

# EIR

Executive Intelligence Review

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LaRouche Takes Presidential Campaign to Arkansas

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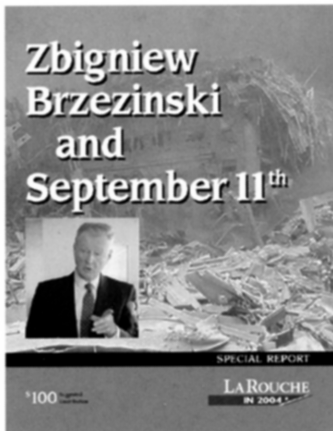
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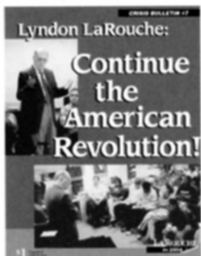
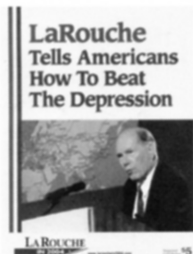
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## From the Associate Editor

**T**he Democratic National Committee's leadership clique committed a big blunder, when they launched a "Chicago 1968"-style assault on members of the LaRouche Youth Movement, at several party meetings on Feb. 20-23. By forcibly excluding these youthful Democrats, they have now made LaRouche *the* issue in the party. The issues, and the battle lines, are clearly drawn. Will the Democratic Party continue to serve as an "Amen Choir" to the chicken-hawks in the Bush Administration, in their drive for a catastrophic war against Iraq? Will the party continue to be dominated by organized-crime figures such as Marc Rich, and his friends in the Democratic Leadership Council (DLC) and Israel's Likud party? Or, will the Democratic Party include LaRouche, in an open political debate on the vital issues of war and the economy, leading to the selection of the best 2004 Presidential candidate in the national interest? In his campaign statement published in *National*, LaRouche underlines the point made by Sen. Edward Kennedy in years past: America does not need two "Republican Parties."

Our *International* section shows the tragic consequences that an Iraq war would have, starting with its effect on North Korea, whose leadership could only logically draw one conclusion: "We're next!" We also document the emergence of the most potent resistance yet by world governments, to the insanity of the "American Empire" faction. From the Vatican, to France and Germany, to Russia, China, and South Korea, leaders are offering Bush an "exit strategy," in line with that which LaRouche has long recommended: an economic development alternative to the current systemic breakdown.

Americans hardly know anything of this, due to the screen of media censorship in this country. But Americans *do* know that we are in the worst unemployment slump since World War II. They know—as Richard Freeman elaborates in *Economics*—that the housing market bubble has reached disastrous proportions. And they want answers, on the question of the economy and a future for their children. As you will see from our report of LaRouche's recent trip to Arkansas, citizens and local leaders are eager for the kind of FDR-style leadership that LaRouche offers. The time to "come out of the woodwork," and take a stand for that in the Democratic Party, is now.

*Susan Welsh*

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**Correction:** "Africa Unites Against Iraq War," in *EIR*, March 7, should have stated that the Lord's Resistance Army (LRA) does *not* belong on the U.S. State Department's list of terrorist organizations. The army of Ugandan President Museveni—in carrying out a campaign of murder and mayhem in Acholiland in northern Uganda—provoked a response. The LRA's murder and mayhem is that response.



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An interview with Lyndon H. LaRouche, Jr. by Jack Stockwell, on Salt Lake City's KTKK "K-Talk" radio March 3. "Especially under the Cheney Administration," said LaRouche, "which is the best way of describing the current policy, the United States has ignored what every competent commander, flag officer, in military service, in Europe or the United States or elsewhere, was trained in. That is the lesson of the Peloponnesian War. And what the United States under Bush, or under Cheney, shall we say, under Cheney's overreaching influence, is doing, is violating the lesson of the collapse of Greek civilization as a result of a decision to launch the Peloponnesian War, which is exactly what the United States policy is now.

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## Official Axed, Exposed Threat Of U.S. Housing Bubble Crash

by Richard Freeman

A new government report showing the underlying weakness of the U.S. housing market and financial system, and an immediate demand by Wall Street that the head of the reporting agency be fired, has revealed a bruising and crucial fight in Washington over a critical subject: the increasing rate of the financial disintegration, and what is to be done about it. The fight also shows the desperation of the Wall Street-City of London financier oligarchy, and the thuggery to which it will resort, to silence criticism and defend its unsalvageable, bankrupt financial system.

On Feb. 4, the Office of Federal Housing Enterprise Oversight (OFHEO), which has oversight over the two giant housing-finance enterprises known as Fannie Mae and Freddie Mac, released a report entitled, "Systemic Risk: Fannie Mae, Freddie Mac and the Role of OFHEO." Its report examined the potential for the generation of a systemic crisis at Fannie and/or Freddie.

After *pro forma* formulations that Fannie and Freddie are "fundamentally sound," and that the possibility of a serious crisis "is remote," OFHEO made a stunning statement about a worst-case scenario in which either Fannie or Freddie had a severe crisis which caused it to default on its debt. Such a default, it said, "could lead to contagious illiquidity in the market for those [debt] securities, [and] cause or worsen liquidity problems at other financial institutions . . . potentially leading to a systemic event." This systemic event would deliver a shock to the entire financial system, and a "substantial loss in economic activity."

The report discusses the emergency credit generation that the Federal Reserve System might have to undertake to try to stem the crisis; but concludes that were the crisis severe enough, either Fannie or Freddie might have to be put into receivership, which would mean their liquidation. Therefore, the report asks Congress to pass legislation that would give

OFHEO authority to put these institutions into receivership.

Further, the OFHEO report discusses the risks to the financial system posed by derivatives—not simply the derivatives held by Fannie and Freddie, but the unregulated mountain of derivatives contracts in general.

### 'Doomsday Scenario'

The report set into motion a shockwave through the financial community. Sharon McHale, a Freddie Mac spokeswoman, told the Feb. 6 *Washington Post*, that the report's "doomsday scenario was so speculative, it's just incredible." But the full wrath came from the highest levels of the London-Wall Street banking community, which struck hard.

On Feb. 5, a mere 24 hours after the report's issuance, the Bush Administration demanded that OFHEO Director Armando Falcon submit his resignation. Falcon, who had been appointed to this post in 1999 by President Bill Clinton, had overseen the report's release. While the Bush Administration delivered the order for Falcon to resign, both the circumstances of the firing and subsequent events make it clear that the actual order for the firing originated from inside the boardroom of J.P. Morgan Chase—the world's largest derivatives bank with \$29 trillion in derivatives outstanding—and the boardrooms of other major institutions that are heavily invested in derivatives and housing market paper.

At the same time that it declared Falcon had "resigned," the Administration announced that it would nominate Mark C. Brickell, to replace him as Director of OFHEO. While the man on the street may never have heard of Brickell, he needs no introduction to those in the financial community: For the past decade and a half, he has spearheaded the fantastic, cancerous growth of derivatives.

For the entirety of the 1990s, Brickell headed Morgan Bank's mammoth derivatives trading operations, becoming a

The current Fannie Mae/Freddie Mac derivatives battle goes back a decade. In 1993, Lyndon LaRouche proposed that derivatives transactions be taxed, as a punitive action that would dry out the derivatives market. During 1993-95, Rep. Henry Gonzalez (D-Tex), chairman of the House Banking Committee, launched Congressional hearings to shine a spotlight on derivatives, and set the basis to constrict the trading of these dangerous instruments. Gonzalez' general counsel at that time, Armando Falcon, has now been summarily fired as head of the government agency overseeing Fannie Mae and Freddie Mac, for issuing a report foreseeing the potential for those enterprises to default.

In his capacity as Banking Committee Chairman, Gonzalez heard testimony from *EIR's* banking analyst John Hoefle, which dissected the derivatives bubble and how it spread to Mexico under NAFTA; and *EIR* economists Christopher White and Richard Freeman. LaRouche representatives met with 90 Congressional offices, and Gonzalez was attempting to get some form of Congressional action. J.P. Morgan's Mark Brickell studied the LaRouche proposals and personally organized the banking sector's counterattack against them through 1995. The Bush Administration has now named Brickell to replace the fired Falcon, overseeing Fannie Mae and Freddie Mac.

# TAX DERIVATIVES SPECULATION



**EIR**  
**Testimony to the  
 House Banking Committee  
 On the Effects of the  
 Financial Services Chapter of NAFTA**  
**By John Hoefle  
 EIR Banking Columnist**  
**Sept. 8, 1993**

**After The Greenspan-Morgan-Soros Debacle**  
 by Christopher R. White and Richard Freeman

Executive Intelligence Review  
 P.O. Box 13790  
 Washington D.C.

Testimony to the  
 Committee on Banking, Finance and Urban Affairs  
 U.S. House of Representatives  
 April 13, 1994

managing director of the bank. He held other critical posts. During this period, he became close friends with Phil and Wendy Gramm; the latter, as chairman of the Commodity Futures Trading Commission from 1988-93, made a series of rulings that opened up the floodgates of derivatives trading.

## Brickell vs. LaRouche

But there is a still richer theme interwoven through this story, that has bearing on the matter today. During 1993-95, Congressman Henry Gonzalez (D-Tex.), then chairman of the House Banking Committee, organized an attempt to stop the spread of derivatives, on which and closely related subjects he held a series of Congressional hearings. During this time, Armando Falcon worked for Gonzalez' House Banking Committee. Members of the Economics staff of *EIR* submitted testimony for some of Gonzalez' hearings; the testimony was

prepared under the supervision of *EIR* Founding Editor Lyndon LaRouche, today a 2004 Democratic Presidential pre-candidate. LaRouche had already warned in 1992 of the economic devastation that would be caused by the spread of the highly leveraged derivatives bets.

Mark Brickell also testified at the Gonzalez hearings, speaking on behalf of unrestricted derivatives trading growth, and officially representing Morgan and the world's leading derivatives trading institutions. And during 1993, Brickell, alarmed at the influence of LaRouche's idea of a tax to surgically puncture and end the derivatives bubble, formed and led from among his associates a "SWAT team" dedicated to directly blocking LaRouche's initiatives.

Thus, the nomination of Brickell to replace Falcon as the head of OFHEO, is a direct factional move by the most powerful banks. The financiers know that a key to holding up the

entire speculative U.S. financial system, is the \$11.7 trillion U.S. housing bubble, which Fannie Mae and Freddie Mac dominate. Brickell's new assignment would be to attempt to contain, by manipulation, any crisis at these two institutions, before it could generate an out-of-control systemic breakdown situation.

This is certainly a case of the fox guarding the hen house, but much more. Brickell is there to shut down any revelations of problems at Fannie Mae and Freddie Mac. Moreover, Brickell's job at OFHEO, were he to be confirmed, would be to handle problems at Fannie Mae and Freddie Mac which are far more serious in scope than even the Feb. 4 OFHEO report indicates.

For instance, Fannie Mae reported earlier this year that it had suffered \$4.54 billion in derivatives losses during 2002 (in conformity with the practice of marking its derivatives portfolio "to market"), which slashed Fannie Mae's annual 2002 earnings by half. The real losses may be multiple times larger than Fannie reported: large financial institutions notoriously under-report their actual derivatives losses.

### **Fannie and Freddie's Instability**

For the past two decades, the financial instability at Fannie Mae and Freddie Mac has grown to the point that their failure would bring down the U.S. financial system to which they are highly interconnected (see *EIR*, June 21, 2002, "Fannie and Freddie Were Lenders: U.S. Real Estate Bubble Is Near Its End"). To understand this, one has to understand how Fannie and Freddie work.

Formally known as the Federal National Mortgage Association, Fannie Mae was created by the New Deal in 1938. Its function was to provide liquidity to the housing market. After a mortgage lending institution originated a mortgage—say, for \$50,000—Fannie Mae would purchase that mortgage from the lending institution for \$50,000, and hold the mortgage to maturity. The mortgage lending institution now had \$50,000 it obtained by selling the original mortgage to Fannie Mae; with this money it could make a second mortgage loan. Fannie Mae might buy the second mortgage loan from the mortgage lending institution. By the repeating of this process, Fannie Mae injected liquidity into the housing market, making it possible for mortgage lending institutions to increase the number of mortgage loans they could make.

To finance its operations—that is, to raise the cash with which it buys mortgages from mortgage lending institutions, Fannie Mae would issue bonds (which are a form of debt). As long as Fannie Mae carried out these operations to facilitate mortgage lending institutions in making mortgage loans so that consumers could buy houses at affordable, non-speculative prices, the process worked.

Formally known as the Federal Home Mortgage Loan Corporation, Freddie Mac was created in 1970 to perform a function very similar to that of Fannie Mae.

But starting the 1980s, Wall Street started to transform the functions and purposes of the two large mortgage corporations. Wall Street wanted a housing bubble, and Fannie and Freddie were transformed to become the major suppliers of funds to that bubble. The high prices of homes could only be made to stick if a sufficient volume of mortgages were created to finance the purchase of homes at those prices, including by people who couldn't afford them. Through the secondary mortgage market, Fannie and Freddie infused the mortgage market with cash, so that a mortgage lending institution could make over-leveraged mortgage loans to consumers and sell the mortgages to Fannie and Freddie. Once they gave the mortgage lending institution cash, the institution would make a new mortgage loan to a new consumer to purchase a home at a high price (this process does not include "jumbo" loans), and so forth.

During the past decade, millions of households bought homes at inflated prices, with accompanying mortgages that are likewise inflated. In millions of families, the mortgage payments consume 35-55% of their annual household income. There is not sufficient income left over for purchase of food, clothing, and other necessities. This is an unsustainable situation, and will ultimately end in default on the mortgage.

The two enterprises also engaged in "financial innovation," which may seem clever from an accountant's perspective, but enlarged the risk in reality. One new instrument is the mortgage-backed security (MBS): Fannie and Freddie would bundle a group of mortgages together, and sell them to investors. The enterprises would put a loan guarantee on the MBS, for which they earn a fee (thus boosting their earnings). In turn, Fannie and Freddie promise, in case of a default on the MBS, to pay interest and principal "fully and in a timely fashion" (thus considerably increasing their obligations).

Over two decades, Fannie and Freddie built up on a large scale, three types of obligations: 1) the bonds (debt) that they issued; 2) the MBS which they guaranteed; and 3) the derivatives that they bought. Under the conditions of the transformation of the housing market during the past two decades, these obligations have become increasingly risky. Using the latest available figures, and adding together the three obligations, Fannie Mae and Freddie Mac now have a combined total of \$4.89 trillion of such risky obligations outstanding. Other institutions that perform similar functions, such as the Federal Home Loan Bank Board, possess an additional \$8.0 billion in such risky obligations. Thus, the total of housing-related high-risk obligations is roughly \$5.69 trillion.

### **OFHEO Report on Systemic Risk**

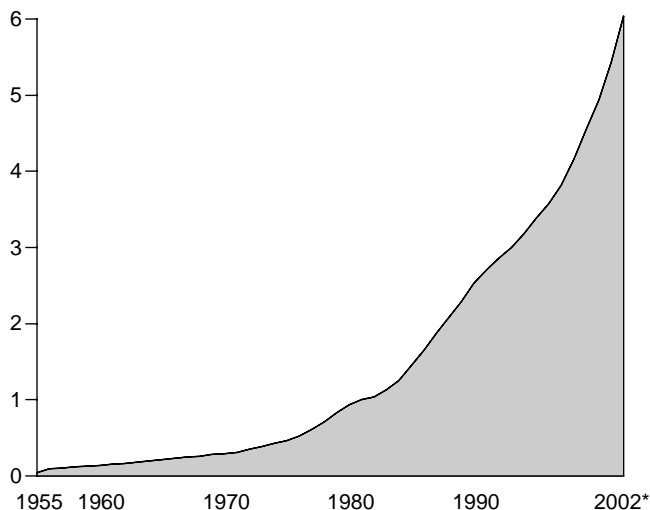
**Figure 1** shows that by the end of 2002, households in America had an estimated \$6.04 trillion in home mortgages.

It should be kept in mind that the \$5.69 trillion in risky obligations are based on home mortgages, but they are independent instruments that are distinct from, and in addition to,

FIGURE 1

**U.S. Home Mortgage Debt Tops \$6 Trillion**

(\$ Trillions)



\*Projection, based on first three quarters

Source: U.S. Federal Reserve Board of Governors, *Flow of Funds Accounts*.

the \$6.04 trillion in home mortgages. Adding the two together, there is a total of \$11.73 trillion in housing-related paper, both primary and secondary. This is loaded onto the homes and attached to the incomes of America's homeowners. It is unsustainable.

The 115-page OFHEO report on Systemic Risk, which was two years in preparation, goes into waters that are rarely explored by an official government agency, because they are viewed as "too controversial." Knowing that, it appears that the report's authors did not stray far from the topic to discuss other real risks to Fannie and Freddie, because they feared the ensuing criticism of the report would be even harsher than it already has been. The report does not possess some of assessment of the U.S. housing bubble that *EIR* has published, but it is nonetheless very powerful.

The study focuses on what systemic risk is, and the damage that ensues from it. The OFHEO report states, "A systemic event is defined as a financial crisis that causes a substantial reduction in aggregate economic activity, such as housing starts, home sales, consumption, output and employment. . . . Systemic events occur not only in the economy, but also in other systems. In many groups of interrelated and interdependent living things, a breakdown in the functioning of one or a few entities can spread to many others, causing sufficient damage to harm the well being of the group or system as a whole."

The report says that no country in the world, large or small, has been immune to serious financial crises, "Between 1980 and 1995, over 130 of the member nations of the IMF—including the U.S.—experienced significant problems in their banking sectors that took the form of widespread failures, suspensions of the convertibility of bank liabilities, or large-scale government financial assistance to banks. Currency crises—speculative attacks on the value and devaluations of currencies, followed by efforts to defend that value by expending foreign reserves or raising interest rates—occurred in Europe in 1991-93, Latin America in 1994-95, and East Asia in 1997-98."

None of these events brought down the financial system, but as *EIR* has pointed out, they should be seen as the build up of a spreading and non-postponable process of financial disintegration, which will bring down a system that is decomposing. The world's major financial institutions are terrified by systemic risk. The OFHEO report cites a number of meetings during the past five years, that were convened or participated in by the Bank for International Settlements (the "central bank for central banks"), as well as the central banks—the U.S. Federal Reserve Board of Governors, the Bank of England, the Bank of Japan, and so forth. The plethora of such meetings instances the growing concern about systemic risk. However, the meetings' papers show that their convenors, while worried about systemic breakdown, for the most part chose the safety of examining past events. By contrast, the OFHEO report rigorously examines the massing of conditions under which a systemic breakdown would erupt in the future.

**An 'Enterprise' Debt Default**

The OFHEO report examines the points of vulnerability between the interrelated Fannie and Freddie on the one side, and the U.S. and world's banks and financial institutions, on the other. The OFHEO asks a very direct question: If, because of a severe financial problem, Fannie and/or Freddie were to default on their debt, what effect would radiate out to the U.S. and world financial system? This is far from an academic issue. Fannie and Freddie have a unique status; they are known as government-sponsored enterprises (GSEs): They were originally chartered by the U.S. government, but over stages, they have become totally private corporations. It is believed that Fannie and Freddie are the two most highly indebted private corporations in the world. According to the latest available data, as of late 2002, Fannie and Freddie had, respectively, \$851.0 billion and \$700 billion in outstanding debt, almost all of it in the form of bonds—that is, each institution has debt greater than that of Brazil.

A wide variety of parties hold large chunks of Fannie and Freddie debt: commercial and investment banks, hedge funds, insurance companies, foreign central banks, pension funds, mutual funds, private investors. They are all exposed to large



losses, were either enterprise to default on its debt. OFHEO restricts its attention to the case of the commercial banks and savings institutions that operate in the United States, were Fannie and Freddie to default on their debt. More than half of these institutions hold Fannie or Freddie debt (called GSE debt in the report) in amounts equal to, or greater than, half of the bank's equity capital. A bank's equity capital is the value of its stock, which represents the funds that a bank would draw upon, in case of emergency, to cover its losses. Let us assume that a bank had equity capital of \$500 million, and it held \$250 million worth of Fannie Mae bonds, which defaulted. That would wipe out half of the bank's equity capital, and put it close to bankruptcy.

Using Federal Deposit Insurance Corp. data, the OFHEO report asserts: "At year-end 2001, over 4,800 commercial banks—over 60% of the banks in the banking industry—held GSE debt in excess of 50% of their equity capital." Most of these banks held less than \$1 billion in assets, which means that several are significant in size, but smaller than the biggest banks. However, OFHEO reports, of the 400 banks operating in the United States "with assets of more than \$1 billion, 123 institutions . . . owned GSE debt in excess of 50% of their equity capital."

This means that 4,800 banks own Fannie or Freddie debt paper that is equal to half of their equity capital; and that of the banks that are in this position, 123 are among the largest banks in the world. This means that a large part of the U.S. banking system, including its largest banks, would be sent lurching on the path to bankruptcy by an enterprise default. Many large foreign commercial banks that also hold a large amount of Fannie and Freddie debt, are in the same position as American banks. It is this reality, that a Fannie or Freddie debt default could occur, that led OFHEO to posit a chain of events—reported at the outset of the article—which "could lead to contagious illiquidity in the market for those [debt] securities, [which would] cause or worsen liquidity problems at other financial institutions . . . potentially leading to a systemic event."

OFHEO also focuses on the shock that could be transmitted from Fannie and Freddie in default to the financial system, and vice versa, because of these two institutions' derivatives holdings. As of the end of 2001, Fannie Mae held \$533 billion in derivatives outstanding, and Freddie Mac held \$1.05 trillion.

In a section on derivatives, the OFHEO report depicts the explosion of over-the-counter (OTC) derivatives, which are traded and customized by large financial institutions, and which are, in the main, unregulated. The report states that the OTC "contract exposes each party to credit risk—the possibility that the other party will not pay." Using the best available information, *EIR* estimates that the total outstanding notional value of derivatives worldwide is \$300 trillion.

In its Chapter IV, "Assessing Systemic Risk," the OFHEO report assumes that, if just 5% of the notional value of the

derivatives contracts outstanding of either Fannie or Freddie, were to be wiped out, then each of the several major banks, which are counterparties to Fannie and Freddie derivatives contracts, would suffer a loss equal to 4% of that bank's equity. But, the OFHEO report adds, "Other major counterparties, however, would incur credit losses equal to 15% to 30% of their equity." This is a very large loss, and one only has to ask, what would be the devastating effect, if instead of 5%, 25-40% or more of the notional value of Fannie or Freddie derivatives were wiped out.

### **'No Housing Bubble'**

The report dodges some of the more risky, but accurate assumptions it could and should have made. These assumptions would have made it even more clear that a systemic breakdown of the U.S. financial system, triggered by a Fannie and/or Freddie meltdown, is not a hypothetical exercise, but an emerging event. Perhaps OFHEO's fear of incurring even harsher criticism held it back from making these assumptions. Most notably: The report repeatedly asserts there exists no evidence of a nationwide U.S. housing bubble, when one certainly exists.

An independent source, familiar with the methodology of the OFHEO report, stated that by the very assumptions that OFHEO makes, which are common to the housing industry, it would be very hard for OFHEO or any agency, to declare the existence of a bubble. In the industry, one key parameter is called the "loan-to-value ratio." This measures the value of a mortgage loan against the market price (value) of a house. The parameter is used to determine whether a household can get a mortgage, and often—but inaccurately—whether the household is able to pay for the mortgage. For example, assume a household has a \$120,000 mortgage on a house whose market value is \$200,000. Then the "loan-to-value ratio" is 60%. Moreover, assume that during the course of five years, the market value of the house artificially doubled to \$400,000, and the homeowner, in order to extract cash, refinanced his or her mortgage from a level of \$120,000 to a new one of \$200,000 against the house. Consider what has happened: The loan-to-value ratio has actually fallen from 60% to 50%, which is considered an improvement; the household's mortgage debt is evaluated as a smaller percent of the total value of the house. Based on that situation, the OFHEO model would assume that as home prices reach ever higher and more unsustainable levels, as long as the loan-to-value ratio is falling, then the homeowner is less likely to default. Therefore, amazingly, if the possibility of defaults is allegedly reduced, there can be no housing bubble.

But assume, realistically, in our example, that during the course of five years, the household's annual income only rose from \$35,000 to \$40,000. Yet, the household's mortgage has gone from \$120,000 to \$200,000. In the real world, the household is less able to pay its mortgage. Were one of the wage-earners in the household to lose his or her job, or other source

of income, the homeowners would definitely have to default on their mortgage. According to this source, it appears that the OFHEO model does not even take account of rising unemployment. Thus, in reality, the situation is worse than even OFHEO admits.

The OFHEO report finally examines what would happen during an escalating systemic meltdown. It cites the U.S. Treasury Department's statutory authority to make a loan for up to \$2.25 billion each to Fannie and Freddie. However, as it dryly notes, such a small amount would be of little help during a generalized meltdown.

Next, the Federal Reserve System would have to step in. The Fed has two standard options it could use in any emergency, such as the 1998 Long Term Capital Management hedge-fund debacle: 1) It could lower the federal funds rate, to liquefy the banking system, and 2) It could make direct loans to the banks, through its discount window, also liquefying the banking system. In both cases, the banks could then use the liquidity extended by the Fed to try to prop up the failing Freddie or Fannie.

But, the OFHEO report then raises the possibility that this might not be sufficient. The Fed may have to up the ante and make loans on a large scale, directly to either Fannie or Freddie, something the Fed has never done before, but which OFHEO says the Fed could do under provisions of its charter. At this point, the crisis would be far advanced, and the Fed would have to funnel money into Fannie, Freddie, and the financial system as a whole, on a scale that would surpass a "wall of money."

However, as the crisis deepened, OFHEO, as a regulatory agency, would have the power to act as a conservator of Fannie or Freddie; that is, to take over and run the institutions. It would direct day-to-day operations, pay the creditors, and attempt to nurse the troubled institution back to health.

But were that to fail, and the crisis continue to build, OFHEO would then have to take the ultimate step: Put Fannie or Freddie into receivership; that is, *liquidate the institution*. OFHEO does not have this statutory authority, an authority it states that other Federal authorities which regulate financial institutions, do have. So, at its end, the report asks, "OFHEO recommends that the 1992 Act [which created OFHEO] be amended to allow the agency [OFHEO] to close and appoint a receiver to manage the affairs of an insolvent enterprise." This end-game move would bring down the U.S. housing bubble, with devastating implications for the financial system. That is what set off the alarm bells.

### Bringing in Brickell

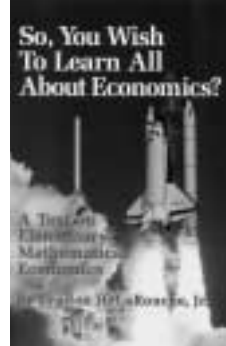
It is a known practice, that a bank or corporation will often euphemistically state, "We are looking at a few small areas that are not actual problems, but that could be troublesome in the future." What they are actually experiencing is quite different: They are in the midst of a full-fledged crisis. Seen from this perspective, the OFHEO Feb. 4 warning

about systemic risk with regard to Fannie, Freddie, and the financial paper of the housing industry in the "future," may be a warning about a systemic event that is about to erupt right now.

Thus, Wall Street's reckless rush to fire Armando Falcon, whose only "crime" is that he warned of a seismic crisis; and his replacement with Mark Brickell, whose only qualification is 25 years of service at J.P. Morgan and other banks, slavishly pushing derivatives and other speculative instruments. Brickell's assignment at OFHEO would be not to regulate, but to act as a control point for Wall Street to crisis-manage the derivatives, mortgage, and other problems at Fannie, Freddie, and the roiled housing financial markets. A failure in the \$11.7 trillion U.S. housing paper market would have Earth-shattering consequences.

Watching these bruising fights, Edgar Allan Poe's brilliant, anti-empiricist detective C. Auguste Dupin, would enjoy a hearty laugh. Dupin would recognize that the brutal firing of OFHEO Director Falcon, one day after OFHEO's report on "Systemic Risk," is the single biggest "piece of evidence" that Wall Street is hysterically scared, and has firsthand knowledge to confirm, that the OFHEO Feb. 4 report's warning of a systemic breakdown is correct. Dupin would rightly see Wall Street's behavior as validation of the OFHEO report's most severe warning, and know that the systemic event could unfold in the days directly ahead of us.

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# UN Projection Drops 400 Million More People

by Paul Gallagher

UN demographers have once again lowered their projections for the future human population, this time reducing their consensus guess at the global population in 2050, by 400 million people. Such scaling-down of population projections has become commonplace since approximately 1990, as the world's physical economy has sunk towards and into depression. This time, however, in a departure from past forecasts, the UN Population Division is pointing to *increased mortality*, or death rates, as an equal cause with falling fertility among child-bearing-age women.

In brief, the UN demographers have increased their forecast of the number of people who will die between now and 2050, by 200 million (more than 4 million more deaths per year), as well as lowering their projection of the number of babies who will be born, by the same 200 million over 50 years. And the driving force behind this sad change is the AIDS pandemic—despite that fact that UN agencies, including the Population Division, continue their 15-year record of *underestimating* the deadly expansion of that pandemic.

## Yesterday's 'Low Estimate,' Today's Consensus

The Population Division produces, and the UN publishes, a *Revision*, or new world demographic survey and forecast, every two years. Its long-range forecast is always stated in terms of a "medium variant" projection—which gets all the publicity—and alternative "high" and "low" variants which only specialists normally discuss. The *2002 Revision*, in fact, starts from population estimates for mid-2003 (6.3 billion for the whole human population), so it could be called a "2003 Revision." **Figure 1** results from combining and comparing the "2003 Revision" with that of 1992, at the time of the Rio World Environment Summit, when the "crushing burden" of future population growth was being apocalyptically warned of. Most striking in the comparison, is that *the supposedly improbable "low variant" of 1992's forecast out to 2050, has essentially become the most-probable "medium variant" of 2003's forecast.* That 2003 medium variant projects a hu-

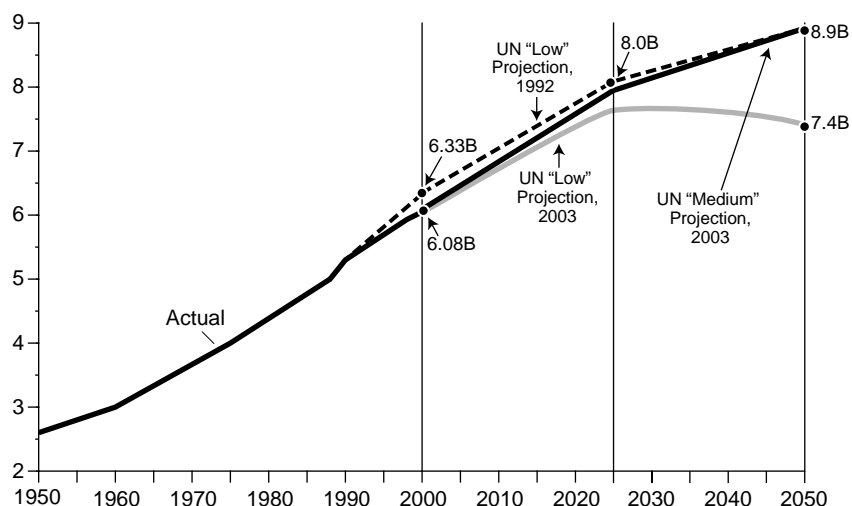
man population of 8.9 billion in 2050, whereas just back in the *2000 Revision*, that forecast was for 9.31 billion. The same can be seen in the forecasts for the year 2025's population: In 1992 it was 8.5 billion; in 1998, 8.039 billion; in 2000, 7.82 billion. Note that even in their "medium variant," UN demographers are predicting the human population to grow at a rate well under 1% per year over the next four and a half decades.

The drop in the latest, 2003 forecast comes from two shifts. First, 75% of *all* countries in the world are now expected to drop below simple-replacement levels of fertility during that time span. And second, the UN has increased to 53 the number of countries for which it is forecasting and "modelling" AIDS-caused deaths. But the UN's medium variant still embodies a critical assumption with no backing: that the "dynamics of the AIDS pandemic" will not change until 2010, after which they will improve, and "AIDS prevalence levels will decline"! This assumption is belied by all recent AIDS conference reports, even of agencies of the UN (see *EIR*, Jan. 31, "AIDS Plague Won't Peak for 40 More Years").

This should provoke us to look at the neglected "low variant" of the "2003 Revision" in Figure 1. It has every prospect of being far more likely, in fact, to reflect what will actually be happening to the human population unless there is an international reversal of current economic policies, which have collapsed physical economies and spread unchecked pandemics and war. That low variant shows the population growth of the human race ceasing entirely about 20 years from now, after which our numbers would begin, and continue, to fall.

FIGURE 1  
**World Population Projections Falling, As Mortality Increases**

(Billions of People)



Source: UN Population Division (*Revisions*), 1992 and 2002.

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# Business Briefs

## Derivatives

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### Buffett Warns of 'Mega-Catastrophe'

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In his annual letter to shareholders, excerpts of which have appeared on the *Fortune* website on March 3, Warren Buffett says that he and Berkshire Hathaway partner Charlie Munger "are of one mind in how we feel about derivatives and the trading activities that go with them: We view them as time-bombs, both for the parties that deal in them and the economic system." He added that "the range of derivatives contracts is limited only by the imagination of man (or sometimes, so it seems, madmen.)"

Buffett said that "the macro picture is dangerous and getting more so. Large amounts of risk, particularly credit risk, have become concentrated in the hands of relatively few derivatives dealers, who in addition trade extensively with one another. The troubles of one could quickly infect the others. On top of that, these dealers are owed huge amounts by non-dealer counterparties. Some of these counterparties, as I've mentioned, are linked in ways that could cause them to contemporaneously run into a problem because of a single event (such as the implosion of the telecom industry or the precipitous decline in the value of merchant power projects). Linkage, when it suddenly surfaces, can trigger serious systemic problems.

"The derivatives genie is now well out of the bottle, and these instruments will almost certainly multiply in variety and number until some event makes their toxicity clear. Knowledge of how dangerous they are has already permeated the electricity and gas businesses, in which the eruption of major troubles caused the use of derivatives to diminish dramatically. Elsewhere, however, the derivatives business continues to expand unchecked. Central banks and governments have so far found no effective way to control, or even monitor, the risks posed by these contracts. . . .

"Charlie and I . . . try to be alert to any sort of mega-catastrophe risk," Buffett wrote, and that posture may make us unduly apprehensive about the burgeoning quantities of long-term derivatives contracts and the massive amount of uncollateralized re-

ceivables that are growing alongside. In our view, however, derivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal."

Buffett's warning provoked "rage in the industry," said the London *Financial Times* on March 5. "Buffett's warning on derivatives is a wake-up call," the newspaper's lead editorial noted, but has infuriated derivatives banks and traders though it "differs little from a string of regulators who have raised concerns about" credit derivatives. "So far, there has been no explosion, but the risks of this fast-growing market remain real," the *Financial Times* said, adding that "the concentration of risk in a few institutions and the involvement of organizations not experienced in the credit market could still trigger systemic problems. As so often in the past, Mr. Buffett sounded a timely warning."

## Aerospace

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### Employment at 50-Year Low

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Not since 1953 has employment in the U.S. aerospace sector been as low as it was at the end of 2002, at 689,000, according to Aerospace Industries Association head Jon Douglass on March 4. Employment in the industry—which includes military and commercial aircraft, missiles, and commercial and government space—has fallen 13% since Sept. 11, 2001, and by nearly half since the fall of the Soviet Union in 1989. The dramatic collapse in employment by 106,000 jobs just since 9/11, was due to the crisis in civil aviation, the decline in commercial space activity due to the decline in telecommunications, and industry mergers and acquisitions.

## Israel

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### Another Record Government Deficit

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Israel racked up another record state deficit in February, as foreigners continued to withdraw funds at an unprecedented rate, accord-

ing to Israel's major daily *Ha'aretz* on March 4. The state deficit hit 2.752 billion shekels for the month. This follows a similar amount for January, which give a total deficit for the first two months of 2003 of 5.43 billion shekels, or over \$1 billion. This is already one-third of the deficit the government had projected for all of 2003; this rate of deficit exceeds 6% of Gross Domestic Product. There is an ongoing collapse of tax revenues, which for February were 11% lower than the year before. If this trend continues, the credit-rating companies will cut Israel's state credit rating, making it even harder to borrow overseas. Durable goods purchases collapsed another 22% compared to the year before.

Benjamin Netanyahu, now Finance Minister, will be implementing a drastic budget-cutting program that will include massive layoffs in the public sector.

Foreign residents continue to pull their foreign currency holdings out of Israel. In January alone, they withdrew \$174 million from Israeli banks. In addition to this, \$74 million was sent out of the country by Israeli citizens.

## Turkey

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### \$30 Billion Loans To Avoid Default

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Turkey needs \$30 billion in U.S. loans to avoid a foreign-debt default, according to international bankers who say International Monetary Fund loans and IMF-backed austerity plans would not be enough to meet all Turkey's debt obligations this year, Bloomberg reported March 4. Interest payments on Turkey's national debt currently use up two-thirds of its fiscal revenue. Turkey would use the U.S. loans to "swap" about one-third of its domestic debt, reducing debt payments and lengthening the repayment schedule. The government borrows in its own currency, at a cost that has risen to 30% above inflation, to make debt payments—and reportedly will have to tap its cash reserves on March 5.

"Financially, there's no way out for Turkey if there's no U.S. money," said a Deutsche Bank economist.

LAROCHE ON THE STOCKWELL SHOW

## An 'Exit Strategy' From War, For A Self-Isolated U.S.

*Democratic Presidential pre-candidate Lyndon LaRouche was interviewed for one hour by Jack Stockwell on Salt Lake City's KTKK "K-Talk" radio on March 3. The interview followed a widely-heard interview with LaRouche by Internet Radio host Jeff Rense on Feb. 27, and an hour interview and call-ins with Washington, D.C. talk-show hostess Bev Smith on Feb. 26. All followed upon the Feb. 22-23 Winter Meeting of the Democratic National Committee (DNC) in Washington, at which the candidate's Youth Movement—as Stockwell put it—"served notice to the DNC," which is trying to bar LaRouche's more and more influential candidacy.*

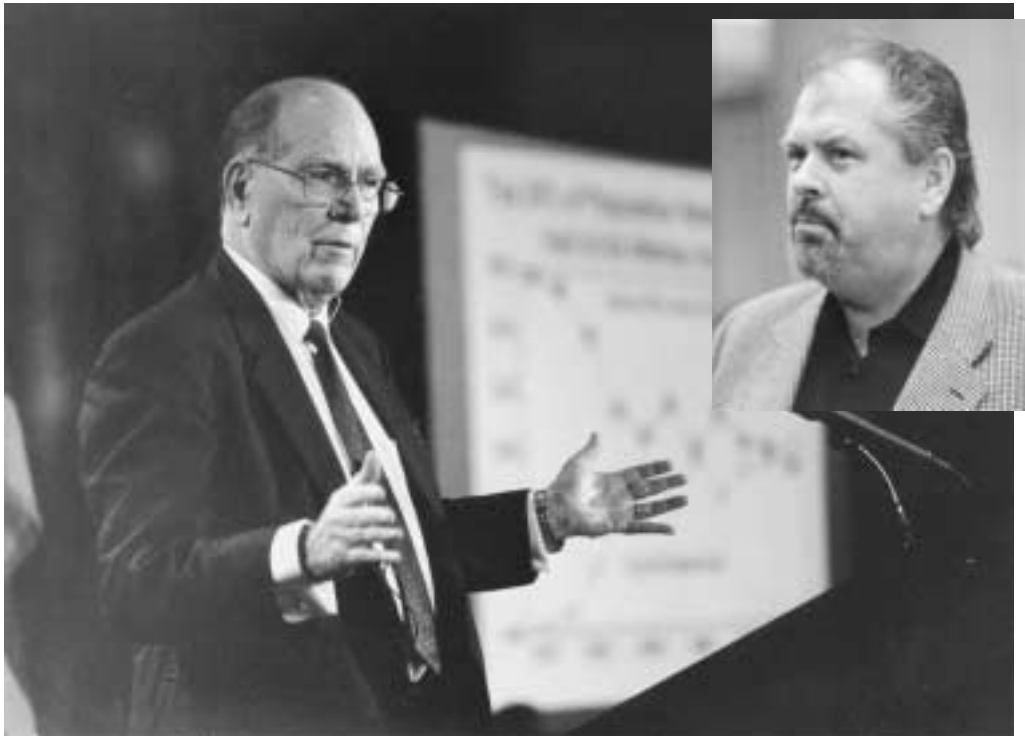
*The thuggery attempted by the DNC's leadership, against the LaRouche Youth and against young College Democrats who were in discussion with them, signalled the now-ongoing attempt by Sen. Joseph Lieberman's (Conn.) organized crime faction of the Party's leadership, to make it an "imperial war" party pushing President Bush into and beyond an Iraq war. LaRouche is determined the Lieberman-Democratic Leadership Council faction will not make the Democrats a war party, and will not succeed in splitting the Party to set up a "Bull Moose" campaign of Lieberman and Sen. John McCain (R-Ariz.).*

*This was the immediate subject on which the hosts of various national radio programs asked to interview candidate LaRouche.*

**Stockwell:** You're listening to the Jack Stockwell radio talk show program, live this morning in Salt Lake City. It is the third day of March 2003. . . . My guest: Democratic candidate for the President of the United States Lyndon LaRouche—should have him on here in just a few moments. I won't be taking any calls for a while, so just save your calls, because I want to let the man talk about what needs to be done, what he would be doing if he were President now.

The thing I'm the most concerned about is an exit strategy for President Bush right now, and we'll talk about that. We'll talk about Russia and Germany and France, and what's going on there, and get a little bit better, a little more clear idea, from somebody who is not so quick to rush off to war, but would rather spend an





*Lyndon H. LaRouche, Jr. told Utah radio talk show host Jack Stockwell (inset), that the best U.S. “exit strategy” from the war, is to join the emerging Eurasian partnership for economic recovery. The alternative is a strategic and economic disaster. Here, LaRouche is shown delivering his State of the Union speech on Jan. 28 in Washington.*

awful lot of time and effort, if I understand him correctly, in rebuilding America, rather than tearing down Iraq. So let me check the line and see if he’s there.

Mr. LaRouche?

**LaRouche:** I’m here.

**Stockwell:** Wonderful. Well, welcome back. I think the last time you were on my program was like April of last year—there may be been a time after that, but I know April, for sure, because that’s the tape that’s the tape that’s on the front seat of my truck.

**LaRouche:** I’ve been travelling a lot.

**Stockwell:** Yes, you have, and there have been several times when there have been key issues coming up, as far as governmental policy, legislation, this thing with Iraq, where I wanted some input from you, and we were unable to get you. But we do have you now, and I have a list of questions in front of me that I want to talk about—or I would like you to talk about—but I think the most pressing issue right now: the sudden capture of Khalid Shaikh Muhammed, and this kind of rough-looking picture they’re showing everybody on CNN right now, and somehow this guy was the one who planned—and by his own admission we’re told—9/11. The thing I’m the most worried about right now, is a safe, smart exit strategy for President Bush, simply because I fear for this guy’s life. I feel for this guy’s life, because there is such a strong, growing swell of anti-war fervor throughout this world, much more than Vietnam saw, and we haven’t even essentially fired a

bullet yet. I’m afraid because of certain coalitions coming together: Russian, German, French, and the failure of Blair to be able to do much more in England about all of this, that our own President’s security may seriously be jeopardized here, in the crazy attempts on some people’s part to stop the war.

**LaRouche:** Well that—I don’t think it’s a danger. I think the danger to the President would probably come from those who would rather have Cheney as President. . . .

### **The Lesson of the Peloponnesian War**

**Stockwell:** Right. That’s the idea. Because if we got rid of Bush, we would certainly be putting the fox in the henhouse at that point.

**LaRouche:** The problem here is the general folly of—including obviously, Condoleezza Rice, the President’s National Security Advisor, who obviously has no competence whatsoever in strategy. In her case, it’s probably because of a lack of education in certain things, but also a bad education under Madeleine Albright’s father, for example, who was her mentor at one point. But, you look at this whole period, from 1988-1989 to the present; and you would have to say, that especially under the Cheney Administration, which is the best way of describing the current policy, the United States has ignored what every competent commander, flag officer, in military service, in Europe or the United States or elsewhere, was trained in. That is the lesson of the Peloponnesian War. And what the United States under Bush, or under Cheney, shall we say, under Cheney’s overreaching influence, is doing, is violating the lesson of the collapse of Greek civilization

as a result of a decision to launch the Peloponnesian War, which is exactly what the United States policy is now, in terms of its intent to launch the war on Iraq.

So this idiocy, which could mean the destruction of the United States as a nation, is what the present Administration is actually bent on doing in the name of some nebulous—looking for some Sheikh This or That or Caliph This or That on the question of Sept. 11.

The war policy was set into motion under the first Bush Administration, by then-Defense Secretary Cheney. All the crucial elements of this policy, including the war in Iraq, were set forth as policy by Cheney, back during the first Bush Administration. Then, Cheney's policy was suppressed by President Bush, Scowcroft, James Baker III, and so forth. This time, Cheney is in as Vice President, and he's revived a policy from 1991-92, which happened a long time before there was any mention of Sept. 11, 2001.

So the idea that the cause of this problem stems from reaction to [Sept. 11,] 2001, is a complete fraud. This policy, every feature of it—including the nuclear-weapons attack policy, which is embedded in this thing—was put into place by Cheney as Secretary of Defense, back under the first Bush Administration, '91-92, and George Bush, President then, sat on it.

**Stockwell:** So, we are just being given some kind of a cover by this bushy-haired guy coming out of some yak-cave somewhere that they suddenly discovered, this Khalid Shaikh Mohammed, trying to take the focus off of maybe the immediacy of some even pre-emptive strikes on the part of the government; take the focus off of the anti-war people, by saying, "Here, here. We told you, we told you, you see? We got him, we got him."

**LaRouche:** Well, we created al-Qaeda—we and the British, with Israeli participation—created al-Qaeda, and created Osama bin Laden, among others. So these are *our creation!* Just as Iraq was given chemical weapons by Donald Rumsfeld, back during the first Bush Administration.

**Stockwell:** To supposedly defend themselves against Iran.

**LaRouche:** Yeah, well, the point is, this is exactly—this is the same mistake. The collapse of the Soviet Union was used by some idiots in Washington, to launch a policy which is a direct copy of the folly of ancient Greece, in launching the Peloponnesian War. Exactly the same. Which means that there's nobody in the U.S. government behind this military policy, who has had, for the past 12 years, a semblance of competence, as a diplomat or as a military officer, in strategy. They should all be fired for incompetence in diplomacy and military policy.

**Stockwell:** All right. Let me get a traffic report here, and then I'll come back with some specific questions. . . .

If you're just tuning in ladies and gentlemen, Lyndon



*The Bush Administration is repeating the folly of ancient Athens, which launched the Peloponnesian War, thereby dooming itself. Here, the Battle of Marathon in 490 B.C., where Athens defeated the Persian army. It later tried to become the imperial superpower of that time.*

LaRouche, live from Virginia, is on the air with me—Democratic candidate for President, regardless of what the DNC might think.

Now, when you talk about comparing the coming, or supposed anyway, attack by U.S. forces against Iraq, to be tantamount to the Greek Peloponnesian War, that destroyed their civilization, are you saying that in light of the fact that we do not have a manufacturing-based economy that could possibly support a long, detailed war; that we have an infrastructure that's falling to pieces—

**LaRouche:** No.

**Stockwell:** —an international economic backbone that has now snapped, with vertebrae busting all over the place? That the average gas price in the United States has gone up 25¢ in the last couple of weeks. Are you saying it in that sense of the word?

**LaRouche:** No. It's even worse than that. You have a group of people who trace from the influence of people like Bertrand Russell, H.G. Wells, the late Leo Strauss of the University of Chicago, and people like that—complete ideologues. Remember what happened in the Peloponnesian War: The Greeks, both of Athens and Sparta, created a coalition which defeated the Persian Empire. They didn't crush it, as Alexander did later, but they defeated it. They took the allies of Greece, the allies of Sparta and Athens, and they began—Athens attempted to impose imperial power to exploit and dictate to members of its alliance, just the way the Bush Administration now is trying to dictate to Europe. This was the

initial cause for the Peloponnesian War. Greece moved in to suppress one of its own allies, because the ally refused to get down and crawl and eat dirt. Then, Greece did something even more stupid: They went to war against the Greek civilization in Southern Italy, including Sicily. This destroyed the Greek civilization, and created the basis for the later emergence of the Roman Empire. And this was how Greece was destroyed.

We, now, having, with the collapse of the Soviet Union—some idiots, who have never read a book, particularly Thucydides' *Peloponnesian War*—took our allies in Europe and elsewhere, and we began to treat them *exactly as Athens, under Pericles and Alcibiades, launched the Peloponnesian War which destroyed Greece.*

What is happening is, we are losing, not only our economic power. We're losing our relationship to our friends and allies around the world, so that we no longer have the more important power than military power, which is *diplomatic* power, power in foreign relations. We are losing our allies. We are becoming a self-isolated, self-destructive nation, who also, in the process, are in a collapsing economy, under a George Bush, whose current budget, if it continues, means we're headed for at least a trillion-dollar Federal budget deficit. Newt Gingrich should hear about that!

## How Bush Could Change Course

**Stockwell:** Well, he is crying for tax cuts, even in the face of this rising U.S. budget deficit. That probably should pretty well typify the kind of thinking that is coming out of the Oval Office.

**LaRouche:** But they're playing with him. The President is being played by a group around Cheney and some others, with this mentality. I know this group of people.

**Stockwell:** Now, you're talking about the "Mega Group"?

**LaRouche:** Not only them. The Mega Group is a reflection of this crowd. Remember, the Israeli Zionist factor, the right-wing fascist section of Zionism, involved in all these policies, is a creation of an Anglo-American interest. And if you just think about it: If Israel goes to war in the Middle East, under the present conditions, Israel will have a destiny like that of a hand grenade, which is thrown against a target. It may destroy the target with its nuclear weapons, but the hand grenade will be burst into fragments. Israel will be doomed if it goes with the policy of Sharon with support of people like Cheney.

So the Mega Group, while it is a powerful group in the United States, is not the author of this policy. There are people who launched this policy in the first place who are behind it. Admittedly, the Mega Group controls the gangster section of the DNC, around the Democratic Leadership Council, but they are not the real factor. They are simply a tool, a corrupt tool of these interests which planned this whole crazy strategic policy.

If you want to find an evil place, look at the University of Chicago, under the influence of Russell and Hutchinson and so forth. That's where this evil comes from, largely.

**Stockwell:** Well, Sharon won the election a month ago, and the people who voted for him know his warlike attitude regarding the entire Middle East.

**LaRouche:** I think, in terms of the supporters of Sharon, the use of the verb "to know," is really a contradiction in terms. I don't think these people know anything. I think they're insane.

**Stockwell:** Well, let's go back to an exit strategy for the President, so he can save face. Now what are the Russians, the Germans, and the French going to do about this? Now even Turkey, the legislature of Turkey is saying, "Hey, wait a second, wait a second. We're not so sure we're going to let you guys land your troops here."

**LaRouche:** Oh, 80% of the Turkish population wants no part of this war.

**Stockwell:** Yeah. So now you've got this coalition being formed by Putin and Chirac, Schröder, coming together—how much influence are they going to have to stop this?

**LaRouche:** Well, this is a really difficult situation to read in that respect. Simple predictions can not be made. Forecasts can be made, but not predictions. What is happening now, on the good side, is that there is a strong partnership developing in Europe among Russia, German, and France, among others. The Blair government is about to be dumped—we don't know exactly when—but Blair, in England, is about to be dumped by the British, because the British want to be part of Europe; Turkey wants to be part of the European Union. These countries are looking at a coalition, an economic coalition, partnership, with north Asia—that is, Japan, Korea, China; Southeast Asia, the so-called ASEAN group; and India. This coalition, or this partnership, is the only hope for a recovery of Eurasia from the deepest depression in modern history. The United States, if it had its wits about it, would wish to be a partner in that arrangement, to get our share of this general economic recovery.

So that's the nature of the situation. We have, on the one hand—if we decide to be sensible, and not make the mistake of Alcibiades in the Peloponnesian War—we will then re-create our partnership with Western Europe, with north Asia, with India, with Southeast Asia. We'll re-create that partnership, and with our friends to the south—Mexico and so forth. We will then go for economic interests of the United States, which are the same as the economic interests of the world at large, with our special approach to it.

**Stockwell:** We can't build anything any more.

**LaRouche:** We could. I could succeed in getting this thing going.

## America at the Edge of an Abyss

**Stockwell:** But what do we have to offer? If you were President, what would you change?

**LaRouche:** Well, first of all, the main thing we have to offer is our history: Our history—we are a unique creation, as a nation. We are the only *true* modern nation-state republic ever formed. We're formed under the influence of Europeans, such as the followers of Leibniz, through Benjamin Franklin. We created, around the Preamble of our Constitution, which is absolutely unique, the only basis for a moral conception of a modern republic; that is, the principle of total sovereignty of our nation and its government over all our territory; the fact that government is not legitimate unless it is efficiently committed to promote the general welfare; and thirdly, that legitimacy in promotion of the general welfare, itself is not legitimate, unless it's a commitment to posterity, that is, coming generations.

In all these points, the current government, and the current DNC, is in violation of the Constitution, just as five members of the Supreme Court are. But it's that tradition—the tradition of Franklin, of Washington, of Lincoln, and Franklin Roosevelt, and also Garfield, and Blaine, and John Quincy Adams, and so forth—it is that great tradition, unique tradition of the United States, which is our greatest power. Nations of the world used to love us because of that. It's when we turned against that, turning against our own soul, so to speak, that we've become weak, as we've become in the past period.

**Stockwell:** How did this happen, Lyndon?

**LaRouche:** Well, we've always had two factors in the United States, from the beginning; from, say, 1763, when the British government decided to openly move to crush us as colonies. At that time, we broke into two factions, leading factions. One, were the American patriots, gathered around Franklin; the second was a group called the American Tories, typified in New England by the Essex Junto, who later became the famous drug pushers; and then, the New York bankers, under this traitor Aaron Burr who founded the Bank of Manhattan, and his successor Martin van Buren. And also, then, the Southern slaveholders.

So these factions, which constitute the Anglo-Dutch Liberal tradition of the so-called American Tory tradition—which [Franklin] Roosevelt denounced as such—this division between two, the patriotic and the American Tory traditions, has dominated, in a see-saw fashion, to the present day.

Presently, since Roosevelt, and especially since Eisenhower and Kennedy—Johnson was not a bad guy, but he was in a terrible situation as President—the see-saw has gone toward the American Tory tradition. The American Tories have dominated our politics, have dominated our political parties, to the present time. We've now come to the point that the domination of our institutions by the American Tory tradition, has brought us to the edge of an abyss. Either we change, and go back to the American patriotic tradition of

Franklin Roosevelt and so forth, or we're doomed. And that's the option right now. That's where we are.

## Pathology of Popular Opinion

**Stockwell:** Well, what happened to society as a whole that underwrites the actions of their political leaders by continuing this ridiculous incumbency race?

**LaRouche:** Well, you see mostly, your populist will always call in, and say it was some leader, or some misleader that destroyed us. That is not quite true. Tragedy—and we are now a tragic case, as a nation—always comes from the people. Tragedy always is rooted in popular opinion, as the tragedy of Greece, which supported the Peloponnesian War; or the tragedy of Rome, where popular opinion, called *vox populi*, supported the imperial policies. A nation is destroyed by its own popular opinion. Therefore, you say, what controls popular opinion? What prevents it from these pathologies, which it tends to slide into?

**Stockwell:** CNN.

**LaRouche:** Because the small-minded person tends to think in terms of “my interests,” in a narrow sense, greed, and think in terms of their mortal pleasures, the mortal greed. They don't think in terms of what we would—say, a Christian conception—of what their immortal interest is. And therefore, we depend upon, in all modern society, so far—we depend upon the appearance and acceptance of leading people who have this sense of immortality, that Shakespeare's Hamlet famously lacked. And it is such leaders, such as Abraham Lincoln, or Benjamin Franklin earlier, or Franklin Roosevelt, who enable us to come out of our own corruption, a corruption which becomes rooted in popular opinion, and leads the people to rise above the level of corrupt popular opinion.

**Stockwell:** Is this, then, not a side-effect of a very production-oriented economy, or production-oriented society, that at one time we were living with foul drinking water and living in the dirt. . . .

**LaRouche:** Yeah, sure. Exactly. When you create—see, that's leadership. The purpose of the Constitution, the purpose of the American System of political economy, as typified by Hamilton and so forth, is not merely to make us prosperous. It did; it always has, every time we used it. The purpose is also a moral purpose. Leadership of our nation is not just leadership in war. It's leading our people to rise morally. The first basis of moral leadership, is the commitment of parents to their children and grandchildren. But it's also higher than that. It's a commitment of the parents' generation to the general welfare of the coming generations of the nation.

Therefore, the function of leadership in government, is largely economic, in the sense that we must have economic policies, which rely upon the creative, scientific, and related potential, cultural potential of the people, to give the individual a sense that they are important, because they have some-

thing to contribute *now*, beyond their death which is inevitable, to future generations. And when a person can say, “I am important, because I am useful. I am creating the preconditions for the achievements of my society, and future generations; I’m creating the preconditions to improve the world as a whole for the people on this planet”; then you have the sense of “I am truly a necessary person, and I have a right to be respected, because I’m a necessary person.”

The way to destroy a nation is what is being done, for example, against African-Americans today, with this so-called reparations pitch. The reparations pitch is the most effective—more effective than the Ku Klux Klan—in putting the African-American back in the dirt. Because you are taking African-Americans and destroying them by the cultivation of greed, rather than a sense of the contribution—such as Martin Luther King typified—the contribution to the welfare of the nation and humanity as a whole.

**Stockwell:** So, you take a group of people like Tom Brokaw identified as “the greatest generation”—those who came home from World War II, who had a sense of achievement, who had a sense of putting their lives on the line, who came back and knew they were valuable, and had value. Then they come back into a growing materialist society that is being dumbed down by changes of education techniques, to produce the kind of people that have shown up over the last two to three decades, coming out of our so-called schools, who have no sense of value, who have no sense of achievement, who have no sense of cooperation, who have no sense of genius at all, never having experienced a moment of genius. You end up with a blue-collar work crew who is willing to do anything that they can to get the newest truck that comes down the line, without the least sense of individual value.

**LaRouche:** That’s right: without the sense of what they are doing *for* society. You know, the power of Christianity, of actual Christianity—as opposed to this stuff: “If the Battle of Armageddon comes, I don’t have to pay my rent next month”—but real Christianity: a sense of *contribution* to humanity. That’s what the issue is. If you think that you, as a person, are important in God’s eyes, because you’re performing a mission, for the benefit of future humanity, then you have all the moral strength you need.

### ‘We Need Leaders’

**Stockwell:** All right, I want to pick up on that in a moment. . . .

If you’re just tuning in, ladies and gentlemen, my guest is Lyndon LaRouche, Democratic candidate for President of the United States, and we’re talking to him live back in Virginia. We will for the entire show this morning. We’re going to delay phone calls, just till Mr. LaRouche can get some ideas out here into the mill, and we’ll see what we can do with them.

So then, following up, Lyn, with what you were just saying there a moment ago: How do we get that value back,

versus what CNN is trying to do by giving us these “bad guys”? Here are the problems, ladies and gentlemen, this al-Qaeda group on the other side of the planet; who blew up the World Trade Center; who sits around in these dark corners, mumbling little words, sitting on their butts, with their Kalashnikov rifles, leaned up against the wall, mumbling so we can hardly hear them, about what they’re going to attack next. This is the framework of the American mind seeing the problems of today, *reduced* to a bunch of yak jockeys with cell phones, running around the deserts trying to hide from American forces.

When you have that kind of a focus, how do you get people to have some sense of value back into them, realizing that we have seen the enemy, and it is *us!*

**LaRouche:** Yeah, right. What is needed for this, is a real epiphany. These guys have to have a real epiphany. Now, an epiphany has two aspects to it: One, is you have to really get a sense of what a stinking character you’ve become; and also, a potentially doomed one. So you get down in the dirt, and you say, “I’m a stinking fool. I’m not fit to exist.” That’s the first stage of epiphany [laughing]. The second stage is to get a conception of what you should be.

Now, for example, I often use this case of Jeanne d’Arc, who’s called Joan of Arc, in France. And I’ve looked at this case, not only from the standpoint of dramatic treatments of it, but also the historical facts of her case, which are rather extensively documented, and therefore, it’s a very useful historical example.

Here’s France, which was then under a completely corrupt existence of these so-called Norman, Plantagenet, etc., Anjou crowd. France is not a nation. She is a peasant girl. . . . France is in the process of being liberated, under her influence. But then the king betrays her. She’s then taken by the Anjou crowd, the British crowd, and subjected to the Inquisition. She has a chance to escape with her life, by them. But she refuses that, because she would have to betray her mission to do so. So therefore, she consciously chooses to be burned alive at the stake by the Inquisition, rather than abandon her mission. It was the inspiration of her action, her commitment to this mission—this unswerving commitment to that mission—which made possible the first modern nation-state: France, under Louis XI, and the freeing of France from this occupation. It also inspired, to a large degree, contributed to inspiring the 15th-Century Renaissance, out of which modern European civilization came.

Of course, among Christians, this is seen as in the image of Christ, in the Passion and Crucifixion of Christ, in dying for all mankind. That people who have a sense of certainty of immortality, of the meaning of their life, can, under conditions of crisis, when people are grovelling in the dirt—and realize they’re grovelling in the dirt, and saying, “Woe is me”—then, they can undergo an epiphany, and say, “No, I’m going to become a good person.”

And that’s what the American people need. They need



to—instead of somebody trying to bribe them, corrupt them, titillate them, amuse them—the American people have to realize how bad the situation is in the world. How disgusting we have become as a nation, as opposed to what we are historically, and resolve to return to our true self. We need leaders. I’m operating largely in a vacuum. There are many good people who are good leaders, in the United States, but they’re not in leading positions, generally. None of the candidates for the Democratic nomination I’ve seen now, are fit to be President, under these conditions. Because none of the them are willing to recognize the need for an epiphany to escape from the tragic course which both major parties are on today. Therefore, my role is that of *causing an epiphany*. And that’s the only way we’re going to get out of it.

**Stockwell:** Well, when you get down in the dirt, and you’re grovelling in the dirt, looking for that epiphany, as I—believe me—I have gone through this myself, and I highly endorse and underwrite what you’re saying. It doesn’t necessarily take the death of some consummate example of human leadership to inspire people. If you could get enough people down in the dirt, and have their own epiphanies.

**LaRouche:** Um-hmm.

**Stockwell:** I mean, the death of the Christ-type, for once and for all should have been enough, if we understand His mission correctly. But then, there are people upon whom this is thrust, isn’t it, as in the case of Jeanne d’Arc; in the case of Martin Luther King?

**LaRouche:** Yes.

**Stockwell:** Martin Luther King could have stepped down from the life-threatening position that he was in. But he marched on, even knowing that there were death threats against his life. And with his death, was the end of the Civil Rights Movement. And that has now degenerated to this condition you described a moment ago, with reparations for African-Americans that would further reduce their dignity and their humanness.

**LaRouche:** Yeah.

**Stockwell:** The same thing we’re doing with the American Indian, by giving them gambling casinos.

**LaRouche:** Yeah, which American Indian leaders recognize as corruption, and hate it.

**Stockwell:** Yes, it doesn’t do them any good. It’s a microcosm of what happens when you have a cash-based economy as opposed to a production-based economy. You throw out some cash, you throw out some money; people now are moving out of mobile homes into cardboard houses; they suddenly are driving the newest, latest-model trucks instead of the old things; their debt continues to accumulate; in fact, the debt of the American population continues to go to astronomical

amounts, with no production behind it, to show anything for it.

How can a society, then, have any sense, really, of their own value, as long as we have an economy that’s based on cash, rather than on production, rather than real achievement, self-discovery?

**LaRouche:** Well, again, this is always this problem of leadership, is that—which is always downplayed by the populists, who attack—they attack Roosevelt, for example. You have these populists who try to find some little dirty thing they can allege against Franklin Roosevelt. And that’s what kills us; that’s actually the degradation of this.

## The Case of Billy Mitchell’s Trial

**Stockwell:** Yeah, they get this Freedom of Information Act, that seems to implicate President Roosevelt knowing something about the attack on Pearl Harbor, before it occurred, *totally missing* the TVA concepts: what happened with Grand Coolee; what happened with Hoover Dam; what happened with the St. Lawrence Seaway; what happened with the TVA; what happened with the railroads; what happened with the productive capability he put back in the country, that allowed us to defeat Nazism.

**LaRouche:** Well, also, you’ve got to look at the fact that, on the Pearl Harbor case, which these guys play with, that people who make that criticism, don’t know the ABCs of the situation. So somebody puts out a book, or a couple of books, and commentaries on books, and purports to explain this “conspiracy.” And they don’t realize, they don’t know what the significance was of some famous cases.

For example, the Pearl Harbor attack was planned jointly by the British and the government of Japan—the Mitsui faction of Japan—during the early 1920s, during the period of the so-called Naval Power negotiations, in which Japan and Britain set forth a plan for a naval attack on the naval forces of the United States, to humiliate it. In which, of course, Japan was assigned the mission of attacking the Pearl Harbor Naval Base. Now this was in the early 1920s.

Now, we had the famous case, trial [in 1925], of Billy Mitchell. What Mitchell had said was that it was possible to defeat a Japan naval attack upon Pearl Harbor, and he mentioned this in his trial. Now, Mitchell was privy—as all general officers of that type were—was privy to the fact of the British-Japan plan for an allied attack on the United States; that is, by Britain and Japan. Therefore, he said, “No, we can create aircraft carriers, and we could sink Japanese battleships and cruisers with bombs dropped by aircraft carrier on an attacking fleet.” That was his argument.

The section of the Navy which was pro-British in a sense, in some of their thinking—American Tory thinking—were against that. And they induced his court-martial over his pushing of this issue. MacArthur later, who was on the trial—agreed that his biggest mistake, as a leading officer, was to allow the court-martial of Billy Mitchell.

So that, people don’t realize that we had a certain rotten-



*Dr. Martin Luther King during the Aug. 28, 1963 March on Washington. King's sublime leadership was a contribution to the welfare of the nation as a whole. The demand for "reparations" today represents a descent to a lower cognitive level, reflecting the failure of the civil rights leaders who succeeded King, to live up to his moral standard.*

ness inside the U.S. military and other institutions, which were opposed to Roosevelt's policy on war against Hitler, and so forth. And that these people goofed. They were not enthusiastic for Roosevelt's preparations, which had started in 1936, to prepare the United States for the inevitability, at that point, of a world war launched by Hitler. And that was the issue.

So these guys, the populists, *ignore* the historical reality. Because these populists often, you find, are very sympathetic—particularly this type—are very sympathetic to the American Tory line for populists. And therefore, they don't realize, like some of the enthusiastic supporters of Cheney, what they're involved in. So they're foolish people.

### **Cutting Our Own Throats: Deregulation**

**Stockwell:** My guest, ladies and gentlemen, if you're just tuning in, Lyndon LaRouche, live from Back East. We just arranged this over the weekend, so I didn't have any time to advertise it.

You made a comment there, a moment ago, about populists ignoring historical reality. We have a government full of populists today. From whence doth populism spring?

**LaRouche:** It comes from the moral smallness of the individual, who never gets through adolescence; that is, to psychological maturity. The best example of populist idiocy and immorality is deregulation. Deregulation has destroyed—is a major factor in destroying—the U.S. economy. It was protectionism which enabled us to develop our econ-

omy. It was protectionism on which the economic power of the United States was based. It is protectionism on which modern civilization depends.

If you can not make long-term capital investments of 5-25 or more years, at fixed rates in the 1-2% Federal rate level, without having interest rates fluctuating up and down; if you can not make investments without some predictability as to prices of the products you're going to produce with those investments, then you can't have capitalism, as it's called. You can't have progress.

So, out of cupidity, the little guy says, "We're gonna get it cheaper. We gonna get it *cheaper*." Therefore, they vote deregulation on the assumption they're going to get a little bit knocked off on the price. And they're going to say, "The price will be right then." And these idiots destroy the very economy. As a result of that, many of these idiots, who are in the lower 80% of family-income brackets, have had a *collapse* in the real, physical standard of living, and life-expectancy, of people in the lower 80%, over the period since 1977. And during this entire period, they've continued to vote, in large numbers, for deregulation, systematically cutting their own throats out of cupidity.

**Stockwell:** So now we have, as a result, 33, I think, at the end of last year, 33 steel companies in bankruptcy. We have one right here, in the Salt Lake area, a steel plant, called Geneva Steelworks, been in bankruptcy a number of times. I heard a report the other day, that it was about to come out of



*Demolition of a steel mill in McKeesport, Pennsylvania, in 1985. American populists cut their own throats by supporting free trade and deregulation, in the interest of getting a “cheaper deal.” The result: no U.S. economy!*

bankruptcy, or they were about to settle the problem with Geneva Steelworks; and as it turns out, what they were talking about is a company moving in, that will buy it all out, and *dismantle the steel plant to the ground*, and build a “business park.”

**LaRouche:** What they did in Pittsburgh, the Pittsburgh area. We are destroying our own economy under this populist ideology. Yes, there are people behind the schemes who are looting things, and enjoying, *lusting*—like the Enron mentalities, huh?—who really belong in prison, I think, for their own safety. Otherwise, they might get lynched, sooner or later. But, at the same time, people’s cupidity: They don’t realize that they’re cutting their own throats by supporting and tolerating this so-called “free trade,” “globalization,” “deregulation” nonsense. And they’ve done it. They’ve done it to us over the past period, since the mid-1960s, especially since 1971.

**Stockwell:** We’re coming up here on the news break in just a moment, where we will be going to national news for several minutes.

When we get back, I’d like to talk about “Patriot II,” and what John Ashcroft has in mind for maintaining a sensible state of homeland security in this country. I’d like to talk to you about your ideas of the Super-TVA, and what you would be doing if you were President now, besides ending this Iraq foolishness, to help to spread—well, at least to resurrect the ideas, beginning with Leibniz, and then through Franklin, and through those of the Founding Fathers, along with Franklin, who finally caught the vision of a republican form of self-rule that was committed to the sense of the moral nature of man in the promotion of the common

good of all. That what is good for the rich, is also good for the poor—that kind of an idea.

And maybe even get a little bit further into this Iraq thing. . . .

If you want a copy of Mr. LaRouche’s State of the Union address that was given on the same day as President Bush’s, or you’d like a copy of the latest edition of *EIR* magazine, you need to call 1-888-347-3258. . . .

## **Economic Cooperation Is the Way Out**

**Stockwell:** We’re back, six and one-half minutes after 8:00 here on the third day of March, 2003. You are listening to the Jack Stockwell radio talk-show program here in Salt Lake City. My guest is Lyndon LaRouche. . . .

Lyn are you back there?

**LaRouche:** Yes.

**Stockwell:** All right. Let’s plow on here. I received an off-air call during the news break that talked about down on 17th South in Salt Lake, the old Chicago Bridge & Iron Works is being dismantled, and going to be replaced by a car dealership. Like people are going to have money to buy cars in this continuing depression. Although our Governor, Mike Leavitt, just Thursday of last week made the comment—and I heard it on Fox News—that now that our economy has made the turnaround, and is going back towards a strong, stable economy, we have a lot less to worry about.

**LaRouche:** Haha! Famous last words!

**Stockwell:** Yeah, famous last words: that we’ve made a turnaround. You know, the people that manufactured steel items out of the steel plant at Geneva, are also being disman-

tled. And we have that going on clear across the entire country. As bad as it's been here, obviously, Pittsburgh, Bethlehem, Pennsylvania; Steubenville, Ohio; wherever there have been centers of steel manufacturing, there are an awful lot more people out of work than there are in Salt Lake City.

**LaRouche:** Yep.

**Stockwell:** So, let's go on here, back to Iraq: How is President Bush going to be able to save face, and step down from this nuclear nightmare that we're on the very eve of?

**LaRouche:** Well, one way, that you've got to keep your eye on, because it may be news breaking for you there; and that is, there are people who are trying to find various ways of getting the President to, shall we say, comfortably back out of this war; including people on the Republican side, and people close to the Bush circles.

Now, one of the ideas was, to have a focus of U.S. military forces—which are now in the Middle East getting up toward the 200,000-level, totally, in the force capability—to use those, in some way, in the area. One proposal was to hit areas of no-man's land, which are terror spots, on the borders of Iran and Pakistan, and thus, say we licked 'em, and we pack up and go home.

Now this particular attack on Khalid [Shaikh Muhammed] smells of something in that direction. So, we don't know exactly what it means—why would they come up with this story, which on one hand, makes no sense, because that is not what happened on Sept. 11. But nonetheless, there is a terrorist capability, which the British, the United States, and the Israelis built up—during the period under Brzezinski, and afterward, as part of Iran-Contra—where we recruited a lot of people to al-Qaeda, against the Soviet Union, and we're using those same people now against Russia in Chechnya. We're still doing it.

So, one thing is to say, okay, this terrorist capability, which we set into motion—we, the British, the United States, and the Israelis—maybe we should shut it down. And therefore, some people say, well, let George Bush have a victory against the international terrorist organization—which is, in a sense, this guy, these guys. So keep our eye on the ball on this one. That is not the real problem.

Otherwise, my view is that the problem is, the Democratic Party, at the top, is a dismal failure. You have people like Senators Kennedy and Feinstein and Daschle and others, who would like to get the economic issue up front, and get the war issue off the table; and that way, we could get the American people mobilized for the sense of an economic recovery. And once the economic issue is on the table, and people are looking at how bad the economic issue is—as you cite the case of the steel plant there—and say, this is crazy! We're destroying our productive capability. What's going to happen to us if we do this? And once people start to think in those terms, then they're going to think in terms of cooperation with our friends to the south, in the Americas; cooperation with our friends in Europe and Asia; for a general economic recovery program.

That is, in my view, the real breakout, that is the real escape, from this present war mania.

## Organized Crime in the Democratic Party

**Stockwell:** The recent meeting of the DNC, just kind of finding things that they can pick apart in the Bush Administration; but still, the strong current there was this underwriting of this issue over in the Middle East. You described in the last hour, that there was a vacuum of leadership in the Democratic Party right now.

**LaRouche:** Yeah, there's a vacuum, and then there's a bad element. Remember that organized crime has a direct influence over a section of the Democratic Party, called the Democratic Leadership Council. Typical of the pro-Buckley case of Senator Lieberman; just as on the Republican side, you have also organized-crime-money-backed, you have John McCain. So you have these elements in the parties, which are linked to organized crime, which have oodles of money when most people don't. And they're able, with their threat to withhold their money, if they're not pleased, to create the kind of situation in which the Democratic Leadership Council calls itself the Democratic National Committee, but isn't—it's not really the Democratic Party. It's something strange, a parasite, that's attached itself to the Democratic Party since 1981, approximately.

So, this is a real problem. And these guys are not exactly patriots—they're thugs, and they behave like thugs. What happened there was simply a demonstration of outright thuggishness. You get that where Max Fisher is involved in Michigan: The friends of Max Fisher behave like thugs, not as Democrats. They're not interested in discussion; they're not interested in the truth; they're interested only in getting money from these families which are traditionally organized-crime families.

**Stockwell:** And in return, organized-crime money gets what?

**LaRouche:** They have their pleasure of what they're doing. I think there's a certain Satanic quality to this organized-crime mob. I know them somewhat, from experience. And I would say, if you want to find a bunch of people who are intrinsically Satanic, you take the typical American mobster. You take especially, the families of organized crime associated with names such as Max Fisher, the Bronfman family, Lauder, with Mike Steinhart of the Lansky mob, and so forth; Lieberman's a part of that. These guys—behind them, behind these kinds of politicians are real thugs, and there's a Satanic quality to them, which is not to be underestimated.

**Stockwell:** When you say "Satanic," what do you mean by that?

**LaRouche:** You know, a man who gets pleasure out of seeing a woman degraded to prostitution; or people, for example, in Nevada, who are thinking of putting taxi meters on the sexual organs of legalized prostitutes in that state—



*“The friends of Max Fisher behave like thugs, not as Democrats. They’re not interested in discussion; they’re not interested in the truth; they’re interested only in getting money from these families which are traditionally organized-crime families.” Left to right: Ronald Lauder, Sen. Joe Lieberman, and Max Fisher.*

you get this kind of thing, you get a sense: This is really Satanic stuff.

**Stockwell:** Well, again, the same thing that we’re doing with the American Indians by turning them into gamblers.

**LaRouche:** Exactly! That’s corruption. And getting pleasure out of it. And what they’re really up to, you know, with the American Indians, or these projects, these gambling-syndicate projects—these are really aimed at grabbing the natural resources, which otherwise are protected under our laws, as being Native American treaty resources. Therefore, what they do is, they suck these guys into a gaming operation, or, like the case in Connecticut when they invented tribes for this purpose—they just invented tribes!

So, they’re Satanic. The idea of victimizing, and pleasure in looting these poor people, these poor Indians, by telling them they’re going to get riches out of gambling, legalized gambling.

**Stockwell:** Then you get them hooked on the cash flow, and then you get them to sign away the resources sitting on their land.

**LaRouche:** And you take it over. That’s what the big racket in the state of Arizona is, exactly that. And you talk to the actual legitimate American Indian leaders there, and they will—if they trust you, confidentially—tell you exactly what they think about this stuff. That is Satanic: to take very poor people—and the Indians are generally very poor people—you take very poor people, and you get pleasure out of doing that kind of thing to them. You have to be Satanic.

**Stockwell:** Yeah, but because of the populist idea, you can get a lot of less-than-completely thinking individuals,

especially in white America, to go along with it; because most white Americans feel guilty about what happened to the Indians, anyway.

**LaRouche:** That’s how great empires destroyed themselves, with exactly such talk.

### **Ashcroft: Himmler Reincarnated**

**Stockwell:** All right. Let’s go on to a couple of other things. I want to talk about the Patriot II bill, and what Mr. Ashcroft, what our Attorney General has in mind for us in the sense of gutting out what is left of the Bill of Rights. Where is he coming from? What is he trying to achieve here? How much autonomy does he have from the group of thugs that is influencing the President; and how much is he one of the thugs himself?

**LaRouche:** If you imagine the ghost of Heinrich Himmler, the Nazi concentration camp boss, Heinrich Himmler, reincarnated as a headless gorilla, you have John Ashcroft.

That’s essentially—this guy is—I warned against him. I tried to get the Democratic Party to move to prevent his being confirmed. He has done nothing which I didn’t warn the Democrats and others of, at the time he was appointed, designated. They didn’t listen, and now they’ve got it. We have a potential *Nazi*, and I’m saying “Nazi,” but really demented Nazi, not a clever Nazi, but one who is really demented. Imagine a headless gorilla, pouring ointment on himself every morning: You’ve got John Ashcroft. This guy’s a nutcase, and he’s extremely dangerous.

**Stockwell:** Is he getting any resistance in the Justice Department? Is he getting any resistance in Congress?

**LaRouche:** Well, the Justice Department has been—the Criminal Division of the Justice Department, especially those

elements which are associated with the old national security establishment, inside the Justice Department, the most secret part of the Justice Department. I mean, it's a real problem. We should have cleaned it out a long time ago, but people are afraid of it, in the Congress and elsewhere. They're sufficiently afraid of it, not without reason. It's the greatest threat to our freedom. It must be stopped.

### **This President Won't Be a War Hero**

**Stockwell:** I have some more traffic to get to real quickly. . . .

My guest, if you're tuning in late, is Lyndon LaRouche, Democratic candidate for the United States Presidency. One more question about Iraq; and then I want to talk about the "Super-TVA."

I realize—and you said it earlier—that you can't *predict*, but there are some forecasting abilities that some of us can make, based on what we know has happened in similar situations in the past. You know, a lot of times we can see the "*Mene, mene, tekel upharsin*," writing on the wall kind of thing. Do you see President Bush trying to back down? Or do you see him moving even further forward under the influences around him?

**LaRouche:** I think we overestimate George Bush. That is, people generally [do]. I don't think he thinks that way. I don't think he thinks that much. I think he does recognize that maybe, Dick Cheney is not his best friend, or his best career choice for a partnership. He's sort of stuck with him. But I don't think he likes him.

I think that George—the President; perhaps his father, too—is looking, essentially, at the issue of the continuity of their Administration and the 2004 election. They're not thinking very *well* about this matter; but they're probably thinking about it. So I don't think that he sees it that way.

**Stockwell:** Let me ask you this. There are more jokes about him, now, than there ever were about Dan Quayle. Any comedian, actually almost anybody else that discusses the President, only discusses him in the sense of a Texas cowboy who may not be sitting on the horse correctly. Is this estimation correct? Or is this part of the press just selling more newspapers? Is this man in serious intellectual trouble? Or, is he some guy, who was just one of the good ol' boys, who found an opportunity to become President; went ahead and did it; but now is beginning to see how the game is played?

**LaRouche:** I think it's counterproductive, as I said in my State of the Union address, earlier the same day the President made his. We can not look with glee, at the fact that the incumbent President has certain detectable intellectual limitations. He's a sitting President of the United States.

**Stockwell:** And the Presidency must be sustained at all costs?

**LaRouche:** Our Presidency as a whole. And the point is,

to try to protect the sitting President, so that he doesn't make a complete fool of himself—especially the kind of fool of himself which leads to some destruction or great injury to our nation. Therefore, we try to deal with him.

Now, on the one hand, we have to be realistic. The President has extreme intellectual limitations, which are nowhere more conspicuous than on his death penalty stuff, as the governor of Texas, and on his presenting himself as the education President—which is rather hard to take.

But, he is a human being, and is as susceptible as any human being who happened to be President, over being told, "Your interest, Mr. President, is what future generations think of you; what your Presidency is going to go down in history as having been. Now, you may not understand what has to be done, Mr. President; but if you listen to us, we will make your Presidency (as I said) successful. And you will leave office with a reputation as having done something good for the country. Do you want that? Or do you want to go down as Nixon was sent down?"

And I think a President who gets that message, even if he has limitations, is enough of a man to say, "I want to go down in history as a good guy."

**Stockwell:** Well, he doesn't want to go down like his dad did.

**LaRouche:** That's not the worst that could happen. The dad went down because of economic policy. And they will never admit it. As Carville said, famously, what sank the first Bush Administration's re-election chance, was the economic policy of the Administration. It had many features to it, but it was economic policy that sunk it.

And what's going to sink this Administration is the same thing—economic policy. What they do, is they say, "No, it's the war policy that's going to determine. We're going to make a war hero out of the President, and he'll get re-elected." Well, he's *not* going to become a war hero, under any circumstances. His only chance of success as a President is to get out of the blasted war.

### **'This Is Not a War on Iraq'**

**Stockwell:** Let me ask you this: How is what we are doing right now, different from what we did 10, 11 years ago, when there *were* a lot of heroes—Schwartzkopf, Colin Powell—that came out of it; in the sense that we went in, dropped a bunch of bombs, had the Iraqis lining up to surrender as fast as the cavalry could arrive? If we did it again today, how would it be any different? How would it not be over, again, in a very short period of time, with everybody putting George Bush on their shoulders and marching him down Fifth Avenue in New York, after another 100-day war—and this time, get Saddam, get him out of there—and suddenly, be the hero of the day? How would that not happen?

**LaRouche:** Well, it couldn't happen, because it's a far different situation today.



*U.S. troops in Saudi Arabia, during the Gulf War of 1991. Today, the conditions are very different: The U.S. economy has collapsed, and the rest of the world has no confidence in the current U.S. leadership. "Therefore, the United States is going into a war, essentially, on its own. It's a war which would be, probably, a trillion-dollar war, if you consider the aftermath of an attack."*

First of all, the world is in a great financial crisis. Secondly, on the hind-side of the past dozen years, the world recognizes that the past dozen years' policy was a catastrophic failure. Therefore, anyone going back to 1990-91 now, would say, "Don't do it."

Then, however, the conditions were different. The United States had not yet collapsed. The Soviet system had just collapsed. There was great euphoria around the world: "The Soviet system has collapsed!" The United States, at that moment, had great power, because there was no plausible adversary to challenge the power of the United States. Europe, and the world in general, rallied—and funded—to the U.S. war in the Middle East, against Iraq. The United States limited itself to a counteroffensive, with hot pursuit of Iraqi forces in defense of Kuwait. The advice of all sane people, was to halt the war at that point; not to go any further; not to make it a war of conquest of Iraq, but just to take the invasion of Iraq that was done—the attack, the bombing and so forth—to consider that a rules-of-engagement type of response to the Iraq invasion of Kuwait.

So then, at that point, the moral crisis was relatively minimal, even though there was a moral crisis over this thing among these nations. Today, there is no longer any confidence in the U.S. leadership around the world—not the current leadership. There's no confidence in the leadership that the world has experienced from the United States, cumulatively, over the past dozen years.

Therefore, the United States is going into a war, essentially, on its own. It's a war which would be, probably, a trillion-dollar war, if you consider the aftermath of an attack. We could go in and throw missiles at various locations, and

we could destroy, practically destroy the territory. And that could be done, say, in two or three weeks. But then how do we get out of there? We never get out of there, or of the effects.

What happens then to the Arab world as a whole? The Arab world, and the Islamic world as a whole, and the rest of the world, knows this is not a war on Iraq. It's not a war against Saddam Hussein. This is *intended* to trigger a global war against Islam, the entirety of Islam, all of the Arab world; all of 1.3 billion Muslims. The target includes China! It's one of the targets of this. Not only North Korea, but China. Also, implicitly, India—the breakup of India—the crushing of Southeast Asia. The world—those who know—know this is what the war is really about.

And therefore, as I say, it's like it's a Peloponnesian War. Today—while you can make excuses, from a military standpoint, for what the United States did in 1991-92—no military person, or person with any credibility today, could make any excuse for going into a war against Iraq now, because of those implications.

### **The 'Super-TVA,' Roosevelt, and Truman**

**Stockwell:** All right, let's come back over to this side of the ocean.

One of the critical statements that I often hear, from my callers or other callers to other talk-show hosts at K-TALK; one of the fundamental problems that they're talking about with Franklin Roosevelt and his attempts to rebuild America, was that all his rebuilding was placed upon the backs of Americans, through the idea of heavily increased taxes. That everything that was done, as a result of infrastructure improvement, was done through the accumulation of tax dollars



of the American citizens. My understanding, my study of this subject, was the creation—that Italy now is starting to talk about!—of state credit. State credit from a central banking institution, that is *not* supported by tax dollars. It's supported by the very fact that the Constitution *allows* the Federal government to do this—in fact, calls upon them to do this—to issue credit.

Now you talked in the last hour: If a government isn't committed to this kind of low-interest loan situation, from a central bank out to the private banking establishment, for long-term infrastructure building, with a currency that is backed up by something, that doesn't change value every other minute on the markets, but something that you can expect, at the end of a 25- or 30-year note, to have the same backing and support it did at the beginning of that note, you haven't got a chance.

My question is this. If you were President, and you were to try—well, this is beyond “try”; this is something you've stated you would do, a number of times (and let me add now, ladies and gentlemen, if you'd like to read a copy of Mr. LaRouche's State of the Union, where he explains this, you can get a free copy by calling 1-888-347-3258; tell them you heard him on my program, and you just want a free copy of his State of the Union address)—how do you, then, go forth and fund a Super-TVA program (Tennessee Valley Authority program) without breaking the backs of the working Americans through increased taxes?

**LaRouche:** The American people's back was not broken by the effects of the Roosevelt funding. In part, the costs of the war were war costs. We conducted one of the greatest mobilizations in the history of mankind. We emerged from the war in the United States as the only economic power in the world. We were *the* powerful nation of the world.

Under Truman, we threw that away. Instead of continuing the Roosevelt program of post-war construction, what did we do? We started this Cold War conception. We shut down the economy under Truman, who was more influenced by the British than by anything else. He was a Churchill enthusiast, an anti-Roosevelt man, who was stuck on the Democratic Party during the Summer convention of 1944. It was done in anticipation of Roosevelt's death, because he was sick at the time. They said: “He's going to die. Let's get a Vice President in there who will not continue his policies.” And that's what we got.

So Truman is the problem. Instead of continuing the policy—and remember, most of the debt was war debt. What do you want, to live under Hitler? Do you think that would be good for your tax situation? There is some of that foolishness.

What they did, is they went for the so-called Cold War. The first thing that Truman did, as President, was to reverse President Roosevelt's commitment to a post-war world with no colonialism in it. And that was Churchill's main concern. So the United States, immediately at the end of the war—

**Stockwell:** It was Churchill's main concern to continue colonialism?

**LaRouche:** Absolutely. Continue the British Empire. That was his big beef with Roosevelt. Truman was on the side of Churchill against Roosevelt.

Now, what had been intended was—as Roosevelt laid out in Casablanca, and so forth—his policy for Africa and other parts of the world, was to use large-scale infrastructure development to transform areas which had been colonial areas into areas of long-term and prosperous investment in improvement in the conditions of life of newly-freed nations.

What we did instead, is we shut down the U.S. economy in the name of demobilizing the war machine. We created large-scale unemployment—a disaster for the United States in 1948—which we got out of, temporarily, only with the Korean War from 1949 on.

So what these clowns do—and I say clowns advisedly—who criticize the tax policy, is they don't know anything about history! They don't know a thing about the history of the period. They didn't live through it, most of them. They simply say, “We had to pay more taxes.” As if paying more taxes is the be-all and end-all of life. We survived World War II successfully because of the tax rate, which was, admittedly, high at the end of the war. But it was a tax rate which was caused by the need to build up in preparation for the war, and by the war itself.

## The System Today Is Bankrupt

So there was no error in Roosevelt's policy. Today, we face a situation in which the banking system as a whole is bankrupt. The world banking system. The Federal Reserve System is actually bankrupt. That is, if you look at all the factors which are knowable in that situation, you say, “Sooner or later—and sooner, in fact—this system is going down.”

We have two options. Either we go into bankruptcy—total bankruptcy, chaotic bankruptcy, from which we may never return as a nation—or, we put the whole system into bankruptcy reorganization. That is, instead of sitting back there and watching the banks collapse, what we do is to put the Federal Reserve system into government reorganization, financial reorganization, like a Chapter 11 reorganization. We keep necessary banks functioning, as Roosevelt did with the Bank Holiday arrangement, which got us through that period safely—otherwise, we would have gone to Hell. And we, at the same time, get a program going, where we can build our way out of the bankruptcy. But we'll also have to cancel much of the phony debt—and it is phony—which these banks represent.

So therefore, you've got a case, like an Enron case, where mismanagement under current U.S. policy has destroyed the economy of the United States, its banking system, so the banking system is bankrupt. We're not going to lie down and die because we've got a bankrupt system. We're going to rebuild. And we're going to have to do it Roosevelt's way.



When President Franklin D. Roosevelt took up the cause of the “Forgotten Man,” during the depths of the Great Depression, he gave the nation hope. His Tennessee Valley Authority and other infrastructure projects put people back to work, reviving industry and laying the basis for the military victory over Nazism.

**Stockwell:** Now when you talk about Roosevelt’s way, are you talking about, then, the re-institution of central credit, like Italy is talking about right now?

**LaRouche:** More than that. What we’re essentially doing, is we must go back to—putting the Federal Reserve system in bankruptcy cleans up a problem. The Federal Reserve system was always unconstitutional. It was an entity created by a foreign power—that is, Edward VII, the King of England, through his agents in New York around Jacob Schiff. The policy was pushed onto the plate by Teddy Roosevelt, who was a complete Confederacy man, pro-Confederacy man, on behalf of England. The Federal Reserve system was stuck in unconstitutionally under Woodrow Wilson, the man who refounded the Ku Klux Klan in the United States, from the Presidency! It was put in by Wilson. This system was never constitutional. It was the introduction of an unconstitutional system, destroying our sovereignty, and making us the prisoner, in effect, of a consortium of financier interests in Britain and the United States.

Now this thing is now bankrupt. That is, the entire Federal Reserve system is now intrinsically bankrupt; if not today, tomorrow; just a matter of when.

Therefore, the Federal government has the responsibility *to the nation*, as the responsible agency, to put this bankrupt institution into bankruptcy reorganization, as we are obliged to do with any necessary but bankrupt institution. We must keep the system alive; that is, the banking system; but under

government supervision and under government reorganization. We must use that reorganization to rebuild our economy. And the first thing is, *create jobs*. There’s no one can balance the budget in the United States today; no one. Not with the present policies; it’s impossible. Don’t think that anybody has a balance-the-budget capability; they don’t.

A state can cut; they can increase taxes; they can reduce taxes. None of these things will work. The states—at least 46 of them—are hopelessly bankrupt in the medium to long-term. Therefore, what we need is an increase in employment.

The increase in employment must be linked directly to increasing the tax-revenue base. If we raise employment sufficiently to raise the tax-revenue base, then we can get out of this blasted depression. And the states can be bailed out.

Under Federal programs of this type—that is, Federal programs like those of the Reconstruction Finance Corporation, back under Roosevelt’s regime—we can get out of this thing quite nicely. It will take time. It’ll be hard work. But we can succeed. As Roosevelt said then, there is “nothing to fear as much as fear itself.”

### Truth and Leadership

**Stockwell:** Let me get some more traffic on here. . . .

How would you then—as you must have to do in the time ahead of you—how would you then inspire the American population to join you in this battle?

**LaRouche:** I think there’s not too much difficulty, really.

The problem is the lack of leadership. Look at our press, for example, our so-called news media. We have the most lying news media in the world. With my particular capabilities and activities, I have a chance to watch closely the news media of various parts of the world. And I can tell you that our news media is worse than Hitler's, worse than that of Goebbels in terms of lying. The American people don't know anything, to the extent they base themselves on the news media. They're lied to. Nearly everything I see is intentional misleadership of the viewers. You probably know about that, too.

**Stockwell:** Certainly.

**LaRouche:** So that's the problem. But what happens at a certain point, reality strikes through.

I remember the 1920s, before the Depression hit, officially. And I can tell you, the American people were a pretty corrupt lot then. But suddenly, over the period 1929-1932, the American people saw that they had been a bunch of fools; that they'd been taken in by the Coolidge Administration's policies, which had destroyed us.

So suddenly it came out of the ether. And when Roosevelt spoke, in his famous West Virginia speech, of the "Forgotten Man," the cause of the forgotten man; and when you think, today, that the lower 80% of our population has been put into poverty, increasingly, over the past more than two decades now: They're out there, they know they're in poverty, but they feel they're helpless. They're waiting for somebody to come along and give them permission to say, "We're in poverty. We need help."

Once people get how bad this depression is; they see it; they can no longer deny it. And this affects not only people in the lower 80% of family-income brackets, but people in higher brackets, who thought they were rich on various New Economy, so-called, and other kinds of swindles, real estate swindles, things like that. The real estate bubble's about to collapse. The Fannie Mae/Freddie Mac real estate bubble is about to go under.

These crises are going to force a recognition of the fact that we're in a depression, not a recovery. Anybody who's talking about promising a recovery ought to be put into a mental institution today. There is no recovery in sight; there is no basis for saying there is a recovery in sight.

So therefore, the American people are going to say, "What did we do wrong?" And if they are told the truth for a change, about what the situation is—not only how bad the situation is; that they begin to know now; they can tell you the facts about that, left and right—but the fact that there is a way out of it! Then the Roosevelt image comes back into play, and people say, "We want Roosevelt back"; or something like it. Then the turnaround will come.

**Stockwell:** How are young people responding to what you have to say?

**LaRouche:** Oh, great! I have—one of the crucial factors

here, which many people have ignored, is that the young people in the United States have been the victims of their parents' generation. Not, in every case, their parents; but their parents' generation, the so-called Baby Boomer generation. The Baby Boomer generation has been a disaster. Particularly as they drifted into—from the middle of the 1960s on—drifted into dreams like "post-industrial society" and other fantasies, and became the "Now Generation." They had children, not because they really wanted children, but because they thought it was fashionable, or was expected of them. And then as they became, more and more, members of the Now Generation, and older and older, they turned around and looked at their children, and said, "What did we do that for?" Speaking about the conception of their children.

So what we have today, is a no-future society confronts young people, particularly those in the college age bracket of 18-25, all kinds of young people; they are members and victims of a no-future society. They know it. They are inured against the advice of their parents, because they see their parents as the people who threw them into, or condemned them to live in, a no-future society. And the parents are just simply trying to enjoy life in a no-future society. So the children have no respect for their parents' opinion. They may love their parents, as children do. But they have no respect for their parents' opinion.

This creates a vacuum, a political vacuum, in which the youth, by confronting their parents' generation and saying, "You gave us a no-future society. We want a future!"—these young people, if they are aroused, will be the agency to convince their parents that the parents made a mistake in their choice of a no-future society, a deregulated society, a credit-card society. And they will say, "OK, you're right, kids. We're with you."

And we're getting that kind of response. Youth respond to me, and to what I'm saying. And it's increasingly around the world, not just in the United States. Because what I'm saying is what the youth recognize to be true: that their own parents were duped into giving them, the children, a no-future society. And that's the situation. And the youth are going to tend to turn to me; because I recognize their problem, and I demand justice, or relief from that problem.

And that's why we're having a great impact. We're recruiting at a rate which even astonishes me.

## **Corruption of the Political Parties**

**Stockwell:** Well, during the DNC meetings of a couple of weeks ago, a lot of the younger people of your organization kind of let the DNC know that you were still out there, even though you weren't invited to attend the meeting.

**LaRouche:** [Laughs] They knew I was out there. But remember, it's organized crime that controlled that meeting. Look at the names! Lieberman is still considered a Democrat? I mean, what's going on? You consider this guy a Democrat?

**Stockwell:** Just as McCain is still considered a Republican.

**LaRouche:** [Lieberman] credits himself, and McCain, as having the war policy which has imprisoned the Bush Administration. They *have* the same policy. So when the Hudson Institute claims that McCain and Lieberman are committed to a “Bull Moose” ticket against both major parties for the 2004 election, you have to give a lot of credence to that. It appears that that really is the case.

So why does anybody seriously consider Joe Lieberman a Democrat?

**Stockwell:** And yet, he was the principal person at the DNC meetings two weeks ago.

**LaRouche:** And before, at the last one, where they raised the question of the war, he and McCain were the pushers. They always have been the pushers. Both are controlled by the influence of organized-crime money. That’s how Lieberman got elected, was through organized crime support; right-wing, extreme right-wing organized crime support.

**Stockwell:** So this “Bull Moose” idea will be much like what Ross Perot did with the Reform Party [in 1992].

**LaRouche:** In a sense, but not. Ross Perot was a different proposition.

**Stockwell:** It still would have the effect of derailing a lot of Republican votes from the Republican Party.

**LaRouche:** Oh, this is to establish a dictatorship in the United States.

If you destroy the two-party system—that is, its election role—under crisis conditions, without a reform—you’re not going to have a change in the political system. You’re going to have the preconditions for establishing a dictatorship, because the United States will be rendered not governable in a rational way. And if it’s not governable in a rational way, what you’re going to have is a dictatorship. Anybody who wants to avoid a dictatorship is not going to vote for or support McCain and Lieberman.

**Stockwell:** Did we flirt with that in the last election?

**LaRouche:** We came close. When you start rigging elections as they did—I mean, you had two non-candidates running for President; two guys who were equally unqualified for office were the only choices presented to the public—the only plausible choices presented to the public in the election! When you put two clowns in, in effect, as the only candidates available, the only choice—Gore would have been at war quicker than you would have had possible under Bush. These were your choices!

**Stockwell:** Then you had the Supreme Court step in and decide who was going to be President.

**LaRouche:** Well that’s another little—and nobody objected.

**Stockwell:** Not even Gore. He just kind of shut up and went his own way.

**LaRouche:** Well Gore’s owned by the same people as Lieberman. He’s owned by the same people as these guys, the same organized-crime circuits. Look, Gore was a part of the corruption of the Russian Mafia. I think Clinton was blindsided on this thing in 1996; he was blindsided on what Gore really was. Maybe wishfully so, but he was blindsided.

**Stockwell:** Well, one thing that you can say, I think, about Clinton, that you have a hard time saying about George Bush, is that even with all his little peccadillos, President Clinton could see what the problem was; he just never had the moral strength to do anything about it.

**LaRouche:** Sometimes, but on many occasions, no. He came close. But he was terrified. What they did to him, with putting this girl in the basement, this stalker in the basement of the White House, to set him up; and the way they went at him, especially after September of 1998—

**Stockwell:** ’98 with the Asian Crisis. . .

**LaRouche:** Yeah, ’98 was the Asian Crisis. But when they set him up—earlier, it was a set-up done through channels of organized crime, the same crowd—she was an asset

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The LaRouche Youth Movement demonstrates in Washington on Feb. 19. They also conducted lobbying of Senators and Congressmen. "The youth are going to tend to turn to me; because I recognize their problem, and I demand justice, or relief from that problem. And that's why we're having a great impact. We're recruiting at a rate which even astonishes me."

of families which were connected to these money families. And they stuck her as an apprentice in the White House basement. And she had a reputation as a stalker from her high school days. And she was stuck there.

Now any competent security check would not have allowed her to be put in the White House; would have gone to the President and said, "Don't put her in there," before he even knew who she was. So that was deliberate. It was a set-up. It was a trap, a monkey-trap, because he has a certain known susceptibility to female blandishments, shall we say. And that was one of his weaknesses.

But he's not the only one. I would hate to think about the number of Presidents who've had propensities in that direction, to be tempted by young things, or something.

### Responsibility for Posterity

**Stockwell:** Well, we seem to have a parade of that having happened; that men of power, that sort of rides along in the carriage with them, those kinds of propensities.

Well, we're coming down to the end of the hour. I've got maybe three minutes left here. Any parting words, Lyndon?

**LaRouche:** Parting words are from the New Testament; I'm not going to quote the New Testament, but the principle. You have a mortal life. The mortal life is temporary. If you're wise, you treat that mortal life as an opportunity, as a *talent*, as the Testament has it. And you decide how you're going to spend that which you can not keep anyway—mortal life. And you spend it wisely, so that you will have really lived, and will be someone meaningful for generations yet to come. You will have true immortality.

So if you're wise, you spend your life for immortality, not for other things.

And what we need today is more people who have that view, or who are wakened to that view. Spend your life wisely.

It's your talent. If you spend it wisely, you have earned immortality. That will give you the courage to do the right thing.

**Stockwell:** You just can't say that about too many people today.

**LaRouche:** That's the job of us in politics: to be political leaders; to remind people of that; to use that to guide *us* when we get into a position where we have to make tough decisions. It's to remember that we are spending our talent, and we have to spend it wisely, because future generations will be looking at us.

**Stockwell:** Well, we have to go.

**LaRouche:** Okay.

**Stockwell:** Thank you once again for your participation. I have the greatest respect for you and your organization, and always look forward to having you, or one of your association members on the interview with us.

**LaRouche:** Thank you.

**Stockwell:** Good luck to you in this coming period of time, as far as the possibilities of being a serious candidate in the eyes of the media.

But you know what I think? The situations that continue to unfold around us may necessitate such a move. When there's only one guy that can stop the ship from sinking, and everybody finally realizes that, maybe everybody will finally do something about it.

**LaRouche:** Things happen like that in history.

**Stockwell:** Yes, they do. Lyndon, again, thank you so much for being a part of the program.

**LaRouche:** Thank you.

## Will Bush Heed Warning Of LaRouche And Avert World War?

by Jeffrey Steinberg

Lyndon LaRouche has forcefully warned President George W. Bush that if he plunges ahead into a war with Iraq, he will have squandered the last opportunity to avert an even more grave military confrontation on the Korean peninsula. In combination, such an Iraq-Korea crisis would likely be catalogued, by future historians, as the beginning of a global war, even more horrible than the “Clash of Civilizations” conflict promoted by Dr. Bernard Lewis and the “war party” inside Bush’s own Administration.

Agreeing with warnings by former Defense Secretary William Perry, delivered at a March 5 Senate Democratic Leadership briefing, LaRouche evaluated the depth of the Korea mess: “Yes, there are problems. The problems were created by the present Administration’s attempts to abrogate the [KEDO, Korea Economic Development Organization] agreement. Now—because of the Iraq war—North Korea, for its own reasons, is reacting as if it assumed that there is no good faith on the part of the United States, and that a war against Iraq would simply be a precursor of an all-out attack on North Korea. Under those conditions, North Korea assumes, not without reason, that there’s no point in coming to any agreement with the United States, pending the possibility that the United States might repudiate this crazy policy, the policy of the so-called ‘Axis of Evil.’ They’ve been told, in effect, that the Bush Administration considers North Korea a part of the ‘Axis of Evil,’ and is acting accordingly. Therefore, how could anybody in North Korea—given the North Korean regime and its views of the world outside it—how could anyone assume that North Korea would act in any way but to wait and see, whether or not the United States calls off the war? If the United States does not call off the war with Iraq, then we have a very difficult situation.

“Therefore,” LaRouche concluded, “this is just one good reason more, for calling off that lunatic commitment to war

in Iraq. This is where the threat comes from. If we went back to the agreement which Clinton made, in good faith or not, and if that were credible, then I think that’s the way out of the problem: to go back to that agreement and honor it. Obviously, in all these matters, President Bush is being very poorly advised, or one might say, badly misadvised.”

### A Nuclear Showdown?

Well-placed Washington sources report to *EIR* that, among the uniformed senior military officers at the Pentagon, there is tremendous concern that an Iraq war will eliminate all diplomatic paths to solving the Korea crisis. The leadership of North Korea, military men believe, will presume “We’re next,” and may even take pre-emptive military action against the South, while half of U.S. military divisions are occupied with a war in the Persian Gulf or a postwar occupation of Iraq.

Contrary to recent statements by Defense Secretary Donald Rumsfeld, the United States does not have the military force structure to respond to an Iraq war and a Korea outbreak simultaneously. Furthermore, senior military officials, including Army Chief of Staff Gen. Eric Shinseki, have estimated that a postwar occupation of Iraq will require “hundreds of thousands” of American troops for a long period of time, perhaps two to seven years.

North Korea has over one million troops under arms, and 30,000 artillery pieces aimed at Seoul. The South Koreans have 400,000 troops, approximately, backed up by a U.S. military force of 37,000. Under these circumstances, the United States could easily find itself in a position of having to choose between allowing South Korea to be overrun, or using tactical nuclear weapons to stop an attack from the North.

Senior military officers have reportedly warned President

Bush about these grave consequences of an Iraq war.

For their part, the neo-conservative “war party” in the Administration is reportedly pressing for the United States to threaten the use of nuclear weapons against North Korea—their mad effort to counter this most compelling reason for the President *not* to go to war to overthrow Saddam Hussein. These neo-cons argue that the only way to deal with Pyongyang is by threatening it, and that the threats will only work if the United States invades Iraq and gets rid of Saddam Hussein. They have been conducting disinformation that the North Korean regime is deeply divided and on the verge of crumbling. On March 2, the Washington *Post* reported that the CIA has recently warned the President that a North Korean “defector,” who had claimed since last Autumn that the regime was on the verge of collapse, was feeding disinformation. *Post* writer Glenn Kessler reported that his sources complained, bitterly, that “There are people in this Administration who will leap at anything.”

One such “leaper” is I. Lewis Libby, the chief of staff and top national security aide to Vice President Dick Cheney, who was the staff director of the Cox Commission, which ran a vicious 1999 “Red Scare” campaign about Chinese nuclear espionage in the United States, attempting to blow up the whole Northeast Asia region and trigger a new Cold War pitting China and North Korea against Japan, South Korea and Taiwan. Another promoter of the Korea showdown is John Bolton, the State Department’s chief arms control negotiator, who has been peddling the idea that the Bush Administration must abrogate the “negative security assurance” against first-use of nuclear weapons (See *EIR*, March 7, 2003).

Indeed, as the London *Guardian* reported on March 7, buried in the FY2004 Pentagon budget request sent recently to Congress, is a demand that Congress “rescind the prohibition on research and development of low-yield nuclear weapons,” which has been in effect since 1994.

## Chickenhawks Under Attack

The sheer magnitude of the insanity of the neo-con “chickenhawks” inside the Bush Administration has provoked a significant backlash, which has taken the form of a broad pattern of exposés of the Paul Wolfowitz-Richard Perle cabal as Likudnik nuts, steering the United States into conflicts that suit the agenda of the radical right wing in Israel. These exposés have all been based on material first widely published in *EIR* in recent years.

Most notable of these attacks has been the exposure of Perle, Assistant Secretary of Defense Doug Feith, and State Department arms control official David Wurmser, as the co-authors of the July 1996 “A Clean Break” report. “Clean Break” was presented at that time to Israeli Prime Minister Benjamin Netanyahu, as a recipe for overturning the Oslo Accords and redrawing the map of the Middle East, through a war against Saddam Hussein.

In just the past week, the Perle, Feith, and Wurmser au-

thorship of the “Clean Break” war scheme has been trashed on “Meet The Press” on NBC-TV, in a Maureen Dowd column in the *New York Times*, in an hourlong “Frontline” documentary on PBS public television, and in a widely circulated syndicated column by Robert Novak.

In a March 2 appearance on “Meet The Press,” Richard Perle was directly confronted by Tim Russert on the “Clean Break” document; Perle stammered and claimed he had not read the document in a long time, and did not recall whether he still held the views presented in the war scheme. Yet on Feb. 4, in a private, on-the-record, discussion with this author, Perle had said that he fully stood by the recommendations in the report, and argued that President Bush also shared his perspective.

In a March 3 interview with PBS-TV’s Bill Moyers, Joseph C. Wilson, the last U.S. Deputy Chief of Mission in Baghdad, slammed Perle as “the architect of a study that was produced in the mid-‘90s for the Likud Israeli government, called ‘A Clean Break, A New Strategy for the Realm.’ And it makes the argument that the best way to secure Israeli security is through the changing of some of these regimes, beginning with Iraq and also including Syria. . . . There are those who believe that perhaps we’ve confused our responsibilities [to defend Israel] with the slavish adherence to the Likud strategy.”

Robert Novak, on March 6, pilloried Perle, Feith, and Wurmser for their promotion of the insane idea, in “Clean Break,” that the overthrow of Saddam Hussein will bring about the instant democratization of the Arab world, and long-term security for Israel. Novak warned that President Bush appears to have staked his Presidency “and the course of the nation” on these “Clean Break” crazy notions of a “crusade for democracy.”

The latest attacks on the neo-conservative wanna-be liberal imperialists have been extended to include another of LaRouche’s leading targets: the late fascist philosopher and neo-con “Godfather,” Leo Strauss. On March 5, the German newspaper-of-record *Süddeutsche Zeitung* published a feature-story exposé of Strauss and the movement in the United States of war party “Straussians.” “Most neo-conservatives were pupils, or pupils of pupils of Leo Strauss,” author Tim B. Mueller wrote. Mueller singled out Norman and John Podhoretz, Irving and William Kristol, and the American Enterprise Institute as key purveyors of the Straussian dogma. “Today,” he concluded, “the most important Straussian political figure is Paul Wolfowitz, Deputy Secretary of Defense, whom several commentators call the ‘super-brain’ of the government.”

The intensity of these public attacks, using formulations known to have originated from LaRouche and *EIR*, underscores the level of fear over the prospects that the “Clean Break” gang will drag the United States into a world war. The question is whether that message has gotten at all through to President Bush, on whose shoulders rests the choice of war or peace—for a generation to come.

# Eurasia 'Axis of Reason' Moves Against Iraq War

by Jonathan Tennenbaum

A group of leading nations of Europe and Asia—pivoted on the role of France, Germany, and Russia, and with important input from circles in the Vatican and other institutional forces—has joined together in an extraordinary offensive to stop war in Iraq, and a misguided U.S. Administration from bringing catastrophe upon itself and the rest of the world. A decisive feature is that this new coalition is emphatically *not* anti-American in orientation; on the contrary, it strives to bring the United States from the insanity of the Rumsfeld-Cheney war party back to reason, and potentially, to the kinds of FDR policies that Lyndon LaRouche has placed at the center of his 2004 Presidential campaign.

This emerging alliance for peace represents the coming-together of several combinations of nations, including: a renewed French-German partnership in the European Union; a new “Paris-Berlin-Moscow triangle”; the much-discussed “Russia-China-India strategic triangle”; the cooperation among Russia, China, South Korea, and Japan around solving the Korean situation; and urgent efforts by the Pope and other religious figures, including in the Islamic and Eastern Orthodox world, to prevent a “Clash of Civilizations” and the outbreak of generalized religious warfare which would be unleashed by an invasion of Iraq. Whatever now happens around Iraq, the cooperation of this broad coalition of forces is already an historical factor of potentially very far-reaching significance.

Here, as LaRouche himself emphasized in his Feb. 15 address to the Schiller Institute in the Washington area, is the stuff of Classical tragedy, enacted on the stage of current history! Noting the unprecedented motion against the war, among the leaders and people of France, Germany, Russia, China, India, and others—a degree of mobilization that would have been unimaginable just months earlier—LaRouche declared: “We’ve come to a time . . . where mankind is shaken. We find people moving, as they have not moved for a long time. . . . We have an affirma-

tion from humanity, from implicitly the great majority of humanity, saying: ‘This war shall not be allowed to occur!’ . . . We’re in a time of great tragedy, and a challenge of awakening of humanity, in a way which has not been possible in recent times. . . . The question is, can we bring to this situation, where the opportunity for change is here: Can we bring the spark of true leadership into this process?”

At the same conference, Helga Zepp-LaRouche emphasized the deep reasons for the opposition by “Old Europe” to a “pre-emptive” invasion of Iraq—an opposition rooted in the incredible suffering of the two world wars of last century, and further back in such experiences as the Thirty Years’ War. Exactly this point was brought up in public again and again by German Chancellor Gerhard Schröder, in the context of his meetings with Russian President Vladimir Putin and French President Jacques Chirac.

That principled nature of the coalition among France, Germany, and Russia in particular, has elicited the angriest outbursts from the war party in Washington and London, as well as a campaign of denial in much of the world’s mass media. As the triangular coordination of France, Germany, and Russia began to take decisive shape following President Putin’s visits to Germany and France on Feb. 9-10, the press was full of insinuations of “opportunism” and “unreliability” of the partners, each of which was allegedly on the verge of abandoning the others, in favor of a dirty deal with the Bush Administration.

But exactly the *opposite* has occurred. Over the last week of February and first of March, despite massive pressure from Washington, the Paris-Berlin-Moscow alliance has grown



*The shifts that led up to the March 5 “no to war” common front in Paris, of Foreign Ministers Dominique de Villepin of France (center), Igor Ivanov of Russia (left), and Joschka Fischer of Germany (right), involve much more than UN Security Council negotiations. Their countries are allying to repel the twin dire threats of global economic depression collapse and unstoppable warfare.*



more courageous, up to the point of taking on frontal confrontation with the Bush Administration over the proposed war resolution in the UN Security Council.

### **Allying Against Two Dire Threats**

The sudden toughness exhibited by Chirac, Putin, and Schröder, in particular, has astonished many observers. But readers of *EIR* could follow, over the last six months, one sign after the other of an improved understanding within governments and institutions in Europe and Asia, of the deadly twin threats of the global financial and economic crisis on the one side, and the Rumsfeld-Cheney-Wolfowitz-Perle “war party” in the United States, on the other. At the same time, there is a growing orientation, in Europe and Asia, toward the conceptions of the “Eurasian Land-Bridge,” the “Russia-China-India strategic triangle” and LaRouche’s New Bretton Woods, and toward his role in effecting a potential change of policy inside the United States, as the only available direction to get out of the mess.

Schröder’s extraordinary stand against a war in Iraq, in the German elections at the end of last year, echoed the high-visibility election campaign of Helga Zepp-LaRouche’s Civil Rights Movement-Solidarity (BüSo) party. Following this, Russian President Putin’s back-to-back visits to China and India in early December aimed at consolidating the Strategic Triangle. Then Schröder’s Dec. 31 inauguration, in Shanghai, of the world’s first high-speed commercial magnetic levitation train, put forth a symbol of the Eurasian Land-Bridge policy for technology-sharing and an infrastructure-centered economic boom. In the course of January, the move by Schröder and Chirac to decisively strengthen the German-French relationship as the core of Europe and the key to a war-avoidance policy, was marked by the 40th anniversary celebration of the famous Elysée Agreement between Charles de Gaulle and Konrad Adenauer. Finally, the turning-point of the Feb. 9-10 Putin-Schröder and Putin-Chirac meetings—the joint French-German-Russia declaration on Iraq, immediately endorsed by China—brought the subsequent resounding rejection of the Washington war policy at the UN Security Council meeting of Feb. 14.

### **Lead-Up to March 4 ‘No’**

Since then, the momentum of the peace coalition has grown still further, with Moscow acting as the pivot of an extraordinary series of Eurasian diplomatic moves during late February.

On Feb. 23, former Russian Prime Minister Yevgeni Primakov travelled to Baghdad for a confidential meeting with Saddam Hussein, reportedly to discuss an “exit strategy” for the crisis. The next day Russia, France, and Germany, with support from China, submitted a new programmatic joint memorandum in the UN Security Council, explicitly countering U.S.-British attempts to push through a resolution authorizing invasion of Iraq. The French-German-Russian-Chinese initiative was a central focus of the meeting of President



*The war party in Washington and London has been alleging that Russian President Vladimir Putin (here meeting with French President Jacques Chirac) “had a price” and would break from France and Germany to support war on Iraq. But Putin hardened Russia’s opposition to the war further in the first days of March.*

Chirac and Chancellor Schröder in Berlin on the same day, at which both sharply rejected the U.S.-British resolution and emphasized that war “can and must” be avoided.

On Feb. 26, Kremlin chief of staff Alexander Voloshin travelled to Washington for a highly unusual, closed-door meetings with Vice President Dick Cheney, Secretary of State Colin Powell, National Security Advisor Condoleezza Rice, and President George Bush himself, focussed on a way out of the Iraq crisis. Although international press was full of black propaganda that Voloshin’s mission was to negotiate the price for a Russian sell-out on Iraq, in the subsequent days President Putin hardened Moscow’s anti-war position even further. On Feb. 27, Chancellor Schröder made an unplanned “lightning” visit to Moscow to discuss the Iraq crisis and joint Russian-German-French-Chinese initiative with Putin. A visibly satisfied Schröder emerged to tell the press that Russia and Germany, through their tragic experience of World War II, “know what war means,” and were doing everything to avoid it now.

On the same day, Russian Foreign Minister Igor Ivanov was in Beijing, for meetings with not only his Chinese counterpart, but also with the present and designated Presidents of China, Jiang Zemin and Hu Jiantao. An unambiguously worded Russian-Chinese communiqué was issued, demanding that the United States adhere to the Security Council and the UN Charter of the United Nations. In a press conference in Beijing, Ivanov declared that “Russia has the right to veto in the UN Security Council and will use it if it is necessary in the interests of international stability.”

All of this led to the stunning press conference and joint declaration of the Foreign Ministers of France, Germany, and Russia in Paris on March 4, at which France’s Dominique de Villepin stated point-blank, that the three nations would “not permit passage of a UN resolution that would authorize the use of force” in Iraq. France and Russia, as permanent members of the Security Council, would “assume all their respon-

sibilities on this point.”

The next day, Papal representative Cardinal Pio Laghi delivered a strong message from Pope John Paul II directly to President Bush, to adhere to the United Nations and desist from unleashing a new war. It should be noted, that since the end of last year, significant breakthroughs have occurred in relations between the Vatican and the Russian Orthodox Church—signalled, for example, by a warm exchange of Christmas greetings between Patriarch Aleksii II and the Pope—with a common focus on countering the war danger.

### Russians See ‘Riemannian’ Shift

An interesting reflection of the significance of this process, from a Russian standpoint, is contained in a signal article published Feb. 28 in the Russian daily *Nezavisimaya Gazeta*, “The Axis of Peace as the Beginning of a Greater Europe,” by Igor Maksimychev, a veteran diplomat and leading researcher at the Russian Academy of Sciences’ Institute of Europe. This Europe, Maksimychev made clear, extends “from Reykjavik to Vladivostok”; that is, it coincides with the development area of the Eurasian Land-Bridge.

Maksimychev declared that the joint French-German-Russian initiative for peace goes far beyond “simply reacting” to policy moves from London and Washington; it actually allows the world “to choose between two alternative conceptions of the future development of the world.”

“The extremely close coordination in the positions of the three countries on questions of international affairs,” Maksimychev wrote, “has still another aspect, not less important than the effort to find a way out of the mess that the United States has gotten itself and the whole world into. Today France, Germany, and Russia have taken the step toward becoming the initiating group for creating a Great Europe. . . . The group . . . is composed of the strongest and most influential nations of the continent, which, in the last analysis, will determine its future. If France were not to participate, then the cooperation between Russia and Germany could easily be portrayed as a ‘rebirth of Rapallo.’ If Germany were not to participate, then it would suffer the fears of being surrounded, as did German policy from the time of Bismarck’s ‘nightmare coalition.’ Without Russia, this group would not have an all-embracing European character, which, indeed, defines its essence.”

A leading scholar of the Moscow Institute for World Economics and Politics (IMEMO) commented that “Maksimychev was not just speaking for himself. He is speaking for a prevalent view in the Academy of Sciences and, more importantly, for an influential group within the Russian government itself. This group is in bitter conflict with a powerful ‘U.S. lobby,’ connected especially with oil interests, who are pushing the unrealistic idea that Russia stands to gain a lot from energy deals with the U.S.A.” Putin is trying, in this situation, “to preserve all the positive achievements of Russia, both in relations with the United States, and in relations with Europe.”

In any case, the IMEMO scholar concluded, “Russia’s relations with Europe are absolutely vital and will not be sacrificed. That is why Putin and Ivanov are doing absolutely everything they can, to prevent a war in Iraq from starting, and provide a positive way out for all sides.”

A well-known Russian military-strategic expert, Gen. Leonid Ivashov, noted that the actions of the war party in Washington and London “have called forth a powerful reaction from continental European and Asian civilization, including France, Germany, Russia, China, India, and some Islamic nations like Iran. . . . A reaction of the type of a ‘Riemannian change of geometry.’ ” These nations, Ivashov said, seek to defend civilization against “the forces of chaos” being unleashed by the war party, and “to develop new principles for a dialogue of cultures.”

Their great hope is that the United States can be turned around toward support for this perspective.

## New Korean Leader Calls For Land-Bridge Strategy

by Kathy Wolfe

South Korea’s new President Roh Moo-hyun focussed his Feb. 25 inaugural address on the Eurasian Land-Bridge, the “New Silk Road,” from the Korean Peninsula to the Atlantic Ocean, under the title “An Age of Northeast Asia Begins: A New Takeoff Toward an Age of Peace and Prosperity.” Roh repeatedly called for rapid implementation of the Eurasian Land-Bridge, insisting that only the economic development of the entire Korean Peninsula and Eurasia can assure peace in Korea. “We have soon to bring the day,” he said, “when passengers will be able to buy a train ticket in Pusan and travel all the way to Paris, in the heart of Europe, via Pyongyang, Shinuiju, and the many cities in China, Mongolia, and Russia.” Roh cited “renowned international scholars” as authority. “Insiders are aware,” as one source said, that this was “a reference to Lyndon LaRouche.”

To head off the nuclear crisis with North Korea, President Roh is also moving rapidly for a heads-of-state summit with North Korean Chairman Kim Jong-il, planned for Beijing in April, Seoul sources told *EIR*. President Roh is quite concerned, they said, that any U.S. attack on Iraq would make the North Korean crisis almost unsolvable, and that the utmost be done to stop any conflict in both areas. The summit could also concretize peace by inaugurating the Trans-Korean Railway, which was to have run by Feb. 24. Although most of the rails have quietly been finished on the Seoul to Pyongyang line, the political gridlock of the nuclear crisis has so far made it impossible to run trains. A summit could change that.



*South Korean President Roy Moo-Hyun's inauguration was marked by the most far-reaching call yet by any Korean leader, for making the entire Peninsula a "bridge" in flinging transport corridors from Pusan to Paris through China and Russia: a bold and effective peace strategy.*

President Roh has several other "Silk Road" development programs in the "ten major tasks" for his new regime, Malaysia's Bernama News reported Feb. 28. Prominent are 2,500-mile paired oil and gas pipelines running from Irkutsk at Russia's Lake Baikal, through China and North Korea, into South Korea and undersea to Japan. This \$20 billion project would provide cash to Russia, free energy to North Korea, and break the stranglehold of Mideast conflict on the energy supply for China, South Korea, and Japan. Irkutsk has the largest gas reserve in Russia, a huge 1.5 trillion cubic meters.

### **'New Economic Engine Needed'**

Roh also appointed to his new cabinet a fierce critic of the International Monetary Fund, Dr. Yoon Young-kwan of Seoul National University, as Foreign Minister, and retained Unification Minister Jeong Se-hyun, a key architect of the "Sunshine Policy" with the North under President Kim Dae-jung (who stepped down Feb. 25). Two other new ministers are on record as foes of the free-trade policies of the WTO.

"The international security environment is rather unsettling. The Iraqi situation is extremely tense," Roh began his speech. "Global concern is rising over the North Korean nuclear issue," and "the international economic situation is also deteriorating. . . . Our nation, therefore, is in urgent need of a new economic growth engine. Fellow Koreans, in this new age, our future can no longer be confined to the Korean Peninsula. The 'Age of Northeast Asia' is fast approaching. Northeast Asia, which used to be on the periphery of the modern world, is now emerging as a new source of energy in the global economy. Renowned international scholars have long predicted that the 21st Century would be the Age of Northeast Asia and their predictions are coming true. Business transactions in the region already represent one-fifth of global volume, and the combined population of

Korea, China, and Japan is four times larger than that of the European Union.

"The Korean Peninsula," Roh noted, "is located at the heart of the region. It is a big bridge linking China and Japan, the continent and the ocean. . . . It demands that we play a pivotal role in the Age of Northeast Asia in the 21st Century. Logistics bases are being perfected on land and sea and in the air, as seen in the up-to-date facilities at Incheon International Airport, Pusan and Kwangyang ports, and the projected super-speed railway systems. The country is being equipped with all requirements necessary to lead the Age of Northeast Asia in the 21st Century. . . .

"To bring about a genuine Age of Northeast Asia, a structure of peace must be institutionalized on the Korean Peninsula. It is most unfortunate that the peninsula still remains the last legacy of the Cold War of the 20th Century. In the 21st Century, we have to change the peninsula into a land that sends out messages of peace to the rest of the world. It has to be reborn as East Asia's gateway of peace, connecting the Eurasian landmass with the Pacific Ocean."

President Roh also pledged to both negotiate a peaceful settlement to the nuclear crisis, and to maintain the U.S. alliance—while transforming it into an alliance of two equal, sovereign nation-states. "So far, we have made great efforts to promote peace in the land, and the results have been remarkable. Exchanges of people and merchandise between the two Koreas are taking place routinely, on a daily basis. Inter-Korean travel routes are open on land and sea and in the air. . . . First, I will try to resolve all pending issues through dialogue. Second, I will give priority to building mutual trust and upholding reciprocity. Third, I will seek international cooperation, on the premise that South and North Korea are the two main actors in inter-Korean relations.

"I would like to emphasize again that the North Korean nuclear issue should be resolved peacefully through dialogue. Military tension in any form should not be heightened. We will strengthen coordination with the United States and Japan to help resolve the nuclear issue through dialogue. We will also maintain close cooperation with China, Russia, the European Union, and others.

"This year marks the 50th anniversary of the Korea-U.S. Alliance," Roh concluded. "The Korean people are deeply grateful for this. We will foster and develop this cherished alliance. We will see to it that the alliance matures into a more reciprocal and equitable relationship.

"Fellow citizens, for a long period of time, we have lived on the periphery. We were forced to go through a history of dependence, unable to determine our own destiny. But, today we are at the threshold of a new turning point. Opportunity has come for us to take off as the hub of Northeast Asia. We should seize this opportunity. We are a people who can bring about miracles if united. Let us all pull together with all our hearts. I invite you all to join this historic march and make a new takeoff toward an age of peace and prosperity."

# EIR Becomes Lighthouse In Middle East

by Hussein Askary

In the days before and during the Arab League summit in Sharm el-Sheikh, Egypt, on March 1, two exposés by *EIR* were widely circulating around the Arab world, contributing to strengthening the resolve of the Arabs to resist a war against Iraq. Two *EIR* articles—one, on the American “chickenhawk” faction’s plans for a pre-emptive nuclear strategy to be used against Iraq; the other, on the appointment of retired U.S. Gen. Jay Garner, supporter of the criminal policies of the Israeli army in the Palestinian territories, to become the imaginary “viceroy of Baghdad”—were translated into Arabic, printed, reprinted and commented upon in dozens of prominent Arabic newspapers, news agency reports, news and political party websites and discussion groups.

Jeffrey Steinberg’s article on the mad U.S. “pre-emptive nuclear strike” scheme, and Carl Osgood’s article on the naming of Jewish Institute for National Security Affairs-connected Gen. Jay Garner to become the administrator of post-war Iraq, were first printed in Arabic on page one of the London-based *Al-Arab International* daily in Feb. 28, the day before the summit. Interestingly, the rest of the page carried an interview with Dr. Mohammed Selim, Director of the Asian Studies Center at Cairo University, in which he called on Arab nations to change their orientation strategically and join the Eurasian Land-Bridge/Silk Route alliance as an alternative policy for the future. This policy is directly associated, in the Arab world and in Asia, with the efforts of *EIR* Founding Editor Lyndon LaRouche.

Quds News, one of the largest Arabic news agencies, also publicized the *EIR* article on Garner on its website front page on Feb. 28, stating that the article appeared in the American weekly magazine “of Year 2004 American Presidential candidate Lyndon LaRouche.” Many Arabic newspapers picked up the story from Quds News, and the London-based *Al-Quds Al-Arabi* published Quds News’ version of the article on its front page the same day.

## ‘O Leaders and Scholars’

As Arab leaders were arriving to Egypt, the official Egyptian daily *Al-Ahram* on Feb. 28 published a news item datelined London and dispatched by the official Egyptian Middle East News Agency, under the title “The American Candidate To Rule Iraq Is Closely Tied to the Likud.” It referred to the report published by the “*Intelligence Review Magazine*.”

The Saudi national daily *Al-Watan* translated of Steinbe-

rg’s article that same day. *Al-Riyadh*, the main newspaper in the Saudi capital, published an article by Dr. Nora Al-Saad calling on Muslim nations to stop providing any help to wage war against Iraq, warning of the dangers surrounding the Muslim and Arab world. She cited the *EIR* articles extensively. She issued a moving call to political and religious leaders in the region to stand against the war plans.

After summarizing *EIR*’s exposé, Dr. Al-Saad wrote: “This is the background of Garner, the candidate for a ‘democratic Iraq,’ the democracy that President Bush wants to establish in the Middle East. A governor who would serve Israel and employ his knowledge in protecting it and breaking the bones of anyone who dares to stand in the way of the American democracy tank, the missiles of justice, and the bombs of peace. O leaders of the Arabs and Muslims, who are gathered at the [Arab League] Summit Meeting, we urge you in the name of the mission entrusted to you, and the which you will be held accountable for, to stand in one line against the American arrogance. . . . O scholars of the Muslim and Arab nations, the situation is dangerous, dangerous. We the people are urging you to stand as one man and one heart. The nation of the Quran is a mission trusted to you. So, serve this mission.” The Saudi website, Islamtoday, also published a strong warning about the schemes being hatched against the nations of the Middle East, based on the two *EIR* stories.

The Egyptian opposition newspaper *Al-Shaab* published the full text of Steinberg’s article. *Al-Shaab* is mouthpiece of the Islamic Labor Party of Egypt, which has been crucial in organizing the mass anti-war demonstrations in Cairo, held in the first week of March with government permission. *Al-Bayan*, the main daily in Dubai, United Arab Emirates, published the full text of Osgood’s article on March 3, referring to *EIR* as the source, under the title “Rumsfeld Chose Him Without Hesitation: The American Administrator of Baghdad Is Connected to JINSA.”

## LaRouche Is a Household Name

The revelations spread much farther when the website Middle East Online published the English version of Steinberg’s article. It had also published Lyndon LaRouche’s campaign press release, “Powell Victim of a British Hoax.” The Iraqi Communist Party, which is opposed to Saddam Hussein’s regime, published the full text of both articles without comment. In the days following the Arab Summit, dozens of articles and commentaries appeared in the Arabic press referring to the U.S. pre-emptive nuclear threat and to General Garner’s prospective “vicereignty.” Lyndon LaRouche has already become a household name everywhere in the Arab world, and *EIR* is regarded as a lighthouse for steering people away from the hazards and dangers facing the human race.

The word in the Muslim world is that America needs more such statesmen and publications in order to restore its position as “a temple of liberty and beacon of hope among nations.”

# U.K.: Blair Could Well Do a Ramsay MacDonald

by Mark Burdman

As each passing day brings him closer to his political doom, British Prime Minister Tony Blair is actively considering a radical, and high-risk domestic political maneuver, to save his hide. According to well-informed British sources, Blair may well ape his abominable forebear James Ramsay MacDonald, who, as Labour Party Prime Minister during the troubled Summer and Autumn of 1931, formed a “National Government,” together with Conservative and Liberal Party opposition figures, so as to impose vicious austerity on Britain’s Great Depression-wracked population.

Now, Blair is pondering whether to bring opposition Conservative elements into some kind of “national unity” structure, to outflank the intense opposition he faces from within his own Labour Party to his drive for immediate war with Iraq, and to privatize crucial public services. Blair and his entourage also know, that the fragile British economy is sinking into the mire, because of the rapidly accelerating global financial meltdown, including the bursting of Britain’s gargantuan real estate bubble. This latter factor has been brought to wider public attention, by the new International Monetary Fund “country report” warning of the precarious housing bubble in the Great Britain.

After the battering he received, from inside the ranks of Labour during the House of Commons debate on Iraq on Feb. 26, the which we reported last week, Blair will soon face another Labour revolt in the Commons, possibly as early as the week of March 9, against his plan for moving toward privatization of British hospitals.

A British think-tanker, sympathetic to the Blair/“New Labour” policies, warned in the *Wall Street Journal-Europe*, a publication strongly sympathetic to Blair’s Iraq war-mongering, that “Blair Is in Trouble.” Stephen Pollard, formerly a top figure at the British Fabian Society and now with the Brussels-based, neo-conservative Centre for the New Europe, wrote on March 5: “It is more than possible—some people consider it likely—that he . . . could be gone in a matter of weeks. . . . Be in no doubt: Tony Blair’s position is precarious in the extreme.” Pollard asserted: “All bets are off. The Iraq crisis has provided the glue by which the disparate strands of the Labour Party . . . have been able to join together in their opposition to a Prime Minister who is viewed by the public as a near-deranged war-monger, and the poodle of a trigger-happy Texas moron. . . . Even within the Cabinet, the knives are out.”

## Thatcher Reincarnate?

What saved Blair from even worse humiliation, in the Feb. 26 debate on Iraq, was the support he received from the chief spokesmen of the Conservative Party. With a handful of heroic exceptions, Conservative Party debaters were more effusive, in their support for Blair, than virtually anybody in his own party. He was treated, by them, as the new incarnation of their heroine, former Conservative Prime Minister Margaret Thatcher.

Under such circumstances, London sources report, Blair is considering bringing staunch Iraq war advocate Iain Duncan-Smith, head of the Conservatives, and perhaps other Tory leading lights, into his regime in an official capacity. This, plus his dreams of a “quick victory in Iraq” and the constant psychological manipulation of the population through hyped-up “terrorism alerts” and “terrorism contingency exercises” in London and elsewhere, compose the witches’ brew he and his advisors are concocting, to prevent the imminent meltdown of his regime.

A London insider told *EIR* March 5, “Blair could well make a deal with the Conservative Party, upon which he has become dependent on Iraq, and which supports him on key domestic issues. We are coming up to a major realignment in our politics.” Our source went on: “Blair could well do a Ramsay MacDonald. There is a very good parallel between the two cases. Remember, that when things got too hot for MacDonald, in mid-1931, he turned to the Conservative Party, to form a ‘National Government,’ which kept him in power, for some time after that. I could see Blair, now, offering Iain Duncan-Smith some official position, maybe on defense, since Duncan-Smith is a big supporter of the Iraq war. Blair will be needing more help fast, because he will face another Labour revolt, probably next week, in the House of Commons, over his move toward privatization of hospital services. The Tories would support him on that, too.”

## LaRouche’s 1997 Warning

Blair’s turn toward the “Ramsay MacDonald model” confirms one of Lyndon LaRouche’s most crucial political forecasts in the second half of the 1990s. No sooner had Blair, and his Thatcher-lookalike “New Labour” project, come onto the political scene, than LaRouche warned, that Blair would mimic MacDonald’s nefarious antics. After Blair’s election on May 1, 1997, *EIR’s Feature*, “Blair Landslide Signals British Fascist Offensive,” stated, “Numerous senior British commentators concurred with Lyndon LaRouche’s estimation, that Tony Blair would be the reincarnation of Ramsay MacDonald.” That article recalled how MacDonald, after being elected soon before the stock market crash in 1929, came increasingly under pressure, from the Hitler/Nazi-backing Bank of England Governor Sir Montagu Norman, to impose massive austerity on his own Labour working-class base. This became increasingly politically precarious, so MacDonald, in mid-1931, was summoned to a number of meetings with King

George V, and instructed to form a “National Government,” with the Conservatives and Liberals. We went on to say, “Serious political observers would do well to keep the historical precedent in mind, before they get too irrationally exuberant over Tony Blair.”

### Traitor Blair, Traitor MacDonald

When MacDonald made this drastic 1931 move, he was universally denounced, among the working-class Labour Party base, as a “traitor,” and Labour stalwarts were in the habit of turning his photograph to face the wall. Now, in 2003, *EIR* has learned, that a recurrent theme, among Labour anti-Iraq war advocates, is that Blair himself is a “traitor,” of the MacDonald variety.

One Labour individual who addressed this matter publicly, was Lord Kenneth Morgan, a member of the House of Lords, and a professor at Queen’s College, Oxford, who trained some of the people now in the Blair Cabinet. Morgan made a strong attack on the Iraq war policy, during a parallel House of Lords debate on Feb. 26, and wrote an adaptation of this speech, for the March 1 London *Guardian*. In biting language, Lord Morgan stated that Blair’s pro-war message “has been elucidated. The spinners have spun; the plagiarists have plagiarized; and the people are more hostile than ever.” Why is it that no one believes the government? Morgan chalks it up to four reasons: First, no one is convinced that Saddam Hussein is a threat to Britain; secondly, no one is convinced of a link between Iraq and terrorism; thirdly, people distrust the motives of the United States, not because of anti-Americanism, but because of oil and the U.S. hypocrisy in not dealing with an aggressive Israeli regime that consistently defies UN resolutions “and denies fundamental human rights to Palestinians.” The fourth reason is, that “the British people fear war because they think that it will be barbarous and will lead to the death of hundreds of thousands of innocent people in Iraq.”

Morgan also challenged those, like Blair, who compare Saddam Hussein to Adolf Hitler. “What nonsense. Saddam is not another Hitler. Where is his *Mein Kampf*? Where is his dream of universal conquest?”

Morgan concluded: “Tony Blair is a brave man who prides himself on being another Churchill. He must be wary of being another Ramsay MacDonald.”

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## Nemesis Hits Spain’s Aznar

by Elisabeth Hellenbroich

Spanish Prime Minister José María Aznar, one of the staunchest allies of the Bush Administration in its Iraq war drive, is, like his close friend British Prime Minister Tony Blair, finding himself confronted with a massive political uproar in his own country, which may very well lead to his removal from power. While Aznar’s popular approval still stood at 37% a year ago, it dropped to 18% in January.

The ever-widening gulf between the government and the population—all opposition parties in Parliament, the leading trade unions, and many layers of the Catholic Church (including the Catholic Bishops Conference, the Cardinal of Barcelona, the Archbishop of Tarragona, and the Archbishop of Seville)—springs from several factors. More than 80% of the population are opposed to a war in Iraq, and the majority of Spaniards are disgusted by the intransigent and self-righteous hawkish position which Prime Minister Aznar and his government have been taking. Aznar has been denounced for acting “more in the name or the interest of U.S. President Bush than in the interest of the people of Spain.” Then there is Madrid’s mishandling of Nov. 15 breakup of the *Prestige* oil tanker, off the coast of Galicia, which has caused an ecological disaster, and will have catastrophic economic effects.

Thirdly, there is a deepening gap between rich and poor, thanks to the country’s major economic crisis. Spain’s 21% unemployment is one of the highest in Europe, and growing. As result of the government’s free-trade policy and adherence to globalization, 50,000 Spaniards lose their jobs annually, according to the magazine *Cambio 16*. Discontent is very high among small farmers and fishermen. In addition—as result of the deepening world economic crisis as well as the major repercussions of the Argentine and Ibero-American debt crises, the Spanish banking sector is in a very fragile condition with many banks threatened with going under in 2003.

The outrage against Aznar’s policy, and the conflict between him and the political opposition, broke out in late January, when European newspapers published the “Open Letter of the Eight”—an unconditional “loyalty oath” to Bush Administration war policy delivered by eight heads of state and government. Aznar was the primary organizer of the letter, signed by the leaders of Britain, Spain, Italy, Poland, Hungary, Portugal, Denmark, and the Czech Republic. It became clear during several hours of tumultuous parliamentary debate on Feb. 5, in which Aznar explained his Iraq policy, that key figures of the opposition interpreted the letter as an “act of treason” by the Prime Minister, who had gone behind the

back of his European allies, and without consulting the parties in the Spanish Parliament.

The original text of the Jan. 30 letter had been conceived at the *Wall Street Journal*, which had sent it to Aznar, who in turn, after a long telephone discussion with Blair, “personally” organized the signatures from the six others. Those are the states which—as U.S. Defense Secretary Rumsfeld later provocatively put it—are part of the “New Europe” that Rumsfeld declared is more allied with the United States than with the “Old Europe” of France and Germany, which have allied to oppose the war. The letter was a direct response to the Franco-German initiatives in January, to more closely collaborate in the fields of foreign, economic and security policy, and aim their diplomatic efforts to find a peaceful solution to an Iraq war.

Aznar, a small-minded former financial official, gained his “military” reputation as commander during the spectacular Perejil Island Affair. This is a tiny island off the coast of Morocco, only inhabited by goats, which Aznar tried to reconquer by dispatching an entire Spanish Armada in June 2002. The Premier is personally obsessed about reviving Spain as a world power.

The state of mind of the Spanish Prime Minister became clinically clear during an address he gave to the directorate of his People’s Party (PP) on March 3. This was the eve of a second major parliamentary debate on the Iraq policy which took place March 4; Parliament voted in secret ballots on two motions: one presented by the PP in support of Aznar’s policy; and one by the opposition favoring a peaceful solution in the context of the UN Security Council. The PP motion prevailed by 183-164 with three abstentions. Aznar had said to his party leaders: “We don’t want to see Spain sitting in the corner of history, in the corner made for those countries [he didn’t say which countries he meant] which don’t count, which don’t serve, and which don’t decide. We want to see it in a different place, and we have fought for this for many years.” With a clear jab at France and Germany, Aznar had then criticized “those countries which try to divide the UN Security Council or the Atlantic Alliance, or which claim to have the ‘monopoly’ on the European voice. . . . It would be a step backward,” he concluded, “if the government listened to the protesters.”

### **Warn of First Use of Nuclear Weapons**

The revealing parliamentary debate of Feb. 5 had been convoked upon the insistence of the opposition which wanted to force Aznar to officially explain his Iraq policy. Aznar voiced his unconditional support for a U.S.-led war, saying, “Either Iraq immediately disarms or we make war.” One parliamentarian after another from the opposition strongly denounced his policy. Socialist Party (PSOE) Chairman Luis Rodríguez Zapatero took the lead, expressing his firm solidarity with the Pope’s peace policy. Rodríguez Zapatero attacked the concept of “pre-emptive war” as representing a fundamental break with the principles of civilization; one could not declare war on a country to disarm it, he maintained, when it

is clear that there is no immediate danger from that country. A war would mean bombing and killing tens of thousands of civilians, and leave the country in ruins, Rodríguez Zapatero warned. He then sarcastically charged Prime Minister Aznar, “You took your decision alone, without consultation, and now you tell us you want to offer us consensus. What is the new consensus you have proposed? It is everything which Mr. Bush is saying.”

Rodríguez Zapatero was particularly outraged by Aznar’s treacherous role in the “Letter of the Eight.” “Spain is not on the side of the allies which represent the motor of the EU, referring to France and Germany, he said, “but it seems rather, that today we are on the side of the Euro-skeptics, and this is not in our national interest. The EU was weakened in its foreign policy, and you personally are responsible for this.”

Significantly, Rodríguez Zapatero also accused Aznar of damaging Spain’s relations with the Ibero-American countries by his self-righteous step. “Patriotism is dignity, and nothing is more anti-patriotic than total submission” to the U.S. and British war-hawks, he concluded. He was followed by the United Left (IU) Chairman Gaspar Llamazares, who called Aznar “Secretary of the U.S.A.” Llamazares also told Foreign Minister Ana Palacio that she knew perfectly well, that the United States and Great Britain would not refrain from the “use of nuclear weapons in the war against Iraq.”

### **Nationwide Protests**

The debate was the prelude to a nationwide protest storm which swept through the country on Feb. 15. In the context of the unprecedented protests worldwide against the war on Iraq, more than 4 million Spaniards protested in 57 cities against the war policy of Aznar. These were the largest demonstrations in Europe, with 1.3 million in the city of Barcelona alone, and 1 million in Madrid.

A week later, on Feb. 24, some 250,000 people went into the streets of Madrid to denounce the Aznar government’s catastrophic handling of the *Prestige* affair. On Nov. 15, 2002, the aging and unsafe oil tanker *Prestige*, chartered for £13,000 a day by the Marc Rich-linked Crown Resources raw material trading company connected to the Russian Mafiya group Alfa, sank off the Galician Coast, with dramatic effects on Spain’s ecology, fishing and tourism. The government’s mishandling of the *Prestige* accident ranged from an incompetent decision to pull the wrecked oil tanker 120 miles out to sea, creating a gigantic oil spill polluting the Spanish, French, and Portuguese Atlantic coasts, to the very insufficient aid given by the army to clean up the coasts. The protesters demanded a parliamentary investigation to bring out the truth behind the affair and shed light on those responsible in the government.

The scale of the pressure on Aznar was shown by a recent commentary in the *Wall Street Journal*, which said that Aznar has indicated to the United States that he needs “help” from Washington to withstand the mounting political pressure he faces at home. Aznar suggested to President Bush that he should have “less Rumsfeld and more Powell”; to restrain

Defense Secretary Donald Rumsfeld, whose public outbursts have created an impossible situation for the European backers of a war against Iraq.

All over Spain, booktables are now organized to gather signatures against the war, while there are plans made for possible nationwide demonstrations on March 15 and March 21. The unprecedented ferment could indeed sweep the unpopular Prime Minister out of office sooner than he thinks. In an op-ed in the daily *El País* on March 4, the chief magistrate of the Audiencia Nacional, Balthazar Garzón, wrote, "I can't recall a degree of protest and authentic popular rebellion, like that which your position as Prime Minister of the government is generating in all layers and social classes of Spain. I also cannot recall the degree of cynicism displayed by leading politicians who use demagogy and manipulate the media, to play on the fears of the citizens by bombarding them with lies."

Garzón told the Aznar to defend the right of justice, join with the Pope, and decide "whether he wants to be a great statesman and take a position which the entire civilized world, the French, Germans, Russians, Chinese, and Syrians have taken, and join the battle cry in the opposition against war." He ended by asking Aznar, at what price he is willing to participate in the war, "a price which will be covered by the blood of thousands of innocents" and which ultimately will mean political suicide for Aznar.

## Chirac Flanks U.S. War Drive—in Africa

by David Cherry

French President Jacques Chirac arrived in Algeria on March 2 to a hero's welcome, as his open-top motorcade, travelling the nine miles from the airport to downtown Algiers, was greeted by cheering, confetti-throwing crowds numbering in the hundreds of thousands.

The meaning of his visit was not lost on London and Washington. Chirac "is leading the diplomatic campaign against a U.S.-led war in Iraq" and his visit to Algeria "is expected further to strengthen his standing in Africa and the Middle East," wrote the British *Financial Times* on March 3. "He seeks to prove that France remains a global power, . . . and is an alternative voice to Washington," said London's *Daily Telegraph* on March 4.

In an interview on Algerian TV on March 1, Chirac had said that he hoped to establish close relations between the two countries like those between France and Germany.

Moroccan sociologist Mohammed Tozy told the French newspaper *Libération* that "everyone is talking about . . . American hegemony, and the Europe-U.S. confrontation. It's as if the Arab world were uniting behind the French and German duo and that the Arab hero were Chirac."

There is potential for more than political realignment in Chirac's move. If war cannot be avoided, and France and Germany break from the free-trade and globalization strait-jacket to defend themselves against the ensuing economic chaos (see *EIR* Feb. 21, p. 4), they will require a relationship with the developing sector much more favorable to both sides.

Addressing both houses of the Algerian Parliament on March 3, Chirac spoke of his vision of an "exceptional partnership." He referred to the bitter Franco-Algerian war of 1954-62, by which Algeria eventually obtained its independence, as "a tragedy whose name, these many years, we did not wish to speak," but which "we must neither deny nor forget." But, he said, "a vast new vista is opening before us. . . . The destinies of Algeria and France are deeply intertwined. . . ." He expressed his "esteem and respect" for an "Islam open to the world."

Chirac called upon Iraq to "cooperate more fully" with UN weapons inspectors, adding that "We must maintain strong pressure" on Saddam Hussein "to reach together and in peace, our established objective of eliminating Iraq's weapons of mass destruction." His 30-minute address received a prolonged, standing ovation.

Chirac presented Algerian President Abdelaziz Bouteflika with the silver seal of the last Dey of Algiers—seized by

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French forces when they took over the city in 1830—calling it a symbol of Algerian sovereignty. In a moving gesture, President Chirac shook hands with two leading Algerian fighters in the renowned Battle of Algiers, and laid a wreath at a tomb for those who died fighting for independence. Chirac himself had fought against independence as an army lieutenant.

Chirac led a delegation of 80, including five Cabinet ministers, many political figures, artists, and business and industrial leaders. He visited Oran, Algeria's second largest city, addressed Algerian youth at al-Senyah University, and visited the newly reopened Michelin tire factory in Algiers before ending his three-day visit on March 4.

Bouteflika, on French radio, said Chirac deserved the Nobel Peace Prize if he could prevent a war against Iraq.

### France's New Partnership With Africa

Chirac's Algerian move gave punch to his declaration, at the 22nd Franco-African summit in Paris on Feb. 20-21, that France and Africa have entered a new phase of equal partnership, that "extends from development issues, such as fighting AIDS and improving agriculture and education, to fighting terrorism and organized crime." "France will encourage African development, but not dictate what to do," Chirac said, adding that France would serve as Africa's "advocate" before international organizations.

The Algerian visit, however, is only the latest, most spectacular of the steps Chirac is taking to implement the declaration. At the summit itself, Chirac violated globalization's free-market principles by speaking of the need to raise the prices of raw materials, and proposed at least ten years of favorable trade terms for Africa. He did not say how that should be done. He reversed existing French policy by urging developed countries to suspend subsidies for agricultural exports to African countries temporarily, pointing out that cheap imports into Africa were undercutting African production. How farmers in the developed sector would be ensured parity prices, he did not say. But while the European Union is the biggest exporter to Africa, only 3% of EU farm exports go to Africa.

Stepping into English-speaking Africa—which the Anglo-American powers think is their turf—Chirac offered to help the governments of South Africa, Nigeria, and Zimbabwe find solutions to problems of democracy, justice, and landownership in Zimbabwe; his proposal has been accepted by all three. South African President Thabo Mbeki said on Feb. 21, that Chirac insisted, "if there is a problem, let's discuss it and let's find a solution. And if there are things that need to be done that might require resources . . . let's see what we can do."

Beginning Feb. 8, France, South Africa, and India held a week of joint military exercises in Gwalior, India. French ties with South Africa are "visibly warming," the South African Broadcasting Corporation reported Feb. 21.

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Jorge Castañeda

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## Drug Legalizer Soros' Man in Mexico

by Rubén Cota Meza

"The Soros Foundation isn't operating yet in Mexico, but soon it will be, and it will be headed by former Foreign Minister Jorge G. Castañeda," wrote Federico Arreola, executive vice president of the Multimedios Editorial Group, in the Feb. 5 edition of the Mexico City newspaper *Milenio*. According to Arreola, Castañeda will use the funds of the "famous speculator" George Soros for his "run for the Presidency which, of course, will take off as soon as next Summer's intermediate elections are over."

Although Arreola's revelation has not yet been officially confirmed, neither has it been denied by either Castañeda or Soros. And it comes as no surprise, in any case, given their close, long-term ties, and their common goals of destroying Mexican national sovereignty and of legalizing drugs.

### Soros' Penetration of Mexico

In October 1998, on the eve of the special session of the UN General Assembly on drugs, the world-class speculator and drug-legalization proponent Soros paid for a full-page advertisement in the *New York Times*, in which he claimed that the war on drugs has caused more damage than the consumption of illegal drugs, and therefore, the production, trade, and consumption of drugs should be legalized. The man who put together the advertisement is Ethan Nadelmann, who served for many years as executive director of the Lindesmith Center, and is currently executive director of the U.S. Alliance for Drug Policy. Both are organizations financed by Soros. Among the dozens of signers of the advertisement who support Soros' position, is Mariclaire Acosta, who at the time was president of the Mexican Academy for the Defense and Promotion of Human Rights in Mexico.

In 2000, as Foreign Affairs Secretary for President Vicente Fox, Castañeda created two new under-secretarial positions to push Soros' drug legalization plan from inside Mexico. In the special "Human Rights" post, Castañeda put Mariclaire Acosta, and in that of "Global Affairs," he put Patricia Olamendi. Olamendi's responsibility was to revise the UN policy on drugs agreed to in the October 1998 special session. According to a Nov. 3, 2002 report from *Narco News*, the news service on drug legalization activities, Nadelmann "spent two days in private meetings at the Mexican Foreign Ministry" before giving a speech at the Center for Economic



*Former Foreign Minister Jorge Castañeda is soon to become the head of financier George Soros' drug legalization effort in Mexico.*

Information and Instruction (CIDE), at the invitation of the College of Mexico. In his speech, Nadelmann argued that “legalization is being increasingly accepted as an option,” and “stressed the serious changes that have occurred since he began visiting Mexico” in 1988. Using Soros money, Nadelmann sponsors the Tides Foundation’s awards to the narco-legalizers; not surprisingly, *Narco News* is one of the award recipients.

But the real question is, what was Soros’ Nadelmann discussing behind closed doors with Castañeda? The Mexican Foreign Ministry has revealed nothing of those discussions, but one might suppose that Nadelmann came at least to supervise the revision of UN drug policy with Castañeda, Acosta, and Olamendi, to reorient it in conformity with the wishes of his patron Soros.

The “serious changes” in favor of drug legalization to which Nadelmann referred in his CIDE speech, where he was accompanied by academics Jorge Chabat and Bruce Bagley, are precisely those which Castañeda brought about during his tenure as the head of the Foreign Ministry. The pro-legalization stance of the former minister, and future director of the Soros Foundation in Mexico, goes back years.

Following the July 2, 2000 electoral victory of President Fox, Castañeda, then a member of Fox’s transition team, prepared some “Foreign Policy Points for the Vicente Fox Government: 2000-2006.” Castañeda’s points were published as a chapter in *Chile-Mexico, Two Transitions*, a book edited by Chilean Ambassador to Mexico Luis Maira. In it, Castañeda defines “six challenges” to Mexican foreign policy, of which one is “the long-term decriminalization of certain currently illegal substances,” and “the use of market mechanisms to lessen the damage from the illegal nature of the drug trade.”

On Nov. 28, 2000, in his first interview with the newspaper *La Jornada* as Foreign Minister, Castañeda was asked: “Regarding the question of drugs, do you propose to negotiate a new focus . . . including discussion of drug legalization?” Castañeda replied, “That last point has been aired in U.S. forums, including by very conservative figures such as Milton Friedman, George Soros; these elements must be looked at domestically from a flexible, modern, and updated standpoint.”

## **Soros, Maker of Presidents**

Alejandro Toledo came to the Presidency in Peru following a coup d’état promoted by Wall Street and the U.S. State Department against Alberto Fujimori, which internally made use of Toledo’s Peru Posible movement. During his electoral campaign, Toledo admitted publicly that he had received a million dollars from Soros.

Another Soros investment in the Andean region comes through Human Rights Watch/Americas, a Soros front for defending the “human rights” of the region’s narco-terrorists. Soros also operates through the Andean Commission of Jurists (CAJ), which operates de facto as a branch of Human Rights Watch in the Americas. Diego García Sayán, until he was named Justice Minister for the Peruvian transition government of Javier Paniagua, and then Foreign Minister of the Toledo government, served as CAJ executive director. He meets with Nadelmann, with whom he shares an avid defense of drug legalization.

Working closely with the CAJ is the Andean Council of Coca Leaf Producers (CAPHC) and its leader Evo Morales. Recently, CAPHC expanded its activities through the Bolivian Movement to Socialism, currently heading an insurgency whose aim is to bring Morales into the Bolivian Presidency through violence. On March 13 and 14, 1996, the CAJ and CAPHC held a joint conference in favor of legalizing coca production, at which one of Nadelmann’s British associates participated. Another leader of the Bolivian coca-growers, Felipe Quispe, was in Mérida, Yucatán, Mexico, on Feb. 14, 2003, where he participated in an international conference entitled “Ending the Ban on Drugs in the 21st Century.” Participating along with him were former Colombian Prosecutor General and former Colombian Ambassador to Mexico Gustavo De Greiff; Marco Perduca, Italian ambassador to the UN from the Transnational Radical Party; David Boren, executive director of the U.S. Drug Reform Coordination Network; and Mexican Congressman from the PRD party Gregorio Díaz Germán.

That same day, Castañeda made his first public appearance in Mexico before students of the Jesuit-run Institute of Technology and Higher Western Studies, whose dean, and the former president of the Jesuits’ “human rights” group, Father David Fernández, is yet another drug legalization advocate.

Also, the new political party Mexico Posible—which takes its name from the party of Toledo and García Sayán in Peru, and whose leading light is the human rights activist and National Endowment for Democracy agent in Mexico, College of Mexico Prof. Sergio Aguayo Quezada—began its political proselytizing for the next congressional elections by declaring itself in favor of marijuana legalization. Mexico Posible is also known as the “Party of Jorge Castañeda.”

Everything indicates that Castañeda and Soros have already “smoked the peace pipe” together.

# U.S. Military Plans in Philippines Collapse

by Michael Billington

The plan to launch a small U.S. combat operation into the southern islands of the Philippines has collapsed, with egg all over U.S. Secretary of Defense Donald Rumsfeld's face. As reported last week in *EIR*, an anonymous, leading official from the "chicken-hawk" faction at the Department of Defense, was authorized on Feb. 19 to reveal a supposed secret deal with the government of Philippines President Gloria Macapagal-Arroyo. It called for U.S. military forces to go to war against the Abu Sayyaf guerrillas (and perhaps other armed organizations) on the island of Sulu, off Mindanao in the southern Philippines—the first U.S. military engagement in Southeast Asia since Vietnam. As such a deployment totally breaches the Philippines Constitution, the Philippines government (and the population) exploded at the news, and the President's spokesman vigorously denied that any such deal existed.

Defense Secretary Gen. Angelo Reyes, who was suspected by some in the Philippines to have set up just such a deal, perhaps behind President Arroyo's back, flew off to Washington to meet with his friend Rumsfeld. Last August, the two defense secretaries had set up a Defense Policy Board, providing what they described as "civilian to civilian" direction to U.S./Philippines military cooperation. They intended to circumvent the military-to-military line of command and the role of the State Department, whose Secretary Colin Powell had spoken out against either a U.S. combat role or any attempt to create a permanent U.S. military presence.

But the Rumsfeld/Reyes meetings failed miserably. An expected joint press conference at the Pentagon on Feb. 28, to report on the "ironing out of differences," turned into separate press conferences, with fumbling by both to cover up the collapse of the plan. Behind the collapse was the fact that the President's office in Manila had announced that there would be no compromise with the Constitutional restriction against foreign military operations on Philippine soil—and even suggested that the entire U.S./Philippine "exercise" may be postponed or even scrapped.

Rumsfeld found it difficult to cover over the apparent intent of the authorized "leak"—to force the Philippines to give in to U.S. military demands. General Reyes, for his part, according to press reports, made a statement that may come back to haunt him: He said that in the Philippines, a soldier's training is not done until he has live combat experience, and therefore, U.S. soldiers joining Philippine soldiers in combat

was just part of training!

By the time Reyes arrived back in Manila, he was less equivocal. "Our agreement is that we will consider other options. Now when we say options, it doesn't only refer to the site; it might be in the complexion of the entire exercise." President Arroyo's spokesperson Ignacio Bunye went further: "The Balikatan exercises will be conducted under absolute Constitutional standards. The people of the place—wherever it will be held in the future—will be consulted"—something which did not occur in the case of Sulu, an island whose population still vividly recalls the killing of thousands of its citizens in the 1906 battles with the U.S. military. "Ethnic sensibilities will be respected," said Bunye, a sure indication that the war on Abu Sayyaf's main base in Sulu is not to involve American troops.

As if in response, a hideous terrorist bomb attack took place at the Davao City Airport in Mindanao on March 4, killing 21 civilians, with over 150 injured. One of the dead was an American missionary, and President Bush immediately offered to help find the perpetrators. But President Arroyo, who flew to the scene of the bombing, in her first personal statement on the issue since the U.S. leak on Feb. 19, welcomed U.S. help but said that there would be no combat role for the Americans.

The bombing is being blamed on the Moro Islamic Liberation Movement (MILF), one of the major separatist movements in the South, which has been under attack by the Philippines Army for weeks. The destruction of several power lines, which threw the entire region into darkness, has also been credited to the MILF, but they strongly deny attacking civilians.

The collapse of the U.S. military scheme could be accredited to the arrogance of the U.S. war party, as well as their blundering incompetence. But there is also the possibility that the release of the supposed "secret deal" with the Arroyo government by the U.S. Defense Department—regardless of whether it was a highly confidential and secret agreement, or a total fabrication—was intended to destabilize or even bring down the Arroyo government, to force concessions for the wider U.S. global war plans. Former Sen. Kit Tatad, in an interview in this issue of *EIR*, warns that the Rumsfeld team could well be repeating a ploy by the United States in the 1950s, when support for fighting insurgents was used to manipulate a U.S.-controlled asset, Ramon Magsaysay, into the Presidency. Perhaps, says Tatad, Rumsfeld is planning to put General Reyes or some other favorite into power, through discrediting the current Presidency.

However, in a March 4 article in the *Daily Tribune*, Senator Tatad indicated that President Arroyo may be "ready to deal with the problem." She ordered her military to defeat the Abu Sayyaf within the next 90 days, while ruling out direct U.S. support. Tatad wrote that this was "a move seen by many as a clear prelude to her sacking Reyes if the military fails to wipe out the kidnap-for-ransom gang within that deadline."



# Philippines Needs Strong and Forward-Looking Leadership

*Senator Francisco “Kit” Tatad is one of the senior statesmen of the Republic of the Philippines. Senator Tatad was Majority Leader to five Senate Presidents, and also served as a Cabinet Minister (1969-80) and Senator (1992-2001). He is the author of several books on political affairs. The most recent book, referenced below, is A Nation on Fire—The Unmaking of Joseph Ejercito Estrada and the Remaking of Democracy in the Philippines (Manila: Icon Press, April 2002). This interview was conducted by Michael Billington on Feb. 27.*

**EIR:** Senator Tatad, you have served, until recently, as either a public servant or an elected official in the Philippines for, I think, three to four decades, and are considered by many people to be the senior parliamentarian of the nation. Lyndon LaRouche, when asked about the Philippines’ situation, has often stated that he considers the most severe problem facing the Philippines to be the lack of leadership since the time of the overthrow of President Ferdinand Marcos by extra-legal means in 1986. What is your view of the period since that time, a general overview of the developments in the Philippines since Edsa 1 [the name given to the overthrow of President Marcos, after the plaza where the demonstrations against him were centered]?

**Tatad:** We have, I believe, moved from one hump to another without really overcoming our major problems. The leadership vacuum began after Marcos and continues to this day. In fact, on the last anniversary of Edsa 1, Feb. 25, 1986—that was the overthrow of Marcos—the major players still managed to assemble on Edsa, but there was hardly a crowd. There were more demonstrators, or potential demonstrators [against the Edsa proponents], who were being barred from going into Edsa by the police in various parts of Metro Manila. At the center of the supposed celebration, there was no crowd, and obviously Ramos and Cory [former Presidents Fidel Ramos and Corazon Aquino] were really, really very disappointed. The headline of the leading paper in Manila, *The Inquirer*, the next day screamed, “Where Are the People?”

... I think it is generally realized that this country needs a stronger leadership, and it is not there. I would probably venture to say that if an honest-to-goodness survey were run anywhere in the country today about Marcos, he would win the votes. He would be voted as probably the man we need

today. This is probably one reason why a guy like Sen. [Panfilo] Lacson, whose most important credential is that he was once chief of the Philippines National Police—and under his watch he appeared to have cleaned up parts of Manila, reduced the kidnapping incidents, and shaken up the police organization—that is probably the only reason why he is talked about by some people as the logical man to look at. Of course, elections are still far away, and too early to talk of candidates or aspirants. But this probably explains the inclination to identify certain parties even at this stage.

There are sectors in the country today, who believe that this system is simply exhausted, that it will no longer work, that elections are no longer the answer; that perhaps something else is needed, something quite drastic—which nobody needs to spell out. Then the country will move forward.

In any case, one final sentence: There is total agreement that this country needs to be led, and there is no sign on the horizon of emerging strong leadership.

**EIR:** On the global crisis, LaRouche has argued that the utopian faction—the war faction within the Bush Administration and in the Congress, which really crosses party lines—is intent on a war in the Middle East primarily to disrupt Eurasian unity, as in the old “divide and conquer” imperial policies; and that the drive for a military presence in the Philippines is, likewise, a geopolitical policy that is aimed more at creating a staging ground for future military operations in Asia generally, and, in particular, encircling China.

I would ask you to comment on the Iraq situation, and then, on the United States military plans in the Philippines that have become a crisis over these last weeks.

**Tatad:** I would like first to refer to the situation in the Philippines: how our people, the government, the media, and everybody else, are responding to these issues. First of all, there is very limited discussion in depth of these issues. The focus of the country remains mainly parochial and insular, and from time to time, the headlines scream about Iraq, but there is really very little effort to organize the data or the analysis. Even in the Senate, which traditionally concerned itself with foreign policy issues, we are not hearing much.

In fact, last week, the only relevant thing people heard from there was something I said when I went over there at the invitation of the Senate press. I talked about the Mindanao

war, then Senator Aquilino Pimentel followed up. Today, even as we speak, some groups are getting organized, under the leadership of Vice President Teofisto Guingona, to stage an anti-war rally at Manila's Rizal Park. It is expected to be quite big.

I share the concern of many who do not understand until now why the United States seems so intent on waging a unilateral strike on Iraq, given the fact that, first of all, the evidence—the smoking gun, so called—is not there; the inspections are still going on; some 30 million people, from Tasmania to Iceland, came out after the second Blix report to the Security Council, to voice their protest. I've really never understood the rush, the push to war.

When I was in Washington last October, I had a meeting with some friends, who, I believe, have some direct access to the White House, and I raised the question: What happens if and when the two other countries mentioned by President Bush in his "axis of evil" speech—namely North Korea and Iran—should simultaneously initiate their own actions against the United States? After all, they have been named as "enemies," they are on the checklist, and they could presume they would be next. The day after that, I read in the American media, that the North Koreans had, in fact, admitted that they were in possession of nuclear weapons. Until now that story has not changed. In fact, it has been confirmed and reconfirmed, several times. But the approach taken by the United States on North Korea has been markedly different from the approach taken on Iraq. Diplomacy for North Korea, which has proclaimed possession, but war against Iraq, which protests its innocence.

**EIR:** [Malaysian Prime Minister] Dr. Mahathir, at the Non-Aligned Movement meeting, said that shows clearly that this is a war on Islam.

**Tatad:** Yes, it provokes that kind of conclusion on the part of some people. I do not have enough data to share the conclusion, but even with this limited premise, one is forced not to entirely discount it. And then, when you read all of the statements coming from the supporters of a unilateral strike, and statements by United States officials, Australian politicians, and others, and even the usually sober intellectuals writing in the American press—when you read what they write, you notice the passion and the readiness to vilify those who take a different view. If you are an American taking a different position, you are branded as a traitor; if you are not an American, but a European or somebody else, you are instantly ridiculed and abused. The quality of political-intellectual exchange in the United States has suffered a lot, simply because they are determined to wage war. But has it improved the moral position of the United States? I wonder.

We have to look at what happened to Afghanistan. All of this was triggered by 9/11, and, of course, the world understands why the Bush Administration is so determined to fight terrorism, as we all are. I don't believe there is any govern-

ment in the world today, that is not prepared to fight terrorism with everything they've got. But first, the decision to go after al-Qaeda and the Taliban was billed as a success up to a point, but the main target, Osama bin Laden, is nowhere accounted for—in fact, the tapes that have come up show that he is very much alive and kicking. In the meantime, Afghanistan has fallen into different hands, and now it's easier to build all those pipelines through Central Asia. So, when you look at Iraq and the history of United States involvement there, you can't help but raise the same questions—are they after Saddam Hussein simply because he is evil, or are those people right in saying that oil is the more important reason after all? That is a most disturbing issue to people so far away from the scene.

### **United States Policy Toward the Philippines**

Now, probably, we should look at the American decision to participate in eliminating the kidnap-for-ransom gang called Abu Sayyaf in Sulu, southern Philippines.

Last year there was a military exercise, *Balikatan*, on Basilan island. Some United States troops were involved, and the same Abu Sayyaf was the target. At the time the exercises began, the international media, confirmed by Philippine authorities, were talking of 70-80 Abu Sayyaf bandits. They poured in thousands of troops, and claimed to have finished off the leader of this gang. Now they are back in Sulu, and they are talking of 400-500 Abu Sayyaf bandits. Are we now being told that after one exercise, where hundreds were killed, many more wounded, and infinitely more displaced, the Abu Sayyaf has multiplied in number?

Assuming that to be correct, what is the constitutional and legal basis for the United States combat presence? Very clearly the Pentagon is interested in validating its doctrine that the United States has the capability to project power simultaneously on two or three fronts. If Iraq blows up, that would constitute a major offensive, and Sulu, the smaller scale campaign. But the Constitution of the Philippines does not allow the entry of United States forces to fight our own internal enemies. The Philippine-United States Mutual Defense Treaty, which was signed in 1951, does not allow it either, and the 1998 Visiting Forces Agreement, of which I was one of the principal sponsors in the Senate Resolution of Concurrence, does not authorize anything of this sort at all. In fact, the Visiting Forces Agreement is simply an administrative agreement that defines the legal regime during the visit of United States troops in the Philippines. The visit itself is authorized by a liberal construction of the Mutual Defense Treaty.

So, we have a problem here. Even those who support the United States in almost everything, even the most devoted friends of the United States in the Philippines, have some problems. Looking at what is happening in the South, they can not simply accept it, knowing that it violates the Constitution. It violates our treaty arrangements, and it may not even

be necessary after all.

Now since we do have an excellent relationship, the United States could probably just help equip our Armed Forces so that they could deal more effectively with the problem themselves.

Now the world is being told that our troops are being trained by the Americans. Let us not forget that our soldiers are more experienced in guerrilla warfare than their American counterparts. It was in Sulu, remember, that, under General Pershing, the Americans invented the 45-caliber pistol against the unstoppable Moro fighters. I don't believe that the situation has changed much. We have the most battle-tested warriors in the South. In peacetime they are fighting each other, one family against another, but any time there is an opportunity, they unite to fight the Armed Forces of the Philippines. In this case, they will unite to fight American forces, if the mandate does not change.

So this is a serious problem that must be addressed. It is made much more serious by the fact that there has been no transparency in the whole arrangement. The decisions have just been presented to us as a *fait accompli*. The suspicion is that President Gloria Macapagal-Arroyo has entered into a secret agreement with President Bush, but more and more people are beginning to think that probably Gen. [Angelo] Reyes, the Secretary of National Defense, is the one who has entered into such arrangements with [United States Secretary of Defense] Donald Rumsfeld, with or without the authority of the President of the Philippines.

In fact, the latest information coming out of Washington seems to support the view that Secretary Reyes is developing his own political agenda on the basis of his contacts with the Pentagon. The formation of the Defense Policy Board last August provokes certain serious questions. If you recall in the time of President Quirino, when the Philippines government was fighting the Huks [in the 1950s], the United States government at the time indicated to Quirino that he could get more military aid if he named Ramon Magsaysay of Zambales, Secretary of National Defense. Quirino obliged. He replaced Defense Secretary Ruperto Kangleon, put Magsaysay in, and then—boom!—that's the end of Quirino. He was immediately subjected to intense black propaganda, while Magsaysay was being built up in the local and the United States press. Under the direction of the famous CIA guy, Edward Lansdale, Magsaysay became the next President.

Now, some people think the same recipe could work again. But this does not describe what the United States might have in store for the country, especially in Mindanao.

**EIR:** What do you think should be done, or could solve, the problem with the Moros?

**Tatad:** It would be useful if a sector of the American public, both in the media and in government, were to take notice of the situation and express their views on it. The trouble is that even in the Philippines, those who express a contrary view

are isolated, because the mainstream media are, basically, acting as mouthpieces of the Administration, and are so easily impressed by American troops kissing babies in the Southern Philippines.

**EIR:** There have been, repeatedly, proposals made for major infrastructure-development projects in the South, as the necessary prerequisite for really dealing with the social problems there. Why do you think that's always been stalled?

**Tatad:** I'm afraid I do not have enough data on the projects; but the usual complaint in Manila, of people in government, and even outside government, is that because of the extent of corruption—and this is not only in the South, this is all over the country—many projects are not implemented as planned. Sometimes the money just disappears. All the documentation is usually finished, and for all intents and purposes, the projects should have been completed. But when you look at the ground, they are not there. So, that is one problem. It is not so easy for government auditors to insist on politicians in the troubled areas liquidating their cash advances. Many political warlords tend to regard the public funds as something that could be utilized for private purposes. That is a major problem.

But in addition, we don't have the type of major projects we are seeing or hearing about in mainland Southeast Asia, or in other parts of Asia. For instance, when you look at Thailand, you're impressed with what you are seeing there. They are talking of mega-projects. You have all those road and rail projects aimed at linking vast parts of Asia through Thailand. We're hearing of canal construction that would link the Andaman Sea to the Gulf of Thailand. These are great ideas that, somehow, they are able to implement, but we don't have these things in this country, and least of all in the South. But these are some of the things that we need.

It's not only Southeast Asia, but China. And India's involved. Russia is involved. I think the idea of the "strategic triangle" should become much more alive in the Philippines. It should spill over. Of course, we are an archipelago; we are not connected, and we will not benefit from a trans-Asian railway system.

**EIR:** Let me ask now on the economics side. *EIR* recently wrote an article titled, "Philippines Confronts 'Argentine' Crisis" [Dec. 13, 2002], showing that the International Monetary Fund and the international financial institutions, which are facing a massive, global financial crisis in their own advanced-sector banking system, have decided to simply cut off some of the most indebted countries, which, of course, has already happened in Africa, and is now happening in Argentina, and could very well happen to the Philippines.

What is your sense of the financial crisis?

**Tatad:** That's our great fear. During the "Asian Flu" [of 1997], we took pride in saying that we were the least affected. The flu started in Thailand. Now Thailand is fully recov-

ered—not only fully recovered, but leading the region, not only in terms of actual recovery, but in terms of great ideas. The best ideas on how to speed up recovery in the region seem to be coming from Thailand, led by the very impressive new Prime Minister, Thaksin.

Let us start with the American dollar. The dollar is declining vis-à-vis all major currencies, probably a reflection of what is happening to the international monetary and financial system, which is dominated by the American dollar. But the Philippines' currency is deteriorating against the United States dollar! It is a very bad situation, very ironic, saddening, truly saddening. But what can we do?

We're not producing anything that sells outside the country any more. The old investors have relocated. There are no new entrants. The debt has grown faster than GDP, and all the indicators are simply not looking good. So, there is a general fear that we could be the next Argentina. And what do we do? We talk about politics every day. We talk about who is going to be the next President in 2004, etc. We are not talking about how to change the system at all. There is a need for us to relate to our stronger neighbors and learn from them, and together, address the larger issues, so that we can deal with the smaller issues within our national boundaries with some ease.

I don't see any economic team looking at the global picture at all, and I think that is a fundamental defect. Thailand has come so far from 1997, simply because it had the right ideas. Of course, the United States succeeded in crushing the idea of an Asian Monetary Fund, but it is from Thailand that we first heard the idea of an Asian bond market. Now those are great ideas, which could be useful in helping the countries solve individual economic problems. But we don't seem to connect at all. We just look at our day-to-day survival. Sometimes it is not even real survival; it is simply virtual survival. So long as we look good in the media, we say we are all right.

**EIR:** Butch Valdes, the leader of the LaRouche Society in the Philippines, whom you know well, has called on the Philippines to endorse LaRouche's proposal for a New Bretton Woods System, to return to a fixed-exchange-rate policy—

**Tatad:** Yes, Butch presented this statement in our Citizens' Caucus. I happen to be the convenor of a group called the Citizens' Caucus, and we are trying to formulate what we call a "Citizens' Agenda." Since we are not getting anything from anybody, we decided we the citizens should worry about the salvation of the country. In one session, Butch presented a paper, and I think we are all in agreement; but it is too big an idea for our local officials.

Probably I should arrange a forum for Mr. LaRouche himself, where these officials could have a candid and lively exchange with him, so that his views, which are becoming increasingly valid, could provide them some kind of guidance.

**EIR:** Let me switch from there to ask a couple of questions on the political situation internally. In your book on the 2001



*President Ferdinand Marcos, whose overthrow in a U.S.-directed coup in 1986 was portrayed as a "people's power" revolution. The nation has been looted by the International Monetary Fund ever since.*

so-called "People's Power" coup against President Joseph Estrada, you did not particularly defend Estrada, but you insisted that the manipulation of public opinion and the breach of the Constitution in replacing him had institutionalized a lawless means of overthrowing elected officials. What do you think is the legacy of that today, after two years?

**Tatad:** Well, when I sat on the impeachment court as a judge, I thought my only duty was to do what was right. I voted along with ten other Senators not to open an envelope that, to us, appeared irrelevant and immaterial at the time. We were eventually proven right, when the envelope was finally opened. But that was the thing that triggered the walk-out of the prosecution, and took the case to the streets, and provided the excuse to get rid of Estrada. We were savaged in the media, and everywhere else, for doing what was right. For a while, I thought I would not be able to recover from that.

So I went away, wrote the book, and now, two years later, I see the same people, who were really intently agitated about the position that I took, and there seems to be some general agreement that they had made a very serious mistake. They had destroyed due process.

You are correct: I did not defend Estrada. It was not my duty to do so, and I was not in a position to do so. That would have been wrong, because I sat there as a judge, and my duty was to defend and preserve the constitutional process. Among

law professors and lawyers, it is now generally conceded that the Supreme Court justices not only erred, but rather violated the Constitution; that Gloria Macapagal-Arroyo remains an illegitimate President; and that Estrada never vacated the Presidency, except that he is detained without bail right now.

When Gloria said that she's not running in 2004—that was in December—I said that, well, this is really an admission that she could not hack it, so she should not only not run, she should step down. If she does not, then the Supreme Court justices who ruled that Estrada had resigned even without having done so, should now be able to construe Arroyo's statement as a resignation.

**EIR:** You don't accept her claim that she was dropping out of the race in order to unite the country, and to begin to solve the severe problems of the country?

**Tatad:** Everything was a ploy. And I'll tell you why she did it. She was not governing, but simply campaigning at the time. Everybody was seeing through everything she was doing, and she was not getting any headway at all. The poor communities, which she had tried to win over with several visits, each time with a lot of goodies, were simply not responding. There was also intense talk on the ground, of restiveness in the military at the time. So some advisors, including some friends of mine, told her that the only way to calm down this restiveness was for her to say she was not running in 2004. This she said, but she never gave up the idea.

In fact, I wrote an article two days ago, where I said that the major diplomatic quarters in Manila now assume that she is running in 2004. I just received a document from the South, saying that in the Mindanao State University, the President there has organized a 4,000-strong chapter to work for her candidacy under the direction of the presidential assistant for development of that area. So, if elections are held as scheduled, she would be a candidate, assuming her relations with President Bush do not sour overnight.

**EIR:** Since she was put in power, Gloria has established fairly strong relations with Dr. Mahathir, and has moved, very hesitantly, but has moved somewhat, to try to work with



*The four Presidents since Marcos was overthrown (clockwise from top): Corazon Aquino, Fidel Ramos, Joseph Estrada, and Gloria Macapagal-Arroyo. When Estrada threatened to assert some degree of Philippine nationalism, he was subjected to a rerun of the 1986 "people's power" coup—the subject of a book by Kit Tatad.*

ASEAN and the ASEAN+3 grouping [the Association of Southeast Asian Nations, plus China, Japan, and South Korea]. Do you think that—given that she will be President for the next year and a half, most likely, and given that this is a period of probably the most intense crisis in history in the world economy, and that Asia is very much the center of development—do you think that she might be brought to take more serious leadership as a result of her relations with these leaders?

**Tatad:** The real problem, Mike, is that her only base of support right now, really, is the United States. It is the perceived support of President Bush that keeps her politically alive. She does not have a local base. She was put in there by the civil society, the military, and big business, and, of course, some hierarchs of the Church. Now the churchmen are stopped from criticizing her. She is the baby, so while the Bishops are appalled by the corruption and immorality in her government, they are simply stopped from saying anything.



The same with big business. But if you talk to the Makati businessmen, privately, you will be told that they are looking for someone they could support in 2004. Now, I'd like to believe that between now and 2004 is only a matter of a year and a few months, and we should all be able to wait. But more and more people are saying she should not be allowed to finish. That is my fear. With the developments in Mindanao, I believe that sentiment will intensify, and depending on what we see later today—there's going to be an anti-war rally led by the Vice President, whom she installed in office with the help of the Congress—we'll be able to forecast the immediate future a little more correctly.

**EIR:** One of the things I sent you this morning was Mr. LaRouche's own State of the Union Address, and in that, you will see that he has a very striking formulation of the fact that George Bush, although he is totally unqualified to be President of the United States, *is* the President, and will be for the next two years, which is the most crucial period in history. And therefore, LaRouche approaches this not so much based on the weaknesses of George Bush, personally, but that we have to move the Presidency, of which the President is only a part of the broader institutions that really make up the Presidency. That is what I was getting at in my question, because, as you have said, if we have a continued, repeated transfer of power from one person to another, without establishing a legitimate basis, then nothing will get done, because nothing will change.

**Tatad:** There is greater respect for institutions in the United States than in the Philippines, unfortunately. I've seen some of the books written about George W. Bush. Some of your politicians still continue to say that he was elected by the Supreme Court, not the American people. Some of the same statements are being made here with respect to Gloria, except that there is a distinction. In the case of George Bush, the Supreme Court interpreted the law in his favor. Here, the Supreme Court *invented* the facts to support Arroyo. So, the respect for the Supreme Court remains in the United States. Here, I conducted a survey in my last caucus. I asked a question about the Supreme Court, and out of 302 respondents, 226 said that the decisions of the justices are tainted with political considerations when they decide cases affecting Arroyo.

This is the problem, Mike. It happened with Cory Aquino. There were seven coup attempts, despite the fact that she was supposedly popular, simply because she did not have a mandate. Now, there are some well-meaning people, who are saying, "Okay, it is a very short time between now and 2004; we're in the middle of a very serious crisis. Why don't we get together, forget Gloria, and just push the country forward." Now, many are willing to do that. Unfortunately, many others cannot forget Gloria, because she is there, she's on top. And now her political ambitions have resurfaced. That is a big challenge.

**EIR:** Lastly: With the severity of the current crisis, and with the future of mankind depending to a great extent on Asia, being the home of most of the world's population; and with the revolutionary transformation that has taken off over the last few weeks, mostly in response to the threat of a unilateral war on Iraq, an international alliance has been created which has the potential, not only to prevent the war, but could also forge a new world economic system, along the lines that Mr. LaRouche has proposed. What is your sense of the mission of the Philippines as a nation, in the context of this world historic crisis?

**Tatad:** I'd like to believe, Mike, that there is a role, an important role, that a country like the Philippines could play. The world is in a state of moral decay, and it has got to be renewed morally. This is a function of leadership. The Philippines is a Christian country, the only Christian, predominantly Catholic, country, in this part of the world. If it takes this quality seriously, and learns to impose some rigid moral criteria upon its political leaders, then there is still a chance of producing a morally upright, forward-looking political leadership, that could make its voice heard in the community of nations.

But, having said that, I will have to insist that, while morality is an important and indispensable requirement, it is not enough to be simply moral. One has to be competent and forward-looking, and receptive to new ideas. Great ideas are needed, and we must have the power and the will to implement those ideas. If the global financial system is in disarray, it has to be reconstructed to benefit all its parts. I think that in Asia today we have the advantage of having a large dynamic population capable of supplying all our manpower needs for yet a generation or two or more, without having to worry about such things as aging or greying of the workforce. These are not our problems. So we could confidently begin to work on the ideas that are already on the table. The Strategic Triangle of cooperation that was put forward in 1998, by [Russian Prime Minister Yevgeni] Primakov, and was taken up by the leaders of China and India, could be one such great idea.

If we could begin to work on this, and forget for awhile the enmities that divide us, we could surge ahead. The leaders of this country should be able to look far beyond its territorial boundaries, and see everything there. The large Asian projects that are either already on the ground or in the pipeline, which could change the face and future of Asia and Europe—they have to involve us now. We have to take a serious interest in them, and try to be part of them. Not having the capital or the technology, we must now seek long term agreements that would allow us to share capital, technology, expertise with our neighbors, so that we could implement large common undertakings. This is what should possess the minds of our leaders now. We must stop thinking small. It is the only way we can have an impact on the region and beyond.

# LaRouche Wild Card in Australian Election

by Allen Douglas

One of the most memorable campaign events in recent Australian political history took place in Maitland, New South Wales on March 1. There, in the historic town hall, longtime LaRouche activist and Citizens Electoral Council (CEC) State Secretary Ann Lawler officially launched her campaign for the March 22 state parliament election, before an enthusiastic audience of 130. Lawler's campaign in the rural electorate northwest of Sydney has already shaken up local and state politics, and, depending on the March 22 poll results, may shake up Federal politics as well. Maitland is a crucial "swing electorate," which has gone back and forth between the two "major" parties, Labor and the Liberals. In that context, Lawler's campaign is an incalculable wild card in a race which has been the subject of intense scrutiny and campaigning by state and national political leaders.

The March 1 campaign launch followed upon several months of intense campaigning by 15 full-time CEC organizers, seven of them youths. Lawler's campaign is by far the most visible among those of the five main candidates, with her campaign organizers and their distinctive "Go With LaRouche" tee shirts seemingly omnipresent.

There were three featured speakers at the event. Lawler gave a 15-minute *tour d'horizon* of the global economic and financial collapse, featuring the role of U.S. 2004 Presidential pre-candidate Lyndon LaRouche in providing the way out, and the unique chance provided by her campaign to change the course of Australian history. International LaRouche Youth Movement leader Colin Campbell, just back from three weeks in the United States including two weeks in California and lobbying on Capitol Hill, gave a ten-minute presentation on the extraordinary impact of the several hundred youth organizers worldwide, including the seven who have spearheaded Lawler's campaign. Featured speaker Prof. Lance Endersbee, a legendary veteran of Australia's world-famous Snowy Mountains Hydro-Electric Scheme, gave a one-hour address on the global freshwater deficit, including in China, India, and in the Middle East, and on a series of inspiring projects required to tackle the problem, including the Mekong Basin Project in Indo-China, and several national water development projects for Australia.

Endersbee concluded that there is absolutely no other political party or candidate in the country addressing these and related economic development crises, except for Ann Lawler,

LaRouche's Australian co-thinkers in the Citizens Electoral Council, and LaRouche himself.

## A Unique Campaign

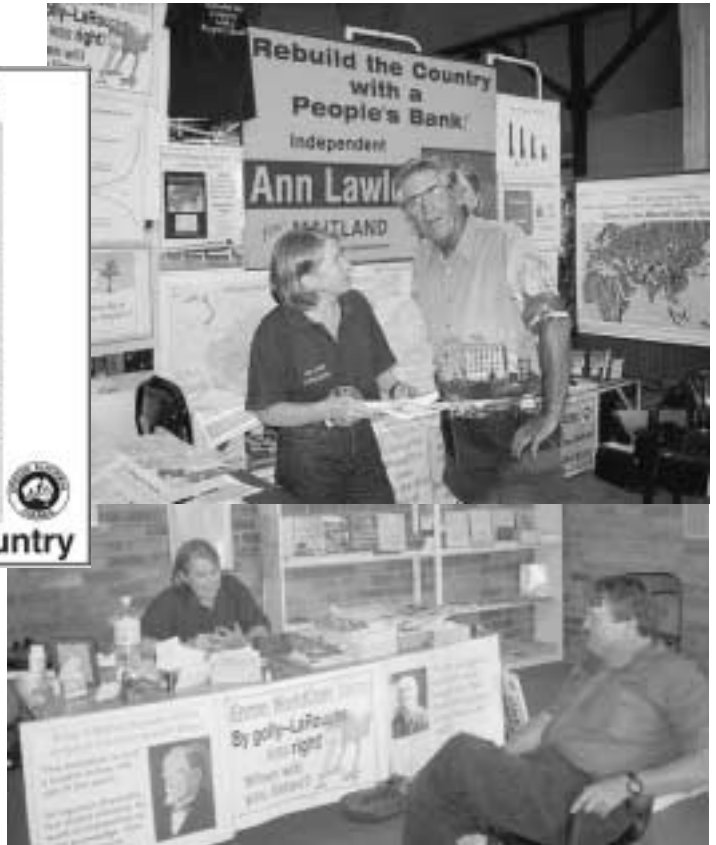
The atmosphere in the hall is perhaps best captured by a report filed by one of the LaRouche Youth Movement organizers.

"The meeting started at 1 p.m. and there were still people at the hall at 5:30 p.m. We had a photo board set up, but most importantly a literature table. The level of excitement in the hall is impossible to explain. There was a mixture of core supporters, members, and people that had never heard of us before. The question and answer period went for at least an hour. The level of questions was amazing. Here you had people seeking the fine details as to how we build a ring railroad around the nation and drought-proof the country, in an electorate where the other candidates only talk about smaller class sizes and more police! Questions were asked on how we deal with the world problems, and how things managed to get so bad in the first place. At the end of each of Ann's answers there was huge applause; a few times we weren't sure as to whether it would stop. When Prof. Endersbee finished his presentation on the water developments and rail projects worldwide, there was a standing ovation.

"A large contingent of the room was comprised of Baby Boomers who were completely moved by the youth presentation. There were comments on the fact that we are doing something with our lives and actually believe in what we do. There were even reports of a few people teary-eyed throughout the launch. To say the least, this was a profound event.

"The newcomers to the meeting were shocked that we had an entire panel on infrastructure projects—they were expecting typical politics. The caretaker of the hall was extremely excited from the minute we started to set up. The youth and the ideas we spoke about shocked him. He stayed for the entire meeting and at the end joined as a member himself. He commented, 'I have seen many political meetings take place in this building and this is the first one that has ever spoken about developing the nation as a whole; and you didn't just mention it, you guys have an entire plan as to how we make this happen.'"

While the local newspaper, the *Maitland Mercury*, had blacked out Lawler's campaign until recently, her campaign is by far the dominant presence in the electorate: almost-hourly ads on the three major local radio stations; dozens of campaign volunteers coming through her office on a daily basis, including volunteers from all over Australia; hundreds of signs up on lawns everywhere and in many of the businesses of Maitland and the surrounding small towns, many of whose owners are among the 500 new CEC members who have joined since December 2002 (giving the CEC more members by far than both the "major" parties, Labor and the Liberals, combined) along with thousands of pieces of literature circulating, in addition to Lawler's weekly cam-



Ann Lawler campaigns for the state parliament in Maitland, Australia. The Citizens Electoral Council has raised the banner of Lyndon LaRouche's fight for global economic development, and the intervention by members of the LaRouche Youth Movement has created an explosive organizing situation.

paigned newsletter, the *Maitland Maelstrom*.

One of the most striking features of the campaign is the intensity of discussion about LaRouche, whose name and ideas Lawler has featured in many of her 30-second radio spots, and in all of her literature. On Feb. 1, for instance, she held a meeting to play LaRouche's Jan. 28 "State of the Union" webcast, to which 40 supporters showed up and listened to the entire two-and-a-half hour speech, with much impassioned discussion afterwards. Most of those present had never heard or seen LaRouche speak before.

### The Establishment Is Nervous

Australia's establishment is terrified of LaRouche, as reflected in the open admission by *Mercury* managing editor Graham Storer on Jan. 23 to Lawler's campaign organizers who were protesting the paper's blackout. "Anything with 'LaRouche' in it, I delete," he bragged. And, when Lawler filed a protest with the Australian Press Council, Storer, as justification for his blackout, sent the Council a lying "briefing paper" by the notorious Anti-Defamation Commission of B'nai B'rith, which has recently filed a submission with the Federal Parliament, outrageously demanding that the CEC be banned from Federal politics. However, Lawler's supporters launched an aggressive campaign through some 20,000 leaflets detailing the reason (LaRouche) for the blackout, and through radio ads as well, inducing *Mercury* boss Storer to

whine about the "defamation campaign," and to finally grant some semblance of coverage to Lawler.

The intensity of the campaign was otherwise reflected in a prominent article on March 5 in the *Sydney Morning Herald*, one of the nation's largest newspapers, which led with extensive coverage of Lawler and her campaign for a New Bretton Woods international monetary system and the Eurasian Land-Bridge. Observed the *Herald*, "It's all in the [CEC] book inspired by United States hopeful Lyndon H. LaRouche, Jr. Don't laugh. The voters aren't. . . . The other candidates aren't laughing, either. Everywhere they go in the electorate, they hear her advertisements on radios and see her supporters in shirts bearing the slogan 'Go LaRouche.' Liberal candidate Bob Geoghegan says, 'I was in Maitland markets the other day, and the CEC had supporters up from Tasmania.' "

Two more "minor party" candidates who do not even live in the district have just jumped into the race, in an obvious attempt to dilute Lawler's vote. Local observers expect her vote to surpass the 8.9% scored in an urban Melbourne electorate by the CEC's Andre Kozlowski in November state elections in Victoria. By Australian standards, anything for a "minor party" or independent candidate in the high single digits, let alone double digits, is considered a huge vote. Many in Australia's political establishment are biting their fingernails, waiting for the returns on the evening of March 22.

## The DNC Doesn't Really Represent Anyone!

by Lyndon H. LaRouche, Jr.

That outburst by one important Democratic official, came in response to the measures which have been taken by the DNC faction of the 2000 Presidential campaign—ticket of Al Gore and Joseph Lieberman, all in a frankly hysterical and thuggish attempt to exclude me from the list of current candidates for the Democratic Party's 2004 Presidential nomination.

The issue behind that series of thuggish actions taken by representatives of the Democratic Leadership Council's (DLC) faction in the Party is the issue defined by Senator Edward Kennedy (D-Mass.) in a January 1995 declaration, that "This nation does not need two Republican parties." The traditional Democratic Party, which I defend and promote, is that of the tradition of President Franklin Roosevelt. The opposing, "second Republican Party" to which Senator Kennedy referred, is that of Marc Rich-linked Gore and Lieberman, et al. today.

The "second Republican Party" on which Senator Kennedy focussed in his January 1995 address—the DLC—came into being during the early 1980s around Meyer Lansky mob-offshoot Michael Steinhardt. This Michael Steinhardt is a leading associate of the "Russian Mafiya" kingpin Marc Rich, the same Marc Rich closely associated with current U.S. Vice-President Dick Cheney's office.

Over the course of the recent two decades, this faction within the Democratic Party has based itself on rejecting the interests of the lower 80% of family-income brackets. These in the lower 80% are today's equivalent of the "forgotten man" on whose behalf Franklin Roosevelt campaigned in 1932. They are the families of farmers, manufacturing operatives, senior citizens, those in need of health-care, the homeless, and the poor generally.

That lower 80% represents the majority of the Democratic Party's natural constituency. Therefore, the DLC crowd represents nothing of importance to the nation today. That lower 80% is the natural constituency of my candidacy for the Democratic Presidential nomination; therefore, the DLC is in

deadly fear of my candidacy.

The following series of events is a reflection of that conflict between my candidacy and that DLC which Senator Kennedy pointed out as "the other Republican Party."

### How the Squabble Began

When the Democratic National Committee announced that they were inviting all declared candidates for the 2004 Democratic Presidential nomination to address their Winter Meeting in Washington, D.C. last weekend, the name of Lyndon LaRouche was glaringly omitted. When DNC Chairman Terry McAuliffe was informed of the omission, it opened a week-long discussion regarding LaRouche's candidacy. After extensive discussion back and forth, LaRouche's representatives were told that the issue "had not been resolved"—that the DNC was not going to take the (suicidal) step of attempting to claim that LaRouche was not a "bona fide" Democratic candidate, but that, at least for now, they were declining to issue an invitation to him.

Although McAuliffe's Pilate-like decision was a step back from the kind of insanity practiced by the DNC under the tutelage of the corrupt Gore-Lieberman machine during the Year-2000 Presidential campaign, it still did not sit well with LaRouche's Democratic supporters. Despite the DNC's obstinate refusal to include LaRouche on the Winter Meeting's agenda, LaRouche's campaign headquarters continued to receive invitations from College Democrats across the nation, seeking his participation in upcoming state meetings of College Democrat chapters.

When members of the LaRouche Youth Movement saw that the College Democrats of America were sponsoring a public town meeting as part of the DNC Winter Meeting, they thought it would be an excellent place to raise the question of support for Mr. LaRouche's candidacy. When the College Dems opened their meeting on the evening of Feb. 20, they found that the majority of the audience was comprised of

LaRouche's college-age supporters. Soon after the opening remarks, the discussion centered on questions surrounding both LaRouche's candidacy and his programmatic approach to intervening in the unfolding financial breakdown crisis. Although not everyone agreed on all particulars, the debate was an intense and lively one, conducted in a fraternal spirit on all sides.

At least, all was sane and well until some DLC-connected DNC bureaucrats, from upstairs, decided to play a dirty trick for the convenience of Al Gore and Joe Lieberman and a group of moneybags who happen to be staunch supporters of Ariel Sharon and the overall drive for war.

Those individuals, who have a clear affinity for the money provided by organized crime-linked figures Marc Rich and Michael Steinhardt, and hence for the war they support, were so worried about the direction of the honest debate, that they proceeded to call the police.

To the surprise of the College Dems who were hosting the meeting, any young person even suspected of supporting Lyndon LaRouche's candidacy was forcibly removed from the room. More than a dozen of those expelled had no connection with the LaRouche campaign. Only when the DNC leadership was confident, mistakenly, that the LaRouche presence had been removed, did DNC Chair McAuliffe make a surprise appearance at the town meeting, and attempt to rally those gathered around banal points regarding their college tuition. He avoided all of those more compelling questions of war and the state of the global economy that had been on the table just a few moments earlier. McAuliffe also congratulated the College Dems on the ouster of the LaRouche delegation, pretending, fraudulently, that his audience had been somehow involved in the decision.

Meanwhile, the members of the LaRouche Youth Movement who had been removed from the town meeting, continued to organize both young and old meeting participants, in the hotel's lobby and restaurants. Not surprisingly, the vast majority of the meeting participants from across the United States had no idea that LaRouche had been barred from addressing the gathering, and could think of no reasonable explanation for that decision by McAuliffe.

Not true, however, of the corrupt inner circle. DLC hack Joe Sanders stood on the escalator screaming at a young African-American LaRouche supporter that LaRouche was a racist and an anti-Semite. Perhaps out of thoughtless hysteria, Sanders chose to refer the young man to the DNC's "attorney of record" in the 2000 case in which the DNC argued against the Voting Rights Act in an effort to keep LaRouche and his duly elected delegates out of the Democrat National Convention, for the "facts" against LaRouche. Ironically, that attorney, himself no Democrat, was none other than the son of the Department of Justice's notorious racist Jack Keeney, who not only anchored the "Get LaRouche" task force, but who also was one of the intellectual authors of the infamous "Operation Frühmenschen" doctrine that targetted black elected and public officials for persecution.

Another young LaRouche supporter was accosted in the elevator by a belligerent and screaming Ron Oliver, Chairman of the Arkansas Democratic Party, who insisted that any supporter of Lyndon LaRouche should be immediately imprisoned!!!

Early the next morning, Terry McAuliffe's staff contacted LaRouche spokeswoman Debra Freeman, to complain that the LaRouche campaign had violated some imagined "deal" not to intervene in the meeting. They were informed that no such agreement had ever been made. The following day, when LaRouche supporters returned to the conference to listen to candidate Al Sharpton address the participants, they were fingered by party bureaucrats and barred from entering the meeting hall.

A few days later, during a visit by LaRouche to the state of Arkansas at the invitation of State Senator and Legislative Black Caucus Chair Henry "Hank" Wilkins—a state where LaRouche has gotten more than 22% of the Democratic vote during the Y2000 primary campaign—DNC strong-arm tactics continued. After a full day of very successful events in Pine Bluff, including a town meeting in which Mr. LaRouche shared the podium with several influential members of the Legislative Black Caucus in addition to Senator Wilkins, the candidate was the guest of the Caucus at their weekly meeting in the State Capitol in Little Rock. When Mr. LaRouche's turn to speak came, the members of the Caucus, many of whom had been so engaged just the night before, greeted his remarks with nervous silence. At the time, although it was apparent that something was wrong, it wasn't clear just what had occurred, and LaRouche's entourage had to move on to the next series of meetings in what was a heavy schedule.

Later that same day, at a reception held in LaRouche's honor, members of the Caucus confided that Oliver and his henchmen had attempted to strong-arm members of the Caucus into disinviting LaRouche. When those efforts failed, Oliver deployed three "observers" to the Caucus meeting to "monitor" the behavior of the legislators, in an obvious attempt at intimidation.

Caucus members were insulted and infuriated at the heavy-handed tactics, and questioned why the Gore-Lieberman apparatus was so afraid of a simple address by LaRouche. One officer of the Caucus said, "It wasn't an endorsement meeting. We're in a massive state fiscal crisis and Mr. LaRouche had something important to contribute. Why blow it up this way? What is it that they are so afraid of? What's going on here?"

Clearly, what was going on was that those financial interests close to the "Russian Mafiya's" Marc Rich were willing to employ any tactic they needed to quiet LaRouche, who has emerged as the leading U.S. political voice internationally opposing the drive toward war, and demanding action on dealing with the onrushing global collapse.

*This analysis was written on Feb. 28, and circulated by the Presidential candidate's political committee, LaRouche in 2004.*

# LaRouche To Arkansans on Crisis: 'Options Are as Good as I Promise'

*Democratic Presidential pre-candidate Lyndon LaRouche joined State Sen. Hank Wilkins, Rep. Calvin Johnson, Rep. Booker Clemmons, and Pine Bluff City Councilman John Foster at a town hall meeting in Pine Bluff, Arkansas, on Feb. 23. His address to that meeting, follows.*

Well, I have some very bad news for you, and some good news. I suppose that's the way it's supposed to be.

The world is now, contrary to reports, in a depression which is worse than that of 1929-33. The United States is hard-hit. The nations of Europe, and the Americas, are all hard-hit. Under the present circumstances, and present policies, there will never be an economic recovery in the United States. Under present national policies, a deep crash, worsening, is inevitable. However, that can be cured.

The situation is somewhat analogous, though not precisely, to what we faced under Franklin Roosevelt, coming in as President after his election in 1932. The policies of Coolidge, of Hoover, and so forth, during the 1920s, gave us a Great Depression. That was not the only cause for it, but it was a leading cause. There were bad policies. Roosevelt, speaking to the question of the "forgotten man," in 1932, was elected as President; and in 1933, took measures which saved this nation, and not only got us out of a deep depression—a 50% cut in the average income of the people of the United States, occurred at that time—saved the nation. We went through a horrible war. We emerged as virtually the only power on this planet, the greatest producer on this planet, and virtually the only real economy on this planet at that time. He led us to success.

During the postwar period, we did some unfortunate things, but much of the Roosevelt legacy continued. We continued to grow, in prosperity, relatively speaking, for the next period, up until about 1964, until about the time that the Vietnam War started. Since that time, we have been transformed from a producer society, the leading producer society of the world per capita, to a consumer society, living by exporting our jobs to cheap labor overseas, in agriculture and industry. We have robbed people overseas, to make them work cheaply for us, as in the case of neighboring Mexico. We are now bankrupt.

If you look at the record, in point of fact, even by official statistics, which are largely fraudulent, you look at the lower 80% of family-income brackets, there has been a catastrophic

collapse of the lower 80% of family-income brackets. The lower 80% of the people of the United States, receive *less* than the upper 20%—and there has been a recent catastrophe. Anyway, that's part of the picture.

The international financial system is hopelessly bankrupt. Most of the leading banks of the world, especially Europe, and the United States, are bankrupt. The Federal Reserve System is bankrupt. So therefore, we are in a real catastrophe.

## **Learn the Lessons of Franklin Roosevelt**

Now, we could fix that, not by simply copying what Franklin Roosevelt did in the last depression, but by learning the lessons from what he did do, and what he accomplished.

At present, what this means is this, for the states. We're talking here in Arkansas about a state—it's a state which is on the relatively lower end of the 50, in conditions of life and opportunity. But in 46, at least, of the 50 Federal states of the United States, the state governments—and that means also the local governments, the county and local governments—face an impossible situation. That is, there is no way possible for these state governments, including their county and local components, to continue to balance their budgets, and maintain a decent life. It doesn't exist.

This is similar to what Roosevelt faced in 1933, when he was inaugurated: bankrupt banks, bank holiday measures, starvation beyond belief, then, around the country—despair. He saved the country, because he was committed to the principle upon which this country was founded, the principle of the general welfare. That we are a sovereign nation. The legitimacy of government depends upon meeting the needs of the general welfare of the entire population, and also our posterity—teachers, education, for example.

Therefore he took measures, which we should study now, to understand what we should do, and what we can convince people to do, on the basis of experience, to take as emergency measures now, to save this nation, as Roosevelt saved the nation, and made us a great power again, during his term in office.

Now, therefore, the first problem is, the states have very limited power to deal with this. The income of the states, the total amount of money floating around into the states, is not adequate to maintain the present, combined private and public institutions. So switching money around, is not going to solve the problem. The states are bankrupt. What we need is growth.

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## Mourning

Family and friends leave memorials at site of fatal nightclub fire

4A

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## LaRouche: U.S. Economy doomed

■ Perennial candidate says federal banking system bankrupt.

By Judy Norman

(Pine Bluff Commercial Staff)

Former and future presidential candidate Lyndon LaRouche stated emphatically that information passed along to the public by the media must contain the fact that under present governmental policies, there can be no economic recovery — period.

During the interval from

1976-1992, LaRouche ran for president five times. Now he is "still has a few strikes more years" and indicated at a town hall meeting at the Pine Bluff Convention Center on Sunday that he may yet try to move into the White House.

LaRouche was invited to Pine Bluff by state Sen. Henry "Tank" Wilkins IV who said, although "some people may not like him (LaRouche)" he, Wilkins, was open to anyone with a good idea. LaRouche was joined on the dais by state Rep. Calvin Johnson, state Rep. Booker Clemons and Pine Bluff Alderman Jack Foster,

who presented updates on current legislative action and fielded questions from the audience.

LaRouche spoke to at least 30 who turned out on a chilly, rainy evening to hear a self-described blunt, truthful, successful forecaster tell them the leading banks and federal reserve system in the United States are bankrupt. However, LaRouche said that if the states could secure the long-term banking of the federal government, there might still be hope.

LaRouche's novel Arkansas strategy was not adequate — a

800 billion deficit has been reported — his method of "switching the money around" to various agencies and projects won't work.

"We need growth," LaRouche said, "and we're all suffering, all over the world. Right now, we can get by, but by the 2004 election, we have to change this country. The problem is this obsession with war."

"There's a lunatic in Washington, influenced by cranks, who wants an unnecessary war in Iraq," LaRouche said, "but if the U.S. does the



Lyndon H. LaRouche Jr. was keynote speaker at the town hall meeting held Sunday at the Pine Bluff Convention Center.

See LAROUCHE on Page 2A.

The local daily reports Presidential candidate Lyndon LaRouche's first Arkansas town meeting on its front page. The meeting was an in-depth discussion of recovery measures from the depression, with 50-60 of "the cream of the crop of Pine Bluff," said State Sen. Henry Wilkins. But it was highly controversial with the Democratic National Committee.

But the states can not provide growth by themselves. Under our Federal Constitution, the states, or any other institution in a state, can not obligate the U.S. Federal government, or the United States as an entity, to future debt. The power to create Federal indebtedness, national indebtedness, lies with the Federal government, with the power of the Treasury, with the consent of Congress, to print currency, or to promise to print currency, or to issue bonds against future currency issue. Therefore, the states are now going to depend upon the mechanisms of the Federal government to create credit.

Now, what are the remedies the states, in particular, have available to them, potentially, to deal with the problems of the states, and the communities within them? Large-scale investment in basic economic infrastructure, in order to increase the levels of employment, and income, to the point that the states and the communities can now balance their budgets. In other words, you have to bring the taxable revenue of the state up to the level at which the state can balance its budget. Otherwise, all the clamor about improvements, will not work.

Now, many of the states are aware of this problem, as I describe it. Some governors don't agree, but every state agrees they have a problem. At least 46 of them do. California has a hopeless situation, for example—the largest and wealthiest state, has a hopeless situation. There's no way they can solve their problems, within state facilities. Within the reign of the income of the state, there's nothing they can do to solve the problem. They try to increase taxes? It will have a regressive effect upon the economy. If they cut state budgets, it will have

a regressive effect on the economy. So, budget-balancing, and similar tricks, *will not work* by themselves. We need an additional source of income. We need a stimulant. And the stimulant is largely to increase the amount of employment of our people. We have many unemployed people, and misemployed people. And properly employed, through government—that is, with state governments, and sometimes the Federal government, but with the backing of the Federal government's action on credit—states can solve their problems.

### Basic Economic Infrastructure

The categories are what we call basic economic infrastructure.

Power. The nation has a crisis in a shortage of power generation and distribution. The states have a problem in water management. The states have a problem in transportation. The United States has a crucial problem in transportation. If Amtrak goes, and it's about to go, we *no longer have a national rail system*. No semblance of it. The airlines are collapsing. The pressure on United Airlines, is to produce cheap competitive flights, to put the other airlines that are not in bankruptcy, into bankruptcy. We're about to lose the air-traffic system. Right?

We have problems in other categories. We have problems in education. We have a *disaster* in national education, as you were discussing some aspects of today. But what you were discussing was really only an aspect of a national problem. We have a *crisis* in education. We are teaching people to

rehearse examinations, through multiple-choice questionnaires scored by computer. We are not teaching the student; we are scoring the school system, and the state, competitively, on the basis of this monkey business, of “monkey-see, monkey-do.” We are not producing enough teachers who are qualified. We are not reaching the mind of the student, in a process of reliving the process of discovery. We’re training children like monkeys. And no wonder they’re frustrated.

We have a crisis in family conditions. Commuting conditions. The standard family no longer exists in many parts of this country. We have latchkey children. We have—as a result of the changes in culture under the Baby-Boomer generation, you have children who were raised with, I don’t know how many mothers, and how many fathers, and they don’t know which one is real. And siblings, the same thing. You have broken communities, and broken patchwork families. And the young people who are coming into secondary school and universities today, are victims, largely, of the patchwork family system which was developed in the past 40 years.

We have problems in health care. We did have, in the immediate postwar period immediately, legislation called the Hill-Burton legislation. Hill-Burton legislation was in part a reflection of our experience in World War II, where we had to build a military medical system, to support 16 or 17 million people, largely overseas, under wartime conditions—whether in combat conditions, or in reserve conditions, or in so-called rear-echelon conditions. We applied that lesson, of that experience, and earlier experience, to the idea of medical care. And you had, in the postwar period, this Hill-Burton legislation, which prescribed that the Federal policy should be—we should set objectives, so that the people in each county in the United States, or each county in a state, would have a certain level of assured care potentiality, in terms of types of beds, types of care, available. So that a woman giving childbirth, a troubled childbirth, would not have to drive a hundred miles over country roads, to try to get to a hospital that’s not there—which you have, in states and areas like Arkansas.

We built a good system, which was based on the cooperation of Federal, state, municipal, and also voluntary and private facilities, largely hospital, or similar types of facilities. It was a good system. In 1973, Nixon destroyed it, with the HMO legislation. We are now systematically murdering people with so-called health-care reform. This is simply murder, and it’s selective. It targets the poor, it targets the aged, and so forth and so on.

So we have, in these areas, in the areas of infrastructure—we need high-speed public transportation. We need it on an interstate basis. We need it on a statewide basis. We need it on local basis.

We need water management. Parts of the country are desperate. California, the Southwest, is in desperate condition for lack of water management. The entire area of the so-called

American Desert, it’s a dry area, we could fix it. We have never fixed the northern end of the Mississippi River, and Missouri. We could fix it.

These things are necessary. We have problems of potable water, usable water, in areas.

If we do these things, and if we provide public credit, reorganize the banking system, provide public credit to encourage the rebuilding of industry, based on the stimulus of the economy, based on investment in the public sector, we can get our budgets back in order. We can rebuild this economy.

### **There Is No Need for War**

The problem right now is this: The United States is baffled in Washington by a couple of problems. Number one, we have a lunatic—and let me speak frankly. You know, I’m 80 years of age, but I’m a frisky 80 years of age, who intends to become the next President. I have an inclination to speak frankly, and you’ll forgive me if I do. But these idiots in Washington, influenced by a bunch of criminals, want to have a war. They want to have a totally unnecessary war in Iraq. We don’t have any situation in any part of the world that the United States, if I were President, couldn’t handle without war. And I travel in a good number of parts of the world, and I know people [applause]. It doesn’t exist. We’re a powerful nation, and when we do the right thing, other nations will cooperate with us, and there are ways to solve these problems. There is no power on this Earth that represents a *credible threat* to the United States. None! And there’s no problem we can’t solve in a reasonable way, with the support and cooperation of other nations, which we can get.

If I’m President of the United States, and I say, “I want to have a meeting among nations, on the question of international financial reform, because of this bankrupt system,” they will come. And they will come quickly. And there will be a reasonable discussion. Because of the history of the United States, and the power we represent, when the President of the United States asks other nations to come, even if they don’t like us, they’ll come, and they will discuss. And if we can reach reasonable agreements, those agreements will be effective. There’s no problem we can’t solve.

So, we’re not concerned—we’re concerned and tied up with this idea, of we’re going to kill somebody, in a form of warfare which is against our Constitution, and against international law. You don’t go to war because you don’t like somebody. You find a different way to solve the problem. And most of the world agrees with that. Most of the people of the United States *agree* with that, despite all the funny stuff with the polls, and the mass media.

At the same time, we’re paying no attention, in Washington, to the fact that we have the biggest financial crisis in modern history. This Federal government is probably right now running on about a \$1 trillion-a-year Federal deficit. And the President, with his policies, is about to increase that deficit, for no good reason.



So, what's happened in Washington is all tied up on this issue, and the world as well, on the issue of war, or no war. Will President Bush decide, purely on an impulse, to declare war on some morning, possibly in March? We've got about 130,000 or more troops in the Middle East, ready to go, and all he has to do, under the present circumstances, is say, "Go," and we're in a war! And we don't know when we will return from it, or what the effects will be.

As a result of that, many of the good people in Washington—and some of them are good, some of them I like; I just don't think they have enough guts, but they're good people, including, I think, Bill Clinton, who's sort of around Washington, nice guy; doesn't do some of the things he should have done, but I like him. But, these fellows are not paying attention to the issue of the economy, because we're all tied up with the question of war. Are we going to war; are we not going to war? The press inundates us, the mass media: War or no war? No news about the economy. And while the economy is collapsing, nobody in Washington is actually doing anything about the economy.

You're talking about the economy here, tonight, various aspects of the economy, the problems that arise from it. You're dealing in a state which has limitations: It's one of the poorest states in the Union, per capita. It's asked to strain its resources to meet the effects on the state, which is already poor, of a national economic crisis, international financial crisis. You're looking for resources to meet the problem, when the resources don't exist. The potential resources to survive in the state do exist: If you had the credit for long-term, 20-year, 25-year programs in infrastructure, to increase current employment, you could balance your budgets. But without that assistance from the Federal government, in terms of credit creation on long-term programs, you can't solve the problem. And it's not to your shame, because 46 or more states of the United States are in the same condition. And you belong to a state, the southern part of the state, which, after all these effects of the collapse of the lower 80% of family household income, you have in this part of the world, some of the poorest. And therefore, the resources per capita, and per square kilometer, are less.

We can solve the problem. But the problem is, the nation is not alert to that. The governors are, the state governments are alert to this. But the Federal government is not.

### **The Federal Government Must Act**

Now, my concern, and I'm raising quite a fuss about it, is to get the Federal government on the issue of economic recovery.

Now, this means one thing that they don't like. This means admitting that we're in a depression; admitting that our banks are bankrupt, and they are. We can deal with that. But, the Federal government must admit the problem, and act upon it. We must admit that what we've been doing for the past 40 years, in terms of economic policy, especially since 1971, has

been *insane*. We've been tearing ourselves down, but we're a rich and powerful country. Not only do we have resources which we've built up in previous times, but we had imperial power. We could go to other countries, we could dictate to people what their currency's value would be, relatively—we did it! We could dictate to them: You support us, or else! We did it. We squeezed the world, to keep this country in power, economically.

Now, we've come to the end of it. There's nothing left to squeeze. The system is collapsing. Japan is collapsing. The Japan economic system, banking system, is hopelessly bankrupt, and they've been supporting us in recent years. South and Central America almost don't *exist* any more, when they were once-powerful nations. We looted them! Africa is a case of deliberate genocide, by the governments of the United States, the United Kingdom, and Israel. They're the principal source, and this is *genocide*. This is not mass death; this is deliberate, selective mass murder, as the case of AIDS in Botswana typifies the problem: And, the case of the non-availability of generic drugs, to areas of Africa which desperately need them to fight this disease. Asia's in somewhat better condition, although there are problems there. The Middle East is, of course, a warfare pit. Europe is in trouble.

So, we have this crisis.

Therefore, if we are willing, we can get the Federal government to pay attention to business, to pay attention to the economy. If we use the lessons of Roosevelt's response to the Depression, not as direct copies, but to learn to do what he did; maybe do it better our way, but do it. If we enter into cooperation with other nations—cooperation we can get—we can bring this financial-monetary crisis under control. We can start a process of genuine growth. If we use the U.S. Constitution the way it was intended; if the Federal government launches large-scale projects, and enters into agreements with the states, on which the states' power of creating public utilities, large-scale public improvement programs, [are] in place, we can raise the level of employment, by plan, up to levels which, on a budgetary basis, will guarantee a stable budget and stable growth.

So, that's what we have to do. So therefore, I say, what I give you is a message, a blunt message; it's truthful: I've been the most successful forecaster in the world for the past 35 years. Never made a mistake. No one else has done that. So I say, on that authority, I can assure you that the situation is as bad as I tell you, and the options are as good as I promise.

But, what we have to do, and I'm going to be doing this all over the country, as well as around the world, is, we have to get people in the states, to awaken themselves to what the problem in Washington is. We've got to pull ourselves together, and force the Federal government to respond to the fact that we don't need this foolish war, and to respond to the fact that we have a depression. And if we use the lessons of the past, we should know how to *fix* it, and let's fix it.

Thank you.

## The Welfare of Our People Comes First

*After his presentation, Lyndon LaRouche engaged in a dialogue with the audience at the Pine Bluff town meeting on Feb. 23. The Rev. Dr. Henry “Hank” Wilkins IV, who also serves in the Arkansas State Senate and chairs the Legislative Black Caucus, moderated.*

**Reverend Wilkins:** Are there any questions?

**Q:** Number one, you talk about reform, economic reform: Does that include, that the United States should go into the issuance of its own currency? You talk about banking reform. Does that include, that the United States government should put the Federal Reserve out of issuance of its own currency? Do you advocate that?

**LaRouche:** No, not quite. Something similar, though. Look, I can tell you, the banks of the world, in, say, Europe and the Americas: The banking systems of Europe and the Americas and of Japan, are hopelessly bankrupt. It’s not just a little thing; they are hopelessly bankrupt. They are basket cases. That includes Citibank, this includes Chase Manhattan, J.P. Morgan-Chase Manhattan, and so forth and so on. They’re bankrupt.

Now, what happened? Our Federal Reserve System, of course, is the Federal expression of the banking system. Remember what the Federal Reserve System is: The Federal Reserve System is a consortium of private financier interests, which was chartered on the initiative of Teddy Roosevelt, and under Woodrow Wilson, to become a power *over* our government. That is, private interests were able to take control, increasingly, of our currency, and our regulation of our banking system—with government participation. But it was a copy of the European banking systems; it was not our constitutional banking system. In point of fact, it can be shown, literally, that the Federal Reserve System was unconstitutional, because it’s contrary to specifications of the Federal Constitution, and those provisions were never repealed.

That means that the Federal government, through the Treasury Department, is actually responsible, probably with the participation of Congress in some capacity, to put the Federal Reserve System into collective bankruptcy reorganization. That means that the United States Treasury assumes the caretaker responsibility for the Federal Reserve System, and the banks included.

Now, our objective is severalfold. In the long run, we’re going to have to reorganize these finances. Most of the paper

outstanding against the banks could never be paid. Write it off—it’s bankrupt. Some of this will have to be frozen, or reorganized in other ways, as we did in the 1930s. At the same time, we have to keep the doors of banks open, if the banks are necessary, because a bank not only represents a private interest, it is also an institution of the communities of the country, on which we depend for deposit, for issuance of credit, and for other transactions which are essential to the continuation of ordinary business. Therefore, when you put the banks into bankruptcy, you have to take them over, and you probably have the same bankers sitting there, the same people, doing the same things they were doing the day before, in terms of meeting these kinds of responsibilities. So it’s actually operating as under Chapter 11, in bankruptcy reorganization—that function. Some banks will close down altogether—they’re junk. You can’t do anything with them. But any bank that has a useful public function, on the Federal or state level, must stay in business.

Under these conditions, the currency of the United States will have to become legal again. The only legal currency, under our Constitution, is a currency which is issued by the Federal government, with the approval of the Congress. And similarly, any debts that the U.S. Treasury pledges for the future, such as bonds, that sort of thing, Federal bonds, again, is a promise to pay in U.S. currency, and implicitly calls upon the authorization of the Congress to authorize the Federal government to incur this future payment, in currency.

So, what we’re going to have to do, is put the banking system into banking reorganization, create a new credit line, probably using something like I’ve been working on, a revived Jesse Jones or Reconstruction Finance Corp., that was used by Roosevelt, as he used it, to get Federal credit, and other credit, combined, to get it into the banking system, to get it out there churning on state projects, and things of that sort, just like the TVA [Tennessee Valley Authority]. Or something like the TVA, that kind of project. So, that’s what we’re going to have to do. So that’s what I’m talking about.

The Federal government will have to act, to prevent a chain-reaction collapse of the financial system of the United States, and do similar things in cooperation with other countries, for international transactions. This means the Federal government will take over the Federal Reserve System, and other things that have to be maintained; put them into bankruptcy reorganization—that is, not shut them down, put them into bankruptcy reorganization—and administer them. The Federal government, through that facility, will have to generate credit, Federal credit, which it will then utilize particularly in support of programs, which are deemed necessary for the national interests. Just the way the TVA was done.

This would mean, national transportation systems. My proposal is that the effective way this is done, as much as possible, you do it through state public utilities. That is, the state creates a public utility. This public utility has certain guarantees, which the states arrange. We used to use these



*LaRouche told his Pine Bluff audience that the Federal government, through the Treasury, is responsible to put the Federal Reserve system through bankruptcy reorganization, and keep banks open for issuance of credit for infrastructure development and jobs.*

public utilities, as in the cases of power, and so forth, these were places which, because they were regulated, poorer people could put their savings into the bonds in these public utilities, and be assured a reasonable, secure return on the investment, for their future, their pensions. What happened to 401(k)s, under the 401(k) bill, the looting of many people of their savings, by this crazy 401(k) law: We have to protect the citizen. Therefore, you would create public utilities, for water systems, power systems, transportation systems, other things that are properly in the domain of government, or government regulation; you create public utilities, you encourage people to put private savings into these things, to supplement the advance of credit from state governments and Federal governments, and use that as a great stimulus. That's essentially what we have to do.

**Reverend Wilkins:** I know this is a lot to swallow at one time, but—

**Q:** Mr. LaRouche, you created such a draconian picture of the world today, with the government, that the “Dubya” Administration has presented today, how do we as citizens, and taxpayers, put forth a position of that nature?

The world today is not like it was in the '30s, with the Republican administration, because I think what I understand you to be saying, is that the WPA projects and things that were put forth, by the Federal government into all the states, to rebuild the infrastructure, needs to be done again today. Is that not right?

**LaRouche:** Yes.

**Q:** We operate on a totally different society today. It's

more global. And a lot of the dollars that you're speaking of, are not in this country. They are in other countries, all over the world. So, how do we go about doing that?

**LaRouche:** First of all, we end the global system. Because our Constitution, first of all, is a national Constitution. Secondly, the globalization is dangerous. You can not have a sound economy and a globalized economy. It is globalization, in various disguises, which has caused this world depression. We went from an idea that a nation-state should have national economic security, and therefore should have the power to determine its own national economic security. That meant that you protected industries *in* your country. Look here! You've got a paper industry, right here. You've got this whole belt across the Southern states, in the evergreen area, evergreen swamp area, which has been producing paper. So what's happening across these states, and right in this community, you have the paper industry is affected, that's going under. Why? Globalization.

**Q:** Well, yeah, but it's the G-7 [Group of Seven nations] that sets globalization policy.

**LaRouche:** Yeah, I agree, but the point is: What's happening now? The world is changing. The center of power in the world right now, in terms of economic power, potentially, is between Western Europe, and a group of nations in Asia, centered around Russia, China, India, and Southeast Asia, the so-called Southeast Asian group—the trading relations. China has got the biggest projects in the world, the Three Gorges Dam, the biggest water project in the world. They're also building a still larger water project, to pull water from the South to the North. They've put in the most modern rail

system in the world, has just been started in China: magnetic levitation rail system from Shanghai to Shanghai Airport. They're going to build more of them. You know, this is like 300 miles an hour, rail system. Nice and quiet. Comfortable. I've ridden on the thing in the experimental station in Germany. Wonderful thing.

So, you have large-scale projects. The Mekong Development project, which involves China, the nations of Southeast Asia. Large projects in India, which are being mooted.

Western Europe, which is bankrupt, depends upon its exports to China, India, and so forth, for its own survival. They're going under otherwise. Russia is key to this—in the middle. So, we have, in Eurasia, a large-scale program, involving Japan, Korea, China, the ten nations of Southeast Asia, India, and so forth. These nations are now in cooperation on technology sharing, across this whole continent. And this is the basis for a great economic revival of that continent.

Our view is that, to do this, each nation must return to—away from globalization, scrap the WTO, scrap the G-7 globalization agreements. Because the G-7 are bankrupt. So therefore, they have to be reorganized. Go back to sovereign nation-state systems, like we had between 1946 and 1958, in recovering in the post-war world.

**Q:** But the whole world has deregulated. I think what you're presenting is re-regulation.

**LaRouche:** Absolutely.

**Q:** And that's a difficult thing to in this—

**LaRouche:** Not for me. Not if people are desperate enough. Not if you care. If I tell you, that if you don't regulate, if you don't scrap this system, you're not going to survive, are you going to do it? And I'm telling you the truth when I tell you that.

**Q:** Well, how is it that citizens can present this case to the Administration, or to national leaders?

**LaRouche:** I'm presenting it. I'm quite successful in presenting it to foreign countries, which I deal with. And I have a bill which has been adopted in Italy, for going back to a Bretton Woods system, and the majority of the Chamber of Deputies of Italy voted it up. We have bills in that direction are going forth in Europe. We have similar proposals which are—a reform has occurred in China, in this direction. Cooperation among these nations in this direction is already there. It's only the United States, because of our ever-beloved news media, that the typical citizen in the United States doesn't know what's going on in the world outside the United States, and doesn't know about this crisis, which every other part of the world knows about. We're sitting here uninformed. Well, I'm well informed.

So, step number one: I have to inform you. And that's my job. Not just to be a candidate. My job is to be an advocate of your interests. I'm not just a candidate: I'm 80 years old, I

don't *need* the job. I happen to be in excellent condition. My enemies don't like that, but I am in excellent condition.

And the point is, is to get *you* informed, in every part of the United States, through media just like this, where I can get close to a small enough number of you at one time, where we can have the kind of discussion, to thrash out some of these ideas. And you will come to the point that you'll do it. But you have to have a sense, that we are a nation, we're all suffering. I'm an expert in the area, so I can tell you what the suffering is like in different parts of the world. We're all suffering. We're sitting here with our faces hanging out, in the Northeast, the West, and so forth, we're all sitting out, just like you are here in Arkansas, and we're all suffering. We're wondering how to put it together. And once we get the *idea*, of how we can put it together, I don't think we're stoppable.

**Q:** Well, bringing this home locally, to Pine Bluff, you know, you've heard today that we're faced with a possible tax increase from the city government level, the county government level, on the state level, the school board systems, and we're definitely facing tax increases on the Federal level, as far as the FICA tax, and things like they do. How do we deal with that, when we're dealing with shrinking income? I mean, as a whole. How does the community deal with it?

**LaRouche:** I know exactly what you're saying. What you're dealing, actually, with is not just today's crisis. You're alive today. You'll be alive tomorrow. You'll be alive X number of weeks or months from now. That is not precisely the problem. The problem is, come Summer, come Fall, where will you be? The question is, can something happen in this country between now and Summer and Fall, to change the situation? You'll get by, in the short term, in the term of months. You'll find some way to maneuver and get by. But, the long-term perspective is zero, unless we change. So, the question is, how do we get moving, and begin to change the way we think about things, in time to act jointly, and to do some of the kinds of things I'm talking about?

So, I assume that today, in the state of Arkansas, you've got people here, who know somehow, how to manage the situation, to prevent a catastrophe in the short term, or in terms of months, or weeks. You get by. But, into next year, you won't get by. Therefore, in the meantime, before the election comes in the year 2004, before the January 2005 inauguration of the next President, we have to change this country.

I think that what's happened now, is the problem is, as I said, is that the obsession with this war issue has gotten our attention off the issues which affect *you here*, and affect the country as a whole, and the world as a whole. Because, if we were paying attention to the economic issue, instead of being distracted by the war issue, we will raise these issues—

**Reverend Wilkins:** [to questioner] I want to respond to a portion of that. What we see on television, when you turn your television on, when you look at the Today Show, when



*An educator asked, “How can citizens present this case to national leaders? This is positively needed, because a lot of times, we are so misinformed. . . .” LaRouche responded, “I’m presenting it. I have to inform you. And that’s my job. Not just to be a candidate. My job is to be an advocate of your interests.”*

you look at the evening news, that’s all they’re talking about, is this war, and it’s creating a mind-set in America that says, “We’ve got to do this. Well, you know, we’ve started down—we’ve got these troops over there, we might as well go ahead and do this.”

Well, in reality, we don’t *have* to do a war, if we don’t really want to do one. As an elected official, I see my responsibility as helping to educate the populace, because what we’re going to have to have—it’s clear that we don’t have the national leadership mind-set to make this change from the top down. We’re going to have to create a groundswell from the bottom up. And so, I see that as part of my responsibility.

I don’t know anywhere else, in the state of Arkansas today, where there are people sitting down, getting this kind of information. Have you heard it anywhere else? Have you seen it anywhere else? No, you haven’t. It’s not happening. So, we’ve got to take the leadership at the ground of getting information out to people, and as we do that, I think we’ll create a groundswell that will cause some Congressmen, and some Senators, and ultimately, you know, to do something—or else.

**Q:** I have a question, and I fear that it’s going to be oversimplified, but I didn’t hear Mr. LaRouche say anything about what to do with those rogues, and crooks, and I could call them a lot of other names, who’ve stolen all of that money, from Enron and all those companies, and while we—I say Enron: Enron is just one of many, many, many, who have caused people to lose jobs, who have caused people to lose entire retirements, and I did not hear you speak to that issue. It may be a minute part of the problem, but it is a problem for

those of us in the trenches.

**LaRouche:** Let me be plain-spoken and answer you directly, without going too far, and saying too much, about our President, or his friends, or others. The reason I have problems in the Democratic Party, is because of that. That there are certain people, who are tied to famous names in organized crime, who control much of our financial system, and our political system, from the top down, especially in the party organization part of the national parties.

For example, let me give one name. A guy who is the leader of an international drug-trafficking mafia. His name is Marc Rich. Now, at the beginning of February, former President Clinton was interviewed, and asked if he would pardon Marc Rich if he had to do it over again today. His answer was, “No.” I was very happy to hear that President Clinton had said that. I thought it was very intelligent statement. He said, “Why? Because Marc Rich belongs to the Republicans. He’s Cheney’s problem.” And if he left it to the Republicans to pardon Marc Rich, he wouldn’t have gotten, Clinton wouldn’t have gotten any flak over pardoning Marc Rich. So he wouldn’t do it again.

Now, what’s Marc Rich? Marc Rich is a very dirty guy. He’s a part of something called the Russian Mafiya. It’s tied with everything evil you want on this planet, and it controls Al Gore, for example. Al Gore was one of its progeny. Joe Lieberman is part of it. Some of the people in the top ranks of the Democratic National Committee are part of it. Many of the Congressmen know about this stuff. They don’t know as much as they should, because they don’t wish to: It’s too uncomfortable. But they’re not of that temperament.

Now, you go on the Republican side, and you find that,

not only is Marc Rich tied into Joe Lieberman and Al Gore's friends, but he's also, his lawyer is the key man for Vice President Dick Cheney. And, if you look at the Marc Rich-Halliburton relationship to Vice President Dick Cheney, you begin to see. If you look at some of the things on the Bush side, you see the same thing.

What you're talking about, are people who have looted our country. Look what Enron did. Enron is responsible for the bankruptcy of California, and similar kinds of things. 401(k) was a swindle of this type. Who did it? The same kind of people—401(k). People have lost—they went from Social Security, went from regular pensions, into this 401(k), which was a swindle, from the beginning. But greed inspired people to say, "I can get more money out of 401(k)s than I can from a solid pension." They gave it up, and they were swindled. Now we've got people running around, who thought they had pensions; they don't have them any more.

No, this crowd is all one thing. And I am well-informed about these characters, as I've intimated to you. I know who they are, and what they are, and what control it is they have over the national parties, and control over part of the Congress. And, I have made myself their enemy, and therefore, within some quarters, I'm not much liked, but I'm sort of proud of that.

**Q:** I want to know about Alan Greenspan. How do you feel about him then?

**LaRouche:** Well, Alan Greenspan, I understand, takes baths, and I hope he comes clean there, because he doesn't any place else. There's talk about him spending a long time in his bathtub monthly, with his little quacky ducky, or whatever it is. But, I just hope he would come clean there.

No, remember, back in 1979, Carter, under Brzezinski's pressure, appointed Paul Volcker as Federal Reserve chairman, and that was the beginning of the collapse of the U.S. economy, its final phase, when he went with that 21%, 22% interest rate increase, which collapsed a lot of things. Since that time, since 1979 to the present, the U.S. money system has been controlled top-down by two fellows in succession: Paul Volcker, and his successor Alan Greenspan. Alan Greenspan has created some terrible financial bubbles. He's one of the chief causes of collapses of the economy. The collapse of 1998, the GKO collapse, of Long Term Capital Management, was his creation. The IT bubble collapse was Alan Greenspan's creation. The coming collapse of the real estate bubble, which is going to hit the Washington area, and other areas—the Fannie Mae bubble, Fannie Mae-Freddie Mac bubble, he created it. This man—I call him "Bubbles."

But, he is a very vicious fellow. He was a follower of Ayn Rand, and if you wanted something really right-wing, and fascist, Ayn Rand was it. And he was the head of her fan club for a long period of time, and he carried the tradition of that fan club into the Federal Reserve System, and you've seen the results.

**Q:** Is it that I'm investing, throwing good money after no money? Because, I was listening to you talk about the bankruptcy of the banks, and, you know, the huge ones, Chase and Citibank, and all of these, and part of our investments, part of our stocks, these are companies where we supposedly hold stock. So, am I throwing my \$10 after no money?

**LaRouche:** Well, let me go to a more fundamental question, because your question pertains to it. A long time ago, you may have read the *Republic* of Plato. In there, in the second book of the *Republic*, in the dialogue among—trialogue, among Socrates, Glaucon, and Thrasymachus, there's a discussion about national policy. In the course of this, Socrates introduces in Greek a term called "*agapē*." *Agapē* is the same word used by the Apostle Paul in *I Corinthians* 13. What is sometimes translated as "charity," "love," and so forth; it means something much more, as you may know from that reading.

This term came into modern usage from the Greek, and from the Greek New Testament into Europe during the 15th Century, during the establishment of the first modern nation-state in France, as a result of the sacrifice of Jeanne d'Arc, who made that possible. And the idea that a nation-state is not legitimate—is morally illegitimate, unless the sovereign is accountable, efficiently, for the general welfare of the whole population, including posterity. Therefore the supreme law of government is that, of legitimate government.

Our Constitution specifies sovereignty. We as a people and our government are sovereign in our territory. That government is legitimate to the extent it exerts that sovereignty, and assures the general welfare of the total population, and posterity. That's our law.

The opposite law, is the tradition of apostle of slavery, John Locke, who introduced slavery into the Carolinas, as a formal system of law, called "property." The United States government today, is dominated, in the majority of the Supreme Court, by people like—by thugs, like Antonin Scalia, who says the law is shareholder value. Under the law, in any crisis, under our Constitution, under the Christian tradition, I just referred to, the government is responsible to protect the general welfare *first*, and other things second. We must defend the sovereignty of our republic, and the republic must defend the general welfare.

So, when it comes to sorting out bankruptcy, when there's any financial bankruptcy, the law dictates—if we follow the law—the law dictates that the general welfare comes first. The sovereignty, general welfare, and posterity come first. Others come afterward, if there's something left over. So therefore, those who invested in good faith, or those who have a need, someone who's invested in a pension—the responsibility of government is to make sure those pensions are met first, the stockholders last. The welfare of our people comes first.

Think more deeply. What is the implication here? I often



At the Arkansas state capitol in Little Rock, LaRouche is joined by Revenue and Taxation Committee Chairman Jimmy Mulligan (left), just before LaRouche was introduced to the State Senate and House of Representatives. At right are LaRouche aides Stuart Rosenblatt and Richard Magraw.

use this. Normally in politics, I stay away from theology as much as I can, but I can only stay away so far.

**Reverend Wilkins:** Me, too. [general laughter]

**LaRouche:** We have that problem in common. But the point—I pose the question: Why do politicians fail? Why do politicians who are otherwise bright, intelligent people, why do they fail morally? Like Hamlet, Shakespeare’s Hamlet. They fail because as Hamlet says, in the third act, is, “When we shuffle off this mortal coil . . .” What frightens Hamlet is not death; what frightens him is immortality. What comes afterward. And Jeanne d’Arc, for example, was able to sacrifice her life for humanity, willfully accepting the alternative of being burned alive, rather than accepting the degrading conditions of not being burned alive, for the sake of all humanity, because she was sure of her immortality.

Leaders have the problem, that very few of our leaders are exactly obsessed by immortality. And some of our nice leaders are not obsessed by immortality, and therefore they make compromises: “Well, I’ve got to think of my self-interest.” But you only have one life! You only have one mortal life! And all eternity around it. And you have to say, “Am I an animal, like a monkey, that when I die, that’s the end? Or am I a human being, who’s accountable for my interest in eternity, as opposed to just this little mortal life I have?” As it’s said in the parable in the New Testament, you have a talent. It’s your mortal life. How do you spend it? For *what* do you spend it? And the problem we have today, is, we’ve become a putrid kind of heathen population, not for lack of

preachers, but for lack of Christians among the preachers. Because this question of immortality—people are more concerned: “If I go to Hell, what kind of a house am I going to get?” Or, “Is God going to intervene to pay my mortgage next month?” As opposed to, “What am I willing to live and die for?”

In former times, when we were more moral, we would say, “We invested our lives, and risked our lives for the sake, immediately, of our children and grandchildren and others, for the community of the people.” But, that is gone now. The “Now Generation” says, “What I get *now*, in the short run, is what counts. What I do for my grandchildren, what I do for the children that are coming. . . .”

Now for me, an older guy, I’ve a few frisky years before me, I assure you. But, I don’t have that many years before me. What I’ve got is

what I leave behind. What I’ve got is immortality. And the problem we have today, is, too many of our leaders, and too few of our citizens, still have that sense of immortality. Therefore, they make decisions, and fail to impose decisions upon their leaders, which are based upon that consideration.

My concern is, what is going to happen to this planet, if this depression and this war go ahead? There’s going to be hell on this planet for a long time to come. If we can prevent that, if we can save this nation, which was a beautiful creation; if we can realize all the things we’ve put in to making it something, and if we give our lives to that, even just by living out our life in a certain manner, we’ve got infinite courage, and can do infinite things. My problem is, we are too weak. And, as I say, I don’t try to get on the theology business too much, but when it comes to this question of immortality—

**Reverend Wilkins:** We’ve got just a couple more questions, and then we’re going to close.

**Q:** Mr. LaRouche, while I agree with a lot of what you said, I disagree with what you say about the war. What do you think is going to happen, if we *don’t* go do it?

**LaRouche:** Nothing bad is going to happen.

**Q:** Sept. 11 showed that the defense of this country was shattered. It proved that the government did not do what it’s supposed to do.

**LaRouche:** That’s right.

**Q:** Have you been in military service?

**LaRouche:** Yes, I have.

**Q:** I was in the military too. If we don't do something, they're going to do something to [us]. Because those kind of people got one thing in mind. If you don't believe what they believe in, they're going to kill you! And if you think that you can get away with not doing anything with them, you're sorely mistaken, sir.

**LaRouche:** Actually, who did Sept. 11?

**Q:** Nineteen Arabians, I guess.

**LaRouche:** No. They did not. We don't know exactly who did it.

**Q:** Yemenis, Arabians, whatever they were.

**LaRouche:** No, they weren't. What we've been told is a big lie.

**Q:** Well, who did it then?

**LaRouche:** Well, somebody inside our people.

**Q:** Bin Laden didn't plan it?

**LaRouche:** No. Not capable of doing it.

**Q:** Somebody inside our country?

**LaRouche:** Inside, at a high level.

**Q:** They were all proven to be nationals of some other country.

**LaRouche:** No, they weren't. Proof was never presented.

**Q:** Showed all of them on TV—

**LaRouche:** I know, but it's not been proven.

**Q:** That's all propaganda?

**LaRouche:** Yes, there is an investigation.

**Q:** So our own Americans paid 'em do it?

**LaRouche:** No, not paid them to do it. They didn't do it.

**Q:** That's right. They didn't do it for pay, or anything, but what they were taught.

**LaRouche:** No.

**Q:** If they killed us, they were going to go see God.

**LaRouche:** Let me pull rank on you on this one. One of my areas is security. I was the author, the original author, of what became known as the SDI [Strategic Defense Initiative]. I did that as a project, as a private citizen, with the Reagan Administration, with the National Security Council. I've been involved in this security question for a long time. I've done things for our country, as a private citizen, which are fairly high level, and very sensitive. I know the security business.

No bunch of people from the Middle East, an outfit like Osama bin Laden, was capable of doing that. What was done was a very complex operation, and it was done deliberately, *to get us into a war*.

The policy—I know who the author of the policy is. The author of the policy is on record. At the end of the Bush Administration, first Bush Administration, 41, Dick Cheney adopted a policy for a war against Iraq. It was a policy which was done together with some others, who wanted to have a Clash of Civilizations war against Islam.

**Q:** Islam? Against the whole nation of Islam?

**LaRouche:** Yes, all Islam—1.3 billion people. And the policy is there. It's called the "Clean Break" policy. This policy was developed under Cheney, in cooperation with some people in Israel. It was originally designed as a policy for the Netanyahu government—the "Clean Break" policy. It was then adopted by Cheney, and it was turned down by the Bush Administration generally. Bush went out of office, and the thing was buried.

Then, on Sept. 11, 2001, the policy was suddenly revived. Revived by people who are known proponents of it: Richard Perle, Wolfowitz, Rumsfeld, Cheney, Libby, and so forth—the Marc Rich crowd, and so forth.

So this was an operation, which was done *within* the U.S. security system—which should have prevented at least two of the planes from hitting anything. The first one might have been a surprise, but the next two were not. And our security system had been taken down, and somebody knew *exactly* how to do it. Now, this could not have been done by anybody from a foreign country. It had to be done from somebody *inside* the United States, at a very high level, and there are people who wanted that effect. And they did it.

So, we're still looking for the guys. Look, we have to deal with this realistically.

**Q:** If you'll allow me to be blunt with you, you are a crazy fool. I know my friend. . . I apologize: You are a nut!

**Another voice from audience:** Same to you.

**LaRouche:** I happen to be an expert.

**Q:** You're an expert at being a fool.

**Another Q:** I can remember the Oklahoma City bombing. They said the same thing, you know. They said this has to be Islamic, and found out later on it was not. So a lot of times, those people do get blamed.

**LaRouche:** That's understandable.

**Reverend Wilkins:** We'll take two more quick questions here.

**Q:** You said nothing will happen, would happen, if we don't go to war. What will happen if we do go to war?

**LaRouche:** It's incalculable.

**Q:** I mean, in that area.



**LaRouche:** It won't be limited to that area. That's the whole point. See, the United States can probably go in safely. Tomorrow morning, they can take 400 rocket-launched missiles, and they could take the high-impact non-nuclear missiles, and hit areas like Baghdad, and make mincemeat of that whole area. That could happen.

But the point is, when you fight a war, you're not going in to kill people, you're going in to win a war. Winning a war means ability to occupy that territory, or not have to occupy it, over a period of time to come. The problem is we're faced with—. You'll find most of the U.S. military professionals, the ground-force senior military, retired and serving, and Marine Corps, like General Zinni, would agree. This is a stupid war to get into. Don't get involved in it. The President has been operating under the influence of Cheney's circles, and he's bought into it. It's a mistake, a terrible mistake.

We have no problem—I've dealt with some of the people who were experts, and went into Iraq earlier on the weapons inspectors—there's no problem. There's nothing we have to fear. Yes, Iraq might be able to get a weapon, and throw it against somebody nearby. But it's not a direct threat to us. Furthermore, the people in Europe, the people in Asia, the relevant people in the Middle East, are perfectly willing to do whatever is necessary, to control the situation, to keep it from coming to a war. So, you have nothing to fear. I've been in the Arab sector, I'm known throughout the Arab world. I've dealt with these countries. I know what the operation is. It's nothing we couldn't handle. You don't *have* to go to war.

**Q:** So, what's the game? For these people who are advocating it?

**LaRouche:** The game is, that there are certain nuts, in our own country and other countries, but especially in our own, who want this kind of war. They want a war against Islam. And, for example, Dick Cheney. Dick Cheney, the Vice President of the United States, wants such a war. Dick Cheney is the rooster for the hen house that wants these things. The people who want the war, are a bunch of draft-dodgers, chiefly, a bunch of draft-dodgers who ducked service during the 1960s, during the period of the Vietnam War, and they safely stayed here. Cheney himself was a draft-dodger. Got himself an exemption. So the draft-dodgers, who don't know what war *is*, who have no idea what it is, condemn the generals, who know what war is, who say, "Don't get into the war." And everybody I know in Europe, and in the United States, who I've talked with, in all kinds of circles, we all agree, there's *no need* for this war! It's a crazy idea.

**Reverend Wilkins:** And by the way, some of you may be familiar with Gen. Wesley Clark, who is an Arkansan, who was the commander of NATO, who has publicly said, over and over—he's from Arkansas, he's around here all the time—who has said—and he's well knowledgeable about

these issues; he's said, this war is not necessary, it doesn't make sense, it doesn't have to happen. . . .

Yes, ma'am. We need to wrap up.

**Q:** I'd like to give you a statement from one of my super-intelligent students—and most of them are. They think very well. And, Mr. LaRouche, what they said, they want this George to be like the first George. They want him to *lead* the troops into battle. And will you please take that on to Washington, D.C.? My students at Pine Bluff High School, want this George to be like the first George, and that is to lead the troops into battle.

**Reverend Wilkins:** You're talking about George Washington?

**Q:** Yes, George Washington, and George Bush. [Laughter.]

**Q:** To Mr. LaRouche, and the entire panel: I really appreciate this information. This is not a question, this is a comment. This is positively needed, because a lot of times, we are so misinformed, and a lot of times, we as teachers always need communication, so that we can connect, and have a clear understanding, and I appreciate this information.

**Reverend Wilkins:** Thank you all. Thank you, Mr. LaRouche. [Applause.] Mr. LaRouche, this is the cream of the crop of Pine Bluff, Arkansas.

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# Campus Nazis Are Smoked Out

by Mark Calney

Under the pretext of an absurd allegation, members of the LaRouche Youth Movement were stopped from campaigning by campus police and thrown off the grounds of Pasadena City College (PCC) on Feb. 24. This type of police-state tactic, which Democratic Presidential pre-candidate Lyndon LaRouche warned against in a January 2001 webcast to mobilize support against the nomination of John Ashcroft, is yet another example of the Attorney General's "arrest them all, and let God sort 'em out" policy. In the name of Homeland Security, we have seen John "Armageddon now" Ashcroft and his supporters increasingly demonstrate that, to them, no right guaranteed by the U.S. Constitution is sacred.

## Tearing Up Free Speech

The LaRouche organizers, who had obtained the proper "Free Speech Authorization" from the campus police that morning, were soon told that they had to leave because of a "complaint." When one of the organizers, John Craig, went to the police office to find out the nature of the complaint, he was quickly confronted by the director of campus police, Philip Mullendore. The following exchange occurred:

**Craig:** "I know that [the alleged complaint of name-calling] didn't happen. . . . There are people who are against what we are doing and lie in order to get us kicked off. What you don't want to do is to take sides based on someone's political views. . . ."

**Mullendore:** "We've had a case against you for some time now and we have you on video-tape. . . . We're getting a restraining order against your organization."

**Craig:** "You can't stop us from our freedom of speech."

**Mullendore:** "I don't have to listen to a brainwashed LaRouchie."

While real terrorist supporters, who have committed violent crimes at PCC, go uninvestigated and unarrested, Mullendore prefers to spend his college's increasingly limited funding to shut down free speech on the campus. On March 11, 2002, LaRouche student organizer Quincy O'Neal was violently attacked by PCC newspaper editor Matt Robinson (who had authored a slanderous article against LaRouche several months earlier) in front of a number of witnesses. The PCC police record stated that Robinson was intoxicated at the time.

What did the Pasadena police do about all that? Absolutely nothing! Instead, Mullendore chose to protect Robin-

son, who has been a publicly avowed supporter of the late Irv Rubin, leader of the terrorist Jewish Defense League (JDL). Rubin was jailed on charges of plotting the murder of a California Congressman and a bomb attack on a Los Angeles mosque; he committed suicide in prison last November, rather than face a trial for his bomb-plotting. Rubin's buddy and JDL co-defendant, Earl Krugel, pled guilty on Feb. 4, 2003 to terrorist bomb-plot and machine-gun-possession charges.

## Who's Guarding the Guards?

In a republic, Plato asks the important question of "who guards the guards?" And, how are the guards of a republic to be educated? Free speech on our college campuses is being threatened—but not by Osama bin Laden and Saddam Hussein. Philip Mullendore, and his like-minded trainees, equate passivity with peace, and mistake grazing cattle for the student body. Watch out students—your local campus police officer could have been trained by Mullendore.

Mullendore is deeply involved in the Campus Security Institute (CSI), which publishes the monthly magazine *Campus Safety* and conducts "Train the Trainer" instructional seminars for aspiring campus police officers in California, Texas, and Pennsylvania. According to CSI, Mullendore "has participated as a subject matter expert with the commission on Peace Officer and Standards and Training (POST) in the development of the Campus Law Enforcement Course, and was instrumental in developing the standards for campus security used in California."

At the same time that these nazi-style operations are attempting to shut down free speech on our campuses, the Democratic National Committee is excluding LaRouche from 2004 Presidential campaign events.. This was witnessed recently at the Washington, D.C. conference of the DNC, when party hacks attempted to physically prevent more than 30 young LaRouche supporters from participating in the kind of open, honest, public debate which must occur if our republic is to survive the current dangers of war and economic collapse.

On the Republican side, we have the shenanigans of Sen. Joe Lieberman's (D-Conn.) evil twin, Sen. John McCain (R-Ariz.). The same organized crime networks that have pumped money into McCain's career and bank accounts, also finance the Arizona-based operations of the glassy-eyed, so-called "cult expert" Rick Ross, to engage in criminal, thug tactics against students who support LaRouche. Ross was formerly associated with the now-defunct Cult Awareness Network (CAN), and was implicated in setting up the 1993 massacre of the Branch Davidian sect in Waco, Texas. Ross is close to the American Family Foundation (AFF), a successor to the 1950s-70s U.S. and British governments' secret operations to experiment with mind control, employing a wide range of pharmacological and brainwashing methods (see *EIR*, April 19, 2002).

# American People Don't Support an Iraq War

by Nancy Spannaus

Forget the phony opinion polls. The vast majority of the American population opposes war against Iraq, and wants attention paid to the collapsing economy at home. This reality contrasts sharply with that of the 1991 Gulf War, and is reflected in activities ranging from the passage of resolutions, to demonstrations, to support for political figures who oppose the war.

The most crucial political figure behind the U.S. anti-war drive is the one least covered in the media, Democratic Presidential pre-candidate Lyndon LaRouche. Why? Because LaRouche personally has played a catalytic role in disseminating the intelligence, and guidance, from August 2002 on, which helped build the international coalition against war, and provoke the opposition within the institution of the U.S. Presidency which threw the issue into the United Nations. Without the jam-up of the war decision in the United Nations, there would have been no opportunity for the hundreds of thousands of persons in the U.S. anti-war movement to act. LaRouche's activity was vital in *buying time* to prevent the war from breaking out, giving courage to others to also act.

To their credit, people have indeed acted.

## Cities for Peace

As of this writing, at least 124 cities, plus the Maine Senate and the Hawaii House of Representatives, have passed some kind of resolution against the war. The process began in the Fall, and has been picking up steam. No, we're not just talking about San Francisco here, but major urban centers in Middle America as well—like Austin, Texas; Chicago; Denver, Colorado; and many others.

The movement for passage of these resolutions—and hundreds of more which are now pending before legislative bodies—is being coordinated by the Institute for Policy Studies—a “left-wing” think-tank—in coordination with some private foundations. IPS also works closely with the largely “left-wing” sponsors of the major anti-war demonstrations in the United States.

But the wave of opposition goes far beyond the traditional scope of activists, left- or right-wing, and it is growing daily.

A review of the resolutions contained on the website Cities for Peace, gives one a certain kind of view of what the citizens are thinking. Many of these resolutions contain direct references to the incalculable financial cost of the war, as well as to the desperate financial needs which are hitting their

localities. Don't spend money on war when we need the money at home, they say, in effect.

Exemplary of this process was the resolution passed by the Los Angeles City Council on Feb. 21—the 100th city to call on the White House not to go to war. The resolution, which passed by a margin of 9-4, was able to be pushed through as a result of the addition of an amendment pledging greater efforts to seek Federal funding for homeless people. The spending for war is seen as a direct counter to such domestic needs.

The debate which occurred at the Houston City Council meeting on Feb. 27 gives a flavor of what the base of resistance to the war is. Those supporting the anti-war resolution—a watered-down version of one previously introduced against “unilateral pre-emptive strike”—includes veterans, a black Baptist minister, a representative of the Catholic diocese's Office of Peace and Justice, and professors, as well as what might be called traditional “peaceniks.” One of the speakers was a representative of LaRouche's Presidential campaign, who not only spoke to LaRouche's economic alternative to war, but also exposed the threat of nuclear first strike now coming from the Bush Administration.

Also striking in terms of showing the depth of opposition to a war which has not officially broken out, was the resolution which was passed unanimously by the AFL-CIO Executive Board, the leadership of the major labor federation in the United States, at its Winter meeting on Feb. 27. Acting in coordination with the British Trade Union Federation, the American labor leadership argued that the Administration had not “made the case” for war, and called for maintaining action within the United Nations.

The significance of this action should not be underestimated, since the AFL-CIO has always supported whatever war the United States has entered, even Vietnam during the height of the resistance to that war. This is no “left-wing” union movement.

What's clear, however, is that the majority of the American population smells a rat. In the midst of deepening depression conditions, they are being told to forget about their welfare, and that of their children, and throw their support behind an increasingly blatantly imperialist war drive. They don't like it. The only problem is that they don't see any visible leadership in the major parties, to provide them an alternative to this disastrous course.

In fact, the only viable leadership is that of LaRouche, whom the pro-war organized-crime-linked clique at the Democratic National Committee, and the Establishment media, is trying to suppress. LaRouche offers the FDR-style economic approach which can bring the American economy and people back to sanity—a method that provides the only sure anti-war path. The degree of LaRouche's success in the immediate weeks ahead, will be the determining factor in whether the U.S. institutions, and population, actually reject a suicidal war.

# Slot Machines Can't Save Maryland's Budget

by Lawrence K. Freeman

*The author is a former candidate for the Democratic Party's nomination for Governor of Maryland.*

Over halfway through the 2003 session of the Maryland State Legislature, the state is no closer to finding a solution to its \$1.3 billion budget deficit, than when its legislature convened in January. Gov. Robert Ehrlich (R) and his staff have pulled out all the stops to blackmail and strong-arm the nearly 200 state legislators, and local government leaders, to support his immoral introduction of 10,500 slot machines at the Maryland horse racetracks. The first Republican elected governor of Maryland in decades, Ehrlich has been paraded nationally by the Republican Party as a winner with the strategy of using gambling revenues to fill the budget shortages of desperate states—"slots for tots," as Ehrlich's team puts it, as they assert that education budgets would be met by gambling revenues.

Not all legislators are falling over themselves in greed to get a piece of the slot money pie for themselves and their districts, but even the moral opposition led by House Speaker Michael Busch has offered nothing more than an increase in taxes as an alternative. Only the Youth Movement of Democratic Presidential pre-candidate Lyndon LaRouche, whose youngsters have made several forays into the capital, Annapolis, is providing a viable response, in these times of economic depression, to both failed approaches.

Thus far, no agreed-upon legislation has been introduced, as intense haggling between competing interests continues. But the one thing they all agree on—as they scramble like seven piglets to get at the sow's six teats—is they want a "take" of the hundreds of millions of dollars expected to come from the one-armed bandits, which will operate 24 hours a day, 7 days a week, and whose main patrons will be the poor who hope to strike it rich.

## Ehrlich Demands Slots or Cuts

As Ehrlich has kow-towed to the horse-racing interests in the state—who are counting on the slots to revitalize their dying gambling business and to line their pockets with billions in the years ahead—the governor has promised to use the proceeds to fund education, and intends to somehow also reduce the budget deficit. Unfortunately, many black leaders, instead of objecting to this new form of regressive

taxation especially of their indigent constituents, are going along with this corruption, seeing dollar signs flashing before their eyes.

In a departure from usual practice, Governor Ehrlich and Lt. Gov. Michael Steele testified in front of the House Ways and Means Committee at hearings for slots-legalization legislation at the end of February, where Ehrlich's personal heavy-handed tactics were obvious for all to see.

Speaking before legislators on March 1, Governor Ehrlich vowed to save horse-racing and its "culture"; of course he has been supported by the Jockey Club set from the beginning—and by President of the Senate Thomas Mike Miller, who has also received several hundred thousand dollars from racetrack owners, and who supports the introduction of slots. Ehrlich threatened all jurisdictions of the state with cuts in their necessary programs, announcing he will veto any legislation for an increase in taxes. He demanded in no uncertain terms that lawmakers either pass his legislation, or they will have to endure the pain of \$2 billion in cuts from a \$20 billion, two-year budget.

The ugliest threat had to do with the future of education for the poorer jurisdictions, which are grossly deficient in school funding. State Superintendent of Schools Nancy Grasmick prostituted herself for Ehrlich by exclaiming that "poor and minority children would suffer without revenue generated by slots." Speaking before the Senate Budget and Taxation Committee and the Legislative Black Caucus, Ehrlich reiterated Grasmick's disgusting remarks, by again threatening that there will be no help for education in poor districts without support for his slots legislation.

## How Big Is That Pie?

One of Ehrlich's selling points in the beginning, was that he would allot 64% of the proceeds from the slot-machine gambling to the Maryland treasury to fund education. Maryland already funds a portion of its education budget through the widespread use of a state lottery. Dependence on gambling has become a "traditional" method for funding education—gambling on the future and losing.

But the racetrack owners, represented by the De Francis family and others, were not satisfied with their 25% the slot-machine take (the other 11% was to go to horse breeders and local governments). On March 5, Governor Ehrlich held a late-night news conference, to announce he had "re-adjusted" his slots money shares, making drastic changes in favor of the racetrack owners, and stiffing "the tots." The *Baltimore Sun* reported that Ehrlich's revised bill would reduce the schools' share of the money from 64% to 44%, and increase the track owners' share to 44%, giving them an additional \$350 million. Moreover, the upfront fees that track owners pay the state, were reduced from \$100 million to \$40 million per track. These fees, claimed earlier to total \$350 million, will be only about one-third that much: Thus, the anticipated immediate reduction of this fiscal year's budget deficit is out the window



*Maryland Governor Ehrlich's dismal path to the degradation of having 10,000 or more slot machines at race tracks, with the personal bankruptcies and addiction this will bring, is turning out not even to plug a hole in the state's sinking budget. At right, the LaRouche Youth Movement greeting Maryland legislators and aides in Annapolis with the alternative that will work—a "Super-TVA" policy.*

as well. The beneficiary of Ehrlich's proposal is becoming clear: the racing and gambling "industries."

Worse, black elected officials, who insist on joining track owners and Ehrlich in the mud, are threatening to hold up the legislation unless they get a larger slice of the pie, arguing that, after all, it is predominantly poor blacks who actually gamble (and lose) their money at the Rosecroft and Pimlico horse racetracks. They also want to use the introduction of widespread gambling to gain increased minority participation in vending and other contracts related to the operation of slots.

Finally, studies have emerged which indicate that tens of millions of dollars will have to be spent on infrastructure to maintain the neighborhoods where desperate citizens will be using the slots "24/7." Parking, roads, and other facilities will have to be upgraded to handle the increased traffic around the tracks, for example. This is why several different pieces of legislation for slots are circulating simultaneously in Annapolis.

Governor Ehrlich is also rejecting Baltimore Mayor Martin O'Malley's request for \$65 million over several years for infrastructure repairs necessary to handle the traffic flow at Pimlico Race Track. According to O'Malley, an annual expenditure of \$9.3 million is required, but the expense would absorb almost the entire allotment to Baltimore.

### **LaRouche Has the Alternative**

The LaRouche movement in Maryland has refused to accept the fixed rules of this sordid game, where the only apparent choices on the table are legalization of slots, budget cuts, or raising taxes. LaRouche activists have been discussing with

legislators a return to the approach to generating jobs and revenue practiced by President Franklin Roosevelt, and advocated by Lyndon LaRouche in his proposed "Super-TVA" policy today.

Candidate LaRouche outlined his solution to the economic and financial crisis facing the country, when he appeared on the Bev Smith national radio program on Feb. 26: "We're now a bankrupt nation. But we could, using the same methods employed by Roosevelt—the Constitutional methods he employed—we could launch Federal programs which would deliver credit to states, and to certain Federal projects. These programs would be devoted to things like rebuilding power generation and distribution, water management, general transportation, including saving our railroad system and air traffic system, and education and health care. We could set these programs into place. We could create employment to bring this system back into balance. We could proceed from that with a rebuilding program, the way Roosevelt did, during that period of '33 through '44-45. And that's what I've proposed."

Maryland, like at least 45 other states, is in the red. With the meltdown of the so-called new economy, the IT sector, and the Nasdaq, the fictitious profits that kept state budgets alive disappeared, revealing the underlying bankruptcy of the national and state economies. As all the other various schemes to find new sources of revenue fail, LaRouche's alternative to get us out of the depression will gain momentum in state legislatures around the country, as it already has in Arkansas, where LaRouche addressed state leaders at the end of February.

## Wolfowitz Grilled On Cost of Iraq War

Deputy Secretary of Defense Paul Wolfowitz took some substantial heat when he testified before the House Budget Committee, on Feb. 27, on the Department of Defense Fiscal 2004 budget submission. Even Republicans seemed to be less than pleased with it. Rep. Chris Shays (R-Conn.), who chaired the hearing, told Wolfowitz that not only did the budget plan not take any “bold new steps” toward solving the problem of how the Pentagon was going to pay for its three tactical aircraft programs, but it also “does not include the cost of potential conflict with Iraq.” He admitted that there are great uncertainties about such a war, but “the bottom line is we need a better and fuller understanding of the financial commitments we are undertaking, and how much of these costs our allies are willing to bear.”

Democrats were even less charitable. John Spratt (D-S.C.), the ranking Democrat on the committee, said, in his opening statement, that he hoped the hearing would provide better insight into the total costs of ongoing and contemplated military operations, “because it’s this committee’s responsibility to put things in the stark light of fiscal reality. Today, we are not in a position to do that, because there are so many significant things we don’t know about this budget.” Rep. Jim Moran (D-Va.) complained that the Pentagon is “deliberately keeping us in the dark” and he told Wolfowitz that “we’re finding out far more in the newspapers than we are from you.” He added, “We’re not so naive as to think that you don’t know more than you’re revealing.”

In response, Wolfowitz told the committee that “any war is fraught with uncertainty, and that makes all prediction of future war costs extremely uncertain.” He added, later,

that cost estimates depend on assumptions about how long the war lasts, whether or not weapons of mass destruction are used, how much resistance comes from the Iraqi army, and so forth. “It is so dependent on assumptions that picking a number or even a range of numbers is precarious,” he said. Wolfowitz also took issue with the remarks of Army Chief of Staff Gen. Eric Shinseki, who had told the Senate Armed Services Committee, just two days before, that a post-war occupation of Iraq could take “several hundred thousand soldiers.” Without referencing Shinseki directly, Wolfowitz said, “I don’t think he or she knows what they’re talking about.” He pointed to Iraq’s vast raw materials wealth, including oil, that could be used to cover post-war costs.

## Tax Cut Bill Is Introduced in Senate

On Feb. 27, Senate Budget Committee Chairman Don Nickles (R-Okla.), with Zell Miller (D-Ga.) co-sponsoring, introduced a bill comprising President Bush’s package of tax cuts. In short, the bill will accelerate reductions in the personal income tax passed in 2001, accelerate reduction of the so-called marriage penalty, abolish taxation of stock dividends, and increase the child tax credit from the current \$500 per child to \$1,000. Nickles particularly pushed the dividend tax repeal, declaring that figuring out how to make tax revenues grow means a growing economy. “It means the stock market needs to move up instead of down,” he said.

Democrats immediately denounced the plan. Senate Minority Leader Tom Daschle (D-S.D.), during a joint appearance with House Minority Leader Nancy Pelosi (D-Calif.), called the plan “nothing more than a

sham, wrapped in spin, shrouded with deception, that would give no real benefits to most American families. . . . This is the wrong plan for seniors, the wrong plan for America, and it is still dead on arrival.” While Nickles may be able to ram through a budget resolution that incorporates the tax cut, he acknowledged the concerns of some moderate Republicans, who worry about pushing through such a huge tax cut when so many states are suffering massive budget deficits.

On Feb. 25, Daschle had tried to move the Democratic plan on the floor of the Senate by unanimous consent. He said that if President Bush really cared about the condition of the economy, he would ask the Senate to take it up right away. Instead, the Republicans objected to Daschle’s motion.

## Karzai Appears Before Senate Panel

The Senate Foreign Relations Committee held a very unusual hearing on Feb. 25, with Afghanistan President Hamid Karzai at the witness table. Committee Chairman Richard Lugar (R-Ind.) noted that normally, when heads of state or government visit Congress, they meet with Senators in a private room. “But because of the enormous challenges your government is facing and the importance of Afghanistan to our country, I thought we should break with committee practice and conduct this meeting in public.” This opened Karzai to withering public criticism from some members of the committee. Ranking Democrat Joseph Biden (D-Del.), after noting the Bush Administration’s unfinished business in Afghanistan, pointed to the connections among warlords, drugs, and terrorists. “The connection is clear as a bell,” he said, and that’s “pretty much the defined state of Afghanistan

through the '90's." He also noted that Afghanistan has regained its status as the world's largest source of opium. "We've seen what happens when warlords and drug traffickers take over a country," he said. "They soon make their nation a haven for terrorists. That's what happened under the Taliban, and I believe if we're not careful, it's going to happen, again."

Chuck Hagel (R-Neb.) took issue with the relatively rosy picture that Karzai painted of conditions in his country. He warned Karzai that "if you leave an impression that everything is going well and challenges are minimal but they are all manageable, . . . the next time you come back, then your credibility will be in question." In response to both Biden and Hagel, Karzai insisted that conditions are not as bad as has been reported. "The situation with regard to stability in Afghanistan is better than what you see in the press," he told Hagel.

## **Medicare Dominates HHS Budget Hearing**

The Bush Administration's plans for the Medicare and Medicaid programs came under scrutiny when Health and Human Services Secretary Tommy Thompson appeared before the Senate Budget Committee, on Feb. 26. The hearing also became a forum for Sen. Kent Conrad (D-N.D.) to blast the Administration's proposed tax cuts. "The revenue loss," he said, "from the President's tax cut proposal, is larger than Medicare and Social Security shortfalls combined." He noted that General Accounting Office studies suggest that Federal budget deficits will explode beyond the record territory they are already headed for, once the Baby Boomers begin retiring in 2013. Budget Committee Chairman Don Nickles (R-Okla.) agreed that "we have sig-

nificant problems" and "we need to do something about it."

The proposed solutions remained within the usual budgetary strait-jacket, however. On Medicaid, Thompson touted the Administration's plan to give the states more "flexibility" to make changes in their plans without needing to request Federal waivers. On Medicare, he complained that "we spend 90-95% of our Medicare dollars on getting people well after they get sick, and less than 10% of the money on keeping people well in the first place." He pointed to tobacco-related illnesses, obesity, and diabetes, as three preventable diseases that cost \$384 billion per year.

Patty Murray (D-Wash.) brought up the problem of payment formulas, whereby rural hospitals are reimbursed at a much lower rate, for the same types of treatments, than equivalent urban hospitals. She warned Thompson that if the Administration's new proposals are based on the same formulas, "you're going to have a number of us who are going to absolutely oppose you."

## **Senate Still Hung Up On Estrada Nomination**

After more than 85 hours of debate, which began on Feb. 5, the Senate GOP leadership decided, on March 4, to file cloture on the nomination of Miguel Estrada to be a judge on the D.C. Circuit Court of Appeals. Democrats' opposition stems from suspicion that the President is putting forward ideological conservative nominations, and from Estrada's refusal to answer certain questions at his confirmation hearing. Majority Leader Bill Frist (R-Tenn.) complained that the only response that Democrats have given to repeated entreaties to allow an up-or-down vote, "has been a cavalier fili-

buster, and that's unacceptable." While the Republicans have been waving around a letter that supports Estrada's nomination, authored by Sens. Mitch McConnell (R-Ky.) and Zell Miller (D-Ga.) and signed by 52 Senators, it is not clear that they have the 60 votes required to invoke cloture. Frist made clear, however, that the first cloture vote "is the beginning of the battle," and Senate Judiciary Committee Chairman Orrin Hatch (R-Utah) vowed that "we're going to continue to have cloture votes until we have a vote up and down."

The Democrats, despite the pressure, are so far, holding firm. Minority Leader Tom Daschle (D-S.D.) said that "we have sufficient support to sustain a series of cloture votes," and "I would expect it will remain that way for whatever length of time they choose to continue this debate." The White House has offered to make Estrada available to Democratic Senators so they may address their concerns with him directly, but the Democrats are also seeking confidential memoranda that he authored as deputy solicitor general. "I think that our caucus feels, justifiably, that this is a simple issue of fulfilling the obligations that any nominee must make," Daschle said.

The debate has become increasingly shrill and partisan. On Feb 25, for example, Hatch repeatedly demanded that the Democrats allow a vote on the nomination, but they repeatedly objected to his unanimous consent requests. He told the Democrats that all they had to do, to allow the Senate to go on to other business, was to allow a vote. He said the Democrats "don't have a good valid reason for voting against Miguel Estrada, other than this phony red herring issue about the Solicitor General's office, which I don't think anybody in their right mind would buy."

# 'Presidential Prayer' vs. Religion

As a projected attack on Iraq appeared more and more irrational, the warhawk faction had enveloped George W. Bush with a manic quality of crusading religion. One feature of this mental management of the President and his supporters is the "Presidential Prayer Team"—an Internet-centered network encouraging Americans to pray continuously for the President as he (is steered and) steers the nation off a cliff to war. Bush has apparently had substantial interaction with this operation, whose logo displays the words "United States of America" over a drawing of George Washington at prayer—though it says it is not government-affiliated. The PPT was launched immediately following the Sept. 11, 2001 attacks. From its beginning, Bill McCartney and other leaders of the Promise Keepers—a quasi-military psychological manipulation cult—have been pivotal. The PPT's executive director, John Lind, was a founding organizer of the Promise Keepers. When in Texas, the President attends the First United Methodist church, whose pastor, Rev. Don Eldon, is a war-promoter whom sources have reported is a Darbyite Armageddonist.

By contrast, the leaders of the United Methodist Church, to which the President belongs, are seeking to prevent the war, together with other mainstream churches in America and abroad. But within the United Methodists, there is a right-wing movement called the "Good News" caucus, based in Wilmore, Kentucky. Similar caucuses infest the Presbyterians and the Episcopalians. These rightist political-religious groups are linked together through the Institute for Religion and Democracy in Washington, funded by the Scaife and Olin Foundations. The Methodist "Good News" Caucus' president, Rev. Jim Heidinger, says Christians must back war on Iraq. Heidinger heavily promoted the work of Catholic "political theologian" Michael Novak, who was recently rebuffed by the Pope in an attempted pro-war trip to the Vatican.

A light was shone on this corruption of religion for imperial war, by a forceful op-ed published in the otherwise pro-war *Washington Post* on March 2, by the pastor of the Presbyterian Church in Bethesda, Maryland near Washington. Rev. Fritz Ritsch slammed the

"Christianity" now around the President as "triumphalism," and particularly warned of the coded "end-times" constructs used by the President, for example, in his State of the Union speech. Ritsch noted that the President will not meet representatives of mainstream Christian denominations, while using the "bully pulpit" like a "theologian in chief."

Ritsch's column, titled, "Of God, and Man, in the Oval Office," gave a detailed and theological critique of Bush's rhetoric, and that of the so-called religious drive for war and empire. While Ritsch did not take up explicitly the role of Bush's lead speech-writer, Michael J. Gerson—the Elmer Gantry-type who wrote the President's Oct. 7, 2002, Cincinnati speech on Iraq—he did denounce specific words and phrases, which are the "secret-meaning" fundamentalist clap-trap Gerson specializes in.

"Contrary to popular opinion, the religion that this group espouses is Triumphalism, not Christianity," wrote Ritsch. "Theirs is a zealous form of nationalism, baptized with Christian language. The German theologian, Dietrich Bonhoeffer, who was martyred by the Nazis, foresaw the rise of a similar view in his country, which he labeled, 'joyous secularism.' . . . If, as I believe, this worldview is really American triumphalism, Christianity has taken a backseat to joyous secularism." The President "asserts a worldview that most Christian denominations reject outright as heresy: the myth of redemptive violence, which posits a war between good and evil . . . God [versus] Satan. . . . Christians have held this view to be heretical since at least the Third Century. . . . In contrast, the Judeo-Christian worldview is that of redemption. . . .

"The President used the words of a hymn 'There's Power in the Blood,' to strengthen the religious rhetoric of his State of the Union speech," said Ritsch. "He spoke of the 'power, wonder-working power' of 'the goodness and idealism and faith of the American people.' The original words of the hymn refer to the 'wonder-working power' of 'the precious blood of the lamb'—Jesus Christ. The unspoken but apparently deliberate parallel between Americans and Jesus is disturbing, to say the least."



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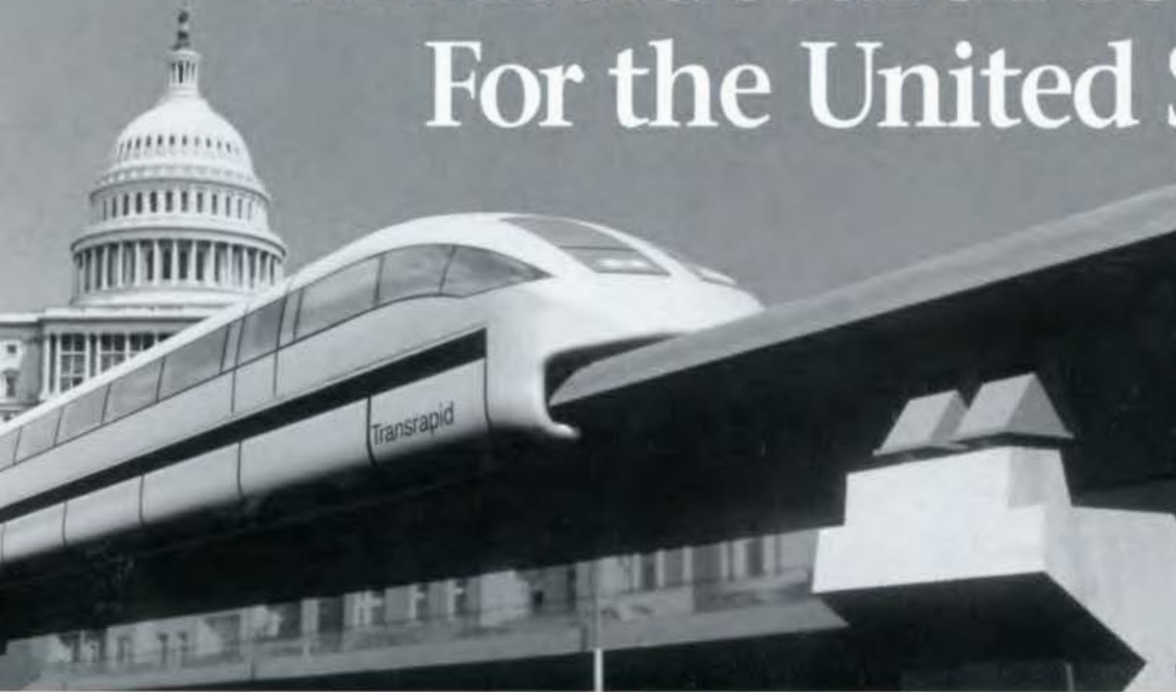
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