

# EIR

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Fear of Financial Collapse Fuels Iraq War Drive  
Japan Rejecting Wall Street's Deregulation Model  
Fascist William Buckley Put Lieberman in the Senate

## LaRouche Was Right: It's A Global Systemic Crisis

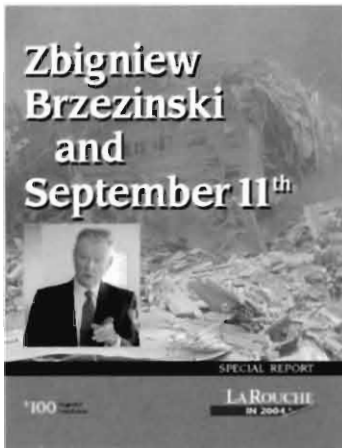


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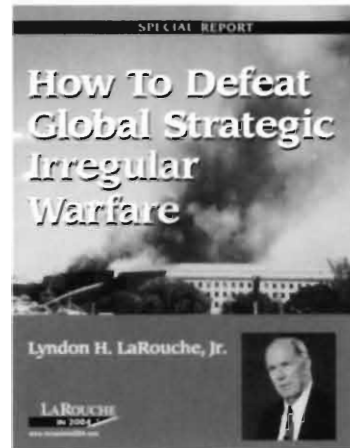
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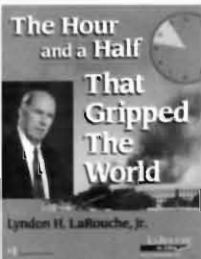
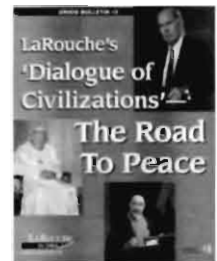
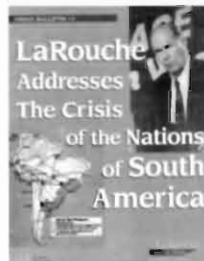
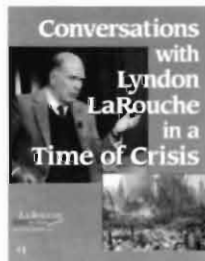
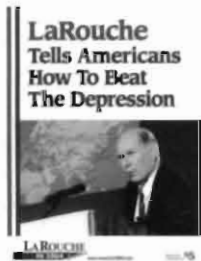
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## From the Associate Editor

Who, among the candidates for the U.S. Presidency in 2000, told voters that there was no “economic boom”; that we were in the midst of a global systemic crisis, as a result of the insane axioms that they shared with their leaders; and that if those axioms were not overturned, they would lose everything?

People who didn’t listen to LaRouche, and kept their money in the stock market, for example, are getting really scared now.

Globally, there is enormous recognition that LaRouche was right:

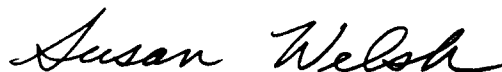
- See our *Feature* for his speech in São Paulo, Brazil, to a conference co-sponsored by the Alumni Association of the Superior War College and *EIR*. This completes our series on that highly successful visit to the world’s third-largest city, which welcomed LaRouche by naming him an honorary citizen.

- In Italy, more than 100 Members of Parliament have signed a resolution calling for a New Bretton Woods conference to reorganize the bankrupt world monetary system, as LaRouche has proposed (see *Economics*).

- While the U.S. press babbles about “the recovery,” other nations know differently. The London *Financial Times* on July 17 counterposed quotes from Herbert Hoover on Oct. 25, 1929 (“The fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis”) and George Bush on July 15, 2002 (“I want you to know the economy, our economy, is fundamentally strong”). Don’t hold your breath for the *Financial Times* to endorse LaRouche—but even in “Perfidious Albion,” the wiser souls are listening to his message, such as the London source who told *EIR*, “LaRouche is a man of destiny, like Churchill and Roosevelt.”

- In the United States, the time is ripe for the emergence of an “FDR coalition” under LaRouche’s leadership. See our interview with Nevada State Sen. Joseph Neal for an example of the type of leaders who are emerging as national spokesmen for a change.

The key to making such a revolutionary turn in American politics possible, is to knock out the dirty Lieberman-McCain operation, which, as we reported last week, has a hammerlock on both Bush’s Presidency and the Democratic Party. See *National* for the shocking story of how Lieberman became Senator—thanks to the slobbering fascist William F. Buckley. We’ll have more to come.



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## Italian Senators Again Call For New Bretton Woods System

by Our Special Correspondent

Italian Senator Riccardo Pedrizzi, president of the Senate Finance Committee and member of the government coalition party National Alliance (Alleanza Nazionale), on July 2 issued a statement calling for a New Bretton Woods conference to organize a new world financial system. Senator Pedrizzi was the first signer of a motion presented more than a year ago in the Italian Senate, demanding Italy and other nations act to replace the bankrupt International Monetary Fund (IMF) system, before it crashes irrevocably and destroys the international economy. That resolution now is backed by over 100 Italian Members of Parliament.

Senator Pedrizzi's new call was published in the daily bulletin of the Agenparl, a press agency that covers political

and parliamentary developments, and other press agencies have also reported it. It was issued on the same day as the most noted author of the New Bretton Woods proposal, U.S. Presidential pre-candidate Lyndon LaRouche, appeared in Rome at a seminar devoted to the same topic. The candidate and economist shared the podium with Dr. Nino Galloni, an economist and director general of the Italian Labor Ministry, and Sen. Oskar Peterlini, initiator of another parliamentary motion calling for a New Bretton Woods conference.

### Pedrizzi's Statement

"After the shocking cases of Enron and WorldCom, both linked to the Arthur Andersen story, it is clear that even the American system of control has failed. For Italy it is necessary to define some reference points in a way that whoever is a consultant cannot at the same time also have the role of internal auditors and certification firms. In this regard we are studying a specific law. Financial globalization is creating interdependencies and fallout from one system to another. We have to develop measures of protection for market minorities, often representing citizens—shareholders—savers, because the ultra-liberal idea of a market that is able to reform by itself, which produces virtues through the sublimation of egoism, is largely contradicted by reality. While governments are not able to influence the fundamental economic processes, the speculative bubble is getting out of the control of the big finance that created it."

With the world facing such a scenario of "global crisis," for Senator Pedrizzi, there is only one answer: "To organize at the international level the necessary forces for a reform of the global monetary and financial system, a New Bretton Woods, determined by the governments that can, through continental great projects of economic development, relaunch



*New demands have been raised in the Italian Senate, following this July 2 Rome seminar featuring Lyndon LaRouche, that Italy's government act to organize a New Bretton Woods conference for a new international monetary system, to replace the collapsing IMF system.*

the world productive economy, and renew dialogue, peaceful cooperation, and employment.”

## In the Parliament

In fact, there is already substantial dialogue going on within the Italian political establishment on the New Bretton Woods proposal.

Through his association with the LaRouche movement, Senator Peterlini drafted a motion—a platform—calling for just such a reorganization, which was presented in the Italian Parliament at the end of February, and has drawn remarkable support. In the Senate, prominent names, such as former Prime Minister Giulio Andreotti and former Labor Minister Cesare Salvi, signed the document; in the Chamber of Deputies, former Ministers Maccanico, Melandri, and Treu, as well as current Defense Committee chairman Ramponi, signed.

More than 100 members of both chambers of Parliament have signed the resolution, which was motivated by the outbreak of the Argentine financial crisis. After blaming the crisis on the IMF policy, it lists a six-point reconstruction program for Argentina, which “various political, economic, social, and religious forces in Argentina have put at the center of discussion:

“1. A peso-dollar decoupling, without devaluation or other forms of dollarization; de facto a new currency without obligations towards the current system;

“2. Measures of exchange and capital control, like those that in the 1950s were able to protect currencies;

“3. Creation of a ‘national bank’ to issue new, long-term and low-interest-rate credits to expand productive investments in industry and agriculture, particularly in middle-sized enterprises;

“4. Freeze of all foreign debts and the opening of an investigation on the legitimacy of the debt still owed;

“5. Creation of a defense coordination mechanism with other nations on the continent, aiming also to create a Latin American common market; and

“6. Reintroduction of the inviolable principle of national sovereignty against any form of interference from globalizing supranational structures.”

The motion directs the Italian government to support Argentina’s “process of regaining national sovereignty in formulating economic policy,” to support an Argentine debt moratorium and organize support from the European Union.

As far as concerns the international financial crisis, the motion directs the government “to carry out at all levels the demand of a revision of the IMF role and policies; to consider the initiative of proposing to convoke a new international conference, at the level of heads of state and government, such as the one which was held in Bretton Woods in 1944, aiming at establishing a new international monetary system and at taking necessary measures to eliminate the mechanisms that have led to the creation of the speculative bubble and the systemic financial crash, as well as to start programs of reconstruction for the world economy.”

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## Documentation

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# Italian Senate Motion For New Bretton Woods

*Excerpts of the motion first introduced on Oct. 19, 2000.*

**Whereas**, we could deal with this situation only by convoking a new conference at the level of heads of state and government, like the one which took place in Bretton Woods in 1944, with the aim of creating a new international monetary system and taking all necessary measures to eliminate the “speculative bubble,” among them: forms of controlling currency-exchange rates, by introducing fixed parities, which could be modified only through the decisions of the sovereign governments, and analysis of exchange-rate conditions of the economies of the emerging countries; analysis of the crises in emerging markets; forms of control of capital movements; the introduction of measures such as the Tobin Tax, aimed at limiting speculative operations such as derivatives transactions; the creation of new credit explicitly oriented toward investments in sectors of the real economy; the definition of great infrastructure projects of continental dimension; the participation of the private sector in the prevention and solution of crises;

Various countries are compelled to adapt to a system characterized by floating exchange rates, and that the great instability and serious fluctuations of exchange rates of the strong currencies, constitute grounds for concern, particularly for the small economies based on raw materials exports; . . .

**Binds the Government:** To adopt concrete measures to contribute to the stabilization of the international financial system and to assure a rational sharing of the benefits which the open world economy could provide, above all for the developing countries, besides assuring the adjustment of monetary policies;

To undertake, in particular, the initiative to propose the convocation of a new international conference, at the level of heads of states and governments, similar to the one organized at Bretton Woods in 1944, with the aim of creating a new international monetary system, and to take those measures required to eliminate the mechanisms which led to the creation of the speculative bubble, and to implement programs to restart the real economy;

To bring this proposal to the Strasbourg [European] Parliament, the European Commission, and to all institutions of the European Union responsible for EU economic policies, and through bilateral agreements, in individual European governments and parliaments.

# Japan Elites See ‘New 1971’ Dollar Crisis

by Kathy Wolfe

Is Asia starting to reject the “Wall Street Model” of deregulation? Is it Japan’s economy which is about to blow up the global financial system, as Moody’s Investors’ Service claims? Or isn’t it rather the dollar which is about to blow up, due to “junk bond economics” not just at Enron, but across the whole U.S. corporate sector, the trade deficit, and the Federal budget deficit? These are the questions that *EIR* examined in its June 7 (“Asia Debates End of Deregulation”) and June 14 (“Moody’s Attack Last Straw for Japan?”) issues.

The answers are yes, no, and yes. Once again Lyndon LaRouche and *EIR* had the story first. Now, leaders in Asia have begun to speak in public about the demise of the dollar, of the “Wall Street bubble,” and of the U.S.-British model of “free-market” deregulation.

Bank of Japan (BOJ) Governor Masaru Hayami made a shocking public warning of a coming 1971-style U.S. dollar crisis (referring to President Richard Nixon’s decoupling of the sinking dollar from gold, on Aug. 15 1971, ending the post-war Bretton Woods monetary system). “The possibility of a worldwide move to dump the greenback is fairly high,” he told a televised meeting of Japan’s Diet (Parliament) on July 11. “A deterioration in U.S. fiscal conditions could lead to a weaker dollar,” which “could prompt investors outside the United States to withdraw assets from the country.” The recent steep decline of the dollar, Hayami said, “resembles the situation in 1960-1970, when the U.S. government was suffering from twin deficits,” referring to the combined domestic budget deficits and swelling foreign trade deficit which triggered Nixon’s action in 1971. “The U.S. will probably fall into a twin-deficit status again this year,” Hayami said.

As the dollar slipped below 115 yen in Tokyo on July 17 (a 15% drop since January), Hayami repeated his view. Asked by reporters if Japan should support the dollar, he called it pointless: “The dollar is being sold. That’s a fact. It can’t be helped for a while.”

“Dollar Heads South as U.S. Bubble Bursts” was the way the *Japan Times* put it in its July 16 headline, comparing the “bubble implosion in the U.S. information technology sector” to the collapse of the giant Japanese real estate bubble in 1990. It projected a decade or more depression in the United States, and no bottom for the dollar, as the Fed prints dollars madly in response.

## Moody’s Is ‘Most Ridiculous’

The failed cabinet of Prime Minister Junichiro Koizumi is denying this reality, and Hayami, sources say, is of those Tokyo elites who want an open debate on the true extent of the global crisis. “The yen is too high,” Chief Cabinet Secretary Yasuo Fukuda said on July 17, urging the U.S. Federal Reserve and European Central Bank to make joint currency-market interventions with Japan to support the dollar. “The dollar is too low, since the U.S. economy remains strong,” Finance Minister Masajuro Shiokawa said the same day. But when a skeptical TV anchor asked, “What if the dollar goes into free fall below 100 yen?” Shiokawa’s state of denial became more entrenched. “That will never happen!” he fumed. “It’s because all of you keep fanning the flames that people get worried!”

But the Hayami group thinks the dollar and U.S. economy are so far gone that intervention is “futile,” a source said. The BOJ has not intervened since June 28.

“Of all the Western analysts who said the American ‘New Economy’ could go on forever, borrowing \$1.5 billion a day from the rest of the world, and that countries such as Japan which did not adopt the ‘Wall Street business model’ would collapse, the most ridiculous is Moody’s,” a Tokyo official laughed on July 17. “In January, the American Enterprise Institute said the yen would collapse, triggering Japanese citizens to run our banking system. Then on May 31, Moody’s downgraded Japan Government Bonds (JGB) almost to junk-bond status, below many Third World nations such as Botswana, again predicting major capital flight out of Japan. . . .

“However, who looks ridiculous now?” he asked. Japan’s May foreign current-account surplus more than doubled from a year earlier, and in fiscal 2003 (ending in March 2003) “it could be the largest on record,” nearing \$150 billion—while U.S. deficits deepen. So now, “foreign investors all over the world are eager to invest in Japanese Government Bonds,” since the strong yen is raising the value of Japanese holdings in dollar terms. In fact, JGBs are higher than ever this year. Now, both Japanese investors and foreign investors are shifting funds from U.S. stocks and bonds to JGBs, and the long-term rates over the next ten years for JGBs are falling, rather than rising, as Moody’s predicted. Net assets held overseas by the Japanese government, companies, and individuals combined, had soared 35% in 2001 to a record \$1.5 trillion, the official said, but now, a lot of that money is dumping the dollar and buying Japan Government Bonds.

## ‘U.S.-British Model’ Blasted

There have also been more broadsides against Anglo-American deregulation and “free-trade fundamentalism,” as forecast in *EIR* June 7. “Don’t Take Free-Market Propaganda Seriously,” writes Richard Werner, the influential German-American economist of the Tokyo-based Profit Research



Center, in the July 16 *Yomiuri News*. Werner denounces the London *Financial Times*, U.S. economists such as Paul Samuelson and Larry Summers, and the International Monetary Fund (IMF) and World Bank, for their constant refrain, that “what is needed is ‘privatization, deregulation, and liberalization’ . . . The point is made in the media virtually every single day. Just last week we were reminded by the uncle of former U.S. Treasury Secretary Larry Summers, Paul Samuelson, that ‘free markets are the key to prosperity.’ Samuelson’s diagnosis: A recovery is only possible in Japan ‘by turning away from the old Japanese model.’ ”

Meanwhile, he notes caustically, the IMF and World Bank are infamous for visiting every nation on Earth, where “they quickly know and announce the true problems of each and every one of these countries. Little local research is necessary. As friends have told me, the main intellectual contribution, when they are sent to a new country, is to switch the country name from an earlier country study. The advice is predictable: liberalization, deregulation, and privatization.” Everywhere the advice is followed, it results in economic depression.

“The fact is, there is no evidence whatsoever that current Japanese and German weak economic performance is due to their economic structure,” Werner states. He repeats the cogent arguments of the editorial in *Nihon Keizai News* on May 7 (reported in *EIR* on June 7), that it was actually the “Big Bang” bank deregulation of 1995, carried out by Prime Minister Ryutaro Hashimoto at the behest of London and Wall Street, which destroyed Japan. Big Bang was “immediately followed by the largest post-war contraction of nominal gross domestic product and consumer prices” ever seen in Japan, he states. “Available evidence concerning the impact of structural reform on economic growth does not point toward a positive relationship.

“When Japan’s economic structure was far more regulated and still closely resembled the controlled economy of the wartime era, it produced mostly double-digit growth in the 1950s and 1960s. As deregulation increased, growth dropped steadily, culminating in negative growth in the era of remarkable deregulation of the 1990s. . . . Economic structures that do not conform to the U.S.-British model can be highly successful, and even surpass the U.S.-British model,” Werner concludes.

### **Asian Basket or New Bretton Woods**

Leaders across Asia are reacting by turning from the dying U.S. market to expanding regional ties, as Lyndon LaRouche has long advised. “The economic instability in the United States is a reality,” South Korean Commerce, Industry, and Energy Minister Shin Kook-hwan said on July 16. Seoul has specific plans for shifting away from dependence on the collapsing U.S. market and into expanding exports towards Asia.

Japan’s Ministry of Economy and Trade (METI, the former MITI) produced a White Paper on International Trade on

June 25, emphasizing that Japan cannot escape its current depression without expanding cooperation with East Asian neighbors to revitalize the Japanese economy. Seeing East Asia as “the engine for global economic growth,” the report says, “Japan can benefit from its geographical location and advanced economic development to deepen ties with these rising economic powers.” In a significant dig at the U.S.-British model, the paper states: “While the country has long supported a multinational free-trade system based on the World Trade Organization, Japan needs to adopt more flexible strategies for regional alliances.”

An official of the Bank of Japan, in a rare statement on non-monetary issues, said on July 15, that “amid increasing uncertainty in the U.S. economic outlook, we are shifting our eye to Asian economies.” Nikkei reported this under the headline “BOJ Officials Eye Asia for Economic Recovery Hopes.” The BOJ official was quoted saying, “If the U.S. economy falters, the only hope left will be Asia.”

No system, in which Asia tries to go it alone, can work, however. Asian leaders must also address the need to create an entirely new, global financial system, as in LaRouche’s proposal for a New Bretton Woods conference, to replace the crashing dollar non-system. There is no point in being self-satisfied that the yen and Asian currencies are “doing better than the dollar,” when all paper currencies based on the current system could collapse at any moment, as LaRouche pointed out his groundbreaking study, “On a Basket of Hard Commodities: Trade Without Currency” (see *EIR*, Aug. 4, 2000).

In this respect, Japan’s proposal to Asia Finance Ministers, at the July 6 Copenhagen Asia Europe Meeting (ASEM), for the formation of an Asian regional finance system, was a step forward, but far from adequate. The proposal, co-authored by Korean experts, calls for a single Asian currency; an Asian central bank; and monetary union after 2030. It also proposed creation of an independent fund, which amounts to an Asian Monetary Fund, but Tokyo is afraid to officially promote it by name.

Thus failing the courage to assert responsibility for the entire global system, Asian nations are susceptible to being sold “respectable alternatives” to the IMF, which will end up dispensing the same kind of economic poison. Japan’s Copenhagen draft draws heavily on the Kobe Research Project written by the Japanese and French Finance Ministries; this project was based on the Maastricht Treaty which founded the European Monetary Union. The Maastricht model imposes supranational austerity upon nations in the name of “currency coordination,” a form of “IMF-ing yourself.” Rather than demand a totally new global system, it proposes again that Asian nations delink from the dollar in favor of a “currency basket system of the dollar, yen, and euro.” As LaRouche demonstrated in “Trade Without Currency,” this is pointless, when all the paper in the basket is not backed by economic reality.

# Africa Suffers Far Worse Than Food Crisis

by Lawrence K. Freeman

Africa is in the throes of the worst crisis it has faced since the 1960s “Winds of Change,” when nationalist movements emerged to force the colonialists to take down their flags. As the combined food and AIDS crisis striking the African continent today demonstrates, despite the removal of occupying troops, the colonialist looting polices are still firmly in place. At a recent Washington press conference of Ambassadors to the United States from Southern Africa, Malawi’s Tony Kandireo called the food shortage affecting Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe, the “worst food shortage crisis in over half a century.”

Upwards of 13 million inhabitants of those six countries face starvation due to a cereal deficit of approximately 4 million metric tons (mts). This alone would qualify as a humanitarian emergency, but when added to the devastating effects of the spread of AIDS across Sub-Saharan Africa, conservatively estimated at 30 million infected, a process of population reduction is in effect—truthfully called a policy of genocide.

The intent of the policies of the International Monetary Fund/World Bank, the British Commonwealth, and their Anglophile supporters in the U.S. State Department, has been to depopulate Africa, to gain access to the continent’s wealth of raw materials (see accompanying article). Cecil Rhodes, at the end of the 19th Century, clearly spoke for the British Empire, when he boasted of his intent to remove the natives living on the land, in order to get the resources underneath the land.

## Kissinger in Rhodes’ Footsteps

Less than a century later, on Dec. 10, 1974, U.S. Secretary of State Henry Kissinger compiled a classified 250-page document, entitled “National Security Study Memorandum 200: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests” (NSSM-200). In only slightly less offensive language, Kissinger echoed Rhodes’ outlook for Africa and the other “Less Developed Countries.” Kissinger, from his warped and racist geopolitical outlook, stated the “predicament” for the advanced sector countries as follows: that the growing population of the “Third World” nations would endanger the imperial “right” of Western access to the strategic minerals found within those nations. This was not merely Kissinger’s point of view, but represented then, as now, a faction of the Anglo-American establishment—spoken for by Harvard Professor Samuel Huntington and Car-

ter National Security Adviser Zbigniew Brzezinski, among others—who believe that an elite world directorate should determine policy for the entire planet, especially for the control of vital resources and population levels, through the annihilation of the sovereign nation-state.

The following quotes from NSSM-200 illustrate that those disgusting population reduction are being continued against Africa today.

- “The location of known reserves of higher-grade ores of most minerals favors increasing dependence of all industrialized regions on imports from less developed countries. The real problems of mineral supplies lie, not in the basic physical sufficiency, but in the politico-economic issues of access, terms for exploration and exploitation.”

- “Whatever may be done to guard against interruption of supply, the U.S. economy will require large and increasing amounts of minerals from abroad, especially from less developed countries. That fact gives the U.S. interest in the political, economic and social stability of the supplying countries. *Wherever a lessening of population pressure through reduced birth rates can increase the prospects for such stability, population policy becomes relevant to resource supplies and to the economic interests of the United States.*”

The three African nations targetted in Kissinger’s report were Nigeria, Egypt, and Ethiopia, whose combined populations today are 250 million, over one-third of the continent’s total population.

## Millions Threatened With Starvation

Of the estimated 4 million metric tons food deficit between now and March 2003, some 1.2 million mts are needed in emergency food aid immediately. Speaking from the audience at a July press conference, U.S. Agency for International Development (USAID) Administrator Andrew Natsios reported that USAID has already put 132,000 mts on the ground in Africa, and is in the process of securing an additional 200,000 mts, suggesting that it is up to the European Union and others to provide the remaining 870,000 mts emergency food aid. U.S. Rep. Maxine Waters (D-Calif.) challenged Natsios: Either deliver the food aid with no delays in delivery, or, she warned, “I’ll come after you.”

Zimbabwe, the most affected of the six countries, has almost half of those endangered, with 6 million threatened by food shortages. Zimbabwe is in the midst of the longest dry spell in 20 years, with significant declines in maize and cereal production, and needs 1.5 million mts to keep nearly half of its population from starvation’s door. While the government is increasing production and buying cereal from other African nations, substantial aid is absolutely required for Zimbabwe to make it until next year’s harvest. The United Nations World Food Program (WFP) has appealed for \$60 million for food aid for Zimbabwe, but only one-third of that had been satisfied when the Washington press conference was held.

In Malawi, where maize production has declined 33%



Behind this Zambian boy (right) is the remains of a field of sorghum that is usually drought-resistant; the intense drought has killed these crops two years running. In Malawi, many thousands of children are malnourished like this three-year-old boy (left) in a Blantyre clinic.

from last year—and prices have increased 300%—due to excessive rain and floods, 3.2 million people, or 28% of the population, are in need of emergency food assistance. Zambia has also suffered a 25% decline in maize production, and estimates are that 2.3 million people, or 21% of the Zambian population, are in dire need of food assistance. Even before the current crisis, as of 2000, UNICEF had already reported that 59% of Zambian children under five are malnourished.

In Swaziland, a small nation of about 1 million, 140,000 citizens are facing immediate starvation, with an additional 80,000 soon to be in the same dire situation. That equals over one-fifth of the population threatened with extinction from food deficits alone. Lesotho with approximately twice as many people as Swaziland, has 20% of its population, 400-500,000, living in similar life-threatening circumstances.

Looking beyond just the six Southern African nations, equally tragic conditions prevail throughout the continent due to food shortages. In the Democratic Republic of the Congo (D.R.C.), estimates are that 64% of the population living in the eastern provinces are undernourished. This region is under the military control of a Rwandan invading army, which has been illegally occupying one-third of the D.R.C. for four years. Overall, 16 million people living in the D.R.C. are estimated to be “seriously food insecure”—that is, almost one-third of the population.

Ethiopia has just revised its estimates of those in need of food assistance to 5.9 million, up from 3.6 million. This will require an additional 200,000 mts of food aid. Its neighbor

Eritrea, a country of 4 million, is expected to run out of food stocks by September. Namibia now reports that the lives of 500,000 of its citizens are at risk without the deliverance of emergency food aid.

### The AIDS Factor

Three of the six nations facing life-threatening food shortages—Zimbabwe, Swaziland, and Mozambique—are also among the worst hit by the AIDS epidemic, and as a result are undergoing horrific demographic transformations. The spread of AIDS in Africa has not slowed down. The 1997 estimates were that 23 million Africans were infected. This jumped to 30 million in 2002, with the latest analysis forecasting 60 million by 2007 (see *EIR*, July 19). The extreme poverty in these countries, and the lack of any semblance of health care, has helped spread AIDS, such that the already-low life expectancy has declined

by more than one-third.

The AIDS killer epidemic has directly affected the food supply. As more Africans are infected and die from AIDS (AIDS has already killed over 7 million agricultural workers since 1985) there is a direct loss in food production from the already inefficient agricultural sector. As hardworking older men and women die off, taking their skills with them, young children drop out of school to take care of their dying parents and attempt to earn income for the survival of their household. Add to this the lack of health-care workers and dearth of drugs, and one can see vividly Kissinger’s population reduction policy in practice.

While it is essential that emergency supplies of food and money are provided to prevent mass starvation—and all the African countries praised the United States for its efforts in this direction—*much, much more is required*. Massive infrastructure development in roads, water management, electrical power, health care, and education, along with technologically advanced irrigation and farming equipment, is the only way to truly free Africa from this terrible level of existence. The only way to stop the spread of AIDS would be an “Apollo Moon Mission” type of program for Africa, which would include the application of the most scientifically advanced medical care, and infrastructure development for the entire continent.

These will not be done by the International Monetary Fund and World Bank, but they would end, once and for all, Kissinger’s NSSM-200 policy of genocide for Africa.

# State Resumes Control Of Mineral Rights

by Lydia Cherry

The South African National Assembly transferred ultimate control of all mineral rights from individuals and companies to the state, voting 243 to 35 to pass the Mineral and Petroleum Resources Development Bill into law on June 26. Since coming to power in 1994, the African National Congress (ANC) has been unwavering in its commitment to make this change. While awaiting the final vote, MPs of the ruling ANC party, including various Cabinet ministers, danced and sang in the House.

In spite of the rhetoric from Tony Leon, leader of the minority pro-British Democratic Alliance party, that the bill undermined the commitment to an “open economy in a globalized environment” by President Thabo Mbeki’s administration, the legislation actually brings South Africa into line with laws in most other countries. The private ownership of mineral rights flowed from South Africa’s history of Roman and Dutch law, and—because of British predominance in South African mining—it was one of the pillars of British power in the country during the apartheid period.

## An Angry Cabinet

The mining giants, led by Anglo Platinum, went as far as they dared to gut the bill. Minerals and Energy Minister Phumzile Mlambo-Ngcuka, at a press conference on June 20, said the Cabinet was “very angered” by mining industry threats, which bordered on blackmail, that they would make the bill an issue at the June 26-27 Group of Eight, where Mbeki’s New Partnership for Africa’s Development (Nepad) was to be accepted by the G-8 industrial countries. The mining industrialists were claiming that the bill abrogated international agreements and undermined Nepad, by creating an environment unfavorable to development and sound governance. “I have never seen my Cabinet so militant!” Mlambo-Ngcuka said. “They are so angry. They feel [the mining giants] have pushed us too far.” She said the Cabinet’s orders were “to go, go, go,” and make no compromises, and that she planned to make none. The bill was passed before the G-8 summit began.

Under its terms, the minister of minerals is required to refuse prospecting rights to any applicant which owns “a concentration” of mineral resources, or if unfair competition would result. This portends a shift from the current pattern of intense concentration. According to testimony on the bill from the Congress of South African Trade Unions (Cosatu) and

the National Union of Mineworkers (NUM), Anglo Platinum holds more than 90% of all mineral rights to platinum and associated minerals; AngloGold, Goldfields, Harmony, and Durban Roodepoort Deep hold majority rights to gold reserves; De Beers has almost all rights to diamond fields; Samancor and Assmang have majority rights to manganese reserves; and so on. Anglo American Corporation, the testimony points out, “has holdings in almost all these conglomerates.”

Mining companies will now have to work with the government to contribute to the economic development of the mining areas, to which end the government’s royalties will be used. There will be a plan for mineworkers (apparently agreed at the time of licensure) to be provided with managed housing, health care, multiple-skill training, and unemployment compensation.

The minister of minerals can impose “corrective measures,” or even apply for judicial management, if the operator does not fulfill certain obligations. These provisions are in stark contrast to current, squalid conditions—unchanged since the end of white-only minority rule in 1994—that make family life impossible for miners. Most miners still live in single-sex hostels. In most cases, more than ten workers occupy a single open room, and are subject to prison-like regulation of their free time.

The bill provides security of tenure for licensees for 30 years, renewable for 30 years (above the world average). Under the “use it or lose it” maxim, there will be access to deposits which the former owners kept out of production. Applicants interested in beneficiation (processing of ore) will be given preference.

## No Clear Role for the State

For the urgent need at hand—optimal use of South Africa’s mining industry for industrializing Africa in the face of the world financial collapse—the bill did not go far enough. Cosatu and NUM point out: “There does not seem to be a vision nor practical provision for a direct, productive role for the state in the industry. . . . Relying primarily on the market mechanism—even if combined with various discretionary and other powers of the state—would tend to preserve the *status quo*. We are concerned that the approach of the Bill explicitly prioritizes the objective of ‘black empowerment’ [for entrepreneurs] and not a clear role for the state.”

Nevertheless, Cosatu and NUM were prominent members of the broad coalition of black business associations, trade unions, and political parties that emerged in the week before the vote, to push the bill over the top.

Minister Mlambo-Ngcuka’s high-spirited speech on the bill on June 25, included citations from the ANC Freedom Charter of June 26, 1955: “The people shall share in the country’s wealth”; and “The doors of culture and learning shall be opened.” The next day, the 47th anniversary of the Charter, the bill was passed. The Charter’s principal architect, Lionel Bernstein, died the same day.

# Poland: Neo-Liberalism Is Now a Dirty Word

by Rainer Apel

When Lyndon H. LaRouche told the Poles, during his May 2001 visit to Warsaw, to break with monetarism and neo-liberal “reforms” or face economic and social hell, he sparked a debate on the future direction that Poland’s economic and financial policies should take. After repeated political interventions by the LaRouche movement in Poland since then, a number of remarkable initiatives have emerged, including a public memorandum from the Farmers Party (PSL) demanding a change in national bank policy, in January.

At that time, Poland gave the impression of closely pursuing Argentina in the parameters of collapse. The PSL, junior partner in the new government coalition, proposed that the “independence” of the Polish Central Bank be curbed, and that the “stability-oriented” monetarist policy of the Central Bank’s Governor, former Finance Minister Leszek Balcerowicz, be changed in favor of physical economic priorities. The PSL proposals included changes in the Monetary Policy Council (RPP), and a mandate requiring the Central Bank to give the fight against unemployment, and the promotion of economic growth, priority over stability-oriented monetarist measures. Especially the high-interest-rate policy of the Central Bank was to be changed, the memorandum recommended.

Last but not least, the PSL launched a debate about the Central Bank’s direct obligation to report to the government and the Sejm (parliament), before any important monetary policy decision. This implied a change at the top of the Central Bank, held then, and still, by Balcerowicz, whose staunch monetarist views have earned him the unenviable reputation in the West as “Mr. Polish Reforms.”

However, Balcerowicz’s reputation as “Mr. Polish Disaster” is increasing among a majority of Poles.

## ‘Crisis Summit’ Failed

The half-year since the PSL first pressed ahead with this memorandum, has been one of economic and social turbulence, and calls for a drastic change of Central Bank policy and status have been issued by other forces. Even Prime Minister Leszek Miller, of the majority SLD Party in the coalition government, has been prompted to join the campaign for a change. On June 2, Miller met with President Aleksander Kwasniewski and presented him with an appeal signed by the presidents of 100 Polish industrial companies, who criticized the Central Bank’s monetary policy. A “crisis summit” of

party leaderships was held in mid-June, but was scuttled, because Kwasniewski would not engage in serious debate about the Central Bank’s status.

Meanwhile, the acute solvency crisis at the Szczecin Shipyard forced the government to intervene and declare a halt to its privatization. A collapse of the biggest industrial enterprise in northwestern Poland would have pulled down 1,500 medium-sized and small firms in the feeder industries. The government launched an emergency program to secure the core functions of the shipyard. Already plagued with an official jobless rate of above 18% nationally, the government could not tolerate the tearing up and shutdown of the shipyard, and the decision was endorsed by a majority of citizens.

The decision was met, however, with angry commentaries in the monetarist media inside and outside Poland, which called it a “declaration of war” on reforms. Economics Minister Jan Piechota responded that the shipyard crisis in Szczecin highlighted the general crisis of Polish industry; therefore the government had no alternative but to intervene on behalf of national economic interests.

The next act in this dramatic shift was the decision of the Polish cabinet on July 2, not to stick to the projected government budget deficit of 40 billion zlotys, but to add 3 billion to the deficit for special labor market initiatives and economic incentives, and for payments of wage arrears. The decision widened the deficit to 5.5% of GDP and moved further away from the European Union’s “Maastricht Treaty” precondition of 3.0% for Poland’s future EU membership.

The only cabinet member to oppose that decision was Finance Minister and Vice Premier Marek Belka. He also turned out to be the only remaining supporter of the Central Bank’s policy, and he announced his resignation from office at the end of that cabinet session. Belka is said to have fiercely opposed the PSL initiative for changes in the Central Bank’s status, and always insisted on a balanced budget perspective, but he came to recognize that not even Central Bank Governor Balcerowicz’s international campaign to rally support for continued “reforms” helped him much. William McDonough of the Federal Reserve Bank of New York, who arrived in Warsaw to deliver an address of solidarity at the Central Bank on July 3, came too late to secure the Finance Ministry for monetarism.

Neither did the move by influential players on the currency market to drive the zloty’s value down 4%, sway the cabinet. On July 5, Prime Minister Miller appointed Grzegorz Kolodko as new Minister of Finance. Kolodko has been known for his criticisms of Balcerowicz’s policy, and during his earlier tenure as Finance Minister (1994-97), he risked numerous clashes with the Central Bank over budgeting policies. Kolodko’s appointment confirmed that the Polish government may now go further, cutting into the Central Bank’s autonomous status, and maybe even replacing Balcerowicz.

Thus the first steps to improve the economic situation in Poland have been made.

# The Importance of Jean Monnet For Today's Troubled World

by Mark Burdman and Michael Liebig

It has become a pressing concern in Europe, as well as elsewhere, that the nations of the Continent, growing together in the European Union, should play an effective role in the world. This concern is becoming all the greater, in light of the tragic situation in the Middle East; the debate in the United States about the possible use of pre-emptive strikes, for example against Iraq; and the problems of the world economy, linked to insufficient regulation in our globalized world.

A good reference point, for understanding and establishing an effective European role in the world, is what happened 50 years ago in Western Europe. With the support of outstanding statesmen—such as French Foreign Minister Robert Schuman, German Chancellor Konrad Adenauer, Italian Prime Minister Alcide de Gasperi, and Belgian Foreign Minister Paul-Henri Spaak—Jean Monnet, only five years after the hatred and destruction of World War II, brought together France, Germany, Italy, Belgium, the Netherlands, and Luxembourg into the European Coal and Steel Community. The ECSC became a decisive factor, for the re-building and growth of Europe's war-ravaged industry; it also laid the basis for the European Economic Community, established in 1957.

## A Collaborator of Monnet Reflects

We gained fascinating insights into Monnet's method and philosophy, and its implications and applications for our current troubled times, during a discussion in Belgium with Max Kohnstamm. He became a close collaborator of Monnet, first as secretary of the High Authority of the European Coal and Steel Community, later as vice president of Monnet's Action Committee for the United States of Europe. After Monnet's death, when, in the early 1980s, the process of European integration seemed to have come to a halt, Kohnstamm founded the Committee for Europe, in order to push Europe forward along the lines of Monnet's method and philosophy.

In 1938-39, Kohnstamm had, as a student, spent a year in the United States. He developed a great admiration for President Franklin Delano Roosevelt and his New Deal. Laughing, Kohnstamm told us that this had made him a life-long, non-dues-paying member of the Democratic Party. Kohnstamm confirmed that Monnet had played a crucial role in the mobilization of U.S. industry, starting in 1938, immediately after France and England abandoned Czechoslovakia to

Hitler at the Munich Conference. In that year, Monnet visited Roosevelt for the first time, at Roosevelt's home at Hyde Park, New York. After the United States had entered the war, he made a major contribution to Roosevelt's "Victory Program," which enabled the United States to become "the arsenal of democracy" that guaranteed the defeat of Nazi Germany and its Axis allies. The very term, "arsenal of democracy," used frequently by FDR, was coined by Monnet (see Jacques Cheminade, "FDR and Jean Monnet: The Battle vs. British Imperial Methods Can Be Won," *EIR*, June 16, 2000).

## 'Europe Must Have a Voice in the World'

Already during World War II, Monnet's strong concern was that a weak and divided Germany could become an uncertain, and therefore dangerous, bone of contention between the United States and the Soviet Union. In a note written in 1943, Monnet pointed out that the Allies had won the First World War, but had lost the peace. This time, they would again win the war, but should also win the peace. This, Monnet thought, could only be done through replacing antagonistic separate national interests and responsibilities, by the organization of common interests and responsibilities. The heavy industries of the Ruhr region of Germany, and Lorraine in northeastern France, would have to play a central role in such a process.

Did this process not imply loss of certain elements of sovereignty, and how could resistance against such loss be overcome? we asked Kohnstamm. "Part of the answer," he replied, "was the proven disastrous failure of the old way of organizing the relations between France and Germany, and among the other European states in general." To Monnet, the European Coal and Steel Community was "only the beginning of a process that would continue to organize unity, not only in economic matters, but also in matters of foreign policy, on those matters on which only common action would be able to seriously deal with the economic and political problems of our time."

Was Monnet's objective, then, to see the European Union finally become another superpower? In a speech made in London in the early 1960s, Monnet dealt with this question. "Let me cite his answer," Kohnstamm said. "One impression predominates in my mind over all. It is this: Unity in Europe does not create a new kind of Great Power; it is a method for



*Jean Monnet (right), represented the French Provisional Government, at the signing of an agreement with the United States on lend-lease. Here, U.S. Undersecretary of State Joseph Grew signs the accord; on the left is French Ambassador Henri Bonnet.*

introducing change in Europe, and consequently in the world. People are tempted to see the European Community as a potential 19th-Century state, with all the overtones of power that this implies. But we are not in the 19th Century, and the Europeans have built up the European Community precisely in order to find a way out of the conflicts to which the 19th-Century power philosophy gave rise. European Unity is not a blueprint, it is not a theory; it is a process that has already begun, of bringing people and nations together, to adapt themselves jointly to changing circumstances.”

Monnet, Kohnstamm continued “would, in all probability, be in favor of other regions of the world, in Latin America, Asia, and Africa, organizing themselves in the way Europe is attempting. Only then will most of these nations become able to influence their own destiny.”

For Monnet and Schuman, what was at stake in May 1950, was organizing lasting peace in Europe. To do that, the creation of institutionalized common responsibilities was essential. As a beginning of that process, they chose coal and steel—at that time, crucial areas of the European economy; and, at the same time, the symbols of power. Nearly all the functions which governments exercised over the production and consumption of coal and steel would, in the future, be exercised by a common authority. Thereby, they started a revolution in the relations between sovereign states, replacing the “balance of power” as the regulator of these relations, by the gradual building of a Community among the participating states and nations.

### **‘Struck Me as by Lightning’**

Kohnstamm is Dutch, and had been in the Netherlands during the Nazi occupation. For some months, he was in a concentration camp; shortly after his discharge, he was arrested again, and put in a hostage camp “where we were, with the exception of those who had been shot, treated like prisoners of war.” This lasted from 1942 to September 1944. After the war, he became Private Secretary to the Netherlands’ Queen Wilhelmina. After her retirement in 1948, he served in the Dutch Foreign Office, as head of the German desk. Already in 1947, he had been part of a group, sent by the Dutch Reformed Church, to re-establish links with the German churches. When negotiations about the establishment of the European Coal and Steel Community started in Paris in the Spring of 1950, he became a member of the Dutch negotiating team.

Kohnstamm told us: “In my contacts with Germany, I had become much aware of a vicious circle my country was in. There was no chance of rebuilding the Dutch economy without accepting the rebuilding of the German economy, since our economic relations with Germany were an essential part of our economy. In practice, that meant one had to accept the rebuilding of the coal and steel industries centered in the Ruhr area. However, of what use would that be, if the Ruhr industries were again to produce bombs, to destroy Rotterdam, as had happened in 1940? How to break out of this vicious circle, became the ‘\$64,000 question.’ ”

Participating in the Allied Conference in London in 1948,

which began the transformation of the British, American, and French occupation zones of Germany into a new West German state which gradually would become independent and sovereign, Kohnstamm became more and more convinced, that “the only way to break the vicious circle, would be by some kind of integration between that new Germany and its neighbors.”

On May 9, 1950, Robert Schuman launched the Schuman Plan for the formation of a European Coal and Steel Community. Monnet had been the plan’s author; as president of the Conference which established the Treaty and later as president of the High Authority, the executive body of the Coal and Steel Community, Monnet’s vision and courage turned the Schuman Plan into a living reality.

Kohnstamm said, “In May 1950, the Schuman Plan struck me as by lightning. Here you have the solution, I thought. I then met Monnet, and was deeply impressed by him. What he intended, was revolutionary: creating binding legal links among the free nations of Western Europe. Victorious and defeated nations of World War II would participate in this European Community on equal terms. The new High Authority would oversee the development of the coal and steel industries in the Benelux countries, France, Germany, and Italy, and stimulate their growth, assuring equal access to consumers and equal rules to producers. It would, indeed, be a first step to building lasting peace in Europe.”

Kohnstamm emphasized that even such outstanding statesmen as Schuman and Konrad Adenauer would not have been able, in 1950, to conclude a peace treaty between their countries. The problem of the Saar region, on the border between France and Germany, and matters like the control of the Ruhr industries, would have made that impossible. The only way to overcome mutual hatred and fear was, according to Monnet, through the exercise of joint sovereignty, instead of national sovereignties.

### **A Reminder from Thucydides**

In meeting Monnet, and working for and with him, Kohnstamm learned to understand the political philosophy underlying Jean Monnet’s actions. Monnet’s thinking went beyond coal and steel, beyond Franco-German reconciliation, and even beyond European states’ internal relations. Central to his thinking, was the organization of peace in this world, through a fundamental change in the structure of its international relations.

We asked Kohnstamm, what exactly he meant by “the structure of international relations.” “Let me give an example from ancient history,” Kohnstamm said. “Thucydides was the historian of the Peloponnesian war between Athens and Sparta. The island of Melos had remained neutral for several years, when Athens demanded that it become its ally—or, in reality, its vassal—or be occupied by Athens’ expeditionary force. Thucydides describes the encounter between the representatives of the people of Melos and the Athenians. The men

from Melos say that they never did any harm to Athens; why should they now be occupied? The Athenians answered: You know as well as we do that, when these matters are discussed by practical people, the standard of justice depends on the equality of the power to compel, and that means that the strong do what they have the power to do, and the weak accept what they have to accept.”

Kohstamm asserts that whether one studies Thomas Hobbes, Immanuel Kant, or a modern thinker like France’s Raymond Aron, the definition of the structure of international relations remains the same. As Aron has written: “In their mutual relations, states are still existing in the state of nature.”

In Kohnstamm’s view, as in Monnet’s, leaving aside any moral concern, the state of nature today presents a great danger to our world. The Peloponnesian war ruined first Athens, and then all of Greece. Today America, as the only remaining superpower, is in danger of giving China, Russia, and other nations the impression that there is nothing more important than military power. Kohnstamm pointed out that when the President of the United States says that he is in favor of international law, as long as this law is in the interest of America, whatever there is of international law is dangerously weakened. Two disastrous world wars have taught Europeans that moving toward more and stronger-based structures of law, is an indispensable element toward the organization of lasting peace. In the long term, trust in the balance of power as the safeguard of peace is an illusion. That, at least, is the lesson of history. Modern weapons technology is now available in its most deadly forms not only to an ever-growing number of states, but even to individuals. This turns the organization of durable peace into the most important, but also the most difficult, challenge our world is facing today.

Monnet used to stress the dangers inherent in the human desire to dominate and to be superior to others. The competitive drive is an essential part of human nature, as is the wish and need for freedom. However, if this desire to dominate and to be superior to others, as well as the indispensable competitive drive, is not restrained by law, then there is no human community and no freedom. That is because total freedom for one person or for one state, is a constant threat to every other person or state. Kohstamm likes to quote a famous American Supreme Court justice: “I take law very seriously, deeply seriously, because fragile as is reason and limited as law is, it is all that stands between us and the tyranny of mere will and the cruelty of unbridled, undisciplined feeling.”

This, Monnet considered true for individuals as well as for states. In Europe, states have tried to deal with the danger sovereign freedom poses, through maintaining a balance of power between them. “However,” Kohnstamm said, “this attempt to manage the anarchy resulting from the principle of sovereignty, which involves the freedom of each state to decide on peace or war, finally always fails, as it did so in Europe in 1914, and again in 1939. The balance fails because it has



one internal contradiction: For a state or an alliance to be safe, it must be just a little bit stronger than the other state or alliance. That means, that one state's or alliance's safety contains a constant danger for the other state or alliance."

## **Monnet and the United Kingdom**

Having worked intimately with the United Kingdom in both World Wars, Monnet organized a private meeting with a few leading British civil servants, to find out whether the binding economic relations, which Monnet considered essential to the organizing of peace in Europe, could be started with the United Kingdom. The outcome of these talks was negative, and thus began the long, not-yet-ended, saga of the United Kingdom's relations with the European continent. In 1950, Britain decided not to join the European Coal and Steel Community; and when, in 1957, the European Economic Community was set up, the United Kingdom created the European Free Trade Association, as an alternative.

Kohnstamm mentioned an amusing event that took place in 1962, on one of Monnet's many trips to the United Kingdom, this time in order to discuss some of the problems that had come up during negotiations about U.K. entry into the European Economic Community. At arrival at London's Heathrow Airport, the customs officer, looking at Monnet's passport, asked, "Are we going in?" Monnet explained why, indeed, it was going to happen. The officer then looked again at Monnet, and asked, "If we get in, can we get out again?"

On the way to London, Kohnstamm recalled, Monnet said, "Sometimes I wonder whether the United Kingdom should really come in." Before I could say anything, Monnet continued: "Of course, Britain must come in. We must change that man's mind."

After French President Charles de Gaulle's veto of British membership in the EC, Monnet and his Action Committee for the United States of Europe, which had been joined by representatives of the three major United Kingdom political parties, campaigned for a new attempt toward U.K. entry into the European Economic Community. This was finally accomplished in 1972. "Alas," Kohnstamm said, "the saga, nevertheless, still goes on. Let us hope that the United Kingdom's entry into the euro-zone will one day bring the saga to a happy end!"

## **The Character and Personality of Monnet**

During our discussions, we asked Kohnstamm, what impressed him most in Monnet's personality. Kohnstamm's response: "His openness of mind." That created an atmosphere where participants were induced not simply to negotiate, but to search together for a solution to the problem under discussion. Monnet used to say that, in negotiations, "I on this side of the table, and the other on the other side, both of us with our own positions, we may come to a compromise. But you are not sure at all that the compromise solves the problem. Only if one sits together around the problem, do you have a

chance of really finding the solution to the problem one seeks to solve."

Monnet was the exact opposite of an ideologue. He constantly searched for solutions, or at least for a process, to achieve one's objective. Often, Monnet said, "intelligence is nothing but the capacity to discover the essence of the problem under discussion." Monnet's creativity and inventiveness, Kohnstamm continued, makes it impossible to say how exactly, in the present circumstances, Monnet would have acted. However, the human person and his dignity was a constant in his thinking.

Monnet's "Socratic dialogue" approach made it possible for participants in discussions to change their minds, without losing face. Furthermore, his thinking was never parochial; on the contrary, it was always worldwide. This made it possible for him to win the trust and support, for his project of European integration, from successive American administrations—Truman's, Eisenhower's, Kennedy's.

Kohnstamm recalled, that when Monnet was president of the High Authority of the Coal and Steel Community, the door of his office was often open. When you came in, he would say, "Join us." The discussion was going on, and he made you part of it. It took a lot of your time, but you became a member of a team, and aware of the general objective to be pursued.

## **A Mediterranean and Mideast Water Community?**

Kohnstamm is convinced that, at the present moment, with the world in grave and dangerous disarray, Monnet's "inventiveness" is needed more than ever. For the European Union, the most obvious region requiring inventive thinking is the southern shore of the Mediterranean and the Middle East, Kohnstamm said. Can we learn anything from the Schuman Plan approach to overcome the horrors and atrocities of the Israel-Palestine conflict?

"Both are imprisoned in a terrifying vicious circle of hatred and distrust. Can this circle ever be broken? Whenever the war between them, with its violence and killings, finally stops, there will remain the problem of winning the peace. Water will remain a major problem between them. Could it also be an incentive to common action? The water problem can only be solved through a massive effort to drastically enlarge the supply of fresh water. Even if nothing can be done before the mutual violence stops, it does not seem too early to start preparing to deal with the water problem. It might even help to regain some hope for the future. After all, given sufficient water, that part of the world could become a blooming garden."

We pointed out, that after the signing of the Oslo Accord in 1993, Lyndon LaRouche made a proposal for a joint Israeli-Arab water desalination program. "Interestingly enough," Kohnstamm added, "the U.S. Secretary of the Treasury, Paul O'Neill, after a tour through Africa, demanded a Manhattan

Project to deal with the water problem. That means a huge effort, over years, bringing together the most able scientists in this field, and providing them with all the means necessary. This time, it would not be a program to develop the atomic bomb in order to win the war, but a program to—once the violence is brought to an end—contribute to winning of peace.”

### ‘Our Philadelphia’?

To Kohnstamm, it is a crucial question, whether the ongoing European Convention, under the overall chairmanship of former French President Valéry Giscard d’Estaing, will be capable of elaborating concrete proposals, needed to enable the European Union to face up to its present formidable challenges: doubling the number of its actual 15 Member States, and dealing adequately with the internal and external security issues of our present post-Cold War world.

In 1787, the American Founding Fathers, in Philadelphia, produced a Constitution that has formed the basis on which the then-loosely connected 13 states, could begin to build what has become the United States of America. However, Kohnstamm emphasized, there are huge differences between the European Convention and the American one in Philadelphia. The European Union has to deal with, in all probability, 10 new Member States joining at the same time. These nations have been separated from the actual Union Member States, under Nazi and Communist dictatorships, for about 60 years. They have different traditions, languages, and income levels!

There is a tendency, he continued, to underestimate the difficulties the Philadelphia Convention encountered. However, the 13 states had together fought and won their war against England, and had a whole continent waiting behind them, for the gradual creation of new states that would join them. Even so, the problem of slavery, for example, could not be settled.

Will the European Union Member States have the foresight and generosity needed to arrive at enlargement, and, even more so, to make a success of it? Because, without foresight and courage, there is no chance for a positive outcome of enlargement. Necessity may provide a helping hand, because a failed enlargement would deeply wound the Union, and might even involve its unravelling.

The most fundamental decision taken at Philadelphia was the abolishing of the veto, even for the ratification of its result. Will the 15 current Member States and the 10 or more newcomers realize that, wherever the unanimity rule reigns, no decisions that may be needed on the level of the Union, will ever be taken?

Max Kohnstamm insisted that the process that, in the 1950s, began with the Schuman Plan, has given Europe 50 years of unprecedented peace and prosperity. “Let us hope,” he said, “that our present governments will not let our Founding Fathers down, and will act with the wisdom and courage present circumstances require.”

## ‘Free Trade’ Farming Wipes Out Wheat Crop

by Marcia Merry Baker

The U.S. wheat crop for 2002 is now predicted to be the smallest in a quarter century; the Canadian crop will likewise be markedly down. The immediate reason is shown on the map: extreme and persistent drought extending throughout much of the North American grain belt. The area harvested this year for Winter wheat (the predominant wheat variety in U.S. latitudes) is estimated to be only 29.8 million acres (12.06 million hectares)—the same as in 1917! (The harvested Winter wheat area in recent years has been between 35 to over 40 million acres). Estimates now put the total U.S. wheat harvest this year at around 1.79 billion bushels (48.9 million metric tons), about the same as in 1974, and way down from the 64 million ton levels of recent yearly harvests.

However, the implications go far beyond merely a “bad year.” Because family farmers have been financially marginalized in recent years, they are strapped for cash, and face the threat of shutting down their operations. In terms of world trade in basic foodstuffs, the United States and Canada are a major source of world wheat supplies—now severely contracted. Australia’s wheat output next season is expected to drop. Argentina is in turmoil. Only Europe (principally France) expects a good harvest. Thus, any “North American” shortage problem automatically becomes a world problem in the era of “world markets.” World wheat stocks have been severely drawn down.

Thus, the terrible harvest of 2002 dramatizes the urgency to reject the tenets of the entire past 20-year era of “free trade,” namely, that nations should depend on “world markets” for their food security, and should not even be permitted, under World Trade Organization rules, the right to keep national food reserve stocks. The General Agreement on Tariffs and Trade (GATT) Uruguay Round of so-called agriculture reform (1986-94), the WTO (starting 1995), and regional pacts such as the North American Free Trade Agreement (NAFTA), all forbid attempts at national food self-sufficiency. The wheat situation alone—although there are other emergencies—makes the point that “markets” policies must be dumped.

Already, the speculation in wheat futures is exploding. On the Kansas City Board of Trade, on July 10, the most actively traded wheat futures contract hit \$3.475 a bushel, up 3.75¢ during the day; the same contract at the end of June, was at \$3.15. This is most dramatic, because July should be, in a typical year, the period of the *lowest futures prices* for

wheat, because most of the U.S. wheat crop is Winter wheat (planted in the Fall, and harvested in early Summer).

### Extensive Crop Damage

In Kansas, the world's top wheat-growing state, the 2002 crop is estimated to be 268 million bushels (7.32 million metric tons), down 18% from 328 million bushels last year, according to Kansas State University agriculture economist William Tierney. This is the third straight year for drought in northwestern Kansas—the major wheat region of the state. Huge areas of seeded wheat were abandoned in Kansas, Colorado, and the other regions of extreme drought shown on the map. Many wheat fields were never sown last Fall, because of arid conditions.

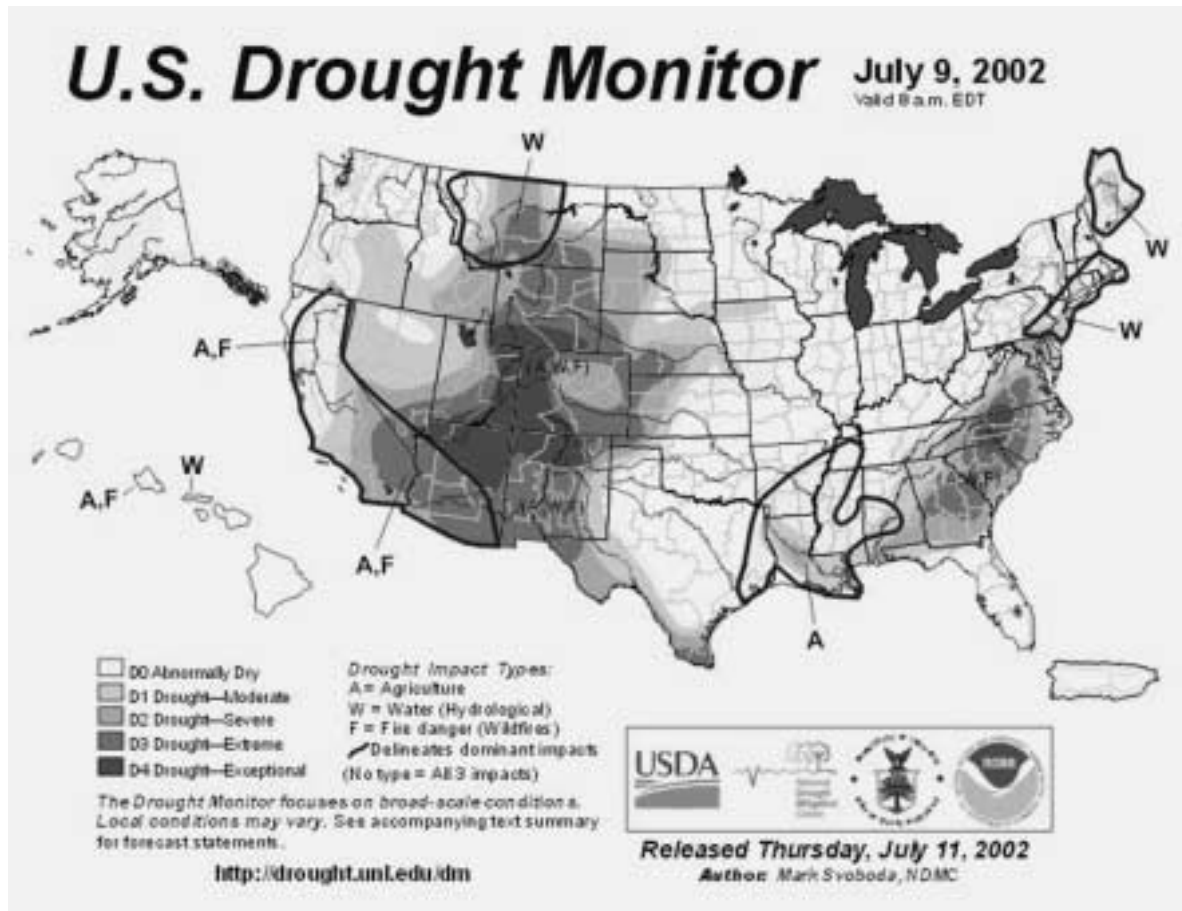
The Canadian Wheat Board released a briefing on June 12, saying that significant amounts of their crop would be not worth harvesting for human use. Western Canada could potentially harvest 19.7 million metric tons of wheat, down from the five-year average of 23.3 million tons, which itself has been declining.

A series of weather extremes has wreaked havoc on the crop. Western Canada began its third year of drought in 2002. There was markedly little snow over the Winter, and last Fall

saw less than half the normal rainfall. Then Spring was very cool, with snowstorms as late as June. Seeding was delayed, and crop development retarded.

Even before now, Canadian wheat growers have been selling down their stockpiles, for cash flow, after two years of drought. *Statistics Canada* reported in May, that as of the end of 2001, farmer wheat stockpiles were at their lowest level since 1989. On June 12, Saskatchewan Premier Lorne Calvert was in the Canadian capital, Ottawa, to plead for more federal farm aid to Canadian farmers. Overall, Canadian farm crop receipts fell to an eight-year low over the first half of 2002.

On July 11, a letter requesting emergency assistance was sent by 12 U.S. farm organizations to Agriculture Secretary Ann M. Veneman. The letter stressed the scope of the crisis, making the policy point that “even the new farm bill and its more stable level of funding is incapable of predicting and adequately dealing with natural disasters in advance.” The letter appealed, “We urge the administration to work with Congress in funding an emergency program to reduce the tragic weather- and disease-caused economic impacts being experienced by farmers, ranchers, and their communities throughout much of rural America.”



## The Global Systemic Crisis and the End Of 'Free Trade'

by Lyndon H. LaRouche, Jr.

*Mr. LaRouche gave this speech on June 11 to a conference organized jointly by the Alumni Association of the Superior War College (ADESG) and EIR, in the auditorium of the Latin American Parliament in São Paulo. For coverage of other events during LaRouche's visit to Brazil, see EIR, June 28 and July 5, 2002.*

The area on which I shall speak today is the one that's assigned to me, is the question of the global crisis, and the end of free trade. However, I shall focus this, by attention to a concept which I say is a new case for the application of the principle of strategic defense; which applies not only to military principles of strategic defense, but also applies to the defense of nations, economies, and systems.

I shall address this in several terms. First of all, define what I mean by strategic defense, as a military and a political system. I shall deal with the questions of the economic forecasts, of what is about to happen to us; what the economic principles are which underlie these forecasts; and what the nature, in principle, of the solutions to these problems might be. I shall do this, I shall come back and forth to these topics, as necessary, in trying to give you a more coherent picture of what goes on in my mind on these subjects.

Now first, I can say that, just as a matter of preliminaries, before getting into that series of points, is that there are some people who do not yet believe that the present world financial system, the monetary-financial system, is doomed. Because there's a tendency, which has two aspects to it: One is fear, as such; and the other is conditioning, which causes people to *deny* the existence of a problem which their intelligence would tell them exists.

We see this in society regularly, people denying reality, either because they are frightened—and deny reality because they are afraid, of that which they fear, and therefore they wish to believe it does not exist—or, because their sense of identity is strongly associated with certain *assumptions*, which have the general characteristics we would attribute to a normal secondary-school geometry, in which certain



*Lyndon LaRouche in the auditorium of the Latin American Parliament in São Paulo. "We're dealing with strategy in the highest sense, in the most profound sense," he said. "We're dealing with a general threat to civilization as a whole, from which no nation is exempt."*

definitions, axioms, and postulates are presumed to determine the way the system works.

We are now at a point that the existing definitions, axioms, and postulates of the system which has increasingly ruled the entire world, for the past 35 years, have now demonstrated themselves to be a catastrophic failure. And for reasons I shall indicate, we are now at the point, where we can not expect this system to last, in its present form, for longer than a few months. It might not even last another week. But we're talking about a few months as the outside possibility for the continuation of the present world system, and that means the United States, as much as any other country in the world. Do not think that Argentina and the United States are in conditions much dissimilar from one another. Argentina is a dependent country, and therefore takes the brunt of what is imposed upon it by greater powers, such as the IMF. But, underneath it all, the United States is afflicted with the same disease as Argentina, and it can be brought down by it. That might not take more than a few months before that process unfolds.

But, the problem is, that under these conditions, you can hear the possibilities of the Guns of August, once again, not far distant. The months of August, September, and early October, under these present financial-monetary conditions that I know, could be the outbreak of a new kind of global warfare, or spreading global warfare. Just as in the 1930s, and in the 1940s, a world financial crisis, which was partly solved by the United States, but not by other countries, led one country after the other, on the road to war, and it was merely a matter

of time. Once the Reichstag burning had occurred in Germany, and Hitler established a dictatorship, and then, a year later, with the death of President Hindenburg, the world was *doomed* to a general Asian-Eurasian war. And it happened. And nobody could stop it, at that point. *We are faced with that kind of perspective.*

And therefore, when you're dealing with the economic crisis today, or the questions of free trade, do not look at these as some kind of an academic exercise in economics. We're dealing with strategy in the highest sense, in the most profound sense. We're dealing with a general threat to civilization as a whole, from which no nation is exempt.

### **The History of Strategic Defense**

Now, what do I mean by strategic defense? The concept of strategic defense, in a formal, military sense, was introduced by Lazare Carnot, a major general of the French army, in the 18th Century, in two phases. First, as a young, brilliant officer, he wrote a paper in honor of the great Vauban. And some of you may have seen the fortifications in France, which were created by Vauban, and recognized, by standing there, and thinking about what artillery capabilities were, back in the beginning of the 18th Century, these are very impressive places; that the Austrian forces were never able, or dared, to invade France on that quarter, because of the implications of trying to pass those areas, of those two fortifications by Vauban.

Carnot, in his homage to Vauban, emphasized that buried



LaRouche addresses a meeting on “Argentina-Brazil: The Moment of Truth,” in São Paulo on June 14. Inset: The São Paulo City Council presented LaRouche with this plaque, naming him an honorary citizen of the city, at a ceremony on June 12.

in Vauban’s achievement, there was a larger principle, a principle of strategic defense. And, when in 1792 to 1794, a France which was about to be destroyed by invading armies of all other nations of Europe, and dismembered, this young officer, was given the direction of the French military forces, and during the period of less than two years, this commander transformed the military forces of France, by methods including the *levée en masse*, and the way he used it, and by conducting a scientific-technological revolution in military arms and the economy, all within a two-year period. As a result of that, all of the armies which had invaded France, by the time that Robespierre had his head chopped off, by that point, France was saved from all invading forces. And until Napoleon destroyed the French military forces with his foolishness, his behaving like a bandit, rather than a leader of a nation, France was an undefeatable military power.

This was one of the first exhibitions of strategic defense. Ironically, Napoleon himself was *destroyed* by the principle of strategic defense, against which he was warned, by Carnot, on the Grande Armée march into Russia. The instrument of Napoleon’s destruction was not, however, Carnot’s warning. The instrument for his destruction was another commander, and his associates: Gerhard Scharnhorst—Scharnhorst, who was a product of the education system developed by Moses Mendelssohn, something not known by some people today. But this Scharnhorst, together with his circles, including, specifically, Friedrich Schiller, and his work, laid the founda-

tions for the *German* form of the concept of strategic defense. And the German, or the Prussian advisers, the Prussian reformers’ advice to the Tsar at that point on how to deal with Napoleon, was accepted by the Tsar, based on the study by Schiller of the Netherlands War, and of the Thirty Years’ War in general.

And on the basis of the study of logistical principles, and implications of warfare, a defense was defined for Russia, against the Grande Armée of Napoleon. Napoleon’s Grande Armée was destroyed in Russia. And on the insistence of the Prussians, Europe was successfully mobilized to make sure that Napoleon would not get back to France, to raise a new army, and start the whole process all over again.

This policy spread into various parts of the world, including West Point, particularly under President James Monroe, and during the period, where, apart from the ideas of Jomini, which I don’t think much of, for this purpose, the United States developed the conception of strategic defense, which was displayed under difficult circumstances, in the great Civil War. And until the conclusion of the Second World War, the United States continued with this policy of strategic defense.

### The Utopian Policy Shift

Today we have a new conception of military policy, which came up in the United States almost immediately after the death of Roosevelt. Some people decided, in the United



*The emblem of the Nazi SS was modelled on the standard of the Roman legions. Here, SS standard-bearers on the march near Nuremberg. Now, the Waffen-SS has become the model for a change in U.S. military policy, away from strategic defense, and toward a pro-imperial policy.*

States, that the Wehrmacht and the Waffen-SS, which had the highest efficiency in combat of any military force then existing, should be imitated, and the Waffen-SS, in particular, became the model for a change in U.S. military policy, away from strategic defense, toward an imperial, a pro-imperial policy, which is fundamentally traceable to the Roman Legions, the imperial Roman Legions, and the way they managed their Empire; but was traced more immediately to the example of the Waffen-SS, the idea of an international Waffen-SS, as a successor to the Roman Legions, to establish a permanent world empire, without sovereign nation-states.

This idea grew in influence in the United States. It was naturally resisted by all our great military commanders, such as MacArthur, and Eisenhower, who, while he was President, would not allow this policy to take over the United States. In fact, on his way out of office, Eisenhower made a rather cryptic statement, about the danger of a military-industrial complex, which was a truthful statement, but it did not go to the heart of the problem.

Once Eisenhower, the last leading representative of the American military tradition, left the office of President, immediately, many of you who are older remember what happened around the world, once Eisenhower left office. What happened in England, where the government was overthrown by an organized scandal, and they brought this terrible fellow,

Harold Wilson, in, who started the process of destroying Western civilization from the inside, economically. Then, we had the attempted assassination of Charles de Gaulle, who, in his own way, had adopted essentially the policy of strategic defense. We had the other attempted assassination, the assassination of Mattei of Italy. You had the assassination of President Kennedy, which is a part of the same process, no matter how much people tend to deny it. We had the kicking of Adenauer out of power in Germany, to make way for a new policy. We had later, in 1965, we had the kicking of Erhard, another coup d'état, out of position in Germany. Germany had been moving downhill in its economic policies, since that kicking out of Erhard, to the present, despite the fact that there was some resistance to this along the way.

Then we had the Indochina War, the United States war in Indochina, which is a fundamental change in military policy, and was *used* to effect a change in military policy. The soldiers that went into Vietnam, as commanders, did not come back as the soldiers that they had been, beforehand. The American military tradition had been taken out of them.

And we started down the road, toward creating an English-speaking world empire, in which nation-states cease to exist, and supranational agencies, controlled predominantly by the Anglo-Americans, would have world power. This continued until 1989-1991, when the Soviet system collapsed. At that point, the English-speaking powers, who shared these ideas, these utopian military and related ideas, thought that they could now proceed, at a fairly rapid rate, to establish an English-speaking world empire.

## **The Economic Dimension**

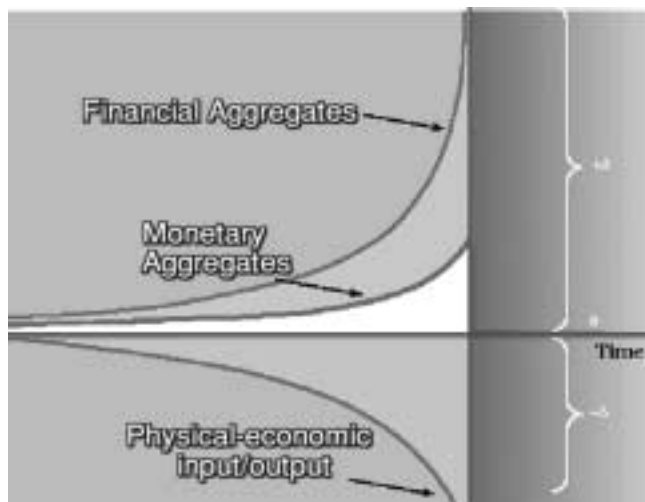
This led to a process of change in the economy. In recovery from the depression in the United States, in the postwar reconstruction in Europe, under the Monnet plan and similar kinds of methods, in the benefits which were promoted in South America and Central America, under the influence of a combination of an FDR policy, and the monetary arrangements which prevailed between 1945 and 1965, there was significant progress in the condition of life and economies in the Americas, and in Western Europe, Japan, and elsewhere.

In 1965, that changed. We began going downhill. What did we do specifically? We went from a producer society, in which the emphasis was on *production* of wealth, on the development of infrastructure necessary for the production of wealth, for improvement of the standard of living, of a totality of the population—at least these were our objectives, which many leaders fought for.

We went to a different kind of a society, in which the English-speaking powers said, “We are not going to produce any more. We are going to compel the other nations of the world, as Rome did coming out of the second Punic War. We are going to use our power, to establish a world empire, in which *you work for us*. We don’t produce any more. We gradually shut down our industries. We close down sections

FIGURE 1

## A Typical Collapse Function



of our agriculture, our independent farmers. We shut down our entrepreneurial sector of closely held private businesses. You now work for us, under a process we call today ‘globalization,’ which is really a new form of imperialism, pure imperialism, just like the Romans.”

After the second Punic War, the knight class of the Romans, which had consolidated power, reduced the population of Italy to either slaves, or members of a so-called citizenry, which lived on bread and circuses, and was controlled by that. Rome existed by looting the parts of the world it conquered, and demanding tribute or contributions from them, on its terms.

You saw this in 1971, in particular, with the change in the monetary system, to the floating-exchange-rate monetary system. Let’s look at some of things that happened there. Let’s take the first slide (**Figure 1**).

All right, now, this is a chart which I first introduced in a Vatican proceeding in 1995, and then I immediately used it for my 1996 political campaign. You see there are three lines that are depicted there. Look at the left-hand side, as indicating 1966, or approximately 1966, which was the change-point in terms of the U.S. fiscal policy, in terms of government fiscal policy, which marked this shift, of the United States into the same direction, in which the first Harold Wilson government of Britain had put England already.

Now, the three curves are as follows. The lower one, the lowest line here, depicts a progressive, self-feeding collapse of the world physical economy, in per-capita terms. That is, in *physical terms* per capita. The top line here, refers to the growth of financial aggregates, as normally reported by accountants and others. The second line refers to monetary

emission rates, both by governments and other facilities, which generate the monetary aggregate, which is used to pump up the financial aggregates.

Now, obviously, what these curves represent is an asymptotic process, which is approaching what we call in physics, a “boundary condition.” Now, in these kinds of processes, you’re dealing with what people consider long-range forecasting, not short-range forecasting, not month to month, or week to week, but long-range forecasting. By long-range forecasting, I mean essentially a generation. The generation from the time of the birth of a child, until that child, between the ages of 21 and 25, has reached a degree of maturity in education and other qualities, that they are a functioning adult member of society, capable of continuing the process of producing. We think in term of two generations, as a time between the birth of a new-born child, and the point at which that new-born child, then, 50 years or more later, is capable of assuming leading executive responsibilities in society; and thus maintaining the continuity, and progress, of society.

So, when you get a process like this, a vicious process, one in which the axiomatic assumptions mean that every step that’s being taken, will tend, in net effect, to lead to a disaster, the unfolding of that disaster, as a full-fledged disaster, does not reach us immediately, not next year, or the year afterward, or five years afterward. It will reach us down the line—10 years, 20 years, 25 years, 30 years. Now, 35 years later, we stand at the point that that curve is shooting up and down, in the extreme. It’s entering a boundary condition.

For example, there was a recent report, which I saw yesterday, about Brazil’s prospects, from one Brazilian source, for the first quarter of the year 2003. It’s not pretty. The source is a credible one. There are other figures that all tend to confirm that.

Let me add one thing, and then go into the second figure, the second section of the chart, in the series I’m doing here.

A change occurred about the year 2000. I want to call your attention to, memory to, the year 1923 in Weimar Germany. Germany was being exploited by the United States indirectly, and directly by France and Britain, under the Versailles conditions, the War Reparations Act. In order to pay these war reparations, Germany had resorted to printing-press money, to pump up the value of the Reichsmark at that point, and to use that to pay the Allies, at this point, to keep the wolves from the door, to keep the French bayonets out of the Rhineland, and things of that sort. So, at that point, nothing significant happened in terms of the mark. There was a secular inflation, but this was a general period of deflation in the world, the 1921-1922 period, the post-World War I period, a period of strong deflationary pressures in world markets.

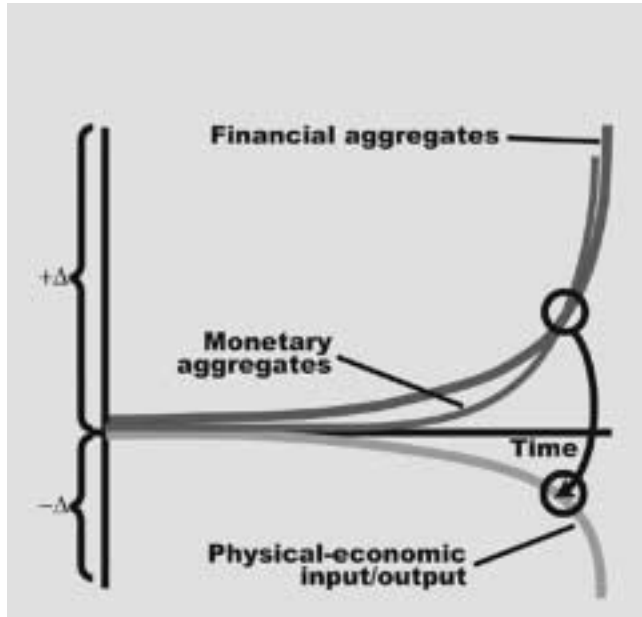
So, under those conditions, we did not have an aggressive inflation in Germany. Then suddenly, in June and July of 1923, this changed. What happened at that point?

Now, look at the middle line and the top line. Imagine, in this case, that the middle line had suddenly overtaken the top



FIGURE 2

## The Collapse Reaches a Critical Point of Instability



line, gradually, but had overtaken it (Figure 2). What happens at the point that the amount of monetary aggregate you have to pump into the system, to keep the financial aggregates from collapsing, what happens then? You are now entering a phase of potential hyperinflation of exactly what happened in Germany in June-July of 1923.

Remember, by October and November of 1923, the German mark was dead, and had to be bailed out by the United States' gold.

### The Crisis Hits

We're in such a situation now. Take what's happened in Argentina. This is an example of the same function in Argentina (Figure 3). What you have is an increase in required financial claims by foreigners in the form of debt, or total debt, but the means of paying this debt are being shrunk by the very means by which the debt is being paid. Not only is that the case, but the tendency, as we've seen in the case of Argentina, is hyperinflationary. That is, the amount of monetary aggregate which you must pump in, to roll over the present financial obligations, generates an increasing indebtedness, which is greater than the debt you're rolling over. At that point, you are in a hyperinflationary situation.

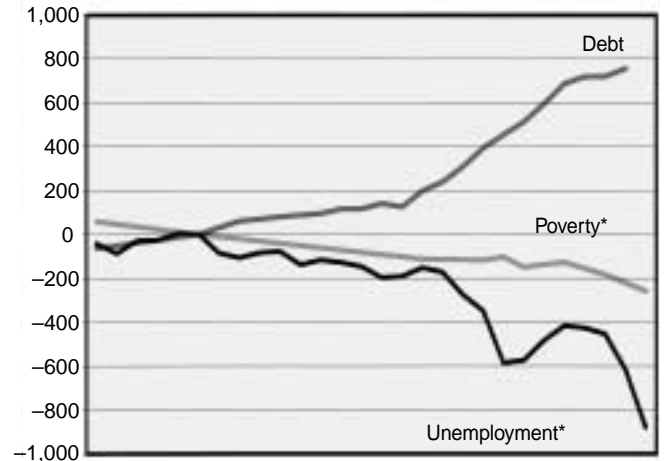
That is exactly the situation, which this notable source in Brazil, projected for the first quarter of the year 2003.

This is not a Brazil problem. It is not an Argentina prob-

FIGURE 3

## Argentina: A Typical Collapse Function

(Index = 0)



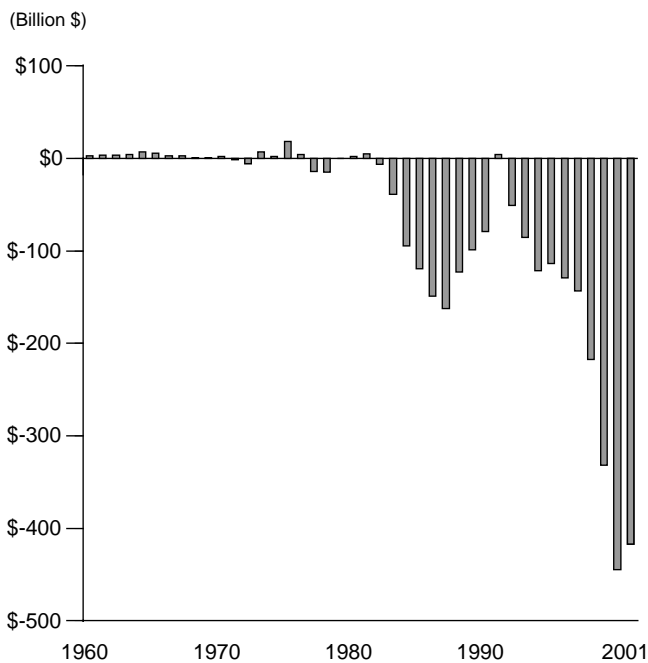
\* Growth of poverty and unemployment is indexed to a negative scale.

lem. It is a world problem. We've entered into a *phase-shift* in the global financial system, in which the amount of monetary aggregate, being generated by the United States, by the most intensive swindles you ever dreamed of!—Enron was only typical. The swindles are organized not by financial swindlers, as such; they're organized by the Congress. The U.S. Congress is the biggest financial swindler we have. They're the ones who rammed through, again and again, the laws, which allowed the Enron swindle to occur. Congressman Phil Gramm. My joke, of course, is that if you have Wendy Gramm, his wife, and Phil Gramm, get together to make a policy, you have the product of a two-gram brain. (But, that's an English joke.)

That's the kind of swindle we're into; we're into a world system, in which (going back to Figure 1, just for a second) we're in a phase in the system, in which the system as a whole has been collapsing. We've cut down on infrastructure; we've slashed infrastructure; we've failed to invest in energy production. We failed to maintain water resources. Our cities are decaying. We put up high-rise buildings, which are being put up for financial speculation, and they use the tenants of the buildings, simply as a device to leverage the financial speculation. These are not durable structures for the long term.

We have shifted the composition of employment of the labor force, away from a high percentile of productive labor, in agriculture, industry, and high-technology, into so-called services, including financial services. And therefore, we have an economy which is no longer functional. It can no longer pay for itself; can no longer maintain itself. And this is the kind of crossover we've gotten into, with this period.

FIGURE 4  
**U.S. Current Deficit Amount**



Let's take the next slide (**Figure 4**): This tells you part of the story. This is, over the course of the 1980s, beginning with what were called the "Volcker measures," which were put into effect in the United States in 1979, by Paul Volcker, who in October of that year, was appointed the head of the Federal Reserve System—chairman. Now, since that time, the U.S. Federal Reserve System has been operating under a policy which is very closely related to IMF policy; this policy, which has been continued by Greenspan. That is, you note, there has been no Federal Reserve chairman, other than Volcker or Greenspan, since October of 1979. And the policies of the United States, the monetary policies, have been the same.

Look at the effect. Except for a period of influx, where we were able to *loot* the former Soviet Union, the United States has been operating on a deficit! A current account deficit. The United States lives, by not paying its debts, for its imports. Maybe we should have the IMF go see the United States. Maybe the United States is waiting for the Argentina treatment. Why not? What's good for the goose, is good for the gander.

So, only in this one period, of looting the declining Soviet system, did the United States avoid a current account deficit.

Now, this is very optimistic. These are the official figures, and it's very optimistic, because there's another factor. Do we pay Mexico, for what we take from Mexico in terms of product? We do not. [*EIR Ibero-American Intelligence Director*] Dennis Small and I were talking yesterday about the

problem in Mexico. Mexico has a large water deficit, on the Rio Grande agreement, on the water-sharing between the United States and Mexico. This is gigantic. We're talking about billions of gallons. And Mexico obviously can not pay this. You can not have Mexico suddenly turning that amount of water over to the United States.

Now, how was this developed? Well, first of all, Mexico was not allowed to proceed with the water projects, which it had intended, from 1982 on, under these policies. Mexico has the water in the south; it does not have it in the north. Therefore, for Mexico, the policy has been—since Mexican independence virtually—has been to build canal systems, which would convey the surplus water in the south, along coastal systems, toward the northern part of Mexico, areas such as Sonora, which are potentially agriculturally productive, but lack the water to realize that productivity. And the same thing along the Caribbean coast: never been done.

But what caused this particular influx of costs? Well, Mexico suddenly put up what were called "*maquiladoras*." Now, the greater part of Mexico's earned income now depends upon the product of cheap labor, shipped into the United States. But the United States doesn't pay for the product of that labor. It pays a price which is rigged. But the price does not cover the cost to Mexico, of producing what it exports. Thus, you see the Rio Grande water issue comes to the surface, in the form of the water—there's no infrastructure in *maquiladoras*. It's not allowed. And the wages are so cheap, that you can not maintain the infrastructure of this area. Therefore, there is a lack of infrastructure; therefore, this water deficit is a reflection of the costs of that process.

So, the United States has been living on Japan, on China, on other parts of the world, from which, under the existing monetary-financial system, an IMF system, was able to *extract* product, from the world, in much the same way that the Romans once, after the conclusion of the Second Punic War, relied increasingly on looting the world around them, as a way of surviving. And it was that looting of the world around the Roman Empire, which ultimately, in a long process, brought about the collapse of the Roman Empire. Because Rome destroyed its ability to survive, by depending upon the nations it was looting. And when that looting no longer was possible, then Rome itself collapsed. That is the condition of the United Kingdom, and that is the condition of the United States today.

So, that's what the current account deficit really reflects.

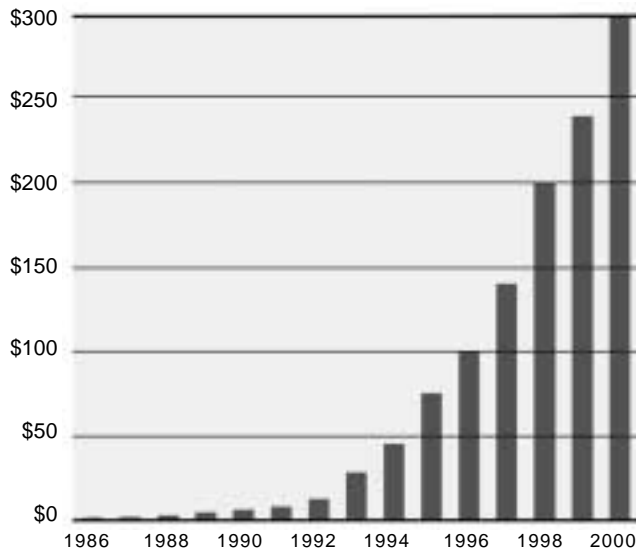
### Bankers' Arithmetic

So, let's take the next slide (**Figure 5**). This is just a typical indication of what I mean by \$400 trillion in derivatives obligations. We have a category of finances, which is not real, but which has a very real effect on the economy. Imagine a gambling casino, and you've got somebody putting a few dollars on the table in the gambling casino—gambling against somebody else, at the crap table. But, standing behind these

FIGURE 5

### World Derivatives Growth

(Trillions \$)



Source: Bank for International Settlements, Fortune, Swaps Monitor, EIR

gamblers, are bettors, who are betting on what the outcome of the gamblers' betting will be—they're called side-bets. You have the guy who bets on the horse; you have the guy who bets on the bettor on the horse—side-bets.

What these financial derivatives are, are essentially side-bets, gambling side-bets. There is no actual value involved in them. There's no trade. There's no item in there, where something is sold; it's simply an arbitrary financial transaction, a gambling debt. But these gambling debts have taken over the world system. These gambling debts are much larger—\$400 trillion, which is what this is approaching, or has already exceeded—is much larger than the entire world economy combined. These gambling debts are now controlling the world financial system.

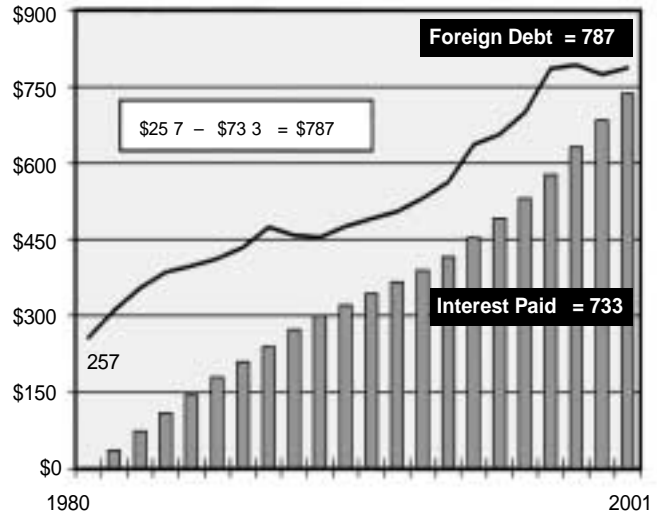
These gambling debts are the chief methods by which international terrorism functions. If you want to launder drug money at a high rate, and leverage it, go into the derivatives market. Call it something else. And that's what the U.S. Congress will not shut down. The U.S. Congress, even after what happened with Enron, *will not act by law to shut down these financial derivatives*, or to render them subject to investigation for possible fraud. And here's where the biggest fraud is buried.

Here (Figure 6) is a typical picture, which everyone and every economist in Ibero-America knows. With the 1971-1972 change in the world monetary system from a fixed exchange rate, to a floating exchange rate, what happened? On the London market, speculations would be run on targeted

FIGURE 6

### Ibero-America: Bankers' Arithmetic

(Billions \$)



national currencies, and this occurred particularly in the Americas.

So, they would make a run on the London market. And then tell the people in Brazil, or Mexico, or Buenos Aires, they tell them, "Well, your currency is not so good any more. You'd better call in the IMF." So, the IMF would come in. And the countries, such as the United States government, other governments, the British government, would pressure the country in question: "You accept the IMF conditionalities, or we will make demands on you, that you pay promptly, on our terms."

So, you had a process, which was leading to the so-called "dollarization" of the foreign debt of Ibero-American and other countries, which is the thing that is threatening to blow out Brazil, as this local authority has said, in the first quarter of the coming year. Dollarization! It's a swindle!

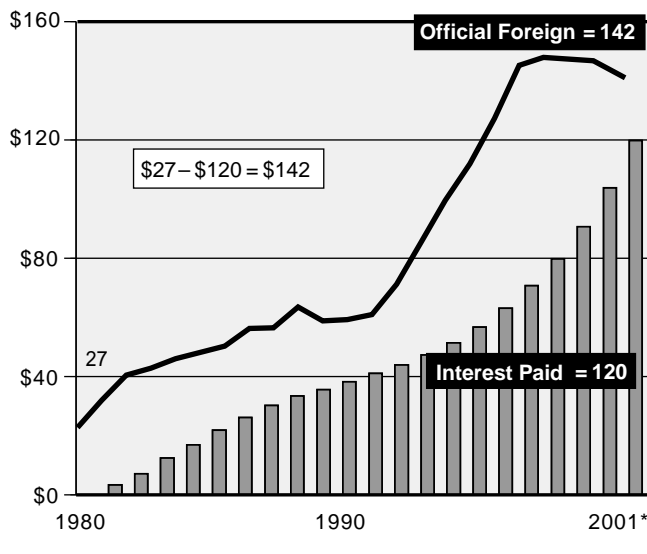
But, what has happened, we calculated: If you compare the debt, that the countries of Ibero-America, chiefly in Mexico, and Central and South America, their debt outstanding as of August 1971; and compared to actual payments to them, of debt—that is, money which represents debt—since 1971; and compare that with the amount that has been paid, by these countries: *Ibero-America does not owe the world a cent, today*. It's more than paid all of that debt! And no new net debt has been added. Then, why is all the debt of Ibero-America so much larger today than it was in 1971? It's a pure administrative imperial swindle.

Okay. Next slide (Figure 7). Again, the same kind of thing. So, we have two periods. We have a period from 1945 to 1965, a period under the old system, which was actually

FIGURE 7

## Argentina: Bankers' Arithmetic

(Billions \$)



functioning, which includes the years 1961-1965, the tumultuous years, leading into the U.S. war in Indochina. But during that period, as you know in Brazil and other countries, generally there was very significant progress, as in the case of Brazil; take the case of the development in Brazil economically, over the period from 1945 through 1965. There were periods of real accomplishment in that time.

But, then look at the period from 1966 on, especially from 1971 on. What's the result, worldwide? Now, if you eliminate a rather paradoxical form of success of growth in India, in some sections of the population—not the entirety; and if you overlook certain features of the development of China, you can say that, overall, in Europe and the Americas in particular, and Africa, the condition of the economies, the condition of mankind, is worse. Progressively worse. Now, insufferably worse.

### The Old System Is Dead

The system is now coming down, for reasons I indicated. There's nothing—as long as you stick to the axioms of the present IMF system, or what the IMF system typifies—there is no hope for *any* country in the Americas! And we might put ourselves out of our misery, with a new wave of war, instead of just having a general breakdown crisis of the economy.

So, we've come to the point, that you say: If we look back to 1945, from the present, and we compare the period 1966 to the year 2002, with the performance of the economies and governments over the period 1945 to 1965, you would say:

“Obviously, the system we had, the monetary system and the rules by which we operated in the earlier period, were relatively successful ones. Despite all the injustices, and failures, and so forth, the system in net effect, was progressive. There was an increase in wealth. There were inequities in the increase of wealth, but there was an increase in wealth. There was something to steal.”

Since 1966, especially since 1971-1972, and in Ibero-America, especially since 1982, which was a breaking point for all countries in Ibero-America, the trend is down—toward doom. This is the situation in Europe. This is the situation throughout the world. If you look at the world system as a whole, and recognize the interdependency of various aspects of the world system, you'd say: “The world system as a whole is now *finished*.” It's dead! It may be a matter of months, before it goes under if you leave it alone, just let it go on. But it's dead! It's not a matter of saying, “Will it recover? Is there a recovery?” There *is* no recovery in progress, and never will be under this system. There's only a Dark Age in progress, if you continue the system.

So, the first thing we come to on this, is therefore: Why don't we, simply, recognizing that we've made a terrible mistake since 1966, why wouldn't we say, “Well, let's go back to the rules we played by earlier, and make our improvements from that starting point? Why don't we go back to a fixed exchange rate, based on a gold exchange determination? Why don't we have a regulated system, in terms of countries that would be protectionist in their character, but with equitable agreements among nations upon equitable terms of protectionism?”

### Free Trade Is a Swindle

Why don't we recognize, that free trade is inherently a failure? It always was a swindle! Free trade has a history: It begins its history, in modern and medieval European history, with the Bogomils, who are otherwise known as the Cathars, or “Buggers” in the English vernacular. And they had a belief system, in which, if you were an elder of the tribe, if you were an elder of the church, that God would automatically give you riches, whether you earned them or not. And if you were not an elder of the church or the tribe, you would get nothing. You were virtually a piece of human cattle.

Now this same idea arose in England under Empiricism, with John Locke—John Locke's conception of “life, liberty, and property,” which is one of these cases. You had another example of this in the case of François Quesnay, the Physiocrat. And Quesnay said, “Well, look, the gross profit of society belongs entirely to those who extract from the land.” Why does it belong to them? “Because, if God gave them a title to that land, then anything that land produces is theirs—the owners of the title, whether they do anything, or not, by virtue of ownership!”

But what about the people, the farmers, who are producing

this wealth? Or the miners? “Oh no, they are like the cows of the field: They are human cattle.” This is analogous to slavery. The rationale for slavery, as in the case of John Locke’s rationale, was exactly that: *You can keep human beings as cattle!* You can herd them, breed them, and cull the herds, as you do cattle, precisely for that reason, because they *are* cattle.

This same system was then copied by Bernard Mandeville, who said that you should not have laws against vice, because it is through the promotion of private vice, that public benefits occur. This is the basis of the philosophy of the Mont Pelerin Society, which has some influence in the world these days. You had a plagiarist, by the name of Adam Smith, who was an agent of the British East India Company’s Lord Shelburne, and Smith wrote a book which was largely plagiarized from the writings of the Physiocrats, not only Quesnay, from whom he took the idea of free trade, but also Turgot. And this became the East India Company system, which was taught all around the world by the East India Company’s Haileybury school. And, this became the doctrine of free trade.

But, people said, the British system worked. It did *not* work. The British never allowed free trade, in former times, to be applied to *them*. The British maintained a protectionist system for the United Kingdom, but they demanded that every country in the world outside England, be subjected to free trade. It’s a form of globalization. So therefore, the British got their income under the British East India Company influence, as what is called “invisible earnings.” They didn’t actually earn it; they were able to dictate political or military terms to their victims, and thus extract the profit of free trade as the income, and the product of the income, of the United Kingdom.

In every other case, the model which you should know, is the American System. The successful system, including the case of the postwar system, was not the British system, was not the free-trade system. The United States did not recover from the Depression of the 1930s, by free trade. It recovered by protectionism under Franklin Roosevelt. And where did Roosevelt get these ideas about protectionism? He got them from Alexander Hamilton, the first Treasury Secretary of the United States, who devised the system of national economy. He got them from people like the two Careys—Mathew Carey and his son Henry C. Carey. He got these ideas from people like Friedrich List, the German-American who was the first to develop the Transcontinental Railroad system as a policy.

The alternative to the British System was always the American System, which was the United States model, of an independent sovereign nation-state, which used protectionist methods, of the type which we associate with the American System, to defend and maintain its economy. And this system, which was not perfectly applied in the postwar period, but was nonetheless applied, because the United States was not only the *greatest* power on the planet in 1945, it was the *only*

power. We had the only economic power on this planet. We, together with people like Jean Monnet, created the recovery in Europe. The IMF system that was developed, and implemented in 1945 to 1965, was in a sense a *decaying* reflection of what Roosevelt set into motion at Bretton Woods—not Keynes, Roosevelt, and his circles.

So, therefore, we say, why don’t we go back to a system that worked, as opposed to the one that has consistently failed us over 35 years? Why don’t we go back to the American System, as we see it reflected in the positive features of the 1945-1965 form of the IMF? There were a lot of faults, even in that period, but that’s the obvious lesson.

## Change the Rules of the Game

What’s the solution? As I said at the outset, the problem today is denial. People are afraid. They’re afraid of power. They’re afraid of the power of the IMF. They’re afraid of the power of the United States. And therefore, they say, we have to play by the generally accepted rules among the nations of the IMF and by the United States. Therefore, when you try to solve a problem, you say, “We have to find a solution within the rules! You can’t violate the rules. You’ve got to find an alternative, within the rules.” But what I’ve indicated to you, there *are* no solutions within the rules!

This has been a long-term process of decadence, of culture and of economy. We no longer have the kind of leaders in politics we had 20 years ago, or earlier. Our people coming out of our universities do not have the competence of people coming out of universities a generation ago. We are in a *decadent culture*, a decadent system, which is destroying us! And you’re not going to find solutions in a system, which has shown that the definitions, axioms, and postulates of the system ensure destruction! But people say, “But you’ve got to go by the rules!” What are the rules? The rules are precisely the axioms, the definitions, the postulates which have destroyed us!

Why can’t we change the rules? Aren’t we human beings? You get this out of the first chapter of Genesis: Are man and woman not made equally in the image of the Creator of the Universe, and endowed with these powers? Do not we have the authority, above anything on this planet, to change the rules? We have the power. That’s what sovereignty means. Sovereignty means the power to make the rules by means of which we can survive. That doesn’t mean we can make any rules we want to. It means we have to have responsibility and competence; but we have the right to *deliberate*.

The United States Constitution has actually two principles in it. One is, sovereignty. The President of the United States is the Chief Executive of the United States, and has, under our Constitution, the *responsibility to defend the sovereignty of the United States*. That’s his first obligation. His second obligation, the condition, is to defend and promote the general welfare of present and future generations. All the rest of the

Constitution is relatively unimportant, compared to these two things in the Preamble, these two principles.

I'm sure that in Brazil, that's the same law, in the minds and the conscience of all patriots. The government must take the responsibility, for defense of the sovereignty of the nation, and the promotion of the general welfare of its people, for the present and future generations. And when governments deliberate, as the United States and Brazil should deliberate, and Argentina should deliberate: isn't the responsibility, then, to come to a rational appreciation of what God intended us to discover, by the powers of reason which we're endowed with? And from the experience we have? And then to make the rules, which supersede the rules which have failed.

This is particularly appropriate when we used to *have* rules which *worked*. We changed those rules, and they don't work—and it's worse. Because, what we did, and what is running the United States today—apart from people with very low intelligence quotients—but what is running the United States, today, is a submission to the idea of *reviving the Roman Empire*, in the form of an English-speaking globalized system of imperialism which is maintained by killer methods.

## A Lesson in Statecraft

Let me just go back, before getting to the closing point—one thing. You know, MacArthur did not win World War II in the Pacific, by kill-ratios. The U.S. military in World War II was vastly inferior, as a combat force per capita, to the Wehrmacht. There were several reasons for this. One reason: We had not maintained our strategic defense policy, in terms of military policy. We had not maintained our reserve capabilities that we were supposed to maintain since the Civil War. Those were destroyed, largely. The continuity of that was destroyed in large degree, in the 1870s and 1880s. But we still had the conception of strategic defense, and we won the war with that conception, not with kill-ratios.

Look at the Pacific: MacArthur avoided every battle he could, because we were winning the war not by killing Japanese, but by neutralizing their ability to conduct war. Japanese on an island? Invade it? No! Some of the Navy people would do that; MacArthur, no. Don't engage in a battle which is not necessary, and it has to be strategically necessary, not simply because you want to fight it. Your object is not to *kill* the enemy, your object is to *defeat* him. Because, the object of defeating him, is to reduce him to a peaceable state, and preferably, to reduce him to a *willing peaceable state*.

What you do, as was done in the case of Treaty of Westphalia, which was the model for this in modern civilization, is by showing him, that his condition of life will be *better* under the peace, than if he continued the war. So therefore, logistics is the key to this. Statecraft is the key. And to develop the ability not to *lose* the war, or not to be engaged in needlessly prolonged wars.

Well, what do they do now? What do they do now? What do the utopians do? They said, during the period of the Korean

War: "The U.S. soldier didn't kill enough enemy during World War II." But didn't we win the war? We didn't have to kill that many. I was there. We won the war largely through logistics. The advantage of the United States over the Wehrmacht was largely logistics. The advantage of the United States over Japan was logistics. It was the Roosevelt mobilization of the 1930s, including the mobilization which was put into motion in 1936, when they knew war with Germany was inevitable, and it was fulfilling that mobilization under wartime conditions which gave the United States the power, through its logistics, to enable the military forces to win decisive victories despite mistakes.

Now, we come to a period in which they say: "No, we don't want logistics anymore, we want a different military system." Why? Because logistics is based on the assumption that you've developed the population, its economy, its skills. If you can develop a strong population, if you can depend for your military forces upon reserves which are drawn from the population in general, so that if a nation goes to war, the *nation* goes to war, not a special group.

You have the leadership, the military leadership. And if you're smart, you'll copy the Germans in one sense: *Auftragstaktik*, mission tactics. Not robots, out there to kill, but mission tactics: soldiers who think, corporals who think, sergeants who think, junior officers who think; who will always come into a situation, which was never in the plan, but they've got a mission—and the thinking lieutenant, the thinking sergeant, the thinking corporal, the thinking private first-class, faced with that situation and committed to the mission, will use his *mind* to solve that problem, and reach the objective, despite the fact of the changed conditions.

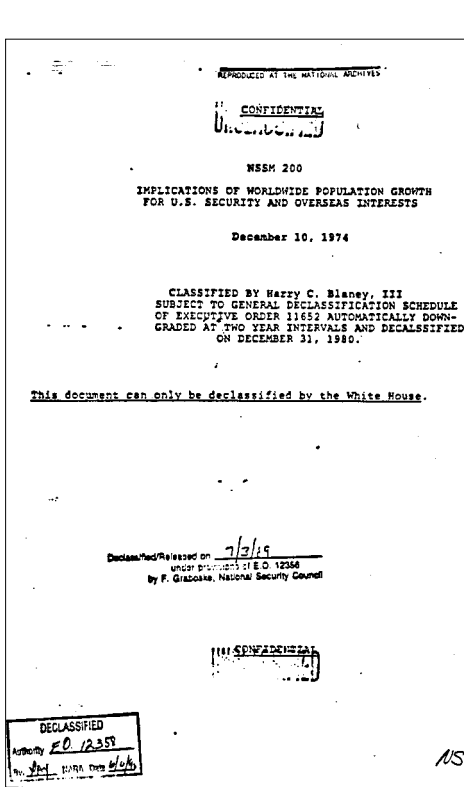
You want that quality, which comes from the best citizen, the citizen who is also the entrepreneur, the citizen who is a scientist. *These* are the qualities which were evoked from the U.S. recruit in World War II, to win the war—not kill-ratio, technical skills—the ability to drive a truck, to fix a tractor, to fix a tank, to build a bridge. Just as Lazare Carnot understood. Just as the Germans trained under Scharnhorst's tradition understood—that tradition, just as we understood.

But now they say, "kill." Why? If we develop the best military system you can have for man-to-man combat among nations, why should we change that? "Because we don't want those kinds of people any more."

## The New Roman Imperium

Look at Henry Kissinger, for example: 1974, NSSM-200. What is it? And Kissinger did not invent this policy. It was the policy of Brzezinski, it was the policy of the Carter Administration, it was the policy of the Club of Rome.

The policy is, that if we allow the people of Africa, and South and Central America, who are sitting on vast raw-material resources on their continents, if you allow them to develop—and this is the argument of Kissinger in NSSM-200—then they will use up those raw materials which we require



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Henry Kissinger, with his National Security Study Memorandum 200, which denounced population growth in the Third World as a “national security threat” to the United States, and laid out a classified strategy for grabbing the raw materials of those nations, on behalf of an English-speaking world empire.

in the United States and in the United Kingdom for future generations. Therefore, we must force them, one, to reduce their populations, by population-control methods—Club of Rome. We must force them also to stop engaging in what we call today “dual-use technology”—something with which you might be familiar in Brazil, on the question of pharmaceuticals policy.

What is the effect of saying that Brazil shall not make generic drugs for Africa? What’s the intention? What are they saying? They’re talking about genocide against Africa! Is it not the function of the medical profession, and of the state in this capacity, to defend the population against destructive disease? If the pharmaceuticals are necessary, for the people, to defend the people, must you not develop them? Must you not have the right, as a government, to develop these capabilities and to deploy them? Don’t you have the right to defend yourself and defend your own population? Do you have to submit to genocide, because somebody wants to call it “dual-use technologies”?

So, if you look at the reality, you see what this is. We’re not talking about legitimate concerns about “rogue states,” or things of that sort. We’re talking about an imperial power,

which has willfully and knowingly, over 35 years, destroyed its own system, its *own economy*, and the world economy; and which says:

“Nobody’s going to get in our way of eliminating the nation-state, of stopping technological and scientific progress, of eliminating the general welfare as a policy, and consolidating all economic power in the hands of a very small group of Venetian-style pirates, who intend to run the world. What we need is a military force of thugs, of brainless thugs, who will kill the way video games prescribe killing. Thugs who are trained by video games to kill.”

The future U.S. military is coming from lunatics, of the type who are being trained on video games, which no military force would want these people—responsible ones—would want them as recruits. Because they’re as likely to kill the fellow in their own unit, as they are the guy on the other side of the line. They’re completely unstable, they’re insane, they’re untrustworthy. They are victims of a socially induced form of psychotic mass schizophrenia.

But these people are being used the way the Roman soldiers were being used. To go out and kill. “Kill, kill, kill.” The question of “friendly fire” in Afghanistan, is an example

of this kind of military policy. “Kill, kill, kill.” Don’t think about who you’re killing. Don’t think about winning the battle. Plunge ahead.

So, we’re looking at a deliberate intention, to turn back the clock of history, from modern history back to the worst features of feudalism, and back to the Roman Empire. And, some people want to do it; that’s their rules. That’s what the problem is.

## The Question of Leadership

Now, just one final thing, the final point I was referring to. What’s our problem? Our problem is a problem of leadership. And leadership has two essential qualities, apart from mere technical competence. The technical competence is important, but we have a lot of people who are technically competent, who are not good leaders. They’re not good leaders: why not? It’s a moral question. It’s a moral problem of society in general. Why is it, that with human beings, with the capabilities they all are born with, that we don’t have more leaders? Because, the moral problem is, we don’t fully live up to what man is.

Now, presumably in Christianity, we presumably have a sense of immortality, the kind of thing that was referred to, for example, by Moses Mendelssohn in a famous treatise on the subject of Plato’s treatment of the immortality of the soul.

We recognize that the human being, is not like any animal, because if human beings had been higher apes, there would never have been more than a few million such specimens living on this planet at any time in the past 2 million years, in terms of the conditions which existed for the past 2 million years, on this planet.

We now have a population in the order of billions. We should, readily, with foreseeable applications of technology today, we could sustain 25 billion people on this planet very successfully. And we also can make breakthroughs, which will carry the potential much further. We have the power of discovering what we call “experimentally valid, universal physical laws, universal physical principles.” By developing these principles, and transmitting these from one generation to the next, we create cultures—not only physical principles in the sense of scientific principles, but also principles in culture. We transmit these lessons of culture, created by individual minds, shared among other minds, from one generation to the next.

And therefore, if we are wise—and we know that we are all going to die—then what is our interest in life? How can you defend that which is going to be taken away from you, anyway? Therefore, you say, “What is the meaning of my life, of a mortal life? Why was this mortal life given to me? What does it mean? What am I supposed to defend, if I’m going to lose it anyway?”

“I have to defend my *role*, my participation. I have to defend what I’m doing in the eyes of my predecessors. Am I continuing, am I honoring the legacy that was given to me,

from their minds? Am I contributing something to the next generation, so that future generations can smile about what I’m doing? Am I necessary to the universe? Am I necessary in the eyes of God?”

The problem is, that many people know this, but very few people are able to live by it. When they’re faced with a problem, they say, “I’ve got to think about my personal interests, my family interests, my community interests. I’ve got to think about this; I’ve got to think about that.” And therefore, an expediency—like the person in denial would say, “We have to live by the rules.” They would say, “Yes, I think you’re right: We probably will be destroyed, if we live by these rules. We *are* being destroyed by these rules. But we can’t change them!”

“Why?”

“Because somebody will make ugly faces at us if we change them, or try to.”

“We *have* to change them!”

“Why? Is it dangerous to try to change them? Can you get killed by changing them?” I’ve had some experience with that: My government tried to kill me a couple of times—and I mean, the government, officially—through the usual methods. And we caught them at it, which is why I’m still alive, I guess.

But, if you are not willing to put your life on the line for the sake of your soul, *you lack the quality of leadership which is needed to make talent and knowledge effective.*

The problem we have today, is, we have a shortage of leaders. We have a shortage of people who, in the first instance, primarily, are *willing to become leaders*, who are willing to find the meaning of their mortal existence in something of which they need not be ashamed, before the eyes of their predecessors and posterity. They need, then, to develop the talent, the skills, the knowledge, to make that dedication efficient.

And, the problem we have today—as I’ve outlined to you today, just in summary, because it’s an enormous subject; we can go on for months, just on the subject itself—what I’ve outlined for you today, is the case: Can we survive? Can civilization survive? Can Brazil survive? Isn’t that the question here? Can Brazil survive? You see what is happening to Argentina? Can Brazil survive? And how? And where can you find the leaders, who will avoid denial? To look the ugly truth in the eye, to look the dangerous truth in the eye, and say, “I’m going to do whatever is necessary to save this nation, and civilization, this nation being my immediate responsibility.”

The rest of it is supplied to us as knowledge, as information available to us. What’s lacking is that quality of leadership, the quality of leadership which must become infectious, inspire people around us with *optimism*. And, if we can inspire them with optimism, because we are *real*, that is, we are real leaders, then in that case, I think we’ll do well.

Thank you.



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## Commentaries

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*After LaRouche spoke, the chairman of the conference, Ad-auto Rocchetto, who is president of the São Paulo chapter of the Alumni Association of the Superior War College (AD-ESG), invited Gen. Oswaldo Muniz Oliva and Deputy Marcos Cintra to comment. General Oliva is the former director of the Superior War College. Deputy Cintra is the head of the Brazilian Congressional committee monitoring Brazil's negotiations on the Free Trade Agreement of the Americas (FTAA). Their remarks have been translated from Portuguese by EIR, and subheads and bracketed clarifications added by the editors.*

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### Gen. Oswaldo Muniz Oliva

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To start, I'd like to congratulate the gentleman for his kindness in coming here, laying out his opinions, his concerns, in global terms, in North American terms, and, even, to offer a commentary on his concerns about "Ibero-America," as he calls it. We prefer "Latin America," because we aren't only Iberians; there are also French in Central America and, thus, we extend ourselves a bit. But we agree with him that it is more Iberian, since the bulk is Spanish and Portuguese in its roots. And, from that comes a fact which is fundamental for us to understand each other. Since we have roots in Ibero-America, in the Iberian Peninsula, we are Latinos. We do not have an Anglo-Saxon makeup, as much as we admire them; rather, our origins lie in that which the Portuguese Lusitanians gave us before the United States came into being—because at that time, the United States still belonged to Great Britain. Who it will be tomorrow, only the future will tell. The world renews, grows, and replaces itself.

### The Legacy of FDR and Bretton Woods

And, from this perspective, it is interesting that the gentleman offered a time-frame in which he goes from the postwar Bretton Woods until 1965; and we come to today. It is good for us all to remember that, as he says, after the war, 80% of the world's gold was in Fort Knox, in the hands of the United States. The world handed over its gold, which was the world standard of reference, since the pound sterling imploded with the war. It was gold, because the dollar still didn't play that role. So, this is very important for us to understand; they had the bulk of the world's money, the world's wealth, the bulk of the currency which represented the world's wealth.

And, in what he said about 1965, when he thinks the regression began, it is important that we, who listened carefully, who accepted what he said, remember that Brazil always gets there a bit later. It was in 1964 that we *began*. While the gentleman said that anything good was ended in 1965, I would say that what we began what was good in 1964, since

in that year, there was a movement here, a military movement.

It's not just a matter of remembering; rather, I am *honored* by it, since I participated, I believed and I decided that it must be done, in that year, because Brazil was the world's 48th economy. Our budget was smaller than that of the Ford Motor Company, and our population was approximately 60 million inhabitants, of whom 90% lived in rural areas, eating well because they planted, living reasonably, but without access to technology, without access to improvements of any kind, because Brazil did not have access to transport infrastructure, or communications, or energy infrastructure.

Energy, transportation and communications only existed in some cities, such as Rio, São Paulo and the state capitals. I recall that, in 1942, the energy of Fortaleza—today a lovely city—was at that time less than Santos, but today is five times bigger than Santos. Fortaleza, which is in the semi-arid and dry Northeast region, got its energy from a generator powered by firewood. The trees of Ceará generated energy. But that's the Brazil of the past.

But, from 1965, like the gentleman said—we accept 1965; the President was Castelo Branco—until 1983, Brazilian urban population grew by more than 40 million inhabitants. That means that from 1965 to 1983, twenty-odd years, we had to create conditions in the cities for a population larger than France's at the time, greater than Italy's, greater than that of any European country except Germany. *We* did that, we generated and built infrastructure. Even because—and in this I agree with what the gentleman said, and it is important, and this is why I am speaking—in Bretton Woods, rules were established which bore an element of the American character, from the American people—not from the politicians—which is the generosity with which they decided that they could help the world; this was our interpretation at the time. And we *were* helped, not because they were good or bad. They were generous, and we were competent to expel Marxism from Brazil by ourselves, without foreign support; we did it ourselves out of our conviction, and from that point, we built infrastructure for which we received financing from the World Bank.

But, [this was] only for the state—never for the private sector, because, as the gentleman noted, when you start from the standpoint of free trade, the more powerful defeat the less powerful, and the wealthier dominate the weaker. And we, in order to defend our society, which is our greatest goal—and the gentleman says it is in their Constitution, and it *is* in ours; it is in all of ours—it is to defend the general welfare. But, to defend the general welfare, the other principle which the gentleman mentioned is also in our Constitution, which is to guarantee sovereignty. And sovereignty means making sure the national will prevail.

And, in terms of the historical aspect, the gentleman cited Roosevelt. In my view, and forgive me for delving into your history, Roosevelt's New Deal was the great transition factor, which changed the United States. When he created the Ten-

nessee Valley Authority, he created SUDENE [Brazil's Development Superintendency for the Northeast]. And SUDENE was symbolized by a film which became historic, which contrasted the reactions of backward Tennessee residents to the Federal government's intelligent and progressive vision. Brazil also remembers this well.

### International Crises Hit Brazil

Moreover, I find in our country a parallel to the journey the gentleman presented. We had three crises, in the 1960s and 1970s. First, the oil crisis, in 1967, which was in my field, the National Petroleum Council, with [President] Costa e Silva, oil cost \$1.20 a barrel. But the oil price suddenly increased in that year to \$28 a barrel by that aggression, that crisis which hit Brazil from the flank—the gentleman said that in military strategy, the attack on the flank is always better than the frontal one. Oil went up, the dollar stabilized. The oil crisis was unleashed by OPEC—the producers' organization founded by Venezuela; it wasn't created by the Arabs. OPEC was created by Venezuela to defend its interests—I don't disagree. [The price] immediately rose to \$28 a barrel.

The dollar had always been convenient for us, because we exported more than we imported. We had a surplus and we paid our debts. Oil had represented less than 10% of our foreign currency balance, but suddenly we were faced with a situation where the increase for each barrel of oil disrupted all our plans. Despite that, we kept the situation under control.

This was followed, three or four years later, by the dollar crisis. The dollar crisis was an internal problem of the United States, because the world abandoned gold and adopted the dollar as the unit of monetary reference. Faced with difficulties, the American government legitimately raised interest rates. We saw that here. With the increase of domestic interest rates, world interest rates increased, and our debt increased. We overcame that crisis.

And, then the second oil crisis erupted. It hit the administration of [President João Baptista] Figueiredo on both flanks and in the head. The attack was in three directions, not only on the flanks, but bilateral and aerial. Then, oil shot up to \$42 a barrel. Nobody talks about that, because it's not in their interests. The truth isn't good for those who manipulate data. But I want the gentleman to know that \$42 per barrel makes any nation which is dependent upon oil, unviable; and we have no need to be, we aren't, and we shouldn't be. Oil is a fuel which is becoming extinct in the world. And, Brazil has two fuels which are *not* going to run out. If either does, Brazil is finished: Hydroelectric energy, water generating electricity, is cheap, is free, and will continue. Water isn't wasted; it just passes through. The other we have is alcohol. Alcohol is a renewable resource, which doesn't cause the pollution that petroleum causes. Thus, we have good future prospects, which will overcome the crises, which, as the gentlemen pointed out . . . are a threat now facing us, in 2003. But we are positioned to overcome them—and, in that I agree with

your final part—if we have good leaders. That's a *sine qua non*.

Also, in his presentation, the gentleman cited two figures whom I admire: Roosevelt and Alexander Hamilton, America's first Treasury Secretary. And, in a publication which you distribute, which [*EIR* correspondent Lorenzo] Carrasco sent me, I read some pieces by Hamilton. And now I'm going to take a commercial break: I just wrote a book, which I'm going to distribute through Gilberto Huber publishing company. The book is expensive—it's 3 *reals* each. Not \$3, but 3 reales. It's only 350 pages, and will be sold so the ideas in it can be discussed. Ideas aren't to be hoarded, nor imposed; they are to be put forward, to undergo divergences, so that, through dialogue and contradiction, better ideas emerge. Thus, I have no fear of saying that I accept discussing opposing arguments. So, we aren't in differing positions from a philosophical point of view.

### The Military Dimension

Since the gentleman also discussed defense, I'm going to have to enter onto military terrain, if he permits. . . . Not long ago, I read something by a Brazilian officer, long retired, since those who went to Italy [in World War II] are either deceased or very old. . . . My Academy class went to Italy, but the war had ended three months before. We were prepared to go to war, like the two previous Academy classes, but ours didn't. Hence, this fellow went to Europe and was in a German city, in a restaurant, conversing with a group of Brazilians and a group of foreigners speaking English. An elderly, short German with a shaved head, a typical soldier, overheard the conversation. He couldn't resist going to the Brazilians and asking, "Are you Brazilians? Do you celebrate as a national holiday, I think it was the 2nd or 3rd of July?" The Brazilians asked the German, "What's July 3rd?" The German replied, "The day you captured my division."

[German] General [Otto Freiter] Pico commanded a division with 23,000 men; and the Brazilian Expeditionary Force managed to stop him with a maneuver. That's what I think the gentleman means by "strategic defense." Our cavalry squadron was commanded by General Plínio Pitaluga, now retired. And Plínio Pitaluga, with his soldiers and armored cars, overtook the German troops, reached the Po River valley and prevented them from using the only available bridge, then trapped them from the rear with the squadron. The Germans were in no shape to fight and surrendered. And our unit, which didn't even have 5,000 men there, ended up capturing the 23,000 Germans. They had only one day of food and rations and one day of ammunition. When the gentleman spoke of logistics winning wars, it does win wars, if intelligently used. And our logistics, intelligence capability with Pitaluga and his boys' maneuvers and audacity, isolated the Germans.

Thus, when the gentleman speaks of strategic defense—and now I come to Brazil. Brazil does not think along the same lines, because those are not our problems. But we have



*President Franklin D. Roosevelt (left) and Treasury Secretary Alexander Hamilton. FDR's Tennessee Valley Authority, one of the greatest infrastructure projects of all time, was a model for Brazil's Development Superintendency for the Northeast. Hamilton is also widely admired in Brazil, especially since EIR began to circulate his works in Portuguese translation.*

a national strategy in the area of defense, to use his expression, which for me is “security,” despite the current administration having condemned the expression. “Security” is a more complete term than “defense,” because security is a condition in which you feel secure. This is a condition. It is not physical, not solid, but psychological. It is mental. I feel secure, in the street or in my house. Defense is an action taken to guarantee that security. Within this security, Brazil has a strategy, called “the strategy of deterrence,” which is coherent with its words, but not with the names the gentleman used.

What is deterrence? It is our having sufficient force, where necessary, to act at any point in our territory, to discourage anyone who wants to attack us; and we have had this for a long time. The truth is that the last war we participated in South America ended in 1870. We have cultivated friendship with our neighboring countries.

### **On the Financial Crisis**

I repeat to the gentleman: We share the same concerns you have about the international monetary system. It worries us because, to the degree that we change our situation—I’ll talk about events of some time ago, so as not to touch on anything of the present; it’s easier that way. When in 1983 the political system changed, . . . we had a very large foreign debt in dollars. The debt was the government’s. The loans were to businesses. The profits were for the businessmen to reinvest. Many could do this, others not so much. At that time, we had high inflation and a gigantic patrimony. To the degree that we trusted the IMF’s rules—I agree with the gentleman—today we have an absence of inflation, but a gigantic debt, and we have *lost* our patrimony.

That’s what I want to put to the gentleman, so that he, with his view of the world, to which I paid close attention and with which I agree almost entirely. It wouldn’t be appropriate here even to disagree with something. It would be the wrong

time and impolite. I want to say that I agree with his analysis on the world financial situation. We Brazilians are soon going to face the solution of this new equation of reduced national public and private patrimony, and high international patrimony, which bought the national patrimony up cheap. [We have] a marvellously controlled inflation, but an IMF setting up unworkable rules.

Thank you very much.

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### **Deputy Marcos Cintra**

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First of all, I would like to compliment ADESG for having invited Dr. Lyndon LaRouche, and for the opportunity to hear such stimulating, polemical, and intelligent words as those we heard here. I very much admire people who have Dr. Lyndon LaRouche’s kind of vision, who have a courageous, all-embracing vision, who have the ability to see, not the individual trees, but the forest as a whole. And I think that he taught us that we can’t stick only to small, transitory, immediate, day-to-day questions. Rather we must have a more inclusive analysis, a long-term, strategic analysis, as he said. I think that’s lacking in our thinking and our tradition.

And I think, Adauto, that the opportunity ADESG gave us to hear Dr. Lyndon LaRouche, Jr. present his thinking, enriches all of us who were wise enough to be here. I regret that this auditorium isn’t much more full than it is now. But, I’m sure that we learned a lot and am certain that his words are going to make us think and reflect a great deal. In other words, we will leave here today different from what we were when we entered.

That obviously doesn’t mean that I agree with everything. It doesn’t mean that I agree with his line of reasoning, or with what he often presented as the causality. Perhaps this is due to the limits of my reasoning power, or the observations I

often like to make about causal principles. It is very tempting to derive great principles and great movements in historical analyses. But these principles and movements often lose some of their causal value, if we don't analyze the details. We know that the devil is in the details. The devil is not in the whole; it's in the details where we need to begin to test theories which seem logical, rational, sensible, but often lose some of their logic, their causality, with analysis of causal principles which theoretically should be governing these principles.

We are here today to hear the lessons Dr. Lyndon LaRouche gives us. So, I want to refer to his words . . . and, on the basis of the notes I took, offer some questions which might help us understand a bit better what he is really trying to transmit to each of us.

## A 'Liberal' Perspective

For example, he gave us a vision which I would call almost catastrophic, that we are on the verge of a great international disaster—who knows, within weeks, months, years, or even decades. That history is changing direction, turning around completely, and thus throwing us back again into economic, social, and cultural barbarity. That's not my vision. I agree, in principle with many of the phenomena, the isolated facts which perhaps are happening in Brazil and in the world today. But I see the world's evolution somewhat differently.

*I am a liberal.* I don't know what the term "neoliberal" means; I never understood well what it meant to be a neoliberal. "Neoliberal" seems to be a term [used] by those who don't like liberals and accuse them of being neoliberals. I am a liberal. I believe in human capability. I believe in people's freedom. I believe that when they are free, they manage to produce more and better, they manage to advance, on the basis of debating ideas, on the basis of proposals presented.

And, from this liberal perspective,—which I think is today taking social, economic and cultural policy more and more into account—I see the world evolving positively.

If we analyze world history of the last 200 or 300 years, I find it very difficult today to believe that you could deny, that the living conditions of most of the population improved significantly, in terms of the quality of life of the mass of the population 200 years ago, in terms of any index, any coefficient you wanted to adopt today—mortality, health, longevity, transport capacity.

It is lawful that there are differences today. Today, the big problem is not that the world has regressed in quality of life. The big problem today is that there is unequal distribution. That's another problem, that, today, the distribution of what society manages to produce is incorrect, unjust. That could be the great challenge to modern society: not the process of generating wealth; we are generating well, we are generating enough, we are generating ever more. The bigger problem is how to better distribute the larger quantities of goods, services, and wealth produced. I would agree with that, and would even go so far as to say that some sectors could be big losers in an historical evolution. But, I would say that most

of the world's population today does not find itself under significantly worse living conditions than 100 years ago, 250 years ago. Thus, I see a positive evolution in the history of mankind, and not such a negative, catastrophic one as that which Dr. Lyndon LaRouche offered us today.

He told us, for example, that the world system rewarded, or stopped rewarding—at least the economic system from the standpoint of the world's greatest power, the American economy, repeating the Roman imperial pattern—has stopped producing and instead enslaves other peoples, becoming merely the great consumer of wealth generated by other countries. In a certain way, that's right, when it comes to goods, services, merchandise, tangibles, physical [products]; but this is *not true* when the world's production level is analyzed as being essentially tertiary. The modern world today is a world of services. Today, we already are almost reverting the production process to concentrate largely on producing intangible goods, and these continue to be primarily produced by the [major] powers.

What's happening is a redistribution in terms of the characteristics of world production. But, in fact, the U.S.A. is a net importer of goods and services (clothing, autos, motors, raw materials), but is a net exporter of services, ideas, engineering, technology generation, which, today, in the modern world, has the same role which tangible goods had in the old days. Thus, I don't really see it as an attempt to decimate the U.S. economy's production process by enslaving other countries and importing everything they produce into the United States, but rather basically as an evolution toward a tertiary society, a society of services, and no longer a primary or secondary society, which produces agricultural goods and industrialized goods.

## The U.S. Trade Deficit

Dr. LaRouche tells us that the United States is today experiencing an economic crisis similar to Brazil's. And he shows us a fact which I find interesting and truthful, which is that the United States today has an extremely high foreign trade deficit—that good old trade deficit. Were this not the case, other countries would have trouble maintaining their export levels to the United States. It is precisely that U.S. trade deficit which, in a certain way, lubricates a bit the world economy by means of the economic potential of the U.S. economy.

Now, the trade deficit which generates the U.S. foreign debt, is of an entirely different character than our debt. I mean, U.S. debt, relative to the rest of the world, is merely a book-keeping concept. It has no significance in terms of the solvency of the American economy, for one very simple reason: It is the only country in the world able to issue a currency by which its debt is stabilized. Whenever a country issues the currency in which its own debt is denominated, that debt ceases to exist.

Thus, the United States can accumulate debt, and the debt accumulation really ends up becoming a way by which other countries can survive, through their export and import pro-

cesses. Despite its enormous and brutal debt—it is clearly the biggest debtor—we say here that Brazil is in crisis, because its net public sector debt is equal to 53% or 54% [of GDP], while the U.S. debt is much higher than that. But they finance their debt by printing money, backed by their own money; and thus, this should not result in the breakdown of the U.S. economy, or its lacking solidity, shall we say.

I don't want to go into detail on the other items discussed. I continue to emphasize the provocative quality of Dr. Lyndon LaRouche's observations to us. That's exactly why I began to pose these challenges, motivated by that questioning vision which great leaders must have, and therein lies the great merit of Dr. Lyndon LaRouche's contributions. But, I would like to conclude my observations—despite having other issues here which could take a bit more time—but I will make two final observations.

### **Paradoxes of the Current System**

First, and this is really more of a question than a dispute, this global system, which is bringing the world to this crisis, and to this view of debacle, financial crisis, impoverishment, was simultaneously able to transform, for example, the European countries today, into a counterpoint to the U.S. economy—this *same* system. And I recall that in the 1960s, a French journalist [Jean-Jacques Servan-Schreiber], whose name I now forget, wrote a book on *The American Challenge*. He showed that Europe was totally bankrupt, and would never be able to sustain the growth rate of the Japanese economy, which was then growing very fast, or, basically, of the U.S. economy. Yet today, 30 years later, we see the European Union counterposing itself in GDP terms, in growth, in terms of quality of life, and of economic presence in the world, to the United States itself. Thus, the same system which generated such big crises in countries such as Argentina and the Soviet Union ended up generating healthy, sustainable growth in the European economy, placing even countries that were in positions of relative backwardness, like Portugal and Spain, among those which are rapidly approaching the standards of developed economies.

I ask, then, how you reconcile these two facets of this world crisis, of this global system, which can be so harmful to humanity, at the same time that it has shown itself to be so productive, at least from the standpoint of the European experience? And the same is true of the Asian countries, which had a phase of growth, though they are now entering a crisis period. But they shifted to the fantastic growth which is now taking place today in China. I don't know to what degree this same system will make China into a new example of dynamism, of sustained growth.

### **Protectionism vs. Free Trade**

And, finally, so that we can make a bit of linkage to the WTO [World Trade Organization] question, the FTAA [Free Trade Area of the Americas] question, I completely agree with Dr. Lyndon LaRouche's diagnosis of the protectionist

question. The Americans always were protectionists; the English always were protectionists. In our history, we need only look at the Methuen Treaty [1703] between England and Portugal, to see what happened, what kind of economic imperialism the countries which dominated the world in that era imposed on Portugal and, consequently, on Brazil. Anyone who knows Brazilian history knows that that treaty between Portugal and England brought about the complete destruction of the textile industry which had begun, mostly in Minas Gerais [state]. Around 1780 or 1790, it was literally destroyed. Portuguese soldiers came in and destroyed, tore down, and smashed the textile industries, felt industries, industries of a number of products which had begun production in Brazil, principally in Minas Gerais, where a reasonably dynamic economy had been created, by a middle class with a potential, with a large purchasing power. . . . This was not income concentration as occurred in the Northeast, in sugar cane, as in some other periods of Brazilian history. No, there [in Minas], a period of industrialization had been created, and it was simply decapitated, starting with that treaty.

We have here, then, a really obvious, clear, experience. We have experienced that American protection, English protectionism. And we have not the slightest doubt that this is, and was, always the dominant policy historically in terms of international trade among nations. My question is whether the WTO and FTAA processes are not a first attempt to *change* that. Until them, we had free-trade language, while the strongest didn't practice free trade, but imposed free trade upon the weaker. It seems to me that what's happening today with the FTAA and the WTO, is that we are discussing free trade at a multilateral forum. I think that for the first time, we are beginning to really talk about cutting tariffs, liberalizing trade, globally, not just part of it. I think *this* is the big difference between the free-trade discourse of 200 years ago and today's. Today, there is a forum for discussion. Today, free trade will no longer be imposed on Brazil.

When the President was in Quebec last year, I think President Fernando Henrique Cardoso was extremely clear, when he set conditions, which if satisfied, would bring Brazil into participation in FTAA. If they weren't satisfied—as for example access to the U.S. market for our agricultural goods—we wouldn't participate in that process. I think this is a new change; before, free trade was imposed; today it is a free trade negotiated multilaterally. I think this changes the perspective somewhat, though I completely agree with [LaRouche's] prognosis, in the sense that historical experience finds that theoretical free-trade language has, in practice, brought a lot of protectionism and little free trade.

I wanted to make these observations just to encourage debate. I think that today we have here one of the most provocative presentations, I repeat, that I ever had the opportunity to attend. I like these challenges. I think that that is what has often enabled us to overcome our own limits, and the often parochial vision which we have of the economic process. I think that people like Dr. Lyndon LaRouche are the ones who

give us the opportunity to bring in some fresh air for our thinking and our vision, for each of us to question ourselves on our own beliefs. And, in this regard, I would like to congratulate him for his brilliant exposition. I think that much of what he said has significant parcels of truth. I merely question, in my brief words, those causal factors, these small links which I, as the logical person I try to be, often question: Where's the link? Where's the logic? Once these links are found, I start to believe in certain models which I would have problems with, were these connections not made.

Therefore, I would like Dr. Lyndon LaRouche to respond to my commentaries, only as small threads in an all-encompassing, important, courageous, and above all, well thought-out, model, which he evidently has and is presenting to us today. It's just in that way . . . that I pose these questions, not without first congratulating him for his presentation and especially, for nourishing our thinking and our curiosity, nourishing our reflection on Brazil's reality within a globalized world. The world in which we are living is a different reality, difficult to understand, but something which we must really begin to understand. And in this respect, Dr. Lyndon LaRouche is one of our guides, one the great inspirers of responsible, courageous, and, above all, provocative, reflections. My congratulations. And I thank ADESG, congratulate ADESG for this initiative of inviting Dr. Lyndon LaRouche to be with us here today.

Thank you.

## LaRouche Responds: Value Is in Human Minds

*Adauto Rocchetto asked Lyndon LaRouche to respond to the commentaries by General Oliva and Congressman Cintra.*

**LaRouche:** On both cases, my point of disagreement is answered by addressing one topic. There is a great Russian scientist, a follower of the great Mendeleev. Not only was he a student of Mendeleev, but he applied the methods of Mendeleev, and was undoubtedly one of the most productive scientific minds of the 20th Century. He was the founder of geobiochemistry. He was the discoverer of the Biosphere in the scientific sense. He was the generator of the concept of the Noösphere. He was the father of the development of nuclear technology in the Soviet Union. He was the architect of the Soviet bomb, which the Soviets had the technology for by 1940, on their own development: Vladimir Vernadsky; died in 1945.

Now, Vernadsky was a follower of the greatest minds of previous centuries, and used the method which unfortunately is little known in universities today. This is a typical one

of our problems in physical sciences. Remember, the first discovery of a universal principle of mathematical physics was the discovery, first published in 1609 by Johannes Kepler, of universal gravitation. This was the first discovery of a universal principle of mathematical physics. It was by Kepler. Many people have opinions about Kepler, but, among those who have opinions, none have ever read his works. They've read commentaries on him, textbook footnotes on him. But Kepler's method is extremely important. And if you don't understand Kepler's method, you don't know anything about the history of modern science.

Or you could go back to Kepler's predecessor, Cardinal Nicholas of Cusa, in the 15th Century, who was the discoverer of modern experimental scientific method, in a series of books beginning with one entitled *De Docta Ignorantia*. And Kepler was one of the explicit followers of Cusa, as he said, as well as of others: Leonardo da Vinci, and so forth. This became known as the Classical school of physical science, typified by Huyghens, by Leibniz, by Jean Bernouilli, by someone who is probably very little known but was a very important scientist, Abraham Kästner of Germany, the teacher of Lessing and one of the great teachers of Gauss.

Very little is known of Gauss, of his actual work, even though he is much commented upon. Most people in universities don't know that the work of Lagrange was discredited—like some of the work of Euler—was discredited definitely by Carl Gauss in “The Fundamental Theorem of Algebra.”

### Economic Value vs. Frauds

The reason I mention this, and I mention Vernadsky in this connection, is that—how do we understand, how do we define what we mean as economic value? Generally, the definition given is the definition of the Utilitarians, such as Jeremy Bentham, who was the former head of the secret committee of the British Foreign Office, the man who caused a lot of trouble, as Bolívar said, in South America. How do we know what value is? Objective value. Not value in the sense of what someone will pay. A man will pay for a prostitute. What's the value of that? Prostitution is a service. What does it contribute to the national economy, except income for doctors who treat venereal disease? Or insanity. So services are not, by their nature of simply being paid for, of value.

We see the collapse of the so-called New Economy worldwide. It's the greatest hoax and the greatest catastrophe, apart from the monetary system itself, of this century. It's a fraud. How do you define economic value? Look at Vernadsky, the way I do. I don't completely agree with Vernadsky, in the sense of thinking that he had all the answers. He didn't. But he's an extremely valuable and important person, whose contributions are all positive.

How do you define value? Human value has to be defined on the basis of the distinction between the human species and the animal species. I mentioned in my remarks today that, probably, if man were an ape, with our physiology, with our

physical capabilities, if man were an ape, we would never have had more than several million individual human beings on this planet to this day, over the past 2 million years. We now have . . . 6 billion people. With existing technologies, we could support 25 billion quite comfortably, on this planet. What's the difference? The difference is that the human individual has the power of mind which is referred to in *Genesis* as being made in the image of the Creator of the universe. Man is able to discover universal physical laws and related laws, and to apply these to produce an effect that no other species can produce: an increase of its power in and over the universe. Only man can do that.

This is the thing that distinguishes us in social values as well. Animals can not transmit discoveries of scientific principle from one generation to another. The characteristic of human beings is exactly that. What we take for granted, often, are the results of the discoveries of universal principles, using these powers of cognition which Immanuel Kant, for example, said didn't exist. Which the empiricists say didn't exist. So, what is of value, therefore, to a human being? What is of value to society? The value lies in that which distinguishes man from the beast. That is, the power of creativity to discover valid universal principles and to transmit the experience of that discovery from one generation to another.

So, therefore, economic value and moral values are one and the same thing: the discovery and transmission of that which is valuable to the human species, as a species, and to maintain what was discovered in previous generations, and to transmit those benefits to future generations. That is moral value, and that is economic value. That is the scientist's view of the scientific proof of *Genesis*. The scientific proof of the principle of Christianity, that man is made in the image of the Creator of the universe. We're the only species that can know that, can express that. We are the servants of the Creator, and value is that which corresponds to our species nature, as servants of the Creator.

## The Power of Invention and Creativity

Now, therefore, what's all this garbage about New Economy and services? The question is, the test is, do we—by our acts—do we perpetuate and increase the power of the human species to live in this way, to live in that image, as an individual? Do we? That which serves that end has value; it has objective, scientific value. We can measure it. We can measure it in terms of the increase in the productive powers of labor—relative to nature.

Now, here's where Vernadsky comes in. And we'll come back to the question of energy resources. Vernadsky defined—using the fundamental scientific method of Kepler, of Cusa, of Plato, and others—he defined that there are three distinct categories of existence in physical science. That is, when we conduct experiments, we can set up an experiment which is based on the assumption that the universe is abiotic; that is, a non-living universe. By conducting experiments that

way, we can say, “Okay, these are the principles of an abiotic phase-space—not the total universe, but a phase-space.” Then we find another characteristic which does not exist in the abiotic universe: living processes. We can, by experimental methods, determine what living processes are, and we find that it is a different phase-space than non-living processes.

We also find in the case of the human being, that we can change the Biosphere by improving it. Not using it, but by improving it. We can make the deserts bloom. We can improve the weather. We can do all kinds of things, always increasing man's power over the universe. No other species, no other kind of existence can do that. Abiotic processes can not do that. Even the empiricists will agree with that. Biologists would agree with that. Only the human species is capable of creating a Noösphere. So therefore, it is this power of creativity, and the ability of mankind to conquer and utilize the abiotic processes of the universe to enhance the position of living processes of the universe, and the ability of mankind to improve the Biosphere and to go beyond that, to create new conditions in the universe which never otherwise existed.

Now, in the case of energy, what does that mean? The definition of energy we generally use is idiotic. It's a so-called abiotic definition. The Clausius-Kelvin-Grassman definition; the Helmholtz definition. But energy is not necessarily that form. Energy is a much more interesting phenomenon. When you include the effect of living processes—the processes of the mind—on the efficiency with which energy is expressed, you must ask questions about your definition of energy.

## The Club of Rome Is Wrong

So, in this case, the energy we have available to us of importance—anything that the Club of Rome says is good, is wrong. It's a fraud. Petroleum is not actually in danger. We probably will have enough petroleum to take care of this planet at present rates, for about 40-80 years; minimum of 40-80 years. And we don't even know that petroleum is a fossil fuel! Coal is a fossil fuel. Petroleum is not necessarily a fossil fuel. You can generate petroleum within the Earth today, if the Earth were [in a] “reducing condition,” as it's called—in the Earth. Oil may be being produced by the planet now. New oil is being generated by the planet now, in two ways: It can be generated in an abiotic way, in a reductionist environment; in a hydrocarbon environment, you will generate methane, the methyl series, and so forth. It can be generated, in those conditions, by a kind of bacteria which can operate in those kinds of temperatures, which can transform hydrocarbon material into petroleum or similar kinds of material.

We have a similar problem, in terms of the Biosphere. Most of the ores we extract come from the upper surface of the planet, they come from a fossil area of the planet, down to several kilometers of depth, which were all produced as fossils of living processes. When you get these ores, generally these ores are where they are, because of the intervention of some living process which left that as a deposit. The estimate



*Brazil's Angra II nuclear plant. Development of Brazil's high-technology capability including nuclear power, was sabotaged by the international Malthusian oligarchy.*

range. It's a self-regulating reactor of a different type, using what's called a module. That is, you don't have the same kinds of problems you have in managing the fuel cycle of most reactors.

## **The Vast Resources of Brazil**

Now, you take a country like Brazil. Brazil has vast natural resources, just as Siberia does and Central Asia has. Vast natural resources. The challenge is how to develop this hemisphere, this continent. And Brazil is typical of that. The future of Brazil lies in development of its potential resources, in management of its resources, including the vast water resources. The Amazon system is a vast resource, a vast power resource.

It's also probably more valuable as a

of the best Russian specialists who work on this in Siberia, is that the problem today is not that we're using up the ores, but we are consuming the ores which we are finding in the fossil area at a rate in excess of the rate in which the lower level of the planet is pushing new parts of this up to the surface.

So, these are the kinds of problems we face. Now, the energies which are available to us, obviously all of the energies which the General referred to, are either finite in absolute terms—which I think most of them are not—or in relative terms: That is, the rate at which they are being generated may be less than the rate at which we are consuming them. And we have two things we can do. We can act upon the planet through scientific work, to try to increase the rate at which these things we are using up, are replaced. Like maintaining the atmosphere, for example. The atmosphere is a fossil. It's a fossil of living processes. The oceans are a fossil. They're a fossil of living processes. They were not created by an abiotic universe. They were created as fossils of living processes. So, the energy we have, essentially, is to use what we have now and to get free of the lock of these kinds of energies.

Now, Brazil once wanted to have that kind of energy. Brazil wanted to have nuclear energy. International forces said no. We had a famous German banker who was assassinated over the issue of Brazil's getting nuclear energy: Jürgen Ponto, 1977. I was on the hit list at that time, so I happened to have had a personal interest in that story.

We also have today a form of nuclear energy, which is not generally being used, though it's being developed in China and South Africa, among other places. It's called a high-temperature reactor. The best model of this high-temperature reactor is the so-called Jülich model, developed by a Professor Schulten in Germany. He's now deceased, but the model still exists. This would be a reactor in the 100-200 MW

resource for biological development, and transformation of the Biosphere, than it is as an energy source, because the long-term objective is to meet that kind of challenge.

Now, what would you want for Brazil? Do you want to transport energy resources over great distances, which Brazil has, especially in low population-density areas? Or would you rather have the ability to put up rather rapidly, within a few years, high-temperature reactors—which you not only put up in multiples, as 200-400 MW maximum, say four or five of them, if you need them in an area; so you eliminate a transportation problem; but a high-temperature reactor also has some other advantages.

With a high-temperature reactor, you can transform water into a fuel. You transform it into a fuel by high-temperature reaction, into either a hydrogen fuel or a methane fuel, or similar type of fuel. You can consume this stuff by burning it—which is the worst thing to do with it—or you can consume it by various kinds of processes—electrolytic cell processes, or things like that. So therefore, you can produce the kind of fuel you need for vehicles, for aircraft, and so forth, in the area in which you need them, and Brazil has that typical characteristic. If you can have the right kind of energy in any part of Brazil, which perhaps has agricultural or other potential, you can deal with that problem.

So, therefore, the question of value lies in what the human mind is able to develop, which will transform man's relationship to nature, in the sense of the Noösphere, and thus increase not only man's condition in life; but if we can take the entire population and educate them on university levels to the age of 25, and shift our employment from low-technology to high-technology employment, and scientific employment, then we will have produced true value which our descendants will bless us for.



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## Dialogue With LaRouche

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*The question and answer period was chaired by Aduato Rocchetto, president of the São Paulo ADESG. The questions asked of Mr. LaRouche have been slightly abbreviated and translated from the Portuguese original.*

**Q:** I would like to thank the speaker for his vast explanations, although perhaps contradictory at the same time, just as life is. . . .

I believe that democracy only flourishes within a free and open society, because I have already lived under contrary situations, in a secretive and closed society, that was called popular democracy—a police regime *par excellence*. . . .

Within globalization, within democracy, which I believe in, is a conspiratorial interpretation of history possible? That's my first question. . . .

The famous general Konstantin Kutusov, who defeated Napoleon at Borodino . . . was approached by many generals who asked him to attack right away. Kutusov told them: Don't make Russian widows; he has to face General Ice and General Mud. That is the logistics of a strategist. . . .

From the times of Philip II of Macedonia, no one defined psychological warfare better than he, as narrated in *Philippics* by Demosthenes. In warfare, Philip said, the objective is not to physically destroy the objective; it is to destroy the will to resist. So, that antecedes logistics. One can win through the verb, and nothing else. . . .

[Regarding] the murder of Archduke Ferdinand in Sarajevo in 1914. . . . At that time, the Serbian Premier, Nicola Pashit, achieved a major objective: To infuriate Russia and detonate the First World War. Today, after Sept. 11 of last year, there is a danger of making the same mistake. This time, it is not the Serbs; this time, it is Israel. Can the United States go mad? Because war is no-holds-barred. I think that two points have to be attacked to defeat terrorism: Make peace in the Middle East and recognize the states of Israel and Palestine. I'm not Palestinian; I'm from the Balkans. And we must bring Hollywood to reason; because if war is the destruction of the will to resist, then will weakens, starting with Hollywood. . . .

So, can this occur in the United States?

**LaRouche:** First of all, it's possible to answer this rather briefly. Conspiracy, when properly used, means that people think together. Essentially, it means—usually—that they operate on agreement on certain principles, or what they adopt as principles, such as definitions, axioms, and postulates. There are many things written about conspiracy, and against conspiracy, most of which is nonsense. A conspiracy is the most normal kind of relationship which human beings enter. A person who does not conspire is autistic, or dead. Any other meaning to the word just leads to all kinds of nonsense and confusion.

In the Moscow case, remember, this was, of course, the

famous story spread by Tolstoy. The reality of the matter was of the Prussian generals who advised the Tsar not to allow his soldiers to engage Napoleon decisively at the border, but rather to retreat toward Petrograd and Moscow, and to prepare to bring the city down around the conqueror, and then save the Russian soldiers, to fall upon the rear end of Napoleon, which is what happened. That's real strategy, and that's what the real meaning is, as opposed to these myths. Tolstoy told some interesting myths, but that's fine.

On the question of Ferdinand. We do face such a situation today. The King of England was guilty of the war. The Emperor of Austria was a fool, the greatest fool of his time. The Tsar of Russia was a fool. And the Kaiser was a fool. And so the three fools allowed themselves to be drawn into a war against each other, for no good reason except the greater glory of the British Empire.

Today, in the case of Israel, Israel is not the controller of the United States, contrary to many myths. The British and the Americans control Israel, and they own this fascist gang which is running Israel today, the Likud. This is no secret. The Russian secret service, the Okhrana, created the founder of the Likud, which was an avowed fascist organization. The Likud today is a fascist organization, which is dominating Israel. The United States and Britain are using Israel like a hand grenade, which you throw against your enemy. When it explodes, it destroys itself, and you intend that it should also destroy your enemy. If Israel continues this policy, Israel will destroy itself. But why should you throw the hand grenade? Because you want to start a world war.

### Where Is the 'Black Box' of Power?

**Q:** Good evening, I'm a rural producer and a lawyer. . . . We have learned a lot today, but we didn't pursue the main objective, the factor which generates these situations. We have to look for the elements of power that create those situations. A developed Africa would be an advance for all of humanity. So, my question is, why doesn't that happen? Because it is against the interests of certain groups. And I believe—and if anyone disagrees, please forgive me—that, as thinking beings, we have to look for who is interested in having this state of affairs.

So an economic discussion is sterile if you don't look for the generating factor, that is, the power centers. We have to decode the black box of power, to know who is harming humanity and know what we can do about it. Thank you.

**LaRouche:** I think that the question of the black box is not the problem. People think in terms of motives, but I understand motives differently, and I think I'm right about this. I look at motives the same way I look at scientific problems. Motives generally flow in human beings from the set of definitions, axioms, and postulates which they've adopted as the way they react. They may not be fully aware of these assumptions, but there are a set of assumptions which human beings make at certain points. And they react to situations based on the governance of those motivations. They do not

necessarily have an intention, in the sense of a specific goal. That is, they are not goal-motivated. They are stimulus-reactive. Only when we rise above this, to be aware of our creative potential, when we realize that there is a contradiction in the problem confronting us, that we have to use our creative potential to find a solution for that problem. That problem then becomes an intention.

The word intention was used in that way by Johannes Kepler in defining gravitation. He said the universe, the Solar System, in its orbits, operates in a way which is contrary to all of the definitions, axioms, and postulates of the astronomers before him. Therefore, he says, we must find the *intention*—and in a sense, he meant the Creator’s intention—which would cause the Solar System to operate in a way which defies the existing assumptions about the Solar System. And therefore, he said, that’s an intention, and we have to discover and adopt that intention to have power over the situation. If we do not take that attitude, as Kepler took towards this problem, then we become the victims of our pre-existing prejudices and we react to a stimulus with our prejudices. This is the way we are often controlled. Governments and others who understand the prejudices of people, will often trap people, by provoking them to react according to their prejudices and thus controlling them. That’s our big problem.

So, therefore, it’s this understanding of man which is crucial. I do not believe that there is a conspiracy in the sense of an intended result. The conspiracy is blindness to one’s own assumptions and being trapped into reacting to something, saying, I have to react in this way, and thus someone can manipulate you into reacting against your will, by provoking you.

### What Is the Zionist Lobby?

**Q:** I’m a systems analyst, and I’d like to congratulate Mr. LaRouche for his presentation. I knew something of his work through the Internet and some newspapers.

One question which grabbed my attention, was the point LaRouche made about Israel being an instrument of the U.S. and England. A work of LaRouche’s which struck me is called *The Ugly Truth About the ADL*, where he exposes how the powerful Jewish-Zionist lobby acts in the U.S. I would like to ask Mr. LaRouche . . . if he recognizes the existence of those lobbies in the U.S., not, perhaps, in the sense of the Israelis being the ones who control the U.S., but if it is Jewish-Americans, through political-economic influence who maintain that lobby in the Middle East and in the U.S. itself. That’s more or less my question.

**LaRouche:** One has to understand something about the history of modern Judaism, European Judaism in particular. Modern Judaism was actually developed in Germany, as a movement around Moses Mendelssohn in the 18th Century. He was one of the greatest minds of modern history, one of the creators of Classical culture. We’ve written a good deal about this. Mendelssohn was the person whose influence, resulted in the recognition of humanity, political humanity, for

Jewish individuals in European civilization. Joseph II, the Emperor of Austria who was also a friend of Mozart, was the first to give the Jew political status, as a person, in Europe. But as a result of this reform, led by Moses Mendelssohn, you had the great contribution of Jewish scientists, doctors, and so forth, to European civilization. It was a great movement. This was spread into Eastern Europe in the form of the Yiddish Renaissance. If you know people in the United States, as I do, who were immigrants from those parts of the world, this is what they represented. For the most part, they represented this tradition, this Moses Mendelssohn tradition, or things like it.

You had an opposition to this, which was organized by the British, which was organized by the Austro-Hungarian system, it was organized under Tsarism. And you had the birth of the Zionist movement, which was created as an attempt to destroy the influence of Moses Mendelssohn and the Yiddish Renaissance in Europe. Part of this led to Nazism. Therefore, you had a division in Judaism, of those who were influenced by these government operations, really police-state operations. B’nai B’rith was created in the United States by the Portuguese-British slave traders, who were the founders of B’nai B’rith in the United States.

Subsequently, you had the Hitler phenomenon. You had a shock to world Jewry. You had a great wave of sympathy for Zionism, because of what happened to Jewry under the influence of Hitler. Therefore, you had a process from 1967 to the present time, especially in the late 1970s, in which this fascist element, which is ultimately of Russian police-state origin, the Okhrana—the Jabotinsky movement became the dominant force in Israel. You had a similar crowd, controlled by British and American intelligence services, which became the dominant feature of the Jewish lobby in the United States, which was organized largely around organized-crime figures. So, there is a Jewish lobby of that type, but when you’re talking about Israel, about how these things work, you can’t understand this, except from the standpoint of an intelligence organization. You have to see it as an intelligence professional would, and see how people are manipulated.

The same thing applies to the previous question. The thing we have to understand is the degree to which our behavior is manipulated. And don’t blame other people because we’re manipulated. Free ourselves from the susceptibility to be manipulated, by being creative people. Don’t be reactive people who act like animals, who say, “I have an animal nature, and you can provoke my animal nature. I must react according to my animal nature.” We are not animals. We have to react as human beings, not as animals.

The tragedy is that the Israelis, who are conducting this horrible, Nazi-style war against the Palestinians, that the Israelis themselves—as Prime Minister Rabin emphasized—would be destroyed if they continue this policy. He went to peace with Arafat, to try to prevent this from happening. The Likud fascists killed him. They assassinated him. And they profit from that. And there are Jews in Israel, and around the



*Nazi soldiers round up Jews in the Warsaw Ghetto in 1943 (above); and an Israeli Defense Forces soldier in the Palestinian West Bank in 2002 (right). The Jewish community has seen an ongoing battle between the humanist tradition of Moses Mendelssohn, and fascists such as Vladimir Jabotinsky and today's Ariel Sharon. The current Nazi-style war against the Palestinians will end up destroying Israel itself, as some Israeli Jews are warning.*

world, who are fighting against this thing, who recognize this and who have the courage to stand up.

So, it's not a Jewish question. It's a human question. It's a leadership question. Stop acting like animals. Stop reacting according to program, as if you were a programmed beast, and when faced with a contradiction, try to examine that contradiction, try to understand it, discuss it, and free yourself from the compulsion to react. The best way to kill or defeat an army, is to count on its generals and its troops to react according to profile. An army which does that, is setting itself up to be outflanked.

### **On U.S. Power and Leadership**

**Q:** My country is competent and sovereign. What are the rules today, if the U.S. alone has the power and makes the rules as well? As a leader, what is your view of politics, of the power of global corrupt politics? You consider yourself a leader: Would an example be through the theories of Max Weber? I am an economics graduate student.

**LaRouche:** I don't accept Max Weber at all. He's not my man. On the question of leadership, am I a leader? Yes, I had perforce to become a leader, because of a shortage of the species. But on the question of the power of the U.S. today. No, the U.S. is being destroyed, and the U.S. will not win this fight, the way it's conducting it. It will not win it. If the United States continues the policies of the present President and the people around him, unless that President were to change those policies, the United States will be essentially self-destroyed.

As I said—and it's not an exaggeration, it's not really something that can be much debated, except in an academic way—this system is finished. We're at the end of it. We're at

the end of the present monetary financial system. It requires simply an act of will to decide that we will learn the lessons of experience, and return to those standards which at least worked prior to 1965. If the United States makes that decision, if it says it will do that, I think other countries in the world, as I know them today, will agree. I think if the United States were to say, this is wrong, we're not going to have another world depression, we're not going to have a Dark Age—if the United States, through the President, said that, and said that to other governments, I think we would have an instant response, a discussion, and something profitable and good would come out of the discussion. That's the challenge of leadership today.

The problem again is, that we are behaving as animals. The human species is reacting according to profile—definitions, axioms, and postulates. I've studied a number of these things, and I find that, even from a military standpoint—a military force which clung to pre-existing definitions, axioms, and postulates, was waiting to be crushed by a military force which wasn't so foolish. And it's the same thing with leadership in general. We simply have to find the people who will form a coterie of leadership among nations, to ensure that we make that decision, that we do not accept trying to work within the existing rules, because if we do, this civilization will be slaughtered.

You know, God is a very clever fellow. He created the universe, and turned us loose in it. And we created cultures. And He had a rule in this culture: You have the ability to make a mistake. You have the power to decide to destroy yourself. You also have the power not to destroy yourself, and to fulfill your mission. If we are not willing to change from the system

we now live under, the international system, we will be destroyed, as empires have been destroyed in the past, and as most cultures which have existed in the past have been destroyed. We, too, will be destroyed. The problem is this state of denial, the unwillingness to face the fact that we face such a problem. Because we say we are not going to accept that, we deny that, there has to be a solution within the existing rules. If we say there has to be a solution within the existing rules, then I will pledge to you that we shall be destroyed.

## A U.S. Police State

**Q:** I'm a lawyer. After the Sept. 11 attack, we've seen a reduction of civil liberties of U.S. citizens and the transformation of the U.S. into a police state, in the name of security. What influence will that attitude of the U.S. government have on other democracies in the world?

**LaRouche:** I gave a broadcast in early January [2001], just before the inauguration of the present President, and I stated at that time, that if he were inaugurated with the choice, particularly, of the Attorney General that he designated, that we were headed for adventures and a police state in the United States. That was in January 2001. Sept. 11 was Sept. 11, 2001. Since Sept. 11, 2001, you have seen—especially since January 2002—the rapid progress of the United States toward becoming a Nazi-like police state. It's not become that yet, but what you saw in the recent fraud that was broadcast on television about this poor fellow from Chicago, who was found guilty of no particular crime, but an American citizen of no particular crime was put into military custody, and denied access to an attorney or any other provision of justice. We have this Guantanamo procedure, the same kind of thing. This is exactly what Hitler did after the Reichstag stunt in February 1933. Exactly the same. And this is what I warned against in January of 2001.

This is typical of the problem. If we do not recognize the fact, that what I was able to foresee quite clearly in January 2001—*before* this President was elected—what this would potentially mean to have this President inaugurated. There's nothing mysterious about it. I explained everything. It was all factual. There was no speculation. It was all a matter of scientific certainty, that if he continued the policy commitments he was based on, and put in that Attorney General, that would be the result. We now have that result.

What's the danger to other nations? It's total. The question is correct. It's total! We can be in the kind of world that nobody wants to live in, worldwide, as a result of this. And my concern is that the world isn't waking up to it. The Europeans are lying on their backs on this question. Others are lying on their backs on this question. If we allow this to happen—look, the United States can't win, but the United States can destroy civilization, in destroying itself. Just like Israel. If the United States tries to start a war in Iraq, as competent military people in the United States have said, it can't win it! It's not possible! The United States is bankrupt. How are we going to

mobilize, with a war economy mobilization, with a bankrupt economy? You can't do that! So, it is ominous.

As I said earlier, let me just repeat, that it's a question of leadership in crisis again. When you are leading, as I lead—lead in warning, lead in proposing—you'd better know what you're doing, first of all. But secondly, you have to know that you're taking a personal risk, and you have to know that you must take that personal risk. Why? Because people will only come to their senses when the crisis forces them to give up their illusions. But the people will not react to the crisis positively, unless someone has prepared them for it. So, sometimes the function of leadership is a lonely function, of exercising leadership, when you know that people are not yet ready to accept it. Because if you don't forewarn them of what they face, then when the crisis hits, they will go crazy. They will simply react.

And so, all I can say, regarding the question. Yes, the question itself is good, because if people do not raise these questions of law, now, then we are not preparing the minds of people to be aware of the danger, and helping them to prepare to react appropriately at a moment of crisis when we otherwise might have the opportunity to change direction. I think that's the only appropriate answer.

## The Politics of Oil

**Adauto Rocchetto:** . . . I wanted to end with a brief question, that I believe requires a long answer. But the U.S. has already announced, in a certain way, that it may invade Iraq shortly. Probably Iran would follow. We have a serious problem here in Latin America, which is: Our neighbor Venezuela, which is a major oil producer and sells 90% of its oil to the U.S. So my question is conjunctural. Venezuela is part of OPEC, and has strong ties to Saddam Hussein, Khamenei, Fidel Castro. In that situation, would the U.S. run the risk of not having that oil from Venezuela, because of those links of Venezuela with other oil producers? And what would the consequences of that be for Latin America?

**LaRouche:** I think the danger of an oil boycott is not as likely as many people feel. I was just in Abu Dhabi, where I gave a keynote address at a meeting of what was the Zayed Centre, which is a part of the Arab League organization. And we had a number of things occur during that meeting and presentations on the subject of oil and Arab policy. The general mythology about the Arab reaction is exactly that, and obviously, I'm somewhat in the middle of the situation in terms of trying to find solutions to some of these things.

But that is not the nature of the danger. The attack on Iraq is a danger because it tends to set into motion what Huntington, Brzezinski, and Bernard Lewis, a British intelligence operative who collaborates with them, has proposed as a Clash of Civilizations. Remember the Roman Empire, and I'm sure that people who have had the relevant military training may have gone through this one before. The Roman Empire, in an attempt to maintain an empire, set up a system

called the *Limes*, which was a border system. And they had the equivalent of the Nazi Waffen SS, which was set into motion by the Romans at that time—as a matter of fact, the Nazis copied it from the Romans—under which they recruited legions from many parts of the Roman Empire and outside. These legions were deployed in the way the present military policy of the U.S. utopians propose: to send people around the world not as warriors, but as killers per se. Not as armies to win a war and to bring about peace, by aid of military means, but actually just to kill. To kill to control. Like the Ku Klux Klan, trying to control the freed slaves by terrifying them.

So, the danger is, if you start that sort of thing, with what I know about the physical economic fragility of this planet, and what globalization has done to make this system much more fragile—because you don't have real national independence, you don't have countries. The United States itself does not have physical economic security. The United States and other countries have denied nations the right to maintain and cultivate national economic security. Food security, for example. Energy security. That's the question of nuclear energy here in Brazil, for example. The same thing. Brazil has the right to have energy security. It's essential. Otherwise, how can you maintain a decent life?

So, under conditions where the United States does not have the economic ability to sustain a global war, but enters into a global war nonetheless—and the Iraq war would be the beginning of such a global war. The extension to Iran would ensure it. What they've designated is this. It's called geopolitical. They've said: "Let's take the Islamic population of the world, which runs to 1.2 billion or more, and let's declare that an outlaw population, just the way the Romans did under the Roman Empire. Now, let's hunt them down and make them fight each other, different factions. Let's get other groups—we'll call them 'rogue states,' or call them 'Empire of Evil' partners—and hunt them down too." Now, if you do that in Central Asia, where they started this thing, then you prevent any stability in Eurasia. You threaten India, Pakistan, China, Kazakstan, the Caucasus region, Turkey, the entire Middle East, the entirety of North Africa, all of Africa, and so forth. You set into motion Hell on Earth, because you started a war you couldn't fight.

You see, if a terrible victor wins a war, they may at least preserve some kind of order. But if you start a war and can't win it, but just keep fighting it, then you get the worst horror in human history. Long periods of religious warfare. As Europe was almost destroyed internally, after the Renaissance, in the wars which erupted in the period between 1511 and 1648, these kinds of wars. Endless wars. Dark Age wars. And that's what frightens me about this situation. It is a danger.

Therefore, I look at it from a total situation. I say: The reason for this great instability is that populations are going crazy. The U.S. population is going crazy. The population of Europe is going crazy. What happens if the populations are

crazy and this kind of thing starts? Then there's no way to stop it.

Therefore, first of all, you need to bring a factor of stability into the situation, and you do that best by economic measures, which are aimed at the general welfare. If you can go to a population, and convince the population that you are going to take effective action to maintain the general welfare, so that people can live in their neighborhoods in peace, so they don't have to fight in garbage dumps for food, and that sort of thing, then you can establish a civilian authority to govern. You have credible government. And if you have credible government which is dedicated to maintaining the general welfare, then governments will look at war in those terms, and can decide they are not going to have this war, and can negotiate peace on the basis of the principle of general welfare.

The problem now, is that that is exactly what's being undermined. All the factors in the history of European civilization, in particular, all the factors which led to the birth of the modern nation-state in Italy—not *in* Italy, but as a result of the Italian Renaissance in the 15th Century—the development of peace in Europe, the first semblance of civilization after the great religious wars, with the 1648 Treaty of Westphalia, all of the great achievements. The United States' independence, the struggle for independence, especially after the 1820s, in South and Central America. All of these things came about as the fruits of a people being mobilized for national independence and the general welfare. And people that are mobilized for national independence and the general welfare will be peaceful people. They may make wars, but they will be peaceful people, because they will recognize that the objective of war is peace. And they will fight about the conditions for peace. And I think that's what has to be emphasized.

We have to look at the principle of strategic defense not merely as a military principle, as Carnot and others have defined it, but we have to think about strategic defense by saying the military leadership does not want to have unnecessary wars. The military leadership wants to help create the conditions of peace—that is, strategic defense. Because, what are you falling back on? You're falling back on the ability to mobilize the population about the idea of the political institutions of the general welfare and sovereignty. In that case, we can control these operations. And that's what I mean, for me, by the extension of the notion of strategic defense as a military policy, to the policy that we hope will come to the post-military era, the time that war is no longer thinkable among peoples.

**Adauto Rocchetto:** I would like to thank all those present. My thanks to Mrs. Silvia Palacios, Helga Zepp-LaRouche, Lorenzo Carrasco, and principally to Mr. Lyndon LaRouche, Jr., who, though an American, behaves as a world-citizen, bringing his message, which is often against the position of his own native country. Thank you very much, Mr. LaRouche.

## Fear of Financial Collapse Fuels Iraq War Drive

by Muriel Mirak Weissbach

When on July 15, with stock markets diving, President George W. Bush proclaimed that “our economy is fundamentally strong,” the international press was quick to point out that Bush was repeating almost verbatim the dictum of Herbert Hoover on Oct. 25, 1929, “The fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis.” Bush’s tragicomic statement was amplified next day by Federal Reserve Chairman Alan Greenspan’s blather about the permanent boom of American consumer spending fuelled by credit from skyrocketing real-estate prices. But stock values plunged further after the President’s speech, and survived the Ides of July thanks only to a massive intervention by the Washington-New York “Plunge Protection Team.” More of the same followed Greenspan’s Senate testimony.

As markets around the world fell, the dollar, also, was traded at parity with the euro for the first time since late 1999, and then fell below that. The benchmark world currency has been sliding vis-à-vis the Swiss franc, the Japanese yen, and the British pound-sterling. Bank of Japan Governor Masaru Hayami told the press on July 17 that “the possibility of a worldwide move to dump the greenback is fairly high,” as we detail in our *Economics* section.

That dollar crisis which Lyndon LaRouche has been forecasting, as a marker of the global breakdown of the world financial, monetary, and economic structures, is now upon the central bankers and national governments. The way out being sought by a panic-stricken financial oligarchy, is war. Their profoundly mistaken assumption is, that once a military attack against Iraq is unleashed, institutional investors will rush to buy the dollar as a safe haven in the ensuing crisis. They make the fatal error of assuming that through military means, they can consolidate that “empire” whose financial foundations are crumbling.

Most straightforward was leading neo-conservative John Podhoretz, in a *New York Post* article entitled “October Surprise, Please!” Podhoretz, a spokesman for the Christian Zionist war-mongers and the “Likud lobby,” put it bluntly: “You’re in some domestic political trouble, Mr. President. You need to change the subject. You have the biggest subject-changer of at all at your disposal. Use it. . . . There’s a luscious double trap in starting the war as soon as possible, Mr. President. Your enemies are delirious with excitement about the corporate greed scandals. . . . If you get your troops on the ground quickly, they will go berserk.” Two weeks earlier, fascist “economist” Lawrence Kudlow had told Bush that only a war on Iraq would save the U.S. markets and economy, boosting the stock exchange by 2,000 points.

### Calling Up the Troops

Whereas public discussion of the coming war against Iraq has set a timetable for “early next year,” it is evident, that with the onrushing dollar and market crash, contingencies are being readied for a nearer-term move. The military scenarios for an Iraq war, have been leaked in the U.S. and British press in July with increasing frequency and detail. For example, the *New York Times* on July 5, leaked news of a “military planning document [which] calls for air, land, and sea-based forces to attack Iraq from three directions—the north, south, and west—in a campaign to topple President Saddam Hussein, according to a person familiar with the document.”

The plans foresee “tens of thousands of Marines and soldiers probably invading from Kuwait,” as well as “hundreds of warplanes based in as many as eight countries, possibly including Turkey and Qatar,” which “would unleash a huge air assault against thousands of targets. . . . Special operations forces or covert CIA operatives would strike at depots or laboratories storing or manufacturing Iraq’s suspected weap-



*Operation Desert Storm in 1991. Another U.S. full-scale attack on Iraq, this time, will take place under conditions of worsening financial breakdown, seeking a military solution for a financial collapse. The forces involved will unleash chaos in the region, which may well be an intended effect.*

ons of mass destruction and the missiles to launch them.”

Though putting all this merely in the preliminary planning stage, the paper added: “Nonetheless, there are several signs that the military is preparing for a major air campaign and land invasion,” among them, the following: “Thousands of Marines from the First Marine Expeditionary Force at Camp Pendleton, California, the Marine unit designated for the Gulf, have stepped up their mock assault drills, a Pentagon adviser said. The military is building up bases in several Persian Gulf states, including a major airfield in Qatar called Al Udeid. Thousands of American troops are already stationed in the region.” Furthermore, “the Pentagon has said it has stepped up production of critical munitions. The Air Force is stockpiling weapons, ammunition, and spare parts, like airplane engines, at depots in the United States and in the Middle East.” Other press accounts, though presenting variations, agree that the operation is on. The July 16 *Wall Street Journal*, for example, picked up an earlier wire story regarding a new “mid-size” war plan, which would deploy only 50-75,000 troops and massive air power. This version, would require only two weeks to assemble forces in Kuwait.

The reports of actual troop mobilizations have been independently confirmed by regional sources. Among the deployments cited are the build-up of troops into Turkey’s Incerlik Air Base, and the introduction of limited numbers of special forces into Jordan, where bases were to be made available for U.S. forces. Although the Jordanian government immediately denied the story, speculation was fuelled by the appearance of former Crown Prince Hassan at a well-publicized meeting of former Iraqi military officers in London, over the July 13-14 weekend.

The group of 60-90 former officers discussed how to implement “regime change” in Baghdad. Led by Brig. Gen. Najib al-Salihi, they debated what kind of government a post-Saddam Iraq should have, and could not agree. Najib al-Salihi predicted that once the United States were to attack, the Iraqi army would collapse; Saddam Hussein would be isolated and attempt to flee; and with U.S. air cover, rebel ground troops could take Baghdad. He urged the United States to make clear that it was targeting Saddam Hussein only, to avoid “two armies facing each other.” A committee of 15 officers, representing all ethnic and religious groups, was set up to plan the grand operation.

### **A Meeting for Show**

According to well-informed regional experts, the crew that gathered in London no more represents a viable military alternative, than does the Ahmed Chalabi-led Iraqi National Congress represent a political alternative. Any comparison to the military capabilities and experience of the Afghan United Front (itself not in such good shape), should be treated with ridicule. The significance of the London meeting was not military, but political and psychological: It merely made very public—thanks to the mass presence of British media—that an operation to remove Saddam Hussein is under way.

The presence there of the former Crown Prince and uncle to Jordanian King Abdullah II, raised enormous concern throughout the Arab world. As Brian Whitaker, in the London *Guardian*, reported, Prince Hassan strode to the front of the hall, to take a seat next to Sharif Ali bin al-Hussein, cousin to the last king of Iraq. Prince Hassan told reporters he was there as an “observer,” adding that he supported the “Iraqis’ right to live in democracy, security, and peace.”

The following day, the Jordanian Minister of Information, Mohammad Advan, denied that the government knew about the appearance, “which does not conform to the principled Jordanian stand on brotherly Iraq.” King Abdullah II also intervened, to counter the impact of Hassan’s appearance, reiterating emphatically in an NBC News interview, that no understanding existed between Jordan and the United States for a strike against Iraq. The King also warned that any military action would aggravate Arab frustrations, isolate the United States internationally, and spark violence throughout Iraq.

The facts behind Prince Hassan’s actions are not known. It may be, that under massive American pressure exerted on Jordan, using the stick of military might and the carrot of financial aid, some forces in the Kingdom are flirting with the

option of covertly accepting the U.S. move. It is reported that other Arab nations, have been briefed by the United States that “this time” the operation will work surgically, quickly, effectively; and that anyone who does not go along will find himself in hot water afterward. Those who choose to comply, could reap the benefits of a redrawn map of the entire region.

The scenarios circulated include options for an Israeli move to expel the Palestinians into Jordan, once the attack on Iraq has begun, according to Israeli Prime Minister Ariel Sharon’s strategy that “Jordan is Palestine.” In this event, the Hashemite dynasty would be relocated to a carved up Iraq or an equally carved up Saudi Arabia, and assigned new powers. A gameplan that Deputy Defense Secretary Paul Wolfowitz reportedly discussed with regional governments, including Turkey, foresees partitioning Iraq, with a Shiite South, a Sunni Baghdad (with Hashemite presence), a “Turkic” North around Mosul and Kirkuk, and a Kurdish mountain region.

### **The Stuff That Nightmares Are Made Of**

None of the American and British scenarios and war strategies will work as planned, as *EIR* has shown in detail (“It Will Not Be Desert Storm II,” *EIR*, March 29). As American military professionals have testified, any serious attempt to overthrow the Iraqi government, would require an invasion force of 250,000, which is not readily available. It is a chimera that Kurdish forces in the North and Shi’ite groups in the South could unite to wage effective war, rallying massive popular support. The Kurds’ leaders have repeatedly insisted, that they are not eager to be U.S. pawns in a game that could destroy the relative economic and political autonomy they enjoy. Any aggression by Shi’ite groups would open another can of worms, as some are backed by Iran, a major power in the Persian Gulf, which no one in Washington wants to enhance.

Lyndon LaRouche stressed in a July 8 interview with Iranian national radio, that such a war against Iraq cannot be won, because as soon as the United States attacks, Israel’s Sharon will move to his “final solution” to expel the Palestinians, and most probably attack Iran. Iran, in this case, would not remain idle. Iraq’s response is not known, but it would resist. Turkey will be thrown into convulsions. Deputy Defense Secretary Wolfowitz tried to reassure Turkish officials that the United States would not tolerate a Kurdish entity arising from the conflict; but any break-up of Iraq would trigger civil war, whose effects would be felt in Turkey.

That the war would ignite protest and conflict throughout the Arab and Islamic world is, not incidentally, one of the aims of the entire operation. Chaos of precisely this type, threatening governments across North Africa, the Middle East, the Persian Gulf, and Central Asia, is conducive to military imposition of a new imperial control.

But this would-be empire is in collapse; such havoc intends (unsuccessfully) to save the stock market shards of a failed financial system.

# UN’s Rwanda Tribunal Tainted by Expediency

by Our Special Correspondent

The proceedings at the International Criminal Tribunal for Rwanda (ICTR) in Arusha, Tanzania, raise serious doubts whether it will serve the purpose of contributing “to the process of national reconciliation and to the restoration and maintenance of peace” in Rwanda, as stated in United Nations Resolution 955 which set up the tribunal in November 1994.

Political observers in Arusha say the overall direction of the proceedings is completely one-sided, and that important international aspects of the conflict which led to the catastrophe are excluded from the deliberations of the courts. Some call this victors’ justice, others even say, this is the legal lynching of the former Hutu elite of Rwanda. Considering the fact that the basis for the UN Resolution 955 was a request by the Rwandan Patriotic Front (RPF) government, the least one can say is, that this tribunal is tainted by political expediency in favor of the victorious RPF and the geopolitical intentions of the U.S. and British governments, which backed the RPF in their march to power from 1990 to 1994.

There are now 59 defendants of whom 8 have been sentenced to between 12 years and life imprisonment, 22 are on trial, and 28 are awaiting trial in Arusha. One person, Ignace Bagilishema, former mayor of Mabanza in Rwanda’s Kibuye prefecture, was acquitted and set free. All of the accused were either members of the military, or national and local governments during the time of the late President Juvenal Habyarimana, or they were close to the former ruling party of Rwanda, the MRND. So far, the tribunal has not indicted anyone from the other side of the conflict, the mainly Tutsi RPF, even though it is well known that they, before and after they took power in July 1994, also committed horrendous crimes against the civilian population.

### **Expert Witnesses Excluded**

Defense lawyers for André Ntagerura, Rwanda’s former Minister of Transport, attempted to call two expert witnesses, in the first week of July, to give testimony on the international aspects of the conflict. They were Uwe Friesecke of *EIR*’s Africa Desk, and Wayne Madsen, a retired U.S. Navy officer and investigative journalist. Ntagerura is one of the defendants in the so-called “Cyangugu Trial.” The others are Samuel Imanishimwe, a former commander of the Cyangugu military barracks, and Emmanuel Bagimbiki, a former Governor of Cyangugu Province. All three pleaded not guilty to charges of genocide and crimes against humanity.





*The International Criminal Tribunal for Rwanda, holding war-crimes and genocide trials over the massive killings in Rwanda in the early 1990s, has impeached itself by refusing to allow testimony that any force outside Rwanda itself, was culpable in triggering the massacres. The court is now dealing with massacres which occurred in 1994 in Cyangugu Province, in the Southwest.*

The defense lawyers wanted Friesecke to testify about the international character of the conflict that led to the Rwandan events of 1994, and identify the international actors in this crisis. Madsen was supposed to testify on who shot down the Presidential plane on April 6, 1994 during its approach to Rwanda's Kigali airport, killing Presidents Habyarimana of Rwanda and the visiting Cyprien Ntaryamira of Burundi. After reviewing both written testimonies and hearing oral arguments from the prosecution and the defense, the judges rejected the proposed testimonies as "irrelevant and inadmissible."

The judges recognized that Friesecke's testimony directly challenged the indictment of Ntagerura, insofar as it says that during the events referred to in the indictment, a state of conflict, which was not national in origin, existed in Rwanda. The testimony presents ample proof that the conflict was actually international in character, because without an invasion of Rwanda from Uganda, and constant Anglo-American intelligence support for the RPF invading forces, up to their victory, there would not have been a war in Rwanda in 1994. Nevertheless, the judges argued that it is "common knowledge" that the conflict in Rwanda was not international, but internal in character.

By taking such judicial notice, the judges made a far-reaching decision which will have an impact on all the other

cases before the tribunal. The basis for the tribunal's jurisdiction is a definition of the events of 1994 as a "non-international armed conflict"; this is repeated in almost all the indictments. If that "fact" could be challenged successfully by any defense team in court, the tribunal could lose its jurisdiction, with significant political consequences. But for the time being, the rejection of Friesecke's testimony has excluded that possibility.

Sources close to the tribunal report that higher-level officials of the United Nations and the leading permanent member of the UN Security Council, the United States, fear that the international aspect of the Rwanda crisis of 1994 can not be excluded from the proceedings forever, as most other defense teams also try to find ways of introducing this into

court. Knowing the real history of Rwanda, Burundi, Uganda, and Congo since 1990, one could argue as well that it is by now "common knowledge" that the events in 1994 were an armed conflict of international character. If that were acknowledged by the court, some very uncomfortable questions about the role of the government of Uganda and its President Yoweri Museveni, and the role of the United States and Great Britain, would be asked.

### **Prosecutors From Interested Countries**

The argument that this would shift the responsibility for the massacres away from the local actors, to outside governments and international institutions like the International Monetary Fund (IMF), misses the point.

Through the United Nations, represented by the tribunal prosecution, the international community brings a group of political leaders and government representatives of the former Rwandan government to trial for genocide and crimes against humanity. The *EIR* testimony does not maintain that there were no crimes committed. Clearly, local actors, including representatives of the Hutu political and military establishment at the time, committed crimes; but this is not the whole truth. The same international community which is bringing people to trial, was involved, through some leading governments, as active partners on one side of the 1990-94

conflict, creating the circumstances in which these crimes occurred.

This is comparable to a case, in which a U.S. court recognizes that the government, through counter-intelligence operations, was involved in setting up conditions under which the crimes, of which a defendant is accused, were committed. Such a court may declare a mistrial or demand that the government disclose the full truth of its involvement to the court. In the Arusha tribunal, the prosecutors come from countries which had an interest in defeating the Rwandan government at the time. If this problem is not addressed, the ICTR and the UN will have another very serious problem regarding their own credibility.

According to the *EIR* testimony, Anglo-American interests started the war against Rwanda in 1990; this was part of a continuing geopolitical strategy for change of power structures in Central and East Africa. The evidence known so far is probably just a fraction of the facts which show how deeply the U.S. and British governments were involved on the side of the RPF and the Ugandan government, to topple the Habyarimana government.

The critical period, about which relatively little is known, is between the beginning of 1991, when the new RPF offensive started in Rwanda's north, and the RPF seizure of power in the capital, Kigali, in 1994. Some say that Anglo-American mercenaries fought on the side of the RPF. Others report that U.S. diplomats made open threats to members of the Rwandan interim government of April 1994 to get them to capitulate.

Wayne Madsen, in his written testimony, advanced the hypothesis about who shot down the Rwandan Presidential plane on the evening of April 6, 1994, killing the Presidents of Rwanda and Burundi, and sparking off the last phase of mass killings in Rwanda. Madsen cited, in particular, French sources for the thesis that the plane was shot down by the RPF, with the help of the Uganda government and backed up by Anglo-American intelligence forces. He points to some RPF defectors confirming this hypothesis. Madsen also notes a confidential UN report on the plane attack, which—according to one UN investigator, Australian lawyer Michael Hourigan—uncovered evidence of the RPF's involvement.

According to Madsen and to confidential sources, this report was delivered to the head of the UN War Crimes Tribunal, Judge Louise Arbour of Canada, but was never made public, and the investigation was terminated when details of the RPF's involvement in the killing of the two Presidents and their advisers emerged. The Falcon jet's "black box" was secretly transported to UN headquarters in New York, and information from it is being withheld by the UN under U.S. pressure.

In light of the evidence known now, the theory that "radical Hutus" shot down Habyarimana's plane is no longer credible.

Similarly, there never was an independent investigation of the assassination of Burundi's first elected President Melchior

Ndadaye, a Hutu, in October 1993, which contributed significantly to the rising tensions inside Rwanda before 1994.

The fact that these two investigations into the killing of three Presidents were not undertaken, clearly points to a massive cover-up of the truth behind the tragic events in the region, that culminated in the carnage in Rwanda in 1994.

### **UN's Credibility at Stake, Again**

The failure of the United Nations to act in April 1994, to intervene in Rwanda and stop the killing, has significantly undermined its credibility. Political considerations among some of the five permanent members of the UN Security Council at the time, blocked effective action. Now, the proceedings in Arusha pose the same question of credibility for the UN, and whether there is an internationally recognized standard of law to judge crimes against humanity.

The prosecution at the ICTR insists that the only issues before the court, are the individual local criminal acts of one group of people, the Hutus, who allegedly committed genocide against the Tutsis and moderate Hutus. If this approach continues to guide the courts of the ICTR, the resulting sentences will neither be just, nor will they contribute to reconciliation between Hutu and Tutsi. Why should only one side pay the price for the Rwandan disaster?

But the UN faces a more principled question. In October 1990, the RPF invasion of Rwanda from Uganda started a series of wars and conflicts in the Great Lakes region and the Congo (formerly Zaire), which since then has cost the lives of 5-8 million people, and the killing in the region is still going on. It is the worst destruction of human life since World War II. The reason for this genocidal process was a drive by the Anglo-American powers to change the face of Africa according to their geopolitical desires.

Only as a result of this condition of war, were the criminal acts committed in Rwanda. Will the UN, through the ICTR, lend credence to the thesis that these criminal acts in Rwanda in 1994 were just the result of an ethnic conflict, of Hutu planning to exterminate the Tutsi? In this way, the UN would again act as nothing more than the instrument for the power politics of the Anglo-American members of the UN Security Council.

Right now the U.S. government is exerting pressure on the UN to speed up the ICTR and bring it to an end. Funding considerations are the pretext, but it is an open secret that the United States fears that the longer the ICTR goes on, the greater the possibility that its own involvement in the Rwanda crisis becomes a subject of the court proceedings.

If the ICTR finds 50 or more prominent representatives of Rwanda's old Hutu establishment guilty of genocide, or conspiracy to commit genocide, against the Tutsi and moderate Hutu, then this will be the "common knowledge" about the crisis of 1990 to 1994, and the book of history will be closed. It would be the final justification for the usurpation of power at that time, by the RPF and Paul Kagame in Rwanda,

and for the continuing role of Uganda's Museveni as the most obedient servant to British and American interests in the region. It would also absolve the Western powers from any blame for the conflict.

Justice for the people of Rwanda can only be found if the full truth of the events between 1990 and 1994 comes to light. Besides bringing the perpetrators of crimes from both sides of the conflict before a court, this means, most importantly, to accuse those in positions of power in Washington, London, and Kampala who designed and executed the war policy of the 1990s for East and Central Africa, with its terrible results ongoing to this day. Only then could the full truth be revealed. Right now, the UN and the ICTR are very far from this task, and the decision in the first week of July, to exclude the expert testimony of Friesicke and Madsen, has even increased the distance.

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## Documentation

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# Strategic Considerations of 1994 Rwandan Catastrophe

*From the testimony of Uwe Friesecke, prepared for submission to the International Criminal Tribunal on Rwanda, June 25, 2002. The full testimony will be found on [www.larouche.pub.com](http://www.larouche.pub.com).*

Anglo-American powers with the Francophone powers acting as competing junior partners, caused the crisis in the Great Lakes region of Africa during the 1980s and 1990s in a two-fold manner, and are therefore responsible for the human catastrophe that followed.

First, they ruined the region . . . through the International Monetary Fund's (IMF's) structural adjustment policy economically. Secondly, they intervened with covert operations to manipulate simmering conflicts for the purpose of political control. The combination of both led to the disaster in Rwanda in 1994. To understand this, the following strategic considerations must be taken into account:

1. Events in Rwanda in 1994 have to be seen in the context of the war which started in 1990 and continued in the series of armed conflicts in the Central African region up to the present. It becomes clear that these conflicts are largely founded on a geopolitical strategy of Western powers, most prominently the United States and Great Britain, towards Africa, which can best be characterized as neo-colonialist.

2. The specific involvement of the U.S. and British governments with the party which started the war in 1990, amounts to a far-reaching political, if not juridical indictment of those governments for the criminal consequences of their



*In articles in Kampala's Monitor newspaper in 2001, Ugandan President and one-party ruler Yoweri Museveni, a favorite of the U.S. and British governments, acknowledged in detail his own role in triggering the Rwandan massacres by an invasion of the country.*

actions.

3. The economic conditions imposed by the international financial institutions on the Habyarimana government destroyed the social fabric of Rwanda, right at the time when war was launched against it, intensifying the sense of desperation among the population.

4. The assassinations of three Hutu Presidents within a period of six months escalated the tensions to the bursting point.

5. The Western powers never showed any serious commitment to be the guarantor of the questionable [1991] Arusha peace agreement. After its breakdown, conscious of its consequences, they decided against an intervention to stop the carnage.

6. Events in Rwanda and the region show, that the motivation for Western policy in Africa is not just interest in raw materials. It is also based in the devilish ideology of population control.

7. Those considerations show, that the often-disseminated theory, that events in Rwanda in 1994 were the result of one ethnic group having committed genocide against another ethnic group, is not based on the totality of facts. Therefore, it is highly questionable to consider members of the political elite of this first group to be guilty of having committed genocide because of their affiliation and government function. Such accusations become even more questionable in the case of André Ntagerura, who had been known for his pro-development commitment.

### 1. Anglo-American Neo-Colonial Desire

The Oct. 1, 1990 invasion of Rwanda from Uganda by troops calling themselves members of the Rwandan Patriotic Front (RPF), started a process of devastating regional wars,



*U.S. Rep. Cynthia McKinney (D-Ga.) held hearings in April-May 2001 which clearly established the U.S. and British role in setting off the wars and mass killings which have slaughtered 5-8 million victims in Central and East Africa since 1991.*

which has not stopped to this day. How was it possible that after the end of the Cold War in 1990, the world allowed this part of Africa to collapse to such depth of barbarism and suffering?

In April and May 2001, U.S. Congresswoman Cynthia McKinney [D-Ga.] sponsored hearings before the Subcommittee on International Operations and Human Rights Committee on International Relations, on the humanitarian crisis in Central Africa. In her opening statement, McKinney said: "The accounts we are about to hear today assist us in understanding just why Africa is in the state it is in today. You will hear that at the heart of Africa's suffering is the West's, and most notably the United States' desire to access Africa's diamonds, oil, natural gas, and other precious resources. You will hear that the West, and most notably the United States, has set in motion a policy of oppression, destabilization; and tempered, not by moral principle, but by a ruthless desire to enrich itself on Africa's fabulous wealth.

"While falsely pretending to be the friends and allies of many African countries, many Western nations, and, I'm ashamed to say, most notably the United States, have in reality betrayed those countries' trust, and instead, have relentlessly pursued their own selfish military and economic policies. Western countries have incited rebellion against stable African governments by encouraging and even arming opposition parties and rebel groups to begin armed insurrection. The Western nations have even actively participated in the assassination of duly elected and legitimate African heads of state, and replaced them with corrupted and malleable officials.

Western nations have even encouraged and been complicit in the unlawful invasion by African nations into neighboring countries."

## **2. The U.S. and British Governments**

In the course of the power struggle in Rwanda after 1959, tens of thousands of Tutsi fled into exile to neighboring countries or overseas. By the middle of the 1980s, a Rwandan Tutsi diaspora was well established in the United States, Canada, Belgium, Uganda, Kenya, and other African countries. . . . In Uganda, the Rwanda Refugees Welfare Association (RRWA) was organized. It later became the Rwandan Alliance for National Unity (RANU). . . . Its seventh congress was held again in Kampala [Uganda] in December 1987, when the name was changed into Rwandese Patriotic Front (RPF).

A further consolidation of the RPF's strategy to mobilize the exile community for a return to Rwanda took place at the world congress of Rwandese refugees held in Washington in August 1988. This congress was organized by the Association of Banyarwandans in Diaspora in Washington, supported by the U.S. Committee of Refugees, a government-funded organization the executive director of which was Roger Winter. The Banyarwanda newsletter at the time thanked Winter for his "daily efforts and contacts on their behalf." Roger Winter became a committed lobbyist for . . . the RPF in Washington. He was among the RPF troops when they made their final move towards Kigali in the summer of 1994. . . .

The declared RPF intention to return to Rwanda by force should have prompted a strong counter-reaction from the U.S. government, because it clearly is a violation of international conventions. . . .

The RPF leadership drove its commitment to return to Rwanda, if need be by force, to its conclusion, and invaded Rwanda from Uganda on Oct. 1, 1990. The overwhelming majority of these well armed fighters were active members of the Uganda National Resistance Army (NRA). The military leaders of the RPF were all high-ranking officers in [Yoweri] Museveni's [Ugandan] army. So it would be fair to say, that on Oct. 1, 1990 the Ugandan Army invaded Rwanda, even if they called themselves "rebels". . . .

The invasion of Rwanda in October of 1990 took place while world attention was already focussed on the United States' build-up for the war against Iraq, which began in January of 1991. Iraq was punished because of its invasion of Kuwait in the Summer of 1990. But, for the Ugandan invasion of Rwanda, a different logic applied. That invasion was not only not criticized, but fully supported by the U.S. and British governments. . . .

It was, ironically, the Ugandan President himself, who admitted this support for the RPF. In an article for the Ugandan newspaper *The Monitor*, he wrote on May 30, 1999 that "Uganda decided on a two-course action. 1. To help the Rwandese Patriotic Front (RPF) materially so that they are not defeated. 2. To encourage the dialogue between President

Habyarimana and the Rwandese in the diaspora.” In the same article, Museveni recalls, how he had trained the RPF leader Fred Rwigyema as a young boy in Mozambique for guerrilla warfare, and how Rwigyema, then a major general, was among 4,000 men of Rwandan origin, who were part of Uganda’s new army.

Museveni then explained that in 1996 he gave Major General [Paul] Kagame, by then in power as Minister of Defense in Kigali, the idea to “recruit a force of about 1,200 soldiers from among the Masisi Tutsi, train them and make them part of the Rwanda Patriotic Army, in order to keep them as a stand-by force.” Kagame actually implemented the idea, and by August of 1996 had 2,000 of them ready for the invasion of Congo/Zaire which was the beginning of [Laurent] Kabila’s march to power.

The Ugandan President described in these articles, that he had followed the same *modus operandi* in preparing the invasion of Rwanda in 1990. Museveni had these several thousand men and high-ranking officers of Rwandese origin as a stand-by force for an attack on Rwanda, in his army, the Uganda National Resistance Army (NRA). When they attacked, they were called “Tutsi rebels” even though they were the Ugandan army. . . .

Sources report, that [Museveni] introduced the RPF leader, Paul Kagame to [Britain’s Minister of State for Foreign and Commonwealth Affairs Lynda Chalker]. After the RPF took power in Kigali in July of 1994, Lynda Chalker was the first high-ranking Western official to visit Kigali. She immediately set up an embassy in Kigali, which Britain did not have before. During her visits to the region, besides seeing Museveni in Kampala, she would always stop over in Kigali, where Paul Kagame would rearrange his schedule to meet with her. . . . Her relationship to the RPF leader, now President of Rwanda, is still close. . . .

## 5. The Failed Arusha Peace Negotiations

The U.S. and British governments’ attitude towards negotiations between the two war parties in Rwanda show the same questionable approach as their support for the war in 1990. The premise of these negotiations, which started under U.S. and French guidance in July of 1992, was to justify and legitimize the RPF’s invasion, after the fact. The RPF had engaged in warfare against an internationally recognized sovereign government, and yet they were accorded the same status as this government. . . .

The United Nations has admitted to their failure in Rwanda in 1993 and 1994. The real scandal though is the behavior of the governments in the UN Security Council, which were first of all responsible for UNAMIR’s [the UN Assistance Mission in Rwanda] weakness. Secondly, especially the American and British governments refused [to allow] any effective military reaction by the UN, to the consequences of the killing of President Habyarimana. Against the urgent request from the UN commanders in Kigali, the UN

Security Council decided to reduce rather than to increase the manpower for UNAMIR.

Thus, the explosion of violence against civilians and the mass killings which followed the death of the President, took their toll without limits. The U.S., British, French, and Belgian governments were fully aware of the carnage going on. Why did they not act? On April 21, [1994] the UN Security Council decided to withdraw UNAMIR, but one week later the same Security Council decided to increase Unprofor for the Balkans by more than 6,000 troops. Were the Western governments calculating to have the RPF take power first, and only then intervene?

## Madsen: Aircraft Attack Triggered the Genocide

*This introductory summary of the testimony of former U.S. Naval Intelligence officer Wayne Madsen, was prepared for submission to the Tribunal, and titled, “The 1994 RPF Attack on the Presidential Aircraft Directly Prompted the Conflagration of Rwanda.”*

After six years of research on the April 6, 1994 shoot-down of the aircraft carrying Rwandan President Juvenal Habyarimana and [Burundian President] Cyprien Ntaryamira, I have concluded there are eight hypotheses on who and what interests were behind the aerial assassination. After countless hours of researching documents provided to me under the U.S. Freedom of Information Act, official documents provided to me, personal interviews with government and non-government officials, ranging from former UN Secretary General Boutros Boutros Ghali to UN investigators who investigated the aircraft attack in Rwanda and reached the same conclusions as myself, it is my belief that the Rwandan Patriotic Front led by Paul Kagame was responsible for the shooting down of the Presidential aircraft, and this blatant act of international terrorism directly resulted in the conflagration that followed.

I have detailed below eight hypotheses on the perpetrators of the attack. It is my belief that the first—that the RPF was responsible—is the most veracious. Although I do not believe that the United States was directly responsible for the attack (Point 6), the overwhelming military and political support rendered to the RPF and Kagame (beginning as early as 1990 under the administration of George H.W. Bush) and the supply by the United States, via Uganda, of advanced weapons, and training in their use . . . to the RPF prior to April 6, 1994, suggests that certain members of the U.S. intelligence and military communities played a direct role in aiding and abetting the RPF in planning the terrorist attack on the Rwandan Mystere Falcon on April 6, 1994.

# Cocaine Front-Man Set To Take Over Bolivia

by Gretchen Small

Presidential and Congressional elections were held in Bolivia on June 30, but 15 days later, the only result yet known with certainty, is that no candidate or party won a mandate to govern. No Presidential candidate received even 25% of the vote. Worse, Evo Morales, the head of the coca-growers, an ally of Colombia's narco-terrorist Revolutionary Armed Forces of Colombia (FARC), and pawn of megaspeculator George Soros's international dope support apparatus, won second place, with 21% of the vote.

The *New York Times* and other Anglo-American mouthpieces, portray Morales as an authentic "copper-skinned Indian" leader, whose election victory, combined with some 6% of the vote for the other coca-grower candidate, Felipe Quispe, signals an "Indian" resurgence across the region. Quispe is a lunatic, who cheered the Sept. 11 destruction of the World Trade Center and called for more such actions. He horrifies most Bolivians; but not the London *Financial Times*, which expounded in its Feb. 2-3, 2002 issue that Quispe "cannot be brushed aside as an extremist," but should be understood as a leader who intends "to turn Bolivia into an indigenous nation, and build an Indian brotherhood across the Andes."

Their skin may be darker than that of the financiers backing them, but this operation is anything but "indigenous" to Bolivia. In *EIR* of June 5, 1998, we exposed the existence of an international project, of Soros and foreign drug-legalization activists, to reduce Bolivia to a narco-terrorist war zone. The instrument of this foreign-run project against Bolivia, we reported at the time, was Evo Morales. It was this operation which helped fund Morales' various international travels, turning this two-bit local coca-grower thug into an international poster boy.

Among his international travels was a 1996 visit to southern Colombia, where he met with the FARC, the most sophisticated and well-trained narco-terrorist force—and its number-one cocaine cartel—in the Americas. That same year, he announced his intention to turn the Chapare, then the main coca-cultivation region in Bolivia, into a separate narco-state. "The Chapare will be a new version of the Mexican state of Chiapas, in the heart of South America," he said.

In 2000, he threatened he would turn all of Bolivia into a "mini-Colombia." It was around that time that reports began to surface that members of the FARC were in Bolivia, to train what Morales refers to as "a *cocalero* army."

Emboldened by the June election results, Morales now threatens to unleash a "popular insurrection," should his demands not be met. Those demands include the legalization of all cultivation of coca, and the right to trade it internationally.

## U.S. Policy Must Change

Bolivia is located at the center of the South American continent. With Morales' election victory, the Soros project to seize the heartland of South America has entered its definitive phase. Without a change in U.S. policy toward the region as a whole, Bolivia is heading toward civil war and disintegration.

Not coincidentally, the same week as Morales' stunning election gains, the Alejandro Toledo government in Peru cut a deal with striking Peruvian coca-growers, to suspend the coca-eradication programs in that country. The announcement was made by Hugo Cabieses Cubas, an official of the government's anti-narcotics agency, Devida, who claimed that the programs were "too bureaucratic."

Cabieses is part of same Soros operation which runs Morales. In fact, Cabieses was arrested by Bolivian authorities, along with a dozen other Peruvian and Bolivian leaders caught planning actions against the Bolivian government, at an April 1995 meeting of the Andean Council of Coca Leaf Producers (CAPHC). Arrested also at the meeting, was CAPHC president Evo Morales.

## Betrayal by the United States

Peru and Bolivia were once the two top producers of coca—from which cocaine is made—in the world. Both are extremely poor nations, but in the 1990s their leaders made the decision to drive the drug trade out. Had the United States not betrayed them, those nations could have done so.

After breaking the back of the narco-terrorist apparatus in the country, the Alberto Fujimori government in Peru had gone after coca cultivation. They reduced it, in a few years, by 70%—until Madeleine Albright's U.S. State Department teamed up with Soros to overthrow Fujimori in 2000.

After President Hugo Bánzer took office in 1997, the Bolivian government launched Operation Dignity, a systematic effort to drive out the drug trade by the end of his term, in 2002. At the time, Bolivia's role in the drug trade was no longer limited to coca-growing, but had penetrated every aspect of national life. Cocaine laboratories were proliferating, and drug use was rising. The government plan warned: "Either [drug trafficking in Bolivia] is destroyed immediately, and once and for all, or Bolivian society will have to live with it forever. . . . Efforts that go halfway will not lead to positive outcomes," but, rather, "will divide Bolivian society, and such a rupture could lead to fatal consequences for Bolivia of the 21st Century."

The government estimated that at least 80,000 people were directly involved in the drug trade. To free the country, the government knew it had to create economic development in the areas where the coca growing was to be wiped out: projects to provide energy, water, sanitation, health care, edu-

cation, roads, irrigation systems, and technical aid for agro-industry were needed. Bolivia would need international economic aid, and an active role by the government in fostering industry, protecting production, and regulating the economy.

President Bánzer died of lung cancer before the end of his term, in 2001, and was succeeded by his Vice President, Jorge Quiroga. The government, nonetheless, largely succeeded in wiping out illegal coca cultivation, as they had set out to do. But, they received no economic aid, and the World Bank, instead of allowing a protectionist policy, moved in a team of “free trade” fanatics, which produced great macroeconomic statistics, and less than nothing for the population. The drug trade was shut down, but no new production was fostered to replace it, at the same time that the global economic depression hit full force. Very few, if any, of the economic projects outlined in Operation Dignity ever saw the light of day. Thousands of families were left without food for their children—and became cannon fodder for the politics of rage of Soros’ man, Morales.

## The Continent Is Shattering

Now, a new mass-based narco-terrorist force looms in the heart of South America, in a situation where there is not one government in the continent which can claim to have a secure hold on power.

Yet, Bolivia’s crisis is not unique, but rather proto-typical of the ungovernability which has been created across the continent by 20 years in which governments were not allowed to rule, except as they followed International Monetary Fund (IMF) dictates. The looting of national resources through privatization, free trade, and manipulation of currencies; the generalized drastic lowering of wages and salaries, in the name of “improving competitiveness”; the shutting down of health care, sanitation, education, and other public services, declared necessary to “reduce the bloated state”; and all the other scams imposed in the name of “neo-liberalism,” have driven *every* country to the point of disintegration.

The scope of the crisis is stunning. National protests which began on July 15 threaten to bring down the government of Paraguay. Uruguay is running headlong into national bankruptcy, of the same scale as that which felled Argentina in December 2001. Six months later, the Argentine crisis has reached the threshold of territorial disintegration; some Argentine governors now talk of setting up separate nations, with delusions they could thus cut “a better deal” with the international powers. Rational people in Chile and Brazil know they are not far from similar explosions.

Conditions in the Andean region are out of control. A million people joined protest marches in Venezuela, again, on July 11, demanding President Hugo Chávez get out, now. Chávez’s Jacobin forces have no intention of giving up power, but are preparing for civil war. Popular protests have once again begun to shut down Ecuador’s oil industry, and leaders of the radical indigenist movement in that nation promise that they will elect an “Ecuadoran Morales” in the next elections.

To extend his stay in office a bit longer after mass protests against privatization swept the country on July 12, Peru’s President Toledo sacrificed the two figures Wall Street demanded be in his government: Economics Minister Pedro Pablo Kuczynski and Prime Minister Roberto Dañino. Toledo admitted that he was “relaunching” his government, hoping that putting new faces on the same policies will do the trick.

Colombia’s President-elect Alvaro Uribe Vélez, the only President to receive an election mandate to govern—when he won over 50% of the vote in the May elections—may not have many municipal and local governments left to work with, by the time he assumes office on Aug. 7. Mayors, judges, prosecutors, and other officials are resigning en masse, after the FARC issued an ultimatum that all local officials nationwide quit, or be killed.

This is the situation in which Bolivia’s new President will assume office on Aug. 6. Who that shall be, is yet to be decided. Because no candidate won 50% of the vote, it falls to Bolivia’s Congress to elect the President from between the two front-runners. The candidate who came in first, with less than 22.5% of the vote, is former President Gonzalo Sánchez de Lozada (1993-97), a millionaire mining baron, a leader of the Anglo-American bankers’ Inter-American Dialogue, and a strict IMF neo-liberal. If he be elected President again, and does not radically reorient economic policy to rebuilding the country, the popular rage will rally behind Morales, unless other, nationalist leadership steps forward.

The arrogant U.S. Ambassador to Bolivia, Manuel Rocha, recently demonstrated once again that arrogant “tough guy” policies can only backfire. Five days before the election, when Morales was getting 10% in the polls, at most, Rocha gave a speech, stating, “I want to remind the Bolivian electorate that, if they elect those who want Bolivia to become an exporter of cocaine again, that they will endanger U.S. aid.” Instead of intimidating voters, as he purportedly hoped, Rocha’s threat is widely credited with sending Morales’ vote soaring, especially among anti-American university students. Morales had sought to paint himself as a “nationalist” leader during the campaign, claiming that *he* was the candidate who would “drive the gringos [Americans] out,” including from all the formerly state-owned mines sold off to foreigners in the 1980s. After Rocha’s speech, a grinning Morales quipped that Rocha was serving as his campaign manager.

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# Afghan Warlordism Revived by Washington

by Ramtanu Maitra

Washington's anti-terrorist war in Afghanistan is over. What that war turned out to be, in a nutshell, is removal of the Taliban from power and scattering of Osama bin Laden's al-Qaeda. There exists now a looming danger that Afghanistan will slip back to the anarchic state which typified the 1980s and gave rise to the Taliban orthodox Islamic movement as a reaction against it.

Where the war went wrong, will soon be the question of the day. The United States had no real interest in doing things right in Afghanistan. But, let us assume for a moment, that Washington indeed wanted to do things right. Then one would find that nothing happened in Afghanistan which should surprise any keen observer. Wrong from the outset were the concept, the operational management and then, of course, the hands-on attempt to micro-manage a complex social order. The arrogance to disregard these key factors stems from Washington's assumption that "daddy knows best." What should the camel-riding Afghans know about running their own country?

## Washington's Signature Tune

This arrogant and infinite ignorance of the Bush Administration, particularly of the Pentagon, was best exhibited by two recent incidents which led the London *Guardian*, in its editorial on July 15, to ask the United States troops "to pack up and leave." Closer to the ground, one Afghan general told *Washington Post* correspondent Pamela Constable that "the warlords were finished, but now they are being revived with American help."

The more important of the two incidents was the blatant micro-management of the emergency Loya Jirga (Grand Council) in June, by Washington's private Afghan, Zalmay Khalilzad, the American plenipotentiary representative. This assisted the revival of the warlordism in Afghanistan.

The second incident is the weaving of a web of misstatements and callous pronouncements that followed, when 48 Afghans were killed and 117 injured, by a misdirected high-tech U.S. bomb, which struck a wedding party in the middle of night, in Uruzgan province. U.S. officials, notably Deputy Defense Secretary Paul Wolfowitz on July 16, found it more apt to wriggle out of any responsibility than to say a few kind words to the bereaved families.

The fall-out of these two incidents has begun to affect the situation on the ground, and lead to a point at which the Afghans may soon identify the United States as an enemy as great as the Soviet Communists they had fought and driven out in the 1980s.

Things do not have to go to that extreme, but they might. The vulgar manipulation by Khalilzad, who arm-twisted the ex-King Zahir Shah to hand over the Presidency of the transitional Afghan government to Hamid Karzai, was quickly noticed by the ethnic Pashtun community, to which both Karzai and Zahir Shah belong. Pashtuns identified this as an interference in Afghan affairs by a foreign nation with the assistance of a token Afghan. The perception led to suspicions that Karzai, the handmaiden of Washington and otherwise a virtual non-entity in the community, would deliver Afghanistan on a platter to the United States. There are reasons for having such suspicions.

One of the reasons is that the Pashtuns were convinced by the United States, prior to the October 2001 invasion, that ex-King Zahir Shah would be supported by Washington to usher in a state of relative social harmony for rebuilding Afghanistan's basic infrastructure. In order to achieve this end, the United States said it would bring in the octogenarian Zahir Shah from his 29 years of self-imposed exile in Rome and back him to the hilt. Two Pashtun collaborators—Abdul Haq and Hamid Karzai—were activated by the United States to send the "good word" to the Pashtuns, who had been the basis for the Taliban movement. It should be noted that socially, financially, and as a mujahideen fighter, Haq was much ahead of Karzai.

Both these Pashtun "friends" of Washington entered Pashtun territory in early October, with bags full of money to incite the Pashtuns against the Taliban. Haq was seized by the Taliban, and the Americans, for reasons not quite clear, did not respond in time. He was killed.

Karzai, who went to his native province of Uruzgan, fled to the hills and was rescued in time by the Americans. So, it seems that Washington preferred one Pashtun friend over the other, although both had had direct links to U.S. intelligence for years. The one who survived, ousted the ex-King with the help of Khalilzad, who had worked with the most powerful people in Washington for decades. To the chagrin of Washington, Pashtuns have seen through this game.

## The Opium Factor

The Pashtuns, however, were given yet another clue earlier this month. On July 6, Abdul Haq's elder brother, the all-powerful Governor of Nangarhar province in the early 1990s, Haji Abdul Qadir, was gunned down in front of his office on his first day at work as one of Karzai's three vice-presidents. Qadir's brother, Haji Mohammad Din, who rejected Karzai's offer to assume his dead brother's job, made it clear at Jalalabad, the capital of Nangarhar province,



that it was not Allah's hand that took Qadir away from his people, but lack of security. He asked Karzai rhetorically why Qadir was not given the security he required.

Indeed, Haji Din has a good reason to ask that question. Haji Abdul Qadir was not just another Pashtun leader, but a powerful mujahideen leader as well. He had welcomed Osama bin Laden in Jalalabad, after the Yemeni renegade relocated from Sudan to Afghanistan. Haji Qadir also ran a massive drug empire, along with the convicted Pakistani drug baron Ayub Afridi, and two native Pashtun warlords, Hazrat Ali and Haji Zamman Khan. Hazrat Ali and Haji Zamman Khan had lately become unfriendly to Haji Qadir, following the latter's emergence as a crusader against opium at the behest of Karzai and the United States. But that happened only recently.

In the early and mid-1990s, Haji Qadir ran a private airline between Jalalabad and Dubai. In Dubai, his brother Abdul Haq, a close friend of former U.S. National Security Adviser Robert McFarlane, ran a string of electronic goods shops. The planes would carry heroin from Afghanistan and bring back electronic gizmos for sale to the *nouveaux riches* Pakistanis who benefitted from the exploding drug and gun market in the area. Ayub Afridi did the selling for Haji Qadir.

It was a neat little business. Those involved became millionaires. Washington, disturbed by the heroin flowing into the United States, wanted to convict Afridi, but not Qadir. Before Pakistan could get its hands on Afridi, the drug baron took Haji Qadir's plane to Dubai and surrendered to the U.S. Embassy there. Subsequently, Afridi was brought to America, convicted, spent about 42 months in prison, and then went back to Pakistan. In Pakistan, he was arrested again and was convicted for drug-trafficking in August 2001. For reasons one could only guess, Afridi was released from jail at the behest of the Pakistani Inter-Services Intelligence (ISI) and was sent to the Afghan-Pakistan border.

In 1996, the Taliban took over Nangarhar province and kicked Haji Qadir out, taking control of his drug empire. Haji Qadir came to Pakistan, but Islamabad did not want an anti-Taliban Pashtun with links to U.S. intelligence, so he went to Germany. Following Abdul Haq's death in late 2001, Haji Qadir tried to position himself as his brother's successor. At the Bonn Conference on Afghanistan in January 2002, Haji Qadir tried to get the job of chairman of the Afghan interim government. It fell instead to Hamid Karzai. Haji Qadir, however, joined the Karzai Cabinet as Minister for Urban Reconstruction. At the Loya Jirga in June, he actively backed Karzai and told the ex-monarch to give his blessing to Karzai. Despite all his cooperation on behalf of the Americans and Karzai, Haji Qadir was dead on July 6.

Who killed Qadir? It could be any of the following: the Taliban renegades; or the Pakistani ISI; or the insiders within Karzai's Pashtun network; or the drug network led by Hazrat Ali and Haji Zamman Khan; or the drug warlords of Afghani-

stan; or the angry followers of ex-King Zahir Shah; or the Panjshiri-Tajiks, who dominate the Karzai Cabinet and consider Haji Qadir a threat; or the anti-American Pashtun warlord network now represented by the 1980s CIA asset Gulbuddin Hekmatyar; or the all-subsuming al-Qaeda. Washington, of course, would like all to believe that it was al-Qaeda. It beats one's imagination how al-Qaeda could pull off such an assassination in Kabul, the liberated capital of Afghanistan.

## Whither Karzai?

The fashion-crazy blue-eyed Pashtun of Washington, Hamid Karzai, is in trouble. Removal of his rivals make things even worse. He is now suspect in the eyes of the Pashtuns. But, Washington is not helping him at all. For instance, the U.S. bombing of the wedding party in Uruzgan province on July 1, drew immediate angry responses from Karzai. He did that because he, like the Taliban leader Mullah Mohammad Omar, was born in Uruzgan and he sensed the Pashtuns would take this incident seriously. They will hold him responsible for his inability to curb the American military. They could even think worse, Karzai fears.

But the United States is oblivious to this dynamic. The Pentagon first denied, then tried to fudge the numbers to say that not many were killed, and then brought in Paul Wolfowitz to declare that it was unfortunate, and yet justified, because "bad guys" were in the area. The "bad guys," in Wolfowitz's dictionary, are the Taliban who, no doubt, are in abundance in Uruzgan and in most of southern and eastern Afghanistan.

Wolfowitz's statement is bound to have a negative effect. He stayed for 24 hours and then came back to the safety of homeland security, but thousands of U.S. troops will have to carry on with the dirty work in Afghanistan. Hundreds of foreigners with the non-governmental organizations will also remain. Wolfowitz's arrogant statement has endangered the lives of all these people. Angry Pashtuns, in all likelihood, will seek revenge the same way they sought it against the Soviet Communists.

Another sign that the time is up for the United States was noticed in mid-July, when Gul Agha Shiraji, the corrupt Governor of Kandahar and a longtime U.S. asset, came out saying the United States military will have to seek permission of the local provincial authorities before carrying out any military operation. Gul Agha Shiraji may rest assured that this is not going to happen. It is inconceivable to the Pentagon that it would seek permission of such "lowly" individuals, who are propped up by the grace of Washington. The Pentagon would "justify" overruling Shiraji's demand, by saying that such policy would compromise intelligence and success.

However, if the Karzais and Shirajis are undermined further, it is almost a certainty that the rest of the Americans' stay in Afghanistan will be most unpleasant.

# Has India Abandoned Its 'Monroe Doctrine'?

by Ramtanu Maitra

The keystone of New Delhi's regional policy during the 1970s and 1980s was its deep-rooted suspicion of foreign powers meddling in the region. In November 1988, when President Maumun Abdul Gayoom of the Maldives (a cluster of islands in the Indian Ocean and a member of the South Asian Association of Regional Cooperation), fighting off a coup, had sought Indian assistance, Indian Prime Minister Rajiv Gandhi sent 1,600 troops within 24 hours to restore order in the capital, Male. That operation, much discussed over the years, was indicative of India's determination to respond against potential foreign involvement in its vicinity, which New Delhi always considered its sphere of influence.

The 1971 intervention by Prime Minister Indira Gandhi to form Bangladesh out of East Pakistan, however, was borne out of a different policy. Formation of Bangladesh was primarily to weaken Pakistan, a nation which remained hostile to India since their inception in 1947, and thus to diminish the potential for conflict in India's east.

Rajiv Gandhi's punitive actions against Nepal for the monarchy's dalliance with China, and his demand on Sri Lanka in 1987 not to give military bases to any external power, were other examples of New Delhi's determined efforts to dictate policy to these nations to ensure India's physical security.

## Change in Attitude?

However, it seems things are changing, albeit slowly. The Atal Behari Vajpayee Administration has become less reactive and, in effect, more accommodating to foreign nations' participation in conflict-management in the region.

What appears to be a shift in India's attitude was noticed recently in the cases of Nepal and Sri Lanka, two small nations adjacent to India. They were zealously protected by New Delhi as its virtual adjuncts throughout the 1970s and 1980s. But now, India has allowed the United Kingdom to play a role in helping to bring Nepal's civil war-like situation to an end. Washington has also joined the fray, by backing the Nepali monarchy and its army against the fast-growing Maoists. India has not responded negatively to these interventions.

In Sri Lanka, India intervened first on behalf of the separatist Liberation Tigers of Tamil Eelam (LTTE), in the early 1980s, and then shifted its position to back Colombo

against the marauding Tamil Tigers. India even sent troops to Sri Lanka to disarm the Tigers. Sabotaged from within, that mission failed miserably, and the disastrous intervention in Sri Lanka showed how warring groups in a neighboring country would seek to draw India into their internal conflicts on one side or the other, and eventually target India itself as the threat.

Since the May 1991 assassination of former Prime Minister Rajiv Gandhi by the Tamil Tigers, India disassociated itself from the goings-on in the Sri Lankan civil war, and in effect, backed the Sri Lankan government against the Tigers. But, again, the objective of New Delhi's policy at the time was not to ignore the Tamil discontent against the Sri Lanka government in Colombo, but to bring to the resolution process only those who were keen to negotiate a peaceful settlement of the two-decades-old conflict. Early this year, when the Norwegians came with a proposal to negotiate between the two warring factions, India welcomed the initiative.

In the long-disputed State of Jammu and Kashmir, however, India has maintained its earlier position, which says that the more than 50-year-old dispute with Pakistan will be resolved only through bilateral dialogue. But there are also indications that India is not unwilling to seek the assistance of the United States, Russia, and the United Kingdom to exert pressure on Pakistan to create an environment for beginning a meaningful dialogue. Are these, then, signs of India's weakness, or helplessness or tiredness? Or, is it a new-found confidence?

New Delhi interprets the shift in none of those terms. It is evident to New Delhi that it has no real reason not to allow others to apply pressure on both the Tigers and Colombo to give up their failed policies, or to allow the Nepali Army to receive U.S. military assistance in its efforts to defeat the Maoist extremists. In essence, New Delhi considers this new policy as an application of good, common sense.

## Sri Lankan Imbrolio

New Delhi's role in the Sri Lankan conflict over the years is a subject of much heartache in India. While the majority of Indians acknowledge the legitimacy of ethnic Tamil grievances, the threat posed by the Tamil Tigers in the region is also understood. The Tigers, who were once trained, sheltered, and supplied with ground intelligence by the Indian intelligence outfits, have become one of the most ruthless terrorist groups in the world. Its large diaspora, and its vast financial and physical network, have drawn into its fold the Indian Maoists in the states of Andhra Pradesh and Bihar, and a number of powerful secessionist groups operating in India's Northeast. The Tamil Tigers have also developed a vast drug-and-gun network, which includes such anti-India groups as Pakistan's Inter-Services Intelligence (ISI).

India's interest in keeping Sri Lanka under its security fold was not a product of the Cold War. As far back as 1945,

Jawaharlal Nehru, who became India's first Prime Minister following India's independence from British rule in 1947, was enunciating the thesis that since Sri Lanka (then Ceylon) was culturally, racially, and linguistically as much a part of India as any province of the Subcontinent, the island should join the Indian federation. There was, however, no active effort made later to form a confederation with Sri Lanka.

In 1985, when Rajiv Gandhi became India's Prime Minister, New Delhi began to crack down on militant camps on Indian soil, while attempting to negotiate a Sri Lanka-Tamil militants peace agreement. The attempts failed, until India agreed to take on a proactive peacekeeping role in the conflict. Under the terms of the 1987 Indo-Sri Lankan Accord, India sent a peacekeeping force to the Tamil-dominated northern and eastern provinces of Sri Lanka. The plan was to demilitarize the area and place it under an interim provisional administration until elections for a joint provincial administration could be held.

The Accord came under severe criticism inside Sri Lanka, and Colombo was accused of surrendering its sovereignty under pressure from a powerful neighbor. Riots broke out against the Sri Lankan government. At the same time, the Indian Peace Keeping Forces (IPKF) found out that the Tigers were in no mood to disarm, and were ready to confront the Indian troops. Colombo, in its effort to subvert the Accord it had co-signed, began using the Tigers as an excuse to bog down the operation. There was no doubt that Colombo was providing the Tigers with arms and intelligence, to kill off the peacekeeping forces and humiliate the Indian Army.

Though the IPKF was targeting only the Tamil separatists, hostility among the ethnic Sinhala majority to the IPKF presence mounted steeply and, following elections in late 1988, the Sri Lankan government, under President Ranasinghe Premadasa, asked the IPKF to withdraw when their mandate expired in early 1990. Amid growing domestic and international criticism, New Delhi brought back the troops with a firm resolve not to return. The LTTE assassination of Rajiv Gandhi in 1991 effectively made the Tigers sworn enemies of India.

Almost ten years later, in 1999, when Sri Lankan President Chandrika Kumaratunga again asked India for military aid, the Indian government provided her with all possible support short of military aid.

The current cease-fire, and the Norwegian-brokered peace talks set to start in the coming weeks between the Sri Lankan government and the LTTE, represent the best hope for peace in Sri Lanka in seven years. The Norwegian-brokered peace effort was wholly supported by New Delhi, and India has made clear that it would not participate in the peace talks. It is nonetheless evident, as exemplified by Sri Lankan Prime Minister Ranil Wickremasinghe's recent visit and regular interaction with New Delhi, that continuing Indian support for the peace talks is imperative for their success.

## The Nepal Crisis

Earlier, the mainstream security thinking in India was focussed on the task of maintaining Indian autonomy in an international order that was thought to contain a would-be hegemonic power, the United States. A related security goal had been to limit the ability of the United States and China to intrude into the affairs of India and its immediate neighborhood. That neighborhood includes Nepal, and India's policy had earlier been the maintenance of Nepal as a buffer between itself and China.

Nepal is now engaged in a bloody civil war. The war involves the rural Maoists, who are also gaining ground in urban areas, and the monarchy. A weak parliamentary system, brought about with covert assistance from India in 1990, has achieved little more than to reduce the absolute power of the monarchy. But the internal quibbling among the political groupings has kept the political parties from playing a significant role in the conflict.

New Delhi is deeply concerned about developments in Nepal. The well-armed Nepali Maoists have developed strong links with the Indian Maoists in the bordering Indian state of Bihar, and also with foreign terrorist groups such as Shining Path of Peru and the Revolutionary Internationalist Movement of the U.K. There were also reports of the Pakistani ISI

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exploiting the volatile situation to create further problems in India's ill-governed northeastern states and in Bihar.

Nepal is a landlocked nation whose access to the outside world is through India and China. Too much Indian involvement in Nepal has created strong anti-India lobbies in that country. In fact, the Nepal Maoists have openly addressed India as their main enemy. They also accuse India of conspiring with the monarchy to keep Nepal within its fold and of providing a staging ground for anti-China activities.

The anti-India activities in Nepal center around a number of issues, the most important of which is the 1950 Treaty of Friendship that deals with all aspects of Indo-Nepali relations. Nepalis feel that this treaty was imposed on them in 1950, when Nepal was not a democracy, and India acted as the colonial successor of the British. During their recent meeting in New Delhi, the Nepali and Indian Prime Ministers asked their foreign secretaries to look into this matter and submit their proposals within six months.

In addition, the approximately 1,800 kilometer Indo-Nepal border adjoining the Indian states of Uttaranchal, Uttar Pradesh, Bihar, and West Bengal is of great concern to both countries. For Nepal, trafficking in drugs and terrorist activities top the agenda, whereas India is concerned with the trafficking of drugs and women, smuggling, illegal trade, and large-scale immigration from Nepal. Nepalis living in border districts also complain about migration from Bihar and Uttar Pradesh into Nepal, in addition to criminal elements taking refuge and creating problems in their country. Other issues, mostly dealing with the sharing of Nepali river water, have muddied Indo-Nepali relations.

### **Why India Shifted Its Policy**

Several factors might have played a role leading to New Delhi's shift in dealing with foreign involvement in its region. To begin with, India never succeeded in fully implementing its version of the Monroe Doctrine.<sup>1</sup> Pakistan successfully resisted this from the outset, and drew the United States and China into the regional equation. The U.S. involvement in the region was largely guided by Cold War considerations of containing communism and the former Soviet Union in Asia.

Over the decades, Beijing has developed an "all weather" partnership with Pakistan. China's ties with India's other neighbors, too, have steadily expanded over the decades, with or without India's acquiescence. Unlike China, Russia, which is both an Asian and European power, was willing to defer to Indian sensitivities in the Subcontinent.

Add to this the fact that India has not succeeded effectively in resolving conflicts in its neighborhood. That may not have been wholly due to the inadequacy of India's foreign policy or its policy implementation, but, nonetheless,

---

1. U.S. President James Monroe's doctrine, which was written for him by Secretary of State John Quincy Adams, sought to block the European monarchies from meddling in the affairs of the Americas.

it did not succeed. Meanwhile, its efforts to maintain control over the much smaller, and militarily and economically weaker nations have resulted in a growing resentment against New Delhi and made India's regional policymaking even more complex. It is no surprise that anti-India lobbies have consolidated themselves in every one of India's smaller neighbors.

Second, one of the most frequent causes of South Asian conflicts during the Cold War, was the exacerbation of intra-regional tensions by the United States and the Soviet Union. Washington and Moscow sought South Asian partners and favorable balance of power arrangements in the region. Therefore, disputes like that in Jammu and Kashmir were intensified and prolonged, as South Asian governments counted on extra-regional backing for their rigid positions and to enhance their military capabilities.

Now, the world has changed, and India cannot hope to keep the other great powers out of the region. As every one of the South Asian nations seeks cooperation with the rest of the world, the economic presence of other countries, China in particular, will rapidly grow in the region. As nationalism and independent identities grow among India's neighbors, the old ways of doing political business in the region are not going to work.

Third, the American military involvement in the region after Sept. 11 has brought the issue of terrorism to the fore, and is the common concern of large nations in the region. India has made some immediate gains, in the form of the ouster of the Pakistan-controlled Taliban regime in Afghanistan, and of increased U.S. pressure on Pakistan to give up cross-border terrorism across the Line of Control in Jammu and Kashmir.

One should also not underestimate the growing economic and political ties between India and China. India's Nepal policy was often based on its fear of a Chinese threat—some of it imaginary, some of it real. In recent years, both Beijing and New Delhi have taken significant measures which ensured peace and tranquility along the disputed India-China border, and have laid the foundation for an ultimate solution to the dispute.

Equally important is New Delhi's realization that India has an important economic role to play in Southeast Asia, and such a role will not be blocked by Beijing. Over the last three years, India has established strong links with Southeast Asian nations, particularly in Indochina. New institutions, such as the Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation (BIMSTEC), have been set up, and India is playing a key role in the infrastructure development in the recently established Mekong-Ganga Development Cooperation.

It is likely, that as it begins to move outward and finds itself not rejected, New Delhi will be more self-assured and accommodating to all those nations that would like to establish peace in South Asia.

## Draconian 'Anti-Terror' Laws Passed

*Without the intervention by LaRouche's associates in the Citizens Electoral Council, they would have been far worse.*

The Australian Parliament on June 27 passed the most far-reaching changes to the nation's legal system since World War II. As first proposed by the Liberal/National party government of Prime Minister John Howard and passed in the House of Representatives in late March with the acquiescence of Howard's nominal opposition in the Australian Labor Party (ALP), the "anti-terror" bills were a carbon copy of Adolf Hitler's infamous *Notverordnung* (emergency decree) of Feb. 28, 1933, following the Reichstag fire. Among other things, the bills: allowed the Attorney General to ban any organization he desired, whether or not it were convicted or even charged with any crime, and to jail its members and "informal supporters" for 25 years; created an extremely broad new "terrorism" offense which could snare many union actions, civil disobedience, and even ordinary political activity in its net; turned Australia's FBI, the Australian Security Intelligence Organization (ASIO), into a Gestapo, with the right to detain anyone indefinitely on the slightest pretext, with no lawyer, no right to remain silent, and a five-year jail sentence for non-cooperation; allowed wholesale tapping of phones, faxes, and e-mail with no warrants; and reversed the onus of proof, such that someone would have to prove that he or she is *not* a terrorist, or has not aided a terrorist.

The bills, comprising 100 pages of complex legislation accompanied by 100 pages of explanation, had been dumped on the House of Representa-

tives only the day before they were passed. Although there had been rumors about them, no one, including the ALP, which signed off on them the next day, had previously seen the legislation. Even after their passage in the House, the press was curiously silent about laws that would have made Hitler proud; although some civil liberties advocates spoke out, there was no effective campaign to *stop* the bills, until LaRouche's associates in the Citizens Electoral Council (CEC), Australia's fastest-growing political party, entered the fray.

An initial CEC campaign of phone organizing and mass leafleting caused such an uproar, that the government was forced on May 15 to postpone introducing the bills into the Senate until June 17. With the extra time, the CEC poured out tens of thousands of phone calls, and one-half million leaflets, entitled "End Them, Don't Amend Them!" such that Members of Parliament were soon receiving 200 phone calls, e-mails, and faxes per day. The mobilization reached a high point on June 12, with the appearance of a full-page ad in the country's major national newspaper, *The Australian*, with the signatures of 200 prominent Australians, beginning with former Deputy Prime Minister Dr. Jim Cairns, and including trade unionists, civil libertarians, Aborigines, artists, local government officials, former MPs, and many leaders of the country's large Muslim population. The ad reprinted the crucial section of Hitler's *Notverordnung*, and declared that "the ripping up of civil liberties proposed by the

Howard government is, in the most literal sense of the term, *fascist*, and must be thrown out."

Discussion of the ad, and the avalanche of calls and e-mails, dominated the Senate debate on the bills in the days before their passage on June 27. When the smoke had cleared, some very significant changes had been made: The unilateral power of the Attorney General to ban organizations was thrown out, replaced by the stricture that only organizations named as terrorist by the United Nations could be banned; the definition of "terrorism" was tightened significantly; and the tapping of phones, faxes, and e-mail with no warrants was thrown out, as was the reversal of the onus of proof. The uproar around the ASIO bill was such, that it was postponed until Parliament reconvenes on Aug. 19. Notwithstanding those positive changes, and the potential to water down or defeat the ASIO bill, the legislation is still draconian on many accounts, such as granting Australia's foreign minister authority for "back-door banning" of organizations, through freezing their financial assets.

In the wake of the uproar unleashed by the CEC, the bills could easily have been defeated altogether, but for the treachery of the ALP. The latter huffed and puffed about "civil liberties" (and, under enormous pressure, did force some useful changes) but, when the time came, voted with the government, despite having the numbers to simply vote the bills down. And, when the Green party proposed an amendment to eliminate the foreign minister's banning powers, the ALP allied with the government against it. Nor did the ALP-allied Australian Council of Trade Unions, representing 1.9 million unionists, and itself a key target of the legislation, at any point mobilize to do anything effective against the bills.

## Fascist William Buckley Put Joe Lieberman in the Senate

by Scott Thompson

It is a bizarre truth, but one that American voters need to know, that *National Review* founder and “Catholic” fascist William F. Buckley made the Senate career of Democratic Presidential threat Joseph Lieberman. The leading intellectual spokesman for McCarthyism as long ago as the 1950s, Buckley was responsible for putting then-Connecticut Attorney General Joe Lieberman in the U.S. Senate, in the 1988 election against liberal Republican incumbent Sen. Lowell Weicker. Thanks to Buckley’s organizing conservative Republicans to vote for Lieberman, today’s war-party Senator from Connecticut squeezed in by 10,000 votes. Lieberman is pushing the White House hard for an attack on Iraq and a spreading Mideast war—the most dangerous possible way of trying to “escape” the worsening financial crisis. His longtime alliance with William F. Buckley’s fascist networks, shows the real character of this “New Democrat” contender.

Carlisle fascist Buckley, a deep-cover CIA officer who over decades has deployed both real Nazis and neo-Nazis,

had a close relationship with Lieberman long before handing him his Senate seat. It dates back at least to the time that Joe stepped into Buckley’s shoes as Chairman of the *Yale News*, which was then equivalent to being the Yale class president. Thus it was no bolt from the blue, when the arch-conservative libertine Buckley chose to sponsor the Democrat Lieberman in 1988.

### ‘BuckPac’ and ‘Weicker Watch’

The Aug. 15, 1988 issue of *National Review* announced the formation of “Buckleys for Lieberman” or “BuckPac,” with an interview with Bill Buckley, who pronounced himself president of the new political campaign committee. Through BuckPac, the Buckley family and networks, whose old stomping ground was Connecticut, carried out campaign counterintelligence, ran a scurrilous “Weicker Watch” column in *National Review*, bought attack ads against Weicker, and distributed articles nationwide through its affiliated United Press Syndicate.

Said Buckley in the interview, “This is very serious business. The future of self-government depends on retiring such as Weicker from the Senate. . . . That is the responsibility of the Horse’s Ass Committee . . . to document that Lowell Weicker is the number one Horse’s Ass in the Senate.” Asked what kind of research BuckPac was engaged in, the marijuana-promoting fascist replied, “Researching the speeches and public utterances of Lowell Weicker over the past 18 years. We have a few ready for release at this time, but many more will be made public by the Degasification Committee . . . [which] is engaged in attempting to clean up the quality of public thought, and intends to demonstrate that the bombast, murk, and pomposity of Lowell Weicker’s public declarations are a threat to democratic ecology.”

After the Buckleys declared conservative all-out war on Weicker, Lieberman closed a 24-point gap within the last six weeks of the campaign and squeaked through as the victor.



Ultra-“conservative” libertine William F. Buckley (right, with Sir Henry Kissinger) launched Joe Lieberman into the Senate, in 1988. Are these the sort of Presidential advisers you’re looking for?

Buckley's trademark, snake-like darting tongue could almost be seen in his wrap-up article in the Dec. 9, 1988 issue of *National Review* entitled, "BuckPac Kills!" Wrote Buckley, "Upon the announcement of BuckPac's organizers that Mr. Weicker was the number-one Horse's Ass in the United States Senate, the door opened, and the sunlight shone in. . . . Ah, but by the mere act of pointing to the nudity of the emperor, the searing point was made. Namely that Mr. Weicker was an arrogant, bigoted bore and the Republicans who, as galley slaves, had voted for him should feel free to vote for the Democratic alternative, Mr. Joseph Lieberman."

### **Buckley's Left and Right Fascism**

As *EIR* documented in its 1977 report, "The Buckley Family: Wall Street Fabians in the Conservative Movement," at the founding of *National Review* in 1954, Buckley brought together both the extreme right-wing and converted left-wing backers of McCarthyism, to launch a fascist conservative movement in the United States.

American intelligence sources reported then, for example, that Buckley had launched former Naval Intelligence officer George Lincoln Rockwell in the founding of the American Nazi Party, for gang-countergang warfare with the Anti-Defamation League (ADL). The gangster-linked ADL profited from Rockwell (until his assassination) by using the ANP to terrorize and blackmail Jews into large contributions.

Buckley also worked with "Old Nazis" in the World Anti-Communist League (WACL) and the Dr. Otto von Hapsburg-linked CIDOC in Spain, that carried out numerous murderous "dirty tricks." And, other Buckley epigones worked with the Chilean intelligence (DINA), that had been brought to power in the coup d'état of Gen. Augusto Pinochet, arranged by Buckley's bosom buddy, Henry Kissinger.

Buckley's *National Review* operation also always included former leading Trotskyites, turned McCarthyites; *National Review* founder Sidney Hook, for example, played a crucial role later in launching the current of U.S. "neo-conservatives," who now push for all-out Mideast War, along with Lieberman and his war-partner Sen. John McCain (R-Ariz).

Buckley and his brother-in-law L. Brent Bozell co-authored a defense of McCarthyism in their 1958 book, *McCarthy and His Enemies*. Bozell went on in 1966 to found *Triumph* magazine whose board included Dr. (Archduke) Otto von Hapsburg, a onetime claimant to the throne of the defunct Austro-Hungarian Empire. *Triumph* spawned the Christian Commonwealth Institute (CCI) at the 16th-Century Escorial Palace of the feudal, Hapsburg-allied Carlist Kings who depopulated Spain and Portugal. During this period, Bozell also founded the "Sons of Thunder," red-beret-wearing Carlist shocktroops, who attacked police over such questions as abortion, chanting "*Cristo Rey!*" ("Christ the King!")

Buckley and Bozell's CCI in 1977 founded Christendom College in Front Royal, Virginia, from which the anti-U.S. Consitution dogmas of such ideologues as Supreme Court Justice Antonin Scalia are bred and spread.

## **Lieberman's Mas Canosa Cuban Connection**

"Bay of Pigs" right-wing Cuban exiles grouped around the late Jorge Mas Canosa, provided an infusion of quick money to Joe Lieberman's 1988 Senate campaign. He has retained ties to them ever since. The Miami Cuban exile community saw some of the filthiest post-war intelligence operations, including the Kennedy assassination and the later drug-running "Contra" escapades. Its hard-core came out of the Meyer Lansky organized crime operations in Havana.

Lieberman himself says of his 1988 campaign, "Jorge Mas Canosa and I really just struck it off." The relationship endured: During the 2000 campaign, the "Free Cuba PAC" (linked to Mas Canosa's Cuban American National Foundation) gave at least \$10,000 to Lieberman, and Mas family members gave him more. "No Republican . . . can show a better voting record on Cuba than Lieberman," said Gus Garcia, the vice-chairman of Miami's Dade County, Florida Democratic Party, at that time.

### **The 'Mega' Side of Lieberman**

Lieberman's other prominent backers, the "Mega" group of Zionist billionaires who sponsor the Likud party faction in Israel's policies, are also linked to Buckley's "Catholic" fascist operations. According to well-informed sources, one of the early funders of the *National Review* was hedge-fund operator Michael Steinhardt. In 1985, Steinhardt used some of his fortune to found the Democratic Leadership Council (DLC) and its Progressive Policy Institute. One of Senator Lieberman's first acts was to be sworn into the DLC, and he eventually succeeded Steinhardt as its chairman.

Steinhardt himself broke with the DLC, because he opposed President Bill Clinton's re-election in 1996, and "conscience of the Senate" Lieberman became the first Democrat to call for Clinton's resignation, a bit later.

The "Mega" group to which Steinhardt belongs, was founded in 1991 by Leslie Wexler and Charles Bronfman. Its "Megabucks" are now supporting the fascist policies of Ariel Sharon's government in Israel. Steinhardt got the "Megabucks" to start his hedge-fund firm from his father, Sol Frank "Red" Steinhardt, who had been New York City's leading jewel fence, a convicted felon, and a pal of National Crime Syndicate leader Meyer Lansky and "Three Finger" Jimmy Aiello. "Red" saw that his son "went legit."

This is the snakepit that surrounds Sen. Joseph Lieberman; keep in mind Bill Buckley's darting, snake-like tongue when you see Lieberman poised to run for President.

# The Real Corruption: McCain and Lieberman

by Lyndon H. LaRouche, Jr.

*Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. released this statement on Sunday, July 14, 2002. His campaign committee, LaRouche in 2004, is producing it as a half-million leaflets for mass-distribution.*

The biggest scandal you have seen so far, is about to explode in the nation's face. It is all about Senator John McCain's financial and political connections to both the giant organized-crime apparatus centered in Arizona, and to Senator Joseph Lieberman.

Don't be fooled again. Today's everyday financial swindles, such as those of Enron, Harken, Halliburton, and both the major accounting firms and most leading economic forecasters, are typical of the same tradition of giant financial scandals which swept President Herbert Hoover out of office back in 1932. The deadly danger is, that the "Bull Moose" third-party apparatus being organized out of the Washington, D.C. Hudson Institute might be able to use the scandals against President Bush to create a kind of Jacobin-Terror control of both the Republican and Democratic Party machines, and the U.S. Congress, too.

Clear your heads. Ever since Paul Volcker and his successor Alan Greenspan ran the United States, top-down, from the office of Chairman of the Federal Reserve, scandals like those involving the Keating Five have become typical of the way both Washington D.C. and corporate America and its banks, mutual funds, and leading accounting firms have been run. The attempt to control the U.S.A., the political parties, and its foreign policy, by the organized-crime links to McCain and Lieberman, is something else.

The crucial facts of the McCain and Lieberman corruption are already established facts, on the record.

McCain and Lieberman are not only backed by some of the vilest organized-crime networks in America; that pair are the leading proponents of the mass-murderous, Brzezinski-Huntington "Chessboard"/"Clash of Civilizations" policy, through the McCain front-organization centered in the Washington, D.C. office of the Hudson Institute. Recently, Hudson sponsored a Senate symposium, at which they called for a major destabilization of the Saudi royal family, and a U.S. military occupation of the Saudi oil fields. This same Washington, D.C. Hudson office also houses the whole McCain third-party "Bull Moose" operation, through the person of

Marshall Whittman, a former operative of the Temple Mount fanatical "fundy," Rev. "Diamond" Pat Robertson.

## Blackmail Game Against President Bush

In the Feb. 4, 2002 edition of the *New Yorker* magazine, the filthy McCain-Lieberman blackmail game against President Bush was spelled out: If Bush fails to back Ariel Sharon, overthrow Saddam Hussein, and take other steps guaranteed to launch a global war, McCain will run as the third-party spoiler candidate, in a replay of the 1912 Teddy Roosevelt, Bull Moose Party-organized defeat of President William Howard Taft, and the installation of a notorious Ku Klux Klan fanatic, Woodrow Wilson, in the White House. The facts behind that *New Yorker* story check out, and much more besides.

Even a cursory look at the Arizona apparatus that installed John McCain in the U.S. Congress and Senate, makes it clear that the man sometimes rumored to be deserving of the name "Manchurian Candidate," may also be kooky, but he is, essentially, just a front for organized crime. McCain married into the Sam Bronfman-created Arizona mob, which has run the state, top-down and bottom-up, since Prohibition. Kemper Marley, the man designated by Sam Bronfman as the whiskey king of the Southwest, put McCain's father-in-law in the beer distribution business, and that business is now the source of McCain's several hundred-million-dollar fortune—the basis of his entire political career.

No wonder McCain was one of the "Keating Five," the members of Congress who were implicated in the Michael Milken late-1980s junk-bond swindles. No wonder McCain is in bed with the Emprise/Sports Services mob first exposed in the book *Dope, Inc.*

A pivotal element in the McCain and Lieberman criminal nexus, is the Indian gambling casinos that dot the landscape of both Arizona, and particularly of Connecticut. McCain's so-called campaign-finance-reform bill, which banned "soft money," allowed one crucial exemption: Indian gaming. Take the wealth of the Indians' real estate, and give those Esaus the pottage of disease-infected blankets and whiskey in return. If they can't find an actual Indian, inventing a fake tribe may serve the same purpose.

That is only the beginning. There is a lot more.

The bottom line: It is urgent that the Democratic Party emerge, under new leadership, in the continuing tradition of FDR, JFK, and Lyndon LaRouche, as the legitimate focal point of opposition to the foolish wars into which McCain and Lieberman are doing so much to blackmail the Bush Administration into fighting.

For this to happen, the McCain-Lieberman corrupt blackmail operation must be exposed. I promise you; it will be thoroughly exposed, as we move to take the Democratic Party of Franklin Roosevelt back, for the sake of our republic, its people, and the world.

I will do my job. If you also do yours, we could save this nation from something awful.



# Homeland Security Hits Congress Meat Grinder

by Carl Osgood

Pundits on Capitol Hill are fond of saying that making law is like making sausage. Nowhere has this idea been more on display recently than when the House of Representatives began work on President George Bush's proposed Department of Homeland Security. By July 12, all of the standing committees of the House with jurisdiction over affected agencies had submitted their recommendations to the House Select Committee on Homeland Security, chaired by Majority Leader Dick Armey (R-Tex.), who convened his first hearing on July 11. The recommendations varied from minor tweaking to withholding entire agencies from the new department. The task of Armey's committee will be to review these sometimes contradictory recommendations and mark up a bill. Whether he can craft a bill that can command broad support in the House remains to be seen.

The profound underlying danger of the scheme was identified by Lyndon H. LaRouche, Jr., in his article "The Northern Command: Crossing the Rubicon" (*EIR*, May 24). The proposed formation of a U.S. Army Northern Command, in violation of U.S. *posse comitatus* doctrine, with the related creation of a Homeland Security Department, signify a preparation by corrupt elements of the government to create a Caesarian military dictatorship under conditions of global economic breakdown, he wrote.

## Confusion Over Jurisdiction

One recurring theme in the Congressional debate is that many of the agencies involved, such as the Coast Guard, Federal Emergency Management Agency, Immigration and Naturalization Service, and Secret Service, have core missions that are not limited to homeland security. FEMA's primary mission has been, historically, natural disaster response and mitigation. The Coast Guard's missions include maritime and waterway safety, search and rescue, maintenance of aids to navigation, drug interdiction, and maritime security. In addition to enforcing immigration laws, the INS provides services to immigrants and nonresident aliens. Besides protection of the President, the Secret Service investigates counterfeiting as part of the Treasury Department. What happens to these other missions, if these agencies are transferred to a department whose primary responsibility is security against terrorist threats?

Uncertain answers to these questions drove much of the committee debate. The House Judiciary and Transportation and Infrastructure Committees dissented from the Bush pro-

posal to the greatest degree. The Judiciary Committee voted to maintain FEMA as an independent agency, and to eliminate the consequence management function of the proposed department. The committee also voted to move the Secret Service to the Department of Justice rather than to the new department, arguing that "crime prevention and law enforcement are central to the mission of the Secret Service." The committee recommended keeping the services portion of the INS under the Justice Department, while moving its enforcement function to the new department, while acknowledging that this could cause coordination problems. The Judiciary Committee added a deputy inspector general for civil rights and a privacy officer to enforce compliance with privacy laws.

The Transportation Committee agreed with Judiciary that FEMA should remain independent, and said that the Coast Guard should remain under the Department of Transportation. Committee Chairman Don Young (R-Ak.) said that the legislation "states that the primary mission is to prevent and respond to terrorist attacks. It is very likely that all other important missions of the Coast Guard and FEMA will become secondary to the effort to combat terrorism." The Transportation Committee amendment requires that the Coast Guard "continue to devote an adequate amount of resources to core Coast Guard missions." The amendment also closes what Young saw as a loophole. The Bush proposal includes broad authority to transfer funds among the agencies to be shifted to Homeland Security. Young feared, and the committee agreed, that this might be used to bypass the Congress.

The Appropriations Committee worried that the legislation proposes "unprecedented authority to help finance operations of the new department, many of which are contrary to existing law and practices." Committee Chairman Bill Young (R-Fla.) complained that the transfer provisions in the bill are "overly broad" and "if enacted, they would substantially erode Congress's constitutional stewardship of the taxpayer's dollars." Also causing concern is the Congressional Budget Office's projection that the reorganization would cost \$3 billion over and above operations of the agencies between 2003 and 2007.

A split within the House GOP caucus emerged on July 11, when the House Government Reform and Oversight Committee voted to keep FEMA, the Coast Guard, the INS, and the Secret Service in the new department. Committee Chairman Dan Burton (R-Ind.) said, "The decision to retain all four of these entities is critical to the core mission and overall success of this new department. . . . Winning the war against terrorism depends largely on the inclusion of these essential units as part of the streamlined approach to protect America's borders." Another area of controversy involves visas. Bush's plan leaves that function within the State Department, but gives the new department policy control over visa issuance. Three committees tried but failed to remove that function entirely to the new department, but as one of the supporters of that move is International Relations Committee Chairman Henry Hyde (R-Ill.), that battle may not be over.

# Insane U.S. Military Utopians Use Video Games To Plan Iraq War

by Don Phau

A team of computer-science professors and programmers hired by the Department of Defense, is using Internet video games to prepare soldiers for an invasion of Iraq. The DOD team, located at the Modeling Virtual Environments and Simulation Institute (MOVES), a U.S. Naval Postgraduate School in Monterey, California, is following in the footsteps of mad utopians such as British science-fiction writer H.G. Wells. According to the school's director, Michael Zyda, it was the MOVES Institute which in the 1980s first developed Internet video games.

These are the same "first-person shooter" Internet video games that are being played today by millions of children worldwide. To take just the most recent example, Robert Steinhäuser, who shot and killed 17 students and teachers at his high school in Erfurt, Germany, in April, was immersed in the "Counter-Strike" video game.

Zyda first became known to *EIR* in 1999 when he created the Institute for Creative Technology (ICT), at the University of Southern California. *EIR*'s Anton Chaitkin exposed how, in 1997, Zyda had brought together Hollywood script-writers and directors, such as Stephen Spielberg, with Pentagon planners, to create war simulations, using thousands of players ("Army, Hollywood Plan Joint 'Virtual Reality' Institute," *EIR*, July 2, 1999). The MOVES Institute was founded in 1996 with Zyda as its director. Zyda told *EIR* on June 23, 2002, that his school now had 55 faculty and staff, and had recently designed a video game for training the U.S. Army for an invasion of Iraq. The institute also planned and designed the Army's first official video game, called "America's Army," whose \$6.3 million in funding came from the U.S. government; it was released at the beginning of July. After its first week out, the U.S. Army announced that 400,000 people had downloaded the game from the Internet.

## 'Some Scary Stuff'

Zyda told *EIR* how his plans of a few years ago are now being realized: "Look at the Department of Defense, what they were talking about back in 1996: How can we model something like 'Desert Shield' and 'Desert Storm' fully in network simulation? If you think about that, that's fully 300,000 participants. From a defense standpoint, they would

like to model a full giant battle like that, a full simulation. There were 300,000 soldiers fighting in that thing, driving tanks, bringing ammunition and supplies, etc. That's why the DOD has said we would like to have 300,000 participate in our network simulation."

Zyda admitted that combat operations as large as those of 1991 are now impossible. "Our Army is one-third the size it was back in 1991. So, how would you do it? . . . So, when you say we are going to take six months and put large portions of the Army over there to take over Iraq, guess what? You don't have the men! So when you cut the military back that much, the end result is, you have to either do incredible Special Forces-type cooperation, or else you have to use more potent weapons. I think there's some scary stuff here. People are talking about using small nuclear weapons—'bunker busters.' And why are they talking like that? They would just like to take out the head, and not bring in all those troops, because they don't have all those troops."

But Zyda then says that smaller operations, now being planned, are right up his alley: "The type of simulations for Special Forces, for small types of new operations. I think that's exactly where we should be spending our money and time."

Zyda was asked to comment on press reports comparing his "America's Army" game to the popular first-person shooter "Counter-Strike" game. Zyda first quickly corrected *EIR*, saying, that it's "a 'first-person mission experience' game, as we like to call it, since it's a sensitive issue."

Zyda wasn't sensitive about comparing his game to "Counter-Strike," however, and could scarcely hide his glee that it was done by "the government": "It is better than 'Counter-Strike.' Our game takes advantage of graphics hardware that is way faster than when 'Counter-Strike' was built. From a natural progression, we have an order of magnitude more polygons and more detail in the game than 'Counter-Strike.' Plus our game is Army accurate. We have had complete access and cooperation from the U.S. Army. . . . You have to train on the weapon before you can fire it. If you are a total Army fanatic and you want to learn how the Army does things, this is the place. Why is it better than 'Counter-Strike'? 'Counter-Strike' is great entertainment, but I think our game

just looks better and it plays better, and on the whole is a pretty amazing effort.

“What’s very strange about it, is we were able to do this inside the government, inside the MOVES Institute.”

He then revealed plans for a new video game, called “MP.” “The Army has funded five more years to develop [‘America’s Army’]. . . . We’re going to do an MP game, ‘Military Police,’ because, if you look at what’s going on in Afghanistan, once the Special Forces take over, then it becomes a Military Police operation. You then have to worry about checkpoints: Is there a car bomb coming up? There’s a whole game that’s coming into our minds right now.”

### ‘Linking Entertainment and Defense’

For three days in October 1997, Zyda brought together representatives of Hollywood and the U.S. military in a conference called “Modeling and Simulation: Linking Entertainment and Defense.” Attendees included representatives of Walt Disney, and of companies associated with film director George Lucas, the creator of the “Star Wars” movies, the Office of Naval Research, Office of the Secretary of Defense, and the Defense Advanced Research Projects Agency (DARPA).

At the conference, whose proceedings were published in book form, the future of video-game tournaments on the In-

ternet, over Local Area Networks (LAN), was planned out. Steinhäuser, the Erfurt shooter, was a constant participant in LAN tournaments. At the conference, Zyda predicted that LAN “is becoming increasingly important to both DOD and the entertainment industry. Both share a common need for adequate network infrastructure to support a growing number of participants. DOD’s goal is to develop a networked training environment in which military operations can be rehearsed with a large number of participants while avoiding expenditures on fuel, machines, and travel. Participants can range *into the thousands or tens of thousands*, and include soldiers at work stations with weapons-system-specific interfaces” (emphasis added).

Zyda praised the Marine Corps for using the video game “Doom,” “for training four-person fire teams.” He said, “The game has been modified from its original version. It includes . . . Marine Corps weapons such as M-16, M-249 squad automatic weapons, and M-67 fragmentation grenades.”

To mad utopians like Zyda, the benefit of his video games is that they turn the normal soldier into a Frankenstein’s monster, a mindless animal. At the conference, he stated: “Immersive simulated environments are central to the goals and needs of both the DOD and the entertainment industry. . . . *If the user has to think* about the user interface, it is already in the way” (emphasis added).

## Video-Game Violence Turns Children Into Killers

A 14-year-old boy who had never shot a gun before, shot eight classmates with eight bullets. Police were stunned. How could he do it?

The boy was *trained*, by his addiction to video-game violence. From “Pokémon” to “Doom,” America’s children are being turned into monsters, who kill “for the fun of it.”

Schiller Institute founder Helga Zepp-LaRouche, in this 1 hour and 40 minute video, **The Mark of the Beast**, exposes the evil which is hitting everybody’s hometown—and to which most parents remain oblivious. She traces the decline of American culture since World War II, and links the insane strategic and economic policies of the financier oligarchy and its war-planners, to the mass brainwashing of youth by video and TV violence.

**Speech to Schiller Institute conference, Feb. 20, 2000.**

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# Campaigning for Governor With FDR-Democrat Policies

*Nevada State Sen. Joe Neal (D-North Las Vegas), is expected easily to win the September Democratic Party primary for Gubernatorial candidate, and is campaigning to unseat the incumbent, Republican Gov. Kenny Guinn, in November. Neal was interviewed on July 10 by Marcia Merry Baker.*

**EIR:** Senator, you are a 30-year veteran legislator in Nevada, and a nationally and internationally well-known civil rights leader—"legendary" is what the *Las Vegas Sun* calls your record on civil rights. Everyone in the Nevada media has described you as the person with the biggest name recognition to run against Governor Guinn. You describe your candidacy as that of an "FDR Democrat." Lyndon LaRouche is saying internationally, that this "FDR" approach is just what the United States requires.

But, the Democratic Party in Nevada is trying to ignore you out of existence! Omit your famous name from their press releases. The AFL-CIO union recently endorsed the incumbent Guinn, who is not only Republican, but a right-to-work Governor!

**Neal:** Yes, I filed for the governorship at the last few minutes of filing [on May 21], and I guess, that kind of caught everybody off guard. The Democrats were not putting up a candidate against the Governor. Of course, after I filed, they put out a press release, and they put the person who is running for the Lieutenant Governor at the top of the press release, and they left my name off. And I can understand that.

See, we do not have a Democratic Party as such in this state, or a Republican Party. We have what we call the "Gaming Party" out here. I was running on issues that the Gaming people disliked—that is, to increase their taxes, to go for growth.

Of course, the increase in the taxes is based upon the fact that the gamblers—the "gamers" as we call them—bring in something on the average of about 49 million tourists a year, and when those tourists are in the state here, they are temporary residents, utilizing all of the services that the permanent residents use, such as police protection, health-care, roads, water resources, and the like.

We do not get compensated for those services, because the money that the tourists bring in to the state, goes to the gaming industry, and we tax that industry based upon a three-tier system: The first \$50,000, gross revenue per month, is taxed at 3%. The next \$84,000 is taxed at 4%. And over

\$134,000 is taxed at 6.25%. That rate has not been raised since 1987. I was part of the group that forced that particular increase at that particular time. I was on the Taxation Committee.

**EIR:** I guess tourism increased greatly over the 1990s; is that right?

**Neal:** Yes. So, when the tourists come in, as I indicated, they become temporary residents. They stretch our resources—such as police protection, or health care, or other things of that sort—then that cost is borne by the population base of the state, of about 2 million people. The gamers take all of the money.

The tourists, in 2001, brought in a gross amount of approximately \$18 billion. And \$9.6 billion of that was in the gaming area alone. And \$6.2 billion was from coin-operated machines—the slot machines and the poker machines, which are not labor intensive at all. It is that \$9.6 billion that we want to tax. That's the winnings. But the gamers do not want that. And I'm one of the candidates that have always been pushing—even in the Senate, you know—that they should pay more.

**EIR:** I understand that in 1998, when you ran for governor, you had a petition drive on this taxing matter.

**Neal:** Oh, yes. It's not a new issue with me. For the last four years in the legislature, we tried to test that. And of course, as I said, we have a Gaming Party. They utilize their money and influence to keep anything, such as taxes, from happening to them.

**EIR:** I understand that it was in 1931, that the first state approval of gambling occurred, and yet, in the 1930s Nevada was also famous worldwide for building the Hoover Dam. So you had two things going on simultaneously: You were going to be a world leader for infrastructure, and at the same time Nevada became famous, over the decades, for gambling. But your infrastructure base is now in a precarious state, is it not? There is extensive drought right now. The Colorado River and other basins are low.

**Neal:** That is true. And you can't do anything about that unless you have some funds to do it. And when you have an industry that is bringing in billions in your state, and you are paying them to make those billions, and you are not getting

anything for it, then the chances of trying to do any infrastructure projects, are almost nil. Because then you are forced to tax your own population, which is already been stretched too thin in terms of taxation.

**EIR:** In your own policy leadership, let's look at what you have been spotlighting. Take energy: You have said the Federal government has a role to regulate power. You've campaigned for that outside Nevada, even in Mexico.

**Neal:** You have to have that. And even with an interest such as gambling, you have to have regulations on that, too.

**EIR:** On energy, there is still a shortage question; there was

a Stage One blackout alert yesterday in California. I think the electricity wholesale market price went up to \$27 a megawatt-hour, up from \$10.50, just this week. So what are you doing to keep this in the forefront, the way you have done in the past?

**Neal:** Turning back deregulation is one of the issues of the campaign. It's a very popular issue. In fact, the County Commission tried to strip that issue from me, by putting it on the ballot as a referendum in Clark County, to create a public energy utility to handle electricity. It is merely asking the voters, if they actually want it. But, I think it was as a result of that being a part of my platform. Those guys were somewhat connected with the established folks here; they were trying to deprive me of that particular issue.

## Nuclear Waste Isn't Waste, It's a Valuable Resource!

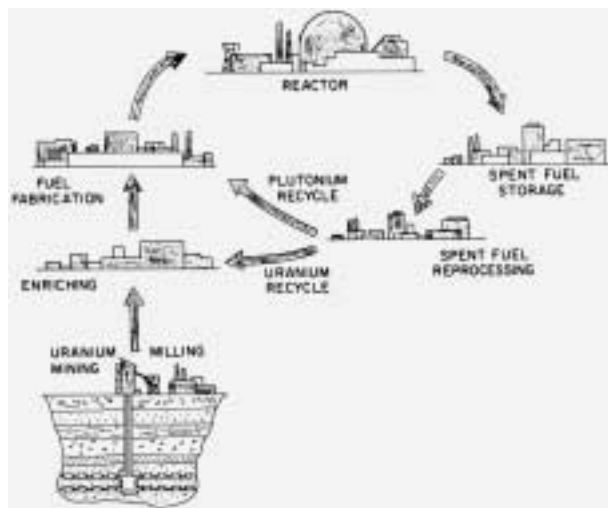
From the beginning of the civilian nuclear program in the late 1950s and early 1960s, it was assumed that nations would develop the entire nuclear fuel cycle—mining uranium, enriching it and fabricating it into fuel, burning it in reactors, and then removing the spent fuel and reprocessing it into new fuel (with valuable isotopes as a by-product). In fact, nuclear energy is the only truly “renewable” energy source, and this renewability makes nuclear power an inexpensive source of electricity.

More than 96% of the so-called “waste” from spent nuclear fuel can be reprocessed to be reused as uranium or plutonium fuel. The remaining 4%, which is called high-level waste, can also be “mined”; that is separated into constituent elements, using advanced isotope separation technologies. Not doing so is a terrible waste of available energy.

To give you an idea of what we are wasting: The spent fuel produced by a single 1,000 megawatt nuclear plant over its 40-year lifetime, is equal to the energy in 130 million barrels of oil, or 37 million tons of coal, plus strategic metals and other valuable isotopes that could be retrieved from the high-level waste.

### Why We Don't Reprocess

The enormous potential of nuclear power to uplift the world's poor by industrializing the Third World, made it a prime target for the anti-population “utopian” faction. By the late 1960s, the newly created environmentalist movement was demonizing nuclear energy, and scaring an increasingly scientifically illiterate public into anti-nuclearism. The United States, which pioneered reprocessing,



*The nuclear fuel cycle.*

shut down its capability during the Carter Administration, leaving reprocessing to Canada, France, Great Britain, and Russia (plus the countries they service, including Japan, which is developing its own reprocessing capability). In subsequent years, new methods of isotope separation using lasers, such as the AVLIS program at Lawrence Livermore National Laboratory, were also shut down or lost funding.

As a result, today we have more than 20,000 metric tons of spent fuel stored at U.S. nuclear plants, with the plans to move it to permanent storage at the Yucca Mountain site embroiled in a political battle defined by fear. Can nuclear waste be safely stored in a repository like that of Yucca Mountain? Technologically speaking, the answer is yes. But why should we incur the billions of dollars of expense to immobilize what is actually billions of dollars worth of nuclear fuel that could be supplying electricity in the years to come?

—Marjorie Mazel Hecht

**EIR:** There are other issues associated with your name, such as necessary social infrastructure—hospitals and health care.

**Neal:** Yes. As you know, the doctors in our Level One trauma center, particularly the orthopedic surgeons, walked out a week ago, and they kind of hamstrung the community with that walkout. Of course, I was opposed to that; I had even issued a press release asking that the present Governor invoke his emergency powers. This is at the University Medical Center in Las Vegas, which serves the surrounding area here, for a radius of about 400 miles. It is shut down now. We no longer have a Level One trauma center operating at the present time.

So I had asked the Governor to invoke his emergency powers to keep it open, even if the doctors didn't come back, to get the medical personnel from the National Guard, and also ask the military, which is located here, if they could participate in helping out with this problem, until we could work out a situation with the doctors, and the trial lawyers, and the insurance companies. These are the three major parties that are involved. The fourth party would be the people who actually need the services, which I'm concerned about.

There seems to be a little movement now, you know, toward trying to do something, because the Governor's solution was a long-term solution—that is, calling a special legislative session to deal with this issue. But my position is, it would not help a child who was in need of the service now, to call a legislative session to try to put some caps on award damages received by attorneys.

**EIR:** You have been campaigning on the question of the death penalty—that there shouldn't be more "studies" and "analyses," that we should take action to stop it.

**Neal:** I've been opposed to the death penalty ever since I've been in the legislature. I haven't supported anything like that. . . . We had a study committee come out of the last session, because I had introduced measures to repeal the death penalty, and some others had introduced measures to repeal the death penalty, as related to retardation. As you probably know, the Supreme Court has ruled that it is unconstitutional—killing people who are retarded. . . .

**EIR:** One other matter in the headlines, which you are providing leadership on, is dealing with nuclear waste. It's been passed in the Senate this week, that there should be Federal support for using the Yucca Mountain storage site in Nevada. You've spoken out about using sensible measures and having Federal responsibility.

**Neal:** What I have said, exactly, is that even though if you, living in the state of Nevada, are opposed to nuclear waste, the odds of keeping it out of the state were nil, because we did not have the political support in Congress to do that. So we might as well try to get some benefits for having it stored here. That's been essentially my position.

**EIR:** Looking at these things altogether then, when you came into office in 1972, this was a kind of turning point period for the nation, not just in your state.

A few years ago, you made a point of checking out what Lyndon LaRouche had to say—who is so bad-mouthed by the media. He has been warning, and meeting with people internationally, about the fact that we must take emergency measures and restore the economic practices that used to work 40 years ago, or in the 1930s. What is your thinking, now that you have put your hat in the ring, at such a critical time?

**Neal:** As you look back on it, and you see that the whole country has taken kind of a wrong turn, and virtually exposed the population to an activity that has looted their pockets. Because once you began to move into a deregulated environment, permitting private enterprise to operate regulation-free, when they were trying to make a profit—we are now finding out how devastating that can be.

I think that Lyndon LaRouche started speaking to those things, and has spoken to those things, and a lot of us who have watched and read what he has said, find that he has been on target, in terms of where this country is going. We can see the decay that is occurring everywhere. And that the loosening, or the repeal, of the FDR policies of the '30s has left us exposed to a lot of things in terms of private injuries, looting the pockets of the public.

The deregulated environment in electricity, in trucking, in telephones, in airlines, and all of that, has proven to be disastrous for the country. Costs have risen excessively in those deregulated environments, in the airlines, the trucking industry, the telephone communications industry—"restructuring" as they called it, which is deregulation of the electrical industry. And of course, nationally, and even locally, people have been put into positions of power, who seem to force these particular ideas, and the public has continued to suffer in those areas.

And of course, one of the main areas is medical care, where they suffered from this whole process of deregulation. And we've seen excessive costs, and people coming in and taking advantage of the sick, and insurance and other things, and HMOs, and when they make their bucks, they leave. Thereby, leaving the public to look to their government, while their government has virtually given up on them, in terms of controlling the situation in which the public has been harmed.

**EIR:** How long can this go on? LaRouche has put a time-frame on it, of a matter of months, say even November, for a real collapse. There is so much unpayable debt that has piled up. Right now, 46 of the 50 states, as of June 30, the end of their fiscal year, are in an impossible situation. They can't pay the debts.

**Neal:** That's true, and we happen to be one of the states that's in that particular situation right now. We have a deficit; it's continued to build. We have cut and cut and cut. We are kind

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*A lot of us who have watched and read what LaRouche has said, find that he has been on target, in terms of where this country is going. We can see the decay that is occurring everywhere. And that the repeal of the FDR policies of the '30s has left us exposed to looting the pockets of the public.*

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of at a zero-based budgeting now, and that is bad. Going into the next session, if something is not done in terms of tax sources, we would be a bankrupt state.

I think the Democratic Party is going to have to go back and reassert themselves under the Roosevelt principles of the '30s. They left that. That has gotten them into real, real, real trouble. They allowed people like Richard Nixon and Ronald Reagan to come in and sell the free enterprise idea to them, that business could do things better than government. And they actually just shamed many people out of their convictions on this. It's time to take another look at this particular process.

I would advise them to go back and read some of the articles written by Lyndon LaRouche on these things, because he seems to have been on target on a lot of stuff that has occurred, and seems to have a handle on these particular issues. I think the Democratic Party would do well to bring it within their midst, and try to reorganize themselves around some of those principles that he has espoused, which are essentially many of the principles coming out of the Franklin Delano Roosevelt era.

**EIR:** What is the situation of your campaign?

**Neal:** Somebody who supports the gambling interests said that I was 18% to Kenny Guinn's 67% in the polls. But we don't believe that. If that was true, then I'd think that ever since I filed, I'd have been steadily climbing in the polls. So we expect to have an upset in this race.

**EIR:** The Gaming Party is putting out the percentages?

**Neal:** What had happened with the gamblers here, is that they have organized their employees into little political blocs. They register their employees. Then they direct their employees (they don't say that, but) they direct them who to vote for! Of course, one of my proposals in the past, was to take them out of politics. New Jersey does not allow gamblers to get into politics. Out here, they are. So what you find, are places like Palace Station, which has about 11,000 employees—they register them, and then they send out material to them, as to who is favorable and unfavorable. Same thing happened with Park Palace, and MGM, and the like. It was originally started by Steve Winn. Many other houses have taken it up.

Gamblers don't think that they can be touched here. But we see, in our polling, that 67% are saying that the gamblers

should pay more for the growth and infrastructure needs of the state. And 61% said that they would vote for a person who would push those ideas. So, we are doing pretty good.

**EIR:** And the condition of the rest of the state? You are a mountainous, desert state. I think you are even the seventh largest in area in the country. So if you don't have infrastructure, you are in trouble.

**Neal:** Those are the things that I have spoken to, relative to the aspect of the placement of nuclear waste. That we should get some infrastructure projects, as it relates to that.

We are talking about rail, with spurs coming off the mainline, to move the waste. And we're talking about even getting a [magnetically] levitated train to run from one end of the state to the other. Also in the little valleys and areas in the middle part of the state, somebody might see something there that they might want to develop!

**EIR:** With interstate connections to California, Salt Lake and to the south, Nevada would be in the "middle" of the development.

**Neal:** Yes. As you already know, they've had a project on line for many years to try to run a levitated train from California to Vegas. That particular project was aimed at getting customers down here for gaming.

But what we need, is to spur the creativity of your people of the state, to get involved with their own ideas and things of that sort. That's where I am looking in this race. If we get elected, we hope we could put some of these things into action.

**EIR:** In water, the equivalent?

**Neal:** Yes. You know, we have some underground streams here. Back around 15 years ago, they were doing some research for the siting of the MX Missile project in this state, and they dug into some deep aquifers. They hit some pretty healthy groundwater, underground streams. And you do have that in the desert climate. This whole area at one time was an ocean. You have that type of activity that you could connect to, and help develop. The only thing that you have to worry about—that I have to worry about right now, and many of us are thinking about it—is to try to keep it out of private hands so it won't be too taxing to utilize.

**EIR:** We look forward to an upset in Nevada.

## Stock Market Collapse Implodes Federal Budget

Office of Management and Budget Director Mitch Daniels admitted the degree to which the Federal budget has become dependent on the financial markets, in a preview of the mid-session budget review on July 12. Daniels told reporters that tax revenues, which have risen and fallen historically with the economy, “have been weaker than we expected, and this is due apparently almost entirely to what I call stock market-related income,” that is, income from taxes on capital gains, mutual fund distributions, stock options, and bonuses tied to stock performance. The result of this unanticipated drop in tax revenue is a revision of the FY 2002 projected budget deficit to \$165 billion, from an earlier projection of \$106 billion, and a 2003 deficit of \$109 billion from an earlier projection of \$80 billion.

These figures include the Social Security trust fund, so the actual “on-budget” deficits will be much larger. Daniels claimed, however, that, since the recession is “milder than expected,” there should be a recovery in revenues and the Federal budget will be back in balance by 2005.

Senate Budget Committee Chairman Kent Conrad (D-N.D.) and Rep. John Spratt (D-S.C.) blamed the budget collapse on last year’s tax cut. Conrad said, “The markets are voting every day on the credibility of this economic team and they’re giving a thumbs down to this economic plan.” Conrad added that the balance the Bush Administration is claiming in 2005 will come only by “raiding” the Social Security fund.

More to the point, however, is the projected recovery. Spratt said that since Daniels is arguing that the fall-off in tax revenue is the result of a reversal in the upward trends of the

1990s, “Where do you get the recovery that they’re projecting? Where do you get the turnaround in the budget that they’re projecting . . . when they’re making the case that you’ve had a reversal in revenue pattern?”

Conrad and Spratt avoided the fact that the run-up in the stock markets in the 1990s was the result of deregulation policies that were supported by Democrats and GOPers. Now that that bubble has burst, Democrats blame the GOP tax cut—which was intended to support the bubble—rather than take responsibility for a policy that would generate a real economic recovery.

## Corporate Accountability Bill Clears the Senate

On July 16, the Senate passed, by a vote of 97 to 2, a bill to tighten auditing guidelines for public corporations. The bill, largely authored by Banking Committee Chairman Paul Sarbanes (D-Md.), would establish an independent oversight board to oversee auditors of public companies that would have the authority to impose sanctions for violations of applicable auditing rules. It would also place limits on consulting services that auditors can provide to their public company clients, make senior company officials responsible for the financial statements of their firms, make transparent the conflicts of interest of securities analysts, and increase the annual budget of the Securities and Exchange Commission.

The unfolding wave of corporate accounting scandals was the primary driver behind the bill. As Sarbanes said, “Unless we come to grips with the current crisis in accounting and corporate governance, we run the risk of seriously undermining our long-

term world economic leadership.”

While broadly supporting the bill, Republicans tried to tweak it in the amendment process. The most significant change made to the bill was the addition of criminal penalties for individuals who destroy evidence related to certain Federal investigations. The amendment, sponsored by Judiciary Committee Chairman Pat Leahy (D-Vt.), was a response to the trial of accounting firm Arthur Andersen for shredding documents related to the Enron collapse.

Within minutes of the July 10 Senate vote, the House rushed through a bill, by a vote of 391-28, to strengthen the penalties in the Senate bill. The bill was introduced by House Judiciary Committee Chairman James Sensenbrenner (R-Wisc.) and passed under suspension of the rules. It may have been the result of panic over the precipitous decline in the stock markets the previous week.

## House Votes To Arm Airline Pilots

One issue that has been simmering since Sept. 11 is whether to allow airline pilots to carry guns in the cockpit. When Congress passed the Aviation Security Act last November, the decision whether to allow pilots to carry guns was left to the Transportation Department and the new Transportation Security Administration. However, the decision by Transportation Secretary Norman Mineta and Transportation Security Administrator John Magaw, against allowing pilots to carry guns, triggered a lobbying campaign by the pilots’ unions, which resulted in a July 10 House vote of 310-113 to create a “Federal flight deck officer” program which would train and arm



pilots who volunteer for the program, once issues relating to the safety and security of firearms on board passenger aircraft are addressed.

Transportation and Infrastructure Committee Chairman Don Young (R-Ak.), the lead architect of the bill, said that it "will provide the last line of defense against terrorist hijackings." Aviation Subcommittee Chairman John Mica (R-Fla.) said that "allowing pilots to defend themselves and their passengers, their aircraft, is absolutely fundamental to the safety and security of our aviation system." Supporters of the bill point out that Air National Guard fighter jets patrolling American skies have standing orders to shoot down passenger jets that have been taken over by hijackers. "To me," Young said, "that is a ridiculous solution when it can be stopped at the cockpit."

In the Senate, Commerce, Science, and Transportation Committee Chairman Ernest Hollings (D-S.C.) has refused to hold hearings on a companion bill. An unusual alliance led by conservative Bob Smith (R-N.H.) and liberal Barbara Boxer (D-Calif.) is vowing to attach the Senate bill to any appropriate vehicle that comes along. Boxer told reporters on July 10, "I am far from satisfied that the travelling public is being protected as they should be." She said that she and Conrad Burns (R-Mont.) have been unable to get a briefing from the Transportation Department on the status of the air marshall program for seven weeks.

## Supplemental Spending Conference Collapses

Congressional appropriators cancelled a meeting with White House officials on July 12, when Office of Management and Budget Director Mitch

Daniels refused to back down from threats of a Presidential veto of the FY 2002 supplemental appropriations bill. The White House has been demanding that Congress pare about \$2 billion from the bill to bring it closer to the original \$27 billion request as opposed to the near \$30 billion the bill is set at now.

Sen. Ted Stevens (R-Ak.) said, "This is blind, blind adherence to a line that was established, a crazy line in my opinion, without regard to the needs of the country."

Aggravating the conflict is the continuing feud between Daniels and Congress. Senate Appropriations Committee Chairman Robert Byrd (D-W.V.) said, "He's always meddling. Not only that, he's always lecturing the Congress."

Various parts of the government are warning that if they do not get the money it provides them, certain activities will grind to a halt. Pentagon Comptroller Dov Zakheim told reporters on July 12 that if the Defense Department does not get the \$14 billion in the bill by Aug. 1, aircraft maintenance will suffer, battalion rotations through the Army's National Training Center at Fort Irwin, California will be cancelled, and up to 35,000 civilians will be furloughed, among other things. Transportation Secretary Norman Mineta, in a letter to House Appropriations Committee Chairman Bill Young (R-Fla.) on July 11, warned that the Federal Aviation Administration will furlough up to 35,000 air traffic services workers, half of them controllers, in September, if the \$100 million in the Senate bill was not provided.

But, Senate Minority Leader Trent Lott (R-Miss.) told reporters on July 15, "I'm beginning to question whether we need a supplemental at all." He suggested that the Bush Ad-

ministration could get through the remaining less than three months of the fiscal year by moving money around among different accounts. He also suggested that because four months have passed since the money was requested, not nearly so much of it is still needed now.

## Democrats: Debate GOP Social Security Plans

On July 12, House and Senate Democratic leaders appeared before reporters to demand that Republicans bring up their Social Security privatization proposals for debate and a vote before the November elections. Democrats complain that Social Security privatization is high on the GOP agenda, but with the markets dipping to five-year lows, they do not want the issue to come up in an election year.

"There's one reason Republicans are sweeping Social Security privatization under the rug," said House Minority Leader Richard Gephardt (D-Mo.). "They understand that the American people are deeply suspicious of any proposal that rolls the dice with the greatest retirement program that's ever been created. . . . The privatization proposals that the President's commission has put forward talk about cuts that average about 25% for future retirees." Given that, plus the risks of investing in the financial markets, "we need this debate . . . before the elections this fall," he said.

House Democrats are circulating a discharge petition to try to force the GOP bill onto the floor, but may not get the required 218 signatures. That would leave it to the Senate, where Majority Leader Tom Daschle (D-S.D.) has not ruled out the possibility of a debate.

### *Jihad, and 'Greater Jihad'*

A reader objected recently to a statement included in an article of Jan. 18, 2002, in which *EIR*'s writer quoted U.S. Ambassador to Israel Daniel Kurtzer as saying, in a lecture in Jerusalem on Dec. 20, 2001, that one of the five principles of Islam, *jihad*, "in the classic religious association connotes religious belief and fervor, not violence." Our correspondent Hussein al-Nadeem supplied the response:

The objection was that *jihad* is *not* one of the five principles of Islam. These principles, or pillars, are: 1) The testimony of Faith in the One God and His praised prophet Mohammed as His messenger; 2) Prayer; 3) Charity (*Zakat*); 4) Pilgrimage to Mecca (*Hajj*); and 5) Fasting in the month of Ramadan.

The reader is *formally* right, and Mr. Kurtzer erred on two counts: that *jihad* is not one of the five principles of Islam; and also on the meaning of *jihad*. *Jihad* in Arabic means strife, strenuous endeavor, or making an earnest effort. The word, as in the English word "strive," can imply "struggling" or "fighting" to attain, to improve, or to change.

When the Prophet Mohammed embarked on his mission to liberate a society (in Mecca and in Arabia) which had degenerated to the brink of economic and moral collapse through pantheism, usury, and slavery, he preached to this society in order to discipline and civilize its members. The five pillars were the crucial part of his organizing effort.

However, as he moved to al-Madinah to establish the first Muslim city-state, there was a danger that the mission of Islam could be eliminated in the cradle by the financier oligarchy in Mecca and its allies in western Arabia.

Therefore, the Prophet said that Muslims were "obliged" to defend with weapons this newly born nation, and the Holy Quran included a divine order to the Prophet to encourage Muslims to mobilize for war. "To those against whom war is made, permission is given [to fight], because they have been wronged; and verily, Allah is most capable of their aid. Those who have been expelled from their homes in defiance of the right [for no cause other than that] they say 'Our Lord is Allah.'

Had not Allah checked one set of people by another, surely ruin would have been brought upon many monasteries, churches, synagogues, and mosques where the name of Allah is commemorated in abundant measure." (The Holy Quran, Surah 22 Al-Hajj, verses 39-40).

As these verses imply, *jihad* is not launched only to defend Muslims, but also to defend other righteous faiths. At that point in Islam's history, *jihad* in the military sense became a *faridha* (obligation). But *jihad*, Muslims learn, can only be conducted under specific terms: For example, authorization of the religious leadership of the society; and that, for the purpose of fending off an aggressor's force or supporting an oppressed people and establishing justice.

Individuals and groups do not have the right to issue a *fatwa* (religious decree); *jihad* cannot be launched unless leadership be proven to be corrupt or treasonous, when every other rational and reasonable means is exhausted in achieving objectives which must accord with the universal principle of justice.

According to reliable and undisputed sources of Prophet Mohammed's tradition, the Prophet once received a Muslim army division, who were assigned to a difficult military mission, and returned victoriously. Mohammed said: "I welcome a people who accomplished the lesser *jihad*, but still have to fulfill the greater *jihad*." They asked: "But what is the greater *jihad*, O messenger of God?" He replied: "The *jihad* of the soul."

The greater *jihad* is the *jihad* to moderate and perfect the human soul in the pursuit of happiness and justice, for the individual and for society as well. This always reminded the Muslims that the real mission of Islam is not military conquest, as with previous empires, but to establish on Earth a human society which is good and just.

In that vein, Muslims from the 7th-13th Centuries established a great renaissance of knowledge and a civilization which extended its scientific, philosophical, and cultural fruits from China to Europe over many centuries. This can only be revived and replicated today, in the Muslim world, through the "greater *jihad*."

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Mallard-Suntel  
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Mon—1 am & 8 am
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