

# EIR

Executive Intelligence Review

June 16, 2006 Vol. 33 No. 24

[www.larouche.pub.com](http://www.larouche.pub.com) \$10.00

The Dossier on Rohatyn's French-Nazi Connection  
Expand AmeriCorps, Asset for Economy Recovery!  
Iran: The Offer Is On the Table

**LaRouche's June 9 Webcast:  
Felix Rohatyn and the Nazis**



# EIR

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*EIR (ISSN 0273-6314) is published weekly (50 issues),  
by EIR News Service Inc., 912 Pennsylvania Ave., S.E.,  
Washington, DC 20003.*

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Canada Post Publication Sales Agreement #40683579

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

## From the Editor

**T**his issue of *EIR* does not include everything which could be said about the threat which Felix Rohatyn represents, but it goes a long way in that direction, and it puts the issue of Rohatyn on the table in a way in which it can be avoided no longer.

*EIR*'s record in exposing Felix goes back more than 30 years, and you can find a lot of what we had to say on the [www.larouchepub.com](http://www.larouchepub.com) website. Our encounter with his Nazi-like economic policies began when he came to the fore in the 1975 bankruptcy crisis of New York City. At that time, a very young political organization, built around the ideas of Lyndon LaRouche, created a virtual firestorm in opposing Rohatyn's bankers' dictatorship, and although we ultimately failed to stop it, we came very close.

Undoubtedly, Rohatyn has not forgotten the battles of 1975, as he has positioned himself over the ensuing years as an alleged leading Democrat, a proponent of a "New Bretton Woods" and a "national infrastructure project," and therefore as an alleged alternative to the politically controversial LaRouche. To our knowledge, he has never publicly attacked LaRouche, but somehow the word gets around that it is Rohatyn who represents the "realistic" choice.

Now, finally, the game is blown. It is clear to everyone with a brain that Rohatyn's idea of economic "reform" is nothing other than the crass looting policies of Delphi CEO Steve Miller, a man whom Rohatyn's firm *put in place* after it was hired back in May of 2005. Any Democrat, or trade union leader, who now sticks with Rohatyn, is going to be fully exposed as a supporter of the Delphi union-busting, industry-dismantling policies. Serious choices are going to have to be made.

We have reached a proverbial turning point. LaRouche has presented the FDR-style pathway to save the economy, through emergency government action, utilizing ready-made programs like AmeriCorps, and funding methods used before. The self-professed alternative is proven to be a cover for a Nazi program to destroy the nation. If a decision for LaRouche's program is not made soon, the vital machine-tool capacity of the U.S. will literally disappear.

We urge you to read this issue of *EIR* very carefully, and spread the word. It's your nation which is at stake.



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## Cover This Week

*Lyndon LaRouche provided the undeniable truth about Nazi Felix Rohatyn, during his June 9 webcast. Here he points to Rohatyn's collaboration with Donald Rumsfeld, with whom Rohatyn shared a podium at a National Economic Council meeting in 1988.*



EIRNS/Stuart Lewis

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“We are now in times, as you shall soon discover, throughout the United States, throughout the hemisphere, and throughout Europe in particular, we’re living in times of the type that most of you living today have never *dreamed* could happen, let alone experience.” Thus, LaRouche began his June 9 webcast. In his broad-ranging speech, he reviewed the history of how Hitler was supported by the British and the French, including the Synarchist International faction in France. Today, this faction is represented by Felix Rohatyn, who is carrying out the Synarchist plan to destroy the United States.

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**Correction:** In *EIR* May 26, 2006, p. 47, the photo of Lakesha Rogers, candidate for chairman of the Texas Democratic Party, was taken by Jim Keller.

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## LAROUCHE WEBCAST

# Felix Rohatyn and The Nazis

*Here are the remarks of Lyndon LaRouche to a June 9, 2006 Washington webcast. His spokeswoman Debra Freeman introduced LaRouche. After his keynote, LaRouche asked Civil Rights heroine and Schiller Institute Vice Chairwoman Mrs. Amelia Boynton Robinson to make a few remarks. The full webcast can be viewed at [www.larouchepac.com](http://www.larouchepac.com).*

**Debra Freeman:** Good afternoon, ladies and gentlemen. My name is Debra Freeman. I serve as Lyndon LaRouche's national spokeswoman, and on behalf of the LaRouche Political Action Committee, I'd like to welcome you to today's seminar. I also would like to give a special welcome—although I know that there are many audiences gathered around the United States, listening to these proceedings via the worldwide web, as well as various audiences gathered around the world—I wanted specifically to give a welcome to the audience which is currently participating from the Argentine Congress. This has become something of a tradition with these webcasts. I'm reminded that this is actually the sixth webcast that is being broadcast directly into the Argentine Congress, so we'd like to give them a special welcome today.

When we scheduled today's proceeding, it was with the idea that we had to escalate the drive in the United States, and we had to escalate the understanding in the United States, of the urgent necessity of Congress moving on a piece of legislation that Lyndon LaRouche motivated with the authorship of the "U.S. Economic Recovery Act of 2006." I think many of you are familiar with this document. For those of you who are not, it is available on the website [[www.larouchepac.com](http://www.larouchepac.com)].

This document was born largely out of the dialogue at that last proceeding of this type. However, in the period of time that has ensued, as the discussion of Mr. LaRouche's proposal has indeed intensified, not only in the Congress but across the United States, as members of the LaRouche Youth Movement have escalated their interventions in Democratic meetings in virtually every state, in trade union



EIRNS/Stuart Lewis

*"Unless there's a change, the entire international financial system could collapse by approximately September of this year, or even earlier."*

meetings in virtually every state, one of the things that we recognized is that it was very important to identify for people, not simply the bread-and-butter issues, if you will, that Mr. LaRouche addresses in this document—the issues that have to be addressed from the standpoint of saving the U.S. economy, and of saving our vital machine-tool infrastructure capability—but that for people to fully understand the urgency of what Mr. LaRouche was proposing, they had to understand it in a broader strategic context. And that meant, once again, revisiting the question of the role that the Synarchist International is playing both inside our government, and inside both of the major parties.

This week, we experienced a very rapid escalation of our understanding as to precisely why the Congress has been hesitant to act on the necessary measures to save the auto industry.

Because, keep in mind, it was more than a year ago, it was actually in March 2005, that Mr. LaRouche began a campaign of a very explicit demand: that action had to be taken, because of the impending crisis and bankruptcy that America's major automakers were facing. And it seemed on a certain level, incomprehensible, as that fight intensified, that members of the Congress seemed incredibly reluctant to act.

Well, this week, we began to put together the reason why. And one of the things that we discovered—and certainly you can find out more details of it in a White Paper that is currently flooding the District of Columbia, and will soon be flooding the entire United States—what we have uncovered, is that the bankruptcy of Delphi, which was the spearhead of impending

broader bankruptcies, was not simply the result of the ill health of that company; nor was it the result of what was obvious mismanagement. But that, in fact, the sell-off of Delphi was presided over by none other than Felix Rohatyn, as part of the systematic dismantling of America's auto industry, and of America's industrial capability in general.

It was a shocking revelation; shocking, perhaps, that Mr. Rohatyn was so open in his action. But perhaps that is nothing more than a reflection of his incredible arrogance, and confidence that the American people were simply too stupid and too distracted, to notice that their nation was being taken apart from under them.

It's that ideology that unfortunately permeates a good portion of the Congress. Perhaps not with quite the same hostility toward the U.S. population that a Felix Rohatyn has, but definitely a sense of cynicism, that the U.S. population either doesn't know or doesn't care. And in fact, that is a *very serious miscalculation*. And as hundreds of members of the LaRouche Youth Movement have organized across the nation, and have reached out into the pores of this country's heartland, what they have actually found is something quite different: People are angry. People want to know why this is happening. And people are prepared to act.

And it is, in fact, that realization, that I think was imposed on the Congress during the course of this week, when members of the LaRouche Youth Movement from the Mississippi River east, descended on Capitol Hill, not only to distribute this material, and to make their own voices heard, but also to



www.arttoday.com

*If Congress doesn't fight Felix Rohatyn's dismantling of the U.S. economy, the United States will go the way of ancient Athens, "which was drawn into the cult of sophistry, which is the precedent for the sophistry that occupies most of the people in the United States today," LaRouche said. Here, LaRouche Youth Movement members organizing against sophistry on Capitol Hill (left) and the Acropolis in Athens, in ancient Greece.*

lend support to trade union officials and elected officials, who joined them in the latter days of the week, both in person and also in the form of an open letter to Congress, which was published in various newspapers in this area, demanding that Congress act now to implement Lyndon LaRouche's Economic Recovery Act, and that they do so in a timely fashion. This ad has been signed by over 100 elected officials, by an equal number of labor leaders, and it is something that we will continue to circulate, and continue to distribute on Capitol Hill, until our Congress figures out that, in an election year, it is not only in the interest of the nation, but also in their interest, to act, and to act quickly, as these individuals are demanding.

So, it has been quite a week. But there still is a great deal of work to be done. The velocity of the breakdown crisis has not slowed, and in fact, it is accelerating. And while we see important institutional moves against the Synarchist International inside the United States on various aspects of policy, not the least of which is policy toward Iran, the fact of the matter is, that the danger does not disappear, until the likes of Dick Cheney and Felix Rohatyn disappear from influence in our institutions.

There's certainly more that I can say, but I know that you are, as I am, very anxious to hear from Mr. LaRouche, today. And therefore, without any further delay, I'd like to ask you to join me in welcoming him.

## LaRouche's Forecasts

**Lyndon LaRouche:** Thank you, young lady! Thank you very much.

We are now in times, as you shall soon discover, through-

out the United States, throughout the hemisphere, and throughout Europe in particular, we're living in times of the type that most of you living today have never *dreamed* could happen, let alone experience.

I am a forecaster, among other things, and probably the best economist in the world. And that's not a brag, that's simply a fact. I made some discoveries back in the course of the late 1940s, early 1950s, and as a management consultant, I applied some aspects of my discoveries to the current situation at that time, 1956. I was looking at the situation, 1955-1956, in the automobile and other industries in the United States, and I said, "This has come to an end. We're going to have, by early 1957, the deepest recession of the post-war period." And in February 1957, we had the deepest recession of the post-war period.

Encouraged by that, I went further with long-range forecasting, based on an understanding of the characteristic mistakes built into the current policy of the 1950s of the United States, including the policies of Arthur Burns. And I warned, I said we face the following situation: "Unless we change these policies which are now in effect, the policies established in 1954 under the Arthur Burns change in the credit practices of the United States, we will go into the 1960s, and by the middle of the 1960s, we will enter a period of crises, of serious international monetary crises. And if it is not corrected then, by the beginning of the 1970s, we shall experience a breakdown of the existing international monetary system." Each one of these forecasts came on, was fulfilled in a timely fashion.

In 1967, the British pound-sterling went belly-up, in October-November of that year. From January through Feb-

ruary of 1968, the U.S. dollar went, not belly-up, but went into a severe crisis. In 1971-1972, the existing world monetary system of that time was shut down.

I have never made a mistake, in a long-range forecast. Every time I have forecast, it has happened precisely as I forecast it: that unless certain changes were made, certain things would happen. It has always happened.

It is now happening.

I warned earlier this year, of this crisis presently happening. It is now happening. During the past three months, the rate of acceleration of collapse on international markets, as well as in the U.S., has increased; there is a combination of hyperinflation like that of Germany 1923, and collapses in whole sections and whole chunks of financial markets. That process will continue. I have estimated that, unless there's a change, the entire international financial system could collapse by approximately September of this year, or even earlier.

It will happen. I don't make mistakes in these matters.

And many people in the world now, reluctantly or otherwise, agree with me, that I've been right on this, that that's the situation.

There is no hope for the United States, if the Congress walks away from this session, and goes out and campaigns to a population that *hates it increasingly*, especially Democrats, and there's not much hope that this nation will not go into chaos.

## The Road to Hell Is Paved With Denial

Now, you have additional problems here, and I'll deal with this—this is going to be a tough presentation for many of you, because you will tend to deny the facts that I present to you. Because people do that. It's like looking at what happened in New York City on Sept. 11, 2001. When people are faced with horrible events, they try to say, "It's not happening. Tell me, it's not happening! It isn't happening! It couldn't happen! It's not happening!" And they say, "You have to be wrong. Because I can't believe it would happen"—even when it's happening! "No! It didn't happen. I can't believe—it couldn't have happened!" That's what people are like. And therefore, they will deny, and deny, and deny.

And that's how they go to Hell.

Now, my job is not to sit back and gloat, and say, "Okay, you're going to Hell." I don't take much pleasure in that sort of thing. Besides, I'm not working for that guy, down there. But, Rohatyn is!

And therefore, it's important that you understand the ugliest facts you've ever heard about, in truth. Facts that pertain to the immediate situation, now.

You're going to have to learn, also, a couple of history lessons, that almost no one has learned in any educational institution generally, in the past 40 or 50 years. You're going to have learn something about what the United States is, and why enemies of the United States, such as Felix Rohatyn and his allies, George Shultz, are determined to *destroy this*

*country!* And to face the ugly fact that many members of the Congress, Senators and others, are either not going to fight Rohatyn on this, or are going to look the other way and pretend they didn't know what was happening.

You're going to find yourself in a situation, comparable in some respects to what happened to ancient Athens, which was drawn into sophistry, the cult of sophistry, which is the precedent for the sophistry that occupies most of the people in the United States today. People never tell the truth! They say what they want to be overheard saying—not the truth. Faced with the truth they don't want to admit, they deny it. They lie. They lie to themselves, above all. And therefore, they make decisions based on their own lies. And they go to Hell. Or the nation goes to Hell, as Greece did in the Peloponnesian War, and thereafter.

And you face a time where our country was almost destroyed, beginning with the death of President Franklin Roosevelt. And I'm going to give you that history lesson, the essentials of it, because the world is, as most of you don't believe it ever was. And we're on the edge of Hell, globally. We're on the edge of a Dark Age for all humanity, unless we make certain changes. And you're going to have to kick ass in the political layers of the United States, as asses have never been kicked before! You're going to give them this special kind of *uplifting* experience!

## Who Is Felix Rohatyn?

Now, as Debra indicated, what we dug out in our legal research on the Delphi case—we dug out, and we'll show this thing (**Figure 1**).

FIGURE 1



"Felix Rohatyn is the chief architect of the destruction of Delphi! Delphi was not bankrupt. It was bankrupted by Felix Rohatyn." Here is Rohatyn's signature on the May 1, 2005 bankruptcy filing of Delphi.



Now this is the copy of the legal documents, May 1, 2005: Felix Rohatyn. *Felix Rohatyn is the chief architect of the destruction of Delphi! Delphi was not bankrupt. It was bankrupted by Felix Rohatyn.*

Now, who is Felix Rohatyn?

Well, Felix Rohatyn is essentially a Nazi. That's no exaggeration, that's no mistake, no caricature. That's what he is. Felix Rohatyn is a protégé of a fellow called André Meyer. André Meyer was a kingpin of an organization known as Lazard Frères, in Paris. Lazard Frères was an integral part of the Nazi takeover of Continental Europe! And Meyer personally trained Felix Rohatyn. Now Felix is not bright. As a matter of act, he's very uncouth, very stupid in many ways. He's not an intellectual, he's a thug! He's like a mafia hitman who is not known for his intellectual characteristics. He's a thug, equivalent to a murderer.

Now, what Meyer represented, and what Lazard Frères represented, *then, and now*: Lazard Frères was the key Continental center in banking which brought Adolf Hitler to power, and launched World War II, and the crimes that went with it.

When the war ended, because Roosevelt had died, Harry Truman covered things up. And the bankers behind Hitler were not really touched. Yes, Banque Worms was shut down, dissolved. But the bankers who really put Hitler into power—for example, the grandson of one of the people who put Hitler into power is the President of the United States today! It was Prescott Bush, as the chief executive officer for Brown Brothers Harriman, who issued the order to fund the Nazi Party at the point in time that the party was bankrupt, in time for Hitler to be made dictator of Germany! Prescott Bush, the grandfather of George W. Bush, Jr. And the father of former President George H.W. Bush.

Hitler was a project of a group of international bankers, who wanted to destroy the idea of the modern nation-state, and modern society, to return to a form of society which had existed during the so-called Crusades period, the period from about 1000 A.D. to the end of the 14th Century, which ended in the so-called New Dark Age. Then the world was dominated, Europe and beyond, by a group of Venetian bankers. The Venetian bankers had a partnership with the Norman chivalry, the so-called Crusaders, and were trying to destroy the system built up by Charlemagne in Europe, a system evolving toward a modern nation-state, destroy it, and carry out a slaughter of both the Jews and the Muslims who had cooperated with Charlemagne in trying to build up a civilized order in Europe.

And so they conducted a race war, of the type that's being conducted by Cheney and Co. today, against Islam. They did it. They called it the Crusades. And the Crusades ended in the 14th Century in what was called a New Dark Age, where one-third of the population of Europe disappeared, dead of the effects of that period, and half the parishes of Europe vanished from the scene. This was the so-called "ultramontane system."

And to the present day, the continuity of those banking traditions in Europe, then centered on Venice, now centered on the Anglo-Dutch Liberal bankers, and the French Synarchist bankers, are bringing back the attempt to destroy the nation-state through what's called the utopia of globalization: to control populations, to prevent sovereign governments from coming back into existence, by making people stupid. Don't give them the kinds of jobs that require intelligence. Don't educate them. Reduce them to peonage, ignorance, brutality. Let the excess population die out. Reduce the world population from over 6 billion today, to less than 1 billion, as soon as you can get there. What's happening to health care, what's happening to our society.

## Why They Hate the United States

And the one thing they are most determined to destroy, above all, is the United States of America. Why? Because we, the United States, are essentially a European culture, we're a product of European culture. And our ancestors, who founded this nation, came here. And similar things happened in South and Central America, where people left Spain, in particular, to try to find a refuge in a world where they could get away from the Spanish oligarchy of the time. And they came to the Americas hoping to apply the lessons of European experience, the best of its culture, in a place where they were free from nobility, from oligarchs, from aristocrats, from predators.

And we established in this country, a new nation, a new model, based on all the best features of European culture.

Then they came to destroy it. We had the American Revolution to try to defeat this attempt to establish a new empire, the degradation of man, from 1763 on, when the new form came out of Britain, the imperial form was established in Britain. We rallied people throughout Europe to support us, and associate themselves with us, in the effort to bring a new order of society for mankind.

And the British and others moved to destroy that. They organized the French Revolution, and took France, which had been the biggest ally of the United States in this struggle, and turned it into a hecatomb. They turned it into the bloodshed of the July 14, 1789 siege of the Bastille, which was the beginning of the entry of France into Hell, from which France has never fully returned, except on short leave, since.

So, Europe was *crushed* by a series of wars, to prevent the American model from being adopted in Europe. It was adopted in Europe! When we defeated the British and the Habsburgs in the Civil War, and freed ourselves from the system of slavery *imposed upon us by Britain, the Netherlands, and Spain!*, and others, we became a power, by Lincoln's defeat of the Confederacy, which was nothing but a British puppet, a British and French puppet of the time—a puppet of the British monarchy and of Napoleon III of France.

So, we became respected as a power that could not be conquered by invasion. We were too strong. We had built a nation from ocean to ocean, from the Canadian border to the



EIRNS/Roger Ham

*The European oligarchy was determined to stop the United States and its Constitutional system of government, and to ensure that the American Revolution did not spread to Europe. But Otto von Bismarck (left) introduced elements of the American System of economics in Germany, and American policies were also adopted by Alexander II and Alexander III (right) in Russia.*

Mexican border. We had built up an economy here that was too strong; we were too powerful to be invaded and destroyed. And the only way they could destroy us was by corruption—and that was provided in abundance.

But nonetheless, in the meantime, you had revolutions in Europe: You had changes in the policy of France, temporarily; you had the Bismarck phenomenon, who was a great admirer of the United States. The Bismarck phenomenon was introduced as an economy in Germany. In Russia, the policies of the American Revolution were adopted by Alexander II and III, especially Alexander III. Japan was brought forth as a civilized nation, directly by the United States. The American model of the United States was used to liberate nations of South and Central America—until some untoward events reversed those advances.

So, we were a repository, with all our imperfections, we were a repository of a *system*, a Constitutional system of government, which had been the objective of humanity ever since

ancient Greece. And the oligarchy of Europe were determined to destroy it, destroy *us*.

And they tried in the 20th Century. Go back, for example, to World War I, the end of World War I at Versailles: Now, you had an American Secretary of State, Lansing, under Wilson, who decreed that Germany had the war guilt for World War I. It's a lie! It's a lie. World War I was planned, actually by the British monarchy, with the complicity of France, and the complicity of Nicholas II of Russia. Germany was being attacked on all these fronts. Germany fought back, and was defeated. It was defeated *only* by the intervention of the United States. Had the United States not invaded Europe, to support France and Britain on the Western Front, Germany would have defeated its enemies in Europe.

That was not the end. "Now!" they said, in Europe, "We have to have another war. This time, we'll use the Soviet Union as a target. We'll use Germany as the means of attacking the Soviet Union. The British and French will support Germany in this war, but we will keep the United States *out* of the war." Why? Because the United States was too powerful, and therefore the objective was, the fear was, that if the United States participated in the new war which the British were planning together with the French, then the United States would emerge as the most powerful nation in the world, that they couldn't conquer. But their objective was, to destroy the United States.

Now, if you know the history of the 1920s, and the military intelligence history in the United States, you know that the British, and Japanese, and others, were planning to make a military attack on the naval forces of the United States. And among the planned attacks, by the British and the Japanese, was for Japan to take the responsibility of attacking and destroying the U.S. Naval base at Pearl Harbor. This is in the *early 1920s*. These matters were the subject of U.S. Army intelligence reports, Navy also, like Operations Red and Orange, which were two studies of this particular case.

You had the case of Gen. Billy Mitchell, who was testing aircraft on big tankers, or big freighters, the launching of aircraft, and introduced the idea of ship-based aircraft deployment, as a method of combat: for which he was court-martialed. Because the British, and sympathizers in the U.S. Navy and elsewhere, didn't want that to happen. So, he was court-martialed, because the British, and sympathizers in the U.S. Navy and elsewhere, didn't want that to happen. So, he was court-martialed.

But then the attack on Pearl Harbor came from the Japanese, now that Japan was an ally of Hitler! They were out to destroy us.

The day that Roosevelt was inaugurated as President, Hitler had already been confirmed as a dictator in Germany. At that point, World War II, in some form, was inevitable. Hitler was supported by the British and the French, including the faction in France which is the source of Rohatyn, in the United States, here today. Remember, Rohatyn is essentially a



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*The British and the Japanese in the early 1920s had a plan to destroy the U.S. Naval Base at Pearl Harbor, to keep the United States from getting too powerful. Along the same lines, British sympathizers in the United States court-martialed Gen. Billy Mitchell in 1925, to stop his idea of ship-based aircraft deployment to sink battleships. On Dec. 7, 1941, the Hitler-allied Japanese bombed Pearl Harbor. Inset is Billy Mitchell.*

French figure, not an American figure. He has an American citizenship, but he's essentially an agent of the same French interest, the Synarchist International interest. And they still want to destroy us! And they *have* almost destroyed us.

### **Roosevelt's Post-War Policy Reversed**

Roosevelt had a policy for the post-war period, but he died. And Truman was working for the other side—that's an ugly fact, in the Democratic Party. Roosevelt planned to free colonial nations, at the end of the war, and told Winston Churchill: When the war ends, these people are going to be free, to have their own government, and we're going to help them develop! That was U.S. policy.

When Roosevelt died, what did Truman do? Truman, and the British and Dutch, and others, sent Japanese troops in to reoccupy Indo-China, until the French could get there, with the British. They suppressed the struggles for freedom in Africa, bloodily. They fought a war to suppress the freedom which had been gained in Indonesia. They postponed the liberation of India from British imperialism. The United States became an oppressor, almost the day that Roosevelt died.

Japan had been defeated before the end of the war. It was just a matter of time. There was never a need to invade Japan. It was totally defeated. The U.S. military forces had totally isolated an island, dependent entirely on supplies of raw materials from other nations. A Japanese ship couldn't get in or out of Japan, the main island. They were in a hopeless situation, and had to surrender.

The Emperor of Japan had negotiated, through a special office of the Vatican, the Office of Extraordinary Affairs, an

armistice agreement, a surrender agreement, with the United States and other countries, before Roosevelt died. This was ignored. And instead of going and taking up the offer of the Emperor of Japan to surrender, with certain conditions which were perfectly reasonable conditions, we held back until we could use the only two nuclear bombs we had, to destroy much of the helpless civilian population of two cities: Hiroshima and Nagasaki.

That was done entirely to get ready for World War III. World War III, as planned by Truman, among others—it was a Truman policy, for which he was essentially told to "get out of government," because he was a skunk, and they couldn't stand the smell of him any more. Truman's policy was the policy of Bertrand Russell: Assuming that the Anglo-Americans had a monopoly on nuclear weapons, to prepare to build an arsenal of nuclear weapons they did not yet have, because they had used up the last two prototypes they had in Japan, and to conduct a "preventive," so-called, nuclear attack on the Soviet Union, to compel the Soviet Union to submit to world government.

That was the Truman policy! It didn't work, because the United States' production of nuclear weapons was delayed, and because the Soviet Union developed nuclear weapons much earlier, in the 1940s, than the British and Americans had assumed. And not only that, but went beyond that and developed a thermonuclear weapon, when we in the United States had none.

So, Truman was told, "Git!" That's what you tell a man like Truman: "Git! Git y'self outta heah, raht now!" And he "git!" He done git.

And Eisenhower was brought in. And Eisenhower was a part of the apparatus of Roosevelt, along with MacArthur, along with Lucius Clay, and others. Because Roosevelt knew, the day he entered office, that World War II in some form was inevitable. The confirmation of Hitler as a dictator, in February of that year, in Germany, meant that the plan which the British and French had for World War II, that that plan was operational.

So the recovery operations of President Roosevelt were based on two considerations: First, a recovery program to undo the damage done by Coolidge and Hoover. Remember, under Hoover, following the 1929 crash, the U.S. economy had collapsed by one-half, by the time Hoover left office. One half. Serious destruction. I was there, I saw it. Amelia [Boynton Robinson] saw it! Some of the others of us around here saw it, too.

Roosevelt had to rebuild a shattered economy. He turned to elements of the military, such as Lucius Clay, such as Eisenhower, such as MacArthur, who worked on industrial development projects for the United States, projects in the spirit and design of the type we need now: To take our broken nation, our broken economy, take its resources, and start to rebuild—rebuild spirits and souls as well as economy. And we did it. We were preparing for *war*, as well as for peace. And our enemy, at the time, were the British and French, primarily, those governments, those forces.

And the chief agent in France was the Synarchist International, centered around the forces of André Meyer, which are the authorship and heritage of Felix Rohatyn today. The intention of Rohatyn, the intention of these guys, *is the same thing*. To destroy the United States!

## Enter: The 68ers

Now, some people don't understand it, because 68ers have difficulty understanding anything, particularly those in the upper 20% of family-income brackets; the so-called 68ers—who were against blue-collar workers, against farmers, and against everything else good in the United States. Who marched in the streets, and were virtual fascists! And did everything possible to wreck our economy. This is the base on which Nixon was able to become President. This was the base for what was done under Carter. Carter didn't understand what was going on—it was done to, or done for him, by Brzezinski and Co. We *destroyed* the United States! We destroyed our system of regulation! We destroyed our housing programs. We began to destroy our transportation systems, destroy our power plants. Destroyed our health-care system. We did these things in the 1970s.

And the 68er generation: These were the people who were groomed, from childhood, to get into this new, fashionable kind of ideology, who were aimed at going into the best universities, the Ivy League and similar kinds of academics, aimed for careers of influence in communications, and busi-

ness, and government! The ruling class, so to speak, American-style. And to corrupt them—quite successfully—from 1947 through 1957 and beyond. And this generation said, “Blue collar’s no good, production’s no good, farmers are no good!”

And they divided the forces of the Democratic Party and the traditional Republicans, which made the Nixon Administration possible, which made the Carter Administration possible.

And over this entire period, while this generation, that’s in power today—people generally between 55 and 65 years of age, approximately that, who are now running most institutions, including the Congress, especially the Senate, were part of this corrupted generation! They didn’t know they were corrupted. The sophists of ancient Athens, who went to the destruction of Athens in the Peloponnesian War, thought they had to do it that way, even though the destruction of Greece was obvious. And they destroyed their own country.

We have destroyed our own nation, in large degree, with this philosophy! Under the direction of the upper 20% of family-income brackets, in the age group of between essentially 50 and 65. *We have destroyed our own nation.*

## Machine Tools: The Last Bastion

Now the last bastion for recovery of this economy, depends upon the machine-tool capacity of the nation. The machine-tool capacity of the nation is represented today, largely in science, which is almost non-existent, and largely forbidden, but otherwise located in the machine-tool sector, which is chiefly located in the automobile industry.

Now the machine-tool sector has two aspects to it: in machine-tool design, in principle. In machine-tool design, you take the same principle you apply in a laboratory to test and prove a fundamental physical principle of nature. In other words, you design an apparatus to test for the accuracy of your estimate that a certain universal principle is operating out there in the universe. Then you turn around, if you’ve proven it—you now take the same knowledge that you’ve gained from a successful experiment. You now go back into the factory, and you have the machine-tool designer take the lessons of a successful proof of principle experiment, and apply it to industry: to produce better products, new kinds of products, to produce improvements in technology, to increase the productive powers of labor, to raise the standard of living. That’s what Roosevelt did, with his program for rebuilding the nation, in preparation for World War II and beyond.

*That is what we are destroying!* What they’re doing is taking and looting the factories, which are scheduled to be shut down. They’re moving the machine tools out of the United States, into Europe and elsewhere. What we are seeing and experiencing is the destruction of the United States! And this is occurring at a time when the entire world economy is



EIRNS/Philip Ulanowsky

*The destruction of the United States—housing, health care, education, transportation and so on—was carried out by the corrupted 68ers, who didn't even know that they were corrupted by the ideology foisted on them by the oligarchy: hatred of blue collar workers, technology, farms—hatred of all that is good about the United States. Here, a view of the South Bronx, New York in 1983.*

about to go into the greatest depression that European civilization has known since the 14th Century.

All of these problems can be addressed. These problems can be solved. The lessons we had under Franklin Roosevelt will work. The challenge is greater today than it was then, because our relative condition of decay is worse today, than it was then. But if we work, and mobilize around this, we can save the nation. We can reorganize the international monetary system! We can reorganize the banking system! We can do all these things; there's nothing unfeasible about it! Roosevelt pioneered in showing just exactly what we could do in that direction. And I know what needs to be done—and I'm an expert, hmm?

We can do it! But, we have to be *willing* to do it! We have to commit ourselves to the *action* of doing it! We have to go into this, as if we were going to war, to save the nation from an invading enemy. And what do you think of those laggards, those slackers, in the Congress, who *refuse* to mobilize and defend this nation, when its very existence is in danger? What kind of leadership is that? *Is there any person in that Congress fit to be President of the United States?* Because we had one stinking President, like this George W. Bush, Jr., do you have to have *all* stinking Presidents!? Can't we have an honest one, for a change? One with a brain, for a change? One with some guts, for a change? Not a draft-dodger, or a virtual draft-dodger, who went into the National Guard to avoid military service.

That's our problem.

This is an old problem. It's a problem of civilization in general. See, the problem with the Baby-Boomer, is that he

never learned the difference between a man and ape. He's like Thomas Huxley, or Frederick Engels, none of whom ever understood the difference between a man and a monkey. Matter of fact, Engels almost made a point of insisting upon it, that it was the same thing.

I say, don't monkey around with mankind.

## Life Is Taking Over the Planet

What is the difference? You have three categories that we know today, three categories of existence on this planet, and in the universe as far as we know it. One are things and processes we call "non-living processes." They're the subjects of ordinary chemistry. Then you have the chemistry of processes, which we call living processes, or products of living processes. Now, even though the so-called elements, or chemical elements involved in the two kinds of processes, living and non-living, or formerly living, are the same chemical elements according to the Mendeleev Periodic Table, they're not the same processes. Because living processes deal with the same elements differently, than non-living ones.

As the case, for example, of the famous discoveries in France, the initial discoveries in the 19th Century, of the difference between living and non-living processes. So there's a different physical principle, which differentiates the way in which the same chemical elements, so-called, function in a non-living process and a living process.

Now, the planet is becoming increasingly more and more a residue of living processes, and less and less a residue of non-living processes. *Life is taking over the planet.* That is, the fossils produced by life, together with living processes, are a greater part of the total weight of this planet, as time goes on. Life is more powerful than non-life.

Then, you have human beings. Human beings do not have a fixed relative population potential. Animals do. But human beings are able to change their societies' relative population potential. For example, if man were an ape, like Frederick Engels—if man were an ape, we would never have had more than several million living human individuals on this planet, under the conditions of the past 2 million years as an available opportunity. But we have, today, over 6 billion people living on this planet. Why? Because of discoveries which correspond to Classical artistic discoveries, discoveries of universal physical principle, discoveries made by individual minds, and shared with other minds, which enable mankind to increase our power *in the universe*, especially on Earth.

And therefore, where we would only have several million individuals living, if we were gorillas, or gorilla-like creatures, we now have over 6 billion people living. And we have the prospect, as we've seen over the past centuries, the past



EIRNS/Stuart Lewis

*We can have a world population of more than 6 billion today, because man is able to make discoveries, and increase our power in the Universe. "All this depends upon the ability of the human mind, to do what no ape can do—and what the President of the United States today, can not do: Think!" Here, LYM members at the webcast.*

thousands of years, of increasing the potential population-density, but also increasing per-capita quality of life of the individual: the longevity, the quality of life.

We also increase the humanity of the individual, in the sense that when you improve productivity, you don't have to kill yourself from morning to night, just to get by. You have also the energy and time, to develop yourself. You're able not to have child labor, to send people to schooling for a longer period of time, to develop themselves. We're able to give them the options of studying and working through things, that a poorer population couldn't afford to do! And therefore, the quality of life, the quality of personal life, of personal relations, is uplifted. And this is the nature of mankind.

All of this depends upon the ability of the human mind, to do what no ape can do—and what the President of the United States today, can not do: *Think!* Actually do human thinking, creative thinking, either to simply absorb and apply discoveries made by others, or to actually contribute to making those discoveries. And thus, we are each, in a sense, immortal in that way. Because we have very short lives in the skein of things; when you think about potentially 2 million years of mankind on this planet, our lives are very short. But they're also very important. Because in this short life we have, we have the ability to assimilate, to develop, and to transmit discoveries to mankind as a whole, which live for the future.

And thus, in a sense, we never die, because the contribution we make to mankind, while we live, is a permanent asset of mankind, a permanent source of the improvement of mankind, and leads mankind to the kinds of powers he should have, in order to find what man's role in the universe at large is. We don't have to say, "this is what is," or "this is what's not"; we know our role is to *improve* not only our planet, but to improve the management of the Solar System, and whatever overtakes us as necessity in times to come.

Mankind is necessary in God's universe, a necessary being of immortal significance in the universe. That's us. This is our morality, because our attitude toward our fellow human being is agony over the *lack of development of those human beings!* When you see a person who is not a monkey, acting like a monkey, that is very depressing! If it's George Bush, you can explain it away.

But to take a child, and take children, and when we see abandoned children throughout the world today—who have nothing! They have no means to connect themselves to their human identity, the role they have to play in shaping the future of mankind; they have no access to that! They're barely able to survive, if that. What kind of a society is it, that denies to a child, who is the instrument of immortality in society for humanity, to deny that child the right to development, by means of which that child can make a useful contribution to humanity, and find a sense of identity in making that contribution? That's what's taken away from us.

## History Is Very Short

Now, I want to take this [see photo on cover]. All right, this is what the true model of a Democrat is, especially the Democratic Leadership Council, DLC-type of Democrat. It's funded by all the kinds of people who funded the attempt to impeach President Clinton—fine Democrats of that type. And the key thing—the two are very closely related, which typifies again part of the problem we have. Because Rumsfeld, and George Shultz, and Rohatyn, all have a common policy. And the policy is, to destroy the U.S. military as a government operation, and to hire private corporations to replace the government-controlled military. Why?

It's like the Crusaders: The military power of the planet is to be turned over to private organizations, which are funded and controlled and managed by large financial syndicates, such as that Nazi-like syndicate to which Rohatyn belongs. They *all* are on that side. That's the relationship.

Is this a Democrat? Is this *thing* a Democrat? This man of evil, this thug?

Look at the history of this planet. You know, known history is really very short. The existence of the human race is very long. We know a great deal about that, and the earlier history, because there are records of calendars, which are the products of studies of astronomy. In that sense, we know something about the minds of people who lived tens of thousands of years ago, or maybe 200,000 years ago, from these calendars. And it can be proven, the dating of these calendars can be determined by astronomical calculations.

But the known history of mankind, that is, where we know the thoughts and words of people that governed society, is relatively short. It's only a few thousand years, maybe 10,000 or 12,000 years. That's what we know. Out of all of the hundreds of thousands of years that mankind has existed, we know actually directly, how they thought, what they said, what it means.

So therefore, when we're talking about principle, it gets very narrow: The existence of European civilization in particular, as European civilization, as a civilization we know as such, dates from about the time of about 700 B.C. in ancient Greece. Coming out of a dark age, from an earlier period of Greece, and out of the region generally, you had the influence of ideas from Egypt, in particular, which went into Greece in the form of the work of Thales, the Pythagoreans, Solon of Athens, and so forth; and this is the beginning of the European civilization. There was no European civilization as a culture, until that time.

So the whole of European civilization, of which we are a part, in the Americas, and wherever European civilization has touched the world as a whole, culturally, we are a part, a very short part, of the actual history, existence of mankind—a few, 10,000 or more years. We know this fairly well, inside. Because we can trace it. You had ancient Greece, the Peloponnesian War, the things that followed; the rise of this pestilence

of evil which contributed nothing but filth to mankind, the Roman Empire. The Byzantine Empire following that. You had an attempt to raise civilization to a higher level, under the Augustinian influence, manifest by Charlemagne. The attempt to bring the Jewish world and the Islamic world together with the Christian world, under Charlemagne.

That was destroyed. It was destroyed by campaigns against Judaism, against the Jews, against Islam, called the Crusades, financed by the financier-oligarchy of Venice; and run by a bunch of butchers called the Norman chivalry. This went on for about 300-400 years: It was the Middle Ages, and became known as the Dark Ages. Civilization did not disappear, but the civilized currents of mankind were a tiny, very much endangered minority.

It was only with the 15th Century, that modern European civilization emerged around the Council of Florence. But then, immediately, the residue from Venice came back with this religious warfare: from 1492, the expulsion of Jews from Spain, into 1648, the Treaty of Westphalia, all of Europe was *torn apart!* By the butchery of religious warfare.

And during this period, you had the emergence then, of the developments in North America, of the colonies trying to find a way of expressing *civilized* European ideas in life, away from Europe where it was seemingly impossible. You had a brief period of development of France, around Mazarin and Jean-Baptiste Colbert, a florescence of science. That, in turn, was then crushed!

We had the rise of the British Empire, in 1763, which was the *casus belli* for our war of revolution against Great Britain. And since that time, Anglo-Dutch Liberalism as an imperial force has dominated the planet, and has been the persistent enemy of ours, as a nation, our republic.

Now, we come to the point very simply, that Felix Rohatyn, with the Nazis for whom he works, is now trying to destroy the United States, as part of the process of creating a global empire, called globalization: In which no sovereign nation-states exist, in which humanity is depleted by death, disease, hunger, destitution. And depleted to levels, which *they themselves* say are below 1 billion people—preferably 500-700 million people, the greatest rate of death in all mankind. To bring the population down to levels of stupidity, at which a minimal population can survive, under the tutelage of the kinds of people which Rohatyn and his owners represent.

History is very short.

## The Seeds of Greatness Within Us

So we have this United States, which is the only place from which a successful reversal of that threat can occur—here. You may not think that. I have a much higher value of estimate of the United States, than many people do. Because I know *what's inside us*. Not just inside us, as our impulses today. I know what's inside our culture. I know where the seeds of greatness within us lie.

If we moralize our people, give them a sense of hope, a sense that we can beat this, a sense that we can overcome, as Franklin Roosevelt looked at matters in his time, as he entered office; if we have that sense, there is still greatness within us. I went through this: Remember, I was born back then. I don't have quite the credentials of my friend, Amelia, on this count, but I have a few: I was born in 1922, and I was rather a conscious young lad, and I was well aware of the degeneracy in which the people of that time, the 1920s, lived in the United States. And I saw them crawl out of that degeneracy in the course of the 1930s. We were not very good then. We were pretty corrupted. But we did a good job, and we established an optimism around the Roosevelt recovery, and around our *mission* to try to free the world from this Hitler menace.

Let me just explain that: 1940. The beaches of Dunkirk. Hitler had a policy which underwent a change. The original program assigned to Hitler by the British and French, who put him into power, with support of people like Mr. Bush, Mr. Prescott Bush, in New York City, was to have Hitler move against the Soviet Union. And then, when Hitler was deeply tied in the Soviet Union, to unleash British and French forces on his ass, and thus make a mess of everything, and finish off Germany forever. The German High Command said to Hitler, "Uh-uh, uh-uh, we don't go with that. You never attack Eastward first. You attack Westward first." So therefore, the Nazis developed a second plan. The second plan was to go Westward, and to get the French and British to surrender to the Germans; the British under the Nazis, would make an agreement, and then they would, *all together*, march Eastward—

and destroy everything in sight. That was the plan.

Now the reason this plan worked, as it seemed to, was because the French command, of the people who represent what Rohatyn represents today, *rigged the French defense*. The French had a superior military power to Germany at the time of the invasion of France by German forces, in 1940. A superior power! Why did they lose the war then, so disgracefully? Because of the inside, the fifth column: The French government and intelligence services, military, were controlled by pro-Nazis. And they arranged to keep the gap, the Ardennes Gap, open, without French opposition, so the Germans could come in through that open door, to hit the French forces on the flank, and the French forces were routed. The French immediately, being Nazi-controlled already, surrendered to Hitler, in two contingents, the Laval government in the North, and the Pétain government in the South. And they worked for the Nazis! Jewish bankers worked for the Nazis! On the French side, that's what it was.

The British were about to do the same thing. But Roosevelt had intervened in the internal affairs of England, in such a way, and playing upon certain things in Winston Churchill's instincts, to prevent the British from surrendering. And what Churchill did, with Roosevelt, was to order that, if the invasion of Britain should occur, by Nazi forces, the entire British fleet, and the fleet of the colonies, would congregate *under U.S. command*, and go across the Atlantic to join U.S. Naval forces in a joint command against Hitler.

That prevented Britain from joining the French, and becoming vassals, and flunkies, and lackeys for the Nazis. But for the strength of the United States, and the intervention of Roosevelt, with the British, you would be living either in a Nazi empire today, or the remains of a Nazi empire today. And what Rohatyn represents, is the same group of financier agencies. He may not wear a swastika—but he should. Because he's as guilty as hell, and he's typical of those people who were really the power *behind* the Nazis—not the Nazis themselves, but the power who owned them, who deployed them, who used them—who were not prosecuted at the end of the war.

And those people who were not brought to account for their role in bringing the Hitler menace into existence, those people are the people who are trying to destroy the United States today. And the Rohatyn phenomenon is a symptom. If you like Rohatyn, you must love treason.

Thank you.



Composite by EIRNS

*"And those people who were not brought to account for their role in bringing the Hitler menace into existence, those are the people who are trying to destroy the United States today. And the Rohatyn phenomenon is a symptom. If you like Rohatyn, you must love treason."*



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## A Message From Amelia Boynton Robinson

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**Freeman:** While you're thinking of your questions, we have a special guest here today, and Lyn thought that it would be very useful for people here, to hear from her. And I really couldn't agree more. She is somebody who has played a critical role in this movement for several decades, and who played a critical role long before this movement even existed in its particular form. I'd like to call up to the podium now, somebody who really needs no introduction: the vice chairwoman of the Schiller Institute, and somebody who does stand as a national monument here in the United States, Mrs. Amelia Boynton Robinson.

**Amelia Boynton Robinson:** This is really a wonderful privilege to stand and look at you, and in your faces. But I know when our chief, our leader—the leader of the world!—was speaking, while I was sitting up here, I was thinking, “Gee, aren't our hearts burning within us?” And I know you have questions to ask, and I'm going to try to make this short, but in the meantime, you will be thinking about the questions you're going to ask.

I'm thinking of how often Mr. LaRouche has stood before us, and has talked about what is happening, the forecasting of what is going to happen. And I thought about a minister, who had a very big congregation, and when he gathered them, he said, “Repent ye! For the Kingdom of Heaven is at hand.”

The next Sunday, he took his text on “Repent ye! For the Kingdom of Heaven is at hand.” And every Sunday, he would have the same text.

And one of the deacons said to him, “Brother Jones, why is it that you don't change sometime? Why is it that you keep on preaching the same sermon? Why is it each time you add something to it, and add something to it, but the foundation is the same?”

He said, “Well, I'm going to keep on preaching that the Kingdom of Heaven is at hand, until all of the people will realize that, and straighten up and fly right.”

So, this is a message that needs to be preached! All of the time! You can not look and say, “Well, that will never happen, and this will never happen.” But it happens, and we have seen, by the forecasting, that we are really getting to almost the end of time, if we don't straighten up and fly right. And I think each of us here can be a messenger, to our communities, and to our cities, and to our states. And let the people know just what's going to happen.

I'm quite sure that many of them are really feeling the pinch now, but they may ignore it. They realize that, they have to pay so much for even a loaf of bread, \$2 and something for just one loaf of bread! And then I think of the time that my grandmother said, that they would have a wheelbarrow full of money to get a loaf of bread. And then I remember the time

that I could take \$5 during the Depression, go to the grocery store, and get what I needed, and particularly meats, as well as some of the staple groceries—and come back with change. But now, if you get a good steak, I mean just for one or two persons, you're going to have to pay \$8 or \$9 for a good steak! So, isn't it time for us to straighten up, and fly right?

I also think of a song that Mother used to like so well, and it was Tennessee Ernie's song, with reference to the coalminers in the northern part of Pennsylvania. And it goes somewhat like this—and I can't sing, but I'm going to tell you the words:

“Sixteen tons, and what d'you get?

Another day older, and deeper in debt.

St. Peter don't call me, 'cause I can't go,

I owe my soul to the company store.”

So, we actually owe our souls almost to the mortgager, to the credit cards, and to anybody else who would loan us some money. Now, don't we owe our souls to everybody else? And isn't it time to listen to the message, and to say that, “I have an obligation to spread this message,” and to know that we have to save this country? And by saving this country, we will be able to save the world. Why? Because we have enslaved ourselves to the company store: We have gotten to the place where the credit card company owns us, the mortgage holder owns us, and anybody else who loaned us money, they own us. So, we can not just sit down, and say, “let the other fellow do it.”

I am so proud of Lyn having thought of saving not only this country, but the entire world. I am so happy, that through the eyes of the young people, he has been able to see that we're going to be able to do a better job, and to shake up these people. Because if we don't shake them up, we'll never be able to save this country, and this world. And just like other countries looked at us for help, and for example, particularly from the time that Roosevelt became President, we can do the same thing again! We can put our country back on a standard, where all of the other countries would look at us, and say, “We would like to emulate the things that the United States of America is doing.” And this will be through the eyes of the young people.

### The LYM Comes to Tuskegee, Alabama

And it was either the latter part of last year, or the beginning of this year, when Lyn and I were talking, and I thought about the struggle that we had, back there in the '50s, the '40s, and the '60s, and I thought about the man who came in, the young man, a student from Fisk University, who came to Selma, and how he gathered these young people. And today, we have the Civil Rights Bill and the Right To Vote Act. It was only through the young people, that we got these things that we should have, according to the Constitution of the United States.

So, I said to him, “You know, I would like for some young people to come down to Tuskegee.” And he immediately thought it was a good job! And good thing to do! Why? Be-



EIRNS/Stuart Lewis

*Amelia Boynton Robinson, Civil Rights heroine and vice chairwoman of the Schiller Institute: "You can't go to Heaven, unless you know how to live on this Earth! And if you do that, as these young people are doing everywhere, you will be able to set the world on fire!"*

cause, like before 1965, adults, business, and professional people were asleep, both black and white. The blacks were asleep, because they figured, "We can't do anything about it. The white people got all the money and everything, so we have to obey them." And it was almost a "Yassuh, boss!" type of thing.

The whites had been trained by the Ku Klux Klan mentally, to "keep the darkies asleep on the cotton, don't wake them up." And blacks were afraid to wake up, and white people, though many of them didn't have anything, they thought they could have "self-esteem" by keeping this man down—made them feel like they were "somebody." And there were many ways, even financially, they didn't have what the others, what the people of color had. And they needed to be awakened. And it's the same thing, now, not necessarily racially, because we all are sitting down in the entire country, and the entire world are going to pot.

And when Mr. LaRouche sent these people in, he sent four people. And you know, they shook up Tuskegee! I mean, shook Tuskegee up! They came for the purpose of helping the Democrats—see, we had an election, and they were campaigning. And the objective was, to campaign with the Democrats. And there was one man who was running for sheriff, and this man was one that I talked with, I had meetings with him, and I found out that he was the type of man who had a clear conscience. He didn't believe in hatred, he didn't believe in being bossed, and then being bought, like a whole lot of

people are, who have offices. And there were people who actually came to him, and said, "I'll give you some money on your campaign." He said, "No, thanks. I don't need it. I will just take the money that I have in my pocket. And even if I have to mortgage my house, I want to live in such a way that I will not owe anybody anything should I become sheriff." And of course, the man who was sheriff, and who was reelected, is a man who has been bought, and he's being bossed.

And, unfortunately, the eyes of all people have not been opened, and I'm talking about the citizens.

And that reminds me of a little boy, who had some puppies. As soon as the puppies were born, he decided he was going to sell them. So he got a basket, and he put these little puppies in the basket, and he started going around to sell them. He went to one lady's house, and the lady said, "How much do you want for a puppy?" And he said, "I'll take 25 cents for it, for one." And she looked at the puppy, she said, "I don't think I want

it." Because the little eyes were closed, it was little and emaciated, and even wet. So she said, "No, thanks. I don't want it." And he went on.

A few days afterward, he came on back, to sell the puppies that he had not sold. And he went to the same lady. And said, "Lady, won't you buy this puppy?" She said, "How much do you want for it?" "I want a dollar." "Well, you came by here a few days ago, and said you wanted 25 cents for them. Why do you want a dollar for them now?"

"I want a dollar for them, because their eyes are open now, and they were closed the first time."

That is what the young people are doing in Tuskegee and the state of Alabama, and in the South! The little time they have been down there, they have been able to touch a lot of people who are in different parts of the state. And I see, personally, I see that if we were to keep on, the South will be just like this state, and other places where we have districts.

The beautiful thing about it is, they came in with their boxing gloves on, and they didn't even stop long enough to eat. They said, "Where's the fire? Or, where's the land?" But they have been able to go into places that I have never heard of, in Tuskegee. They have gone into the rural districts; they have gone into communities; they have gone into the elderly people's places. And I mean, they didn't go there, and say, "I want you to vote for Frazier for Sheriff." But they went and sold themselves to these people whom they contacted. They got them to the place that they began to think! Their eyes are

becoming open!

And the beautiful thing about it is, they're not through, yet! They came to Tuskegee, they worked, they fell in love with Tuskegee, and Tuskegee fell in love with them. And you know what they said? "I want to come back." Now, all of them aren't here. There's one fellow, Carlo, who is still down in Tuskegee. And I heard this morning that he has gathered a number of people, the potential sheriff, his wife, an attorney, and two or three others—about seven people—and said, "Come to the house: we are going to listen at the webcast." Isn't that beautiful?

I say to you, that if we were to listen to the things that Mr. LaRouche is saying, if we were to not keep it within ourselves, but spread the Gospel—it's actually the Gospel! You can't go to Heaven, unless you know how to live on this Earth! And, if you do that, as these young people are doing everywhere, and particularly down in Tuskegee, you will be able to set the world on fire!

Thank you.

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## Dialogue With LaRouche

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**Freeman:** Well, based on what Amelia said, I also add a special welcome to the audience in Tuskegee.

We're going to proceed to the questions, now. I have a bunch of questions that have been submitted by various people on Capitol Hill, and from some of the think-tanks here.

### A Message From Sen. George McGovern

I also have a very brief contribution from a former Presidential candidate and United States Senator that I'll just read to you quickly. This is from Sen. George McGovern. His name may be familiar to some of you, although certainly for the LaRouche Youth Movement, he was an "item" before you

*Former Senator George McGovern sent a message to the webcast saying that he thought the audience would be interested in a bill he had sponsored in the Senate, the Economic Conversion Act of 1963. One of its aims was to get workers involved with Congress in discussing how to convert the wartime machine-tool capability for peacetime uses in agriculture, industry, and infrastructure.*



guys were born. It says:

"In a discussion with one of Lyndon LaRouche's representatives this morning regarding the U.S. Economic Recovery Act of 2006, former Senator and Presidential candidate George McGovern said that he thought people attending this meeting would be interested in a bill that he had sponsored when he first entered the Senate. It was called the Economic Conversion Act of 1963. He had about 30 co-sponsors for this bill, which included a section which called for workers in each factory, discussing with Congress their input about how to convert the crucial World War II machine tools into new peacetime uses in agriculture, industry, and infrastructure. As the Vietnam War escalated after President Kennedy's assassination, most of the co-sponsors of his bill faded away. If this bill had been passed, it would have become a normal precedent for government-labor-industry cooperation, and would have averted the kind of crisis we are faced with now.

"Senator McGovern has been travelling, and has not had a chance to go through the draft U.S. Economic Recovery Act of 2006 thoroughly. He especially wants the LYM members whom he talked to at the Massachusetts Democratic Convention, to know that while he was signing autographs in the big crush after the meeting, he misplaced the pamphlet they had given him to study. But now that he is back in South Dakota for a few days, and has the legislation in front of him there, he wanted the LYM members to know, that he intends to give it his careful attention."

So, we thank him for this contribution to the meeting. And I think now the LYM members know they can expect a direct response from Senator McGovern, soon.

### Can't Globalization Work?

Now, the first question that we have for Lyn, comes from someone who's currently at the Brookings Institution, who's associated with the new Hamilton Project there. And he has submitted what he calls a "basic economic question."

He says: "Mr. LaRouche, for those of us in this field, the choice between globalization, on the one hand, and strong national economies, on the other, represents a choice between two diametrically opposed philosophies of political economy.

"But this is not necessarily immediately obvious to the layman. Most of the opposition to globalization that we see among the population comes from those whose opposition is born of job-loss as a result of outsourcing, but their overall understanding is fairly limited. The question that comes up repeatedly, is: Why not reorganize the world economy in such a way that is 'more efficient'? Let Latin America produce our food, let Asia make our cars and our clothes, and let the U.S. move beyond that to a 'New Economy.'

"I think it's very important for you to take this up, because what may be obvious to us, is not obvious to everyone. Why not do it this way? Must each nation be

able to produce adequate food, energy, and other such necessities within their own borders? Or can we move to this kind of rationalization of the global economy, and live happily and healthily? Please respond.”

**LaRouche:** One of our biggest problems today, relative to what we used to have as problems, prior to 1968, is typified by what I first encountered around Harvard Business School, and MIT also, in the late 1950s and early 1960s: That I wouldn’t give you two cents for corporate management today. There’s no comprehension in what you get from the garbage of techniques in management and so forth, then or now—it is worse. For example, in the case of the auto industry, I said, it’s obvious to me that you fire all of the top management, on the basis that Enron was no good! Because there’s no difference between the thinking, which is like a Pyramid Club-thinking going on in top management in these large corporations, and what was going on at Enron. The Enron philosophy pervades the United States!

Now, the result of that is, that the essential problem of management is no longer understood. Management used to be leadership, when it was good. And if it wasn’t good, it went bankrupt. Because, leadership meant providing ideas, or coordinating people in developing ideas. You didn’t have this kind of touchy-feely kind of management, mixed with whips and lashes. It’s nonsense! It’s pathetic! It’s a ’68er mentality.

Now, the problem here, is that most managements don’t know anything about anything of importance. They’re good at grabbing money, but that’s all. You look, for example, at the rate of profit, or profit margin today. It’s absurd! You can not run an economy on those kinds of profit margins! You have very little product cost and much margin. And it works on the basis of so-and-so owns this, and so-and-so owns this, and everybody has their “take” on top of cost of the product. I used to say, back in the early 1980s, the way the U.S. economy was going, you were going to end up with Detroit with one giant skyscraper. And this skyscraper would have different layers of offices and management on each floor. In the basement, you have one guy with a hammer, producing the product! And that’s the direction we’ve been going in!

What is not understood, because of the way in which economics is taught, and management is taught, especially economics, people don’t understand the relationship between infrastructure and production. For example, if I take two plants, and I put people in who are trained to do the same



*“No more cheap labor policy”: The advocates of globalization don’t understand the relationship between infrastructure and production. You get a better product when the production workers have a high quality of infrastructure, schools, and a functioning community. Globalization, “saving money” relegates workers to abysmal conditions of poverty, as in this “maquiladora” in Mexico, to which U.S. production has been outsourced.*

thing in these plants, as workers; if I put it in one location, one part of the country, I will get high productivity. If I put it in another part of the country, with the same kind of program, same investment, I’ll get low productivity. What is the cultural level in the schools? What is the cultural level in the neighborhood? What are the quality of the schools? What are all the things that go together to make life? See, life is not going to work, and doing a job and leaving. Life is life in a community, a functioning community. And if you have a community which has a high level of infrastructure, quality of infrastructure, good schools, good education, a stimulating intellectual environment—

You saw the thing, the “Go South” operation, and the first stage of globalization was going South. You move the factories from the North, where you had infrastructure, and fresh water, to places where they had stinking water, and very little infrastructure! And you said, “Now, you’re going to save money.” The runaway textile industry was a pioneer, going South on that. Then the things came in after them. You get poorer production.

Production is dynamic, the organization of good production is dynamic. You don’t have one guy following a recipe to do one thing, when some guy is standing over him, to direct him. You have an interaction of things. How intelligent are the people in your neighborhood? How intelligent are the people in your town? What’s their standard of living? What is their ability to innovate?

We used to have the thing, I used to study, in the old days,

Soviet literature—translations of Soviet literature; I never learned Russian; but translations—on reports by Soviet authorities themselves, on the problems of management in Soviet factories. And the typical story was, that a new machine was brought into a factory. And the “woikahs” in the factory didn’t like the new machine because it wasn’t like the old machine! And they would find some way to push the new machine aside, and say, it doesn’t work, and demand a replacement for the old machine! In other words, the characteristic of the Soviet economy as a whole: You had a military sector on a very poor productive base, which performed scientific miracles in terms of producing military capabilities. But at the same time, the production of civilian goods, under the management of the “woikahs,” stunk! Because the idea of management and the idea of creativity, the idea of leadership—you’re taking a population in Russia which can come one or two generations out of poor peasantry, almost slave peasantry, and you put them in a factory, to run a factory, in the way the workers are going to run the factory—it’s not going to work! They need leadership! Because they’re not familiar with the ideas of science. They’re not familiar with the ideas of technological progress. Only a minority are.

And the key thing is, in the old days, you wanted to build an industry: Look at the local schools; look at the local hospitals, libraries; what’s the thinking in the community? What are the kinds of social activity going on in the community? You would search the whole community before putting it in that area, because you wanted to know what was the total dynamic environment in that community. Because you’re going to move a few key people in there, where you’re going to find people who would be agreeable to the kind of production you were doing. If you needed a high degree of innovation, and this became more and more characteristic to maintain U.S. industry, you need more innovation! Well, an innovation factor, means that the cost factor that you build into total production, is higher. You had much more on research and development, much more on science, much more on advanced training; you send your people out to be trained in advanced courses in this and advanced courses in that, to new experiences; ship them over to see what the other guys is doing. And you get a higher potential for creativity, and just plain innovation in production, in a quality of product.

You would have, in a good factory, in the old days, with the suggestion box or other methods, you would find out that you had a *high degree* of improvement, in quality of production and technology through the workers themselves! Because you had a stimulation. People would be staying up nights on weekends, working out something they were going to put in the suggestion box. The auto industry in particular, particularly from the World War II experience, was *full* of this stuff!

And when the industry began to go to hell, we began to lose to the Japanese, is when that stopped. With the Black Lake project, where people began to say, “No! We got to drive

these guys, harder, *harder*, get more! Speed up! Speed up!” You have some jerk with a clipboard running around, called an “engineer”; and he’s got an incentive to cut the pay, or to speed up the job. And you get junk.

I remember in the 1950s, surveying the auto industry on the retail end: You would find Coke bottles and sandwiches in the car, because somebody had put their lunch down, and it had gotten trapped in the process of assembling this particular vehicle—“what’s the stink here? Oh! That’s the Coke bottle.” The speed-up was crazy! Whereas originally, the idea was, you had a craft—yes, you worked hard—but you had a craft, a sense of pride in the product you were producing. And having pride in the product you’re producing, you pay attention to things that are not on the schedule! You know it’s going to make the product bum, so you don’t let that go out! You take pride in your work. You’re concerned about the quality of life your family has, not just, you know, what it’s like to go home and drink a beer in front of the television set, or something. That’s not the important thing.

Because you’re going to die someday. And the biggest problem you had with industrial workers in the old days, is, they died too quickly once they retired. You get the gold watch, and then two days later—die! Because they’re cranked up to work like hell, and they come to retirement age, and they take the first vacation—beep! Gone!

Because then life is not organized in such a way that they have a personal life in which work is simply an essential part of that personal life. But they have primarily a personal life. They think about the life of their children, not just sending their kid to be successful: But a personal life, a community life.

And so what good management represents, is an understanding that there are certain costs, which cheapskates don’t like to pay, the time-study people don’t like to have paid. But these costs are not really lost costs: These costs are factors which, properly understood, become the basis for the improvement in product and design of product. You want to develop the people. And that is good management.

Sure, not waste, not slop. That’s easy to get it. But people today think in a mechanistic way about production. And production is dynamic. It’s human production. Why not hire gorillas? Why not have chimpanzees? Why do you have people? Why not have automatons? What do you want people for? Because people have creative powers in their mind. You want to develop those creative powers, and you want to, above all, not merely produce a product which you *sell*—yes, you do want to sell it—but you want to produce a product which improves the people who make it. Because it challenges them, and gives them a sense of satisfaction: “I made it better.”

This was, you know, in World War II, this was the pride. We could produce something out of nothing, and make it work, and make it better!

Everyone’s going to die: So what kind of a life are you leading that’s leading to death? Are you a chimpanzee, an

animal? Or, are you a human being? Or do you have a sense of some kind of immortality embedded in your living? Are you trying to do something which is good for all time for mankind, in your own way? In some degree? Something that your descendants can be proud of? Something your community can be pleased with?

And it's the motivating of this intellectual power, this creative power in the individual, which is absent in the animal, which is the essence of good management. It's the subjective factor of management, and that's what's missing.

And therefore, the problem today is, is we need to think about designing production—first of all—this is an important question. Let me take one other aspect of this thing.

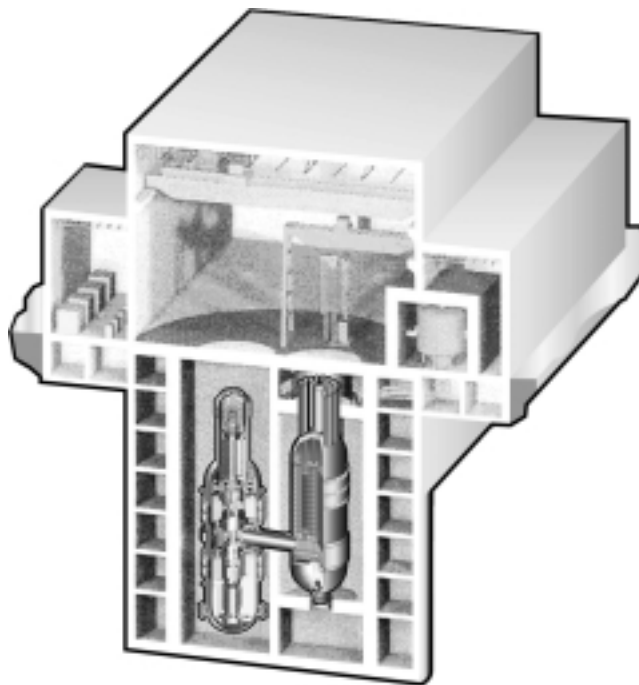
### What Is the Division of Labor?

Look at the world—because it's implicit in the question. The world today, the question is, what is the division of labor? Let's take the case of China and India. Now, China and India are not wonder-miracle stories. Yes, the Deng Xiaoping leadership in China, was part of a change in the character of Chinese production, Chinese economy. It was in a certain sense successful, but don't exaggerate that. There are lots of problems.

One of the biggest problems is that China is leaving a lot of its population undeveloped, while using a lot of its population as cheap labor to produce American and European goods by cheap labor for an American and European market. What happens if the European market and the U.S. market collapses, what happens to China? Not very good. What happens to India, which is a somewhat different case, but has a somewhat similar problem?

What's the problem? Well, in China there's not adequate development of water management. Well, they're working on that with these large dams, like the Three Gorges Dam, things like that. Absolutely essential. No excuse for not doing it. But they don't have enough power. What do they need? They need nuclear power, *lots of it!* India's prepared to go with a nuclear power program, a high-temperature thorium reactor from 120 MW up—in multiples, 100, 200, 400, 800. You can produce synthetic fuels, you can produce from water, you can produce hydrogen fuels. Ah! Water! Well, we've got a water shortage all over the world! You can't get drinkable water! We've lost it in the United States. So, what do we need? We need nuclear power to produce potable water so you can get safe drinking water out of the faucet again, as we used to be able to do, 40 years ago. Can't do it any more—get worms, instead.

So therefore, what you have, is you have a Chinese population of 1.4 billion people probably, at this stage, or more; over 1 billion people in India. The rest of Asia in a similar condition. What are you going to do!? You're going sit back and say, "We're talking about competition"? Hey, you're an idiot! We're not talking about competition: We're talking about survival of the human race for the future! *These people*



Courtesy of General Atomics

*The high-temperature gas-cooled reactor is needed as the power source of the immediate future: to desalinate seawater, produce hydrogen for fuel, produce process heat for industry, and provide enough electricity to power development. In this General Atomics design for the gas-turbine modular helium reactor, the reactor (right) and power conversion system (left) are located underground, with the support system for the reactor above ground.*

*need more raw materials.* To raise their standards of living, to develop their economy.

The population is going to increase: We're headed toward 8 billion people on this planet! We're already beginning to draw down the best natural resources at rates more rapidly than we can replace them. So what're we going to have to do? We're going to have to have within 25 years, we're going to have thermonuclear fusion. Why? Because we're going to have to use plasma torches to reprocess poor-grade raw materials, and turn them into high-trade raw materials. To deal with the water problem, you've got to have high-temperature gas-cooled reactors, in order to take salt water, other kinds of water that's not drinkable, usable, and process it.

You're going to use petroleum forever? Move this petroleum in cans all over the world? Cheap stuff like petroleum, move it at high prices in cans? When it's becoming more expensive? No! You're going to have a different fuel: You're going to have a much more efficient kind of chemical fuel, hydrogen-based fuels. How do you make hydrogen-based fuels? With a high-temperature gas-cooled reactor: 800 degrees, that sort of thing.

So you can produce hydrogen-based fuels locally, by the same power station, nuclear power station, that produces your

power, that produces industrial process heat for your factory production, and so forth and so on. Now suddenly, you have, instead of a dirty community, you have a clean community.

All right, therefore, we have Europe, we have the United States. Reorganize the United States to say, cut this cheap labor out. We don't want Americans doing cheap labor. We'll do what we have to do to maintain the economy, but *no more cheap labor policy!*

We now go to a high-temperature gas-cooled reactor type of technology; high capital-intensive technology! We have a cultural standard that enables us, as I've proven it with these young guys, in our educational program for the Youth Movement: We can do it! We can produce a better educational

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*Instead of whining about the fact that a Congressman is no damn good, we're going to go to the voters, mobilize the citizens to bring the Congressmen in line.*

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program for science orientation and cultural orientation, than exists in universities today! We know how to do it! We're already in that direction. We're going to do it! We can take the existing population, inspired by young people in their 20s, to get off their butts and begin to think again, begin to feel it again. We can start, and shift the United States into a high-gain, capital-intensive, science-intensive production, to *produce the needs of the world!* Together with parts of Europe which have a similar capability.

Therefore, we're going to specialize, not in dividing product among this nation and that nation. We're going to specialize in being—we are going to be the planetary *science-driver capability*.

What we need is a Congress which gives up its '68er, masturbatory policies. Gets back to reality, despite being born as a '68er. You're going to have to orient this economy for an emergency, to prevent a general collapse *which is coming on now!* It's coming on this year, unless we change.

So anybody who doesn't change, now, from the current trends in the Congress, is an idiot—or worse! Therefore, we're going to have to do it. What are we going to do? We're going to adopt a policy, beginning with rescuing the machine-tool capacity associated with the auto industry now, for new products which will provide the ground base for a high-intensity driver program for the U.S. economy. We are going to enter into 25- to 50-year contracts, long-term agreements, treaty agreements with Asian countries and others, on long-term development, at 2% credit rates, borrowing costs for long term. Because we don't need a high profit rate: We need a high growth rate. That's the difference.

## The Voters Feel Betrayed by the Party

**Freeman:** Okay. Next question comes from a Democratic Party strategist here in Washington. He says, "Lyn, in a recent somewhat informal discussion among leading Democratic strategists, it was proposed that what you've laid out in your recent piece on FDR's Legacy, as well as in the newer pamphlet on the Economic Reconstruction Act, be incorporated into our party platform for the upcoming Congressional elections. I assume that you've been briefed on the rather lively debate that followed that proposal.

"One immediate question that has come to my mind, on rereading both those documents, if I'm reading you right, it appears that you're arguing that the election is already far too late, and that action has to be taken now. The fact is, that while incorporating your proposals into the 2006 Platform will by no means be a cakewalk, I can envision that happening. I'm a lot less optimistic about the possibility of getting action before the elections. I'd like to hear your thoughts on the overall timeframe that we're operating within."

**LaRouche:** The typical Democratic voter, or potential voter, today, would like nothing better than to have his Congressman come back to the district, while the voter is waiting there with a lit blowtorch to apply to the rear end of the Congressman.

This is what we're getting from around the country! The voters are enraged against the Democratic Party leadership and the Congressmen! Because they think they're a bunch of corrupt dummies, who've lost their testicles. They feel betrayed! They say, "You guys were trying to be heroes in 2005. We thought you were going someplace. Look what you've turned into! You've turned into dead jellyfish on the beach! You disgust us!" That's what they're saying out there!

See, what the problem is with the member of Congress is, he's an idiot. They also have another side, but the predominant side at the moment, is idiocy! What they're saying, in effect, is, "I need money!" What for? "For my campaign." Well, why should anybody vote for you; what do you need money for? The citizens out there, the active citizens who think of themselves as Democrats—and also many Republicans, similarly—are saying, "What's wrong with this Congress? What's wrong with these guys? Where are their guts; where are their brains? What's wrong with them?"

Look, the DLC is key to the problem. What is the DLC? The DLC is an organization based on lynching Bill Clinton; that's what they did. This was the organization which misrepresented all the rest of the clowns who are out there to impeach Bill Clinton, to make way for a Presidency which would be more to their liking—like perhaps George W. Bush, for example. So, the DLC, which has become a conduit for syphilis, is now offering bonuses for those who will accept the infection! And these guys think that they need that money for the campaign.

Now, any campaign needs money. You need a certain amount of ability for logistical capabilities, and nobody better

than our youth has demonstrated that. We can produce miracles with a few youth, and we get by on virtually no logistical capabilities, and that's about it. *But that's what does the job!* You've got to get out and realize you've got to go back to the 80% of the lower-income brackets of the American people, and mobilize them *now*. And you have to terrify the Congressmen and say, "We're not going to vote for you! Why don't you take your money and go someplace, you know, enjoy yourself? But just don't bother us, 'cause we're not going to vote for you, because you're *no damned good for us*. You're not *doing* anything for us. You want to take our jobs, give us a token pension, buy us out and throw us on the street, and throw our family apart, in the gutter. That's what you're doing? We're going to vote for you for that? We don't need to vote for you to get that. We don't have to vote *at all* to get that! So why should we vote for you?"

No, the problem is that the prostitute comes out in them—you know, by daylight, at nighttime—that's when they need the money. That's the problem! What's going to happen, what we're going to do, you know we're not just counting on these Congressmen to come through; we're counting on them coming through, but we know it's going to take a little *assistance* to get them to do that. A little mental and other assistance, encouragement, uplifting experiences, hmm? What we're going to do is, instead of whining about the fact that a Congressman is no damn good, we're going to go to the voters. *Go to the voters; go to the citizens*; mobilize the citizens to bring the Congressmen in line. And we're going to say, "You son of a bitch, you change your ways or you're out!" And they'll listen to that; they understand that language, oh boy!

**Freeman:** Just before I ask the next question, in the way of expediting the implementation of what Lyn just said, I can tell you that when we first made this new discovery, which I guess really is not such a new discovery, but it just provided evidence for what we already knew about the pedigree of Felix Rohatyn, and certainly his involvement in the bankruptcy by globalization of Delphi, it certainly explained a lot of things about what was going on, or what was *not* going on on Capitol Hill. But some people commented, when we put together the White Paper that all of you now have, that this was it, and that now they were going to have to fight.

But I can tell you, that after having spent this week on the Hill, briefing members of Congress on this, that this is a fight that they *really do not* want to have, for I think the reasons that Lyn very colorfully outlined for you. So, the question is, how do we encourage them to actually have that fight? And it was very interesting, because one of the questions that came up, as everyone reviewed this White Paper, and it was a question that was asked nervously, was something along the lines of, "Well, this is all very interesting. Where exactly are you getting this out? Where, exactly, are you distributing this? And, how many do you plan on distributing?" And it was very clear that the unspoken comment was the heartfelt wish that

it would somehow be limited to the geography inside the Capital Beltway.

Now obviously, that is not our intention. Our intention is to get it out everywhere, and to get it out in very large numbers. But in order to do that, we need a couple of things. I mean, certainly, the energy and the tenacity of the LaRouche Youth Movement, I think is well-documented, and I don't have to embellish it; people are well aware of it. But the fact is, that we are not everywhere. And in order for this to really get everywhere, it means that people here, as well as people who are listening over the Internet, really have to become part of this fight.

It also means that we need the continued inflow of funds to make sure that we can continue to do this. And I think it's obvious that the funds for this are not going to be provided by the wealthiest layers in the United States. It really *does* have to come from the very people who are being hardest hit by this crisis. We understand that people do not have a lot of excess money in these times, but the fact is, that there is no money better spent than making sure that we flood the nation with this White Paper, with the proceedings of today's event, with the continued publication of both Lyn's Prologue to the 2006 Democratic Platform, and also the Emergency Reconstruction Act itself.

So, for those of you are here, I hope you plan on leaving here loaded down with lots of material, and since carrying all that stuff is heavy and cumbersome, we'll try to make it easy for you, by relieving you of some of your money, so that your overall burden will be lighter. And we're happy to do the same for people who are listening over the Internet. And members of the LaRouche Youth Movement will help.

Otherwise, before I ask the next question from Washington, I have something submitted here by Mark Sweazy, President of UAW local 969. . . . He says, "Lyn, thank you for your in-depth research regarding Felix Rohatyn's involvement with the Delphi bankruptcy. You may find it somewhat amusing that the United Auto Workers' Convention is being held next week in Las Vegas, at the MGM hotel owned by Kirk Kerkorian."

### Presidential 'Signing Statements'

This is a question from the U.S. Senate, from the Democratic side of the aisle: "Mr. LaRouche, in January of 2001, you warned about the nature of this administration. Most Democrats on Capitol Hill are still reluctant to use the term Nazi, but an increasing number can now see that you are quite right. This Administration has systematically disregarded both the spirit and the letter of the U.S. Constitution, and while it's true that some of it occurred in the wake of 9/11, the fact is, that a greater measure of what has occurred, has absolutely nothing to do with 9/11 or the so-called War on Terror. Most specifically, there are questions now that have been blown up around the separation of powers. This came up during the time of the nuclear option, but it is exploding



on Capitol Hill this week.

“Two developments that we’re looking at: One is the recent conflict that has been widely covered in the press, that I won’t review here, between Vice President Cheney and Arlen Specter, the chairman of the Senate Judiciary Committee, where Specter is infuriated over Cheney’s direct intervention in the business of the Congress. The other is the keen attention of Democrats to the announcement that the American Bar Association is now investigating the legality of Presidential signing statements, and also the legality of this President’s repeated decisions to simply ignore past legislation already signed by his Presidential predecessors.

“My question is this: Is it possible to effect positive policy initiatives as long as Bush/Cheney remain in office? We could pass the Economic Recovery Act, and Bush could sign it, and issue a Presidential signing statement, like he does with everything else, and still do absolutely nothing.”

**LaRouche:** I think the estimate is that the President’s popularity is about 10% of the population, if you’re talking about affirmation of his policy trends, as opposed to something else. And his Vice President is probably down below 10%, or maybe even in negative numbers.

The problem is, simply, what you have is, you have something tantamount to dictatorship in process, on behalf of something which is itself a principle of dictatorship. And remember this—what all these lawyers we have in the United States, and most of them forget Constitutional law, and the origin of natural law and Constitutional law, is that—We have a fight; there was a German scholar, who is an international authority on law, who died some years ago, about a decade ago, a little over a decade ago. And he wrote a book published in 1952, after interruption of his studies by war, on the rise of the modern, sovereign nation-state. Now the point he refers to, which is not unique to him, but it’s a point which was taken up by Dante Alighieri and others over the long history of modern civilization and medieval civilization. That from the time of ancient Greece under Solon of Athens, and the expositions by Plato and others; the idea of the existence of a natural body of law of the people of a republic—that is, in which the binding control over a government, the executive powers of government, other powers of government, have to be based on some principle of natural law. And the processes by which law is adopted, or legal action taken, have to be according to natural law.

Now the essence of natural law is, essentially, first of all it’s the idea of not just the nation-state, it’s the idea of humanity as a whole. In earlier times, as in ancient Babylon, and the Roman Empire, and the Byzantine Empire, in the ultramontane system under the crazy Spanish Inquisition and things like that, there was no regard for natural law. Natural law, of course, is reflected in the idea of *agapē* in Plato in the *Republic*. It’s the same thing as *agapē* is reflected in the concept in *I Corinthians* 13 of Paul: the idea that the love of mankind as a whole is the guiding principle in understanding that mankind

is in a sense an immortal being; that each life is part of a skein of immortality in which the development of the individual in society, and the contribution that individual makes to the future of society, and realization of aspirations of the past, is the nature of love of mankind.

So, one must never act against the idea that mankind is a special species. The ego, for example, in Frederick Engels is this concept that man is nothing but a dingle-toed ape or something, right? This kind of thing. Mankind is sacred, because mankind is capable of making discoveries of universal law, being guided and acting on that basis, and changing the universe through those discoveries. No other living creature can do that, except the human individual person. And this is not some kind of game, like playing canasta together; this is done by the individual mind, with interaction among individual minds which stimulate this process. So the individual has an immortality located essentially in his or her contribution to these ideas, which have perpetual value for humanity and its mission as a whole. This is the principle of law.

Now, the question of how do we organize a republic? First of all, we say we reject the idea that some people do the thinking and other people take the orders. The idea that some people should not discover anything; they should just do as they’re told, while a few people give the orders. The idea of a ruling caste, a ruling class, and a bunch of people who are treated as human cattle, as under the Babylonian Empire, or the Roman Empire, or the Byzantine Empire, or under the feudal system of the Crusades, or under the Habsburgs, or under Hitler; that this is not law.

And the signing-statement concept comes directly from the idea of the executive principle, which is an attempt to resurrect, from what’s called the conservative tendency of law, to resurrect the idea of empire. It comes up at this time precisely—what does President Bush say? Regime change. You go to war to effect regime change. You don’t like a government, you go to war to impose regime change. Who gave you the right to go to war to change the character of a regime? We don’t have that right; no government has that right to do that to another, to other people. You can do certain things, but you can’t go to war for the purpose of imposing regime change by force. It’s immoral; it’s imperialism; it’s dictatorship!

Now, the history of our republic says that a guy who does that is impeachable for, simply for trying to do it. Yes, the President of the United States must have executive powers, but what are those executive powers? Executive powers are to fulfill the *intent* of the law, which can not be done by a parliament. Idiots think parliaments can govern competently; no parliament can govern properly. Our Congress is not a parliament; we’re not a parliamentary system. We’re an executive system; a Presidential system. The President is responsible to all the people for initiating the things that must be done for the sake of realizing the purpose of the republic. He’s responsible. How does he make these decisions? He gets a lot



From "An Inconvenient Truth"

*In the course of answering a question from a Democrat in the Senate, LaRouche said: "You shouldn't have run Al Gore for President; it was a big mistake. That's how you got George Bush, by running Al Gore for President; that's your punishment." Here, Gore in his new film, designed to scare up support from the environmentalist loonies.*

of help; a lot of help, advice, and so forth. And if you don't want an idiot in there; you shouldn't have let George Bush in there. You shouldn't have run Al Gore for President; it was a big mistake. That's how you got George Bush, is by running Al Gore for President; that's your punishment.

## We Need a Constitutional Revolution

So therefore, the responsibility of the individual, the personality of the President is great, but the President is *accountable*. He's accountable to the law-making bodies not to violate the Constitution, to respect the laws. If he doesn't like the law, *veto it*, and fight it out. Don't say, "I'll sign this thing into law, but I have this signing statement; I just changed the law." You are taking over the authority which was assigned to those branches of government. You are establishing a dictatorship. You are becoming a Napoleon Bonaparte, who got himself Emperor that way. You won't get an Emperor Bush, because they don't know which way to go.

So, this issue is *key*. There is no way, and there is no way we can tolerate—and how do you do that? You bring down the damned government. How do you do that? Our way; our Constitutional way. You mobilize to tell the guy to change his ways or get the hell out. How do you do that? You bring him down; you put him up against the wall, until the people decide they're going to support you, in which case you impeach him, and replace him. We never had to make a revolution in the United States in order to effect the purpose of our government. We're one of the few governments in the world, one of the few systems in the world that never had to do that. Our system provides in principle all of the means to remedy

our evils among us. We don't need to get to extraordinary measures.

Now the key problem here with the signing statements is simple. Over the period since 1968, since the evil 1968er demonstrations, which said blue-collar workers are no damn good, and farmers are no damn good, and technology is no damn good. And having to wear clothes is no good. The 68ers, who were educated from the privileged layer of the population, which was sent to the better communities, so-called, targeted for Harvard and other places like that; intended to become the leaders of society in some capacity, professional or other. They were specially conditioned by a dirty operation called the Congress for Cultural Freedom, which is modeled on ancient Greek sophistry, which destroyed ancient Greece.

So this generation, which is born after 1945 to 1957, this generation in 1968 exploded, took its clothes off, threw away its morals, and said, "We hate working people.

We're going to bring progress to an end. No more nuclear power, no more progress. We going back to Nature."

And therefore what happened, as a result of enforcing this, enforcing these policies, as under Carter, which were enforced not just by Carter, but by Brzezinski and the Trilateral Commission: Under these policies, we had a breakdown of the U.S. society. We had built up, under Roosevelt and following, we had built up a system in which the rights of people, the social rights of people and the idea of protectionism, were built into the system. What was done under Nixon and under Carter, was—for over a decade—the destruction of precisely those things which are the so-called "Roosevelt reforms."

So, now suddenly, the lower 80% of the population has no rights; and they know it. And therefore, you have a split between the upper 20% and lower 80%, especially the upper 5% and the lower 80%. So, the lower 80% says, "Well, we vote for the party, but we don't have any say in the party." Look at the size of the meetings held by the local Democratic Party organizations. Who says what is decided, what is discussed? Nothing is happening. So therefore, you say, "Well, I'm a citizen, I have the right to vote. What the devil does that mean?" You don't have a right to influence the decision of what to *choose* as the issue to vote.

Like this case of the auto industry—you have over 300,000 people who were employed in the area of the auto industry and its auxiliaries, who are now—with their families, and with their communities—are about to be extinguished, and turned into virtual slaves, or cast-offs. Who had the right to oppose that decision? Or who *should* have had the right to

oppose that decision? Where is *vox populi*? What you have is the people—*vox populi* is the DLC, which represents the big moneybags which are swindling and ripping off the United States and the world; they buy the politicians, and the politicians say, “That’s our constituency, the DLC, and the people can go to hell. We’ll pass sandwiches out on Sundays.”

Now that’s our problem here. The problem is, you need a revolution. You need a revolution by simply enforcing the intent of our Constitution. The way to enforce it is: “We are in danger; we are suffering; we are about to lose our country; we’re about to lose our way of life. You can’t take it away from us, and have us sit back and allow you to do that. We are going to just pull down any politician who continues this policy.”

And if the American people decide that they’re going to do that, or a large number of them, believe me, the change will occur. The problem is, that the lower 80% of the population has no confidence and belief and trust in the upper 20%; that’s what the problem is. And they say, “There’s nothing we can do about it.”

How many people tell you, when you talk about these issues, “Yes, you’re right, but there’s nothing we can do about it”? And by saying there’s nothing you can do about it, you excuse yourself from doing something, whereas if you were organized properly in a political organization, you *do* have something you can do about it. With the number of people in the auto industry, and the families and the people affected, we could pull down the whole structure of policy overnight. But the people aren’t together; they’re discouraged, and they don’t have many leaders they can trust.

And people say, they’ll say to me, directly or indirectly, “Yeah, you’re right, but uh, we can’t ” they say, “We can’t vote for you; we can’t support you.” And therefore with that statement—they’re saying to me, in effect, “We can’t support you”—they condemn themselves to Hell.

The way you deal with this problem is simply stop the process. This is our republic; the people created it. We fought for it, we maintained it. We fought for it under Roosevelt, we fought for it in World War II. We saved the world from Hell by fighting Hitler, and without our help it wouldn’t have happened. We are the people; if we will get together, we will find that we have the power in our hands to deal with this problem.

## The Issue Is Not Iran; It’s Globalization

**Freeman:** Okay, Lyn, we have a lot more questions on various aspects of economic policy, but we also just have a pile of questions on the situation vis à vis Iran and your recent warnings, so I’m going to try to pull them together for you. There are several questions that have come in from Democrats in the Senate. I think this one pretty much characterizes it: “Mr. LaRouche, there is currently a raging debate on Capitol Hill regarding the recent offers that have been made to Iran. Although I agree that it would be naive to think that these developments erased the danger of an early military assault on Iran,

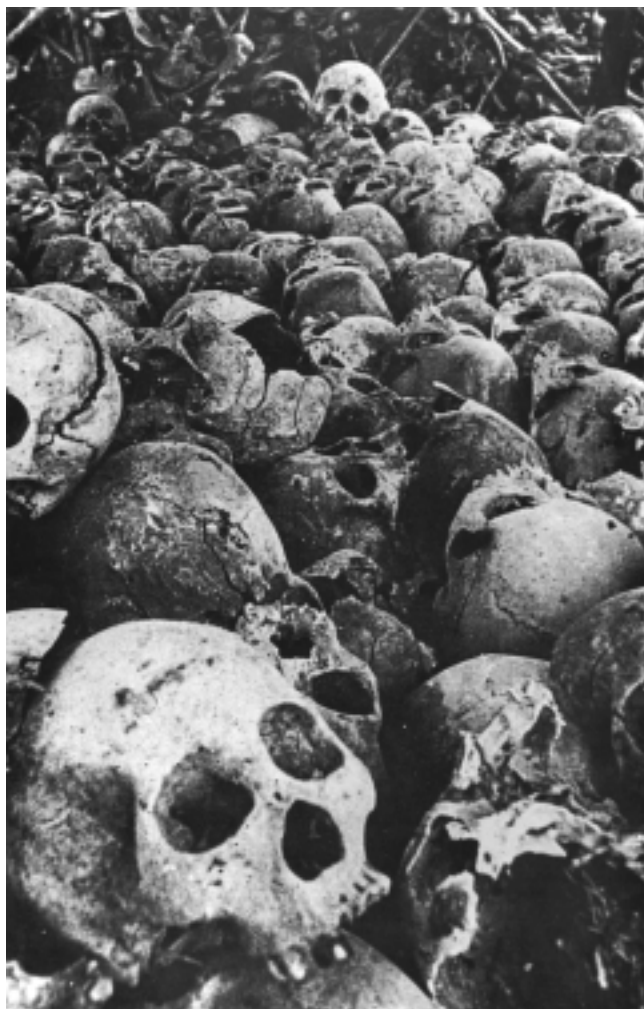
they do seem to represent some change in policy direction, although some of my colleagues disagree, and say that this is nothing more than a ploy or cosmetic gesture. I’d be interested in knowing what your view is. Do these offers represent a policy shift, and if so, is there something of substance behind it, or is it simply a tactical retreat by an embattled administration?”

**LaRouche:** The problem, as I see it all around, is—and it’s international, as well as in the United States—is a complete misunderstanding, a fallacy of composition in discussing this whole issue. There is, in fact, no substantive Iran issue; there never was. There never was really a substantive Iraq issue. The policy was not reacting to some problem; the problem was a scheme for dictatorship, like the Rohatyn scheme—globalization.

The point is, and it goes clearly back to 1990s, when Cheney was Secretary of Defense, and Cheney was pushing for destroying the U.S. military and replacing it with private armies, funded by financial interests such as Halliburton. Now that is *happening*. The game, the purpose of this operation, of the people behind it, is very simple, and the problem that people have is they keep looking for the *issue* of Iran, the *issue* of Iraq, and so forth. Yes, these things have become issues, but that is not the way you can understand the problem and the dangers inherent in it.

The issue is, simply, that there is a plan in process, which has been going on essentially, *effectively* since the Vietnam War, a process intended to eliminate the United States as a nation, among other things. The objective is to eliminate the sovereign nation-state and to set up a form of imperialism which is now globalization. And since people are ignorant of what the issues are of globalization, they simply say, “Well, that’s nice. Lowest price gets the contract.” That’s crap! What you do by globalization, by driving the prices down through this kind of competition with cheap labor markets, what you do is you destroy the quality of production and productive potential globally. When you go to virtual slave labor in some country in South America or Asia or Africa—although there’s not much employment opportunity in Africa, but Asia—when you go to a cheap labor area, you are driving the culture of production to a lower level of culture! And what you’re doing in the country from which the jobs are exported, you are destroying the country which the jobs left!

What’s the effect on the world? The effect on the world is, you destroy the human race! You’ve reduced it to barbarism. That’s the intention. The intention is—there’s a group, a financier group typified by the Venetian oligarchy, typified by the Synarchist International, typified in particular by Felix Rohatyn, who’s not a thinking man, he’s a brute! Their intention is to eliminate the class of people who can think, by creating a condition by which the population is reduced, by which the power of development of ideas is reduced, by which whole sections of the population are eliminated, and you have only stupid people. Because what they understand is that it’s



*The financier group, typified by the Venetian oligarchy and the Synarchist International, intends to destroy the human race, by reducing it to barbarism—by eliminating the class of people who can think. The genocide in Cambodia, the evidence of which is seen here, was carried out by Henry Kissinger, “who is treated as a highly respectable personality, when he’s really a criminal.”*

an intelligent population, the kind of intelligent population which is based on technological progress, and modern progress in general, and a high standard of living, this kind of population can think! It has the ability to think. It’s not that they’re biologically superior. It’s that they have the opportunity and development to be able to think.

Now, if you want to eliminate the nation-state, a state which they see—especially since Roosevelt, since the formation of the United States—as a threat to the oligarchical system, therefore they want to eliminate the sovereign nation-state republic from this planet. They want to eliminate intelligent people from this planet. That’s the objective.

Now, how do you do that? Well, you start crises, regime change. Look what they did in Southwest Asia! Look what they’ve done! The whole region is being destroyed. Central

Asia is being destroyed. Africa *has* been destroyed. The genocide in Africa, in sub-Saharan Africa, was conducted by whom? By the United States, by Great Britain, by France, the Netherlands, and other countries. There has been deliberate genocide against Africa with the intent of reducing the population of Africa, and Henry Kissinger said so in 1974. That, in order to conserve the raw materials of Africa for the use of future—our—population, the United States, he said—we have to make sure the population of Africa declines, is reduced. That they do not get access to technology, eh? And they’re reduced by natural causes, famine, disease, and *homicide*.

Now, what have you seen in Africa, in sub-Saharan Africa, since 1974? Since Kissinger wrote this operation—it was one of his last pieces as a National Security Advisor there. You’ve seen that in Africa. Kissinger is the conscious author of genocide against sub-Saharan Africa. And he’s treated in the United States as a highly respectable personality, when he’s really a criminal! And this is what we did in Cambodia. And Kissinger *did that* in Cambodia, in Kampuchea! Kissinger was the one who extended the war into Kampuchea. Kissinger was the one who, together with George Shultz and Felix Rohatyn, who put the Nazi dictatorship of Pinochet in charge in Chile, and which organized Operation Condor, which was a Nazi-style mass-murder operation in the Southern Cone of South America.

You have to understand these guys, as I understand them very well. They are murderers. They are as bad as Hitler. They are worse than Hitler! And we call them “respectable”! And as long as you call these advocates of this kind of thing, of the destruction of the economy, of this kind of mass murder in Africa, attempted genocide in various parts of South America, what they’re doing in the Middle East. What happens? They want a target of opportunity. Look what happened in Iraq. From the beginning, everybody who was competent in a military sense said, “Don’t do it!” And they said why. They explained why. They warned what would happen if it was done. And they did it. They destroyed the country because they *intended* to destroy it. They destroyed Afghanistan, which was already half-destroyed. Now that thing is boiling up again. They’re out to destroy Iran. They’re out to destroy the states of Central Asia. They’re out to destroy Transcaucasia. They’re out to destroy Turkey. They’re out to destroy India. Target China. Target Russia.

What you’re dealing with is not an issue of this country or that country. You’re dealing with a global policy. And if you are going to allow, as a member of government, this kind of policy to go on, and say, well, this is an Iran question, this is an Iraq question—it is *not*. It’s a question of global policy. It’s a question of global strategy. And you have a bunch of Nazis, typified by Cheney and Rumsfeld and George Shultz and Felix Rohatyn and people like that. These Nazis, in fact—they may not wear swastikas, but they deserve them—these guys are shaping the policy of the United States. Are you

allowing that to continue? Are you making excuses for them, saying we have an Iran problem?

Well, on the Iran issue itself, what do you say? Well, first of all, the thing is totally untrustworthy. A diplomatic approach to the situation which has been created is perfectly correct. Do it! Negotiate. But don't get hard-nosed about it. Get in there, soft approach, don't push for anything. Just try to find out what we can work out, and don't lay down hard preconditions. Iraq: We've got to get out of there! The longer we're there, the worse it's going to be. Forget it.

So, in those areas, you have areas of flexibility to apply to a mess we created, but the danger lies in the fact that these guys *want* a war! And the first time that Cheney and company manage to convince somebody that Iran is not playing by the rules: Boom! Boom! Cheney has command of the Stratcom operation, ready to pull the plunger himself, and launch that war without warning! It's ready. Get him out of there! If you're not getting Cheney out of there, you're not serious about the future of the United States.

But the policy here is *not* an Iran policy. That's not the issue. The Iraq issue is not the issue. The issue is, they're looking for a chance to start a ripple which will eliminate the nation-state from this planet. And their targets include not just Iran; they include India, Pakistan, China, Russia, and so forth. The whole works. This is pure evil! And the problem is, many good members of our Congress just aren't willing to think in real terms.

You know, they have this thing in the *Timaeus* dialogue of Plato, referring to some Egyptian priests who say, "You Greeks"—referring to a conversation with Solon of Athens—"You Greeks are children. You don't have any old men among you. You don't know anything about the history of mankind. You don't understand the forces that are moving history now. You're too much tied up with your own immediate experiences, your reaction to the immediate circumstance. You don't think about the future. You don't think about history."

I mean, here we are. You have the Apostle John, speaking about the Whore of Babylon. Now, why would John talk about the Whore of Babylon? Well, the Whore of Babylon is the Roman Empire! The Roman Empire was established under Augustus, as a deal with the religious cult on the Isle of Capri. It's called Augustus. Christ is born in the time of Augustus. Christ is killed on the order of the Emperor Tiberius, from Capri, through his son-in-law, or legal son-in-law, Pontius Pilate. That's why John, who was a disciple of Christ, refers to the Whore of Babylon. Because he knows, as everyone knew intelligently at that time, that Rome was the son of the Whore of Babylon. The Babylonian imperial model. A Rome which made no contribution whatever to human culture. None! The contributions that Rome had were stolen from the Etruscans and the Greeks and similar people. Nothing!

Then we had the Byzantine Empire, another abomination. Then, to destroy the efforts of Charlemagne and others, to deal with the problem, then you had this system of chivalry

and racial hatred, anti-Islamic movements, Jewish persecutions organized by Venice, again. And people lose sight of the lessons of history. They lose sight of the ideas which are transmitted in experiences from generation to generation, and fail to see that the present in mankind, unlike animals, in human society, which is a society based on ideas as animals are not, it is the transmission of *ideas* and the struggles of ideas over many successive generations, which determine the current issues of any present moment. It's the struggle between us and the Whore of Babylon, and once you think in that way, you've got it!

## The Death of al-Zarqawi

**Freeman:** One more question on a similar topic, which you covered in large part, but I think I'm going to ask you, because it comes from a Democratic member in the House who's on a committee that has to deal with this. It's on the death of al-Zarqawi.

"Mr. LaRouche, President Bush, Tony Blair, and Mr. Rumsfeld have all hailed the death of al-Zarqawi as a critical victory in the war in Iraq. And somehow that would seem to be true if our principal enemy in Iraq were indeed al-Qaeda. However, many others, most specifically Congressman John Murtha, have pointed out that the nature of the conflict in Iraq has now moved not to a war against terrorism, but a full-fledged civil war. I'd like your overall assessment of that situation. Would you call it a civil war?"

"And also, I know you have proposals of your own in this area, but we are right now looking at John Kerry's call for withdrawal by the end of the year, and want to know if you think that there is any viability to his approach?"

**LaRouche:** I would make a very simple statement in part on this, though it requires more attention, of course. I would say, well, since we have an act of murder committed—and this was simply an act of murder, which settled absolutely nothing. Killing individuals does not settle issues of this type. Whether he was or was not a Shia agent or whatever, is irrelevant. That killing was a Nazi-like act of murder, and that is what we've been protesting against in the United States, and talking about the barbaric acts, about some action organizations in military and operation sections in the CIA in the past. This is what we said we must not do. You do not go out and take out people for political reasons, because they're your enemy! Because what you do is you sow dragon's teeth. You spread the disease. You spread the conflict. We didn't *have* to do it. Somebody wanted to do it because they had a political ego trip they wanted to make. Period!

Now, that is all the more reason for supporting Kerry's motion. Because the United States government under the present administration can't be trusted with anything that looks like war, or occupation of war. We've got to get the United States government out of that area, for the simple reason that one of these Congressmen will simply not say: The U.S. government under its present Presidency can not be

trusted with the conduct of war, or the declaration of war. It's corrupt, we should have impeached it! And whatever happens to us, if we don't impeach it or get it out some way, we're guilty of everything it does. And the American people have got to wake up and stop being children on this question.

No, Kerry's right. We have to take drastic action to get us out of there, because the guy we've got loose in there is a raving lunatic, a homicidal lunatic, and he's going to make everything worse. Whatever is bad by pulling out, is less bad than allowing Bush and company to be involved in that area. You're saying, I'm saying, implicitly, you've got to impeach the guy. Or get him to resign. That has to happen. I'm not sure the United States can survive in the coming year, if we don't impeach these two characters in the meantime. And sooner is better than later.

That's the situation we have. You've got to be realistic. Don't say, let's formulate the issue, let's discuss the issue. The point is, with this jerk in power, this lunatic up there—even his father can't get to him—get him out of there! The only reason we don't want to get him out first is because we don't want to leave Cheney in there! Get Cheney out now! It can be done, if the requisite number of people in the Congress decide that the nation is more important than their special agendas.

If they really cared about the United States, they would get Cheney out now. And what's already in the Fitzgerald brief, contains the essential evidence for a bill of impeachment against Cheney, in what's in that brief alone. In that brief, he stated a motive for a crime committed by his subordinate. It's like the famous case of the Death in the Cathedral. The king said, get me rid of this priest, and some soldiers went out and killed the priest. Was the king guilty? Of course he was.

Cheney committed a crime, he's impeachable. Get him out!

## Rohatyn's Nazi Pedigree

**Freeman:** I'm going to take a question from one of the people here in the audience. This is from Jack Mallory from Nevada. . . . He says, "Lyn, do you think that many of the Bush Administration's economic policies resemble what Felix Rohatyn did in New York City in the mid-1970s? It's also the case that Rohatyn and company developed recommendations to the incoming Bush Administration, including the slashing of so-called entitlement programs like Social Security and Medicare. It appears that there is a connection between Rohatyn, the Bush family, and perhaps it comes via their old Skull & Bones buddies Harriman and Rothschild. Will you please comment?"

**LaRouche:** Well, I think that Bush may have caught some of the policies of Rohatyn the way that someone might catch syphilis in a house of prostitution. I don't think it was an intellectual effort on the part of this President, who I would not be inclined to accuse of any intellectual effort whatsoever.



*The Synarchist bankers' Hitler project was modelled on the Venetian bankers' partnership with the Norman chivalry, who organized the bloody Crusades to destroy the beginnings of the nation-state system of Charlemagne in Europe. This portrait of Charlemagne is by Albrecht Dürer.*

The problem here is the transmission, the cultural transmission, of influences which are associated with institutions. Now obviously, Rohatyn is a pig, a thief, a fascist, a Nazi, everything you want to call him—and more. His policies in Big MAC are typical of the policies of what? Not Rohatyn. Rohatyn is a creation of Lazard Frères. Remember what Lazard Frères is? Look back to 1940. Lazard Frères was the core of the French government at that time, a French government which treasonously planned its defeat at the hands of an inferior military force, the German military, as part of its attempt to conduct an international pro-Nazi policy. Rohatyn is a Nazi, he's institutionally a Nazi. That is, he may not wear a swastika badge, but he represents the institution of Lazard Frères and so forth, which is the mother organization which created a whole bunch of Fascist operations in Europe, including Hitler, and which collaborated with Hitler in what Hitler did during the wartime period, against Jews and others. It collaborated.

And it came out of the war, it was not persecuted, prosecuted either. It came out of the war, generally intact, and rose to greater power today than it had when it was a collaborator of the Nazis then, because the corrupt Truman Adminis-

tration covered up for these guys we should have put in prison, because they were the actual *authors* of the crimes which the Nazis committed, at least those in France and in certain other places. They should have been tried and convicted. They were war criminals. They plotted war. And the least that should have happened, they should never have been allowed to practice finance again. There should be a criminal ruling; they should not be in the banking business in any way at all.

And Felix Rohatyn is a continuation of that policy. And the problem lies not with Bush, but, remember that Bush's granddaddy—the President's granddaddy—Prescott Bush, was the guy who, as an executive for Brown Brothers Harriman, wrote the order to rescue the Nazi Party in 1932, at a time the Nazi Party was in danger of being bankrupted and dissolved, to save the Nazi Party in time to have Hitler appointed Chancellor, and then dictator. And this continued among the Morgans and the other Wall Street crowd for a long period of time. The crowd in Wall Street which is associated with this policy, which changed its tune when Roosevelt and Churchill forced a change in tune. But the minute that Roosevelt was dead, they went back to the same policy as quickly as they could. And therefore, you've got this poor piece of crap, this degenerate called a President—he's a pitiful wreck, a piece of garbage. As someone said recently, he had his first chance to meet a real actual National Guard unit—this piece of crap is simply a tool of people like George Shultz.

Remember, according to Bush's own account, George Shultz told him, "Hey, he has a good, promising future before him." Mortimer Snerd from Texas. "You're a genius. You're going to be President." He goes down to get blessed by a Baptist minister, and now you're purified. You're no longer a drunk and a dope user. You're now going to be a big guy, because your brother's a crook and they couldn't make him the candidate, so they put you in instead. That's the situation.

Therefore, you have this situation where you have this guy, this piece of crap called a President. He's controlled by this crowd. He can't think for himself, and he's easily manipulated. They tell him, "Mr. President, you're the President. You do this." ("Grunt, grunt, grunt!") Mortimer Snerd.

## The Ethanol Hoax

**Freeman:** Well, I would have liked to avoid asking this question, because I know the way Lyn is going to answer it, but I can't avoid it because we have half-a-dozen questions coming from members of Congress, and there are questions from people in the audience, and members of the LYM have questions on this. The subject is ethanol. Just by way of preface, George Turner sent in something, and he said, "Lyn, as an old country boy, I'd like you to remind folks just what ethanol really is. We used to call it 'Old Stumphole' or 'King

Kong.' That's right. Moonshine. Corn liquor. Takes more energy to make than you get out of it? No problem. There is plenty of renewable biomass that can be harvested right here in and around the Congress. Dried and ignited, this fuel provides much heat."

So, in that spirit, a number of Democratic members of the House say, "Mr. LaRouche, your supporters have repeatedly ridiculed the various ethanol/alternative fuel proposals. And I'm sure you are aware that this is on the way to becoming part of the Democratic Party platform. Would you please explain why you are so opposed to this?"

**LaRouche:** First of all, in a hungry world, we're going to produce a useless fuel, absolutely useless, because it takes more power to produce the power of ethanol than you get out of it. In other words, you're talking about 60%, at best, about 60% of the power that you would get from ethanol, is offset by the fact that 100% is required to produce it. Secondly, to produce ethanol means largely, apart from all these gimmicks, means largely taking most of the cropland of the United States needed for food, which I believe is important, and devoting it to produce athol, or whatever it is, athanole, whatever. Now, this is energy deficient. In other words, you're consuming more energy than you're getting. And you're destroying agriculture.

What's happening is, it's popular among some farm states, because you have farmers in the "tweener" age group who don't give a damn about the human race! Who have an eat-your-neighbors policy, about grabbing the land next door; who no longer are really human, but are still farming. And they're ecstatic about the fact that the Federal government is going to buy them out by subsidizing the difference between the cost of equivalent amount of gasoline, for them. They're going to be bought off, out of Federal funds, for something that is going to ruin the U.S. economy.

Now, the other side of the thing is, therefore, these farm states are considered critical by some corrupt politicians, including Democratic politicians, in the Congress. Therefore, they're going for the bill, because they're *crooked* and *dishonest*! And if the Democratic Party is going to buy this policy, the Democratic Party is going to go down, hard, in this election. If the Democratic Party sticks to an ethanol policy, it's going to be dead in the water in this coming election, because it shows the Democratic Party leadership would be willing to do a thing like this, and neglect the people.

Now, you can't blame the people if they don't vote for the Democrats. This swindle will not be accepted by the people. Yes, a few crooked farmers who've lost their morals and are busy eating their neighbors—they don't worry about food—they're eating their neighbor.

The only power available that will meet the problems of the United States, which means not merely just producing power, is essentially hydrogen-based fuels which we can produce with nuclear power. But they don't want to lose the loony



National Archives

*President Bush's grandfather, Prescott Bush, and his wife, Dorothy, in 1952. In 1932, as chief executive for Brown Brothers Harriman, Prescott Bush ordered the funding of the then bankrupt Nazi Party so that Hitler could be made dictator of Germany in January 1933.*

vote, the anti-nuke people, so therefore, they're appealing to corrupt farmers and lunatics, who are against nuclear power. And you should see the campaign against nuclear power which is being done by the same people who are pushing the ethanol.

What's coming out as opposition to nuclear power is pure fraud. They talk about nuclear waste, as if it can not be solved. Bunk! It's a lie! There's no truth to it. With a complete reprocessing cycle, there is no nuclear waste problem. Anyone who says so and says they're an expert, is either a mental case or a liar, and possibly also a degenerate, and that's not combustible.

So therefore, this problem is one big hoax. It's typical of a political party which wants to commit suicide—again—as the Democratic Party has committed suicide repeatedly since the assassination of Jack Kennedy, and they're just going to Hell. They're going to take the whole thing to Hell, and this time, there may not be a planet fit to live on as a result of they're doing that! If they have any morals at all, the Democratic Party will not adopt an ethanol policy.

## It's Not Just a Housing Bubble

**Freeman:** Okay, we have a couple more questions from the House of Representatives. The next one is on the question of the housing collapse. It says, "Mr. LaRouche, you have long warned about the impending possibility of the bursting of the housing bubble. Everything that we have received in the way of information these last few weeks, suggests that that process has now begun. Our expectation is that the Summer months are likely to bring dramatic events in this area of the economy, that will affect hundreds of thousands of American families. Right now, there is nothing on the table to address this, and the Democratic leadership argues that it is an issue more appropriately addressed by the states. Some of us disagree, and believe that a problem of this magnitude requires emergency Congressional action. Do you agree and, if so, what do you suggest we do right now?"

**LaRouche:** Well, what you're going to have to do is this—and boys, you can not duck it now! It's come home to roost. What is going down is not the housing bubble. What is going down is the international banking system, and it can go down in a matter of weeks, or months.

The collapse of the housing bubble is merely an integral feature of the collapse of the international banking system. Nothing can save the present international banking system in its present form. It can not be done! I specified what has to be done. There's only one thing you can do. Boys, I'm speaking as an expert: You've got no choice! You can take a dive or you can do as I tell you. You got nothing else you can do! Okay.

As President of the United States, what would I do? Well, I would kick the Congress, because the Congress is not the place really to deal with an issue of this type. It requires legislative action, but it requires a living, breathing President. A real one, like Franklin Roosevelt, or someone of Franklin Roosevelt's inclination. Maybe you should talk to John Kerry about something like that. He might be interested in that. I understand he's running again, or about to run again. But the point is, what do you have to do?

Look, the banking system is bankrupt. What does that mean? Think! What does it mean? The international banking system is not only bankrupt, it's *hopelessly bankrupt*. There's no simple ordinary adjustment that will work. You're not looking at a depression. You're looking at a general breakdown crisis, whose precedent is what happened with the Lombard League in the middle of the 14th Century. Every central banking system of Europe, the United States, Japan, is hopelessly bankrupt. Nothing you can do about it. It's bankrupt. Therefore, the banking system has to be taken into receivership, for bankruptcy reorganization by the federal governments.

Now, this means, in the United States, the Federal Reserve System is bankrupt. Period. That's a fact! You don't want to believe it? It's a fact. The fact will hit you in the back of



the head, if you don't pay attention to it. It's coming. It's inevitable. It could happen this month. It could happen by September. It's that close.

Once it starts, it's going. And the rate of collapse is accelerating rapidly, at an accelerating rate. Just the same kind of overall underlying rate as the German 1923 crash of the deutschmark. The same rate of increase of increase. You've got a combination of acceleration of prices as in raw materials, so-called, and you have at the same time an acceleration of the rate of collapse of even whole hedge funds. And the big problem today, is people are trying to cover up the magnitude of the hedge-fund collapse. Hedge funds are going under. They're over-bidding. What's being run in association with the speculation in primary materials, is a ponzi scheme! The major banks, with hedge funds, are running a ponzi scheme in inflationary acquisition of assets. And when one falls by the wayside, the other banker comes along and eats him! Or the other hedge-fund eats him! Or the banks order the hedge fund to call in the deposit and collapse the thing.

So, you have a process of hyperinflation and hyper-collapse going on at the same time. You're in the terminal state of turbulence of a bankrupt system. There's only one thing you can do: You have to say, money has no intrinsic value. The monetary system of the world is dead. You have to go back to the American System, in which the monetary aggregate is controlled by the principle of Federal control over the issue of currency. We are a credit system, not a monetary system. We've been corrupted by monetarist policies, but we are a credit system.

Therefore, the Federal government has to put the Federal Reserve system as such into bankruptcy receivership. And this is to prevent disorder. The prime thing is to prevent disorder. You've got to keep things that must function from day-to-day functioning. People are not going to be mass-evicted from these properties, if they're living there. If the property is for rental, it's on speculation, and nobody's there, okay, foreclose on it, right then. Wipe it out. If the property is occupied, you want to keep the occupant in occupancy, if possible. You do not want to create a social disaster.

You must maintain employment. You must do the things that maintain stability in the communities and in the states. You must defend the states. The states can't do anything with this. The idea that the states should handle this is pure idiocy. There's nothing the states can do with this. It's beyond their capacity. *The states can not utter currency!!* The ability of the state to create monetary credit is limited by the power of the Federal government, under our Constitution. And that's the way it should be! The problem lies with the Federal government.

Now, if you don't do that, when the crash comes, it won't be just the housing crisis, it will be *everything*. It will be chaos. It will be a 14th-Century-type disaster, like the collapse of the Lombard League. Because the only way to stop this, *if* the United States takes Federal action, takes the Federal Reserve

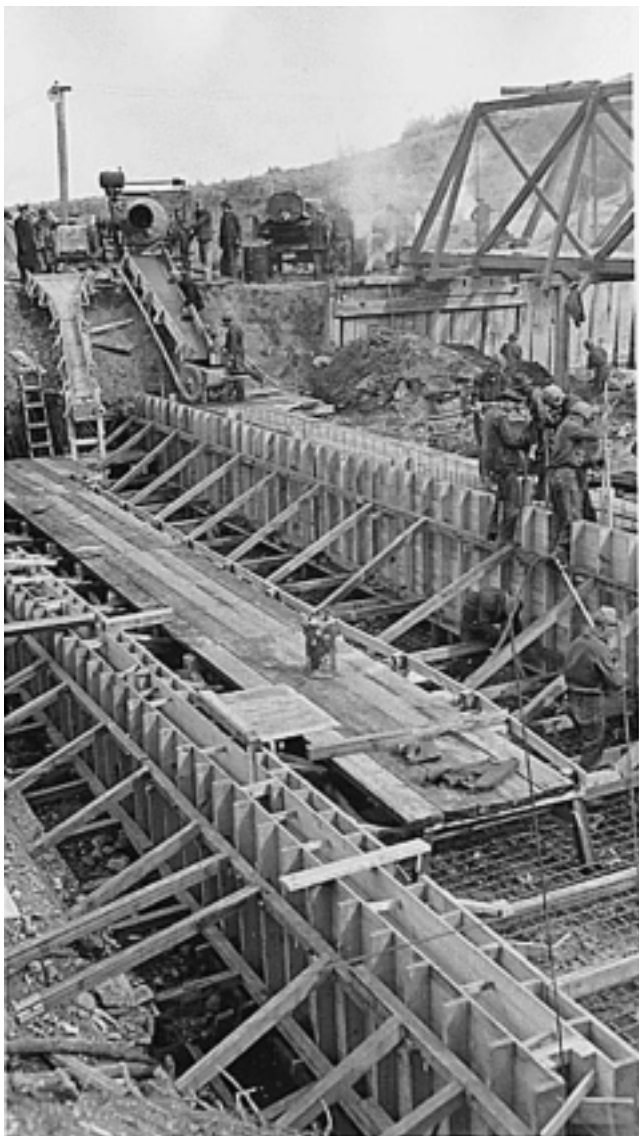
system into receivership, which is the way of taking the member banks into receivership—you can put it under regulation! And the point is to prevent chaos. Your greatest danger is chaos. You say, everybody is going to stay on their job. The stores are going to open. Essential things are going to be open. Everything is going to function. You live in a house, you stay there.

What do you want? You want the alternative? Do you know how massive this thing is? Do you realize that you've got places, shacks, at \$800,000 in the Loudoun County area, which are worth less than \$200,000, which are barely held together with tacks which are poorly aimed, by unskilled labor? You're kidding! You can't do it. Do you realize that the entire state of Virginia could go bankrupt as a result of this thing? You want to have the *state* take care of the problem? The state can do nothing about it. The Federal government must act. You've got to have a President, the right President in there, quick! Because it's coming on fast. So you do what Roosevelt did. You declare bank holidays. You take the whole thing under Federal control.

And how do you bail out? Well, there's only one way you bail out, without going through hyperinflationary methods, which you already have enough of already. What you do is you create large-scale projects, of the type that I've outlined, for legislation now. You employ a large number of people in order to bring the actual operating level of production in the U.S. economy above breakeven, for the economy as a whole. In other words, if you've got enough people producing wealth, so that the value of wealth being currently produced, exceeds your current obligations, you can manage the problem. The only way you can do that is Roosevelt's method. You go to the Harry Hopkins method.

Now you create an employment program which takes people off white-collar work, and off this kind of nonsense that they're going to be out of anyway, and puts them into productive jobs. What do we do? Well, how can we do that? The Federal government can give credit to the state. For what? For infrastructure projects! How many water projects do you have on state level that are crucial right now? How many power stations are required to keep the United States in shape? How many hospitals have to be rebuilt? How many railroad systems have to be built, to get this nation functioning? This would more than absorb the total capacity, idle capacity of the automobile industry. And it will enable us to rejuvenate the aerospace industry. We're going to have to rebuild this economy that's been wrecked over the past 40 years. So, get at it!

And this means long-term financing, at 1 to 1-1/2 to 2% simple interest rates over a long term. The money has to go into, not bailouts; the money has to go into investment in employment of people in productive jobs. And the way we can start it with the Federal government as we have in the past, you start with basic economic infrastructure—power, water, transportation, and so forth. And you do it that way.



National Archives

*There's only one way you bail out of the current collapse, without going through hyperinflationary methods, LaRouche said: "You create large-scale projects. . . . You employ a large number of people in order to bring the actual operating level of production in the U.S. economy above breakeven, for the economy as a whole." Here, the Roosevelt-Hopkins method in action, with the Civilian Conservation Corps in 1940, building a canal in Colorado.*

We want to keep people where they're living now. You can not unemploy people in one area and—they have a family! What do you want to do? Create a "Baltimore effect"? You create a situation where a family is broken up because one person was earning a living and no longer has a job. The family is struggling to get by. He leaves home to take the burden of his presence off his family, he goes into a slum or criminal-type behavior, and you have people wandering all over the country in this kind of state? Do you want that? You

can get it! The way the Congress is thinking now, you'll get exactly that!

No! If we put people to work in things where they may not be too productive right away, but in which they'll become productive, and you issue 1-1/2 to 2% credit, of Federal credit, based on the monetary power of utterance of the U.S. Constitution, we can get enough work going so that we can say that, on current account, we are now producing more physical net wealth than we are consuming. Once you are above breakeven, you can manage your way out of the crisis. If you're not above breakeven, you'll never manage your way out of the crisis, except through a lot of dead people.

So therefore, that's what we have to do. So, forget all the other problems. That's what we have to do. It's not a housing collapse.

The housing collapse is an integral part—remember, the housing collapse is the Greenspan bonus. We had a 1929-style collapse of the stock market in October 1987. Volcker was on the way out, and Greenspan was on the way in. So, they brought this guy Greenspan in—"Bubbles" Greenspan—who went to the methods of the Pyramid Club and similar kinds of ponzi schemes, and he created a giant ponzi scheme called financial derivatives. Fannie Mae and Freddie Mac were two of the targets which he used to pour in credit of this type, through the housing market, through the financing and purchase of bundled mortgages. And this created a speculative boom in the housing area. In terms of physical values, there was nothing to hold the thing up, except a ponzi scheme. And that's what happened.

The result is, the entire international financial system is tied into a bubble of credit and related derivatives beyond what anybody knows. You have a market which is registered, and you have an unregistered market. This ponzi scheme is beyond anyone's imagination. You're going to have to wipe out hundreds of trillions of dollars of so-called assets, because they're purely fictitious. One guy has an asset which is another guy's debt. No good. So, there's only one thing that can be done. The Federal government, action by the President with the support of the Congress, takes legislative measures in emergency action, using precedent, to put the whole thing into bankruptcy, to put the Federal Reserve system into bankruptcy, and match that with a Harry Hopkins-style program of increased job production in things which start with basic economic infrastructure. If you start with basic economic infrastructure, you will stimulate the entire productive sector of the economy.

## **Forget Monetarism! Go Back to the American System!**

**Freeman:** Lyn, I'm going to ask you this question because it's unique in that it comes from a Republican office in the House of Representatives. I'm bipartisan. It says, "Mr. LaRouche, over the last several weeks, the market has been crashing, and events that would normally result in an upswing

in the market have had little or no effect in stopping the downslide. Under these conditions, there is a growing fear among all of us that if the Federal Reserve Open Market Committee raises interest rates again when they meet in mid-June—and all indicators are that that's exactly what they're going to do—that it will touch off a panic that has the full potential to become a systemic crisis. If you were chairman of the Federal Reserve, what would you do?"

**LaRouche:** It's very simple. I'd say to the President of the United States and the Congress: Be smart. Put this thing into bankruptcy now.

Because, you see, this is a product of monetarist thinking. And if you think of the number of people who have been to school and gotten degrees in this or that, who say you don't have to raise interest rates, lower interest rates, to deal with these problems, it's nuts! You don't want to raise the basic interest rates. You want to control the flow of credit. Different thing. What does it mean?

We want a 1-1/2 to 2% basic credit rate in the United States for expansion of the economy. We want this concentrated largely in long-term loans which will go toward 25-year development projects. What we want to do is put caps on prices, to keep prices in line. The thing is bankrupt anyway, and this idea of managing an economy by monetary methods of this money management by interest rates, is absolutely insane! All you're doing is driving up the basic ratio of debt. You're increasing the degree of bankruptcy! You're going too far! So therefore, you go the opposite way. You freeze the thing by putting the whole banking system, the whole financial system, under Federal regulation because *it's bankrupt!* Remember, the Federal Reserve system essentially controls this whole monetary mechanism anyway. So if you bankrupt the Federal Reserve system knowing that the banking system is bankrupt, you put it under regulation for reorganization, now you impose a low interest rate, but you steer—you don't let it float—you steer where the credit goes.

You steer it into things you want to have happen. You want this industry to exist. Okay, it gets a 2% long-term rate on borrowing. Somebody else wants to bet on the horses. Aha! Well, we've got a 150% rate for you. You want to bet on the stockmarket? Well, that's going to cost you 15-20%, per month.

I say it lightly, but that's what you do. That's exactly what you do. Forget the so-called truisms of management of a monetary system. Forget monetarist policies altogether. You have to go back to the *American* System, instead of the British System, otherwise known as the Brutish System! Go back to the American System. We have a Constitution which specifies accountability of the Federal government for the utterance and regulation of U.S. currency, a monopolistic power of the Federal government, subject to control by the House of Representatives. Fine. Okay, we control where that money goes. Other money, aha, well, there are no other sources,

buddy. But we'll help you out.

So therefore, you don't want to shut something down, as a way of trying to bid prices down, by raising interest rates higher. What you want to do is keep interest rates lower, but freeze the flow, through Federal control over the monetary system, by taking the Federal Reserve system back into receivership. And the Federal government now has to run—the Treasury Department of the U.S. government now *takes charge* of dictating policy to the Federal Reserve system. Because the Treasury Department is the agency of the Federal government. The Federal Reserve system is a coalition of banks under special sponsorship by the Federal government. It goes into bankruptcy, therefore you put it into bankruptcy. Then, the U.S. Treasury takes over, and the Treasurer of the United States, who would be Paulson at this moment, takes over from poor Ben Bernanke, who is a distress case.

And you cut out this nonsense about trying to manage the economy, or manage inflation, through interest rates. You manage it by direct intervention, because you have to decide what your purpose is, and Federal government credit will be given only for purposes in the Federal national interest. Our interest is to keep people employed, to keep them housed, to keep essential functions working, and to expand the physical economy, expand production, raise the level of productivity. And to take a view of one generation to two generations. We have a mess. If it takes us two generations to get out of the mess, we'll take two generations to do it. If we can do it in one generation, we'll do it in one generation. But we're going to have to have the Federal government take this thing in charge, function through the Treasury, not the Federal Reserve system. Bring it under control. And adopt a program of public works, which will be a *driver* for stimulating the overall economy.

## Nation-States vs. the Tower of Babel

**Freeman:** The next question, from Sen. Joe Neal, is the last question that we'll entertain. We have many more questions. I will submit them to Mr. LaRouche, and he will answer them as time allows.

"Lyn, there are many people who are listening to this webcast, who probably do not understand exactly what you mean when you discuss the destruction of the nation-state. I'd like you to explain what the result of this destruction would be, and who could possibly be the beneficiary of it, who could benefit."

**LaRouche:** This came up, I had this lecture I gave in Frankfurt, Germany a week or so ago, in which at the conclusion, I dealt with the crucial nature of this problem. Why the nation-state? Why not world government? What defines what a nation-state should be, in terms of boundary conditions? Why should this be a nation-state? Why does that not fit the requirement of a nation-state?

The point is that human beings are not animals. With

animals, you don't have nation-states, because they all speak the same language, and they have no ironies, except those that they get by relationship to human beings. But with human beings, idiots think—for example, one of the idiotic suggestions in history was the idea of Esperanto. Let's have a universal language. That's like saying, let's have universally stupid people, because a language is not merely the literal terms used in expression of a language. A language is associated with its ironies. These are the connotations and associations which occur in the use of language, as in poetry.

Take poetry, a perfect example of this. In poetry, if a poem is simply rhymes and so forth, it's a piece of crap. Please take it away! I don't want to remove that myself. But in true poetry, in great poetry, you touch upon what's called irony, which are discontinuities in the literal meaning of a passage, but they're meaningful discontinuities because they involve allusions to something which is shared in the culture of the people, which a speaker of a foreign language would not easily recognize.

So therefore, since the important thing in society is to communicate the kinds of ideas that are associated with creativity, it's important to base nations on national languages, but cultured national languages, because the things that make the difference between a talking machine—now you see all these computers that correct your punctuation and everything else, which are usually *wrong*, because the guy who designed it doesn't know what he's talking about; he's just trying to make it fit the computer—but if you're not a computer, if you're a human being—. If you're a computer, you can't write poetry. No computer could ever write poetry. It could write junk that imitates poetry, but it would be a farce. There'd be no content to it. In poetry, there's irony, the hidden meaning which the human mind understands, hidden meanings which are located in the usages of the people. And therefore, it's these areas which poetry expresses, and which the use of a language expresses.

So therefore, in order to have people participate on a cognitive level, rather than simply an animal grunting level, according to some computer program, to do that, you need to have decision-making, thinking done by a people in its interests, in terms of the capability of a language expressing productive irony, Classical irony.

And therefore, while we should agree ultimately on what is right and what is wrong, what is truthful and what is not truthful, the problem to be faced is how do you get there? We're trying to bring a community of nations to agree on certain common interests which correspond to natural law, the natural interests of mankind. But how do you get there?

Well, first of all, you have to start by having the characteristics of the national language's capacity for metaphor, for irony, used where you communicate ideas among the people. Without that, you have no participation of the people in the cognitive processes of reaching conclusions. They can shout

at each other. They can make deductive arguments. They can have computers argue for them. But they can not actually think as human beings, but only as animals or machines. Therefore, you want people to think as a people. We want them to communicate among each other in that mode. Then you want to bring the results of that process within the nation into interplay with other nations, where you're all bound on the intent to understand one thing: What is universal natural law? What is the natural law? What should be our legitimate purpose as human beings in existing? How can we cooperate as people of different cultures on this planet, to common ends?

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*You do not go out and take out people for political reasons, because they're your enemy! Because what you do is, you sow dragon's teeth, you spread the disease. You spread the conflict.*

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You do that, not by dissolving the nation-state, but by elevating the cultural level of the nation-state to a higher level. And that's what's required.

And the problem today, is just as today's taught science does not recognize a physical principle. It only recognizes a mathematical formula. You mention the name of a principle, they don't see the principle. They don't think about the principle. They think about a mathematical formula, which you can put into a computer. It's not human. No need for you. Doesn't require your brain, if a computer can do it. And therefore, as in science, which requires the irony, the ironies in which discovered principles of the universe are located, so in social relations: You require this power of irony expressed as metaphor and other means, within the terms of a language, and thus you bring the people with their ironies of different cultures together. And the interaction of these cultures, in understanding one another, understanding the common ironies of one another, then you can find a way to cooperate, to a common purpose.

So therefore, the proper system of mankind is not the Tower of Babel. There, the Bible had it right. The Tower of Babel is a loser. You need the different cultures and the different languages, but you need also at the same time to understand why, and you have to be based on the idea of discovering true ideas, including scientific principles. And you want to share these ideas one nation, one culture, with another, so we can cooperate with understanding our intention, our common intention concerning the goals of this planet.

## Rohatyn: The French-Nazi Connection

by Pierre Beaudry and Jeffrey Steinberg

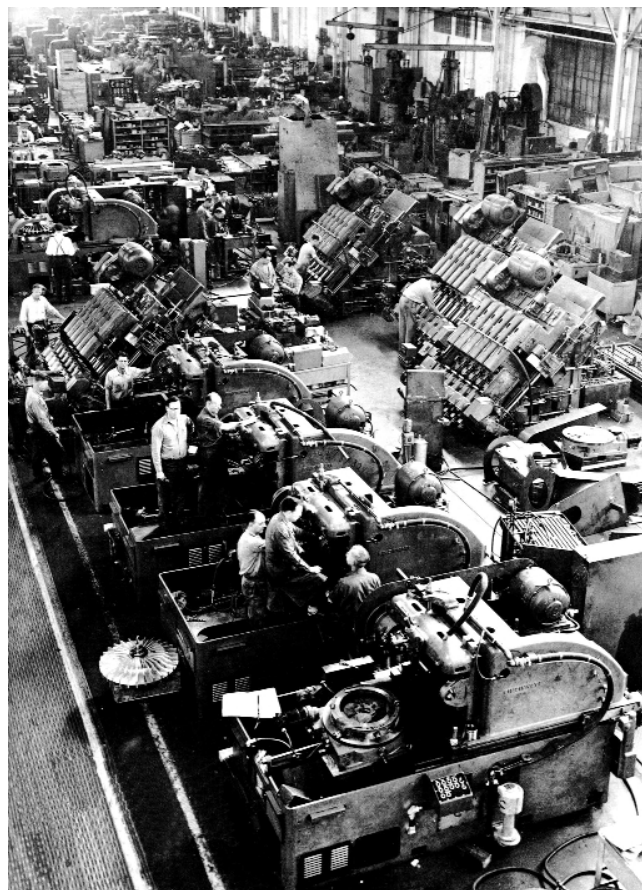
Some gullible individuals, including gullible members of the U.S. Congress, still think that Felix Rohatyn is just another nasty banker. What they don't understand, or choose not to understand, is that Rohatyn is an extension of the 1930s and 1940s Nazi operations inside France, operations associated with a London/Paris-centered faction of international finance, known then and now as the Synarchist International.

Felix Rohatyn today faithfully represents the same policies and the same outlook as the wartime French Nazi collaborationists, associated with his own Lazard Frères bank and its closely allied spawn, Banque Worms. Rohatyn's now-exposed current role in the total dismantling and overseas "outsourcing" of the U.S. automobile-manufacturing sector, with its embedded machine-tool capacity so vital to America's economic national security, is thoroughly consistent with this pedigree. In this scandalous assault on America's once-great industrial base, Rohatyn is acting, not as an American, but as an agent of the Paris-centered financier networks that are today's successor generation of European Synarchist bankers. Particularly since his tenure as U.S. Ambassador to France, Felix Rohatyn has revived the now-70-year-old Synarchist collaboration between his own Lazard banking group and the Synarchist Worms Group, today represented by Gerard Worms. Both Rohatyn and Gerard Worms, in recent years, have been co-directors of three major European financial entities: Suez Groupe, Rothschild et Cie Banque, and The Publicis Groupe, the world's fourth-largest communications firm. In Publicis Groupe, Worms and Rohatyn sit with Michel David-Weill, the longtime managing director of Lazard.

### The Wartime Documentation

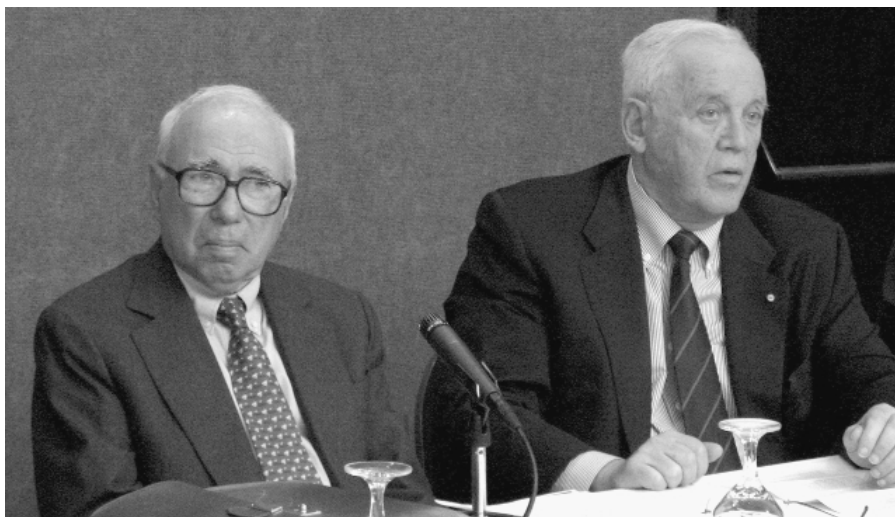
During the late 1920s, the Paris branch of the Lazard banking interests helped establish the Banque Worms, on behalf of the French Synarchist industrialist Hippolyte

Worms. French intelligence documents from the 1930s identified Hippolyte Worms as one of the original 12 members of the secret Synarchist Movement of Empire, a group at the heart of the Nazi collaboration. The Banque Worms, otherwise referred to as "the Worms Group,"



Cincinnati Milacron

*The machine-tool capability represented here is what is being eliminated by the Rohatyn-led assault on the auto sector.*



EIRNS/Dan Sturman

*Rohatyn's (left) attempt to portray himself as an advocate of infrastructure development, when he promoted his private financier infrastructure project on March 27, 2006 with former Sen. Warren Rudman (right) at the Center for Strategic and International Studies in Washington, D.C., has now been exposed as a fraud by the exposure of his role in shutting down the critical machine tool sector.*

came to dominate the pro-Hitler Vichy government of post-1940 France, maintaining throughout its close ties to the London-New York-Paris Lazard group. It was during the pre-Vichy period that Lazard bankers Frederic Bloch-Laine and André Meyer, later the mentor of Felix Rohatyn, were dominant behind-the-scenes figures in the banking apparatus that later steered the Nazi collaborationist regime of Pétain, Laval, and Darlan, through Banque Worms.

The U.S. intelligence service and diplomatic corps of the 1930s and 1940s were fully aware of the pro-Hitler treachery of the Banque Worms Group.

William Langer, a wartime officer in the Office of Strategic Services (OSS), prepared the official report for President Franklin Roosevelt on the United States government's dealings with Vichy France. The report was later published in 1947 in a book, *Our Vichy Gamble* (New York, Alfred A. Knopf), which was based on Langer's review of the wartime classified U.S. and French archives.

Speaking of Nazi collaborator Admiral Jean François Darlan, Langer wrote, "Darlan's henchmen were not confined to the fleet. His policy of collaboration with Germany could count on more than enough eager supporters among French industrial and banking interests—in short, among those who even before the war, had turned to Nazi Germany and had looked to Hitler as the savior of Europe from Communism. These were the elements which originally backed Pétain and Weygand—elements that stuck to the program after both these men had begun to back away from it. These people were as good fascists as any in Europe. They dreaded the Popular Front like the plague and were convinced that they could prosper even under Hitler's iron rod. Many of them had long had extensive and intimate

business relations with German interests and were still dreaming of a new system of 'synarchy,' which meant government of Europe on fascist principles by an international brotherhood of financiers and industrialists. Laval had long been associated with this group."

Langer identified the center of the French Synarchy as the Banque Worms et Cie. "To realize the extent to which members of the Banque Worms group had been taken into the government by Autumn of 1941, a brief survey of the council and of the Secretaries of State will be most profitable." Lang then itemized a list of dozens of top Vichy ministers who were all from the Worms Group, and who controlled every aspect of the economic life of Vichy France.

Langer's extensive account of wartime France was based, in part, on the communiqués from U.S. Ambassador Anthony J. Drexel Biddle to President Franklin Roosevelt. On Jan. 7, 1942, the Ambassador wrote to the President of the Synarchist/Banque Worms control over Vichy: "This group should be regarded not as Frenchmen, any more than their corresponding members in Germany should be regarded as Germans, for the interests of both groups are so intermingled as to be indistinguishable; their whole interest is focussed upon furtherance of their industrial and financial stakes."

Drexel Biddle left no room for doubt that he was equating the Banque Worms group with the worst of the Nazi collaborationists. "On the one hand," he explained, "Pierre Pucheu (Interior), and Yves Bouthillier (National Economy) were members of the Worms clique. Gerard Bergeret (Secretary of State for Aviation) was included by some among Pétain's personal following, by others among the Worms group. Excluding Bergeret, the Secretaries of State were almost to a man associates of the same clique."

Scores of other reports, many of them obtained by *Executive Intelligence Review* from the National Archives of the United States, catalogued the in-depth collusion between the Worms group and the Nazi regime in occupied France. A series of three in-depth intelligence dossiers traced the pedigree of the three main branches of Lazard Brothers (New York, London, Paris), into European wartime Synarchy.

Many will attempt to deny that Felix Rohatyn is of the same Nazi pedigree as his Lazard and Banque Worms predecessors of the 1930s and 1940s. But the evidence is massive.



# Outsourcing Delphi: The Crime of Felix Rohatyn

New York bankruptcy court documents have revealed the personal signature of Felix Rohatyn—Synarchist banker, “Democrat” powerbroker, enemy of Lyndon LaRouche—on the original May 1, 2005 plan for the outsourcing of Delphi Corporation and the destruction of its union jobs, wages, and benefits.

It is clear from these documents and other evidence that Rohatyn Associates and Rothschild, Inc., through Felix Rohatyn personally, started the Delphi debacle and planned Delphi’s total “globalization by bankruptcy,” as *Business Week* termed it on April 24.

This Delphi outsourcing and bankruptcy plan—which may have gone by the internal moniker “Northstar”—has been a disastrous example, international symbol, and trigger for bankruptcies and shutdowns in U.S. auto and other industries. It had been called “the end for auto,” and the destruction of America’s middle class, by IUE (International Union of Electrical Workers) lead negotiator Henry Reichard, who passed away on June 6. Rohatyn launched that destructive plan, which has been linked with the name of Delphi’s bankruptcy CEO, Robert “Steve” Miller—whom Rohatyn’s plan brought in to head the company and take it into bankruptcy. In addition, Rohatyn has intervened repeatedly on Capitol Hill during 2005-06 with proposals for privatized “infrastructure corporations.” He has directly opposed and sabotaged action on Lyndon LaRouche’s emergency legislation to save the American auto sector with Congressional credits and protection, “retooling” auto for infrastructure construction.

The Delphi debacle has opened the floodgates for the destruction of the entire auto industry still remaining in the United States, including, since at least April, the auctioning off of entire closed plants and their machine tools, as if on eBay. It has already driven another 30,000 production workers out of auto employment in 45 days, with no end in sight. It has triggered Congress to *react* by forming an “auto caucus” and a “manufacturing caucus”—but not to *act* to stop the auto sector’s ongoing destruction.

We lay this potentially fatal inaction by Congress at Rohatyn’s door, and at the doors of Congressmen who continue foolishly to regard him as a “leading Democrat” rather than a Synarchist-fascist banker. LaRouche’s is an “FDR-style” proposed action to save auto and build infrastructure. Rohatyn directly and publicly has opposed any return to Franklin Roosevelt’s policies or “RFC methods,” as he calls them.

And he directly devised the plan which is in the process of shutting down at least 21 major Delphi auto-supply

plants, moving the company’s entire production operations offshore.

## Damning Chronologies

The overlapping chronologies being published here as documentation by the LaRouche Political Action Committee, go step by step through the promotion of the Rohatyn/Rothschild strategy for Delphi, and its lamentable implementation over 2005-06.

Immediately after Lyndon LaRouche’s April 13, 2005 memo, “Emergency Action by the Senate,” told Congress it must intervene in the auto crisis signalled by General Motors’ debt collapse, Felix Rohatyn—acting on behalf of his Rohatyn Associates investment firm and Rothschild, Inc.’s bankruptcy division—wrote Delphi a May 1, 2005 proposal to develop a strategy of merger, acquisition, outsourcing, or bankruptcy. Rohatyn Associates and Rothschild were retained, and developed a “strategic plan.” Rohatyn’s strategic plan was adopted, and then the specification was made that when Delphi declared bankruptcy, Rohatyn would personally “withdraw,” leaving Rothschild, Inc. in charge of bankruptcy advice.

An example of the ads for auctions of machine tools from the auto industry that are now being forced into bankruptcy.

If the foregoing correctly sets forth the understanding and agreement among the Advisors and the Company, please so indicate by signing the enclosed copy of this letter, whereupon it shall become a binding agreement between the parties hereto as of the date first above written.

Very truly yours,

ROTHSCHILD INC.

By: \_\_\_\_\_  
David L. Resnick  
Managing Director

ROHATYN ASSOCIATES LLC

By:   
Name: FELIX ROHATYN  
Title: PRESIDENT

Accepted and Agreed to as of  
The date first written above:

DELPHI CORPORATION

*Rohatyn's signature on the May 1, 2005 letter agreement, the central focus of which was "a material reduction" of the company's "legacy liabilities"—that is, labor and pension costs—whether achieved through bankruptcy, merger, acquisition, or other means.*

Steve Miller was hired as Delphi CEO on July 1, 2005, pursuant to this strategic plan; and Miller described it when he filed for bankruptcy: "[Delphi] believes that a substantial segment of Delphi's U.S. business operations must be divested, consolidated, or wound-down through the Chapter 11 process. . . . In the meantime, the Company will preserve and continue the strategic growth of its non-U.S. operations and maintain its prominence as the world's premier auto supplier"—globalization and outsourcing by the device of "strategic bankruptcy."

In the same May-June 2005 period, Congressional sources have reported, Democratic Members of Congress "were being told" to avoid Lyndon LaRouche's memos for legislative action to save auto, because "LaRouche is proposing to nationalize the auto industry." And beginning early June 2005, Felix Rohatyn began to publish and give Members of Congress proposals for a "National Infrastructure Fund" at a negligible \$50 billion, borrowed by Congress but administered by a National Commission led by bankers like himself. He has been joined in this by former Republican Senator Warren Rudman and others.

Furthermore, the strategic plan adopted by Delphi from Rohatyn and Rothschild, specified that under a Delphi bankruptcy, many of the U.S. manufacturing plants of the corporation—a strategic asset for the economy of the United

States—could be declared to be "*de minimis*" assets [assets of negligible value!] and their machine-tool capacity auctioned off over the Internet. That is exactly what has happened, since no later than early April 2006, pursuant to an order of the bankruptcy court entered Oct. 28, 2005. The purpose of these auctions was made crystal clear: to pay down Delphi's Debtor-in-Possession credit facility of \$2 billion from JP Morgan Chase and Citicorp, a credit facility arranged *before the bankruptcy* by Rohatyn Associates and Rothschild. Delphi plants and machine tools are being auctioned off today for the loan accounts of those banks.

It is such auto-supply plants, and their versatile inventory of machine tools, being discarded by automobile manufacturers, that LaRouche's emergency legislative outline insists must be adopted by a Federal Public Corporation created by Congress, and used—directly or by contract—to produce

critically needed new economic infrastructure of rail transportation, power, and water management.

And it is now established that Felix Rohatyn initiated the plan by which Delphi is auctioning these plants as if they were worthless but for some cash payments on their credit card from JP Morgan Chase. Persons familiar with the auctions report that many, perhaps a majority, of the Internet buyers of the machine tools, are foreign firms. Moreover, it is not only Delphi which has adopted this practice, directly destructive of U.S. technological potential and national security.

If this auctioning off of strategic machine tools is not stopped, the United States will become a Third World country industrially.

And not least of these moral crimes, Delphi's bankruptcy strategic plan included the so-called Key Employee Compensation Plan, by which certain Delphi executives were to receive \$400 million in retention bonuses, while its production employees were to have their wages cut in half or their plants closed.

Rohatyn's "withdrawal" from Delphi's consultancy on the date of its bankruptcy, Oct. 8, 2005, may have been made necessary by his other role, acknowledged in Delphi court papers: Rohatyn led "due diligence" efforts for several private equity firms profiling Delphi and its operations; in other words, he is consulting with equity funds and/or hedge funds



on buying up the wrung-out Delphi which results from “globalization by bankruptcy.”

### Keep the Plants Open, Fire Rohatyn!

Congress will be answerable if it does not act to stop this planned obliteration of the industrial and technologi-

cal capabilities of the United States—not to speak of the loss of hundreds of thousands of skilled and productive jobs and the sacrifice of the wages and benefits of the American workers who remain in a decimated automobile sector.

This evidence makes clear that the same “Demo-

# The Fight Over the Auto Industry

January 2005 to the Present

## What Felix Rohatyn And His Associates Did

### JANUARY-MARCH 2005

**March 23, 2005.** As discussed at a LaRouche PAC Town Meeting in Detroit, Mich., LaRouche’s ideas center on restoring the approach to government taken by Franklin Roosevelt, to meet the breakdown crisis of the financial system, the physical economy, and in Detroit, the collapse of General Motors.

### APRIL 2005

**April 13, 2005.** LaRouche issues his Memorandum to the U.S. Senate concerning what to do about GM’s collapse, after being requested to do so by Democratic Party figures. The Memo is countered by various Democrats stating that the GM crisis is not going to hit until the summer or later.

## What Happened: Developments in the GM-Delphi Shutdown Crisis

**February 26, 2005.** J.T. Battenberg III announces his resignation as chairman, chief executive officer, and president of Delphi Corporation. He is also chairman of the Delphi Strategy Board, the company’s top policy-making group. Battenberg has begun moving Delphi parts production to China and to Mexico.

**March 2005.** News coverage breaks of an SEC investigation of an accounting scandal at Delphi, involving falsification of company books going back to 2000. Most of Battenberg’s competing “heirs apparent” subsequently resign.

**March 10, 2005.** *Executive Intelligence Review* magazine publishes, based on an alert from Lyndon LaRouche, the article “GMAC Debt Is a Big Soft Spot in Global Financial Bubble.” The article focusses on the sudden dramatic fall of auto sales in January-February 2005, particularly of GM sales; the imminent downgrading of the \$300 billion in GM/GMAC debt to junk status; and the onset of a crisis among major U.S. automakers and their overseas subsidiaries.

Reports compiled in 2004 of auto sales show a 5% drop in the United States from 2000 to 2004; a 7% drop in Europe over the same period, and a 3% drop in Japan.

**April 2005.** As of this month, in the four-month period beginning in January 2005 and ending in April 2005, GM has laid off 15,500 production workers, reports the *Detroit News*.

**April 13, 2005.** Lyndon LaRouche’s memo on the auto crisis, “Strategic Action by the Senate,” is issued.

**April 29, 2005.** *Newsweek* reports: “In Congress, there is rising concern about the future of American auto manufacturers and their decline’s effect on the economy. ‘We’ve got to do something,’ said Rep. John Dingell, D-Mich. ‘They’re somewhere between two and four years off from a real calamity.’ ”

(Continued on page 42)

cratic” figure who has been advising or pressuring that Party’s leaders against any “FDR-like” response to this crisis, is centrally involved in the shut-down/outourcing plans for American industry, which caused the crisis itself.

Rohatyn is no Democrat, but a Synarchist financier, in

the peculiar tradition of the Lazard Frères bank which trained him, and which played a central role in the European fascist Synarchism of the 1920s-40s.

For several hundred thousand American auto workers, it is immediately necessary that the criminal damage of his “strategic planning” for Delphi be undone.

## What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

**Late February 2005.** Lyndon LaRouche forecasts a debt blowout of the American auto sector, referring to international coverage, largely blacked out of the U.S. media that General Motors, GMAC, and Ford are going to be downgraded by bond-rating agencies. *EIR* begins indepth coverage of the GM and Ford crises.

**March 10, 2005.** *EIR* Strategic Alert publishes an item entitled, “GM Heading For Junk-Bond Status?” on impending U.S. auto sector collapse, citing Feb. 26 editorial in *Neue Zuercher Zeitung*, “Thunderstorm over Detroit.”

**March 10, 2005.** *EIR* reports on a warning from LaRouche on the significance of the General Motors crisis, “GMAC Debt Is a Big Soft Spot in Global Financial Bubble,” focussing on the sudden dramatic fall of auto sales in January-February 2005, and the imminent downgrading of GMAC parent GM’s debt to junk status.

**March 23, 2005.** At a LaRouche PAC town meeting in Detroit, LaRouche calls for a “reconstruction agenda” to save the nation’s industrial capacity, in the face of the threatened collapse of General Motors.

**April 7, 2005.** At an international webcast from Washington, D.C. calling for a “New Bretton Woods” financial/monetary system to revive national economies, LaRouche speaks at length on the General Motors crisis, and the way to reorganize the entire auto/machine-tool sector to save and expand industrial output capacity.

**April 9, 2005.** In a meeting with labor leaders and elected officials, LaRouche calls for saving the auto industry as a crucial aspect for U.S. economic recovery, proposing that the government intervene by placing the productive capacity of the industry in government-supervised receivership, and then fund the retooling and expansion of that capacity, to supply the components of national infrastructure projects.

**April 13, 2005.** LaRouche issues a Memorandum to the U.S. Senate, “Emergency Action by the U.S. Senate,” with a summary statement of the crisis and guidelines for what must

## Overview

**January 2005.** Between this month and April 2005—four months—GM lays off 15,500 production workers.

**February 26, 2005.** *Neue Zuercher Zeitung* labels as unpayable the huge indebtedness of Ford and GM.

**Late February 2005.** Lyndon LaRouche forecasts debt blowout of American auto based on downgrading of GM, Ford, GMAC by bond rating agencies.

**February 26, 2005.** Delphi CEO J.T. Battenberg III resigns.

**March 2005.** SEC investigation of accounting practices at Delphi dating from 2000 is announced, leading to resignations of key officers, directors.

**March 10, 2005.** *EIR* publishes analysis: “GMAC Debt Is a Big Soft Spot in Global Financial Bubble.”

**April 7, 2005.** At Washington, D.C. webcast, LaRouche speaks at length about GM crisis, and the way to reorganize the entire auto/machine-tool sector, saving and expanding industrial capacity.

**April 9, 2005.** LaRouche proposes that the government intervene in the auto crisis, by placing auto’s productive capacity in government-supervised receivership, while funding the retooling and expansion of production to supply the components of national infrastructure projects.

**April 13, 2005.** LaRouche issues Memorandum on “Emergency Action by the U.S. Senate,” addressing the auto crisis. The Memo is countered by various Democrats who state that there is no imminent GM crisis.

**April 22, 2005.** LaRouche’s “An Economic Reconstruction Policy: Recreate Our Economy!” is issued.

## What Felix Rohatyn And His Associates Did

APRIL 2005 *continued*

### MAY 2005

By no later than **May 1, 2005**, Rohatyn Associates LLC—specifically its principal, Felix Rohatyn—and Rothschild, Inc. (where Felix Rohatyn is a director) are hired by Delphi Corporation as its primary financial advisors. Delphi, a spinoff of General Motors whose major creditors are GM, its trade unions, and the Pension Benefit Guaranty Corporation, hires Rohatyn and Rothschild for purposes of reorganization; specifically, bankruptcy reorganization.

The letter agreement hiring Rohatyn and Rothschild states that they are being hired to provide services in connection with “formulation, analysis, and implementation of strategic alternatives” relating to Delphi inclusive of mergers and acquisitions, raising new capital, and/or bankruptcy restructuring. According to the May 1, 2005 letter agreement, in the event of a bankruptcy, the company will seek the continued appointment of Rohatyn and Rothschild as financial advisors during the bankruptcy proceeding. The central focus of the letter agreement is “a material reduction” of the company’s “legacy liabilities”—that is, labor and pension costs—whether achieved through bankruptcy, merger, acquisition, or other means.

A key inducement for entering into this agreement for Delphi, according to the letter agreement, is that senior management of Rothschild and Rohatyn, inclusive of Felix A. Rohatyn, will make themselves personally available for the services envisioned by the letter agreement. Under the agreement, Delphi pays Rothschild \$250,000 per month, \$15 million upon completion of a strategic plan inclusive of an approved bankruptcy reorganization, commissions on any new capital raised or upon any merger and acquisition, and separate opinion fees. Rothschild pays Rohatyn under a separate and undisclosed agreement. At the time of the bankruptcy filing, Delphi had paid Rothschild \$1,750,000 in fees.

[Source: Declaration and Statement of David L. Resnick, Managing Director of Rothschild, Inc. dated October 6, 2005 and filed in the U.S. Bankruptcy Court for the Southern District of New York.]

**May 18, 2005.** Rohatyn is interviewed by the German publication *Handelsblatt* about the role of the “financial locusts” or private equity funds. He states that both the funds and their critics have a point in what they are saying. Asked why private equity funds play such a huge financial role, he states, “The boom is based on the fact that these groups can borrow without limits at extremely low expenses. The reason for that is the monetary policy of the Federal Reserve, which is still very liberal. That’s why there are so many debt-funded takeovers. That is not a sound process. I think this boom will not last.”

## What Happened: Developments in the GM-Delphi Shutdown Crisis

**May 1, 2005.** Felix Rohatyn makes his strategic proposal to Delphi, where J.T. Battenberg III is still acting as CEO and as head of the Delphi Strategy Board.

**May 2, 2005.** Major auto supplier Tower Automotive Corp. files bankruptcy, and asks the bankruptcy court to void its union contracts.

**May 4, 2005.** “Vulture capitalist” Kirk Kerkorian makes his move on GM stock, raising his holdings to 9% of the total. LaRouche warns that Kerkorian’s move shows GM’s deterioration is faster than anyone else has been admitting, and says Congress cannot delay action on auto.

**May 8, 2005.** GM debt is downgraded to junk by Standard and Poors; Delphi’s debt has already been rated as junk.

**May 11, 2005.** Major auto supplier Collins and Aikman declares bankruptcy, with other suppliers reporting lowered profits or losses, anticipating both GM and Ford would lose about \$1 billion in the second quarter.

**Mid-May 2005.** House Committee aides inform *EIR* that a Big Three auto management team has been on Capitol Hill about the auto crisis, but aides do not know what they were proposing.

(Continued on page 44)

## What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

be done, emphasizing “The Emergency Measures for the GM Case” and the need for an “Urgent Return to the American System.”

**April 22, 2005.** LaRouche releases “An Economic Reconstruction Policy: Recreate Our Economy!” asserting that the only solution is to act immediately to save vital productive capacities, such as GM, and then to reorganize the bankrupt global financial-monetary system.

**May 10, 2005.** LaRouche issues a mass leaflet, “Guts and Government,” calling for Congress and other leaders to stop vacillating on the GM crisis.

**May 14, 2005.** LaRouche issues a Memorandum to Congress, “Congress Faces New Turn: On the Subject of Strategic Bankruptcy,” highlighting the collapse of the airline industry, the efforts of GM/GMAC to dump autoworkers’ pensions, and the threatened collapse of GM, Ford, and others, and laying out the parameters for a strategic bankruptcy, in the interest of the general welfare.

Throughout **May** LaRouche launched a drive to pass resolutions in local political bodies, which would call upon the U.S. Congress to take up the fight to save the auto industry, as a center of machine tool capability, and to put workers back to work building vital national infrastructure. The first resolution was passed in early May by the Cleveland City Council. Since that time, similar resolutions have been passed in the city councils of at least 8 other major auto-belt cities, including Detroit, Michigan.

At the same time, legislators began to initiate action in state legislatures around the country. Through May of 2006, resolutions to save auto had been introduced in 10 state legislatures, and had been passed in three chambers: the Alabama House of Representatives; the Rhode Island House; and the Vermont House. The last was in Vermont on May 11, 2006.

While not identical, the resolutions all identify the danger of the shutdown of the U.S. auto industry, both in terms of the loss of jobs, and of the machine-tool capacity of the nation. They also point to the need for Congress to take up its responsibility to save this capacity, by providing the means for diversifying out of auto production, into the building of major transport and auto projects, which are so urgently needed throughout the nation. Some even proposed the establishment of a Federal funding agency for this effort.

## Overview

**April 29, 2005.** *Newsweek* reports: “In Congress, there is rising concern about the future of American auto manufacturers and their decline’s effect on the economy.”

**May 1, 2005.** By no later than this date, Felix Rohatyn and Rothschild, Inc. are hired by Delphi as primary financial advisors to reorganize the company through bankruptcy.

**May 2, 2005.** Major auto supplier Tower Automotive Corp. files for bankruptcy, and asks the bankruptcy court to void its union contracts.

**May 4, 2005.** “Vulture capitalist” Kirk Kerkorian raises his GM holdings to 9%. LaRouche warns this means GM’s deterioration is faster than anyone thinks, and that Congress cannot delay action.

**May 8, 2005.** GM debt is downgraded to junk; Delphi’s debt has already been rated as junk.

**May 10, 2005.** LaRouche issues a mass leaflet, “Guts and Government,” calling for Congress and other leaders to stop vacillating on the GM crisis.

**May 11, 2005.** Auto supplier Collins and Aikman declares bankruptcy.

**May 14, 2005.** LaRouche issues memorandum to Congress, published in *EIR* May 27, “Congress Faces New Turn: On the Subject of Strategic Bankruptcy.”

**Mid-May 2005.** House Committee aides report that Big Three auto management team have been on Capitol Hill about the auto crisis.

**May 18, 2005.** Felix Rohatyn is interviewed by the German publication *Handelsblatt* about the role of the “financial locusts” or private equity funds. He states that he doesn’t believe the Federal Reserve-led private equity boom will last.

## What Felix Rohatyn And His Associates Did

### JUNE 2005

**June 14, 2005.** Delphi reaches an agreement with its lending syndicate led by JP Morgan Chase to refinance \$3 billion of its available revolving credit facilities with an amended and restated \$1.825 billion secured revolving credit facility and a new \$1 billion six-year-term loan.

**June 2005.** Delphi completes a financial restatement which reduces retained earnings as of December 31, 2001 by \$265 million, reduces 2002 net income by \$24 million, and improves 2003 net loss by \$46 million. As of this date the Company is under investigation by the Securities and Exchange Commission (SEC), and there is a Justice Department investigation of Delphi financial transactions following its spin-off from General Motors in 1999 and its initial public stock offering. Delphi is also the defendant in numerous private suits as a result of the restatement of earnings.

**June 16, 2005.** Rohatyn publishes “A Trust Fund for America” in the *Wall Street Journal*. He argues that America’s economic infrastructure and R&D have collapsed and that, while a Federal capital budget could correct this problem, it is not worth the attempt. Instead, the government should establish a trust fund and issue 50-year Treasury bonds, thereby indenturing the government to private banking interests—as opposed to LaRouche’s proposal for direct government issuance of credit to infrastructure projects.

### JULY 2005

**July 12, 2005.** Delphi hires its present bankruptcy counsel, Skadden, Arps & Flom. Skadden is hired to attempt to get consensual agreements from the unions and GM regarding Delphi’s restructuring plan and, if the unions and GM refuse Delphi’s terms, to achieve the same result through bankruptcy.

[Source: Declaration and Statement of Robert S. Miller, CEO of Delphi, dated October 8, 2005 and filed in the U.S. Bankruptcy Court for the Southern District of New York.]

### AUGUST 2005

**August 2005.** By this time, Delphi, through Skadden, Arps, has hired present restructuring and financial advisors FTI Consulting, which has extensive experience in automobile bankruptcy proceedings and reorganizations.

[Source: Declaration and Statement of Robert S. Miller.]

### SEPTEMBER 2005

**September 2005.** No later than this time, Delphi secures bankruptcy debtor-in-possession financing from a group of lenders led by JP Morgan Chase Bank, N.A., and Citicorp USA, Inc. Under the terms of the agreement with the banks, all of Delphi’s U.S. operations are pledged as collateral against a \$2

(Continued on page 46)

## What Happened: Developments in the GM-Delphi Shutdown Crisis

**July 2005.** Wilbur Ross’s WL Ross & Co. buys up a significant chunk of shares of Collins and Aikman, becoming almost a majority owner. Ross’s hedge funds have taken over, stripped down, and sold off Bethlehem Steel and LTV Steel, and Ross is conducting similar “plays” in textiles and coal, as well as auto. Ross has been part of Rothschild, Inc.’s bankruptcy division for 25 years.

**July 1, 2005.** Robert “Steve” Miller is brought in as CEO of Delphi to replace Battenberg. Miller has been “retired” for a year, following his collaboration with Wilbur Ross in creating and selling off International Steel Group to Mittal Steel—an operation in which over 100,000 retired steelworkers have lost their pensions and healthcare benefits, and several U.S. steel plants have been closed down.

**August 26, 2005.** GM (along with Ford) announces significant production cuts for the third consecutive quarter.

**September 13, 2005.** Steve Miller announces his first demands on unions to give up 50-65% of wages, healthcare benefits and accept layoffs and plant closings (unspecified), or Delphi will be “forced into bankruptcy.”

**September 15, 2005.** Wilbur Ross announces his interest in

## What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

## Overview

**June 16, 2005.** At an international webcast from Washington, D.C., LaRouche stresses that “the automobile industry is a strategically crucial part of the U.S. economy,” and outlines how to save the people employed, and all the industrial capacity associated with it—“the core of the machine-tool capacity of the United States.”

**June 21, 2005.** Answering questions e-mailed to June 16 webcast from Senate sources, LaRouche emphasizes that “If GM and Ford go down, the United States loses a vital part of our machine-tool capability, in which case we’re no longer a serious nation, economically”—and urges immediate action so that “we maintain this labor force *in production*. . . .”

**June 2005.** Delphi completes a financial restatement. In addition to the SEC investigation, the Justice Department is investigating accounting frauds.

**June 14, 2005.** Delphi reaches an agreement with its lending syndicate, led by JP Morgan Chase, to refinance \$3 billion and for a new loan of \$1 billion.

**June 16, 2005.** Rohatyn publishes “A Trust Fund for America” in the *Wall Street Journal*. Proposes small infrastructure fund funded through 50-year Treasury bonds—indenturing the government to the banks.

**June 16, 2005.** LaRouche addresses auto-sector crisis at LaRouche PAC webcast in Washington, D.C. Lays out plan to save the critical machine-tool capacity of the U.S. and massively rebuild infrastructure.

**July 2005.** WL Ross & Co. buys shares of Collins and Aikman, becoming almost a majority owner.

**July 1, 2005.** Corporate predator Robert “Steve” Miller becomes CEO of Delphi.

**July 12, 2005.** Delphi hires present bankruptcy counsel, Skadden, Arps & Flom.

**August 26, 2005.** GM (along with Ford) announces significant production cuts for the third consecutive quarter.

**September 16, 2005.** At an international LaRouche PAC webcast from Washington, D.C., “Revolutionary Transformation After Hurricane Katrina,” LaRouche again stresses the urgency of Federal emergency measures for the auto/machine-tool sector; “we need a movement,” to dispel the demoralization and fear, and get the job done.

**September 2005.** No later than this month, Delphi secures bankruptcy debtor-in-possession financing from a group of lenders led by JP Morgan Chase Bank, N.A. and Citicorp USA, Inc., pledging its U.S. assets as payment.

**September 13, 2005.** Steve Miller demands: Unions must give up 50-65% of wages, healthcare benefits, and accept layoffs and

## What Felix Rohatyn And His Associates Did

### SEPTEMBER 2005 *continued*

billion lending facility. In addition to this loan, Delphi has \$500 million cash in hand to continue functioning during bankruptcy and winding down its U.S. operations, as outlined below.

[Source: Declaration and Statement of Robert S. Miller.]

### OCTOBER 2005

**October 2, 2005.** The plan for destruction of Delphi's U.S. manufacturing capabilities in place, and its bankruptcy filing less than six days away, Rohatyn withdraws as a financial advisor to Delphi. According to the bankruptcy filing, the parties have agreed that Rohatyn is to withdraw when a bankruptcy filing takes place, although the May 1, 2005 engagement letter states the opposite. It is claimed that Rohatyn concentrated, during the advisory process, on evaluation of proposals from private equity firms for an out-of-court investment in Delphi. It is said that Rohatyn led "due diligence" efforts for several private equity firms profiling Delphi and its operations.

[Source: Declaration and Statement of David L. Resnick.]

**October 8, 2005.** Delphi files for bankruptcy protection. Its declared goal for reorganization is a shutdown of U.S. operations as it continues major operations outside the U.S. in foreign countries. According to the Declaration of Robert S. Miller, "[Delphi] believes that a substantial segment of Delphi's U.S. business operations must be divested, consolidated, or wound-down through the Chapter 11 process. . . . In the meantime, the Company will preserve and continue the strategic growth of its non-U.S. operations and maintain its prominence as the world's premier auto supplier." In addition, if the unions and GM do not acquiesce in tearing up existing contracts and pension obligations, Delphi's goal is to abrogate the contracts and obligations through the bankruptcy process. One of the first motions filed by Delphi in the bankruptcy court, however, is a motion to continue its derivatives trading, through which it "hedges" \$1.5 billion in foreign currency fluctuation exposure.

[Source: Declaration of David S. Miller and Motion to Enter Into, Continue Performance Under, and Provide Credit Support Under Derivatives Contracts, dated October 8, 2005.]

**October 28, 2005.** Order is entered by the bankruptcy court allowing the sale of Delphi's U.S. manufacturing plants and capacity to pay for the bank loans arranged by Delphi and its financial advisors for purposes of bankruptcy and restructuring. Under the strategic plan adopted by Delphi, the U.S. manufacturing plants of Delphi, a strategic asset for the economy of the United States, have been declared to be "*de minimis*" assets to be sold at auction.

## What Happened: Developments in the GM-Delphi Shutdown Crisis

buying control of Delphi, should it go into bankruptcy, and merging Delphi with Collins & Aikman.

**October 3, 2005.** *EIR* article warns of a Delphi bankruptcy before the Oct. 17 change in the bankruptcy law, and LaRouche's "Have you no sense of shame?" statement denounces the Steve Miller Delphi management for the Key Employees Compensation Plan, to give \$400 million in bonuses to executives while destroying wages and jobs.

**October 8, 2005.** Delphi declares bankruptcy.

**October 14, 2005.** Senator Hillary Clinton's letter calls on President Bush to hold an auto summit, with Members of Congress and representatives of auto management and unions.

**October 22-23, 2005.** The credit derivatives markets descend into turmoil because of sudden deterioration of the debt of GM and Delphi, and the increased threat of bankruptcy of GM, according to the *Financial Times* and other financial wires.

**October 24, 2005.** Michigan Governor Jennifer Granholm releases a letter to Michigan's Congressional delegation, on "my sense of urgency about the need for Federal involvement with the serious problems confronting [the auto] industry." At Granholm's press conference the same day, she calls on Michigan's Senators and Congressmen to sign Sen. Hillary Clinton's letter asking Bush to call a national auto summit. "Now that we've seen the largest bankruptcy in Michigan history and the 13th-largest in the United States, it is time for us to act. A crisis is upon us and the Federal government needs to step up and do its share."

**October 20, 2005.** Bankruptcy Judge Robert Drain issues an order, entered on Oct. 28, 2005, permitting Delphi to contract for third-party public auction sales of its "*de minimis* assets," defined as its plants and machinery no longer required for its operations. Part (10) of this order states, "The DIP [debtor-in-possession] lenders [the JP Morgan Chase/Citigroup combination] hold valid, duly perfected security interests in, and liens upon the *de minimis* Assets. Subject to the final approval of the DIP agreement, any and all proceeds obtained by the Debtors from any sales of such *de minimis* Assets will be applied as required by the DIP agreement."

**October 21, 2005.** Delphi's Steve Miller extends his demands for massive cuts from Delphi's workforce, to the International Union of Electrical Workers (IUE) in the "Packard Division" electrical plants of Delphi. Packard has been Delphi's only profitable division in 2004, to that point, in 2005. From the industrial standpoint, Miller proposes to close or sell six out of 10 IUE-organized Delphi plants, and cut that part of its workforce from 8,500 to 3,000 (half of these work in the Mahoning Valley, the rest in Dayton, Ohio; Irvine, California, and New Jersey).

(Continued on page 48)

## What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

## Overview

**October 12, 2005.** LaRouche, speaking at an international webcast based in Washington, D.C., calls for putting the auto industry under Federal protection, in response to a question from the Senate Manufacturing Caucus, asking about the recent bankruptcy filing of Delphi.

plant closings (unspecified), or Delphi will be “forced into bankruptcy.”

**September 15, 2005.** Wilbur Ross announces his interest in buying control of Delphi, should it go into bankruptcy.

**September 16, 2005.** LaRouche calls for Federal emergency measures to save the U.S. auto and machine-tool sector in the wake of Hurricane Katrina and in light of the task of rebuilding the Gulf Coast.

**October 2, 2005.** The plan for destruction of Delphi’s U.S. manufacturing capabilities in place, and its bankruptcy filing less than six days away, Felix Rohatyn withdraws as a financial advisor to Delphi.

**October 3, 2005.** *EIR* warns of Delphi bankruptcy. LaRouche issues “Have you no sense of shame?” statement denouncing Delphi’s \$400-million executive bonus plan.

**October 8, 2005.** Delphi declares bankruptcy, with its declared reorganization goal being to shut down U.S. operations, continue in foreign countries with minimal U.S. presence.

**October 12, 2005.** LaRouche, at LaRouche PAC webcast, calls for putting the auto industry under Federal protection, in response to the Delphi bankruptcy.

**October 14, 2005.** Senator Hillary Clinton calls on President Bush to hold an auto summit.

**October 21, 2005.** Delphi’s Steve Miller extends his demands for massive cuts from Delphi’s workforce, to the International Union of Electrical Workers (IUE) in the “Packard Division” electrical plants of Delphi.

**October 22-23, 2005.** Financial press reports that the credit derivatives markets are in turmoil because of the sudden deterioration of the debt of GM and Delphi, and the increased threat of GM bankruptcy.

**October 24, 2005.** Michigan Governor Jennifer Granholm releases letter to Michigan’s Congressional delegation, on “my sense of urgency about the need for Federal involvement with the serious problems confronting [the auto] industry.”

**October 28, 2005.** Bankruptcy court orders sale of certain Delphi U.S. properties to pay bank loans for bankruptcy.



## What Felix Rohatyn And His Associates Did

## What Happened: Developments in the GM-Delphi Shutdown Crisis

**OCTOBER 2005** *continued*

### NOVEMBER-DECEMBER 2005

**December 2005.** Washington sources report that Congresswoman Nancy Pelosi, who has previously given a speech at Harvard University urging a new economic Apollo project for a resurgence of the U.S. economy, is being pressured by Rohatyn to adopt his plan for private bonds to finance infrastructure projects.

**December 13, 2005.** Felix Rohatyn and Warren Rudman publish "It's Time to Rebuild America" in the *Washington Post*, calling for private banker control of public infrastructure financing and development.

**November 5, 2005.** *EIR* runs an interview with investigative journalist Mark Reutter, called "The Delphi Case and the Misuse of U.S. Bankruptcy Law." The interview reveals that Delphi has \$1.6 billion cash on hand and Debtor in Possession (DIP) financing of \$2 billion from banks headed by JP Morgan Chase; and that the DIP banks in related cases have called the shots in bankruptcy reorganization, based on plans they drew up in advance of the bankruptcy declaration.

**November 2-4, 2005.** Delphi CEO Steve Miller holds a series of meetings with Congressional members of the industrial caucus, telling them he wishes to maintain as much of Delphi's current production and employment as possible, and asking help with "legacy costs."

**November 10, 2005.** The actual Delphi plan, "Northstar," is exposed in articles in *New Federalist* newspaper and *EIR*, after an initial report in a study by the Anderson Economic Group in Detroit. "Option 3" of the internal Delphi reorganization plan assumes that 26,931 workers, 77% of Delphi's then-current North American workforce, will be fired, and 20 plants shut down.

**November 11, 2005.** GM debt falls to 69 cents on the dollar, and a debt rating of B+, now four levels into the junk basement.

**November 17, 2005.** UAW union leaders meet with representatives of the six other unions representing Delphi workers, to discuss what is now Steve Miller's full threat—to eliminate 26,000 or 35,000 production workers, close a majority of Delphi plants, and reduce wages to \$10-12/hour (later ameliorated in bankruptcy court to \$16/hour).

### JANUARY-FEBRUARY 2006

**January-March 2006.** Delphi three times postpones its final deadlines for asking bankruptcy judge Robert Drain to tear up its union contracts, the last postponement taking place on March 9.

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## What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

## Overview

**November 16, 2005.** A UAW member asks LaRouche, at a Washington, D.C. webcast, if enough is being done “against Steve Miller and the whole situation with the Delphi bankruptcy, as well as the plight of the Big Three as a whole,” to which LaRouche responds, “*No! This is a political fight! Any threat to the General Welfare is a political issue,*” which demands the full power of the Federal government.

**November 23-24, 2005.** LaRouche writes a public letter—“Reorganizing the U.S. Auto Industry”—and a followup document, “Auto and World Economic Revival,” to Ford Motor Company chairman and CEO Bill Ford, following a Nov. 22 speech by Ford the Washington, D.C. National Press Club.

**December 13, 2005.** LaRouche writes a major article for *EIR*, “How Not To Build A Recovery: A Tale Of Two Bozos,” in response to the publication of an article by Felix Rohatyn and Warren Rudman in the Dec. 13 issue of the *Washington Post*.

**December 19, 2005.** LaRouche prepares a major policy paper, “How To Capitalize a Recovery,” for circulation in Washington, D.C. and in pamphlet form. It includes maps of the shutdown of auto industry capacity from 1970 to 2005; and projected shutdowns through 2008.

**November 2-4, 2005.** Delphi CEO Miller holds a series of meetings with Congressional members of the industrial caucus, claiming he wishes to maintain as much of Delphi’s current production and employment as possible, and asks for help in cutting “legacy costs.”

**November 10, 2005.** The actual Delphi reorganization plan, “Northstar,” is exposed in articles in *New Federalist* and *EIR*. “Option 3” of the internal Delphi reorganization plan assumes that 26,931 workers, 77% of Delphi’s then-current North American workforce, will be fired, and 20 plants shut down.

**November 11, 2005.** GM debt falls to 69 cents on the dollar, and a debt rating of B+, now four levels into the junk basement.

**November 17, 2005.** UAW leaders meet with representatives of the six other unions representing Delphi workers, to discuss Steve Miller’s plan to eliminate 26,000 or 35,000 jobs, close a majority of Delphi plants, and reduce wages to \$10-12/hour.

**November 23, 2005.** LaRouche issues an open letter to Bill Ford, titled “Reorganizing U.S. Auto industry.”

**December 2005.** Washington sources report that Congresswoman Nancy Pelosi, who has given a speech at Harvard University urging a new economic Apollo project, is being pressured to adopt Rohatyn’s plan for private infrastructure financing.

**December 13, 2005.** Felix Rohatyn and Warren Rudman publish “It’s Time to Rebuild America” in the *Washington Post*.

**December 13, 2005.** LaRouche issues “How Not To Build a Recovery: A Tale Of Two Bozos,” in response to the Rohatyn-Rudman piece.

**December 19, 2005.** LaRouche issues a major policy paper, “How To Capitalize a Recovery,” for circulation in Washington, D.C. and in mass pamphlet form. A five-page appendix shows shutdowns of auto industry capacity from 1970 to 2005; and projected shutdowns through 2008.

**January 6, 2006.** *EIR* features a study commissioned by LaRouche, “Deindustrialization Creates ‘Death Zones’ in Baltimore,” on the harm and disease patterns in deindustrialized cities characteristic of the Midwest auto belt.

**January 11, 2006.** At a Washington, D.C. LaRouche PAC webcast, LaRouche speaks on converting the auto industry to other uses, “like building railroad systems, repairing our river transportation systems, building power systems.”

**February 23, 2006.** At an international LaRouche PAC webcast in Washington, D.C., LaRouche reviews the fact that

**January 11, 2006.** At a Washington, D.C. webcast LaRouche speaks at length about retooling the automobile and aerospace sectors to meet critical infrastructure needs, while bringing the level of U.S. productive employment above breakeven.

**January-March 2006.** Delphi three times postpones its final deadlines for asking bankruptcy judge Robert Drain to tear up its union contracts, the last postponement taking place on March 9.

**February 23, 2006.** LaRouche confers in Washington with labor, state legislators, and community leaders about the auto-sector crisis.

## What Felix Rohatyn And His Associates Did

## What Happened: Developments in the GM-Delphi Shutdown Crisis

**FEBRUARY 2006** *continued*

### MARCH 2006

**March 27, 2006.** Rohatyn and Rudman appear at the Center for Strategic and International Studies in Washington, D.C. to promote their private financier infrastructure project. Confronted by LaRouche organizers, Rohatyn declares, “We are not going to do what FDR did. Government and financing have come a long way since Roosevelt; we have state or local financing; we have union pension funds; we have the securities markets, the bond markets. We’re far away from the methods of the RFC.”

**March 24, 2006.** Delphi moves in bankruptcy court for the union contracts to be set aside, making clear at the same time that its management plans to close down at least 21 of Delphi’s 29 major production facilities in the United States.

### APRIL 2006

**April 2006.** In early April, or earlier, public Internet auctions of Delphi machine tools and entire closed plants are underway, involving electrical systems production equipment from plants in Rochester, N.Y.; Indianapolis, Ind.; and Athens, Ala.

**April 13, 2006.** *Business Week* publishes an article on Delphi, “Go Bankrupt, Then Go Overseas,” which succinctly describes Delphi management’s entire strategy as “globalization by bankruptcy,” and names other auto suppliers, including Tower Automotive, which are following Delphi’s example—and others which will follow it if the bankruptcy court complies with Delphi’s demands.

### MAY 2006

**May 9, 2006.** Delphi and GM announce a first “retirement buyouts agreement” with the UAW, which has since removed 30,000 workers from the auto industry by early retirement. GM, which has been providing the billions of dollars for these buyouts, has been selling off assets, including the pending sale of 51% of its financial arm, General Motors Acceptance Corporation.

**May 23, 2006.** Delphi’s Irvine, Calif. electrical systems plant as a whole is auctioned off.

### JUNE 2006

**June 5, 2006.** Delphi announces it wants to buy out more workers by early retirement (10,000 Delphi workers out of 33,000 have already quit this way). Delphi indicates as many as another 8-10,000 production workers might be shed in this way. It is “negotiating” with GM and the UAW in an attempt to get agreement on this before the UAW convention starts June 11.

## What LaRouche Did To Save Auto, Machine Tool, and U.S. Economy

## Overview

“whole sections of the country that used to be prosperous” are now dying. Privately, he confers with labor, state legislative, and community leaders on forcing Federal action on the auto sector crisis.

**March 1, 2006.** LaRouche PAC issues a press release, “Senate Must Stop Flim-Flamming and Save the Auto Sector.”

**March 5, 2006.** LaRouche speaks to youth at weekend cadre schools in Toledo, Ohio, and in Canada, on their role in creating conditions to force Federal emergency action on the economy.

**March 31, 2006.** LaRouche issues a statement, “If Congress Doesn’t Act To Stop the Destruction of the Auto Industry, They Don’t Give a Damn About the U.S.”

**April 14, 2006.** A mass-circulation DVD is released by LaRouche PAC—an hour-long documentary titled, “Retooling the Auto Industry to Rebuild the Nation.” Within six weeks, 10,000 copies are in circulation.

**April 27, 2006.** LaRouche speaks at an international webcast from Washington, D.C., on “The Greatest Economic Crisis in Modern History,” and meets with Midwest and other auto, industrial, state legislative and community leaders.

**May 2, 2006.** LaRouche writes an action document: “For Economists, Legislators, and Labor—Emergency Legislation, Now!”—subsequently issued in pamphlet form as “The U.S. Economic Recovery Act of 2006.”

**June 5-9, 2006.** A Week of Action in Washington, D.C. focusses on the need for emergency Federal intervention for the auto sector and economy; it includes signed advertisements in Capitol Hill dailies, organizing led by the LaRouche Youth Movement, a fly-in by labor and state leaders to lobby Congress for immediate action, and a June 9 LaRouche PAC webcast.

**March 24, 2006.** Delphi moves in bankruptcy court for the union contracts to be set aside, making clear at the same time that it plans to close down at least 21 of Delphi’s 29 major production facilities in the United States.

**March 27, 2006.** Rohatyn and Rudman appear at the Center for Strategic and International Studies in Washington, D.C. promote their private financier infrastructure project. Confronted by LaRouche organizers, Rohatyn declares, “We are not going to do what FDR did. Government and financing have come a long way since Roosevelt; we have state or local financing; we have union pension funds; we have the securities markets, the bond markets. We’re far away from the methods of the RFC.”

**Early April 2006.** By this time, or even earlier, public Internet auctions of Delphi machine tools and entire closed plants are underway.

**April 13, 2006.** *Business Week* publishes “Go Bankrupt, Then Go Overseas,” describing Delphi’s strategy as “globalization by bankruptcy.”

**April 14, 2006.** LaRouche PAC releases DVD, “Retooling the Auto Industry to Rebuild the Nation.”

**May 2, 2006.** LaRouche PAC issues emergency legislative package to retool the auto industry.

**May 9, 2006.** Delphi and GM announce a first “retirement buyouts agreement” with the UAW, which has since removed 30,000 workers from the auto industry.

**June 5, 2006.** Delphi announces its intention to buy out more workers by early retirement.

## Iran: The Offer Is On the Table

by Muriel Mirak-Weissbach

Unless Vice President Dick Cheney jumps the gun and orders a military attack against Iran, under cover of an orchestrated terror incident during the World Cup soccer games in Germany, for example, there would be good reason to believe that the so-called “nuclear conflict” around Iran’s nuclear energy program could be resolved through diplomatic means, giving each side its just reward.

The danger that such a happy solution will *not* be realized, lies outside the issue of Iran per se. As Lyndon LaRouche—who was the first to raise the alarm about Cheney’s war plans—has stressed, the danger lies in the onrushing collapse of the global monetary financial situation, and the thrust towards dictatorship and war. LaRouche has identified the crucial role of synarchist Felix Rohatyn in organizing the destruction of the U.S. economy, and an end to constitutional government. It is the resistance to LaRouche’s proven alternative economic policies, which constitutes the threat of a new dark age.

Thus, in considering the admittedly positive developments which have emerged over the past week, pointing to a possible resolution of the Iran nuclear dossier, one must keep the bigger picture in the forefront. As a corollary of this, one must also evade the trap, being proffered by certain media, that if the possible negotiations with Iran were to fail, that would constitute a pretext for war. As LaRouche has insisted, the causes for war lie elsewhere, in the bigger picture.

Optimists must be cautioned, LaRouche has warned, that the proffer made to Iran now does not actually lessen the general danger of war. Iran is not, and never was, the true issue of the quarrel. The true issue lies in the commitment to globalization, which, combined with the world monetary and

financial collapse, has accelerated the current impulses leading toward the increasing likelihood of an early general warfare.

### The Offer One Should Consider

On June 12, European Union foreign policy representative Javier Solana officially presented the Iranian government with a proposal worked out by the permanent five members of the United Nations Security Council, plus Germany. If Tehran, after careful study of the document, gives a nod, negotiations can begin, not only with the EU-3 (Great Britain, Germany, and France) but also with Russia and the United States. Washington signalled its willingness to join such talks on May 31, in a public statement by Secretary of State Condoleezza Rice, which reversed 27 years of the U.S. policy of having no contact with the Islamic Republic.

The stumbling block in Rice’s offer was the demand that Iran halt all enrichment-related and reprocessing activities, something Tehran had repeatedly refused, on grounds that such activities were guaranteed in the Non-Proliferation Treaty, which it has signed, and in agreements with the International Atomic Energy Agency (IAEA). *EIR* had suggested (“Behind the U.S.-Iran Breakthrough,” *EIR* June 9, 2006) that the glitch could be removed, if Iran were asked to suspend such activities, in order to allow negotiations to begin, and for the duration of the negotiations. This now is what the Europeans, the United States, and Russia have agreed upon.

As reported in the *Washington Post* and wires on June 7, U.S. officials, speaking on condition of anonymity, confirmed that Iran would be asked to suspend enrichment as a condition for talks. “We are basically now saying that over the long

haul, if they restore confidence, that this Iranian regime can have enrichment at home. But they have to answer every concern given all that points to a secret weapons program,” one U.S. source said. Another official said, enrichment was “a very important part of the deal, and it’s what will allow Iran to accept it.”

Government confirmation came a day later when White House spokesman Tony Snow stated: “The precondition of suspending uranium enrichment-related and reprocessing activities—that is still an absolute condition.” And State Department spokesman Sean McCormack specified, “That condition would have to hold throughout any negotiating term.” Beyond that, he said, he would not speculate.

### **Additional Elements of the Offer**

Other elements of the offer which Solana presented to Ali Larijani, head of Iran’s Supreme National Security Council, and its chief nuclear negotiator, are said to include “a new facility to stockpile nuclear fuel,” and “an unofficial regional security forum,” according to leaks reported by Reuters news agency. In addition, several reports have noted, Iran would be offered help to acquire light water reactors and better trade conditions, including allowance to purchase airplanes and spare parts (urgently required for its obsolete civilian fleet), as well as U.S. agricultural technology.

According to other sources, an internal working paper has been circulating informally, which refers to other items discussed in the process leading to the final offer; among them are a European-Iranian energy partnership, fuel guarantees, and a dialogue on regional security which would include certain security guarantees, such as national sovereignty and territorial integrity. Sources noted that even the prospect of a zone free of weapons of mass destruction for the “Middle East” was discussed, which would include Israel’s deterrent.

The official offer to Iran has not been made public yet, to allow Tehran time to deliberate without undue pressure. It is significant, in fact, that the regime of ultimatums and threats which had characterized Washington’s stance until very recently, seems to have been overthrown. A distinctly new tone—most welcome—is to be noted. Sean McCormack said, “We want to give [the Iranians] a little bit of space to consider what’s in the package, both on the positive as well as the negative side.” And Tony Snow struck a similar tone: “I would counsel patience,” he said to press. “At this point, as we’ve said all along, let’s give it time. Let’s let the Iranians take a look at what the offers are, at the incentives and disincentives.”

Such a refreshing change of tone, which Tehran has always demanded, is accompanied by categorical statements, coming from Moscow, that the “military option,” so often invoked as a threat, is off the table. Russian Foreign Minister Sergei Lavrov has reiterated time and again in recent days, that since the agreement was reached in Vienna, nobody is talking about the use of force. His most recent such declara-

tion came in an interview with *Nezavisimaya Gazeta* on June 6: “Indeed, I can say that the accords reached within the framework of the [six nations meeting in Vienna] rule out the use of force in all eventualities.” Lavrov has said so; but whether or not this will be the case, depends, again on the broader context identified above.

### **Tehran’s Response**

When presenting the offer, Solana met in Tehran with Larijani for two hours, with no journalists present, after which the Iranian negotiator stated: “They submitted the proposals and the discussions were good. We have to examine these proposals and then we will give our response. . . . There are positive steps in the proposal, and there are also some ambiguities that should be cleared up. . . . We consider that the European will to solve the issue through talks is a correct step, and we welcome this.” For his part, Solana was upbeat: “We had good discussions,” he said. “Now that the proposal is on the table, I hope we will receive a positive response which will be satisfactory to both sides.” He expressed his delight at being able to restart talks with the Iranians. “We want to restart a fresh relationship and we want to do it based on a spirit of trust and respect and confidence. The proposal we bring along will allow us to get engaged in negotiations based on trust, confidence and respect.”

Iranian Foreign Minister Mottaki commented: “If their aim is not to politicize the issue and if they take our demands into consideration, we can reach a reasonable agreement. We will examine this proposal and give our reply after the end of the defined period.” Saying that his country preferred “cooperation to confrontation,” Mottaki added that “shuttle diplomacy, if it is in good faith, would allow us to find grounds for understanding.” This refers to the possibility, raised by German Foreign Minister Steinmeier, that Solana return to Iran, to facilitate the process, a suggestion Solana readily accepted.

### **Can a Solution Be Reached?**

If rationality were to prevail, and serious talks were to begin among the concerned parties—emphatically including the United States—a solution agreeable to all sides would be within reach. Iran would provide credible, verifiable guarantees that its program were exclusively for civilian use, and it would be granted the technology foreseen by the NPT for nuclear energy programs, including the right to enrichment on its soil. Furthermore, its pariah status would be removed, and normal relations, including trade, could be put on the agenda, even with Washington.

The benefits for Washington would be immense, considering the role that Iran plays in the region. Crises now careening out of control, in Iraq and Afghanistan, might be alleviated by cooperation with Tehran. In this light, any form of regional security cooperation arrangement, as hinted at, would be crucial.

# Iraq: Will It Be Peace Or a New Dark Age?

by Hussein Askary

By the first week of June, it was becoming clear that, unless something is done very soon, Iraq would soon look as if the Mongol army of Hulagu was there once again. Something must happen in Washington to change the course of the insane Cheney-Rumsfeld policy, because, although Iraqis might wish to do something, they are not the absolute determining factor. With the finding of tens of beheaded and mutilated bodies, killed on the basis of sectarian identity this first week of June, the prospect of Iraq entering a dark age seemed possible. The Iraqi nation seems to have lost its immunity against a civil war, and has crossed the red line that leads there. The national elections were held on Dec. 15, 2005, but still the long-awaited Iraqi government was missing interior, defense, and national security ministers. The whole country is under the total control of religious-ethnic militias belonging to the major political parties, or under the claws of terrorist and criminal gangs. The official police and military forces are nowhere to be seen, when they are not carrying out criminal kidnappings and killings themselves, on behalf of this or that group.

Added to all that, an exhausted, desperate, and demoralized U.S. Army is committing horrific crimes against civilians. The irony is that there have been more voices raised in the U.S. than inside Iraq, demanding the protection of human life in the country and investigations of these crimes. If the Iraqis themselves and their government are not ready to fight for its citizens, then you are looking at a society that has lost its fitness to survive. The life of an Iraqi today is worth less than a gallon of gasoline. Iraqis are indifferent to the killing of other Iraqis, if they happen to be of a different sectarian or ethnic group. This indifference is the most dangerous sign of what is killing us as a nation. It is not always Iraqis that kill Iraqis, but the problem is the indifference.

## Is there light at the End of This Tunnel?

However, a number of developments, specifically on June 7 and 8, slightly reversed that view. On June 7, the government of the new Prime Minister, Nuri al-Maliki, ordered the immediate release of 2,600 Sunni men, who were imprisoned on charges of participating in the insurgency. Al-Maliki, himself a Shi'ite, took that decision as part of his promise to establish a national reconciliation process. Sunni groups welcomed this step, but emphasized that more has to be done, since there are



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*New Iraq Prime Minister Nuri al-Maliki, himself a Shi'ite, on June 7 ordered the immediate release of 2,600 Sunni men, as part of his promise to establish a national reconciliation process.*

about 39,000 detainees in the country being held on such charges.

Furthermore, the Advisor to the Prime Minister, Adnan al-Kadhimi, told the Arabic daily *Al-Hayat* that al-Maliki is intending to issue an initiative for national reconciliation in two steps. First, there will be the release of thousands of detainees, and then he will present two proposals during the National Reconciliation Conference to be held under the sponsorship of the Arab League in Baghdad on June 22. The first proposal will be on issuing a "general amnesty" for all detainees through the National Security Council. The second will be a proposal for comprehensive national reconciliation. Al-Kadhimi did not give further details on the latter proposal. But, Adnan al-Dulaimi, the leader of the largest Sunni block, National Accord, confirmed that his group is drafting a resolution on a law for general amnesty.

Also on June 8, Prime Minister al-Maliki, finally announced his nominees for interior, defense, and national security ministers. Al-Maliki had to fight with his allies in the Shi'ite Coalition block, in order to keep his promise of appointing ministers of a mixed ethnic-sectarian background who are not tied to any political group. The Interior Minister is Jawad al-Boulani, a Shi'ite. The Defense Minister is Abdulkader Mohammed Jasim, a Sunni. And the National Security Minister is Shirwan al-Waili, of mixed Kurdish and Shia background. The Council of Representatives (Parliament) approved the ministers after a short debate. This development puts the Prime Minister on his promised path of regaining control over the different Iraqi provinces, a mission which will not go so smoothly, since his idea is to dismantle all the militias. The first ones to oppose him are members of his own Coalition, who have control over all the cities of southern Iraq. Basrah is the most difficult part of it.

The province is not only contested by both Shia/Sunni forces and different inter-Shi'ite groups, but also it has become a playground for British-Iranian intelligence warfare. The British are using Basrah and Amara as launching pads for irregular warfare which targets the Arabic-speaking part of Iran in Al-Ahwaz. This is part of the Blair-Cheney regime-change operations against Iran, to accompany a preemptive

military strike against Iran's nuclear power sites. The Iranians, according to Iraqi sources, feel forced to defend themselves against the British operations inside Iraq, supporting anti-British groups in Basrah and Amara, either directly or indirectly.

### **Killing of Terrorist Leader al-Zarqawi**

The same day, June 8, Prime Minister al-Maliki appeared in a special press conference in Baghdad, together with U.S. Ambassador Zalmay Khalilzad, and U.S. Commander in Iraq, General George Casey, to announce the killing of Jordan-born terrorist leader Abu Musab al-Zarqawi. Al-Zarqawi, who allegedly led a terrorist network in Iraq on behalf of Usama bin Laden's al-Qaeda organization, had vowed to instigate a civil war between the Shia and Sunni population. His group has claimed responsibility for the suicide mass killings of Iraqi civilians. Al-Maliki said Zarqawi was killed along with seven aides at about sunset on June 7, in a house 50 km northeast of Baghdad, in Baquba. "Al-Zarqawi was terminated," Mr. al-Maliki said in the press conference, drawing applause from the journalists. This event is obviously some sort of a major gift for the new Iraqi government delivered by the U.S. forces.

The fact that al-Zarqawi's announced mission in Iraq was to create a civil war, confirmed to many Iraqis that he was some sort of provocateur, working for an Israeli or some western intelligence agency. Actually, recently, Iraqi insurgents fighting against the U.S. forces, opened a new front against al-Zarqawi gangs. For example, in Falluja, the stronghold of the Sunni insurgents, the "1920 Revolution Brigades," the biggest Iraqi insurgent group, launched a fight in late May to clean out the followers of al-Zarqawi from the city.

In any case, this development, together with the initiatives for amnesty and national reconciliation, creates a new situation, where turning a new leaf would be possible internally in Iraq. However, the real difference would only be made if the U.S. changes course, and the words and ideas of Lyndon LaRouche are heeded. His idea for an exit strategy from Iraq and a strategic initiative for peace through development, which includes all the nations of the region, is still applicable. That is where the nation of Iraq could come out of the grip of a looming dark age and enter, together with the nations of Southwest Asia, into an era of peace.

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## **López Obrador Bombshell**

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# **Mexico Should Follow Kirchner on Debt**

by Gretchen Small

On the campaign trail in Jalisco June 1, Mexican Presidential candidate Andrés Manuel López Obrador dropped a bombshell, announcing that should he win the July 2 elections, he intends to renegotiate Mexico's debt as President Néstor 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] 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," López Obrador stated in several interviews over the course of that day.

That declaration, coming one month before Mexico's July 2 Presidential elections from the candidate of the Revolutionary Democratic Party (PRD) party, who is running neck-and-neck in the polls with Felipe Calderón of the National Action Party (PAN), sent Wall Street and London into such a tizzy that as of nine days later, no English-language report on López Obrador's bombshell has yet to be seen.

There are good reasons for panic in certain quarters over the statement. Just days before, one of the leaders of the nationalist forces within the Institutional Revolutionary Party (PRI), Sen. Manuel Bartlett, urged PRI members to make their vote count in the elections, by voting not for the PRI's own candidate, Roberto Madrazo (running third in the polls), but instead for López Obrador. The "right-wing" project of the PAN must be defeated, Bartlett urged. After the elections, then, the PRI will be positioned to clean out the neo-liberal "traitors" who have seized control over that party. Should PRI voters turn out for López Obrador, he could win, and with a political base sufficient to take on the debt, as did Argentina.

Argentina forced the banks and vulture funds to finally accept a 70% write-down on their usurious debts, asserting the primacy of the principle that people and nations come before paper. That Argentina could do so, has sparked a revival throughout South America of that development-



oriented nationalism for which Ibero-America had been famed until the bankers seized control over the course of the 1970s and early 1980s. Increasingly, the Presidents of South America have been informally coordinating their defense of the region's sovereignty, where they feel they can do this.

Now, the optimism that a fight for sovereign development can be waged once again is threatening to sweep Mexico. This is big, U.S. statesman Lyndon LaRouche commented; there are interests who will not be happy seeing the specter of the "Presidents' Club" arise so close to the U.S. border.

## People First

Just the week before, on May 25, President Néstor Kirchner had reminded a jubilant crowd of 300,000 Argentines gathered in Buenos Aires' Plaza de Mayo to celebrate Independence Day, of just what Argentina had accomplished in its fight:

"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," the Argentine President told the people, who had come from around the country for the largest rally held in Argentina in decades.

I received a country in flames, when I took office three years ago, Kirchner said. "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, he said, 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.

Kirchner celebrated the defeat of these interests in this round: "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 wild 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."

The joyful crowd, in which the old Peronist trade-union apparatus—the historically powerful opponent of British free trade founded by Juan Perón—was for the first time in decades a very sizable presence, enthusiastically applauded Kirchner's vow, that despite nasty operations from the financial interests, including death threats against himself, "we are going to deepen the process of change in the country," applying an economic policy in which the State defines programs that will benefit the population.

## When the Debt Becomes Unpayable

López Obrador raised the Kirchner strategy several times on June 1, but has not raised it since, at least as far as any press have reported. In the June 6 Presidential debate, López Obrador stuck to playing politics by the usual rules, throwing in corruption charges against his leading opponent, Calderón, but avoiding any sweeping call for the population to turn out by the millions to get him elected, so that Mexico can go to battle to rebuild what has been destroyed, as Argentina is doing.

The PRD candidate faces the same problem the Democratic Party had in the 2004 U.S. Presidential election: To win, he needs a sufficient margin to crush attempts to steal the vote. Addressing a rally of 70,000 in Mexico City's main square, the Zocalo, after the debate, López Obrador reminded his supporters that Mexican nationalists are up against very powerful interests, who are accustomed to winning at all costs, to maintain their power "to continue devouring our country."

A brawl is raging within the López Obrador camp over both how to secure that victory, and what must be done on the economic front, should he be elected. The continuing failure of the U.S. Democratic Party to face up to the fact that the only power available to defeat such "devouring" interests is that of a population rallied to defend its fundamental interests, stands as an object lesson for those in the PRD who are seriously committed to changing the economic system itself.

## Wall Street Defenders

Not surprisingly, Wall Street has its own advocates within the López Obrador camp, the most notorious being top campaign strategist Manuel Camacho Solís, whose long-standing relations with mega-speculator George Soros are well known. López Obrador's principal economics advisor, the London-trained Rogelio Ramírez de la O, also remains convinced that under globalization, there is no other way to achieve "a market economy of social responsibility" than the neo-liberal reforms applied by President Carlos Salinas de Gortári (1989-2003), which only have to be modified to eliminate the corruption which ruined what otherwise would have worked. The problem is, Ramírez de la O explained, that unless a new government takes some measures to alleviate the social destruction created by that model, Mexico will be ungovernable.

Ramírez de la O's stark statement that the existing system cannot be touched, and therefore the best that Mexico can do is adopt "uncorrupt" Salinas policies, published in a lengthy interview with *El Semanario* the very day that López Obrador raised the Kirchner strategy, forced the candidate to personally issue a statement the next day sharply denying that his policies will have anything to do with the former President's policies of privatization and free trade which so destroyed Mexico.

Others within the López Obrador camp, however, have been going around the country, mobilizing people to get out in numbers to demand great infrastructure projects and great changes, if they want to win the battle against the recommendations coming out of what they call “the Mexico City” group around Camacho Solís.

This internal brawl intersects the growing understanding that the next President of Mexico will come in, in the midst of the breakdown of the international financial system—exactly as Lyndon LaRouche has warned. One López Obrador advisor told LaRouche organizers, that members of his team had participated in a meeting in Berlin, Germany, where the discussion had been not *if* the dollar system would collapse or not, but only *when* it would occur.

Even Ramírez de la O, when asked by LYM members in Mexico City at a forum at the National Autonomous University (UNAM) on May 31, if López Obrador would declare a debt moratorium and join LaRouche’s drive to found a New Bretton Woods, said no to both, but his argument was that the international crisis was not sufficiently bad to permit such measures.

### Mexico’s Own Debt Bomb

In his June 1 interventions, López Obrador reiterated his long-standing commitment to set up a “Truth Commission” to investigate FOBAPROA, the scandalous government bailout fund set up after the Mexican banking system went bust in 1995, in order to restructure the FOBAPROA debt. This is no small matter, from the standpoint of the “devouring” interests. Under FOBAPROA (or as it is now known, the IPAB), the Mexican government assumed the bad debt of the entire private banking sector, issuing in exchange for the non-performing assets *interest bearing* FOBAPROA bonds, which became the largest source of income for Mexico’s few remaining banks, more than 80% of which are owned by the giants of international finance. Today, that debt has ballooned to \$120 billion, representing, as López Obrador indicated, an enormous burden for the public coffers.

What happens to that debt, under conditions of international blow-out? Mexican officials are fond of touting how the Fox government has lowered Mexico’s foreign debt, but they dare say little about the ballooning of so-called “domestic” debt—which in this globalized economy, is only another form of foreign debt. Official statistics released in early June, show that since Vicente Fox took office in December 2000, domestic public debt has *tripled*, to reach the grand sum of 2.1 billion pesos, or around \$190 billion.

Mexico’s finances are already so precarious, that Mexico’s central bank chief Guillermo Ortiz defensively insisted on May 8, in an interview with London’s *Financial Times*, that there is absolutely no relationship between the situation today, and that December 1994-January 1995 blow-out of the Mexican debt which almost brought down the world financial system.

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## Book Review

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### Vernadsky Essays On Geochemistry

by William Jones

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#### Essays on Geochemistry and the Biosphere

by Vladimir I. Vernadsky

Sante Fe, N.M.: Synergetic Press, 2006

500 pages, paperback, \$49.95

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The publication in English of a new volume of writings, *Essays on Geochemistry and the Biosphere*, by the great Russian-Ukrainian scientist Vladimir Vernadsky, should be viewed with great interest, and not only by those active in the scientific fields with which these essays deal. It is also to be hoped that the publication is a harbinger of more to come in English from the Vernadsky writings.

The work of this towering giant of Russian science has been woefully neglected here in the West, and particularly in the United States. Ironically, much of Vernadsky’s work was picked up during the 1970s by representatives of the environmentalist movement, who then tried to draw similarities between Vernadsky with their own particular back-to-nature Gaia philosophy, virtually turning him on his head, and obfuscating both the content and the intent of Vernadsky’s life-work.

The publication of more of Vernadsky’s own writings in English should help to set the record straight on this point. A major step in correcting this distortion of Vernadsky has been the writings of economist and statesman Lyndon LaRouche on the work of Vernadsky, and his introduction of the work of Vernadsky into the LaRouche Youth Movement, which has created recognition of the true significance and import of Vernadsky’s work by a much broader segment of the American public than ever before.

The present volume, a translation of a work published in Russian in 1967 under the title *Biosfera*, includes several essays by Vernadsky on the subject of geochemistry, as well as his final editing, in the last decade of his life, of the third edition of his groundbreaking study, *The Biosphere*. This volume gives the reader a good sense of the range of Vernadsky’s thinking in various fields of science.



Courtesy of Synergetic Press

*Vernadsky as a member of the Presidium of the International Geological Congress, in Moscow in 1937.*

His chapter on the “History of Geochemistry,” depicts how this discipline, with which his name has been most prominently associated, evolved out of the field of chemistry and soil science. The period of Vernadsky’s education at St. Petersburg University, 1881-1890, was undoubtedly one of the most fertile periods in the history of that institution, with some of the greatest scientific thinkers of the country located there, including names like Mendeleyev, Butlerov, and Dokuchaev, who served as mentors, and as an inspiration to young students like Vernadsky. The lecture halls were always filled when Mendeleyev lectured, Vernadsky relates. “We entered a new and wondrous world during his lectures, as if released from the grip of a powerful vice.” Vernadsky also relates how the St. Petersburg department of mineralogy promoted a more dynamic view of chemistry, concentrating not simply on the chemical composition of the Earth’s mantle, but also on the dispersion of the chemical elements, their “migrations,” deep into the Earth’s crust over geological time.

Here already we see some of the first indications of Vernadsky’s own groundbreaking theory of how living matter itself, through such chemical and atomic “migrations,” actually forms the outer crust of the Earth’s surface. Here Mendeleyev also played a key role. “In [Mendeleyev’s] *Foundations of Chemistry*, the problems of geochemistry and space chemistry were not only fully described, but were also often dominant,” Vernadsky writes in his historical essay.

The other intellectual influence on the young Vernadsky was Vasilii Vasilievich Dokuchaev, who held the chair in mineralogy at St. Petersburg University, and on behalf of whom he would often undertake expeditions in various parts of the Russian Empire. Dokuchaev’s *The Russian Black Earth Region*, the result of a seven-year’s long labor, also brought Vernadsky a greater understanding of his beloved Ukraine, where he conducted expeditions under Dokuchaev’s direction, examining the soil of the region. Later in the years of the

Russian civil war, Vernadsky, who had fled to the family estate in Ukraine, was doing his own studies in the Ukrainian countryside. Already at this early stage, seeing the economic devastation that was caused by the civil war and revolution, he predicted that because of the lack of investment in the agricultural sector, this most fertile region would again be facing a situation of famine.

### ‘Father of the Soviet Nuclear Program’

In the same historical essay, Vernadsky also touches upon the important role of radioactive elements in the Earth’s crust, a phenomenon on which he placed great significance. From a trip in the early part of the century, looking in Central Asia for radioactive elements and later, from the work he would accomplish with the Curies at the Radium Institute in Paris, Vernadsky placed great interest in this “new physics.” By 1909 he had established a radiological laboratory in Moscow, and later in 1922, he set up a Radium Institute, modelled on that of the Curies in Paris. Vernadsky also established the first cyclotron in the Soviet Union at the Radium Institute, on which Igor Kurchatov and other leading figures in the Soviet atomic bomb program would get their initial training.

Early on, Vernadsky realized the tremendous benefit mankind would receive if it achieved mastery of the power of the atom. Like others knowledgeable in the field, he was also aware of its tremendous potentially destructive power. In his opening speech at the Radium Institute, Vernadsky said: “Soon man will have atomic power at his hands. This is a power source which will give him the possibility to build his life as he wishes. Will he be able to use this force for good purposes and not self-destruction?” he asked.

During the twenties and thirties he kept well abreast of the field, meeting with Otto Hahn, Lise Meitner, and Arthur Sommerfeld in Germany, Frederick Soddy in Montreal, and with the Curies in Paris. It is something of an irony that Vernadsky would first learn of an American atomic bomb program through a clipping from the *New York Times* in 1943, sent to him by his son, George, who, after the Bolshevik Revolution, emigrated to the United States, where he became a professor in Russian history at Yale University. Together with the clipping, George had attached a note to his father with the message: “Don’t be late!”

After receiving this, Vernadsky formed a troika with two of his closest collaborators, to work out a program for the development of atomic energy. This led to the formation of the Uranium Committee, which would later chart the course of the Soviet atomic bomb program. Illness and old age (Vernadsky was then in his eighties), did not permit him a major role in the development of the bomb, but he was often consulted on aspects of the program. His pioneering role in the field really makes him deserving of the title “father of the Soviet nuclear program.”

In the essay “Chemical Elements in the Earth’s Crust,” Vernadsky deals with the actual chemical composition of the



Courtesy of Synergetic Press

*In 1911, Vernadsky, together with a good part of the faculty at Moscow University, resigned in protest of repressive measures imposed by the Stolypin government against the Education Ministry. Here (back row, third from right) he is shown with the other professors when they resigned.*

planet, utilizing the research conducted in the United States by F.W. Clarke at the Carnegie Institution, which he had visited on a trip to the United States in 1913. Here he is on very familiar ground, studying particular instances of the chemical dispersion of certain elements from the biosphere into the Earth's outer mantle.

In the essay "Carbon and Living Matter," Vernadsky deals with the study of the hydrocarbons and petroleum deposits. In the context of the alleged "oil crisis" so much bandied about today, the essay of Vernadsky may have more than a passing interest. He holds firmly to the predominant theory that hydrocarbons will only be found as the remains of fossils, i.e., they are a result of the decay of living matter, a theory which has been questioned in the work of the late Cornell University astrophysicist Thomas Gold. As Vernadsky himself indicates, Mendeleyev, also, thought that there may well be a non-organic origin of oil.

The third edition of *The Biosphere*, published in this volume, may be of some interest to the readers of the earlier edition, published in English. The years of his editing this edition were those in which he was expanding on his early theories, always reconceptualizing and re-formulating many of his central hypotheses on Man and the Universe. Some of this is reflected in the changes he made in the last edition of that great work. But those well-versed in the 1926 edition will feel themselves on rather familiar ground in reading this last edition.

### Vernadsky's 'Political' Mission

But, it was not only purely theoretical scientific work that Vernadsky was engaged in, in those years. Rather, he saw his scientific work as his major contribution to the progress of humanity. Although more restricted during the Soviet years

in his direct political activity, he felt that his work in science and education was his major contribution in the development of the species, of the Noösphere.

Already in his student years, Vernadsky was involved in politics. Some of his closest friends in those liberal circles of his student days, a small group of friends that called themselves "The Brotherhood," would later wind up in a variety of political formations, populist "narodniki," or communists, or followers of the philosophy of Leo Tolstoy. Vernadsky chose another path, devoting himself, as a "cavalier of science" to the natural sciences as a means of promoting the welfare of the people. During the time of the 1905 Revolution, Vernadsky played an important role in the formation of the Constitutional Democrats, (Kadets). When some extremely repressive measures had been imposed on student activity during various phases of that 1905 period, Vernadsky was one of those who went to speak with the

Premier, Sergei Witte, in order to help mitigate those measures. In 1911 he, together with a good part of the faculty at Moscow University, resigned in protest of repressive measures imposed by the Stolypin government.

In 1915, during World War I, Vernadsky was involved in setting up the Commission for the Study of the Natural Productive Forces of Russia (KEPS), with the task of investigating the strategic resources and raw materials at Russia's disposal, a project that had been close to the heart of his old teacher Dokuchayev. The significance of this body was even recognized by V.I. Lenin, who decided to retain it in the new Soviet Republic.

When the Bolsheviks took power, a disillusioned Vernadsky left Moscow for Ukraine, where the civil war was raging. He spent some time doing research in the countryside, setting up the Ukrainian Academy of Sciences, to which he was elected as head. Later, during World War II, when Vernadsky was evacuated to what is today Kazakhstan, he similarly gathered together the scientific layers there, and set up another Academy.

Both his son and his daughter chose to leave the country rather than stay under the rule of the Bolsheviks. Vernadsky elected to return to the Soviet Union. Not that he had any sympathies with the Bolshevik leadership. But he had many of his friends still active in the Russian academic world, some of whom had become communists. More than any other concern which propelled him to make what must have been a difficult decision, was his firm belief in the power of Russian science to revive a beleaguered nation.

Although he stood in undisputed mastery of his own fields of expertise, in mineralogy and geochemistry, many of his bolder hypotheses and fundamental writings on the nature of the universe went largely unpublished. Vernadsky was ac-

## Soviet Ideology and Creativity

June 7, 2006

To be of current scientific relevance, it is important to emphasize a matter of principle which is intrinsic to the method of scientific discovery used by Vernadsky in developing the modern conceptions of Biosphere and Noösphere up-to-date. It is a principle curiously lacking in explicit arguments employed in today's physical-science classrooms generally. In a slightly different way, the same ideological problem arises in Russian as well as specifically Soviet ideology. Actually, the notion of creativity is virtually excluded from most modern writing and practice of science and artistic composition.

Nonetheless, this very principle is crucial in dealing with Vernadsky's development of the notions of Biosphere and Noösphere. The ideology-driven efforts to explain and employ the discoveries of Vernadsky without taking a principle of creativity into account, is the usual basis employed in attempts to turn Vernadsky's work into a creed of back-to-Earth mysticism.

This could not have occurred in post-Alexander III Russia except for a kind of patriotism which is shown dramatically in an anti-Bolshevik Vernadsky who devoted himself to service under the Bolsheviks for the sake of Russia. The Stalin administration, for example, clearly understood this fact, and defended Vernadsky's rights against some very menacing sections of Soviet officialdom.

Similarly, among the relevant notables within the former Fusion Energy Foundation (FEF), there were physical scientists, including physical chemist Professor Robert Moon, who practiced creative scientific discovery with notable excellence, and yet, at the peer-review blackboard, submitted to the still currently conventional, barbarisms practiced under the inquisition eyes of the radically re-

ductionist Babylon priesthood of contemporary mathematics dogmas.

Thus, unless the specific factor of a kind of scientific tradition traced from Pythagorean Sphaerics, the Leibnizian principle of *dynamis*, is taken into account, the discussion of creativity usually degenerates into locating the name of creativity within the confines of the symbolic imagery of a reductionist form of mathematical formulation.

As I have emphasized in my "Vernadsky and Dirichlet's Principle" (see *EIR*, June 3, 2005), Vernadsky's creative intention is clear to anyone in that competent strain of modern experimental-science tradition of Nicholas of Cusa, Leonardo da Vinci, Johannes Kepler, Pierre de Fermat, Blaise Pascal, Christiaan Huyghens, Gottfried Leibniz, Carl F. Gauss, and Bernhard Riemann, as also the principle of Classical musical composition derived from the original discoveries of Johann Sebastian Bach.

Explicitly, Vernadsky develops and applies the crucial experimental evidence which demonstrates that living processes reflect the action of a universal physical principle which is not experimentally manifest within the bounds of non-living processes, whereas the achievements of human cognition express a universal physical principle absent from all lower forms of life than mankind.

It is only from that vantage-point that the actual achievements of Vernadsky could be recognized, and the crucial importance for the successful future of all mankind, in their obligatory role within the domain of a science of physical economy today.

In considering the crucial discoveries developed by Vernadsky, the mind must tear away the brutish veil called sense-certainty, to go beyond the powers of the ape, to go directly to the great universal physical principles which only the truly creative individual intellect could actually know. It is the experimental truthfulness of what is seen beyond that veil of brutish sense-certainty, which is the means of access to the knowable, experimental proof of the difference between good and evil.

—Lyndon LaRouche

cepted as a scientific genius of sorts, but one often attacked and viewed generally by the mandarins of dialectical materialism as an "idealist" and a "vitalist."

In something of a master-stroke, Vernadsky created an entirely new field, biogeochemistry, and established an institute around that study in order to have a forum in which his own notion of the formative role of the biosphere in the chemistry of the planet, also frowned upon by the authorities, might be studied without repercussions.

His most farsighted writings criticizing the prevalent no-

tions of Euclidian space and time in physics, as defective for understanding the phenomena that were being investigated in the biological sciences, and calling instead for the application of a Riemannian, rather than a Euclidian, geometry, went totally beyond the ken of the guardians of "Diamat," and were either suppressed or printed in scholarly journals with a very limited circulation.

In the essays presented here, Vernadsky also outlines the two principal premises on which his life's work was based. The first is the principle of Christiaan Huygens, that

life exists throughout the universe and not simply here on Earth, a thesis which Huygens developed most succinctly in his 1698 book, *Cosmotheoros*. His second fundamental premise was based on the thesis of a 16th Century Florentine doctor, Francesco Redi, which said “All life comes from life.” This was an implicit denial of the theory of abiogenesis, as well as spontaneous generation. Neither the evolutionists nor the creationists would be happy with Vernadsky. But he simply could find no scientific basis for either of these hypotheses, attributing them both to religious or philosophical principles, rather than to scientific study of the phenomenon of life.

Appended to the *Essays* (as probably they were to the 1967 Russian edition of *Biosfera*), are Vernadsky’s short but powerful theses: “Some Words About the Noösphere,” published earlier in *EIR* (Feb. 18, 2005, p. 30), under the title “The Biosphere and the Noösphere,” these short notes would be familiar to the readers of *EIR*, but little has hitherto been said about their origin.

Vernadsky was to have elaborated on his concept of the Noösphere in a third part of his final work, “The Chemical Structure of the Biosphere and Its Surroundings.” That chapter was never written. In many respects, the “Some Words” represents his most elaborate view of the topic, although the concept, if not the term, which he borrowed from Edouard LeRoy, permeates most of his work from his student days. But for Vernadsky, “Some Words About the Noösphere” really represented a post-war program for the world.

In 1943, there were celebrations on the 80th birthday of Vernadsky. He received the Stalin Prize and an award of 200,000 rubles. As was customary, he sent half of the sum back to be used for the war effort. He also penned a note to Stalin. “Dear Joseph Vissarionovich, I request that 100,000 rubles of the prize named for you, which I have received, be directed to defense needs, wherever you see fit. Our cause is just, and at the present time it spontaneously coincides with the onset of the Noösphere—a new state of the domain of life, the Biosphere—the foundation of a historic process, when the human mind becomes an enormous geological planetary force. Academician Vernadsky.”

Later that year, when he had completed “Some Words About the Noösphere,” he sent his article to two addresses: to the editorial board of *Pravda*, and, to be sure, to Stalin personally. Here is what he wrote in an accompanying note: “Borovoye, 27 July, 1943. Dear Joseph Vissarionovich, I am sending you the text of my article, which I have simultaneously submitted to the editors of *Pravda*, and which it would be useful to publish in the newspaper, because I identify a spontaneous natural process, which will ensure our fundamental victory in this world war. In the telegram I sent you, donating to the Red Army half of the prize named for you, which I received, I indicate the significance of the Noösphere. With deep respect and devotion. V. Vernadsky. I am sending you the article, because I don’t know if it will be published.”

The article was never published in *Pravda*, nor is Joseph Stalin known to ever have replied—or received—Vernadsky’s note.<sup>1</sup>

The volume before us gives a tantalizing look at the powerful mind of a great scientist, but it leaves one looking for something more substantial, an elaboration of ideas that are only touched upon in these essays. We are encouraged to hear that the same publisher is considering also translating and publishing another book-length study by Vernadsky, *Scientific Thought and Scientific Work as a Geological Force in the Biosphere*. Having read parts of the Russian edition of Vernadsky’s final, and not fully edited work, *The Chemical Structure of the Earth’s Biosphere and Its Surroundings*, I have great hope that this book, which Vernadsky himself considered the culmination of his life’s work, “the book of life” as he called it, will also soon find the light of day in an English version.

In this work, Vernadsky does not simply expand on an earlier text, as he did with the various versions of *The Biosphere*, but rather approaches the entire issue from a somewhat higher standpoint, from the point of view of the Cosmos as a whole, incorporating all the new ideas that he had developed in the last decades of his most productive life. Vernadsky viewed this final work as his equivalent to the great “Cosmos” that final work of his beloved scientific forebear, Alexander von Humboldt, whose books had impelled the young Vernadsky on a career of science.

While *EIR* and *21st Century Science & Technology* magazine have published two parts of a three-part project by Vernadsky dealing with the more comprehensive space-time issues provoked by his work in biogeochemistry, the third and final part of that series, “On the Conditions of Physical Space” still remains completely unavailable to non-Russian speakers. It is hoped that the present volume will indeed lead to a resurgence of interest in this remarkable scientist, and to more of his writings in the English language.

While, in this day and age of radar and satellite imaging, many of Vernadsky’s “facts” may be somewhat dated (indeed he himself would underline the fact that with the progress of science that *must* be the case), his unique view of man and the universe would be of tremendous benefit to those working in fields about which Vernadsky could have only dreamed—from terraforming Mars to astrobiology. More importantly, the fundamental humanist outlook of Vladimir Vernadsky, who viewed the human species and its productive activity as the most important “geological force in the development of the universe,” might help revive in society at large, some of the optimism that has been so seriously undermined by the doomsday scenarios of the environmentalist lobby.

1. The text later reports that Vernadsky’s article was published in a small Academy journal called *Achievements of Modern Biology*. Vernadsky read the proofs in the Fall of 1944, and lived to see the issue in which it appeared.

## Expand, Not Cut, AmeriCorps: Asset for Economic Recovery

by Edward Spannaus

AmeriCorps, the national-service program launched in 1993 by President Bill Clinton, provides a ready-made institutional structure which could be rapidly expanded to involve hundreds of thousands, indeed millions, of youth and others, in full-time programs of national reconstruction and service.

Especially appropriate, as an AmeriCorps program which could be enlarged almost overnight in size and scope, is the National Civilian Community Corps (NCCC), modelled on the 1930s Civilian Conservation Corps, and also on traditional military training, in which youth are trained and live in small units, which can be rapidly deployed for emergency disaster-response, or for construction projects.

But, as the result of an incompetent “cost-benefit” analysis, the NCCC program, rather than being expanded, is projected to be terminated under the Administration’s Fiscal Year 2007 proposed Federal budget.

### **AmeriCorps: A Bipartisan Effort**

Except for a period of time during the “Gingrich Revolution” in the aftermath of the 1994 midterm elections, AmeriCorps has always received strong bipartisan support.

The idea of a large-scale national service corps was a key component of President Clinton’s 1992 campaign. Already under the George H.W. Bush Administration, Congress had authorized the National Service Act, which authorized funds for the Points of Light Foundation and a new Commission on National and Community Service. In 1995, when the existence of AmeriCorps was threatened by the House, President Clinton asked former Senator Harris Wofford to head the Corporation for National Service (the funding umbrella for AmeriCorps), and to reach out in a nonpartisan manner to his former Senate colleagues and to the Points of Light Foundation. Clinton told Wofford that he thought the Points of Light Foundation “was the best thing Bush did.”

The budget for AmeriCorps was cut—but not eliminated—in 1995, but it has increased almost every year since then, including under the current Administration. The program started out as 20,000 strong, and today has 70,000 enrolled in it. Many Republicans who initially opposed it, have come around to support it. When Clinton left office, 49 Governors signed a letter supporting the reauthorization and strengthening of AmeriCorps.

### **What AmeriCorps Does, and Can Do**

Among programs incorporated into the newly established AmeriCorps were 1) the VISTA (Volunteers in Service to America) program, created in 1964 as a “domestic Peace Corps” by President Lyndon Johnson; 2) the Senior Corps, including the Retired and Senior Volunteer Program; and 3) the National Civilian Community Corps, created as a bipartisan endeavor under Bush 41 a year earlier, to utilize military resources to involve young people in national service programs.

Title I of the 1993 law established the parent Corporation for National and Community Service, and gave it three functions:

- to make grants to states, Indian tribes, public or private nonprofit groups, and institutions of higher education, to carry out national service programs;
- to enter into contracts with Federal agencies to support national service programs carried out by those agencies; and,
- to provide national service educational awards to participants in these programs, which are available to repay student loans, to pay all or part of the cost of higher education, to pay for school-to-work programs, and so on.

The open-ended possibilities for expansion of AmeriCorps is shown by the bill’s definition of national service programs, as including:

“1. A community corps program that meets unmet human, educational, environmental, or public safety needs and promotes greater community unity through the use of organized teams of participants of varied social and economic backgrounds, skill levels, physical and developmental capabilities, ages, ethnic backgrounds, or genders.

“2. A full-time, year-round youth corps program or full-time summer youth corps program, such as a conservation corps or youth service corps . . . that— A) undertakes meaningful service projects with visible public benefits, including natural resource, urban renovation, or human services projects; B) includes as participants youths and young adults between the ages of 16 and 25, inclusive, including out-of-school youths and other disadvantaged youths. . . ; and C) provides those participants who are youths and young adults with . . . crew-based, highly structured, and adult-supervised work experience, life skills, education, career guidance and counseling, employment training, and support services. . . .

“4) A service program that is targeted at specific unmet human, educational, environmental, or public safety needs and that— A) recruits individuals with special skills or provides specialized preservice training to enable participants to be placed individually or in teams in positions in which the participants can meet such unmet needs; and B) if consistent with the purposes of the program, brings participants together for additional training and other activities designed to foster civic responsibility, increase the skills of participants, and improve the quality of the service provided. . . .

“9) A program in which economically disadvantaged individuals who are between the ages of 16 and 24 years of age, inclusive, are provided with opportunities to perform service that, while enabling such individuals to obtain the education and employment skills necessary to achieve economic self-sufficiency, will help their communities meet— A) the housing needs of low-income families and the homeless. . . .

“13) A community service program designed to meet the needs of rural communities, using teams or individual placements to address the development needs of rural communities, and to combat rural poverty, including health care, education, and job training. . . .

“15) Such other national service programs addressing unmet human, educational, environmental, or public safety needs as the Corporation may designate.”



U.S. Forest Service

*The NCCC is modelled on traditional military training, in which youth are trained and live in small units, which are able to be rapidly deployed for emergency disaster-response, or for construction projects. Above is a team assigned to the Red Rock Ranger District in Arizona.*

## **Don't Close Military Bases; Use Them for AmeriCorps**

Within the overall AmeriCorps program, the NCCC provides a full-time, team- and residential-based program for about 1,100 youth per year, conducted largely under the direction of retired military personnel. According to a former NCCC official who is also a retired Army officer, the enabling legislation for NCCC is such that the program could be scaled up very easily. The structure is ideal for providing youth to work in projects directed by the Army Corps of Engineers, for example.

The NCCC program was created and authorized in 1992, at the point when the U.S. military was being significantly downsized after the end of the Cold War. The 1992 law allows for the director to be selected from among retired commissioned officers of the U.S. Armed Forces, and encourages the recruitment of its permanent staff from retired and discharged members of the Armed Forces. The Secretary of Defense is directed to assist in the recruitment of personnel for the NCCC staff, and to identify military installations and facilities which can be used for training and housing Corps members.

This could provide a valuable and productive use for military bases now being closed under the BRAC process, on a much larger scale than is being done so far.

According to the former NCCC official, this was how the NCCC was first set up in 1993-94. The structure and logistics were worked out by retired military officers, and its five regional locations were located on military bases or facilities





U.S. Forest Service

*The National Civilian Community Corps (NCCC) is one of the programs of AmeriCorps, which was launched by President Clinton, and was based on FDR's workforce-training programs of the 1930s. Here an NCCC fire crew is working in Arizona.*

which were being downsized or shut down. On a crash basis, the retired military officers planned the operation in detail, down to the level of exactly how many shower stalls were needed for male and female Corps members.

A military-type structure is still used in the NCCC. Corps members are organized in small units, with teams composed of 10 to 12 members. They train, live, and work together, in locations away from their homes, and they have a 15-person van available for rapid deployment. Their training generally

includes first aid and public safety, construction skills including carpentry, and 25-30% are also trained in fire-fighting.

Dubbed the "special forces of the AmeriCorps Army," they keep their bags packed, and are rapidly deployable as trained units into disaster situations, such as hurricanes, floods, and fires. The same deployment principle holds true for non-emergency construction projects.

All NCCC members were deployed at some point into relief activities in the Gulf Coast after Hurricane Katrina, as were many other AmeriCorps members. The advantage of NCCC members, according to local leaders who worked with them, is that they are trained to handle disaster situations, and to work as a unit.

But despite this, the Administration is asking that NCCC be shut down under its 2007 budget; the only funds allocated are for closing programs down.

Restoring funds for NCCC is important, but Congress must go way beyond this. AmeriCorps and its various components should be quickly expanded, as part of an overall national reconstruction effort centered on the retooling of the automobile industry, and under the overall supervision of the U.S. Army Corps of Engineers.

*Research assistance was provided by Marcia Merry Baker and Carl Osgood. The author can be reached at edspannaus@larouchepub.com.*

## Clinton Recalls FDR, JFK In Launching AmeriCorps

*These are excerpts of remarks by President Bill Clinton, at the Sept. 21, 1993 signing ceremony for the National Service and Community Service Trust Act of 1993, which established AmeriCorps and the Corporation for National and Community Service.*

When the Vice President and I went across this country last year, I was deeply moved by forces that were both good and bad, that kept pushing me to believe that this was more important than so many other things that all of us do in public life. I saw the wreckage, the insanity, the lost human potential that you can find now not only in our biggest cities, but in every community. And yet, I saw even in the most difficult circumstances, the light in the eyes of so many young people; the courage, the hunger for life; the desire to do something to reach beyond themselves, and to reach out to others, and to make things better. . . .

Twice before in this Century, Americans have been

called to great adventures in civilian service. Sixty years ago, in the depths of the Depression, Franklin Roosevelt created the CCC, and gave Americans the chance not only to do meaningful work so that they could feed themselves and their families, but so that they could build America for the future. And down to this day there is not a state in this country that is untouched by the continuing impact of the good work done by the people who labored in the CCC. It is with special pride that I will use President Franklin Roosevelt's pen set, with which he signed nearly every piece of legislation as President, to sign our bill here today.

We also point with pride, as the Vice President said, to the enduring legacy and the continued vitality of John Kennedy's Peace Corps, created by legislation which President Kennedy signed 32 years ago tomorrow. I want to acknowledge, as the Vice President did, the wonderful work of Sargent Shriver, not only as the first director and guiding spirit of the Peace Corps, but for what he did with the VISTA program.

Thanks to the generosity of Sargent Shriver, I will also use the pen President Kennedy used 30 years ago—32 years ago—to sign the Peace Corps legislation to create a new national service corps for America. We will call it AmeriCorps. . . .

# The World Needs Nuclear Energy Now!

by Marsha Freeman

It's possible today to forgo nuclear energy—but only if you are willing to have an average lifespan of under 30 years.

Contrary to what you may have heard or read, the world does not need nuclear power because we are running out of oil, because natural gas is too expensive, or because burning coal is leading to “global warming.” Although none of these axioms is even true, in fact, the world needs nuclear power because it is a superior form of energy, required for a variety of applications that enable the world's population to live longer and better. These include the efficient production of electricity, advances in medicine, improvements in agriculture and the preservation of food, the creation of fresh water and new materials, and propulsion systems to explore the Solar System and beyond.

While oil, coal, and natural gas create heat by being burned, nuclear fission produces heat through atomic reactions, and more versatile than the heat produced, is the radiation. Harnessing nuclear energy was a quantum leap from the age of fire into the Atomic Age.

Here is a brief review of some of the nuclear benefits.

## Feeding the World

From the beginning of President Eisenhower's 1950s Atoms for Peace program, using nuclear radiation to help increase the world's food supply was a major goal. In fact, it's essential to stop today's widespread hunger.

Although world food production still falls drastically short of the needs of the world's population, a large percentage of the food that is grown (in some places more than 50%) rots or becomes insect-infested before it can reach the table. Even in the United States, food that is infected with bacteria, parasites, and insects, kills more than 9,000 people each year through food poisoning, and sickens 30 million more. But these numbers pale by comparison with the hundreds of millions so afflicted in developing nations, where food processing and refrigeration are often nonexistent.

The gamma rays emitted by radioactive cobalt-60 at very low levels can kill the vermin and bacteria in food, as can beams of electrons and X-rays, without altering its taste or nutritional quality. Ionizing radiation at higher levels virtually sterilizes the food. Food irradiation is used in more than 40 nations around the world, including China, France, Germany, Israel, Japan, and South Africa. But the need is for industrial-scale mass-production facilities to process agricultural prod-

ucts, especially for the Third World.

Irradiated food, which since the 1960s has been provided for astronauts, as well as those with debilitated immune system capabilities, such as cancer patients, allows for the long-term, safe storage of food without refrigeration. World food consumption could double if we were to use irradiation to preserve what is already produced.

Radiation has also been used to develop new strains of plants, by altering particular characteristics. Disease-resistant and drought-resistant plants, best adapted to different environmental conditions, have greatly increased agricultural productivity.

The use of radioisotopes as tracers to monitor a plant's uptake of nutrients and of water, allows for the more precise application of fertilizers and irrigation, as agriculture becomes more scientifically vectored, and less limited to educated guesswork.

## Saving Lives

In the United States, one in three patients in hospitals is diagnosed or treated using nuclear medicine, with 38,000 medical procedures using isotopes per day. Worldwide, more than 70 million procedures are performed using the radiation from nuclear isotopes per year. Radioactive isotopes of an element are created when extra neutrons are absorbed by the common, non-radioactive isotope during the fission process. Man-made radioactive isotopes of ordinary elements, or radioisotopes, can be efficiently created in nuclear power plants, or in the nuclear spent fuel, or “waste,” and can be tailored to specific medical requirements.

The uptake of iodine by the thyroid, for example, means that a radioactive isotope of iodine can be used as a tracer, to study the health of a patient's thyroid gland. Similarly, radioactive phosphorus can be used to diagnose the presence of cancerous tumors in bones, while potassium is preferentially concentrated in muscles.

Once a malignant tumor is located, a more intense dose of focussed radiation can be applied to destroy the diseased tissue specifically. In some forms of cancer, radiation therapy has replaced surgery, particularly where the tumor is embedded deep within healthy tissue.

More than 70 nations are members of the World Federation of Nuclear Medicine and Biology, and the International Atomic Energy Agency leads efforts for the application of nuclear medicine in the early detection of cancer, which kills more people in the developing world than HIV and malaria combined.

In research applications, more than 70% of new pharmaceutical drugs in the United States use radioactive tags to test their effectiveness.

## Doubling Energy Efficiency

Energy flux density, measured by the amount of energy created per unit area of production, defines the efficiency of

the source of fuel. One pound of fissile uranium-235 creates as much energy as burning 1,300 tons of coal.

Energy-dense nuclear power increases efficiency and reduces transportation requirements, compared to coal.

But the heat produced by nuclear fission can provide even more efficient ways of making electricity. Today, electricity is produced either by burning fossil fuels, or in nuclear power plants using heat to turn water into steam. Steam turbines transform the heat into rotational energy, which then moves the coils of a generator through a magnetic field to induce an electrical current. Up to two-thirds of the energy in the fossil or nuclear fuel is generally lost using this method, during the conversion from fuel to electric power.

It has been recognized for more than 150 years that if an electrically conducting, or ionized material, is moved directly through a magnetic field, electrical currents will be created, without the intermediate, and inefficient use of turbines. Magnetohydrodynamics (MHD) is the process of moving an electrically conducting fluid through a channel surrounded by magnets, to directly generate electricity, using no moving mechanical parts.

Although it is possible to use the stream of hot coal gas as the working fluid in an MHD converter, the impurities from the coal create corrosion problems, as do the deposited materials on the electrodes inside the MHD channel. A more efficient application of direct conversion is with high-temperature nuclear reactors.

For nuclear fission reactors, the heat would be used to ionize a liquid metal conducting fluid, which would then be accelerated through the MHD channel to produce power directly. Since the fluid would still be hot as it exits the channel, a steam turbine "bottoming cycle" could be included. This two-phase design could bring electricity conversion to up to at least 70%.

This would mean that each new nuclear plant that is built could produce *twice* as much electricity. So using an MHD system, the energy from the 30 or so nuclear power plants now under construction worldwide, would be the equivalent of 60 plants.

## Road to the Stars

Manned exploration of the Solar System is impractical without the use of nuclear power. Although it takes only two days to reach the Moon using today's chemical propulsion systems, a round-trip to Mars involves a life-threatening multi-year excursion, exposing the crew to potentially deadly cosmic radiation, and the disabling physiological effects of microgravity.

The capability of a rocket propulsion system is measured in seconds, and is called specific impulse. It is determined by the speed at which a propellant is expelled from the rocket, and the weight of that propellant to create thrust. The limits on the temperature of chemical combustion limit the speed of the expelled propellant, allowing a maximum

specific impulse of about 450 seconds. Higher-temperature nuclear-powered propulsion can double the specific impulse of the system, increasing the rate of acceleration of the spacecraft.

This allows a nuclear-powered rocket to carry twice the tonnage of cargo, or to cut the travel time to the destination in half. For trips to Mars, the shorter trip time is critical for manned missions. And increased cargo capacity would reduce the number of unmanned trips necessary to land the tons of infrastructure cargo needed to support manned exploration.

The United States carried out a nuclear propulsion research and development program between 1955 and 1972, when the manned Mars program was cancelled. Solid-core nuclear reactors and rocket engines were built and tested successfully throughout the 1960s, while parallel research was also under way in the Soviet Union. Now that the manned Mars mission is again under discussion, there are efforts in both countries to recover three lost decades, and resurrect nuclear propulsion technology development programs.

## On to Thermonuclear Fusion

Beyond the use of nuclear fission, will come fusion—the fusing together of light elements that creates the nuclear energy in the Sun. In fact, it was astronomers who first observed that chemical and fission sources were inadequate to account for the energy of the stars. The fusion process depends upon fuel that is ionized, or electrically charged, described as a plasma. The nuclear reactions produce an array of charged particles, not just neutrons as in fission reactors, that can be used directly as a working fluid in an MHD electric conversion system.

The thousands-degrees fusion plasma can be applied directly to the thermal cracking of water for desalination, and the separation and concentration of minerals, creating a new base of resources.

The fusion process also generates an array of electromagnetic radiation which can be fine-tuned for specific applications in industry, medicine, raw materials processing, and space propulsion. Fusion energy will enable trips to Mars measured in weeks, rather than months. The continuous acceleration possible with such high-powered systems creates an artificial gravity that will provide protection for the crew.

Fusion power will be needed to process the tons of materials on the Moon, Mars, asteroids, and other heavenly bodies, which are the potential future sources of raw materials needed on the Earth.

Although the nuclear age opened more than a half-century ago, the potential applications of nuclear power are yet to be fully realized. The health, welfare, and future of the world's population depends upon the quickly accelerating deployment of nuclear power.

# Time for Norway To Go Nuclear

by Ramtanu Maitra

After an interlude of more than five decades, Norway is finally waking up to the requirements of developing its nuclear power generation capability. Norway was the sixth country in the world to build a nuclear research reactor, which went critical in 1951. But, international nuclear politics mixed with anti-nuclear activism, perhaps more than anything else, kept Norway from developing its nuclear power generation program.

Now a discernible shift has occurred in Norway's energy outlook. As an opener, the Norwegian energy broker, Bergen Energi, has sent an application to the Norwegian authorities for a nuclear license. The two-page letter to the Norwegian Prime Minister, which called for an increased focus on cost-effective energy sources and the need for a "new and independent market player," mentions the nation's large thorium reserves, and refers to a more constructive and more predictable energy policy to be researched, and to developments in thorium-based reactor technologies in the United States and Asia.

## Request for a Thorium Cycle

Perhaps the most important aspect touched upon in the Bergen Energi letter is that it urges the authorities to pursue "a more constructive research and development in thorium-based reactor technologies. . . ." Indeed, Norway has the third-largest reserves of thorium, weighing in with an estimated 170,000 tons. However, like most of the world, Norway had done next to nothing to develop this power source.

Worldwide, the use of thorium-based fuel cycles has been studied for about 30 years, but on a much smaller scale than uranium or uranium/plutonium cycles. Basic research and development has been conducted in Germany, India, Japan, Russia, the U.K., and the U.S.A. Test reactor irradiation of thorium fuel to high burn-ups has also been conducted, and several test reactors have either been partially or completely loaded with thorium-based fuel. Much experience has been gained in thorium-based fuel in power reactors, some using highly enriched uranium (HEU) as the main fuel.

The 300-MW Thorium High Temperature reactor (THTR) in Germany was developed out of the experimental pebble-bed high-temperature reactor at Jülich, Germany, the AVR, and operated between 1983 and 1989 with 674,000 fuel pebbles. More than half of these contained a mixture of



Department of Atomic Energy, Government of India

*India's Kakrapar Atomic Power Station, two units of 220 megawatts each, came on line in 1993 and 1995. Both make use of thorium fuel; four other Indian reactors, now under construction, plan to use thorium.*

thorium and HEU fuel; the rest was made up of a graphite moderator and some neutron absorbers.

The Fort St. Vrain reactor, near Platteville, Colorado, in the United States, was the only commercial thorium-fueled nuclear plant in the U.S.A. This was also developed from the AVR in Germany, and operated from 1976-1989. It was a high-temperature (700°C), graphite-moderated, helium-cooled reactor with a thorium/HEU fuel designed to operate at 842 megawatts-thermal (330 megawatts-electric). The fuel was in microspheres of thorium carbide and Th/U-235 carbide, coated with silicon oxide and pyrolytic carbon to completely "contain" the fission products. Instead of tennis-ball size pebbles, the fuel was stacked in hexagonal columns.

## Why Thorium?

India has about six times more thorium than uranium, and it is only there, as of now, that nuclear power authorities have made a full-fledged commitment to use thorium as nuclear fuel. Both Kakrapar-1 and Kakrapar-2 atomic power plant units are loaded with 500 kg of thorium fuel in order to improve their operation when newly started. Kakrapar-1 was the first reactor in the world to use thorium, rather than depleted uranium, to achieve power flattening across the reactor core. The use of thorium-based fuel is planned in Kaiga-1 and -2 and Rajasthan-3 and -4 reactors, which are under construction.

Concepts for advanced reactors based on thorium-fuel cycles include:

- Light Water Reactors: With fuel based on plutonium oxide (PuO<sub>2</sub>), thorium oxide (ThO<sub>2</sub>), and/or uranium oxide (UO<sub>2</sub>) particles arranged in fuel rods.
- High-Temperature Gas-cooled Reactors (HTGR) of two kinds: pebble bed and with prismatic fuel elements.
- Gas Turbine-Modular Helium Reactor (GT-MHR):

Research on HTGRs in the U.S.A. led to a concept using a prismatic fuel.

- **Pebble-Bed Modular reactor (PBMR):** Derived from the German design of Dr. Rudolf Schulten, the PBMR was conceived in South Africa, and is now being developed by a multinational consortium. It can potentially use thorium in its fuel pebbles.

- **Molten salt reactors:** In this advanced breeder concept, the fuel is circulated in molten salt, without any external coolant in the core.

- **Advanced Heavy Water Reactor (AHWR):** India is on the verge of developing this for its future commercial reactors. The main part of the core is sub-critical with Th/U-233 oxide, mixed so that the system is self-sustaining in U-233.

There are several reasons why the world is finally turning its attention to thorium as nuclear fuel. To begin with, a world, fixated on proliferation of nuclear weapons, has noticed that the weapons-grade fissionable material (uranium-233) is harder to retrieve safely and clandestinely from a thorium reactor than weapons-grade plutonium is from the uranium breeder-reactor.

Secondly, thorium produces 10 to 10,000 times less long-lived radioactive waste than uranium or plutonium reactors. It comes out of the ground as a 100% pure, usable isotope, which does not require enrichment, whereas natural uranium is almost all non-fissionable U-238 with only 0.7% of fissionable U-235.

Finally, thorium does not sustain a chain reaction on its own; fission stops by default if we stop priming it, and a runaway chain reaction accident is improbable.

Although Norway has had little experience with the thorium fuel cycle, it does have a long association with nuclear science. Norwegian nuclear history is particularly interesting because it illuminates France's position in the first decade after World War II, as pointed out by Astrid Forland, an expert from the University of Bergen. It was Norway's export of heavy water to the French nuclear program which helped France develop nuclear weapons sooner than would otherwise have been possible.

## Checkered Nuclear History

It is also said that the nuclear ambitions of Yugoslavia's Cold War strongman, Joseph Broz Tito, led to Yugoslavia's close collaboration with Norway. The leader of the Norwegian nuclear research program, Gunnar Randers, visited the Vinca Institute of Nuclear Science, in a suburb of Belgrade, Yugoslavia, in 1952; that year, the Yugoslav scientist Dragoslav Popovic began a two-year residence at Randers's Institute for Nuclear Energy Research in Kjeller, Norway.

Correspondence in 1953 between Randers and other Norwegian nuclear scientists and Stevan Dedijer (by then the director of Vinca) indicates that Yugoslavia was especially interested in the chemical extraction of plutonium from irradiated fuel. Several scientists from Vinca spent years at



Courtesy of General Atomics

*The AVR experimental pebble bed reactor in Jülich, Germany, came on line in 1967 and operated successfully for 22 years. It pioneered the use of thorium fuel, using a mixture of thorium and highly enriched uranium in its fuel pebbles.*

Kjeller researching the process. By mid-1953, Dedijer had a draft agreement with the Norwegian firm Norsk Hydro-Elektrisk Kvaelfstoftakieselskab to purchase 10 tons of heavy water.

Forland claims that Norwegian heavy water was also used in the Israeli program. Nonetheless, Norway's inability to make its nuclear industry profitable and competitive in the international market, caused the Norwegian nuclear venture to falter in the mid-1960s. The nadir was reached when the rise of the environmental movement in the 1970s halted all plans for the construction of nuclear power plants in Norway.

How much the environmentalists have slackened off, or the funds to keep the environmentalists feisty have tapered off, is difficult to say. But it is evident that while the Norwegian power market has been deregulated for the past 15 years, very little new power generation capacity has been built during this period. Consequently, power prices have risen in line with increasing demand. Plans for construction of gas-fired power plants have been put on hold due to high costs, because of environmental penalties, and so it is no surprise that Bergen Energi has now asked Oslo to open up the debate for nuclear power generation in Norway.

It is important to note that Nordpool, the pan-Nordic electricity market, already has nuclear power generation capacity through Finland and Sweden. Finland is currently constructing a new 1,600-MW reactor, and Sweden has plans to upgrade its nuclear generation as well.

# Germany Must Retool Auto To Foster Growth

by Rainer Apel

Between 1991 and 2003, the German national economy lost 2.8 million jobs in the productive industrial sector, or one out of four jobs. Textiles, garments, and leather products lost two-thirds of their workforce during this process. These jobs were not replaced by other industrial jobs, and thus led to a drastic increase in long-term unemployment, which forced many workers, including engineers, to work in the service sector. Many of these job losses resulted from the policy of globalization, and the promotion of service sector jobs. This was especially the case with the insane deindustrialization of eastern Germany after the 1990 reunification, which eliminated 90-95% of the industrial workforce of the allegedly “outmoded” industries there.

This is the main reason that machines in Germany are now produced primarily for the automobile sector, and the dependency is especially strong in the machine-tool sector; 32% of this output goes to the automobile manufacturing industry directly, and another 21% goes to industries which supply the car manufacturers.

Machines and machine-tools for classical industrial sectors are now geared more toward export, because investments inside Germany have been steadily decreasing for the past 15 years. Forty percent of German machine exports go to the European Union, mostly to France and to Italy; but German exports to the EU are stagnating, under the anti-investment regulations of the Maastricht budget-cutting regime.

Exports have increased to countries outside of the European Union that are, first of all, outside of the Maastricht regime, and secondly, have ambitious industrialization programs and projects for the development of transport, energy, water, and other vital public infrastructure. Russia, China, and India are countries with the largest increase of imports of German machines, with 373, 329, and 321% (respectively) from 2000 to 2005. At present, one out of five machine-tools produced in Germany, goes to China.

The largest increase of all is Iran, to which German machine-tools exports have increased fourfold since 2000. Turkey, seemingly “modest” with its 87% increase in machine-tool imports from Germany since 2000, has recently shown remarkable rates of increase, and will soon link up to the aforementioned countries. Without these nations’ ambitious national economic development programs, the German machine-building and, especially, machine-tool sector would not have been able to report any increase in output during the

past five years. This underlines the importance of Eurasian markets for German industry.

## Will the Government Act?

Will Germany be able to restore the 525,000 jobs it has lost in the machine-building sector since 1991? Eurasian trade is going well, but is proceeding through the free market; the German government has no role, except for the “Hermes” state-run export credit guarantee. A jump forward in productive output, which would allow reemployment on a broad scale, could be achieved only through long-term arrangements, with a prominent state role to encourage investments into new capacities for German industry. This is not to propose that Germany should establish five-year plans, but it should promote long-term state-to-state economic cooperation, including a state guarantee for the supply of low-interest investment loans. The performance of German industry in China is impressive, but it consists of thousands of various projects, which are part of the national development policy of China. What Germany lacks is a planning process that corresponds to the Chinese development designs, to push this to a new level of cooperation.

If China wants to build 40,000 kilometers of track for high-speed railways during the next 10-15 years, German industry should offer to make at least a prominent contribution to that: through exports of railway technology during the first phase, joint ventures with Chinese industry during the second phase, and the genuine development of improved technologies in German-Chinese cooperation during the third phase. Machines and machine-tools will have to be produced, in large numbers, for the German and Chinese sides of such a project. For every 300,000 jobs created in the Chinese railway-technology sector, 100,000 would be created in Germany.

Such multi-billion-dollar investment projects cannot be handled by the short-term profit interests of the free market. A 20-25 year cooperation agreement between the German Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency) which already co-funded segments of the construction of the Chinese Three Gorges Dam project, and the corresponding state development banks on the Chinese side, is required. A similar approach must be taken for India, Russia, and other prominent importers of German industrial goods.

If Germany manages to liberate itself from the anti-nuclear mindset that it has imposed upon itself, during the past 20-25 years of radical ecologism, the German nuclear industry would also be able to export again. Germany should also produce for its domestic economy. If Germany overcame its ecologist ideology, it could finally build power plants at home, again. Every standard 1,200-megawatt project generates 20,000 jobs in the domestic German industry. Up to 50 such plants will have to be replaced, during the coming 14 years. Although there will still be cars in Germany, the present disproportionate dependency of machine-builders on the automobile sector will be corrected.

# Cheney Provokes Brawl Within GOP Over NSA Wiretaps

by Edward Spannaus

Frantic to prevent any further exposure of his illegal wiretap and surveillance programs, Vice President Dick Cheney provoked an extraordinary confrontation with the Republican Chairman of the Senate Judiciary Committee, by going behind his back to block a hearing on the NSA spying program.

In a highly unusual public letter, Committee Chairman Arlen Specter (R-Pa.) then accused Cheney of attempting to thwart “the constitutional authority and responsibility of the Congress, and specifically the Judiciary Committee,” by improperly interfering in the committee’s procedures and deliberations. When the NSA domestic spying program was first disclosed last December, it was clear that Cheney treated this as his personal operation, and he has done nothing since that time to dispel this notion. It is also abundantly clear that what has been acknowledged so far, is only the tip of the iceberg, and that there is a much broader spying and data-mining program underway, which Cheney and the White House are desperate to keep hidden from any public disclosure or Congressional oversight.

## No Phone Company Testimony

Cheney’s sabotage against the Judiciary Committee first came to light in a committee meeting on Tuesday, June 6, called to decide on a hearing at which testimony would be taken from the executives of telecommunications companies which, reports say, were providing the NSA with full access to their call records.

Specter said that he had been advised by the senior Republican on the committee, Sen. Orrin Hatch (R-Utah) that the phone company executives “will be precluded from providing any information” because it is classified. Specter termed this “insufficient and unacceptable,” but nonetheless, based on discussions with Hatch, “who has been in touch with the Vice President,” he said he would defer calling in the phone companies, based on assurances that Hatch had gotten from Cheney.

These assurances were that Cheney would take a look at the bills which Specter and others on the committee have pending, concerning the NSA spying program, and that the Administration *might* agree to Specter’s proposal, which is to send the NSA surveillance program to the Foreign Intelligence Surveillance Court for review as to its constitutionality.

Specter’s apparent willingness to defer to the Hatch-Cheney agreement, set off a firestorm of attacks, starting with Sen. Patrick Leahy (D-Vt.), the senior Democrat on the committee. Leahy accused Specter of backing off from having the telephone companies come in to testify, and of leaving it up to Dick Cheney to tell the committee what it should know, or what the phone companies really wanted to say.

Sen. Ted Kennedy (D-Mass.) gave a long speech charging that the committee was abdicating its responsibility to deal with the NSA surveillance issue and its legal and constitutional justification. And Sen. Dick Durbin (D-Ill.) noted that Specter has stood up to the Administration on many questions, and has shown leadership on the NSA surveillance issue, and therefore, “I am completely at a loss to explain what you have done today.” Now, Durbin suggested, the committee is going to bring in Dick Cheney as the constitutional arbiter on the rights of Americans. As the session proceeded, Specter got more and more defensive, and at the end of the hearing, he was categorically denying that he had backed off, or that he was abdicating his responsibility.

The next day, June 7, however, chairman Specter fired off his blistering letter to the Vice President, which the Senator quickly made public, accusing Cheney of interfering with the committee’s efforts to investigate the NSA spy program, and of lobbying committee Republicans behind his back. “It is neither pleasant nor easy to raise these issues with the Administration of my own party,” Specter wrote, “but I do so because of their importance.”

Specter accused the Administration of denigrating the

constitutional authority and responsibility of Congress, and especially the Senate Judiciary Committee. Specter described how he had agreed with committee members to have the telephone executives testify at a closed session of the committee, but he then learned that Cheney had called GOP members of his committee, urging them to oppose any hearing, and further, that Cheney had told committee members that the telephone company executives had been instructed not to provide any information to the committee, on the grounds that they are prohibited from disclosing classified information.

The next day, Cheney admitted that he had spoken to other Republicans on the Committee to try to block testimony by telephone company executives. In a letter to Specter, Cheney said that, as Vice President, he has frequent contact with Senators, and that: "The respectful and candid exchange of views is something to be encouraged rather than avoided."

Cheney's reference to a "candid exchange of views" brings to mind the incident two years ago, when Cheney told Sen. Patrick Leahy, the ranking member of the Judiciary Committee, in gutter terms, to perform an unnatural act upon himself, which was then described by Cheney's spokesman as a "frank exchange of views" with the Vermont Democrat. Only this time, Cheney was addressing a fellow Republican.

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## Documentation

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# Senators Take On Cheney

*Excerpts from the meeting of Senate Judiciary Committee, June 8, 2006, are published below:*

**Sen. Patrick Leahy:** Well, Mr. Chairman, as I understand, what we're deferring is saying that we won't decide what powers under the Constitution the President has, we'll just defer that to him; we won't ask any questions about that. This is a President who has done more signing statements than all Presidents in history—most of which say that he will not follow parts of the law that we passed.

We won't have the telephone companies in . . . where we might find out independently what they want, because we'll wait for Dick Cheney to tell us what we should know or what it is they really wanted to say.

Why don't we just recess for the rest of the year, pass a resolution which a Republican-controlled Congress could easily pass, and just simply say: "We'll have no more hearings and Vice President Cheney will just tell the nation what laws we'll have; he'll let us know what laws will be followed, and which laws will not be followed."

**Sen. Richard Durbin:** Mr. Chairman . . . I think you have been an independent and strong voice for oversight by this committee. And I don't think it has made you popular at the White House on some given days. . . .

That is why I am completely at loss to explain what you have done today. I really felt that you had shown leadership again when it came to this disclosure by *USA Today*. And now, to suggest that we are going to back off the investigation, and to walk away from oversight, I think is wrong. I think it's inconsistent with our constitutional responsibility.

If I understand where we are today, based on what's been said, we will now leave it to the media to investigate this administration; we will depend on leaks and front-page stories in *USA Today* to discover programs which members of Congress have no knowledge of; we are somehow going to bring Vice President Cheney in as the constitutional arbiter when it comes to the individual rights of Americans.

*Below are excerpts from the letter Sen. Arlen Specter sent to Vice President Richard B. Cheney, June 7, 2006.*

No one has been more supportive of a strong national defense and tough action against terrorism than I. However, the Administration's continuing position on the NSA electronic surveillance program rejects the historical constitutional practice of judicial approval of warrants before wiretapping, and denigrates the constitutional authority and responsibility of the Congress, and specifically the Judiciary Committee, to conduct oversight on constitutional issues. . . .

When there were public disclosures about the telephone companies turning over millions of customer records involving allegedly billions of telephone calls, the Judiciary Committee scheduled a hearing of the chief executive officers of the four telephone companies involved. . . .

I was advised yesterday that you had called Republican members of the Judiciary Committee lobbying them to oppose any Judiciary Committee hearing, even a closed one, with the telephone companies. I was further advised that you told those Republican members that the telephone companies had been instructed not to provide any information to the Committee, as they were prohibited from disclosing classified information.

I was surprised, to say the least, that you sought to influence—really determine—the action of the Committee without calling me first, or at least calling me at some point. . . .

If an accommodation cannot be reached with the Administration, the Judiciary Committee will consider confronting the issue with subpoenas. . . .

We press this issue in the context of repeated stances by the Administration on expansion of Article II power, frequently at the expense of Congress's Article I authority. There are the Presidential signing statements, where the President seeks to cherry-pick which parts of the statute he will follow. . . .

All of this is occurring in the context where the Administration is continuing warrantless wiretaps in violation of the Foreign Intelligence Surveillance Act, and is preventing the Senate Judiciary Committee from carrying out its constitutional responsibility for Congressional oversight. . . .



# Who Funds Rohatyn's Democratic Stooges?

by Judy Feingold and Tony Papert

Among all the groups sharing the “Democratic” label, the Democratic Leadership Council, or DLC, and its magazine, *Blueprint*, are the most shameless in their promotion of fascist financier Felix Rohatyn, and their support of his brand-identification as a “Democrat.”

*EIR* earlier showed that the DLC was directed against Lyndon LaRouche and the Franklin Roosevelt Democratic tradition from the start, and that it was responsible for the tragic failure of the great majority of House and Senate Democrats to oppose a “blank check” (in Senator Byrd’s words) to Bush for the Iraq War in early 2003.

The DLC is conspicuous among self-identified “Democratic” organizations for its character as a non-membership, non-transparent, secretive entity: basically, an unaccountable funding conduit for favored causes. Enough reason for many to wonder where its money comes from.

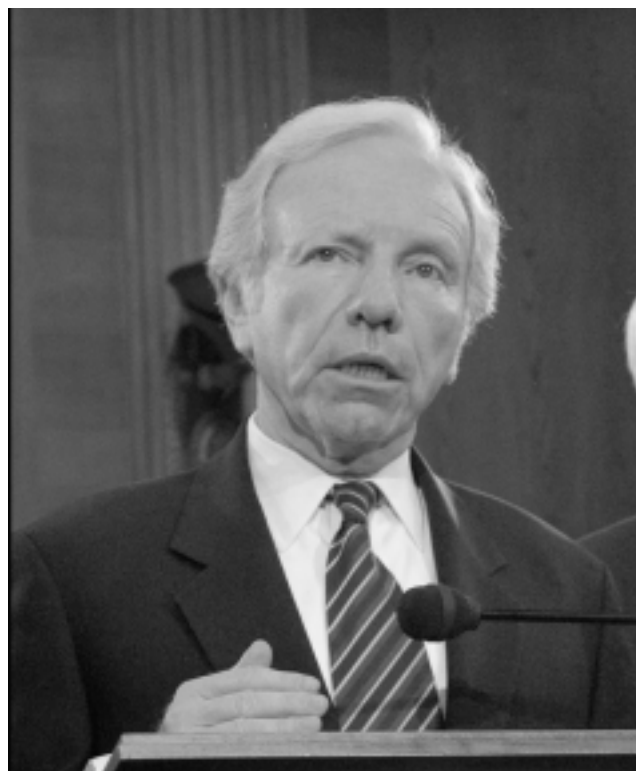
What follows is not yet the complete answer to that question, but it is true, documented, and subject to cross-checking as far as it goes.

According to its 990/990-PF tax filings, the Smith Richardson Foundation has directly given the DLC at least \$111,792 for specific projects, including one to “examine a series of environmental policies that rely on decentralized authority and collaboration between regulators and firms.” Note that such “project” funding is often only a cover for general support.

Smith-Richardson has enjoyed close relations with the worst elements of U.S. military and intelligence ever since its 1956 start of operations, funding the Foreign Policy Research Institute (originally at the University of Pennsylvania), Henry Kissinger, and Iran-Contra. It was a subject of Sen. William Fulbright’s famous 1961 warning of the danger of a military coup in the United States. (See *LaRouche in 2004 Special Report: Zbigniew Brzezinski and September 11*, Feb., 2002.)

A 1986 book-length slander of Lyndon LaRouche, titled *Lyndon laRouche and the New American Fascism*, advertised a Smith Richardson grant to its author, Dennis King.

Although not itself a tax-exempt (so-called 501(c)(3)) charity, the DLC is closely associated with two such tax-exempt charities: the Third Way Foundation (formerly called Progressive Foundation), and the Progressive Policy Institute (PPI). PPI, for instance, publishes the DLC magazine, *Blueprint*, and Third Way Foundation both solicits funds to pro-



EIRNS/Stuart Lewis

*Sen. Joe Lieberman, who has been a right-winger ever since Bill Buckley put him in office in 1988, represents the character of the policies of the DLC, which he formerly chaired, beginning in 1995.*

mote DLC activities, and directly shares facilities, equipment, and personnel with the DLC. Therefore, any view of the DLC’s funding would be incomplete if it did not include the funding of these two sister “charities.”

The Lynde and Harry Bradley Foundation, according to its tax filings, has given at least \$400,000 to the Third Way Foundation and its predecessor since the early 1990s.

The Bradley Foundation is among the biggest creators of the so-called “conservative revolution,” including the career of racist Charles Murray. Since 1985, Bradley has given over \$10 million each to the American Enterprise Institute and the Heritage Foundation, and \$500,000 to the American Spectator magazine, a major driver of the smear campaign against then-President Clinton.

Small wonder that after millions of public and private dollars alike had been spent by what Hillary Clinton pinpointed as the “vast right-wing conspiracy” to dig up any dirt against her husband, and when all the incriminating material that could be found was an affair with an intern, it was DLC head Sen. Joe Lieberman who stood up in the Senate in late August/early September of 1998, to deliver a scathing attack on President Clinton, which stopped just short of demanding censure or resignation.

# LPAC Ads Demand Congress Act Now!

by Bonnie James

A political bombshell was detonated in the nation's capital during the first week in June, when recipients of the "must-read" Capitol Hill weeklies, *The Hill* (June 7) and *Roll Call* (June 8), opened their newspapers to find a three-quarter-page ad, sponsored by the LaRouche Political Action Committee (LPAC), under the headline, "Congress Must Launch Emergency Economic Action Now!" The text (published last week in *EIR*) calls for Congress to immediately enact Lyndon LaRouche's legislative program to rescue the U.S. economy, especially its core auto/machine-tool sector, from the devastation unleashed by synarchist banker Felix Rohatyn's globalization schemes. The full program is outlined in an LPAC pamphlet entitled, "The U.S. Economic Recovery Act of 2006," was released May 14, in half a million copies so far.

At present, approximately 150 state legislators, former Congressmen, city councilmen, trade union and Democratic Party officials, and other notables have endorsed the statement, of whom 74 are named in the ad.

LPAC also released 50,000 copies of a mass-circulation leaflet on June 7, with the text of the ad, and a complete list of signatories, to complement the paid advertisements. Signatures continue to be collected, and further releases are anticipated.

Among the signers listed are: former U.S. Surgeon General Joycelyn Elders of Little Rock, Ark.; Assemblyman Mervyn Dymally, who is also a former Congressman from Los Angeles, and the former Chairman of the Congressional Black Caucus; and a total of 75 labor leaders, including nine local UAW officials.

## Strong Labor Contingent

A total of 36 states are represented among the signers, the largest number from the formerly industrialized states of the Midwest, notably Indiana, Kentucky, Michigan, and Ohio. These account for 58 of the overall endorsers, the greatest number of whom are union officials. Mark Sweazy, the president of UAW Local 969, Columbus, Ohio, representing the endangered Delphi workers, was the driving force behind the mobilization of labor officials. Other union presidents who signed: Samuel Stevens, UAW Local 882, Atlanta; David Philpott, IAM Local 774, Wichita; John Jeffries, IAM Local 830, Louisville, Ky.; Ken Koch, State Council of Machinists, Louisville, Ky.; Gary P. Sullivan, Utility Workers United of America Local 369, Boston; John Clark, UAW Local 2031,



Adrian, Mich.; Joe Joseph, UAW Local 1970, Dearborn, Mich.; William Martin, CWA Local 4108, Saginaw, Mich.; David G. Newell, Building and Construction Trades Council, Union Church, Miss.; Noel J. Christmas, Utility Workers of America Local 601, Bloomfield, N.J.; Bradford B. Clemons, Brotherhood of Locomotive Engineers and Trainmen, Div. 937, Columbus, Ohio; Larry Oberding, Ironworkers Local 44, Cincinnati; Larry Adams, UAW Local 832, Erie, Pa.; Daniel Rodriguez Jr., Amalgamated Transit Union Local 694, San Antonio, Tex.; and Denal Crawford, AFSCME Local 1654, Milwaukee.

## Intense 'Week of Action'

The release of the ads and the leaflet were timed to intersect a "Week of Action" by the LaRouche Political Action Committee and the LaRouche Youth Movement (LYM), culminating in an international webcast Friday, June 9, addressed by LaRouche (see p. 4). By Thursday, reports of responses had begun to pour into the LPAC warroom from the organizing on Capitol Hill, where every House and Senate office was personally visited by a LYM organizer, and shown a copy of the ad in *The Hill* or *Roll Call*. A 100-man lobbying force—75 LYM and 25 labor and elected officials—visited dozens of Congressional and Senate offices.

By the end of the week, reverberations from the two ads, the mass leaflet, and wide circulation of the "Emergency Legislation" pamphlet began to shake the capital. Preliminary reports indicated that Members of Congress and their staffs had to sit up and take notice, discovering how many prominent people in their home states were "on board" with LaRouche's program. A legislative aide in the office of a Missouri Democrat was typical: Seeing the names from his state listed in *The Hill*, he exclaimed, "We know him, we know him, yup, we know him," and his eyes lit up. He said "I'll make sure [the Congressman] knows about this."

# Conyers Launches New Congressional Caucus for National Health Insurance

by Patricia Salisbury

Rep. John Conyers (D-Mich.) announced the formation of a new Congressional caucus June 7 to rally support for his national-health insurance bill, HR 676. Known as “Medicare for All,” the Conyers bill would put the country on a single-payer system to provide coverage for all U.S. residents who sign up for it.

Joining Conyers in a Washington, D.C. breakfast meeting to announce the formation of the caucus, were Reps. Dennis Kucinich (D-Ohio), Jim McDermott (D-Wash.), Jerrold Nadler (D-N.Y.), Mike Honda (D-Calif.), and Sheila Jackson-Lee (D-Tex.). Conyers and other speakers called the fight for universal health care the “new Civil Rights movement.”

Members of the Larouche Youth Movement also attended the gathering. HR 676 was endorsed by Lyndon LaRouche on April 10, when he called the bill a “litmus test” of the morality of Members of Congress. “Those who don’t support the Conyers reform of health care, must be punished by being defeated,” LaRouche said.

The goal of the bill’s supporters, Kucinich told the audience, should be to get it to the floor for a vote in 2007, and into the Democratic Party platform for 2008. His job is to work the House floor to get more support for Conyers’ bill, he said.

McDermott began by taking on what he termed the “smoke and mirrors” approach to the health-care crisis. As an example, he cited the Massachusetts health plan, recently signed by Republican Gov. Mitt Romney, a man with his eye on the GOP Presidential nomination, as just that: “smoke and mirrors.” But, he said, it shows that the issue of health care is so big, that even the Republicans have to take it up. He expects the Bush Administration to come up with a “fig leaf” program, something like the Romney plan that does nothing, which it will call a health plan for all.

McDermott made the urgency of the situation crystal clear when he discussed the auto-sector bankruptcies. Every business bankruptcy today is for the purpose of breaking union contracts and stripping away workers’ benefits, especially health-care benefits, he said. The Delco (now Delphi) bankruptcy was the “canary in the mine,” he stated, and he predicted that General Motors will soon follow Delphi over the

cliff. We cannot face the American population without a universal health-care plan, he told the gathering, and HR 676 is it. Nadler also mentioned the auto industry, saying that GM tells us that it costs \$1,500 per worker, per car, and therefore it’s cheaper for them to produce in Canada. This is unacceptable, Nadler said.

Jackson-Lee said that the crux of civil rights has to be health care for everybody, when they need it, whenever they need it. In Texas, as part of the privatization of medical care, the state outsourced its Children’s Health Insurance Program (CHIPS) to a company that did not even have enough phone lines to handle parents calling in to register their children.

Rep. Diane Watson (D-Calif.) reported that more than 10 million people in the United States spent more than 20% of their income on medical care, and more than 6 million spent 33% of their income. Despite these expenditures, she said, the United States ranks 37th in the world in overall health care. Rep. Mike Honda interjected a personal note, saying that when his wife, a teacher, died, he lost his health-insurance coverage. For a lot of others in that situation, he said, it is a lot worse.

## Health Groups Speak Out

The meeting also heard from representatives of a number of activist groups, including Dr. Harvey Fernbach of Physicians for a National Health Plan, who scored the HMO (Health Maintenance Organization) industry as pack of loan sharks, pointing out that no other terms apply when 20 to 33% of every dollar for health care is skimmed off into “administrative costs” and profits.

Dr. Jaime Torres of Latinos for National Health Insurance painted a stark picture, from his practice in New York City, of the deaths that result from the criminal negligence of the current HMO/insurance company-dominated system, which will let people die if that fattens their bottom line. Torres reported that there are more than 80,000 deaths a year because of the lack of medical insurance. He recently attended the funeral of a 14-year-old girl who died because the HMO told her mother it would not cover a visit to the



EIRNS/Sharon Stevens

*“Medicare for All” is the intention behind HR 676, sponsored by Rep. John Conyers. Conyers and several other Democratic colleagues formed a new Congressional caucus to rally support for the national health insurance bill.*

emergency room, since the girl only had the flu. In fact, the girl’s illness was critical, and she died needlessly due to lack of proper care.

Torres quoted Dr. Martin Luther King, who said that of all the forms of inequality, denying health care is the most inexcusable; to make money from the illness of individuals is inhumane.

Chris Townsend, legislative director of the United Electrical Workers, gave an overview of how national unions are working for HR 676. He reported that there is a lockout going on in Philadelphia right now—in a small plant where the employer told the workers that he is tripling their premium payments, and “if you don’t like it, you’re locked out.” Conyers said he will lead a delegation to the picket line and lock-out, which has been going on for months.

## Wide Popular Support

Most of the speakers made reference to the wide support for Conyers’ plan in the population, which was evidenced by the trade union representation at the event, and the large number of demonstrations taking place around the country. There is more work to do, however, within the House Democratic Caucus. House Minority Leader Nancy Pelosi (D-Calif.), when asked if the Caucus leadership would support Conyers’ bill, said, “I’m sorry, I’m not familiar with

that bill.”

After the formal presentations, LaRouche Youth Movement members spoke with Congressmen and other attendees, making the point that the success of HR 676 will depend on a general economic revival, which depends in turn on the immediate introduction and passage of LaRouche’s emergency legislation to save the auto industry, and the removal of synarchist infiltrator Felix Rohatyn from a position of influence in the Democratic Party.

Meanwhile, demonstrations took place around the country in support of the Conyers bill.

- In Gainesville, Florida, dozens of retirees and unionists picketed in front of Blue Cross/Blue Shield of Florida, to dramatize the need for HR 676 at a demonstration called by the Alachua County Labor Party. Jenny Brown, one of the organizers of the picket, told the press that the cost of her Blue Cross coverage had increased 29% in one year, with approval to raise premiums from regulating state agencies. Gov. Jeb Bush’s Florida has the fourth-highest percentage of non-elderly uninsured in the nation (23%), topped only by his brother’s home state of Texas, which leads the nation with 27%, and New Mexico (25%) and Oklahoma (24%).

- Demonstrations at insurance companies are planned in cities in California and Washington state, and in Boston.

- In Wilmington, Delaware, 70 people, mostly members of the United Auto Workers from Newark, rallied in Rodney Square. Amos McCluney, Jr., president of the Delaware Coalition for Health Care Reform and a former union representative at Chrysler, pointed to the flood of the uninsured into emergency rooms to get basic care. These costs, he said, are then shifted to the people who are already paying for private plans.

- In Cleveland, Ohio Democrat Rep. Stephanie Tubbs-Jones, a co-sponsor of HR 676, expressed her support for a demonstration organized by Cleveland Jobs with Justice, noting that there are 1,362,000 uninsured non-elderly in Ohio alone.

- In Pittsburgh, about 100 people from labor organizations and other groups gathered outside the headquarters of insurance giant Highmark Inc., carrying signs reading “Universal Health Care—We Can’t Live Without It.” The event was sponsored by the Western Pennsylvania Coalition for Single-Payer Health Care, one of whose organizers, Ed Grystar, told the media that Highmark represents all that is wrong with the current health-care system.

Demonstrators noted that Highmark reported a surplus of \$2.8 billion in 2005. On the defensive, the company announced its surplus was within the limits considered appropriate by state insurance officials, and that it provided \$140 million to a variety of community programs.

# Chip Berlet and the Ford Zoo

by Anton Chaitkin

John Foster “Chip” Berlet, a sewer creature who has been paid throughout most of his adult life to slander American political leader Lyndon LaRouche, will speak June 23 in Colorado to a conference of a tax-exempt charity, the International Cultic Studies Association.<sup>1</sup> Berlet will exhort his audience to demonize LaRouche. He will say that LaRouche’s promotion of the political-economic policies of Franklin Roosevelt, and his attack against the Bush-Cheney Administration, “are a coded form of historic anti-Semitic conspiracy theories that appear in the infamous hoax document, the ‘Protocols of the Elders of Zion’ ”!

Over the past four years, as LaRouche has rallied the Democratic Party to return to Roosevelt’s policies and to stand up to the Cheney clique, a large portion—\$325,000—of the funds paying Berlet’s salary has come from grants by the giant Ford Foundation to Berlet’s group, Political Research Associates of Somerville, Massachusetts.

Why would the Ford Foundation pour hundreds of thousands of dollars into Chip Berlet’s activities? Berlet’s career as a low-level dirty-tricks operative against LaRouche, his sole claim to fame, stretches back to the 1970s when he worked for the narcotics trafficking magazine *High Times*. The accompanying illustration shows his May 1981, article attacking the LaRouche political movement, entitled, “They Want to Take Your Drugs Away!”

Lyndon LaRouche was a declared candidate for U.S. President in 2002, when the Ford Foundation gave Berlet’s group \$175,000. And in early 2004, when Ford gave another \$150,000, LaRouche had the highest number of contributors of any of the candidates for the Democratic nomination. Did the \$10 billion Foundation circumvent the rules barring tax-exempt entities from interfering with individual political candidacies? If so, why?

## Political Passion and Campus Recruitment

The answer seems to be supplied by the rapid growth of the LaRouche Youth Movement (LYM), taking off in the year 2000. While no one else was seriously organizing young people, and the Democratic Party as a whole was morbidly inactive against the Cheney war drive, the LaRouche move-

ment aggressively reached out to campuses to multiply a political youth force that could spur the Democratic Party into a fighting stance and an FDR revival. Young adults trained in Classical music and Renaissance science manned LaRouche literature tables, and lit up American colleges with intense, impassioned philosophical and policy debates, in classes and outside. The growth of the LYM shocked Democrats, while profoundly gratifying the labor and civil rights elements of the Party.

According to the 2002 Ford Foundation annual report, the official purpose for that year’s grant to Political Research Associates (PRA) was, “To study the college and university campus leadership and outreach programs of major national organizations and social movements and their relationship to political environments on campuses.”

By way of accounting for the two political payments from Ford, Berlet’s PRA issued an 84-page report (“Deliberate Differences—Progressive and Conservative Campus Activism in the United States”) in 2004, which makes this petulant claim:

“We saw very little evidence of national organizations physically coming to campus to recruit members. Perhaps this might be a result of college administrators’ efforts to limit such groups’ access to students. For instance, at Howard [University], our interviewees were aware that . . . supporters of Lyndon LaRouche, right-wing [sic] ideologue and political movement leader . . . had approached students on campus, only to be asked to leave by the administration.”

As is only too well known to Berlet’s financier sponsors, the LaRouche Youth Movement has in fact constituted the only live politics on the U.S. campus scene in the past several years. At Howard University in Washington, D.C., LaRouche organizers have a constant presence despite a hostile administration fed by lies from Berlet.

## Ford’s ‘Strategic Hamlets’ for the USA

Chip Berlet’s sordid career is part of the initiative of financiers, to crush out the American spirit of industrial progress and optimism associated with Franklin Roosevelt’s use of government for the general welfare, the Kennedy space program, and Martin Luther King’s civil rights leadership.

1. Formerly, the American Family Foundation.



Chip Berlet's article in High Times, May, 1981.

This project applied a strategy used in the Vietnam War, known as *strategic hamlets*, for political/psychological warfare against the United States population. In Indochina during the 1960s, villages were isolated from each other and from the outside world, subjected to political assassinations, and taught to think of themselves only locally rather than as part of a national anti-colonial resistance.

The Ford Foundation led the application of this brutal policy to the American homeland, as a direct continuation of the overseas war. McGeorge Bundy (of the Boston Anglo-philic banking families) was President John Kennedy's National Security Advisor, until Kennedy was killed while trying to pull out of Vietnam. Staying on as President Lyndon Johnson's National Security Advisor, Bundy immediately pushed through an escalation of the war, and brought in the strategic-hamlets approach. In 1967, Bundy left the government and became the Ford Foundation's chairman.

The Foundation then went to war against the people in America's cities, campuses, and political caucuses. What in Vietnam was called "strategic hamlets," might now be called "*identity politics*."

To break potential resistance to intended austerity, slave wages, service cutbacks, the demolition of factories and

farms, and a predatory neo-colonialism, you fragment the population along racial, gender, and religious lines, and inculcate new, isolating identities upon the various competing fragments. You lower the self-conception of your victims below the dignity of scientific reason, destroying the compassionate belief in mankind's technological progress.

As we shall see, Chip Berlet would emerge in the 1970s, a career practitioner of the new "political technologies" in this domestic counterinsurgency process.

As bankers slashed school budgets, the Foundation funded "local control" programs. They threw New York City neighborhoods into violent racial struggles over what remained, blacks against Puerto Ricans against whites, ghetto parents against Jewish teachers and the teachers' union. They pitted destitute welfare recipients against employed workers, to displace them for a welfare check instead of a paycheck.<sup>2</sup>

The Ford Foundation and its spinoffs in the "alternate philanthropy" movement paid for a new sexual politics. Homosexuality was promoted as a *primary identity*, to trump the self-concept of a political person passionate about mankind's betterment.

Meanwhile, Holocaust-haunted Jews were panicked away from FDR politics into the Conservative Revolution, herded by bankers' agencies such as the Anti-Defamation League and the Israeli hard-liners. Other, allied bankers' agencies built the Armageddonist Christian Right.

The Ford Foundation led the promotion of *narcotics use*, with its degraded culture and cognitive death.

This began in 1951, when the financiers running the Foundation acquired a huge bequest from car manufacturer Henry Ford and his family. With University of Chicago president Robert M. Hutchins directing the program grants, the Ford Foundation paid for a project to test-proliferate the use of LSD and mescaline, in tandem with the MK-Ultra program of Allen Dulles's Central Intelligence Agency. Hutchins later used millions from the Ford Foundation to create his Center for the Study of Democratic Institutions (CSDI) to replace the "Old Paradigm" of industrial America with the new rock/drug/sex "revolution."

Under McGeorge Bundy, the Ford Foundation sponsored the *movement to legalize narcotics*. Using the Foundation's subsidiary, the Drug Abuse Council, and myriad other channels, the Ford Foundation paid for and helped lead the National Organization for the Reform of Marijuana Laws (NORML).

The result was the intended, reeking counterculture swamp, a crippled Democratic Party, and a managed Identities Zoo with functionaries such as Chip Berlet.

2. In the late 1960s, Lyndon LaRouche directly attacked Bundy and the Ford Foundation in a groundbreaking pamphlet entitled "The New Left, Local Control, and Fascism."



EIRNS

Dennis King and Chip Berlet at the Federal Courthouse, Alexandria, Virginia, January 27, 1989, for LaRouche's sentencing.

## What Is Chip Berlet?

John Foster "Chip" Berlet's upcoming speech to the International Cultic Studies Association, is yet one more assignment in a bizarre life devoted largely to abusing Lyndon LaRouche.

Berlet was born in 1949 in New Jersey, the son of Reserve Army Lt. Col. George Numa Berlet, Jr., who reportedly worked permanently in military intelligence. The father became involved with layers of the intelligence apparatus, by combining his career as a Wall Street stock and bond executive, and his high rank within veterans organizations such as the American Legion. George named his son after John Foster Dulles, the brother of CIA Director Allen Dulles and an early supporter of Adolf Hitler.

Berlet drifted into radical causes in college, such as those favoring narcotics legalization and homosexuality.

Around 1975, when he was about 25 years old, Berlet was in Chicago, having entered a world of political intrigue as a staff member of the National Student Association (NSA).

NSA had been exposed back in 1967 as a front for the Central Intelligence Agency. By the time Chip Berlet came in, New Leftism had taken the helm at the NSA.

Chip was reportedly recruited to the NSA by David Ifshin, famous as the Association's earlier president who had gone to Hanoi in 1970 to broadcast against the U.S. war. But before he mentored Berlet into the NSA, Ifshin had undergone a miraculous change of mind, moving him into the service of the London-New York banking axis and their Cold War Social Democrats.

Chip Berlet became the NSA's chief fundraiser. Having grown up with his father's intelligence connections, Chip was the perfect intermediary to the new radical-theme foundations such as the Field Foundation, the Carnegie Foundation, and the Stern Family Fund, which funded Wall Street radical-Zoo projects in tandem with the Ford Foundation.<sup>3</sup>

NSA activists at the time have described Berlet as a "non-ideological" permanent staffer, more or less apolitical: a well-connected *apparatchik*.

Berlet's recruiter David Ifshin would go on to become general counsel to the American Israel Public Affairs Council (AIPAC), a leader of the Anti-Defamation League, and a director of the neo-conservative Committee for a Democratic Majority. Thus did

Berlet join the team which aimed, in particular, for the eradication of the Franklin Roosevelt legacy within the Democratic Party.

## The Chicago Dope War and Wall Street

While at the NSA in the late 1970s, Chip Berlet went to work as Washington bureau chief for *High Times*, the magazine financed by narcotics traffickers, for narcotics users. *High Times* shared its criminal revenues with the pro-legalization NORML, a joint project with the Ford Foundation and *Playboy* magazine.

Lyndon LaRouche's political movement launched the National Anti-Drug Coalition in 1978, a Chicago-centered counter-offensive against the drug culture and the "bankers above suspicion" laundering Dope, Inc.'s money.

By the beginning of the 1980s, LaRouche and his movement had energized an otherwise moribund labor element of the Democratic Party, while simultaneously influencing a patriotic (anti-globalist) core of the Reagan Republicans to begin moving away from the Bush-Kissinger-Wall Street elements.

On Dec. 16, 1981, Chip Berlet and a fellow writer for

3. Stern Fund executive director David Hunter had worked at Ford Foundation pioneering their ghetto counterinsurgency projects. Hunter moved his protégé, flour-heir George Pillsbury, to organize the "Alternative Philanthropy" initiative. They created the Funding Exchange and many Lesbian/Gay-theme money channels for financier paradigm-bending projects; these comprise most of the funds eventually backing Berlet's organization PRA.

*High Times*, Dennis King, held a press conference in Washington to demand that Federal agencies “investigate allegations of widespread illegal conduct by organizations tied to Lyndon H. LaRouche” and his political movement. The wild fabrications on their seven-page press release would show up almost verbatim years later, in opening statements of various prosecutorial teams assembled by the financiers sponsoring Berlet.

In 1983, Chip Berlet met with John Rees, a right-wing spy for the FBI and the Anti-Defamation League—whom Berlet has many times publicly attacked as such. Rees introduced Berlet to Richard Mellon Scaife, *über*-financier of the Conservative Revolution, and later, the sugar daddy for the assault on Bill Clinton’s Presidency. John Rees then paid Chip Berlet and Dennis King to attend one or more of a series of meetings in 1983 and 1984 in the home of Wall Street/intelligence figure John Train. There, representatives of the Anglo-American globalist faction of the National Security Council, such as Roy Godson, conferred with co-factioneers from NBC, *Readers Digest*, and other media, the Anti-Defamation League, and the drug lobby’s Chip Berlet and Dennis King, to map out a combined media and prosecutorial attack on LaRouche, who was denounced in these meetings as “financed by the KGB”!

From these meetings, Richard Mellon-Scaife arranged the financing for a book by Dennis King attacking LaRouche, (*Lyndon LaRouche and the New American Fascism*, which was given wide free distribution.

Despite intense hostility from the Wall Street media, LaRouche associates won the 1986 Illinois Democratic primary election for Lieutenant Governor and Secretary of State, promising to crack down on drug bankers. Pandemonium erupted.

By this time, Chip Berlet was working for Midwest Research Associates, a group funded by the ultra-wealthy Chicago speculator Richard Dennis, a prime sponsor of the movement to legalize narcotics through his Drug Policy Foundation. Money also came in through foundation networks of the Ford-David Hunter-George Pillsbury axis, among whose devotees was wealthy gay activist Jean Hardisty, founder of Midwest Research Associates and Berlet’s employer.<sup>4</sup>

## The Zoo Moves to Boston

The 1980s Chicago version of Chip Berlet was certainly a strange composite specimen. For three years, through 1982,

4. The Ford Foundation gave a \$100,000 grant to Richard Dennis’s personal group, the Roosevelt Center for American Policy Studies, to educate citizens on how to cope with necessary “structural changes” in the economy, i.e., austerity and post-industrialism. Richard Dennis poured hundreds of thousands into the operation of gubernatorial nominee Adlai Stevenson III, who wrecked the state Democratic Party by splitting off to a temporary third party, rather than run on the ticket with LaRouche Democrats.

he was paid by the “Better Government Association,” the bankers’ “reform” group at war against the regular Democratic Party of Chicago. The 1986 LaRouche electoral victory raised the tempo of slanders and demands for police repression. Chip Berlet and the entire John Train “salon” began acting as consultants to the U.S. Attorney in Boston, William Weld, scion of an old Boston Anglophile banking family, who was at the center of the federal “Get LaRouche Task Force.”

Chip Berlet and his “Midwest Research Associates” moved, in 1987, from Chicago to Boston, in time for the first trial of Lyndon LaRouche; they then became “Political Research Associates.”

Berlet had a unique send-off: a going-away party sponsored by the Chicago Area Friends of Albania, supporters of the ludicrously pro-Stalin, pro-Mao dictatorship of Enver Hoxha. They put out a flyer which declared, “Chip and his family are moving to the Boston area to continue his anti-fascist work. Chip was one of our founding members, and a steadfast friend of Albania through thick and thin.”

In the Boston LaRouche trial, Federal Judge Robert Keeton brought in material from LaRouche’s factional opponents within the Reagan Administration (the George H.W. Bush-Roy Godson-Oliver North vector), tending to show a vendetta was in process. A mistrial resulted. But seven days after George Bush Sr.’s 1989 inauguration, his faction finally managed to jail LaRouche, who was only released after Clinton took office.

Now, a quarter-century after Chip Berlet was hired as an anti-LaRouche operative, the Democratic party is again the scene of a climactic fight between LaRouche-led supporters of the Franklin Roosevelt legacy, and those who would surrender to bankers such as Felix Rohatyn, who have decimated U.S. industry and almost exterminated the industrial labor force.

While the Ford Foundation has jumped back into the fray with direct sponsorship of Chip Berlet, a remarkable legal process has opened up behind them.

In August 2005, Michigan Attorney General Mike Cox launched an investigation of the Ford Foundation. The financier vultures who wrecked the auto industry and made Detroit one of America’s poorest cities, also seem to have “kidnapped” the Ford Foundation, which is a Michigan-chartered entity, although its headquarters is in New York. The Foundation has betrayed the industrial heritage of the Ford family, whose wealth they took hold of, and given virtually nothing back to help the people of Michigan. Attorney General Cox is probing the Foundation’s governance, potential conflicts of interest of its officers, and its abandonment of its legal home base, Michigan. This ongoing state probe coincides with LaRouche’s fight to reverse the shutdown of the auto industry, and to overcome decades of anti-industrial brainwashing and financial piracy by the Ford Foundation and other sponsors of Chip Berlet.



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## Editorial

### *It's Cheney, or the Constitution*

Events in Congress this week further underscored what has been asserted, increasingly emphatically, by *EIR* and Lyndon LaRouche himself over the past nearly four years: as long as Vice-President Dick Cheney is in office, the U.S. Constitution is on its way to becoming a dead letter. And if the U.S. Constitution is destroyed, the same fate awaits our nation itself. We've said it before, but it must be said again: For the United States to survive as a thriving, constitutional republic, Dick Cheney has to be removed from office.

Dick Cheney, himself simply a tool of the Synarchist banking consortium which also controls "Democrats" such as Felix Rohatyn, has displayed two obvious intentions since he gained office. The first has been to project the power of the United States globally as an *empire*. As the report he commissioned as Secretary of Defense back in the early 1990s insisted, a Cheney-led United States is determined to brook no challenge, militarily or economically, and is determined to bully the world into submission.

Cheney's second intention, which is coherent with the first, is to impose a dictatorship within the United States, ripping up the separation of powers, and other safeguards of the U.S. Constitution—not to mention, the substantial commitment of that document to the general welfare of our nation, and our posterity.

The symbol for this drive for dictatorship is the "unitary executive" theory, by which the Presidency is allegedly empowered to take whatever actions it wants, regardless of any constraints or contrary decisions by the Legislative and Judiciary branches. President Bush, under Cheney's influence, has implemented this doctrine consistently, by flagrantly declaring his intention to ignore laws passed by the Congress. If a law is passed that he doesn't like—and particularly one that Cheney doesn't like, like a ban on torture—President Bush simply issues a "signing statement" which nullifies its content.

The LaRouche movement ripped the respectable facade off this Presidential practice back in January, during the fight around the confirmation of Samuel Alito to the Supreme Court, when we nailed this theory of executive power as being *Hitlerian*, as that practice was defined by

Hitler's Crown Jurist Carl Schmitt. It was most unfortunate that those in the Senate, Republicans as well as Democrats, who knew this to be true, decided to pull their punches, and let the Alito nomination go through.

In recent weeks, the uproar about the President's, and the Vice-President's, arrogant assertion of unconstitutional power has gotten louder. No less a leading figure than former Supreme Court Justice Sandra Day O'Connor is on tour giving speeches about the threat of dictatorship, through the violation of the independence of the Judiciary. Democrats in Congress, and leaders of the legal profession, are issuing blasts at the White House over the fact that the President is violating the intent of Congress, through his signing statements, or simply the ignoring of enacted laws.

And now, we have, as documented in our National section, Senator Arlen Specter, Republican Chairman of the Senate Judiciary Committee, who has issued a sharp challenge to the Vice-President's attempt to ride roughshod over his committee's Constitutional powers of oversight over the Administration's surveillance program. Specter is clearly on the mark when he says, "We press this issue in the context of repeated stances by the Administration on expansion of Article II power, frequently at the expense of Congress's Article I authority."

What we are talking about is *not* a question of abstract Constitutional law. The Vice-President, and his puppet the President, are aggressively committed to launching wars, suppressing dissent, torturing prisoners, and pushing through economic looting policies, even if they cannot get the agreement of the Congress or the Courts. This is what could be called a "dictatorship in process."

Right now, this process can still be stopped, by the mobilization of American citizens who still have the power to elect, or un-elect, their Congress, and to force their Congress to take up their Constitutional duties, including impeachment. But time is running short, and, at any moment, the Vice-President and his Synarchist circles could provoke a new crisis—war or terror—that would provide the pretext for even more rapid dictatorial repression. Defend our Constitution now—while we still have a chance!