

# EIR

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The World Economy Is in Free Fall  
Don't Permit an ICC Crime Against Africa  
Fascists, Then and Now, Stalk the FDR Legacy

**Britain's Dope, Inc.: Marker  
For Humanity's New Dark Age**



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# EIR

## From the Assistant Managing Editor

The haunting image on our cover this week of a young Peruvian girl chewing coca leaves, is the harbinger of the New Dark Age that the LaRouche political movement has been organizing against for some four decades now. Since the photo was taken, ca. 1967, the growth in size and power of Dope, Inc. has increased many-fold. Our *Feature* presents the most comprehensive look since our last report, in July 1996, at the international illegal narcotics and drug-money-laundering business, and the Anglo-Dutch financial cartel that runs it, through retainers, such as its Nazi-trained George Soros. The dollar size of Dope, Inc. today, as Dennis Small documents in his lead article, has made it a major source of liquidity for the bankrupt global financial system. There is a deadly war on between those like Soros, who are pushing to legalize drugs, and those who are determined to eliminate this scourge from the face of the Earth. As LaRouche put it: "This is Doomsday time." The outcome of the battle may well determine whether civilization survives, or not.

On the positive side, the explosion of the traffic in dope, for example, in Afghanistan, where 90% of the world's opium poppy is produced, *under the watchful protection of British and NATO troops*, is also Dope, Inc.'s Achilles' heel. The anti-drug forces are mobilizing, and have an extensive array of high-tech weapons that can be used to wipe out virtually every marijuana, coca, and poppy plant on the planet.

In Europe, at a conference of the Schiller Institute Feb. 21, Helga Zepp-LaRouche noted that only a true optimist could call for a Renaissance, as she was doing, in the face of the earth-shaking catastrophe that is overtaking us now. But, it is precisely in such moments that it becomes possible to bring about great changes. The maddening irony is that Lyndon LaRouche, on July 25, 2007, forecast exactly the meltdown of the financial system that began only three days later, and laid out the steps to be taken to avoid it. (Transcripts of the LaRouches' speeches will appear in our next issue.)

We urge you also to read Jeffrey Steinberg's "Fascists, Then and Now, Stalk the FDR Legacy" (*Economics*), to learn how the heirs of the Fascist opponents of Roosevelt, are attempting to smear his name and policies again, today.



## Cover This Week

*A hungry Peruvian girl chews coca, while the top drug pushers rake in their billions.*



Photo, EIRNS/Mark Sonnenblick; design, EIRNS/Alan Yue.

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Dennis Small introduces an *EIR* special report: The British Empire is wielding Dope, Inc., today, just as it waged its Opium War against China in the 19th Century, with an eye towards menticide. Indeed, it is the drug economy that is propping up what remains of the global financial system.
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Excerpts from a report by the Institute for Demography, Migration and Regional Development and the Development Movement, Moscow 2008. The authors are Yuri Krupnov (project leader), Ilnur Batyrshin, Andranik Derenikian, Boris Krupnov, and Serafim Melentiev.

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The International Criminal Court, created and funded by the Anglo-Dutch imperial financial cartel, wants to indict Sudan's President, to plunge the country deeper into bloody chaos. The fact that this would wreck the peace agreement that ended a 40-year civil war, is of no interest to the ICC.

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## Britain's Dope, Inc.: Marker for Humanity's New Dark Age

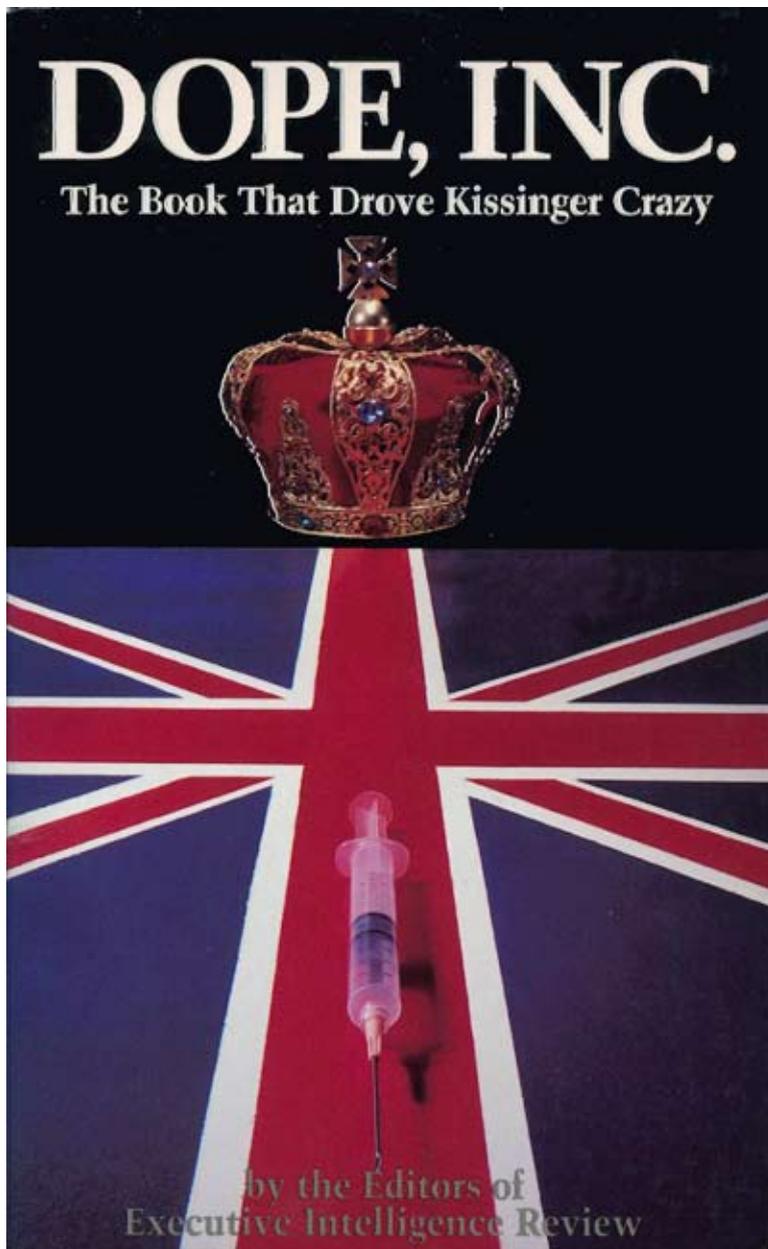
by Dennis Small

Before you start reading this report, I would like you to look closely, again, at the photograph printed on the cover of this magazine. It is a haunting picture of a young Peruvian girl, chewing coca leaves—hungry, exhausted, frightened, with no hope for the future, yet crying out to the heavens for justice. There are millions like her all around the world—from Peru and Bolivia, to Afghanistan and Nigeria, to the inner city streets and the suburbs of the United States—all victims of Dope, Inc., the international drug cartel headquartered in London, as it has been for over a century.

This young girl is the face of the New Dark Age towards which humanity is careening, should we fail to enact Lyndon LaRouche's policies to dismantle Dope, Inc., and to place the current global financial system, which created it, into bankruptcy reorganization. And if that battle is lost, then those haunting images of millions will become, literally, *billions*.

There are a number of pressing reasons why *EIR* decided to research and publish this in-depth study of Dope, Inc. *now*, in the first weeks of the new Obama Administration in Washington, nearly 13 years after our last systematic report on the subject: "Britain's Dope, Inc. Grows to a \$521 Billion Business" (*EIR*, July 26, 1996).

One reason is the fact that the global financial system is imploding under its own cancerous weight, and Dope, Inc. is moving in to take over the entire world economy. On Jan. 28, Lyndon LaRouche warned: "This is Doomsday Time. The world's available money supply is tied largely to the attempted bailout of financial institutions, and you've got a shortage of money, of any kind of credit, building up rapidly into catastrophic levels in every other area. Now, the argument is that you have to be good to the drug pushers, because they are the only ones who are supplying the loose cash



*Dope, Inc., the global drug cartel, led by the world's leading drug pusher George Soros, is now driving for its maximum program: legalization of all narcotics. Dope, Inc. (this edition published by EIR in 1992), has been an underground best seller since it first came out in 1979.*

with this situation presently, in which the world money supply is collapsing and the drug supply of money is increasing.”

A second reason is that the British drive for drug legalization is rapidly accelerating, spearheaded by the Nazi-trained mega-speculator George Soros. Soros and his legions are beating the drums for “decriminalization,” “medical marijuana,” and so-called “harm reduc-

tion strategies,” in the United States, South America, and around the world. They have placed particular focus on the upcoming special ten-year review by the United Nations Commission on Narcotic Drugs, which will meet in Vienna, Austria, March 11-20, 2009, where London’s legalizers hope to induce the world community to take steps towards legalization by discussing “medical marijuana,” by endorsing the “harm reduction” sophistry as an alternative to actually stopping drugs, and even by removing coca from the list of prohibited substances. Their basic argument is that the war on drugs simply can’t be won, so we should admit defeat and throw in the towel.

To which LaRouche responded on Jan. 19: “The only reason we have a drug problem is because governments don’t want to take it away. People say, ‘Well, you can’t solve the problem.’ What do you mean you can’t solve the problem?! We have the technological means to detect everything in fine detail, to find all of this stuff; we know how to develop methods for solving the problem. They choose not to do it! That’s the reason—it’s the *only* reason. Because you have a *system* which is doing it. You have to shut down the *system*.”

A third urgent consideration for publishing this study now, is the fact that the United States is in danger of stumbling into a blunder of strategic proportions, by sending tens of thousands of additional troops to Afghanistan to “fight the insurgency,” a fool’s errand concocted in London. “There is no hope for Afghanistan or Pakistan, so long as the drug trade is allowed to flourish,” LaRouche stated on Jan. 19. “The most direct way to shut down that trade, and establish the necessary conditions for a viable policy for South and Central Asia, is to first eliminate George Soros. Shut

down his offshore operations, remove him from any access to the American political process. Cart him off to jail. Then, come and talk to me about an appropriate strategy for bringing stability and prosperity to Afghanistan and Pakistan.

“George Soros is so pivotal to the British opium war operations,” LaRouche added, “whether in Afghanistan/Pakistan, or in Mexico and other parts of

the Western Hemisphere, that no victory is possible in either of these areas, so long as Soros is allowed to operate.”

But behind each of these considerations, there is a single underlying reality: *That the drug trade is the marker of humanity’s descent into a New Dark Age.* The British Empire is wielding Dope, Inc., today, just as it waged its Opium War against China in the 19th Century, with an eye towards menticide and the bestialization of the entire planet’s population.

That coming Dark Age can already be seen in the shocking way Afghanistan has been transformed into a giant opium- and heroin-producing machine, with production soaring 280% over the last four years—a dynamic not seen, according to one frightening UN report, since the Opium War.

It can be seen in the horrific violence which the drug gangs have unleashed in Mexico, including more than 5,000 people murdered in 2008, and countless cases of bestial beheadings and ritual torture of competing narcos and of anti-drug police chiefs and army generals alike.

It can be seen in the fact that millions of peasants in drug-producing countries, such as Afghanistan or Bolivia, have become de facto work slaves of the cartels, since the collapsing world economy provides them and their families no source of simple survival, other than the drug economy.

It can be seen in the uncharted, huge rise of global consumption of high-potency, highly addictive marijuana, including in hapless Africa—most of which is starving, and yet today produces a fifth of the planet’s marijuana.

And it can be seen, again, in the face of our young Peruvian girl.

### Dope, Inc. in the 21st Century

The widely cited United Nations Office on Drugs and Crime (UNODC) asserted in its 2008 *World Drug Report* that there has been “long-term stabilization” in drug markets, and that “there is every indication that all four drug markets [opiates; marijuana; cocaine; and ATS (Amphetamine-Type Stimulants)] have been contained over the long term.”

Alas, would that it were so.

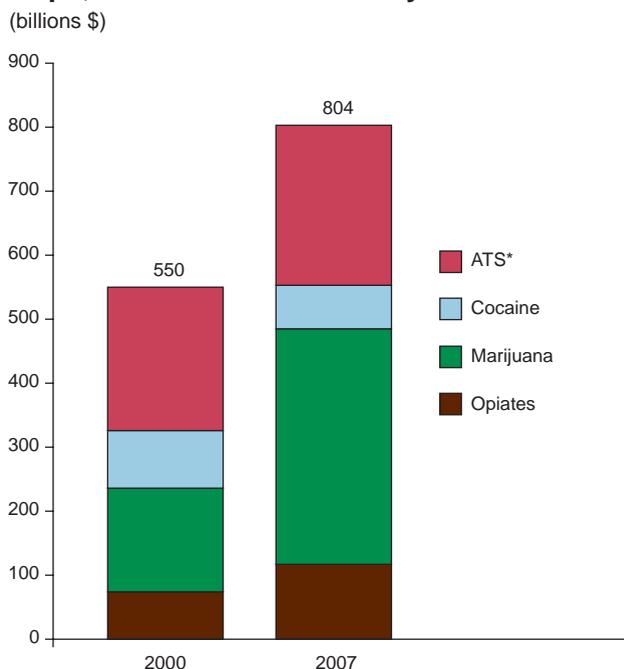
TABLE 1  
**Growth of Potential Sales, 2000-2007**

	Quantity	Value
Opiates	21%	59%
Marijuana	83%	128%
Cocaine	66%	-25%
ATS*	0%	12%
TOTAL	43%	46%

\* amphetamine-type stimulants

Sources: INCSR; UNODC; NDIC; ONDCP; Interpol; European Monitoring Centre for Drugs and Drug Addiction; EIR.

FIGURE 1  
**Dope, Inc. in the 21st Century**



\* Amphetamine-type stimulants

Sources: INCSR; UNODC; NDIC; ONDCP; Interpol; European Monitoring Centre for Drugs and Drug Addiction; EIR.

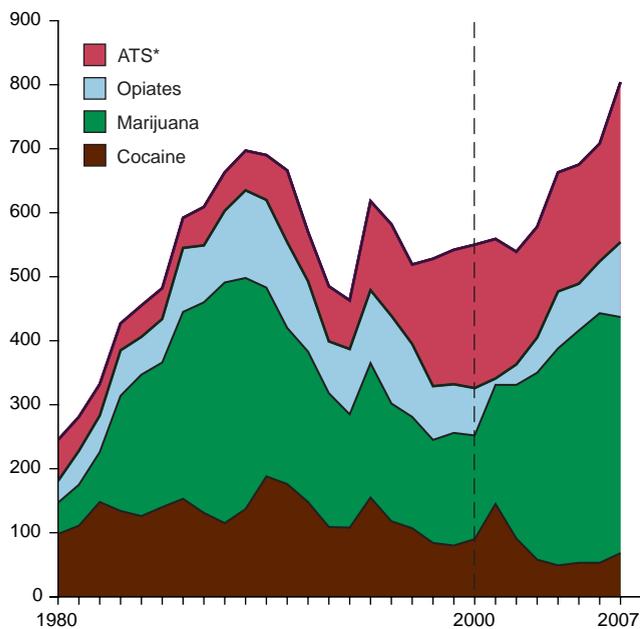
A systematic review of the published literature—including the UNODC reports as well as numerous official U.S. sources—cross-checked with law enforcement and other experts in the field, in the United States and other nations, shows that between 2000 and 2007, the international drug trade has grown in tonnage of production available for sale by about 43%, with marijuana leading the way (see **Table 1**). The total street value of those drugs—i.e., Dope, Inc.’s potential annual “take”—rose from about \$550 billion in 2000, to over \$800 billion in 2007, according to *EIR*’s conservative estimate (**Figure 1**). In fact, it is quite possible that the actual total is closer to \$1 trillion.

Qualified American intelligence professionals concur: They tell *EIR* that the figure for world drug sales most often bandied about by international agencies, \$320 billion, proba-

FIGURE 2

## Value of Potential World Drug Sales

(billions \$)



\* Amphetamine-type stimulants

Sources: INCSR; UNODC; NDIC; ONDCP; Interpol; European Monitoring Centre for Drugs and Drug Addiction; EIR.

bly underestimates the problem *by a factor of three*.

That same process is reflected in the statistics of prevalence of drug use which the UNODC itself, and others, report. Although the accuracy of these statistics, like all consumption-based analysis of the drug trade, is highly questionable (see “Methodology” box, p.19), they nonetheless are indicative of the trend. At the turn of the century, the annual prevalence of drug use across all categories was reportedly some 180 million people. By 2007-08, that number had risen to about 210 million—a 17% rise, or 30 million new drug users.

Thirty million!

And this only purports to measure the total number of regular users, not the quantities that they consumed.

In part, the increased physical production of drugs may not be translating entirely into increased consumption. There are indications that some narcotics, especially heroin, are being “commoditized” and used in barter arrangements for the purchase of weapons for terrorists and others, gold, and even other speculative commodities.

As can be seen in **Figure 2**, the 21st-Century growth in potential drug sales occurred in all the major categories of drugs except cocaine, and it came after a period of relative stagnation in the late 1990s. But already, in our 1996 study, we had warned against being misled by this apparent subsidence: “It would be a serious mistake to conclude from this that the drug problem is somehow levelling off. Rather, what is going on is a period of relative consolidation, preparatory to a new take-off stage in production, consumption, and the value of total sales. In other words, what we are seeing is a classic ‘S-shaped’ function, whose stage of relatively slower growth has already ended, as the curve accelerates back upwards.”

We were right—unfortunately.

In part, this is a result of a deliberate—and successful—marketing strategy employed by Dope, Inc., taken straight from the pages of a Harvard Business School manual: slash prices of your “product” in order to increase the volume of purchases by an even greater proportion. How well this worked for heroin, cocaine, and marijuana can be seen in **Figures 3, 4 and 5**, respectively, which cover the period 1980-2007. Heroin prices were cut by a factor of 5.5 over that period, while the quantity produced increased 17-fold. In the case of cocaine, prices were cut by a factor of 5.1, while production rose 5.5-fold. And for marijuana, when prices are adjusted to take into consideration the rapidly rising THC content of street sales, a similar process is evident from 1990 forward.

The idea that drug prices are somehow set by “market supply and demand” is utterly ludicrous. Dope, Inc. is a cartel, which establishes “fiat prices,” in the words of one U.S. intelligence specialist consulted by EIR. This also points to the idiocy of the argument that drug legalization will get rid of the nasty criminals, supposedly because lower prices will make drug trafficking “less profitable.” Lowering prices is exactly what Dope, Inc. itself has been doing for decades, with a resulting vast expansion of its market—and profits!

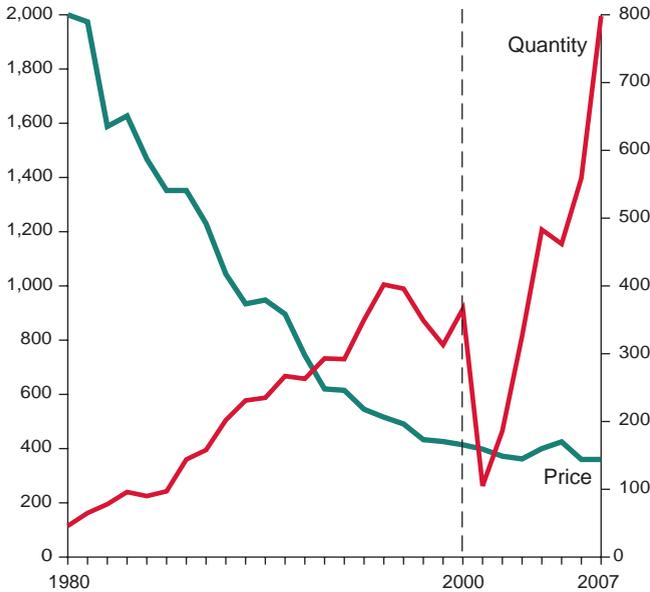
You can almost hear George Soros sneering: “You’re threatening to lower drug prices by legalizing? Make my day!”

None of this need have happened. Lyndon LaRouche laid out the strategy for conducting a successful war on drugs as far back as his 1985 15-point plan, and he has reiterated and refined it over the years. Most recently, he has urged that high-technology measures be adopted,

FIGURE 3

**Heroin: Price vs. Quantity**

(\$/pure gram in U.S.; tons)

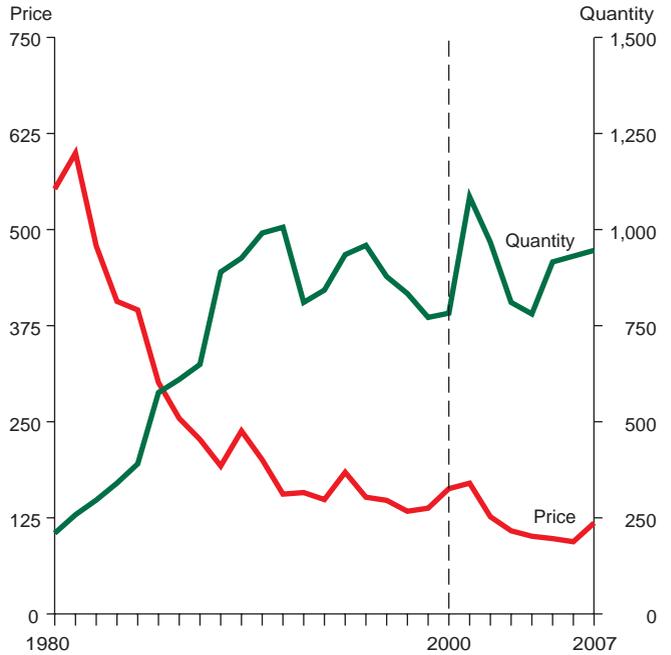


Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

FIGURE 4

**Cocaine: Price vs. Quantity**

(\$ per pure gram in U.S.A.; tons)

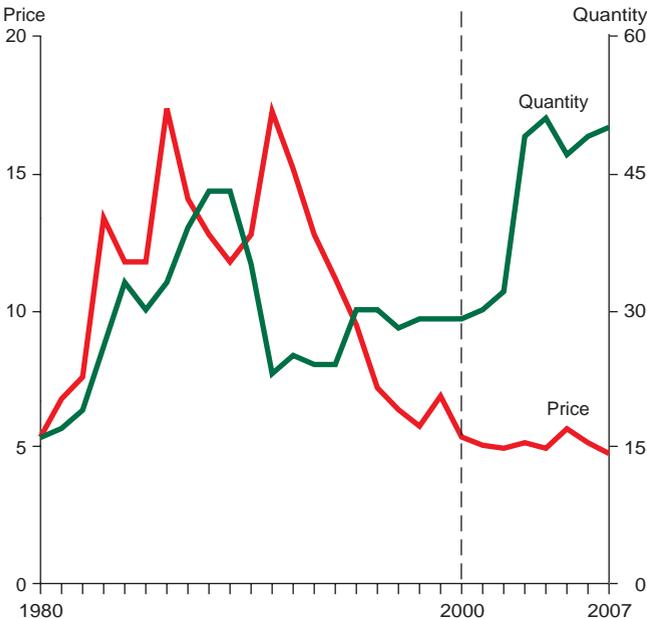


Sources: INCSR; UNODC; NDIC; ONDCP; European Monitoring Centre for Drugs and Drug Addiction; EIR.

FIGURE 5

**Marijuana: Price vs. Quantity**

(\$ per gram 5% TCH in U.S.A.; thousands tons)



Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

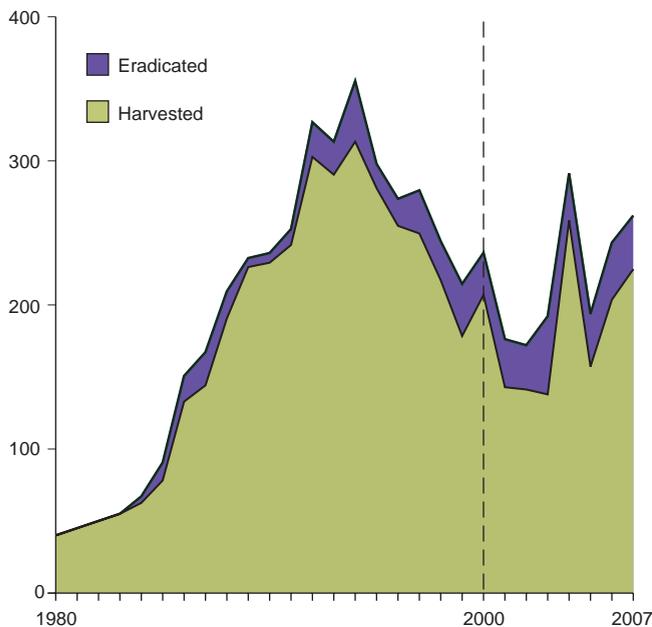
with a minimum of lethal force, to identify, eradicate, and seize the physical drugs and their required precursor chemicals, and especially, that drug money laundering be brought to a grinding halt as part of a global bankruptcy reorganization of the world financial system. This must be done, LaRouche has insisted, with cooperative agreements among nations which fully respect the national sovereignty of the affected states, and by placing special emphasis on great economic development projects to help free the millions of captive producers and consumers from their enslavement to *Dope, Inc.*—much as the Allied armies liberated the world from the grip of Fascism during World War II.

“Destroy the bastards! Shut them down. There’s no reason to put up with this crap. Civilization is at stake,” LaRouche stated bluntly Jan. 28.

**Opiates: Where in the World Is All the Heroin Going?**

Opium and heroin production today is completely out of control. This fact may not be immediately apparent, if you look only at the trend of the area under poppy

FIGURE 6  
**Opium: Area Cultivated vs. Harvested**  
 (thousands hectares)



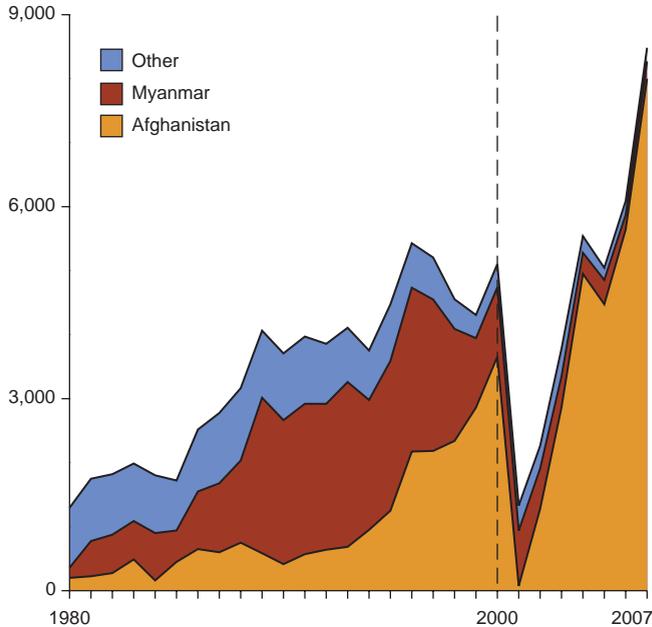
Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

cultivation internationally (**Figure 6**). From 2000 to the present, there were yearly ups and downs, but the total area cultivated rose only slightly. About 14% of that was eradicated in 2007, leaving about 225,000 hectares harvested—well below the peak of 313,000 hectares in 1993.

But there is something else going on. In the late 1990s, Myanmar, which had historically been the world’s leading opium producer, cracked down and reduced production by almost 90%, from a high of 2,575 tons in 1993, down to 270 tons in 2007. Dope, Inc. did not look kindly on what Myanmar had done, but quickly shifted its base of opium production to Afghanistan—where the per hectare poppy yields are *three times greater* than in Myanmar (48.5 kg/ha vs. 15 kg/ha), because of the variety of poppy plant used, better irrigation, and so on. This explains the phenomenon of a relatively constant total world area under poppy cultivation, at the same time that world production has been skyrocketing.

The results can be seen in **Figure 7**. No lasting significance should be ascribed to the visibly dramatic plunge in Afghan production in 2001, when the ortho-

FIGURE 7  
**Opium Production, World Total**  
 (tons)



Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

dox Islamist “old” Taliban decided to crack down heavily on drugs, bringing production down to a mere 74 tons in that one year. Some experts say that this was merely a supply-control decision made by Dope, Inc., to use up a significant portion of the stockpiles of heroin which had been accumulating. In any event, production zoomed in subsequent years, under the watchful and approving eye of British and allied NATO troops deployed in the country. In 2003, Afghanistan produced 2,865 tons of opium, an amount that rose 280% to 8,000 tons over the next four years. The country’s share of world production leapt from 75% to 94% in the same period.

The vast majority of Afghan opium is converted into heroin and morphine, in labs both inside Afghanistan and in neighboring Pakistan. In this stage of the process, too, Afghanistan has become something of an opiate superpower, because the efficiency of conversion of opium into heroin—which has historically been calculated at a ratio of 10:1, for all countries—improved significantly in Afghanistan, beginning in 2002, where it now takes only 8.5 kg of opium to produce 1 kg of pure heroin, a 15% increase in efficiency.

FIGURE 8  
**Opiate Trafficking Routes**



Source: DEA, EIR.

The opium boom of the last five years has meant that supply now far outstrips demand from consumption. According to the UNODC's 2008 *World Drug Report*, "vast amounts of opium, heroin and morphine (thousands of tons) have been withheld from the market." The report correctly notes, "These stockpiles are a time bomb for public health and global security." Further, the report states that nobody knows where the stockpiles are, except that they are not in the hands of the poppy farmers. We have to "find the missing opium," the UNODC says urgently. "As a priority, intelligence services need to examine who holds this surplus, where it may go, and for what purposes."

The UNODC could start by calling in George Soros for questioning.

Part of the answer may lie in the commoditization of heroin we mentioned above. Another significant factor is the vast increase in heroin use in nations along the overland trafficking routes from Afghanistan to Europe, especially Iran and Russia, which are known to be especially hard hit by skyrocketing addiction rates.

In 2008, according to the UNODC, Afghan opium production fell slightly to 7,700 tons, in part due to a drought in the north of the country. But opium cultiva-

tion in the British-controlled Helmand Province in the south grew from 102,800 hectares in 2007 to 103,600 in 2008. The vast majority of the world's opium comes from Afghanistan, and the vast majority of that is grown in Helmand Province; in 2007, Helmand's opium was 53% of the national total, but in 2008 it skyrocketed to two-thirds of the total. Between 2002 and 2008, cultivation in Helmand Province more than tripled.

The northern provinces may be shifting out of opium, but they are shifting *into* marijuana. Marijuana production has risen dramatically in Afghanistan, to the point that today the hectares cultivated are one-third the total dedicated to opium. Furthermore, the UNODC notes, "This is happening in some of the provinces that are opium free (for example in the north)," and marijuana cultivation actually "generates even greater *net* income (because of opium's high labor costs)."

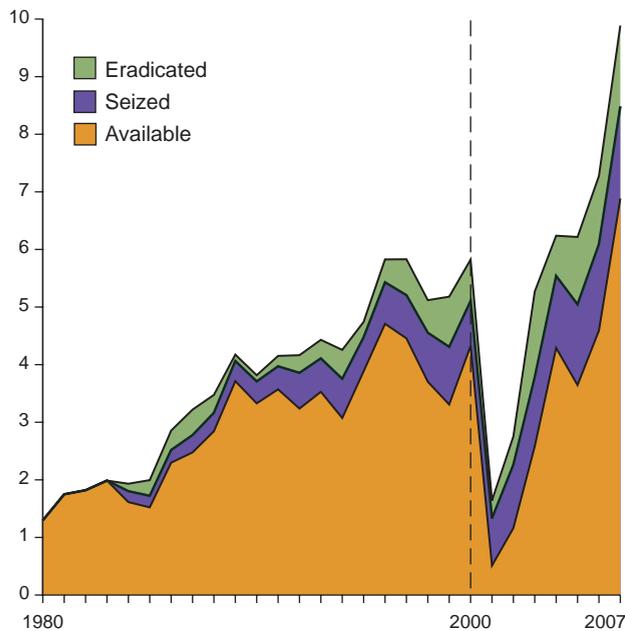
Afghanistan may be the epicenter of the heroin holocaust, but it is not the world's only producer of opiates. There are three distinct production regions, which supply three distinct markets (**Figure 8**).

1) **Mexico and Colombia:** Their entire opium crop is converted into heroin, and most of it is shipped to the United States, where it supplies about 95% of the U.S.

FIGURE 9

## Opium Without Anti-Drug Measures

(thousands tons)



Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

market; Afghanistan provides only 3% of the total consumed in the United States. The Mexican share has increasingly taken over from the Colombians, including in the east coast urban market which had long been Colombian turf. Mexican heroin production increased 105% from 1999 (8.8 tons) to 2007 (18 tons), while Colombian production decreased 47% in that same period, going from 8.7 to 4.6 tons.

2) **South East Asia:** Myanmar remains the largest producer in the region, and supplies the area, notably China and Australia.

3) **South West Asia,** i.e., Afghanistan, which supplies the “traditional” European market, and the newer and rapidly growing addict populations of Russia, Iran, and other victim countries along the trafficking routes. The growing preponderance of the south of Afghanistan in national opium production, has meant a corresponding shift in routes. Most opiates are now trafficked from southern Afghanistan via the Balkan routes into Europe, with the northern Silk Route declining in relative terms.

For example, the UNODC estimates that 53% of all

opiates left Afghanistan via Iran, 33% via Pakistan, and 14% via Central Asia (mainly Tajikistan). If only heroin and morphine are considered, 51% exited via Pakistan, 30% via Iran, and 20% via Central Asia (Figure 8).

Intelligence sources consulted by *EIR* have also emphasized the growing importance of a sea route, where heroin is transported by land to Pakistani ports on the Arabian Sea, shipped to Dubai in the United Arab Emirates, and from there on to Europe.

How much of its opiate line of “products” does Dope, Inc. lose along the way? Only a small percentage of the opium crop is eradicated, as noted above. The key precursor chemical for producing heroin—acetic anhydride—is not produced at all in Afghanistan, but is smuggled in principally from China, India, and Germany, through neighboring countries. Seizures of acetic anhydride almost never occur.

As for seizures of the opiate drugs themselves, the global rate rose from 13% in 1996, to 23% in 2006. For opium, Iran seized 81% of the total world seizures; for heroin, Iran seized 19% of the total, followed by Turkey (18%), and China (10%).

The net result of both eradication and seizures can be seen in **Figure 9**. As unimpressive as the results have been, the fact is that, instead of the 6,900 tons of opiates that were available for sale in 2007, there would have been nearly 10,000 tons, had it not been for the half-hearted anti-drug efforts undertaken.

Imagine what the world could do if we decided to get serious.

## Marijuana: No One Even Knows How Much Is Grown

Marijuana is the most widespread narcotic drug trafficked by Dope, Inc., and is well established as its entry-level product line for expanding the cartel’s deadly grip on captive producing and consuming populations. For example, in the United States, marijuana has by far the highest abuse rate of any drug—five times that of cocaine.

There were about 520,000 hectares under cannabis cultivation in 2006, according to the UNODC—or perhaps it was actually three times that amount. As the UNODC itself admitted in its 2008 *World Drug Report*, it is “difficult, for most countries, to introduce scientifically reliable crop monitoring systems” for marijuana, since there are lots of small plots, hidden indoor hydroponic cultivation, and so on. “If all cannabis growing

wild was included in the area estimates, the global surface covered by cannabis could be two to three times larger.”

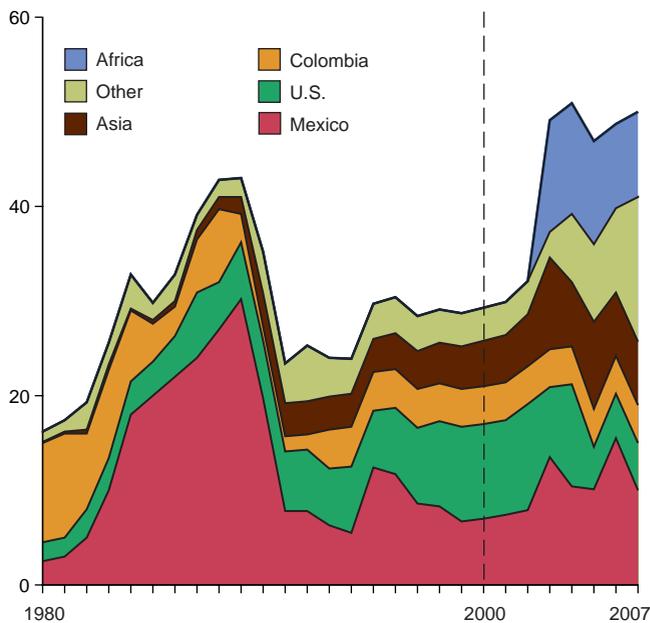
Yield estimates also vary widely, from 5 kg/ha (wild cannabis) to 40,000 kg/ha for hydroponic cultivation. So the total cannabis produced worldwide in 2007 may have been about 50,000 tons (as we estimate in **Figure 10**), or it could well have been double that amount! For example, in the United States, arguably the world’s largest consumer and producer of marijuana, no one really has the faintest idea of how much is produced or imported into the country. As the Department of Justice’s 2008 National Drug Threat Assessment (NDTA) stated frankly: “No reliable estimates are available regarding the amount of domestically cultivated or processed marijuana. The amount of marijuana available—including marijuana produced both domestically and internationally—in the U.S. is unknown.”

As for the number of consumers, the UNODC puts the figure at 166 million worldwide, but that also is more of a guess than anything else, since it derives its consumption estimates from “expert perceptions reported by States Members”—whoever they are, and whatever that means. Furthermore, these consumption-based estimates give wildly different numbers than most production-based estimates, which led the UNODC to admit in its 2004 report: “It should be noted that the current production estimates do not tally with consumption estimates for individual countries. Supply-side estimates for the U.S.A., for instance, see a cannabis herb market (including exports) of close to 18,000 tons for 2001-02. Consumption based estimates see a cannabis herb market of around 1,000 tons for the U.S.A. Thus far, this discrepancy [an 18-fold “discrepancy”!-ed.] has not been resolved.”

Some intelligence professionals consulted by *EIR* have simply thrown up their hands, arguing that U.S. marijuana production is “intrinsically unmeasurable,” since so much of it is grown: a) indoors in high-tech hydroponic environments; b) on public lands and parks, under double-canopied forests which make it largely undetectable from the air, even if U.S. intelligence services were allowed to engage in satellite imaging of the U.S. (as they do of other countries), which they are not, since it is prohibited by law; and c) in individual plots cultivated by millions of aging Baby-Boomer consumers.

Official estimates of the extent of domestic cultivation in the U.S. thus vary by more than a factor of six.

FIGURE 10  
**Marijuana Production, World Total**  
(thousands tons)



Sources: INCSR; UNODC; NDIC; ONDCP; *EIR*.

What is known, is that worldwide production and consumption of marijuana is rising rapidly, and that the THC content in the United States is double what it was a decade ago (**Figure 11**), producing a highly addictive effect on the consumer. In part, the zooming potency is due to the shift from outdoor to indoor cultivation, since “controlled growing conditions generally yield higher-potency marijuana,” according to the 2008 NDTA. “Additionally, indoor cannabis cultivators are able to cultivate year-round with four to six harvests a year,” they note, “compared to one or two harvests a year typical of outdoor cultivation.”

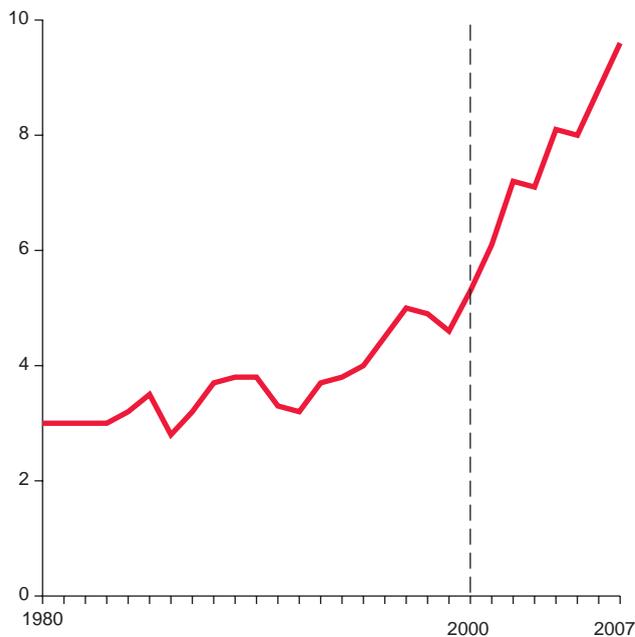
Indoor cultivation occurs mainly in California, Oregon, and Washington state, “largely because of the exploitation of medical marijuana laws in some states,” the NDTA notes. The case of Mendocino County, California, was recently made notorious by a CNBC documentary appropriately titled *Marijuana, Inc.*

What is also known, is that there has been a huge explosion of production, consumption, and trafficking of cannabis in Africa. According to UNODC statistics, Africa today produces about 10,000 out of the 50,000 tons produced worldwide. The UNODC didn’t even

FIGURE 11

### Marijuana Potency in the U.S.A.

(% THC)



Sources: NDIC; *EIR*.

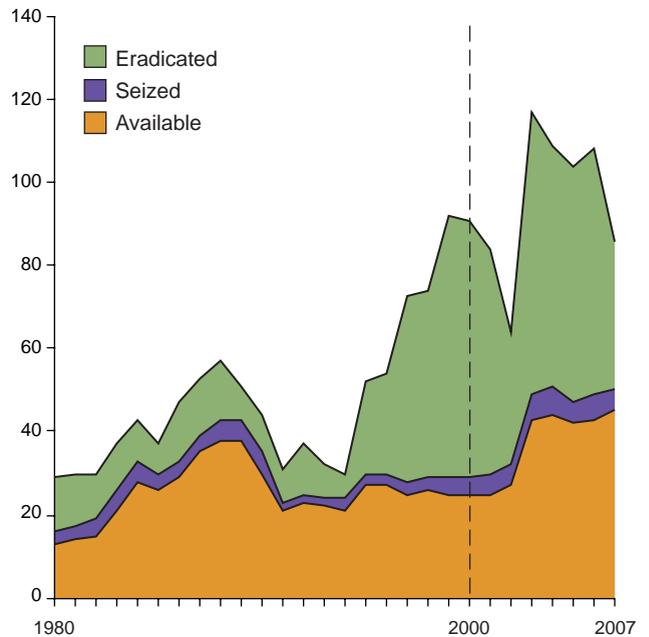
start reporting African production regularly until 2003, nor are there statistics available from other sources for earlier years. This accounts for the anomalous Africa “bump” in Figure 10, although the reality of the matter is that substantial African marijuana cultivation was surely going on prior to 2003, albeit under the radar of most international agencies. South Africa, Nigeria, and Lesotho are among the continent’s major producers, but almost every country produces for its own consumption, especially by the poor, who use it to be able to work longer and harder—much as occurs with coca leaves among South America’s Andean peasants.

We also know that cannabis cultivation in Afghanistan has risen dramatically in the last few years. In 2007, the UNODC reports, “the area under cannabis cultivation in Afghanistan was equivalent to over a third of the area under opium poppy cultivation. If production truly takes hold in Afghanistan there could be a rebound in consumption in West and Central Europe and an expansion in Eastern Europe.” Much of the Afghan marijuana may be being converted into hashish, whose largest producer is currently Morocco.

FIGURE 12

### Marijuana Without Anti-Drug Measures

(thousands tons)



Sources: INCSR; UNODC; NDIC; ONDCP; *EIR*.

It is also known that Mexico is the world’s leading eradicator of marijuana; Mexican authorities reported that in 2006, they wiped out about 75%, or 31,000 out of a total of 40,000 hectares cultivated—although the State Department’s INCSR thinks that the remaining amount available is higher than the Mexicans report. Very little marijuana is seized in the distribution chain, as can be seen in **Figure 12**. The combined impact of eradication and seizures in 2007 meant that the tons available for sale were cut in half, down to “only” 45,000 tons.

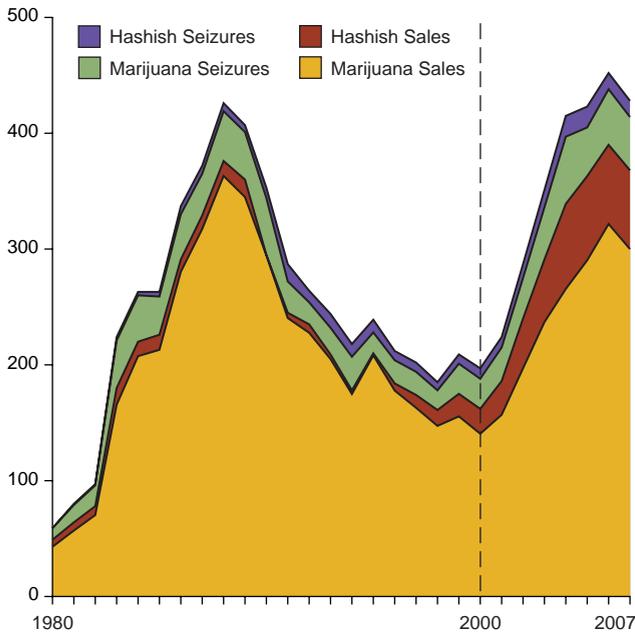
The net result is that cannabis (marijuana and hashish) has become the single largest component of the value of all potential drug sales, accounting for some \$368 billion in potential sales in 2007 (**Figure 13**).

In 2006, the UNODC issued an alarming special study of marijuana as part of its annual report, headlined: “Cannabis: Why we should care.” In it, the UNODC warns: “Cannabis has been allowed to fall into a grey area. Technically illegal but widely de-prioritized, the drug has grown in popularity at a rate outpacing all others. A global blind spot has developed

FIGURE 13

### Marijuana and Hashish: Value of Production vs. Sales

(billions \$)

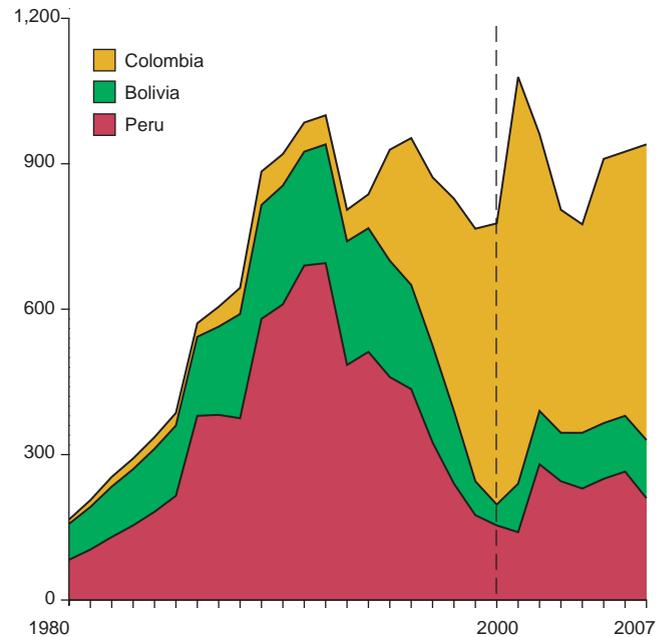


Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

FIGURE 14

### Cocaine Production, World Total

(tons)



Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

around cannabis, and in this murk the plant itself has been transformed into something far more potent than in the past.”

This brings into clear focus the sheer criminality of the Soros-led drive for “medical marijuana.” Soros et al. are pushing it with a precise understanding that it is a foot-in-the-door for the unfettered expansion of Dope, Inc., and the drugging of virtually the entire planet’s population.

### Cocaine: Eradication Works ... If You Do It

Of the four major drug groups, cocaine is the only one which has remained pretty much flat from 1990 to the present, both in terms of area harvested as well as amount produced—although there has been an internal shift among the world’s three producers, with Colombia taking over first place from Peru in the late 1990s. In the case of opium, total production (before seizures) increased by 122% between 1990 and 2007, from 3,816 to 8,484 tons. Marijuana likewise more than doubled in the same period. But cocaine production was 920 tons in 1990, and 940 tons in 2007—albeit with yearly ups

and downs in between (Figure 14).

The reason? Eradication of over half of all coca plantations, principally in Colombia. If there had been no coca eradication, all 471,000 hectares cultivated would have been harvested, as opposed to the 233,000 that was the case in 2007 (Figure 15). Production would have been 1,903 tons, more than double the 940 tons that actually were produced. And the curve of rising cocaine production from 1995–2007 would have looked like a close copy of the curves for opium and marijuana production.

Achieving this success—partial though it may be—has come as the result of a decades-long political and military battle, both in the Andean region and in the United States. Drug legalizers and environmentalists have screamed bloody murder at aerial spraying of the (totally safe) herbicide glyphosate; Wall Street brazenly rallied to the defense of the Colombian narco-terrorist FARC cartel, as enshrined in the infamous *Grasso Abrazo* photograph of June 1999; and countless patriotic Colombian soldiers, policemen, judges, politicians and even Presidential candidates gave their lives to stop Dope, Inc.



ANCOL/Fernando Ruiz

In June 1999, as the government of Colombia was successfully eradicating hundreds of thousands of hectares of coca, Wall Street, in the person of Richard Grasso (shown here in the infamous “Grasso Abrazo” embrace of narcoterrorist Raúl Reyes), came to the FARC cartel’s rescue.

But eradication alone is hardly sufficient. To be successful, crop eradication must be deployed as part of a total anti-drug strategy. Especially under today’s circumstances, you cannot simply wipe out the coca or poppy crop in a country and walk away, when the livelihood of millions depends on it, as with the captive populations of Afghanistan or Bolivia today. Those populations first have to be freed from their slavery to Dope, Inc.’s drug lords, and won over through a policy of serious economic development of their nations. At the same time, the drug-processing laboratories, and the drug-trafficking routes, and the international drug-money laundering financial interests especially, must be put out of business. As LaRouche has repeatedly stressed, this should be done with an emphasis on high-technology capabilities, employing only a minimum of lethal force, as needed to get the job done.

The cocaine case also raises another fundamental question that goes to the heart of the nature of Dope, Inc.

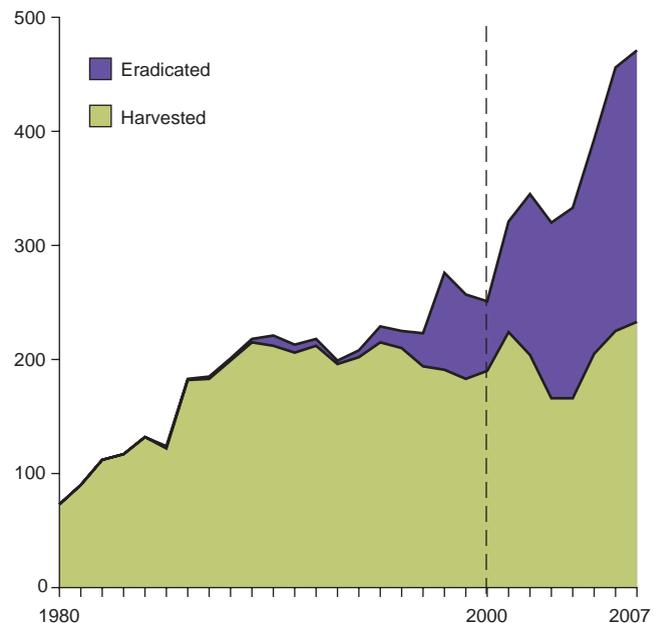
There are two possible interpretations of the picture presented in **Figure 15**. The first argues that there is an existing market demand for cocaine, and over the years the narco-traffickers cultivated enough coca to keep final production, after eradication, at the level needed to

meet that market demand. This is the standard, “free market” axiomatics to which the legalizers and others always revert.

The second view is that demand for drugs is not a “market” phenomenon, but is created by Dope, Inc., in the same way that the British created a “market” for their opium in China in the 19th Century—by shoving it down peoples’ throats, with war if need be. This view argues that Dope, Inc. always tries to figure out a way to sell as much cocaine as could be produced without eradication, as it has with all drugs.

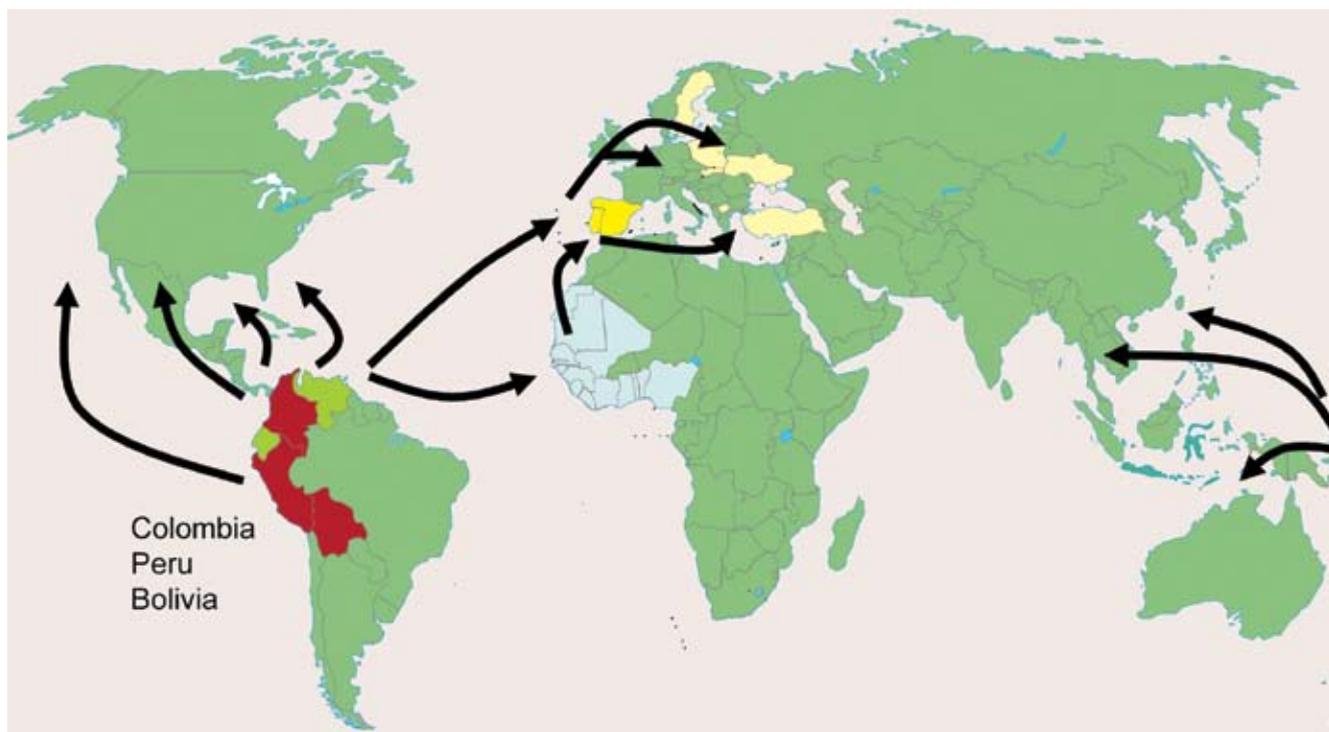
This second view is, of course, correct—for reasons we explain more fully in the “Methodology” box. Dope, Inc. is a drug cartel run by the world’s most powerful financial interests intent on bringing on a New Dark Age, not a market

FIGURE 15  
**Coca: Area Cultivated vs. Harvested**  
(thousands hectares)



Sources: INCSR; UNODC; NDIC; ONDCP; EIR.

FIGURE 16  
Cocaine Trafficking Routes



Source: DEA, EIR.

competitor with a product line to sell wherever it finds “effective demand.”

All of the world’s coca and cocaine is produced in Bolivia, Peru, and Colombia, and the United States is the world’s leading consumer market. A full 90% of the amount entering the United States now goes through Mexico (**Figure 16**). The 2009 National Drug Threat Assessment issued by the Department of Justice specifies that 69% goes through what they call the “Eastern Pacific Vector,” travelling up to Mexico’s Pacific coast by “go-fast” boats and fishing boats. The cartels are also increasingly using “Self-Propelled Semisubmersible-Low Profile Vessels (SPSS-LPV)” —i.e., mini submarines—on this route. An additional 21% is sent via the “Western Caribbean Vector,” again with “go-fast” boats and private airplanes.

The second major market is Europe, where “cocaine use and cocaine-related problems have increased markedly since the mid-1990s,” according to the European Monitoring Centre for Drugs and Drug Addiction, an EU body set up in 1993. It expresses special concern that, although the UNODC reports stable cocaine pro-

duction for the last decade, “in Europe, overall cocaine seizures have tripled during this period,” rising from 8% of the world total in 2000, to 14% in 2005, and 17% in 2006. This indicates that use in Europe has increased while prices have declined. The UNODC freely admits that “there is a lack of information on how much cocaine European markets may be consuming.”

The European Monitoring Centre identifies three main smuggling routes from South America:

- 1) The Northern route, from South America to Europe via the Caribbean, which brings in an estimated 40% of European cocaine, using “rapid and difficult to detect ‘go-fast’ boats, but also pleasure boats, cargo freighters and container ships. Aircraft are also used for dropping cocaine bundles in international waters to awaiting pick-up vessels.”

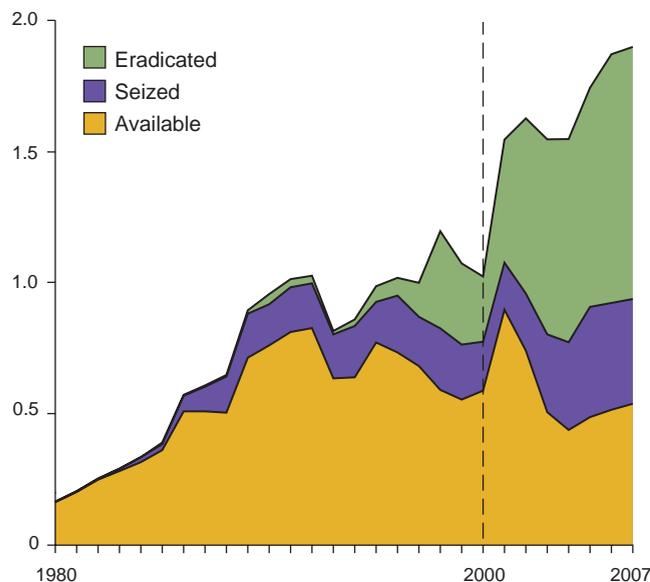
- 2) The Central route, from South America to the Iberian Peninsula, with possible transits in Cape Verde, the Azores, or the Canary Islands.

- 3) The African route, to West Africa by large cargo ships or by fishing boats. The drugs are then taken to the west coast of the Iberian Peninsula.

FIGURE 17

## Cocaine Without Anti-Drug Measures

(thousands tons)



Sources: INCSR; UNODC; NDIC; ONDCP; European Monitoring Centre for Drugs and Drug Addiction; *EIR*.

With these trafficking patterns, not surprisingly Spain and Portugal are the two main ports of entry for cocaine in Europe. The UNODC reported in 2007 that new trends include consumer markets in central and eastern Europe, and the “incorporation of cocaine into the range of products offered by traditional heroin trafficking groups operating along the Balkan route.”

Worldwide, a significant and rising amount of cocaine is being intercepted en route: In 2007 it was some 400 out of the 940 tons produced, or 42% of the total (**Figure 17**)—a substantially higher rate than for either opiates or marijuana. South America’s share of global seizures has been increasing, from 31% in 1996 to 45% in 2006. The bulk of these seizures (181 tons) was carried out by Colombia.

Taken together, eradication of coca and seizures of cocaine knocked out nearly 75% of the drug in 2007—which is good, but not nearly good enough. It is *EIR*’s contention, based on a review of the historical evidence and consultation with experts in the field, that a serious war on drugs, employing high-technology detection and combat capabilities, could lead to the eradication of about 90% of each of the major drug crops—poppy, cannabis, and coca—and seizure of some 75% of the

remaining 10% that is produced. That would leave only 2-3% of the initial total that gets through.

The third leg of the stool, along with eradication and seizures, is to completely shut down the laundering of drug money—the most crucial step of all, and one which has to be carried out as a concerted, international campaign. As we said in our 1996 study: “The drug trade has to be fought simultaneously, in a coordinated fashion, on a global scale. Since Dope, Inc. is a multinational enterprise with operations in dozens of nations, it does little good to shut it down in one country only: It will simply move its operations to a more favorable environment.”

### ATS: A Quarter Trillion Dollar Business

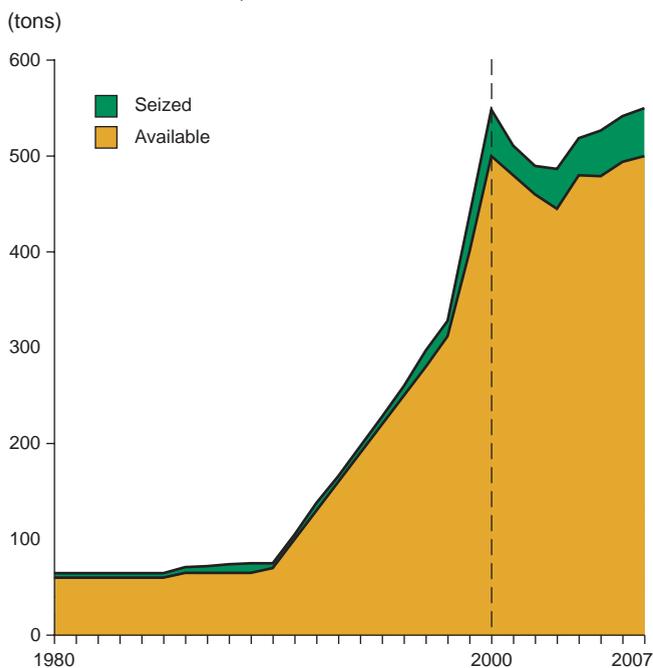
Unlike the other three main drug groups, where one can physically measure crops and yields as a starting point for estimating total production and availability, Amphetamine-Type Stimulants, or ATS, can only be estimated indirectly, based on seizures of drugs and precursor chemicals, consumption studies, and so on. With that caveat, the available statistics indicate that total tonnage produced increased dramatically over the course of the 1990s, and has then grown more slowly from 2000 to 2007 (**Figure 18**). Today, some 550 tons of ATS are produced, of which a mere 10% is seized, bringing the total available to about 500 tons per year. The estimated total street value of those ATS is a cool quarter-trillion dollars.

The ATS category of drugs has two major groups: 1) the amphetamine group (which includes both methamphetamines and amphetamines); and 2) the ecstasy group (which includes MDMA, MDA, etc.). In 2007, out of a total 496 tons available, methamphetamines accounted for 267 tons (54%), amphetamines were 126 tons (25%), and ecstasy was 103 tons (21%). Judging by the pattern of seizures, methamphetamines are the dominant ATS drug in the U.S. market; amphetamines predominate in Europe and the Near East; and South East Asia has a large and growing methamphetamine problem.

As for ecstasy, Europe’s role as the main manufacturer is declining. In July 2008, the Drug Enforcement Administration reported that “Asian Organized Crime groups play an important role in the global MDMA trade.” Overall, the DEA reported, “synthetic drugs are the primary threat in South East Asia.” And consumption of ATS in Africa and South West Asia is also on the rise.

FIGURE 18

## ATS\* Production, World Total



\* Amphetamine-type stimulants

Sources: INCSR; UNODC; NDIC; ONDCP; Interpol; EIR.

In the United States, methamphetamines are the major ATS problem. In 2006, the 6,832 U.S. laboratories busted accounted for 88% of all dismantled methamphetamine laboratories worldwide. In the last few years, U.S. domestic manufacture of meth has been declining, but it has been more than offset by a shift of manufacturing to Mexico and Canada, with the product then smuggled into the United States. The DEA estimates that 65% of the meth available in the U.S. is produced in Mexico, with precursor chemicals coming into Mexico through Central America.

The NDTA's December 2008 report admits that a major part of the problem is "the limitations placed on customs inspectors by Free Trade Zone mandates" in various countries. As *EIR* has asserted for years, the provisions of NAFTA have not only been an economic disaster for both the United States and Mexico, but they have also helped open the doors wide for drugs to flow freely.

Highly centralized distribution networks of ATS are thought to be replacing independent dealers in the United States, which goes along with a shift from smaller labs to super and mega-laboratories. "Orga-

nized criminal groups in Mexico have expanded their methamphetamine distribution networks and they have also introduced highly addictive crystal methamphetamine into these markets," according to a DEA report.

As for Europe, the dubious distinction of being the leading producer of ATS falls to the Czech Republic; in 2006, 88% of all European laboratories detected were found there.

### By Way of a Postscript

George Soros and his troop of legalizers are fond of arguing that consuming drugs is a "victimless crime," so why not legalize it? This is as offensive to the human mind as Soros's continuing defense of his collaboration with Hitler's Waffen SS in Nazi-occupied Hungary, against his own fellow Jews.

There is scarcely a family in the United States today that has not been scarred in one way or another by drugs—a brother, a daughter, a cousin, a father who were casualties of this modern Opium War. Nor is there a nation on the planet where the policies of Dope, Inc. have not wrought havoc.

Now return, if you would, to the picture of the young Peruvian girl with which we began this account. There is more to the story. That photograph was taken in Peru by Mark Sonnenblick, a founding member of the LaRouche organization who passed away in 2004, and who dedicated his life to being the voice and mentor of the uncounted millions who, like that little Peruvian girl, cry out for justice.

When I first saw that picture, probably taken in 1967, I thought immediately of Lyndon LaRouche's trip to Peru in 1987, 20 years later, where he talked about Peru's children—about that same girl. On that visit, LaRouche delivered an address commemorating the 20th anniversary of Pope Paul VI's encyclical, "Populorum Progressio," where he said:

"Where others see only poverty, I see potential. It was 41 years ago, in India, that I first committed myself to economic justice for what we today call the developing sector. The children and grandchildren of some of today's poorest rural families of Peru, will land on Mars. Some will stay as colonists; others will return, perhaps to share their experiences with some of you, who are here today in this hall."

LaRouche stressed: "Never accept the spectacle of human misery; human misery is unnecessary. Never accept the idea that some nations are rich, and others

are poor. Never think of yourselves as people from a poor country.”

And he concluded: “I’ve asked you to turn your eyes to the stars to see, with pride and with confidence, that which the mind makes you capable of achieving. In dreaming that dream, lies the potential of your nation;

the potential of your nation is its future reality. What your nation will be in the future, is what it begins to do today.”

And today, we should add that we *will* get that little Peruvian girl to Mars yet—and Dope, Inc.’s New Dark Age be damned!

## A Note on EIR’s Methodology

Over the past three decades, *EIR* has conducted a number of in-depth investigations of the size of the international drug trade. Each of these has addressed the matter from the same vantage point: that Dope, Inc. functions as a single, unified, multinational corporation, whose various production, processing, transportation, distribution, sales, consumption, and money-laundering phases are centrally coordinated to a single purpose.

We therefore discard as misleading, and inaccurate, all “demand”- or “consumption”-based approaches, whose implicit assumption is that the “aggregate demand” for drugs by a collection of autonomous individuals, “causes” drugs to be produced, presumably by a collection of equally autonomous producers who only associate, after the fact, into various criminal cartels. In this view, money laundering is merely an epiphenomenon, and drug bankers are only the occasional bad apples who are corrupted by the producer cartels.

Even the most thorough of such “consumption”-driven approaches inherently underestimate the actual scope of the drug problem, and vastly so, probably by a full order of magnitude. No amount of sophisticated mathematics and complex regression analyses can make up for flawed assumptions and methodology: It only makes the problem worse by convincing the gullible layman that it is somehow “scientific.”

As a result of its very illegal nature, Dope, Inc.’s size and activities are not directly reported. However, one can obtain a far more accurate—if still not precise—reading, by analyzing the *physical economy* of

the drug production process, and estimating what the annual value of the total physical output of the drugs would be, were they fully marketed at retail street prices. In using this approach, *EIR* has made use of official data provided by numerous governments and international agencies, as verified and corrected by direct *EIR* consultation with knowledgeable sources in various countries. We are convinced that our findings about the global dimensions of Dope, Inc. err on the conservative side.

There are two principal sources of publicly available comprehensive data on drugs: the U.S. State Department’s annual *International Narcotics Control Strategy Report* (INCSR), which pulls together data from other U.S. agencies, including the White House Office of National Drug Control Policy (ONDCP), the Department of Justice National Drug Intelligence Center (NDIC), the DEA and others. The second, is the United Nations Office on Drugs and Crime (UNODC), which issues an annual *World Drug Report*.

The U.S. and UN numbers, by and large, indicate the same broad trends, although specific numbers vary from year to year. Exceptions to that rule include significant variations of coca area cultivated in Colombia, marijuana yields in Mexico, and so on.

Overall, we have chosen to use the U.S.-generated numbers as we have for our previous studies, for a number of reasons. The main one is that the UN numbers aggregate individual country reports, as supplied by each member state of the UN, so they reflect varying national methodologies; whereas the U.S. numbers apply the same methodology to all countries. This latter is preferable, since what we are looking for are trends, not absolute numbers—which are inexact in any event. Exceptions include our use of UNODC figures for European street prices for drugs, as well as most data on drug seizures.

—Dennis Small

# Get Rid of Opium, Or Perish

by Ramtanu Maitra

U.S. President Barack Obama is in the process of formulating a policy, implementation of which would apparently lead to the end of militancy in Afghanistan and peace in the region, we have been told. From the noises made by the media, and the talking heads of Washington, a number of old formulations, put in a new bottle, are about to be peddled as solutions. However, the new President must recognize that the only way Afghanistan can be stabilized, thus bringing peace to the region, is by ridding it of the menace of opium once and for all. As long as policymakers ignore this reality, the security environment in and around Afghanistan will continue to deteriorate, leading to a regional blow-up.

What is to be understood at the outset, is that the vast amount of opium produced annually in Afghanistan, and converted into lethal heroin, is not only funding the terrorists who are killing U.S. and other troops there, but is also financing operations aimed at breaking Pakistan apart, and causing violence and chaos within India and further West.

## Rise of Opium-Funded Terrorists

In the north of Afghanistan, the Central Asian states, which were part of the erstwhile Soviet Union until 1991, have been devastated by drug-money-financed terrorist movements, acting in the garb of the orthodox Wahhabi Islamic tenet. Located south and west of Afghanistan, Iran has been inundated by opium and heroin, which are destroying a generation of Iranians.

This region has been systematically handed over to the terrorists since the United States and its allies launched the “War on Terror,” ostensibly to eliminate violence and terrorism in Afghanistan. In 2001, the year U.S. invaded Afghanistan to oust the Taliban, which harbored the infamous enemy of the United States, al-Qaeda, Afghanistan produced less than 100 tons of opium. This occurred under the reign of an orthodox Islamic group, the Taliban, four years after that Islamic

militia took power in Afghanistan with the help of the Pakistani military. Since the U.S. took over Afghanistan in the Winter of 2001, when NATO and a few non-NATO nations joined to fight America’s war, opium production took off vertically (see graphs in lead article, this section). It is surreal to hear experts on Afghanistan expressing their surprise to find that the Taliban, which was routed in 2001, has made a comeback. What has made this possible, is opium. It’s been happening right in front of their eyes.

In 2007, according to the United Nations Office on Drugs and Crime (UNODC), Afghanistan’s opium production was 8,240 tons—U.S. official agencies report an equivalent amount of 8,000 tons—which is about twice as much as the Taliban ever produced during its five-year reign, and at least eight times the quantity Afghanistan ever produced before the Soviet Army invaded in 1979. This year, the production has been “reduced” through a “successful campaign,” to 7,700 tons. This amount of opium, converted into heroin, generates about \$4 billion to those Afghans who control the business, while the street value in Europe of that heroin is some \$132 billion, more than 30 times as much (**Table 1**).

Even a fraction of that \$4 billion in cash generated annually can recruit, train, arm, and maintain thousands of mercenaries, or jihadis, who then can be deployed in the region to develop “hot spots,” encircling the foreign invaders, and multiplying the crisis. And, this is exactly what has happened, but Washington, advised by its pundits and experts, chose to ignore all that.

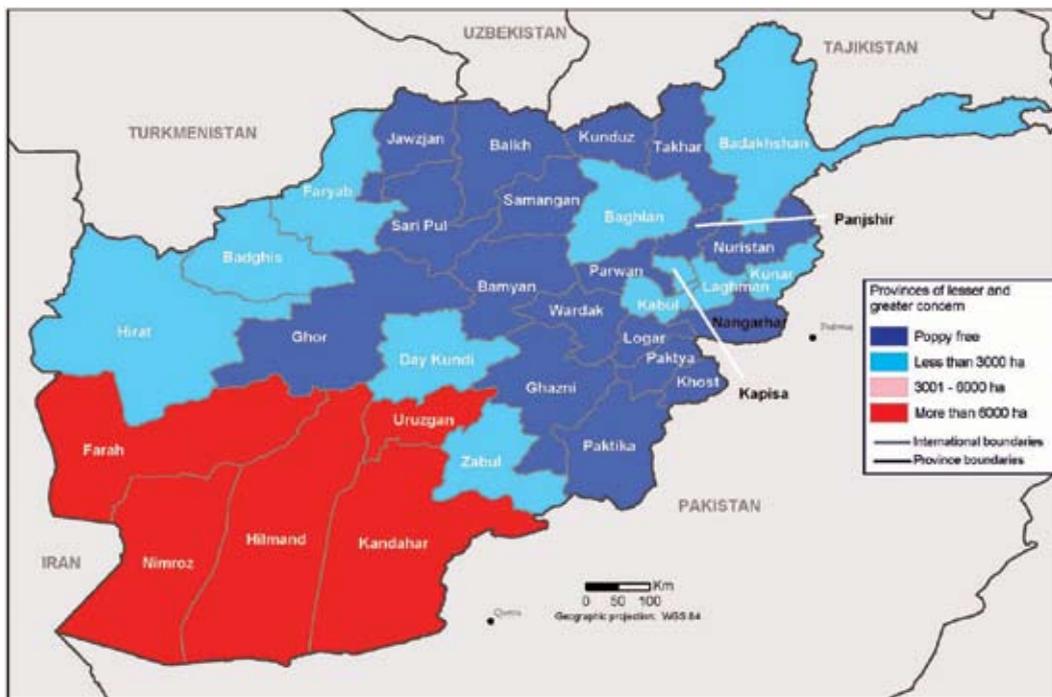
Remember again, the dastardly Taliban, who were recognized by only three countries—Saudi Arabia, Pakistan, and the United Arab Emirates—had cut down

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TABLE 1  
**Afghanistan Opiates:  
From the Farm to the Street**

	2006	2007
<b>Prices (\$/kg)</b>		
Opium, farmgate	140	122
Opium, export to neighbors	560	500
Heroin on street, Europe	140,000	140,000
<b>Value (billions \$)</b>		
Opium, farmgate	0.8	1.0
Opium, export to neighbors	3.2	4.0
Heroin on street, Europe	93	132

Sources: UNODC, ONDCP, EIR.



UNODC

*Five southern provinces—Helmand, Nimroz, Farah, Uruzgan, and Kandahar—produce 80% of Afghanistan’s opium, and are patrolled by more than 8,300 British troops, who ensure that the drug lords remain in control of the poppy fields.*

Afghanistan’s opium production in the year 2000, to 100 tons. The question that crops up in many people’s minds is: Did we go to war against the Taliban to jack up opium production again, or to get rid of the terrorists? Seven years later, the answer to that question seems to be that we indeed hugely succeeded in jacking up opium production in Afghanistan, and, in the process, spawned thousands of terrorists, who are now armed better than ever before, and are operating in a much-wider circle.

What went wrong? Did our experts miss the boat, in the same way Sir Alan Greenspan “missed” his, while cooking up toxic assets in the financial market, and assuring us that the fundamentals of our economy were sound? Did we really want opium production to rise dramatically in order to finance the based-on-fraud financial “boom” during the Bush Administration days? It is evident from the unraveling of the Madoff fraud that a large sum of money was coming from “unaccounted” for sources, a.k.a. drug money.

Or, did we allow the opium explosion, and illegal cash generation to recruit, arm, train, and maintain terrorists, to destabilize a region where three large nations—Russia, China, and India—meet? Did the Bush Administration wittingly, or unwittingly, get sucked into the old colonial Great Game of remaining “powerful” through weakening of other nations? In fact, by

jacking up the opium production, nothing was achieved. It does not take an expert to fathom that if the opium production in Afghanistan is not shut down, it will not only engulf the region in flames, burning down many U.S. friends in the region, but it will eventually destroy the United States.

### Liars and Lies Behind Opium Explosion

One of the most difficult aspects of eradicating opium is to peel off the layers of lies presented as “realities” by the beneficiaries of opium production—and these are not the Taliban militia members. These are corrupt beneficiaries of the bribes to allow opium and heroin production to continue. These beneficiaries also are the offshore and other corrupt bankers who use the drug money, the only cash available in today’s Alice-in-Wonderland financial market they have been allowed to create, to meet daily cash requirements. Both these groups obfuscate the drug issue to prevent opium eradication in Afghanistan.

**Lie #1:** NATO troops in Afghanistan, referred to as the International Security Assistance Force (ISAF), avoid any involvement in eradicating opium, because they claim the destruction of opium would alienate the population.

This lie can be exposed in no time by looking at the reality on the ground. In Afghanistan, 80% of the opium

is produced in five southern provinces: Helmand, Nimroz, Farah, Uruzgan, and Kandahar. These are all virtually under the control of the drug lords and their militias (conveniently labeled as Taliban to obfuscate reality). These provinces are manned by more than 8,300 British troops, in collaboration with a few thousand troops from Canada, Australia, and the Netherlands. These troops do not go out and fight the Taliban, and their losses are small. They have little contact with the population, and make sure that the drug lords and their militias remain in control of the opium program.

On March 3, 2008, in Vienna, Hakan Demirbukan, who ran the UNODC opium surveys in Afghanistan for several years, pointed out: "The vast majority of southern Afghanistan is closed to UN operations... UN people are only in the city centers. They cannot go to the villages. It is very dangerous."

**Lie #2:** Afghan farmers prefer opium over other crops because it generates more money.

This lie is easy to propagate, since very few Westerners have any possibility of developing contact with Afghan farmers. The truth is, that where the opium production is rampant, the area is under the control of drug lords. The drug lords, with hundreds of militiamen, armed with AK-47s and other assault rifles, make sure that the farmer does not produce anything other than opium in his fields. Opium seed is distributed to the farmer's doorstep, and he is ordered to deliver so many kilograms of opium when it is harvested. The farmer is told how much he will be paid, and that if he does not deliver the said amount, his family will be wiped out. During the opium production, the drug lords place their militiamen armed with AK-47s at the corners of the farmer's field, so that no one can eradicate the poppy crops.

The fact remains, and it is not a difficult fact to assimilate, that farmers have been left at the mercy of the drug lords and their militias. There are numerous photographs showing armed-to-the-teeth NATO troops marching by huge poppy fields in full bloom, guarded by AK-47-carrying militiamen.

In an article for RFE/RL on Oct. 10, "Afghanistan: Poor Helmand Farmers Find Themselves in Eye of Drug Storm," Abubakar Siddique and Salih Muhammad Salih report that Haji Mahuddin Khan, a tribal leader in Helmand, told them that international drug rings are the main benefactors in the province, while poor peasants remain chained to poppy cultivation. "The farmers have never benefited from poppy cultivation," he said. "The profits are taken by those [gov-

ernment officials] who tell farmers to engage in cultivation but then threaten their crops with eradication. The international mafia is the main benefactor, while we are being held responsible for it and portrayed as criminals."

## How We Treat Our Friends (or Enemies?)

The opium explosion in Afghanistan, which has now been reluctantly acknowledged by the policymakers, has helped the Taliban to regroup, leaving many dead bodies among the foreign troops, far from the much-focussed-on battlefields of Afghanistan and Pakistan. These dead bodies, and those who have been made dysfunctional because of drug use, are strewn across Pakistan, India, Iran, the nations of Central Asia, Azerbaijan, Georgia, Ukraine, and Russia. Among these nations, are those the U.S. establishment considers to be good friends, some just friends, and Iran, as an exception, is the "enemy."

Now, let us look at what our seven-year "War on Terror" has achieved in the region. To begin with, it is now common knowledge that the entire western part of Pakistan, between the River Indus and the imaginary border known as the Durand Line, which theoretically separates Pakistan from Afghanistan, is in turmoil. The level of turmoil is such, that Pakistani President Asif Ali Zardari had to issue a statement on Feb. 15, that Pakistan is at war with the Taliban. The fact remains that Islamabad's writ does not extend to the Swat Valley, or most of the tribal areas and the North West Frontier Province (NWFP), west of Peshawar city. In other words, if business as usual continues, Pakistan will break apart.

It is to be recognized, even at this late stage, that much of the financing of the terrorists operating to break apart Pakistan (with the exception of the Wahhabis in control of the Swat Valley) comes from Saudi Arabia, drawing money from opium and heroin sales, and taxes imposed on farmers by the drug lords.

The effect on the people of the region has been documented by the UNODC, whose *World Drug Report* includes a section on the annual prevalence of abuse for opiates, cannabis, and other drugs, as a percentage of the population aged 15 to 64, for each country monitored. These rates reflect the percentage of people who used the drug in the 12-month period prior to the survey. Although these statistics undoubtedly understate the extent of drug consumption, they are nonetheless useful to consider.

In 2007, an estimated 434,000 Afghans used hashish; 130,000 used opium; and 41,000 used heroin, according to the UNODC. While the population of Afghanistan is officially listed as 31.8 million, the UNODC figures are based on a figure of 23.8 million.

A flood of Afghan heroin has swept through the Islamic countries of Asia and Central Asia since the late 1990s. Additionally, Afghan opium and hashish is being distributed regionally in Pakistan, Iran, and the Central Asian Republics. Over 10 million Muslims in Asia and the Middle East have used Afghan drugs, leading to the economic and social ruin of millions of families, one report claimed.

Pakistan, a friend of the United States since the 1950s, has been most affected, with a surge in addiction rates during the last 12 years. According to the UNODC, 640,000 Pakistanis used opiates in 2007; of these, 515,000 used heroin and 125,000 used opium. A 2004 survey from Karachi found that 20% of IV-drug users were HIV positive.

The UNODC estimated that in 2007, 371,000 Iranians used heroin, 928,000 used opium, and 1.9 million used hashish. There are over 3 million Iranians who had used drugs during the previous year, but only about 1.3 million of these used opiates, and most of that is opium, not heroin.

Addiction rates have grown by leaps and bounds as the Afghan heroin moved through these areas to the north, reaching Russia and Ukraine. In Kazakhstan and Tajikistan, up to 90% of drug addicts are HIV positive, and 90% of new HIV cases come from drug use.

One report pointed out that, globally, the rate of heroin addiction stands at about 0.3% for people between the ages of 15 to 64, the most commonly used sampling group. It is almost five times that in Afghanistan (1.4%), and more than twice the average in Pakistan (0.7%) and the Central Asian Republics (Turkmenistan, 0.5%; Uzbekistan, 0.8%; Tajikistan, 0.5%; Kyrgyzstan, 0.8%; and Kazakhstan, 1.0%).

In addition to Pakistan, Iran, Tajikistan, Uzbekistan, and Kyrgyzstan, the carrier of death and destruction, produced in the five fortified provinces of southern Afghanistan, has made its impact felt in Egypt, Syria, Jordan, Turkey, and Bangladesh.

## What To Do Now

The Warriors on Terror have been in Afghanistan for more than seven years. During this time, in addition to aiding the explosion of opium production, the

Washington-led policy has also helped the resurgence of the Taliban, and other insurgents funded by drug money. The insurgents, who are battling the U.S. and NATO troops, reportedly tax all aspects of the drug trade, from cultivation to processing and distribution. They also earn money by providing protection for opium fields, heroin labs, drug shipments, and narcotics traffickers.

Despite having all this information, Washington and Brussels continue to flail around, blaming one another for the failure of their poorly defined mission, and for the resurgence of the Taliban. The first to be chastized was Pakistan, for allowing al-Qaeda leaders to move into its territory, and then, failing to annihilate them, and preventing the Pakistani Pushtuns from joining ranks with the Afghan Pushtuns, in the latter's fight against the foreign troops.

The second round of blame was directed against Iran, for allegedly helping al-Qaeda. Although Kabul refused to accept that argument, pointing out that Tehran does not want a Taliban government any more than does Washington, the blame game continues. While it is true that the insurgents coming from Saudi Arabia pass through Iran to Afghanistan and Iraq, Iran is committed to opposing the orthodox Sunnis of the Taliban, who are imbued with anti-Shi'a zealotry propagated by Saudi Arabia.

The third round of the blame game began last year when the failure of the undefined mission was placed squarely on the shoulders of President Hamid Karzai and his government. Mind you, those who are blaming the Karzai government for corruption and inefficiency are also aware that the situation is so dire in southern Afghanistan, that the well-trained, well-armed British/Canadian/Australian/Dutch troops find it too dangerous to venture out, and thus, leave themselves, de facto, with the task of protecting the drug trade.

In reality, if anyone is to be blamed, it is those troops on whose watch a huge opium/heroin production and trade is conducted; many large heroin labs continue to convert opium into heroin; and acetic anhydride and precursors needed for conversion continue to come in hundreds of tons to these labs.

With a new administration in Washington, the blame game has to stop, and work to shut down the drug production and traffic has to begin. The destruction of the opium empire set up by international cartel with the help of the Afghan drug lords, protected by British troops in five southern Afghan provinces, has

to be achieved quickly.

First, all the Afghan drug lords have to be eliminated from the scene physically through capture. If they resist, they should be considered as war combatants.

Once the elimination of the drug lords takes off, the farmers will be “liberated.” At this point, a well-organized and well-thought-out plan to eradicate the opium poppy must be implemented. The eradication has to be followed by paying compensation to the farmers that would last them a year at the least.

In a series of article last year, *Middle East Times* writer James Emery pointed out that most of the processing labs are located in southern Afghanistan. These labs are close to opium sources and are jointly protected by the Taliban and the drug lords. Smaller refineries, including mobile labs, are scattered around the country. Taking out heroin-processing labs will help curtail the market for opium.

The UNODC’s “Winter Afghan Opium Report” of 2008 noted that a massive quantity of opium is being stockpiled for future sales. The report said that even if the entire 2008 Afghan opium crop were eradicated, heroin labs would remain busy, unless opium warehouses were located and destroyed

Acetic anhydride is the essential precursor used for converting opium into morphine base and heroin. Its sole use in Afghanistan is in drug refineries that have increased their annual demand from about 200 tons to 1,330 tons during the last six years.

None of the precursors are manufactured in Afghanistan. In all, some 11,000 tons of chemicals were required to process opium during 2007. The chemicals are smuggled into Afghanistan from China, India, Pakistan, and the Central Asian Republics, Emery pointed out. The main opium markets in Helmand province are in Musa Qala and Sangin, which were under British control, reportedly for a while, in 2007. Each of the two districts has numerous heroin labs.

It is imperative that Washington engage in serious discussions with the countries from which the precursors come into Afghanistan, and work out a surveillance system at the manufacturing places themselves.

These are the basic requirements to rid Afghanistan of this menace and prevent the region from becoming a safehouse for the terrorists. The only way to defeat the terrorists is to starve them of the opium cash that helps them to proliferate. That would also help the United States earn some respect in the region.

## Mexico’s Descent into Hell Can be Stopped

by Cynthia R. Rush

Retired Gen. Barry McCaffrey, former drug czar in the Clinton Administration, wrote an *After Action Report* on an early December 2008 visit to Mexico, in which he described the drug hell into which Mexico is rapidly descending. The southern neighbor of the United States “is on the edge of the abyss,” he warned, and “could become a narco-state in the coming decade.”

For well over a year, the Mexican and international press have documented that descent on a daily basis, with horrifying accounts of beheadings, random kidnappings, and torture of military and police personnel; shootouts among rival gangs; and psychological terror aimed at the general population.

Moreover, Mexico’s drug cartels appear to operate with total impunity, and demonstrate the same level of bestiality that Dope, Inc.’s employees like George Soros use to argue for drug legalization. The war on drugs is unwinnable, they insist, so take your pick: Silver or lead?

If you make a deal, as Soros demands, you get silver—you cash in on some drug money. “Tax and regulate” the marijuana crop, and the drug violence will end, the story goes. But if, like current Mexican President Felipe Calderón, you choose to fight, and enlist the Army to do so, you’ll get the “lead”—and you will lose, they say.

One example of the lead was delivered on Feb. 1, when cartel hitmen kidnapped Brig. Gen. Mauro Enrique Tello Quiñones (ret.) in downtown Cancún, hideously tortured him, and then killed him. Tello was an experienced veteran of the war on drugs, sent into Cancún in late January by the Office of the Defense Secretary, to clean out a nest of cartel collaborators inside the local police.

On Nov. 5, 2008, a plane crash in Mexico City had killed Calderón’s close collaborators in the war on drugs, Interior Minister Juan Carlos Mouriño and the



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*Lyndon LaRouche has called on the Obama Administration to forge an alliance with Mexico, premised on respect for Mexico's sovereignty, to shut down the murderous drug traffic. Shown: Mexican soldiers detain a man following a deadly gun battle in Apatzingan.*

former Deputy Attorney General for the war on drugs, José Luís Santiago Vasconcelos. Although the crash was deemed an accident, there is lingering suspicion that it was caused by the drug cartels as a warning to Calderón to abandon his anti-drug strategy.

### **U.S.-Mexico Cooperation**

Many Mexicans bridled at McCaffrey's talk of a "narco state," viewing the general as the typical arrogant Yankee imperialist, who is looking for any opportunity to attack—or invade—Mexico. They also recall the constant discussion of "failed states" during the Bush years, as a justification for the Bush policy of trying to terminate the institution of the sovereign nation-state altogether.

But McCaffrey has repeatedly stressed that the only way to conduct a successful war on drugs is with U.S.-Mexico cooperation, based on full respect for Mexico's sovereignty. And he placed the full measure of blame on the U.S. government—the Bush Administration, to be precise—for allowing the uninterrupted flow of weapons across the border into Mexico, which keeps the drug mafias armed with weaponry far more sophisticated than anything the underfunded Mexican Army has.

Why is there such "callous disregard" from the U.S. side, McCaffrey asked, "for a national security threat to

a neighboring democratic state?" If the situation were reversed, he argued, "we would consider it an act of warfare from a sanctuary state if we were the victim."

The U.S. Department of Justice's National Drug Threat Assessment, published in mid-December 2008, also stressed the logistical and technological sophistication that Dope, Inc. has deployed along the U.S.-Mexico border. "Mexico's DTOs [drug trafficking organizations] maintain cross-border communication centers in Mexico near the U.S.-Mexico border to facilitate coordinated cross-border smuggling operations," they wrote. They use "Voice over Internet Protocol, satellite technology (broadband satellite instant messaging), encrypted messaging, cell phone technology, two-way radios, scanner devices, and text messages to communicate with members. In some cases DTO

members use high-frequency radios with encryption and rolling codes to communicate during cross-border operations."

The Department of Justice report stated that the DTOs use gang members in U.S. cities, "which insulates DTO cell members from law enforcement detection," noting that the total number of gang members in 2006 was estimated at 785,000, but in 2008 it "may be significantly higher."

But a political commitment on both sides of the border could mobilize even more sophisticated means to be used by the United States and Mexico to defend their citizens from these predators.

Lyndon LaRouche has called on the Obama Administration to forge an alliance with Mexico to fight drugs, premised on respect for Mexico's sovereignty. It's possible to wage war against the cartels using non-lethal means—high-technology, science, and economic development plans, LaRouche said. "Drugs will be fought," he emphasized, "but it is preferable to do it largely peacefully, with economic alternatives to what will otherwise be chaos." LaRouche pointed to the proposed Northwest Hydraulic Plan (PLHINO), a huge infrastructure project that would greatly expand land under cultivation in three northern Mexican states, as an example of the kind of projects Mexico needs.

# Soros and the British Drug Lords: How the Empire Created ‘Decrim’

by Michele Steinberg

Feb. 20—British “drug lord” George Soros, banker to the Queen of England, and financier of a worldwide campaign to legalize mind-destroying drugs, received a hammer-blow from the United Nations International Narcotics Control Board today, when the INCB released its 2008 report. Contrary to the legalization campaign into which Soros has poured millions of dollars over the last years, the INCB took its toughest stand against marijuana in years, saying: “The international community may wish to review the issue of cannabis. Over the years, cannabis has become more potent and is associated with an increasing number of emergency room admissions. Cannabis is often the first illicit drug that young people take. It is frequently called a gateway drug. In spite of all these facts, the use of cannabis is often trivialized and, in some countries, controls over the cultivation, possession and use of cannabis are less strict than for other drugs.”

In the report’s Foreword, INCB President Dr. Hamid Ghodse writes that 2009 is the 100th anniversary of the International Opium Commission in Shanghai, China. “A hundred years ago, substances that are internationally controlled today were unregulated and widely abused,” Dr. Ghodse says. “The consumption of opiates in China alone was estimated to be more than 3,000 tons in morphine equivalent, far in excess of global consumption [today]. In the United States, about 90 per cent of narcotic drugs were used for non-medical purposes. *As drug abuse spread, an increasing number of people became familiar with the wretchedness, misery and evil connected with that affliction*” (emphasis added).

Within hours of the report’s release, Soros’s drug pushers were denouncing the INCB and the United Nations. Soros’s Big Dope, Ethan Nadelmann, head of the Drug Policy Alliance, demanded the “abolition of the INCB,” because of “its shameful commitment to poli-

tics over science ... [and] shocking indifference to the failures and harmful consequences of the global drug prohibition regime.” In lockstep, the British-based legalization front-group Transform, complained that “the INCB and the UN Office on Drugs and Crime (UNODC) posed a greater threat to global well-being than drugs themselves.” The INCP has turned over narcotics production and distribution to “terror groups, paramilitaries, and organized criminals,” Transform wailed.

Soros’s drug lobby wants to turn the clock back 100 years, to the era of the slavery under imperial powers!

Ironically, just one day earlier, Nadelmann had been the featured speaker at the fascist economics center, the Cato Institute, where he proclaimed “optimism” that the prohibition forces are losing ground, especially after Soros’s three bought Latin American former-Presidents had come out in favor of marijuana decriminalization (see article, this section).

Although the Big Dope got a warm welcome at Cato, especially since Soros paid for the event, the world is moving in a different direction—taking steps to shut down narcoterrorism, and making the long-overdue moves against bank secrecy that could shut down drug money laundering.

The following report on drug pusher Soros, is an update of several comprehensive dossiers by *EIR* on Soros’s drug-pushing operations. It is in three parts: how the British oligarchy invented decriminalization; a profile of Soros’s legalization operations in the United States: and, the backlash against “Marijuana, Inc.”

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## 1. How the Brits Invented Decrim

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This section is excerpted from an article in the April 1981 issue of *War on Drugs* magazine, “Why British Aristocrats Invented ‘Decrim,’” by Karen Steinherz.



The April 1981 issue of *War on Drugs* showed how the British invented “*decrim*,” as a foot in the door for the full legalization of all drugs. The U.S. dope lobby, NORML, employed the methods of the British Empire’s “India model.”

In 1980 the original U.S. “pot lobby,” the National Organization for the Reform of Marijuana Laws (NORML), traced its policy to legalize dope directly to the British Empire’s “India model,” an elaborate tax system which was imposed on the population of India by the British in 1895, at the height of the era when “the Sun never set on the British Empire.”

For more than a century, the British have tried to block the prohibition against cannabis and opium. But it is clear historically that the international laws against cannabis came into effect because of the desire of

nation-states to make economic and social progress. The countries—like Egypt and China—which fought to outlaw dope, recognized that if there was to be progress in a nation, there could not be rampant drug usage. For the British and Dutch empires in the 19th Century, the reverse was just as true—progress could be blocked if the population in the colonies of the Imperial powers were kept in a stupefied state, and that was precisely their strategy.

In 1893, the British Parliament commissioned what turned into a nine-volume study on “hemp” (marijuana) in India, then a British colony. The India Hemp Commission Report, which took more than two years to compile, was an elaborate justification of an extensive hemp tax system and the continued subjugation of the coolie population by encouraging their use of *ganja*.

In the same way that the British opium trade in China was used to turn China into a drugged nation, incapable of acting in its own interest, the legalization of *ganja* was used to suppress the population of India. The commission report, which was held up by NORML as the model argument for legalization, recommended that cannabis be *legal*.

The testimony of the pro-marijuana witnesses, many of them plantation owners and tax collectors, shows the imperial mindset:

- Mr. Skinner, manager, Gogra Tea company, Tezpur, Darrang, India: “The castes who use it most are Yoosoahé from Gaya . . . bricklayers from Calcutta, and of the jungle caste. . . . I cannot see any harm in the use of the drug. All of those who appear to use it are good, quiet and willing coolies. . . .”
- Mr. Phillips, tea planter: “I advocate no prohibition on *ganja*. . . . If prohibited, the health of our coolies would suffer . . . and of course, discontent would ensue.”

• Deputy Commissioner of the Port Akyar: “It [ganja] is now brought in by the crew of the British India Steam Navigation Company.”

During the first half of the 20th Century, it was an open secret that United Kingdom officials ran the international marijuana and opium traffic. The resulting problems were so acute that two International Opium Conferences, in 1912 and in 1924-25, were held in The Hague, The Netherlands, to force London to adhere to curbs on drug production. In both cases, the British pronounced themselves in favor of “Free Trade” for opium and cannabis.

At the 1912 conference, which declared a ban on opium production, the assembled nations demanded that a study be done of India’s hemp “with the object of regulating its abuses. . . .” But the countries, especially in the Middle East and Africa, whose populations showed the effects of serious abuse of opium and hashish, were blocked by the British Empire.

The Second Opium Conference, in 1925, held under the auspices of the League of Nations, included the countries that had signed the 1912 agreement. This conference focussed primarily on measures to *enforce* the opium ban, and the Egyptian delegation, supported by the Turks, submitted a proposal that prohibition of hashish be included in the list. The British delegation tried to divert the outrage over marijuana and hashish abuse into a proposal for an endless “investigative commission,” like the 1895 India Hemp Commission Report. But this time, the British lost.

A committee of doctors, professors, administrators, and ministers from Belgium, Brazil, Canada, the Dominican Republic, Egypt, France, Germany, Great Britain, Greece, Italy, Japan, The Netherlands, Poland, Spain, Switzerland, and the U.S. met to consider complete prohibition of the production and use of cannabis resin. Banning cannabis use was overwhelming voted up—with three absentions: Great Britain, The Netherlands (whose Dutch East India Company ran a Far East dope traffic comparable to the British East India Company), and India, then a British colony.

It was a defeat for the British Empire, and one that they have never accepted. The international law against marijuana, despite frequent challenges by the vestiges of the British ruling circles, has been in effect since the 1925 Convention. In 1961, a Plenipotentiary Conference for the Adoption of a Single Convention on Narcotics Drugs, held under UN auspices, reaffirmed the

ban on cannabis, hashish, and other cannabis extracts. In 1968 again, the UN Narcotics Commission supported banning marijuana, and recommended “that all countries concerned increase their efforts to eradicate the abuse and illicit traffic in cannabis. . . .”

Within months, the British counterattacked, and in 1968, the House of Lords created the very first official commission in the world to explicitly recommend the removal of criminal penalties for marijuana possession and use. An official Committee of the British Parliament, it was chaired by the Baroness Barbara Frances Wootton of Abinger, and bears her name. This Wootton Committee report is the founding document for British agent George Soros’s dope lobby. Lady Wootton, a Deputy Speaker of the House of Lords, may not be well known, but for over 60 years, beginning in 1922 as a disciple of the evil H.G. Wells, Wootton was a key figure in shaping social policies that would turn modern nation-states—especially the United States—into a version of Aldous Huxley’s *Brave New World*.

Wootton joined the board of the Legalize Cannabis Campaign in England, which became the core of an international alliance with the National Organization for the Reform of Marijuana Laws (NORML) in the United States, and a hodge-podge of European groups. Thanks to the Wootton Committee, no longer is the United States known for its “amber waves of grain”; rather, since 1987, marijuana has been the biggest cash crop in America, with an estimated 10,000 metric tons of retail cannabis produced each year as of 2006, according to reports by the United Nations and the U.S. State Department.

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## 2. Soros Model: Legalization by Deceit

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The dope lobby that sprang from the loins of Baroness Wootton today belongs to billionaire Nazi-collaborator Soros, who, since 1994, has poured more than \$50 million into elections and resolutions to legalize marijuana in the U.S., along with his co-funders John Sperling of Arizona and Peter Lewis of Ohio. Much more has gone into international efforts.

Soros’s dope organizations have morphed several times from the original Lindesmith Center, to the Drug Policy Foundation, and now the Drug Policy Alliance,



EIRNS/Alan Yue

*George Soros's step-by-step plan for full legalization of pot now focusses on promoting the fraud of "medical marijuana." Already, cities like Mendocino, Calif. have legalized pot for "personal use."*

which also goes by the name of the Drug Policy Alliance Network. There are a multitude of affiliated organizations and websites that get Soros's money for marijuana legalization, including NORML, the Marijuana Policy Project, *High Times* and *Grow* magazines, stopthedrugwar.com, drugsanddemocracy.com, and Americans for Safe Access, to name a few. There is no fight too small for Soros to adopt in the "step-by-step" approach to legalization. In 1998, when Sperling's medical marijuana law was repealed in Arizona, Soros rushed to reinstate it, proclaiming, "I live in one place, but I consider myself a citizen of the world. I have foundations in 30 countries. . . ."

Now Soros's front groups are on a campaign to prevent the Obama Administration from waging an effective drug eradication program using *non-lethal* and *economic development* means, along the lines described by Lyndon LaRouche.

Soros's drug apparatus opposed Obama's appointment of Attorney General Eric Holder, who had led a vigorous, successful campaign in the 1990s to stop "de facto" drug legalization, when he was U.S. Attorney in Washington, D.C.—although they did not dare to say this openly. Instead, the drug apparatus is ramping up for a barrage of resolutions, referenda, and events, to create the myth that there is a mass movement demanding drug legalization. Nothing can be further from the

truth. Without Soros's millions, the referenda would fail miserably.

Even Nadelmann has admitted this. In October 1999, Nadelmann appeared at the Cato Institute, where one of the main speakers, then New Mexico Gov. Gary Johnson, a "new Republican," came out with guns blazing for legalization: "I am talking about legalization, not decriminalization," boasted Johnson. The drug trade in America is worth about \$400 billion—"larger than the car industry."

Nadelmann countered this "legalization" machismo, warning that such

open talk had failed over two decades. Instead, the road to legalization is by deceit: New terms were needed, such as "harm reduction" and the "medical benefits" of marijuana. Nadelmann admonished hard-core dopers on the left and the right that although these were just "baby steps," *this* would be the way to success.

Pointing to the 1996 California law, Proposition 215, known as the "Compassionate Use Act of 1996," Nadelmann said this was the *first statewide medical marijuana voter initiative ever adopted in the United States*, and guaranteed that there would be greater achievements to come. Nadelmann was right—until now. From 1999 until Nov. 4, 2008, Soros's dopers won almost all of the medical marijuana initiatives. By 2008, more than 14 states had passed medical decriminalization laws, and about 11 states had some form of decriminalization. The campaign had cost more than \$50 million (if not hundreds of millions), mostly from Soros.

Then, in 2008, for the first time in a decade, the dope lobby *lost* in California. Proposition 5, a plan to replace jail time for drug abusers with rehabilitation program time, got only 40.6% of the vote. Dope pushers had spent close to \$10 million on the initiative, including \$1.4 from Soros and \$400,000 from the Drug Policy Alliance. Making matters worse (for Soros), the Drug Enforcement Administration (DEA) has begun a success-

ful campaign to eradicate marijuana production, and seize the drugs and assets from marijuana “dispensaries” that been set up to sell medical marijuana.

Now the Soros forces are trying to recoup. On Feb. 19, 2009, Nadelmann returned to the Cato Institute to launch a legalization road show that plans to hit 11 U.S. cities in the next month, to try to prevent the Obama Presidency from wiping out drugs. After the California defeat, their strategy will be to bring pro-dope resolutions and laws to city councils and small elected bodies. But already one such effort in El Paso, Texas, was overturned.

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### 3. Welcome to ‘Marijuana, Inc.’

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In 1999, Gen. Barry McCaffrey, the drug czar under President Bill Clinton, who is hated by the Soros forces, declared that the United States had become a drug producer. Don’t blame Peru, Colombia or other foreign countries, said McCaffrey; we have the problem here and the means to solve it. McCaffrey understands the perils of drug legalization, and has again joined the fight against Soros’s designs (see *EIR*, Jan. 16, 2009).

Exactly how Soros’s step-by-step plan for full legalization of marijuana production, distribution, and use worked, was revealed by CNBC-TV in a documentary, “Marijuana, Inc.” which began airing in January 2009. But although the documentary painted a horrific picture of middle school children reeking of pot that is grown and smoked by their parents, and of the rising violence from traffickers in Mendocino County, California, it *never once* mentions Soros or the existence of a dope lobby.

Mendocino County is part of California’s “Emerald Triangle,” where marijuana growing has been the major industry since about 1998. But, after “medical marijuana,” the drug production became bigger—and more insane.

It goes like this: Patients obtain a “medical marijuana” plastic card from a physician for conditions ranging from “anxiety” to terminal cancer; various localities pass ordinances that allow residents to grow marijuana for “personal use,” but this turns into a major black market business; “clinics” or “dispensaries” open up, where “patients” buy their marijuana and enjoy their “treatment” on premises.

In economically dead Mendocino County, the marijuana-growing industry brings in about \$1.5 billion a

year (and this is probably an underestimate), and California supplies about one half of the 10,000 metric tons of marijuana produced in the United States.

The most insane aspect of this is that, under *local laws*, about one third of California’s dope production is *legal!* In Mendocino, until recently, a home could have 25 mature marijuana plants on its land. These plants are 8-10 feet tall, and produce about 2 pounds of high-grade marijuana each. With potent marijuana selling for up to \$5,000, a “little garden” can gross \$200-250,000 in retail sales. These numbers were gleefully explained by Eric Sligh, editor and publisher of *Grow* magazine. But, to the dismay of the legalizers, in the last year, county officials voted to reduce the number of plants to only 6, and added other restrictions. Crime and violence have come to Mendocino, and the community as well as law enforcement, are striking back.

Police have uncovered how multiple houses were bought by major growers/distributors, who populate them with family members to create virtual “plantations” of legal marijuana. Some houses are nothing but indoor greenhouses filled with sophisticated lighting, fertilizers, and growing solutions.

Another part of the dope empire is the “dispensary,” such as the Blue Sky Cafe in Oakland, run by Richard Lee, who spent a lot of time in Amsterdam, where dope cafes are legal. Lee boasted that his cafe has a front section where parents can leave their kids with cafe-provided babysitters, while they shop in the back for up to 20 varieties of high-potency pot. Lee says he pays both state sales tax and Federal income tax. But, he warns, this is all illegal under Federal law, and can be shut down at any time.

Even bigger are the “plantations” hidden deep in the forests and mountains of public lands and national parks, run and populated by the Mexican cartels and their U.S. partners. The cartels bring in Mexican marijuana farmers as virtual slaves, to live in the wilderness, nursing the marijuana farms, setting up long-distance irrigation systems from a water source to a sunny clearing. Many of the Mexicans are under threat that their children or families will be killed if they try to escape.

This is just a snapshot of America’s domestic dope business. But as the clear picture of the danger of narco-terrorism now emerges, and as the international community tires of the 100 years of the British Empire’s opium war against the rest of the world, time may be running out for George Soros.

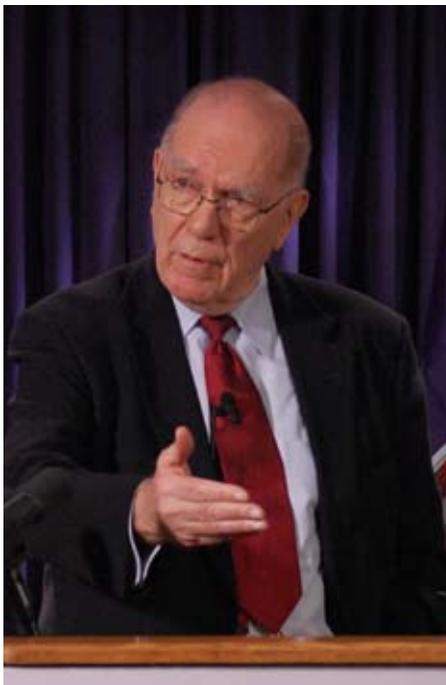
## LaRouche: 'Medical Marijuana' Is a Fraud

At his Feb. 11 webcast, Lyndon LaRouche was asked a question by a member of Congress, who said, "I'd like to preface my remarks by saying that I am unequivocally opposed to the legalization of drugs in any way, shape, or form. However, the question that I have, regards medicinal marijuana. I am ... deluged with calls about this, mainly from people who are either elderly, or who are stricken with cancer. And they provide me with research, with statistics, and papers and articles, insisting that medical marijuana, prescribed by a physician, does not lead to drug addiction, that it is innocuous, and that it is helpful and merciful to them.

"While I understand the tremendous potential for abuse in legalizing medicinal marijuana—and I think the situation in California speaks to this—it is still something that I think we have to address if for no other reason, than to identify for these people, who really are very much in need, that they may be being manipulated by the drug lobby."

LaRouche replied: "Well, I think we went through this back in the '50s and '60s, and the argument is false. You have people who are desperate, and it is spread also by the 68ers. The 68ers started this thing; and it was started not because marijuana was helpful—people fooled around with this. But the problem was that legitimate medication was not available. And it was a policy of the drug industry not to provide the necessary help.

"The important thing here is, that the promotion of narcotics—and marijuana is a narcotic—the promotion of this in that form, even if you produce



medically something very similar to it, if it has clinical value, and producing marijuana, are two different things. So, if you take a drug which has the same effect as is attributed to marijuana, or you take so-called medical marijuana—don't allow the medical marijuana. Get the drug. We should provide, economically, these kinds of things and make them available.

"Now, this is a problem of the drug industry. The drug industry is not necessarily operating in the interests of the people of the United States or Europe. So, therefore, we need a new philosophy on the way medication is generated and provided. The drug industry has become a big financial racket, and its purpose is not medicine; the purpose is money; the purpose is wealth. Physicians need help, not the drug industry.

"But we can provide it, and we should provide it. Even if it's equivalent to marijuana in

some symptomatic effect, do it that way; don't do it with marijuana. Why? Because the marijuana is the opening of the control of society by organized crime, international organized crime. And, therefore, if somebody needs something, they get it, but don't give it to them in a way which contributes to organized crime. And what happens is, when you use medical marijuana, it becomes a cover for the use of marijuana in other ways.

"If we're going to have civilization, we have to bring this drug thing under control. It's killing us globally. It's killing us in the United States, and it's a 68er phenomenon. It's a phenomenon which was created by the British, British Intelligence, and we have to defeat that weapon. We have to defeat it entirely; crush it. But we will provide, we have the policy of providing the ill, who need medication, whatever medication they require. But we will do it; we won't have it on the street as medical marijuana."

# Soros's Narco-Politicians Demand Drug Legalization

by Cynthia R. Rush

Feb. 19—No one should have been surprised by the Feb. 11 press conference in Rio de Janeiro, in which leaders of the Latin American Commission on Drugs and Democracy (LACDD), an outfit financed and sponsored by Nazi-trained drug-pusher George Soros, issued a statement calling for legalizing marijuana for personal consumption—just for starters—and for ending the “failed” U.S.-backed War on Drugs. These issues must become the subject of a great debate, the LACDD demanded, in which Ibero-American governments would pressure the U.S. into carrying out a “drastic policy shift” toward legalization.

Co-chaired by three former Ibero-American Presidents—Ernesto Zedillo of Mexico, César Gaviria of Colombia, and Fernando Henrique Cardoso of Brazil—the 14-member LACDD has spent the last year spouting off Soros’s legalization propaganda at conferences around the Americas. Generously financed by Soros’s Open Society Institute and Transnational Institute, the LACDD claimed to be hearing a drumbeat in every country against the “prohibitionist” policies of the U.S. and the Uribe government in Colombia, in favor of a more “humane” approach focussing on “harm reduction” and public-health programs that were more respectful of addicts’ “human rights.”

Drumbeat? There is none. As the LaRouche movement warned, the LACDD only exists to serve as a fifth column in the British Empire’s new Opium War to legalize the global drug trade. The Ibero-American flank in this war is aimed at Mexico in particular, which is fighting for its very survival against the drug cartels, and whose President Felipe Calderón, with aid from the United States, has vowed to follow the Colombia model, and not to cave in to the cartels’ terror campaign.

That can’t be allowed to happen, the LACDD warns in its statement, “Drugs and Democracy: Toward a Paradigm Shift.” The only thing valuable about the Colombian experience, it argues, “is that it is a useful reference for countries not to make the mistake of adopting the U.S. prohibitionist policies.”

Colombia’s Alvaro Uribe is a problem for the Soros toadies, because he is the only Ibero-American President who has vocally opposed the idea of decriminalizing marijuana for personal use, a policy he charges is a first step toward the full legalization of all drugs.

In a Feb. 12 meeting with Catholic bishops in Bogotá, Uribe repeated that legal consumption stimulates trafficking. “It corrupts children, because it links them with distribution.” And, he added, let no one forget that consumption “sustains terrorism.”

With few exceptions, most other Presidents are too cowardly to stand up to Soros, stupidly embracing his decrim and “harm reduction” mantra instead. Even Calderón, despite his otherwise tough stance against the cartels, proposed legislation last Fall to decriminalize marijuana. It’s not too late for Mexico to fall into line, the LACDD insists. Now that the country has erupted in cartel-linked violence, it is “thus well-positioned” to join *with* the cartels in pressuring the Obama Administration to also legalize.

## It’s Soros’s Drumbeat

The only drumbeat the LACDD’s narco-politicians hear comes from their boss Soros, or his various acolytes in the Americas.

Ethan Nadelmann, whose Drug Policy Alliance is spearheading Soros’s drug legalization drive internationally, coordinates with the drug kingpin’s network of Ibero-American stooges, such as Mexico’s former Foreign Minister Jorge Castañeda, who once considered running for President, with Soros’s financial backing.

In a Feb. 11 article in the daily *Reforma*, Castañeda admitted that “well-known financier” Soros, and “my friend” Ethan Nadelmann are the “primary sponsors” of the Commission. A mass movement they are not.

This fact notwithstanding, Soros’s network is already waging a well-financed public relations campaign whose insidious goal is to make it socially and politically acceptable for governments to debate whether they have the right to defend the minds of their countrymen, and of future generations.

No sooner had the LACDD report been released, than Nadelmann issued a statement describing the report as “a major leap forward in the global drug policy debate,” because it breaks the “taboo” of debating legalization of all drugs. He announced that he intends to line up endorsements of the LACDD statement from international political and other leaders, and force



UN/Ryan Brown

*Colombia's Álvaro Uribe Vélez is a problem for the Soros toadies; he is the only Ibero-American President who has vocally opposed the idea of decriminalizing marijuana for personal use, a policy he charges is a first step toward the full legalization of all drugs.*

through legislative hearings on legalization in national capitals, including Washington, D.C.

Although the LACDD's report is cloaked in sophistry, there is no escaping its central message: that governments must capitulate to the drug cartels and legalize. It complains, for example, that repressive drug policies are so "firmly rooted in prejudices, fears, and ideological visions" such as the "association of drugs with crime," that this "inhibits public debate." For such a debate to occur, it asserts, it will be necessary to break "taboos and acknowledge the failure of current policies."

Brazilian ex-President Fernando Henrique Cardoso spelled it out explicitly in Rio: "The problem is that in the U.S., to date, narco-trafficking is a crime, so any politician is fearful of talking about narco-trafficking or talking about changing policy because they believe that they will be called soft on crime."

The Soros mafia's main objection is that *drug-trafficking* is labelled a crime! What follows from this is the LACDD's insane assertion that "most of the damage associated with cannabis use" doesn't come from the drug itself, but rather, from "the current prohibitionist policies" involving "indiscriminate arrest and incarceration of consumers," and the "violence and corruption that affect all of society."

When a *Wall Street Journal* reporter asked why the Commission hadn't also proposed cocaine legalization, Cardoso was apologetic. Marijuana is about as harmful as alcohol and tobacco, he lied, "so it's possible to consider marijuana to decriminalize . . . our main idea was to start a debate. So, we are forced to start by saying [let's legalize] marijuana for now, and then let's see what can be done with the rest."

### The Three Stooges

Just how much Soros is paying the three "exes" for their services hasn't been revealed. But they are all well-qualified for this dirty job. During their respective terms in office—Cardoso, 1995-2003; Gaviria, 1990-94; and Zedillo, 1994-2000—each obediently imposed the City of London's free-market and privatization policies that allowed the drug trade to flourish, and eventually take over entire economies throughout the region.

At various points over the past year, when Lyndon LaRouche representatives publicly attacked the LACDD's drug legalization agenda and ties to Soros, the co-chairmen loudly protested, claiming their position had been misrepresented, and that they remained "undecided" on the issue. But during a Nov. 26, 2008 conference in Washington, D.C., Zedillo spilled the beans, when confronted by an *EIR* correspondent with the sordid details of Soros's collaboration with the Nazis against his fellow Jews in World War II Hungary. None of that matters, Zedillo said. "It's completely irrelevant to me" in the current discussion about dealing with the drug issue.

Gaviria's participation is also telling on two counts. He is infamous in Colombia for having allowed the drug cartels to infiltrate the 1991 Constituent Assembly that illegally rewrote Colombia's Constitution, and for also making a deal with the Medellín Cartel's Pablo Escobar, by which the drug kingpin would only serve a short stint in prison.

Maximiliano Londoño, president of the Lyndon LaRouche Association of Colombia, has recently documented the iron grip which the cartels still hold over

that nation's economy and finances, despite the efforts of patriots, at various times, including President Uribe, to drive out the drug trade. Gaviria facilitated the cartel's takeover of the economy.

The former President is also now being mooted as a possible Liberal Party candidate against Uribe in the 2010 elections, should Uribe decide to run for a third term. A Gaviria candidacy should be seen as a virtual death threat against Uribe, Londoño warns. Gaviria could only come close to the Presidency, if Uribe were killed, in the same way he became the Liberal Party's Presidential candidate, after the drug cartels assassinated candidate Luis Carlos Galán in 1990.

How Gaviria would approach the drug issue is revealed in his recent statement that the only problem with the drug trade is that it had been "criminalized" by making it illegal.

## Soros/Malloch-Brown Factor in Afghanistan

by Ramtanu Maitra

The Obama Administration must realize that while the Afghan drug lords and their minions, using AK-47s and other weapons, will challenge the opium eradicators on the ground, their battle will be joined at the corporate and diplomatic level by two well-known, and much despised public figures: George Soros and Lord Mark Malloch-Brown. Soros, who has a hook over the world's narcotics cartels, benefits immensely from the explosion of drugs; Malloch-Brown, adequately trained by Her Majesty's Service, serves the interest of the offshore banks and the City of London by helping to procure the much-needed liquidity to keep the imperial wheels greased.

Their common interests have brought the two men close to each other. Malloch-Brown is not merely a collabo-

erator of Soros and his New York house guest, who helped to finance Soros's anti-nation-state war chest with United Nations money; he is a business partner, as well. In April 2007, Malloch-Brown was appointed vice-chairman of Soros's hedge-fund, the Quantum Fund, whence Soros's billions come. The *Financial Times* of London reported that "Sir Mark will also serve as vice-chairman of the billionaire philanthropist's Open Society Institute (OSI), which promotes democracy and human rights, particularly in eastern Europe and the former Soviet Union." The *Financial Times* added in a May 1, 2007 article: "In a letter to shareholders in his Quantum hedge funds, Mr. Soros said Sir Mark would provide advice on a variety of issues to him and his two sons, who now run the company on a day-to-day basis. With his extensive international contacts, Malloch-Brown will help create opportunities for [Soros Fund Management] and the fund around the world."

Now, Lord Malloch-Brown is Minister of State in the Foreign and Commonwealth Office.

In Afghanistan, Soros promotes, while the Afghan drug lords implement—with the help of the militia, illegal cash, and gun power. At the same time, the Soros-



UNDP/Ariel Gurierez

*George Soros (left) and Britain's Lord Mark Malloch-Brown are joined at the hip, so to speak, in their mutual interest in maintaining the global dope trade and the billions in cash it produces.*

funded Senlis Council, having enlisted a number of drug-loving bureaucrats, holds seminars on the “impossibility” of eradication of Afghan opium.

Behind these shenanigans, the prime objective of the Senlis Council, and its benefactor Soros, is to legalize opium production.

In 2005, a visiting scholar of the Carnegie Endowment for Peace, Frederic Grare, in his article, “Anatomy of a Fallacy: Senlis Council and Narcotics in Afghanistan,” wrote: “In the present situation, the Senlis proposals would, on the contrary, speed up the transformation of Afghanistan into a narco-economy. . . .”

Soros’s pose as a “philanthropist” allows him to use his money to make money through drugs. Soros uses his OSI, Human Rights Watch, and other NGOs to this end.

But that is only one side of Soros’s face. While promoting needle-exchange and “harm-reduction” programs, Soros keeps plugging for continuation of drug production in Central Asia. However, once in a while, somebody sees through his game plan. For instance, in 2004, Soros’s OSI, chanting its “I Love Democracy,” mantra, moved in to dislodge Uzbek President Islam Karimov. Soros’s objective was to put in place a “democratic liberal government” which would allow, among other things, huge opium production in the fertile Fergana Valley to “ease the cash flow” for both Soros and the country he was planning to control. In 2008, he tried the same game in Georgia, using his henchman, President Mikheil Saakashvili. That effort was thwarted by the angry Russians.

In 2004, Karimov was under security threat from two jihadi groups. One was the Islamic Movement of Uzbekistan (IMU), funded and armed by the Saudi-British nexus and protected by the Pakistani ISI in the unchartered tribal areas of Pakistan. The other group was the Hizb-ut-Tahrir (HT), banned in all Central Asian Republics and headquartered in South Kensington, England, and which was extremely active in the Fergana Valley, calling for unification of Muslims worldwide under a single caliphate, proclaiming that Western democracy was unacceptable to Muslims. It is evident that the HT was under British MI5 control.

Karimov, who had taken in a large number of IMU and HT members, soon discovered the link between the “I Love Democracy” crowd, caliphate-seekers, and assault rifle-wielding hard-core terrorists.

Karimov shut down the Open Society Foundation.

# Drug Money Laundering Keeps the Banks Alive

by Richard Freeman

Feb. 20—Three stunning developments during the past month, focused attention on the world narcotics trade and the laundering of its proceeds, which is virtually the sole source of funds propping up the hopelessly bankrupt Anglo-Dutch world financial system. Were governments to shut down the enormous flow of laundered narco-dollars, which pass primarily through off-shore centers such as the Cayman Islands, the Jersey Islands, and the City of London itself, the financial system would seize up, and the world drug trade would come to a dead stop.

• On Jan. 27, in an interview in the Austrian weekly *Profil*, Antonio Maria Costa, director of the UN Office on Drugs and Crime (UNODC), made clear the indispensable role of drugs in holding up the world’s banking system. “In many cases,” Costa said, “drug money is currently the only liquid investment capital, to buy real estate, for example. In the second half of 2008, liquidity was the biggest problem the banking system had, and therefore, this liquid capital [of drug money



UN/Evan Schneider

*Antonio Maria Costa, head of the UN Office on Drugs and Crime, told an interviewer, “Drug money is currently the only liquid investment capital. . . . In the second half of 2008, liquidity was the biggest problem the banking system had, and therefore, this liquid capital became an important factor.”*

TABLE 1

**Foreign Positions Held in Offshore Banks, by Country**

	Liabilities June 98 (Billions of \$)	Liabilities June 08 (Billions of \$)	Population (Thousands)
<b>Offshore</b>			
Bahamas	16	439	306
Bahrain	2	44	586
Bermuda	16	105	67
Cayman Islands	127	1,903	48
Guernsey Islands	N.A.	222	66
Hong Kong	64	627	7,109
Isle of Man	N.A.	97	76
Jersey Islands	N.A.	590	91
Netherland Antilles	43	159	189
Panama	30	106	3,310
Singapore	16	502	4,608
West Indies of the U.K	32	251	3,000
<b>Europe</b>			
Luxembourg	44	1,011	486
Netherlands	127	1,085	16,645
Switzerland	68	1,472	7,582
United Kingdom	134	5,386	60,944
<b>Mideast, Africa</b>			
Israel	17	50	7,184
Kuwait	16	47	3,400
Saudi Arabia	54	161	27,601
United Arab Emirates	47	90	4,621
<b>Total</b>	<b>851</b>	<b>14,347</b>	<b>147,919</b>

Source: Bank for International Settlements.

flows] became an important factor.” On his personal website, the UN’s top drug fighter asserted, “with the banking crisis choking lending, these cash-rich criminal groups have emerged as the only sources of credit.”

- On Dec. 11, 2008, FBI agents arrested Bernard Madoff of Madoff Investment Security LLC, on charges of “securities fraud,” in connection with a global \$50 billion Ponzi scheme. Harry Markopolos, a money manager, testifying Feb. 4, 2009, before a hearing of the House Financial Services Committee’s Subcommittee on Capital Markets, isolated the dirty money that was the bedrock of Madoff’s operations. Markopolos said:

“Mr. Madoff was running such a large scheme of unimaginable size and complexity, and he had a lot of dirty money. Let me describe dirty money to you. When you’re that big and that secretive, you’re going to attract a lot of organized crime money, which we now know came from the Russian mob and the Latin American drug cartel....

“The feeder funds that were offshore in tax haven nations attract dirty money.... The only reason you go offshore is if it’s dirty money.... And just given the size, it’s statistical. If 5% of the world’s currency comes from organized crime, well, Mr. Madoff was going to be at least 5% organized crime for his investors.”

- On Feb. 17, the U.S. Securities and Exchange Commission charged billionaire and George W. Bush ally Sir Allen Stanford with fraud and multiple violations of U.S. securities laws, for “massive ongoing fraud” involving \$8 billion in certificates of deposit, and associated investments. Stanford based his operations on the tiny British-run island enclave of Antigua, in the Caribbean. Functioning through his Stanford International Bank, the Bank of Antigua, and related companies, Stanford’s aggregate businesses claimed 30,000 clients, based in 130 countries. The FBI-led multi-agency team raided the Texas-born Stanford’s U.S.-based offices in Houston, Miami, Memphis, and Tupelo, Miss.

On Feb. 19, ABC-TV reported, “Federal authorities tell ABC News that the FBI and others have been investigating whether Stanford was involved in laundering drug money for Mexico’s notorious Gulf Cartel.” Mexican authorities detained one of Stanford’s private planes, and, according to officials, checks found on the plane are believed to be connected to the Gulf Cartel.

The Madoff, Stanford, and many other offshore operations now surfacing, are annexes of an international network, under the command of the Anglo-Dutch financial oligarchy, flourishing in scores of offshore centers, that enables the movement of immense volumes of drug money into the world’s financial centers. Without the big banks, the drug trade would choke on the physical dollars, and could not get them “out of harm’s way” into secured secret locations. The idea that the banks are being taken advantage of by “outside



U.S. Virgin Islands

*Bush family retainer Sir Allen Stanford is under investigation for drug-money laundering for Mexico's notorious Gulf Cartel.*

swindlers” should be laughed off the stage—the reality is that drug money laundering is top down, not the other way.

Just how large is the drug money laundering? The accompanying table looks at 20 “offshore” centers, which process the vast majority of the world’s dirty money. When money is deposited in a country’s banking system by a non-national, it is classified as a “bank’s foreign deposit.” Deposits are a subset of a bank’s liabilities. Therefore, in the table, we report the offshore banks’ “foreign liabilities,” mostly composed of money that foreigners deposited. Liabilities and assets roughly match, so we could have used either one. Note that between June 1998 and June 2008, the offshore banking centers’ foreign liabilities increased from \$851 billion to \$14.3 trillion, an increase of 17 times! This reflects the massive swelling of the monies of the drug trade, and other dirty money, as well as the hedge funds, which operate offshore. The two sources of money are highly intermixed.

The combined population of the listed countries, most of which are Anglo-Dutch satrapies, is 147.9 million, only 2% of world population, but the banks domiciled here control 44% of the world’s foreign liabilities, and a nearly equivalent amount of its assets. *EIR* estimates that the world’s drug flow, and associated criminal activity, such as illegal weapons, contraband, etc., amounts to \$2 to \$3 trillion. The offshore centers are the engines of this operation. Shut them down, and the narcotics trade would go up in smoke.

## George Soros Nailed In Dope Banking

by Anton Chaitkin

George Soros, chief funder and controller of the campaign to legalize narcotics, has been caught in the banking network that launders the criminal proceeds of dope sales.

An *EIR* investigation has uncovered the British-agent billionaire’s hand in Colombian and related drug banking, beginning in 1994, when Soros employed his vast offshore funds to shore up the Cali cocaine cartel and its allies against a determined U.S. government effort to shut down the dope.

In January 1994, the Colombian government sold a 75% stake in the Banco de Colombia to Soros’s henchmen, the Cali, Colombia-based Gilinski family—Isaac Gilinski and his son Jaime Gilinski, for \$432 million. Banco de Colombia had long been identified by the United States Drug Enforcement Administration as under the control of Colombian drug traffickers, for money laundering, in conjunction with the Eagle National Bank of Miami, Florida.

Then in May 1994, the Gilinskis applied to the Colombian government for permission to sell just over 9% of the Banco de Colombia. In August 1994, Soros himself invested an estimated \$70 to \$80 million to become minority owner with a 9% stake. His man Jaime Gilinski was chairman; Gilinski also acquired the dope cartel’s Eagle National Bank in south Florida.

Four years later, Russia’s *Argumenty i Fakty*, one of the world’s largest-circulation papers, reported (Feb. 18, 1998) on the Gilinskis and the Colombian mafia using billions in cocaine revenue to buy up Russian resort properties, trading cocaine for automatic weapons and surface-to-air missiles that went to narcoterrorists inside Colombia.

Reporter Aleksandr Kondrashov wrote that Russian and Colombian security services were cooperating, and had given out “the valuable information on how the Colombian clan of drug baron Gilinski, is laundering dirty narco-dollars in our country, buying up resorts of



Colombia's Cali cocaine cartel made millions of dollars available to the 1994 Presidential campaign of Ernesto Samper Pizano, as revealed in the famous "narco-cassettes."

Crimea and Russia through figureheads"; and that about \$2 billion was estimated to be put into Russia that year, 1998, from cocaine profits.

The report was elaborated on by Dr. Phil Williams of the Strategic Studies Institute at the United States Army War College:

"The Colombian Gilinski family was using drug profits to buy resort property in the Crimea and Russia, and reportedly hired Armenian and Chechen hit men to remove members of Slavic crime groups opposing their activities." (See "Cooperation Among Criminal Organizations," by Dr. Williams, in *Transnational Organized Crime and International Security*, 2002.)

The international banking axis that had been taken over by Soros and his Gilinskis, was bluntly identified in a Public Broadcasting System broadcast Oct. 4, 2000, by Carlos Toro, an informant for the Drug Enforcement Agency who helped put Colombian mafia boss Carlos Lehder and others in jail, and then went into the U.S. Federal Witness Protection Program.

**Mr. Toro:** The Colombian banking industry that ... had subsidiaries in Miami and Panama worked very closely with us [the mafia]... We had Colombian banks, Banco de Colombia, Banco [unintelligible], Banco Cafetero [phonetic], Eagle National Bank of Miami. ... In those days ... Eagle National Bank was a powerful aid for us between 1980 and 1984.

**Interviewer:** But the cartel did not own the bank. It was simply allied with the cartel.

**Mr. Toro:** The cartel didn't own the bank in front of FDIC, but we own the bank. ..."

The U.S. Federal Reserve issued a cease and desist order, on March 31, 2005, to Eagle National Holding Co. of Miami, Florida, shutting down suspected money-laundering by the Gilinskis.

The *South Florida Business Journal* reported (Jan. 14, 2005) on Federal actions then in process against Gilinski:

"Eagle National Bank [was] publicly reprimanded by federal banking regulators for violating anti-money-laundering laws.

"The regulators honed in on accounts opened at the bank by foreign political figures and their families, friends and associates that may involve money-laundering, the proceeds of foreign corruption, terrorist financing or other suspicious activity.

"Regulators ... reprimand[ed] Eagle for allowing the bank's largest owner, Colombian businessman Jaime Gilinski and his family, to use the 48-year-old federally chartered bank for personal use with lax oversight... Gilinski is ... reported to have substantial holdings in Colombia and around the world... [C]hairman of the Eagle National's holding company, [he] lives in London and could not be reached for comment...."

"The bank is prohibited from entering into any new business transactions with Jaime Gilinski, his spouse, children, parents or siblings, [and] any persons who act in Jaime Gilinski's behalf...."

### **The Soros Group in Colombia**

The year that Soros and Gilinski took over Banco de Colombia, 1994, the U.S. government fought to counter the narco takeover of that country. The Clinton Administration, the Justice Department, and Sen. John Kerry (D-Mass.) attacked Gustavo de Greiff, the corrupt chief prosecutor of Colombia from 1992 to 1994, for sabotaging the prosecution of the Cali cocaine cartel, allegedly in exchange for mammoth bribes from the cartel.

Audio tapes were made public (the famous “narcocassettes” in the “8000 Process” case) showing that the Cali cartel had made millions available to the 1994 Presidential campaign of Ernesto Samper Pizano. De Greiff’s daughter, Monica de Greiff, was treasurer of that Samper Presidential campaign. Gustavo de Greiff notoriously dismissed the case, and had to leave his post as chief prosecutor.

In a confidential February 1994 memo, later declassified, U.S. Ambassador Morris Busby had reported on his meeting with Samper Pizano and Monica de Greiff, in which she claimed the Cali cartel would “reduce the amount of cocaine . . . on the streets of New York,” if the U.S. would strike a deal with them.

In April 1994, Soros’s Drug Policy Foundation put Gustavo de Greiff, then still chief prosecutor, on a United States tour against drug law enforcement. The Soros group staged a Washington, D.C. press conference for him on April 23, since, “The chief prosecutor has been attacked with increasing vigor by a series of U.S. government officials.” At the conference, de Greiff demanded that the U.S. attacks on him stop, and the U.S. War on Drugs be closed down.

*The next month, the Gilinskis applied to de Greiff’s government for permission to sell part ownership of the Banco de Colombia to George Soros.*

Over the succeeding years, Gustavo de Greiff went into exile in Mexico, where he had been Colombian ambassador for a time. He is now the chief spokesman for the Soros-Gilinski partnership, while serving as the spokesman and attorney for the Gilinski family, as they and George Soros have carried out a decade-long legal battle to squeeze more money out of the Banco de Colombia (now called Bancolombia), whose control they have lost.

At the same time, de Greiff is one of the leading hemispheric spokesman for the Soros drug legalization movement, operating for various Soros entities in North and South America (such as the group Law Enforcement Against Prohibition), pulling together the lobbying forces of narcotics producers and their financiers, demanding the surrender of law enforcement.

The Gilinski family continues to operate a string of banks in Colombia and offshore in the Caribbean, including the Colombian bank Sudameris, Banco Tequendama, the cash dispensers and ATM network Servibanca in Colombia, and the Sudameris assets in Panama and in the drug-money-laundering center, the Cayman Islands.

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## The Opium War

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# 200 Years of British Drug Wars

by Mike Billington

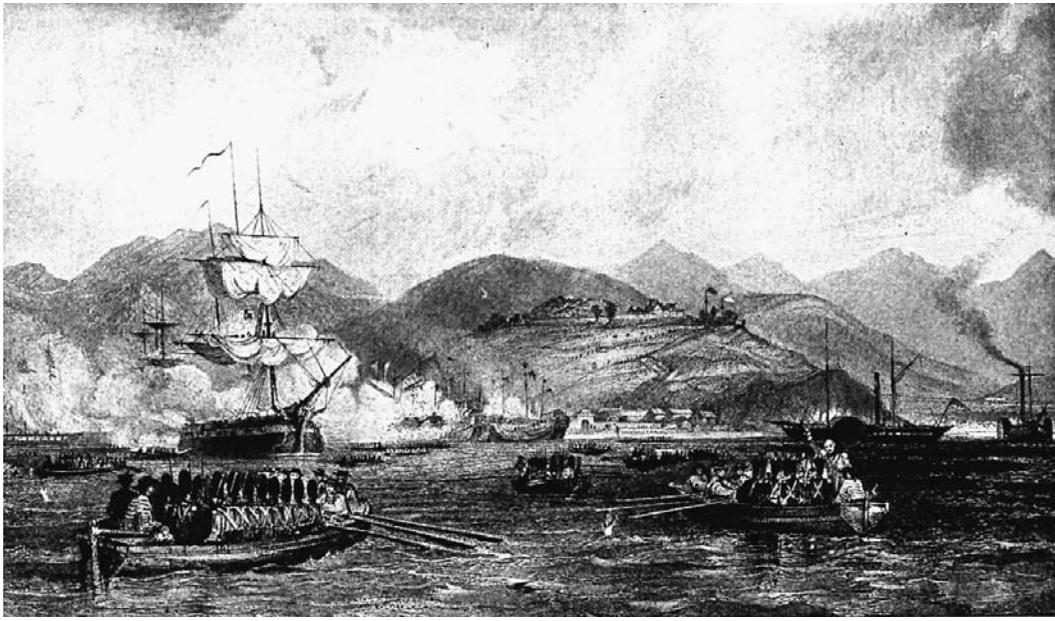
The British Imperial drug war against civilization got its start with the British East India Company’s production of opium in British India, and 29 years of Opium Wars against China, to force the acceptance of free trade in deadly opium upon the 5,000-year-old Chinese culture. The 1840-60 Opium War consisted of two phases of direct British military campaigns against China (usually called the First and the Second Opium Wars), and a British-controlled peasant revolt, known as the Taiping Rebellion, which followed the common Imperial pattern of British-instigated religious fundamentalist movements, aimed at disrupting the national unity of the target population. Altogether, these wars effectively left a broken China under the financial control of the East India Company drug dealers, killing more than 20 million Chinese along the way.

### The British East India Company

In the 17th and 18th centuries, the privately constituted British East India Company established trading houses in Indian cities, and eventually expanded its control over the entire subcontinent, building a 150,000-strong private army in the process, all under the banner of free trade.

The British were less successful in breaking through China’s barriers against foreign intervention and trade. The reigning Qing Dynasty strictly forbade foreign presence or trade outside the single trading post in Quanzhou (Canton).

The Chinese banned opium in 1729, a ban that was strengthened in 1799, in the face of British opium smuggling from Bengal. The British ignored the ban, and made lucrative alliances with Chinese merchant families in Guangzhou willing to flout the law, while the Company expanded its smuggling routes to the cities along the southern coast. These criminal activities were led by William Jardine and James Matheson, whose infamous partnership in 1828, Jardine Matheson & Co.,



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*When the scholar Lin Zexu wrote to Queen Victoria, appealing to her to stop the destruction of China with opium, the Empire instead send its navy to “defend the principle of free trade.” Shown, British warships capture Chusan, during a naval battle in 1840.*

became the largest opium business in the world, interlinked with the Hongkong and Shanghai Bank, whose current incarnation, the HSBC, is a bank associated with drug-money laundering throughout its history. By 1836, the East India Company was delivering 30,000 chests of opium to China, enough to supply more than 12 million users. The impact on society was devastating, draining the country of silver, while destroying the minds of millions of Chinese.

In 1839, the Emperor sent leading scholar and statesman Lin Zexu as commissioner to Guangzhou, with orders to crush the opium trade. Lin was already familiar with the moral depravity of the southern merchants who were enriching themselves as compradors for the British poison. They were also the sponsors of a school of thought among scholars, called the Han Learning, which opposed the moral traditions of the national government and educational system, based upon the great Song Renaissance of the 11th and 12th centuries. The Han Learning school promoted a pragmatic ideology which served the same purpose as today’s “Open Society” fanatics, financed by drug promoter George Soros on behalf of his British sponsors: “opening” to drugs and financial thievery at the expense of the sovereign state.

Lin set up his headquarters at the school run by the leading Confucian scholar in Guangzhou, moving immediately to arrest the Chinese opium merchants, including the local government officials, confiscating every chest of opium from the British. A grand celebra-

tion was staged before a gathering of the British drug dealers and much of the population of Guangzhou, where over 20,000 chests of opium were destroyed.

This was the occasion of the famous letter from Lin Zexu to Queen Victoria, appealing to her conscience to prevent her subjects from acting to destroy China with their opium. The Queen refused, choosing instead to follow the instructions of Foreign Secretary Lord Palmerston, to support the East India Company and the British Navy in “defending the principle of free trade” in drugs. A massive British flotilla arrived in 1840, which quickly destroyed the outmoded military defenses of the Chinese, beginning with Guangzhou, bombarding the city until it submitted and paid tribute. The warships then moved up the coast, repeating the process at every city along the way, including Shanghai, before moving up the Yangtze River to Nanjing, the southern capital. At that point, the Emperor sued for peace.

The Treaty of Nanjing, signed on August 29, 1842, ceded the island of Hongkong to Britain in perpetuity as the headquarters for its drug operations, and opened four other ports to British merchants, where British warships were to be allowed entry “when the interests of trade demanded.” But the Treaty was a compromise, since the Chinese did not give unlimited access to the opium dealers, although they did grant open access to the merchants’ devilish missionaries. This provided the conditions which Lord Palmerston needed to begin

making arrangements for phase two—to take over the country in full.

## **The Taiping Rebellion**

The Taiping Tianguo (Heavenly Kingdom of Great Peace) controlled nearly one half of the territory of China at the peak of its peasant revolt, which lasted from 1853 to 1865. It began as a pseudo-religious cult in the countryside near Guangzhou, in the 1840s, in the midst of the spread of opium and demoralization following China's defeat at the hands of the British drug dealers in 1842. Its leader Hong Xiuquan read a Protestant tract from Hongkong, and had a vision that he was the second Son of God, Christ's brother, sent to cleanse China of evil—not the British barbarians, but the Manchurians (who ran the Qing Dynasty)—and Confucianism itself. Their fundamentalist doctrines had Christian wrappings, but had more to do with local Daoist beliefs than anything associated with Christianity. The British quickly took them under their wing.

While the Taiping peasant army rampaged across the countryside, taking over much of the South and seizing Nanjing as their capital, Hong Xiuquan's cousin Rengan was brought to Hongkong, where he receiving intense training from British missionaries, headed by James Legge, the British expert on Chinese religious beliefs. Legge, whose bowdlerized translations of the Confucian, Buddhist, and Daoist Classics are treated as authoritative still today, labored to subvert and destroy the humanist tradition in Chinese Confucianism, while training the leader of a pagan insurgency to impose British colonial rule over China. British intelligence agent Lawrence of Arabia would have been proud.

In a manifesto written by Hong Rengan upon his return to Nanjing: "At present [England] is the mightiest nation of the world, owing to its superior laws. The English are noted for their intellectual power and national strength, are proud by nature, and averse to being subordinate."

W.A.P. Martin, an American Presbyterian missionary, and close friend of Massachusetts politician Caleb Cushing, whose family had become rich in the China opium trade, and who was playing a leading role in instigating the U.S. Civil War on behalf of the British, visited the Taiping in Nanjing regularly. In a series of public letters to Cushing, Martin wrote: "The Tartars [Manchurians] dynasty, too far gone in senility to afford any encouraging prospect of reformation, will

now, perhaps, consider the expediency of recognizing its youthful rival [the Taiping] which, catching the spirit of the age, may be prevailed upon to unlock the treasures of the interior and throw open its portals to unrestricted trade. . . . Divide and conquer is the stragem to be employed in storming the citadels of oriental exclusiveness."

Although the Western powers were officially neutral in the civil war between the Qing government and the Taiping, British diplomats threatened Beijing that they would grant official recognition to the Taiping, if the government failed to accept all British demands for a new treaty, when the 1842 Nanjing Treaty expired in 1856.

## **Second Opium War**

The British were not interested in negotiations. As soon as the Nanjing Treaty ran out, they immediately launched a full-scale military operation, this time with French support, occupying Guangzhou, then moving up the coast, reaching Beijing in 1860. While the British-sponsored Confederacy was busy trying to split up the United States, British and French forces were burning and looting Beijing.

The Chinese finally capitulated. Opium was legalized and domestic production was introduced, leading to an estimated 30-40 million addicts by the turn of the century (so much for George Soros's argument that legalization will not lead to greater usage). The customs houses were taken over by the British, demonstrating once again the cold advice of Mayer Amschel Rothschild in 1790: "Let me control a nation's money and I care not who writes the laws."

The task remained of cleaning up the mess left by their sponsorship of the Taiping Rebellion, which was no longer needed as leverage against Beijing. The British re-deployed their military forces, led by Charles "Chinese" Gordon, fresh from burning the Summer Palace in Beijing, to join those of the Qing armies, in one of the great slaughters of the century, wiping out nearly every remaining member of the Taiping.

The British were effectively in full financial, military, and political control of the decaying Qing Dynasty. Only when Sun Yat-sen led a Republican Revolution in 1911, based on the principles of the American System of physical economy, inspired by Abraham Lincoln's defeat of the British war to divide the Union, was China able to begin the long, hard struggle to regain its true sovereignty.

# Afghanistan Heroin Drives Drug Epidemic in Russia

by Rachel Douglas

Feb. 19—In a survey of the world illegal drug trade in 1996, *EIR* identified the newly independent states of the former Soviet Union and the former socialist bloc in Eastern Europe as *Dope, Inc.*'s fastest-growing expansion market. The overnight imposition of radical free-market policies in those countries opened them up for a hugely expanded role in drug transshipment from production areas into Europe, as well as for an explosion of addiction among their own abruptly impoverished and displaced populations.

By the middle of this decade, as Afghanistan narcotics production surged after 2001 (see article, this section), international health organizations supporting HIV treatment and control programs inside Russia reported a new pattern within an alarming epidemic: Among the HIV-AIDS hotspots in the country were not only port cities like St. Petersburg, or Moscow, the capital, but also cities deep in the Russian interior. Towns on the lower Volga River such as Samara, Saratov, Volgograd, and the auto industry center of Togliatti began to show HIV prevalence rates in excess of 1% or even 2% of the population. They are on the waterway and road transport routes from Afghanistan. A great majority of the HIV-AIDS victims were young injecting drug users.

A series of reports and proposals made in the past three months by Victor Ivanov, Prime Minister Vladimir Putin's deputy chief of staff at the Kremlin, and now head of the Federal Drug Control Agency, have situated the overwhelmingly Afghanistan-origin drug epidemic as a top public-health and national-security issue for Russia. Bringing the picture up to date at a Feb. 12 press conference, held at the Itar-Tass news agency, Ivanov said: "The increase in the number of drug addicts in Russia is beginning to look like an epidemic. Each day, over 80 people die from drugs and more than 250 become drug addicts."

There are 537,000 officially registered drug users in Russia, but Ivanov cited estimates by international agencies that are five times higher. "Around 90% of the

drug addicts in Russia are addicted to Afghan opiates; are hooked on the 'Afghan needle,'" he said.

In a December 2008 interview with the government daily *Rossiyskaya Gazeta*, Ivanov showed starkly how the drug plague which has swept Russia contributes to the country's steep population decline. From a level of nearly 150 million people at the time of the break-up of the Soviet Union in 1991, the population of the Russian Federation has fallen to under 142 million. Most of those 537,000 registered drug addicts, Ivanov noted, are young. Looking back eight years to 2001, the number of registered drug addicts in Russia was 496,000, but the majority of the 2001 group have died. According to Ivanov, 90% of Russian drug addicts have Hepatitis C and 75% have HIV/AIDS. He gives the life expectancy of a newly identified drug addict as five to six years.

But the total numbers are greatly understated; statistics on traffic stops show that as few as 3% of drivers stopped in a state of narcotic intoxication are registered as addicts. At Feb. 18 State Duma hearings on the data from Ivanov's agency, Speaker of the Duma Boris Gryzlov said, "Since 1990, drug consumption in Russia has grown almost tenfold, and is currently eight times higher than in the European Union."

Quantifying the flood of opium and heroin out of Afghanistan into and through Russia, Ivanov said that 29 tons of narcotics had been seized in Russia as of December, with 10-15 shipments being caught daily. He subsequently gave an updated year-end figure of 38 tons of drugs seized, including 3.5 tons of heroin.

Ivanov told *Rossiyskaya Gazeta* in December that he does not favor increased cooperation with NATO in Afghanistan, which he termed a narco-state, because opium cultivation has boomed in that country, since the beginning of the NATO operation there. For counterterror purposes, Ivanov suggested, what's needed are serious special service operations, not an occupation by 60,000 troops. At that time, he also cited information

received on British-linked South Asian narcotics kingpin Dawood Ibrahim's role in the Mumbai, India terror attacks, as a case in point on the need to shut down the Afghanistan opium trade; he also highlighted the role of narcoterrorists in Russia's North Caucasus, a major area of intense activity by London- and Saudi-supported separatist networks. "In Russia, as well, terrorism cannot be overcome without liquidation of the drug shipments out of Afghanistan," said Ivanov.

Ivanov told *Rossiyskaya Gazeta* on Jan. 30 that the Russian government desires to work with the new U.S. Administration in Afghanistan to fight drug trafficking. Noting the spread of drug crops and trafficking from southern Afghanistan to the whole area along the border with the Central Asian countries, Ivanov said, "To reduce this danger, we are vitally interested in working with the new American Administration."

This proposal for U.S.-Russia collaboration, as *EIR* reported Feb. 6, was heartily endorsed by Lyndon LaRouche, who emphasizes that the only way to stabilize the world strategic situation, is for the U.S. to get out of Afghanistan militarily (except for a presence around the capital), and to wage an all-out war on drugs. "Either

we stop the drug trafficking, or we lose civilization," LaRouche said.

In the Jan. 30 interview, Ivanov called for convening a conference under UN auspices on "Peace and Prosperity in Afghanistan," as a "first step" in such U.S.-Russian collaboration against drugs. "It would be appropriate to hold such a conference in Afghanistan itself, e.g., in Kabul," said Ivanov. All tribes, areas, and political forces "prepared for a constructive dialogue" should be invited, he said, proposing a special role for Russia, as a country "whose forces have not participated in this seven-years-long war." Ivanov said that creation of a "single, independent, and strong nation of Afghanistan" would be the pathway to tackling the explosion of the heroin business.

The language of Ivanov's Peace and Prosperity conference appeal closely echoes a Russian policy discussion paper, published at the end of last year by the Institute for Demography, Migration and Regional Development, under the title, "The Path to Peace and Concord in Afghanistan Will Be Determined by the Position Russia Takes." The just-issued English edition is excerpted in the pages that follow.

# Russia's Policy Will Determine The Path to Peace in Afghanistan

*The following is excerpted, with permission, from a report by the Institute for Demography, Migration and Regional Development and the Development Movement, Moscow 2008, titled, "The Path to Peace and Concord in Afghanistan Will Be Determined by the Position Russia Takes." It was prepared by researchers Yuri Krupnov (project leader), Ilnur Batyrshin, Andranik Derenikian, Boris Krupnov, and Serafim Melentiev. The full report is available online at [http://afghan.idmrr.ru/afghan.idmrr.ru\\_eng.pdf](http://afghan.idmrr.ru/afghan.idmrr.ru_eng.pdf).*

The main goal of this report is to propose theses for discussion in order to elaborate a new policy on Afghanistan for Russia.

This report incorporates the results of discussions with Russian and Afghan experts, representing differ-

ent opinions on the situation in Afghanistan. It is also based on data obtained from Afghan, Russian, and foreign experts, the Regional Studies Center of Afghanistan (Kabul), analytical surveys done by the Modern Afghanistan Studies Center (Moscow), as well as the publications of Russian and foreign nongovernmental organizations and mass media.

## The Problem of Afghanistan for Russia and the World

The ongoing civil war in Afghanistan, and the essential inability or unwillingness of a number of foreign states and their military contingents to bring peace and concord to the people of Afghanistan are the source of fundamental challenges, threats, and aggression for Russia and other countries, namely:

## MAIN ROUTES OF HEROIN TRAFFICKING FROM AFGHANISTAN TO RUSSIA



- the drug threat and drug aggression, as a result of which, the majority of Russian drug addicts are taking Afghan opiates and heroin, while the overall number of people addicted to these most dangerous drugs is steadily increasing; furthermore, over the past five years we have observed a drastic growth in the export of cannabis group drugs from Afghanistan to Russia;

- the threat from transnational criminal groups, closely connected to the drug business and drug traf-

ficking from Afghanistan to Russia via the Middle (Central) Asian republics, gaining strength in Middle Asia;<sup>1</sup>

- the threat from the presence of U.S. and NATO armed forces in Afghanistan and its neighbors in the

1. The authors have chosen the terms “Middle Asia” and “New Central East” for the English edition of their study, in preference to the traditional imperial “Central Asia.”

form of a network of “military super-bases.”

In general, due to the ongoing military actions and foreign interference in its affairs, Afghanistan has become a source of growing threats and aggression which affect the Russian Federation directly, as well as through the Middle Asian states, and increase general instability, undermining Russia’s overall capacities and strength.

At the same time, Russia, at present, does not possess proven methods and technologies to protect the country from the threats and aggression mentioned above. This has to do with the fundamentally new situation existing in Afghanistan, in which routine economic and military approaches and solutions are destined to be ineffective.

Analysis shows that only realistic way of eliminating the above-mentioned threats and aggression is the intensified development of the state in Afghanistan, transforming this country into a strong and self-sufficient nation. This challenge, in turn, requires the elaboration and implementation of totally new approaches, which will be comprehensive and relevant in the humanitarian, political-anthropological, and socio-economic spheres, contributing to building a strong and prosperous Afghan state.

There need to be new approaches and development methods, which, in their totality, would allow Afghanistan to gain its independence; build up and strengthen its statehood; carry out an intensified transition from a ruined society and economy with an expanding drug business, accounting for over half of the country’s GDP, to a prosperous, stable and consolidated society, ensuring a worthy life for every single Afghan citizen and ethnic group.

## **A Comprehensive Afghanistan Development Plan<sup>2</sup>**

The establishment of a strong, united and independent state in Afghanistan is impossible without reconstruction of the basic conditions for its people’s life and activities.

In a situation where real unemployment is close to 80% and more than half of the GDP is formed by cultivation, production and illegal trafficking of drugs, the main task for the Afghan government and the international community is to set up life-support infrastructure, able to provide no less than 1 kWh of electricity,

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2. The following excerpts are from Chapters 7-11 of the report.

one liter of drinking water and 10 liters of process water per day for each citizen of Afghanistan.

At present, all the proposed so-called “development plans” for Afghanistan have at least one important defect: lack of a strategic horizon. These plans for the most part cover the issues of rendering foreign donor help to Afghanistan, ignoring the issues of promoting the country’s economic self-reliance and self-sufficiency. Afghanistan needs a Comprehensive Development Plan built on new principles and approaches.

The method of intense improvement and recovery of the basic conditions for life and human activity requires a combination of elements for accelerated industrialization—advanced development of the means of production and of the real economy, i.e., economic development planning centered on estimated minimum and additional consumption, as well as on practically oriented fundamental science.

A transition from the present state to the one required will be impossible without the creation of strategic life-support infrastructure and full-scale productive forces. The latter should be based on practically oriented fundamental science, with the development of education and innovational advanced industry, which would be set up in Afghanistan through cooperation involving other countries.

Development of the energy sector, especially of the electric power industry, is a high priority for the economic development of Afghanistan. It can give an impetus to the development of the entire productive sector and dramatically raise the level and quality of life for the Afghan people. There is a great need for an Afghanistan State Electrification Plan, similar to the early 20th-Century GOELRO (State Plan for the Electrification of Russia), which provided the impulse for the Russian and Soviet industrialization. In particular, full cascades of power plants must be built on the rivers of Afghanistan, primarily on the Kunduz, Kokcha, Kabul, Helmand, and Hari Rivers. Furthermore, it is necessary to build or modernize the electric power lines from Tajikistan, Turkmenistan, and Uzbekistan to Afghanistan to provide additional electricity for the country’s needs.

Efforts must also be focused on solving the problem of providing Afghanistan with adequate drinking and process water. This is a crucial factor in overcoming the imbalance between population growth and the reduction of overall land under cultivation and agricultural output.

One of the strategic objectives must be the construction of a railway line on the route Mashhad (Iran)-Herat-Kandahar-Quetta (Pakistan), which would integrate Afghanistan into the global railway network and goods circulation system. This line must become the backbone of the Afghan Development Corridor, which would be a place of concentrated implementation of development projects and would make Afghanistan a strong and economically self-sufficient state, able to take care of its further development and prosperity independently.

It would be appropriate to examine and approve the Comprehensive Afghanistan Development Plan at an International Conference on Peace and Prosperity for Afghanistan, to be held in Kabul.

### Exporting Development

In the present circumstances in and around Afghanistan, Russia has a unique opportunity not only to develop a new policy on Afghanistan, but to take that as an opportunity to elaborate new principles for its entire foreign policy.

Russia cannot continue to maintain its own existence as a world power (*mirovaya derzhava*) by further resigning itself to isolationism and provincialism. Russia has always existed and will exist with its full identity only as a world power, i.e., as a state entity which takes responsibility for formulating and working to solve world problems.

Implementation of the *mirovaya derzhava* doctrine requires countering the export of democracy, which currently dominates the world, with the export of development, i.e., the transfer of methods and technologies for the comprehensive development of countries, regions and spheres of activities. Only by exporting development to other countries will Russia be able to deal with civilizational, political, and economic challenges, while simultaneously maintaining its own development.

The export of democracy has revealed not only its forcible and violent nature, but also a plain failure to be effective. Moreover, in practice it has turned out to mean the export of financial and economic crisis and military conflict, i.e., the guaranteed export of instability.

Russia has a unique opportunity to turn its traditional role of helping other countries to develop, into a major principle of its foreign policy. Unfortunately, indiscriminate criticism of the Soviet past and an imagi-

nary intrinsic imperial character of Russia have disavowed and virtually wiped from public memory this central direction of Russian international activity, historically: its fruitful and devoted efforts to train development elites for other countries, providing them with scientific, educational and industrial-technological support.

Today, we must not only set the historical record straight, but also develop this hereditary feature of our nation into a principle of joint development, or co-development, which means the export of development as the targeted transfer of the full-set development capabilities to partner countries, enabling them to make qualitative breakthroughs.

The key idea of exporting development is to create full-fledged productive forces in the country under development, which would comprise three elements: developing education, fundamental practically oriented science, and innovational industry. In this sense, the export of development may be counterposed to the export of democracy, which implies the imposition of alien state organizational and social standards on the country which is a recipient of "democracy." Russia's mission in Afghanistan is to create full-scale production forces, appropriate for the goals which are set.

The necessary preconditions exist for adopting such a doctrine at the government level. *Inter alia*, it is significant that at the meeting of the Council of Heads of Governments of the Shanghai Cooperation Organization on October 30, 2008 in Astana, Prime Minister of the Russian Federation Vladimir Putin said that "values and models of development are becoming the subject of competition. We have to join our efforts to promptly complete the transformation of the global and regional security and development architecture by adjusting it to the new conditions of the 21st Century, when stability and prosperity are becoming inseparable concepts."

Russia needs a strong, safe, and friendly Afghanistan. Therefore, a Russian doctrine of exporting development can become the foundation for solving the current problems of this country. The export of development to Afghanistan would bring peace and prosperity to Central Asia, strengthen economic and political ties between the Middle Asian states and Russia and also would set an example to other great powers.

As a first step, the Russian Federation could propose to Afghanistan and other interested countries the elaboration of a Comprehensive Afghanistan Development Plan, and cover the initial expenses.



### Afghanistan Development Projects

One of the main causes of the ongoing war in Afghanistan is that it lacks the economic conditions for its people to lead a decent and comfortable life. Many of those engaged in military actions do so because, in the present socio-economic situation, they are unable to support their families by their own labor.

Therefore, in order to stop the war in Afghanistan and restore peace in the country, a solution to the eco-

nomics and social problems of the country must be found, above all. The recovery of Afghanistan's ruined economy requires the elaboration of comprehensive development plans and projects, along with a mobilization of the forces and joint labor of all Afghan citizens.

The rural way and pattern of life are traditional for the Afghan people, and the country's development system must preserve and rely on this unique asset.

That is why progressive agriculture, organized in an exemplary way, should become the basis of Afghanistan's economy. A farmer confidently looking forward, providing for his family and leading a decent life based on his honest and highly skilled labor could become the symbol of Afghanistan as soon as ten years from now.

On the whole, the development of agriculture must involve not only the cultivation of crops, but also the creation of a processing industry for the types of crops being grown. The southern provinces of Afghanistan are famous for their fruit. Thus, cultivation and processing of fruit would be the most promising area of agriculture industry there.

During 30 years of the civil war, the culture of farming has been almost completely forgotten, such that today many people do not know how to till the soil and cultivate crops. The creation of a nationwide network of agricultural educational institutions, whose graduates will be able to organize highly efficient agriculture, must be one of the major projects. It will become prestigious to study at these universities and colleges, and their graduates will be respected in society as people working for the benefit of the entire Afghan population.

High-quality agricultural machinery is crucial for developing successful agriculture. Therefore, every international conference on Afghanistan's development should focus on issues of arranging deliveries of agricultural machinery to the country, providing maintenance service for the equipment, and sending specialists to the country to teach people how to use the machinery. The international community and donor countries should help, first and foremost, by providing special machinery, equipment, and qualified specialists, as well as by providing a guaranteed market for Afghanistan's agricultural products. This is preferable to monetary grants, most of which do not enrich the Afghan people, but rather line the pockets of intermediary organizations.

It would be reasonable to begin pilot projects in one or two provinces, which would later become models for the organization of development in a specific area. Comprehensive development of these experimental provinces would include agricultural, industrial, infrastructure, and energy projects, as well as road construction, organization of water supplies, etc.

We would propose Nangarhar and Helmand as the model provinces. It would be appropriate to establish

special administrative bodies responsible for the suggested projects.

#### **Nangarhar development projects:**

1. Reconstruction of the Jalalabad irrigation canal.
2. Reconstruction and construction of a complete cascade of power plants on the Kabul River (Naglu HPP, etc.) and construction of reservoirs along the river.
3. Establishment of sugar-cane plantations and construction of a sugar factory.
4. Revival of olive plantations and construction of an olive oil factory.
5. Setting up rose plantations and a rose essence and perfume production plant.
6. Reconstruction of the vegetable canning factory.
7. Revival of citrus farming for cultivation of lemons, oranges, tangerines, and grapefruits.

#### **Helmand development projects:**

1. Setting up pomegranate farms and factories for producing pomegranate juice. Afghan pomegranates are of higher quality than the African ones, making this project very promising for the southern provinces.
2. Establishment of sunflower plantations and factories for producing sunflower oil (this project could also be implemented in Badakhshan).
3. Establishment of saffron plantations. A kilogram of saffron sells for around \$2,500 on the world market. There is huge demand for it, making this a very profitable project.
4. Establishment of red pepper plantations.
5. Establishment of production and packaging of dried fruits.
6. Establishment of cotton plantations, as well as launching of clothing and textile production.
7. Establishment of vegetable storage facilities with refrigeration.

The Helmand development projects can also be implemented in other southern provinces, such as Oruzgan and Kandahar. In general, an individual list of development projects should be prepared for each province. The projects must be capable of palpably helping a province and creating jobs for its population. For instance, sugar beet plantations and sugar factories should be established in Baghlan: Afghanistan consumes around 800,000 tons of sugar per year, so there is strong demand for this product.

Such projects would give an impetus to the economic development of the provinces and create jobs for thousands of people.

A national oil and gas company should be established to exploit the Afghan oil and gas fields and organize oil extraction in Lowgar and Paktika, as well as gas extraction in Sar-e Pol and other places. Afghanistan has enough gas for its own needs, but this gas needs to be extracted. Russia's Gazprom could become a partner and supplier of gas transportation and extraction technologies.

Gold mining at the four largest gold deposits of the country, which are now being plundered, should be placed under firm state control.

It is necessary to restore industry rapidly according to a special plan: build a cement plant, a clothing factory, and chemical fertilizer factories in Mazari Sharif and other provinces, reconstruct the Jangalak factory in Kabul, etc. This requires giving up the free-market model in favor of establishing and supporting a class of Afghan industrialists. It is also necessary to restore and organize development of Soviet-built facilities. Afghanistan's development projects must not be limited to economic ones. Socio-cultural projects are also of great importance.

For example, there is a need to solve the problem of providing higher education opportunities for graduates of Afghan schools. There are around 5 million pupils in Afghan schools now, meaning that 300,000-450,000 children graduate each year. At present, the universities can accept only around 15,000 entrants, so there is a great gap between the total number of secondary school graduates and how many are able to receive a higher education. The number of university entrants should be increased up 60,000 people per year in the next ten years, while the overall number of university students should be increased from 45,000 to 250,000. This requires convening an international conference on the development of higher education in Afghanistan.

### **Cooperation with Neighbors for Development**

A lasting peace in Afghanistan depends on two factors.

First, it is unacceptable to regard Afghanistan as an area for testing geopolitical projects. Thus, a timetable for the withdrawal of foreign military forces must be set, and any activity by a global or regional power in its own interests, at the expense of Afghanistan, must be prohibited.

Second, a gigantic resource for the stabilization and development of Afghanistan lies in the implemen-

tation by neighboring countries of a unified, coordinated Afghan development policy. Peace in Afghanistan can be achieved much sooner, if its neighbors combine their efforts to ensure security and stability in the country.

That is why Pakistan, Iran, Russia, China, India, Tajikistan, Uzbekistan, Turkmenistan, and Kyrgyzstan must be broadly represented at the International Conference on Peace and Prosperity for Afghanistan, in Kabul, and participate in decision-making on securing peace in the country.

Cooperation with neighboring countries is also necessary for launching the development of Afghanistan. For example, construction of the Afghan Development Corridor Mashhad (Iran)-Herat-Kandahar-Quetta (Pakistan) will be impossible without the involvement of Iran and Pakistan, with the active participation of Russia as coordinator of the international efforts.

Afghanistan needs neighborly cooperation to rebuild itself as a united, sovereign, and economically effective state, which would not only put an end to the export of instability, drugs, and terrorism, but also serve as an example of accelerated industrialization and development.

Afghanistan's neighbors must help it achieve this goal in order to ensure firm cooperative security and stability. This would also help in forming a united, peaceful macro-region, the Novy Sredny Vostok (New Central East). Consequently, Afghanistan's neutral status needs to be guaranteed. This could become one of the key issues on the agenda of the International Conference on Peace and Prosperity for Afghanistan, where all countries of the Novy Sredny Vostok region should be represented.

### **The SCO Factor**

Deepening of strategic partnership between the neighboring countries, aimed at solution of the Afghanistan problem, would be most productive within the framework of the Shanghai Cooperation Organization (SCO). The leading role of this organization in defining and solving key problems of the Eurasian region is widely recognized at the present time. It is also very important that all of Afghanistan's neighbors are either members of the SCO or have observer status, which creates unique conditions for elaborating and mutually agreeing upon a new strategy and plans for supporting the establishment of a strong and independent Afghan state.

## NATIONALIZATION AND EXPROPRIATION?

# The World Economy Is in Free Fall

by Helga Zepp-LaRouche

*This article has been translated from German.*

Feb. 19—For over 28 months, the systemic crisis of the financial system has been escalating, but only now, with the dramatic declines in the worldwide auto industry—General Motors wants to lay off 47,000 people—and the threat of Opel (GM’s German branch) going under, has most of the population and, amazingly enough, also the so-called “experts,” finally realized that we are really in a crisis that, in its economic dimensions and potential political consequences, goes far beyond the Great Depression of the 1930s. Many trillions of dollars of liquidity have been pumped into the rotten banking system since August 2007, without doing a thing to stop the collapse of the real economy. In fact, we are in a breakdown crisis of the world economy, which will continue until Lyndon LaRouche’s proposed reorganization is carried out.

After the liquidity injection of EU95 billion (!) in taxpayers’ money for Hypo Real Estate turned out not to be enough, the German government decided to take the extraordinary measure of nationalizing this bank, and at the same time submitting a bill to parliament that would allow the government to expropriate the investors’ shares, paying for them at their current market value—not the hyperinflated value at which

they were originally purchased. But now the bank itself needs another EU20 billion.

Meanwhile, the next wave of the financial tsunami has reached other Eurozone states, whose bad loans to the eastern European countries are now exposed. Austrian banks, for example, have EU280 billion tied up in eastern Europe—at least 70% of gross domestic product! Italy’s Unicredit, via its Austrian subsidiary, has about EU100 billion invested in that region, in which 80% of the financial system is in the hands of Western banks, and where some countries are threatened with state bankruptcy. But this is also just another phase of the breakdown crisis.

It is obvious, that the top elites of the financial oligarchy have decided to grab every last bit of funds available, to keep their control over the world financial system as long as possible, i.e., to roll the printing presses and print money—“quantitative relaxation,” as it is so nicely called in bankers’ double-speak. The British press has been talking lately about a “Zimbabweization” of the world financial system, in view of the massive reduction of interest rates by the world’s central banks. Zimbabwe had, until recently, *11 million percent* inflation, until the government knocked 12 zeros off the currency—a measure that, without additional economic changes, only stops the inflationary process temporarily and superficially.

## Layoffs, Scandals, Illusions

The main problem is that, with the exception of Italian Finance Minister Giulio Tremonti, all the other finance ministers and central bankers are intent on honoring the worthless, unsalable commercial paper, the so-called toxic waste, at least \$1.4 trillion in total, that banks worldwide are sitting on. It is precisely this attempt to save the speculators and banks that gambled everything away, and, at the same time, to see that these banks do not pass along to industry the money they have received, that is leading to the death of industry and to the aforementioned hyperinflation.

(The German Federal government's bill, albeit only a temporary one, allowing the expropriation of investors who own this toxic waste, is an interesting development.)

Scenarios keep popping up in the international financial press, to the effect that there will only be five or six auto producers left worldwide. Not only is Opel in danger, with a total of 26,000 jobs, but many more companies are too. All the traditional trade names that have already disappeared in Germany alone, give an idea of what still lies ahead: Pfaff, Dornier, Vulkan Werft, Grundig, Phillip Holzmann, Schiesser, Rosenthal, Hertie, Märklin, just to name a few. More than 100 small and medium-sized businesses are closing every day now. "Germany, Inc." is being closed down.

The Märklin case illustrates the kind of criminal energy displayed by the so-called financial locusts. Early in 2006, this traditional firm was taken over by the Kingsbridge investment company and Goldman Sachs, which then paid fees to themselves and their hired advisors, as large as the sum for which Märklin has now gone bankrupt—namely EU10.7 million in 2006, with losses of EU13 million; and EU13.8 million in 2007, with losses of EU16 million, for a total of EU40 million since 2006. The fact is, that without the "consulting fees," the firm would still be healthy.

Add to this, the cases in which large-scale financial deceptions became known—such as, after the Madoff scandal, the recent case of Bush family friend, "Sir" Allan Stanford, who cheated his clients out of \$8 billion in an operation in Antigua—it is not individual perpetrators, but it is the system itself, which rewards speculators, and punishes honest work and industrial entrepreneurs.

The population has long had the feeling that the so-

called elites in politics and management don't give a fig about the common good, but only want to shamelessly stuff their own pockets. Like the executive board members of the seven biggest U.S. banks, who treated themselves to \$140 billion (!) in bonuses. The danger is that such behavior makes social unrest likely, and this has already broken out in several countries; it will only be the beginning, if a real reorganization of the system does not take place soon.

That is exactly what could block British Prime Minister Gordon Brown, who has just published a document containing the government's plan for the G20 summit meeting on April 2 in London. This plan for a "Global Deal" reveals that Brown wants to maintain the essential features of the current system, perhaps with some cosmetic changes.

Therefore, the Secretary of State of the German Finance Ministry, Jörg Assmussen, should by no means be entrusted to go there, to represent the German side in the preparation of this summit. Assmussen was not only the intellectual father of True Sale International, the institution that first enabled the unfettered operation of hedge funds in Germany; he was also one who said, in July of last year, that the end of the crisis was near.

And it was also quite outrageous of the new Economics Minister, Karl-Theodor zu Guttenberg, to announce that he expects an upswing this Fall, since, by then, the recovery program would have taken effect. How, given the dimensions of the crisis, a half-hearted patchwork program could correct the collapse of the world economy and thereby, the collapse of German exports, he has not explained. If he had kept his mouth shut, people would not have taken him for particularly competent in economic affairs, but at least he would not have lit up his incompetence with a neon sign.

The Grand Coalition is unfortunately just looking for ways to muddle along until the next Federal elections. But the voters cannot help but notice, that the government parties as a group neither saw the crisis coming, nor did they evaluate it correctly at any point. The most sensible thing the representatives of these parties could do, would be to take a good look at the analyses and programs of the BüSo [Civil Rights Solidarity party, headed by Helga Zepp-LaRouche—ed.] from the past 20 years. We have warned for a long time about the systemic crisis, and, with the New Bretton Woods system and the construction of the Eurasian Land-Bridge, we have a program for overcoming it.

# Fascists, Then and Now, Stalk the FDR Legacy

by Jeffrey Steinberg and John Hoefle

On Oct. 31, 1936, President Franklin Delano Roosevelt, seeking a second term in office, delivered his final major campaign speech before the November elections, to a large, enthusiastic crowd at Madison Square Garden in New York City.

“For twelve years,” the President declared, “this Nation was afflicted with hear-nothing, see-nothing, do-nothing Government. The Nation looked to Government, but the Government looked away. Nine mocking years with the golden calf and three long years of the scourge! Nine crazy years at the ticker and three long years in the breadlines! Nine mad years of mirage and three long years of despair! Powerful influences strive today to restore that kind of government, with its doctrine that that Government is best which is most indifferent.

“For nearly four years, you have had an Administration which instead of twirling its thumbs has rolled up its sleeves. We will keep our sleeves rolled up.

“We had to struggle with the old enemies of peace—business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. They had begun to consider the Government of the United States as a mere appendage to their own affairs. We know now that Government by organized money is just as dangerous as Government by organized mob.”

FDR stated proudly, “Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hatred for me—and I welcome their hatred.”

## The American Liberty League

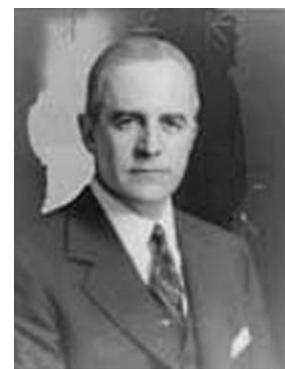
FDR was not talking in abstract about some amorphous conspiracy of Wall Street bigshots. He was referring, specifically, to the American Liberty League (ALL), an organization founded in 1934 with the explicit objective of destroying the New Deal, defeating FDR in his 1936 reelection bid, and imposing an outright Fascist regime in America, through the ballot box

if possible, through military coup or assassination, if necessary.

The leaders of the American Liberty League were not silver-shirted rabble, or Southern racists, although they unhesitatingly bankrolled those would-be-Fascist hooligans. They were the giants of Wall Street and America’s major industrial and raw materials combines: the Morgans, the du Ponts, the Pews, the Harrimans, the Mellons, the Weirs, the Warburgs, the Rockefellers. Their hatred of FDR, and all he stood for, cast them as enemies of the American people, and the Federal Constitution, with its General Welfare clause.

By the time Roosevelt delivered his Madison Square Garden speech, the McCormack-Dickstein Committee (officially, the House of Representatives Special Committee To Investigate Nazi Activities in the United States), had delivered its final report. That February 1935 document, based largely on the testimony of Gen. Smedley Darlington Butler, concluded, “Evidence was obtained showing that certain persons had made an attempt to establish a Fascist organization in this country. There is no question but that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.”

While the final McCormack-Dickstein Committee report did not mention the Liberty League by name—largely due to fears of retribution—one of the leading conspirators, named by Butler and other witnesses, in their much-publicized testimony before the Committee, was Grayson Mallet-



Library of Congress

*Col. Grayson Grayson-Mallet Murphy, treasurer of the Mussolini-loving American Liberty League.*



Chicago Historical Society

*President Franklin Roosevelt had no sooner taken office in March 1933, than his enemies—the pro-Fascist “economic royalists”—began plotting against him. Here, FDR accepts the nomination of the Democratic Party for President in 1932.*

stein Committee, he met with MacGuire at the Bellevue Hotel in Philadelphia, where MacGuire, just back from an extended trip to Europe, spelled out more details of the coup plot, and fully unfurled its overtly Fascist character. MacGuire told Butler that the “veterans organization” that they wanted him to head would be modeled on the French Croix de Feu (Cross of Fire), a notorious group of pro-Fascist French World War I veterans. “Now, that is our idea here in America—to get up an organization of that kind,” MacGuire told Butler.

To boost his credentials with the still-dubious general, MacGuire boasted that, while in Europe, searching for an organization upon which to model their own plan, he had operated out of the Paris headquarters of J.P. Morgan & Harjes, the French branch of the original Drexel

Prevost Murphy, the treasurer of the League.

A director of the J.P. Morgan-controlled Guarantee Trust, Anaconda Copper, Goodyear, and Bethlehem Steel, Murphy had been in Paris in 1919 for the founding of the American Legion, and had poured \$125,000 of his own money into the organization, several of whose leaders were later fingered by Butler as a pivotal part of the scheme to stage a Fascist coup in Washington, on behalf of the Morgan interests and allied Wall Street and industrialist circles.

As early as 1922-23, the National Commander of the American Legion, Col. Alvin Owsley, declared, “If ever needed, the American Legion stands ready to protect our country’s institutions and ideals, as the Fascisti dealt with the destructionists who menaced Italy. Do not forget that the Fascisti are to Italy what the American Legion is to the United States.”

One of the operatives deployed by Murphy and Robert Sterling Clark, heir to the Singer Sewing Machine fortune, who was assigned the task of recruiting the decorated General Butler to the Fascist coup plot, was Gerald MacGuire. In late August 1934, according to Butler’s testimony before the McCormack-Dick-

Morgan bank, which had been established in the 19th Century.

While the Croix de Feu, which failed in several coup attempts in France in the 1930s, was the model that the Morgan interests attempted to emulate, their unambiguous goal was to establish a Mussolini-style Fascist financiers dictatorship over the United States. Pennsylvania Republican Sen. David A. Reed, a leading figure in the Liberty League, had delivered a speech on the floor of the U.S. Senate in May 1932, in which he declared, “I do not often envy other countries their governments, but I say that if this country ever needed a Mussolini, it needs one now.”

For a period of time, the ALL was stigmatized for its links to the Fascist coup plot exposed by General Butler and the McCormack-Dickstein Committee. But, with the 1936 Presidential elections looming, the League launched a vicious propaganda campaign against FDR and the New Deal.

### **Anti-Prohibition Roots**

The American Liberty League was ostensibly a new organization, when the founding press release was

issued in August 1934, as President Roosevelt was returning from vacation in Hawaii. But, in fact, the ALL was merely a make-over of the Association Against the Prohibition Amendment (AAPA), a big business and Wall Street-sponsored organization, devoted to the repeal of the 18th Amendment, banning the production and sale of alcoholic beverages. The AAPA was a front for the same J.P. Morgan Wall Street and British interests that would later launch the Liberty League.

Why attack Prohibition? According to the AAPA's own literature and newspaper ads, and a U.S. Senate investigation, the banning of alcoholic beverages in the United States had caused a skyrocketing of corporate and personal income taxes, to make

up for the lost tax revenues on legal booze. The Wall Street gang behind AAPA argued that liquor should once again be legalized, and highly taxed, allowing for the elimination of all corporate and income taxes.

The 21st Amendment to the Constitution was ratified on Dec. 5, 1933, repealing the 18th Amendment, which had established Prohibition in January 1919. The AAPA shut down a few months later, and soon after that, the American Liberty League, with virtually the same officers and the same Wall Street backers, opened up for business, occupying an entire floor of the National Press Building in Washington, D.C., and employing 200 full-time staff, at their peak of operations. This time, the target of the Morgan gang was not the repeal of corporate and personal income taxes, but the President of the United States and his hated New Deal policies.

### A Morgan Cabal

Between 1934 and 1940, the American Liberty League waged a relentless smear campaign against Roosevelt. Financed by some of America's wealthiest Anglophile families, led by the du Ponts, the Mellons, the Pews, and the Morgans, the League raised a reported \$1.2 million, largely in the initial years of operation. In 2008 dollars, as measured in nominal GDP per capita,



*Col. Smedley Butler's testimony before Congress was key to exposing the Liberty League scheme to establish a Fascist organization in the United States, through a military coup, or even assassination of the President, if necessary.*

that \$1.2 million would today be worth over \$1 billion.

Thirty percent of all the funds for the Liberty League came from Irénée, Lammot, and Pierre du Pont. The fourth big funder of the League was John Raskob, the executive of J.P. Morgan, General Motors, and DuPont, who had become the national chairman of the Democratic Party (1928-32) and had led the campaign to deny the Presidential nomination to FDR at the Chicago Convention in June-July 1932.

The president of the League was Raskob's protégé Jouett Shouse, who was Assistant Secretary of the Treasury under Woodrow Wilson, had been a leader of the Association Against the Prohibition Amendment, along with Raskob, and had led

the floor fight in Chicago in 1932 against FDR. The secretary of the League was Capt. William H. Stayton, who had been the AAPA founder and president, and was an honorary president of J.P. Morgan. The treasurer was the already-mentioned Fascist coup bankroller, Grayson Mallet-Prevost Murphy.

The executive committee of the League included Irénée du Pont, and John W. Davis, the J.P. Morgan lawyer and 1924 Democratic Party Presidential nominee, whom the Harriman family's *Eugenics News* dubbed "best adapted by heredity" to be President.

Other directors were: Alfred E. Smith, former governor of New York, 1928 Democratic Party Presidential candidate, and, by then, a wholly-owned J.P. Morgan operative, who also led the campaign to block FDR from the 1932 nomination; Pauline Sabin, Morton Salt heiress and the wife of Charles Sabin, president of Guarantee Trust; and New York banker James Wolcott Wadsworth, Jr.

The National Advisory Board was led by Frederic René Coudert, the founder of the J.P. Morgan law firm, Coudert Brothers; Edward Francis Hutton, founder of E.F. Hutton brokerage house, chairman of General Foods, and a director of Manufacturers Trust Company and Chrysler Motors; and Philadelphia attorney James

Montgomery Beck, who was also implicated in the Fascist coup plot exposed by General Butler. A radical states-rights anti-Federalist, Beck was such a raving Anglophile that, in 1914, he was elected to the English bench at Gray's Inn, London—the first foreigner to be so honored in 600 years.

Coudert, Beck, and Davis would launch the American Liberty League's Lawyers' Vigilance Committee, along with Raoul Desvernine, general counsel to U.S. Steel, and later, the president of Crucible Steel. The Vigilance Committee was a group of 50-60 top Wall Street lawyers, who led the assault against the New Deal as unconstitutional—in what can only be described as a scandalous repudiation of the General Welfare clause in the Preamble to the U.S. Constitution.

### Manipulating the Opinion Shapers

While financing an alphabet soup of states-rights, racist, and other populist anti-FDR “grass roots” hate groups, the American Liberty League focused most of its energies on black propaganda assaults against FDR, using its access to the media, powerful Wall Street law firms, and vast Congressional lobbying capabilities against the New Deal.

With a relatively bottomless pool of cash, ALL churned out 135 propaganda pamphlets between August 1934 and September 1936. The pamphlets were delivered to the Washington, D.C. bureaus of 350 newspapers, all of the press associations, key editors and editorial writers, every member of the House of Representatives and Senate, and 7,500 college and university libraries. Countless radio stations offered free air time to League spokesmen.

The assault on President Roosevelt reached a crescendo on Jan. 15, 1936, when, on the eve of that year's Presidential election campaign, the League sponsored a banquet at Washington's Mayflower Hotel. It was billed



*Italian Fascist dictator Benito Mussolini was the model for the Liberty League: League leader Sen. David Reed, in 1932, baldly declared that, “If this country ever needed a Mussolini, it needs one now.” Shown: Mussolini (white suit) inspects Fascist Blackshirt youth, 1935.*

as the kick-off of a frontal attack on FDR and the New Deal, aimed at either denying Roosevelt the 1936 Democratic Party Presidential nomination, or assuring his defeat in the November elections. The keynote speaker was FDR's former close political ally, turned Morgan stooge, Al Smith. The ballroom of the Mayflower was sold out, overflow crowds, totaling 2,000 people, spilled into the hotel lobby, and the Smith diatribe was broadcast nationwide over the radio.

Smith launched into a vicious personal assault against FDR, accusing him of waging a Communist plot against America. “There can only be one capital, Washington or Moscow,” Smith ranted. “There can be only the clear, pure, fresh air of free America, or the foul breath of communistic Russia. There can be only one flag, the Stars and Stripes, or the flag of the godless Union of the Soviets. There can be only one national anthem, The Star-Spangled Banner or the Internationale.”

The Smith speech threw down the gauntlet to FDR: The New Deal was a socialistic intervention to *prevent* the free markets from “naturally” solving the crisis. The new regulatory institutions, creating a social safety net for the general population, were in violation of the Constitution. The attacks ran the gamut, from accusing FDR



GM Archive

*Thirty percent of all funding for the Liberty League was provided by (left to right) Pierre, Irénée, and Lamont du Pont.*

of being a bigger Fascist than Mussolini or Hitler, to being a bigger Communist than Josef Stalin.

The archive of the American Liberty League's pamphlets and leaflets, speeches and radio broadcasts, shows them to be, to this day, the wellspring of every attack against Franklin Roosevelt and his New Deal/American System approach to political economy.

Roosevelt and his allies pushed back hard against Smith and the American Liberty League, assailing them as "economic royalists" and nailing Smith, Raskob, and Shouse as traitors to the new Democratic cause. FDR led the charge, continually boasting that he took pride in the fact that the pirates of Wall Street and international finance considered him their greatest enemy. When Democrats gathered in Philadelphia in the Summer of 1936, FDR was nominated for reelection by an overwhelming voice proclamation.

In November 1936, FDR defeated Republican candidate Alf Landon by the most lopsided margin in American history. FDR won 60.8% of the popular vote, won the Electoral College by 523-8, and only lost in two of the 48 states, Maine and Vermont.

Following the FDR victory, the Liberty League scions resorted to flat-out economic and political warfare against the New Deal, waging court fights, continuing the propaganda assault against New Deal spending, and maintaining the most vicious personal attacks against the President. Despite this, and despite a Wall Street assault on the FDR programs, which led

to a scaling back and temporary fallback in job-creation and economic recovery in 1937-38, by 1939, according to an *EIR* study, during the height of the New Deal, from 1933 to 1937, the Roosevelt policies had created an average of 7.1 million jobs per year, between Federal infrastructure projects, private sector jobs, producing the needed bills-of-materials, and consumer sector jobs, providing goods and services. The nation had been transformed, by such programs as the Tennessee Valley Authority, which had been a target of one of the Liberty League's most vicious tracts.

The League formally shut down operations in 1940. But, with the death of FDR five years later, it resurfaced through figures like Dean Acheson (who resigned from FDR's Treasury Department as part of the Liberty League's efforts to sink Roosevelt from inside the Democratic Party and his own administration), who would be a dominant figure in the Truman Administration, and a leader of a resurgent Morgan-du Pont cabal.

### **Fast Forward...**

The political heirs of the American Liberty League have come back from the grave, particularly since the November 2008 Presidential elections, and the departure of the Bush-Cheney regime. During the eight years of Bush-Cheney, the pro-Fascist faction of the American Establishment had enjoyed its greatest grip on power in decades. George W. Bush is, himself, the

grandson of Prescott Bush, Harriman banker, one-time U.S. Senator, and leader of the Wall Street Anglophile faction that bankrolled Hitler's rise to power in Germany, and then financed Nazi Germany's rearmament for war.

Now, with the greatest financial crisis in history overtaking the Obama Administration, the latter-day American Liberty Leaguers are leading an assault against the legacy of Franklin Delano Roosevelt. The objective is clear: to make sure that President Obama does not go with an FDR solution to this even greater crisis.

The retooling of the Liberty League propaganda machinery did not begin on Jan. 20, 2009 with the Obama inauguration, however. A decade ago, when then-President Bill Clinton, along with his Secretary of the Treasury Robert Rubin, faced with a string of global financial shocks, began promoting the need for a "new global financial architecture," to crack down on unbridled speculation, a vicious assault on the Presidency was mounted, unprecedented since the time of the Al Smith tirade against FDR. And as in the 1930s, turncoat Democrats, led by Vice President Al Gore and Connecticut Sen. Joseph Lieberman, tried to sink the Clinton Presidency from within.

### Liberty League Successors

Beginning even before the Liberty League shut its doors, a new network of Wall Street think tanks came into being; they exist, to this day, to carry on the dirty work of the ALL. In 1938, the American Enterprise Association (AEA) was founded by top corporate executives from General Mills, Chemical Bank, and Bristol Meyers, along with a New Deal defector to the Liberty League cause, Raymond Moley. They soon set up a Washington, D.C. office, the American Enterprise Institute (AEI), to make sure that the New Deal and wartime Roosevelt mobilization and regulatory measures were rolled back in the postwar period.

Today, AEI, along with the Heritage Foundation and the Cato Institute, are the drivers of the campaign to pil-



Library of Congress

*The eminence grise of the anti-FDR plotters was Wall Street tycoon J.P. Morgan himself: Morgan's people were all over the coup plot against the President.*

lory the FDR tradition through a revival of the very lies that filled the pages of the American Liberty League pamphlets.

Exemplary of the current drive are two recent books, drawn heavily from the Liberty League propaganda archives, trashing FDR, and anyone alive today who might consider modeling a program upon the successes of the New Deal and the World War II Arsenal of Democracy mobilization.<sup>1</sup>

In 2003, Cato Institute libertarian propagandist Jim Powell penned *FDR's Folly—How Roosevelt and His New Deal Prolonged the Great Depression*. The book was the product of exhaustive direction from Milton Friedman and James Buchanan, two leading figures within the pro-Fascist Mont Pelerin Society, and was boosted by two top figures from the Cato Institute, David Boaz and Ed Crane.

In 2007, Amity Shlaes, then a fellow at the American Enterprise Institute, and a former London *Financial Times* and *Wall Street Journal* reporter, penned *The Forgotten Man—A New History of the Great Depression*, in which she, too, trashed FDR and the New Deal, for prolonging the Great Depression, by interfering in financial markets. Her arguments, like

those of Powell, were taken, almost verbatim, from the Liberty League works. Her book was published by Lord Beaverbrook protégé Rupert Murdoch's company HarperCollins. Murdoch, along with Richard Mellon Scaife, of the Mellon family (Andrew Mellon, Treasury Secretary during the 1920s, was an American Liberty League member), bankroll AEI, Heritage, and Cato, along with the Pew Charitable Trust, the family trust of Sun Oil's J. Howard Pew, a member of the American Liberty League's Advisory Council and Executive Committee.

1. *EIR* has reviewed both these books. Powell's can be found in coverage of an event he held at the Cato Institute, in the Dec. 19, 2003 issue; Shlaes's book is reviewed in the Sept. 21, 2007 issue.

# Don't Permit an ICC Crime Against Africa

by Douglas DeGroot

Feb. 20—Sudanese Foreign Minister Deng Alor Kuol told reporters in Cape Town, South Africa today that Sudan wants the International Criminal Court (ICC)'s ongoing efforts to issue an arrest warrant (effectively an indictment) against Sudan President Omar Hassan al-Bashir for war crimes, to be postponed for a year, to give the government time to negotiate a peace deal in Darfur. Previous such efforts by Sudan have been rejected or boycotted by the approximately 15 rebel groups, except for one group. Kuol made his statement after Sudan and the Justice and Equality Movement (JEM), reportedly the best-armed of the rebel groups, reached an agreement to negotiate on Feb. 17.

The ICC, created and funded by the Anglo-Dutch imperial financial cartel, with financial backing from George Soros, wants to indict Sudan's President, to plunge the country deeper into bloody chaos, leading to its disintegration as a nation.

Lyndon LaRouche responded: "There should be no recognitions of the ICC. It's a complete violation of international law. The people who are pushing it should be questioned as to their morals and sanity." He added that, "This very indictment is a crime against humanity, and the sponsors of the indictment should be brought to trial by some suitable agency."

On the day that Sudan and the JEM agreed to negotiate, the Obama Administration's UN Ambassador Susan Rice expressed her support for an indictment of the Sudanese President, despite the ongoing efforts to negotiate with Darfur rebels. At that point, concerned about the Administration's support for the indictment,

LaRouche said: "It's the International Criminal Court which is criminal. The issuance of such an indictment would be a criminal attack on Africa, and we must not let a crime be committed against Africa, by the Obama Administration."

LaRouche reiterated that the ICC is simply a tool of Britain's Mark Lord Malloch-Brown, Minister of State in the Foreign and Commonwealth Office, and his partner-in-crime, the world's top drug-pusher, George Soros (see this week's *Feature*). *EIR*'s dossier on the funding of the ICC by Soros was first published in June 2008, and is available at [www.larouchepub.com](http://www.larouchepub.com).

## The Attack on Sudan Continues

So far, the ICC has been used as a tool only against Africa. Despite having received over 1,700 complaints from at least 103 countries, according to a Human Rights Watch report, it has only conducted investigations in African countries.

The UN Security Council could defer the indictment by a year if progress is made on Darfur-related issues, or, if an indictment is seen as a threat to the Comprehensive Peace Agreement (CPA), which ended the prolonged civil war between the North and South. But despite the negotiations between the government and the JEM, and the desire by both the Sudan government and South Sudan government to implement the CPA, the ICC continues its drumbeat for a warrant against Bashir.

A Sudanese People's Liberation Movement (SPLM) member from South Sudan, who is part of the Sudan

government, said recently that if Bashir is indicted, and the UNSC does not defer the case for a year, the South will face economic doom. With the President viewed as an indicted criminal, investment will decline, he pointed out.

Yesterday, the panel of three ICC judges rejected an appeal against an indictment by two pro-Sudan groups (a labor federation and an NGO), saying they had “no procedural standing to appeal” a prior decision against them by the judges. There are still rumors, spread through the press, that the arrest warrant will be issued soon.

### **Why the Vendetta?**

Sudan is geographically the largest country in Africa. If it were to successfully develop as a unified nation, as opposed to being a collection of autonomous regions (the way it was run under British colonial rule), it could spark the development of the entire northeast of Africa, and become the breadbasket of the continent.

For over 40 years of the 50 years, from independence from the British in 1956, until 2005, a civil war raged between the Sudan government in Khartoum and the South, the basis for which was created by the British during colonial rule. The formal signing of the CPA between the government and the Sudan People’s Liberation Movement/Army (SPLM/A), which ended the war, took place Jan. 9, 2005. Sudanese Vice President Ali Osman Taha (originally from the South), and SPLM/A leader John Garang signed the accord. Taha, a member of Bashir’s party, but from the South, had been given responsibility for the negotiations by Bashir, who had to lead a fight within his own party to get the peace agreement. The result was a unity government joining the two parties.

Expressing optimism about building a unified nation, Garang said at the signing: “This peace agreement will change Sudan forever. . . . Sudan cannot and will never be the same again, as this peace agreement will engulf the country in democratic and fundamental transformation instead of being engulfed in wars. . . . We believe that a new Sudan is possible, for there are many in the North who share with us . . . a belief in the universal ideals of humanity.” In an interview on Dec. 31, 2004, Garang said “Our priority begins with infrastructure,” referring to the lack of development in the South, a carryover from the colonial period.

The day before the signing, Taha said: “The situation in southern Sudan was the result of backwardness, scarcity of resources, people’s dissatisfaction, and

shortage of services. The agreement calls on the Sudanese people to pool their resources rather than fight politically on empty slogans and struggle over power. Thus, the emphasis and the priority would be on taking care of the poor classes, returning of the refugees, and ensuring essential services for the citizens, including health care, education, and job opportunities for productive manpower.”

### **The Darfur Destabilization**

In 1999, Hassan al-Turabi was ousted from the ruling party by Bashir and his allies, who wanted Sudan to have a nationalist government. As part of the shift leading to Turabi’s ouster, Osama bin Laden, who had been brought into Sudan by Turabi, had been kicked out in 1996. An opponent of the CPA, Turabi was allied to the British-intelligence-controlled Muslim Brotherhood. It was in the period between his ouster, and the signing of the CPA, that unrest in the Darfur region was blown up into a major insurgency. Networks associated with Turabi played a significant role in carrying this out. Well before the CPA was signed, there were reports of arms supplies coming into Darfur from outside Sudan. The insurgency made it impossible for the government to take advantage of the CPA to develop the most undeveloped regions of the country into a unified nation.

The formal conflict began with Darfur rebel Sudan Liberation Army (SLA) attacks in 2002. By February 2003, JEM rebels attacked larger towns and government garrisons, killing many poorly equipped policemen. The decimation of law enforcement in the region led to a chaotic every-militia-for-itself situation.

According to Sudan expert Alex de Waal, in a region where every community has armed itself for years, there are many militia groups. De Waal, who is not a supporter of the government’s approach in Darfur, although he opposes the ICC campaign against Bashir, points out that the groups termed “rebel groups” by the media campaign against the Sudan government, range from nomadic clans that have armed themselves to protect their herds, to trained fighters headed by Musa Hilal (leader of one of many militias referred to as Janjaweed), and some of his Chadian Arab comrades in arms.

Abdel Wahid, a key early organizer of the SLA, later indicated his recognition of the manipulated nature of the rebellion, as the rebels split and fought each other, when he said: “If I had known what would happen, I would not have started this revolution.”

# Time Is Running Out for Mideast Peace: Marwan Barghouti Must Be Freed

by Michele Steinberg

Feb. 20—In the wake of Israel’s brutal assault on Gaza and the generally disastrous results of the Israeli elections, the Obama Administration faces huge challenges in the arena of Palestinian-Israeli relations. On Feb. 16, Lyndon LaRouche put forward his view that the biggest question about the negotiations with the Palestinians and Israelis after Gaza, “is whether Palestinian leader Marwan Barghouti has been freed from prison, and whether he will stay alive once he is freed. That’s what I want to know.”

LaRouche’s longstanding opinion is that if Barghouti, who has been in Israeli jails since 2002, “were released from prison and given honorable treatment as a negotiating partner, we would be a step closer toward achieving a negotiated solution to some of the problems in the Middle East. The only hope for Israel depends on Israel consenting to negotiate with Arab interests that are typified by Barghouti.

“If the Israelis are willing to negotiate with Barghouti, treat him with respect, and accept him as a negotiating force, he can play a crucial part,” in putting an end to the war and bloodshed.

Freedom for Barghouti, the leader of al-Fatah on the West Bank who negotiated the PLO/Hamas unity agreement with fellow prisoners in 2007, and for some 1,500 other Palestinians in Israeli jails, including more than 40 duly elected members of the Palestinian Legislative Assembly, has been the subject of negotiations in talks taking place in Egypt for many months, especially since the Gaza ceasefire of Jan. 18-19. But, the Israeli government continues to block an agreement, the latest measure being the Feb. 15 cabinet decision that the release of Israeli soldier Gilad Shalit, is a prerequisite for any agreement to open the border crossings to Gaza, or before any Palestinians are released.

At a Jan. 14 forum sponsored by the Middle East Policy Council, Ali Abunimah, co-founder of the Chicago-based Electronic Intifada website and activist net-

work, presented a grim assessment of the future of Israeli-Palestinian relations. Other panelists firmly disagreed with Abunimah that the “two-state solution” at the heart of the Oslo Accords, and U.S. policy, was no longer viable. But Abunimah’s presentation of the strategic situation in the region after the Gaza disaster, represents a point of view that cannot, and should not, be ignored by the Obama Administration.

*EIR*, which attended the event, believes that Abunimah’s assessment, especially in reply to *EIR*’s question, is the most comprehensive and accurate yet to be given to a Washington, D.C. audience, of the damage done by the Israeli attacks in Gaza, and of the Israeli breaking of the ceasefire before the attack began. While his views, especially on the potential of the new Obama Administration, are not our own, they are most reading.

The following are excerpts from his remarks (sub-heads have been added).

## ‘Masacres and Atrocities’

“As we’re speaking here, war that’s going on in Gaza has to be mentioned. Massacres and atrocities on a scale that the world has not witnessed so openly and brazenly in many years. What is happening will be remembered in an infamous list including Deir Yassin, Qibya, Kafr Qasim, Jenin, Sabra and Shatila. To these infamous names, others will be added: Tel al-Hawa [phonetic], al-Zeitun, Jabalia and many, many other places in Gaza.

“I hope and pray that Israel is made to stop the bombardment. This is not a war; this was an unprovoked attack based on fabrications about rockets. As we all know, despite the Israeli Lobby propaganda that is being asserted with such force in Washington, Hamas had kept to a ceasefire meticulously until Israel violated it on Nov. 4. And Israel had been waging a silent war of siege against a million and a half people imprisoned in

Gaza, denying them food, medicine, electricity, water, and other basic necessities.

“The purpose of this war on Gaza was never about terrorism or rockets; it was about breaking Palestinian resistance and opening the way for Palestinian surrender: agreement to Palestinian Bantustans, which would then be given the name of a Palestinian state. But despite the massive destruction and massacres in Gaza, paradoxically, what the events of the past few weeks reveal, is that it is not the Palestinians who can’t survive in this region, but Israel. Furthermore, it has exposed the so-called moderate Palestinian leadership for what they are: collaborators with a ruthless and relentless occupation.

“Now, Israel’s problem, as I mentioned, is not—as its ceaseless propaganda insists—terrorism; its problem is legitimacy, or rather, a lack of it. Israel was founded and maintained through ethnic cleansing. The goal of the so-called peace process was to normalize this and gain the Palestinians’ blessing for their own dispossession. So, some of the axioms of the so-called peace process are that it is pragmatic for hundreds of thousands of colonial settlers, many of them from Brooklyn and New Jersey, to go and occupy Palestinian land and live on it in perpetuity. We’re told that it’s part of the peace-process consensus that these settlers will remain where they are in the context of a Palestinian state, and we’re told that it’s not pragmatic for hundreds of thousands of Palestinian refugees caged into the Gaza Strip to return to their lands, which are mostly empty, North and East of the Gaza Strip where very few Israeli settlers now live.

“We’re told that that’s not pragmatic. The reason for that, of course, is that those Palestinian refugees are the wrong religion, they’re the wrong ethnicity. If they had the wrong skin color, everyone would understand what this is at its root: racism and apartheid. Racism is never pragmatic, it’s always wrong; and we have to introduce an element of morality into this discussion—not just pragmatism, and not just the art of the possible, but some things are right and some are wrong. Today, 50%



[www.freebarghouti.org](http://www.freebarghouti.org)

*The central question in the negotiations after the Gaza war, is whether Palestinian leader Marwan Barghouti will be freed from his Israeli prison, where he has been held since 2002.*

of the people living under Israeli rule are not Jews. Like nationalists in Northern Ireland or non-whites in South Africa, they will never recognize the right of a settler-colonial elite to establish and maintain an ethnocratic state by force, repression, and racism, and to keep that state in existence in perpetuity.

“But haven’t the events in Gaza demonstrated that there is no way around this? That Israel is simply too strong? I don’t think so. In terms of destructive capacity, Israel is unmatched; it can bomb schools, hospitals, UN stores, mosques, private homes; it can assassinate people by all means of technology like no one else in the world. These are the things Israel has perfected and brought to the region. But a state

that loses legitimacy cannot bomb its way to legitimacy and normality. And I think in hindsight, when the history of this period is written, Gaza will be seen as the moment after which it became impossible for Israel to be integrated into the region as a so-called Jewish-Zionist state.”

### **The Lessons of South Africa**

“There is another moment in recent history that can instruct us on the choices Israel faces: When F.W. de Klerk became President of South Africa in 1989, he gathered his military chiefs around him and said, give me your assessment. They said, look, nobody can defeat us militarily: We have the warplanes, the tanks, we have nuclear weapons—no one can take us on; we can go on indefinitely. But the cost of that will be increasing international isolation, and we will have to kill thousands—perhaps hundreds of thousands of people. Israel has reached that moment, where the only thing maintaining it in existence is brutal force and the desire—the ability to try to bomb the indigenous peoples of Palestine and its neighbors into submission.

“Will Israel make the wise choice that de Klerk made, and the apartheid leaders in South Africa, to agree voluntarily to dismantle this system, to de-Zionize the state of Israel and decolonize Palestine and seek

a peaceful solution? They will if they are forced to, and they must be forced to. There is a mounting realization—Washington exists in a bubble, but the rest of the world is recognizing that Israel cannot be allowed to go on the way it is. In Europe, governments are beginning to talk, quite correctly, about war-crimes tribunals for Israeli leaders—a very appropriate, reasonable, and moderate, minimalist measure that must be taken in the wake of what has been going on in Gaza and before—and sanctions. Sanctions are being talked about, first of all, at the level of civil society, but we saw recently, the president of the UN General Assembly talking about adopting these at a governmental level. We've seen the EU slowing down and suspending its upgrades of relations with Israel. And more will follow.

“What will not happen is a return to the business as usual of the so-called peace process. I can say that I think that this will be tried—we have to expect that the official apparatus of the peace-process industry—the Hillary Clintons, the Quartets, the Tony Blairs, the Javier Solanas, Ban Ki-moons, the whole canopy of official and semi-official Washington think tanks—will carry on with business as usual, trying to make believe that through their administrations a Palestinian state will come into being. It won't happen. They're even more nakedly exposed today that their so-called Palestinian partner, Mahmoud Abbas, whose term has expired—it expired on Jan. 9—and who has no authority, no respect, no legitimacy among Palestinians whatsoever.

“I think that the moment has come where we have to speak very frankly about these things.... We have to recognize that silence about these things is no longer an option. Peace for the 11 million souls who inhabit Israel-Palestine is possible. Remember, that in 1985, '86, during the state of emergency in South Africa, when, like Israel, South Africa banned journalists from entering the townships to see what was going on, to see the repression. Most people thought that this could only end in disaster, in civil war, in millions of people being killed. We have to impress on Israelis collectively that the choice is theirs, whether to face international isolation or to choose a different path. I think that is what lies before us....”

### **EIR Asks About the Ceasefire**

Michele Steinberg from *EIR* asked Abunimah: “I've been told by some of my Arab friends that there are 153 Israeli violations of the ceasefire from June 19 [2008]. I tried to find them on every news service and I

could not find them there, as I could find many, many, many if not all of the bombs—the rockets—that have gone to Sderot in the Israeli press.... In the United States generally, the facts aren't really known. And I heard, also, that a Mr. Hamdan al-Malik [ph] from Hamas spoke this past week and said, ‘Yes, we have a charter that is against Israel, but it's only a charter; it's not a holy book, it's not the Koran.’ Maybe that's apocryphal, but I looked at the charter of Likud on the Knesset site from 1996. The Likud charter says that the eastern border of Israel is the Jordan River, and that while Palestinians have autonomy, they will never have an independent state. Does our [U.S.] Congress know this? So when we talk about charters, please, let us be equal. Can you talk about what Hamas has said, and about the ceasefire violations?”

Abunimah replied:

“Yes.... I want to talk briefly, as quickly as I can, about the immediate ceasefire, and then expand on the point about what Hamas has offered politically in recent years, because I think those are both connected and relevant. The ceasefire lasted from June 19 [2008] until Nov. 4. During that time, according to the Israeli Ministry of Foreign Affairs website, 26 rockets were fired from Gaza into Israel—26, compared to hundreds in the previous months. Not one of those rockets was attributed to Hamas—not one. They were all fired either by smaller factions or by unknown parties. And Israelis have acknowledged themselves, on several occasions, that Hamas moved to stop rocket fire whenever rockets were fired. No injuries were reported at all by those 26 rockets.

“After Israel carried out an unprovoked attack on Gaza on Nov. 4, which killed six Palestinians, Hamas began to retaliate with rocket fire. During the period of the ceasefire, more than 30 Palestinians were killed by Israeli attacks in the West Bank and Gaza Strip. No Israelis were killed by Palestinian attacks. Never in history, never in history, has a single rocket been fired from the West Bank into Israel. And yet during the period of the ceasefire, Israel continued to carry out house demolitions, extrajudicial executions—we saw settlement pogroms, we saw all the full panoply of occupation violence continuing unabated in the West Bank.

“Now, the Israeli talking points that are always ready on some lips assert constantly that thousands of rockets have been fired from Gaza into Israel, and why does nobody ever talk about that? Let's talk about it. According to Israel, 6,300 rockets and mortars were

fired at Israel from Gaza since 2005. This sounds like a lot.

“Now, let’s assume that these all landed in Israel. The reality is many did not and the vast majority landed in open areas and fields and did no harm to anyone. Just take Wikipedia, look up Qassam rocket. These rockets carry about two pounds of low explosives. So if you do the math and add them up, you get to about 13 tons of low explosives fired at Israel over a period of several years.

“Does anyone ask how much high explosive Israel has dumped into the Gaza Strip during the same period? Well, on the first day of the current attack, Dec. 27, Israel boasted it dropped 100 tons of bombs—we’re not talking about fertilizer bombs that Hamas is firing. We’re talking about military grade high explosive shipped from the United States—100 tons of bombs in the first day—eight times more than Israel claims that Hamas fired at it in three years—on the first day.

“According to Human Rights Watch, from September 2005 until May 2007, the Israeli Army fired 14,617 artillery shells into the Gaza Strip—this is not counting missiles and bombs dropped from the air, and this is only a period of about a year and a half. It doesn’t include the first six months of this year when Israel bombarded the Gaza Strip, and in March, killed 110 Palestinians. Why is nobody counting that? Why is that never ready on the lips of those who keep lecturing us about rockets?

“Now, on the bigger point about Hamas—yes, the same refrain. Remember when the PLO was a banned terrorist organization, and we were lectured constantly, ‘the PLO Covenant, the PLO Covenant, the PLO Covenant.’ Now, it has become the Hamas Charter. Well, the Hamas Charter—the fact about it is that it was written by one man, in 1988, during the height of the First Intifada. It was never ratified by any legislative body. Hamas leaders never refer to it; they never take it as their program. When they ran in elections in 2006, they did not run on the platform of the charter. They had maintained the ceasefire for one year, unilaterally, before the elections took place.

“There have been numerous statements before, during, and after the elections about offering Israel a long-term truce. I encourage you to read an article by Ahmad Yousef from the *New York Times* about a year and a half ago, called ‘Pause for Peace,’ where this strategy has been laid out, a long-term truce modeled on the IRA ceasefire with Britain, leading to a political

process. They have more or less openly accepted the two-state solution—which I think that they are deluded as anyone else, if they think that’s going to happen—but nevertheless, they’ve accepted that.

“But they have the propagandists who want to constantly say to us, ‘Hamas equals al-Qaeda, Hamas equals an extremist group, you can’t talk to these people, you can only bomb them.’ Well, the proof—forget about what I say, forget about what Jimmy Carter says, who very courageously and wisely went and met with Hamas leaders a few months ago. Look at Israel! Israel negotiated with Hamas. Israel reached a ceasefire agreement with Hamas. Israel acknowledges that Hamas kept to the ceasefire agreement until Israel decided to violate it on Nov. 4, and violate it by never lifting the siege, maintaining the silent war against Palestinians in Gaza—the Terror Famine, which Israel has maintained now for almost two years.

“So, the reality is, there are people in Hamas you can talk to. Hamas began a political process. It was never allowed to complete it. It won an election fair and square. Instead of being allowed to take office and to perhaps—if there had been a normal political process in Palestine, who knows what program Hamas would have put forward? Who knows what national consensus they would have achieved with the other Palestinian factions on a peace negotiation program, if we didn’t have Lt. Gen. Keith Dayton, and Condoleezza Rice, and all other panoply, training militias, trying to overthrow them in the Gaza Strip?

“If Hamas had been given a chance, we would have seen a different situation. Israel and the United States are the ones who missed enormous opportunities after the election of Hamas and this needs to be stated and that policy needs to be reversed after Jan. 20.”

## **“Who Is Sparking A Religious War In the Mideast?”**

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# To Save His Administration, Obama Must Revise Stimulus

by Nancy Spannaus

In the wake of President Obama's much-anticipated release on Feb. 18 of the Homeowner Affordability and Stability Plan, leading economist and American statesman Lyndon LaRouche came to a stark conclusion: "If the President continues to follow Geithner's incompetent policies, these plans can sink not only the nation, but President Obama's administration itself." He expressed his hope, and intention, to mobilize the forces to rescue Obama from these disastrous policies, before they do irremediable damage to his Presidency.

The way to start, LaRouche stressed the next day, is for the President to revise his "stimulus" package, correcting its mistakes and revamping it from the top down. He must take a "top-down, physical science" approach in emergency measures to regenerate basic infrastructure, essential functions, and agro-industrial capacity.

In general, the President's stimulus package takes the opposite approach, concentrating heavily on cash infusions, and granting concessions to constituency pressure, especially on totally misguided "green" retrofitting programs. Estimates are that only 10% of the \$787 billion package is comprised of what could be called infrastructure projects, such as highway and school repair.

An exception to the dominant approach, however, came from President Obama himself. According to Politico.com, at the last minute during negotiations on the package, the President insisted on the inclusion of

\$8 billion for the development of high-speed rail corridors around the nation. Politico.com, reporting the story under the headline "Obama plots huge railroad expansion," quoted an Obama campaign speech: "The time is right now for us to start thinking about high-speed rail as an alternative to air transportation connecting all these [Midwest] cities." Presidential Chief of Staff Rahm Emanuel said the President considers high-speed rail his "signature issue."

The sum of money involved is only a small fraction of the real investment needed to actually rebuild a modern U.S. rail network. But the budget allocation, for work on high-speed rail corridors around the country, is the first time anything on this level has been done. (George W. Bush signed a bill for less than \$1.5 billion for high-speed rail through 2013).

While the President's instincts for moving to rail, and out of the automobile-based society are sound, his approach urgently needs to be revised. As LaRouche has consistently emphasized, it is the machine-tool sector of the U.S. economy—that which is being trashed in the demise of the auto and aerospace industry—which must lead the in-depth recovery from the current world economic breakdown. Skilled machine-tool operatives must be re-employed into crucial projects in transport, power, and water systems—laying the basis for lower-skilled employment to support their efforts.

Exemplary is the following high-speed rail project, proposed by *EIR* in 2005.

# Congress's Mission for Bankrupt Auto: Build U.S.A. Electrified Rail Network

by Richard Freeman and Hal Cooper

*Here are substantial excerpts from an article published in EIR, June 10, 2005. Hal Cooper, PhD, is a Seattle-based transportation consultant, internationally known as an advocate for an intercontinental railroad connection across the Bering Strait, and for development corridors in the Americas and worldwide.*

*The article was originally published in the context of growing public realization that the U.S. auto industry was going under. On April 13, 2005, Lyndon LaRouche had issued a call to the U.S. Senate for emergency action to retool the bankrupt auto sector, especially its machine-tool core, to address America's huge infrastructure deficit. This article documents the type of great projects required.*

...The means for transforming the U.S. rail network are at hand—retooling the productive capacity, and reemploying the skilled workforce, of GM, Ford, and other auto-sector firms to build new economic infrastructure.

Lyndon LaRouche has called for urgent and forceful Senate action to do this.

## **A Transportation and Energy Policy**

True high-speed rail corridors—at travelling speeds for passengers of 150 mph (250 kph) or greater, and for freight at 90-110 mph—and, as quickly as possible, magnetically levitated train systems, will upgrade the whole U.S. economy. Both have a fundamental requirement: They run exclusively on electricity. In order for high-speed rail to operate, it must have electric-powered locomotives, and overhead catenary systems to transmit the electricity to the locomotives. Yet, of America's 141,000 route-miles of rail, less than 1% is electrified. Seventy years ago, much more was, but most has been dismantled.

A national electrification program should concentrate on building and electrifying 42,000 critical rail-

route miles,<sup>1</sup> in two phases: as **Figure 1** shows, it would start with the electrification of 26,000 route-miles, and in the second phase, bring the electrification up to the full 42,000 route-miles. These route-miles are selected because they are the heart of America's rail system; they support, overwhelmingly, the greatest volume of freight and people. Although these 42,000 route-miles constitute only 29% of America's total rail route mileage, each year, they carry 65% of America's freight, and more than 70% of the intercity rail passengers.

The electrification of America's rail system would require one of America's largest and most powerful "great infrastructure projects." It would shift the country away from its addiction to two modes of transportation—highway and airports—100% powered by petroleum, to a more scientific system. Dependence upon automobiles and trucks leads each person to waste hundreds of hours and hundreds of dollars in traffic jams per year, which become worse as ever more trucks carrying freight take to the roads. Twelve-lane superhighways, as urged by "urban planners"—consuming greater volumes of land—are hardly a solution.

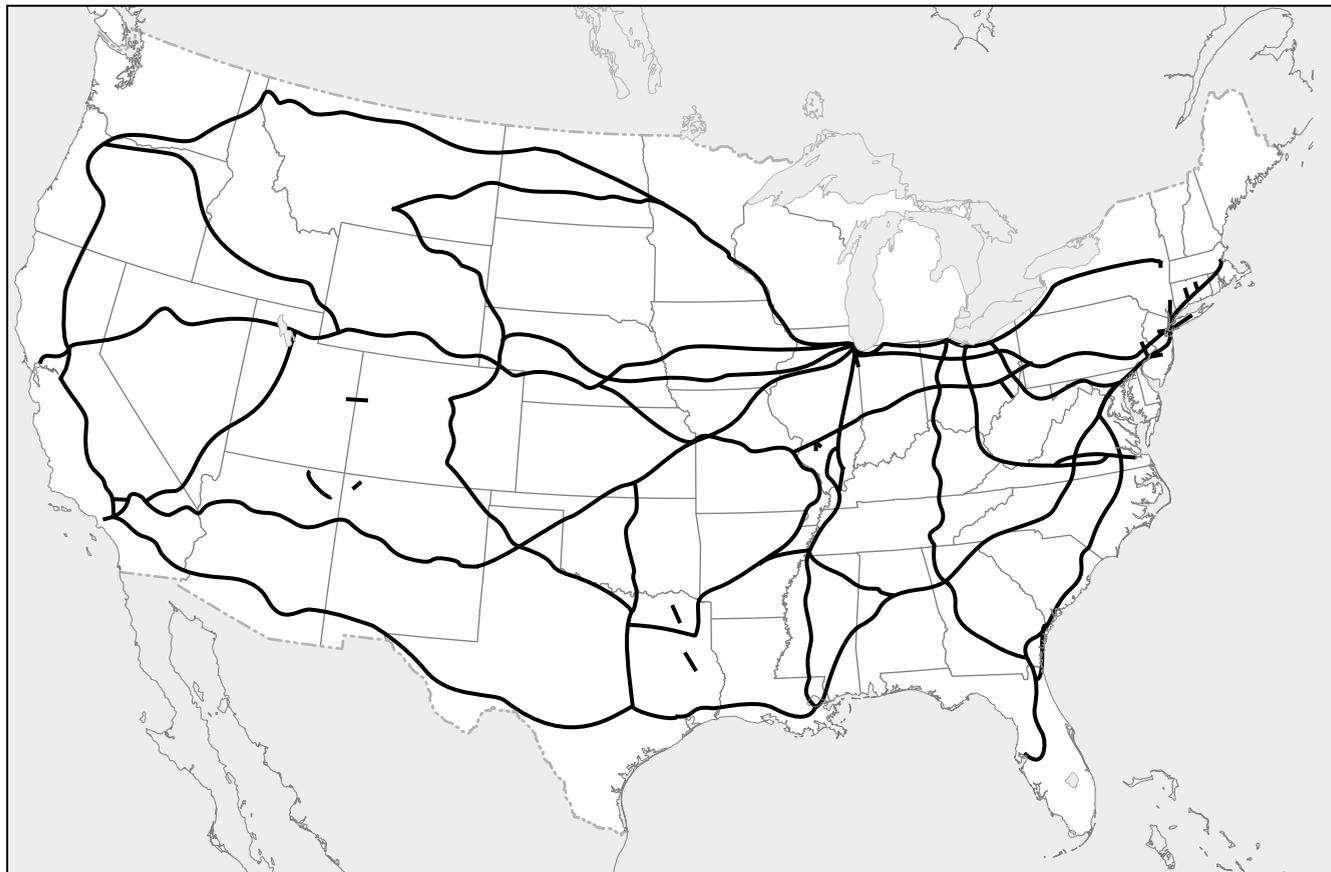
The movement to electric rail would mean that eventually up to a third of truck traffic could be shifted onto rail, and that the current rail system whose motive power is diesel-electric locomotives (which consume vast amounts of petroleum) could be shifted toward all-electric locomotives. Under advanced high-speed rail and maglev systems, *goods and people would move two to three times faster than they currently do.* Moreover, this will demand a huge increase in electricity generation. America would require mass production of nuclear power plants, and ultimately fusion power, to produce

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1. A route-mile is a mile of actual route that a train travels. A route of 50 miles represents 50 route-miles. This route may be double-tracked, thus having a total of 100 miles of track (and even more track in sidings, and yards), but still have only 50 route-miles.

FIGURE 1a

## An Electrified U.S. Rail System: Phase I, 26,000 Miles



Source: Hal S. Cooper, Cooper Consulting Co.; *EIR*.

the electricity. Thus, America's transportation and energy policy would shift, in tandem, to higher efficiency and safety.

The electrification/improvement of the rail system, and the production of new power plants, through increased production at retooled auto plants, would produce a diversified array of goods from locomotives and train sets to nuclear reactor vessels, and transmission lines, employing a tremendous number of auto workers. A job multiplier would result, as each mile of rail requires 370 tons of steel, 535 tons of cement, and so on, which leads to increased new employment of workers producing the steel, cement, etc. Likewise, new jobs would be created in the actual building of the new rail systems. This entire project would employ several hundred thousand workers. It would require 15 years to construct, and cost more than half a trillion dollars, but its cost would represent but a fraction of the enhanced

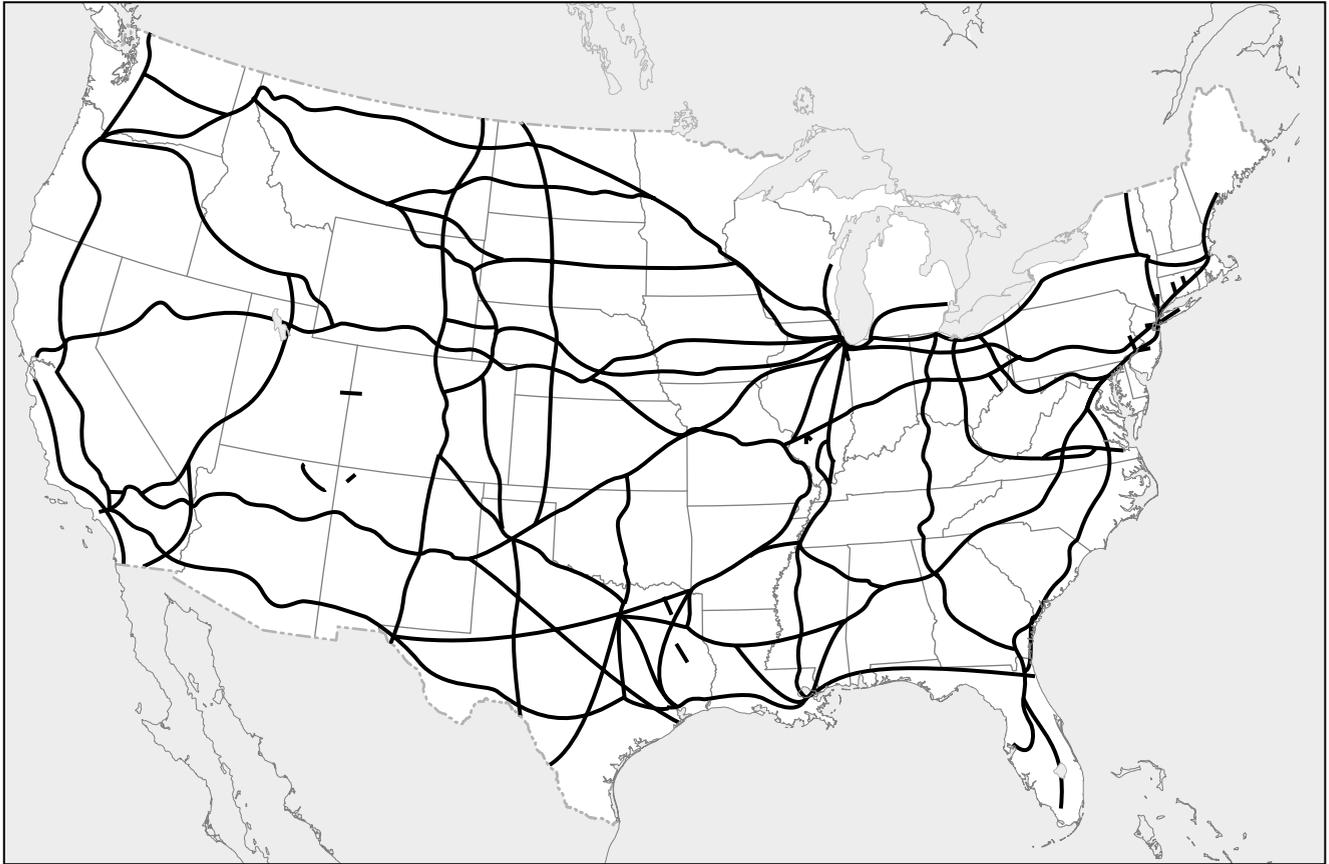
economic productivity it would impart back to the U.S. economy.

Importantly, as LaRouche has stressed, and we will show, the rail trunk lines represent potential, and that potential is radiated 100 miles in both directions in development corridors.

The necessity for immediate action is clear. On May 5, Standard and Poor's rating service, and on May 24, Fitch rating agency, downgraded the bonds of both GM and Ford—with \$301 billion and \$171 billion in debt, respectively—to "junk." In the aftermath, GM's and Ford's bonds declined, setting off enormous problems in the market for collateralized debt obligations (CDOs), and shockwaves in the world's \$400 trillion derivatives market. Various hedge funds failed. The world financial system sits on the verge of *systemic* meltdown. Financier sharks, like mob-linked Kirk Kerkorian, are still pressing ahead for the dismantling of GM, and of its

FIGURE 1b

## An Electrified U.S. Rail System: Phase II, 42,000 Miles



Source: Hal S. Cooper, Cooper Consulting Co.; *EIR*.

machine-tool capacity which America cannot live without. The time for LaRouche's proposal is now.

### Superiority of Electrified Rail

The fight to electrify the American rail system has been waged for more than 100 years. The superiority of electric-driven locomotives over steam-powered locomotives and over the hybrid diesel-electric locomotives that are used today, is undeniable. We will compare electrified rail to steam-powered rail at the peak of the powers of each. This brings out the stunning superiority and method of operation of electrified rail.

The steam-powered locomotive, an invention of the 1820s and 1830s, works on the following basis. On the locomotive of the train is a "firebox" into which is fed coal. The firebox heats a water boiler, making super-heated steam, which is under very high pressure. The super-heated steam is passed to cylinders (by a suitable

valve arrangement), where it drives pistons. The moving pistons turn a main rod, which in turn, moves connecting rods that are attached to the locomotive's driving wheels. (This whole arrangement utilizes a system of gears.)

Five limiting features are obvious. First, the train can only achieve a certain speed. The best steam locomotives in the 1940s, using super-large cylinders, and in some models operating two parallel sets of super-large cylinders, could only achieve top speeds of 125 miles per hour, without a load of cars. Second, on a steep grade, a steam locomotive could lose as much as half of its pulling power. Third, a steam locomotive could be in the shop for as much as 40-50% of the time. Fourth, it must drag its own fuel and water supplies along with it, usually in a "tender car." The steam locomotive must haul many tons of coal and 2,500 gallons of water or more. Fifth, the steam locomotive is inefficient: It consumes nearly two times as many BTUs of

FIGURE 2

## America's Transcontinental Railroads, As Built from the Eastern Rail System After 1865



Source: *EIR*.

energy to carry a ton-mile of cargo freight as does an electric locomotive.

At the dawn of the 20th Century, electrification of rail had been introduced in the United States, poised to become a reality. It grew in small steps so that by the early 1930s, 3,000 route-miles had been electrified, at least several hundred of them through the decided assistance of President Franklin Roosevelt's Public Works Administration.

An indisputable advantage of electrified rail is that it does not carry its own power generator/power supply with it. The system begins with a stationary electricity generating plant far away from the locomotive, which can use any source of fuel—say, nuclear—to generate the electric power. The electricity is transmitted by transmission lines to a set of wire lines that hang overhead of the train track, called the catenary lines. A

device on top of the locomotive—called a pantograph—makes continuous contact with the catenary system, transmitting electricity continuously into the locomotive. (A transformer steps down the voltage.) The electricity is directed to motors which are attached to the wheels, and power them.

The electrified train system produces benefits of great significance: First, one leading system, the French TGV, cruises at 180 mph (290 kph), a speed closely approximated by electrified systems in several other European nations and Japan. Second, the electrified train system uses no petroleum. Third, several electrified trains can use “regenerative braking systems” (by essentially transforming the motors into generators) which capture electricity when braking, and save great wear and tear on brake shoes, etc. Fourth, the electrified train uses half as many BTUs to carry a ton-mile of cargo freight as do steam powered locomotives, and maintains a sizeable energy efficiency over other transport systems.

The close of World War II marked the end of the dominance of steam-powered locomotives—a demise that should have come a half-century earlier. Certainly, the bright prospect of the U.S. moving toward electrified rail was beckoning. But this move never occurred, sabotaged by Wall Street banking interests.

### Post-World War II Highway Initiative

In the period after World War II, an alliance of the Anglo-American bankers, the oil cartel, and the Morgan/Dupont-controlled General Motors organized to stop cold, the electrification of U.S. rail. First, they worked to pass the Interstate and Defense Highways Act of 1956. Ostensibly the product of a Presidential task force on this subject headed by Gen. Lucius Clay, the Act was to provide a centralized series of corridors for the continental movement of goods during war and other emergencies. However, the above alliance shaped it to spread suburban sprawl, suburban real estate bonanzas, and

the explosive growth of the petroleum-consuming car and truck market, which came to dominate the nation's transportation system.

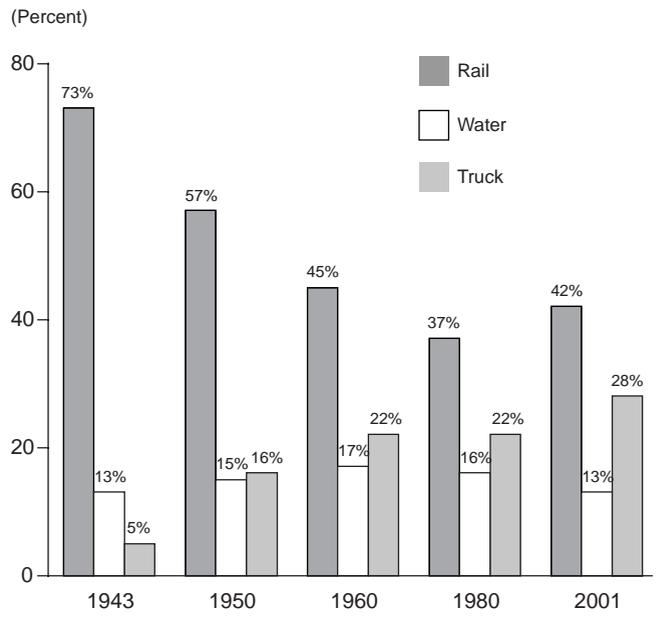
The Act created an enormous annual flow of government money into highway building, so that during the past 50 years, \$2.5 trillion has streamed into building and repair of U.S. highways and roads, while Amtrak must beg to get a paltry \$1.8 billion per year to barely survive. In 2004, some 8.75 million trucks were turned loose on the highways, carrying 25,000-100,000 pound loads. The heavier the trucks become, the more they rip up the highways—as the damage increases geometrically with heavier trucks—requiring greater repair. The surge in truck traffic in particular, and also passenger cars, has grown to such unwieldy proportions, that for hours of each day the highways don't function. Various urban planners now propose building highways with six lanes in each direction.

**Figure 3** shows the result of this process, which is a degradation of the U.S. transportation system's functioning. In 1943, during World War II, 73% of America's intercity freight traffic travelled by rail, and only 5% travelled by truck, and the system worked. By 2001, the percentage of freight moved by rail plummeted to 42%, while truck freight rose to 28%. Were one not to count the coal moved by the railroads, trucks today carry more goods.

The bank-oil cartel-automotive alliance carried out a second assault in the post-World War II era. They dismantled much of the electrified rail that existed, leaving less than 1,000 electrified miles in America. As steam-powered locomotives were phased out, they shifted toward diesel-electric hybrid locomotives, which now comprise 99% of the U.S. fleet. Of the several points that could be made about diesel-electric locomotives, two are most important. First, think of putting a diesel engine onboard just to power a generator for an electric locomotive. This could be done simply, without the diesel engine, through transmitting outside electricity into the locomotive. Second, consider that a diesel-electric locomotive has a 450-500-gallon diesel fuel tank. Collectively, these hybrid locomotives consume 3.8 trillion gallons of fuel per year. Thus, one has reduced an electric locomotive to an appendage of the burning of petroleum.

In addition to the technological degradation of the rail system, has been its physical dissolution, especially after the Staggers Act of 1980 deregulated the industry, and the sharks and asset-strippers moved in. There was

**FIGURE 3**  
**Share of Domestic Inter-City Freight Traffic, by Mode of Transport**



Sources: U.S. Dept. of Commerce; *EIR*.

a ferocious “rationalization” of rail lines. Whereas in 1980, Class I railroads operated 164,822 route miles, that was taken down by 40% by 2004, to 99,000 route-miles. In the same period, the railroads settled on a survival strategy: Loading up on the transportation of coal. Coal is a legitimate fuel source for electricity generation, but its role and use should not be exaggerated. In 2004, 43% of all tons shipped on the rail system were coal. This ties down the rail system. The transport of other goods is lagging. **Figure 4** shows that over the past three decades, the rail industry's shipment of non-coal goods, per household, has fallen dramatically.

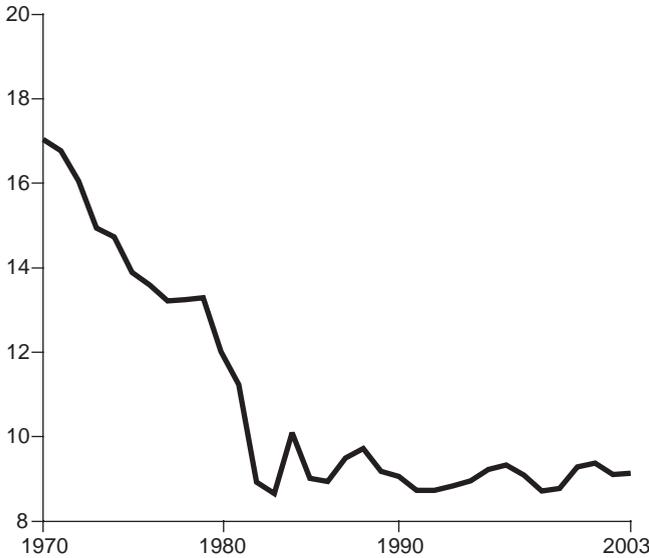
### Building a Great Project

The long-suppressed electrification of America's dilapidated rail system is an undertaking which could only be achieved by the fight for and adoption of LaRouche's April 13 emergency proposal to the Senate, because that would retool the auto sector to deploy the immense volume of advanced machine tools and hundreds of thousands of skilled workers it still commands, to produce the goods for the electrification infrastructure.

We present the crucial elements, which, being done in tandem, put great demands on the economy. Consider the tremendous array of goods, through the bill of

FIGURE 4

**U.S. Railroads' Shipping of Goods Other Than Coal, Tons per Household per Year**



Sources: American Association of Railroads; *EIR*.

materials, that would go into each element.

1. **Electric locomotives:** In 2003, the Class I railroads (the nation's largest railroads)<sup>2</sup> operated 20,711 locomotives, all of them diesel-electric. About half these locomotives travel on the most heavily travelled 42,000 route-miles cited above, or 10,350 locomotives. An attempt could be made to retrofit the diesel-electric locomotives into all-electric locomotives, but that is a complicated procedure. Thus, the retooled auto plants would have to take the lead in building 10,350 all-electric locomotives.

2. **Catenary lines and transmission lines:** To electrify these routes, an overhanging system of catenary lines would have to be built above the tracks, to transmit the power to the trains. From electric power plants, electricity would be carried by transmission lines to the catenary lines. This means 42,000 miles of catenaries, and tens of thousands of miles of transmission lines.

3. **Substations:** These bring power from high-voltage levels to lower voltages, and also act as phase-breakers, because when current travels more than 40 miles, there are severe voltage losses. The substations,

2. Class I railroads—A Class I railroad has \$277 million or more of revenues per year. In practice, each of America's Class I railroads has more than 10,000 miles of track.

more than 1,000 of them, would be built every 40 miles.

4. **Double-tracking:** When along a specific route, trains coming from opposite directions share the same track, both must slow down at some point, using a side track to clear one another. If that happens several times on a route, the overall trip speed is considerably slowed. A double-tracked route provides a set of tracks for going in each direction. Of the 42,000 route-miles selected for electrification, only 10-12,000 are double-tracked, but heavy usage makes virtually all of them candidates for double-tracking, calling for tens of thousands of miles of new track. There exists a bill of materials to lay each new mile of track: 370 tons of steel, 535 tons of cement, etc. As well, steel is required for the culverts.

5. **Nuclear power plants:** The 42,000 route-miles of electrification would require a complete overhaul of America's energy policy: Its inadequate energy grid now suffers blackouts and shortages. To electrify these route-miles would require adding new electric generating capacity of 50,000 megawatts (MW), that would generate 383 trillion kilowatt-hours of electricity during the course of one year. This would represent a 5.3% increase of the United States' installed (Summer) generating capacity.

To do this, the U.S. would have but one choice: to move forward with a vigorous nuclear energy policy. Let us assume that the new 50,000 megawatts added capacity were to be produced by building new nuclear power plants. A fourth generation reactor could be a 800 MW nuclear plant, consisting of four high-temperature gas-cooled reactor (HTGR) units of 200 MW each.<sup>3</sup> To construct the added 50,000 MW in generating capacity, it would be necessary to build 63 nuclear plants of 800 MW, which is to say, 252 units of 200 MW. This cries out for mass production techniques for nuclear power production. Retooled auto plants could make several of the components.

We have briefly examined five elements that are indispensable for the electrification of America's rail system. Needless to say, there are many more elements of importance that could be considered: signalling systems; grade separations (underpasses and overpasses to cross the track); passenger cars, hopper cars, and intermodal cars; train stations; components such as couplers, cooling systems, etc.

3. Another arrangement could be a 1,140 MW nuclear plant, consisting of four GT-MHR units of 285 MW each.

The most important thing is getting physical production geared up to produce the critical features of this great infrastructure project. Its production will employ at minimum 250,000 workers, most of them skilled, in producing the array of goods from the final locomotives and transmission lines, to the semi-finished goods like steel, copper, and aluminum, and the components like cooling systems, to the final on-site construction. There is a price attached to each element; for example, the cost of an electric locomotive is about \$3.5 million, so that 10,000 such locomotives would cost \$35 billion. Preliminary projections are that the whole project would cost in the range of \$400-500 billion, and take 10-15 years.

However, the system will permit the economy to leap-frog ahead technologically. Electrified high-speed rail passenger travel will occur at 150-190 mph; freight will travel at approximately 90-110 mph (for safety's sake, coal and a few other commodities are best served travelling at lower speeds). By contrast, 75 mph is the legal limit of passenger cars and freight-carrying trucks, and in reality, in traffic, they travel at a fraction of that speed. The electrified system will radiate these benefits, and the associated higher productivity, through the main corridors of every part of the nation.

Given the speed and other advantages of electrified rail,<sup>4</sup> it will be possible to take trucks off the road in two ways. First, there are categories of freight that are best shipped by rail. Second, in a process that is in its infancy: trucks can do short-haul. A truck picks up a product, drives to a railroad, is strapped onto a rail flat car, and shipped to another city, where the driver and truck disembark to make the delivery. By these two processes, within 15 years, one-third of truck traffic could be shifted to rail.

However, the production of goods for electrification of 42,000 rail route-miles cited above, is based on working to accommodate the current volume of rail freight, and factor in a small annual increment. Were we to succeed in transferring one-third of truck freight to rail, this would require a *second round* of increased production for electrified rail.

### Magnetic Levitation

As forceful as the effect that rail electrification would have in transforming the economy, there is still a

4. A truck consumes nearly 2.5 times as many BTUs of energy to carry a ton-mile of cargo freight, as does an electric locomotive.



*High-speed railroad travel and freight requires electric-powered locomotives, whose mounted pantograph devices pull power from overhead lines. This means construction of new power facilities, substations, and transmission lines, as well as rail, because the United States has lost virtually all the electrified rail mileage it once had.*

higher level: magnetic levitation. In “maglev,” the magnetic forces generated by the interaction between the bottom of the transport vehicle and the rail, lift, propel, and guide a vehicle along a guideway, so that it “flies” on a magnetic cushion. This eliminates wheel-on-wheel friction, which slows all traditional modes of railroad transport. Current generation maglev systems cruise at speeds of 245 mph (392 kph), and can reach top speed of 300 mph (492 kph), four times the current average speed of U.S. freight and passenger travel.

Maglev would start in the 5,000 miles of corridors that are the most densely populated. It would require a *third round* of rail production gear-up, including an additional 25,000-50,000 gigawatts of nuclear generating capacity, meaning that with electrification and maglev, the nation's generating capacity would have to increase an impressive 10%. A national maglev rail system would cost a quarter of a trillion dollars.

Railroad electrification, including maglev, becomes possible only when the economy is mobilized and the mammoth production capability represented by the retooled auto sector, is brought into play. Without this capability, electrification of this scope would not be possible.

Such a mission will emerge from a political fight. Adoption of LaRouche's emergency proposal would save the auto sector in precisely such a manner, as to generate a technological revolution in rail and cascading productivity that will aid in reconstructing the nation.

### *Reversing a Crime*

On Feb. 19, South Dakota Democratic State Rep. Richard Engels cited Lyndon LaRouche's fraudulent criminal conviction in 1988 as the reason legislators should send House Concurrent Resolution 1009 endorsing LaRouche's Homeowner's and Bank Protection Act (HBPA) to defeat. Engels, a Democratic lawyer from Sioux Falls, did not even discuss the content of the bill, which is the only approach that could save the U.S. from the devastation of the ongoing global breakdown crisis. Engels succeeded.

Given the fact that civilization depends upon the rapid implementation of LaRouche's HBPA when all other measures must fail, LaRouche's organization moved to issue a statement exposing the responsibility of Molly Kronberg for the frame-up of Lyndon LaRouche. By the next day, it was on the desk of every legislator in South Dakota, with the challenge: Will you let such a fraud prevent you from acting on the advice of the only economist competent to provide a solution to the current civilizational breakdown crisis?

The full statement, issued by the LaRouche Political Action Committee, appears on its website, but we excerpt some crucial elements here.

1. Circles in the U.S. government associated with George H.W. Bush mounted an all-out legal and covert propaganda assault in 1983-1988 aimed at eradicating the political, scientific, and economic influence of LaRouche and his political movement.

2. The first trial of LaRouche and co-defendants on phony financial fraud charges was brought in 1987-88 in the U.S. District Court for the District of Massachusetts. That case ended in a mistrial because of what Federal Judge Robert Keeton termed "systemic government misconduct." Jurors interviewed after hearing the government's financial fraud testimony declared to reporters for the *Boston*

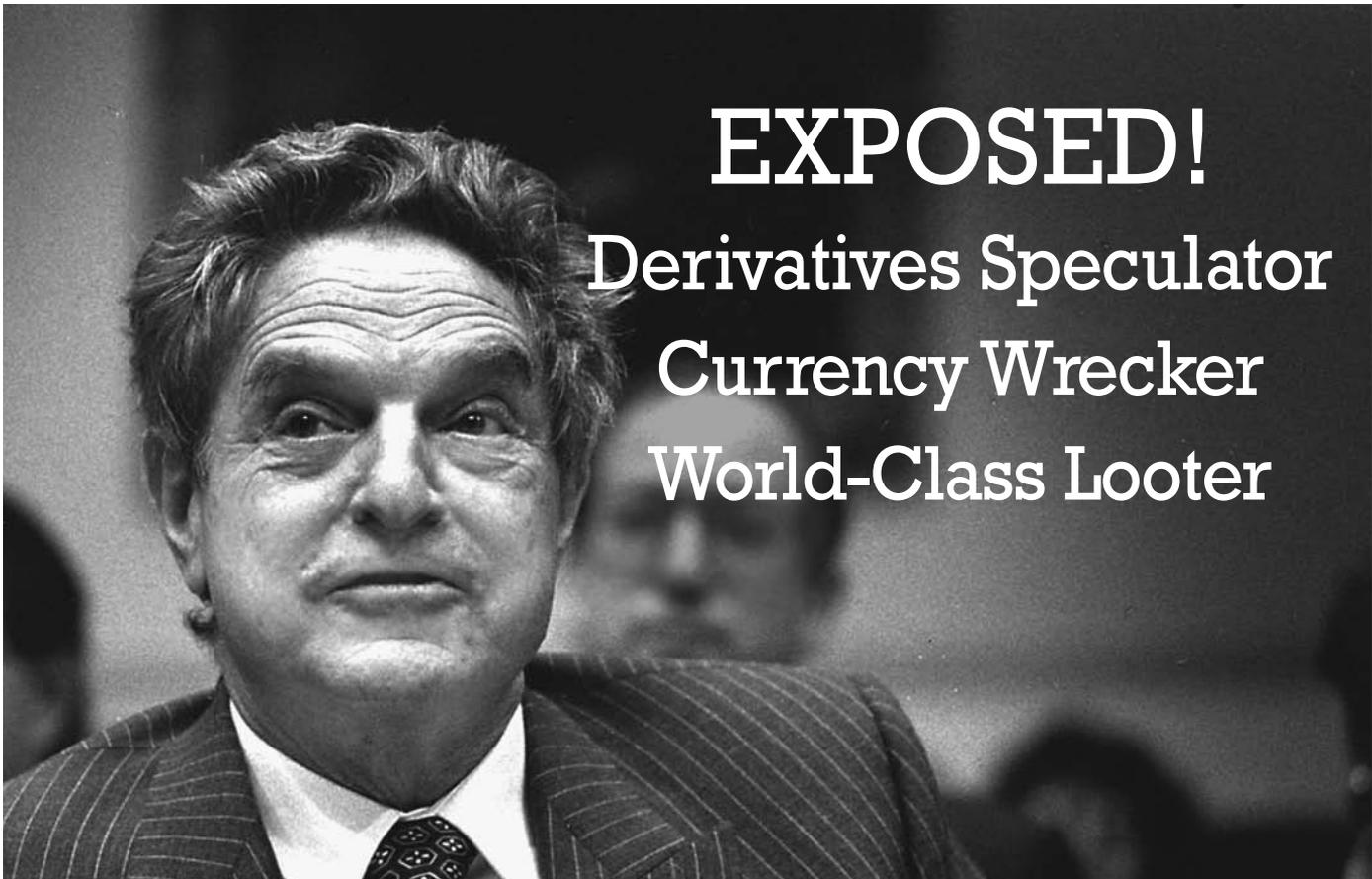
*Herald* that they would have found LaRouche and his co-defendants not guilty, had the case not mistried because of the government role in any financial misconduct charged. A retrial was scheduled.

3. Federal prosecutors then rushed to indict and try LaRouche and six co-defendants in the Eastern District of Virginia, deliberately seeking to avoid a Boston retrial and a certain acquittal. The only new charge singled out LaRouche—claiming that he engaged in a conspiracy to hide his tax obligations from the IRS.

4. The critical evidence leading to the conviction of LaRouche on this count was provided by one Marielle Kronberg. In 1979 and 1980, Kronberg participated in a concocted scheme to arbitrarily impute income to LaRouche for purposes of appearances during LaRouche's 1980 presidential campaign. Kronberg made out royalty checks from the publisher of LaRouche's books to LaRouche—an act which made her subject to criminal jeopardy for uttering. A tax return was drafted showing this imputed income to LaRouche, but not filed, because LaRouche, once informed, rejected the entire scheme as fraudulent. The fact that LaRouche had denounced and repudiated the entire scheme and the fact of Kronberg's cooperation with the government were left completely out of Kronberg's trial testimony.

5. Without this phony proof of LaRouche's "intent" on the tax count, the Alexandria case would not have been tried, since the government itself created the basis for failures to repay loans from political supporters which constituted the other Alexandria financial fraud charges.

...LaRouche was guilty of no crime. Neither he nor any of his co-defendants would have gone to prison if it had not been for the fact that the FBI used the crime committed by Molly Kronberg to blackmail her into giving false testimony.



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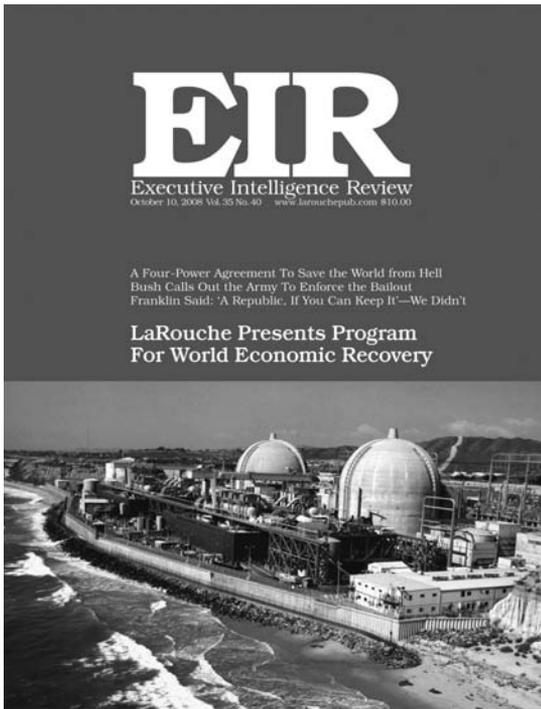
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