction in the majority—that the First Amendment does not protect public employees who blow the whistle in the course of their official duties. According to Chief Justice John Roberts, and Justices Antonin Scalia, Clarence Thomas, Anthony Kennedy, and Alito, the Los Angeles County District Attorney's office had the right to

"discipline" a prosecutor by demoting him after he wrote to supervisors charging that a sheriff's deputy had gotten a search warrant on false pretenses.

The ruling extends to all of the nation's public employees.

Ohio GOP Moneybags Guilty of Election Fraud

Tom Noe, a former coin dealer and one of 19 Ohio Bush-Cheney Pioneers (people who raise \$100,000 or more for the campaign), pleaded guilty to illegally using friends and associates to funnel \$45,400 to President Bush's reelection campaign, the *Columbus Dispatch* reported May 31. Noe, facing up to 15 years in prison and fines up to \$950,000, had previously denied his guilt and was set for trial July 24, but decided to plead guilty to three Federal charges and hope for a reduced sentence for accepting responsibility. Noe still faces 53 state felony counts related to his handling of \$50 million in rare coins and other items for the Ohio Bureau of Worker's Compensation, with a state trial scheduled for Aug. 29.

General Campaigns To Drive Rumsfeld from Office

Major General John Batiste (ret.) is on a campaign to drive Secretary of Defense Donald Rumsfeld out of office. Batiste, who resigned last year, after having spent a 12-month tour of duty in Iraq's Sunni Triangle, went public demanding Rumsfeld's ouster. Now, he has accelerated his drive against Rummy.

"I'm as mad as hell," he told London's *Daily Telegraph* May 28. "I'm not stopping. They can hand wave me off, dismiss me, but I'm coming back, again and again and again, until there is some accountability." Batiste said he had "growing support on both sides of the Congress." He is now charging that Rumsfeld went to war with too few troops, then refused to listen to commanders who demanded more. "There were insufficient troops on the ground by a factor of two-and-a-half to three," he said. Rumsfeld's "contemptuous, arrogant and dismissive attitude" led him to ignore competent military advice, said Batiste.

On the basis of his experience as the senior military aide to then-Deputy Secretary of Defense Paul Wolfowitz, Batiste stated: "You can't tell that man [Rumsfeld] anything because he knows it all."

Plan for New Destabilizing Missile Exposed

Plans for a new, non-nuclear version of the submarine-launched Trident II have been in the works since 2001, when it was "foreshadowed" in the Pentagon's Nuclear Posture Review study, reported the *New York Times* on May 29. The task given to the Strategic Command was to develop a way to intervene, anywhere in the world, within one hour. What was developed was the idea of a new ICBM, armed with a non-nuclear payload. While this may not sound immediately threatening, the problem becomes one of distinguishing it from any other ICBM, which might be nuclear, a worry already expressed by the Russians. All sub-launched Tridents are currently armed with nuclear payloads, and the Pentagon's plan is to substitute two non-nuclear missiles out of the total of 24 on a sub.

Two former Defense Secretaries, James Schlesinger and Harold Brown, co-authored a recent op-ed in the *Washington Post*, urging Congress to support the system. So far, the Senate is stalling, demanding to know how these risks might be mitigated, while the House Armed Services Committee has cut most of the funds, and asked Secretary of State Rumsfeld to report on discussions of the topic with other nations.

Kerry Targets Swift Boat Liars

2004 Democratic Presidential candidate Sen. John Kerry is compiling a dossier to refute every one of the charges made against him during the campaign by the so-called Swift Boat Veterans for Truth against him during the campaign. The *New York Times* May 28 presented much of the evidence already compiled, including photographs and documents countering the Swift Boaters' accusations. Kerry has also signed forms authorizing the Navy to release his record, and hired a researcher to comb the Naval archives in Washington for further evidence.

In February 2005, Kerry's supporters formed their own group, the Patriot Project, to defend not just Kerry, but other veterans who take unpopular positions, particularly against the Iraq war. One of their first tasks was to visit newspaper editorial boards in defense of Rep. John Murtha (D-Pa), who came under attack for his opposition to the Bush Administration's Iraq war.

The Swift Boat group is still active. Last fall, it gave \$100,000 to a group that sued Kerry for allegedly interfering with the release of a film that was critical of him. Jerome Corsi, co-author of the Swift Boat veterans' book, *Unfit for Command*, is a proponent of launching an attack on Iran, and recently surfaced as an advocate of ethanol production as a new energy source.

Bush Heaps Praise on Truman

President Bush lauded Harry Truman as he gave the West Point Commencement address on May 27. Devoting a full ten paragraphs of his speech to Truman, whose name he invoked more than a dozen times, Bush compared the "imperial Communism" faced by Truman to the "terrorists" of today, as an enemies who share "a murderous ideology that despises freedom, crushes all dissent, has territorial ambitions, and pursues totalitarian aims."

"Fortunately, we had a President named Harry Truman," Bush began, describing as clear and bold Truman's "new doctrine of global intervention," authored by Winston Churchill, whom Truman brought to Fulton, Missouri, for the famous "Iron Curtain" speech that launched the Cold War. Bush described the war on terror as in its beginning stage, saying that it "began on my watch, but it's going to end on your [the West Point graduates'] watch."

Ibero-American News Digest

Lopez Obrador Announces Debt Strategy like Kirchner

On the campaign trail in Jalisco June 1, Mexican Presidential candidate Andres Manuel Lopez Obrador dropped a bombshell, announcing that he intends to renegotiate Mexico's debt as President Nestor Kirchner did for Argentina.

"It has been shown that things go better for countries or governments which don't adjust or adhere precisely to everything which these international financial bodies dictate. The 'Washington Consensus' [of IMF policies—ed.] has been shown to not be the best for developing countries, such as ourselves. Argentina, for example, achieved a very good debt negotiation, despite pressures against it. The country [Argentina] was on the floor. It was bankrupt, and President Kirchner knew how to carry out a very good debt negotiation, and this freed up funds for national development," Lopez Obrador told media.

This declaration, one month before Mexico's July 2 Presidential elections, from the candidate of the PRD party, who is running neck-and-neck in the polls with the PAN's Felipe Calderon, in the context of the LaRouche Youth Movement's explosive organizing in the nation's capital (see InDepth: "LaRouche Youth Bring Ideas to Mexican Presidential Campaign," by Gretchen Small), sent Wall Street and London into a such a tizzy that as of 36 hours later, no English-language wire report on Lopez Obrador's bombshell could be found.

"We are going to fulfill our obligations, but not in an orthodox manner. The technocrats who have been managing the country's economy have gone beyond what was asked of them. They let people walk all over them. They are like fundamentalists," Lopez Obrador charged.

Lopez Obrador made two other points not to the liking of the financier "fundamentalists": (1) that he will "respectfully" ask the central bank to stop favoring speculative groups, as has been the case so far; and (2) he reiterated his intention to set up a Truth Commission to investigate FOBAPROA—the scandalous \$120 billion bank bailout fund—so as to restructure the FOBAPROA debt, upon which the government currently pays enormous interest.

Kirchner: We Faced Down Those Who Looted Our Country

"We were hounded by those who said the banks had to be paid before the people. We stood firm, and we were able to force those who had looted the country to back down," Argentine President Nestor Kirchner told a gigantic Independence Day rally in Buenos Aires' Plaza de Mayo on May 25. When I took office, it was a second-by-second fight; now it is minute by minute, but "we are going to deepen the process of change in the country," Kirchner promised the crowd of 350,000 people, who came from around the country, and from different parties, to celebrate Independence Day.

I received a country in flames, when I took office three years ago, Kirchner reminded people. "We had 60% poverty, 26% unemployment, almost 30% indigence. It seemed like Argentina was collapsing, but with the force of the honest and decent people of this country, with people who never resigned themselves to the collapse of this country, we began reconstruction." We were hounded by debts, by privileged sectors who did not want to yield an inch, by those who said the banks had to be paid before the people, by those who wanted to do what certain economic groups wanted to do ... and who said that Argentina was not viable unless it satisfied the interests of those groups.

"We stood firm, and with your support, we could begin building a different Argentina. We won a historic write-down of \$100 billion in private debts. For the first time in history, we Argentines could win the battle and force those who looted the country to back down, and we saved \$70 billion."

To great applause, Kirchner added: "From this Plaza de Mayo, I today formally say 'ciao' to the International Monetary Fund. Argentina paid its debt. It doesn't depend any longer on the IMF."

Synarchist Networks in Argentine Military Threaten Kirchner

On the eve of Argentina's Independence Day May 25, a death threat against President Nestor Kirchner was made from the podium of a rally held in Buenos Aires, ostensibly to honor police and military killed by terrorists in the 1970s. The rally, which included civilians and retired military officers, and a handful of young, active-duty officers in their uniforms—a violation of military regulations—marks a significant escalation by fascist military elements deployed by Synarchist financiers against Kirchner and his government. As the anti-Kirchner financier mouthpiece *La Nacion* acknowledged, the rally was "a clear demonstration of force against the government of Nestor Kirchner."

The lead speaker was retired Gen. Miguel Giuliano, who spoke in defense of the 1976 "Chicago Boys" coup and those now jailed for their role in the dirty war which followed. The crowd became so whipped up, that establishment reporters were harassed as "leftists," "communists," with a TV journalist of America TV beaten by 30 hooligans.

In this context, one of the speakers threatened to throw a bomb at Kirchner, were she to have a chance.

Argentine President Forecasts Changes in U.S. Policy

"I think there is going to be an interesting political change in the United States," said President Nestor Kirchner in a May 20 interview with Argentine journalists. "With a different United States, more integrated with the region, everything would be easier." Asked how he views the U.S. role in the region, Kirchner noted that the Bush Administration has all but forgotten Ibero-America. "That's reality," he said. "It proposes free-trade agreements which, in the current framework, are unacceptable. Everything would be easier with a different United States that were more integrated to the region."

In Chile: 'The Children Are Teaching Us an Important Lesson'

On May 30, launching a nationwide student strike, 600,000 students, parents and teachers, marched in Santiago, while similar demonstrations took place in other parts of the country. Led by high-school students, ages 12 to 17, the protest is challenging the Bachelet government to dismantle the Pinochet educational "reforms" which effectively did away with free public education in Chile and replaced it with a system geared to the market. A Chilean political activist told *EIR*: "The children are teaching us an important lesson.... They have amazed us with their ability to organize ... and their decisiveness."

The rapidly expanding student protest (now joined by public and private university student federations as well as some trade union groups) seeks to overturn the de facto privatization of public education carried out by fascist Augusto Pinochet, through decrees imposed one day before he left office in March of 1990. Pinochet handed control of public schools over to 200 municipalities which, if they happened to be poor, had no means to fund the schools. In true "Chicago Boy" style, educational "freedom" replaced the principle of "the right to an education."

This was the largest public mobilization to occur in Chile in 30 years, and it is gaining support from virtually every sector across the political spectrum inside the country, as well as from organizations outside Chile.

On June 1, Chilean President Michelle Bachelet delivered a nationally televised address on the protest, announcing that some of the students' demands would be met (eliminating the fee for university entrance exams, increasing the number of subsidized lunches, and expanding physical school infrastructure), and that the cost of student transportation would be reduced, but could not be eliminated altogether, due to lack of funds. She said a Presidential Advisory Commission would be established to discuss reforms to the educational system.

Bachelet said in her speech, and repeated on June 2, that the *state* must be the guarantor of the quality of both public and private education, indicating she will study the "federalization" of public schools. The government can't do everything the students want, she said on June 2, "but I, as President, have made the decision as to what we're going to do. We have listened [to the students], and we have understood that their demands are legitimate and fair ... and display a profound concern for an issue so vital to the nation as education is."

Peru's Humala Owned by Francoite Fascist

With polls showing Presidential contenders Ollanta Humala and ex-President Alan Garcia running neck-and-neck in the run-up to June 4 final round of Peru's elections, on May 30, Fernan Altuve-Febres, a Peruvian leader in the new Fascist International formed by Spain's former Franco-ite official Blas Pinar in 2001-2002, once again proclaimed his "respect" for self-proclaimed "ethnonationalist" Humala. Altuve revealed that he "has talked to him every day" since 2000, the year Ollanta and his brother Antauro failed in an attempted uprising against then-President Alberto Fujimori.

"Those who are today denouncing Humala are nothing but upstarts who don't know what nationalism is," Altuve growled, adding that he "is more nationalist than all the others combined."

So much for Humala's painting himself as a leftist nationalist and a friend of Venezuela's Hugo Chavez.

Altuve-Febres is a real piece of work. He has repeatedly defended Torquemada admirer Joseph de Maistre, Spanish fascist dictator Francisco Franco, and "neoconservatism," from the pages of the Peruvian daily La Razon. In a January 2005 commentary in La Razon, Altuve-Febres wrote that it was time for the corrupt political classes in Peru to be "swept aside" by "a political tsunami, where the people take back their own destinies, whether by the electoral path or by violence."

Western European News Digest

Polish Hooligans Have Military Training, Many Unidentified

An indepth article in Germany's *Frankfurter Allgemeine Zeitung* June 2 provides a portrait of Polish soccer hooligans: Their belief structure is sheer brute violence; unlike the hooligans in Germany, the Poles have no code of ethics; they go for the maximum violence, just for violence's sake. Recently, hooligans of one Krakow soccer club stabbed a fan of another club to death.

Many have had paramilitary training, which is why the Polish "hools" are seen as the most dangerous in Europe. There are approximately 3,000 in Poland, and usually, they do not look like neo-Nazi skinheads; they look like "normal" youth, under age 35 or so. Unlike in Western Europe, most are not registered in police files. Police surveillance is still weak; therefore, it will be difficult to identify the hools, when they come to Germany for the World Cup soccer championship.

For the Polish hools, every trick, every weapon is allowed. The average top hool in Poland is married, has children, a job; he is practicing the violence as an adrenalin kick, after work, just like a computer game addict. A weak Polish state and lack of public order correspond to the spread of "privatized" violence. Training for the hools is provided by the many paramilitary sports centers.

Police Privatization Helps Hooligans Escape Surveillance

The other side of the military privatization coin, is the erosion of police and secret service structures in Eastern Europe over recent years. Many former officers have followed Western examples of privatized security functions, and the (formerly) secret special training and torture camps of the Bush Administration in Europe's East, mostly run by unofficial (that is, privatized) networks there, are aspects of that.

Coming under strong surveillance by police in the West in recent years, violence-prone hooligans and weapons-loving neo-nazis have moved into Eastern Europe by the thousands. This is not for sightseeing and cheap beer "vacations," but rather for live-fire training with pumpguns at a site in Budapest, for example; or more recently, in more remote Romania and Ukraine. In Ukraine, things have gotten worse since the Orange Revolution, where authorities are aware of the problem, but have decided to tolerate it, for reasons of additional "tourist" revenue.

Blair Ratings Drop in Wake of Peerage Scandal

A *Telegraph*-ICM poll released in Britain May 21 shows 54% of those polled believe that seats in the House of Lords were offered in return for secret loans or donations to the Labour Party, or for funding of the government's City Academies. Only 28% said they believe they were not. At the same time, 53% believe that Prime Minister Tony Blair should be prosecuted if the London Metropolitan Police investigation finds that Labour acted illegally over the loans affair, and only 36% say he should not face charges.

Compounding Blair's problems, Sir Alistair Graham, chairman of the Parliamentary Committee on Standards in Public Life, accused Blair of treating standards as a "peripheral, minor issue, not worthy of serious considerations." Graham, who was appointed by Blair to oversee the behavior of politicians, said the "cash for peerages" scandal had damaged the whole government. "Opinion polls show the public think this Government is as sleazy as the last," he told *The Mail*, adding that: "He [Blair] has paid a heavy price for ignoring standards."

Blair Trust Manager Also Handles Funds for Labor Moneybags

In what Conservative Party MPs are calling a "curious coincidence," it turns out that City of London lawyer Barry Paisner handles both the "blind trust" for Tony Blair and the trust for millionaire stockbroker Michael Townsley. In 2005, Lord Townsley secretly loaned the Labour Party 1 million pounds for its reelection campaign; Townsley was one of four businessmen who withdrew from their nominations to the House of Lords after it was revealed that the Lords Appointments Commission had blocked them. Moreover, Townsley is considering whether or not to turn the loan into a donation. And, Townsley donated 1.5 million pounds to one of Blair's City Academies.

But the question marks do not end there: Paisner, who is supposed to keep the Blairs' trust "blind," was their trustee in 2002 when "Cheriegate" began with Cherie Blair's purchase of two Bristol flats for the trust with the assistance of convicted fraudster Peter Foster. Townsley and Paisner also sit on the board of another company, Ebury Investments, and are directors of two charities—UK Friends of Peres, whose board includes Lord "Caspoint" Levy, Blair's main solicitor of loans and of the Weizmann Institute.

Conservative MPs have vowed to get to the bottom of whether or not Blair has a personal stake through his retirement "blind trust" in the "loans for peerages" scandal. Meanwhile, Paisner refused to say whether he had introduced Townsley to Blair, claiming attorney-client privilege.

Lafontaine Again Warns of Hedge-Fund Collapse

In a brief speech in the Bundestag May 19, on a motion by his own Linkspartei for revoking licenses for hedge funds, former German Finance Minister Oskar Lafontaine quoted the warning from Jochen Sanio, Germany's chief financial market regulator, that "hedge funds are the black holes of the world financial system," and that "it is not a question of if, but when, a hedge fund will cause a disaster."

Lafontaine, former SPD chairman, said that, "In 1998, the LTCM collapse threatened the world financial system," and that, "a lot of luck and the consequent action by the U.S. Federal Reserve then prevented the world financial system from collapsing." Lafontaine added, "It does not suffice ... to say that if, at all, hedge funds can only be regulated within an international framework. No, we ourselves are urged to act according to our responsibility, and contribute to ensuring there is no international disaster.

"What is addressed here, is the principal question whether we shall watch idly as financial markets live with such risks. If one day, another crisis should occur like LTCM, and the international financial markets collapse, it is not enough to stand there with one's mouth open, but to commit oneself to take responsibility."

Pope Benedict Visits Auschwitz

The last day of Pope Benedict XVI's stay in Poland was a visit to the site of the Nazi extermination camp at Auschwitz, where the Pope addressed several thousand survivors of the camp. In his speech, the Pope spoke of "reconciliation," and

said that evil and hatred can be overcome only by the good. "To speak in this place of horror, in this place where unprecedented mass crimes were committed against God and man, is almost impossible—and it is particularly difficult and troubling for a Christian, for a Pope from Germany. In a place like this words fail. In the end there can only be a dead silence, a silence which is itself a heartfelt cry to God: 'Why, Lord, did you remain silent? How could You tolerate all this?' In silence, then, we bow our heads before the endless line of those who suffered and were put to death here; yet our silence becomes in turn a plea for forgiveness and reconciliation, a plea to the living God never to let this happen again."

Benedict said he came to Auschwitz "as a son of the German people. For this very reason I can and must echo Pope John Paul II's words. I could not fail to come here. I had to come ... as the successor of John Paul II and as son of the German people—a son of that people over which a ring of criminals rose to power by false promises of future greatness and the recovery of the nation's honor, prominence and propriety, but also through terror and intimidation, with the result that our people was used and abused as an instrument of their thirst for destruction and power."

Russia and the CIS News Digest

Putin to EU: Russia Will Protect Own Interests

At the semi-annual Russia-EU summit in Sochi May 25, Russian President Vladimir Putin spoke to the burning issue of Russia as a reliable partner in energy deals: "The launch of construction of the North European gas pipeline, measures to strengthen the energy security of the continent," he said, "all of this is aimed at achieving the objectives of progress, global and regional development, and the main goal—improving the quality of life of Europeans." Russia's Interfax asked the EU representatives if "the EU would like to consider Russian energy resources its own," and posed to Putin the question of whether it were not harmful to Russia's long-term interests, to keep increasing the extraction and export of resources, to meet European demand: "Aren't there any plans to curtail the extraction of fossil fuels, given what the Russian economy needs to do in innovation?"—a reference to Putin's own emphasis on high-tech manufacturing, in his recent Federal Assembly message.

Putin replied: "I assure you, nobody is laying claim to our property, and we are not about to hand anything over to anybody.... Russia has been, is, and will be a reliable partner for our European colleagues. We have been building up, we are building up, and we shall continue to build up our capabilities in the energy field. And we shall take these resources onto world markets, including European markets. We shall be diversifying the markets where we sell our products. And that does not at all contradict our plans to change the composition of the Russian economy in the direction of innovation. What's more, we are interested in developing our relations with the EU in all areas, and we spoke frankly today about our belief, that if our European partners expect us to let them into the holy of holies of our economy, into the energy sector, ... then we expect reciprocal steps in the crucial, most important areas for our development."

Speaking May 18 in Strasbourg, where Russia assumed the rotating chairmanship of the Council of Europe for the first time, Foreign Minister Sergei Lavrov reportedly told Euro-Parliamentarians that the EU has too often based its stance towards Russia on "unfounded, partial, and unverified information," and "an imperial way of thinking." Minister of Industry and Energy Victor Khristenko, in a May 22 official letter to the EU, appealed for calm in the overly politicized energy debate. Russian Special Envoy to the EU Sergei Yastrzhembsky said May 24, that Russia has no intention of ratifying the "Energy Charter," as demanded by the EU, this entailing agreement to relinquish Gazprom's total control of natural gas transport out of Russia.

Kremlin Consolidates Control Over Energy Sector

Vedomosti reported May 25 that President Putin has instructed officials to reclassify more of Russian fuel and resource

deposits as "strategic," and therefore off-limits to foreign involvement beyond a certain level. The Natural Resources Ministry would present amendments to the Law on Subsoil Use, reducing by half the threshold size for a field to be considered "strategic"—50 million tons for oil and 500 billion cubic meters for gas. On May 25, the *Financial Times* of London reported that the same Ministry of Natural Resources plans to call for revision of concessions granted in the 1990s, which might be undercutting Russia's national interests. The *Moscow Times* spelled out on May 26, that at stake are the giant Sakhalin-1 and Sakhalin-2 projects, into which ExxonMobil has sunk \$5 billion and a Royal Dutch/Shell-led consortium is investing \$20 billion, respectively. The ministry acted on the basis of a report drafted in the Russian Academy of Natural Sciences, according to which, delays and poor performance by those investors has cost Russia \$10 billion.

In this setting, the *London Economist* and the *Wall Street Journal* are among those calling for big investors to shun the IPO by Russia's state-owned Rosneft oil company, slated for July.

Putin: Cheney's Is Not the Only Game in Washington

Asked at the Russia-EU joint press conference in Sochi May 25 to comment on Dick Cheney's May 4 Vilnius speech, where the Vice President charged Russia with using its energy resources to blackmail its neighbors, President Putin replied with audible sarcasm, "I don't even know what to tell you in reply to the question you have posed. As far as relations with the United States go, this is one of our partners, and we value the development of relations with that country. I am sure that there are a sufficient number of political forces in the United States, who have the same attitude towards the development of relations with the Russian Federation." As for relations with other countries, Putin went on, "we mainly discuss those relations with the relevant countries directly." He added, "We see how the selfsame U.S.A. defends its interests. And we see the methods and means they use."

Chief of Staff: Missiles in Europe Threaten Russia

Russian Chief of the General Staff Gen. Yuri Baluyevsky commented May 24 about U.S. plans to deploy ballistic missiles in Eastern Europe, possibly in Poland and Romania. Baluyevsky said: "The very fact of the deployment of the first-line missile defenses in this region is unequivocally intended to neutralize Russia's strategic potential." He repeated promises of an "asymmetric response"—"asymmetric solutions, which give us grounds to say that our intercontinental ballistic missiles and their warheads will successfully penetrate both existing and nascent missile-defense systems that are being developed today and will be developed tomorrow and in the more distant future."

Moscow Seeks Collective Security Upgrade

On May 24 President Putin received Nikolai Bordyuzha, secretary general of the Collective Security Treaty Organization, to discuss the organization's upcoming summit, scheduled for June 23 in Minsk. CSTO members are Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan. Bordyuzha then announced plans to develop a "universal international security system" for member states. This could include "joint emergency reaction forces" for natural disasters and other events, including outside of their immediate area (upon UN mandate). The defense ministries of Belarus and Russia are currently planning joint military maneuvers, Bordyuzha said.

Also intensifying are preparations for the June 15 Shanghai Cooperation Organization (SCO) summit, in Shanghai. At the first-ever SCO inter-parliamentary conference, held in Moscow the week of May 30, Russian State Duma Speaker Boris Gryzlov said that Russians do not want to see the U.S.A. promoting the formation of other, specialized alliances in central Eurasia, such as a mooted anti-drug trafficking organization; the SCO can handle that, said Gryzlov, and "a parallel organization of that kind would be a barrier to cooperation." On May 18, Gen. Yuri Baluyevsky said discussions are under way about possible joint military maneuvers of CSTO and SCO member countries.

GUAM Makes a Move; Crimea Anti-NATO Protests Grow

The leaders of Georgia, Ukraine, Azerbaijan, and Moldova, or "GUAM," met May 23 in Kiev and announced formation of a new Organization for Democracy and Economic Development. Georgia, Ukraine, and Moldova have indicated their intention to leave the Commonwealth of Independent States; Georgia and Ukraine seek to join NATO; Azerbaijan wants to remain in the CIS, while also joining the new organization. Thus the development was less than decisive as a diplomatic move, especially as the meeting took place in Ukraine—which, two months after parliamentary elections, still does not have a government.

Several eastern Ukraine city or regional legislatures have voted their areas "NATO-free zones." In the Crimean port city of Feodosia (Ukraine), thousands of people began demonstrating May 27 against the arrival of the U.S. naval transport ship *USS Advantage*. The rallies, initiated by Natalia Vitrenko's Progressive Socialist Party of Ukraine, and supported by Communist Party and Party of the Regions politicians, are aimed against the Sea Breeze-2006 Ukraine-NATO maneuvers in the Black Sea, for which rally organizers say the *Advantage* carried materiel. Russian state television played up the ship's visit as "unsanctioned" and reported that U.S. forces were unable to reach the pier to unload the containers, due to the large number of protesters.

GM, VW Set Up Shop in Russia

General Motors CEO John Wagoner is expected in Moscow in mid-June to announce construction of a Chevrolet assembly plant in Russia. Similar plans for an assembly and parts facility, in the city of Kaluga, have been confirmed by Volkswagen. A number of Russian commentaries about these deals, express concern that Russia is being exploited as a source of cheap labor. Under the headline "General Motors hides from bankruptcy in Shushary" (the St. Petersburg industrial area announced for the GM assembly plant), Rosbalt news agency on June 1 ran a commentary that said, "Market analysts and experts are unanimous in their opinion, that GM is not really going to build a new factory in St. Petersburg, but will simply be shifting facilities here from European countries, where the company has been cutting back production and laying off workers." Rosbalt noted that GM plans to close 12 factories around the world, laying off 30,000 people. The St. Petersburg government granted GM substantial tax breaks—total exemption from the property tax and a reduction of the tax on profit—in order to attract the plant.

Russia's ability to build up its own auto industry was crippled in the mid-1990s, when the Ordzhonikidze machine-tool plant in Moscow, the USSR's only manufacturer of integrated auto assembly lines, once it was privatized, was taken over by interests who stripped out the machine tools and rented used the floor space as a warehouse.

Russian Steel Industry Enters Global Takeover Game

Arcelor, the world's second-largest steelmaker, announced May 26 its agreement with Alexei Mordashov to take over his Severstal company, in return for 38% of Arcelor. The combination would make Arcelor the world's biggest, blocking London-based billionaire Lakshmi Mittal's hostile takeover bid. (Like Mittal, Severstal owns a steel plant in the U.S.—River Rouge in Detroit. Unlike Mittal, Mordashov has not shut down production there, but is operating it profitably.) The stock swap, giving a foreign company co-ownership of one of Russia's largest industrial companies, is no small matter for Moscow. Only the TNK-BP oil merger, several years ago, was on a similar scale. Russian media report that Mordashov met privately with President Putin last week, indicating Kremlin approval of the latest move. Arcelor and Mittal clashed in 2004-2005 over control of Kryvorizhstal, the steel giant in Ukraine, which Orange Revolution leaders ultimately handed to Mittal for cash.

Roman Abramovich, a major Russian financial oligarch, may invest \$3 billion into Yevrazholding, a major Russian steel

industry group that has been a rival of Severstal. The *Financial Times* of London suggested that this development could lead to the reopening of partnership talks between Yevrazholding and an Anglo-Dutch steel company called the Corus Group. The *FT* stressed Russian President Putin's personal role in approving, and even coordinating these moves, noting the Kremlin's evident desire to consolidate a powerful "national holding" in steel. Abramovich's ties with the Kremlin are no secret; he avoided the fate of his ex-partner, Boris Berezovsky (self-imposed exile in London to avoid indictment), by selling his majority ownership stake in Sibneft Oil to state-controlled Gazprom, and his aluminum holdings to the Kremlin-favored oligarch Oleg Deripaska, while remaining Governor of Chukotka and managing his \$18.6 billion fortune out his London-chartered Millhouse Capital.

Other Soviet-era facilities, reportedly targeted by Yevrazholding for merger into a steel mega-conglomerate, are the plants at Magnitogorsk and Novolipetsk. Also included could be iron mines owned by Alisher Usmanov, a Corus shareholder. If all these mergers materialize, the Acelor-Severstal and the Yevrazholding-Corus groups could become the top two steel producers in the world.

Southwest Asia News Digest

Lavrov: Military Action Against Iran Now Off the Table

Following the June 1 meeting of the foreign ministers of the five permanent members of the UN Security Council and Germany in Vienna—at which a consensus was reached on negotiations with Iran—Russian Foreign Minister Sergei Lavrov granted an interview to Itar-Tass and BBC. In that interview, reported June 2, he dropped a bombshell: "I can say unambiguously, that all the agreements ... rule out in any circumstances the use of military force." He added that, if Iran rejects the offer presented by U.S. Secretary of State Condoleezza Rice, the matter will be referred again to the UN Security Council, but that the agreement among the foreign ministers was that this would not involve the imposition of any sanctions. Lavrov also thanked the United States for inviting Russia to participate in the multilateral talks with Iran. Previously, Russia was involved in bilateral negotiations with Iran, but this was distinct from the EU negotiations involving Britain, France, and Germany.

Iran Responds Positively to Proposal for Direct Talks

After U.S. Secretary of State Rice announced May 31 that the U.S. would open direct talks with Iran if it suspended uranium enrichment, Iran responded positively, albeit with reservations. Immediately following Rice's statement, an Iranian official told *EIR* that it was "very positive and useful," something which "the Iranian side has been waiting for." He stressed that the U.S. was in no position to start a new war in the region, a war no one wants, and that talks would provide the opportunity for "both sides to understand each other."

The crisis in the region, he said, required U.S.-Iranian cooperation, especially regarding Iraq: "Iran and the U.S. have common problems and common interests in the region; therefore they must cooperate." Iran, he added, sought foreign investments and economic cooperation, and therefore, open relations with others. "The U.S. is very important in this; there is no other country like Iran in the region," he said, pointing to its role as a regional power, and its special relations with Iraq and Afghanistan.

The first official statement by Foreign Minister Manuchehr Mottaki on June 1 was also positive, with reservations. "We support dialogue in a fair and unbiased atmosphere, but we will not talk about our undeniable and legitimate rights, because this is the right of our people according to international laws and treaties," he said.

Saudi, Israeli Papers Echo LaRouche Warning of New 9/11

Lyndon LaRouche's warning that Vice President Dick Cheney could organize a new 9/11 to trigger the bombing of Iran, has found an echo of sorts in media in Southwest Asia.

According to the Saudi paper *Al-Watan* May 26, Israel has warned European and U.S. intelligence that Hezbollah was planning attacks—on Iran's behalf—at the World Cup Soccer games in Germany. The attacks would be led by one Imad Mugniyah. The *Al-Watan* article was reported by Roe Nahmias on ynetnews.com, the online edition of Israeli daily *Yedioth Ahronoth*, the same day. The ynet story continues: "According to the report, the terror plot is aimed at proving to the international community that Tehran is capable of retaliation if attacked."

The story continues: "Sources in Washington said a joint U.S.-European operations room has been set up to deal with such a scenario; to this end, two American aircraft carriers, along with a French ship, are making their way to the Indian Ocean and the Persian Gulf.

"U.S. officials opposed to an attack on Iran fear the Bush Administration would take advantage of such terror attacks to launch an offensive that, according to the officials, would settle the Iranian nuclear crisis and boost the President's approval rating.

"The officials added that should the terror attacks be masterminded by a third party, they would still be used to justify an attack on Iran."

Iran and Turkey in Secret Talks To Stop Iraq Breakup

Iran and Turkey are engaged in secret talks in Ankara, driven by the U.S. promotion of the breakup of Iraq and its support for incursions into Iran by the Kurdistan Workers' Party (PKK), according to the May 24 *Big Picture*, an informative Internet newsletter. Both Turkey and Iran fear a break-up of Iraq and the emergence of an independent Kurdistan. And the U.S. is reportedly using PKK terrorists as part of the apparatus being deployed inside Iranian territory to spread chaos and weaken the Tehran regime.

According to an article by Phil Girdi in the *American Conservative* April 24, the Iran-Turkey collaboration has trumped longstanding Israeli and U.S. neocon dealings with the Turkish military—at a great financial profit. Girdi revealed that the FBI is investigating the relations between the Turkish military, Israel, and a nest of neocon "consultants" who deal with both countries. The "consultants" are suspected of money laundering and other possible crimes, including illegal arms trafficking. Among the targets named by Girdi are Doug Feith, Richard Perle, and Stephen Solarz.

Lyndon LaRouche commented that the Bush Administration is insane to be peddling the idea of a breakup of Iraq. This, he warned, could unleash the "Kurdish nightmare" and has no doubt produced the Turkish-Iranian cooperation, to halt this madness.

Larijani: Iran Needs Nuclear To Follow Oil Depletion

Iran needs to have nuclear energy in place when its oil is gone, to ensure Iran's energy independence, according to the secretary of the Iranian National Security Council, Ali Larijani, in an interview with the Italian daily *La Repubblica* that appeared June 1. "Why does France continue to develop its own nuclear sector? It does it for the same reasons as we, because it is a window towards development. Sure, we have oil resources, but they are limited. What will we do when they are depleted? We do not want to depend on anyone for our fuel, and there is no international mechanism that could guarantee our supplies," Larijani said.

Larijani lashed out at the "theory of globalization," according to which "there should be two kinds of countries, the industrialized, leading ones, and tomato producers, which are denounced to the UN Security Council as soon as they try to trespass the limits of what has been assigned to them."

On Ahmadinejad's anti-Israeli posture, Larijani responded, "Since he was elected, the President has given more than a thousand speeches. Beware of the media hype! The President has said many right things and, as concerns Israel, has explained that it is up to the people to decide democratically. The Guide [Ayatollah Khamenei] has stated on his side that we disagreed with Saddam and Nasser, who wanted to burn Israel and throw Israelis into the sea."

The interview was apparently conducted before the announcement of U.S. willingness for direct talks.

Iraqi Government Will Investigate Haditha Massacre

Iraqi Prime Minister Nuri al-Maliki, obviously under tremendous public pressure, announced May 31 that his government will investigate the deaths of civilians in Haditha and other locations. He said he realized mistakes could happen, but "there is an acceptable limit to mistakes."

In Haditha, 24 civilians were allegedly killed in cold blood. At least nine Marines could face charges, including murder. In addition, seven Marines and a sailor are likely to face murder charges in the killing of an Iraqi man near Hamandiya on April 26.

Iraqis Increasingly Enraged by U.S. Killings of Civilians

Muayed al-Anbaki, chairman of the Iraqi Human Rights Association, said June 2, in reaction to the video of killings in Ishaqi, "It looks like the killing of Iraqi civilians is becoming a daily phenomenon." The day before, Prime Minister Nuri al-Maliki said, "This is a phenomenon that has become common among many of the multinational forces. No respect for citizens, smashing civilian cars, and killing on a suspicion or a hunch. It's unacceptable." He added that attacks on civilians will play a role in future decisions on the retention of American troops in Iraq. Maliki said June 2 that the Iraqi government would likely seek the investigation files on the Haditha massacre from the U.S. military. Deputy Prime Minister Salam Al-Zubaie said, in an interview with the *New York Times* June 2, "As you know, this is not the only massacre, and there are a lot. The coalition forces must change their behavior. Human blood should be sacred regardless of religion, party and nationality."

Iraqi Government Has Difficulty Appointing Key Ministers

Iraqi Prime Minister Nuri al-Maliki failed to achieve agreement on appointments to the Defense and Interior portfolios as of June 4, despite a pledge that he would fill those positions on May 27. Because the appointments must be approved by Parliament, Maliki must reach agreement with the ethnic and sectarian parties.

Islamic Jihad Supports Prisoners' Document

The Palestinian militant group Islamic Jihad gave its support to the so-called Prisoners' Document, calling for a two-state solution to the Palestinian conflict. A senior official of Islamic Jihad, according to the *Jerusalem Post* June 2, said a meeting of the leadership of the organization—the most militant of all the groups—met and approved it.

Meanwhile, a poll conducted by American and Swiss research institutes indicates that 85% of Palestinian voters would

support the Document, *Ha'aretz* reported.

Asia News Digest

China and India To Institutionalize Military Training

India and China signed a Memorandum of Understanding (MoU) to institutionalize military training, during Indian Defense Minister Pranab Mukherjee's visit to China. the *Press Trust of India* reported May 29. "This is the first-ever agreement of its kind between the two countries, and I am confident that it will serve as an efficient process for facilitating our defense dialogue and exchanges," said the Indian Defense Minister in Beijing, at a joint press conference with his Chinese counterpart, Cao Gangchuan.

The MoU is considered a major confidence-building measure in the defense field between India and China, and will contribute in a major way to develop greater understanding and trust, Mukherjee said.

Boeing Offers T-45C Goshawk Trainer Aircraft to India

U.S. defense companies continue to bombard India with fresh offers of new and more advanced weapon systems and defense hardware. The latest offer made is for T-45C Goshawk trainer aircraft for the Indian Navy. A team from Boeing arrived in New Delhi in late May with the offer of the T-45C along with F-18 Super Hornet that it wants to sell to the Indian Air Force to meet its multi-role combat aircraft requirement of 126 jets.

India is presently in the market shopping for trainer aircraft for the Admiral Gorshkov that it is buying from Russia. Because the Russians could not extend carrier-landing training to the Indian Navy, Washington seized the opportunity to push the T-45C.

Washington has also made clear that it wants interoperability with the Indian forces for commonality in weapons and systems. It was with this view that the Pentagon offered to train the Indian pilots. Since Russia could not match that offer, it is a certainty that the Indians will accept the American offer.

Bangladeshi Garment Workers Protest Low Wages

Thousands of Bangladeshi garment workers took to the streets of an export zone near the capital Dhaka, demonstrating against low wages. Garments are impoverished Bangladesh's main export, and the industry employs more than 2 million workers, with 45% of its exports going the United States. Bangladesh beats out many competing nations by paying abysmally low wages to the workers.

Patricia Butenis, the U.S. Ambassador to Bangladesh, issued a thinly veiled warning about the protests. "Events like this affect the international reputation of Bangladesh as a safe place to invest and a reliable business partner," she said. Translation: U.S. investors will move their funds to other locations, where workers will smilingly accept slave wages.

As a result of these outbursts against the effects of globalization, and Dhaka's adherence to the free-market path Finance Minister Saifur Rehman, an asset of the World Bank, has indicated that he would resign. He has already met with the World Bank representative in Bangladesh, Charles Wallich.

Non-Aligned Likely To Endorse Iran's Nuclear Aims

According to a draft statement prepared for the forthcoming ministerial meeting of the 114-member Non-Aligned Movement (NAM), its member nations are likely to endorse Iran in its nuclear aims.

The draft made no criticism of Iran's nuclear activities and said Tehran is cooperating with the United Nation's International Atomic Energy Agency (IAEA). It also stressed the need for cooperation to continue, and warned against any military attack on Iranian nuclear facilities.

"The ministers reaffirmed the inviolability of peaceful nuclear activities and that any attack or threat of attack against peaceful nuclear facilities poses a great danger to human beings and the environment.... The ministers reaffirmed the basic and inalienable right of all states to develop research, production, and the use of atomic energy for peaceful purposes...."

International Outcry vs. Philippines Police State

Death squad assassinations of members of left-wing organizations and reporters have skyrocketed in the Philippines (600 leftists and 70 reporters in the five years of Gloria Macapagal Arroyo's Presidency). Now, although Arroyo's week-long "emergency rule" of February was lifted, and warrantless arrests during that time were ruled by the Supreme Court to have been unconstitutional, at the end of May, five leading supporters of former President Joseph Estrada were kidnapped by the military police, and at least one of them was tortured for two days, while the military at first denied even having them. For whatever reason, the five were then released. Criminal charges are being sought against the military and the government.

Philippine journalist Rod Kapunan compared these developments to the "Dirty War" in Argentina and the Pinochet Operation Condor killings.

A team of lawyers from the U.S. National Lawyers' Guild and others have arrived in Manila to investigate these killings and the impunity of those responsible.

Philippines Daily Urges U.S. Adopt Hamilton Economics

A *Daily Tribune* editorial June 1 writes that the collapse of the U.S. economy is due to its failure to learn the lessons of Alexander Hamilton. "The truth is, and this is what George W. Bush still has to grasp," writes the *Tribune*: "The U.S. has been reduced to the status of a Third World economic power. Its manufacturing sector, which at one time accounted for some 30 percent of the economy, has dwarfed to some 15 percent. The U.S. has in fact become what is essentially an agro-service economy and much of its once highly paid manufacturing labor force—the highest paid in the world—has been led to flipping hamburgers in America's fast food stores, serving as night watchmen, making a living as salesmen, waiters, gardeners, and working overseas to constitute part of the industrial labor force in India, Japan and even China. To top it all, America which only 30 or so years ago was the largest creditor country in the world, is now the world's largest debtor country with almost 50 percent of its foreign debt held by China and Japan."

They then ask: "What has this to do with an American named Alexander Hamilton? Well, Hamilton was America's first secretary of the Treasury and he it was who laid the ideological foundations of America's industrial might. He did that by rejecting the suggestion of England—America's former colonizer—that America should take to free trade as its economic ideology. Hamilton rejected the British suggestion and argued that since America at the time was an overwhelmingly agricultural economy, free trade would permanently incapacitate America from developing into the industrial power that Britain was then. The greatness and power of any nation, Hamilton argued, lay in a dynamic manufacturing sector and such a sector can only come to being through economic protectionism. Not through free trade."

Then the U.S. turned away from Hamilton. "America in brief is the major casualty of the free market ideology. And the message is this: If free trade can bring to economic ruin a once economic superpower like America, what more can it do to an already impoverished country like the Philippines? And so, do you wonder why Filipinos are now hungry and why this country is now the economic outcast of Asia? GMA [President Gloria Macapagal Arroyo] should think about this."

War Erupts in Philippines Over Separation of Powers

The Philippines Senate is slashing the budgets to zero for government agencies which defy Congressional oversight, the *Daily Tribune* reported June 1. A war is raging in the Philippines over the separation of powers. The Senate has moved to reduce or eliminate the budgets for:

*The Armed Forces Intelligence Service, for numerous illegal arrests without warrants, even after the lifting of the emergency of February;

*The National Printing Office, for printing up propaganda for the supposedly private effort to change the Constitution to a parliamentary system, eliminating the Senate;

*The National Security Council, because NSC head Norberto Gonzales (who has backed all the moves toward dictatorship) has refused to testify on the budget itself;

*And the National Commission on Good Government, for acting without Congressional concurrence.

Is Washington watching?

U.S. Attempt To Bring Myanmar to UN Security Council Foiled

An effort by the U.S. to bring Myanmar to the UN Security Council has been stymied. The U.S. announced that it would try again to bring a resolution before the UNSC on Myanmar for refusing to release Aung San Suu Kyi from house arrest, a move which would potentially lead to sanctions and military force against one of Secretary of State Condoleezza Rice's "Outposts of Tyranny." However, not only Russia and China, but even Japan, rejected the plan. Japan's Ambassador to the UN, Kenzo Oshima, said the "Security Council is a body that is primarily responsible for threats to international peace and security. We don't take up any matter whenever somebody is arrested or someone is kept in house arrest."

A recent UN envoy to Myanmar, Gen. Ibrahim Gambari, was allowed to visit Suu Kyi, and was invited to return to see firsthand the regions of continuing conflict with the ethnic Karen. To John Bolton's dismay, Gambari said that Myanmar's junta leader, Than Shwe, wants to cooperate with the UN, and he "saw an opportunity to turn a new page."

This Week in American History

Early-June 1933

FDR's 'Hundred Days'

In mid-June 1933, President Franklin Roosevelt completed the first session of Congress under his Presidency, having accomplished the so-called "100 Days" legislative program that pulled the nation back from the edge of the abyss. The

measures that were taken in that period of national emergency embody many of the reversals in policy and axiomatic thinking which FDR had to accomplish in order to save the nation—reversals that are equally, if not more urgent today. Hence, a review of these measures may provide precisely the kind of economic review which is necessary to awaken, and educate, our citizens for dealing with the economic emergency ahead.

What was re-established in the first 100 days were the fundamental principles enunciated in the Preamble to the U.S. Constitution: national sovereignty, the commitment to the general welfare, and a commitment to our posterity.

Re-Establishing National Sovereignty

When FDR took office in March 1933, he inherited a financial and political system which had been dominated, since the time of his (distant) cousin, President Theodore Roosevelt (1901-1908), by British economics. The axioms were those of British free enterprise, and the enforcer of the free-market system, which had sacrificed the lives of millions of Americans by putting banking interests first, was a financial system, which was dominated by the Morgan-Mellon-du Pont interests.

The *primus inter pares* among the bankers was J.P. Morgan, a leading financial ally of the British banking system. The Morgan interests' control of credit gave them a vise-grip over the physical economy, and they were determined to use it to prevent implementation of policies they didn't like, and to otherwise loot the economy and the population. Farms had been shut down *en masse*, while speculative schemes had flourished. Political favorites had received credit, whereas many productive enterprises were given none.

More importantly, these banking consortia worked in such a way as to deprive the United States of its sovereignty, through the enforcement of the British gold system. The creation of credit was limited by the amount of gold held by the banks. Therefore, if the major banking interests decided to sell off their gold to buyers overseas, this resulted in a contraction of credit in the U.S. If the gold supply were controlled from overseas, as it effectively was, through the close-knit British-American banking establishment, then, the U.S. actually lacked sovereign control over its own currency and credit.

President Franklin Roosevelt moved immediately to remedy this situation when he took office. At the same time that he declared the famous bank holiday, he suspended all transactions in gold, and gave authority over any such matters to the Secretary of the Treasury. This is the basis on which the Federal government got the authority to regulate the price of gold, rather than let that money-linked commodity be controlled by private interests.

On April 5, FDR went further, issuing an Executive Order against hoarding of gold. Historian Arthur Schlesinger correctly described the significance of these moves as follows:

"It meant that American monetary policy was no longer to be the quasi-automatic function of an international gold standard; that it was to become instead the instrument of conscious national purpose."

After removing gold as a weapon that could be used by institutions hostile to the purposes of the Federal government, either foreign or domestic, FDR had still to create the basis for a national credit system that would serve the interests of the nation. This was accomplished through his various pieces of banking legislation, and the banking regulation measures which aimed at preventing the banks from being used to loot the general population, and productive enterprises.

The first point that had to be recognized was clear: The banking system was bankrupt. By calling the bank holiday on March 5, Roosevelt dramatized this reality by ordering them all closed.

But then, he had to put the system back together again, which he did through the provisions of the Emergency Banking

Act. This Act, which was rushed through Congress in time to reopen the banks (most of them) on March 13, had various provisions for sorting the banks into three classifications: those that were sound, those that would function with a capital infusion, and those which a conservator would liquidate. It also permitted utilizing Federal government instruments, like the Reconstruction Finance Corporation and the Federal Reserve System, to ensure liquidity be provided for those banks which were basically sound, but needed it.

When March 13 arrived, the day after an estimated 60 million Americans had heard President Roosevelt address them on how they had "nothing to fear but fear itself," a large majority of the nearly 19,000 nationally chartered banks opened their doors, providing the basis for issuing payrolls, and maintaining government and other necessary social functions. Sufficient confidence had been restored, such that the very citizens who had been carrying out runs on the banks, now put more money into the banking system in this period, than they took out.

A Constitutional Principle

There were vociferous objections to FDR's banking measures in this period, on the basis of the "principle" that "private enterprise"—not government—should run the economy. This was shoved aside in the course of the emergency, but the reason for FDR's success was not just pragmatic. It was based on the constitutional principle of national sovereignty, which principle FDR was fully aware of and committed to.

There is no question, according to the U.S. Constitution, that control over the currency of the United States, is a power that resides in the Federal government, specifically the U.S. Congress. Article I, Section 8 makes that clear. And when this principle was challenged in the early days of the republic, the founding genius of the American System of Economics, Alexander Hamilton, came forward to argue the case explicitly.

That argument appears succinctly in Hamilton's "Opinion on the Constitutionality of the Bank," a paper he wrote for President George Washington, in defense of his proposal for a National Bank of the United States. Secretary of State Thomas Jefferson and Attorney General Edmund Randolph had vigorously opposed the National Bank, claiming that it gave the Federal government too much power. (In fact, without the bank, power over the nation's finances would have been ceded to private, *foreign* interests.)

Hamilton's argument concentrated on the question of sovereignty: that the power of the government, "as to the objects intrusted to its management, is in its nature sovereign," and that the right of erecting corporations (in this case, the Bank of the United States, but the argument is more generally applicable) "is one, inherent in and inseparable from the idea of sovereign power."

FDR had not only studied Hamilton, but located his identity in the tradition which began with his great-great grandfather Isaac Roosevelt, who had fought alongside Hamilton to get the U.S. Constitution ratified in New York, and later collaborated with Hamilton in forming the Bank of New York.

Although FDR's banking measures never went so far as to restore the National Bank, the President found a way to exercise this sovereign power by other means. He blasted his opponents as "economic royalists," who claimed to believe in political freedom, but "have maintained that economic slavery was nobody's business." "What they really complain of is that we seek to take away their power," he said.

Promoting the General Welfare

National sovereignty, however, as FDR understood, is not just a question of power, but the use of that power for the

common good—what the Preamble to the Constitution calls the "general welfare." It was on this basis, that the President justified his far-flung initiatives for creating jobs, saving the farm sector, and establishing a safety net for those who had suffered from the "dog-eat-dog" economy which had predominated under the Tory ideas of Andrew Mellon, Calvin Coolidge, J.P. Morgan, and the like.

The most famous of FDR's measures for relieving the suffering of the poor came in what is called the second phase of the New Deal, in 1935, when he moved with Democratic supporters in Congress to push through both the Social Security Act and unemployment insurance. These measures, which immediately came under attack by the Morgan-led banking interests, eventually survived a challenge that went all the way up to the U.S. Supreme Court, which ruled that they were consistent with the general welfare clause of the U.S. Constitution.

But Roosevelt, from the very beginning, understood that his government had to "drive from the temple of our ancient faith those who had profaned it"—the "moneychangers in the temple"—and provide the basis for a government which would guarantee the security and peace necessary to the "pursuit of happiness." In reviewing the work of his first term, during his Second Inaugural Address, the President put it this way:

"We of the Republic sensed the truth that democratic government has innate capacity to protect its people against disasters once considered inevitable, to solve problems once considered unsolvable. We would not admit that we could not find a way to master economic epidemics just as, after centuries of fatalistic suffering, we had found a way to master epidemics of disease. We refused to leave the problems of our common welfare to be solved by the winds of chance and the hurricanes of disaster.

"In this, we Americans were discovering no wholly new truth; we were writing a new chapter in our book of self-government.

"This year marks the 150th anniversary of the Constitutional Convention which made us a nation. At that Convention our forefathers found the way out of the chaos which followed the Revolutionary War; they created a strong government with powers of united action sufficient then and now to solve problems utterly beyond individual or local solution. A century and a half ago they established the Federal Government in order to promote the general welfare and secure the blessings of liberty to the American people.

"Today we invoke those same powers of government to achieve the same objectives."

While many Americans don't realize it today, the measures which FDR took in these first hundred days, and later, were literally matters of life and death. Starvation faced millions of Americans who had been thrown off their land, out of their homes, or out of their jobs. People could not afford doctors, or food, or, in many cases, roofs over their heads. The private sector, and bankrupt local governments, were either throwing up their hands, or turning their backs. It was left to the Federal government to come to the rescue.

FDR's Administration did not wait long in implementing this philosophy. The first measure he took was the creation of the Civilian Conservation Corps, a government-administered program to create jobs, especially for unemployed youth. Over the course of its history, the CCC created millions of jobs, which permitted young men to support their families, and regain their health and morale, while doing something useful for the natural resources of the country.

This jobs program was followed later with the creation of public-works programs, that provided millions more with useful work, particularly in the repair and construction of infrastructure, such as waterworks, roads, and schools. Roosevelt's appointee Harry Hopkins personally embodied the spirit of these jobs programs, as non-bureaucratic responses to the need for public improvements, as well as incomes.

In addition to providing jobs, Roosevelt set up a national relief program, better known today as "welfare," by which the Federal government shared the cost of supporting those families who could not have a breadwinner. In establishing this program, FDR explicitly rejected the idea that unemployment was the "fault" of the individual, and acknowledged that it was toleration of rapacious system of cartels and economic royalists, which created the hardships. Society had a responsibility, therefore, to care for the "least of these."

Other immediate measures for saving lives involved ending evictions of people from their homes or farms. Millions found themselves without the ability to pay their mortgages, and to get credit to refinance. FDR recognized this as a national emergency, and intervened to provide the means for refinancing for those who were in desperate need.

While his opponents screamed about "socialism," FDR could confidently scoff at them. He knew that his programs were providing the basis for putting the nation back to work, and restoring the tax base. Every Federal works program created many corresponding jobs in the private sector which had to provide the materials. Every infrastructure improvement increased the potential for a productive, skilled workforce. While helping the poor, these programs demonstrably lifted the conditions of life for the entire nation—i.e., served the general welfare.

Provide for our Posterity

The third major principle of our constitutional commitment is the requirement that our governance provide for the welfare of future generations. FDR immediately began to put our government behind this principle, by launching major infrastructure projects in water management, power generation and production, and transportation, all of which would shape and improve the conditions of life for decades to come. The epitome of this aspect of his program was the Tennessee Valley Authority, a project long on the drawing boards, which FDR pushed through in May of 1933.

Major infrastructure projects, such as the Bonneville hydroelectric dam, and the TVA, were conceived by Roosevelt not just as jobs programs, but as means of permanently upgrading the productivity of the economy and the productive powers of labor. Such projects introduced the era of cheap electricity, and in many cases, provided the basis for conquering disease and the devastation of periodic floods. FDR knew that they would not pay for themselves in the short term, but only over the long-term, and that not just in terms of dollars and cents, but, most importantly, in terms of the standard of living of the entire nation.

Over the course of his 12 years in office, FDR launched over 45,000 projects in the five basic categories of infrastructure: water, power, transportation, health, and education. Many of the structures his programs built—from parks, to sewage systems, to dams and hospitals—are *still* being used throughout the nation, some 70 years later.

In this era of Baby-Boomerism, there is perhaps no more crucial lesson for our citizens to learn than this principle of our Constitution, as laid out in the Preamble: of providing for our posterity. The commitment to improve nature, and society, for the benefit of future generations has become increasingly foreign to our national philosophy, since the 1960s' launching of the counterculture and the "me" generation. There used to be a joke in the 1970s, that whereas the Japanese businessman planned for six years ahead, the U.S. businessman planned for six minutes, this being the amount of time that it could take for stocks to be traded on the relevant gambling exchanges. In today's computer age, the attention span has dwindled further, to perhaps six seconds.

There are many who would say that we can't return to FDR's way, and who are even committed to ripping up the physical improvements which his Administrations built. They are wrong in principle, as well as in practice. They should study the history of how FDR brought us out of the Great Depression, before our sinking into a worse one (which has already begun)

becomes irreversible, with the blowout of the bankrupt financial system which is imminent.

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