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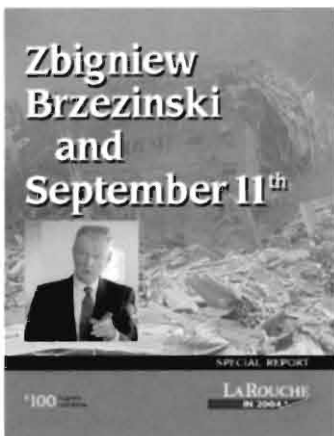
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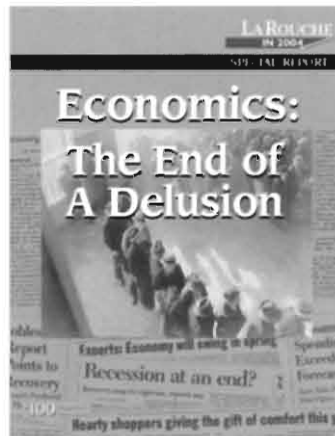
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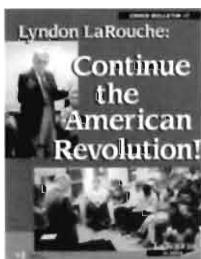
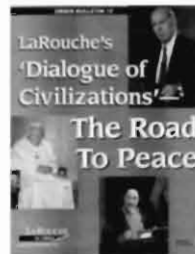
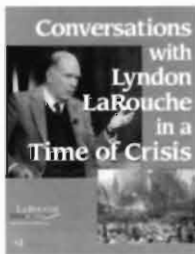
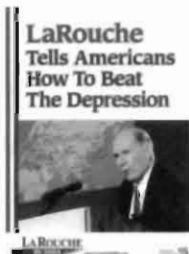
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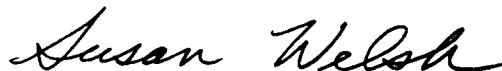
From the Associate Editor

The photo on our cover depicts the fight waged by the LaRouche movement in 2001 to save D.C. General Hospital, the only public hospital in the nation's capital. We exposed the criminal corruption behind the bid to privatize the city's public health-care system, and warned that thousands of people would die as a result of the hospital's closure. Now, with the bankruptcy of National Century Financial Enterprises and Doctors Community Healthcare Corporation making front-page news, and hospitals and nursing homes around the country being driven into desperate straits by these loan-sharking operations, Lyndon LaRouche's forecast is proven 100% correct.

In a message to the Coalition to Save D.C. General on July 11, 2001, shortly before the hospital closed its doors, LaRouche underlined the larger lesson of the fight. "We've now come to the point that none of us is going to survive, unless we restore the general welfare principle," he said. "That is, that government has no moral authority to govern unless it is efficiently committed to defend the general welfare of not only all the population, but also the posterity." LaRouche vowed to continue to provide leadership in that fight, until victory is achieved for that principle, internationally.

That is where we stand today, under even worse economic conditions. This week's issue documents the catastrophic situation in Argentina, an agriculturally rich nation of 37 million people, which produces enough food to feed 300 million people—and where children are dying of starvation, so that the foreign debt can be paid. In Germany, the city, state, and national budgets are being cut to the bone, while a faction of the elites talks about the need for rule by "emergency decree." And in the Philippines, tax revenues and the national currency are collapsing—but the Supreme Court took an unexpected decision on behalf of the general welfare.

In our *Feature*, Pierre Beaudry tells the history of the concept of the state's obligation for the general welfare, from the 1648 Peace of Westphalia, to the work of Gottfried Leibniz, to the diplomacy of Benjamin Franklin and the French allies of the American Revolution. This principle shows the way to peace in the Middle East, provided the utopian advocates of a "Clash of Civilizations" are defeated.



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Cover This Week

At this press conference in Washington on March 8, 2001, LaRouche representative Lynne Speed (left) exposed the corruption of National Century Financial Enterprises and Doctors Community Healthcare Corporation, which were grabbing up the District's public-health system. The privatization scheme included the shutdown of D.C. General Hospital. Now, NCFE and DCHC have filed for bankruptcy.



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Greater Southeast Community Hospital, the centerpiece of the privatization scheme corruptly rammed through last year, is in bankruptcy and is operating “day-to-day” on a drastically reduced level, as a result of the Chapter 11 bankruptcy filing by its owner, Doctors Community Healthcare Corporation.

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Called a “healthcare Enron,” the bankruptcy of National Century Financial Enterprises illustrates the consequences of failing to re-regulate industry and infrastructure.

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Today's Utopians have declared that "the era of the Treaty of Westphalia has ended"—the treaty that ended the devastation of the Thirty Years War in 1648. Against this folly, it is imperative that the strategic principle of Cardinal Mazarin's understanding of the peace, including its later influence on the emergence of the American nation, be grasped and inform future agreements among sovereign nation-states.

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Now Beware the Chicken-hawks!

Argentina's Children Are Sacrificed to the IMF

by Cynthia R. Rush

How is it possible that children are dying of starvation in Argentina, South America's premier food producer, whose exports feed hundreds of millions around the world? This is the question which shocked Argentines were asking themselves on Nov. 15, as the news broke that five young children in the northern province of Tucumán had died gruesome deaths of starvation and malnutrition. In the days that followed, it became clear that Tucumán was just the tip of the iceberg: Every one of Argentina's 23 provinces exhibits the same horrifying picture of children dying from starvation.

The report almost overshadowed the breaking news from Nov. 14, that in the midst of intense negotiations with the International Monetary Fund (IMF), the government of President Eduardo Duhalde had failed to make a \$805 million debt payment due that day to the World Bank. Despite its December 2001 debt default, Argentina has, until now, faithfully paid its multilateral creditors—the IMF, World Bank, and Inter-American Development Bank—operating under the delusion that this might help it remain in these institutions' good graces, and seal an agreement to roll over the \$18 billion in debt that comes due between now and the end of 2003.

Good graces? This slaughter of innocents is the result of Argentina's *failure* to break with the IMF—of its insistence that it is worth negotiating, as the Duhalde government has done now for ten months, how much loot the Fund has a right to extract from the country, in its attempt to collect an unpayable \$220 billion in foreign debt. Even as news, that hundreds more children have died this year from malnutrition, emerged in the days following Nov. 15, the government announced that it would continue to play the IMF's negotiating game, certain that an agreement would be forthcoming "soon."

Democratic Presidential pre-candidate Lyndon

LaRouche addressed the insanity of this approach in graphic—and prophetic—remarks to a group of Brazilian businessmen last June, during his historic visit to São Paulo. "Why is the crazy IMF sending these gravediggers down to Argentina?" he asked. "Why are they doing that? To maintain the principle that any debt which is owed to New York bankers will be paid, if they have to sell the Argentine babies for hamburger to do it!"

The IMF's Pound of Flesh

Revelations of the extent of starvation in Argentina—359 children in Tucumán alone have died of malnutrition so far this year—provoked a frenzy of finger-pointing, as national and provincial officials blamed each other for the deaths. Implying that the Tucumán provincial government was at fault, President Duhalde denied there is a problem of hunger or starvation, blathering about "structural poverty" and "chronic" health problems, but asserting "I don't believe that any child in Argentina lacks food." First Lady Hilda "Chiche" Duhalde dramatically announced she would travel to the province to personally oversee its food distribution program, while the government also loudly announced the launching of an "Operation Rescue" to combat poverty and hunger nationwide.

The stench of hypocrisy in all this chest-thumping is overwhelming. Did government officials really think the country *wouldn't* be strewn with the corpses of infants and children, as a result of free-market policies that cut off crucial funding to the provinces, while ravaging the physical economy? Did they think there would be no consequences, if living standards were destroyed, if unemployment soared over 25%, if medical services and health care, once the best in Ibero-America, were savaged? Was anyone really surprised to see pictures of emaciated children on the front pages of national and re-

gional dailies, more typical of Sub-Saharan Africa than the land of vast fertile *pampas* and unlimited supplies of wheat and cattle?

Today, as a result of IMF-dictated austerity applied by successive governments, 57% of all Argentines—by year's end it will be 60%—are classified as poor, while an unprecedented 67% of all children are poor, a rate higher than Bolivia, Brazil, and Mexico. The average wage, once the highest, is now among the lowest in Ibero-America. There are 260,000 children nationwide suffering from malnutrition, three of whom die each day.

Infant mortality stands at 18.4 per 1,000 live births, double the rates in industrialized countries, but also higher than Costa Rica, Cuba, Chile, or neighboring Uruguay. In poorer parts of the country, it is as high as 30 per 1,000 per live births.

According to the Health Secretary of the province of Misiones, the 49 deaths from malnutrition there this year were due to “the suspension of aid programs from the national government,” a “cost-cutting” measure carried out under the governments of both former President Fernando de la Rúa and current President Duhalde. Countering Duhalde's absurd denial that children *are* dying of starvation in Argentina, Tucumán's Health Secretary Juan Masaguer warned that “we can't ignore the fact that what really killed” the most recent small victims, “was hunger.” “It's incredible, he said, “that we produce food to feed 300 million people” around the world. Yet “there are only 37 million of us, and people are dying of starvation.”

Kill the IMF Instead!

Instead of crawling to the IMF to agree on how many more children should die, Argentina should take its cue from Lyndon LaRouche's evaluation of the dilemma the IMF and global financial system now face. Should Brazil and Argentina continue to impose IMF austerity, they will implode and bring down the bankrupt global system with them, LaRouche explains. But, should they reject austerity conditionalities and not pay their debt, the IMF will also disintegrate. It's a “lose-lose” situation.

The nervousness with which London and Wall Street greeted Argentina's failure to make its Nov. 14 payment to the World Bank, should have alerted the government to its advantageous position. Could it have brought down the New York banks and busted the whole system? Some feared it might. The Nov. 15 edition of the *Washington Post*, voice of the Lazard Frères banking interests, worried that Argentina's default increased the danger that anti-globalization sentiment “will turn increasingly against the Fund, its overseers in the U.S. government, and the system of global capitalism that they champion.” Worse, how will Brazil's next President, Luiz Inácio “Lula” da Silva, be able to “hew to IMF-backed policies,” the *Post* fretted, “if neighboring Argentina rejects them?”

The same day, the London *Economist* effectively admitted that the problem rests with the global financial system.

While it would be politically disastrous for the IMF to give more money to Argentina without guarantees of necessary reforms being implemented, it said, letting it fully default to multilateral agencies won't work, either. “The IMF's own financial structure means it cannot afford to see a big borrower halt all repayments—especially when problems in Brazil and Turkey still loom large.”

The Duhalde government nonetheless decided to keep the insane process with the IMF going. Even though negotiations almost broke off altogether on Nov. 14, because of the Fund's again raising issues Argentina thought had been long settled, Finance Minister Roberto Lavagna announced that they would continue, because the IMF's Deputy Managing Director Anne Krueger and U.S. Treasury Secretary Paul O'Neill had supposedly softened and had begun to show a more “conciliatory” attitude.

Lavagna returned to Buenos Aires, and together with Duhalde, herded provincial governors and national legislators into a two-day meeting on Nov. 17-18, and came out dangling a 12-point document of “political consensus.” In it, governors and legislators agreed to most of what the Fund wanted: reduce expenditures by 50% this year and 60% in 2003; pass the 2003 budget which has already incorporated changes requested by the Fund; accept the Fund's longtime demand to grant immunity to Central Bank directors, and not to make changes in the bankruptcy legislation to postpone foreclosures of those who have defaulted on their mortgages. Additionally, the government announced it would issue a decree raising public utility rates by 10% now, and another 10% in March—not quite the 30% the IMF demanded, but far more than anyone in Argentina can pay.

Although Lavagna assured the country that the 12-point document was all that was missing to clinch an agreement with the Fund, IMF External Relations Director Thomas Dawson said otherwise. In a Nov. 19 briefing in Washington, Dawson coldly reminded the Argentines that “whatever agreement is reached needs to be implemented,” noting that a 14-point document issued last April with similar content “was not implemented.” Dawson repeatedly expressed the IMF's “regret” that Argentina hadn't paid the World Bank, warning that “for an agreement to go forward,” the Bank would first have to be paid.

Absurdly, Lavagna is warning legislators that should they fail to act as the Fund requires, they will be responsible for sabotaging an agreement. But it's already clear that the 12-point agreement will go the way of the April one—Congress is already balking at doing the Fund's bidding—for the simple reason that the program *cannot be implemented*. Deputy Finance Minister Guillermo Nielsen, now leading negotiations with the Fund, warned on Nov. 21 that there will be no agreement before the end of the year, and perhaps not until February or March, by which time Argentina will run out of reserves altogether, and will have trouble “managing the economy.” How many more children will be sacrificed on the IMF's debt altar between now and then?

Privatization Scheme Collapses in D.C.

by Edward Spannaus

The privatization scheme for Washington, D.C.'s public health-care system, which was rammed through in a corrupt deal last year—and which the U.S. Congress refused to reverse, even though it had the power and the duty to do so—has now entered into a process of rapid and terminal collapse.

The centerpiece of the scheme, Greater Southeast Community Hospital, is in bankruptcy and operating “day-to-day” on a drastically reduced level, as a result of the Chapter 11 bankruptcy filing on Nov. 20 by its owner, the Arizona-based Doctors Community Healthcare Corporation. DCHC's filing followed by two days the bankruptcy of its financial partner, National Century Financial Enterprises (NCFE), which itself filed Chapter 11 after FBI agents spent the weekend executing a search warrant in its Ohio headquarters.

All of this was foreseen and forecast a year and one-half ago, by the LaRouche movement, which organized the mass opposition to the shutdown of D.C. General Hospital, and exposed the dirty record of DCHC and NCFE. *EIR* reported that what DCHC and NCFE specialize in, “is extracting loot from hospitals and health-care institutions upon which the lives and well-being of thousands of patients and citizens depend.” Even though this was all known, the corrupt deal was forced through by Wall Street's Financial Control Board, which oversaw the city's finances, and Democratic Leadership Council (DLC) darling Mayor Anthony Williams. After the takeover of the Senate by John McCain (R-Ariz.) and Joe Lieberman (D-Conn.), the DLC gang prevented any consideration of the matter in Congress, with D.C.'s Congressional Delegate Eleanor Holmes Norton ordering Congress to stay out, because it was a “home rule” issue.

Greater Southeast's Failure

Not only was DCHC's Greater Southeast supposed to “replace” the services provided by the top-rated D.C. General Hospital—which it could never do—but it was also the centerpiece of the so-called D.C. Health Care Alliance, which was supposed to function like an HMO for poor residents of the District. Greater Southeast never provided anywhere near the level of services of D.C. General. Under the privatization contract rammed through by the Mayor and the Financial Control Board, it was supposed to create its own Level I Trauma Center, to replace that which was shut down at D.C.

General; it never even tried.

Last Spring, Greater Southeast was downgraded by the national agency responsible for accrediting health-care institutions, after an inspection found numerous safety and health violations. Greater Southeast was then notified by the Center for Medicare and Medicaid Services that its ability to obtain reimbursements from the Federal government was in jeopardy because of this. Ironically, the re-inspection is scheduled to take place during the Thanksgiving week of Nov. 25—at a point where the hospital cannot even provide sufficient nurses and doctors to serve its dwindling number of patients.

Greater Southeast's emergency room has been closed for much of the week of Nov. 18, its pediatrics unit has been closed, and three nursing units have been consolidated into one. The CEO of Greater Southeast has said publicly, that the hospital is operating “day-to-day,” and that if it cannot meet payroll, it will close. The near-closing of Greater Southeast has again thrown the District's emergency medical services into a crisis—as occurred after the shutdown of D.C. General in the Summer of 1991. Greater Southeast staffs its emergency room with contract physicians from PhyAmerica—which has also gone into bankruptcy because of non-payment from National Century. Howard University Hospital, the only other hospital in the eastern half of the city, is diverting ambulances from its emergency room due to overcrowding. Washington Hospital Center has announced that it will not accept any more non-emergency patients, because of lack of payment from Greater Southeast.

According to Sister Carol Keehan, the CEO of Providence Hospital, Greater Southeast Hospital's emergency department and the emergency department at D.C. General, serve 6,000 patients a month.

City Council members are enraged and pointing to their unanimous opposition to the privatization scheme last year. Councilman David Catania, who had published a dossier on DCHC and NCFE, said that “the Control Board and the Mayor's office didn't listen when we told them this would happen.” “I'm sick,” said Council member Sandy Allen, who sponsored many hearings on D.C. General and the privatization plan last year.

The fallout from the National Century collapse is being felt all over the country. At least four other health-care providers have also gone into bankruptcy, including PhyAmerica, which provides emergency-room doctors for over 200 hospitals; the Tender Loving Care unit of Med Diversified, which provides home-care services to over 60,000 patients; and Lincoln Hospital Medical in Los Angeles.

Hundreds of other clients of National Century—which built its operation around lending against the accounts receivable of health-care providers—are also endangered. Many operate in the nation's poorest communities. “This is a knife in the heart of those institutions,” a spokesman for the American Hospital Association said, noting that many of these facilities were already on the verge of collapse.

NCFE: Death-Dealing Side of the Bubble

by John Hoefle

Lyndon LaRouche has long maintained that it is not just the collapse of the world's largest financial bubble that is deadly. Attempting to *maintain that bubble* is measured in lives wasted, destroyed, and lost. The bankruptcy of, and mushrooming scandal around, National Century Financial Enterprises (NCFE), provides an insight into how this destructive process works, and illustrates the consequences of failing to re-regulate industry and infrastructure, to stop such abuses.

In the aftermath of the near-meltdown of the global financial system in September 1998, the world's major central banks, led by the Federal Reserve, printed and unleashed what speculator/drug-pusher George Soros blithely called a "wall of money," in a desperate attempt to stave off a total blowout. Part of these "walls of money" pumped into the banking systems was used to carve out wider channels for existing income streams to flow into the banks' pockets. Some of these measures were legal; others were allowed only because Congress had legalized them by systematically dismantling existing protections; and some were illegal even in a fraud-friendly environment. The post-1998 policy was, in effect, to beg, borrow, or steal anything that could be stolen, and throw it into the bubble. It is this combination of monetary policy, deregulation and asset-grabbing which created the dot.com bubble, the related telecom bubble, and the Enron/energy pirates' Wall Street bubble; all of which have exploded and are now revealed as what LaRouche had said they were—scams. Now, with the bankruptcy of NCFE, another aspect of this post-1998 looting comes out of the shadows.

The Asset-Backed Securities Danger

NCFE was basically a financial "factor," advancing cash to hospitals, physicians, and other health-care facilities in exchange for their receivables—the delayed payments made by insurance companies and government agencies for patients' treatment. NCFE would place these receivables into pools, then issue derivative securities—known as *asset-backed securities*—backed by the expected insurance payments. When Federal Reserve Chairman Sir Alan Greenspan talks about how the derivatives market has saved the financial system by spreading the risk, one of the elements he has in mind, no doubt, is the asset-backed securities market, which has doubled in size since 1998. As of the second quarter of 2002, there were \$1.4 trillion in asset-backed securities outstanding, according to the Bond Market Association. Of this

amount, \$394 billion—28% of the total—were securities backed by credit-card payments; \$234 billion—17%—were backed by home equity payments; and \$205 billion—14%—were backed by auto-loan payments.

Asset-backed securities account for only 7% of the \$20 trillion U.S. bond market, falling well short of the \$4.5 trillion in mortgage-related bonds, or the \$4 trillion in corporate bonds, but they play an important role in what is politely called "risk management." Commercial banks have been quite active in recent years, converting their credit-card and other loans into asset-backed securities, which are then sold primarily to institutional investors. The effect is to take the loans off the banks' books, shifting the risk of non-payment of the loans from the banks, to the owners of the securities. In these days of soaring debts and a shrinking economy, such a method for shifting losses from banks to pension, mutual, and other publicly owned funds is no small consideration for a financier.

NCFE was basically in the business of loaning hospitals, nursing homes, and other medical facilities money to get them through the period between when they provide a service and when they get reimbursed for that service by the relevant insurance company or government agency. The more slowly they received their payments, the weaker their financial condition; since the health maintenance organizations were notorious for delaying reimbursements, the HMOs created the opening for NCFE (and others, though NCFE was the largest player in the field) to step in and fill the gap. For a fee, of course. Caught in this squeeze, more than 100 clients signed up for NCFE's services, with the company buying \$15 billion in receivables and issuing \$6 billion in asset-backed securities since its founding in 1991.

As a private company not required to make public filings with the Securities and Exchange Commission, much about NCFE remains shrouded in secrecy. But one can tell a lot by looking at its board, which consisted of four of the company's founders and two executives of J.P. Morgan Chase, which controls 16% of the company through its Beacon Group III private equity fund. In addition, Morgan Chase and Bank One are trustees for NCFE's bond trusts. The bonds themselves were underwritten by Crédit Suisse First Boston, the investment banking arm of Switzerland's Crédit Suisse banking/insurance giant. The top purchasers of the bonds included PIMCO, the world's largest bond fund and a subsidiary of Allianz, the world's third-largest financial institution; Alliance Capital Management, an arm of French insurance giant Axa; and ING, the Dutch insurance/banking conglomerate.

All in all, NCFE fits the profile of a looting operation, whose existence served mainly to divert a portion of the health-care income stream into the pockets of some of the biggest financial institutions in the world. Now it has collapsed, leaving a bankruptcy wave spreading among medical providers, with disastrous consequences for health-care and patients.

Germany Is Paralyzed By Fiscal Emergency

by Rainer Apel

“The next tax revenue forecast in November will reveal new financial shortfalls. Budget-cutting policy, however, is the worst choice under the conditions of combined world financial crisis and depression: every other round of budget cuts destroys more productive capacities, so that the hole in the state treasury increases further, because of shrinking tax income—it is an endless downward spiral.”

Thus Civil Rights Movement Solidarity (BüSo) chairwoman Helga Zepp-LaRouche, on Oct. 23, urgently warned the German government against continuing its austerity policy, in an open letter mass-distributed nationwide since then. Now, the official November tax revenue forecast has been publicized, and it has corroborated all earlier, unofficial warnings of a disaster.

Adding severity to the rapidly worsening economic crisis, a political scientist who is a leading “Anglo-American asset” in Germany publicly called for reviving the type of emergency law—*Notverordnung* in German—under which Hitler was allowed to become dictator in 1933. In the *Frankfurter Allgemeine Zeitung* of Nov. 19, 70-year-old Arnulf Baring, long known as an Atlanticist in the camp of the ultra-“free trade” Mont Pelerin Society, attacked the government for its failure to impose *a regime by emergency decree*, of the kind that

Chancellor Heinrich Brüning had from the Spring of 1930 to the Summer of 1932, based on Emergency Article 48 of the Weimar Republic’s constitution. Such emergency rule, Baring wrote, was necessary to impose “painful reforms by-passing the parliament, based on presidential emergency decrees.”

Large and Growing Revenue Shortfalls

The public sector in Germany will run short by 15.4 billion euros, this present fiscal year, and another 16 billion in the coming fiscal year, the government’s tax-forecasting board has found. This is by no means a precise assessment, but only a “correction” of the forecast given at the last half-year forecast in mid-May. The real facts on the fiscal disaster will be publicized only with the next yearly forecast, in mid-May 2003.

An immediate consequence of this November forecast is that Finance Minister Hans Eichel is forced to declare “a disturbance of the economic balance”—an emergency, in other words—and to call for a substitute budget exempt from Article 115 of the German Constitution, which bans the state from borrowing more money than it spends on real public sector investments. With the 34.6 billion euros (13.5 billion above original plans) that Eichel intends to borrow, he misses the Article 115 standard by 6 billion this fiscal year. The gap will remain, and it will even increase in tandem with the worsening general economic-financial situation.

Cities’ Crisis Is Even Worse

The fact that for the first time in years, the labor market did not show the usual pre-Christmas recovery in October, but rather a further increase of jobless figures, is an indicator of troubles to come, as less employment means less taxes paid.

The tax revenue disaster is even worse on the level of the 16 German states and the municipalities—which do not have the legal leverage the Federal government possesses, mostly at the expense of the states and municipalities, to grab extra income by new taxes, tax increases, or cancellations of rebates. The trend shown in the forecasts made by the 16 states, indicates that their tax shortfall is closer to 20 billion euros than the officially admitted 15 billion, already this ongoing fiscal year. The two southern states of Bavaria and Baden-Württemberg, with proportionately lower jobless rates than the rest of Germany, estimate tax shortfalls of 2 billion and 1 billion euros for this and the following fiscal year, respectively. The State of Hesse and the State of Lower Saxony expect budget holes of 2 billion and 2.7 billion euros for this and the coming fiscal year, respectively; the city-states of Bremen and Berlin expect shortfalls in the range of 380 and 900 million, respectively, for 2002 and 2003. Eight of the 16 states have entered procedures for a substitute budget already; at least four other states are ex-



In August, during the national elections, Helga Zepp-LaRouche’s BüSo posters alerted Germans to coming financial crash; Chancellor Schröder’s CDU went with “feel-good” posters. Now Germany is in galloping fiscal emergency, Schröder is speaking grimly of “pain,” and Zepp-LaRouche “knows what to do.”

pected to do so, in the near future.

The situation of the German municipalities is even more dramatic, as many of them do not have any income from corporation or trade taxes anymore, and many cities are in the situation of Offenbach, where one of the biggest single calculable sources of income is the dog tax. The Offenbach municipality has the illusion now of being able to “privatize” its 88 schools and day-care centers, making some extra million euros with that.

The general situation of the municipalities is indicated by the fact that of the State of North Rhine-Westphalia’s 25 big cities, 21 are virtually bankrupt and are administered under fiscal supervision of the state government, which means they have to get every single euro spent in the municipality, okayed by the state first. And of the State of Hesse’s five big cities, including Germany’s banking center Frankfurt, all are under that kind of state supervision.

The budget-cutting priority of the Federal government, which plans to force the states to make even bigger cuts at the end of November, has come under massive, increasing public attack—not only by the cities and the states, but also by labor unions, medical associations, retired citizens’ groups, and others.

In an effort to play down the mounting criticism, a visibly enervated Chancellor Gerhard Schröder claimed on Nov. 18 that there was no alternative to his government’s approach. He said Germany stood at the “beginning of a painful development,” which would necessarily include an “in-depth restructuring of the social welfare state.” He implied, without disclosing details, that there would be “no taboo” to any tax increase, except (for the time being) the value-added tax. But whatever extra money will be collected, will be spent on paying the debt, so that no extra funding of incentives for the real economy is possible under this policy.

Dead Weight of EU ‘Stability Pact’

The German government is furthermore faced with punitive measures and billions of euros in fines by the European Commission, for missing the 3% debt-to-GDP ratio “target” (really an edict, which has gone from counterproductive to, currently, suicidal) of the Maastricht System, by 0.8% so far in the ongoing fiscal year. Either in a fit of insanity, or under massive blackmail by the private banks, Finance Minister Eichel has promised to balance the budget by 2006, and to reduce the gap visibly already in 2003. This alone implies additional budget cuts in the range of 10 billion euros, annually.

Germany’s financial and fiscal emergency will get much worse, if that policy prevails over the next weeks. The “emergency rule” demanded by Arnulf Baring and other Mont Pelerinians is a desperate reaction to the financial collapse, a reaction forecast by Lyndon and Helga Zepp-LaRouche. Such demands will get rapidly louder unless Zepp-LaRouche’s New Bretton Woods and Eurasian Land-Bridge policy is fought through, rapidly, instead.

Philippines

High Court Breathes Life Into Economy

by Michael Billington

The Philippines economy has been subjected to an escalating assault over the past year, on top of the destruction wrought by the 1997-98 speculative assault on the nation and its Asian neighbors. The government deficit has gone out of control as a result of collapsing tax revenues from the shrinking manufacturing base; national debt has skyrocketed to meet the deficit; the national currency, the peso, is sliding from its already 50% devalued state (from before the 1997 crisis), thus increasing the debt burden.

Nonetheless, the Filipino people are smiling this month, as, to the shock of even the most optimistic, the Supreme Court on Nov. 15 issued a ruling against one of the leading dynastic families in the nation, a ruling based on the nearly forgotten Constitutional principle that the “General Welfare of the citizenry” supersedes the “shareholder values” of the oligarchical elite.

‘Economic Rights of the People’

The ruling came in a case brought originally in 1998 against the Manila Electric Company, known as Meralco, the Philippines’ largest private power conglomerate, owned by the Lopez family, whose other holdings include the leading TV station in Manila, telecommunications, privatized waterworks, and extensive real estate. The suit accused Meralco of exceeding the legal limits mandated for energy price increases to consumers, beginning in 1994. The case won a lower court ruling, but was dismissed by a Court of Appeals in 2000, which barred the Energy Regulatory Board from forcing the country’s biggest power distributor to issue a refund to its customers. The case then moved to the Supreme Court, under Chief Justice Hilario Davide—the same court which upheld the coup d’état in January 2001 against former President Joseph Estrada, a coup whose sponsors interfaced with the Lopez interests.

Thus, there was great surprise when the court ruled on Nov. 15 that Meralco must repay consumers a sum of \$540 million for the excessive rates charged over the past eight years. Most important was the wording of the ruling: “In Third World countries like the Philippines, equal justice will have a synthetic ring unless the economic rights of the people, especially the poor, are protected with the same resoluteness as their right to liberty. In configuring the contours of this economic right to a basic necessity of life (like electricity),

the court shall define the limits of the power of respondent Meralco, a giant public utility and monopoly, to charge our people for their electric consumption.”

This constitutes more than a legalist finding of law, but declares a fundamental principle of the general welfare, thus condemning the entire process of deregulation, privatization, and the unbridled rule of the mythical “free market economy” which has brought the world economy to its current state of collapse over the past 30 years. It is a principle which is the bedrock of the U.S. Constitution, and was subsequently incorporated into the Philippine Constitution, but has been generally disregarded in both nations for many years.

The IMF Thinks Otherwise

Ironically, the International Monetary Fund’s Executive Board released its *Annual Review for the Philippines* on the same day as the court ruling. While the Philippines legal system was declaring the necessity of regulation (and perhaps, eventually, the nationalization of socially necessary utilities), the IMF was demanding the exact opposite. “The plan to privatize and deregulate the power sector should move forward,” the IMF said, while also demanding that the government sell down the peso in order to build up dollar reserves, and squeeze the population and the productive sector in order to meet foreign debt payments.

The “plan to privatize and deregulate the power sector” mentioned by the IMF refers to an infamous bill to privatize the National Power Company (Napocor) and deregulate the nation’s energy system, a bill rammed through the Congress as the first order of business by the newly installed President Gloria Macapagal-Arroyo in January 2001, as the first spoils to the coup-sponsors who placed her in office. Although there was, and continues to be, significant popular opposition to the implementation of the bill (see “Philippines Patriots Battle the Privatization of their Energy System,” *EIR*, June 8, 2001), and President Arroyo has had serious second thoughts herself, the privatization process has moved forward, slowly, to the great detriment of the national economy and the general welfare.

Although it is not yet an issue on the table, it is clear that the recent Supreme Court ruling, if carried forward to realize its clearly stated intention, would mean the restoration of Napocor as a state enterprise, regulated for the general interest of industry, agriculture, and the population at large.

The Debt Crisis

A brief review of the crisis in the Philippine economy demonstrates the urgency of such emergency action. The Federal deficit has swollen far beyond the projected limits, so drastically that the Standard & Poors rating agency lowered the Philippines sovereign credit rating outlook from stable to negative, declaring that the government had “temporarily lost control over public finances.” While S&P’s action must be taken as a (typically) hostile act against the nation’s sover-

eighty, the figures demonstrate that its facts are accurate. At the end of October, the deficit reached 180 billion pesos (\$4.06 billion), when the *annual* target was 130 billion pesos. The drastic decline in manufacturing, down more than 12% over last year, together with a severe fall in stock values, are major causes of the collapse of tax receipts.

To meet the deficit, the government issued a series of foreign currency bonds, which saw the total debt issued abroad leap by over 30% between June 2001 and June 2002, to \$17.5 billion. Another \$500 million offering is now ready for issue, but there may be no takers, especially after the IMF explicitly instructed the government to take on no new debt.

Overall debt rose by 18% year-on-year as of August, to a total of \$50.35 billion (\$24 billion of which is foreign debt). While this is small compared to the huge foreign debts in Argentina and Brazil, the ratio of debt to the size of the economy is comparable—and the comparison is indeed being made in financial centers in the West.

Rising Unemployment

Nearly 14% of the Filipino people are fully unemployed, even by official figures, and far more are underemployed—an estimated 8 million people in total. This explains in part the ugly fact that over 2,000 people leave the country every single day, looking for employment in the West, the Mideast, around Asia, and anywhere else where work can be found. This process is encouraged by the government, as a source of foreign currency, from the remittances sent home by workers to their families, despite the fact that the relatively highly skilled emigrants (including especially many nurses, construction workers, and professionals), are desperately needed at home if the nation is to be reconstructed.

The profound principle enunciated by the Supreme Court decision in the Meralco case must be taken as a reaffirmation of the mission of the Philippine nation, the Asian nation which most closely reflects the original purpose of the United States as a “temple of liberty and a beacon of hope to all mankind.” (And, may I add, Americans should consider the implications of the fact that our own Rehnquist/Scalia Supreme Court is apparently “constitutionally” incapable of making such a profound Constitutional ruling!) Now is the time to end all the trappings of the failed globalization bubble, revive federally regulated utilities and infrastructure, break from the bankrupt IMF, and join with other sovereign nations in implementing a New Bretton Woods monetary system to restore human progress to the ailing world.

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‘They Aren’t Just Roads, But Economic Corridors’

Rajat M. Nag is the Director General of the Greater Mekong Sub-region (GMS) program for the Asian Development Bank (ADB) in Manila, the Philippines. See EIR, Nov. 15, for Gail Billington’s article on the central role of the GMS projects at the ASEAN+3 summits, held in the first week of November in Phnom Penh. This interview was conducted for EIR on Nov. 12 by Gail and Michael Billington.

EIR: We wrote an article for our journal last week on the GMS summit, and in fact, the title of the article incorporates something that you had said, which was “infrastructure and what goes with it.”

We are very keenly interested in this kind of project. Let me very briefly tell you that *EIR* was founded in 1975, central to its founding was the idea to promote global infrastructure projects, great projects. At the beginning, we proposed an international development bank to replace the International Monetary Fund (IMF), to finance low-interest, long-term loans for infrastructure development.

In 1997 we published a report on the Eurasian Land-Bridge perspective, and have pursued this very closely ever since then, and have linked that to a proposal for a New Bretton Woods financial system to finance this kind of infrastructure. We are interested in the developments coming out of the conference last week. I’ve drafted some questions, and, perhaps, we could just proceed with that. . . .

What do you think were the most important results of the GMS meeting, and then, the GMS in the context of the Phnom Penh meetings?

Nag: I would say, three very critical and very important outputs of the summit. First, was a political recommitment by the six leaders to regional and subregional cooperation. So, this program is ten years old and . . . there was very clearly a strong commitment to move on and strong endorsement.

The second one is: Poverty reduction is the key objective in this area, but economic growth is the way to go about it, together with social development, but you cannot move away from the need for economic growth and, hence, exactly the point that you were mentioning, Gail, the need for physical infrastructure.

And the third point, which I thought was very important is that the leaders felt that, while you have economic growth, while you have physical infrastructure, you must do it in a very environmentally and socially sensitive way, so it wasn’t

just a question of pouring concrete or building a road, but to make sure that it ultimately benefitted the people.

So, I would say political recommitment, emphasis on economic growth, with environmental management, would be the three major things.

EIR: Given the context of what’s been going on in the world recently, do you see any effect from the world being caught up in a dialogue on whether or not there would be a war in the Middle East around Iraq; and to what extent was that a factor in terms of a remarkable level of collaboration at these meetings?

Nag: You know, in one sense it wasn’t a factor at all. I mean, you know, people looked in long term, looked sort of beyond what is happening right now, but I think the second part of what you said was very important. I think leaders realize that you have to cooperate, you have to have regional cooperation, you have to move forward in a “win-win” situation between the nations, other than one at the cost of the other. So, the situation in the Middle East, the issues surrounding that were not on the table at all, at least in the GMS summit. In the ASEAN summit, which was the larger one, yes, of course, the issues of security, terrorism, etc., they were discussed.

EIR: Of the projects associated with the GMS scheme, what do you see as the top priorities, or what do you see as the best synchronization of projects?

Nag: The top priority, I see, are the transportation networks that are now being supported, the so-called East-West corridor, which goes from Thailand to Laos, into Vietnam, into the Danang port out to the sea, so it basically gives Thailand an out into the sea, rather than going through the Gulf of Thailand. That is one. Then there is the North-South economic corridor, which links up Kunming, Yunnan Province with Chiang Rai, with Bangkok, and then another North-South route, which basically links up Bangkok with Phnom Penh, and Ho Chi Minh City, Vietnam.

So what we see, is these are not just roads. They are, of course, roads to begin with; but they are really economic corridors, and that is the way we look at this.

EIR: Well, that’s exactly how we described it in our *Eurasian Land-Bridge* report. You have development corridors, which also incorporate manufacturing, agricultural zones, science and technology centers, educational centers, and that sort of thing.

Nag: And so, these roads become the necessary condition, but are not sufficient, and then you need all the other things that you mentioned.

EIR: Given the growing evidence of economic crisis in the U.S.A. and Europe—where you have at the local, state, and national levels now, huge budget deficits—and also the collapse of foreign direct investment in Asia; what do you see as

FIGURE 1

Eurasia: Future Main Routes of the Eurasian Land-Bridge



the prospects that—it was calculated that half of the funding for the GMS would come from private investment. What do you think are the prospects of that?

Nag: Well, the prospects certainly don't look as good right now, but we have to keep a very long-term view on these. We recognize that public sector funding, whether national level or international—and by that, I mean international organizations, such as us [the Asian Development Bank]—we can fund only a small fraction of the requirements of the physical infrastructure.

It has to come from the private sector whenever that will, but one point we are trying to pursue is raising funds in the local market, in the Asian markets—to see if we can raise funds in Singapore or Hong Kong or Bangkok. And also look at local currency financing.

EIR: I just read today, I think, in the *Bangkok Post*, that there was some question about the ADB launching bond issues in local currencies, which they have resisted in the past because they were afraid it would serve as a conduit for capital flight by financial institutions. Is that what you are referring to? Are you proposing that the ADB issue these kinds of local currency bonds for infrastructure development?

Nag: Including infrastructure, not only infrastructure, but including infrastructure; including [also] for small and medium enterprises in these countries. But I think, Mr. Billington, the concern you have raised is a genuine one, whether this could be used as an excuse or a medium for capital flight. What we have said very clearly is that any bonds that we issue will be raised and used locally, so we are not going to use bonds to then convert into dollars and then take it out of the country. So this is very much to mobilize local resources for local projects, and I think this point is now appreciated and accepted by the governments.

EIR: So you expect this will go through, then?

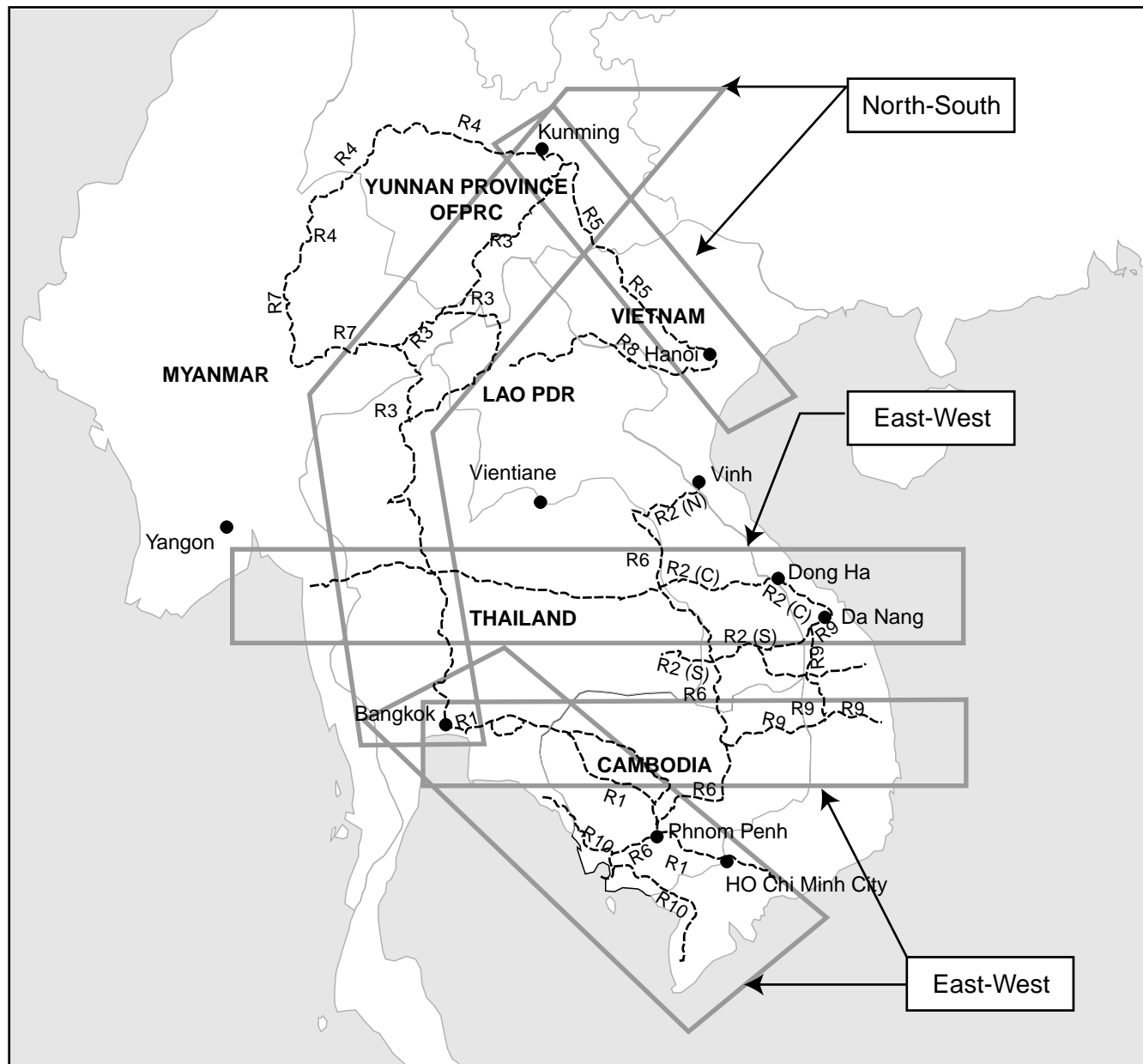
Nag: Well, it also depends on the state of the capital markets and the markets in general, but we are proceeding on working with it. But it is still some time away, I think.

EIR: What concerns do you or the ADB have—you mentioned the environmentally sensitive areas—about the river-clearing projects going on in the upper reaches of the Mekong?

Nag: Right, that is one; but if I might just give a slightly broader context. Our concerns are really, first, with the effect

FIGURE 2

Greater Mekong Sub-region: “Economic Corridors” With Major Proposed Sub-regional Roads



Source: EIRNS; Asian Development Bank.

EIR’s 1997 map of the proposed three main Eurasian Land-Bridges (**Figure 1**), shows the context for the Greater Mekong Sub-region development (within circle). Since this proposal was made, the ASEAN+3 nations have developed the additional “Asian Railroad” project, the North-South line from Kunming to Bangkok.

The Asian Development Bank’s map of the major proposed new roads being developed across the region (**Figure 2**), shows that they are intended as the central axes of “economic corridors” of development, including port, water management and navigation, power, and resource development. (The map has been edited for detail.)

on the people. There can be considerable resettlement effects, and we want to make sure that the resettlements of the people are consistent with what would be their rights to a fair compensation, a fair substitute for their livelihood, etc. We want

to also make sure that the clearings and the effect on the forestation, for example, is consistent with sound conservation principles. We just don’t want a road to go through a protected biodiversity area, for example.

We are concerned about the effect of movement of people, which, obviously, all of these would entail, and, therefore the issue of sexually transmitted diseases, HIV-AIDS and all the ills that go with it. And what we are doing is making sure that: a) in the design stage itself all of these are built in; and b) there is an awareness of the local people, in particular, of these effects, and how to manage them.

The issue that you raised about the development in the upper reaches of the Mekong is an important one, but a separate one. We—ADB—are not involved in financing any of those projects, but we are certainly talking to the upstream countries to communicate to them the concerns of the downstream countries, such as Vietnam and Cambodia, and getting the countries together to look at the effects of such development—shared environmental impact assessments, for example—and see if the designs could be modified or mitigated.

EIR: One of the things that's going on in the United States is that the Army Corps of Engineers, who were really considered experts in this, have come under a lot of attack; but it is an institution that has a useful function in terms of developing that kind of expertise.

Nag: You know, we take the view that development is about trade-offs, and the option of doing nothing is also an option, of course, but that must be taken very consciously. So, if we don't build a particular physical infrastructure or a road, or a transport corridor, "not doing" also has costs to the society and that, therefore, has to be carefully balanced against the economic benefits of doing the project and the environmental costs that may come with it. . . .

EIR: One side to this was brought home to me very clearly when I spent about six weeks in France earlier this year; what you see very clearly, for example, in the mastery of forestry cultivation, which 17th-Century Minister of State Jean-Baptiste Colbert developed. This kind expertise does exist and it needs to be applied to the specific circumstances of climate and culture in which you operate, but the knowledge is there if you make it comprehensible.

Nag: The knowledge is there. It can be and should be applied, and, therefore, development cannot be just a matter of going hell-bent on building a road, but it really has to be taken in a very comprehensive package. We at least believe we do take such a comprehensive view on exactly the points you are making. If you build a hydropower project, it has very many positive benefits, and it has some negatives, and you have to manage those negatives, and make sure that the people who are affected—their rights are protected. And, therefore, the whole thing becomes very complex, but I suppose one can't avoid it.

EIR: To what extent in the whole Greater Mekong Sub-region area has there been success and progress in clearing the unexploded ordnance from the Indochina wars?

Nag: You know, we ourselves aren't involved, so my information is sort of indirect, or second hand. In Laos, they are still continuing with that, and in parts of Cambodia. Certainly toward the northeastern parts of Laos and the northeastern parts of Cambodia, so that still remains a problem in many of those areas.

In Vietnam, that sort of thing does not seem to be much of an issue any more. But certainly in Laos and Cambodia, in the northeastern part, that certainly remains an issue, and as we get into those areas, which until only recently in Cambodia, were still under the Khmer Rouge, I think there has to be a considerable amount of lead time before projects can be undertaken there.

EIR: On the bigger picture of Asia, if I may: Russia and China have been very actively involved around reaching some kind of resolution on the Koreans. China was very involved at the last ASEAN summit. To what extent do you see any indications of Russia taking an interest also in the kinds of projects that you are involved in, or regional projects of this sort?

Nag: Russia is not a member country, so we do not really have any projects there or much discussions with them. So my views are essentially very personal and general. But we see Russia as sort of straddling Europe and Asia; therefore, many of these large projects obviously are of interest to them, be it gas pipelines or be it other infrastructure. Some of the Central Asian republics, or former Soviet republics, are members of the ADB, but not Russia.

EIR: When we published the report on the Eurasian Land-Bridge in 1997, our maps of this included three routes: the northern route, which was the old Trans-Siberian; the central route through Xinjiang in Central Asia; and then the southern route, which had two branches, one from China around Vietnam, and one that cut down through Kunming in Yunnan, meeting what is called, in Southeast Asia, the Asian Railroad; and ultimately, through Myanmar, India, and on through to the West. The whole southern route of the Eurasian Land-Bridge straddles the hub of the Mekong project. So to what extent is there conscious discussion or planning between these two broad infrastructure projects?

Nag: I would say not in any sort of detail, but we are, of course, aware of the broad outlines of these routes. What we are doing is looking at local benefits, with, shall we say, sub-regional perspectives and ultimately a global perspective, or certainly a trans-Asian perspective. But the projects that we are looking at now, we are making sure that they are "doable," and they are pragmatic, and relevant for the countries now. And, some of the projects that you mentioned, ultimately, will benefit everybody, but there are so many other political issues, which are still to be resolved, which may take some time. Myanmar, for example: Operations in Myanmar at the moment are suspended, and it depends on our board when that will be resumed.

So we are not letting the larger complications come in the way of implementing or designing projects right now, but, hopefully, they will all be part of a much larger network. . . . You just have to go to any village, and the first thing they ask for is a road connecting them to the nearest roadhead, or access roads to the market, or the local hospital.

EIR: Are you not involved as much in the rail projects along these same routes?

Nag: We are not. They are on the table, as it were, but, you know, financing for those projects is much higher, and we think we have got to get private sector funding coming into that. So, they are part of the planning, but they are not part of the project by planners yet.

EIR: Just for your information, there was an excellent article by Associated Press, which I read in the *Richmond Times-Dispatch*, in Virginia on Nov. 10, on the railroad plans in Asia. It was very positive, very upbeat. We have a very serious problem here in the United States, among many. One of them, which I think cuts to the core, is that at a recent conference on Laos, the current U.S. Ambassador was speaking, and I asked a question about the Mekong project, and about whether or not the United States, instead of sitting out and watching this, couldn't get involved in developing some of these grand projects in the region. The Ambassador's answer was: "We don't do infrastructure any more." I just gagged—here is America, with a tradition of the great nation builder, which openly espouses the idea that "We don't do infrastructure." It's an appalling thought, but, unfortunately, that is the policy. It is the policy that has increasingly dominated the country, and we are fighting here, domestically, to change that whole conception.

Nag: You know, roads and schools and hospitals and telecommunications are all infrastructure, and schools and hospitals are also part of social infrastructure, so I think, we can't just say we won't do it. As I said earlier, we have got to make sure we do it with adequate safeguards and all the environmental issues, which is what I suppose bothers and concerns lots of people, and quite rightly, but I certainly think we have to move forward and carry everybody with us. . . . I have always commented that any time we meet any of the leaders in these countries, they talk about the need for roads and connectivity, which is not surprising. That is exactly what every society has always done—built roads, connected villages, reached out, and I think that we just need to recognize that is a very understandable aspiration.

EIR: Were you on the GMS officials tour of the region last Summer?

Nag: I was not, unfortunately; my colleagues decided that I would stay in headquarters, while they would go on this trip. So, I tracked their progress and talked with them, but no, I was in headquarters, unfortunately.

EIR: What was their impression? This was the first time that they could actually see what this area looks like: How did it affect their thinking about the project?

Nag: I think they were not looking at a particular project, but at the region as a whole. They came away with two very strong impressions. One was the need for better connectivity. If you can reduce the travel time from seven hours to two hours, there are tremendous economic benefits to that. And the second thing I think they came away with, was a much better understanding of themselves as a group, as a region, and that really was, I think, even the more important benefit. People who travelled together suddenly realized that they have much more in common than they don't, and, they have much more to gain from cooperation than they don't. So we were very pleased with this aspect, which came out very, very well.

EIR: One of the things that we have always insisted on, in discussing this kind of project, is the question of how do you finance it. Our proposal is that we have to build a new financial system. We need a new Bretton Woods.

Nag: You know we keep saying that if we just talk, that's good, but that's not good enough, because you have got to then "do;" and the theme of our summit, as you must have noticed, was "make it happen." So, we are trying our best to make it happen, and, obviously, the bottom line will be funding. So that is what we have to focus on now.

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Business Briefs

Debt

Consumers Living Off Their Homes in U.S.

The Federal Reserve Board, in the October issue of its survey of senior bank lending officers, reported that 2002 has "seen record levels of home mortgage refinancing," and that a large part of that is cash-out-refinancing.

"About 70 percent of banks," said the Fed study, reported that the typical increase [that is, the increase in the homeowner's new mortgage relative to the old mortgage debt he or she was refinancing] was between 5% and 15% of the original outstanding balance.

Furthermore, more than one quarter of the bank loan officers indicated that the typical increase in size of the mortgage through refinancing, again as a percentage of the original outstanding balance, was greater than 15%.

Thus, 25% of banks experienced, in the case of customers who refinance their mortgages at higher levels, that these homeowners increased the amount they borrowed by at least 15%—a measure of the amounts the homeowners were using to increase their general spending and pay debts, rather than to reduce their monthly mortgage payments.

Britain

Brown Warns of 'Worst Recession'

Chancellor of the Exchequer Gordon Brown declared in Parliament on Nov. 18 that the United States, Europe, and Asia were heading toward the "first simultaneous world slowdown for almost 30 years," and that the global economy was facing one of its worst crises since the "oil crisis" in the 1970s.

Brown warned that the Group of Seven countries were experiencing the "sharpest reduction in growth since the recession in 1974, and the worst deterioration in industrial activity since the oil crisis." Outside the G-7, countries were witnessing the "sharpest contraction that has taken place in world eco-

nomical growth since 1974." According to Brown, "The ongoing uncertainties facing the world economy are unprecedented in number, and more widespread than at any time in our recent economic history."

On Nov. 14, Bank of England (BoE) deputy governor Mervyn King rang alarm bells by pointing to the "enormous uncertainty" surrounding the British housing market. The dramatic rise in house prices "exceeded" the Bank of England's expectations, and in combination with global developments, poses "significant risks," King stated.

According to the BoE, household debt has grown to a record £801 billion, or 111% of disposable income. In September, household debt was up 13.1% compared to one year ago, the highest year-on-year growth recorded since the BoE began collecting these figures nine years ago. "The larger the build-up of household debt, the greater the risk of a sharp correction," the BoE said.

The Institute for Fiscal Studies (IFS) put out a new study emphasizing that the burden of consumer debt is spread highly unevenly across the population, and that a slight increase in interest rates or unemployment would lead to mass insolvencies by British households. As in the United States, the rise in household debt is being accelerated by a giant housing bubble. According to most recent figures, average house prices in Britain are now rising at a rate of 25-30% per year.

Asia

Central Banks Told To Get Out of Dollar

The chief economist of Standard and Chartered bank advised Asian central bankers to move reserves out of the U.S. dollar, according to *Business Day* on Nov. 15. Gerard Lyons, also head of global research for Standard and Chartered, said at a conference in Thailand that the Bank of Thailand and other Asian central banks should diversify their foreign exchange reserves away from U.S. dollars in anticipation of a fall in the value of the greenback.

"The mood within the United States has become more pessimistic," Lyons said, "and

it is not clear whether the country will produce below-trend growth or go into a deep recession. Even if the uncertainty over Iraq and the Middle East is resolved, the United States has to do extensive economic housecleaning. The consensus is that the dollar is overvalued, maybe by as much as 25% on a trade-weighted basis."

Lyons pointed out that Asian central banks' purchases of dollars, to add to their reserves, has been a factor in helping to keep the dollar strong. About 80% of the world's foreign exchange reserves are now held in dollars—and in some Asian countries it is as high as 95%, higher than the 62% in dollars a few years ago.

United States

Mass Layoffs From Big Firms Continue

Big American companies continued to announce big layoffs in the third week of November.

- United Airlines made an announcement of 9,000 more layoffs, along with large wage cuts for all employees, in its attempt to get a \$1.8 billion Federal loan guarantee to stave off bankruptcy. The second-largest carrier in the United States will shrink itself by about one-quarter compared to its size on Sept. 11, 2001, and cut wages and benefits of salaried employees by \$1.5 billion over five and a half years. United's unions agreed to these drastic cuts on Nov. 20, after long negotiations.

United will also reduce its flight schedule by another 6%, making capacity about 23% smaller; retire 49 of its larger aircraft; and delay deliveries of at least 25 more planes through 2005.

- Boeing, after slashing nearly 30,000 jobs this year, announced Nov. 20 that it will cut 5,000 more in 2003. The world's biggest plane maker expects to slash commercial jet output in 2003 by 50% below 2001, to 275-285 jets.

- Xerox, the world's largest copier maker, said it will eliminate 2,400 more jobs and close more plants, in order to slash spending by an additional \$1 billion, as \$9

McMANSIONS in Virginia are not selling. In Northern Virginia alone, 200 such houses have gone on the market in the last three months, and only 20 of them have been sold, the *Washington Post* reported Nov. 16. At the height of the bubble, two years ago, only 57 mansions were on the market and two-thirds of them sold in the same amount of time. The reason for the glut? "Many buyers and sellers of high-end properties are acting as if a crash is imminent, agents say."

BUILDING of homes dropped by 11.4% in the United States in October, the largest drop in eight years. The annualized rate was 1.61 million housing units, down from 1.81 million in September. This plunge in October followed a significant rise in homebuilding in September. The drop was much more pronounced in multi-family dwellings, which have rapidly rising vacancy rates nationally.

THAILAND proposed a major dam project in Myanmar with Chinese help, *The Nation* of Bangkok reported Nov. 16. The proposed \$5.5 billion hydroelectric scheme for Myanmar's Salween River would provide energy for the Electricity Generating Authority of Thailand (EGAT), and save EGAT \$1.5 billion over 15 years. China has been asked to participate, but Thailand is willing to pay the entire cost for the 5,000 MW power plant as a purely government project, without private investments.

STATES are insanely grabbing at gambling to close budget deficits. New York's Gov. George Pataki (R) is expected to move full-speed to build six Indian casinos, including four along border regions from Niagara Falls to the Catskills, and install slot machines in at least five horse-racing tracks. Pennsylvania has legislation pending, to authorize slots at four horse-racing tracks near the state line. Maryland, Massachusetts, and Rhode Island are all starting the process. In New Jersey, a new casino is slated to open next Summer in Atlantic City; and slot machines are slated for two horse tracks.

billions in debt comes due over the next three years.

- General Motors will cut hundreds of jobs over the next few weeks at its Saab unit, which is expected to lose about 500 million euros for all of 2002.

- Conseco, an insurance and finance behemoth, announced on Nov. 17 that it would file for bankruptcy protection and eliminate an unspecified number of jobs.

Free Trade

U.S.-Singapore Accord Hits Stumbling Block

Although Reuters on Nov. 19 reported that the long-stalled U.S.-Singapore Free Trade Agreement (FTA) is about ready, the last significant block is most revealing. U.S. Trade Rep. Robert Zoellick tried to pressure Singapore by going public with the deal, even though there is a major issue unresolved, with respect to national sovereignty.

"I am delighted to announce that Singapore and the United States have completed the substance of a free trade agreement except for one issue," Zoellick told a news conference in Singapore. However, Tommy Koh, Singapore's chief negotiator, described that last issue as "a deal breaker." Officials said the two sides are still discussing Singapore's right to impose capital movement restrictions in times of financial or economic crisis. Under International Monetary Fund and World Trade Organization provisions, member nations can fix the exchange rate or curb capital flows in an emergency situation to staunch a financial crisis. "The United States would like us to modify our commitment," said Singapore Trade Minister George Yeo. "We are not comfortable. We are still having discussions, and I believe that we should be able to resolve this in good time."

Negotiator Koh, however, said the outstanding issue was not a small matter. "If there is no agreement, it's a deal breaker," he said. Zoellick, apparently trying to bum-rush Singapore into accepting this demand, said he expects a draft legal text of the FTA to be completed in a matter of weeks, and

definitely by year's end. "I am hopeful that we would have final action during 2003 and it would come into effect in 2004," he said.

Government

Bush Wants To Privatize 850,000 Jobs

As the Senate was about to approve a deal on stripping civil service protections from the employees of the soon-to-be-created Homeland Security Department, the Bush Administration on Nov. 14 let out that it plans to put up 850,000 civilian government jobs for competition from private contractors. Administration officials said the intent is to save money by farming out many routine jobs, such as mowing lawns, picking up trash, making eyeglasses, and printing paychecks.

Labor unions that represent government employees are furious. Bobby L. Harnage, Sr., president of the American Federation of Government Employees, said that Bush "had declared all-out war on Federal employees." He added, "This Administration is selling the Federal government at bargain basement prices to their corporate friends, who then make campaign contributions back."

A number of think-tanks in Washington attacked the plan. Paul Light, head of the Brookings Institution's government studies program, noted that the timing was very bad, coming as it did amidst the tensions created over the Homeland Security bill. Furthermore, he said that evidence of savings from contracting out government work is sketchy, partly because contractors tend to push their prices up after the government workforce has been disbanded.

The White House claims that it can implement its plan without any changes in law. However, Army Secretary Walter White announced a similar plan only a month earlier, which would privatize 214,000 civilian and military positions of that service. White's announcement is coming under fire from Congress, precisely because it includes measures that do require changes in current law.

Peace of Westphalia: France's Defense of The Sovereign Nation

by Pierre Beaudry

Ending the Europe-wide devastation of the Thirty Years War in the middle of the 17th Century, the Peace of Westphalia was a crucial turn at the midpoint of a 300-year-long struggle for *national*, as opposed to imperial, sovereignty. This struggle began in the 15th Century with the sublime benevolence of Jeanne d'Arc, and the establishment of the first nation-state, France under Louis XI. It was renewed three centuries later by the French-American alliance to recognize the unique Constitutional Republic of the United States of America, under Benjamin Franklin and George Washington. Midway in this long effort, the 1648 Treaty of Westphalia was, fundamentally, a new diplomatic policy of France, initiated by the great Cardinal Mazarin, and developed into a consistent system of strategic defense of the sovereignty of nation-states. It lasted for a further 145 years until the regicide of Louis XVI on Jan. 21, 1793.

The pact of agreement established between the United States and France during the American War of Independence, from 1778 to 1783, was entirely in continuity with the principle of an active defense of the tradition of the Peace of Westphalia, and was part of a larger strategic defense alliance that also included the Empress Maria Theresa of Austria.

Today's military "Utopians," including the imperial perpetual-war faction in the present government of George W. Bush, have declared that "the era of Westphalia has ended" with the "war on terror" and the branding of certain nations as "rogue states." Against this folly, it is imperative that the strategic principle of Cardinal Mazarin's understanding of peace be identified, circulated, and made use of in the specific case of the current disastrous situation in the Near East. It should serve as a stepping stone for future agreements among sovereign nation-states.

The Nation-State Vs. the Empire

In order to understand the dynamic involved in the diplomacy of the Peace of Westphalia, it is necessary to go back to the initial moments of the birth of the



Ratification of the Treaty of Westphalia in Münster in 1648. Ending the absolute devastation of the Thirty Years War of religions, it was above all the work of Cardinal Giulio Mazarini—Mazarin of France. It inaugurated the diplomatic “Principle of the Advantage of the other” state, which, paradoxically, became the basis of national sovereignty, including that of the United States of America. The era of nation-states is known as the “Westphalian era.”

nation-state of France under Louis XI, and discover how the Imperial House of Habsburg and the Venetians were planning to destroy the very idea of a sovereign nation-state, that Nicolaus of Cusa had developed with his *Concordantia Catholica* during the Golden Renaissance.

On Jan. 5, 1477, a crucial battle took place near Nancy, in Lorraine, where the main ally of King Louis XI, Duke René of Anjou, killed the Duke of Burgundy, Charles le Téméraire (“the Rash”). This victory gave Louis XI the Kingdom of France. On that day, France became the first nation-state of Europe, and became known as the “Commonwealth” of Louis XI. From that moment the new nation-state, based on the principle of the *common good* of all of the people, had to struggle against powerful enemies, both from inside and outside, in order to maintain its unity of purpose and its territorial integrity. On the one hand, the nation had to institute the means of preventing foolish French Kings from making territorial claims outside of France; on the other, those same means had to serve to keep in check foreign interests, especially the Habsburg Holy Roman Empire, and prevent outside forces from making territorial claims inside of France.

In feudal Europe, there were three common ways by which a Prince could steal territory from his neighbors, and get away with it. Two of them were systematically used by the Habsburgs to build up their Holy Roman Empire. One was to claim a right of succession by a marriage alliance; the other was to grab the territory by an outright military invasion. The Venetians and their Lombard banking allies and competi-

tors invented a third way, which was to take over another country by a predatory central banking mechanism that controlled that country’s debt, or controlled its people by corrupting them with financial speculation.

In the case of the new nation of France, the Emperor of Austria, Maximilian I, could not afford the second option, so he chose to make use of the first. Immediately after the death of the Duke Charles of Burgundy in 1477, Maximilian I married the Duke’s daughter Marie, Duchess of Burgundy, and almost the entire territorial inheritance passed automatically into his hands. The King of France, Louis XI, retained only the Franche-Comté (the Free County of Burgundy), Picardy, and Artois, while the Austrian inheritance included the territorial domain of the Low Countries, known today as Belgium. A few years later, at the Treaty of Senlis of 1493, the Franche-Comté and the Artois were ceded back to Maximilian I by the son of Louis XI, Charles VIII (to be returned as parts of sovereign France two centuries later; the Artois returned to France in 1659, and the Franche-Comté was won back militarily at the Treaty of Nijmegen, in 1678). As a result of this, the Austrian Empire carved a huge portion out of the French territory, and held it as a bargaining chip for the next 200 years.

These Imperial claims were added to the territories of Alsace and Lorraine (birthplace of Jeanne d’Arc) that the Austrian House of Habsburg had already conquered.

On the other side, after the death of Louis XI, two French Kings, in succession, Charles VIII (1491-98), Louis XII

(1498-1515), fell into the expansionist traps provoked by the Venetian competition against the House of Habsburg, and got drunk over the aromas and glories of Italian territories. Charles VIII misplaced the interest of France by adventuring unsuccessfully into the Kingdom of Naples, and Louis XII made a similar mistake in Naples, and added a second mistake, the claim of the Duchy of Milan as his heritage from his grandmother, Valentine Visconti.

In 1508, the League of Cambrai was created with the explicit purpose of putting an end to these divide-and-conquer tactics that were being pushed on Europe by the central banking Republic of Venice. A grand alliance joined together Louis XII of France, the Emperor Maximilian I of Austria, Ferdinand of Aragon of Spain, Henry VIII of England, the Duke of Ferrara of Italy, and Pope Julius II, all united against the Venetian plot of keeping nations weak through wars, and at the mercy of the Venetian system of usurious central banking. Venice was operating as the International Monetary Fund of the 16th Century. The Doge (Duke) Leonardo Loredan of Venice, who had been excommunicated by the Pope, had been forced to publicly confess to his “sins of pride and lust.” However, by 1510, Pope Julius II had lifted the excommunication against the Doge, and the League of Cambrai had fallen apart.

The breakdown of the League of Cambrai marked the end of the great anti-Venetian alliance, and the beginning of a series of wars orchestrated by the Venetian-controlled House of Habsburg. The only two nation-states of the period, the France of Louis XI, and the England created under Henry VII, were set up to be destroyed by the Venetians. France was devastated by 135 years of religious wars, and the Venetian central bankers took England over, lock, stock and barrel. The Republic of Venice was establishing a dictatorship of central banking under the control of the Doge himself and his Council of Ten, and was fomenting and financing throughout Europe, and especially in France, a war against civilization itself, pitting Prince against Prince, Duke against Duke, in a generalized war of religion between Catholics and Protestants.

After the miscalculated adventures of his two predecessor Kings of France, François I (1515-47) attempted to make a change of strategy. He made two stunning decisions. One was to bring in from Italy the greatest Italian Renaissance engineer-scientist of the period, student of Cardinal Nicolaus of Cusa, Leonardo da Vinci (1452-1519), to organize a French Renaissance based on a large-scale economic infrastructure project of river diversions in the Loire Valley. The other project was to seek the Imperial Crown of the Holy Roman Empire against Charles of Spain, to nip the Venetian imperial design of war in the bud. But this project failed, and France was completely surrounded territorially by a belligerent empire. In 1521, open hostilities started between France and the Empire.

Henry IV and the Spanish Inquisition

The accession of King Henry IV in 1589 was meant to fully re-establish the *Commonwealth* of Louis XI, but by then



France's great King Henry IV (1589-1610) overturned the Venetian-Spanish attempt to manipulate religious strife in France, by converting to Catholicism on the plea of his subjects, and subduing foreign and religious armies in France. His reign brought great economic development.

France had already been devastated by the Spanish Inquisition which caused what was later called the “little dark age.” During this destructive period, lasting from 1562 until 1598, the French wars between the Catholics and the Calvinists had not been real religious wars. Religion was merely used as a pretext for continuing “might makes right” policies to break up the nation of France from the inside. The so-called religious wars were actually civil wars instigated by the Venetians.

The Catholic Holy League, organized by the Habsburgs and the Venetians, was run internally by the Duke of Guise, the head of the Catholic faction who—with his brother, Charles of Guise, Cardinal of Lorraine—was introducing the evils of the Spanish Inquisition into France. The Duke of Guise literally substituted himself for the King, Henry III, and was assassinated by Poltrot de Mère, a guard of the King. Henry III, in turn, was assassinated in 1598, without leaving a son. Both assassinations fitted very nicely into the plans of the Venetians. The throne was left to the last living heir of the Capet family, the Bourbon Henry Duke of Navarre. The advent of Henry IV was a crucial turning point for the nation of France. It showed the true power of the Venetians to manipulate masses of people, and to make or break Kings at will.

The Venetian plan was a very carefully crafted operation to bring into power Henry of Navarre; however, there was one problem, and that very problem was precisely the reason for their manipulations. Henry IV was a Calvinist: The great majority of the French people were Catholics, but the King to rule over them during a period of religious wars, was a Protestant. Venice gambled that this explosive paradox was not going to be solved. The majority of the large cities, including Paris, were being taken over by the allies of the Spanish Habsburgs, as the great majority of the Catholics were being organized by the Inquisition to reject the new King as a heretic.

It took nine years of wars, 1589-98, for Henry of Navarre to regain all of the major cities of France from his Habsburg enemies. From the vantage point of the House of Habsburg, these internal battles were a perfect set-up, giving the perfect pretext for a foreign intervention. Thus, like clockwork, the Spanish King, Philip II, formed another Holy League against Henry IV and invaded France with his own Inquisition Catholic army. By 1593, the French-Habsburg faction had taken Paris, and had called to convene the Estates General in order to decide who the new sovereign would be, since Henry IV had been excluded as an heretic. The Spanish Ambassador formally proposed to have one of the daughters of Philip II crowned Queen of France.

But the Habsburg-Venetian plan failed. In July of 1593, in response to an appeal from the majority of his Catholic subjects, Henry boldly took the decision to untie the Gordian knot, and converted to Catholicism, thus completely ruining the Spanish plans. It was not until the Treaty of Vervins, in 1598, that Henry IV was able to conquer back all of his nation from the Spaniards, at the cost of repudiating his own religion in order to bring peace and public prosperity back to France, by granting freedom of religion with the Edict of Nantes.

From that moment on, the people of France had reconquered their King, and Henry IV became the most beloved King of France. France was re-establishing the principle of the *Commonwealth* of Louis XI. With the help of his close war partner and excellent Prime Minister, Maximilien de Béthune, Duke of Sully, Henry IV completely rebuilt the nation. The next 12 years were the only peaceful time that France had during this *little dark age* period. The King restored the finances of the country, and followed Sully's advice in all matters of state. Sully, a predecessor to Jean-Baptiste Colbert, applied the strictest principle of economy against all forms of waste. He instituted a court of law whose mandate was to find and bring to trial all usurious speculators, and all those engaged in any form of fraudulent dealings. Useless functions and excessively high rents were banned. In his capacity as Supervisor of Fortifications, Sully also restored all of the border cities and prepared the way for Marshal Sébastien Le Prestre de Vauban's strategic fortification defense policy.

The revenues of the state doubled in a few years. Starting in 1602, even with a significant reduction of taxes, the annual revenue exceeded the expenses. During these 12 years of peace, Henry IV brought improvements in agriculture and industry, especially in the tapestry and draperies trade and commerce. He revived Louis XI's luxury industries of silk in Tours and Lyon, and expanded trade and commerce by creating a Company of India. According to Sully, it was Henry IV who had proposed that Europe become "a Christian republic, entirely peaceful within itself," an idea that would later be taken up by Gottfried Leibniz.

However, the King of France would not see his dream come true. On May 14, 1610, a so-called "lone killer" by the name of Ravailiac assassinated Henry IV. A few years later, the Venetians triggered the most barbaric and devastating

wars of religion in the history of mankind, and, this time, all of the States of the Habsburg Empire were engulfed in the flames of the Thirty Years War.

The Thirty Years War and Westphalia

By the time the Thirty Years War (1618-48) was over, the population of Germany had decreased from 21 million to 13 million. The unification of the German nation-state appeared to be an impossible task. The Austrian Empire had no unifying principle of justice, nor of statehood to speak of. Following the Roman Empire tradition, the Emperor was elected by seven Electors who thought of themselves as the heirs of the Roman Senate. These were the three Prince-Archbishops of Mainz, Trier, and Cologne, and the four secular Electors of Bavaria, Saxony, Brandenburg, and the Palatinate. In addition, the Empire represented a hodge-podge of 350 different states and principalities and about 2,000 different jurisdictions. The area was so devastated, and the situation so insane, that the King of Denmark had become the Duke of Holstein, the Emperor of Austria was the Duke of Burgundy, and the Elector of Saxony became the King of Poland. Political, religious, and diplomatic reforms were desperately needed.

Above all, what was needed was to establish a decisive peace agreement and an economically viable German state that would not only be fair for all parties, but lasting and promote a viable economic German State. This was in fact brought about by the extraordinary diplomacy of the minister of Anne of Austria, and later Prime Minister of France, Cardinal Giulio Mazarini (1602-61), known as Mazarin; and of Pope Urban VIII (1623-44). They brought together all of the parties, and initiated a dialogue which they hoped would lead to a peace agreement—the Treaty of Westphalia—among all, including France. They also strove to establish a framework for a potential unification of the many German states into one true nation-state, building on the League of the Rhine facilitated by Mazarin, which included the Electors of Brandenburg, Cologne, Trier, and Mainz, the Dukes of Brunswick and Bavaria, and the Landgrave of Hesse-Cassel, together with France and Sweden.

Before the Peace of Westphalia, France had no real knowledge or understanding of the German states and electorates under the Austrian Empire. The quasi-sovereign states of what later became Germany, were constantly struggling to achieve their territorial sovereignty vis-à-vis the Habsburg Holy Roman Empire. The relations of these German states with France really began under Henry IV, especially with the Evangelical Union of 1609, and later, with the coming into power of the Elector of Brandenburg Frederick William in 1640. But this was not sufficient to ward off the imperial design of the powerful Venetian-Habsburg alliance.

During the period from the Peace of Westphalia in 1648, to the coming into power of the Great Elector of Brandenburg in 1686, Cardinal Mazarin made a decisive diplomatic intervention in world affairs. He established, for the benefit of all of Europe, a relatively durable peace based on protecting and

providing for the future consolidation of the sovereign territories—a peace which French diplomacy, under his guidance, intended to lead, in time, to the creation of new sovereign nation-states. This was true despite the fact that Mazarin’s policy was sabotaged systematically not only by the Austro-Hungarian Habsburg Emperors—who were constantly pushed into expansionist policies by Venetian and British maneuverings—but also by the maneuverings of the self-proclaimed “Sun King,” Louis XIV, and his extravagant *folie des grandeurs* (folly of grandeur).

During that post-Treaty period of 38 years, Mazarin was unceasingly building up an alliance among the enfeoffed German Princes, and was also relentlessly attempting to force through the same policy of *peace and development* on the royal governments of France, despite the extravagances of Louis XIV. In this Herculean task, the great Jean-Baptiste Colbert—the mentor of Gottfried Leibniz—and his younger brother, Charles Colbert, were Mazarin’s most valuable resources.

Mazarin’s ‘Principle of Benevolence’

The Treaty of Westphalia really ended not just 30, but more than 130 years of devastating religious wars, from 1511 to 1648. It was signed in Osnabrück for the Protestants and in Münster for the Catholics, on Oct. 24, 1648. The Treaty gave recognition to the two reformed religions, Lutheranism and Calvinism, and represented an unprecedented political breakthrough in the progress of religious tolerance, and in the promotion of what can be called Cardinal Mazarin’s *principle of political benevolence*, based on St. Paul’s *I Corinthians* 13.

The Treaty signed by the Holy Roman Emperor of Austria and the King of France, and their respective allies, was established after several years of negotiations and produced a text which included 128 clauses. The two first clauses of the Treaty are the most important:

- “That there shall be a Christian and Universal Peace, and a perpetual, true, and sincere Amity, between all and each of the Allies, and Adherents of his said Majesty, the House of Austria, and its Heirs, and Successors; but chiefly between the Electors, Princes, and States of the Empire on the one side; and all and each of the Allies of his said Christian Majesty, and all their Heirs and Successors, chiefly between the most Serene Queen and Kingdom of Swedenland, the Electors respectively, the Princes and States of the Empire, on the other part. That this Peace and Amity be observed and cultivated with such a Sincerity and Zeal, that each Party shall *endeavor to procure the Benefit, Honor and Advantage of the other*; that thus on all sides they may see this Peace and Friendship in the Roman Empire, and the Kingdom of France flourish, by entertaining a good and faithful Neighborhood [emphasis added].

- “That there shall be on the one side and the other a perpetual Oblivion, Amnesty, or Pardon of all that has been committed since the beginning of these troubles, in what



The “principle of benevolence” as an element and intention of French foreign policy, which carried the westphalian Era up to the American Revolution, was Cardinal Giulio Mazarini’s work. Known as Mazarin, he was Louis XIV’s Minister for nearly 40 years.

place, or what manner whatsoever the Hostilities have been practiced, in such a manner, that nobody, under any pretext whatsoever, shall practice any Acts of Hostility, entertain any Enmity, or cause any Trouble to each other; neither as to Persons, Effects and Securities . . . notwithstanding all Covenants made before to the contrary: That they shall not act, or permit to be acted, any wrong or injury to any whatsoever; but that all that has passed on the one side, and the other, as well before as during the War, in Words, Writings, and Outrageous Actions, in Violences, Hostilities, Damages and Expenses, without any respect to Persons or Things, shall be entirely abolished in such a manner that all that might be demanded of, or pretended to, by each other on that behalf, shall be buried in eternal Oblivion.” (Treaty at <http://www.yale.edu/lawweb/avalon/westphal.htm>).

The Kings of France were oriented to adopt this *agapic* principle of Mazarin, and were destined to become—regardless of Louis XIV’s excesses and those of successive Austrian Emperors—the guarantors and guardians of a durable Peace for all of Europe, based on the pursuit of Mazarin’s new principle, “the Advantage of the other.”

France’s role was to maintain a system of checks and balances whereby the Princes, the Electors, and the States of the Empire, kept their sovereignty vis-à-vis the central Austrian authority. The most delicate embroidery of the Peace of Westphalia resided in the guarantee that France would guard against the authority of the Imperial court impinging

upon the rights and religious freedoms of the different Protestant German states; and that France's own Kings would not fall prey to any expansionist policies. The diplomatic role of France was also to keep all of the different entities alert with respect to each and all of their neighbors, in opposing any enlargements between them, any tendency of a unified power of the Empire, or anything else that might endanger the tranquility of Europe, and the general peace.

The territories that France regained, at the Treaty of Westphalia, were the three Bishoprics of Metz, Toul, and Verdun; and Alsace, but minus the towns of Strasbourg and Mulhouse. Lorraine and Franche-Comté remained under Austrian control.

Diplomatic relations between France and the Austrian Empire, however, did not follow immediately after the signing of the Treaty. Tension and even open hostilities lasted well into the 1660s. It was not until 1660 that Mazarin chose, as his first Ambassador to Vienna, the President of the Sovereign Council of Alsace, Charles Colbert, the younger brother of the great pioneer of economic dirigism, Jean-Baptiste Colbert, then the Comptroller General of Finances of France. Mazarin sent Charles Colbert on a special mission, to initiate a series of negotiations with the Austrian Emperor.

The Emperor was violating his Treaty commitment not to assist the Spaniards, who were continuing to wage war against France. In May 1654, Mazarin instructed his minister at the Diet of Frankfurt to issue a stern warning to the Austrian Emperor, and to tell him point blank that clearly the only reason for his support of the Spanish war against France was "to assure the marriage of his son Leopold with the Infanta [Maria Theresa], heiress of the Spanish crown, and thus to revive, in the person of the young Prince, all of the powers of Charles V by the union of the States of the house of Austria, in such a manner that the Princes of the Empire could not take the just measures to prevent an event that would be invariably followed by the loss of their freedom."

The Emperor was shocked that Mazarin would thus bluntly "let the cat out of the bag"; but that did not stop the Emperor from pursuing his expansion plan. When he died in 1657, Mazarin took the opportunity to act on the Electors to cause a change in the imperial design. The ArchDuke Leopold was elected as new Emperor on July 18, 1658; but, under the influence of the French ministers, the Electors established a number of conditionalities, which forced him to capitulate on his Spanish family extension, and made him promise to abide by the 1648 Westphalia Treaty, which committed him to a lasting peace between France and Spain.

During the same year, in August, the Electors of Brandenburg, Mainz, Cologne, and Bavaria, signed the famous League of the Rhine alliance with France, Sweden, the Duke of Brunswick, and the Landgrave of Hesse-Cassel. This was Mazarin's consolidation of the Electors to ensure that the Treaty of Westphalia would be respected, and to pursue the economic expansion of trade and commerce along the main

rivers of the Empire.

But there was no guarantee that this plan would work. The League gave tremendous capabilities to Mazarin's diplomacy and an unprecedented facility for his Ambassadors to learn the ins and outs of the House of Austria. However, Louis XIV's antics were not helping the mission at all, and scared a number of Electors. The following exclamation on the part of the Landgrave of Hesse-Cassel was not so unusual: "I would rather be under the protection of the Turks than in the servitude of France."

But this coalition of Electors was all that Mazarin had, and they were going to be the key to maintaining the Peace of Westphalia until 1667. In the end, after the French army had made a momentary show of superior force, the King of Spain, Philip IV, signed a peace treaty with France, and gave his daughter, Maria Theresa, not to Leopold I of Austria, but to Louis XIV of France instead. (Later, at the turn of the 18th Century, Louis XIV used the pretext of this marriage to claim and justify an invasion of the Netherlands.) Thus began the long and arduous task of guarding and maintaining the Peace of Westphalia, which was to endure 145 years and then, through the French-American alliance of 1778, extend the reach of national sovereignty to the world as a whole, and to the present day.

The Great Elector of Brandenburg's Paradox

Out of the many electors joining the League, Mazarin required that one of them—the strongest—be chosen to lead the diversified group. His choice fell on the Great Elector of Brandenburg and Prussia, Frederick William, because he was the only leader who had been successful in establishing a striking unity of his territories since the Treaty of Westphalia. Pope Urban VIII described the territories of Brandenburg to Mazarin as *membra unius capitis*—"the members of a single head." This is what earned Frederick William the appellation of "Great Elector." But Mazarin had also chosen the strongest leader because he needed someone capable of the qualities that the principle of "the Advantage of the other" required, in such an extremely difficult situation. The responsibility of leadership required that Frederick William take into his own heart the disinterested love of others, to the point that he no longer feared for his own personal situation and interests.

Under the situation of the time, this benevolence of Jeanne d'Arc—or what Friedrich Schiller later called the *sublime*—appeared to Frederick William to be an impossible task. The principle of "the Advantage of the other" seemed to be so difficult to apply in that particular historical context because, for centuries, the Empire had functioned exclusively on the basis of *might makes right*.

It appeared virtually impossible to ignore all of the dangers that surrounded the territories of the Great Elector of Brandenburg. To the west, there were the unceasing, and century-old duels between the Bourbons of France and the

Habsburgs of Spain, setting new records every day in their perpetual competitions and intrigues, especially over who would control the Low Countries, or Poland; in the central territories, there were the constant rivalries between the German States and the Electors, trying to put an end to their former habits of revenge, but constantly fighting for their own survival against the continuing predatory efforts of the Imperial House of Austria; on the eastern front and in the North, there was a competition for the throne of Poland, as well as great Venetian games for the domination of the Baltic Sea and the Black Sea.

The Great Elector of Brandenburg was surrounded by all of these interests, and he was caught in the most difficult paradox of all. He must have been saying to himself, again and again: "If we continue to fight each other for our own self-interests, as we have done for hundreds of years, and if we don't pardon the sins of the past, all of civilization will be destroyed; but, on the other hand, if I, the Great Elector, follow the principle of 'the Advantage of the other,' I will be destroyed!" For instance, on April 7, 1659, eleven years after signing the Peace of Westphalia and a year after the creation of the League of the Rhine, the Great Elector Frederick William wrote to Mazarin the following revealing note: "If my ancestors have followed these maxims, that the interests of other Princes were to be preferred to one's own States, I must declare that I disagree, because, in my own conscience, I consider that I have the obligation of defending the territories that I own, thanks to God, and in doing so, I do not see how I can reasonably be blamed for doing anything wrong."

There was the paradox in plain daylight. Frederick William was obviously in a terrible crisis. The difficulty was truly appreciated and understood by only a handful of political leaders of the time. However, only one man, at that time, had the courage and the understanding of how to solve that paradox: Cardinal Mazarin.

This was so difficult that, during a period of 19 years (1655-74), Mazarin had to send to the Great Elector no fewer than 15 carefully chosen French ambassadors, who were at Frederick William's court day in and day out, educating him on what to do, but not knowing, themselves, how to succeed! The task was so grueling that Mazarin made it a policy not to send an ambassador on that mission for more than a year at a time. In fact, after a few months, the ambassadors were so exhausted that they were begging Mazarin to send them home to rest for a little while. For instance, in his dispatch of Oct. 8, 1673, Ambassador Verjus wrote to Mazarin: "The principle [of 'the Advantage of the other'] seemed to be unassailable, yet, its application often turned out to be quite awesome: A French Ambassador, tormented and unnerved by the suspicions, mistrusts, and worries of Frederick William, could only console himself in the thought that his rival, the Ambassador of Austria, also had to suffer such 'similar terrible hours'; and ended up by wishing that if he could be at the Bastille, without having to suffer a disgrace, he would

prefer spending a whole year in that prison rather than four months in Brandenburg."

Leibniz and the Pursuit of Happiness

The diplomacy of the Peace of Westphalia was extended into the 18th Century, and lifted to a higher level of principle, by the great German-Lutheran philosopher and statesman, Gottfried Leibniz. During his entire life, Leibniz (1646-1716) worked relentlessly to establish a *universal legislation* based on religious tolerance and on universal reason. As a legislator, Leibniz considered the very nature of man, and discovered that natural law and constitutional law both sprang from the natural force of bringing together the union of good will, and love of your fellow man. In the fight against despotism, Leibniz thought that if human beings were reasonable, codes and laws would not be necessary, and that man himself would be the law; and that since law is the power of reason, human reason would be sufficient to govern the world. The inequality in the practice of the God-given power of reason, he thought, produced the need for constitutional rule.

What Leibniz had in mind was to build a society based on the principle of the *pursuit of happiness*; that is, the pursuit of perfectability of man created in the image of God, such that man's understanding became proportionate with the glory of God. Such is the felicity meant by the joy of discovery, as was expressed by Archimedes' "Eureka!" In his *Ethics, Law, and Civilization*, Leibniz stressed the same *principle of benevolence* as had Mazarin. Leibniz wrote: "*Justice*, therefore, whose virtue is the mistress of the affection the Greeks call love of mankind (*philanthropia*), will be defined, most properly, unless I am mistaken, as the charity of the wise man (*caritatem sapientis*), that is, charity according to the dictates of wisdom. Therefore, what Carneades is reported to have said, namely, that justice is the highest folly, because it commands us, neglecting our own interests, to care for the interests of others, comes from ignorance of the definition. *Charity* is universal benevolence, and *benevolence* is the habit of loving. Moreover, to love is to take delight in the happiness of another, or, what amounts to the same thing, it is to regard another's happiness as one's own. Whence the difficult knot, which is also of great moment in theology, is untied—how there can be a disinterested love, which is free from hope, and from fear, and from regard for personal advantage; it is evident that the joy of those whose joy enters into our own, delights us, for those things which delight are sought for their own sake. And to this the political laws in the commonwealth extend which secure the happiness of the subjects, and along with this bring it about that those who had only a moral right acquire a legal right, that is, that they are able to demand that others perform what is fair."

It is clear that Leibniz's conception of the "pursuit of happiness," is nothing but an extended application to politics of St. Paul's *I Corinthians* 13, and a deepening of Mazarin's principle of "the Advantage of the other." It is, in germ form,

what was to become the basis for the Declaration of Independence of the United States.¹ In point of fact, the principle of Leibniz is in direct continuity with Nicolaus of Cusa's *Concordantia Catholica*, with the *Commonwealth* of Louis XI, during 15th-Century France, the work of Sir Thomas More in 16th-Century England, the "Christian republic of Europe" of France's Henry IV, and reflects the direct inheritance of the work of Jean-Baptiste and Charles Colbert.

During the last period of his life, Leibniz had been writing his *Theodicy* and *Monadology* in French, in the hope that the French scientific community he had worked with for so long in the past—including Christiaan Huygens, the Bernoulli brothers, the Marquis de L'Hospital, and others at the Royal Academy of Sciences—would become inoculated in the community of principle that he had developed in his *Memorandum for a German Society of Arts and Sciences*.

But in 18th-Century France, the Dukes of Orléans—later infamous in the destruction of the constitutional order in the French Revolution—became, first, the chief enemies of Leibniz and his patron the Electress Sophie of Hanover; and then, the sponsors of John Law. Law was the Venetian-controlled, Scottish central banker deployed into France and made Finance Minister for the explicit purpose of countering Leibniz's *pursuit of happiness* principle and corrupting the general population into gambling and speculation, prostitution, day-trading, etc. With the powerful impact John Law's Mississippi Bubble, Mazarin's and Leibniz's principle of "the Advantage of the other" was assaulted by the most violently predatory form of "shareholder value" ideology. The Law system was designed to offer "success and riches" for everyone, by excluding the one ingredient most necessary for the nation's success: the Common Good, or the love of mankind.

The Mississippi Bubble, built immediately after Leibniz's death in 1716, burst in December 1720. The entire French nation went into an unprecedented financial collapse.

The French-Austrian Alliance

On May 1, 1756, Austrian Empress Maria Theresa and French King Louis XV signed the Versailles Treaty. This extraordinary historical alliance took the whole of Europe by surprise. Both France and Austria became committed to the realization of the principle of the Peace of Westphalia, and to a mutual defense pact against any third party. However, it was not until 1770, that the French-Austrian alliance became a family pact. The alliance was the work of the Empress, Maria Theresa (1717-80), working in collaboration with two pro-American French allies: the Prime Minister of Louis XV, the Duke de Choiseul; and the Marquis de Noailles, the father

in-law of Marquis de Lafayette. It was Choiseul who proposed to the King of France that the alliance be sealed by a family pact in which the youngest daughter of the Empress, Marie-Antoinette, would be given in marriage to his grandson, the future Louis XVI.

This family pact was directly opposite to the Venetian-British outlook.² The aim was no longer to gain territory, but to secure a mutual friendship. On the day that Marie-Antoinette left Austria for France—April 21, 1770—Maria Theresa told her daughter that the most important person she should seek for political advice was the friend of Lafayette and the Americans, Marquis de Noailles. Maria Theresa wrote: "Once in Strasbourg, accept nothing without first consulting M. or Mme. de Noailles, and you should refer back to them all those who wish to talk about political affairs, by telling them honestly that since you are yourself a stranger, you cannot take the responsibility to recommend anyone to the King. If you want, you can add, in order to make the point more energetically, 'My mother, the Empress, has strictly forbidden me to make any recommendation.'"

The Anglo-Dutch "new Venice" oligarchy worked overtime to sabotage the Austrian-French alliance inside and outside of France. Within, they launched an operation against Marie-Antoinette starting as early as the 1770s, but which became public with the scandalous necklace affair of 1785, masterminded by the Venetian Count Cagliostro.³ (The fol-

2. In Alfred Arneth, *Secret Correspondence Between Maria-Theresa and the Count of Mercy-Argenteau*, Vol. 1 (Paris: Librairie de Firmin Didot Frères, Fils, et Cie., 1874). The following letter shows how Maria Theresa opposed, in the Treaty of Westphalia spirit of sovereignty of nations and "the Advantage of the other," the 1772 partitioning of Poland: "I admit that it pains me to have to decide on a matter in which I am not at all convinced that it is just, if only it were useful, but I don't find it useful either. The easiest would be to accept the partition of Poland that is offered to us; but by what right do we despoil an innocent whom we have always pretended to defend and support? . . . The mere reason of convenience, so that we are not left alone between the other two powers without gaining some advantage, does not strike me as being a sufficient reason, not even an honorable pretext for joining in with the other two unjust usurpers, with the purpose of adding to injury to a third party, without justification. . . . Our Monarchy can do without an expansion of this sort, which would bring us to a complete ruin. What we must do consequently is to go back to Poland and assign to her, as a form of indemnisation, both Valachia and Moldavia. This would be the only and least cumbersome means to which I could lend myself. All of the others would either lead us to a war with the Turks that would be unjust, or would despoil a third party without indemnisation. . . ."

"Let us rather try to diminish the pretensions of the others instead of thinking of partaking with them of such uneven conditions. Let us be perceived as weak rather than dishonest."

Maria Theresa had inserted, next to her signature at the bottom of the report that decided on the adoption of the Treaty on the Partitioning of Poland: "*Placet*, since so many clever and educated men wish it to be so; however a long time after my death, you will see what shall be the result of having in this way despoiled all that has been, to this day, considered to be holy and just."

3. Pierre Beaudry, "Jean Sylvain Bailly: The French Revolution's Benjamin Franklin," *EIR*, Jan. 26, 2001; and Beaudry, "Why France Did Not Have An American Revolution," *EIR*, Jan. 18, 2002.

1. The identity between Leibniz's "happiness" and the surprising "pursuit of happiness" in the Declaration of Independence, is clear on the level of ideas alone; to find its historical specificity in America proven, see Robert Trout, "Life, Liberty, and the Pursuit of Happiness," *Fidelio*, Spring 1997.

lowing year, Cagliostro wrote a “prophetic” *Letter to the French People* from London, in which he predicted that “The Bastille shall be destroyed from top to bottom, and the ground on which it stands shall become a promenade area.”) From the outside, Venice was insidiously preparing a split between France and Austria by pushing the proclivities of Emperor Joseph II’s ideas of territorial expansion, even before Maria Theresa had died, in November 1780.

The Venetians played the Prussian card to lure Joseph II into the hands of Catherine the Great of Russia. Thus, fearing that the King of Prussia, Frederick II, would ally himself with Catherine of Russia, Joseph II visited Catherine in St. Petersburg six months before he was to be crowned Emperor, and entered into an alliance with her. This revolutionary alliance was secretly sealed between them, in letter form, and is attested by their most significant correspondence dated from May 18, 1781 until November 1782.

The French-Austrian alliance has to be viewed not merely as a strategic defense of Europe, within the framework of the Treaty of Westphalia, but also as part of a larger strategic defense principle against the Venetian-British form of world imperial domination, against which France was actively preparing itself to defend the independence of the United States, as early as 1764.

Duke of Choiseul Calls for American Revolution

A unique document of the period indicates that this grand alliance among France, Austria, and the United States was being discussed among the Ambassadors and Ministers of Louis XV, a good 12 years before the American Revolution. In 1765, Choiseul wrote a memorandum to the King in which he reiterated the need for a strong alliance with Vienna, at the same time that he was advocating preparations for the coming American Revolution. Choiseul made the point that “several centuries will pass before we can establish a durable peace with that State [England] whose aim is to reign supreme over the four parts of the world. Only the American Revolution, which is coming, and that we will not likely witness, is capable of returning England to a position of weakness from where she will no longer be feared in Europe. Meanwhile, in politics, we must be cautious against her dangerous designs, and defend ourselves against her, following the means that I shall indicate to your Majesty, as I have imagined them in my section on the navy.”

In fact, Choiseul was secretly preparing the preconditions for an alliance between France and the 13 colonies of America. A year earlier, in 1764, Choiseul had sent his agent, M. Pontleroy, to America to meet with Patrick Henry, J. Gallowsay, Charles Carroll, and others. He was given plans of the main American port facilities, showing how they could be secured against a British invasion.

Choiseul, who was also minister of the colonies at the time, further emphasized to Louis XV how the French Navy should be made ready for a war against England in America.

“I will not enter into the details of what has to be done in the colonies, but I will say this to Your Majesty, that if you wish to make war against the British, we must be ready, at that moment of decision, to send to America 24 battalions which could find there what they require, which could remain in America during the entire duration of the war, and which would be furnished with food and ammunitions by the squadrons of Your Majesty in that part of the world. It is in accordance with this plan that we are already preparing the colonies of Your Majesty in that part of the world.”

The later disgrace of the Duke de Choiseul, in December of 1772, was a crucial loss in the grand alliance among France, Austria, and the United States. In Europe alone, it directly sabotaged the alliance with Austria, triggered the evil partitioning of Poland, and neutralized all of the foreign affairs of France for several years.

It would not be appropriate to develop here the entirety of this fascinating period. It should suffice to highlight how the Mazarin principle of “the Advantage of the other,” or a community of principle of nations, was adopted and pursued by all of his strongest followers in the French Ministry of Foreign Affairs from the mid-17th Century onward—especially, the Colberts, the Duke of Choiseul, de Breteuil, and the Duke de Noailles. Exceptionally, this also included the Foreign Affairs Minister of Louis XVI, the Count of Vergennes, who organized the crucial French intervention on behalf of the American War of Independence, and the emergence of a new, perfectly sovereign nation-state in the New World.

Vergennes Against the Venetian Party

By March of 1777, French Foreign Minister, Count Grevier de Vergennes, began to sense a slight tremor in the alliance between France and Austria. The vibration was signalled by an excitement in the outward behavior of the Austrian Ambassador to Paris, Prince Kaunitz, who was generally apathetic, but whose emotions then began to expose a sentiment that forced him to act in a manner opposed to his normal character, and opposed to the understanding established between the two nations since the Treaty of Westphalia.

The trouble seemed to come from a new imperial expansion plan, this time, from Russia. Prince Kaunitz could not dissimulate the fact that he was disturbed about the prospect of an invasion of the Ottoman Empire by Russia, or an occupation of one of its provinces, and was intimating to the French Ambassador, in Vienna, that although such an action might not significantly decrease the rapprochement between Austria and Russia, it would, nonetheless, increase dangerously the ties between Russia and Prussia.

This tremor of ambiguity was the germ of an idea that began to excite the vigilance of Vergennes, since the political system of France was irreconcilable with the political system of Russia, as long as the latter kept working to destabilize the North of Europe and to enervate the Ottoman Empire. On March 2, 1777, Vergennes wrote warning his newly chosen Ambassador to Vienna, Baron de Breteuil, about the threat of



Acting on Mazarin's principles, Foreign Minister Count Vergennes threw France, despite its fiscal crisis, into military alliance with the American colonies in 1778. His policy was actively undercut by the Finance Minister, Swiss Banker Jacques Necker; and by the weakening of France's alliance with Austria at that time.

an alliance between one of the German states, Prussia, and the Russian Empire.

The germ of Kaunitz's fear grew into a deadly virus that began to eat into the political fabric of the Franco-Austrian alliance. Here, it is essential to understand that what was at stake, in this unique alliance, was the closely interwoven systems of the Peace of Westphalia that France had been able to patiently weave and defend for a century and a half. The instructions of the French Ambassadors to Vienna over that entire period were joined by an invisible thread, always present in their dispatches, which tied the different interests of the European States with the mission of a single French national interest: *to protect the sovereignty, and the security of all other nations of Europe.*

Now Vergennes reported to his ambassador Breteuil that Kaunitz would not genuinely get so excited unless the new political shift of Prussia were caused by something important. A dangerous dark cloud began to form over the Peace of Westphalia, from over a century past. The possibility of Austria's breaking the alliance was brushed aside by Vergennes under the consideration that, in a dissolution of the Peace of Westphalia, Austria would have more to lose than France. Furthermore, the King of France was proportionately reassured by Maria Theresa—now co-Empress with her son the Emperor, Joseph II—who told Breteuil that “from now on, she would not do anything without the counsels of the King.”

However, the sentiments of Maria Theresa were not the same as those of her son, Joseph. Maria Theresa had endorsed the principle of the Peace of Westphalia; Joseph II had not.

Breteuil related in a dispatch to Vergennes, dated Oct. 24, 1776, a conversation he had had with Joseph on the subject of the Ottoman Empire and Russia: “The conclusion of these reflections of the Emperor, stunning enough for me,” said Breteuil, “was to hear him say that the Turks were considered to be a most miserable lot and were further exposed to suffer the yoke that Russia seems to be wanting to impose on Constantinople.”

But Vergennes saw the developments as a greater threat to Austria—“the other”—than to France. He wrote Breteuil that “Austria is able see her political existence compromised by the revolution whose possibility seems to be coming to her attention. On the other hand, France only risks some commercial advantages, indeed important, but that she would not be without the hope of replacing or of reestablishing, in time, even with increased advantages.”

Vergennes was still confident that the agreements of the Treaty of Westphalia were as safe a measure as ever, that the French-Austrian alliance was intact, and that a clash of civilization between Christians and Muslims was not imminent. He wrote to Breteuil: “The Ambassador of the King is instructed in the principles that the King and his council have fixed as being invariable, relative to the conservation of that empire. He knows that we regard its destruction, its invasion by Russia, or its partitioning between the two imperial courts, as one of the greatest political calamities that the foresight of His Majesty could consider in the order of possibilities.”

The integral series of the 1777 instructions of Vergennes to Baron de Breteuil are very similar to the 1660 instructions of Mazarin to Ambassador Charles Colbert. They represent a microcosm of the Westphalia policy of France a century after the signing of the Treaty, and they read like a pedagogical exercise for the diplomatic science of the period. The instructions to Breteuil are a sample of the clinical discussion that Vergennes required his ambassadors to think through, before they were sent on their missions. They are more cognitive than prescriptive. Vergennes wrote: “During the war between the Turks and the Russians, this latter power had been seeking the friendship and the trust of the republic of Venice. The Russians, who had annoyed our commerce in the Archipelago, had not raised the least complaint about Venetian ships. Since the peace, we have picked up some vague notions that reciprocal negotiations were continuing between them, and we have observed some symptoms of intelligence and of reciprocal good will. Furthermore, we have learnt that, at the present moment, several courts suspect a coalition between the Republic [Venice] and Russia and its supporters.” After discussing the principles on which this threatening combination could be confronted,⁴ Vergennes concluded, “These dif-

4. “It would not be surprising, in fact, if the Venetians, recovering from their previous fears, were to go ahead and insult the Ottoman Empire; Dalmatia, Albania, the Peloponnesus, and they may be tempted possibly by Candia; and Catherine II would probably not hold anything back to push them into action, admitting that the basis for this concert would have already been established. Such a decision would be terribly unfortunate for the Ottoman

ferent considerations appear to the King to be decisive, and His Majesty instructs the Baron de Breteuil to go about working in accordance with the point of view that has just been indicated.”

Although Vergennes always had a very acute sense of what sort of combinations the court of Vienna was capable of developing, he did not foresee the danger of a major change that became strategically decisive for the continuation of the Peace of Westphalia. In September of 1783, at the very moment that France was in the process of signing the Treaty of Paris, ending the American War of Independence, the news came to Vergennes that Austria was breaking its long-lasting alliance with France. The Austrian Ambassador to Paris, Count de Mercy, brought a note from Joseph II, addressed to Louis XVI, in which the Emperor concluded that “his new alliance with Russia was overriding all other consideration, and that his alliance with His Majesty was only secondary.”

There was, in fact, a Venetian-manipulated Austrian-Russian alliance against the Ottoman Empire and France, for the advantage of the British Empire. It was under these circumstances that, in October 1783, the Marquis de Noailles, a staunch supporter of the American Revolution, was sent to Vienna as the new French Ambassador.

This strategic realignment was the most crucial turn of events that the Venetian Party of Britain had succeeded in orchestrating as part of its unfolding plan to unleash the French Revolution.

Venice and the Balance of Power

During the 17th and 18th Centuries, the strategic game plan of the Republic of Venice had been to transport its world

Empire, moreover because its navy would be forced to divide itself between the Archipelago and the Black Sea, instead of being entirely concentrated on the latter in order to squash the newly-born Russian navy.

“It would be important to protect the Ottoman Empire against all dangers from that side, and if the court of Vienna wishes to agree with the King in this matter, it would be easy to impose ourselves on the republic of Venice and force a break in her coalition with Russia. The house of Austria has close, decisive, and powerful means, and the King would equally have some effective means to support the declaration that the two courts could make, either separately or in common, to the effect that they would consider the Republic, and treat her as their enemy, if she were to declare herself unjustly, without reason and by pure ambition, against the [Ottoman] Porte.

“During the progress of negotiations for which the Ambassador of the King is responsible, he will find the moment to place this insinuation. He shall endeavor to engage the court of Vienna to take the responsibility for this advance, while showing the readiness of France to lend its cooperation; and if it were necessary for the King to take the first step, in order to give some impulsion to the Austrian minister, His Majesty would be willing to oblige without any reluctance. However, He relies entirely on the prudence of Baron de Breteuil to bring about this gradation, according to the general spirit of his instructions, in such a manner as to engage the house of Austria in the most forceful and positive way possible.” Quoted in Albert Sorel, *Recueil des Instructions données aux Ambassadeurs et Ministres de France depuis les Traités de Westphalie jusqu'à la Révolution Française, Vol. 4-Autriche*, pp. 520-21 (*Collected Instructions to the Ambassadors and Ministers of France from the Treaty of Westphalia to the French Revolution, Vol. 4-Austria*) (Paris: Felix Alcan Ed., 1884).

control policy from the City Republic of Venice to the City of London, and make of England the only maritime superpower of the world. As the Ambassador of Venice to Paris, Daniel Dolfin, put it in his dispatch to the Doge, on Feb. 6, 1786: “The British Isles are made to become the seat of the first maritime power in the world.”

As a result of this policy objective, and considering that France has always been the most powerful neighbor and rival of Great Britain, a certain number of changes had to be made inside France, and in the world at large, if this objective was to be reached. Such a change was hampered by the crucial singularity represented by the cordial understanding between France and the United States, during the period of 1778 and 1783.

The American Revolution, with the separation of its 13 colonies and 3 million subjects away from England, was the greatest defeat ever for this Venetian-British party. It had caused so much damage, and such a severe dismemberment to its empire, that it has never been able to recover to this day. For the Venetian Ambassador, the most important loss to England was the loss of a religious warfare capability, that is, the loss of the “intrinsic Anglican power of dominating the world.” The most important country to blame for this disaster was France. The following will show how the Venetian Ambassador, Dolfin, considered the role of France within the context of the European strategic situation, during the beginning of the 1780s.

At the time of the Peace of 1783, England had not only lost the United States, but she was also isolated and left with only two second-rate allies, Denmark and Prussia. London was increasingly given the cold shoulder by both the Russian Empire and the Austrian Empire, especially from the Tsarina, Catherine II. In fact, the relations between London and St. Petersburg came to their lowest point as soon as Catherine II allied herself with Joseph II. The alliance of Russia with Austria was crucial because of the access through Crimea to the Black Sea, and the free passage though the Bosphorus and the Dardanelles. Since this easy route for expansion had to be acquired at the expense of the Turks, Russia's alliance with Austria was key, but this also weakened the position of France, which was allied with “La Porte.”

The strategy of Venice was to close the Porte of the Ottoman Empire on France. “The alliance between the two imperial courts [St. Petersburg and Vienna] is so powerful,” wrote the Venetian Dolfin, “that it imposes measures of prudence on all other options, such that no other first order power [such as France] should get close to these two powers, otherwise the political equilibrium of Europe would be threatened with collapse.” In plain language, what Dolfin meant to say was that, if France were able to continue its alliance with Maria Theresa and Joseph's Austria, which was now allied with Catherine the Great's Russia, the Venetian-British imperial plan would be destroyed. This is the reason the entente between Austria and France, intended by the 1648 Treaty of Westphalia, and confirmed after a century of difficulties by

the marriage of Marie-Antoinette to King Louis XVI, had to be uprooted by the Venetian-British party.

This French-Austrian marriage was so dangerous for the Venetian-British cabal that if it had not been destroyed, the power of this alliance, in addition to the American-French alliance, would virtually have guaranteed the destruction of the British Empire, forever. Thus, the Venetian plan became very clear and diabolical, both internally and externally: Destroy the Austrian Queen of France, Marie-Antoinette, in the eyes of the French people, and you will have destroyed the Austrian-French alliance, internally. Destroy the French Rohan-Guemenée family as the greatest obstacle to the Duke of Orléans' claim to the French throne. Instigate an eastward expansionist policy between Russia and Austria, to the detriment of the French ally, the Ottoman Empire, and force an external break in the French-Austrian alliance of the Treaty of Westphalia. Prevent, at all cost, the establishment of a far-reaching alliance with the East, especially with China, that Leibniz had already begun to establish with Peter the Great.

This was the general plan that Venice was following with respect to the strategic situation of Europe, during the 1780-83 period, when Benjamin Franklin was at the peak of his diplomatic activity in France with Foreign Minister Vergennes, Louis XVI, and Jean Sylvain Bailly. What the Venetian Ambassador Dolfin's dispatches did not say, however, is that by the time of the Peace of Paris in 1783, which acknowledged the independence and sovereignty of the United States, the expansionist alliance of Catherine II and Joseph II had caused a drastic weakening of the French-Austrian alliance. The French political system became the target of unstoppable operations, including the death of the sister of Emperor Joseph II, Marie-Antoinette.

The Alliance of Joseph and Catherine II

Six months before the Empress of Austria, Maria Theresa, died, on Nov. 29, 1780, her son, Joseph II, visited Catherine II in St. Petersburg, and entered into a secret alliance with her. "As soon as he ruled alone," wrote de Noailles to Vergennes in 1783, "Joseph began a negotiation which brought him to conclude, with Catherine II, an intimate alliance, in the form of letters which were exchanged between them, on May 18th, 1781, on the part of Joseph, and on May 24th, on the part of Catherine. In the correspondence that followed, they agreed on a grand design of war and conquest that was aimed at partitioning the Ottoman Empire." (Letters of Catherine, September 10th, 1782, and of Joseph, November 13th, 1782.) De Noailles' memorandum to Vergennes, of Oct. 4, 1783, contains the following report on the alliance: "Ever since the beginning of the reign of Catherine II, the court in Vienna was unceasingly jealous of the intimate relationship between the courts of Petersburg and Berlin. But the desire of the Emperor to break it was not going as fast as he had hoped. This Prince thought he could forget his dignity and his greatness by going to the Empress himself, and tear up, so to speak, *in vivo*, that relationship with the King of Prussia. It was with that



Russia's Empress Catherine the Great organized the League of Armed Neutrality in 1780 to help the American nation emerge. Had her new alliance with Austria been combined with a surviving French-Austrian alliance and American independence, British and Venetian "free trade" manipulations might not have worked.

perspective and with that intention that the Emperor went to Russia. During his stay with Catherine II, this Prince must have put all of his talents to flatter the vanity of this sovereign, nourished and exalted her ambitious ideas of glory and renown, and he has succeeded in establishing the basis of the alliance that he has recently confessed to His Majesty."⁵

Louis XVI tried desperately to redress the situation with Joseph II, but without success. He received, in a dispatch from the Austrian Ambassador in Paris, Count de Mercy, the message that Joseph's alliance with Catherine was "overriding all other considerations." Within a very short period of time, the Court of St. James in London went out of its way to give its recognition and blessings to the new policy of St. Petersburg.

Thus, 1783 had become a year of both joy and sadness for France. As the French Foreign Minister, Count de Vergennes, found himself happily signing the Treaty of Paris with Benjamin Franklin, on Sept. 3, officially ending the American War of Independence, he was also writing up very unhappy in-

5. Sorel, *op. cit.*, p. 525.

structions to his Ambassador in Vienna, telling him that the “alliance between France and the House of Austria was threatened by a revolution more or less imminent”; that Louis XVI preferred peaceful means rather than war, and that he was instructing Ambassador de Noailles to strongly insinuate to the court of Vienna that France wished to “maintain a spirit of conciliation between the Turks and the Russians.”

The Treaty of Westphalia, which Louis XV and Louis XVI had been adhering to during their reigns, was being shattered. The “Universal peace, and a perpetual, true, and sincere Amity” between Austria and France had come to an end. Out of the strategic situation that led to the political crisis of 1789, French historian Albert Sorel drew the following pertinent conclusion: “This crisis erupted in 1788 with the war that Austria and Russia waged against the Turks, and it is in the middle of the complications of this war that emerged the Revolution of 1789. The two houses were united by a family pact, the two States were united by a treaty; the direct causes of rivalry had disappeared, but . . . the result was the opposition of their respective interests in Germany, in Poland, in Italy, and in the Orient. In order for the political alliance to be maintained, Austria would have been required to sacrifice her ambitions, or France would have had to sacrifice her political traditions. She could not do that. These traditions had been maintained regardless of all the sudden changes in French politics. They had survived the excesses of Louis XIV and the weaknesses of Louis XV; you could find them during the period of the alliance exactly as they had been during the period of rivalry. That is to say, by rivalry or by alliance, France was following the execution of the same design: the territorial formation of the State and the security of its borders.”⁶

And one should be well advised to understand that this meant: the territorial formation and the sovereign security of all of the States protected under the Peace of Westphalia.

Franklin’s Strategy of Benevolence

In 1776, the Peace of Westphalia had found a new home in the New World, but, ironically, a new war had to be fought so that it could live on. The hope for its survival rested, one more time, on the shoulders of France. Out of the four parties involved in America’s War of Independence—the United States, England, France, and Spain—France was going to be the key to guaranteeing the success of the American enterprise. But, in order to better understand the true role that France played in this momentous historical event, it is essential to situate the different spheres of influence involved in the historical event of the peace negotiations that went on during 1782-83 in Paris.

First, Benjamin Franklin was not simply attempting to establish full independence for the 13 colonies. He was also



A French artist’s contemporary manner of depicting the tremendous celebrity of Benjamin Franklin in France in the 1770s and early 1780s, when he helped create and represented the French-American alliance.

determined to destroy the British Empire, create a lasting alliance of understanding between the United States and France, and assure that France would become the second Constitutional Republic in the world.

Secondly, England’s sphere of imperial interests can be well exemplified by the conduct of the pre-negotiation feelers of French central banker Jacques Necker, British central banker Horace Walpole, and British West India Company agent, Thomas Grenville, who were all attempting to divide the 13 colonies for the purpose of increasing the power of England’s free trade over the world.

Thirdly, the French Foreign Minister, Count de Vergennes, was attempting to establish a durable harmony of interests between the King of France, Louis XVI, and the United States. This included the creation, in France, of a Benjamin Franklin-inspired constitutional government headed by the *citizen king*, Louis XVI. If the French alliance with the United States against Britain could be reinforced by maintaining the alliance with Austria, through the French-Austrian Queen, Marie-Antoinette, this would have meant the greatest opportunities for establishing a Leibnizian form of fair trade American system around the world, throughout the West as well as the East.

Knowing that the British counterpart was a den of Venetian thieves, whose *instinctive* impulse was to divide and conquer, and pit one against all, Benjamin Franklin capitalized on this British weakness and caused British Prime Minister Montague Fox to change his personnel for the 1782-83 negotiations. Franklin preferred Richard Oswald over East India Company agent Thomas Grenville, as his negotiating partner.

6. Sorel, op. cit., pp. 30-31.

Franklin made use of an interesting subterfuge that succeeded in putting Grenville out of the contest. He made clear to Grenville that the debt of America toward France would take priority over any interest that might arise from the British side. However, he also made clear to Grenville that the issue of the American debt to France was not merely a matter of money. It was a matter of a superior bond of understanding between France and the United States, and the *true obligation* of the United States toward France “could never be discharged.” Franklin bundled the issue of the American obligation into a knot that was so tightly convoluted that it was doubtful it was going to be understood by Grenville, who might therefore not be able to replicate the idea properly to Prime Minister Fox.

Franklin told Grenville the story of the following hypothetical case. “A, a stranger to B, sees him about to be imprisoned for a debt by a merciless creditor; he lends him the sum necessary to preserve his liberty. B then becomes the debtor of A, and after some time repays the money. Has he then discharged the obligation? No. He has discharged the money debt, but the obligation remains, and he is a debtor for the kindness of A in lending him the sum so seasonably. If B should afterwards find A in the same circumstances that he, B, had been in when A lent the money, he may then discharge this obligation or debt of kindness, *in part*, by lending him an equal sum. *In part*, I said, and not *wholly*, because when A lent B the money there had been no prior benefit received to induce him to it. And therefore if A should, a second time, need the same assistance, I thought B, if in his power, was in duty bound to afford it to him.”⁷

Grenville was in a total state of perplexity and was left speechless. He was so taken aback that, when he reported back to Fox about the meeting he just had with Franklin, he manifested his thorough misunderstanding by saying that according to Franklin, “America might cease supporting the pretensions of France.” Whig Fox decided that Tory Grenville was not fit for the mission and chose Oswald, whom Franklin preferred, to be the negotiator. Thus did Franklin’s creative restatement of the principle of “the Advantage of the other” gain him an advantage!

The Plot To Partition America

British-Swiss banker, Venetian agent of influence, and French Minister of Finance, Jacques Necker, had plotted to have England win the war against America, and accordingly, by 1780, had made an attempt to get the King of England, George III, to enter into a separate peace agreement with France, to the detriment of the United States. If this separate peace initiative had succeeded, it would have jeopardized the entire outcome of the French-American alliance, as well as the very independence of the United States. In his capacity as central banker of France, Necker had tremendous power over

King Louis XVI. The fact that British central banker Horace Walpole, who had also a powerful ascendancy over George III, had joined Necker in this operation, with the accompanying services of the British East India Company’s Thomas Grenville, British-Swiss agent Paul-Henry Mallet, and Louis XIV’s minister the Count de Maurepas, represented a serious threat to the future negotiations.

The Necker-Walpole proposal was that a single American region—say, “New England”—be declared independent. On Dec. 15, 1780, Jacques Necker wrote to England’s Prime Minister North, proposing to engage with him, in secret, in initiating the first steps for the negotiation of a separate peace between France and England: a straightforward divide and conquer tactic.

But there was another intention behind Necker’s operation. Banker Necker was attempting to get some inside information, and find out precisely when the secret peace negotiations were going to be held “officially,” and when the peace would likely be signed; he planned to buy British annuities, which at that time were expected to increase considerably in value.

After Prime Minister North had given Necker’s proposal of a separate peace to the King, George III wrote to North the following note, dated Dec. 17, 1780: “Within these few minutes I have received Lord North’s letter accompanying the secret he has received from M. Necker. It shows France is certainly in greater difficulties than we imagined or she would [not] by such various channels seek to court peace. No one has more inclination or interest in wishing so desirable an event as myself provided it can be obtained on honorable and solid terms. With France, it [is] easily to be settled if she would desist from encouraging Rebellion and not add to her insults by wanting to affect independency which whether under its apparent name, or a truce, is the same in reality; till she gives up that view I do not see how peace can be a safe measure.”⁸

Upon receiving this reply, North wrote back to Necker to tell him of the King’s negative response. American historian Richard B. Morris commented: “One might well speculate on what the subsequent course of world history might have been had George III encouraged Necker’s desperate intervention to halt the war. Aside from dodging the issue of American independence, a settlement in the Winter of 1780-81 on the basis of territories then effectively controlled by each side would have chopped up the Thirteen United States into little pieces and prevented the establishment of a viable nation. Having first reputedly considered a tiny northeastern federation of quasi-independent states, Necker was now prepared to settle for a nation comprising New England, the middle States without the port of New York, and a fractured and blighted Southland lacking access to the sea. The Swiss fi-

7. Richard B. Morris, *The Peacemakers, the Great Powers and American Independence* (New York: Harper and Row, 1965), pp. 273-74.

8. Morris, *op. cit.*, pp. 105-106.

nancier had gone behind Vergennes' back because he knew that the Foreign Minister had always rejected these terms as inconsistent with the fidelity and honor of France.⁹

In point of fact, who knows where this Necker legerdemain might have led, if France and England had put an end to the war, then and there. It would surely have divided up the Americans among themselves, and France might even have had a chance to recover Quebec, with an added exclusive right to fisheries off the banks of Newfoundland. This situation further highlights how great the power of the central bankers was over the European courts. However, by refusing to negotiate, George III wound up with no other option but to move toward negotiating a peace that required nothing else but the full independence of the United States.

The Schism That Ended the French-American Alliance

The Peace of 1783 marked a real triumph for the United States, especially thanks to the extraordinary efforts of Franklin and Vergennes. The consecration of such an alliance between them should have endured as it was intended to, had certain British efforts not succeeded in splitting this understanding apart, from the very beginning, and from the inside. At least as early as 1781, there was an intransigent party inside of the peace negotiation, represented, on the American side, by John Jay and John Adams, two Ministers Plenipotentiary from the United States; and on England's side, by the negotiator Richard Oswald. The two Americans had been chosen by the U.S. Congress with the explicit mandate not to negotiate a separate peace with Britain at the expense of France. But the two Americans violated their instructions and abandoned their French ally.

John Jay was sent by Congress to Spain, where he found himself isolated and frustrated by the negative attitude of the Spanish court. Jay, a descendent of French Huguenots, maintained a personal animosity against the French royal government, as a result of the nullification of the Edict de Nantes by Louis XIV in 1689, which ended the toleration which had been extended to the Huguenots in France on Mazarin's initiative. Although Jay never manifested such prejudices openly in the company of Vergennes, his distrust of the French government was enough to make the Count suspicious. The British took advantage of this weakness of Jay's, as well as those of the virtuous John Adams.

Adams was clearly not the type to entertain in the French salons. In and of itself, this was not a prerequisite for succeeding in his task of negotiator with the French. However, John Adams committed the indiscretion of revealing to a British agent, George Germain, the powers that he allegedly had, to negotiate a *treaty of commerce* with England, before the signing of a peace treaty. The news of this boast came to the

unhappy ears of Vergennes, who responded, "to be busy about a treaty of commerce before peace is established, is like being busy with the ornament of a house before the foundation is laid."

Vergennes went further, and informed Adams that Benjamin Franklin was "the sole person who has letters of credence to the King from the United States. The King does not stand in need of your solicitations to direct his attention to the interests of the United States."

When the negotiations began between Franklin, Vergennes, and Oswald, all that the American delegates had to do was to demand the unconditional recognition of a full American independence. They had no other authority given to them by the U.S. Congress. That independence included the integrity of the territories of the 13 colonies, the fishing rights, and the right of navigation along the Mississippi River; above all, they were ordered to follow the advice of Vergennes, and not to negotiate with their common enemy without him. Franklin had secondary negotiating terms, one of which was the annexation of parts of the Canadian colony.

Vergennes' primary role was to support American independence, following still the principle of "the Advantage of the other." Secondly, he represented the interests of Spain, claiming, in her name, the restitution of Gibraltar from the British. The only claim that France made for herself was the restitution of Senegal, fishing rights on the banks of Newfoundland, and a *status quo* over the West Indies.

Oswald's instructions from the Court of St. James in London, were to accept unconditionally the independence of the United States, and even to go as far as to accept Franklin's proposition, for ceding a portion of Canada to the United States. The only point of contention was Gibraltar, which the British wanted to keep at all cost. Vergennes, speaking for Spain, sent Gerard de Rayneval to Lord Shelburne in London to see if George III would not change his mind on the question of the Newfoundland fisheries, and Gibraltar.

Oswald told John Jay that Rayneval's mission was suspicious; that Vergennes, in fact, was attempting to sabotage American rights on the Mississippi; and that the French were willing to sign a separate peace upon accepting the right to fish on the Great Banks of Newfoundland. Jay dashed to Passy to warn Franklin. Although Franklin knew that Vergennes would not so undermine the Franco-American agreement, he nonetheless made the official request for Lafayette to inquire about Rayneval's trip to England.

Next, Oswald showed Jay a letter from Barbe-Marbois, the French Chargé d'Affaires in Philadelphia, who was protesting to Vergennes against the New England faction—and especially Samuel Adams—over the fisheries issue. There are some suspicions that the Marbois letter might have been tampered with in order to deceive Jay. Oswald played up the suspicious role of Rayneval on the boundary issue with the Mississippi River, because he knew it was a sensitive issue and suspected that it was part of America's long-term plan

9. Morris, *op. cit.*, p. 328.

of western expansion. In fact it was. Oswald told Jay that Vergennes was trying to sell out the Americans on the Mississippi border issue, and that he should not be trusted. Jay fell into the trap, and convinced John Adams—who merely required confirmation of a suspicion to believe in this conspiracy. The concern of both men to make an American-British “commercial agreement” was a great weakness. The affair put Franklin into a most awkward position, and Vergennes into a defensive posture with the British.

Jay’s assumptions were not founded at all, and Rayneval had been falsely accused without substantiated proof. The diplomatic instructions of the time showed that the accounts of Rayneval’s meeting with Shelburne were not prejudicial to the American cause. Both Jay and Adams had violated their instructions. Even though the French-American pact was not officially broken, as to the letter of the alliance, Jay and Adams were asked to justify their actions before the Congress. Congress deliberated the issue during eight days of Dec. 23-30, 1782, issued a rebuke to their ambassadors, and now proclaimed that the United States would not lay down its arms without the explicit agreement of France.

Because of this British attempt at sabotaging the peace negotiations, the American delegates had held secret meetings with Oswald, and the bargaining situation of both Franklin and Vergennes had been weakened. As a result of the difficulties, Franklin ended up losing his claim over a portion of Canada, and Vergennes was not able to restore Gibraltar to Spain. In the end, the imbroglio caused a permanent chill between Vergennes and the American delegation. Spain finally gave in on the issue of Gibraltar, and the peace was signed in Paris, on Sept. 3, 1783.

One year later, John Jay became Secretary for Foreign Affairs (1784-88) and further dismantled the alliance between the United States and France by blocking the signing of the consular conventions between the two countries, and by declaring that the 1778 treaty with France was no longer valid. In 1788, after the death of Vergennes, Jay told the new French Foreign Minister, the Count de Montmorin, that since, back in 1778, Louis XVI had pledged his support to the United States purely on the basis of giving recognition to the independence of America, then now that America had become independent, there should no longer be a need for a French alliance.

The most vicious aspect of this anti-French posture was to feed the malicious propaganda according to which, the Franco-American alliance was so weak inside the United States, that it would not survive a single day after the independence of the United States had been recognized.

With the events beginning with the execution of Louis XIV in January 1793—an execution which Tom Paine’s belated efforts failed to stop, and which was greeted with horror in America—the “Westphalian” alliance between sovereign France and the sovereign United States was broken. John Jay’s 1795 submission to the Congress of a treaty proposal

with England, signalled that this alliance was finished.

What was lost, for Europe especially—as only a few political leaders such as Franklin and Vergennes would have acknowledged—were the precious and arduous diplomatic efforts embodied in the Peace of Westphalia. The Treaty of Westphalia had played a crucial strategic political and ecumenical role of peace and security for all of the nations and principalities of Europe during a period of a century and a half. As does the American Monroe Doctrine, the Treaty of Westphalia still stands today as a great beacon of security on the dangerous seas of world affairs, and it is only fitting that again, today, we call upon its *principle of political benevolence* to guard against the mounting dangers of a newly formed Anglo-American Roman Empire of war and domination.

Lyndon H. LaRouche, Jr.

The ‘Florescence of The United States’

This question about the intellectual tradition of the American Founding Fathers, was asked of Lyndon LaRouche by a student from Brown University, during a Nov. 2 “cadre school” for young campaign organizers and volunteers, held in Pennsylvania. LaRouche’s answer traces the Gottfried Leibniz-Benjamin Franklin connection discussed by author Beaudry, and contrasts it to intellectual problems besetting the Founding Fathers.

Q: Why was there such a huge concentration of intellectuals and heroes, and true Americans centered in time around the founding of our nation? What happened to that? . . . If you could touch on, how the populist mentality affected Jefferson, and things of that nature? And how that sort of brought the degree of heroism down, I would appreciate it.

LaRouche: Well, the florescence of the United States, during the 18th Century, begins with the founding of the Massachusetts Bay Colony, which was an enterprise, largely, of the Winthrop family in the 17th Century, and became a joint effort of the Winthrop and Mather families, into the 18th Century; typified by the case of Cotton Mather. For example, Winthrop was one of the great Classical humanist education teachers of that period. His work in geometry, in scientific education, for that period, is quite notable. The Mathers were extremely important, in terms of educational policy, in that period.

You had a similar development, that occurred in Pennsyl-



Gottfried Wilhelm Leibniz (1646-1716) and Benjamin Franklin (1704-89); their connection is the basis for understanding the American Intellectual Tradition.

vania, around Jonathan Logan, who was [William] Penn's man in Pennsylvania. And the University of Pennsylvania is actually an off-shoot of the work of Logan.

Benjamin Franklin's development initially was associated with Cotton Mather, in Boston. And then he fled, and went to Pennsylvania, because what became the Essex Junto crowd in Boston, made things hot for him. And he came under the influence of people such as Jonathan Logan; but it continued his Mather background. Franklin emerged as a leading intellectual scientist of the United States, or America at that time. And became closely involved, especially from the 1760s on, with Europe.

The Debate After Leibniz's Death

Now, the interesting thing about Benjamin Franklin: Franklin was the one who started the Industrial Revolution in England. Franklin, personally, supervised—around the idea of coal, and, in the Midlands of England, the use of canals and coal, to develop to develop the industry—the industrial development of England. And, continued that role. Together with chemists like Joseph Priestly and others, he was the one who sent [James] Watt to Paris, to study under [Antoine] Lavoisier, to develop the Watt steam engine. So, Franklin, at this period, was the organizer of the Industrial Revolution of England—as an American! But he was a member of the British Royal Society, as well.

Franklin was also caught up in something else: In the early part of the 18th Century, there was a great fight in the Americas, between two tendencies. One was the pig tendency, which was the followers of John Locke. John Locke represented what we call today, “shareholder value.” Pro-slavery shareholder value. It was typical of Anglo-Dutch

imperial maritime philosophy, of the Dutch and the British oligarchy.

So, what happened at that point, was that a great debate occurred, after the death of Leibniz, in North America, between the factions of supporters of Leibniz, and [of] Locke. And, in the process, in 1776, under the influence of Franklin, the Declaration of Independence denotes Leibniz's “life, liberty, and the pursuit of happiness,” rather than the pro-slavery policy, which was later adopted by the Confederacy, as “life, liberty, and property”; or, what is called “shareholder value” in the Supreme Court today.

So, the conflict was over the nature of man: Romanticism versus Classical tradition. The Classical tradition, in the United States, was fostered from Europe, by a very interesting fellow—Abraham Kästner, one of the great scientific thinkers, and one of the great Classical thinkers, in art, of Germany. Kästner was born in Germany, in 1719. He came from the same group of families that Leibniz came from, from Leipzig, in that period. He was related to the famous banking family of Itzig, which was related to the Mendelssohn family—also of Leipzig. He was also the “doctor-father” of [Gotthold] Lessing, the great dramatist. [It was] Kästner who was dedicated to defending and promoting the ideas of Johann Sebastian Bach and Leibniz, against the Wolfian and other influences in Europe; who organized the German Classical revolution of the late 18th Century.

How the Battle Arose for American Freedom

This German Classical revolution spread into England, through rather a diluted form, of the “Lake Poets” such as Wordsworth, but more specifically, Keats and Shelley, who epitomized the Classical tradition spread, from Germany,

back into England. For example, Shakespeare was [treated as] a piece of garbage, at that point, in England. It was Lessing who, together with his teacher, Kästner, organized the study of Shakespeare and other writers, which created the German Classical dramatic tradition, based in part, on both the Greek Classic and the work of Shakespeare. So, we have Shakespeare, in the English language today, as a result of a German, Kästner, and his student, Lessing, in Germany in that period.

So, this period, from about 1763, is when Europe began to unite in defense of the American colonies' freedom, against the attack on the American colonies by the British monarchy, at the end of the [French and Indian] War between Britain and France. At that point, the British, no longer needing the Americans to deal with France, turned on the Americans, and began to loot us, and destroy our liberties. So, a great struggle over the question of liberties, arose in 1763, on the basis of the British Empire's attack on the rights of the colonists in the Americas.

Franklin became the leader of this; in that period and later, made large, direct connections into Germany. And people from Germany and elsewhere came into the United States—a whole array of them. And the American System was based on Leibniz, the influence of Leibniz and related things; on German Classics, on European Classics, from that period between 1763 and 1789—when the catastrophe struck.

So, we had Jefferson going to pieces, in 1789-90, over the issue of—as all of these leaders, went crazy—over the issue of: What had happened with the French Revolution? Here they thought France, with all its weaknesses (and they were not indifferent), but this friend of ours turns against us, in 1790-1791. They went crazy; Jefferson, in particular, pro-French, went crazy. Later, Abigail Adams went a little bit crazy, became pro-British, though her husband, John Adams, the President, did not quite go that far.

After French Alliance Fell: Carey's Whigs

What happened then, you had this division among populists—for example: The French organized, with some knowledge of Jefferson—Jefferson was never a traitor; Jefferson was a confused man, who made a lot of mistakes; but he was never a traitor, as we saw in the case of the Louisiana Purchase, and things like that. But he was a confused man. Without Benjamin Franklin as his mentor, he was not controllable. He went wild. John Adams became largely disoriented. John Adams was weak, because John Adams had Physiocratic tendencies, which had not enabled him to understand economic issues; though some other issues, he understood very well. John Quincy Adams developed.

It was not until 1812, approximately, when Mathew Carey wrote *The Olive Branch*, summarizing key features—remember, Mathew Carey was designated by Benjamin Franklin as his heir, to the publishing empire of Benjamin Franklin. So, Carey wrote this paper, which became an expanding book, called *The Olive Branch*, in which he said:

The Republican Party—that is, the party of Jefferson—and the Federalist Party, had both decayed; hopelessly, irrecoverably destroyed, internally; self-destroyed, largely by the Essex Junto, and the reaction of the populace. The Essex Junto, the so-called “high Federalists,” or the drug-runners at that point. It became a hopeless problem. The Federalist Party did not really exist any more. It had been fragmented, because of this “high Federalist,” this Junto drug-running crowd, as opposed to the others. The Republican Party was a mess. Jefferson, Madison, were absolute messes. Both were controlled, in large degree, by a British agent: Albert Gallatin. A real pig.

So, in 1812, as this was coming on, you had the emergence of Henry Clay, who was actually a Virginian, but who had settled otherwise; and suddenly, on his election to the Congress, became the Speaker of the House. And this alliance of Clay and Mathew Carey set into motion, what became known as the Whig Party. So the Whig Party's development, of which John Quincy Adams became a part, became the attempt to have an intellectual renaissance in the United States. But then, under the conditions of 1815, the Vienna Congress, the British were our enemies, and continental Europe were our enemies. Again, the same problem: The British reacted, with the Spanish and others, to build up slavery, in the United States, in an attempt to bust up the United States, into a bunch of quarrelling, feudal baronies.

Lincoln defeated that. Lincoln was actually one of the greatest geniuses in our history. A real, genuine genius. Lincoln was shot, because he *was* a genius. And that was done, to disorient us some more. But, then we had this Whig tradition, which was maintained, cut off—again—by the successful assassination of McKinley, who was not the greatest man in our history, but he was a solid man in his own way, with weaknesses and whatnot, and difficulties.

So, we have a period of the destruction, the real destruction, under Teddy Roosevelt, Woodrow Wilson, [Calvin] Coolidge: The first 30 years of the last century, were largely a catastrophe, a cultural catastrophe, a moral catastrophe, for the United States. Roosevelt, Franklin Roosevelt, in a sense, *saved* the United States, and created the impetus, which, if continued, could have restored the intellectual tradition.

If I look at some of the best writers of the 1930s and 1940s—historians and others, like Samuel Flagg Bemis, who is not perfect in my view, but is another, highly respectable historian, who influenced Franklin Roosevelt—these fellows were intellectually serious. They represented an approximation, at least, of the kind of intellectual integrity and genius that was shown. But, what Roosevelt did, in using people like Harold Ickes and others, with these great projects, was an example of the great mobilization, remoralization of the American people. *If that process had continued* in the post-war period, we would, again, have had a great intellectual tradition.

We just haven't had it. My view is, we need it. So, let's create it.

Death Threats Follow Brazil Victory for LaRouche's Friend

by EIR Staff

Dr. Enéas Carneiro, the Brazilian Federal congressman who was elected in October with the highest vote count in the history of Brazil, went before millions of Sunday television viewers across Brazil on Nov. 17, to denounce mounting attempts to annul his historic victory, attempts which range from press smears to anonymous death threats against him and his associates. Dr. Enéas, who has previously been a Presidential candidate, and who invited U.S. Presidential pre-candidate Lyndon LaRouche to Brazil for public meetings in June, won more than 1.5 million votes from the city of São Paulo in the national elections a month ago.

Dr. Enéas was interviewed on the program "Legal Sunday," by the well-known TV host Gugu Liberato. Accompanied by another leader of his PRONA party, Dr. Havanir Nimtz—a state legislator also elected with the highest vote count in the state of São Paulo—Dr. Enéas adamantly denied charges that his party, PRONA, had sold positions in various public offices to candidates, allegedly through the sale of electoral materials. That slander had been given national prominence just days before by the O Globo TV network, owned by the jet-set businessman who heads Prince Philip's World Wide Fund for Nature in Brazil, Roberto Marinho.

Responding to the distribution of a tape-recording which supposedly documents these accusations, Dr. Havanir declared: "There is no irregularity. These gentlemen are shamelessly and explicitly fabricating a situation. It is a clear and unequivocal persecution against us; they are afraid of our ascent, of our vote. They disagree. They want to take our places."

Attacks Aimed at Economic Policy Change

Dr. Enéas explained, reading from various published articles, that the slander campaign is due to the stunning rise of a

group of patriots convinced of the necessity of a break with the world financial system, and with the International Monetary Fund. Dr. Enéas has insisted on the need to convoke a New Bretton Woods conference, to put an end to the bleeding of the nation, and he has publicly endorsed Lyndon LaRouche's campaign for such a global financial reform.

On June 12, 2002, Dr. Enéas and Dr. Nimtz invited LaRouche to São Paulo, Brazil, to participate in a ceremony at the City Council, where LaRouche was proclaimed an honorary citizen of São Paulo. On Oct. 6, Dr. Enéas' huge vote in the congressional elections amounted to nearly three times more than the second-highest vote total for any candidate. The combination of these two political developments has triggered palpable hysteria in the international financial oligarchy, which has mobilized to stop any possibility of a Brazilian break with the dying global financial system.

Dr. Enéas stated in the TV interview, "This is all an attempt to obscure, to diminish that gigantic force of one and a half million votes, the greatest vote in the history of the country. It's reported on the front page of the newspapers: 'The Candidate with the Highest Vote in the Country's History Charges for Electoral Posts.' I never charged for anything."

Reading from a story put out Oct. 8 by the Brazilian News Agency, the Congressman-elect explained the reason for the operation against him: "The expressive and historic vote for the physician Enéas Carneiro, for Federal Deputy in São Paulo, is a normal result for anyone who has been following the daily travails of the suffering Brazilian people, who are disillusioned by their previous and current politicians and rulers.' Full-time biased analysts," Enéas charged, "misinformed about national reality, and various radio and television announcers who are committed to political and ideological currents, say many stupid things, such as when they declare—



The Brazilian PRONA Party of Dr. Enéas Carneiro (left, with Lyndon LaRouche in São Paulo City Council in June), since winning Congressional seats with record votes in October, has come under escalating attack in the press, and threats of legal attack and personal violence. Brazil faces existential economic crisis, and Dr. Enéas fight for new world financial system scares the IMF.

in chorus—that Enéas’s vote was a joke vote, or the vote of an impotent and ignorant electorate.

“The truth is,” Dr. Enéas read from the News Agency wire, “that the 1,564,325 votes won by Enéas represent the desires and ideas of an important current of mature voters, who can be considered lucid and informed, and who are defending a nationalist program for dealing with the current fragility of Brazilian sovereignty, for confronting the foreign lust for the Amazon, for putting an end to the uncontrolled proliferation of criminality, and which offers a solution for ending the misery of the marginalized while also defending the most important cultural and social values of humanity.”

Death Threats Described to National Audience

The champion Congressional vote-getter then gave the details of the campaign of intimidation, accompanied by steady slanders in the press. “In response to this reality,” Dr. Enéas continued, “some very strange things began to occur. Telephone calls. One of our colleagues, Congressman-elect Irapuan Teixeira, received a telephone call saying, ‘What’s wrong with you? Why are you all involved in this?’—stated in a very vulgar way. That was followed by another threatening

phone call: ‘Look, gentlemen, it’s better if you stop and get out now.’ One day, a citizen arrives at the house of Dr. Irapuan, presenting himself as a justice official, violates his correspondence, and takes it from the mail box.

“Four armed men entered Dr. Havanir Nimitz’s house,” Enéas said, “but stole nothing; they only took the car and left it a few blocks away. Then they robbed the beach-house of her sister, which she hadn’t visited for three years. Very strange. Finally, they called one of our colleagues and said: ‘Listen, you all had better stop. Our client will do anything to make you stop.’ *Do anything* presupposes physical elimination. That is, in itself, a death threat.”

These incidents were presented to the Justice Minister. “We went to Justice Minister Paulo de Tarso Ramos Azevedo, to tell him that we are being harassed. One and a half million people believe in us, and see what is happening.”

Intends to Fight for New Financial System

Dr. Havanir made a statement before the São Paulo Municipal Council, describing what is going on, but “the press wasn’t interested in the matter,” Dr. Enéas reported. “Several days passed . . . [and someone] called her, saying that he had a tape and was going to give it to [the newspaper] *O Globo*, while demanding he be given a post. That’s extortion, blackmail. . . . And then a journalist from the *O Globo* television network shows up at the headquarters of PRONA in São Paulo. . . . Why isn’t everything reported? Why don’t they say that we are victims of a hateful and shameful persecution?”

The Congressman-elect, a nationally known cardiologist and teacher of medical students, as well as a political party founder whose spirit has been tested before, made clear that he did not intend to be prevented from leading his new PRONA bloc in Congress, nor from fighting for the New Bretton Woods reform he believes essential to Brazil’s survival.

“We are a group that will fight [in Congress] in favor of our country,” Dr. Enéas insisted, “in favor of our fatherland, in favor of those who are hungry. . . . In fact, after His Excellency the President-elect [Workers Party leader “Lula” da Silva, also elected in October] takes office, our group will present him with a document of proposals, showing the direction our country must move in, if it is to stop the hemorrhaging it is suffering at the hands of the international financial system. This is something that worries and frightens those who don’t accept reality.”

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LaRouche Tells Mexico's Excelsior: The IMF System Is Bankrupt

Mexico's prominent national newspaper, Excelsior, published the first half of its lengthy interview with Lyndon LaRouche, beginning on its front page on Nov. 19, under the title "LaRouche Says IMF 'Is Bankrupt.' The World Monetary and Financial System Is in Its Terminal Phase." Journalist Fausto Fernandez Ponte had submitted written questions to LaRouche, answered during the latter's Nov. 4-7 visit to Saltillo, Mexico. After the newspaper's introduction, which has been translated from Spanish, the following text is that submitted by LaRouche in English.

Lyndon H. LaRouche, influential political thinker in the United States—who describes himself as the most important economist in the world of the past four decades, and heir to the U.S. classicism of Hamilton, Clay, Carey and others, and at the same time of the legendary Franklin D. Roosevelt—stated during a visit to Mexico, that the world monetary and financial system is in the final phase of a general debacle.

The IMF "is bankrupt." He says of his own country, that it is moving toward economic disintegration. And about Mexico-U.S. bilateral relations, he describes NAFTA [as] "a terrible error for all involved."

LaRouche—who a few days ago gave the keynote address to a conference at the Autonomous University of Coahuila, in Saltillo—gave written responses to questions formulated by *Excelsior* about a wide variety of issues.

The responses reflect LaRouche's theoretical formulations, his general statements on economic and political matters which have generated such controversy in the United States and Europe, and his "bedside" reading—classical drama, poetry, and "classical science in the Platonic tradition."

His book, *So You Wish to Learn All About Economics*, circulates in several languages—English, French, Spanish, Russian, German, Italian—as well as Ukrainian, Armenian, and Polish.

He addresses the following issues:

1. Bilateral Mexico-U.S. relations. Since Operation Juárez, formulated by him in 1982, relations "have substantially worsened."
2. Trans-border Mexico-U.S. integration. "I emphasize (a) expansion of the generation and integrated distribution of energy; (b) large-scale water management; (c) development of East-West and North-South railway networks."
3. The problem of water in the U.S. Southwest and north-

ern Mexico. "Leaving aside the matter of desalination for the moment, we mainly have two options for resolving the lack of water: one, bringing water to the north from the South of Mexico; the other, the NAWAPA project."

4. Migration of Mexican labor power to the United States. "Continued injustice." There is "malicious intent" on the part of Americans.

5. U.S. dealings with other countries. "The dogma of 'preventive war' is accelerating deteriorating relations with the rest of the world."

6. The international financial and monetary system. "There are no alternatives but to replace it." That system "is an international graveyard." The original principles of the Bretton Woods System must be revived.

7. The U.S. Federal Reserve. "It must be put through bankruptcy reorganization, as must the International Monetary Fund." The United States "is sinking under threat of a crisis of economic disintegration."

8. The victory of Luiz Inácio Lula da Silva in Brazil. "It will affect inter-American relations."

9. The economic situation of Brazil and Argentina, and the danger of the Argentinization of Mexico. "If we manage to prevent Brazil from sinking into a situation similar to that of Argentina, it is probable that we will also be able to save Argentina, while preventing a similar wave of horror from reaching Mexico."

10. The Free Trade Agreement of the Americas (ALCA). "Those who cherish such illusions should consult a psychiatrist."

Q: From your vantage point as a thinker, how do you view Mexico's economic, political and social situation, given the manifestations of crisis—seven of every ten Mexicans live in poverty—which are visible wherever you are in the country?
LaRouche: I see today's situation as a vindication of my published views, and proposals of Summer and Autumn 1982, including my book-length, August 2, 1982 report, *Operation Juárez*. Conditions have greatly worsened since October-November 1982; these changes of the recent twenty years must now be taken into account. That much said, what is essentially new today, relative to twenty years ago, is that the world's monetary-financial system is presently in the terminal phase of a general collapse. Twenty years ago, in "Operation Juárez," I presented a proposed action among the states of the Americas which would have opened up a new wave of pros-

perity throughout the Americas. Today, my proposals and recommended objectives are the same, but those reforms of 1982 must now be restated as a renewal of the principles of the original post-war Bretton Woods system, all within the context of a replacement of the presently bankrupt (in fact) IMF system.

Q: What is your opinion of the current state of affairs between Mexico and the United States?

LaRouche: At this moment, U.S. official relations with the world at large have been deteriorating. The U.S. government continues to refuse to acknowledge the reality of the general collapse of the world's present monetary-financial system, and the accompanying collapse of the physical economies of all of the Americas, of Europe, Africa, and in much of Asia. This pathological denial of economic realities, and Washington's increasingly hysterical commitment to its "preventive war" dogma, have caused a recently accelerating deterioration of U.S. relations with the world at large. Current U.S. policy-trends are seen by virtually all other nations of the world as intolerable imitations of a Roman-Empire style in international relations.

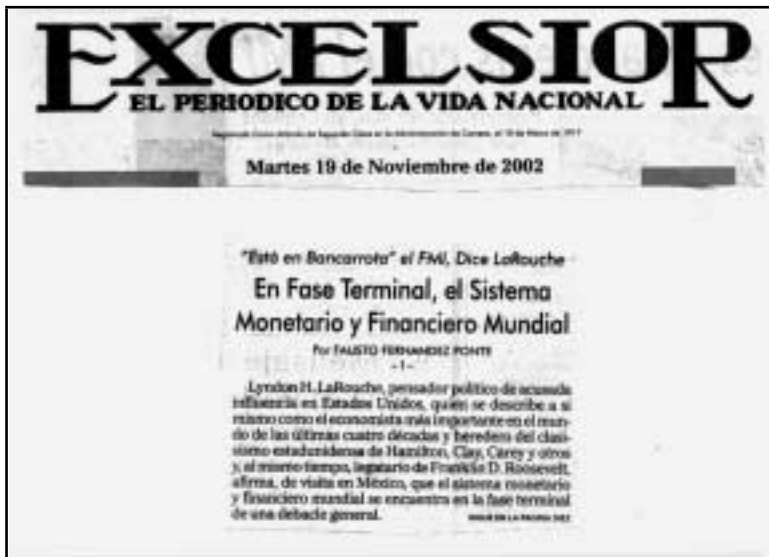
At this juncture, the current policies of the U.S.A. itself are in a terminal crisis. The United States is plunging into not merely a depression, but the immediate threat of a general economic breakdown crisis. If the United States is to outlive the coming two years successfully, it must begin, more or less immediately, now, to adopt policies of reform and economic reconstruction along the lines I have been demanding.

Many of those of us in the U.S.A. who are able to exert some influence, are not merely opposed to these trends, but are working, hopefully, to bring about a change in policy. I am more conspicuous in this than most U.S. influentials which share such concerns, but I have put myself at personal risk for such causes in the past. I now do so again. Of this risk, I do not complain. We are all mortal; therefore, what else does our mortal life contain, but the wish we might be able to contribute to mankind's better future?

Q: More than a few Mexicans, and Americans, think and demand that NAFTA be revised, and posed in terms that are more equitable to Mexico's interests. What would your position on this matter be, Dr. LaRouche?

LaRouche: NAFTA, like the "new economy" hoax, was a terrible mistake for all involved. The idea of "cheapest price" reflects the 1964-2002 degeneration of the U.S.A. as the world's leading producer nation, into the ruined and decadent economy of a "consumer society."

Agreements like the NAFTA so violently defended by then-Vice-President and "Baby Boomer" Al Gore, would not have been tolerated by representatives of the wiser previous



Mexico City's Excelsior daily features its interview with Lyndon LaRouche published Nov. 19 and 21, under the headline, "LaRouche Says IMF 'Is Bankrupt.' The World Monetary and Financial System Is in its Terminal Phase."

generation; to understand NAFTA we must take into account the cultural shift in the U.S.A. and Europe, from a commitment to a producer economy, to the spiralling decadence of what has been called a "post-industrial" or "consumer" society. This change in thinking was induced in those passing through adolescence during the 1960s, the so-called "Baby Boomer" generation. That generation, which rose toward leading positions in society over the course of the 1980-2000 interval, not only lacks any collective insight into the principles of productive economy, but most of them today have developed an obsessive hatred against the values of a successful economy.

During the course of the recent thirty-seven years, especially since August 15, 1971, the internal basic economic infrastructure of the United States itself has been destroyed. The transport, power, water-management, sanitation, health-care, and education systems we had prior to August 1971, have been largely destroyed by a form of madness called "post-industrial" and "consumerist" ideology. Since those ideologies have become the prevalent impulses of the U.S. generation under fifty-five years of age today—the generation dominating higher posts in the private sector and government alike—leading circles in the U.S.A. and elsewhere, tend to cling to defending a continuation of "consumerist" and credit-card-debt ideologies, even past the point it should have become obvious that those ideologies had been proven insane in practice.

Therefore, when all those combined considerations are taken into account, we face not only a breakdown in the financial and economic systems, but also [in] the mental stability of the leading circles of influence drawn from the under-

fifty-five age-group in the U.S.A. and Europe. Both the economic and mental-health problems must be taken into account in attempting to understand and to deal with the immediate situation in the world at large today.

Q: In terms of the migration of Mexican labor to the United States: What, in your opinion, can actually be done to benefit the immigrants who, in practice, are victims of racism, ethnic and cultural discrimination, of exploitation and even flagrant persecution?

LaRouche: I, like others, in both the U.S.A. and Mexico, have been wrestling with this injustice for more than two decades. The problem existed much earlier than 1982, but, as long as the principles of a producer, rather than consumer society, prevailed in leading circles on both sides of the border, reformers viewed the social and economic aspects of this injustice in terms of politically activated improvements in the social and economic conditions of family life and employment on both sides of the border.

Recently, as in the case of the ancient Rome which rejected the proposed economic reforms of the Gracchi, the under-fifty-five generation in leading positions of private and public authority in the United States today, has tended, increasingly, toward viewing the majority of the populations on both sides of the border as serf-like “human cattle,” rather than as citizens of a republic. This is to be recognized in the collapse of the physical standard of living of the lower eighty percentiles of U.S. family-income brackets since 1977. This moral degeneration in U.S. government policies of practice, is typified by the fact that the current majority of the U.S. Supreme Court has upheld a doctrine of “shareholder value” adopted from the Lockean slave-holder traditions of the treasonous, 1861-65 Confederate States of America. The ideological basis for the continued injustice toward Mexican citizens laboring in the U.S.A., comes less from malicious intents such as that erring majority of the U.S. Supreme Court, than the cruel indifference of that large mass of the U.S. population which has been morally corrupted by the rampant influence of the combination of “consumerist” and “credit-card-debt” ideologies.

I think that my own intentions in this matter are implicitly obvious.

Q: Mexico’s internal market is dominated by American goods and services, which displace those of national and local manufacture, with the resulting shutdown of companies, unemployment, and social uncertainty. In your opinion, what should be done; and, above all, what can be done to reverse this situation?

LaRouche: The worst of such effects are the natural consequence of NAFTA. However, such results were always the trend of developments built into the “free trade” policies imposed upon every part of the world but its own territories.

There are no existing alternatives to this deterioration except measures which require the replacement of the world’s present monetary-financial system (sometimes seen as a “cemetery-financial system”) by one resembling the original, post-war Bretton Woods system.

Q: Many Mexicans and Americans think, and are apparently convinced, that the U.S.-Mexico bilateral relationship is in crisis, even though Presidents Fox and Bush deny this. How do you see it?

LaRouche: I suspect that President Fox’s views may have been suddenly changed somewhat, as a result of some painfully disappointing behavior by President Bush. The conflict is actually between the current Bush Administration and the rest of the planet, including a growing, head-on collision between that administration’s current trends in policy and the majority of the U.S. citizens.

Q: Regardless of whether there is a crisis in the bilateral relationship, one fact is undeniable: It is unequal, asymmetrical, and it favors the United States to the detriment of Mexico’s economic, political, and social interests. How, in your opinion, can this bilateral relationship be improved?

LaRouche: At this moment, my emphasis is upon the relations between the states of the southwestern U.S.A. and those of northern Mexico. The presently urgent need for large-scale expansion of development of basic economic infrastructure within that portion of the U.S.A., and complementary needs of the same classes of investment in Mexico, suggest a politically practicable approach to this problem. I emphasize: a.) the expansion of integrated generation and distribution of power; b.) large-scale water management; and, c.) combined east-west and north-south development of modernized rail grids.

Notably, the common characteristic of a section of North America running north toward the Arctic Ocean from the area of Mexico between the two branches of the Sierra Madre is a rich area of potential development with a grievous shortage of water. If we put desalination aside for a moment, we have principally two approaches to overcoming the relevant water deficits. One is coastal canals bringing water from southern Mexico to the north; the other is the so-called NAWAPA project whose design was developed by the United States’ Parsons firm and others.

Thus, the infrastructural development needs of the states of the southwestern U.S.A. and of northern Mexico, are not only complementary, but are integral features of improved U.S.A.-Mexico cooperation. These also represent relatively large-scale potential for employment to absorb the effects of the collapse of employment in large sectors affecting Mexicans resident in the U.S.A. or employed in Mexico producing products exported to the U.S.A. Any initiatives on such infrastructure programs from within the U.S.A. will



Lyndon H. LaRouche, Jr. speaks at the Autonomous University of the State of Coahuila, in the city of Saltillo, Mexico, on Nov. 5. His appearance was broadcast to four other universities, widely reported in Mexico's North, and now in the nation's capital.

foster cross-border cooperation in the same kinds of programs for Mexico.

Q: What is your opinion of the very controversial way in which the current Mexican government conducts relations with other States, particularly with Cuba?

LaRouche: Simply, we must return to the orientation of the Franklin Roosevelt and John F. Kennedy administrations.

Q: Does the victory of Luiz Inácio “Lula” da Silva in Brazil prompt any particular reflections?

LaRouche: If Brazil is forced to submit to currently proposed types of conditions, the resulting collapse of Brazil will set off an immediate chain-reaction, blowing out not only the U.S. banking system, but also the IMF system. If Brazil is permitted conditions under which it could survive, that would also blow out the U.S. banking system and, therefore, the IMF, too. The only solution, therefore, is a general reform in bankruptcy-reorganization of the U.S. Federal Reserve System, and a reorganization-in-bankruptcy of the IMF by concerted emergency action of the most relevant sovereign nation-states whose property the IMF is.

This puts Lula in an interesting situation, whether he wished it, or not.

Q: Do you foresee any changes in Inter-American relations as a result of Lula’s victory in Brazil, and a change in the U.S. attitude toward Brazil?

LaRouche: Yes, as I have indicated above.

Q: On the FTAA (Free Trade Area of the Americas): In your opinion, could Lula’s victory delay the United States’ objective of creating a captive market in the Americas for U.S. goods and services, excluding Europe?

LaRouche: If the U.S.A. currently has such intentions, those in the U.S. entertaining such delusions should consult their psychiatrists.

Q: What is your opinion of the hounding of Hugo Chávez in Venezuela?

LaRouche: I see no leading faction there which offers much hope of benefit for Venezuela or its neighbors. I would hope that Venezuela outlives the folly being created by both leading forces visible there in recent developments so far. I sympathize with Brazilian President-elect Lula’s generous and statesmanship-like admonitions to the less experienced President Chávez.

Q: In your view, could Argentina’s crisis extend to Mexico?—although there are many Mexicans who think that our country has been in a process of Argentinization for many years.

LaRouche: Yes. If we can prevent Brazil from being plunged into similar situation, which is now immediately threatened, we could probably save Argentina, too, and also prevent such a tide of horror from reaching Mexico.

Q: What is your opinion of Vicente Fox as the head of the federal Executive Branch, that is, as Head-of-State? Would

you agree with some American and Mexican economists to the effect that Mr. Fox has no ideas, no Congress, and no political aptitude?

LaRouche: As a U.S. patriot, I am committed, despite the shortcomings and follies of President George W. Bush, to defend the U.S. Presidency as an institution, and to do what might be implicitly required to defend his life. I am a long-standing friend of Mexico, and treat its Constitution and institutions with the same quality of respect I extend to my own. My concern is the institution of the Presidency of Mexico, which means that I would wish Mr. Fox's Presidency to prove to be successful a one for Mexico, whatever his personal capabilities. The practical implications of what I have said involves principles of statecraft and other history which, admittedly, relatively few on this planet understand. It is perhaps sufficient, for the moment, that I state that fact, adding one qualifying observation, as follows.

Those of us who are actually qualified to seek election to the office of head of state, as I am, know two things which are indispensable points of guidance for any occupant of that office. First, that every man is mortal, and, therefore, his fundamental interest in life is what his life's work leaves as a benefit to the society which lives after him. Second, that once you swear the oath of office, you are, therefore, accountable to no personal or other special interest but the benefit of that nation, and to its unborn even more than its presently living. The power you have assumed is not yours to buy or sell; it partakes of the nature of a sacred responsibility, by which the future should rightly judge the outcome, the meaning of your having lived.

We have had more fools than geniuses as occupants of the U.S. Presidency. That should warn us, that it is the Presidency which is primary, and, only rarely, was there a truly qualified U.S. President, one of such true greatness as George Washington, Abraham Lincoln, or Franklin Roosevelt, who were, each in their time, an indispensable choice of occupant of that office.

Q: On APEC: What failed, in your opinion, during last week's APEC (Asia-Pacific Economic Cooperation Council) meeting?

LaRouche: It was necessary, useful, but not yet an adequate response to the emerging situation.

Q: On Iraq: What is your opinion of the so-called "Bush Doctrine" of pre-emptive military attack against Iraq and the overthrow of Saddam Hussein?

LaRouche: This is a virtual copy of Adolf Hitler's invasion of Czechoslovakia; a violation of the U.S. Constitution, an act of military-strategic lunacy which no competent flag-officer of any nation, including the U.S.A., would condone; and a mere pretext for launching a virtually perpetual, Roman-imperial-style, "Clash of Civilizations" war throughout the world at large. It is, in short, an unconscionable abomination.

Q: On Cuba: Would you propose that the United States suspend the economic blockade of Cuba?

LaRouche: Yes. To the extent I have influence on Washington, I would desire the mediating role of Mexican institutions, which understand conduct of relations with Cuba, in reaching the relevant changes in trading relations. I would hope a discussion of practical steps toward that would be on the agenda of early discussions between the Presidencies of the U.S.A. and Mexico.

Q: On OPEC: What negative or positive effect would a war against Iraq have on Mexico's role as a supplier of oil to the United States?

LaRouche: It would precipitate a collapse of the world economy, and of trade, from which every national economy, including Mexico's, would suffer monstrosly. Under the conditions of global economic collapse such a war would trigger, supply would exceed demand to such degree that no net advantage to Mexico's position as an petroleum-exporting nation would occur. Quite the contrary.

Q: On China: How would you evaluate China's future in the political chess game among the world's powers?

LaRouche: My Eurasia policy is based on developing a land-based system of Eurasia cooperation centered on such crucial pivots as the following: a) The "Eurasian Land-Bridge" development policy which my wife and our associates have been actively promoting since 1992-1993; b) The use of what I defined in 1998 as the "Strategic Triangle" of cooperation among Russia, China, and India, to bring other nations and regions of Asia, such as the ASEAN group, into a general agreement on security, Asia internal development, and global cooperation with western Europe as a leading long-term trading partner; c) A replacement of the present, hopelessly bankrupt IMF world-system of monetary-financial rule, by a new system modelled upon the pro-development, protectionist principles of the 1945-1958 Bretton Woods system of fixed exchange-rates. d.) Within the setting of those reforms, commitment to promotion of denoted types of mission-oriented physical-economic programs, featuring large-scale infrastructure development and technology development and transfer among nations.

Q: On the European Union: What prospective scenario do you see in international affairs, with the emergence of the European Union as an economic and political power, through the expansion of its membership from 15 to 25 states?

LaRouche: The European Union is, presently, implicitly bankrupt. The rumor that it threatens to become a trade-rival of the United States in economic progress, is a diversionary fairy-tale to be told to credulous children. We are facing an immediate collapse of the present world financial system as a whole. Nothing could save that system; either we replace it, or a general physical-economic collapse all

of the Americas and Europe were presently inevitable for the near future.

Q: On the UN: What should the United Nations Organization do in the face of the apparently imminent war of the United States against Iraq?

LaRouche: If that foolish war were ever actually launched, the chain-reaction after-effects of launching that war would probably topple the world as a whole into a prolonged new dark age. That war must be prevented, unconditionally. Were the UNO so foolish as to consent to such a war, there would be no life after death.

Q: As for you personally, what are your plans in the political life of the United States? Will you seek the Democratic Party's nomination for President of the United States?

LaRouche: Right now, I am the only visible personal actually qualified to become the next President of the U.S.A. Presently, I am functioning as an "FDR Democrat" and also a future such "President in the wings," providing the policy-guidance which a President of the United States should be providing now, trying to make the incumbent President, in effect, a real President, despite the fact he was never, in fact, prequalified to become one.

Q: How do you see yourself, Mr. LaRouche? Or, in other words, who is Lyndon LaRouche according to Lyndon LaRouche?

LaRouche: On performance so far, the world's leading economist of the recent thirty-odd years; a statesman in the image of Plato's prescription for a "philosopher king;" and the U.S. individual who has been shown by 1973-2002 developments, to have been the political intellect most feared by the American Tory faction in the U.S.A. today. Two known, documented attempts at assassination of me through operations directed by a certain, "Wall Street"-controlled section of the U.S. Department of Justice, and the most massive, decades-long libel attack by mass media on any presently living political figure of the world today, have made that fearful hatred of me by the American Tories clear to all who have studied the matter closely.

Q: Where do you situate yourself in the American ideological spectrum: to the right or to the left of center?

LaRouche: I have no kinship with any among those three. I am a representative of the Classical tradition and today's leading intellectual representative of that American System of political-economy so described by Alexander Hamilton, Matthew Carey, Henry Clay, Friedrich List, and Henry C. Carey. Broadly, I represent the President Franklin D. Roosevelt current of the U.S. Democratic Party, and am the opponent of those who have rejected his tradition in the party.

Q: What are the books that you hold in highest regard?

LaRouche: Classical drama, poetry, and Classical science in the Platonic tradition.

Q: Where is the world headed, as you see and feel it?

LaRouche: Toward the greatest change in world affairs, either for the better or worse, since President Lincoln's victory over the treasonous Confederacy.

Q: It is obvious to many Mexican men and women that there is a terrible struggle for power in the world. What outcome do you foresee for that struggle?

LaRouche: I do not deny that we could lose this fight. If we fail, the world is now at the cliff's edge of a plunge into a planet-wide new dark age. If we win, as is possible, we shall establish a new order in the world based on a commitment to become, at last, a community of principled cooperation among perfectly sovereign, globalization-free nation-state republics. The present choice is, almost certainly, nothing other than one of those two choices.

We might be defeated by those bestial creatures seeking to establish a world empire through nuclear-armed tyranny; but they could never actually win. The only danger is, that we might all be destroyed by the failure of some among us to defeat them.

Q: Should we assume that the United States will be consolidated as the only superpower, or will other superpowers, such as China, emerge?

LaRouche: Neither is possible. Peaceful cooperation among most nations, or ruin of the planet as a whole, are the only available options.

Q: Millions of people think that the world today is more unstable and uncertain than a generation ago. If this evaluation is true, what can be done to change it?

LaRouche: We must win; no middle-ground solutions exist.

Q: Were you elected President of the United States, what would your priorities be?

LaRouche: Exactly what they are at this moment, and have been since my Spring 1946 days as a U.S. soldier returned from northern Burma, in Calcutta, India: A just new world economic order among sovereign nation-states, an order consistent with objectives of what Alexander Hamilton named the American System of political-economy.

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Peace Candidate Wins Israel Labor Vote

by Dean Andromidas

The Israeli Labor Party's chairmanship—and candidacy against Prime Minister Ariel Sharon in the Jan. 28 general elections—went to Haifa Mayor Amram Mitzna in a landslide on Nov. 19. Mitzna, who is also a reserve major general, ran on a policy modelled after that of slain Prime Minister Yitzhak Rabin. He called for immediately restarting peace negotiations with the Palestinians, and won 54% of the vote, trouncing hawkish Binyamin Ben-Eliezer, who had been defense minister in the now defunct unity government with Sharon, and the third contender, Haim Ramon.

Mitzna's election will help create the conditions for defeating Sharon's Likud and the group of fascist parties euphemistically referred to as the "nationalist right wing," that make up Sharon's current caretaker government. Now that Mitzna will lead Labor, both Sharon and Benjamin Netanyahu, who will compete in the Likud Party primary on Nov. 28, have become a little less confident about the January election. Their confidence will fall further as it is exposed that funds for their Likud campaign are coming from Unification Church ("Moonie") sources.

With a high turnout of 60% of registered Labor Party members, Mitzna was able to overcome the strong party machines of both his rivals, particularly Ben-Eliezer. Moreover Mitzna, who has been portrayed by his detractors as an Ashkenazi elitist, in fact won majorities in all sectors—including immigrant Russian and Sephardic—and in the poor development towns. Ben-Eliezer, who was born in Iraq, tried to play the "Sephardim card," but new Sephardic Labor members voted *en masse* for Mitzna. Importantly, Mitzna won large majorities among Israeli Arab members of the party. This reversed the situation where the Israeli Arabs had all but abandoned the Labor Party, since October 2000 riots where 14 Israeli Arabs were killed during the Labor Prime Ministry of Ehud Barak.

Muhammad Zeidan, a leading political figure in the Israeli Arab community, told the *Jerusalem Post* (Nov. 20), "Mitzna's declarations about pulling out of Gaza are courageous, and signal a new approach and policy which offer a glimmer of light at the end of the tunnel in terms of seeking to resolve the Israel-Palestinian conflict."

Mitzna's success partly reflects his achievements and popularity over ten years as mayor of Haifa, Israel's third largest city, and the one most representative of the diversity of Israeli society, with its mix of secular and religious Jews and Israeli Arabs. It is also a city of large working class and

immigrant communities. Zeidan commented, "Mitzna, as mayor of the largest Jewish-Arab city, proved he was a mayor of all of Haifa's residents. . . . He also succeed . . . in helping to preserve the good relations between Jews and Arabs in the city despite the very difficult times. If he can copy his actions in Haifa on the national political map it will be a very fine thing."

Mitzna's character showed when, as a senior officer during the 1982 Lebanon war, he denounced then-Defense Minister Ariel Sharon publicly, when the Kahan Commission determined that Sharon was "indirectly responsible" for the massacre of thousands of Palestinian refugees in the Sabra and Chatila refugee camps.

From the pro-peace Meretz party, one retired officer, who had been a collaborator in formulating Rabin's peace policies and knows Mitzna personally, said the new Labor Party chairman "is the best follow-up to the policy of Rabin" since the latter's murder in 1995. While a Labor victory in the general elections will still be an uphill battle, the source said that with Mitzna, it is no longer impossible.

Will Not Make Coalition With Likud

Mitzna has made clear that he will immediately pull out of the Gaza Strip, and seek the dismantling of the Israeli settlements there. No Israeli politician has made such a commitment since the assassination of Rabin. Mitzna also wants unconditional negotiations with the Palestinians. If talks failed, he would unilaterally withdraw from most of the West Bank.

Further, if he doesn't win, the candidate intends to seek to keep Labor in the opposition, not in a coalition with Sharon or Netanyahu. Yossi Beilin, the architect of the Oslo Accords who supported Mitzna, is working to bring together a coalition of parties he has dubbed the "Rabin Bloc," to form a government in the event of a Labor party victory in the general elections. It would include Labor, Meretz, the secular anti-ultra Orthodox Shinui, the trade union-linked One Nation, and the Arab parties.

Within only two months, Mitzna has to unite a party whose majority has been demoralized and despairing of ever coming back into power. He faces an opponent who enjoys high ratings in the opinion polls. Perhaps more decisive is Sharon's support in the Bush Administration, as well as among the Christian fundamentalists and Jabotinskyite Zionist circles in the United States, from which large amounts of campaign funds can be mobilized.

Uri Avnery, journalist and founder of the peace group, Gush Shalom, gave Mitzna some advice in *Ha'aretz* Nov. 17, just prior to the Labor Party primary. He warned that the only way Mitzna could hope to win the general elections in such a short period was on "one condition: that his message is unequivocal, direct and finely honed, without stuttering, without demagoguery, without gimmicks. Election consultants and various 'strategists' will say that he must first use left-wing language to capture the leadership of the party, and then

switch to right-wing language to win votes from the center. If he chooses this path, he will fail.” Avnery said that “message must be simple and uncompromising: The state has no future without peace. Peace is possible if we are ready to pay the price. There is a partner for peace. Most of the Palestinian people want peace. Yasser Arafat wants peace.” Avnery added the well-known price: a Palestinian state alongside Israel; Jerusalem as the capital of both states; evacuation of settlements from all Palestinian territory; transfer of blocked funds to promote economic growth and fund social services.

Sharon: Banking On an Iraq War

One day later, a commentary by Aluf Benn exposed Sharon’s true election strategy: supporting a U.S. war on Iraq. “Sharon and his cronies are now asking voters for an extended period of grace, and are promising that next year will be the year that counts,” wrote Benn in *Ha’aretz*. All their hopes and expectations are pointed toward Washington: an American attack on Iraq is seen as the lever which can extricate Israel from its economic, security and social quagmire. . . . It is hoped that the removal of Saddam Hussein from power will set in motion a domino effect, will end the Palestinian Intifada, bring about the end of Yasser Arafat’s regime and eradicate the threat to Israel from Iran, Syria and Hezbollah. Billions of dollars in aid from the United States will raise the Israeli economy from the depths to which it has sunk.”

Israeli national security adviser and former Mossad chief, Efraim Halevy, underscored this Likud strategy: The coming 12 months will be “the most crucial in the history of Israel,” Halevy said, and promised that “one way or another, Arafat will disappear.” Sharon’s bureau chief and lawyer, Dov Weissglass, was in Washington in early November, and claims to have convinced U.S. National Security Adviser Condoleezza Rice to freeze any action on the so-called Bush “road map” for a political settlement, until after the elections in Israel, if at all.

Sharon appears to have an advantage over Netanyahu in the Likud Nov. 28 primary. Sharon has made several moves to outflank Netanyahu, winning the endorsement of Jerusalem Mayor Ehud Olmert and Defense Minister and former chief of staff Shaul Mofaz, both of whom had been expected to support Netanyahu.

Olmert’s endorsement could be extremely important, because of money rather than votes. He reportedly spends almost as much time in the United States—especially, New York—as in Jerusalem. He enjoys unusually strong relations with the Christian fundamentalists and the Jabotinskyite well-springs of Likud Party financing, tapping these sources through his New Jerusalem Fund. His collaborator in this project is Rabbi Yechiel Eckstein, whose International Fellowship of Christians and Jews has also been raising millions of dollars from Christian fundamentalists throughout the United States. While the New Jerusalem Fund cannot legally donate to an election campaign, illegal financing has been suspected.

In the midst of the election campaign, the Christian Coalition, one of the biggest groups of American “fundies,” has a delegation in Israel. Led by chairman Roberta Combs, the delegation has met Israeli politicians and visited the settlements.

Sharon’s own major financial supporter in the United States is Israeli-American businessman Arie Genger, who functions as Sharon’s back channel to the Bush White House. Genger has been linked to the business interests of Meshulam Riklis, another major Sharon backer and a former associate of the late Jewish organized crime boss Meyer Lansky. Sharon is already under police investigation for illegal financing related to his 1999 Likud primary campaign; but Israeli Attorney General Elyakim Rubinstein announced that no indictments will be announced against any candidate during the election period.

Sharon Brings in Outlaw Faction

Sharon has brought into the Likud party the faction of Jewish fanatics led by Moshe Feiglin, who leads a movement that wants to establish a Zionist state based on biblical law. In the 1990s Feiglin formed Zo Artzeinu (“This Is Our Land”), which organized demonstrations against the Oslo Accords. He was key in creating the incitement that motivated Yigal Amir to assassinate Prime Minister Rabin. Feiglin has been able to establish the so-called “Jewish Leadership” faction within the Likud. In elections for the party’s 3,000-plus-member central committee, he won 100 delegates, a not insignificant faction. Among its members can be found former, and convicted, members of the terrorist Jewish underground and the outlawed Kahane Hai—including Baruch Kahane, son of assassinated Kach leader Rabbi Meir Kahane.

At a public event earlier this year, Feiglin declared, “Sharon is the best figure on the Right that anyone could imagine. There has never been a greater military leader than him in Israel, and it would be difficult to find in Israel a politician who has made a greater contribution to the settlement cause.”

But by all rights Sharon belongs in jail, both for war crimes and for many ongoing criminal investigations. In the latest, *Ha’aretz* on Nov. 16 reported that Sharon intervened directly with the director of the Israel Lands Administration, Yaakov Efrati, to give preference to a request he made concerning the transfer of a parcel of land near his Negev ranch. This is as if President Bush called the governor of Texas to intervene in litigation involving his ranch. In a second case, Sharon’s office has frozen an increase in the price of agricultural water, after it had been approved by the government, the Water Council, and the farmers’ “Objections Committee.” A third matter is Sharon’s personal importation of Asian agricultural workers while his government conducts a big campaign to expel 50,000 of them. *Ha’aretz* concluded that these scandals “will probably not cast a shadow on [Sharon’s] success in the opinion polls”—but Mitzna’s peace campaign may.

Sharon Sabotages Palestinian Talks

by Dean Andromidas

Leaders of Palestinian Authority President Yasser Arafat's Fatah faction of the Palestine Liberation Organization (PLO) and Hamas completed talks in Cairo, Egypt Nov. 13, as part of an ongoing multinational effort to establish unity among the various Palestinian factions. This is part of an Arab-European effort to get Israel back to the negotiating table. But Israeli Prime Minister Ariel Sharon has expressed nothing but scorn for these talks, and has done everything possible—through his policy of assassination and widespread military campaigns that target entire Palestinian cities—to sabotage any development that could lead to reopening peace negotiations.

The Cairo talks were held from Nov. 9-13. The Fatah delegation was headed by Zakaria Aggh, head of the movement in the Gaza Strip; Fatah officials Tayeb Abdel Rahim and Sakher Habash; and Palestinian Energy Minister Abdel Rahman Hamad. Also present was Arafat's economic adviser Mohammed Rashid. Hamas was represented by Moussa Abu Marzouk and Osama Hamden. These were the first talks since 1996, when the PLO engaged Hamas in talks in an effort to convince them to join the Palestinian Authority.

Although an agreement ending suicide attacks in Israel was apparently not reached, nonetheless Hamas and Fatah decided to form a joint committee within the Palestinian Authority, and continue talks on cooperation. A statement called for joint activity between the two groups, to strengthen and buttress Palestinian national unity in any way possible. Also included was a call to resume talks between all Palestinian factions "in order to reach a diplomatic view that will serve as a common denominator for the Palestinian nation," since "diplomatic opposition to end the occupation is the legitimate right of the Palestinian nation and it serves Palestinian national interest."

Three Arab Countries, EU Involved

Even this agreement is unprecedented in Fatah-Hamas relations. If strong cooperation can be established on the political level, then attacks by the armed groups such as the Fatah-linked Al Aqsa Brigades and the Hamas armed wing, Islamic Jihad, could be curbed. The latter attacks have come to be seen as provocations that simply play into the hands of Sharon's brutal policy of repression.

These talks have to be seen in the context of an effort begun in March, with the peace initiative of Saudi Arabia's

Crown Prince Abdullah for settling the Arab-Israeli conflict. The effort cannot be separated from the attempt to neutralize the danger of a U.S.-led attack on Iraq, which would inflame the entire region. Egypt, which enjoys the best relations with Yasser Arafat, and Saudi Arabia, which supports Hamas, are playing the leading role as mediators. But Syria was also involved, since Hamas' Political Bureau is based in the capital, Damascus. According to Egyptian sources cited in the Israeli press, the talks would not have been possible without Syria's endorsement. Moussa Abu Marzouk, who led the Hamas team, is a member of the Political Bureau in Damascus.

The European Union has played a very important role as well. For the last six months, the EU team, led by its Middle East security specialist Alistair Crooke, has been working with the various Palestinian factions in an effort to hammer out agreements. Their aim is to bring the different factions and armed groups under the centralized lead of the Palestinian Authority, in an effort to curb the violence, and force Israel to the negotiating table. Since July, several agreements have been reached, particularly among the Fatah-linked Tanzim militia, but they have been undermined by Sharon's military operations. Crooke, who is a former British MI6 agent, has won the confidence of many of the Palestinians in this effort.

When this round of talks ended, Egyptian President Hosni Mubarak dispatched his intelligence chief, Omar Suleiman, to Israel and the Palestinian Authority. Suleiman met with Israeli President Moshe Katzav and Sharon, whom he reportedly told to stop targeted assassinations of wanted Palestinians, so as not to undermine the talks. Sharon, who has driven Israeli-Egyptian relations down to their lowest point in two decades, answered the call by announcing that Israeli troops would remain in the West Bank city of Nablus for weeks, in order to "root out terror." Sharon has made it clear, he views these talks as a "waste of time." Suleiman also met with Arafat in Ramallah, who called the talks "very important."

Sharon Escalates Military Operations

On the first day of the Cairo meeting, Nov. 9, an Israeli army hit squad killed Iyad Sawalha, an operative of Islamic Jihad. An Israeli intelligence source told *EIR* that the assassination was part of Sharon's sabotage of the Cairo talks. "Sharon is acting as if in a chess game," the source said. Sharon knows that the armed groups, both the Islamic Jihad and Al Aqsa Brigades, will avenge those who are assassinated.

On Nov. 11, Sharon's generals launched a massive military operation against Nablus, the second largest city in the West Bank. As of this writing, the entire city is still under curfew, with Israeli troops conducting house-to-house searches for the second time in three months. Similar operations were held in Jenin and Tul Karm. The claim that these were retaliation for a Palestinian attack on Kibbutz Metzger on the night of Nov. 10, is simply false; the Israeli military admitted that the operations were planned before that attack.

These operations are part of Sharon's ongoing policy of "slow transfer," to rid Gaza and the West Bank of Palestinians. The fact that these operations caused death and injury to tens of Palestinians, with tens of thousands suffering under the curfews, closures, and poverty, is spurring more and more Palestinians to leave the territories. Meanwhile, Sharon unleashed Israeli settlers throughout the West Bank to attack Palestinian farmers harvesting their olive trees. Thousands of settlers on a daily basis, deploy into the orchards, under the Israeli army's eyes, assaulting farmers and stealing their harvest on an unprecedented scale. The attacks in many cases lead to "ethnic cleansing," as the Palestinians have been forced to flee their homes.

Not the Attack Sharon Expected

Sharon's pressure cooker exploded with a Palestinian attack in the West Bank city of Hebron on Nov. 16, in which Hamas gunmen killed 12 Israelis and wounded 14 others. The attack took place near the Tomb of the Patriarchs, the burial site of Abraham, while Israeli soldiers were escorting Jewish settlers back to the nearby Kiryat Arba settlement. Among those killed was the commander of the Shomron Brigade, Col. Dror Weinberg; and also two soldiers, four border policemen, and three members of the settlers' militia. Three Palestinians were killed. Islamic Jihad took responsibility. Its representative, Ramadan Shallah, told Al-Jazeera TV that the attack was in revenge for the assassination of Iyad Sawalha.

This response was not quite the one Sharon was expecting. The Palestinian attack was highly professional, and did not target civilians. According to Israeli military sources, the soldiers on the scene reacted incompetently, including the commander killed, Colonel Weinberg, who had been one of the more extreme Israeli military officers, had close ties to the settlers, and who was being groomed for high command.

Sharon was banking on some attack in Hebron as part of his chess play. *EIR* reported on Oct. 18 ("Is Sharon Preparing a New Hebron Massacre?") a warning by *Ha'aretz* commentator Amir Oren, that a massive attack by settlers against the Palestinians in Hebron, on the scale of Baruch Goldstein's murder of 30 Muslim worshippers in 1994—a provocation with regionwide consequences—could take place in reaction to an Hamas attack as above. Oren warned this could take place during the (current) holy month of Ramadan. *EIR's* article documented that these settlers are under the direct control of Prime Minister Sharon.



The delay in the Iraq war which Sharon's government desperately needed, is leading it to seek to provoke increased violence in the territories. That, plus loose planning and actions by Israeli Defense Forces, produced the ambush killing of 12 soldiers on Nov. 16 in Hebron.

Sharon's answer to the Islamic Jihad attack has been to launch massive military operations throughout Hebron, a city of 200,000, intending to search every house in the city. Sharon has ordered the creation of "territorial continuity" between the settlement of Kiryat Arba, outside of Hebron, the Tomb of the Patriarchs, and the lunatic settlements inside the old city.

The plan is nothing more than "ethnic cleansing." The military have already begun demolishing Palestinian homes within this corridor, on the pretext that these were the houses of the "terrorists": *Ha'aretz* correspondent Amira Hess has shown this to be false. Sharon has now deployed the fascist settlers to harass Palestinian resistance in this corridor in an attempt to force Palestinians into a "voluntary transfer." The settlers have set up caravans and tents, and announced the intention to build 1,000 housing units. The Israeli Housing Ministry has already sent people to the area, to take over plots of land, build houses, and move in more settlers. Defense Minister Shaul Mofaz announced that the Jewish settlement in Hebron's old city would be expanded as well.

The Palestinian Governor of Hebron, Arif Jabari, denounced these moves as planned to provoke more violence, and has blasted Sharon's plans as "horrific." "This is an extremely dangerous matter if it is implemented," Jabari said. "This is the plan which Israeli extremists have been talking about for a long time."

Israel's political leaders are competing in harsh provocations of the Palestinians. A new Baruch Goldstein hasn't appeared yet in Hebron; but Ramadan is not over.

November Protests in Iran Stop Execution, and Strengthen Presidency

by Muriel Mirak-Weissbach

Since early November in Iran, student demonstrations sweeping across campuses in protest against the power of the conservative clergy, have raised the specter of social conflict and evoked memories of clashes with police, which, three years ago, led to casualties. Some circles outside the country, who have been urging “regime change” for Iran, may be welcoming the renewed confrontation between reformers and conservatives, and speculating that mob violence may bring down the government of President Mohammed Seyed Khatami.

But something very different is unfolding in the Islamic Republic of Iran. Instead of launching a rebellion threatening its institutions, the students and their political backers are mobilizing popular and governmental layers, to force fundamental changes in the relation of forces in Iran’s public institutions.

The outcome will be crucial in signalling how the reformers will extricate themselves from what had appeared to be a hopelessly deadlocked situation: Although the reform faction had reaffirmed its overwhelming popular mandate in both Presidential and parliamentary elections, its political actions had been restrained by the security forces and Judiciary, both firmly under control of the conservatives. Editors and journalists of reform-oriented publications were being systematically jailed, and their publications shut down, for example.

Professor’s Death Sentence the Trigger

The reformers have taken over through the electoral process for five years, but real power has still lain in the hands of their adversaries. Since the election of the reformers’ leader, Khatami, to the Presidency in 1997, and his reelection earlier this year—both times with an overwhelming mandate—pressure has been building from constituents to translate reform promises into political reality. Khatami himself had been walking a tightrope, attempting to make good on his electoral pledges, while avoiding institutional confrontation with his adversaries.

The current crisis was triggered on Nov. 6, when Dr. Hasham Aghajari, a respected university professor from Hamedan, was found guilty of blasphemy and sentenced to death. Aghajari had been summoned to court in August for having questioned the religious structures in Iran, because of his presentation at a ceremony commemorating the late

intellectual Ali Shariati. Dr. Aghajari, who is an academic, writer, and veteran of the Iran-Iraq War, had challenged Shi’ite Islam’s theory of emulation of religious leaders (known as *Taqlid*). Aghajari asserted that religious leaders should be held responsible for explaining the decisions they make in religious matters, which are binding on their followers.

This was deemed blasphemous, and drew the Hamedan court’s death sentence, with the adding “insults” of ordering Dr. Aghajari’s exile in the desert and ban from teaching.

The outrageous decision provoked an immediate response. On Nov. 10, some 181 members of the Majlis (parliament) appealed to the chief of the Judiciary, Ayatollah Seyed Mahmoud Hashemi Shahroudi, to rescind the sentence, and have the “revolutionary war-disabled” professor released. They expressed their support for the Speaker of the Majlis, Mehdi Karroubi, who had stated: “I, as a cleric and a spokesman for religious dignitaries whom I have contacted, announce my hatred and disgust at this ‘shameful verdict.’” Two MPs from Hamedan had earlier resigned in protest against the verdict.

Student Protests Criticize Khamenei

Day after day, following the issuance of the sentence, students demonstrated nationwide in defense of Aghajari. Strong statements of condemnation were issued by the universities; one described “the death ruling for expressing views,” as unprecedented in the Islamic Republic; another said, “Medieval methods in a system which claims to be democratic, are being revived”; another described the death sentence against Aghajari as a “declaration of war against the universities.” It went on: “We denounce any manipulation and violent interpretation of religion in order to crucify thought and behead it at the altar of political interests.”

Students also openly criticized the country’s supreme religious leader, Ayatollah Seyed Ali Khamenei, accusing him of being behind the barbaric verdict.

On Nov. 11, Minister of Science, Research and Technology Mostafa Moin called on President Khatami to intervene to secure the release of the academic hero. In a letter to the President, he conveyed the concerns of the academic community over the verdict. Minister Moin’s move was key, as it called for the institution of the Presidency to be mobilized, to



Iran's President, reform leader Mohammad Khatami, may come through the current national wave of protest demonstrations with greater powers, despite Western warhawks' hyping of a "regime change" from within Iran.

challenge the grip of the conservative clerical faction over the Judiciary.

In fact, just prior to the Aghajari ruling, Khatami had presented legislation to the Majlis, which aimed at strengthening the powers of his office. One bill, related to the electoral process, curbed the powers of the Council of Guardians, a body which held the right to arbitrarily disqualify candidates for office. The same body has the power to approve legislation of the Majlis. The other bill bolstered the power of the Executive vis-à-vis the Judiciary.

By Nov. 10, both bills had passed with a large majority, but implementation was another matter. Khatami had stated that without having enhanced powers, he could not rule, implicitly threatening to resign if he were not supported. The two bills still have to be approved; if they are not, a referendum will be called.

Now, with the Aghajari case, the President was being urged to exercise those powers which he had asked for.

President Denounces Verdict

On the same day that Minister Moin addressed Khatami, the Supreme Leader of the Islamic Revolution, Ayatollah Seyed Ali Khamenei, issued a statement, saying that the most important obligation of all officials of the three branches of government, was to protect Iran's Islamic system, and essen-

tially called for an end to the conflict. "The best action is to use legal channels," he said, "but if the three branches of power someday fail or do not want to resolve bigger problems, the leadership will call the popular force into the arena in order to tackle the problems."

The statement, issued by "the leadership"—the powerful conservative clergy—was interpreted as a threat to mobilize paramilitary forces in the streets against the reformers and students. This would mean the Basij militia, directly responsible to Khamenei. Khamenei, however, also noted that the Judiciary "should act vigilantly so as not to provide pretexts for enemies to challenge the judicial system's performance."

President Khatami spoke out on the case on Nov. 13, stating that the verdict "should never have been issued at all." He urged that the case "be settled in a favorable manner to avoid any problems in the country," adding that "under the current circumstances, no means should be taken that promote tension." At the same time, government spokesman Abdollah Ramezanzadeh said the sentence was "on a collision course with national interests and no one supported such a verdict."

Faced with continuing mass protests, and the consolidation of a unified front of students, university professors, the Majlis, the government, and the Presidency, on Nov. 16 Ayatollah Khamenei was forced to order a "review" of the verdict and death sentence. In response, hard-line Judiciary chief Shahroudi stated that the case should be referred to the appeals court, according to normal procedure. This, however, was not accepted. Majlis Speaker Karroubi insisted that the orders of Khamenei be followed, which implied more than just an appeal by the condemned man. Dr. Aghajabi had also increased the stakes by refusing to appeal and preparing to die in defense of his principles.

"Referring a verdict to a court of appeal is something that the Judiciary is obliged to do as part of the proceedings," the Speaker stated. "Okay, what will the Judiciary do with regard to the Supreme Leader's order to review the verdict?" Karroubi said that the order given by Khamenei meant that the Judiciary should announce the revocation of the verdict immediately.

The Majlis Speaker went further, stressing the irony of the fact that this arch-conservative body was hesitating to obey the orders of the institution it claims to consider supreme. "The Supreme Leader called on the Parliament to

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suspend a debate on the press law two years ago,” he said. “The Parliament did so, to show its allegiance to the Supreme Leader. Now it is the Judiciary’s turn to heed the Leader’s order. The Judiciary sees itself as the true follower of the Supreme Leader. Let’s wait and see what it will do about the Leader’s order.”

Shortly thereafter, Shahroudi, the chief judge, made known that he would, indeed, review the verdict and the sentence with “care and thoroughness.”

Power of Presidency Now Enhanced

What will happen next is open, but some things are certain. First, the protests organized and carried out by the students, in tandem with the reform forces of the Majlis and government, have scored a decisive victory, without bloodshed. Although the conservatives did mobilize 3,000 Basij militia forces, to run a counter-demonstration at Tehran University on Nov. 19, there were no reported arrests or violence. The government and Majlis officially commended the students for their peaceful, disciplined actions.

Secondly, the death sentence will not be carried out. The verdict will most probably be reissued, perhaps with a sentence of eight years in prison, according to the newspaper *Kayhan*.

Dr. Aghajari himself maintains that he will not appeal the verdict, but prefers to die a martyr; this was something which the conservative front could not afford. However, his lawyer, Saleh Nikbakt, has until Dec. 3 to file an appeal.

Most important, the power of the conservative clergy has been challenged institutionally, by the university-Majlis-Presidency alliance, and has been forced to back down. Khatami’s position has been vastly enhanced, due to his having intervened against the Judiciary’s decision. If the legislation passed in Majlis increasing the President’s powers is not approved, and a referendum is called, there is every reason to believe the Khatami faction would win.

Thus, the process of shifting the balance of power to those who have been given it by the population, will continue, through a progressive confrontation through the institutions.

Iranian Foreign Minister Dr. Kamal Kharrazi, during a short visit to Germany, was asked about the recent events. He told the *Frankfurter Allgemeine Zeitung* on Nov. 21, that the student protests expressed “dynamism, vitality, and freedom of expression.” He added—in comments which the paper did not publish—that if something similar to the Aghajari case had occurred in Germany, perhaps students would not react; but in Iran, they would.

Dr. Kharrazi said that Iranian students do not take their role models from among Hollywood stars, nor Osama bin Laden, but among themselves. He welcomed such student protests. Asked if there were disappointment with the government, Kharrazi pointed to the extremely high voter turnout in Iranian elections, “an absolute majority” of all eligible voters—a development which is not seen in many nations.

Belarus and Ukraine Are Targetted as ‘Rogue States’

by Rachel Douglas

Zealous campaigners for pre-emptive war on Iraq, such as Sen. John McCain (R-Ariz.), have now trained their sights on two countries in the heart of Europe: Belarus and Ukraine. An array of Washington think-tanks and associated publications are applying the neo-imperial lingo of “rogue states” and “regime change” to these two countries, both of which were formerly within the Soviet Union. Superficially, they invoke the pretext of alleged human rights violations by President Alexander Lukashenka of Belarus and Ukrainian President Leonid Kuchma; but the circumstances of this agitation indicate that no real concern about human rights is involved. Rather, the campaign against the Belarus and Ukrainian leaders has to do with the Washington war party’s desire to get the Iraq war under way—which is all the more intense for having been frustrated so far—and to drive home the point that national sovereignty is but a minor annoyance in a would-be one-empire world.

On Nov. 14, McCain keynoted an event called “The Axis of Evil: Belarus—the Missing Link,” held by the New Atlantic Initiative (NAI) at the American Enterprise Institute’s (AEI) Albert Wohlstetter Conference Center. The NAI, co-founded by Margaret Thatcher and Henry Kissinger, brings together British and American promoters of a *novum imperium*. AEI, which hosts NAI activities stateside, was home, during most of the 1990s, to the current Bush Administration’s leading “chicken-hawks”—Richard Perle, John Bolton, consultant Michael Ledeen, with frequent participation from Douglas Feith, and also James Woolsey.

Joining McCain at the “Missing Link” event were Tom Dine, the former head of the American Israel Public Affairs Committee (AIPAC), who now is president of Radio Free Europe/Radio Liberty; Mark Palmer, the former Ambassador to Hungary and a longtime crony/asset of Kissinger and George Soros; and Barbara Haig, vice president of the National Endowment for Democracy. The proceedings were co-sponsored by the NAI, the AEI, Freedom House, the National Endowment for Democracy, the International Republican Institute, Radio Free Europe/Radio Liberty, the Parris Family Foundation, and the U.S. Embassy in Minsk. Michael Kozak, current U.S. Ambassador to Belarus, greeted the participants.

Fanaticism was on display already in the invitation to the event, which proclaimed: “The world is an unwelcome place

for Saddam Hussein's cronies. Yet they are always welcome in Minsk—capital of Belarus. . . . In a land where the KGB (yes, still the KGB) runs roughshod over rights, no one is safe, and nothing is sacred. . . . Can the West work together to eliminate this shame of Europe?" The thesis of the conference was that Belarus President Alexander Lukashenka is Europe's last dictator, who consorts with the leadership of the countries President Bush has designated as the "Axis of Evil," including selling air defense weapons used against U.S. and British planes patrolling the no-fly zones in Iraq.

McCain declared that NATO should not tolerate a "black hole of tyranny" in Belarus, and that it is time for the United States and its allies to "roll back Belarus's dictatorship." He said that Russia is largely to blame for Lukashenka's dictatorship, but with what he called Russian President Vladimir Putin's recent repudiation of Lukashenka, if it proves to be real, "a balance of power for freedom will rise to challenge Lukashenka."

Disinvited to NATO Summit

The Washington agitation against Lukashenka came just one week before the so-called Big Bang NATO summit in Prague, where seven East European countries would be inducted into the military alliance. On Nov. 15, the government of the Czech Republic refused to issue a visa to Lukashenka, blocking him from attending the Nov. 20-21 summit. Belarus opposes NATO's planned eastward expansion, but maintains a limited partnership with NATO through the Euro-Atlantic Partnership Council.

Belarus immediately recalled its Ambassador in the Czech Republic for consultations. Russia's NTV asserted that "all NATO" stood behind the Czech visa denial to Lukashenka, linking the move to "possible military cooperation with Iraq," among other things. The Czech Foreign Minister, meanwhile, insisted that the decision concerned "Lukashenka personally, not Belarus or its people"—yet, Lukashenka is the head of state.

Also disinvited from the Prague NATO summit was President Kuchma of Ukraine, although Ukraine signed a "Charter on a Distinctive Partnership" with NATO back in 1997. NATO decided to hold a meeting of the Ukraine-NATO Commission only at the level of foreign ministers, while not inviting Kuchma to address any gathering during the summit. Kuchma called a press conference on Nov. 16 to say that if he couldn't speak in Prague, nobody else would attend from Ukraine, though "European security cannot be constructed without Ukraine's participation." As of Nov. 21, the Ukrainian President's spokesmen still promised he would be in the Czech capital the following day.

The "Iraq" factor in this brusque treatment of the Ukrainian head of state takes the form of U.S. accusations that Ukraine sold a Kolchuga air defense radar system to Iraq. The source of the accusation is tape recordings of conversations in Kuchma's office, delivered to Western agencies by Ukrainian

security officer Melnychenko, who defected and who also accuses Kuchma of incitement to murder. Based on Melnychenko's tapes, the United States demanded and obtained an invitation for U.S. and British inspectors to visit Ukraine to investigate the matter. On Nov. 12, Ukrainian Presidential Administration chief Victor Medvedchuk said that Ukraine had revealed "top-secret information" on the serial numbers and current location of 76 Kolchuga radars, which were produced beginning in 1987. According to Medvedchuk, Ukrainian authorities intervened to stop talks between the state-owned arms exporting firm Ukrspetseksport and a prospective purchaser from Jordan, so that no Kolchuga system went to Iraq. Washington is not satisfied with the explanations.

In early November, Ukrainian Foreign Minister Anatoli Zlenko appealed to the UN Security Council to take up the allegations of sale of the Kolchuga system. Zlenko disputed U.S. and British complaints, that Ukrainian officials provided insufficient information to the inspectors from those countries. "We should not leave this situation in an ambiguous position," Zlenko said. "We need to appeal to the higher authority also, because Iraqi issues are not only [a matter of] American security and our bilateral relations, but are issues of world peace and security." U.S. State Department spokesman Richard Boucher countered on Nov. 6, saying, "If the Ukrainian government had wanted to clarify matters fully, they could have done so with the U.S. and the U.K. team."

Russian authorities are less than comfortable with this latest heavy-handed diplomacy vis-à-vis its close neighbors. Moscow's relations with Lukashenka are complicated—the projected Russia-Belarus union project fell apart during the past year, while disputes over natural gas debts and assets led to Russian gas supplies to Belarus being slashed during November—and Russia did not rush to Lukashenka's defense, when the Czech Republic denied his visa. Yet, when pressed on the point during a Nov. 16 interview on Russian state television, Foreign Minister Igor Ivanov expressed regret at the approach taken by NATO and Prague: "We believe that all such issues should be solved and dealt with through dialogue. To refuse visas or to try to isolate someone—these are survivals of the past, of the Cold War period. Now, dialogue should not be avoided even when, I repeat, there may be some grievances with regard to someone. We do not share and we do not support such an approach."

Enthusiasm for a campaign against Ukraine and Belarus is less than unanimous in Western Europe, as well. The foreign ministers of the European Union, meeting Nov. 19, announced that Lukashenka and six other officials of Belarus will henceforth be denied visas for travel to European Union countries. They cited human rights violations in Belarus and non-cooperation with representatives of the Organization for Cooperation and Security in Europe (OCSE). But Portugal, currently in the OSCE Presidency, voted against this ban. "We don't agree with the political timing of the initiative," said Portuguese Foreign Minister Antonio Martins da Cruz.

Poland Struggles for Survival As European Depression Deepens

by Frank Hahn and Elisabeth Hellenbroich

The authors represented the Schiller Institute in a visit to Poland during the first week of November, where they presented Lyndon LaRouche's strategic evaluations and policies for rebuilding the bankrupt world economy.

Our visit took place at a moment when Poland stands at a crossroads, along with Hungary, the Czech Republic, and Slovenia—all of which want to join the European Union by 2004. While preparations are being made to finalize Poland's entry into the EU, the country is being hit with the full impact of the global financial and economic crisis; in particular, the economic crisis in Germany, which is Poland's number-one export partner in Europe. One-third of Polish exports go to Germany, while Germany is, along with the United States and France, one of the leading foreign investors in Poland.

Local and communal elections at the end of October were a political barometer of the growing dissatisfaction among Poles, with respect to what their future holds. With a very low voter turnout of only 44%, in many big cities the Democratic Left Alliance (SLD), one of the parties in the national ruling coalition, was beaten by right-wing candidates, including those skeptical about Poland's entry into the EU. In Warsaw, for example, former Justice Minister and Solidarnosc activist Lech Kaczynski from the Party for Law and Justice (PiS) was elected mayor with 70% of the votes; in the city of Lodz as well as in the shipyard city of Szczecin and in Bydgoszcz, the traditionally leftist leadership was ousted. Commentators interpreted the elections as a "vote of no-confidence" in the ruling left-wing alliance of the SLD and the Polish People's Party (PSL); and concern is growing that, as the worsening depression hits full-force in Europe, the referendum next Spring on Poland's entry into the EU, could be rejected, especially if voter participation were under 50%. This was one of the reasons why German Chancellor Gerhard Schröder rushed to Warsaw on Nov. 5, to reassure Prime Minister Leszek Miller (SLD) of Germany's "solidarity."

'Second-Class' EU Membership

The EU heads of state and government summit at the end of October in Brussels was a major cause for concern in Poland. It ended with a "compromise" formula: Annual budget payments by the present EU member-states, which total 80 billion euros, will remain unchanged until 2007. (Germany

pays 19.9 billion euros per year, and gets back 9.5 billion in agricultural and construction subsidies; France pays 14.47 billion euros, getting back 10.71 billion in agricultural subsidies; Italy pays 11.61 billion euros, getting back 8.05 billion in agricultural subsidies; while Great Britain pays only 7.74 billion and gets back 5.09 billion in agricultural subsidies.) The new EU member-states that join beginning in 2004 are supposed to receive only 25% of EU subsidies until 2013. In Poland, this decision was bitterly denounced: "This means we are becoming a 'second-class member,'" some said. Others expressed concern that this could eventually break apart the ruling SLD/PSL coalition.

Cheap food imports are being dumped in Poland from abroad, while at the same time the country will receive only a pittance in EU subsidies, which will have devastating consequences in the agricultural sector, where almost 30% of the Polish workforce is employed. There is no way that Poland can compete under such conditions, and at least 1.2 million Polish farms will likely be closed down. This must be seen together with the staggering unemployment rate of 20-22%; in some depressed areas in the east and north of the country, youth unemployment is even higher.

Poland, with its rich historical and cultural heritage, is very much interested in participating in the building of "a common European house," but it wants to be assured that Europe will not be divided between the "rich" countries in the West and the "poor" ones in the East. "We don't want money," one interlocutor told us. "What we want is just and equal treatment."

In such circumstances, tensions are being artificially stirred up by making use of old clichés and prejudices. For example, in reference to plans by the German energy consortium RWE to purchase the Warsaw-based electricity company, a major story appeared in the Polish weekly *Wprost*, under the inflammatory, German-language headline "Drang nach Osten" (referring to Hitler's "Drive to the East"). An accompanying picture showed a stereotyped beer-drinking German dressed in Bavarian lederhosen.

Nobody wants a deterioration of German-Polish relations, we were told. But since 1990, Germany has lacked a clear vision of how to reconstruct the economies of Eastern Europe; this has left the field free for those free-trade advocates who are out to take over Polish industry. Poles are very much

worried by the economic depression which is hitting Germany and the consequences this will have for the Polish economy: "If Germany has the flu, then all of Europe gets tuberculosis," we were told.

Looking to Eurasia

The only realistic solution is to build up infrastructure and industry, in a way that is also linked to the development of Eurasia: expanding trade with Russia, China, and the other Eastern European countries, which would in turn guarantee export markets for German and other Western European goods. Poland sees its future role both as a member of the EU (where 70% of its exports go), but also in Eurasia. The government is discussing a new "Eastern Strategy," motivated by the desire to resume exports to the rest of Eastern Europe and to Asia.

Like all other Eastern European countries, after the collapse of the Warsaw Pact and Comecon, the communist countries' trading bloc, Poland lost more than half of its traditional export markets. It lost its machine-tool sector and its merchant fleet, and, instead of building 100 ships per year, it now builds only 4. It lost a major market for construction of industrial facilities, and is losing a significant part of its textile industry.

Recent developments among the Southeast Asian countries, and intensifying relations among Russia, China, and India, as well as the construction of a rail line from South Korea via North Korea to Europe, are all seen as promising for long-term economic cooperation in Eurasia, with benefits for all nations in Europe.

The South Korean model is being studied very carefully by economists in Poland, one economist said during a public debate. It is seen as a symbol for the successful transformation of a once-poor agrarian country into a prosperous industrial nation. In a recently published book, Professor Domochowski from the University of Bialystok points to the fact, that South Korea in 1950 had a GDP of \$71 per capita, which by 1995 had increased to \$9,000. While in 1950, fully 47% of South Koreans were employed in agriculture, today it is only 7%. For a country like Poland, in which 30% still work in agriculture, and which is threatened with a second round of "shock therapy"—the massive closure of farms—studying the transformation of South Korea is therefore of great interest.

Developments in China are also being carefully registered in Poland; in particular, China's massive investments into infrastructure, and the impact this has had and will have on the growth rate.

Interest in LaRouche's Policies

We had the opportunity to address a circle of advisers to the Polish People's Party, the peasant party, which is part of the ruling coalition; presenting Lyndon LaRouche's assessment of the present strategic crisis, and what solutions must be found to solve the global financial crisis. A great deal of interest in the ensuing debate was focussed on LaRouche's

proposal for a New Bretton Woods financial system, and particularly on the resolution for a "new financial architecture" to solve the "systemic crisis," which passed the Italian Chamber of Deputies on Sept. 25. Poland, which is predominantly Catholic, is culturally very close to Italy. Especially after the collapse of communist rule in 1989-90, economic relations were built up between the two countries, and in particular, attempts were made to foster relations with the Italian small and medium-sized industrial sectors. Italy today ranks as Poland's number-two trading partner in Europe, behind Germany.

In the context of discussing the Italian Parliament's initiative, the debate focussed also on the question of the need for a new economic paradigm, which is centered on the idea of the "common good," and on seeing the economy not in purely monetary terms, but in terms of real physical employment and production, as well as technological, scientific, and cultural progress. Some people, in reference to the ongoing EU debate, quoted the words of Pope John Paul II, about the need for an economic "Third Way"—neither communism nor the "free market."

There was also a great deal of concern over U.S. President George Bush's new "pre-emptive security doctrine," its global strategic and military implications, and interest in the role that U.S. Presidential pre-candidate Lyndon H. LaRouche is playing as representative of the true American intellectual tradition in the 2004 elections.

The Schiller Institute held two public events. At the Warsaw-based Polytechnicum high school, 50 guests attended a seminar which was characterized by a very lively debate on how the war against Iraq could be "jammed up." Most Poles oppose war in the Mideast, in stark contrast to Polish President Aleksander Kwasniewski's official position. Aside from Britain's Tony Blair, Kwasniewski is the only European statesman who is zealously backing President Bush. People wonder whether Kwasniewski's submissive attitude toward the United States is motivated by his personal ambition to make a career in NATO.

A second event in Pruszkow, a suburb of Warsaw, where we spoke before 30 people—mostly communal elected officials—addressed the need for a paradigm-shift in the economy and culture. The area was once a center for machine-tool production, and the audience was eager to hear the Schiller Institute's proposal for reindustrializing Poland, and what role a revived machine-tool sector could play.

What became very clear in our various discussions with parliamentary deputies and trade unionists, is the need for a strategy that poses and answers concretely the question of what to do after the crash of the financial system has occurred. A first step in this direction was the signing of the Schiller Institute's Appeal for a New Bretton Woods, by several prominent Poles—among them two former vice ministers from the mid-1990s, a former deputy of the Sejm (lower house of parliament), various economists, and two trade union leaders.

International Intelligence

Iraqi Opposition Has More Problems

Regime changers are having new problems finding sponsors. This is the conclusion to be drawn from the news that: a) a leading Iraqi opposition figure, Gen. Nizar Khazraji, slated to replace Saddam Hussein in a new government, was placed under house arrest in Denmark on Nov. 16, on charges of war crimes, violating the Geneva Convention, and human rights violations; and b) a conference of Iraqi opposition figures scheduled for Nov. 22 in Brussels, has been cancelled, due to “organizational problems.” Besides raging disputes among the opposition faction, the Belgian authorities, who share Germany’s opposition to any war against Iraq, decided not to grant visas to the participants.

This conference, with 200 Iraqis, was to plan out future political arrangements. According to a spokesman for Belgian Foreign Minister Louis Michel, the government decided to cancel the conference, because it believes that, since the UN inspections teams are going into Iraq, which could prevent a war, it would be intolerable to have a gathering in Brussels of people committed to regime change.

British Foreign Office officials, who met with representatives of six Iraqi exile groups on Nov. 20, to discuss moving the conference to London in mid-December, expressed the same concerns, according to Reuters: that it made no sense for Britain to sponsor an opposition conference while the international community was seeking a peaceful resolution with Saddam Hussein.

S. Korea President Hits Sanctions on North

South Korean President Kim Dae-jung said on Nov. 18 that new economic sanctions would not force North Korea to give up its nuclear program, but would force the North to restart the process creating plutonium to build nuclear bombs, and “lead to another

war on the Korean Peninsula,” the *Korea Times* reported on Nov. 19. “In another scenario, the North Korean economy could simply collapse, not being able to bear the impact of economic sanctions,” President Kim said. “This would trigger an exodus of millions of North Koreans to South Korea. Economic sanctions are not a cure-all.”

“We are offering the North a way out of its current crisis, in return for a promise to abandon its nuclear program,” Kim said, referring to North Korea’s demand for a bilateral non-aggression treaty.

North Korea may experience severe energy shortages if the heavy oil shipments from the Korean Peninsula Energy Development Organization (KEDO) are stopped, experts on North Korea told Yonhap News on Nov. 18. The suspension of fuel oil will hit the energy supply in the North hard, since the country relies on thermoelectric power plants during wintertime, the experts added. Hydroelectric-power generation accounts for 60% of the North’s total electric power production, but normal operations of such power plants will become impossible by the end of October, when temperatures drop below freezing, the experts said. The experts pointed out that the freeze lasts until March, before which there is a period of drought, reducing the effectiveness of hydroelectric plants. They estimated the North’s electric power production will decrease to 2 million kilowatts from 7.39 million kilowatts, due both to outdated facilities mostly built between 1910-40, and a lack of parts.

Blix Speaks of Nuclear-Free Mideast

United Nations chief weapons inspector Hans Blix, upon arriving in Iraq on Nov. 18, spoke first of lifting the sanctions, and of creating a nuclear-free Mideast. Blix, for years, had headed the International Atomic Energy Agency, responsible for non-proliferation.

As the *Washington Post* reported on Nov. 19, “before mentioning the danger of war,” Blix said the following: “Now there is

a new opportunity, and we hope that opportunity will be well utilized, so that we can get out of the sanctions, and in the long term have a zone free of weapons of mass destruction in the Middle East.” Iraq and others in the region have pointed to Israel’s nuclear capacity as the more serious problem.

Blix talked to the London *Guardian* in Cyprus on his way to Baghdad, about the attacks on him from the utopian warhawks in the United States. “I don’t see the point of criticizing inspections that have not taken place,” he said. “It’s not very meaningful, and certainly unhelpful.” Asked by the *Guardian* if he thought these hawks were behind the smear campaign, referring to Richard Perle and others by name, Blix answered, “You can say there’s some truth in that judgment.”

An AP wire on Nov. 19 reported that, while “the Americans are pushing for early, intrusive inspections,” the UN authorities are “speaking of building trust between the inspectors and the Iraqis.” UN nuclear control agency spokesman Mark Gwozdecky said, “Let’s cooperate fully, and if we do, it holds prospect for a lifting of sanctions on the Iraqi people and a peaceful resolution.”

Lord Mayor Warns of U.K. Transit Emergencies

In an interview with the *Daily Telegraph* on Nov. 18, Gavyn Arthur, the Lord Mayor of the City of London, Britain’s financial district, said that he was told by several corporate executives and financial trade bodies that they are thinking of moving their businesses to other countries, because the roads and trains in Britain were becoming unbearable. Arthur said, “There are danger signs, people’s discomfort is becoming so great, the frustration is there, and it’s being articulated. There is a substantial risk of us being financially quite badly affected. I can’t quantify the risk, but it’s big enough to be worried about, because if businesses move, hundreds of thousands of jobs will be lost.”

The transport problems are bad enough in London as a whole, but they are even

BRITISH chief of the defense staff, Sir Michael Boyce, stunned the Blair government on Nov. 21, by calling into question the British armed forces' capacity to participate in a war against Iraq, under conditions where the armed forces must be used for domestic reasons, in the event of continuing firefighter strikes. The Boyce warning was given only 48 hours after the American Ambassador to Britain William Farish had delivered a formal American request for British participation in an Iraq war.

ZAMBIA announced on Oct. 29 that it would not allow the distribution of genetically modified (GM) maize to alleviate its famine. It had sent people to South Africa, Belgium, the U.K., and the United States to study whether GM maize is safe, and said the findings were "not conclusive." Three million people are suffering from famine in Zambia. The World Food Program says it will be hard to find enough non-GM food for the country.

CHURCH of England's head warned, on Nov. 15, about "Satanic" elements in Freemasonry. New Archbishop of Canterbury Rowan Williams said that, because of this, he will not appoint clergymen who are Freemasons to senior posts. A spokesman for the Archbishop told the *Independent*, that he is "worried about the ritual elements in Freemasonry—which some have seen as possibly Satanically inspired—and how that sits uneasily with Christian belief."

LONDON TIMES of Rupert Murdoch praised the Royal Academy, in an editorial Nov. 15, for a major "Aztec Culture" exhibit, in which it had the "courage" to promote human sacrifice. "The very strangeness of the culture makes it all the more mesmerizing. It has an atavistic power." The *Times* effused that "This was an empire built on the bones of the dead, watered with the blood that cascaded down pyramid steps. And the visitor's imagination is taken captive, leaving him spell-bound in the middle of a scary tale."

worse in other cities—it is a national transport crisis, Arthur said, adding that "this is beginning to affect the financial pre-eminence. . . . People are getting more and more frustrated, and the problems are getting worse and worse. It's got to be sorted out at once. Financial services account for £13 billion—that's enormous. The City [of London] is the engine-room of the country, and we must fight to protect it."

Caracas At Brink Of Armed Conflict

On Nov. 16, Venezuela's President Hugo Chávez ordered the 8,000-strong police force of the capital Caracas to be placed under direct control of the national government, and taken out of the hands of the city, whose Mayor, Alfredo Peña, is an outspoken leader of the opposition. To impose the order, Army and National Guards units were deployed in and around several police stations, some of which have refused to accept their new command. Opposition protesters surrounded the heavily armed troops who were, in turn, surrounding these police stations.

The city police force is now split, creating the live possibility of shooting between the divided security forces, in the context of the escalating clash between the popular forces supporting the Chávez regime, and those supporting the opposition. Two died and another 20 were wounded on Nov. 12, in clashes between "Chavista" mobs and police and National Guards troops protecting Mayor Peña's offices. Fire-bomb and grenade attacks were carried out Nov. 17-18 on the headquarters of the Globovision television station, and on union, business, and Church buildings associated with the opposition.

The opposition, backed by the Mayor of Caracas and Gov. Enrique Mendoza, of the adjoining state of Miranda, called for a mass march on the National Assembly for Nov. 19.

In a grim reminder of the underlying economic crisis, food sales in the nation were projected to fall 13% during 2002, according

to the Venezuelan Chamber of Food Industries. Food sales dropped by 6.2% in the first half of 2002. Food prices rose 34% from January to October 2002.

Colombia's Forces Freed Leading Bishop

The kidnapped head of the Latin American Bishops Council was freed from his captors in the Revolutionary Armed Forces of Colombia (FARC) on Nov. 15 by the Colombian Army. In a joint operation involving 350 soldiers and police, Bishop Jorge Enrique Jiménez and Father Desiderio Orjuela were freed in broad daylight, four days after they were kidnapped by the FARC. Neither man was wounded. Two FARC fighters were killed and one captured in the operation, and Army units were still pursuing others involved.

The successful rescue has remoralized the country, and will strengthen the government. More than 10,000 people, waving Colombian flags and white handkerchiefs, took to the streets in Zipaquirá, Bishop Jiménez's diocesan seat, when the rescue was announced. "It was do-able," and "Freedom lives!" were chanted. President Alvaro Uribe Vélez emphasized that the rescue shows that "Colombia is going to defeat terrorism and kidnapping." Lucy de Gecham, wife of Sen. Jorge Gecham who was kidnapped last February, and who is still being held by the FARC, told the media: "Why are they doing rescues now and not before? What has changed? The government."

Bishop Jiménez praised the heroism of the soldiers who freed him. "God has given me back my life so I can be of service to my country," he said upon his release, and later, speaking to the crowd that had gathered, he urged, "I invite you to support our country and its leaders."

The rescue set back the efforts by capitulationist political forces, including within the Catholic Church, who sought to use the kidnapping to force President Uribe to agree to release convicted and jailed FARC members in exchange for the FARC releasing some of its more prominent hostages.

United States Needs the Best Intelligence Service in World

by Jeffrey Steinberg

The FBI's competence was a central question when on Nov. 11, a group of Bush Administration national security officials, including National Security Adviser Condoleezza Rice, Attorney General John Ashcroft, CIA Director George Tenet, White House Chief of Staff Andrew Card, and FBI Director Robert Mueller, held a two-hour session to chart out the next phase of the Administration's anti-terror efforts. According to a *Washington Post* account on Nov. 16, one key agenda item at the White House session was a report-back by Homeland Security czar Tom Ridge on his recent trip to London, where he met with officials of Britain's internal security agency, MI5.

The issue of whether the United States should establish a new counterintelligence and counter-terrorism agency, to replace the FBI as the lead agency defending the United States against internal terrorist and subversive threats, became a matter of urgency after the Sept. 11, 2001 attacks on New York and Washington. The earlier arrest of Robert Philip Hanssen, as a longtime Soviet and Russian spy, operating inside the National Security Division of the FBI, had already raised serious questions about the Bureau's competence in the counterintelligence field. Then 9/11 brought similar questions regarding the FBI's counter-terror mandate.

Two recent studies—by a governmental commission chaired by former Virginia Gov. James Gilmore, and by a Markle Foundation Task Force on National Security in the Information Age—called for replacing the FBI by a new counterintelligence/counter-terror agency, drawing its personnel from the FBI, the CIA, and other intelligence and law enforcement bureaus. Earlier, the Senate duo of Joe Lieberman (D-Conn.) and John McCain (R-Ariz.) had peddled the idea of incorporating those FBI and CIA functions within the now-established Homeland Security Department. Had the

Lieberman-McCain scheme passed the Congress and been signed into law by President Bush, the United States would have been well on the way to establishing the most powerful political police-state apparatus in modern times. Fortunately, the Lieberman-McCain scheme for creating a "Super Interior Ministry," more lethal than the Soviet Union's Stalinist police agencies, met with a wall of protest in the Congress, and was quickly and quietly shot down.

Nevertheless, there are genuine causes for concern that the United States is drifting, bit by bit, towards such draconian institutions. Recently the Bush Administration launched a pilot project inside the Defense Advanced Research Projects Agency (DARPA), involving a super-computer system that will "mine" vast fields of data on all American citizens, searching for patterns of possible terrorist activity in individuals' credit card activities, bank deposits, gun purchases, travel itineraries, and phone and computer correspondences. To make matters worse, at least from a public relations standpoint, the head of this new super-techno spy project was Adm. John Poindexter, the former Reagan-Bush era National Security Adviser, who was convicted in the Iran-Contra fiasco, along with Oliver North. The last thing the Bush Administration needed, was to have the ghosts of Iran-Contra reappear in the midst of a debate over the future direction of homeland security, Constitutional rights, and how to balance the two factors.

LaRouche's Balanced View

In the midst of this tumultuous debate, Democratic Presidential pre-candidate for 2004, Lyndon LaRouche, offered crucial observations and proposals in recent interviews.

LaRouche concurred with those critics of the Bureau who have said, for years, that the FBI is not culturally capable

of handling the counterintelligence and counter-terror mission. The FBI is well-known for its meticulous “gumshoe” work, chasing criminals, analyzing crime scenes, etc. But such work is at odds with the kind of sophisticated analysis required to effectively defend the United States against enemies—both foreign and domestic—who demonstrated, with the Sept. 11, 2001 attacks, both a capability and a commitment to threaten the security of the United States.

It was precisely because of the irregular warfare threat—including the threat emanating from elements within the United States national security establishment itself, associated with the neo-conservative “Clash of Civilizations” proponents—that LaRouche led the campaign up through January 2001, to block the confirmation of John Ashcroft as Attorney General. As LaRouche warned at the time, Ashcroft, who had served as Governor and State Attorney General of Missouri, and later in the Senate, represented the kind of personality that would respond to the economic crisis overwhelming the United States with police-state measures, like those used by the Nazis in Germany, following Hitler’s 1933 “Reichstag Fire” coup.

LaRouche emphasized that today, the best step to insure that the debate over the future of U.S. counter-terror and counterintelligence preparedness does not allow a drive for hideous police-state repression, is to fire Ashcroft. Let Ashcroft’s departure serve as a clear warning to those promoting a Gestapo solution to the combined crisis of global economic depression and irregular warfare, that their efforts will be crushed.

Only under such circumstances can a serious effort be mounted to establish a legitimate and viable counterintelligence and counter-terror capability.

Reviving the American System

LaRouche has also emphasized that any successful effort to defeat the threats of irregular warfare and the slide into unconstitutional police-state rule, must be based on a revival of the American intellectual tradition, particularly within the American intelligence services. The United States must have the best intelligence capability in the world. This is not a matter of technical expertise, or billion-dollar gadgetry. The core notion of “human intelligence” (“humint,” in intelligence parlance) must be based on a clear understanding of what the United States stands for in the world, historically, and in the current strategic context. No effective intelligence capability can be deployed unless the starting point is a clear, in-depth knowledge of the history of the United States, from the initial English settlements in North America, through the Founding Fathers, and the subsequent development of the American System of Political Economy, and



The man in the center, Attorney General John Ashcroft, and what he represents, is the problem in the debate over U.S. counter-terrorism intelligence among (left to right) FBI Director Robert Mueller, CIA Director George Tenet, Ashcroft, and Homeland Security head Tom Ridge.

the American diplomatic principles devised by John Quincy Adams.

This kind of in-depth knowledge requires far more than a mastery of American history. The American Revolution, the founding principles embedded in the Declaration of Independence and the Preamble to the U.S. Constitution of 1787, were themselves a distillation of the best traditions of republican thought, from Plato through the European Renaissance of the 15th Century.

To comprehend this historical foundation is vital to the ability to purge the United States—particularly the intelligence services—of every vestige of what the late President Franklin Delano Roosevelt called the “American Tory” tradition—the legacy of the British East India Company penetration of the North American colonies, a penetration that eventually became the greatest internal threat to the survival of the United States in the 20th Century.

Thus, the issue of a new counterintelligence and counter-terror agency—and the launching of the new Homeland Security Department, which will, still, be the largest single law enforcement agency ever to be established in the history of the United States—goes far beyond the issue of whether the United States should mimic Britain’s MI5. At stake is the reconstituting of a national intelligence and counterintelligence capability that will genuinely serve the interests of all Americans, and all sovereign nation states around the world. That mission appears to be way beyond the capacities of the present Bush Administration. The issue must still be faced, squarely, if the United States is to turn back the tide of global resentment over the recent National Security Doctrine of the U.S.A., which threatens to transform America into a new global Roman Empire.

Loser Joe Lieberman Receives Moonie Award

by Scott Thompson

During the Nov. 5 elections, Sen. Joe Lieberman (D-Conn.), former chairman of the organized crime-funded Democratic Leadership Council (founded by Wall Street hedge-fund operator Michael Steinhardt), lost more than any other Democrat. Not only did 8 out of 11 of the DLC-backed Senate candidates for whom Lieberman campaigned, lose; the whole DLC wing of the Democratic Party lost. Lieberman also lost the Chairmanship of the Senate Governmental Affairs Committee, which he has used as a bully pulpit to push war against Islamic nations, the Homeland Security Department, and domestic Gestapo schemes.

Perhaps it was just to cheer an old pal up, that the Moonie front group, Victims of Communism Memorial Foundation (VCMF), on Nov. 12 named Joe Lieberman as one of its three annual winners of the “Truman-Reagan Freedom Award.” Lieberman did not show up—not surprising since he has been refusing calls from the media since Nov. 5; but sent his wife Hadassah Freilich Lieberman to pick up the Moonie award in his stead.

No Mistake: VCMF Run by Moonies

This was no misunderstanding, although there are 30 single-spaced pages of Moonie front groups. Lieberman has been prominently featured by another Moonie group, the Empowerment Leadership Roundtable, headed by longtime Moonie hireling and former aide to Housing and Urban Development Secretary Jack Kemp, David Capara.

In the case of the VCMF, there are two Moonie functionaries running the show, despite an otherwise “stellar” board of directors and advisers. The President of VCMF, who is very much hands-on, is “Old Right” leader Lee Edwards, who goes way back with Moonie to the political and operational intelligence outfit known as the World Anti-Communist League (WACL), which featured William F. Buckley’s “Boys from Brazil.” It was Buckley who viciously savaged moderate Connecticut Republican Sen. Lowell Weicker, winning Lieberman an upset election to the Senate in 1988.

As even John McCaslin reported in the Moonie *Washington Times* on Nov. 11, VCMF President Lee Edwards’s “day job” is to produce *The World and I* by Rev. Sun Myung Moon. The other Moonie hireling within VCMF is its “public liaison officer” Lorraine Ambrose-Boothby, who is the society page reporter for the *Washington Times*.

As Lee Edwards boasts, the VCMF was created by act of Congress signed by President Bill Clinton in 1993 as Public



The award of the Victims of Communism Memorial Fund, a Unification Church—Moonie—run organization, is given to Sen. Joseph Lieberman, and accepted by his wife, Hadassah, on Nov. 12.

Law 103-109. The Senate co-sponsors on this no-debate bill were Jesse Helms (R-N.C.) and Claiborne Pell (D-R.I.). In the House, it was “Buckleyite” Phil Crane (R-Conn.) and Frank Torricelli (D-N.J.). It was Crane who made sure that Federal land near the Capitol Mall be given for a memorial.

EIR is investigating how two Moonies became key players in this VCMF, and how what started as a memorial to more than 100 million victims of Communism, became transformed into a political intelligence operation. Moonie Edwards told *EIR* that the VCMF would begin setting up Federal Councils in every major city, starting with Pittsburgh, to raise funds in order to break ground for a VCMF Museum by 2007. In any event, VCMF has become what Project Democracy’s Oliver North called a “quango” (quasi-autonomous non-governmental organization).

Apart from Lieberman and Crane, the other honorees were the Hon. Hae Yung Chung, aged 88, winner of a “Free-Enterprise Award,” and described by VCMF as “one of the most powerful men politically and economically in South Korea”; and, British-style “liberal economic “reformer,” former Prime Minister of Hungary, Viktor Orbán, who also got a “Truman-Reagan Freedom Award.” A representative from the White House read a letter from President George Bush which, after praising Lee Edwards, cited how, today, “2 billion people still live under the tyranny of Communism.” Edwards, in his keynote speech, focussed on China and Cuba as present-day Communist states that must be saved.

On the VCMF Boards, Edwards boasted of the “Big Three”: former Trilateral Commission executive director and boss of the Carter Administration, Dr. Zbigniew Brzezinski; British asset Robert Conquest, now a Research Fellow at the Hoover Institution; and VCMF Chairman Paula Jon Dobriansky, who has served in numerous positions in government, including the Reagan National Security Council. Edwards said the International Advisory Board included ten former Communist bloc Presidents and Prime Ministers. It features British intelligence-linked Brian Crozier, who wrote in his autobiography, *Free Agent*, that he had worked with British Foreign Office operations to destroy the U.S. Constitution.

25-Year 'Shotgun Marriage' of Israel's Likud and U.S. Fundamentalists Exposed

by Scott Thompson and Jeffrey Steinberg

The *Jerusalem Report* magazine, on Nov. 18, published a lengthy opinion column by Gershom Gorenberg, assailing those in Israel who are promoting an alliance with American "Christian fundamentalists," like Rev. Pat Robertson and Rev. Jerry Falwell. Gorenberg warned that "conservative evangelicals' 'love' for Israel is rooted in their theology. . . . It sees Jews as spiritually blind for rejecting Jesus. But it also regards Israel's existence as heralding the end of days—when Jews will die or at last convert and Jesus will return."

Gorenberg singled out Jerusalem's Jabotinskyite Mayor Ehud Olmert and Rabbi Yechiel Eckstein as two of the biggest promoters of the wedding of the Israeli radical right with the American Christian fundamentalists. Olmert has established a series of new organizations, many of which serve as pipelines of Christian Zionist cash into the Jerusalem Likud party apparatus. The One Jerusalem organization, the New Jerusalem Foundation, and the Jerusalem Prayer Team are but three of the outfits that Olmert has personally sponsored, since being elected as the Mayor of the city. Olmert's local Jerusalem booster in all these efforts is Rabbi Eckstein, who worked for decades for the Anti-Defamation League of B'nai B'rith (ADL), before establishing the International Fellowship of Christians and Jews in the 1980s.

The issue of this pipeline of dirty money into the radical right in Israel is a particularly pressing one now, with elections to the Knesset (parliament) scheduled for Jan. 28, 2003. In a recent discussion with an American journalist, Gorenberg confirmed that the so-called "philanthropies" provide a vehicle for illegal flows of foreign money into electoral campaigns. Donors to the charities are often "tapped" to provide additional funds to candidates for office. Gorenberg reported that, while the practice is illegal in Israel, it is as common as the sale of bootlegged booze in Chicago at the height of Prohibition. No "good guy" can be elected to office in Israel without dipping into the trough of foreign cash, he lamented.

Jerusalem Prayer Team, Keyes, and Moonies

In his *Jerusalem Report* piece, Gorenberg zeroed in on the Jerusalem Prayer Team, whose leading members include Robertson, Rev. Mike Evans, and Tim LaHaye, author of the bestselling "Left Behind" novels about life on Earth after the Rapture, in which the Jews are subject to a new Holocaust or convert to Christianity. According to Gorenberg, "Evans'

book *Jerusalem Betrayed* asserts that an apocalypse is near, in which rivers of blood will flow in Israel—and urges readers to pray for that to happen."

In return for opening the doors of Jerusalem to this gang of heretics, Olmert has been lucratively rewarded. On Oct. 15, 2002, according to Gorenberg's account, Olmert appeared at a fundraising dinner for Jerusalem in San Diego, organized by the Mission Valley Christian Fellowship. Olmert walked away with \$500,000 from the \$1,000 a plate dinner. On the same U.S. tour, Olmert had first showed up in Washington for a Christian Coalition revival meeting at the Convention Center, which culminated with a "Christian Solidarity With Israel" rally, addressed by Olmert, Robertson, House Majority Whip Tom DeLay (R-Tex.), Rep. Lindsay Graham (R-S.C.) and former Ambassador Alan Keyes. Keyes' presence at the Robertson rally was of particular significance, given that he has been deeply involved, for years, in the Reverend Moon Unification Church apparatus, which, as *EIR* has recently exposed, is the leading dirty-money channel for the entire worldwide radical rightist network—including the Jabotinskyites in Israel.

Gorenberg concluded his essay with a warning: "I reached Zvi Raviv, director general of the New Jerusalem Foundation by phone in San Diego. He said he'd come back to town to heal the rift between the Jewish community and the church. Listening to him, I had to respect his dedication to Jerusalem's welfare. But when he said, 'As far as is known to me, Pat Robertson doesn't have a controversial connotation today,' I also had to conclude there's more he needs to know. And there's more that Ehud Olmert, or for that matter some American Jewish leaders, need to consider than the immediate payoff before they appear on the same stages or sign on the same ads as the Christian Right. This romance wasn't made in heaven."

Marriage, Likud Style

The marriage was, indeed, not made in heaven. But it is rapidly approaching a 25th anniversary.

From the moment that the Likud party government took power in Israel in 1977, a top priority of the Jabotinskyites was the forging of a long-term strategic partnership with leading Christian fundamentalists in America, who were profiled as susceptible to a rabidly pro-Israel theology. In 1978, the Is-

raeli Ministry of Religious Affairs sponsored the publication of a book, *American Fundamentalism and Israel: The Relation of Fundamentalist Churches to Zionism and the State of Israel*, by Yona Malachy. The book was an in-depth profile of four major Christian fundamentalist denominations in America—the Seventh Day Adventists, the Jehovah’s Witnesses, the Pentecostals, and the Premillennial Dispensationalists (the Darbyites).

It is unclear whether Malachy, who is since deceased, was aware that he was producing the profile study that would help launch a nearly 25-year alliance between the most fanatical of the right-wing Greater Israel proponents—the followers of Vladimir Jabotinsky, whom Israel’s founding Prime Minister David Ben-Gurion denounced as “Vladimir Hitler”—and a collection of American fundamentalist Christians, whose own theology promoted the extermination of the Jews. Malachy clearly documented the ideology of the Darbyites, quoting from John Walvoord, who founded their Dallas Theological Seminary in 1924, and, in 1962, wrote in his book, *Israel in Prophecy*, that “it seems that Israel is to be the special object of Satanic hatred.” After “Jacob’s Troubles” (i.e., Armageddon, or, in Darbyite lingo, the war of Gog and Magog), “only 144,000 Jews will survive. . . . Heart-rending as it may be to contemplate, the people of Israel who are returning to their ancient land, are placing themselves within the vortex of this future whirlwind which will destroy the majority of those living in the land of Palestine.”

The Malachy project had the backing of the newly installed Likud government of Prime Minister Menachem Begin, which, soon after the book’s publication, invited Rev. Jerry Falwell to Israel, for the first of many visits. Some leading figures in the Zionist wing of the American establishment helped underwrite the Malachy effort. Funding for the study came from the Jacob Blaustein Fund for American Studies, one of the 50 largest tax-exempt foundations in the U.S.A. The Jacob and Hilda Blaustein Foundation is a major funder of the Tannenbaum Center for Interreligious Understanding, which lists, among its corporate sponsors: Joseph E. Seagram & Sons, the liquor business founded and owned by the organized crime-rooted Bronfman family; and Soros Fund Management of mega-speculator George Soros.

After a series of visits to Israel in 1979 and 1980, Jerry Falwell became a leading proponent of the political alliance between the Israeli radical right and the American Christian fundies. In gratitude for his pledge to work for permanent Israeli annexation of “Judea, Samaria, and Galilee” (i.e., the West Bank) and the rebuilding of the Third Temple of Solomon on Jerusalem’s Temple Mount—where two of the holiest sites in Islam now stand—Falwell received a “gift” of a Lear jet from the Begin government. Harry Zvi Hurwitz, who today heads the Begin Center in Jerusalem, defended the early Begin-Falwell love affair, on the grounds that Begin had told him back in 1981, that Israel “did not have too many friends.”

‘Christian’ Blessing for Beirut Massacres

In 1981, two Begin emissaries, Joseph Churba and Rabbi David Z. Ben-Ami, arranged a series of meetings between the Israeli Prime Minister and leading American Christian fundamentalists. According to Rabbi Ben-Ami, who is today the head of the Harrisburg, Pennsylvania-based American Forum for Jewish-Christian Cooperation, he and Churba interviewed Falwell, Rev. Pat Robertson, and Terry Riesenhoover, head of the American Temple Mount Foundation, and set up meetings with the three Christian Zionists and Prime Minister Begin. During the same visit to the United States, Begin held a separate meeting with 20 Christian evangelicals in Texas, hosted by Pentecostalist Rev. Mike Evans, who runs the Mike Evans Ministry in Euless, Texas.

The same year, Begin made the first of numerous appearances at the International Christian Embassy in Jerusalem. He had helped launch this Christian Zionist outpost by giving the former Chilean Embassy building in Jerusalem to a group of European and American evangelicals, led by Jan Willem van der Hoeven, a wartime Dutch Nazi collaborator (see *EIR* Nov. 15, 2002, “The International Christian Embassy in Jerusalem and Its Terrorist Connections”). At one Christian Embassy event in Jerusalem, Begin addressed an audience of 1,000 evangelicals at the Diplomat Hotel in Jerusalem.

In September 1982, when then-Israeli Defense Minister Ariel Sharon sent tanks into Lebanon and orchestrated the massacres at the Sabra and Shatila Palestinian refugee camps, Begin arranged for Falwell to lead a delegation of American Christian evangelicals to the front line. Again, Hurwitz, Begin’s liaison to the Christian Zionists, defended the decision, as necessary to offset the “bad propaganda” that the massacres had generated in the United States and Europe.

The entire initiative between Begin and the Christian Zionists had the full blessing of Rabbi Eckstein and the ADL. In 1983, Eckstein left his ADL post and formed the International Fellowship of Christians and Jews in Chicago. But Rabbi Ben-Ami confirmed in recent interviews that the early 1980s effort to wed the Likud to the Falwell “Christian” apparatus in America was boosted by Eckstein, who continues to be a pivotal player today—based in Jerusalem. Eckstein himself confirmed that he launched the marriage between America’s Christian Zionists and the Likud in the late 1970s, while Jimmy Carter was still President, arranging some of the very first visits by American evangelicals to the Holy Land. In the 1980s, Eckstein directed “Operation Brainstorm,” which involved a series of visits to Israel by leading “Christian Broadcasters.” By 1985, the Christian Broadcasters—the televangelists who ran scores of television and radio ministries all over the Southern and Western states of America—had launched the annual prayer breakfast for Israel in Washington, D.C.

Rabbi Eckstein confirmed that, by the late 1980s, he had forged a deep alliance with Pat Robertson and the director of Robertson’s Christian Coalition, Ralph Reed. Today,

Eckstein and Reed co-chair the “Stand Up for Israel” front. It mobilizes the American evangelical apparatus to support the expansionist policies of the most radical Likudniks and other even more extremist parties in Israel, like the Moledet party, which advocates the annexation and “ethnic cleansing” of the West Bank and Gaza Strip of all Palestinians.

In 2000, Eckstein moved permanently to Israel, although he still retains many ties to the American evangelicals. In 1994, he played a pivotal role in founding another Christian Zionist front, the National Unity Coalition for Israel (NUCI), which brings together the most right-wing elements of the Jewish community in the United States and the Falwell-Robertson-Evans evangelical networks. The founder of NUCI is Esther Levins of Kansas City, Missouri. Levins claims that NUCI consists of more than 200 Jewish and evangelical groups—all united behind the idea of the permanent annexation of the West Bank and Gaza, to form a Biblical “Greater Israel.”

Until his appointment as Assistant Secretary of Defense for Policy in the current Bush Administration, Douglas Feith served as director of NUCI.

Blackmailing the President

EIR exclusively revealed that NUCI organized a July 31, 2001 meeting of leading American Likudniks and Christian Zionists at the White House, with President Bush’s official liaison to the religious communities, Tim Goeglin. Goeglin got his White House post courtesy of Gary Bauer, who is one of the leading figures in the Christian Zionist network. The NUCI delegation included representatives of Falwell, Robertson, Rev. Elwood McQuaid, Rev. Ed McAteer, Zionist Organization of America head Morton Klein, and Americans for a Safe Israel head Herb Zweibon. The group openly threatened to stage an evangelical revolt against President Bush, unless he threw his support 100% behind Israeli Prime Minister Sharon and his serial war crimes against the Palestinians. Incredibly, the delegation had lunch at the Israeli Embassy just prior to the White House session, where they strategized with the Israeli Ambassador.

Several weeks later, NUCI staged an event at the National Press Club in Washington, which distributed excerpts from Samuel Huntington’s book *The Clash of Civilizations*, promoting a war to the death between the West and the Islamic and Confucian civilizations—a new Thirty Years religious war, to be launched in the heartland of Eurasia; and propaganda films by Steven Emerson attacking the Muslim community in the United States as terrorists. Sen. Sam Brownback (R-Kans.) made a guest appearance at the NUCI event, along with Frank Gaffney, the head of the Center for National Security, which was the successor organization to Joseph Churba’s International Security Council following Churba’s death in 1996.

The Oct. 14-15, 2002 Christian Coalition “rally for Israel” in Washington, attended by Jerusalem Mayor Olmert, sig-

nalled that the White House blackmail paid off. President Bush sent official greetings to the rally, which featured a host of speakers denouncing the idea of any kind of Palestinian state in the West Bank or Gaza Strip. This, though officially, the Bush Administration is the first American administration to formally endorse the idea of a “two-state solution” to the Israel-Palestine conflict. As the rally was occurring, the White House was vetting a six-page policy paper, drawing out a “road-map” for the creation of a fully sovereign Palestinian state by the end of 2005. This was soundly denounced by several of the rally speakers:

- Olmert: “As you all know, we are in the middle of a very vicious and brutal war which is waged by Yasser Arafat and his gang against innocent people in the heart of our city.”
- Pat Robertson: “We should not ask Israel to withdraw from the so-called occupied territories, we should stand by them and fight. Jerusalem is the eternal, indivisible capital of the state of Israel and it must not be divided.”
- Rep. Tom DeLay, the new House Majority Whip: “The dangers confronting Israel are enormous. I saw it for myself. I’ve been to Masada. I’ve toured Judea and Samaria. I’ve walked the streets of Jerusalem and I’ve stood on the Golan Heights. . . . And you know what? I didn’t see any occupied territory. What I saw was Israel.”
- Knesset Member Benny Alon, of the racist Moledet party, read from the Book of Numbers: “When you [Moses and the Jews] have crossed the Jordan into the land of Canaan, you must drive all the inhabitants of the country before you. . . . If you do not drive the inhabitants of the country before you, then those you have spared will be barbs in yours eyes and thorns in your side.”

An Election Fix?

Sources in Israel confirm that “Likud Prince” Olmert, who recently endorsed Ariel Sharon’s bid for the Likud chairmanship in the Nov. 28 primaries—in return for a senior cabinet post—has spent almost half his time in the United States in the past year, harvesting cash for the Israeli right wing. On June 10, 2002, Olmert spoke in Irving, Texas at a Jerusalem Prayer Summit, along with Robertson, Evans, and Tim LaHaye.

As far back as April 9, 2000, the *Jerusalem Post* had reported that Olmert’s New Jerusalem Foundation had failed to register as a charity in Israel, a violation of the law. Opposition members of the Jerusalem City Council told the *Jerusalem Post* that they “fear the Mayor has been using it . . . to raise funds for his own political needs.” The same article reported that Olmert claimed that the New Jerusalem Foundation had raised \$4.5 million, which was deposited in “city banks.” He did not specify how the funds were being spent, other than to admit that there were 80 projects being bankrolled by the donations, all of which come from outside of Israel.

Indeed, the New Jerusalem Foundation has been regis-

tered with the *American* Internal Revenue Service as a 501(c)3 tax-exempt organization, since December 1999! The U.S. organization is registered in the State of New Hampshire, but has no address in the United States, no offices, and no governing board. All the money flows directly to the offices of Olmert's front groups in Jerusalem.

Are these "Jerusalem" charities actually pipelines for cash from the United States into the Likud? There is strong evidence to suggest precisely that. On Jan. 9, 2001, the *Jerusalem Post* reported that Israel's State Comptroller Eliezer Goldberg had accused the Likud of violating Israel's campaign finance laws, by staging nominally charitable rallies linked to a certain "party or candidate." Goldberg was reacting to a rally in Jerusalem the previous day—sponsored by Olmert's One Jerusalem Fund. Speakers, besides the Mayor, included; Natan Sharansky, who would soon become a cabinet minister in the Sharon government; Ron Lauder, heir to the Estée Lauder cosmetics fortune, then-President of the Conference of Presidents of Major Jewish American Organizations, and a major financial backer of Sharon; and Yehiel Leiter, the director of One Jerusalem and the former spokesman for the Yesha Council, the governing body of the Jewish settlements in the occupied territories. The event was ostensibly a rally in support of the settlers, and was wholly bankrolled by funds from overseas. But the event was really a flagrant campaign rally for Sharon, who was elected Prime Minister less than a month later.

The *Jerusalem Post* coverage of the January 2001 event also highlighted another unregistered Israeli "charity" linked to the radical right—the One Israel Fund. Also registered as a 501(c)3 charity in the United States, the One Israel Fund raises tax-exempt money in America, earmarked for the purchase of bulletproof vests and other "life-saving" equipment for the Jewish settlers.

Show Me the Mooney

Sources in Israel and Washington have recently confirmed to *EIR* that the Sharon apparatus is on an all-out drive to line up tens of millions of dollars in foreign funds, to bolster the Likud election campaign. A U.S. source confirmed that the entire Christian Zionist apparatus is prepared to pull out all the stops for a Likud victory—particularly since the Nov. 19 Labor Party primary elected Maj. Gen. Amram Mitzna (Reserves), the current Mayor of Haifa, as the party chairman and lead candidate in the Jan. 28 elections. Mitzna has vowed to conclude a peace agreement with the Palestinian Authority within a year of his election, or unilaterally withdraw all Israeli forces from the Gaza Strip and almost all of the West Bank, effecting a "peace through separation." He would shut down the Jewish settlements wherever the Israeli Defense Forces was pulled out.

Clearly this flies in the face of the Greater Israel Biblical fanaticism of the Christian Zionists in America and the Jabotinskyites in Israel. Will the Likud attempt to steal the elections through a massive infusion of illegal cash from their deep

pockets in America?

This raises another vital question, posed in *EIR* on Nov. 15: Will Unification Church—"Moonie"—money be used to heist the Israeli elections for Sharon or Netanyahu? Continuing investigations by an *EIR* investigative team have confirmed that the Unification Church and its vast global network of front companies, money-laundering facilities, and "charitable" fronts, have been lurking in the background and foreground of the Jabotinskyite-Darbyite alliance from the very outset.

It was Moonies who arranged the 1981 Israel-fundamentalist link-up in the first place. Joseph Churba and Rabbi David Ben-Ami—the two emissaries of Prime Minister Menachem Begin, who arranged the very first meetings in America between Begin, Falwell, Robertson, and Riesenhoover—were both on the Moonie payroll, at the time that they did the advance work for the Israeli leader. Churba's International Security Council was a Moonie front, part of the CAUSA International operation of Moon's controller, Col. Bo Hi Pak. Likewise for Rabbi Ben-Ami's American Forum for Jewish Christian Cooperation. Ben-Ami has been a regular on the Moon front-group circuit, since no later than his 1981 efforts on behalf of Begin. As recently as Sept. 14, 2002, Rabbi Ben-Ami was a prominent speaker at the Moonie sponsored "Muslim-Christian Interfaith Ceremony for Healing and Reconciliation," a Rev. Sun Myung Moon mass wedding at the Manhattan Center in New York City, "commemorating the anniversary of 9/11."

On July 3, 2002, Rabbi Ben-Ami was a featured participant in the "Stand For Family, Save the Nation, Save the Next Generation" event at the Sheraton National Hotel in Washington, sponsored by the Moonie Interreligious and International Federation for World Peace (IIFWP). The continuing links between the Moonies, with their nearly bottomless flow of offshore dirty money, and the radical right wing in Israel, run far deeper than the Ben-Ami and earlier Churba ties. The entire Christian Zionist apparatus—from Falwell, to Bauer, to LaHaye—is now a subsidiary of the Moon financial empire, dating back to the late 1980s bailout of Richard Vi-guerie, and the 1994 takeover by Moon of the entire Falwell televangelist and "Christian education" empire.

The IIFWP sponsored a conference in Córdoba, Spain from Aug. 19-22, 1999, on "Jewish-Muslim Encounters." Among the speakers was Col. Yigal Carmon, whom the Moonie handouts described as "President, The Middle East Media Research Institute, Former Advisor to the Israeli Prime Minister." Indeed, Carmon is a former military-civilian governor of the West Bank territories under then-Defense Minister Sharon, a career Israeli Army Intelligence officer, and an intimate collaborator of Steve Emerson, Daniel Pipes, Meyrav Wurmser, and ex-FBI Deputy Director Oliver "Buck" Revell. Carmon's MEMRI is a propaganda front for Israeli intelligence, which distributes translations of selective, inflammatory material from the Arab media, to the U.S. Congress, Executive branch, and the media.

Darby Made 'Christian Zionism' for the Empire

by Mike Minnicino

Hundreds of thousands, if not millions of American Christians have now publicly pledged to uncritically support the state of Israel in any policy it chooses, including the juridical annexation of its occupied territories, and the expulsion, or worse, of the Palestinian population. It is perhaps pointless to explain to them that such Israeli actions would surely plunge the Mideast into chaos and deeper violence, and could easily escalate into World War III. For these Christian Zionists, World War III is not a deterrent. It is a longed-for goal.

It might be objected that, however scary this state of mind may appear, these are actually matters of individual religious belief, and, thus, none of our business. The purpose here is not to debate doctrine. We wish only to firmly locate this belief in the context of certain, undeniable historical facts. The reader then may decide whether we are dealing with questions of theology, or national security.

Creation of British Foreign Office

The first such historical fact is that modern Christian Zionism was created less than 200 years ago as a covert initiative of the British Foreign Office. At the time, it had a lot less to do with the Scripture, than with the geopolitical needs of the emerging British Empire.

The beliefs under consideration are based on a theology most broadly known as Millennialism. Although there are many distinctions between them, Millennialists share a belief that the Bible has literally prophesied all the phases (or "dispensations") of human history, and that we have entered, or are entering, the last phase. The "end times" entail, most notably, the physical playing out of the scenario described in the apocalyptic Revelation of St. John, including the rise of the Antichrist, the cataclysmic battle of world armies on the plain of Megiddo ("Armageddon"), the Second Coming of Christ; in short, the end of the world. Thus, for instance, this belief structure apprehends attempts by some Israeli fanatics to rebuild Solomon's Temple, not as a dangerous provocation, but as furthering the will of God.

All types of Millennialists, whether they know it or not, derive from a single source: the theories of British clergyman John Nelson Darby (1800-82). Today in America, ideas like "the Rapture," or "the Tribulation," are discussed everywhere: by televangelists like Jerry Falwell and Pat Robertson, in the hugely popular "Left Behind" series of novels and films, on bumper stickers, and on hundreds of websites. All of it



1840s "Millennialist" preacher John Nelson Darby became the "tongue" for Foreign Office operatives who hijacked Zionism, and made it "Christian Zionism"—a scheme for controlling the Mideast for the Empire, or for blowing it up in religious war. All American "fundamentalists" use or believe Darby's fantasmas.

started with Darby.

Darby had middle-class Irish parents and one famous relative, an admiral who served with Lord Horatio Nelson, after whom young John was named. After ordination in the Church of Ireland, Darby became fascinated with Biblical prophecy. In the 1830s, Darby abandoned all institutional churches, and founded a sect in England that eventually became known as the Plymouth Brethren.

The Brethren never had more than a few hundred members at any time, although two of them later became well known: Sir Robert Anderson, the head of Criminal Investigations for Scotland Yard and the man who ran the notoriously ineffectual Jack the Ripper investigation; and Aleister Crowley, a devout child who became the world's most famous Satanist. Darby's impact was not based on the numbers of his immediate followers, but on the widespread influence of his evangelical tours throughout Europe and America, his books, and especially, the sponsorship of the highest levels of the English aristocracy.

Darby's emphasis on Biblical inerrancy and prophecy was not new. Even his apocalypticism was part of mainstream Christianity, although it was never very influential, due to the Fifth-Century efforts of Church Father St. Augustine, who strenuously argued against the attempt to make time, as understood by men, commensurable with Time in the mind of God.

Darby Hijacks Zionism for Empire

What was revolutionary was Darby's assertion that certain current events were actually specific, prophesied signposts leading to the End of Times. In one of the most important instances, "Gog," described in the book of Ezekiel as the great power that attacks the people of Israel from the north, was really, said Darby, Russia. (Fans of the "Left Behind" series will here realize, if they don't already know, why the fictional Antichrist is portrayed as a Russian United Nations official.) What makes it all work is Darby's creation of Christian Zion-



Is your Attorney General a Moonie, or only a Darbyite? John Ashcroft has some strange bedfellows. He was the major speaker at the first Christian Zionist events on Capital Hill, organized by Rabbi Yechiel Eckstein, who specializes in fundraising from fundamentalist Christians for right-wing Israeli projects. And Ashcroft, as guest of honor, joined Rev. Sun Myung Moon, at the Interfaith Inaugural Prayer Luncheon, Jan. 21, 2001, hosted by the Washington Times Foundation, a Moonie front.

ism—of which he absolutely must be acknowledged the founder.

Therefore, the Jewish people (the actual living Jews, not the bad-metaphorical “people of Israel”) accounted for next to nothing in the European corridors of power, except as sources of credit or targets of socially useful pogroms. Theologically, Christians (with notable courageous exceptions) could justify their contempt for Jews with the belief that God’s covenant with Israel had been superceded by Jesus’ new covenant.

This was wrong, Darby claimed, but for very strange reasons. Rather, the Christian churches were a mere “parenthesis” in God’s fore-ordained progression of dispensations; the final dispensation would not see the Christian church supercede Israel; it would see Israel supercede the Church! This would be so because, at the literal last moment, the Christian elect would be physically gathered into Heaven in the Rapture a concept first popularized by Darby. Then the Jews, most of whom would ultimately see Jesus as Messiah, would join forces with those wavering Christians who were left, to battle the forces of the Antichrist before the ultimate triumph of God. Thus, for Darby, the physical return of the actual people of Israel to their historic homeland in the Middle East, including their gathering strength and their rebuilding of the Temple, was the fulfillment of God’s will.

It so happens that key elements of Darby’s new theology corresponded exactly to the foreign policy requirements of the British oligarchy at that particular moment. In the 1840s and 1850s, as Darbyism was beginning to take hold, the British East India Company (then, for all intents and purposes, the British Empire) was conducting what can only be called a World War to develop its hold over South Asia. The 1840s saw the British gain suzerainty over large parts of India, in-

cluding the still-contested Kashmir.

In 1842, an East India Company-run Anglo-Indian army of 16,000 men was massacred in an attempt to subdue Afghanistan. By the 1840s, two things were abundantly clear to the imperialists. First, in terms of profitability and manpower, the center of the empire must become India. This meant that all of the flanks of India (e.g., Afghanistan, Burma) must be consolidated; and, more importantly, the trade routes connecting South Asia with England must be protected; all the most efficient of those routes went through the Middle East. Second, the only serious threat to England’s Asia empire was no longer the historic enemy France, but Russia, which had begun serious discussions with the Ottoman Empire for a stronger presence in the Mideast.

In 1853, this geopolitical assessment led to the Crimean War, in which England put together a coalition of France, the Ottomans, and the Kingdom of Sardinia to definitively humble Tsar Nicholas I’s ambitions. The three-year conflict was a bloodbath (the “Charge of the Light Brigade” was typical of the blundering on both sides). So, when Darby surprisingly specified Russia as the source of evil in the world, one must entertain suspicions. Darby’s Russophobia was, by all accounts, one of the great appeals of his evangelical tours, and of his books and the books of his followers. For instance, coinciding with Darby’s tour of the United States in 1857, a sympathetic Washington pastor named Fountain Pitts preached a sermon to the U.S. Congress, warning that Russia was preparing to invade America, and that the final battle against the Antichrist would take place in the Valley of the Mississippi, which, Pitts asserted, was what Scripture meant by the “valley of Megiddo.” As can be imagined, Darby’s warnings were widely used to discredit President Lincoln’s Civil War alliance with Russia’s Nicholas I.

The Creation of Christian Zionism

In addition to Russophobia, what the East India Company needed most was a bastion to protect the Western approaches to the India trade routes—smack in the middle of someplace like, say, Palestine. Direct colonization was diplomatically impossible, but an indirect takeover was thought feasible. Thus, the English hit upon the idea of having the Jews, led by English Jews, return to their Palestinian homeland. It should be noted that, up until that point, there had been several projects for the creation of a Jewish homeland, most of which did not envision Jews returning to an undeveloped area like Palestine. M.M. Noah, the most famous Jew in the early United States, bought vast tracts of land in upstate New York as part of a plan for new Zion. However, the big campaign to relocate Zion in “the lands of the Bible” came from Gentiles in England in the 1840s.

The effort to hijack Zionism started in 1839 with two articles. The first was by Darby, “The Hopes of the Church of God in Connexion with the Destiny of the Jews and the Nations as Revealed in Prophecy,” which laid out his thesis of God’s plan for the Jews. The second was “State and Prospects of the Jews,” by Lord Anthony Ashley Cooper, Seventh Earl of Shaftesbury.

Shaftesbury was an evangelical not officially connected to Darby; the Shaftesburys were one of the realm’s first families, providing ministers of state for generations; the Third Earl, for instance, sponsored John Locke. Shaftesbury called upon the Crown not to grant full citizenship to England’s Jews, but rather to encourage them to emigrate to Palestine where they could fulfill the Divine plan. He simultaneously began agitating for the creation of an Anglican bishopric in Jerusalem to counteract the influence of the Roman Catholic (French) and Orthodox (Russian) ecclesiastical presence already established in that area.

By 1845, the Shaftesbury-Darby agitation was such that the Colonial Office produced a confidential report proposing “the establishment of the Jewish nation in Palestine; as a protected state under the guardianship of Great Britain,” which would place England “in a commanding position in the Levant from whence to check the process of encroachment, to overawe our enemies, and, if necessary, to repel their advance.”

In 1865, Shaftesbury was instrumental in the founding of the Palestine Exploration Fund, which brought the Darbyites and other evangelicals, wealthy Jews like the Rothschilds and Montefiores, together with the highest levels of English aristocracy, to officially claim Palestine for the Empire. At the Fund’s founding ceremony, no less than the Archbishop of York sermonized: “This country of Palestine belongs to you and me; it is essentially ours. It is the land toward which we turn as a fountain of our hopes; it is the land to which we may look with as true a patriotism as we do this dear old England.”

The Will of God had finally been brought into conformity with English foreign policy.

‘Maryland Citizens: You Are Responsible’

by Lawrence K. Freeman

I could say “I told you so.”

When I ran for Governor in 1998 as a LaRouche Democrat, I warned the citizens of Maryland that the alleged \$1 billion budget surplus that Gov. Parris Glendening (D) was bragging about, would soon disappear as the dot.com financial bubble burst. I said then, at every campaign event, that we were in the collapse phase; that in a short period of time, the rising Dow Jones and Nasdaq stock indices would begin to melt down; and that the Maryland economy would go into a deficit very quickly. Is that not precisely what happened? Maryland now has a deficit of \$1.8 billion for fiscal years 2002 and 2003, and it’s still growing every month as tax revenues evaporate.

This deficit helped to cause the defeat of Democratic Lt. Gov. Kathleen Kennedy Townsend in this year’s gubernatorial race, which means that now, Republican Governor-elect Robert Ehrlich is stuck with Maryland’s growing indebtedness. Neither Glendening, nor Townsend, nor Ehrlich had any objection, when I ran in 1998, to the “post-industrial economy”—the economic depression that Maryland, along with the rest of the country, has been sliding into over the last 30 years.

Yet the voters religiously voted for Tweedle-dee or Tweedle-dum, without giving any serious thought to what was really happening to our economy. I told them the truth. They chose not to listen, but instead, rushed greedily deeper into fantasyland, and ignored my warnings, which are now fully vindicated. The so-called high-flying “high-tech” sector has been grounded, leaving thousands jobless, catastrophic losses in pension funds, 401(k)s reduced to “201(k)s,” along with unpayable monthly mortgage payments, and maxed-out credit cards.

From Capital Gains to Slots

As a collaborator of Lyndon LaRouche, I was in a position to know that there was no physical economic reality to the increase in mere, fictitious financial values of the Wall Street stock markets, which the Maryland economy was sucking on for an increasing proportion of its tax revenues. LaRouche has established himself as the only accurate long-range economic forecaster over the last 35 years, when every other notable economist, pundit, and reputed authority has been proven wrong.



Lawrence Freeman is organizing the youth movement of new organizers and volunteers for the 2004 LaRouche Presidential campaign on the East Coast. Here, he speaks to nearly 100 young volunteers meeting in Pennsylvania in early November.

There was no real growth of the Maryland economy in the second half of the 1990s; therefore, there never was a \$1 billion surplus, not a real one measured in economic wealth. That may be hard for people to digest, but it's true. What people wanted to perceive was wealth, was merely paper profits. As the stock market bubble expanded, Maryland skimmed from the capital gains received from selling inflated assets. This showed up as increased tax revenue with declining taxable, real economic activity. Hence the unreal surplus.

A truly growing economy depends on injections of science and technology in order to increase output of physical tangible wealth necessary to maintain a growing population.

The current estimate of Maryland's fiscal 2002 deficit is \$600 million, up \$200 million from September. The deficit projection for the coming fiscal year now stands at \$1.2 billion, and who knows how high it will rise. Lame-duck Governor Glendening, after conferring with Ehrlich, is now using his discretionary powers to cut \$600 million from state expenses, before he leaves office at the end of the year. They are both assuming, falsely, that the deficit will not go up again in December, and thus, will require them to slash state agencies' budgets, in order to preserve the \$500 million rainy-day fund, so that Maryland can maintain its AAA bond rating.

In addition to raising taxes, suggestions for eliminating the deficit include: for state employees, eliminating raises and cutting salaries by 1%, laying off 1,000 workers, and increasing all workers' share of health-care costs; for education, limiting the HOPE scholarship program; for local jurisdictions, holding back \$100 million in state aid.

Ehrlich, who agrees with these cuts (and attacked Glendening and Townsend relentlessly for the state's deficit during the election campaign), is proposing the state turn to gambling, immorality, and vice to solve its economic problems. His solution: Bring in thousands of slot machines to the race

tracks, which Townsend and Glendening opposed. Ehrlich is already working with various lawmakers to prepare legislation for slots, knowing full well, that even if they are installed tomorrow, it will have no effect on the current budget fiasco. The high-end estimates are that \$400 million could be generated if slots became legal—only a third of the deficit. But many state politicians say it will take a referendum to pass slot legislation, pushing this great revenue generator off until 2004.

Shocking as it is, these are the leaders you elected.

How the Democrats Lost

Only a Kathleen Kennedy Townsend could lose an election in a state

where registered Democrats outnumber Republicans 2:1, and which hasn't elected a Republican Governor since Spiro Agnew in 1966. The trick was, that Townsend didn't really run as Democrat; but, under the leadership of Sen. Joe Lieberman's Democratic Leadership Council, she ran as a weak Republican, complete with an actual Republican running-mate, who had previously worked for Sen. John McCain's Presidential campaign.

One of the keys to Ehrlich's success was the higher than usual percentage of votes he received from the African-American community. While still only getting a minority of these votes, he received more than the average 10% that Republicans get in Baltimore City and sections of Prince Georges County. This was, of course, part of his strategy in selecting an Africa-American as his running-mate. However, the additional factor was, that a section of African-American activists, led by Clarence Mitchell IV, were disgruntled with their treatment by the Democratic leadership. Foolishly, and opportunistically, they threw in their lot with Ehrlich, who had first been elected to Congress in 1994 as part of the freshman class of Newt Gingrich's fascists.

If not for the refusal of Townsend, Mitchell, and the party's leadership to listen to Lyndon LaRouche and his representatives such as myself, Maryland would not be in the calamitous situation it is today.

As the Nov. 5 election clearly showed, as long as the Democratic Party leadership illegally and immorally keeps LaRouche from his rightful position of leadership, they will continue to go down in defeat, and destroy this nation's economy and disperse its core constituencies. Townsend was not defeated by the economic depression; but rather, because she refused to accept a workable solution to the economic crisis which was provided to her, to Mitchell, and to the party higher-ups.

You, the citizen, are responsible for that.

Art Review

Trompe l'Oeil: Seeing Is Not Believing

by Bonnie James

Deceptions and Illusions: Five Centuries of Trompe l'Oeil Painting

National Gallery of Art, Washington, D.C.
Oct. 13, 2002-March 2, 2003

After visiting the National Gallery of Art's new exhibit, I found myself wondering, what, really, is the difference between *trompe l'oeil*¹, and what we call Art. In one sense, all art is *trompe l'oeil*. Every painting or drawing takes a three-dimensional space and creates a more-or-less believable image of that space on a two-dimensional surface. The difference is in the *intent* of the artist: In a great work of art, the artist masters the techniques required—and invents new “tools”—to give him greater power to convey profound ideas, whose purpose is to elevate, uplift, inspire, educate, and even improve the character of the citizen. On the other hand, the *trompe l'oeil* artist employs the same tools to trick you into believing, if only for a moment, that illusion is reality. You might even say that the “special-effects” wizards who produce today's popular movies, are the 21st-Century version of *trompe l'oeil* masters.

But, with *trompe l'oeil* art, as opposed to the Hollywood magicians, there is a more serious objective: It shows you, in a playful and humorous way, that seeing is not necessarily believing, i.e., that your senses can fool you, and that truth is not found—as the materialist philosophers from Aristotle through Immanuel Kant would have it—in seeing, tasting, touching, smelling, and hearing. This is precisely the idea in the “Allegory of the Cave,” from Plato's *Republic*: that the eye—sense certainty—can deceive.

The Renaissance Invention of Perspective

With the astounding developments of the 15th-Century Italian Renaissance, the ability of artists to depict real space in two dimensions took a giant leap forward. The break-

1. A French idiom, meaning literally, to fool or deceive the eye (pronounced “trompt loy”).

through centered around the invention of scientific perspective.

At the beginning of the 14th Century, Florentine artists such as Cimabue and Giotto began to break with the old Byzantine style, whose primary interest was in creating icons for religious devotion, and to experiment with portraying believable human figures in naturalistic space. The writer Giovanni Boccaccio (1313-75), author of the *Decameron*, wrote about Giotto (1267-1337): “There was nothing in the whole of creation that he could not depict with his stylus, pen, or brush. And so faithful did he remain to Nature . . . that whatever he depicted had the appearance, not of a reproduction, but of the thing itself.” A later writer, Antonio Averlino, known as Filarete (c. 1400-70), in his *Treatise on Architecture*, wrote, “We also read that Giotto, while young, painted flies that fooled his master Cimabue. He thought they were alive, and tried to shoo them off with a cloth.”

We know that artists, sculptors, and architects (notably Masaccio, Ghiberti, Donatello, and Brunelleschi) were already employing the principles of scientific perspective as early as 1401, when Filippo Brunelleschi and Lorenzo Ghiberti produced their famous competition panels for the Baptistery doors of the Cathedral of Florence. Masaccio's revolutionary fresco *The Holy Trinity* of 1426, brilliantly employs the new science of perspective to create the illusion of a circular niche, carved into the wall, in which the figures each occupy a distinct space within a receding perspective.

And so, while developing the tools which would later be used in *trompe l'oeil*, the *intent* of the Renaissance artist was entirely different. The Renaissance artist employed his skills to recreate the visible and intelligible world in his art, in such a way that it became capable of transmitting, through the use of metaphor and paradox, what the poet Shelley would later call, “profound and impassioned conceptions respecting man and nature.”

Classical Roots?

While the exhibit attempts to trace the roots of *trompe l'oeil* to Roman times, and even to Classical Greece, the several examples of wall paintings from Roman villas, and so forth, do not really “trick the eye.” The catalogue, however, cites an amusing anecdote from the Roman, Pliny the Elder (23/24-79 A.D.), concerning the work of the Greek painter Zeuxis (active 435-390 B.C.): “Zeuxis . . . painted a child carrying grapes, and when birds flew to the fruit . . . he strode up to the picture in anger with it, and said, ‘I have painted the grapes better than the child; if I had made a success of that as well, the birds would inevitably have been afraid of it.’ ” In a second anecdote, Zeuxis is fooled by a curtain painted by his rival Parrhasios (active 440-390 B.C.): Parrhasios “entered into a contest with Zeuxis, who produced a picture of grapes so successfully represented, that birds flew up to the stage-

FIGURE 1



This painting by Jan Gossaerts, “Portrait of a Merchant” (1530), belongs more to the highly realistic tradition of the Northern Renaissance than to *trompe l’oeil*.

buildings; whereupon Parrhasios himself painted such a realistic picture of a curtain, that Zeuxis, proud of the verdict of the birds, requested that the curtain should now be drawn and the picture displayed; and when he realized his mistake, with a modesty that did him honor, he yielded up the prize, saying that, whereas he had deceived the birds, Parrhasios had deceived him, an artist.”

Trompe l’Oeil or Just Good Painting?

The anomaly of this exhibition—that it draws a very blurry line between *trompe l’oeil* and the highly realistic paintings of, especially, the early Northern Renaissance—as can be observed in the beautiful 1530 *Portrait of a Merchant* by the Netherlandish artist Jan Gossaert (Figure 1). Exquisitely detailed elements identify the sitter’s profession: He is shown writing in a ledger; two finely rendered batches of paper are affixed to the wall behind him, and other accoutrements of his work are placed on the desk before him. The man’s expression is guarded and watchful, as befits one

FIGURE 2



Rembrandt’s student Gerrit Dou plays with perspective and illusion in “Painting with Pipe and Book” (1645).

whose activities are concerned with account books and financial transactions. This work could perhaps be called “illusionistic,” but hardly “*trompe l’oeil*,” since the object of the artist is not to fool the eye, but to provide an insightful portrait, and perhaps show off his great skill in rendering believable detail.

A later work by Rembrandt’s first student, Gerrit Dou, also challenges the nomenclature: *Painting with Pipe and Book* (Figure 2), dated 1645. In it, a young man leans forward from an arched niche in the wall. One edge of an open book falls over the ledge, on which the man is resting his elbow, casting a shadow on the wall below. He is smoking a pipe, and a burning ember in the pipe’s bowl subtly adds to the impression that the young man is alive and breathing. Across the top of the picture, there is a curtain rod, on which a green curtain hangs; the curtain has been pulled aside to reveal the scene within. It was common in Dutch households of the mid-17th Century to hang such a curtain in front of a painting to protect it from the dirt and grime of the household. This one looks so real, that your immediate impulse is to reach out and touch it, as a “reality check.” In fact, it

FIGURE 3



“Two Women at a Window” (c. 1655-60), by the Spanish painter Bartolomé Esteban Murillo.

takes extraordinary self-control to restrain yourself from touching many of the objects and works of art in this exhibition, and the guards are kept busy reminding people to keep their distance.

A painting by the Venetian artist Sebastian del Piombo, *Cardinal Bandinello Sauli and Three Companions* (1516), borrows from the apocryphal story above about Giotto: A fly, which appears to be, not on the surface of the Cardinal’s garment, but on the surface of the painting, is painted so accurately, that, reportedly, printers, including those from *National Geographic* magazine, occasionally “corrected” it by eliminating it in reproductions!

Another wonderful example of an illusionistic painting is *Two Women at a Window* (c. 1655-60) (**Figure 3**) by the great Spanish painter, and contemporary of Velázquez, Bartolomé Esteban Murillo, in which two young women, painted life-size, peer from a window; one leans forward into the viewer’s space, her left arm and right elbow resting on the window sill; the other peers from behind a foreshortened shutter, pulled back into the space of the room; this “inside-outside” effect enhances the impression of reality.

One of the most amusing works is *Escaping Criticism* (1874) (**Figure 4**), a true *trompe l’oeil* (it was originally titled,

FIGURE 4



“Escaping Criticism” (1874), a humorous *trompe l’oeil*, by the Catalan painter Pere Borrell del Caso, is usefully compared to the Murillo.

Una cosa che no pot ser, or An Impossible Thing), by the Catalan painter Pere Borrell del Caso—the signature work of this exhibition—which is usefully compared to the Murillo. Here, a young boy literally leaps from inside the picture frame, a look of alarm on his face, clothes disheveled, as if running for his life. His right foot extends over the edge of the frame, as does his left hand. His head and shoulders are thrust into our space. The natural impulse of the viewer is to extend a hand to help the boy step out of the “frame,” and thus aid in his “escape.”

Also included, as the finale of this otherwise provocative exhibit, are the works of 20th-Century cubists (Picasso and Duchamp), surrealists (Magritte), and pop artists (Oldenburg, Warhol, etc.), muddying its overall impact—although this final room has another startling surprise, which you might miss, especially if the museum is crowded that day.

One final note: This is a great exhibit for kids, as I found when I took two boys, ages 10 and 11, to see it. They will have a wonderful time figuring out all the little “tricks,” and may even learn something important about what is “true” and what is only “appearance.”

Election Results Bring Leadership Changes

Election defeats and retirements at the end of the 107th Congress will be bringing many new faces into the leadership of both parties in both chambers. The most dramatic change came in the House Democratic Caucus, with the election of Rep. Nancy Pelosi (D-Calif.) to the position of House Minority Leader by a vote of 177 to 29 on Nov. 15. Pelosi replaces Rep. Dick Gephardt (D-Mo.), who stepped down after the Democrats failed to regain control of the House in the Nov. 5 elections. Pelosi indicated that her job would be to “build consensus” within the caucus, especially on economic issues. At the same time, as Gephardt had done, Pelosi declared her full support for President Bush on his Iraq policy, even if he decides to go to war unilaterally.

On the Republican side, the retirement of Majority Leader Dick Armey (R-Tex.) opened the door for Majority Whip Tom Delay (R-Tex.) to take over Armey’s spot, and a number of Delay’s protégés moved up the leadership ladder with him. Chief Deputy Whip Roy Blunt (R-Mo.) will become the Majority Whip, and Deborah Price (R-Ohio) will become Conference Chairman. All were elected without opposition on Nov. 14.

On the Senate side, Sen. Trent Lott (R-Miss.) will become the Majority Leader when the GOP retakes control of the chamber. He was re-elected without opposition, while his closest rival, Sen. Don Nickles (R-Okla.), was bumped from the number-two position of assistant floor leader by a GOP caucus term limits rule. Mitch McConnell (R-Ky.) will take over the number-two spot, while Nickles will move over to chair the Budget Committee. One possible indication of the behind-the-scenes machinations in these moves, was the fact that Lott had an-

nounced that Sen. Pete Domenici (R-N.M.) would become chairman of the Energy and Natural Resources Committee, before Domenici had even indicated that he had made a decision about leaving the Budget Committee, which he had chaired until control of the Senate shifted to the Democrats in May 2001.

Senate Democrats will continue to be led by Tom Daschle (D-S.D.) and Harry Reid (D-Nev.). Sen. Robert Byrd (D-W.Va.) moved, at the Democratic Caucus meeting on Nov. 15, that the present leadership be reaffirmed by acclamation, and that was done.

Abortion Politics Kills Bankruptcy Reform Bill

Senate Majority Leader Tom Daschle (D-S.D.) on Nov. 15 declared the bankruptcy reform bill dead for the year, after the House sent it back to the Senate without an abortion provision that had been voted up in the Senate. Daschle blamed the House GOP for the failure and said that “it’s another indication of how the far right controls the House Republican Caucus.”

The bill had been stalled for months over a provision that would prevent anti-abortion protestors from filing for bankruptcy if they were subject to court-ordered fines for abortion protests under the 1994 Freedom of Access to Clinic Entrances Act. A group of conservative Republicans, led by Rep. Chris Smith (R-N.J.), refused to accept a compromise worked out with the Senate by Rep. Henry Hyde (R-Ill.). House Majority Leader Dick Armey (R-Tex.) urged the House not to take up the abortion issue on the bankruptcy bill, and instead, save their energy for the 1994 law. Smith ignored Armey’s plea, however, and the bill failed a procedural vote, 243 to

172. The bill was later brought back to the House floor without the abortion provision and passed 244 to 116.

It was left to a handful of liberal Democrats to bring up the issue that should have been the one to kill the bill. Rep. Jerrold Nadler (D-N.Y.) told the House, “At a time when many businesses large and small are in bankruptcy, trying to stay alive and reorganize and preserve jobs, it is shocking that we would even be considering this kind of a special interest bill that will enrich lenders at the expense of families, jobs and small business. . . .”

Without the abortion language, Daschle said that he would not even bother to bring up the bill in the Senate. “It would never pass. It would be subject to a filibuster,” he said.

Budget Bills Put Off Until January

While the lame duck session may prove to be more productive than predicted, one area where no progress was made was in the Fiscal 2003 budget. Rather than actually trying to look at some of the remaining 11 appropriations bills, the House leadership simply rammed through yet another continuing resolution on Nov. 13, this one running until January 11, 2003. The resolution included provisions to extend the 1996 welfare reform law, and to provide transfer authority of \$500 million to set up the Department of Homeland security once it becomes law.

Not surprisingly, the Democrats blasted the entire effort. Rep. David Obey (D-Wisc.), the ranking Democrat on the House Appropriations Committee, noted that the GOP leadership is continuing the pattern established early in the year of a light weekly schedule that excluded consid-

eration of spending bills. "I would simply say," he told the House, "that this is a pitiful performance by a pitiful Congress walking away from its major responsibility."

The problem with the long-term continuing resolution is reflected in the fact that many of the spending initiatives promoted by President Bush's 2003 budget proposal are not being funded. These include \$3.5 billion to help state and local emergency services buy additional equipment, including chemical detection gear and the training to use it; \$4.3 billion for Department of Health and Human Services bioterrorism research and vaccines; and \$5.3 billion for the Transportation Security Administration. Critics of the Bush Administration argue that these and related funding initiatives are more important than creating an entire new department for security programs.

Other Bills Pass in House-Senate Blitz

A number of pieces of legislation did manage to break through the logjam that has characterized much of the 107th Congress in just a couple of days of the lame duck session. These included the terrorism insurance bill, port security bill, defense authorization bill, and a bill to stop automatic budget cuts from hitting Medicare and other entitlements.

The defense authorization bill had been held up by a Presidential veto threat over a provision that would have provided both retirement pay and disability benefits to disabled veterans. However, House and Senate negotiators scaled back the provision so that it would only apply to veterans who are 60% or more disabled and became disabled under specified conditions.

According to Sen. John Warner (R-Va.), there are about 33,000 veterans who will be eligible, under the bill, as opposed to over 500,000 who would have been, under the provision as it was originally written.

The bill on the automatic budget cuts, passed on Nov. 14, was motivated by the fact that allowing such cuts to occur would be political suicide. It was necessitated by the fact that Federal tax revenue has fallen significantly since the Republican budget cut was passed into law, early in 2001. Rep. Jim McDermott (D-Wash.) told his fellow Democrats not to get so agitated about the impact on the budget deficit. "We're going to have two years of this stuff where [the GOP] can do anything they want. This bill is simply giving them the keys to the hen house."

There were other bills, however, on which negotiators never found agreement. The most important of these was the energy bill. The issues that killed the bill included oil drilling in the Alaska National Wildlife Refuge, electricity deregulation and the banning of the gasoline additive MTBE. A spokesman for House Energy and Commerce Committee Chairman Bill Tauzin told the Associated Press that, next year, the Republicans "intend to revive it, breathe new life into it and ultimately approve an even bigger and better bill."

President Finally Gets Homeland Security Bill

President Bush's post-election application of pressure on Capitol Hill broke loose the bill to create the Department of Homeland Security, but not without some controversy. The House took up the bill on Nov. 13, but added a number of pro-business pro-

visions that had little to do with homeland security. These provisions, among them one to protect vaccine manufacturers from liability in the event of injuries from the vaccines they produce, and another to give immunity to companies that supply faulty bomb detectors, gas masks, and related equipment, angered Democrats, but there was little they could do to take them out. The bill passed the House by a vote of 299 to 121.

Senate Democrats made an effort to strike those provisions that they labelled "special interest," and initially some moderate Republicans tended to agree with them. However, the GOP leadership was intent on passing the bill with no changes, in order to avoid calling the House back into session to consider a revised bill. Senate Minority Leader Trent Lott (R-Miss.) promised Senators Susan Collins (R-Me.), Olympia Snowe (R-Me.) and Lincoln Chafee (R-R.I.) that there would be votes on three of the provisions that troubled them, in the 108th Congress, if they voted against the Democratic amendment. They did, and the amendment fell by a vote of 52-47. Later on Nov. 19, the Senate voted 90-9 for final passage.

One provision that was dropped from the revised bill, which had been supported in the Senate, was the one to create a commission to investigate the terrorist attacks of Sept. 11, 2001. Instead, that legislation was added to the fiscal 2003 intelligence authorization bill, which passed the House by a vote of 366-3, on Nov. 15. The bill provides for a ten-member commission—five Republicans and five Democrats—with the chairman to be appointed by the President. President Bush originally opposed the idea of a commission, but apparently gave in to pressure from the families of victims of the attacks, as well as to the bipartisan support for it in the Congress.

Now Beware the Chicken-hawks!

There are some very unhappy people in and around the Bush Administration these days: They are deadly afraid that they may have their *war* taken away from them!

We are talking, of course, about the Chicken-hawks, that group of draft-dodging lunatics, led by Vice President Dick Cheney, who are, as Lyndon LaRouche wryly noted, not taking they're Iraq loss "flying down." They are apoplectically demanding a war against Iraq no matter what the circumstances or pretext, and are boasting—as Paul Wolfowitz did recently in a Florida appearance—that they are preparing to launch that war come what may. Richard Perle, Wolfowitz, Douglas Feith, Elliott Cohen—all, like the obsessed Vice President, never saw a day's worth of service in the military.

But still they are determined that they will have a war; and not just an invasion of Iraq, but a perpetual religious war, targetting one after another those nations in which most of the world's Muslims live. They are virtually one political force with Ariel Sharon's and Benjamin Netanyahu's Likudniks, who desperately seek that same outcome from an Iraq attack. Some of them go further, in the spirit of Huntington and Brzezinski, and are determined that this Presidency will be drawn into war preparations against North Korea; into a long-drawn-out series of threats to the existence of China's government; and for good measure, into a strategic confrontation with the government of Brazil. Thus they can also properly be branded, "Moonies."

Most of these characters have been salivating for this objective since the early 1990s, but this last Spring, after they had shifted President Bush away from the Israeli-Palestinian peace process, they thought they had it made. Surely, they would be able to launch their war against Iraq by the Fall of 2002.

But it got "jammed up." Leading the offensive against them was none other than Lyndon LaRouche, who combined his international diplomacy, with an "into the streets" agitational campaign, against the war party *in Congress*, centered around Senators Joe Lieberman and John McCain. In this environment, the military

veterans, retired and active, began to come out more vigorously against a war that could not be won. The Europeans, Russians, and many others stiffened their resistance, through the United Nations and otherwise.

At length, the President committed himself to work through the United Nations, and adjusted the Administration's proposal to permit reaching a UN Security Council agreement. The Chickenhawks—who had tried unsuccessfully to get rid of Colin Powell a year ago, to prevent just such an eventuality—could only squawk, and squawk, and squawk.

Unfortunately, these creatures cannot be simply ignored. They are not without power.

Put to one side, for a minute, the braying of their mouthpieces in the media, where zealots like Charles Krauthammer have essentially called for the gunning down of chief UN inspector in Iraq, Hans Blix, because he might not have the Chicken-hawks' desire and determination to declare Iraq incorrigibly in non-compliance, and launch a war. Their attacks have gotten loud enough that Dr. Blix, uncharacteristically, has pointed to them by name as a problem. This is very ugly, but, for now, only atmospheric.

But the likes of Wolfowitz and Feith have already done palpable damage to the course of war prevention, by, on the one hand, boasting of a new pre-emptive assassination policy by the Administration; and, on the other, forcing through a confrontational policy against North Korea. And Vice President Dick Cheney, merciless and mercenary as he is, remains only a heartbeat away from the Presidency.

There is absolutely no room for complacency. LaRouche has called for concentrating on destroying the Chicken-hawks' leading procurer and conference-organizer, the Unification Church Moonie sex-money cult. On top of that, the war party itself must be boxed in, and politically isolated and destroyed.

Let the Chicken-hawks flap, but we must continue to mobilize to get them removed from power, and make sure their warplans don't fly.

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(Occ. 4:30 pm)
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- PLYMOUTH
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Zajak Presents
Mondays: 6-8 pm

WYOMING

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Wednesdays—10 am

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Nightly after PSAs

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Wednesdays—8 pm

DULLITH

- Charter Ch.20
Mondays—9 pm
Wednesdays—12 pm
Fridays 1 pm

FRIDLEY

- Time Warner Ch. 5
Thursdays—5:30 pm
Saturdays—8:30 pm

MINNEAPOLIS

- PARAGON Ch. 67
Saturdays—7 pm
- NEW ULM—Ch.14
Fridays—5 pm

PROCTOR/HERMANTOWN

- Ch.12
Tue. btw. 5 pm-1 am
- ST.CROIX VALLEY
Valley Access Ch.14
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Fridays—8 am

ST.LOUIS PARK

- Paragon Ch. 15
Wed., Thu., Fri.
12 am, 8 am, 4 pm

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Thu—6 pm & Midnite
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- Suburban Ch.15
- ST.PAUL (S&W burbs)
AT&T-Comcast Ch.15
Tue & Fri—8 pm

WEDNESDAY

- WEDNESDAY
Wed.—12:30 pm
- SOUTH WASHINGTON
ATT Ch.14—1:30 pm
Mon, Tue, Wed, Thu

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- MARSHALL COUNTY
Galaxy Ch. 2
Mondays—7 pm

MISSOURI

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AT&T Ch.22
Wednesdays—5 pm
Thursdays—12 Noon

NEBRASKA

- LINCOLN
T/W Ch. 80
Citizen Watchdog
Tuesdays—7 pm
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RENO/SPARKS

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- HADDON TOWNSHIP
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- JEFFERSON/LEWIS
Time Warner—Ch.2
Unscheduled pop-ins

JOHNSTOWN—Ch.16

- Tuesdays—5 pm
- MANHATTAN—MNN
T/W Ch.34; RCN Ch.109
Alt. Sundays—9 am

NIAGARA COUNTY

- Adelphia Ch. 20
Thursdays—10:35 pm
- ONEIDA—Ch.10
Thu—8 or 9 pm

PENFIELD Ch.15

- Penfield Comm. TV*
- QUEENSBURY Ch.71
Thursdays—7 pm

RIVERHEAD Ch.70

- Thurs.—12 Midnight
- ROCHESTER—Ch.15
Sundays—3 pm
- Mondays—10 pm
- ROCKLAND—Ch. 71
Sundays—6 pm
- SCHENECTADY Ch.16
Mondays—3 pm
Wednesdays—8 am

STATEN ISL.

- Time Warner Cable
Thu.—11 pm (Ch.35)
Sat.—8 am (Ch.34)

TOMPKINS COUNTY

- Time Warner
Sun.—9 pm (Ch.78)
Thu.—5 pm (Ch.13)
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Tuesdays—10 pm

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OREGON

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AT&T Ch. 99
Thursdays—1 pm
- PORTLAND
AT&T
Tue—6 pm (Ch.22)
Thu—3 pm (Ch.23)

SALEM—Ch.23

- Tuesdays—12 Noon
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Saturdays 10 am
- SILVERTON
Charter Ch. 10
Mon, Tue, Thu, Fri
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WASHINGTON ATT

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Ch.33: Unincorp. Towns
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- STATEWIDE
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Full Ch. 49

TEXAS

- DALLAS Ch.13-B
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- EL PASO COUNTY
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Tuesdays—8 pm
Thursdays—11 am
- HOUSTON
Houston Media Source
Tuesdays—5:30 pm

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Tuesdays—1 pm

VIRGINIA

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ACT Ch. 33
Mondays—4 pm
Tuesdays—9 am
- BLACKSBURG
WTOB Ch.2
Mondays—6 pm

CHESTERFIELD

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Tuesdays—5 pm
- FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm

LOUDOUN

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Thursdays—7 pm
- ROANOKE—Ch.9
Thursdays—2 pm

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AT&T Ch. 29/77
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(starts Oct. 7)
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Charter Ch. 12
Mondays—12 Noon
Thursdays—8:30 pm

PASCO

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Thursdays—8:30 pm
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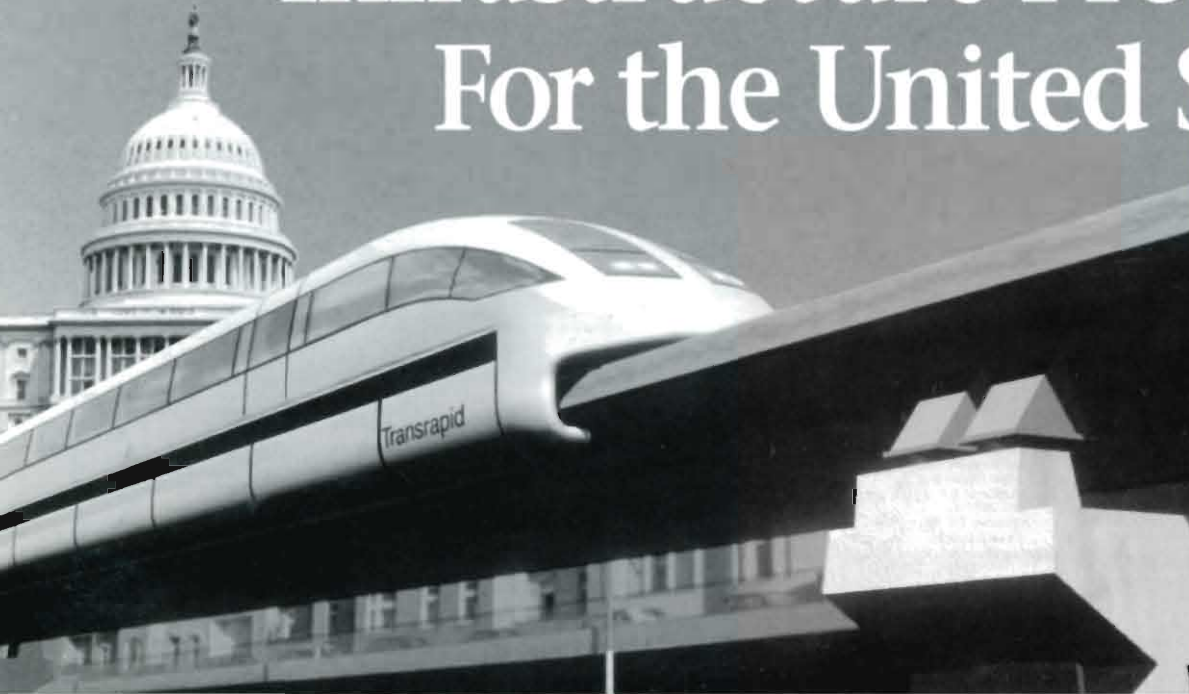
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