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Economic Plunge Triggers Policy Fight on Derivatives

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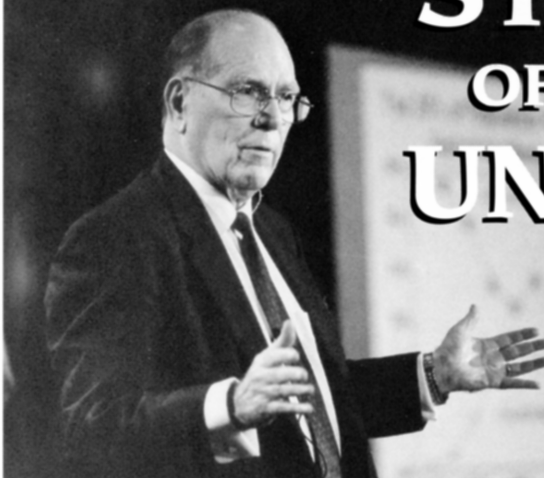
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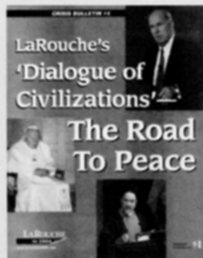
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*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirms@larouchepub.com*

*European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,
Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650. Homepage: <http://www.eirma.com>
E-mail: eirma@eirma.com Executive Directors: Anno
Hellenbroich, Michael Liebig*

*In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE,
Tel. 35-43 60 40*

*In Mexico: EIR, Serapio Rendón No. 70 Int. 28, Col. San
Rafael, Del. Cuauhtémoc, México, DF 06470. Tels: 55-66-
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.*

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From the Associate Editor

As the war against Iraq began, Lyndon LaRouche and associates were beginning an international conference of the Schiller Institute in Bad Schwalbach, Germany, oriented toward expanding the new strategic geometry that is coming into being, around the Eurasian Land-Bridge. Given the temporary ascendancy of the war party in Washington, one thing is certain: The rest of the world is looking for ways to survive the turbulent times to come. More than ever before, the world's policymakers will be looking to LaRouche, the representative of "the real America," whose voice has sounded, loud and clear, against the imperial chicken-hawks, and the monetarists who are responsible for the onrushing financial-economic catastrophe.

"For today's Germans, looking from across the Atlantic," LaRouche quipped on March 21, "today's Washington, D.C. must seem truly an Alice-in-Wonderland world, where Tweedledeecken commands, Tweedledumsfeld roars, and Humpty Dumpty is in the Oval Office."

LaRouche advised his supporters to be calm in the face of the war hysteria, and to "stick to my axioms" of statecraft. We are in a situation comparable to that of 1933, when both Hitler and Franklin D. Roosevelt came to power: the former to implement fascism and war; the latter to restore the American System of global economic development and human rights.

In this issue, LaRouche analyzes the current strategic conjuncture in several short articles written on the eve of war, which are circulating throughout the United States as mass leaflets.

We provide further documentary reports on the threat of fascism described in LaRouche's "Stop Ashcroft's 'Himmler II' Bill—While You Still Can." Edward Spannaus shows that Bush's war is not only in violation of international law, but also of the Charter of the 1946 Nuremberg Tribunal. An interview with Dr. Najeeb Al-Nauimi, former Justice Minister of Qatar and now chairman of the Committee for the Defense of the Detainees at Guantanamo, calls upon Americans to stop the violation of constitutional rights and civil liberties which is already under way. We also have new dirt on Dick Cheney's chicken-hawk gang.

Next week, we'll have new "marching orders" from LaRouche at Bad Schwalbach, in a world that has entered a new Riemannian manifold.

Susan Welsh

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organizers in
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Correction: In the March 21 issue, the key to Figure 1, in the article entitled, "War Drive Pushes U.S. Airlines into Free Fall," showing the decline in air traffic as the Iraq war approached, should have read "Domestic; Atlantic; Ibero-American; and Pacific;" to mark those airline routes. We regret the error.

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Derivatives Battle of 2003 Is Triggered by Economic Collapse

by John Hoefle

In early 1993, Lyndon LaRouche began warning the world that the headlong rush into derivatives which was then in its early stage, would ultimately blow up in the bankers' faces. At the time, LaRouche issued a pamphlet for mass circulation, calling for a tax on derivatives transactions as a way to dry out this emerging bubble. The bankers, convinced of their own brilliance and ability to manipulate the markets to their benefit (including the use of the Federal Reserve's pipeline into the public tax purse), ignored LaRouche's warning and launched what has turned out to be the biggest speculative bubble in world history. Now that bubble is evaporating, and threatens not only the U.S. banking system, but those of Europe, Japan, and virtually every other nation on the planet.

There have been others who have spoken out against derivatives, notably the late Henry B. Gonzalez, the Texas Democrat who headed the House Banking Committee in 1993 and used his power to force the Comptroller of the Currency to issue public reports on the size of U.S. banks' derivatives portfolio. The bankers couldn't stop Gonzalez from publicizing the issue—including inviting this author to testify before his committee in September 1993—but they had the votes to prevent any real reform.

In 1998, another official, Commodity Futures Trading Commission (CFTC) Chairman Brooksley Born, bravely suggested that her agency would revisit the issue of derivatives regulation—specifically the exemption given to energy and other derivatives by then-CFTC head Wendy Gramm in the final days of the first Bush Administration. Born's actions set off a firestorm of protest and a fierce counterattack, which forced her out of office and neutered the CFTC.

The most recent official attempt to focus public attention on the dangers of derivatives occurred on Feb. 4 of this year, when the Office of Federal Housing Enterprise Oversight—then headed by former Gonzalez Banking Committee staffer Armando Falcon—released a report on the “systemic risk” in

the derivatives and mortgage-backed securities market. The next day, Falcon was fired and replaced by Mark Brickell, the former J.P. Morgan and International Swaps and Derivatives Association (ISDA) derivatives expert who had been one of those who testified against Brooksley Born.

Through it all, LaRouche and his movement have continued to fight the increasing virtualization and decreasing productivity of the U.S. economy, and chronicle the destruction wrought by this looting process. While the bankers have been able to hold their system together, they have done so at great cost to the general welfare and even to their own ranks; some of the more prestigious banks in the United States have combined in a series of shotgun marriages designed to put a facade of propriety on their devastated balance sheets. This rescue operation has also included vicious bouts of financial warfare against the non-Anglo-American world; the creation of phony booms in the dot.com, telecom, and energy trading sector; and the unbridled looting of American workers and corporations by the Wall Street speculation machine.

To listen to Federal Reserve Chairman Sir Alan Greenspan talk, one would think that derivatives were among history's greatest inventions, one which spawns wealth like flowers blooming in the Spring. Derivatives accomplish this munificent task, Lord Greenspan tells us, by “spreading risk” to those more able to bear it. Just a few years ago, Greenspan's mutterings were treated with respect approaching worship, but that was when the stock market was still rising. Today, with global stock markets cut in half from their peak and headed further south, his aura of invincibility is in tatters.

The essence of Greenspan's problem can be seen in LaRouche's Triple Curve collapse function (**Figure 1**), which shows the relationship between the rise of speculative bubbles and the collapse of the physical economy, as the increasing looting necessary to keep the bubble growing destroys the productive base upon which the bubble is built. During the

FIGURE 1

A Typical Collapse Function

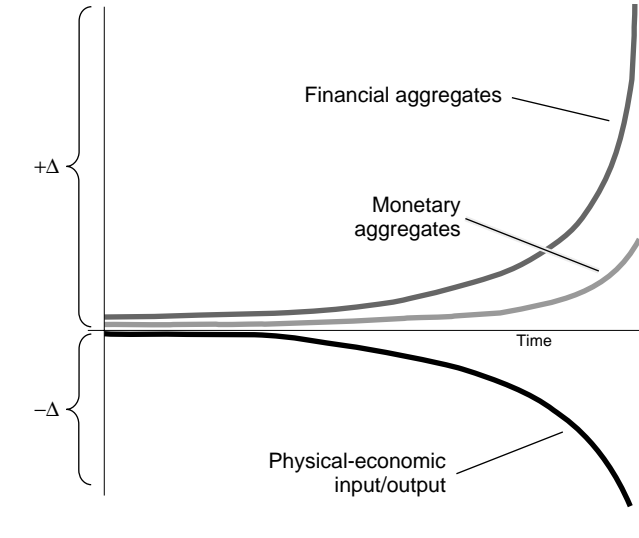
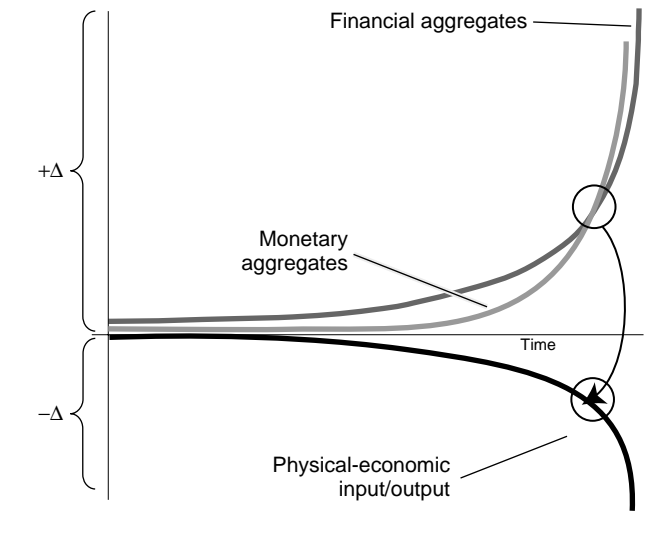


FIGURE 2

The Collapse Reaches a Critical Point of Instability



early and mid-phases of the bubble, the growth of the money supply followed the rise in financial aggregates and debt, as money was created to pay for the settling of the rising level of financial claims. That dynamic shifted with the financial crisis of Autumn 1998. Then, with the central banks' adoption of the "Wall of Money" bailout of the system, the rate of growth of the money supply *surpassed* the rate of growth of financial aggregates (**Figure 2**). This is the point, according to LaRouche, where the system switched over into a hyperinflationary mode, and liquidity pumping could no longer keep the financial system growing.

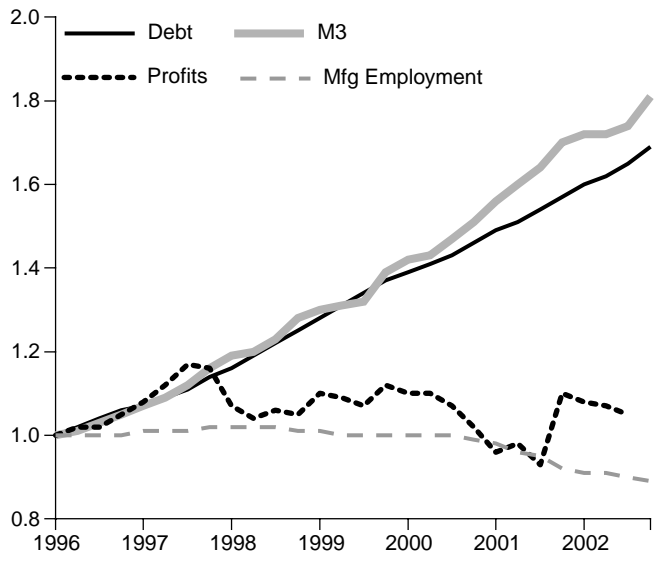
Showing this process using accurate data is difficult, because, as *EIR* has shown, the methods of data collection and analysis have become increasingly incompetent at best, and often deliberately deceptive to hide the damage. Still, the problem can be illustrated even using official data. As an approximation, *EIR* took the official figures for U.S. money supply, credit market debt (a measure of financial aggregates), and corporate profits and manufacturing employment. By indexing the figures to the first quarter of 1996, the trends in the relationships among these components becomes sufficiently clear to make the point, despite the misleading aspects of the data (**Figure 3**). The rise of debt is relatively steady, as new debt is incurred and old debt is rolled over, while the faster rate of growth of money supply since 1999 is clear. By comparison to the growth of the monetary measures, the fall of manufacturing employment may seem a bit flat, but it is actually the most dramatic curve on the chart, because employment can fall only 100%. The data on corporate profits is particularly problematic, as the manner in which profits are calculated is deceptive, and often the numbers reported are wildly fraudulent.

With this phase change, the levers Greenspan has been

FIGURE 3

The U.S. Economy's Collapse Function Since 1996

(Indexed to 1st Quarter 1996 = 1.00)



Sources: Federal Reserve; U.S. Dept. of Commerce; U.S. Dept. of Labor; *EIR*.

pushing no longer work. Even were he to lower interest rates to zero, as many have recommended, it will not help, because the value of the dollar ultimately depends upon the strength of the economy behind it, and that economy is dying.

Derivatives Take Center Stage

It is in this context that the public flap over derivatives has broken out. The danger was raised dramatically by Berkshire Hathaway Chairman Warren Buffett in late February; in his annual letter to stockholders, Buffett called derivatives “time bombs,” “potentially lethal . . . financial weapons of mass destruction.” Buffett’s letter is perhaps the most widely read corporate report in the world, and his attack on derivatives immediately became a leading financial news story. Not only were Buffett’s comments given wide circulation, but they were also compared to the position of Greenspan, the ardent champion of derivatives.

The Lazard-connected *Washington Post*, in which Buffett is a major shareholder, made the debate explicit on March 6, counterposing Buffett’s comments to Greenspan’s and saying the two were “at odds” on the matter. The carefully worded article cited derivatives’ role in the failure of Barings Bank in 1995, Long Term Capital Management (LTCM) in 1998, and Enron in 2001. The *Financial Times* of London devoted a full page to derivatives and Buffett’s warning on March 10, giving the matter wide international circulation.

This was too much for the *Wall Street Journal*, which devoted its lead editorial on March 11 to a defense of derivatives. It attacked Buffett delicately, saying “every great investor makes an occasional mistake,” and calling him “grumpy.” The *Journal* declared derivatives “little miracles of financial engineering . . . [which make] the financial system less vulnerable to a giant blowout. On balance,” it concluded, “the \$2 trillion derivatives market is a very good thing.”

The *Journal*’s description of derivatives as a “\$2 trillion” market is telling, since both the *Post* and the *Financial Times* cited the Bank for International Settlement’s figure of \$128 trillion for the notional value of over-the-counter derivatives. *EIR* estimates that the market is actually in the \$300-400 trillion range. This rather clumsy attempt to downplay the size of the derivatives market suggests that the *Journal* is trying to head off public discussion on the matter; which suggests, in turn, that something very big and nasty is going on in the derivatives world.

Buffett’s remarks are, in fact, just the latest in a series of recent public statements which indicate that the failure of one or more derivatives banks is very much on the minds of the central bankers and plunge protection teams.

The matter was put quite bluntly by Greenspan on Nov. 19, 2002, when he cited “the remote possibility of a chain reaction, a cascading sequence of defaults that will culminate in a financial implosion if it proceeds unchecked. Only a central bank, with its unlimited power to create money, can with a high probability thwart such a process before it becomes destructive. Hence, central banks have, of necessity, been drawn into becoming lenders of last resort. . . . Thus, central banks are led to provide what essentially amounts to catastrophic financial insurance coverage.” What Greenspan said is that, if a major derivatives bank were to fail, the Fed will bail it out by creating as much money as necessary, and stick

the taxpayer with the bill. His position was seconded two days later by Fed Governor Ben Bernanke, who said that the Fed could “produce as many U.S. dollars as it wishes, at essentially no cost.”

It is no secret that the Fed is committed to bailing out the derivatives banks, but it is striking that it would admit it so openly. *EIR* believes that, despite Lord Greenspan’s “remote possibility” figleaf, the Fed’s November comments were an intervention into an existing derivatives crisis, a signal to all that the Fed was standing behind a wounded bank and guaranteeing its payments.

That possibility was hinted at by Germany’s central bank, the Bundesbank, which cited the “destabilizing” nature of derivatives in its January 2003 *Monthly Report*. In the discreet language of central banks, the Bundesbank warned that while the system might be capable of handling the failure of one derivatives bank, the danger was systemic. “More problematic than the collapse of individual institutions, however, is a critical situation that affects several institutions at once,” the Bundesbank said. “The events of September and October 1998 show that, under such circumstances, the limits of the markets’ resilience may soon be reached.”

In February 2003, another warning of the systemic danger of the derivatives market was issued, this time by the U.S. Office of Federal Housing Enterprise Oversight, in a document entitled “Systemic Risk: Fannie Mae, Freddie Mac and the Role of OFHEO” (see *EIR*, March 14; or online at www.l-arouchepub.com). The OFHEO report warned of either Fannie Mae or Freddie Mac, huge derivatives contract holders, default on debt. The day after the report was released, OFHEO head Falcon joined the list of regulators who have been fired after daring to shine the spotlight on the bankrupt derivatives system.

Bailout Under Way?

The firing of Falcon is, ironically, yet another signal of the profound weakness of the derivatives market. The indications are growing, as *EIR* has previously suggested, that one or more major derivatives banks has failed, and that the debate is not over what policy to follow in the future, but how to handle an existing problem.

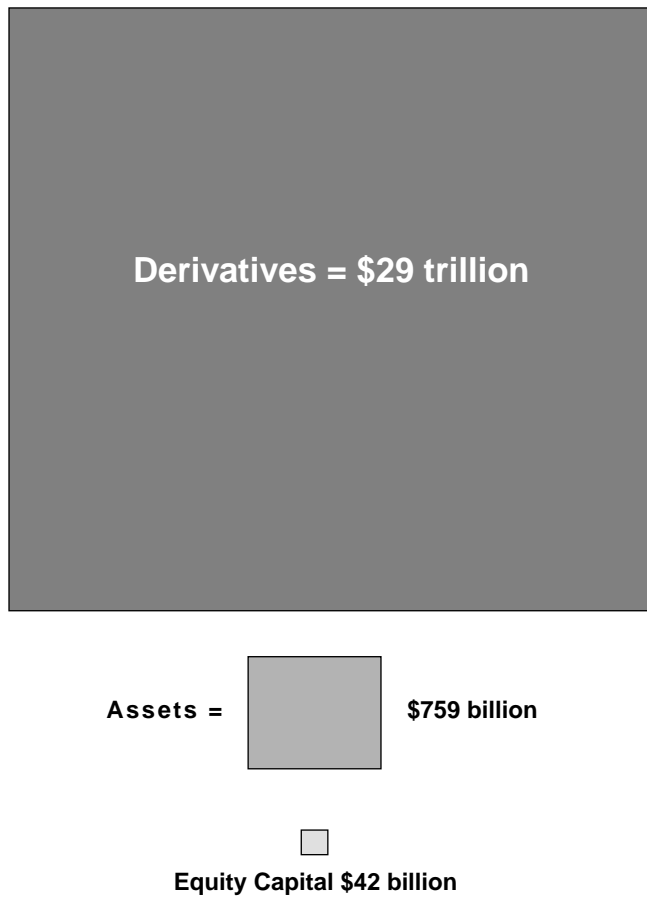
At the top of nearly every list of problems is J.P. Morgan Chase, which has a larger derivatives portfolio than any bank in the world, and perhaps larger than any single country except the United States. Morgan Chase had \$28.9 trillion in derivatives at the end of 2002, dwarfing its asset base and equity capital (**Figure 4**). The bank has become such a casino that its level of outstanding credit derivatives alone, \$366 billion, is nearly twice its \$186 billion in net loans. The bank has also been one of the main lenders to a whole series of failed companies, starting with Enron, with whom it did a number of deals designed to help Enron fake its balance sheets.

The other big bank which was a partner in Enron and other corporate scandals is Citigroup, whose recent bout of cash-raising and management shuffles suggest that it, too, may

FIGURE 4

J.P. Morgan Chase & Co.

(Dec. 31, 2002)



Source: EIR.

have encountered problems sufficient for the Fed to send in the cavalry. Citigroup, with \$1.1 trillion in assets, is one of the largest banks in the world, and its \$10 trillion derivatives portfolio makes it one of the most endangered. The bank is also reeling from an investigation into fraud in the way its Salomon Smith Barney unit rated corporate stocks, including the suggestion that Citigroup Chairman Sandy Weill arranged a higher rating for AT&T, in exchange for AT&T Chairman and Citigroup board member Michael Armstrong's help in pushing co-chairman and arch-rival John Reed out of the bank. The analyst who changed the rating, Jack Grubman, in turn got the bank's help in getting his kids into an exclusive New York school. Everyone involved denied the story, of course, but the bank seemed awfully anxious to settle the matter and stop the investigation.

Meanwhile, Bank of America has quietly worked its way into second place in the U.S. derivatives sweepstakes, with \$12.5 trillion at year-end. Bank of America has \$248 in derivatives for every dollar of equity capital, compared to \$116 at

Citigroup and \$682 at Morgan Chase. A loss equivalent to just 0.15% of Morgan Chase's derivatives portfolio would be sufficient to wipe out every single dollar of its capital; the same would happen to Bank of America at 0.40% and Citigroup at 0.86%.

Given the trillions of dollars of market value which have disappeared from the worlds' stock markets over the past three years, the billions of dollars of corporate profits which have proved to be phony, and the trillions of dollars of debt which are more unpayable than ever, it is highly likely that one or more of these banks has encountered crippling derivatives losses and are receiving some sort of Federal bailout. Greenspan himself alluded to this process in testimony before the Senate Banking Committee on Feb. 26, when he said that, were "a very large institution" to get into trouble, it "will be liquidated slowly. . . . There's no need to liquidate very rapidly, and indeed we probably would not want that to happen. But at the end of the day, they will get liquidated."

An early model for the workout of a derivatives bank is the Bank of New England, which failed in January 1991. With \$36 billion in derivatives—paltry by today's standards—it took Federal regulators a year to unwind BNE's derivatives portfolio to the point where they could close the bank. Derivatives portfolios are "unwound" using a variety of techniques which involve cancelling, closing out, or offsetting the various contracts in the portfolio. Often this involves a little browbeating by regulators—plus financial guarantees, because few counterparties are willing to trust a bankrupt bank to pay its bills.

There are other, bigger, workout models as well, such as Citigroup, Bankers Trust, and LTCM. In the case of Citigroup, it was secretly taken over by the Fed in late 1989, its loan and derivatives problems feverishly worked out, and the bank restored to the appearance of health several years later, then eventually sold off to Travelers to form Citigroup. Bankers Trust, the "smartest" derivatives bank of the time, blew up in 1994, was bailed out, and eventually sold off to Deutsche Bank. LTCM, the giant hedge fund which blew up in 1998, was bailed out by its creditor banks in a move orchestrated by the Fed.

Now, we can likely add J.P. Morgan Chase and Citigroup to the list, and perhaps Bank of America.

Crashing Too Fast

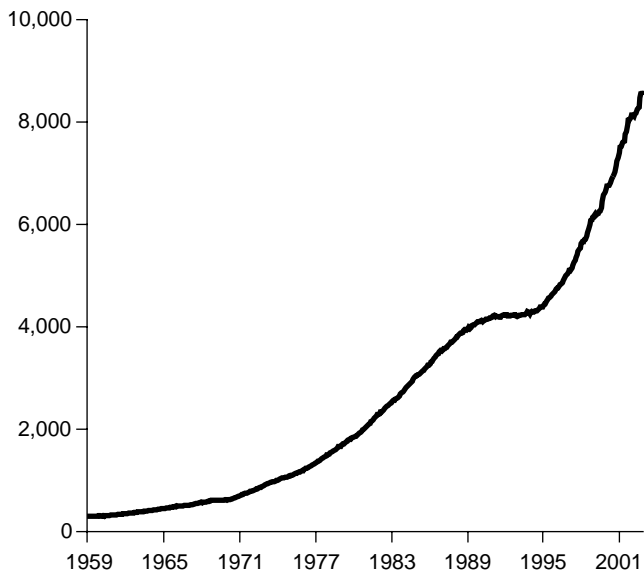
None of these measures will work, as they amount to little more than pouring money down a rathole. For years, the bankers claimed that derivatives hedged the risk, but lately Greenspan has turned to bragging about how they serve to spread the risk to parties better able to bear it, which is a roundabout way of saying derivatives serve to transfer losses and potential losses off the banks' books, and onto someone else's books.

One of the ways this is done is through suckering a counterparty into what seems to be a safe bet, then manipulating the market to give the counterparty a huge loss, and yourself

FIGURE 5

U.S. Money Supply Soars to Feed Bubble

(\$ Billions)



Source: Federal Reserve

The rapid growth of the U.S. money supply (M3, shown here) is the necessitated by the need to settle the growing number of financial claims which come due every, as the level of unpayable debt and related claims is rolled over.

a large profit. This method has been used repeatedly by the inner core of the Anglo-American bankers club over the years, in raids against various European and Asian nations. Shameless, yes, but immensely profitable in the short term.

Then there is the derivatives protection racket, in which those who control the market collect tribute, in the form of derivatives fees, for selling protection against the volatility they create. This is like the mafia throwing a brick through someone's window and then selling him glass insurance, but on a much larger scale.

The banks have also become major sellers of what are called asset-backed securities, a form of derivative in which assets such as credit card loans are pooled, and securities then sold backed by the assets in the pool. The amount of asset-backed securities outstanding on pools of automobile loans, credit card loans, home equity loans, and the like (excluding the much larger mortgage-backed securities market), has risen five-fold since 1995, to \$1.5 billion at the end of 2002, according to the Bond Market Association. Of this total, \$398 billion are securitized credit-card receivables; \$287 billion are securitized home equity loans; and \$222 billion are securitized auto loans; with another \$235 billion in collateralized bond and debt obligations.

The ability to package these loans and move them off your books is one of the ways the banks have been able to keep

rolling over unpayable credit card debt, thereby keeping the consumer spending bubble going. Still, it does make you wonder if perhaps your pension fund is counting among its assets, a collection of unpayable credit card balances and mortgages, including perhaps your own.

Emergency Measures

The house of cards has begun falling as the gap between what is owed and what can be paid increases, and the bailout methods become overwhelmed. We have reached the point where extraordinary measures—perhaps even the derivatives bailouts signalled by Greenspan—are on the drawing board, following the model of what was done behind the scenes to save the system after the 9/11 attack.

Both the U.S. and British governments have announced contingency plans to protect the financial markets in the event of war. The Treasury's plan, part of Operation Liberty Shield, says that the "financial markets are the engine of our free enterprise economy" and that the department is "determined that the financial markets continue to conduct business even during times of hostilities abroad or adversity at home."

If Washington is so foolish as to attempt a bailout of the derivatives markets under cover of a Mideast war, it will detonate a bomb far bigger than anything Saddam Hussein could dream of throwing at us; this "weapon of mass destruction" will be one of our own making.

Documentation

Fight Over Derivatives Crash, Hyperinflation

Federal Reserve Chairman Sir Alan Greenspan: These increasingly complex financial instruments have especially contributed, particularly over the past couple of stressful years, to the development of a far more flexible, efficient, and resilient financial system than existed just a quarter-century ago. . . .

More fundamentally, we should recognize that if we choose to enjoy the advantages of a system of leveraged financial intermediaries, the burden of managing risk in the financial system will not lie with the private sector alone. Leveraging always carries with it the remote possibility of a chain reaction, a cascading sequence of defaults that will culminate in a financial implosion if it proceeds unchecked. Only a central bank, with its unlimited power to create money, can with a high probability thwart such a process before it becomes destructive. Hence, central banks have, of necessity,

been drawn into becoming lenders of last resort.

But implicit in such a role is the assumption that the burden of risk arising from extreme outcomes will in some way be allocated between the public and private sectors. Thus, central banks are led to provide what essentially amounts to catastrophic financial insurance coverage.

—*to Council on Foreign Relations, Nov. 19, 2002*

Fed Governor Ben Bernanke: The U.S. government has a technology called a printing press (or, today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes, at essentially no cost.

—*to National Economics Club, Nov. 21, 2002*

Germany's Bundesbank: The vast majority of OTC [over-the-counter] derivatives transactions take place between internationally operating banks or other financial institutions. The market is very concentrated: Just over half of all transactions in OTC interest rate derivatives takes place among some 60 institutions, of which seven are in Germany. In some areas, there are only a handful of players that account for the majority of turnover. Less than 10% of OTC transactions in derivatives is conducted with end customers outside the financial sector. . . . Derivatives have certain properties which may have a destabilizing impact. . . .

As things stand at present, there are no empirically corroborated findings on the impact that the sudden collapse of a major market maker can have on financial system stability. There are indications, however, that the derivatives markets are sufficiently liquid to allow the unwinding of sizeable positions without causing major dislocations. More problematical than the collapse of individual institutions, however, is a critical situation that affects several institutions at once. The events of September and October 1998 show that, under such circumstances, the limits of the markets' resilience may soon be reached.

—*Monthly Report for January 2003*

U.S. Office of Federal Housing Enterprise Oversight: [A default of Fannie Mae or Freddie Mac on its debt] 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.

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.

—*“Systemic Risk” report of Feb. 4, 2003*

Berkshire Hathaway Chairman Warren Buffett: [My partner Charlie Munger and I] 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. . . . The range of derivatives contracts is limited only by the imagination of man (or sometimes, so it seems, madmen).

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 believe Berkshire should be a fortress of financial strength—for the sake of our owners, creditors, policyholders, and employees. We try to be alert to any sort of mega-catastrophe risk, and that posture may make us unduly apprehensive about the burgeoning quantities of long-term derivatives contracts and the massive amount of uncollateralized receivables that are growing alongside. In our view, however, derivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal.

—*Letter to shareholders, Feb. 21, 2003, published March 3, 2003*

Alan Greenspan: The growth of OTC derivatives over the past 20 years has been spectacular and shows no obvious signs of abating. The latest estimate by the Bank for International Settlements of the worldwide notional amount of OTC derivatives outstanding reached \$128 trillion in June 2002, a figure more than 25% larger than that recorded a year earlier. Such derivatives have become indispensable risk-management tools.

—*to Banque de France International Symposium in Paris, March 7, 2003*

Former Fed Governor and Commodities Futures Trading Commissioner Susan Phillips: In many ways, derivatives provide stability to our markets, but they are instruments only for people who want to be in that business and have the expertise to do the valuations. We have seen a lot of volatility in markets recently, and if this had happened 15 or 20 years ago, we would have seen a lot of bank failures and failures of brokerages. The use of derivatives has helped shore up the financial system.

—*quoted in the Washington Post, March 10, 2003.*

New Twin Towers: Current Account, Budget Deficits

by Richard Freeman

The American current account deficit is a potential detonator for the U.S. and world financial system. Led by a surging trade deficit, the current account deficit leapt to \$136.85 billion during the fourth quarter of 2002, the Commerce Department reported on March 14. This not only sets a record, but is a larger deficit in one quarter, than any other nation in the world has ever had in an entire year. Further, for the entire year 2002, the United States amassed a \$503.43 billion deficit in its current account, which is unprecedented in the history of the United States or the world.

The radical upward trajectory of the current account deficit shows the sickness of the United States economy, both internally and externally. In 1996, the United States current account deficit reached “only” \$129.3 billion; by 1999, it was \$331.5 billion; by 2002, it exceeded half a trillion dollars. Unable to physically produce the means of its own existence, the United States physical economy is completely dependent on imports. The trade deficit—the accumulation of imports far in excess of exports—is the leading component of the current account deficit. The Bush Administration’s Commerce Secretary, Donald Evans, was once again tight-lipped as these figures were announced; in the past, he has said, at least for public consumption, that the current account deficit “is not an issue to be worried about.”

The United States current account deficit has three components. **Table 1** shows that the leading component is the United States trade deficit on goods and services, which rose by 22% from 2001 to 2002, from negative \$358.3 billion to negative \$435.3 billion. In 2002, the United States trade deficit on goods and services comprised 87% of the current account deficit.

An additional force played a secondary, but important role in increasing the current account deficit: the “balance on international income.” This is the cumulative amount of income that Americans earn on their holdings in other nations, minus the income that foreigners earn on their holdings in the United States. There is the harsh irony of the United States current account deficit at work: In order to cover its current account deficit, the Wall Street oligarchy urged/induced foreign investors to bring their dollars into the United States. Foreign investors would do this, by buying up United States stocks, corporate bonds, Treasury securities, etc. As a result, foreign investors now have larger investments, and earn more on their investments in the United States, than the United States investors have, and earn, in other nations.

TABLE 1
U.S. Current Account (Surplus or Deficit)
(\$ Billions)

Balance	2001	2002
Goods and Services	-358.3	-435.5
International Income	+14.4	-11.9
Unilateral Current	-49.5	-56.0
Total Current Account	-393.4	-503.5

Source: U.S. Department of Commerce.

This transformation can be seen in Table 1, in the process whereby America’s “Balance on International Income” shifted from positive \$14.4 billion in 2001, to negative \$11.9 billion in 2002. Thus, the more that the United States current account deficit grows, the more it sets into motion, the very processes that make it even larger.

\$630 Billion Inflow in 2002

Foreign investment into the United States rose by \$630 billion during 2002, the Commerce Department reported March 14. The United States has lured foreign investors to bring dollars into the United States to finance the bulging current account deficit. The \$630 billion included foreign investor purchases of: \$53.2 billion worth of United States Treasury securities; \$55.8 billion worth of United States stocks; and \$284.6 billion worth of United States securities which were not United States Treasury securities—principally United States corporate bonds, and United States agency bonds (mostly bonds issued by the huge mortgage corporations known as Fannie Mae and Freddie Mac).

But as foreign investors accelerate their pull-out from the dollar, it will fall, not by small increments, but likely by 40-50%. This will not only destroy the financing of the current account deficit, but shatter the over-leveraged, cancerous financial system.

The United States now is collapsing under “twin deficits”: its swelling current account deficit, and the United States Federal budget deficit. The Fiscal Year 2003 Federal General Revenue Budget is now projected to be—at minimum—\$411 billion in the red. But with the steadily deteriorating revenue situation caused by the collapsing economy, it could reach \$450-500 billion—a second half-trillion on top of the 2002 current account deficit of \$503.43 billion. Each deficit is at a level that is unprecedented in United States history, and each is unsustainable.

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Mahathir-Lula Meeting Worries Wall Street

by Cynthia R. Rush

When Malaysian Prime Minister Dr. Mahathir bin Mohamad made a state visit to Brazil on March 16-19, London and Wall Street took notice—as well they should have. In a world changing at lightning speed, any possibility that debt-burdened Brazil might consider dumping the International Monetary Fund's (IMF) austerity policies, as Mahathir successfully did in 1997-98, unnerves the international financial oligarchy.

As the Iraq war crisis unfolds, they are also watching how both nations act in the global debate over the fate of multilateral institutions and collective security arrangements. While discussion is now focussed on the need to “reform” those institutions, the financial sharks fear that under conditions of worldwide economic breakdown, it could quickly move in the direction outlined by Democratic Presidential pre-candidate Lyndon LaRouche, and overturn an IMF system whose policies *cause* repeated eruptions of war and terrorism.

In the March 13 *New Straits Times*, senior commentator Hardev Kaur—who often serves as a semi-official outlet for the Malaysian government—headlined her report on Dr. Mahathir's trip, “Malaysia To Share Success Secret With Brazil.” Brazilian President Lula da Silva “wants to know Malaysia's formula for success,” Kaur wrote. Dr. Mahathir would give Lula “a different perspective on development, economic and land reforms, and managing an economy . . . that is . . . totally subordinated to debt.” Lula is in a difficult situation, Kaur added, because his “honeymoon” with domestic political supporters “appears to have ended.”

True indeed. As *EIR* said would occur, Lula faces growing resistance to IMF austerity policies, against which he had campaigned as a Presidential candidate last Fall. Recent polls show his popularity dropping, but with gigantic debt payments coming due in May and June, Lula insists Brazil must stick with these austerity policies to prove to the IMF and other creditors that it is “responsible.”

Yet under current conditions, nothing in Brazil is set in stone. When Dr. Mahathir and Lula met in Brasilia on March 17, *Folha de São Paulo* reported that Lula listened intently as Dr. Mahathir described how “he disobeyed the IMF,” something, the daily added, Brazil's ruling Workers Party “always dreamed of doing before it won the elections: put IMF recommendations to one side, and in this way, end the crisis.” In dealing with the 1998 speculative assault on Malaysia's cur-

rency, *Folha* added, Dr. Mahathir saved his country by successfully “subverting the teachings of Washington and the IMF.”

After his meeting with Lula, Dr. Mahathir told reporters that his host “seemed very, very interested in how Malaysia's economy was managed during the crisis,” including the use of “selective” exchange controls, and refusal to accept IMF loans. He added, “I don't know whether [Lula] is thinking of repeating some of our solutions in Brazil.” A nervous financial daily *Valor* emphasized how different the two economies are, suggesting that the Malaysian model wouldn't work in Brazil. But it admitted that Malaysia was the “least hurt” of the Asian countries by the 1997-98 financial crisis.

Emergence of a New World Order?

Dr. Mahathir also stressed the “great potential” for increased investment and trade between the two countries. Both leaders agreed that relations between their nations could grow quickly, in collaboration on international affairs, as well as in such areas as biotechnology, hydropower generation, agricultural research, and space technology and aerospace.

In fact, cooperation on international affairs intensified while the two leaders met, only hours before the Anglo-American “chicken-hawks” launched their insane war on Iraq. Both men have figured prominently in the global debate over the role of the United Nations in the Iraq crisis—Mahathir in his capacity as president of the Non-Aligned Movement—sharply attacking the Bush Administration's use of the “war on terrorism” as a pretext for trampling on the UN and norms of international law, and its illegal “pre-emptive war.”

“I had good discussions with President Lula and we are of the same view on several issues, including Iraq,” Mahathir told the *New Straits Times*. “Our stand is that war is not a solution. So we will always oppose it, and we will have to make contact with some countries which are also against it.” During a March 17 luncheon for Mahathir, Lula stated that Brazil and Malaysia both oppose the war on Iraq, and “must join forces to defend the multilateral system and the United Nations Charter. . . . We must tenaciously persist in the process of reforming the UN . . . [so it] can continue to play its irreplaceable role in promoting peace and development among peoples.”

Lula has also proposed to UN Secretary General Kofi Annan that, in the event of war, a heads-of-state meeting of all UN members be convened to discuss how to reform the UN. Implicit in Lula's emphasis on “reform,” is the need for a new *civilizational* world order, capable of preventing terrorism and war. This vision can only work, however, if it also speaks to the need for a new *economic* order, of the kind outlined by LaRouche in his Eurasian Land-Bridge and New Bretton Woods proposals. Otherwise, civilizational breakdown is guaranteed. What panics Anglo-American financiers is that under current conditions, the leap to embrace LaRouche's programmatic proposals could occur quickly.

Sharon's Financial War On Israeli Population

by Dean Andromidas

A few hours before the first bombs fell on Iraq on March 19, U.S. National Security Advisor Condoleezza Rice telephoned Israeli Prime Minister Ariel Sharon to inform him that the Bush Administration had approved an aid package of \$1 billion in financial aid and \$9 billion in loan guarantees. The move is seen as a payoff to ensure that Sharon, who faces an economic collapse and desperately needs U.S. assistance, doesn't independently launch attacks on Arab countries while the United States is attacking Iraq. Unwilling to enter a peace process, which is the route by which there is any hope for the Israeli economy, Sharon will now also wage war directly against the Israeli population.

One of the Bush Administration's demands, in return for the aid, is that the Israeli government implement brutal austerity and structural reforms. Now the average Israeli, who for the past two years has felt relieved when he arrived home at the end of the day without being the latest victim of a suicide bomber, may find he will have no home to come to. Tent cities of homeless Israeli can be seen in parks in even the upscale neighborhoods of Tel Aviv.

On March 17, Finance Minister Benjamin Netanyahu held a press conference announcing his economic program. "Our economy is very sick," he said. "I found out how sick only when I came to the ministry. There was no money in the coffers. We have a 30 billion shekel [\$600 million] deficit and it is growing all the time. We are obliged, therefore, to take immediate and painful steps that will not be pleasant for the citizens of Israel. We will experience a difficult period, but after that, the economy will stabilize and a period of growth will begin."

Netanyahu then announced NIS 12 billion in budget cuts. Only hours before, he had agreed, under orders by Sharon and his generals, to increase the defense budget by NIS 2 billion, in addition to the NIS 41 billion already allocated. Defense spending accounts for well over 10% of the Israeli national budget. The major expense in the defense budget is not the war against the Palestinians, but the development of weapons of mass destruction, such as the so-called "axis of evil" nations can only dream of. Its arsenal includes both strategic and tactical nuclear weapons, intercontinental ballistic missiles that can reach anywhere in the United States, spy satellites, and even submarines capable of firing nuclear-tipped cruise missiles. These systems are financed over and above the \$3 billion a year in aid it receives from the United States, which it spends on conventional weapons purchases from the United



Israeli Finance Minister Benjamin Netanyahu is treating a "very sick" economy, with measures guaranteed to kill the patient.

States. Being a country of fewer than 6 million people, Israel is far too small to sustain such an enormous military establishment without impoverishing its own population.

The professional staffs of both the Finance Ministry and the Bank of Israel have repeatedly stated that the defense budget is unsustainable, and some have even called for opening peace negotiations with the Palestinians while there is still hope of preventing an economic collapse. When Sharon attacked the Finance Ministry for criticizing the lavish incomes of career Army officers, even Netanyahu had to come to the defense of the economic experts. "The Treasury was shocked to hear the Prime Minister's remarks," he said, and stressed that "without Sharon's full backing, the economic program is doomed to failure—and then it will be impossible to save the economy."

Netanyahu then detailed his economic program, which promises to cure the sick economy by killing the patient:

- A NIS 1 billion cut in the education budget. This will mean cutting 16,000 jobs, mostly teachers, and cutting teaching hours by almost 20% and teachers' wages by 15-20%.
- NIS 3 billion to be cut across the board from other ministries.
- Public sector wage cuts averaging 8% (the public sector accounts for almost 55% of the workforce).
- Pension "reform," which includes increasing the retirement age from 65 to 67 and increasing worker contributions to the system by 2%. Pension payments were already cut last year. The reform includes forcing pension funds to be invested in the stock and private capital markets.
- Accelerating privatization of government-owned companies. This entails eliminating the tenure system, thereby allowing the government to lay off workers as it closes down departments and sells off corporations. As many as 60,000 people, or 10% of the public sector workforce, could lose their jobs.
- Cuts in child support payments of up to 50%, which

will most seriously affect the Arab Israeli citizens, where the highest unemployment exists alongside the lowest wage levels.

- Tax breaks to benefit investors, corporations, and the rich. This despite the collapse of revenues which led to budget deficits for both January and February that were twice as large as expected.

Both Sharon and Netanyahu are demanding that the Bank of Israel lower interest rates. Bank of Israel Governor David Klein has become their public enemy, second only to Palestinian Authority President Yasser Arafat. Despite the fact that he is a typical central bank monetarist, Klein has stated that without a political settlement with the Palestinians and a massive cut in the defense budget, there is no hope of an economic recovery. He fears that any cut in the interest rate at the same time that Sharon is determined to continue prosecuting the war, will contribute to runaway inflation, collapsing the banking system, and an Argentinian-type crisis. Klein is not the only one who remembers the triple-digit inflation and collapse of all the major Israeli banks in the 1980s, as a result of Sharon's orchestration of the Lebanon war.

In an attempt to rescue Klein, the International Monetary Fund has released a report demanding that Israel come into conformity with "normal" practice and pass a law that protects the central bank governor from being arbitrarily fired by the government.

War Against the Home Front

To implement this draconian policy, Netanyahu demanded that, Israel's major labor federation, the Histadrut, cooperate—or his ministry will act unilaterally.

The Histadrut immediately vowed to fight the cuts. The heads of the teachers and police unions also announced that they would take action against the cuts. The situation is so tense, that one Bank of Israel official told the daily *Ha'aretz*, that Israelis should stock up on food and batteries—not because there might be Scud missile attacks from Iraq, but because a general strike appears inevitable and promises to be of long duration.

Meanwhile, the economy continues to collapse. The number of people registered for unemployment benefits increased 2.6% in February, with another 22,800 newly unemployed (193,600 are now registered for unemployment benefits). Official unemployment is 11%, but the reality is closer to 15%, or 350,000. The discrepancy is because many unemployed are no longer registered, and their benefits have run out. The number of people demanding income supplements (welfare benefits) increased by 4.3% and stands at 87,000. New rules have disqualified many people for unemployment benefits, so fewer are now registering. Furthermore, the welfare stipend for a family with two or more children has been cut from NIS 2,950 to NIS 2,300. The de facto depreciation of the shekel by 20% over the past year has led to a serious depreciation of wages. On March 17, Israel's Central Bureau of Statistics reported that the average wage fell 5.6% last year, which

does not even take inflation into consideration.

The international credit rating agencies are expected to downgrade Israel's sovereign credit rating. Even now, Israel pays a high-risk surcharge on its foreign borrowing, because of the Palestinian-Israeli conflict.

Netanyahu and 'Clean Break'

Netanyahu is carrying out this policy with enthusiasm, because he is as much committed to radical free-market ideology as he is to the fascist ideas of the late Vladimir Jabotinsky. One of the ideological sources for his economic policy is the same as for his strategic-political policy. *EIR* reported last week that the strategic-political strategy now being implemented in Israel was drafted in 1996 by Richard Perle, Doug Feith, and David Wurmser, three of the most rabid chickenhawks in the Bush Administration. Their report, entitled "Clean Break: A New Strategy for Securing the Realm," was prepared for then-Prime Minister Netanyahu, and sponsored by the Institute for Advanced Strategic and Political Studies (IASPS), which is based in Jerusalem and Washington. It called for regime change in Iraq, Syria, and the Palestinian Authority, and overturning the Oslo Accords.

It also called for radical free-market reforms in Israel. The document states that Israel can become self-reliant only by boldly "liberalizing its economy, cutting taxes, re-legislating a free-processing zone," and eliminating "state socialism." In the 1990s, IASPS promoted the establishment of a "free-

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processing zone” in the Negev Desert, but the Bank of Israel forced the cancellation of the project, once it became clear that its only exports would be laundered drug money. This was at a time that Israel was already under massive international criticism, for being one of the worst money-laundering centers in the world.

Netanyahu believes these structural reforms will lead to an increase of foreign investment, which has completely collapsed because of the flattening of the “new economy” bubble and the security situation.

Israeli commentator Hannah Kim wrote in *Ha'aretz* on March 18, that Netanyahu's idea that “structural reform will lead to an increase in the number of foreign investors in Israel is a fantasy, of the sort that only orthodox believers in the free economy can sustain. Social stability is an economic value. Investors will not be attracted to a place where tents are being erected by the homeless, where the elderly are picking through the garbage cans, or where crime is rife. The continued collapse of the social security net in Israel will drive any reasonable investor away from Israel. Except, perhaps, for Ronald Lauder.”

In the same issue, *Ha'aretz*, economic correspondent Nehemia Strassler questioned whether Netanyahu can carry out his policy, especially when the “Histadrut organizes demonstrations outside his house chanting slogans like ‘with blood and fire, Bibi [Netanyahu] we'll fire.’ ” Not to mention what the settlers in the Palestinian territories will do, when they get word that their tax breaks have been cut.

Strassler also wrote that Netanyahu's arithmetic doesn't add up: “The deficit is now 6% of the GDP, NIS 30 billion. The budget cut is NIS 9-10 billion, meaning the fixed deficit will still be 20 billion, or 4% of GDP. So how can Netanyahu declare he'll finish the year with a deficit of 3-3.5%?” Netanyahu is banking on “growth,” which Strassler says is unlikely to occur. “What happens if the terrorism continues or even increases, if the fighting in the territories doesn't come to an end, and the war in Iraq has a bad influence on the economy? The investments will continue to decline, private consumption will shrink, and tax revenues won't climb, they'll drop even further. Then it will turn out the cut wasn't enough and Netanyahu will have to submit a new budget, and another, and another.”

As of this writing, Netanyahu's economic plan has yet to be brought to the Cabinet, but the National Religious Party, one of the ruling coalition partners, has said it will vote against it. Although not likely, it is not out of the question that Sharon's government could fall if the package is not passed.

Sharon's and Netanyahu's only hope is that the \$10 billion U.S. package will save them; but it won't. The \$1 billion in aid has to be approved by Congress, and even if it does pass, the money will go to Sharon's war machine, and the \$9 billion in loan guarantees, which have to be paid back, will not finance growth, but will be used to plug the holes in the budget and to maintain the illegal settlements in the West Bank.

Kabul's Blunt Message: Aid, or Heroin Economy

by Ramtanu Maitra

On March 14, after presenting the country's \$2.25 billion annual budget, Afghanistan's Finance Minister, Ashraf Ghani Ahmadzai, told Afghan legislators that unless the international community pledges and delivers more financial contributions forthwith, Afghanistan will slip back into its role as the world's premier heroin producer. The message of the former World Bank official, an American citizen, was blunt, yet to the point. “The narco-mafia state will have the lowest indirect price. . . . But it will have the highest indirect costs.”

After these provocative words, on March 17 at Brussels, international donors from 40 countries “assured Afghanistan that the country would not be forgotten after a possible war against Iraq,” and recommitted themselves to around \$1.8 billion to help cover Kabul's budgetary shortfalls. But Ghani Ahmadzai should keep his fingers crossed. Last year, at the international donors' conference held at Tokyo, Afghanistan was promised \$4.5 billion. Less than one-third of that amount actually showed up in the year 2002.

The Afghan Finance Minister's budget had two major components: \$550 million to cover normal government spending, including wages and salaries of government employees; and the other \$1.7 billion was destined to start rebuilding of some of the infrastructures destroyed by two decades of civil wars and foreign invasions. Ghani Ahmadzai made it clear that more than \$1.0 billion of the stated \$1.7 billion is missing, and not even promised. In addition, Afghanistan does not even have the \$550 million it hopes to spend to keep the government machinery going; it would require \$234 million to bridge that gap.

The Afghan treasury is empty, having procured a meagre \$83 million in government revenues last year. On the other hand, the Afghan poppy fields are blooming, and going by the UN estimates, Afghanistan will produce a bumper crop of 3,400 tons of opium this Spring. Even a fraction of that sold in the international market in the form of heroin would relieve Ashraf Ghani Ahmadzai of the fiscal deficit. But before making that noxious choice, he has made it clear to the international community that the ouster of the Taliban by force cannot be the be-all and end-all of meeting Afghanistan's deep-seated problems.

The problem is that the Finance Minister has taken up a very difficult job, depending entirely on others. The Afghan transitional President, Hamid Karzai, who is Ashraf Ghani's boss, is a handmaiden of the Americans. He got his job by becoming a close associate of Zalmay Khalilzad, a colleague

of some of the most unprincipled warmongers in the Bush Administration. Khalilzad, who is now in northern Iraq and Turkey luring the Kurds to join the United States in war against Iraq, has little time for Afghanistan and his friend Karzai. Karzai was “trusted” by the Americans, and is America’s “puppet Pushtun.” America assured Karzai of oodles of money, but did not deliver.

Last year was another bad year for Afghanistan. How bad is this one going to be? For those who followed Hamid Karzai’s trip to Washington last month, it is not difficult to fathom that it could be much worse. The draft foreign aid budget submitted by the White House to Capitol Hill did not contain as much as one measly dollar for Afghanistan. The Congress, on the other hand, in an unusual fit of generosity, initiated a \$300 million aid package. Earlier Karzai, facing a cynical group of Congressmen, had said Afghanistan would need \$1.5 billion this year for developmental programs and another \$500 million to run his government.

Speaking at the Senate Foreign relations Committee meeting on Feb. 26, Sen. Joseph Biden (D-Del.) bluntly informed Karzai: “Afghanistan has already dropped off the radar screen.

‘B-52 Is President, Not Karzai’

In the streets of Afghan towns, people say that the B-52 is the president. They have a valid reason to be cynical. Surrounded by the Special Forces appointed by the U.S. State Department, President Karzai has less authority in the capital city of Kabul than what a normal mayor could exercise. Beyond Kabul, he has no authority.

Washington had ordered Kabul to raise a national Afghan Army. In his testimony before the Senate Foreign Relations Committee, Karzai asked for help to subsidize his efforts to pay more than 100,000 irregular militiamen across Afghanistan. As of now, he has succeeded in recruiting fewer than 2,000 regulars, reports indicate. In the rest of the country, local warlords rule the roost. A good-size warlord, such as Ismail Khan of Herat, has on his payroll about 60,000 men. Conflict has broken out intermittently in some areas between militia commanders; they reportedly command, among them, about 700,000 men.

Karzai pays his army’s men about \$50 a month. A fighter in the ranks of the private militia operating under the Kandahar Governor, for instance, earns about \$120 per month. In fact, the CIA operating in Afghanistan, hunting for al-Qaeda and Taliban militia, pays much more to the militiamen, who also control poppy fields. Karzai knows that Washington is interested in maintaining a large International Special Assistance Force (ISAF), instead of a large Afghan Army, till such time as they all leave.

Meanwhile, Afghanistan is slipping back to the days of yore. The web-based Sabawoon reported that child molestation is back and rising. During the Taliban days, child molestation and sexual abuses of young boys were punishable by



Afghan President Hamid Karzai (center) asked the Foreign Relations Committee for more aid on Feb. 26. But Senator Joseph Biden (right) told him Afghanistan had “dropped off the radar screen.” Afghanistan’s Finance Minister said that without aid, the country was turning back to heroin production.

death. But the Taliban is gone and Karzai is relenting to old customs. At the same time, he has not quite given up the measures the Taliban had imposed. For instance, the education system for women exists only in Kabul. In Kabul, women can go to school and can even work where men also work. But not in rural Afghanistan.

The *Washington Post* reported on Feb. 23 that those Afghans who are involved with women’s issues say the selling of young girls is on the rise. After a quarter-century of war, civil chaos, and most recently drought, many families have been strained to the breaking point, and the outright selling of daughters for cash is one harsh result.

The practice has a cultural basis, where prospective husbands have long paid a “bride price” for their wives—a kind of dowry that is traditionally set by the status of the bride’s family and the resources of the groom’s. But what was a custom once, has now evolved fully into a market, in which men can buy young girls from poor families. And with Karzai’s legal system a shambles, there is nothing to stop them.

So, what have Karzai and his benefactors achieved, beyond changing the Kabul regime? The honest truth is: not much. If Karzai wants to change things for the better in Afghanistan, he must begin to interact in earnest with the regional powers and stop coming to Washington with a begging bowl. If he chooses to change his ways, he will face new dangers. On the other hand, it is an easy option to hand Afghanistan back to the heroin mafia, but as Asraf Ghani Ahmadzai pointed out, the indirect costs for the country would be indeed very high. At this point then, Karzai has two choices: either to remain at the mercy of Washington and sink, or to get down to the business of being a leader.

Lincoln's Railroad And the Eurasian Land-Bridge Today

by Jeffrey Steinberg

This presentation was given to a West Coast cadre school of the LaRouche Youth Movement on Feb. 1. Steinberg's class was introduced by the LaRouche campaign's West Coast spokesman, Harley Schlanger, as "an example of how you look at history, to understand what we have to do in our battles today."

We are facing an absolutely unique and immediate challenge, here in the United States, which came up in a number of the questions to Lyn [LaRouche] this morning: Namely, that there are many important things that the LaRouche movement is doing in many different parts of the world, that all have great strategic importance. But the fact of the matter is, that world history in the next period, is going to be defined largely by what we accomplish here in the United States.

One of the fundamental issues which I want to discuss in some historical depth this afternoon, is our mission to win the United States—the institutions of the Presidency, of the Congress, other political institutions, and the population—over to the idea, that the Eurasian Land-Bridge policy is in the vital strategic interests of the United States and the world.

We have had a lot of experience on this issue, during the Clinton period, and more recently under President Bush, where we've run into two monumental expressions of stupidity among some of the highest-ranking people in the government; among people whom I would not put in the category that Lyn developed today—of the Al Gore/Dick Cheney vice presidency syndrome; the people who are really hard-core utopian lunatic fascists—but among people who are actually, by and large, well-meaning; including people at the level of Cabinet appointees. The tendency has been to say, when presented with the whole idea of the Eurasian Land-Bridge, "Can't you give us something easier to sell? Something more close to home? Something a little bit more practical? Why are we doing this for Europe and Asia? What can we do for ourselves instead?" That's from the intelligent people in Washington. From the other types, what we began hearing aggressively,



The United States was the first to span a continent with a “land-bridge,” a railroad, and accomplished this national mission after only 80 years of Constitutional existence as a nation. The Golden Spike completing the railroad was laid at Promontory Point on May 10, 1869. It was no “local event,” but part of an international land-bridge development strategy spearheaded by American republican leaders.

beginning particularly around 1998, was the idea that any alliance between Russia and China and India—which is a special project that LaRouche has been running for years—represents a strategic threat to the United States.

Problem of the ‘Imperial’ Axiom

Now that statement alone is about the clearest indication that you can get, that somebody is thinking within the geometry of this lunatic utopian faction. The idea that economic and scientific cooperation between Russia, China, and India threatens the United States, simply means that the person who said that, has the idea that the United States has to be the new global empire; and that anything that poses any kind of challenge—militarily, politically, economically—to the undisputed power of that empire, somehow represents a threat.

It happens that the National Security Doctrine that was presented by the Bush Administration in September 2002—this idea of pre-emptive warfare—is precisely that view. When the Chinese saw this particular presentation of Bush Administration policy—particularly after the “axis of evil” State of the Union Speech in January 2002—they realized that the countries that were being talked about were not Iraq, or Iran, or North Korea, but what was really being discussed was China, and the potential for this China-Russia-India strategic partnership, that other people in the United States have already told LaRouche that they fully support, and want him to be the leading unofficial diplomat of the United States organizing this Russia-China-India cooperation.

So this is a big fight, and it’s an issue that is on all of our plates to actually accomplish.

You see the kind of narrow-minded thinking among state

FIGURE 1
U.S. Transcontinental Railroad Link-Up, 1869



Source: EIRNS.

elected officials when we’ve done the lobbying up in Sacramento, and in Austin and in other state capitals; and I can assure you that the only difference between what you run into in the state capitals, and what you run into in Washington, is that in Washington, most people are subject to even greater financial and personal sorts of blackmail, and are even more compromised and corrupted. So it’s a big fight, but it’s an essential fight. I’m convinced that if we don’t win this fight for the Eurasian Land-Bridge, then there will be a dark age;

there will be a world war.

This issue has been the fundamental question on the table for more than the last 150 years. It has been, in effect, the unfulfilled mission of the American Revolution. And it was a self-conscious policy of Lincoln, and later of Franklin Roosevelt, to achieve what Lyn has revived today in the call for the Eurasian Land-Bridge. I want to go back over the history, because it's essential, for us to be effective in organizing this victory, that people know very clearly what it is that we're actually dealing with from a policy standpoint.

It goes back, really, to the period of the American Revolution, and then developed into a second critical phase, during and immediately after the Civil War.

American Revolution in Europe

The American Revolution was an international event of the greatest strategic importance in centuries, perhaps ever in history. It could never have been achieved without the support of certain allies in Europe; in some cases, people who were actually imbued with these republican ideas; in other cases, people who were operating under more pragmatic issues, such as certain factions among the French and the Spanish and other continental European powers liking the idea of delivering a bloody nose to the British, who were considered to be their strategic rivals.

This is the reason why Benjamin Franklin, the leading figure in the American Revolution—in a sense, the Lyndon LaRouche of the early part of the 18th Century—spent most of the period of the Revolutionary War in Europe. He was organizing what he understood to be absolutely indispensable European assistance for the American War of Independence. And people are familiar with the fact that we got certain material and political support from France. But in fact, the single most important ally of the United States, in making the American Revolution, was Russia—because of what Russia represented as a political and military power in Europe. And also, because there had been several generations of critical political work in Russia, centered around the efforts of Leibniz and a number of his successors and collaborators, to build up within the court of Catherine the Great a certain republican-scientific outlook, and networks of people in and around the power structures in Russia, who were predisposed to these republican ideas.

You had the Russian Academy of Science in St. Petersburg, which had been founded by Leibniz and some of his Russian collaborators. This was the main institution to which Franklin appealed. There was extensive correspondence between Franklin and other members of the American Philosophical Society, and leading figures in the Russian Academy of Sciences, during the period of the American Revolution. The critical thing that came out of that was the League of Armed Neutrality. Basically what Russia said, was that any attempt by the British to prevent European supply ships from going to North America to provide crucial equipment to the

American revolutionaries, would be considered an act of war.

And so, as the result of the League of Armed Neutrality, there were significant limits on what the British would dare politically to get away with. We had a continuing supply of critical military equipment and other things coming in from Europe, unchallenged, by and large, because there was a threat of Russia coming into the war on the side of the American colonists were the British to cross the line.

This was a critical event in history, and one that was widely recognized by the American Founding Fathers. In 1788, almost immediately after the successful American Revolution—as we were in the process of going through the Constitutional Convention and ratification—one of the leading American naval heroes, John Paul Jones, was sent over to Russia. And among the things he brought with him, were the blueprints of the entire American navy. He wound up becoming, in effect, the chief strategist for the Russian navy, for a period of about a decade, during which time Russia went through a major technological revolution and built up a very formidable navy.

In about 1806, for about five or six years, the leading protégé of Benjamin Franklin, future American President John Quincy Adams, was sent to St. Petersburg as a member of the American legation there. Among the things that he brought with him, were all of the writings of [Alexander] Hamilton and the other leading figures within the American school of political economy. And all of those books were translated into Russian. And so you had what became known as the Russian system of political economy, developing as a direct outgrowth of the American System of political economy: of Alexander Hamilton; of Mathew and Henry Carey; of Henry Clay, and the others.

The Pursuit of Happiness

If you just look on a map, there's a certain obvious affinity that becomes clear, between the United States and Russia. Especially at that time, they were both very big, very wealthy in potential, in terms of strategic raw materials, and very, very underpopulated. There was a paradox in this. The United States had just gone through a republican revolution, in which the most profound ideas—dating back to Socrates and Plato in the “first international youth movement,” founded by Plato with the Academy in Athens—those ideas were put into concrete practice for the first time in human history, self-consciously, with the idea, from the Declaration of Independence, of “certain inalienable rights, among them Life, Liberty and the Pursuit of Happiness.” Not the pursuit of property; not the pursuit of whatever you want to rub on your body to make yourself feel good for the moment; but the pursuit of happiness.

And the Founding Fathers definitely did not mean grovelling in the mud, when they used the word “Happiness.” Leibniz had written extensively on the subject; and the most concise definition that he ever came up with for the term,

“happiness,” was that happiness is the science of wisdom. It was a purely Platonic concept that was embedded into our Declaration of Independence; and then it was carried forward with the General Welfare Clause of the Constitution.

That was the United States’ declared mission. And yet, in the case of Russia, you had what Lyn described earlier as a “Tsarist oligarchy,” which had very large elements of classic old-European feudal society. You had an Orthodox Church that was much less inclined than the Western Christian church to hold up this idea of the sanctity of the individual soul. It was a very collectivist phenomenon. But you also had this Leibniz current operating in Russia, particularly in St. Petersburg; and so this affinity existed.

And this relationship developed and was a point of continuing contact, particularly during those rare and blessed moments when you had a decent President in the United States coinciding with a benign Tsar in Russia.

Russia-America and ‘the British Problem’

From the negative side as well, the threat represented by this U.S.-Russian partnership was very well understood by the British. They did everything conceivable to try to bust it up. There was a British faction in the court of Catherine the Great, and of the other subsequent Tsars of Russia, and they were continuously trying to undermine the efforts of the “American” and Leibnizian faction. This became an important factor over a period of time.

The British strategy was always, simultaneously, to break up the United States, and break up Russia. There was a certain sense that there was always a potential for the alliance that won the American Revolution around the League of Armed Neutrality, to resurface; and this was something that really had to be stopped at all costs.

In the 1840s—it’s interesting that one of our new members from Montreal asked the question about Canada becoming a nation-state. One of the big subjects of American-Russian dialogue in the first half of the 19th Century dealt with the question of Canada. You had a whole colonization of Quebec from immigrants from France. And in what was called Western Canada, the overwhelming population were people who came up from the United States, and brought all of the ideas of the American System to bear in that part of Canada.

In 1845, the Russian government made a proposal to the United States. They offered to sell “Russian North America”—today known as Alaska—to the United States. But only with the understanding that the United States would simultaneously annex Western Canada. The population in Western Canada was completely “up” for this. There was extensive discussion in the media at the time. Unfortunately, the President of the United States during that period, James J. Polk, was, at best, a disaster, and at worst a British agent. So it didn’t happen then. It occurred later, under somewhat different circumstances. But just to give you an idea of this

continuing Russian-American discussion about how we deal with the British problem.

The American Tories

The other significant factor in the U.S.-Russian relationship during this period was railroad development. Shortly after the invention of the locomotive—which only happened in 1829—the railroad issue became fundamental in the United States; and I’ll get into that in some detail a bit later. But it also became, obviously, a fundamental issue for Russia. Just look at the physical geography, the massive territory of Russia, and you get an idea of what that represented. Just on a scale: East Coast to West Coast of the United States is 3,000 miles; Russia runs at least three times that distance. So this was a fundamental question.

And there were American military engineers from West Point who were sent over to Russia as early as the 1840s, to begin working on the design of the first railroad in Russia, which went from St. Petersburg to Moscow. In fact, the person who ran that expedition from West Point was a guy named Colonel Whistler—and I think his mother is rather famous from a 19th-Century painting.

The British strategy, as I say, was to destroy Russia; to destroy the United States; and to make sure that no possibility for a continuing alliance could be realized. In the 1850s, between 1853-56, Britain and France—which really was Britain’s poodle by this point under Napoleon III—provoked the Crimean War against Russia. And from that point on, there was a continuing effort to Balkanize Russia—in other words, break it up into many little, warring principalities. And of course, the same was definitely the case in terms of British policy towards the United States.

There really never was anything called the Civil War. What actually happened was a British-launched effort to Balkanize and destroy the Union. As Lyn has described it on many occasions, in the United States on the very founding days, in addition to the republican currents among the Founding Fathers, you had other elements—what Franklin Roosevelt later would call the “American Tories”; the American British agents. They tended to be largely clustered in three places: on Wall Street; in Boston with some of the big banking and shipping interests which were most notorious for being junior partners with the British in the opium trade in the Far East; and third and most critical were the southern slaveholders. These three elements were more British than the Queen, and were feverishly committed to looking for the first opportunity to destroy the Union.

That issue became paramount as the election of 1860 approached, and it became clear that Abraham Lincoln was going to be elected President of the United States. And in fact, the day after the election of Abraham Lincoln, the legislature of South Carolina announced that they would be convening a Secessionist congress in December of 1860. And in fact, Ft. Sumter broke out in early 1861, and the whole effort was on.



An alliance of Abraham Lincoln's Union and Tsar Alexander's Russia, against imperial Britain, was critical in the Civil War. New York newspapers in September-October 1863 reported the stationing of defending Russian fleets in New York and San Francisco. American engineers were thoroughly involved in the railroads crossing Canada and then Russia later in the 19th Century, and the telegraph connection from Washington to St. Petersburg.

This was never some kind of “southern rights,” states’ rights, or even rights-to-hold-slaves issue. This was always a British operation intended to destroy the Union. And the *casus belli* event was the election of Abraham Lincoln as President of the United States, because of what the British knew about Lincoln. They know very similar things about Lyndon LaRouche: that he is somebody who represents a very, very dangerous republican adversary.

Civil War and British Operations

The battle of Ft. Sumter occurred in the early Spring of 1861, within a few weeks of Lincoln’s inauguration. And six weeks later, a revolt broke out in Poland, led by a bunch of similar British assets—Lyn mentioned earlier the Young Europe movement; this was the continuation, worldwide, of the British-created Jacobin revolution which destroyed France and paved the way for Napoleon to take power. A revolt was simultaneously initiated in Russia, with the aim of Balkanizing and weakening Russia; and in the United States as well.

Fortunately, there was a very strong republican faction in the United States that understood the paramount importance of this Russian-American collaboration—particularly after the collapse of France within a generation of the American Revolution, through the Jacobin Terror and the destruction of the whole republican movement in France. Within all of Europe, the United States had nothing but enemies, with the

sole exception of Russia. And there, again, it was a tricky factional situation, because you had a Tsarist oligarchy, not a true republican government there.

But the importance of this relationship was such, that one of the very first things that Lincoln did, when he was inaugurated as President, was to send one of his most trusted associates over to be the American Ambassador to Russia. He also happened to be the nephew of Henry Clay; his name was Cassius Clay. There was extensive correspondence back and forth between the Russian Foreign Minister, Gorchakov, and Lincoln, through Clay and others, about the fact that what was going on was not a Civil War in the United States and a revolt of Poland in Russia; what was going on was a global British destabilization against the republican forces in the United States and their one potential strategic ally at that moment, in Russia.

As part of this collaboration, Russia sent their top military intelligence officer over to the United States, Col. Charles Dinard, who immediately went to the South, and presented himself as a Russian military officer, not as a spy for the Union. But basically, in a very short period of time, he smoked out what the entire Confederate military strategy was.

The fact of the matter was that the Confederacy did not stand a chance, in the long term, of winning the war. The North had the entire industrial base of the economy. And so, to a certain extent, the outcome of the war, if it lasted very long, was a foregone conclusion. The whole idea was that the

Confederacy was to launch a very quick, blitzkrieg series of military operations into the West—into Kentucky, Tennessee, and that area—score a few big victories, and then have Britain and France step in and petition for an armistice and a cease-fire, so that a negotiated settlement could be reached with the permanent separation of the South. That was the strategy. It wasn't a military strategy. It was a political strategy that was tied to the fact that this whole deal was a made-in-London operation in the first place.

What Dinard was able to do was get ahold of the Confederate strategy, and convey it to the Governor of Tennessee, who immediately alerted Washington. And General Grant was able to get his forces in place for a critical battle at Paducah, Kentucky, about six hours before the Confederate forces arrived. So literally by a period of six hours, history could have gone a very different way. You get an idea of the strategic importance of this relationship.

By September of 1862, the British and French had reached the point where they were openly preparing to intervene to force an armistice, and then the permanent break-up of the Union. And the only outstanding question on their minds, was "What would Russia do?" And so delegates were sent from France and England to St. Petersburg, to discuss with the Russian Tsar and find out what Russia's policy would be. And the Russian answer was, that if France and Britain attempted this armistice, this would be considered a *casus belli*, an act of war, and Russia would go to war against Britain and France on the side of the Union.

Within a period of months—in fact, by Sept. 24, 1863—as a way of demonstrating how serious Russia was about this strategic partnership with the United States, the entire Russian fleet arrived at port in New York and San Francisco. These are some of the headlines from the *New York Tribune* from September 1863 (see photo). That's a photograph, on the right, of some of the navy sailors and officers in Brooklyn Harbor. This was a major event. It was the number-one news event in the United States. It was so significant that if it had happened today, even CNN couldn't cover it up. It was a decisive factor in determining the outcome of the Civil War. And it later came out that the commanders of the Russian fleet in San Francisco and New York had field orders that if Britain or France were to attempt this armistice, or to declare themselves on the side of the Confederacy, then the entire Russian navy was put under Lincoln's command.

As I say, the American Revolution and the Civil War were not localized events in North America. This was global strategic politics and warfare at the highest level in that period. And were it not for this particular strategic partnership—you can't, obviously, predict the outcome of history—but it would have been a far more difficult task, even for Lincoln, to have succeeded in defeating the combined forces of England, France, the Austro-Hungarian Empire (which was by that point the "second poodle" of the British), and those American Tory forces in the South, in New York, in

Boston, in other places.

Leave it to the British, though, not to give up. Prior to the arrival of the Russian fleet in the United States, the British and French went to Lincoln, and asked him to sign a petition, agreeing to intervene, along with Britain, France, and Austria, in the Polish affair, to secure the independence of Poland from Russia. And Lincoln sent a message back, that was identical to the Tsar's message on the [American] armistice question: That this would be considered a *casus belli*.

These were absolutely critical events that determined the survival of the American republic. The Russian fleet remained in New York and San Francisco until April of 1864. (By the way, when the Russian ships arrived, the American naval personnel were completely astonished, because the Russian ships were identical to the American ships. And in fact, by 1862, under the initiative of the U.S. Ambassador, Cassius Clay, the Russians had gone into production of these ironclad ships, which were the newest generation of war-fighting ships. And so, by the end of the Civil War, the Russians had the second-largest fleet of ironclads after the United States—again, through this intensive collaboration in economic policy, as well as in this strategic-military realm.)

Lincoln and the Railroad

In this context, I want to talk a bit about Lincoln. I think that it's really incumbent upon everybody here, who hasn't already done it, to go out of your way to get to know some of your best American friends. Read what they had to say. Read Lincoln's writings. If you want to understand somebody who made Shakespeare's life worth living, it's Abraham Lincoln. Lincoln's closest ally—even though he had some outstanding allies among people like Grant, Sherman, and others during the war—his greatest ally and source of strength was Shakespeare, whom he mastered. And he used Shakespeare's tragedies and histories to understand how to actually navigate through the shark-invested waters of his own Cabinet. Because he had a number of people in the Union Army command and in his own Cabinet who were complete traitors. And in his writings, you'll see that he had a profound appreciation of Shakespeare's insight; and used it as a way of staying one step ahead of things throughout the war.

Lincoln was born in 1809. He was 20 years old when the first successful test of a locomotive on a railroad was accomplished, in England. And within a few short years of that, by 1832, at the age of 22-23, Lincoln was running for the state legislature in Illinois, on a platform of building a transcontinental railroad.

What Lincoln understood was that to defeat the power of oligarchism—particularly the British with their various French and Hapsburg allies—required that the entire continental republic had to be consolidated. When he campaigned for the state legislature on this idea of a transcontinental railroad, Abraham Lincoln had never seen a railroad, never ridden on one. There were a few beginning to be constructed on



President Abraham Lincoln's commitment to the mission of the transcontinental was so strong, that he first campaigned for it in the 1830s, within a decade of the invention of the rail locomotive; and he fought through the Congressional legislation for it in the midst of the Civil War.

the East Coast of the United States. But nothing as far out into the western part of the colonized United States as Illinois. Talk about not being stuck in sense-certainty! Nevertheless, he understood a concept that provided an absolutely unique solution to a grave crisis, which was that the Union was in jeopardy.

After the John Quincy Adams Presidency, 1824-28, we had a real string of losers, starting with Andrew Jackson, then Martin van Buren, and then Buchanan and Polk; and really, the political parties in the United States, by the time that the Republican Party was founded in the early 1850s, was as bad, maybe even worse than the situation right now. Total corruption, complete irrelevance. And so Lincoln was the great man of vision of this period. And he understood that the railroad issue was absolutely fundamental to everything.

Four years later, he ran for state legislature and actually was elected, and again, made the issue of railroads a major factor. In fact, what he proposed was a Federal law that would grant Federally-owned land to the states, so that the states

could sell the land, or use it otherwise, to begin launching major railroad projects. He proposed the creation of quasi-public corporations to actually build these railroads. And it's a measure of the success of Lincoln's policy—along with many other people—that by 1856, the Illinois Central Railroad was the largest railroad in the world, and one of the largest corporations. And Lincoln made sure that there were regulations and other legislation that made this all possible. This was one of the important test cases of the American System of political economy.

By 1853, this railroad issue had reached the point that, by Act of Congress, a survey was commissioned to figure out the best route for a transcontinental railroad. The thing you've got to realize, is that at the time that this was happening (see **Figure 1**)—there's Omaha, Nebraska. That was the furthest-west point of development of the United States. Nebraska was not even a state at that point. But Omaha was on one side of the Missouri River; Cedar Bluffs, Iowa was on the other side; and that was it. The next city of the United States, which was the only city between Omaha and Sacramento, California, was Salt Lake City. All of the rest of the western portion of the United States, out to the California coast and Central Valley, was completely underdeveloped, untapped. You had had, in 1803, the Lewis and Clark expedition to go out and start looking into these areas of the country. But there was nothing out there.

A Continental Republic

So here you are, talking about a transcontinental railroad, which first and foremost, involves undertaking a massive survey of, approximately, the western two-thirds of the United States. Because ultimately, the distance from the beginning to the end of the transcontinental railroad would be a little over 2,000 miles. You had a massive survey operation that was conducted over a period of years, in which, for the first time, that whole western part of the United States was mapped out and visited. These were areas which hadn't even really been broken through with very many trails.

When you had the discovery of gold in California in the late 1840s, and the Gold Rush commenced, generally speaking, to get from the East Coast to California, you had three alternative routes that you could take. You could go overland, which was a pretty daunting task; you had about a 50% survival rate if you were really in good health, 18-25 years old, and it took six months. You could take trains, by that point, somewhat into the Midwest. But from there on, it was a long walk; or with carriages and horses; it wasn't a very easy route. You had a second option, which was to go by boat to Panama; and there was no Panama Canal then, but the Isthmus was pretty narrow; and if you could avoid dying of malaria or smallpox, or other diseases, and you could get out to the Pacific Coast of Panama, and then be lucky enough not to have to wait for months to catch a boat, you could catch a boat on from there up to San Francisco. And that also took—if you

were lucky, and made a very good connection between the boats—about six months. The third, safest option, was to go by boat from ports on the East Coast, all the way around [Cape Horn]. If you were lucky—and if you could afford it—that usually took between 200 and 220 days. And again, the prospects of making it in one piece were not all that great. This was not the Carnival Cruise Lines.

In other words, the idea that we had a continental republic that was a single, unified political entity, was just not true. Yet Lincoln, and Henry Clay, and Henry Carey and the other key Whig figures, republicans, understood that without that continental republic being consolidated, the United States was finished. And this whole experiment in republican government, which was a global mission, would not survive.

Here you've got a situation where the United States is targeted for destruction by the British. This is not something that began the day that Lincoln was elected. It had been building up for a very long time.

So one of the things that happened when this massive land survey occurred—and it was done under the War Department; the Secretary of War at the time was a guy named Jefferson Davis, who would later become the President of the Confederacy, so you get an idea that there were some political complications here—various routes came back; and Davis recommended that the route that should be chosen, ran through the southern states. It should run from the Louisiana Purchase, through Texas, through the New Mexico and Arizona areas, and out to California through that route. There was no way that the republican faction, the American System faction, was going to let that happen.

So the issue was under consideration, but was dead because of the politics in Washington, until Lincoln was elected. But there was a paradox. Because within days after Lincoln's election, the southern war of secession started. You have to really take in the situation that Lincoln took in, because Lincoln was, remember, for more than 20 years, convinced that the survival of the United States was tied to the transcontinental railroad project. And he understood that this was not merely an American project; this was a model for use in many other parts of the world. And we were already actively helping to build up plans and actually build up the rail infrastructure in Russia at the same time.

'It's the 42nd Parallel'

There was a famous incident in Lincoln's life, where, in 1859, he was visiting Cedar Bluffs, Iowa—in fact, he was giving a campaign speech. He was introduced by a mutual friend, to a guy named Grenville Dodge, who was the number-one railroad builder in the United States; he was an engineer. Dodge had been directly involved in some of the survey projects into the Western states. In fact, Dodge's teacher, his engineering instructor, had just come back from doing major exploration out in the Puget Sound [area], and had actually just completed one of these six-month journeys, mapping out



Union Gen. Grenville Dodge epitomized the Civil War veteran officers whose military experience made the transcontinental railroad possible; he was the nation's pre-eminent railroad engineer, and the real progress of the railroad's construction had to await his relief from active duty after the War's end.

the land routes potentially usable for the transcontinental railroad.

So Lincoln had a chance in 1859, in this chance encounter with Dodge, to sit down with him; and he just asked him one question: What's the best route out to the Pacific Coast for the railroad? And Dodge had the maps right there in hand, and he said, "It's the 42nd Parallel."

This was all going on as the war clouds were brewing over the United States. Dodge went to Chicago, to the Republican Party nominating convention, and was one of Lincoln's delegates. Shortly after that, he went to Washington to meet with Lincoln, who, even though he understood that war was about to break out, knew that the United States had to launch the transcontinental railroad project *at that very moment*.

There were a lot of things involved in this. There was the fundamental issue in Lincoln's mind—and Lyn has discussed this concept over and over again—that the key to warfare is winning the peace. If you have to go to war, you've already failed in the mission of keeping the peace; but if you have to go to war, from the very outset you have to define war-winning objectives, objectives that will enable you to win the war and secure a better condition of life to both the victors and the vanquished; so that you actually succeed in laying the foundations for a durable peace. And for Lincoln, the issue was the transcontinental railroad.

He had some friends and allies in this. And this process, as exciting as it was, was very messy. The American population, during this period, were not exclusively saints. There were people who profited. There were people who did all sorts of things that, in some cases, landed them in jail. But it's how real economics works. These things are not neat and clean. They're not theoretical. Above all else, the key question is leadership. Because under the right leadership, you can force people, even against their worst intentions, to contribute to the good. And you will see that that was the organizing principle that Lincoln used in this whole transcontinental railroad project.

You had a bunch of people who had gone out to California in the Gold Rush of 1849; it was actually their accounts of their travels, which gave this picture of what it was like, going from New York or Boston to San Francisco in the period before the transcontinental railroad was completed. It was absolutely hell. So you had this bunch of people who became leading investors in the railroad. But the most important of the bunch who went out to California, was a guy named (at the time Lieutenant) William Tecumseh Sherman. He had just graduated from West Point, Class of 1840, and was sent out to California during the Mexican War on a military assignment. After the Mexican War, he left the military and became a prominent banker and leading political figure in San Francisco; and also became one of the most important boosters of the transcontinental railroad.

To give all of you Californians an idea of what the demographics of California looked like at this time: 1850 is when California reached a large enough population to win statehood. At that point, there were 94,000 people living in the entire state—of which 7,000 were female. It was rough. By 1860, the population was 433,000. So you get an idea of the phenomenal population growth, even before the railroad was completed. And by the way, by 1860, the population of California included 53,000 Chinese, who came over here, not as slave labor, but because the opportunity to get decent wages were greater than anything available in China. There were a lot of problems; there was racism; there were all sorts of terrible things done; but this was basically not a new kind of slavery. And you'll see that the Chinese played an absolutely indispensable role in the whole transcontinental railroad.

Railroad To Win the Peace

The fight for the railroad coincided with the outbreak of the Civil War. But nevertheless, Lincoln was absolutely committed to the idea of launching this project even as the war was going on; and in some cases, even in the very darkest days of the Civil War.

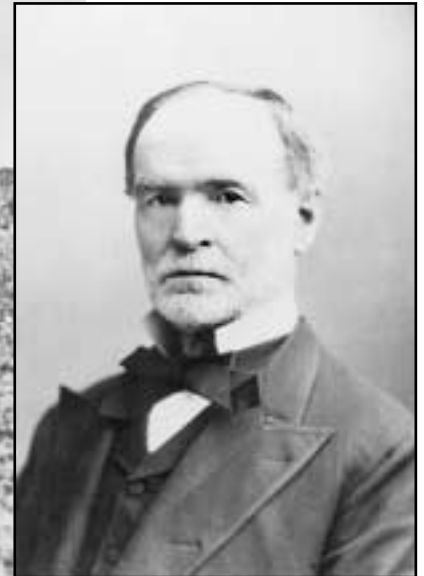
By May 6, 1862, the House of Representatives passed the Pacific Railroad Bill; and about a month and a half later, on June 20, it was passed by the Senate. Because of the demands of the war, the idea of the railroad being built as a government project *per se* was out of the question. Nevertheless, it gives you an idea of the different means by which the government could play an absolutely pivotal role in directing this kind of great national project.

Under the original 1862 law, provision was made for creating two quasi-public corporations. One, was the Central Pacific Railroad; and the other was the Union Pacific Railroad. The Central Pacific was already in the works. And among the people who were involved in it were William T. Sherman and Leland Stanford, who was a Lincoln Republican and became Governor of California in 1860. These were among the wealthiest people in the state, and were among the investors in the original Central Pacific Railroad project. The Union Pacific was set up by a group of people back East; but the provision was that these two rail lines would be built with the Central Pacific starting out in Sacramento, and working eastward; and the Union Pacific starting out in Omaha and working westward. The idea was that they would meet up in some point in between, and Congress was very careful not to predetermine where that point would be.

There were a lot of things that went into this project, particularly at the point the War ended. But the point is, that this thing started while the Civil War was going on. This was something quite extraordinary: that Lincoln had this vision of what it would take to win the peace; and he knew that there could be no compromise, no armistice, that the Confederacy, this British insurrection, had to be absolutely defeated; but that at the same time, there had to be a great national mission and project that would define the war-winning objective, and would be an instrumentality for healing the terrible wounds of the Civil War. You'll see that that's precisely what happened, even though most of the work was done after Lincoln himself was assassinated.

By the way, there was an attempted assassination of Tsar Alexander II, exactly one year and one day after Lincoln was assassinated. Bear in the back of your minds this Russian-American business, at all times.

The project was launched. The Union Pacific recognized that to do this thing right, the person that they had to have in charge as the chief engineer, was Grenville Dodge. Except by this point, Dodge was a general in the Union Army, and there was no way he was going to resign his commission to go to work building a railroad, until the insurrection had been defeated. In fact, he was one of the most important figures in



Gen. William Tecumseh Sherman, as a businessman in California after the Civil War, became both an investor in, and leading organizer of the completion of the transcontinental. Another Lincoln Republican, Leland Stanford, led the railroad construction east from Sacramento. Here, the “Jupiter” carries Stanford to the Golden Spike ceremony in Utah.

the Union Army. He was the general serving immediately under William T. Sherman; and headed up the engineering division under Sherman, and played a critical role in the flanking maneuver that ultimately led to the march and sacking of Atlanta, a critical turning point in the Civil War. What Dodge did during the War was real on-the-job training for what was done with the transcontinental railroad; because his main mission was building rail lines, repairing lines that had been sabotaged by fleeing Confederate forces, and building bridges over rivers, that had been destroyed, again, by retreating Confederate forces.

So one obstacle was that the person singularly most qualified to do the job was occupied—justifiably so, but occupied—until the Spring of 1866.

There were a lot of challenges. I don't know how many of you have had a chance to explore around the Sierra Nevada Mountains. It's enormous walls of granite. To actually create a rail line linking up Sacramento and San Francisco, you had to figure out some way to get through the Sierra Nevada Mountains. And at this point, the technology available was extremely primitive. This was one of the ways that the Chinese played a very extraordinary role.

The first phase of the construction work was doing a lot of the surveying of land that had really never been surveyed before. The question was, how are we going to build rail lines through granite mountains? What are we going to do about

the bridging technology to get very heavy track and very heavy trains going over river beds, through these mountain gorges, which in some cases were very high up and spanned fairly substantial distances? The person who had invented the bridge-and-trestle system was Leonardo da Vinci. And the next major technological advances were made on the construction of the transcontinental railroad.

The Chinese were instrumental because back in China, over many centuries, there had been experience with, for example, building roadbeds along the Yangtze River, with mountainous cliffs on the side. To give you an idea of how they did this: The crews that had to cut through major tunnels in the Sierra Nevada Mountains—once they had even figured out where to do it with the most efficient routes—you had these crews starting on both sides of the mountain. One question, not an inconsequential engineering issue, was whether or not the two sides were going eventually to converge, or waste a lot of time and miss the route. These were, not necessarily Brunelleschi's Dome, but these were very serious engineering challenges.

The way it actually worked, was that at the peak of building of these tunnels, they would have three crews working 24 hours a day, 8-hour shifts; Chinese workers, basically with hammers and drill bits, would hammer holes into the granite, and initially, they would basically stuff the hole with black powder explosives. They'd light the fuses, step



Gen. Ulysses S. Grant, after the Civil War and before his Presidency, organized army support and protection of the transcontinental's construction. This land-bridge mission was the primary post-War "great employment project," employing 30,000 men at a time, many thousands of them veterans from both North and South.

back; then they'd have to lug away whatever rock was blown. And on the average, on a good day, taking the whole face of the tunnel, they'd get somewhere between 6 and 12 inches a day. So you're talking about colossal engineering tasks here. And it took quite a number of months to do. Eventually, this became the first project where dynamite black powder was replaced by the use of nitroglycerine, which significantly sped up, in the latter phases of the project, the tunnelling aspects.

These were engineering feats that had never been achieved before. From the point that the Civil War actually ended in 1865, this project became the number-one nation-building, nation-healing high-paying job for the tens of thousands of Civil War veterans—generally 18- to 20-year-old kids who had fought on either the Union or the Confederate side—this project defined a national mission that helped reunify the country after the Civil War, and after all of the scars of the War. It was a national project that everyone took pride in, and it was an opportunity for people who would have been in much worse shape if you didn't have this kind of major jobs program going on.

This was the project under which many, many Chinese people came to the United States, and immediately had access to among the highest-paying jobs in the country. And they did an absolutely extraordinary job, principally working on the Central Pacific line coming east from California. Most of the workers on the west-bound line were Civil War veterans, some from the South, a lot from the North; a lot of Irish. And at the peak point, on any given day there were 30,000 people working full-time on the construction of the railroad. It was done, eventually, after Dodge retired from the Union Army. And his last assignment was under Sherman in the whole Western territories of Mississippi and Missouri, where they also had to do a lot of negotiating with the Indians, in order to be able to secure these projects as they were going forward. Very tricky, very messy.

Financing and City-Building

The way that the Federal government funded this project, as a national project, was that the two corporations—the Central Pacific and the Union Pacific—were pledged a certain amount of money in low-interest Federal bonds for every mile of track that they completed, and which was certified as having been constructed up to par, by government inspectors. And they received, usually, \$12,000 per mile for flat track, \$36,000 per mile for graded track, and \$48,000 per mile for these specially challenging areas, up through the mountains and things like that. They were also given land grants. The Federal government owned most of the land in the area. So the railroad companies were given land grants for the land adjacent to the rail line.

But the most important thing, is that—imagine the situation, say, for the Union Pacific line going westbound from Omaha. There's nothing ahead of you until you hit the Salt Lake in Utah; and it was at the Salt Lake where the two lines actually met and the Golden Spike was laid.

So, really, you're going through an area where there is not so much as a village along the way. So, in a sense, you're using the same kind of military logistics that you would use to move an army forward. Because you're bringing all of your supplies behind you, and as you're moving the track forward, you're bringing all of that along. And at certain critical points, they designated areas where they would build cities, because they needed to be building more rolling stock, railroad cars, locomotives. So in other words, the major cities along the route of the transcontinental railroad were built as part of the project itself.

It was even more difficult from the standpoint of the Central Pacific, because everything that they got had to come by boat, either around Cape Horn, or through the Panama Isthmus, so they had even more daunting costs and logistical challenges. Everything had to go to the West Coast, and then come back East.

At a certain point, in the Winter of 1866-67, and again in 1867-68, that whole area of the country experienced the worst

blizzards in recorded memory. And so, the decision was made by the Central Pacific, that the only way that they could move along fast on schedule, was by actually building sheds over the track. So that as they moved the track forward, they were actually building these wooden sheds, so that if there were avalanches of snow, they went off on the side, and they didn't destroy the track. What they built, as simply a temporary part of the construction logistics, was what was called the "biggest house in the world." One segment alone, was a single interrupted wooden structure that ran 29 miles long.

So there was a lot of innovation on this project as well. And there were also a lot of problems.

One problem originated the term "hell on wheels," because what happened is, that since this was the largest construction project, certainly in the history of North America, with tens of thousands of workers getting paid cash on the job, wherever the railroad was, there were these roving whorehouses, saloons, that literally were tents about the size of this room here, that would pop up overnight, and were gambling dens, prostitution houses; and so you had a whole sort of criminal apparatus that was parasitizing off this project. You know, you had young guys—as I said, in 1850, there were only 7,000 women in the entire state of California. I can assure you, there were none along the construction, other than these mobile crews, this "hell on wheels."

So, as I say, it was an imperfect phenomenon. Real people were doing it. But because there was a top-down sense of a national mission, and a certain commitment that the future of the country was at stake, and that there was a great precedent being set, even with all of these problems, things got done in a miraculous way.

You also had Wall Street swindlers, who made a killing on this. In fact, shortly after the completion of the transcontinental railroad, a number of the top executives of the Union Pacific went to jail. One of my favorites was a guy named Francis Train, who was a relative of John Train—one of the nasty Wall Street characters involved in the "railroad" trial of Lyndon LaRouche. Very important guy. But it was his family that set up a construction company called *Crédit Mobilier* of America, and they were convinced there was no money to be made in the railroads. They were convinced that the money to be made, was through skimming off of the government guarantees of bonds to cover the construction costs. So, some of the top executives of the Union Pacific set up, with Train, *Crédit Mobilier*, as a construction company that they hired to do all of the work on the project. And so there were points towards the end, where the workers were not getting their wages, but where the investors in *Crédit Mobilier* were getting 300% of their investments back in dividend payment. So this is the kind of thing you're dealing with.

There were government regulations, there were all sorts of provisions for the government money in the form of land grants and bonds, but it was done with a lot of imperfection. The kind of thing that you wouldn't allow to happen the next

time around; but again, the point is that all of this was still, nevertheless, vectored into this great project.

An International Project Mission

Another aspect of the transcontinental railroad project, was that, all along the way, attached to the rail crews, were the telegraph crews. So that for the first time in the United States history, and the first time probably in history of anywhere, telegraph lines were being built that would eventually connect the entire United States. And as part of the understandings that Lincoln had worked out with the Russians, the telegraph lines actually went uninterrupted, by the end of the Civil War, from Washington, D.C. to St. Petersburg. In other words, there were crews in Russia that were building the lines from San Francisco up the coast, over the Bering Straits, down to Vladivostok, and on to St. Petersburg. So that there was a U.S.-Russian integrated telegraph system. That also tells you very clearly, that the rail project was something that was not an American-only project; it was something that was intended to be part of a global revolution, that the American System republicans were carrying out.

We finally reach the point, in May of 1869, that the rail line was finished. And I think it's sort of interesting, the kind of final anecdote on the construction.

By this time, you had, really, an incredible engineering capability that had been developed, through the course of this seemingly impossible project. And in fact, much of the rapid development, the city-building, and massive expanded railroad construction that occurred after this, was done by the people who built the transcontinental railroad. They developed extraordinary engineering skills. Dodge, who lived until 1916, continued for the rest of his life—he never retired; he continued right up until his death building railroads, the last one being in Cuba.

But these crews became so proficient, that a week before the Golden Spike was drilled, one of the owners of the Central Pacific made a bet with one of the owners of the Union Pacific, that the Central Pacific crew could lay ten miles of track in one day. Which was a pretty extraordinary feat. And so, the guy took the bet, and basically this was one of the most extraordinary militarily precise operations, that anybody had ever seen up until that point. And they literally had an uninterrupted line, a moving line, of one thousand people on each side of where the track was being laid, moving at a rate of one mile an hour, laying railroad track; and, in fact, about a mile an hour, particularly through that kind of terrain, is about the maximum that you would be able to have an army march—never mind building a railroad. They took a long lunch break of about two hours, at about 1:30 in the afternoon. They started at dawn, and by that point, they knew they were going to achieve it, and then some. And they had back-up crews ready to replace them, and they said, "No, no, no, we're not going to even do it." And so, they completed the whole thing; they laid about 10 and a half miles of track in one day.

The guy who lost the bet, welched on it. He was one of the people who later went to jail for the financial swindles, but, as I say, there were a lot of warts in this project. This was not all done by saints floating on clouds, but it really was a question of leadership. And I think it's an important question of leadership for everybody here to think about today, since we confront continuously this paradox, of this great opportunity and great mission which we're all confronted with; and we look around and we see a population that's not really ready to fight. But you see that if you had leadership, and provided a certain sense of mission and purpose, that people who have enormous flaws, can change overnight. They may not become perfect citizens of a republic within 24 hours, but you can get a lot of good, healthy work out of them, and that that's exactly what happened on this project.

Transformation of the United States

So, what happened?

Walt Whitman had traveled West, partly on the transcontinental railroad, before it was completed, and then through stage coach and other things, and he wrote a famous book called *Passage to India*. And at the time, everybody thought that the great benefit of the transcontinental railroad was going to be trade with the Far East. But what happened is, that in 1869, the same year that the transcontinental railroad was completed, so was the Suez Canal, so this Western route proved not to be such an enormously important boost for American trade with the Far East.

But it turned out, that was never going to be the situation anyway. The issue was, that you massively expanded the population of the entire Western half of the United States; you had city-building projects going on everywhere, massive internal trade, many other development projects that went on from there. And so what was really important—and this was really understood by Lincoln, and the Careys, and Clay, and others—was the transformation of the United States into the greatest industrial republic on the planet, in a very short period of time, through this extraordinary project, among other things.

Now, this is a fairly good representation of the world land-bridge (see **Figure 2**). People are familiar with the Eurasia part of it, but the idea of the Eurasian Land-Bridge was in fact implicit—and for many people, explicit—in the transcontinental railroad. There were large numbers of Russian military engineers who participated in the building of the transcontinental railroad, with the idea that they were going to go back to Russia, and do the same thing there, which you see. After doing this little pipsqueak 2,000-mile line through the middle of nowhere, now you were ready for a real challenge, in the Trans-Siberian Railroad. And it took one generation to complete it. Twenty-five years after the Transcontinental, the Trans-Siberian Railroad was finished; and not only were there American engineers in every phase of the project, but the first locomotive to ride across the Trans-Siberian Railroad was

built in Philadelphia by the Baldwin Engine Company.

So this was a global project, in the same way that Lyn talks about the Eurasian Land-Bridge. Nobody thinks about this as a particular project for one country, or one region. It's the mission of global development, and the idea of connecting the entire world, through these high-speed rail lines, which are not merely transportation routes, but development corridors. The only economic sense is, every step along the way, to take these barren areas, and turn them into areas of great economic development, using the most advanced technologies of the moment.

So, here we are, 150 years later, we're still talking about railroads. Thank God, we're talking about a whole new generation—really, two generations of technology later. But the principle is the same. So, when some idiot says to you, "What's in it for us? What's all this with these railroads in Asia? What do we need that for?" or says that this project represents a strategic threat to the United States, then you can just write down their name in the book of members of the Party of Treason, because that's what they are.

America and the Eurasian Land-Bridge

This Eurasian Land-Bridge that we are the organizers of, which Lyn and Helga launched, is the fulfillment of the Lincoln legacy. It's the American Revolution being carried forward, and the only way that I could conceive of that the American people can be organized to actually play the kind of role that they must play in this period ahead, is for them to come to understand, that when we talk about the Eurasian Land-Bridge, we are talking about fulfilling the still-unfulfilled mission of the United States, our Founding Fathers, and those in Europe who provided the inspiration and the original people who made the American Revolution.

So this is something fundamental. The American-Russian alliance, today as in that period, is fundamental. And I should say that the Russian situation was in one way unique, because of the military factor, both during the American Revolution, and then during the Civil War even more obviously. But this was not just a bilateral plan. The American System faction, as some of you undoubtedly know, deployed globally. They were on a missionary deployment for the Eurasian Land-Bridge. It was the cornerstone of American foreign policy in the post-Civil War period. We had already had had Friedrich List here in the United States, being trained in the American System methods, and List went back to Germany and was the founder of the modern German state, although it was only finally realized in the 1870s. List's economic writings on the national system of political economy were among the American System books that were shipped into Russia, and translated and widely circulated among government and intellectual circles there. And Lyn referenced this morning, the role of Mendeleyev, Vernadsky, Count Witte—who was the railroad minister of Russia—and who worked with the Americans on these projects.

FIGURE 2



The world land-bridge, as sketched out by transportation consultant H.A. Cooper. The development corridors of the Eurasian Land-Bridges and their extensions elsewhere in the world, is today's overall development mission, as the transcontinental was to Abraham Lincoln's United States.

We sent E. Peshine Smith to Japan, to the Meiji Court, in the last decades of the 19th Century, and he became the chief economic advisor to the Japanese, when they launched their industrial revolution and built railroads all over Japan.

Sun Yat-sen was trained by American missionaries in Hawaii, and developed the railroad plans for the integration of China, which are the basis on which the current projects are being conducted today. And of course, we had people all over Latin America.

Back in the 1840s the Russians wanted us to buy Alaska, so that the United States would annex Western Canada, so that these kinds of projects of rail and telegraph across the Bering Straits could be carried out. We had American Civil War rail engineers down in Peru, building the first major rail lines through the Andes during this same period. So this was the project.

And the British response to it was World War I. There's no other way to explain to me, why and how World War I happened. You had a lot of stupidity and complicity from the Tsar in Russia, by that point; from the Kaiser in Germany; from the Austro-Hungarians. A lot of people contributed their stupidity and malice towards making it happen. But from a strategic standpoint, this concept terrifies the British, who adopted from Venice the idea of a maritime imperial policy. Control over the strategic sea-lanes defines global power. There can never be serious economic development in Eurasia—just as the British tried to do everything in their power to stop this transcontinental project from going forward, with the insurrection of the Confederacy.

So, we are today reviving the American System foreign policy of the period leading up to World War I, which

prompted World War I. You want to understand why lunatics, like Bernard Lewis, and Samuel Huntington, and Brzezinski and Kissinger, are aggressively promoting the Clash of Civilizations. And, think about it. The Soviet Union collapsed between 1989 and 1991. Since that point, there have been, apart from perpetual wars of genocide in Africa, three major areas that have erupted into warfare, all instigated by the British, and by their stooges here in Washington: the balkans; the Middle East; and what's called the Great Game, the area of Central Asia round Afghanistan. Look at a map of Eurasia, and look at the critical routes for the Eurasian Land-Bridge, and it becomes crystal clear that this crazy Anglo-American oligarchy prefers to start a Clash of Civilizations religious war, worse than the century and a half of war from 1511-1648, all across Eurasia, rather than allow this process to go forward.

So, in a very real sense, the fate of this Eurasian Land-Bridge, and the issue of war and peace, is going to be determined by what we do over the immediate days, and weeks, and months and years ahead. We clearly have momentum building, in many nations of Eurasia, for this policy. It's the only way out of economic collapse and warfare. So our mission is to make sure that the United States, again, takes its rightful role as the leading promoter of this policy.

Much of the material presented was based on two invaluable sources:

1. Stephen E. Ambrose, *Nothing Like It In the World—The Men Who Built the Transcontinental Railroad 1863-1869* (New York: Simon & Schuster, 2000).

2. Konstantin George, "The U.S.-Russian Entente That Saved the Union," *The Campaigner*, July 1978.

Lyndon LaRouche's Summary Report on the Strategic Situation Today

During the week of March 10-16, Democratic Presidential pre-candidate Lyndon LaRouche issued this series of three statements, through his political committee, LaRouche in 2004.

The Truth About U.S. Imperialism, March 13, 2003

The increasing rage, from around the world, against the tyrannical follies of the current U.S. Bush Administration, tends to assume the form of a delusion among the U.S.A.'s critics, which could be as deadly to the world at large as the folly of the neo-conservative Chicken-hawks' present control over U.S. domestic and foreign policies. The reasons for such blunders by some Europeans should have been obvious.

The rising popular delusion among the U.S.A.'s foreign critics falsely attributes the combination of the President's unilateralism and his Chicken-hawk captors' imperialism to a specifically U.S. origin. What befuddles the Europeans, and others, thus far, is that the origin of both the presently onrushing collapse of the world monetary-financial system, and the imperial-war impulse, is the virtual takeover of the U.S. economy, the President, and the forces exerting top-down control over both political parties, by the successful importing of the Anglo-Dutch Liberal system of William of Orange and John Locke into a presently controlling feature of post-1964-71 U.S. economic practice.

To emphasize the crucial point, what affrights the world about the United States today is the lawful fruit of the same liberalism which is still a controlling influence within Europe (and other locations) today.

For related reasons, there are self-deluded ideologues within Europe—as Angela Merkel's visit to the U.S.A. reflected some leading circles in Germany's CDU-CSU—who assume that the catastrophic aftermath of a successful attack upon Iraq will weaken U.S. power, to the degree that Europe would then have more leg-room for expressing its own specific self-interests. Germans of that persuasion, for example, are to be compared to the deluded state of Marie Antoinette's "Then, let them eat cake." The combination of the actual unleashing of the control of U.S. policy by the nuclear-weapons utopians of the U.S.A. and Israel, would mean prompt descent into an early dark age for Europe, and sundry other parts of the world. Only a European leader in a towering state of terror-driven denial would draw a contrary conclusion.

Face reality. The neo-conservative Chicken-hawks, as typified by Wolfowitz and Perle, are essentially neo-Nietzschean fascists of the Leo Strauss, Carl Schmitt, Martin Heidegger, Michael Ledeen, et al. variety. They are, like Adolf Hitler in the bunker, doomsday utopians, enjoying a narrow but nasty base of support in the ranks of the illiterate unwashed Armageddon fetishists. They are not representative of a financial aristocracy—although not lacking the propensity to steal—but of a caste of feudal lackeys, which has taken control over the affairs of their masters' estates. The notable obsession of this pack of lackeys is their devotion to Bertrand Russell's doctrine of conduct of preventive nuclear war as a way of terrifying the world into submitting to a utopian world government of the qualities proposed by Russell and H.G. Wells. Their gospel is H.G. Wells' 1930s movie, *Things to Come*.

What is to be observed in Washington, is this lackey class (including Conrad Black's 2004 "Bull Moose" candidates



President Franklin D. Roosevelt (left) with British Prime Minister Winston Churchill, in 1943. The continuing influence of Anglo-Dutch liberalism in Europe today, has blinded relevant Europeans from considering the urgently needed adoption of Franklin Roosevelt-like economic recovery measures. Roosevelt's "American System" economic policy was the point on which he and Churchill parted ways.

McCain and Lieberman, and Black's resident lunatic, Laurent Murawiec) seizing control of policy-shaping from the hands of the professionals and the financier circles themselves, just as Hitler took power from the hands of those such as the backers of Hjalmar Schacht.

The issue of war against Iraq thus packs into a single package, President George "Hindenburg" Bush's putting some Chicken-hawk Hitlers into power on the pretext of the Reichstag arson. Fools greeted Hitler's appointment by Hindenburg as a temporary affront to political good taste. Acquiescence to the alleged "inevitability" of the Iraq war, should remind us of the foolish German generals of 1933-34 who abandoned Chancellor von Schleicher for "reasons" no worse than those of Europeans prepared to accept the "inevitability" of an Iraq war today. Those German generals, among others, paid dearly for that mistake on the matter of von Schleicher, in July 1944. The cost to the world today, would be far worse.

In other words, the proverbial "bottom line" is, that there is no hope for the world in the near-term—perhaps for generations yet to come—except on the condition that certain sweeping, axiomatic changes are effected within the U.S. political system about now. There exists no alternative pathway to security for any part of the world.

In fact, there are two most crucial implications of the kind of denial of reality we discover among relevant Europeans. One is the set of points just outlined above. The second is, that the continued influence of Anglo-Dutch Liberalism in Europe, as in Angela Merkel's CDU or Westerwelle's FDP, prevents the victims of the delusion from considering the urgently needed adoption of Franklin-Roosevelt-like economic-recovery measures. The latter delusion prevents Euro-

peans who are victims of that ideology from recognizing that only political overturn of that form of Liberalism in the U.S.A.—the so-called "American Tory" form of the dupes of John Locke—would free the U.S.A. from the deadly form of combined unilateralism and Chicken-hawk imperialism menacing the planet today.

How Liberalism Created Fascism, March 14, 2003

The principal source of the difficulty which most Europeans experience in attempting to understand the present U.S. internal crisis, is that the current eruption of wild-eyed U.S. imperialist practices is rooted in the same Anglo-Dutch Liberal model admired by most popular and official opinion in today's Europe. I describe some of the essential mechanics of that connection.

The Liberal system of government, economy, and social philosophy is chiefly a copy of the financier-oligarchy-ruled maritime power of Venice's former imperial heydays. Under the influence of Venice's powerful Paolo Sarpi and his successors, the Venetian model of financier-oligarchy-managed liberalism was imposed upon two emerging imperial maritime powers in Northern Europe—the England of Francis Bacon, Thomas Hobbes, and John Locke; and the Netherlands of William of Orange and the radical empiricist Bernard Mandeville. The philosophical liberalism reigning within the society was complemented by a thrust toward that relatively global maritime supremacy consistent with the adopted self-interest

of the financier-oligarchical class as both merchant and usurer.

The crucial feature of the Anglo-Dutch Liberal model which was thus essentially consolidated in conception over the course of the Eighteenth Century, is the relative independence from elected government, enjoyed by a privately controlled central banking system. In effect, that central banking system is the agent of the collective assembly-in-fact of the society's financier-oligarchical class.

During the interval from approximately 1763 to 1945, the chief challenge to the power of the Liberal model within extended European civilization was first expressed in wide support, among Europeans, for the struggle for independence of the English colonies in North America. Over the course of the 1763-89 interval, the shaping of the emerging American constitutional republic produced a Constitution whose Preamble represented the intellectual triumph of the leading U.S. patriots, who reflected the influence of Gottfried Leibniz over that of John Locke. Even today, despite the success of Britain's Edward VII in foisting what became the Federal Reserve System on the U.S.A., the American System of political-economy, as described by Franklin, Hamilton, the Careys, Friedrich List, et al., is based on a principle of the authority of constitutional national banking—over that of any foreign power, or domestic financier-oligarchy—in matters of mone-

tary and financial regulation.

The best way to understand the way in which Chickenhawk captive President Bush's imperial hubris is being expressed today, is to look at the way in which a concert of Anglo-American financier-oligarchical power led by Britain's Montagu Norman, using Norman's asset Hjalmar Schacht, et al., imposed Adolf Hitler's dictatorship on Germany. The "independent central banking" interest, so expressed, put Hitler into power, both to prevent a Franklin Roosevelt-like option in Chancellor von Schleicher's Germany, and to arm Germany for a world war intended to destroy both Germany and Russia.

Shift in the U.S. World Role

The war did not proceed as Montagu Norman et al. intended. Germany decided to strike West first, instead of East. That put London in the position of screaming for help from the Roosevelt they hated; and the U.S. role left postwar Britain to be faced with absolute U.S. economic superiority worldwide—not exactly the original goal of Hitler's London backers. In strategy, always expect the unexpected as the most likely outcome.

Look at today's bankrupt U.S. system against the lesson of 1933-34 Germany.

Over the course of 1964-2003, the U.S.A. has been transformed from the world's leading producer nation, to an economically parasitical "consumer society" like the ancient Roman Empire, one which lives on the loot garnered by a brew of nuclear weapons and other predatory power over the world at large. In this process, for about two decades now, the leading U.S. political parties concentrate upon a constituency of the upper 20% of family-income brackets (e.g., the so-called "suburban" dogma of the neo-conservative Democratic Leadership Council—DLC), controlling elections, top-down, through vast masses of raw financial power, and control of the principal mass media of the nation by those same oligarchically-minded financier interests. Conrad Black, a leading "fallen angel" of the Chickenhawk flock, like the so-called "Mega Group," is typical of those corrupt connections.

Prior to that 1964-81 cultural-paradigm shift, during 1933-63, the U.S. political system was based in relatively large degree on the social and economic forces associated with independent farmers, manufacturing, regulated basic economic infrastructure, and so on. Today, nearly forty years since the assassination of President John F. Kennedy, the true entrepreneur is a vanishing species. The economic-political landscape of power is dominated by predatory forms of financial speculation, such as Enron and Halliburton, rubbing shoulders with the multi-billionaire barons from organized-crime pedigrees. Thus, we have a President, whose family ties are to a facet of that financier interest, but who, although nominally lord of the Federal estate, is being controlled by a pesky pack of wild-eyed "Leporellos," the "Chicken-hawks."

If You Thought Adam Smith Was The Founding Father of America's Economic Strength—

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With a Commentary by Michael Liebig and
an Epilogue by Lyndon H. LaRouche, Jr.

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This is the pack of lackeys associated with the pro-fascist ideological legacy of Chicago University's Leo Strauss, Carl Schmitt, Nazi philosopher Martin Heidegger, et al. The rascals appear to be running the Presidential chicken-coop, at least for the time being.

Choice Between Roosevelt and Hitler

The role of those Chicken-hawks represents an active and immediate, new Hitler threat.

As I shall explain in a forthcoming sequel to today's brief report, the world has only two significant choices: between today's Franklin Roosevelt and today's Hitlers; between Roosevelt-style recovery programs and Chicken-hawks wielding, and intending to use, nuclear weapons. It should be obvious that an FDR strategy means putting the Anglo-Dutch Liberal system into cold storage, at least for the duration. Thus, Europe may recognize the homicidal lunacy of Rumsfeld's and Cheney's Chicken-hawk Hitlers; but to prevent those Hitlers from taking over, the Anglo-Dutch Liberal models must be replaced by reorganization of the presently hopelessly bankrupt world monetary-financial system according to the principles of the American System of political-economy, List's system of national economy—at least “for the duration.”

Lyndon's FDR vs. Joe's Hitler, March 14, 2003

The decisive issue of U.S. policy in the Democratic Party today, is the fight between those who back the strategic posture recently stated by Senator McCain's warmongering crony, Senator Joseph Lieberman, and those who are committed, as I am, to applying the lessons of President Franklin Roosevelt's successful leadership over the 1933-45 interval, to the present global depression. I point to the ugly fact of Lieberman's recent policy declaration, in which he demanded that discussion of the U.S. economic crisis be banned, in favor of focussing popular attention totally on rallying support for the war-policy of Dick Cheney's Chicken-hawks. Lieberman also demanded, explicitly, that the legacy of President Franklin Roosevelt be rejected.

There are two leading points to be emphasized in this, the third of my current series of short reports on the nature and origins of the present imperial war-drive by Cheney's and Rumsfeld's Chicken-hawks. First: Consider those fundamental differences on economic policy between FDR and Hitler,



“The imposition of spiraling fiscal-austerity programs, such as those being accelerated within the U.S.A. today, creates the condition under which a monster like Hitler, or an ugly McCain-Lieberman ‘Bull Moose’ third-party combination, may become able to grab power.”
Left: Adolf Hitler with financier Hjalmar Schacht.
Above: Sen. Joe Lieberman.

which are now, once again, the crucial issues inside U.S. domestic and foreign policy. Second, focus upon the significance of the backing of the 2004 “Bull Moose” candidacies of “Tweedledum” McCain and “Tweedledee” Lieberman by press-imperialist Conrad Black's nuclear Chicken-hawks' roost, the Hudson Institute.

As documented in the complementary studies by Michael Liebig and Helga Zepp-LaRouche, and others, the 1931-33 alternative to bringing Hitler to power in Germany, was posed by Dr. Wilhelm Lautenbach's presentation to a 1931, secret, high-level Berlin meeting of the Friedrich List Society. Had Lautenbach's proposal been implemented, rather than the fiscal austerity follies of ministerial Chancellor Brüning, Hitler could never have come to power in 1933. Through the implementation of policies akin to those of Lautenbach, President Franklin Roosevelt averted an intended fascist takeover of the U.S.A. Had a coup orchestrated by New York-financed London banker Montagu Norman not pushed President Paul von Hindenburg into dumping Chancellor von Schleicher, on January 28th, to install the choice of Germany's liberal party leader Hjalmar Schacht, Adolf Hitler, on January 30th, it would have been Kurt von Schleicher, not Hitler, heading the government of Germany at the time Franklin Roosevelt was inaugurated as the new U.S. President. Germany's and U.S.A. policies would have been complementary.

The imposition of spiraling fiscal-austerity programs, such as those being accelerated within the U.S.A. today, cre-



Theodore Roosevelt's (left) 1912 "Bull Moose" operation split the Republican Party, defeating incumbent President William Howard Taft, and securing the election for Woodrow Wilson. Sen. John McCain (right) and his "Tweedledee," Joe Lieberman, are pursuing a similar tactic today, under the sponsorship of the Hudson Institute.

ates the condition under which a monster like Hitler, or an ugly McCain-Lieberman "Bull Moose" third-party combination, may become able to grab power. The Lautenbach proposal of 1931 typifies the alternative to such ugly scenarios, still today. That policy, when studied in the light of the successes of FDR's recovery programs, would have worked to prevent that economic-cultural breakdown then; the same principle could work in the U.S.A. and elsewhere today.

Against that ominous historical background, contrast President George W. Bush's pathetic version of "a fiscal stimulus package" to the genuine alternative posed by the Lautenbach and FDR precedents. The President's—and present Democratic Party leadership's—refusal to launch, even tolerate discussion of an FDR-style, infrastructure-based type of stimulus program, is already tending to create the preconditions for the kind of U.S. fascist dictatorship which the Hudson Institute's McCain-Lieberman "Bull Moose" project threatens to bring into being by January 2005, or even earlier.

President Bush is right in thinking that the collapsing U.S. economy desperately needs a Federal stimulus package. His mistake is attempting to breed by stimulating the sexual passions of the wrong choice of species.

The President had the misfortune to enter adulthood at a time that the official Indo-China war was already under way, and the perversion of the "rock-drug-sex youth-counter-culture" was rampant on the university campuses, including his own. Then, or in his business experience, or experience in government, later, he never had adult experience of the way a real economy works; he belongs, in fact, to a generation of

university-trained strata which is predominantly ignorant of the way in which real wealth is reproduced.

He belongs to a generation which, in large, has become obsessed with immediate pleasure-seeking, and with the user's delusion, that it is money breeding money, which is the principle of wealth. So, we should not be surprised to see, that neither he, nor any visible figure of his government, appears to know what a healthy economy is. Therefore, his financial schemes do nothing but provide hyperinflationary stimulus to the same monetary-financial policies which have undermined and wrecked the U.S. economy, increasingly, over the entire period of three decades, since the trio of Henry Kissinger, Paul Volcker, and George Shultz foisted their August 15, 1971, "floating-exchange-rate" monetary swindle on John Connally and President Nixon. There lies the source of the danger of fascism currently typified by the Hudson Institute's disgusting duo, McCain and Lieberman.

What Must Be Done: Then as Now

The immediate problem of both the Federal and state governments, today, as in 1931-33 Germany, is that the use of fiscal austerity measures in the attempt to balance government accounts, is the medicine which kills the patient, rather than the disease. Such fiscal austerity measures might appear to balance the accounts of state and municipal governments over the short term of a few months, but, beyond that point, the result will be the hopeless bankruptcy of those governments, and explosive social conditions for a terrified and desperately ruined citizenry in general.

The alternative, as emphasized by Lautenbach in 1931,

as by FDR, is to decrease the rate of physically productive unemployment, up to the level that the resulting increase of the tax-revenue base brings currently incurred accounts into balance, or slightly better. There are chiefly three ways in which state, local, and national government can produce such beneficial changes quickly.

The foremost action by governments, beyond emergency general-welfare relief measures, is accelerated investment in creation of needed public works, chiefly by activating well-defined public works investment in public transportation especially mass transit, generation and distribution of power, water management, urban development, land management for conservation, forestation, space-oriented science-driver programs, and health-care and educational facilities and programs.

The second class of actions by government, is the mobilization of credit and selective investment-tax-credit for assistance in the area of physical production, such as farming and manufacturing, by the private sector, emphasizing private entrepreneurship more than corporate absentee shareholder value. The combination of the investment tax-credit and accelerated space-mission programs by President Kennedy's Administration, are typical.

The third class of government actions, is establishing long-term, low-interest, government-regulated technology-sharing programs of between twenty-five to fifty years maturities, with foreign partners.

In adopting such measures, we must proceed from the painful lesson of two generations' experience. We must recognize that the economic collapse of the world's present, doomed monetary-financial system, is the result of a wrong turn made, in the U.S.A., as under the United Kingdom's first Harold Wilson government, since the time of the launching of the official U.S. war in Indo-China. The cultural-paradigm-shift of 1964-72, aggravated by the inevitably ruinous 1971-2003 "floating-exchange-rate" monetary-financial system, was a truly tragic kind of folly. We must combine the rebuilding of the house which FDR built up out of the ruins of the Coolidge-Hoover Depression, with an orientation to the vast markets for long-term technology-sharing investments opening up in Eurasia.

We must let the present collapse of the U.S. economy bring us back to our senses. We must build a new, more durable system of global security, chiefly by taking a leading position in promoting advance of humanity from childhood to the maturity of a set of relations among states composed as a community of principle among perfectly sovereign nation-state republics.

That is the only effective way to defeat both the current world depression and the fascist schemes of the neo-conservative imperialists allied with John McCain, Joe Lieberman, and their Chicken-hawk accomplices. Learn the lesson of Hitler's 1933 accession to power, while the choice is still available to you.

Iraq Treatment Set for Ibero-America by Rumsfeld

by Gretchen Small

U.S. Secretary of Defense Rumsfeld's crowd, through the mouth of U.S. Southern Command chief Gen. James Hill, is pumping the line that al-Qaeda-linked Islamic terrorists are running around in the so-called "ungoverned areas" of Ibero-America, and that this constitutes the greatest threat to hemispheric security. Several hundred diplomats, military officers, and policymakers from around the hemisphere, attending a conference March 2-4 in Miami on "Building Regional Security Cooperation in the Western Hemisphere," were told that Ibero-American nations must change their military force structures and missions, so as to function as a subordinated part of a multinational strike force which the U.S. intends to lead against these terrorists.

The menacing statement was added, that no government in the area is *yet* considered an "accomplice state" of these terrorists. With the bombs now falling on Iraq, the implication of that threat is clear. With this policy, Rumsfeld's boys have created a greater security threat to the United States in the Americas, than existed before. Anger and hostility against the United States is rising rapidly across Ibero-America, giving Wall Street's narco-terrorist recruiters a field-day. Those who would be U.S. friends find no possibility of being so. With their war, their imperious demands, and their lying intelligence reports, Rumsfeld's chicken-hawks have buried any possibility of establishing the U.S./Ibero-American cooperation which *is* urgently needed to crush the narco-terrorists rampaging across the Americas. Not until U.S. policy is radically reversed, can the damage be repaired.

'Preventive War' in Ibero-America?

In his speech to the Miami conference, General Hill elaborated the imperial agenda which Rumsfeld first unveiled in November 2002, at the Fifth Defense Ministerial of the Americas, in Santiago, Chile. Rumsfeld's line was that "effective sovereignty" over the "ungoverned areas" of the Americas could only be re-established through the creation of regional military forces. He outlined two U.S. initiatives to create those forces, one maritime, the other a broader "peacekeeping and stability" force.

That the Rumsfeld initiatives flow out of the assertion of a U.S. right to carry out the kind of "preventive war" of those convicted at Nuremberg, was made even clearer in a speech delivered at Georgetown University in Washington on Jan. 14, 2003, by Richard Haass, director of the State Depart-

ment's Policy Planning Staff.

Haass—who was on record advocating a return to an imperial world order long before Sept. 11—argued that “the global struggle against terrorism” has changed the nature of sovereignty. He spoke, as does Rumsfeld, of sovereignty being challenged in “ungoverned regions. . . . The attacks of Sept. 11, 2001 reminded us that weak states can threaten our security as much as strong ones, by providing breeding grounds for extremism and havens for criminals, drug traffickers, and terrorists.”

Governments which allow such things to occur, even if out of weakness, Haass asserted, must be held to account. “Countries have the right to take action to protect their citizens against those states that abet, support, or harbor international terrorists, or are incapable of controlling terrorists operating from their territory,” he proclaimed. “When states are reluctant or unwilling to meet this baseline obligation, we will act, ideally with partners, but alone if necessary, to hold them accountable.” Haass specified that such states “jeopardize their sovereign immunity from intervention,” and may face “anticipatory action,” as “preventive” war.

This is the policy laid out by Hill, albeit more circumspectly. He argued that: 1) narco-terrorism is growing in the “ungoverned spaces” of Ibero-America; 2) drugs are “weapons of mass destruction”; and, 3) “radical Islamic groups associated [sic] with Hamas, Hezbollah, al-Gamaat, and others” have hooked up with these narco-terrorists, to generate hundreds of millions dollars a year from Ibero-America.

That combined threat requires changes in military operations in Ibero-America, Hill argued. Claiming he “would never say that the day of the traditional military capability has passed,” he did just that: demanding changes in the configuration, training, equipment, missions, and operations of Ibero-America's armed forces. He insisted that “we need to re-evaluate our armed forces and security forces and collective agreements,” in order to deal with so-called “21st-Century threats” which are “transnational,” and therefore require the expansion of the “structure of multilateral security cooperation in the Americas.”

The list of “ungoverned spaces” targetted for supranational action had grown since November. Hill named Colombia, southern Panama, northern Ecuador, northern Peru, Bolivia, portions of Venezuela (including the island of Margarita), the tri-border area where Paraguay, Argentina, and Brazil meet, and the entirety of Surinam, as “problem” areas.

Never Touch Wall Street

This campaign is no more driven by real intelligence, than is the war on Iraq. Neither Rumsfeld nor Hill mention the crushing economic conditions created by decades of looting under the dictates of International Monetary Fund and free trade, as the single greatest force creating “ungoverned spaces” in the region.

Neither do you hear any Bush Administration officials mention the role of Wall Street in aiding, abetting, and profiting from the drug trade, which they profess to be so concerned about. The latest glaring example of this hypocrisy, is the fact that not a peep has been said about the fact that the drug trade held a public, hemisphere-wide organizing meeting in Mérida, Mexico only two weeks before the Miami conference—financed, as usual, by the drug-legalization machine of speculator George Soros, and featuring Soros's top drug man, Drug Policy Alliance (DPA) director Ethan Nadelmann.

Several hundred legalization activists, narco-terrorists, coca-growers, and government officials from America, Europe, and Ibero-America met Feb. 12-15 at the Mérida conference, “Out from the Shadows: Ending Prohibition in the 21st Century.” Billed as “the first hemispheric conference organized to call for an end to prohibition and the drug war,” its organizers were the U.S.-based Drug Reform Coordination Network (DRCNet), the Italian Radical Party's International Anti-Prohibitionist League, and the internet news outlet, “Narco News.”

Present were the drug trade's key “fifth column”: the “grand old man of Latin American legalizers,” former Colombian Attorney General Gustavo de Griefff; Colombian Congressman and former Supreme Court Chief Justice Carlos Gaviria (infamous as the author of the 1994 decision legalizing the use and possession of drugs in Colombia); and Bolivian narco-terrorist turned Congressman Felipe Quispe. (Soros's people had been promoting the fact that the head of Bolivia's coca-growers, now-Congressman Evo Morales, was scheduled, but he stayed at home at the last minute to attempt a coup.) Peru's coca-growers, a myriad of user-activist associations campaigning for drug use, and Congressmen from Brazil, Colombia, Mexico, and Uruguay were all there for the confab.

Soros and his drug machine never came up at the Miami Western Hemisphere conference. Instead, in an interview with the *Miami Herald* following the conference, Hill echoed the disgusting “Muslims are the enemy” line of the Clash of Civilizations crowd, as the supposed terrorist danger. To justify his assertion that Ibero-America has become a major fundraising base for radical Islamic groups, Hill cited the fact that “the fastest-growing religion in Latin America today is Islam,” and “we think that there are between 3 and 6 million people of Middle Eastern descent in Latin America”—both apparently crimes in Hill's view.

Not surprisingly, one of the Miami conference organizers admitted to *EIR* that he found generalized opposition from the Ibero-Americans at the conference. Conferees “made it loud and clear” that they don't want the United States telling them who is a terrorist and who is not, he reported; they would fight terrorism differently from the United States, and *certainly*, not do what the United States is doing in Iraq. “All bets are off” that even Chile, which originally supported the Rumsfeld initiatives, is still on board.

Top Military Historian: Iraq War Is Like 1938-39

by Mark Burdman

In recent weeks, one of the most trenchant critics of the Iraq war in Great Britain has been Prof. Corelli Barnett, Fellow at Churchill College, Cambridge University. He has made known his strong views about this insane imperial adventure through the letters pages of leading American newspapers and other channels.

Professor Barnett is one of Britain's most renowned military historians and strategists, whose special expertise is the study of the two world wars of the 20th Century. His book, *Hitler's Generals*, is a crucial reference document for understanding World War II, the workings of the Nazi regime, and the doom that Adolf Hitler brought upon Germany. Barnett's historical work was looked upon favorably by the most important military historian of the Second World War, Edinburgh University Prof. John Erickson, whose studies of the 1941-45 war between the German and Soviet armies has been likened to the work of the Greek historian Thucydides on the Peloponnesian War.

Before lunging into the Iraq war, the British and American administrations would have done well to listen to Corelli Barnett. When regimes don't listen to their most respected historians, they fall victims to the adage made famous by Spanish philosopher George Santayana, that he who does not learn from history is doomed to repeat it.

'Madness and Monstrosity'

On March 17, *EIR* spoke about the Iraq war with Professor Barnett, who began by insisting that the war project is "entirely madness." He expressed his strong opposition to the accusation now being made by the Bush and Blair governments, that "because France, Germany, and Russia won't fall tamely into line with the American position, they are guilty of starting the war. This is ridiculous! All the more so, as the United States was the principal founder of the United Nations. And now that commitment is being replaced by the notion that if you don't like what the UN does, you are free to act yourself. Washington's insistence that the UN is only legitimate if it implements Washington's policy, is a monstrosity."

Barnett added the proviso, that "when I speak, I am *not* condemning America and Britain as nations; I am condemning the Bush and Blair regimes."

What he was then asked to explain, is a point he has made in letters to the London *Guardian* and London *Times* since September of last year: the ominous parallels between 1938-39 and the present. Barnett has emphatically rejected as absurd the constant propaganda emitted by the Bush and Blair governments, insisting that the threat from Saddam Hussein is like that represented by Hitler in the late 1930s, and that those who oppose the war against Iraq are like the "appeasers of Hitler." Barnett sees the real parallel as being between the Anglo-American plan to invade Iraq today, and Hitler's bellicose threats against Czechoslovakia in 1938 and his invasion of Poland in 1939.

This latter point was stressed by U.S. Democratic Presidential pre-candidate Lyndon LaRouche, during a March 19 interview with Britain's *Talksport Radio*: "This idea of preventive war, we recall from 1938, against Czechoslovakia, by Hitler; against Poland, in 1939. And there's no difference, essentially, between the proposed military attack on Iraq, and what was proposed by Hitler—in terms of military policy—against Czechoslovakia and Poland."

War Is Inherently Unpredictable

Professor Barnett emphasized, "The problem is, the recourse to war is inherently unpredictable. When Hitler and his generals moved into Poland in 1939, they were convinced it would be a short and quick success. In and of itself, it was. But it was the prelude to European war and world war, with all the devastation for Germany itself that that entailed. This crowd in Washington and London today, has no understanding about the uncontrollability of what is unleashed by starting war."

On the attempts to liken the "Saddam threat" and the "Hitler threat," Professor Barnett exclaimed: "It's so absurd, because then the British had a legitimate *casus belli*, and did not go to war. Today is not even like 1990-91, when there was a legitimate war, with UN approval, to contain Iraqi aggression. Saddam is indeed a monster, but one with limited capacity to threaten. He's no direct threat to us, and there is no proven connection to al-Qaeda. He's not even a threat in the Middle East region, with American and British planes always patrolling Iraqi airspace."

Professor Barnett had two other, related concerns. He expressed total agreement with LaRouche, in drawing parallels between Thucydides's account of the fate of imperial Athens and the dangers of the United States attempting to become an empire today. "This attempt to establish an empire is enormously destabilizing. The only basis for effective world order, is relations between sovereign states, with respect for borders. When this is replaced by a divine mission to topple regimes, the situation becomes incredibly dangerous," he said. "All the more so, as the regimes in Washington and London, now, are acting like the mirror-images of Bin Laden. They believe themselves to be 'born-again Christians' with a religious mission. This terrifies me."

German President Looks To Eurasian Development

by Rainer Apel

When German Chancellor Gerhard Schröder reaffirmed Germany's opposition to war against Iraq, in an address to the national parliament on March 14, he also said that disarming Iraq by non-military means implied "that sanctions can finally be lifted," so that Iraq can be rebuilt. Although he did not elaborate, some government circles are thinking about reconstruction and development as being crucial for a lasting peace.

President Johannes Rau's visit to India, March 1-6, provided some insight into such deliberations. At a New Delhi luncheon hosted by the Federation of Indian Chambers of Commerce and Industry and the Confederation of Indian Industry on March 3, Rau said: "Our position is, like that of any country, influenced by our history. In the 20th Century, we learned most painfully that stability and prosperity are not gained through war, violence, and hegemonic ambitions, but through cooperation, dialogue, and arms control." The peaceful integration of the formerly divided Europe is one of the greatest success stories of the last 50 years, Rau added.

The potential of economic cooperation between Europe and Asia is "far from exhausted," Rau said, and in that, India will play a crucial role in Asia—which is home to almost 50% of the world's population. "One important foundation of economic success is scientific research," he declared.

Rau also said that "Asia and Europe are two continents that are part of one geographical whole. . . . The big clashes of history, like the Greek-Persian wars, [or] Alexander the Great's progress to the Indus, are familiar to everyone. But few people know that the ashes of Pompeii also concealed a statue of an Indian goddess," which indicates there was cooperation between Europe and Asia about 2,000 years ago.

"Europe owes much to India, right up to the present day," Rau said. "Not just in philosophy, but also in other sciences, above all astronomy and mathematics. India gave us the zero, a number of virtually infinite significance." And he added, with a dose of irony: "Indeed, how could governments around the world present their budget deficits if it weren't for the zero?"

"We have long known that the existing cooperation between Europe and Asia, between European and Asian countries, cannot be a one-way street," Rau said.

In another speech at the state dinner hosted by Indian President Abdul Kalam, also on March 3, the German President quoted from a writing by the German cleric Rhabanus

Maurus, dating from 1,200 years ago: "India possesses an abundant amount of the gold of wisdom, the silver of eloquence, and the gems of all virtues." Dialogue between different cultures, Rau said, must be based on mutual respect for the genuine achievements of either side. "The collective memory of the German people is marked by its experiences in two world wars that amounted to a catastrophe for Europeans. Our bitter experience is that wars develop their own dynamics and often enough bring only suffering and ruin. After the Second World War, we saw that stability and security—and not least also prosperity—can only be achieved through peaceful cooperation. . . . We can, therefore, only encourage all countries to engage in dialogue with their neighbors in order to find peaceful, political solutions—very much in keeping with the sentiments expressed by Mahatma Gandhi, who said: "What is obtained by hatred proves a burden in reality, for it increases hatred."

Scientific Cooperation

Of particular interest were Rau's remarks on scientific cooperation, in his speech at the University of Hyderabad on March 5—where he also visited India's Space Research Center. "I am convinced that the sciences will play a key role in our planet's future. The sciences will map out the course for our journey into the near and distant future."

Defining research in aerospace as a leading area on the agenda of cooperation between German and Indian scientists, Rau said: "When I hear that the Indian INSAT satellite enables television stations to reach about 85% of the Indian population, even in remote parts of the country, I realize that satellite technology has become a backbone of information and education policy—not only in India, of course. In addition, there are the important means of reconnaissance which can aid weather forecasts and help monitor crops and natural resources. Many people in Germany are not aware of how developed India's space program is. Germany and the European Space Agency, ESA, are among the customers of the Indian Space Research Organization, ISRO."

Bio-technology is another pioneer area of joint research by German and Indian scientists, Rau said: "Genetic defects can possibly be rectified. New varieties of plants are said to be able to overcome famine in entire regions. People all over the world have, therefore, placed great hopes in these advances."

If what Rau discussed in India is to become a real alternative to the Clash of Civilizations strategy of the confrontationists in the Bush Administration, Germany will be able to contribute a lot to world development. But it will have to drop the policies of monetarist budget-balancing that prevent it from carrying out what Rau described. The LaRouche movement in Germany has long insisted that Eurasian, science-driver economic cooperation is the best approach to build a world of peace. Rau's remarks in India indicate that Germany's elites have begun to acknowledge that.

‘Peru: Under Toledo, Sendero Will Take Power’

by Luis Vásquez Medina

The above headline was carried on the cover of *EIR*'s Spanish-language edition, *Resumen Ejecutivo*, in April 2000, precisely three years ago, and was intended as both a forecast and a warning. Today, we repeat that headline, tragically, as news.

At that time, Lyndon LaRouche and this magazine warned that, should Alejandro Toledo—Wall Street and the U.S. State Department's man—win the Presidential elections in Peru, the Shining Path (*Sendero Luminoso*) narco-terrorists would not be long in taking power. Today, developments are proving us right. Peru is rapidly returning to a situation of insecurity as serious as that in the early 1990s, when organized narco-terrorism announced that it had “achieved a strategic balance” with the state's defense forces. Only today, the nation is much more fragile than it was a decade ago, and its Armed Forces are on the verge of disappearing altogether. So, Peruvians are facing the bitter reality that their ten years of hard battle with the forces of terrorism may have been fought in vain.

They are also facing the undeniable fact that all of this is essentially the result of U.S. interventionism—in particular, that of the U.S. State Department and Wall Street's bankers. It was Secretary of State Madeleine Albright, in the final days of the Clinton Administration, who organized the coup d'état against President Alberto Fujimori, and who then imposed a government, through the Organization of American States (OAS), which brought into power with it the Peruvian servants of drug legalizer and international financial speculator George Soros.

This situation was made worse under the George W. Bush Administration. It was with his blessing that President Toledo handed control over Peruvian security and intelligence to a group of drug legalization advocates, headed by Fernando Rospiglioso—until recently, Toledo's Government Minister—who closed his eyes to the advance of narco-terrorism. It is sheer cynicism, that the Bush Administration is now lamenting the advance of narco-terrorism in Peru; Washington is reaping what it has sown.

Coca Army Advances

In February, there were a series of huge mobilizations by coca-growing farmers, who blocked the most important highways in the interior of the country, and who paralyzed all

activity in major areas of the south and center of Peru. The coca-growers, known as *cocaleros*, then threatened a march of more than 35,000 to Lima. These developments opened the eyes of many Peruvians to the truth, that the country has degenerated to levels of insecurity comparable to a decade ago, before President Fujimori's successful crackdown on Shining Path.

At the peak of their strength, in the early 1990s, Shining Path and the Tupac Amaru (MRTA) guerrillas verged on 5,000 armed men, but the majority of them were ultimately captured and imprisoned under Fujimori. Today, that situation has changed: Although the Toledo government hides the true statistics, it is estimated that more than 2,000 terrorists have already been released from the prisons, because they have either completed their sentences or have been amnestied.

Even more serious is the fact that, recently, nearly 500 narco-terrorists were freed under appeals based on a ruling of Peru's Constitutional Court, the nation's highest jurisdictional body, which in turn endorsed a decision of the Inter-American Human Rights Court of the OAS—a gaggle of pro-terrorist jurists—which annulled *all* the military trials which had sentenced MRTA and Shining Path terrorists during the previous decade!

Based on this ruling, which completely violated national



Peruvian President Alejandro Toledo, puppet of Wall Street and the drug legalizers, is giving free rein to the Shining Path narco-terrorists.

sovereignty, the more than 2,000 terrorists who remain in Peru's jails are now awaiting new trials, and/or imminent release. They have also been granted privileges such as telephones and unrestricted visits, and they even control operations inside some prisons, such as the high-security Yanamayo Prison. From these "trenches" and with total impunity, Abimael Guzmán and other imprisoned terrorist leaders are overseeing the reconstruction of their organizations—and are now able to count on help from the Colombian Revolutionary Armed Forces (FARC) and other organized drug cartels.

Months ago, the Peruvian press was reporting that the FARC and other narco-terrorist organizations were massively recruiting Peruvian youth in the coca-growing areas of the country, paying a stipend of \$100 per month to their families.

Police intelligence reports that have been leaked to the press, speak of 14 coca-growing areas in Peru, all of them now fortified by armed bands. The extension of coca plantations, which by the end of the Fujimori government had been reduced to 34,000 hectares (from 135,000 in 1992), today surpasses 60,000 hectares, as estimated by Peru's Center for the Prevention of Drugs. The Bush government, in an attempt to hide this scandal, officially acknowledges a figure of only 37,000 hectares under coca cultivation.

General Miyashiro, the current head of the Dircote, Peru's anti-terrorism police, recently charged that Shining Path and MRTA have managed to rebuild the legal and logistical framework for their illegal activities. In fact, according to the general, these organizations have succeeded in creating their own front-groups, with fully registered legal status, which among other things, raise funds for their activities, both at home and abroad. These narco-terrorist organizations have even had the luxury, as occurred in early February, of holding mass meetings in Lima itself, with full police protection, where they shouted "Vivas!" to the armed struggle and to Shining Path leader Abimael Guzmán.

Ethnic Insurgency

Another kind of armed band, with direct ties to the *cocaleros*, has also appeared. Especially dangerous are the "*ethnocaceristas*" of Ollanta Humala and his family. This group, which we dubbed since its appearance in 2001 "the new Shining Path," adheres to the racist ideology created at the Sorbonne in Paris, and spread in Peru and Bolivia through the French Institute of Andean Studies. Humala's *ethnocaceristas* have become the *cocaleros*' shock troops in the Ene and Apurímac valleys, in particular. It is reported that their militants, primarily jobless former Army privates, burn the Peruvian flag before each action, and raise in its place the alleged "rainbow flag" of the Inca Empire. The invention that this flag was also the flag of the Incas, was created by French anthropologists in the 1960s. As far as can be scientifically ascertained, the Incas never had the European notion of national flags.

Even more stunning is the fact that, on direct orders from

Toledo's wife Eliane Karp—a Belgian anthropologist and ex-Trotskyist—the alleged Incan rainbow flag is currently flown alongside the Peruvian national flag atop the Presidential palace in Lima! Further, the Toledo government sent Ollanta Humala, leader of the *ethnocaceristas*, to France as military attaché to the Peruvian Embassy there. Humala was re-admitted into the Peruvian Army, on government orders, after he had been discharged for his pathetic uprising in October 2000.

Resurrected narco-terrorism in Peru has the support, as well, of political figures who can be directly linked to the "armed struggle." The most notorious case is that of Yehude Simons, a terrorist who was freed from jail and who today serves as governor of the province of Lambayeque. But the current Congress is not far behind in its support for this narco-terrorist resurgence. The Congress is controlled by a coalition which includes: the Perú Posible party (founded by George Soros); the Moralizing Independent Front, of Peru's "Mussolini" Fernando Olivera; and the left, headed by Javier Díez Canseco, Peruvian agent of the São Paulo Forum. In November 2001, this Congress approved a law rejecting the 1961 Vienna Convention, which identified the coca-leaf as "a narcotic, and its chewing as an addiction." Another law currently under debate, presented by Congressman Michael "Evo" Martínez, would legalize coca crops. The old dream of the drug cartels is about to become reality in Peru.

And Without the Armed Forces

Perhaps the most serious situation of all, for the security of Peru, is that the nation's defense institutions today are cornered, and as things are going, will soon disappear. The transition government imposed by the OAS after Fujimori's ouster, with the puppet Valentín Paniagua as President, and the current government of Toledo, property of George Soros, have had a consistent policy of destroying the Peruvian Armed Forces.

This policy, dictated by globalist circles such as the Woodrow Wilson Institute, the American University, and the Inter-American Dialogue—all in Washington—has decapitated the leadership of the Peruvian military through a campaign of so-called "moralization." This program for the "restructuring and modernization" of Peru's Armed Forces, has meant the elimination of its operational capabilities. Today, the Peruvian Army is reduced to a shadow of its former self: It has no budget to speak of, not even to pay for electricity at the General Headquarters. An allotment of 50¢ has been made for the daily meals for recruits. Without ammunition, weapons, and personnel, wide swathes of the nation have been effectively abandoned to the enemy. The country's former military leaders, so effective in the war against narco-terrorism, are now sitting in jail on trumped-up charges of corruption and human rights violations.

U.S. Secretary of Defense Donald Rumsfeld and the "chicken-hawks" in Washington are saying that these "lawless zones" will have to be controlled with foreign troops.

‘The IDF Is Becoming A Terminator Army’

Focussed on Iraq, the world has been ignoring the mounting toll of, now, 2,200 Palestinians killed by Israeli forces since September 2000, including 429 young children and 114 women. The Israeli Defense Forces’ impassive killing on March 16 of a 23-year-old American woman, Rachel Corrie; and its accidental but brutal gunning down of two Israeli security guards in a hail of bullets on March 14, momentarily punctured the indifference to Palestinians’ losses and destruction. The verdict in Ha’aretz—“The IDF, from an army of values, is becoming a terminator”—should have sent a warning to American officers and soldiers who may become such an occupying “imperial” army in the Mideast.

Rachel Corrie and other observers from the International Solidarity Movement were reporting and protesting the wholesale demolition of Palestinians’ houses by the IDF during its military invasion of the Gaza Strip in March. She was killed in Rafah, run over by bulldozer clearing space to build a wall where the houses were being demolished.

Rachel’s parents, Craig and Cindy Corrie of Olympia, Washington, said on March 16, “We have raised all our children to appreciate the beauty of the global community and family, and are proud that Rachel was able to live her convictions. Rachel was filled with love and a sense of duty to her fellow man, wherever they lived. And, she gave her life trying to protect those that are unable to protect themselves.” The Corries released excerpts from an e-mail essay Rachel had sent to her family on Feb. 7, which follows.

I have been in Palestine for two weeks and one hour now, and I still have very few words to describe what I see. It is most difficult for me to think about what’s going on here when I sit down to write back to the United States—something about the virtual portal into luxury. I don’t know if many of the children here have ever existed without tank-shell holes in their walls and the towers of an occupying army surveying them constantly from the near horizons. I think, although I’m not entirely sure, that even the smallest of these children understand that life is not like this everywhere. An 8-year-old was shot and killed by an Israeli tank two days before I got here, and many of the children murmur his name to me, or point at the posters of him on the walls. The children also love to get me to practice my limited Arabic by asking me “Kaif Sharon?” “Kaif Bush?” and they laugh when I say “Bush Majnoon”; “Sharon Majnoon.” (How is Sharon? How is



Rachel Corrie, with bullhorn, stands with another protester in front of a bulldozer with which the Israeli Defense Forces were demolishing Palestinian houses in Rafah on March 16—minutes before the bulldozer ran over the young American woman and killed her. On March 19 the IDF, with tanks and teargas, broke up a memorial service for Corrie.

Bush? Bush is crazy. Sharon is crazy.) Of course this isn’t quite what I believe, and some of the adults who have the English correct me: Bush mish Majnoon . . . Bush is a businessman. Today I tried to learn to say “Bush is a tool,” but I don’t think it translated quite right. But anyway, there are 8-year-olds here much more aware of the workings of the global power structure than I was just a few years ago—at least regarding Israel.

Nevertheless, I think about the fact that no amount of reading, attendance at conferences, documentary viewing and word of mouth could have prepared me for the reality of the situation here. You just can’t imagine it unless you see it, and even then you are always well aware that your experience is not at all the reality: what with the difficulties the Israeli Army would face if they shot an unarmed US citizen, and with the fact that I have money to buy water when the army destroys wells, and, of course, the fact that I have the option of leaving. Nobody in my family has been shot, driving in their car, by a rocket launcher from a tower at the end of a major street in my hometown. I have a home. I am allowed to go see the ocean. Ostensibly it is still quite difficult for me to be held for months or years on end without a trial (this because I am a white US citizen, as opposed to so many others). When I leave for school or work I can be relatively certain that there will not be a heavily armed soldier waiting half way between Mud Bay and downtown Olympia at a checkpoint—a soldier with the power to decide whether I can go about my business, and whether I can get home again when I’m done.

So, if I feel outrage at arriving and entering briefly and incompletely into the world in which these children exist, I wonder conversely about how it would be for them to arrive in my world. They know that children in the United States don’t usually have their parents shot and they know they

sometimes get to see the ocean. But once you have seen the ocean and lived in a silent place, where water is taken for granted and not stolen in the night by bulldozers, and once you have spent an evening when you haven't wondered if the walls of your home might suddenly fall inward waking you from your sleep, and once you've met people who have never lost anyone—once you have experienced the reality of a world that isn't surrounded by murderous towers, tanks, armed “settlements” and now a giant metal wall, I wonder if you can forgive the world for all the years of your childhood spent existing—just existing—in resistance to the constant stranglehold of the world's fourth largest military—backed by the world's only superpower—in its attempt to erase you from your home.

That is something I wonder about these children. I wonder what would happen if they really knew.

As an afterthought to all this rambling, I am in Rafah, a city of about 140,000 people, approximately 60% of whom are refugees—many of whom are twice or three times refugees. Rafah existed prior to 1948, but most of the people here are, themselves, or are descendants of people who were relocated here from their homes in historic Palestine—now Israel. Rafah was split in half when the Sinai returned to Egypt. Currently, the Israeli army is building a 14-meter-high wall between Rafah in Palestine and the border, carving a no-man's-land from the houses along the border. 602 homes have been completely bulldozed according to the Rafah Popular Refugee Committee. The number of homes that have been partially destroyed is greater.

Today as I walked on top of the rubble where homes once stood, Egyptian soldiers called to me from the other side of the border, “Go! Go!” because a tank was coming. Followed by waving and “What's your name?” There is something disturbing about this friendly curiosity. It reminded me of how much, to some degree, we are all kids, curious about other kids: Egyptian kids shouting at strange women wandering into the path of tanks. Palestinian kids shot from the tanks when they peek out from behind walls to see what's going on. International kids standing in front of tanks with banners. Israeli kids in the tanks anonymously, occasionally shouting—and also occasionally waving—many forced to be here, many just aggressive, shooting into the houses as we wander away.

In addition to the constant presence of tanks along the border and in the western region between Rafah and settlements along the coast, there are more IDF towers here than I can count—along the horizon, at the end of streets. Some just army green metal. Others, these strange spiral staircases draped in some kind of netting to make the activity within anonymous. Some hidden, just beneath the horizon of buildings. A new one went up the other day in the time it took us to do laundry and to cross town twice to hang banners.

Despite the fact that some of the areas nearest the border are the original Rafah, with families who have lived on this

land for at least a century, only the 1948 camps in the center of the city are Palestinian-controlled areas under Oslo. But as far as I can tell, there are few if any places that are not within the sights of some tower or another. Certainly there is no place invulnerable to Apache helicopters or to the cameras of invisible drones we hear buzzing over the city for hours at a time.

I've been having trouble accessing news about the outside world here, but I hear an escalation of war on Iraq is inevitable. There is a great deal of concern here about the “reoccupation of Gaza.” Gaza is reoccupied every day to various extents, but I think the fear is that the tanks will enter all the streets and remain here, instead of entering some of the streets and then withdrawing after some hours or days to observe and shoot from the edges of the communities.

If people aren't already thinking about the consequences of this war for the people of the entire region, then I hope they will start. I also hope you'll come here. We've been wavering between five and six internationals. The neighborhoods that have asked us for some form of presence are Yibna, Tel El Sultan, Hi Salam, Brazil, Block J, Zorob, and Block O. There is also need for constant night-time presence at a well on the outskirts of Rafah since the Israeli army destroyed the two largest wells. According to the municipal water office the wells destroyed last week provided half of Rafah's water supply.

Many of the communities have requested internationals to be present at night to attempt to shield houses from further demolition. After about 10:00 p.m., it is very difficult to move at night because the Israeli army treats anyone in the streets as resistance and shoots at them. So clearly we are too few. I continue to believe that my home, Olympia, could gain a lot and offer a lot by deciding to make a commitment to Rafah in the form of a sister-community relationship. Some teachers and children's groups have expressed interest in e-mail exchanges, but this is only the tip of the iceberg of solidarity work that might be done. Many people want their voices to be heard, and I think we need to use some of our privilege as internationals to get those voices heard directly in the US. . . .

I am just beginning to learn, from what I expect to be a very intense tutelage, about the ability of people to organize against all odds, and to resist against all odds.

Thanks for the news I've been getting from friends in the US. I just read a report back from a friend who organized a peace group in Shelton, Washington, and was able to be part of a delegation to the large January 18th protest in Washington, D.C. People here watch the media, and they told me again today that there have been large protests in the United States and “problems for the government” in the UK. So thanks for allowing me to not feel like a complete polyanna when I tentatively tell people here that many people in the United States do not support the policies of our government, and that we are learning from global examples how to resist.

China Plans 'New World' Program To the Moon

by Marsha Freeman and William Jones

China's National Aerospace Administration director Luan Enjie, in an interview with the *People's Daily* on March 3, outlined his nation's comprehensive plans for exploring the Moon. Two days before, he had stated that after the Shenzhou missions, in which China is expected to launch its first astronaut into Earth orbit this Fall, China will focus on studying the Moon.

The lunar effort is being planned as a multi-phase program, dubbed the "Chang'e Program," in reference to a traditional Chinese legend in which a young fairy flies to the Moon with her pet rabbit. The program is awaiting government approval, and experts state that the first unmanned mission in the series could be readied in two and a half years.

According to China's chief lunar exploration scientist, Ouyang Ziyuan, that first mission would be a satellite to orbit the Moon, mapping its surface in high resolution and producing three-dimensional images. It would study the elemental composition of the surface and enhance the understanding of the lunar environment, which is important for planning future missions. Luan has reported that the first small lunar orbiter will be called Moon Rabbit, in honor of Chang'e.

Following the orbiter, phase two would consist of lunar landings and remote-controlled surface rovers. A later spacecraft would land and return samples of lunar soil to Earth, which would make China the third nation to do so, after the United States and Russia.

A Vital Task for Humanity

The Chinese have stressed that they do not see their lunar program as a "space spectacular." Ouyang said that the proposed timeline is critical, because "Earth's nearest neighbor probably holds the key to humanity's future subsistence and development."

Speaking at an aerospace conference in early March, space program head Luan said that the initial phase of the Chang'e program could be completed by 2010. He said that to minimize costs and development time, the program would largely use existing technology. The "tried and tested" Long March 3A rocket would be the launch vehicle, and the lunar orbiter would be based upon the well-demonstrated DongFengHong 3 communications satellite design.

Luan told *Peoples' Daily* on March 3 that the Chinese Academy of Sciences would receive, handle, and interpret the lunar data, such as the elemental content of the surface,

its thickness, and other features. "The Moon has become the focal point wherein future aerospace powers contend for strategic resources," Luan said. "The Moon contains various special resources for humanity to develop and use." He named Helium-3, as unique to the lunar soil. "It is a clean, efficient, safe, and cheap new type of nuclear fusion fuel for mankind's future long-term use, and it will help change the energy-resource structure of human society." As Xinhua News Agency noted, "On the Moon there are between 300,000 and 500,000 tons of Helium-3 reserves, capable of sustaining the Earth's electricity [production] for 7,000 years."

Luan said that in the longer term, building permanent bases on the Moon "is a vitally important first step in human development of outer space resources, and the expansion of habitable space."

"The exploration of the Moon can become the incubator of science and technology, and promote the development of the nation's economy by bringing forth new ideas of a revolutionary nature," Luan said. Mankind must learn to "leave the Earth homeland, establish permanent research stations, develop products and industries in space, and set up a self-sufficient extraterrestrial homeland."

Using lunar minerals and energy resources are "the most important driving force for a return to the Moon," he said. "The Moon possesses many distinctive types of natural resources for man's development and use. On the Moon there are numerous minerals and energy resources, which could provide significant replenishment and reserves to those of the Earth, which in the future could have a profound impact on mankind's sustainable development." "The Moon," according to Xinhua News Agency, "is in the process of becoming China's 'New World' of scientific research."

The comprehensive long-range space development program that the Chinese government has been following lists lunar exploration—first unmanned, and then manned—as a central goal of its space efforts.

The principal scientist of China's lunar program, Ouyang Ziyuan, stated in December 2002 that "China is expected to complete its first exploration of the Moon in 2010." Following that, it "will establish a base on the Moon." China hosted an International Symposium on Deep Space Exploration Technology and Application in December, which included a presentation on Chinese "Micro Lunar Probe Technology." On Dec. 6, Ouyang told the press that China also sees the necessity for international cooperation in lunar exploration.

This Spring, the European Space Agency will launch its Small Missions for Advanced Research in Technology, or SMART-1 spacecraft, to search for water ice on the surface of the Moon.

Japan is planning to launch its Lunar-A mission a few months later. And Japan's follow-on Selene, or Selenological and Engineering Explorer, will release two smaller sub-satellites into lunar orbit. At the present time, the United States has no firm plans to return to the Moon.

Stop Ashcroft's 'Himmler II' Bill—While You Still Can

by Lyndon H. LaRouche, Jr.

This statement was released on March 16 by the Presidential candidate's political committee, LaRouche in 2004, for circulation as a mass leaflet.

Imagine!

The United States' war-machine invades Iraq. Baghdad is bombed simultaneously with thousands of cruise missiles. Violent anti-American demonstrations break out around the world. Bloody rioting threatens to topple several Middle Eastern governments. Then, a series of terrorist incidents hit U.S. facilities and personnel abroad. Television screens around the world brutalize the eyes of viewers with images of dead children in Baghdad. Around the world, the unrest and rioting builds up.

Imagine?

What will happen next? Imagine!

Attorney General John Ashcroft is on television to announce that the FBI has foiled a major terrorist plot inside the United States, a plot which he alleges would have killed thousands of Americans. He paints a picture of something on a scale equal to the Sept. 11, 2001 events. Ashcroft declares that U.S. law enforcement and intelligence agencies require strengthened powers to prevent terrorist attacks under these wartime conditions. Today the President will submit new emergency anti-terrorism legislation to Congress for immediate passage.

That evening, President Bush will address the nation, to demand that Congress immediately pass the "Domestic Security Enhancement Act of 2003," or members of Congress will be held accountable for the deaths of thousands of Americans, in attacks which he says terrorists are now planning on U.S. soil.

Panicked members of Congress will rush through the new anti-terrorist legislation. Only a handful of dissenting votes will resist. Most members have been too terrified to read the bill that they just passed. The new law gives sweeping new powers to the Justice Department and FBI, the same kinds of powers which Carl Schmitt's *Notverordnung* doctrine delivered to Adolf Hitler on Feb. 28, 1933. After that, the members of the Congress will never vote against any bill which Ashcroft demands.

The connection is not accidental. Attorney General Ashcroft was indoctrinated in this by disciples of Chicago University professor Leo Strauss, who owed his own career to that same Carl Schmitt. Ashcroft, like Vice President Dick Cheney, uses the exact same, Leo Strauss-copied arguments of Carl Schmitt, the same arguments which transformed Hitler into a dictator on Feb. 28, 1933. With the passage of that Act, the United States would have given rebirth to Nazi Heinrich Himmler's police-state/concentration-camp system inside the U.S.A. itself.

What 'Patriot II' Would Do

None of the above is fiction; it is real, and ready to go. For months, staffers in John Ashcroft's Justice Department have been drafting and putting the finishing touches on a sequel to the 2001 "USA/Patriot Act"—which has become known as "Patriot II," or better named "Heinrich Himmler II." When members of the Senate Judiciary Committee inquired as to rumors that a new anti-terrorism bill was being drafted, the Justice Department lied, denying that any such legislation was in preparation.

Don't be surprised! In January 2001, during the fight to block the confirmation of John Ashcroft as U.S. Attorney

General, Lyndon LaRouche warned that, under crisis conditions, Ashcroft would be used to force through dictatorial measures comparable to the 1933 Nazi emergency laws in Germany—the infamous *Notverordnungen*. LaRouche warned that it was not simply Ashcroft’s role as head of the Justice Department that would be so dangerous, but his role as a leading member of a crisis-management team in the Administration as a whole.

That has been borne out, by, for example, Ashcroft’s role in crafting the Pentagon’s “enemy combatant” justification for holding terrorist suspects—including U.S. citizens—incommunicado in military custody, removing them from the jurisdiction of the civilian courts. Likewise, Ashcroft’s role in the unwarranted spreading of panic and hysteria by the new Department of Homeland Security, as in Nazi Germany.

Ashcroft is aiming at you.

Don’t think for a moment that the new powers being sought by Ashcroft are only aimed at foreign terrorists and immigrants. While the first, post-9/11 round of dragnets and secret detentions chiefly targetted Arabs and Muslims in the United States, the proposed “Patriot II” would give the Justice Department the power to wield those same powers against all U.S. citizens. For example:

1. It loosens the present requirements of the Foreign Intelligence Surveillance Act (FISA) pertaining to “national security” wiretaps and break-ins. Currently it is required that the target be shown to be an agent of a “foreign power” or organization. In the new bill, the definition of “foreign power” can include unaffiliated individuals who are *not* shown to be acting on behalf of a foreign government or international organization.

2. Individuals could be subject to FISA surveillance simply if they are suspected of gathering information for a foreign power; the existing requirement that the activities potentially violate Federal law, is eliminated.

3. Purely domestic activity could be the subject of secret “national security” investigation. A new category of domestic security, or domestic intelligence-gathering, is created, which allows secret surveillance; this includes “conspiratorial activities threatening the national security interest”—a category so incredibly broad that political activity could easily fall under it.

4. The standards for “pen registers” (obtaining a record of phone numbers called by an individual, and records of Internet-mail addresses used or websites visited by an individual) are enormously loosened, so that the target need not have any connection to terrorism. All that is necessary is that the target be used “to obtain foreign intelligence information.”

5. An American citizen could be stripped of his citizenship and expatriated, if the Justice Department “infers” from his conduct that he is giving material support to an organization designated as “terrorist” by the government—even though the person believed he was supporting legitimate activity.



A lot more dangerous than Saddam Hussein: Attorney General John Ashcroft has denied to Congressmen the existence of “Patriot II” police-state prosecution legislation; but the bill’s provisions are known, and war or terrorism may immediately be used to spring it on Congress.

Blanket of Secrecy Over the Law

The “Patriot II” bill would also wipe out some traditional due-process guarantees, invade personal privacy, and further throw a blanket of secrecy over legal proceedings:

1. The use of secret arrests and detentions, and the exemption of records of arrests and detentions from public disclosure, will be expanded.

2. In cases involving classified information, the use of *ex parte* and *in camera* proceedings—in which prosecutors can secretly submit information to the court—is allowed upon a prosecutor’s request. Thus, an accused person or his lawyer is unable to challenge the government’s information, because it is given to the judge in a closed, back-room proceeding.

3. The use of so-called “Administrative Subpoenas” and “National Security Letters,” allowing the government to obtain financial and other types of records without a court order, will be expanded, and disclosure of such a non-court subpoena is prohibited.

4. Presently, a person receiving a grand jury subpoena and testifying before a grand jury is permitted to publicly discuss the fact that he has been subpoenaed, and what happened in the grand jury. The new bill would gag such witnesses, and prohibit them from responding to false information or smears leaked to the press by prosecutors—a common occurrence. A witness could not talk to his family, friends, news media, or even his Congressman.

5. The new law will instantaneously wipe out a number of court orders limiting spying and surveillance of political activity, which were the result of lawsuits arising out of unconstitutional, “Cointelpro”-type police and FBI programs in the 1960s and 1970s.

Ashcroft's Indoctrination

Do you wish to see into the strange mind of Attorney General Ashcroft? What ticks there? Look at the late Chicago University's leading fascist ideologue, Ashcroft's Professor Leo Strauss.

The state of mind behind such proposals, is indicated by the following background, here presented only in bare outline.¹ Recent news stories in Germany and the U.S.A. named John Ashcroft as one of a number of prominent protégés of the late philosopher Leo Strauss. Others named were: now-Deputy Defense Secretary Paul Wolfowitz (a leading advocate of war against Iraq for the past 12 years); Supreme Court Justice Clarence Thomas; neo-conservative warhawk William Kristol of the *Weekly Standard*; former Secretary of Education William Bennett; and *National Review* publisher William Buckley.

Although Strauss was nominally a Jewish refugee from Nazi Germany, he was actually one of a network of Frankfurt School Jews, such as Theodor Adorno and Hannah Arendt, who, lacking the prerequisites of a Nazi Party card, left to spread their decadent philosophy against the United States which they hated as "The New Weimar." Strauss came to the United States in the 1930s under the personal sponsorship of Carl Schmitt, the "Crown Jurist of the Third Reich," who provided the legal rationales for the devolution of Weimar Germany into the dictatorial Nazi state.

Strauss, in his long academic career in the United States, never abandoned his fealty to the three most notorious shapers of the Nazi philosophy: Friedrich Nietzsche, Martin Heidegger, and Schmitt. Carl Schmitt, in his 1932 book *The Concept of the Political*, contended—as do the Straussians today—that it is essential to define an "enemy" for the population to fight; only a belief in a mortal enemy can unify the population, and invest a regime with meaning. Today, for John Ashcroft, not only do the "terrorists" constitute that required enemy; but also, those who complain about his police-state methods.

Recall Ashcroft's statement during a Senate hearing in December 2001: "To those who scare peace-loving people with phantoms of lost liberty, my message is this: Your tactics only aid terrorists, for they erode our national unity and diminish our resolve. They give ammunition to America's enemies."

Ashcroft's "Himmler II" legislation would give draconian, Gestapo-type powers to the Justice Department, to deal with those whom the Attorney General defines as giving aid to terrorists by opposing the Administration's war drive, or by complaining of "lost liberty."

While you are still a citizen, make the Congress stop him, now!

1. For more background, see articles recently posted on www.larouchein2004.org and www.larouche.pub.com.

Can Bush, Rumsfeld Be Tried for War Crimes?

by Edward Spannaus

What the United States did, on the evening of March 19, in launching an imperial, "preventive" war on Iraq, is unquestionably in violation of the Charter of the United Nations and other agreements by which the United States of America, as a signatory, is bound. Indeed, UN Secretary General Kofi Annan repeatedly stated in the days leading up to the U.S. attack, that a unilateral attack by the United States on Iraq would be a violation of the UN Charter.

Were the unlawful actions of the United States to stand as a precedent, the United Nations, which America was instrumental in initiating and founding at the end of the Second World War as a means for preventing war, would lie in shambles, and relations among nations would be reduced to a Hobbesian "war of each against all" in which raw power, not morality or legality, would be the only currency. With the UN unable to protect smaller nations from the U.S. superpower, countries are less likely to bring disputes to the UN Security Council; and, drawing the obvious lesson in the contrasting U.S. treatment of Iraq and North Korea, they will see the acquisition of nuclear weapons as the only means of deterring the United States and getting respect.

The Bush Administration is obviously well aware that this war has no basis in legality. The legal justifications being cynically offered by the Administration are so transparently fraudulent, and rejected by most of the world, that its spokesmen can only be hoping that most citizens will not get behind the headlines and the sound-bites; above all, that they will not act as real citizens, taking personal responsibility for the fate and future of the nation.

The White House Legal Brief

At the March 13 White House press briefing, for example, spokesman Ari Fleischer was asked about the legality of the war, and responded by reading a prepared legal opinion, apparently coming from the State Department Legal Adviser.

Fleischer first read: "The United Nations Security Council Resolution 678 authorized use of all necessary means to uphold United Nations Security Council Resolution 660 and subsequent resolutions and to restore international peace and security in the area. That was the basis for the use of force against Iraq during the Gulf War." (In fact, Resolution 678 authorized the use of force only for the purpose of expelling

the Iraqi military from Kuwait, fully accomplished in 1991.)

“Thereafter,” Fleisher continued, “the United Nations Security Council Resolution 687 declared a cease-fire, but imposed several conditions, including extensive WMD-related conditions. Those conditions provided the conditions essential to the restoration of peace and security in the area. A material breach of those conditions removes the basis for the cease-fire and provides the legal grounds for the use of force.”

(But, what Fleischer failed to say, was that the implementation of Resolution 687’s disarmament provisions is left solely to the Security Council, which was “to remain seized of the matter and to take such further steps as may be required for the implementation of the present resolution and to secure peace and security in the area.”)

The UN Charter

This is, in fact, consistent with the provisions of the Charter of the United Nations, signed in 1945. Article 2 of the Charter made it clear that a major purpose of the creation of the United Nations was that member-states were to “refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state,” except under certain narrowly defined circumstances.

At all times, member-states are to seek a solution to their disputes through the UN Security Council (Security Council Art. 33), and it is left to the Security Council to make the determination with respect to a threat to the peace, a breach of the peace, or an act of aggression, and to determine what measures are to be taken to maintain or restore international peace and security (Art. 39).

It is only the Security Council that can decide upon the use of force: “Plans for the application of force shall be made by the Security Council with the assistance of the Military Staff Committee. . .” (Art. 46).

The Security Council may designate all or some member-states to use force to carry out its decisions, but only the Security Council is empowered to make such a determination: “The action required to carry out the decisions of the Security Council for the maintenance of international peace and security shall be taken by all the Members of the United Nations or by some of them, as the Security Council may determine. . .” (Art. 48).

The exception to this, is if a member-state is attacked by another state: “Nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations, until the Security Council has taken the measures necessary to maintain international peace and security” (Art. 51). This is generally understood to include the case in which an attack were imminent, so imminent that the member-state did not have time to take the matter to the Security Council. But that is obviously not the case with respect to the United States and

Iraq; no one, even the most rabid chicken-hawk, seriously argues that Iraq is an imminent threat to the security of the United States. Indeed, with the exception of Israel, those countries which are actually within striking range of Saddam Hussein oppose the U.S. attack, and the idea that the weakened and destroyed nation of Iraq poses a threat to U.S. national security, is nonsensical—and is seen as such by the overwhelming majority of the world’s nations.

Resolution 1441 and the Security Council

But, what about Resolution 1441, unanimously adopted last November, which is constantly cited by President Bush and members of his Cabinet as giving to the United States the authority to attack Iraq? Did not Resolution 1441 threaten Iraq with “serious consequences” if Iraq remained in “material breach” of its obligations to disarm? The answer is that yes, it did; but again, the determination of both matters was explicitly left to the Security Council to “consider,” not to one or two of its members.

It is patently clear that the Security Council does *not* believe that a material breach has occurred which justifies the immediate use of force. After promising to seek a vote in the Security Council, in which all members would have to “stand up and show where they stand,” Bush was forced to abandon the quest for a vote, when it became clear that a majority of Council members were opposed to the U.S.-British-Spanish resolution. And the official summary of the statements by the 15 member-countries in the debate on March 19, shows that *no* other countries, beside the United States, Britain, and Spain, supported the use of force against Iraq—not even Bulgaria, which had been counted as the fourth vote in favor of the U.S.-U.K. resolution. There were always five countries known to oppose the United States, and there were six deemed “undecided.” All of those six ultimately opposed ending the inspections and resorting to force at this time.

Thus, when the United States attacked Iraq, it was not simply “by-passing” the Security Council; it was flagrantly violating the Security Council’s intention and will.

Nuremberg Tribunal Precedent

The Administration’s desperation to provide a legalistic justification for the war, is undoubtedly related to the fact that many statesmen and commentators have challenged it on this point—but it may also have to do with the fact that a number of commentaries and articles have appeared warning that President Bush and Defense Secretary Rumsfeld could eventually find themselves charged with war crimes before the newly inaugurated International Criminal Court (ICC).

While *EIR* regards the ICC as an abomination (see *EIR*, July 27, 2002), it is nonetheless the case that the United States is bound by other treaties and conventions it has sponsored and signed, which could put Bush and others of the war party in legal jeopardy. For example, as we have shown (*EIR*, Oct. 18, 2002), launching aggressive war is a violation of the Char-

ter of the Nuremberg Tribunal, to which the United States is bound as a signatory, and whose principles were formally adopted by the UN General Assembly in 1950.

The four-power agreement creating the International Military Tribunal for Germany, included in its list of offenses for which there is individual responsibility: “a) *Crimes against peace*—namely, planning, preparation, initiation, or waging of a war of aggression, or a war in violation of international treaties, agreements, or assurances, or participation in a common plan or conspiracy for the accomplishment of any of the foregoing.”

The indictment in the trial of the major war criminals at Nuremberg contained four counts: 1) Conspiracy; 2) Crimes against peace; 3) War crimes; and 4) Crimes against humanity.

Count Two of the Indictment stated: “All the defendants, with diverse other persons, during a period of years preceding 8 May 1945 participated in planning, preparation, initiation, and waging wars of aggression which were also wars in violation of international treaties, agreements and assurances.” Twelve defendants were convicted on Count Two, in combination with other counts; seven were sentenced to death by hanging, and the others to imprisonment.

What Is Aggressive War?

In 1974, the UN General Assembly adopted a “Definition of Aggression,” which stated: “Aggression is the use of armed force by a State against the sovereignty, territorial integrity or political independence of another State, or in any other manner inconsistent with the Charter of the United Nations.” It further stated that among the acts which qualify as an act of aggression, are: “The invasion or attack by the armed forces of a State of the territory of another state, or any military occupation; . . . Bombardment by the armed forces of a State against the territory of another State.”

The Chief Delegate of the United States, Warren R. Austin, told the UN General Assembly on Oct. 30, 1946, that the United States was bound by the principles of law declared in the Nuremberg Charter, as well as by the UN Charter, saying that the Charter “makes planning or waging a war of aggression a crime against humanity for which individuals as well as nations can be brought before the bar of international justice, tried, and punished.”

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World, U.S. Opponents Of Iraq War Speak Out

Russian President Vladimir Putin on March 20 issued the strongest of scores of statements by France, Germany, and many other nations:

“Let me stress from the outset, that these military actions are being carried out contrary to world public opinion, and contrary to the principles and norms of international law and the UN Charter. Nothing can justify this military action—neither the accusation that Iraq supports international terrorism (we have never had and do not have information of this kind), nor the desire to change the political regime in that country, which is in direct contradiction to international law. . . .

“And, finally, there was no need to launch military action in order to answer the main question posed by the international community: namely, are there, or are there not weapons of mass destruction in Iraq? . . . Moreover, at the time of launching this operation, Iraq posed no danger either to neighboring countries, or to other countries and regions of the world, since—particularly after the decade-long blockade—it was a weak country, both militarily and economically. . . .

“The military action against Iraq is a big political mistake. I have already referred to the humanitarian aspect. But the threat of the disintegration of the existing system of international security is no less cause for concern. If we allow international law to be replaced by ‘the law of the fist,’ according to which the strong is always right, and has the right to do anything he please, with no restriction on his choice of means to achieve his goals, then one of the basic principles of international law will be called into question—that is the principle of the inviolable sovereignty of nation-states. And then no one, not one country in the world, will feel secure. And the vast area of instability that has emerged will expand, causing negative consequences in other regions of the world.”

John Brady Kiesling, 20-year State Department officer who was serving in Athens, left office on March 7. From his letter of resignation:

“. . . But until this Administration it had been possible to believe that by upholding the policies of my President I was also upholding the interests of the American people and the world. I believe it no longer.

“The policies we are now asked to advance are incompatible not only with American values but also with American interests. Our fervent pursuit of war with Iraq is driving us to squander the international legitimacy that has been America’s



Expressions of opposition broke out by the millions in cities worldwide, as the Bush Administration's war began—in violation of international law, UN conventions, and the U.S. Constitution.

most potent weapon of both offense and defense since the days of Woodrow Wilson. We have begun to dismantle the largest and most effective web of international relationships the world has ever known. Our current course will bring instability and danger, not security. . . .

“We should ask ourselves why we have failed to persuade more of the world that a war with Iraq is necessary. We have over the past two years done too much to assert to our world partners that narrow and mercenary U.S. interests override the cherished values of our partners. Even where our aims were not in question, our consistency is at issue. The model of Afghanistan is little comfort to allies wondering on what basis we plan to rebuild the Middle East, and in whose image and interests. Have we indeed become blind, as Russia is blind in Chechnya, as Israel is blind in the Occupied Territories, to our own advice, that overwhelming military power is not the answer to terrorism? . . .

“ . . . Why does our President condone the swaggering and contemptuous approach to our friends and allies this Administration is fostering, including among its most senior officials. Has ‘*oderint dum metuant*’ [‘Let them hate us, so long as they fear us’] really become our motto? . . .”

Sen. Edward Kennedy (D-Mass.), Senate speech, March 13:

“I am concerned that as we rush to war with Iraq, we are becoming more divided at home and more isolated in the world community. . . . The Administration by its harsh rhetoric is driving the wedge deeper. Never before, even in the Vietnam War, has America taken such bold military action

with so little international support. . . . The Bush Administration was wrong to allow the anti-Iraq zealots in its ranks to exploit the 9/11 tragedy by using it to make war against Iraq a higher priority than the war against terrorism.”

Sen. Patrick Leahy (D-Vt.), Senate speech, March 13:

Leahy referred to the words of **Gen. Brent Scowcroft (ret.)**, former National Security Advisor and current chairman of the President’s Foreign Intelligence Advisory Board (PFIAB), who described the Administration’s “coalition of the willing” as “fundamentally, fatally flawed . . . [by projecting] an image of arrogance and unilateralism. If we get to the point that everyone secretly hopes the United States gets a black eye because we’re so obnoxious, then we’ll . . . be like Gulliver with the Lilliputians.”

Leahy also introduced into the *Congressional Record*, the letter of resignation of diplomat John Brady Kiesling, saying that “he echoed General Scowcroft’s concerns about the practical harm to U.S. interests,” and that Kiesling’s letter “expresses the concerns of some other American diplomats who are representing the United States in our embassies and missions around the world.”

Sen. Mark Dayton (D-Minn.), Senate speech, March 13:

“In a few moments, we will vote to consider nomination of Miguel Estrada to the second highest court; we’ve spent over 100 hours on the Senate floor on this nomination. Compare that 100 hours on one judicial appointment with the number of hours we’ve spent this year discussing and debating a Declaration of War before commencing a war. Zero. Not one hour. Not one minute.

“With this nation poised on the brink of war—a war which the United States is instigating without direct provocation. Without imminent threat to our national security. The first war of pre-emption—we’ve claimed the right to attack another country because they might become a future threat. The first war in which the United States is perceived in the eyes of the world as the provocateur, as the threat to world peace. . . .”

Former U.S. Rep. Robert F. Drinan (D-Mass.), statement issued at a press conference at the National Press Club, March 14, where a letter was also released by 74 former members of Congress, opposing the Iraq war:

“Seldom if ever has the United States prepared for a war opposed by virtually every religious group in the country.

The Catholic Bishops, the National Council of Churches, and virtually all other major denominations have strongly opposed the war in Iraq. They have agreed that such a conflict does not fulfill the requirements of the ‘just war’ theory. . . .

“We as former members of Congress have come together to proclaim in every way available to us our opposition to a war rejected by America’s closest allies in the world. The proposed war could bring unthinkable tragedies to the world. It could alienate the Muslim communities in the 48 Islamic nations. It could create countless refugees, destabilize parts of the Middle East, and further alienate millions of people and scores of nations from the United States.

“The opposition of the former members of Congress here is based on moral, religious, and strategic reasons. It is the wrong war at the wrong time and for the wrong reasons. . . .”

After having been rebuffed in attempts to meet with President Bush on the war and other matters, members of the Congressional Black Caucus took to the House floor on March 18 to plead for a diplomatic solution.

Rep. Donald Payne (D-N.J.):

“We are opening a door to an era which de-emphasizes diplomacy and devalues peaceful solutions through negotiations. Before we risk the lives of young men and women in uniform, as well as countless civilians in both the Middle East and our own country, shouldn’t we do everything in our power to find a peaceful solution to the situation in Iraq?”

Rep. Maxine Waters (D-Calif.):

“We are worried that the war on terrorism is taking a back seat to a pre-emptive strike on Saddam Hussein. Yes, every country should be able to defend itself, but we’re in no danger from Iraq. Striking Saddam is not fighting terrorism.”

Sen. Robert Byrd (D-W.V.), “Today, I Weep for My Country,” March 19:

“. . . No more is the image of America one of strong, yet benevolent peacekeeper. . . . Around the globe, our friends mistrust us, our word is disputed, our intentions are questioned.

“We flaunt our superpower status with arrogance. After war has ended, the United States will have to rebuild much more than the country of Iraq. We will have to rebuild America’s image around the globe. . . .

“The case this Administration tries to make to justify its fixation with war, is tainted by charges of falsified documents and circumstantial evidence. . . . There is no credible information to connect Saddam Hussein to 9/11. . . . We cannot convince the world of the necessity of this war for a simple reason. This is a war of choice. Instead of isolating Saddam Hussein, we seem to have isolated ourselves.

“A pall has fallen over the Senate chamber. We avoid our solemn duty to debate the one topic on the minds of all Americans, even while scores of thousands of our sons and daughters faithfully do their duty in Iraq. . . .”

The Men Working On the Cheney Gang

by William Jones

We knew that “something wicked this way comes” when the elusive Vice President Dick Cheney suddenly appeared on most major TV networks on March 16. This particular Vice President, generally preferring to play a low-key role, is almost always in the center of policy deliberations. The low profile only serves to diminish public interest in the real importance he holds in this Administration, and that is the intention. If there ever were a “gray eminence,” Dick Cheney is it.

Nevertheless, now that the LaRouche movement’s broad exposure of the “New Empire” doctrine is being echoed internationally, the Vice President’s role in making this Administration’s policy is becoming ever more obvious. The publication of the September 2002 National Security Strategy, with its notorious pre-emptive strike doctrine—even implying the possible use of mini-nuclear weapons—initially met with shock; but, it has allowed a public airing of the fact that this outlandish doctrine originated in the 1992 Cheney Defense Department. The story of how the Cheney Pentagon shop tried to foist the “pre-emptive strike” doctrine on an unwitting, but unwilling, President George Herbert Walker Bush; and how Bush rejected it, after a concerted effort of then Chairman of the Joint Chiefs of Staff Gen. Colin Powell, National Security Advisor Gen. Brent Scowcroft, and Secretary of State James Baker III, has shed some light on the hitherto-unknown cast of characters which has migrated with the former Defense Secretary to the Vice President’s quarters in the Old Executive Building.

Chicken-Hawk Team of 1990-92

On May 21, 1990, then Undersecretary of Defense Paul Wolfowitz gave a briefing at the Pentagon, on what we now know as the “pre-emptive strike” doctrine. While that briefing has never been made public, its general outlines were reflected two years later in 1992 in Cheney’s Defense Policy Guidance, portions of which—although it remained classified—were leaked to the *New York Times* and caused an uproar.

The basic themes are: That the United States had become the world’s sole superpower, whose policy task must be to prevent the development of any competitors. It foretold a world in which U.S. military intervention would come to be seen “as a constant fixture” of the geopolitical landscape, and Washington would act as the ultimate guarantor of the international order. Indeed, the draft guidance failed to even mention the United Nations. “We will retain the pre-eminent



Vice President Cheney has emerged from “undisclosed locations” to prominence as war approached—according to a lunatic policy he pushed as Defense Secretary from 1990-92. Here (right to left) Paul Wolfowitz, Cheney, and I. Lewis Libby give Iraqi oppositionists their instructions on March 6.

responsibility for addressing selectively those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unsettle international relations,” the draft said. The United States “must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role.” It described Russia and China as potential threats, and warned that Germany, Japan, and other industrial powers might be tempted to re-arm and acquire nuclear weapons if their security were threatened, which might start them on the way to competing with the United States.

These ideological children of University of Chicago fascist Leo Strauss, were attempting to live out their wildest geopolitical fantasies. Luckily, some Bush “41” Administration officials, living in the adult world, put their feet down. Together, Scowcroft, Powell, and Baker quashed the proposal. It was only to be taken off the shelf and dusted off, when Bush 43 was sworn into office.

Cheney’s Shadow National Security Council

While the more prominent figures in this conspiracy, such as Paul Wolfowitz and Richard Perle, are almost household words by now, some of the men working on the Cheney Gang deserve much more public exposure.

Irving Lewis Libby: A key member of the Cheney Pentagon operation, “Scooter” is the Vice President’s Chief of Staff. Libby’s service as lawyer for fugitive mobster Marc Rich has been well-documented by *EIR*. Libby served at the Bureau for Special Projects at the State Department’s Bureau of East Asian and Pacific Affairs; and later on the Cox Commission’s staff, whose director was C. Dean McGrath. McGrath now serves as the Deputy Assistant to Libby, and they make up the nucleus of the Cheney “triggersmen.”

Eric Edelman: A former Ambassador to Finland with

extensive background on Russian and East European affairs, Edelman was executive assistant to Strobe Talbott, Bill Clinton’s special adviser on Russia. Edelman worked closely on bringing the Baltic states into NATO and was awarded the Gediminas Prize by Lithuania for his efforts. He has now been named U.S. Ambassador to Turkey, where he will undoubtedly be a key player for the Cheney Gang in pitting that country against Russian influence in the Central Asian republics.

C. Dean McGrath: Chief of staff to Rep. Chris Cox (R-Calif.), when Cox was appointed to head up a commission to investigate alleged transfers of sensitive technology to China. The real purpose of the commission was to throw a monkey wrench into the Clinton Administration’s China engagement policy. Although the commission was “bipartisan,” the “investigation” was actually an ideological rallying point for the neo-conservative anti-China lobby. One of its chief members, former Clinton Commerce Secretary William Reinsch, publicly disassociated himself from the commission’s conclusions, which were clearly vectored to prevent further U.S. aerospace cooperation with China.

Stephen J. Yates: Senior Policy Analyst for China at the neo-conservative bastion, the Heritage Foundation, before joining the Cheney Gang. While at Heritage, Yates wrote numerous papers calling for the United States to upgrade Taiwan’s defense assistance, by passing the Taiwan Security Enhancement Act; missile defense cooperation with Japan; and greater ease for diplomatic visits from Taiwan. Yates openly stated that no U.S. official should ever use the phrase “one-China policy”—which was the official U.S. policy—which he characterized as outdated.

John Hannah: Chief adviser for Cheney on Middle East affairs. Hannah was managing director of the pro-Likud Washington Institute for Middle East Policy and a critic of the Oslo Accords peace process. He was instrumental in organizing Cheney’s visit to the Middle East in February 2002, which effectively pulled the rug out from under Secretary of State Powell and his special envoy, Gen. Anthony Zinni, who were working to bring the Israelis and Palestinians together. Hannah called for a tougher line against Palestinian Authority President Yasser Arafat, claiming that “Arafat has never had the trust of Bush.” Some State Department officials attribute to Cheney, getting Bush to reject any role for Arafat in the Mideast peace negotiations.

Zalmay Khalilzad: Special Assistant to the President for the Gulf and Southwest Asia, he is presently “trouble-shooter” of the Administration’s Iraqi opposition gambit and the “enforcer” in getting Turkey to allow American use of its airspace for the war on Iraq. Khalilzad was a key player in Cheney’s Pentagon shop in 1991. In the mid-1990s, he wrote a short book, *From Containment to Global Leadership?*, which incorporated the earlier Wolfowitz Pentagon briefing. He recommended that the United States “preclude the rise of another global rival for the indefinite future [and] be willing to use force if necessary for the purpose.”

LaRouche Youth Movement Takes On DLC War Party

by EIR Staff

As President Bush fled from the failing American economy into “imperial” war, Lyndon LaRouche’s Presidential campaign, led by his growing youth movement, escalated its challenge to the Democratic Party to throw out its own war faction, the Democratic Leadership Council (DLC) represented by Sen. Joe Lieberman’s and kindred candidacies. In mid-March, while the LaRouche Youth Movement on the East Coast stalked the halls of Congress and tens of thousands of LaRouche’s statements circulated in the Washington area, his West Coast youth forces made a major intervention into the Democratic convention of the Party’s largest state organization, in California.

In Sacramento on March 15-16, the LaRouche Youth Movement, with a force of 70 California members, and older LaRouche Democrats, drew blood with their persistent de-

mand that the DLC be kicked out. Many of the traditional California Democrats agreed—they lustily booed a videotaped speech which Lieberman sent to the convention, and passed a motion to notify Lieberman of its hostile reception—but fought over the real question of backing LaRouche’s leadership. This meant admitting that the DLC, more than a bad political faction, is run by the financiers of organized crime. And since Presidential candidate Lieberman and other DLC leaders have been begun telling party meetings that Democratic candidates “must not bring up FDR”—in the midst of worsening hard times—it meant admitting that the DLC actually represents a police-state response to economic depression. The Democratic Party is riven over the invasion of Iraq, but has no leader but LaRouche advancing policies to reverse the economic collapse. As LaRouche put it in his “Summary of the Strategic Situation” which the young organizers distributed at Sacramento, “It’s Joe’s [Lieberman’s] Hitler, or Lyndon’s FDR.”

Rude Questions of War or Recovery

The LaRouche Youth Movement was everywhere—in the caucuses, on the floor of the convention, in front of the convention center, at the press briefings, and at the hospitality suites. Over and over, party officials asked, “How did LaRouche attract all these young people?” One senior Democrat commented. “This will shake up all the consultants and pollsters who argue that all young people are apathetic.” Other party bureaucrats, less favorable, accused the youth of being “rude” due to their insistence that the convention take up the biggest problems: stopping the chicken-hawks’ war, and forcing national and international recovery measures against rapidly deepening depression.

The LaRouche impact on the California convention, led by the youth organizers, accomplished three important objectives. First, enemies of LaRouche in the party were unable to get the state Democratic leaders to attempt to to keep LaRouche delegates and LaRouche youth organizers out of the convention, as the Democratic National Committee (DNC) had employed police and thug tactics at its Winter meeting in Washington Feb. 15-16, which it refused to invite LaRouche to address. State leaders and Black Caucus members supported the LaRouche backers’ right to be there, struck by the number of youth from all educational and ethnic back-



LaRouche A large LaRouche Democrat delegation, led by Youth Movement organizers, brought to the California Democratic Convention, their national demand that the party get rid of its war-hawk, anti-FDR faction—the Democratic Leadership Council, represented by candidate Joe Lieberman.

grounds LaRouche is recruiting. A LaRouche Democrats meeting the evening of March 15 at the convention was attended by more than 80 people, including convention delegates, and turned into a long question-and-answer session with LaRouche western states spokesman Harley Schlanger.

Secondly, the intervention successfully put on the agenda, the demand that LaRouche be invited to address the California state legislature—which is dominated by Democrats and which is facing a mind-boggling \$34 billion state budget deficit—on his “Super-TVA” economic recovery strategy. Gov. Gray Davis’ (D) spokesman Eric Bauman concluded his speech to the California Democratic Caucus by saying, “There are two things I have to tell the Governor: One, is the near-unanimous support for banning drivers’ license profiling; and two, the request to bring LaRouche into the legislature.” Governor Davis himself was told by LaRouche youth leader Summer Shields, “Are you aware that there are over 100 LaRouche organizers outside waiting for you to bring in LaRouche?” And one California DNC member inflated it further in his excitement, “When I saw 178 young people singing through the halls of this convention, I said, ‘We’re [the non-LaRouche Democrats] doing something wrong!’ ” The LaRouche youth had been singing “Oh, Freedom,” and other civil rights spirituals.

Finally, the LaRouche Youth Movement members were able to shift the convention’s focus on its first night, March 15, when they managed to force a mindless, Hollywood-like Young Democrats’ “awards night”—complete with cheerleaders and pom-poms—to start discussing the urgent political/economic crisis. The session was then shut down, but as the Young Democrats and College Democrats re-entered the general convention, they were reading LaRouche’s circulated statements. An alert Berkeley graduate journalism student videotaped the entire process, as the convention stopped and grew silent except for the singing of spirituals. As one delegate put it the following day, “LaRouche took over the building.”

‘Oh, Freedom’

With millions of rank-and-file Democrats wanting their leadership to do something to stop the crazed imperial war adventure of the Bush Administration, LaRouche Democrats provided clear, calm direction with the mass circulation of the candidate’s “Strategic Summary” (see page 30) and his statement, “Stop Ashcroft’s Himmler II Bill” (see page 44). This leadership was beautifully shown at a March 18 meeting of a district Democratic Party organization in Washington state. A group of LaRouche youth attended, and when one was called on, they sang, in chorus, the same “Oh, Freedom” spiritual, and then read the first paragraphs of the leaflet outlining LaRouche’s action to stop Ashcroft’s police-state moves. The entire meeting became a task-oriented discussion of LaRouche’s approach to political intelligence and action, and how the collapse of the country into war and police-



LaRouche youth organizers, singing, at the Sacramento convention’s second day, March 15. One of their major objectives was to get LaRouche invited to address California’s legislature, which is stumbling under the staggering weight of a \$34 billion budget deficit, and has no solution.



A LaRouche Youth Movement organizer talks to an anti-war protester at the California Democratic Convention on March 16. The LaRouche Youth were numerous enough at the convention that their rally was mistaken for the peace demonstration itself by some protesters; they had a major impact on the Democratic meeting.

state could be stopped. Many showed they had been reading LaRouche literature in the past, and wanted to hear LaRouche Youth Movement speakers at their meetings in the future.

Richard Perle's 'Sheikhdowndown' Draws Fire

By Our Special Correspondent

The Richard Perle Saudi extortion scheme which *EIR* reported on March 21 ("Cheney and Perle To Go Down Like Ollie North?"), is rapidly turning into a major international scandal, which could sink the neo-conservative icon, and implicate Vice President Dick Cheney and his family in serious charges of conflict of interest and imperial nepotism.

As first reported in a March 17 *New Yorker* article by Seymour Hersh, Perle, the chairman of the Defense Policy Board, a Pentagon advisory group that has become a powerhouse under the Donald Rumsfeld dynasty, held a lunch meeting on Jan. 3 with two Saudi businessmen—the notorious Iran-Contra middle-man Adnan Khashoggi, and Iraqi-born Harb al-Zuhair—at a restaurant in Marseilles. Perle, according to Hersh's account derived from interviews, made a pitch to the men to line up a group of Saudi investors, to kick in a total of \$100 million to a security technology firm, Trireme Partners L.P., which Perle had set up in November 2001, right after the Sept. 11 attacks in New York and Washington.

When word of the meeting reached the Saudi royal family, Hersh wrote, "they reacted with anger and astonishment"—understandably so. From his power perches at the Defense Policy Board, the American Enterprise Institute, the Hudson Institute, and the media cartel of Lord Conrad Black's Hollinger Corp., Perle had been waging a one-man war against the House of Saud, practically accusing it of being the hand behind Osama bin Laden, al-Qaeda, and the 9/11 attacks. Never mind what former FBI Director Louis Freeh had told *New Yorker* writer Elsa Walsh, in an interview, published on March 24, concerning the Saudi royal family: "From where I sat and from what I knew, al-Qaeda was more a threat to them than to the U.S., particularly prior to East Africa [the Aug. 7, 1998 bombings of the U.S. Embassies in Kenya and Tanzania], because of bin Laden's earlier activities. His whole focus was on toppling the royal family and getting the U.S. forces out of Saudi Arabia. The notion that the Saudis pulled their punches is not consistent with anything I knew or saw there."

On July 10, 2002, Perle brought in then-RAND Corp. "senior analyst" Laurent Murawiec—a paid propagandist for Russian "Mafiya" godfather Marc Rich—to tell the Defense Policy Board that Saudi Arabia was an enemy of America and to propose that the United States should seize the Saudi oil fields. (Murawiec is now at Perle and Black's Hudson Institute's D.C. office.) In a Spring 2002 article in the Hollinger *Jerusalem Post*, Hudson Institute figure Max Singer had demanded the United States annex the Eastern Province of Saudi

Arabia, where most of its oil deposits are found, leaving the House of Saud and Saudi Arabia's Wahhabi clergy to administer the holy sites of Mecca and Medina. On June 18, 2002, Hudson and the Aspen Institute Berlin had co-sponsored a Saudi-bashing session on Capitol Hill, hosted by Sen. Sam Brownback (R-Kan.), a promoter of the "Clash of Civilizations" lunacy of Bernard Lewis and Samuel Huntington.

Akiva Eldar, the well-respected investigative reporter for Israel's *Ha'aretz* daily, provided an account of the July 10 Defense Policy Board briefing: "A few weeks ago," he wrote on Oct. 1, 2002, "Richard Perle invited the Pentagon chiefs to a meeting with researchers from a Washington think tank with particularly close relations with the Defense Department. According to information that reached a former top official in the Israeli security services, the researchers showed two slides to the Pentagon officials. The first was a depiction of the three goals in the war on terror and the democratization of the Middle East: Iraq—a tactical goal; Saudi Arabia—a strategic goal; and Egypt—the great prize. The triangle in the next slide was no less interesting: Palestine is Israel, Jordan is Palestine, and Iraq is the Hashemite Kingdom."

Prince Bandar's Accusation

Hersh's March 17 *New Yorker* story reported that longtime Saudi Ambassador to Washington Prince Bandar bin Sultan "told me that he had got wind of Perle's involvement with Trireme and the lunch in Marseilles. . . . He said that he was told that the contacts between Perle and Trireme and the Saudis were purely business, on all sides. After the 1991 Gulf War, Bandar told me, Perle had been involved in an unsuccessful attempt to sell security systems to the Saudi government, 'and this company does security systems.'" Prince Bandar next accused Perle of attempting to blackmail the Saudis: Cough up \$100 million in investments in Trireme, and the Saudi-bashing ends. "There is a split personality to Perle," Bandar told Hersh. "Here he is, on the one hand, trying to make a \$100 million deal, and, on the other hand, there were elements of the appearance of blackmail—'If we get in business, he'll back off on Saudi Arabia'—as I have been informed by participants in the meeting."

Perle claimed that the meeting involved a discussion of Iraq, and a proposal by al-Zuhair that Saddam Hussein could be induced to leave the country. But Prince Bandar was not biting: "There has to be deniability," he told Hersh, "and a cover story—a possible peace initiative in Iraq—is needed. I believe the Iraqi events are irrelevant. A business meeting took place."

According to one well-placed Arab diplomatic source in Washington, there is good reason to believe that the alleged Perle extortion attempt did strike pay dirt. In mid-March, a nephew of Khashoggi's was named editor-in-chief of a prominent Saudi Arabian daily newspaper, *Al-Watan*. Jamal Khashoggi had penned an October 2002 slander of Lyndon LaRouche in the Beirut *Daily Star*, which later appeared in Arabic newspapers in Saudi Arabia and Kuwait. Prior to his

becoming editor, *Al Watan* had been regularly covering Lyndon LaRouche's activities, including LaRouche's leading role in exposing the Perle-Paul Wolfowitz "chicken-hawk" war-party inside the Bush Administration. A recent LaRouche-sourced *Al-Watan* article had even exposed the Perle "sheikhdown" operation.

But LaRouche is not the only target of the Perle blackmail scheme. A prominent group of old guard Republicans, many associated with the "Bush 41" Presidency, also stand to lose in a big way, if the Perle scam fully succeeds. According to Arab diplomatic sources in Washington, Perle's heavy-handed pitch to the ever-corrupt Khashoggi included a not-so-veiled attack on the Carlyle Group, a Washington investment firm with extremely close business ties to Saudi Arabia. Carlyle has long been associated with former Reagan and Bush Administration Cabinet official Frank Carlucci, former Secretary of State James Baker III, former President George H. W. Bush, and others of the "Bush 41" inner circle.

It is not known whether Perle was so crass as to mention Carlyle by name in his \$100 million sales pitch, but Arab sources report that Perle flaunted the fact that the "friends of Saudi Arabia" in and around the Bush Administration had been unable to stop the avalanche of attacks on the House of Saud after the 9/11 attacks.

All in the Family

Washington insiders have also informed *EIR* that the Perle scandal has kicked up a great deal of dirt around Vice President Cheney's family business deals on the side. The London *Guardian* had reported, on March 12, 2003, that Cheney, through a "deferred compensation" deal with Halliburton, was receiving as much as \$1 million a year in an escrow fund that he can tap the moment he leaves government service.

Halliburton has made out like a bandit in the post-9/11 war on terrorism and Iraq showdown. Halliburton subsidiary Kellogg, Brown & Root (KBR) has the contract with the Pentagon to put out the fires in the Iraqi oil fields, should Saddam Hussein detonate the booby-traps already in place. KBR won the construction contract for the military detention camp at Guantanamo Bay, Cuba, and is one of five big American construction firms "invited" to bid on nearly \$1 billion in "preliminary" post-war Iraq reconstruction projects. Total contracts are estimated at well over \$3 billion.

Cheney has another not-so-secret weapon in Halliburton's bidding wars. Daughter Elizabeth Cheney is the Deputy Assistant Secretary of State for the Near East, in charge of the economic dimensions of American foreign policy in the Middle East. On Dec. 12, 2002, in a speech at the Heritage Foundation, Secretary of State Colin Powell announced the launching of the U.S.-Middle East Partnership Initiative, aimed at "promoting democracy" in the Arab world. Ms. Cheney, whose husband is the general counsel to the White House Office of Management and Budget, was put in charge of the "democracy" project—yet another inside track on the shaping of the "democratic" post-Saddam Iraq.

Nazi Jurist Taught Leo Strauss, Neo-Con Mentor

by Barbara Boyd

In the March 21 *EIR*, Lyndon LaRouche and Jeffrey Steinberg documented how the neo-conservative apparatus controlling President George Bush, defines the world through the philosophy of Leo Strauss. Strauss (1899-1973) was a German emigré political science professor whose ideas gained cult-like influence in U.S. and German political circles during his tenure as a professor at the University of Chicago, and through his student Allan Bloom at Harvard. Strauss never abandoned his fealty to Nazi philosophers Carl Schmitt, Martin Heidegger, and Friedrich Nietzsche, arguing for a totalitarian regime run by "philosopher kings" who sustain their power by deception and myths promulgated to a clueless population.

Strauss protégés Paul Wolfowitz, William Kristol, Michael Ledeen, Samuel Huntington, and others have led the drive for a Clash of Civilizations war with Iraq and beyond. At the same time, another Strauss protégé from the University of Chicago, Attorney General John Ashcroft, has prepared "emergency" legislation, the so-called Patriot II Act, which awaits a pretext for implementation to transform the United States into a virtual police state.

In a broadside circulated nationally the week of March 17, Democratic Presidential pre-candidate LaRouche cites these Straussian chicken-hawks as an "immediate new Hitler threat," given the ongoing economic collapse and the complete failure to respond to it, from the President on down. Then as now, there was an alternative set of measures—those proposed by FDR, and LaRouche—both in the United States and in Germany. The rejection of these measures by the German elites allowed Hitler's triumph.

Schmitt, Strauss, and the Third Reich

To those unfamiliar with them, a background sketch of the ideas of Leo Strauss and his Nazi teacher and collaborator Carl Schmitt has become essential. This article reports on the modern neo-conservative reworking of Schmitt's fascist theory, to conform to "Christian fundamentalist" belief structures, a development which is ominous in light of the profile of the present U.S. Administration. Heinrich Meier, the German professor responsible for this synthesis, states that it is attributable to Strauss' 1930s collaboration with Schmitt, on Schmitt's theory of the perfected totalitarian state.

Carl Schmitt was dubbed "Crown Jurist of the Third Reich" by the Nazis, because he successfully engineered the subversion of the German Weimar Republic's Constitution beginning in 1919. As an influential professor and as legal

advisor to the successive Brüning, Von Papen, and Hitler governments, Schmitt lambasted the constitutional system, based upon the ideals of political liberalism and individual rights, as impotent and corrupt, incapable of the decisive action required in the profound economic collapse facing Germany. He proposed emergency rule by decree and a temporary presidential commissarial dictatorship to “save” the Constitution.

Schmitt’s subversive campaign was seen as an antidote to the “impossibility” of democratic rule for the German governments of Brüning and Von Papen, who responded to economic collapse with brutal austerity measures against the population and tax cuts for business. Schmitt greatly admired Mussolini, with whom he exchanged views on Roman law, and who, he argued, had founded a perfect system based on an authoritarian state, the Church, a free enterprise economy, and a guiding mythos to arouse and intrigue the popular will.

When the Nazis staged the Reichstag Fire on Feb. 27, 1933 resulting in Hitler’s suspension of rights and imposition of dictatorship, Schmitt provided the legal theory for these actions. Rule by the Führer was democratic, Schmitt said, because his orders could be voted upon directly in referenda or plebiscites by the people, rather than being stalled by endless impotent discussion and votes by Parliament. Schmitt’s collaboration with Göring and Hans Frank conformed all German law to Nazi theory; his collaboration with Heidegger purged German universities of Jews and other “undesirable” elements. When Hitler invaded Poland, Schmitt asserted preemptive war’s legality on the grounds that German national security required a *Grossraum*, a sphere of influence to protect the Reich from invading Bolshevik hordes.

Schmitt’s fascist legal brew was based on a reworking of Roman law, Donoso Cortes, G.W.F. Hegel, and most significantly, Thomas Hobbes, who declared universal truths to be an illusion and reduced all of human existence to the war of each against all. According to Schmitt and Hobbes, man is not inherently good, but “fallen,” and therefore evil and dangerous. Schmitt famously remarked, if “man were not evil, my ideas would be evil.” Leo Strauss, as a student of Schmitt and subsequently as an emigré, collaborated on Schmitt’s reworking of Hobbes for Nazi ideology. So impressed was Schmitt with Strauss, that he obtained a Rockefeller scholarship for Strauss to move to Britain to study Hobbes. The 1932-33 Strauss-Schmitt correspondence led to Schmitt’s significant revisions of his own seminal work, *The Concept of the Political*.

Religious War and Emergency Rule

Heinrich Meier, a professor associated with the Siemens Foundation in Germany, has written two works on Schmitt and Strauss, which have become the hegemonic interpretations of their core philosophies among right-wing Straussians in Germany and the United States. Meier is himself a protégé of Armin Mohler, the Schmitt student who played a key role in rehabilitating and reviving Schmitt in Germany and the

United States, as well as the “Conservative Revolution” in both countries. According to critics of Meier, prior to “coming to Schmitt as a scholarly preoccupation,” Meier was “apparently working on ‘Biosozialismus,’ a form of racist social Darwinism on the thesis of ‘natural’ human inequality.”

Meier documents that the Strauss/Schmitt collaboration put Schmitt’s ideas into a theological context suitable to Christian “revelation” and a Clash of Civilizations imperialism, which engages in religious warfare to keep God a living presence in human culture.

Schmitt initially defined politics as the sphere of human activity solely determined by the relationship between the friend and the foe. As opposed to the search for peace and consensus at any price which is liberal democracy, he wrote, a people or state only find their identity and vitality by identifying an enemy and mobilizing against it. The only legitimate sovereign, Schmitt adds, is he who defines the exceptional situation and the foe in that situation. The Weimar Republic, Schmitt argued, lacked “charismatic leadership,” without which a state is a directionless “bureaucratic regime.” Schmitt thus transformed Hobbes’ individual “war of each against all,” into wars of groups or states against other states. He claimed, as Henry Kissinger has since 9/11, that the “Westphalian” order of Europe, with its sovereign nation-states, had been completely broken by World War I. Now, Schmitt emphasized, how the state acts in the face of “concrete danger”—not any moral purpose—determines its legitimacy.

According to Meier, however, the hidden driving force of Schmitt’s friend/foe dichotomy is faith—the leader’s obedience to God’s revelation in making the concrete decision as to who the enemy is at a given historical moment. Strauss’ suggestion to Schmitt that he openly “acknowledge” this driving force resulted in the creation of Strauss’ synthetic political ideology. Strauss urged Schmitt to make the “political” not one among other spheres of human activity as liberals do, but rather the primary human activity, while imbuing it with a powerful religious heresy.

In Schmitt reworked by Strauss, faith in God provides a foundation for the friend/enemy distinction that preserves the supremacy of the political over other spheres of society. Faith teaches the opposition of God and the Anti-Christ, “but leaves to man complete latitude of action in deciding where and in what guise the Anti-Christ appears and how effectively to oppose him.”

Through the liberal politics of modernity, taught Strauss, the Anti-Christ has begun to establish his dominion by convincing men that “they no longer need to decide between Christ and the Anti-Christ.” Thus the Anti-Christ is a liberal who seeks to have men abandon the opposition between friend and enemy which is the lifeblood of politics and religions.

The Straussian version of Schmitt legitimizes all religious wars. Once this definition of the political is understood as the primary identity of any society, then relations within the state can also be defined by the fundamental notion of enmity, the “internal enemy” who is against “whatsoever is of God.”

High Court Stays Texas Execution as Ashcroft Pushes Death Penalty

by Bonnie James

In a dramatic 11th-hour move, the U.S. Supreme Court stayed the March 12 execution of a Texas death row inmate who has a strong claim of innocence in the murder that led to his conviction 23 years ago. Just 10 minutes before Delma Banks, Jr. was to have received a legal injection—which would have made him the 300th person to be put to death by the State of Texas since executions were reinstated there in 1982—the Court acted to stop the judicial murder, at least until the Justices can consider his request for a full-scale hearing on his claims. Banks, an African-American who was 21 years old at the time of the murder, has challenged his conviction on the grounds that his trial was marred by prosecutorial misconduct, ineffective counsel, and racial discrimination in jury selection.

While features of the Banks' case differ in no significant way from many other death row cases, it is of note that several prominent jurists and law enforcement figures rose to his defense. An *amicus curiae* (friend of the court) brief supporting Banks' attorneys' request for a *Writ of Certiorari* (a decision by the Supreme Court to hear an appeal from a lower court) was submitted to the Court by former FBI Director William S. Sessions and former Appeals Court judges the Hon. John J. Gibbons and the Hon. Timothy K. Lewis. They were joined by Thomas P. Sullivan, a former U.S. Attorney in Illinois who served as co-chair of the Illinois Governor's Commission on Capital Punishment. The work of that commission led, on Jan. 11, to the commutation to life in prison, by then Illinois Gov. George Ryan, of all 167 death row sentences in the state (see *EIR*, Jan. 24, 2003). Today, only 12 states and the District of Columbia have no death penalty; Illinois has declared a moratorium.

Public Confidence Undermined

That a figure of the standing of Sessions—former “top cop” in the nation, as FBI director (1987-93) under Bush 41; former judge for the U.S. District Court for the Western District of Texas and chief judge of that court (1980-87); and U.S. Attorney for the Western District of Texas (1971-74)—should publicly step forward in the Banks case, is a reflection of the intensity

of the debate over capital punishment in the United States today. As the *amicus* brief states, “The questions presented in Mr. Banks' petition directly implicate the integrity of the administration of the death penalty in this country. . . . In recent years, mistakes and inequities in the capital punishment system have been the source of much analysis and discussion.” It cites a recent study which found that, of 4,578 capital offense cases, serious errors were identified in nearly 70% of trials that led to death penalty sentences! And, it notes that there have been more than 100 death row inmates exonerated since the death penalty was reinstated in 1976. “These and similar revelations have sparked a spirited public debate over whether the death penalty is fairly administered,” it says.

In the Banks case, there were two leading flaws: One, the prosecutors concealed significant exculpatory evidence from the defense; and two, Banks received “abysmal representation” from his court-appointed attorneys. However, as the *amicus* notes, the issues in the Banks case are more universal than peculiar to it: “Because the constitutional issues raised in Mr. Banks' petition call into question the reliability of the guilty verdict and death sentence in this case; and because similar flaws infect the reliability of death sentences around the country, thus substantially undermining public confidence in our capital punishment system; this Court should grant review.”

Ashcroft Wields the Executioner's Axe

Barely had the ink dried on the Justices' stay in the Banks case, when Attorney General John Ashcroft's Department of Justice carried out the execution of a decorated veteran of the first Gulf War, Louis Jones, Jr., at the Federal penitentiary



Former FBI Director Judge William Sessions (left) and three other well-known judges or prosecutors acted to win a stay of a Texas execution, the latest blow in the slow death of the death penalty. Delma Banks' (right) execution was stayed, to investigate several constitutional violations in his trial two decades ago.

near Terre Haute, Indiana, on March 18. Jones became the third Federal death row inmate to be put to death since the U.S. government resumed executions in June 2001, under the Bush II/Ashcroft Administration. Jones had appealed to President Bush to commute his sentence to life in prison, based on disclosures—not made at the time of his trial in 1995—that he had been exposed to nerve gas when his unit demolished a munitions plant during the 1991 Gulf War, and that he suffered from Gulf War Syndrome, which, according to testimony on appeal, had caused severe brain damage and altered his personality.

It is ironic, that just as the death penalty is coming under increasing scrutiny throughout the states of the United States; and moratoria are under discussion or, in the case of Illinois, already in place; the Federal government is stepping up its campaign to impose the ultimate sanction in Federal cases. According to the Moratorium Campaign, “Ashcroft is aggressively seeking the death penalty for Federal cases by overriding local Federal prosecutors’ recommendations and is seeking the death penalty for cases in states where there is no death penalty.” It seems that Ashcroft, a follower of the late University of Chicago Prof. Leo Strauss, who promoted the legal doctrines of his sponsor, Nazi jurist Carl Schmitt, recognizes “states’ rights” only when it is convenient for his fascist agenda.

Incredibly, Ashcroft’s co-thinkers attempt to draw a comparison between the use of Federal power to override the states in death penalty cases, and the government’s role during the Civil Rights struggles of the 1960s: According to a senior Justice Department official quoted recently in the *Washington Post*, “Someone who commits a Federal death penalty crime should be treated the same, no matter where they committed the crime. States do not have the option of opting out of the Federal death penalty law any more than they had the option of opting out of Civil Rights laws in the 1960s.”

Moreover, the Ashcroft DOJ has arrogated to itself the ability to seek the death penalty for a wide range of crimes, including murder of a Federal judge or law enforcement official, treason, espionage, or even drug trafficking. There are now 27 defendants awaiting death in the Federal system.

Ashcroft reportedly enjoys reviewing each and every case eligible for the Federal death penalty. Indeed, according to the Moratorium Campaign, this so-called Christian fundamentalist is “twice as likely as former Attorney General Janet Reno to ignore the recommendations of local prosecutors to seek a lesser sentence.” Since taking office, Ashcroft has reversed the recommendations of Federal prosecutors at least 28 times, even at times ignoring deals previously made by his staff.

As *EIR* has documented, Ashcroft has spearheaded the drive to rip up the U.S. Constitution, using the pretext of the “war on terrorism.” Presidential candidate Lyndon LaRouche has called for his immediate removal. The time to act is now, before he kills again.

Interview: Dr. Najeeb Al-Nauimi

‘Is Guantanamo a Land Where No Law Applies?’

Dr. Najeeb bin Mohammed Al-Nauimi is the former Justice Minister of Qatar; now Chairman of the Committee for the Defense of the Detainees at Guantanamo, he personally represents 93 of those being held in the U.S. military prison in Guantanamo Bay, Cuba. He was interviewed in EIR’s May 31, 2002 issue. On May 15, Dr. Al-Nauimi was a guest on “The LaRouche Show,” where he was interviewed by Michele Steinberg, Edward Spannaus, and members of a LaRouche Youth Movement panel.

Steinberg: Dr. Najeeb, when you came here, among other things, you were seeking the ability to have contact—meet—your clients, who are detained in a gulag in Cuba. Can you tell us how they got there, and what you have found since you’ve been in the United States?

Dr. Al-Nauimi: Yes. I have, in fact, formed this committee in March last year; and the aim of the committee, in fact, is to try to defend, and seek access to meet the detainees, and make some kind of legal presentation for them, and to follow up on behalf of their families. You know, their affairs, the way they’re living, being treated, and their location, and whether they’ve been tortured, or they’ve been not, or the way they’ve actually been taken as well.

So, what we did from the beginning: In fact, these detainees were really tainted with one color, which is “these groups belong to al-Qaeda, and belong to Taliban, and they are actually the enemy combatants captured during the war.” And this is not the truth. The painting of one color was wrong, because the majority of them are innocent. They were captured in the streets of Pakistan, walking around, or in a mosque, or in a library, or a shop, and they were detained, and transferred by plane to Guantanamo; and we have seen the way they were treated on the plane. They were chained on the plane’s floor, and their hands tied, and their eyes closed, and that is, in fact, a breach of international law—anti-torture law—which America has actually signed and ratified it.

From that day we have been corresponding with the President, and then the Department of Defense, and then we talked to Defense. And we were waiting, in fact, two ways—either they have to release them, or they have to actually put them on trial. And in fact, after a long media campaign, and a dialogue discussion, they realized that there *are* many of them who are innocent, and they have no links to any terrorists.



They were normal civilians, being around within that area. They were the victims of war themselves. . . . They were normal people, either working on a charity basis, or working on agriculture, or working in education—some in Pakistan, some in Afghanistan. And it took the Department of Defense some time to investigate and find out that what we have said from the beginning, was true.

And another thing: Some of them will actually be put on trial, which is applying the law, of setting up a [Military] Commission, which is called a tribunal—but a special tribunal, like the Milosevic Tribunal—a military tribunal, which means that a Commission will be set up by an appointment by the President, and upon the recommendation of the Secretary of Defense; and the prosecutor will be from the Army, the defendants' [lawyers] will be from the Army, the hearing will be conducted by the Army, and the location will be Guantanamo Bay. It's not going to be in the United States, it's going to be on that island.

We, in fact, legally speaking, oppose such a Commission to be set up. They should be treated like any other civilians, because if you have to accuse them, if you would accuse them as militia, or a part of a certain army, or a system—at that time, Taliban—then you have to apply the Geneva Convention, which sets up the rules of treatment. And as well, [they] should be released by the end of the war. Or, if you will treat them as a criminal, and you have to have your own criminal system, to be applied. . . .

Spannaus: We've been told that these people are—they're all terrorists—these are "the most dangerous people in the world." . . .

Dr. Al-Nauimi: It's not true, and it's been realized by the U.S. government that it's not true. They found out themselves after one year—four months—that it's not true. And let me tell you, that the first two people released after four months of capture and interrogation in Guantanamo, were two people who were mentally disabled. One was Afghani, one from Tajikistan. They were actually disabled, because when the

war broke out in Afghanistan, these guys got out of the hospital, and started hanging out on the street, because they [and] everyone ran away [from the hospital]. So, they were captured. After four months, they found out that they were actually mentally disabled. Then they were released.

And the rest of the four which were released—one guy over 97 years old—they have nothing to do, really, with . . . the law which was issued after September—you know, anti-terrorist—which is either they have to be a member, or associated. They're not a member, and they are not associates. They were just normal civilians, and even if they were sympathizers, you can not classify them as a member.

Spannaus: How many of the prisoners in Guantanamo actually, do you believe, are al-Qaeda, or Taliban?

Dr. Al-Nauimi: Well, the [total] number that are there, are 625, to my knowledge. Some say 650. To my understanding, those who could be really in a clear commitment [to al-Qaeda or Taliban], are around 60-70 persons, no more. . . . And the rest are not. Really, they are just normal.

Take, for example, a cameraman from al-Jazeera. He was there reporting officially, to al-Jazeera, and he's there in Guantanamo. He didn't do anything. . . . And a lot of stories of students who went there, during the holidays, you know, July and August. They were actually captured, at the time, after September, because usually they go back home after 15th of September. But, after the 11th [Sept. 11, 2001], all the borders were sealed, all flights were stopped, everybody was checked to see if he's an Arab, and so they were actually trapped. And some of them managed to get out, and some of them could not. And they're in Guantanamo. But they are not a member.

Spannaus: Under international law, or the Geneva Convention, which I believe the United States has signed, what should be happening with these people?

Dr. Al-Nauimi: From my point of view, they are civilians. . . . I wouldn't classify them as militia. Militia means that these guys, for example, have been there for over a year, and they left their countries, and they're joining some kind of camps, and they were trained for one year, two years; they know what to do, they are very well aware of their destination, and their purposes. But these are not. The ones there are not. They were there for three months—I wouldn't make them at three months, during their university vacation, school vacation, as really an army.

So, they are civilians. They have to be treated as civilians. And they should be released after interrogation. Let's say, okay, they have the right, the Defense [Department], to interrogate [them] because of the security of the United States. Fine. But after that interrogation, if you have found out . . . that they have nothing to do with it, or they have little—and it was announced that they don't have information, that was said by Rumsfeld himself—So, release them!

Spannaus: Are they supposed to have access to a lawyer, under the Geneva Convention?

Dr. Al-Nauimi: They are not being given access to a lawyer. I am their lawyer. I was denied to even travel to Guantanamo, denied to meet with them . . . and that is a breach of international law.

Steinberg: Dr. Najeeb. I'd like you to clarify, as we were discussing before the show, the confusion that many observers have: Have these detainees been charged? And, as I understand from you, they are not being prosecuted by the Justice Department, or [Attorney General] Ashcroft, but under the military. Can you explain that to our listeners?

Dr. Al-Nauimi: Yes. The situation, the legal situation, is as follows. The detainees fall within the jurisdiction of the [Department of] Defense, and not under the jurisdiction of Ashcroft's [Justice Department]. They have been actually, in a way, outlawed from the normal civilian laws, and Constitution, in the United States. . . . They've been actually put outside the judicial system of the United States. And many cases have been filed on behalf of the detainees in the U.S. courts, and the U.S. courts, in fact, have decided on one element: Saying, we have no jurisdiction to adjudicate and declare on the merits of the applications, or the petition, so-called. Because, they say, they were detained outside the United States—which is in Afghanistan, Pakistan—and relocated outside the United States, which is Guantanamo Bay, which the Cubans have the sovereignty; and the United States has the jurisdiction, and the exercise of military power, over the island.

So, they are, from the [standpoint of the] American judicial system, they are actually aliens who do not fit with our legal system.

Spannaus: But didn't you try and go to the court in Cuba also?

Dr. Al-Nauimi: I tried to go to the Cuban court, and I met with the diplomats there, and they refused to allow me to file an application, or a petition, against the United States or against the Cuban government. And they answered, saying, we have enough problems with the U.S. government, we don't need more. It was not really a legal answer, it was a political answer.

Spannaus: The UN High Commissioner for Human Rights, Sergio Viera de Mello, said this week, "I cannot accept that there's a legal black hole in Guantanamo." He said: "How can we even conceive that on this planet, there exist square kilometers of land, where no law applies?" Is that accurate, that there's no law that applies to this area?

Dr. Al-Nauimi: No, there are laws applied to this area. There are so many things. It is in the hands of the U.S. government, or in the hands of the governments which these detainees belong to. Because under international law, any state who has one detainee inside Guantanamo, can file an application before the International Court of Justice in The Hague, in

Holland, and request the United States to release them on the basis of breach of humanitarian law.

There are ways of really approaching [this]. But unfortunately, these nations, and their governments, are corrupted governments—governments which are really dictatorships, where there is no democracy—they obey and they follow whatever the U.S. government says, because they're scared . . . not to be overthrown. . . . So, these governments are corrupted. There are ways and means to get out of that, but unfortunately, nobody is exercising these rights under international law.

Steinberg: Can you tell us, Dr. Najeeb, about the Committee itself? Who else is on it? What is it doing?

Dr. Al-Nauimi: The Committee is really an ad hoc committee. It contains different lawyers worldwide. Members are Ramsey Clark from the United States, for example; and from Kuwait, and from Saudi Arabia, from Jordan, from Egypt, from Yemen, and from Denmark and Sweden. Their aim, in fact, is really to keep in touch with the families of the detainees, and feed them back information, and try to get from them the power-of-attorney to represent them before any courts, and to help and assess and communicate with the U.S. government—for example, the Secretary of Defense—and try to find a way and means to follow up their destination, whether they will be released, or whether they will be put on trial. Our aim is humanitarian. It is a volunteer committee. We don't take money. We are an NGO, and we only do it for sake of human rights.

Steinberg: And, do you have a publication, or a website? Or how do people get in touch with the Committee?

Dr. Al-Nauimi: We have actually an Arabic website, which is called Guantanamo website. In English, I think they could contact through my e-mail, which is drnajeeb@qatar.net.qa. Anyone can send to me, and I'll reply immediately.

Steinberg: Dr. Najeeb, are there any specific charges against any of the people in Guantanamo, relating to Sept. 11, or other alleged crimes, at this point?

Dr. Al-Nauimi: No. We have to distinguish between Sept. 11, and who was arrested in Afghanistan. Those who did Sept. 11 were a group of people who were actually moved to the United States, and carried out such a horrible act. The ones who are in Guantanamo, were actually either visiting Pakistan, or Afghanistan, or having a short period of charity work, or even one of them was actually there to get married, and on his second night of marriage, in Pakistan, he was kidnapped early in the morning by some youngster, in exchange for a few hundred dollars; handed over to some joint force of Americans and Pakistanis. That guy had nothing to do [with it]—just getting married, but unfortunately at that time, anybody who would be known to have an Arabic accent, or an Arabic face, or whatever, will be arrested on the presumption he might have some link with al-Qaeda, or other organiza-

tions, which is a false image being made by the media. And these people are, most of them—or some of them, by the way, farmers; some of them drivers, taxi drivers; some of them have bookshops; some of them are workers; some of them are teachers. And naturally, as they've been classified, there's no charges against them, until this moment.

Spannaus: I've read that a number of the inmates at Guantanamo have tried to commit suicide. Can you tell us anything about that?

Dr. Al-Nauimi: There were a few attempts. In fact, a few months ago, there was one of the doctors in the Guantanamo hospital, in an interview with BBC, the British Broadcasting, mentioned about 29-30 tried to commit suicide; and I have investigated, myself, that statement, and found out it was not true. The doctor was referring to people who were injured in the X-ray camp, and their cause of injury is really frustration, or getting very tired because of the interrogation that they got, because they had not enough sleep. Like, for example, he hit his head on the bar, and he got injured on the head, or cry, or, you know, because of frustration. Then, he . . . is taken to the hospital, and they classify it as committing suicide.

After that, there was a release of a statement from the Defense [Department], I think, saying, "Oh, no, no. It's only three people, and not 29." Then recently, just last month, one of my clients—this is serious. He tried to commit suicide, and he has a brain hemorrhage at the moment in the Guantanamo hospital. This guy is not living—he's almost dying, and we requested that he should go home, and die among his family. He's not been charged yet. But, we don't know what happened.

Committing suicide, by Muslims, is a crime itself. But, to show you how far these people are feeling, really inside their hearts, that they are innocent, at being kept over one year and four months isolated in a small cell, and getting really frustrated. Getting letters and sending letters, that's normal, through the Red Cross. And they explain, "We are innocent, we are innocent." They have wives, they have mothers, fathers, they have brothers. Just like any normal person. If you keep anybody normal even for a few days, he gets crazy. So, you would expect anything could happen to them.

Steinberg: Ed, I have a question for you. What effect would our campaign—in exposing and getting Ashcroft out—would that have an effect on this horrendous situation that Dr. Najeeb is describing?

Spannaus: Sure. Because, what's happening at Guantanamo is just really an extreme case, a matter of degree, of what's happening inside the United States itself. Even though the Guantanamo prisoners—as Dr. Najeeb has said, this falls under the military, or under the Department of Defense—the actual sort of crafting of this policy was done by Ashcroft. Ashcroft is operating as part of a team within the Administration, and this is actually what Lyndon LaRouche warned, remember, back at the time of the confirmation fight, about

Ashcroft. LaRouche warned that under crisis conditions, that it's not just Ashcroft's role as Attorney General, but Ashcroft's role as a crisis-management team, and that's exactly what's happened. The way that he's worked with the Pentagon, with Rumsfeld, on this stuff; the Homeland Security Department. Ashcroft is the President's chief legal adviser, but, in this case, legal is hardly the word for it. . . . He's the chief adviser for tearing up the Constitution.

So, knocking Ashcroft out would make a big difference. They've done a lot of the same things to detainees in the dragnets here, even for American citizens, as we've seen in the cases of [José] Padilla and [Yaser] Hamdi. On Guantanamo, they're saying, "They have no rights whatsoever." So it's all the same package, and Ashcroft is the guy who's right in the middle of it. And if we can get rid of him, if he would "exit," along with Wolfowitz and Perle—we need an "exit strategy" out of this police-state horror that he's creating right now.

Let me ask you this, Dr. Najeeb. This is, I believe, your second trip, at least, to the United States, in connection with the Guantanamo detainees. Have you gotten any meetings, or any response, from anyone in the United States government? I mean, you're here representing these prisoners, you're representing their families, you're coming to the capital of the country which is supposed to be the champion of human rights. Has anybody in the government been willing to talk to you about these things?

Dr. Al-Nauimi: Well, according to our normal correspondence, I have met [Department of] Defense people, and they assured me, that there will be some people released, who have been found not really guilty of anything, and innocent, and after a long time; and some will be put on trial. I have, as you know, I have sent 422 letters, to 422 Congressmen. I have sent actually a letter to the [House] Committee on International Relations, an e-mail. I spoke with them, requesting that I be given the chance to speak to the Congressional committees, or the Senate. No reply. I sent to [Deputy Assistant Secretary of State] Elizabeth Cheney, an e-mail, spoke to her office, saying, "You know, you have to hear us. We have to explain." They said, send an e-mail, and we got no reply. . . . I think the feelings of being a superpower, are that they can neglect anybody, not only me.

Steinberg: Dr. Najeeb, what was your impression in terms of the LaRouche movement, and dialogue with Mr. LaRouche, while you were here?

Dr. Al-Nauimi: I think Mr. LaRouche has his own way of changing for the good, and I think he has a clear idea of how he would like to handle such an administration, if he would win the Presidency. And I think the movement is really clear-cut, as we say, it has a good faith. You can see in your movement, that you're saying the truth, and you're dealing with the facts, and you're basing your movement in humanitarian and social activities.

Congress Braces for Very Large War Bill

Just before President Bush delivered his 48-hour ultimatum to Iraqi President Saddam Hussein on March 17, he held a meeting at the White House with the top leaders of the Congress to discuss, among other things, a supplemental budget request to pay for the war he was about to embark on. The size of the supplemental was, apparently, not mentioned, but Senators coming out of the meeting expected that it would come within a week. Sen. Joseph Biden (D-Del.) told reporters the next morning, that "It'll be coming shortly. I know it will be \$100 billion and climbing." Sen. Robert Byrd (D-W.V.) said that, while he supports funding the needs of U.S. troops in Iraq, "I will not support a blank check on the part of the Administration for grandiose plans of regionwide democracy which may lead to mission creep."

Meanwhile, Democrats remain split. Before Bush's meeting with Congressional leaders, Senate Minority Leader Tom Daschle (D-S.D.) lashed out at Bush in a speech, declaring that he was "saddened that this President failed so miserably at diplomacy that we are now forced to war." While Republicans were outraged, Daschle made clear the following day that he was not speaking out against the war, which he voted for last October, but rather blasting Bush for failing to organize the United Nations backing for it. Sen. Joseph Lieberman (D-Conn.) and Rep. Dick Gephardt (D-Mo.), both Presidential candidates, are fully committed to supporting Bush's action.

Byrd and others had continued to make statements against the war in the week leading up to Bush's speech. On March 11, Rep. Sherrod Brown (D-Ohio) complained that the Bush Administration had refused to discuss

with Congress its plans for post-war Iraq. Sen. Richard Durbin (D-Ill.) joined with Byrd in complaining that there had been no debate in Congress since the vote on the use-of-force resolution last October. He said that the time that has passed since then has proven that Congress has had no voice. "We are not a serious part of this national concern and national conversation over what will happen in Iraq," he said.

Democrats Blast GOP Budget Resolutions

On March 12 and 13, the Senate and House Budget Committees each marked up their versions of the Fiscal 2004 budget resolution. While largely hewing to the White House line on tax cuts and spending, both resolutions also reflect pressure resulting from the growing deficit forecasts—although in different ways. The House resolution, the more radical of the two, incorporates the entire proposed Bush tax-cut package, amounting to \$1.4 trillion over ten years; it calls for a 1% across-the-board budget cut in all discretionary spending, except for defense and homeland security, and a \$470 billion cut in mandatory spending programs over ten years. With such cuts, it purports to balance the budget by Fiscal 2010. The Senate resolution includes a slightly smaller tax cut, and does not include the spending cuts. It claims to balance the budget by 2013.

While Republicans were claiming that their budget plans provide for homeland defense and economic growth, the Democratic leaders of the two budget committees blasted the resolutions. On March 14, Sen. Kent Conrad (D-N.D.) and Rep. John Spratt (D-S.C.) called them irresponsible. Conrad said, "The fatal flaw in both

these resolutions is that they have tax cuts that are so large that they will plunge us into deeper and deeper deficit." Spratt indicated that, on the House side, the GOP must also be concerned about the rising deficits "because they have, in effect, repudiated the President's budget and written their own." But he noted their budget still "clings" to the tax cuts; and so, demands almost \$600 billion in spending cuts—none of them specified—to pay for them. Spratt said that it is up to the authorizing and appropriating committees to decide how the cuts are to be made.

Concerns on the Senate side are shown by reports that at least four moderate Republicans will be proposing a tax cut about half the size proposed by President Bush. Sen. Max Baucus (D-Mont.) intends to propose an amendment to the budget resolution for a tax cut of about \$350 billion, a range said to be supported by Senators Robert F. Bennett (R-Utah), Susan Collins (R-Me.), Olympia Snowe (R-Me.), and George Voinovich (R-Ohio). An amendment sponsored by Conrad, to suspend any tax cuts until President Bush submits detailed estimates of the cost of the war with Iraq, was ruled, 56-43 on March 18, not to be germane to the budget resolution.

Medical Liability Reform Passes House

On March 13, the House took the first step on the road to so-called health care liability reform, passing a bill by 229-196. As described by House Judiciary Committee Chairman James Sensenbrenner (R-Wisc.), the bill would place a \$250,000 cap on non-economic damages in medical liability lawsuits, and create guidelines for rules for distributing damages.

Sensenbrenner claimed that the bill would still allow for large awards “to deserving victims, including homemakers and children.” It specifically applies to states that either have no liability caps, or caps that don’t meet the criteria set out in the bill.

Democrats have generally been opposed to any tort reform measures, and so the GOP brought the bill to the floor under a closed rule that prevented the Democrats from offering amendments. Rep. Alcee Hastings (D-Fla.) called the rule “abhorrent and cowardly” because it denied “the opportunity for free and fruitful discussion that would uncover all this legislation’s deficiencies.” Rep. Martin Frost (D-Tex.) added that the rule made only the Republican bill in order, which he called “a shocking attempt to protect insurance companies while attacking the rights of victims.”

After the rule passed by 225-201, the Democrats challenged its basic assumption, which is that outrageously high damage awards are responsible for skyrocketing medical malpractice rates. Rep. Anthony Weiner (D-N.Y.) told the House that damage caps, in states which have them, have not resulted in lower premiums. He added that “an underlying theme” of the GOP side, is that “American citizens cannot be trusted on juries to decide for themselves” the legal merits of a malpractice lawsuit.

House Questions Foreign Aid ‘Corporatization’

Foreign aid programs proposed in President Bush’s Fiscal 2004 budget came under scrutiny by Republicans and Democrats during a hearing of the Foreign Operations Appropriations Subcommittee on March 13. Chairman Jim Kolbe (R-Ariz.) supported the new initiatives—which include the

Millennium Challenge account, to be administered by a new government corporation, and new initiatives regarding HIV/AIDS and famine relief—but said, “I do have many questions about the details,” and warned that these details “will determine the levels this subcommittee recommends . . . to the House.” He expressed concern that because these initiatives set up new structures outside the State Department and the U.S. Agency for International Development, they “appear to challenge the primacy of the Secretary of State as the President’s primary advisor and chief executive officer for foreign affairs.”

Rep. Nita Lowey (D-N.Y.), the ranking Democrat on the subcommittee, expressed more expansive concerns. She noted that the entire \$2 billion increase in the budget request goes to these new initiatives, while levels for existing aid programs remain flat or even decrease. “This,” she said, “translates into cuts in country-level funding in most of the countries of Africa, Asia, and Latin America.” Lowey also expressed concern that the creation of new bureaucracies, over the Millennium Challenge account and the HIV/AIDS initiative, “will needlessly delay and complicate the process of reaching people in need. I’m not convinced that the corporate approach or the use of the venture capital model . . . will lead to more effective programs.”

Secretary of State Colin Powell could only make general comments in answer to these questions. On the HIV/AIDS initiative, he said, “The organizational setup is still being studied, but it will be within the department, a special coordinator reporting to me and answerable to the President.” On the famine relief fund, he said it was set up by the Office of Management and Budget “in a manner that allowed us to have some degree of flexibility as to

how it would be used,” but he could not be more specific as to how it would be managed.

Senate Examines Early Missile Defense Deployment

Language exempting ground-based missile defense systems from operational testing was scrutinized during a March 18 Senate Armed Services Committee hearing on the missile defense budget. Sen. Carl Levin (D-Mich.) noted that the radar to be used with the Alaska-based system will not be ready for operational testing for two years, but is supposed to be deployed for a limited defense capability in one year. “It sets a horrible precedent for us to exempt this system from operational testing, at some point, even after it’s fielded.”

Interestingly, three of the four witnesses—Undersecretary of Defense of Acquisition, Technology and Logistics Pete Aldridge, Director of Operational Test and Evaluation Dr. Tom Christie, and Assistant Secretary of Defense J.D. Crouch—denied knowing how the language got into President Bush’s Fiscal 2004 budget request. “No such waiver of testing requirements has been requested,” Aldridge said. “The revolutionary nature of missile defense and the threat posed by ballistic missiles have prompted us to take steps to ensure that a deployed system meets effectiveness and suitability goals through rigorous testing throughout development.” The fourth witness, Missile Defense Agency director Gen. Ronald Kadish, admitted that he had seen the language, but said the intent was to keep all the money exclusively under research and development, rather than dividing it up between military construction, procurement and other accounts.

Can We Salvage This Presidency?

President George W. Bush's threat to go to war, issued the evening of March 19, challenges all thinking patriots of our republic to redouble our efforts to salvage both our Constitution, and a pathetically erring sitting President himself, from this folly.

First, we must emphasize two facts concerning the personal behavioral aspects of the President's decision. First, factually, this President's well-known, limited emotional and intellectual capacities for coping with reality, are most clearly expressed by his Administration's hysterical efforts to deny both the reality of the presently accelerating collapse of the U.S. economy, and the most obvious of the related realities of the world strategic situation.

Second, factually, a malicious pack of advisors, only typified by such Leo-Straussian "Children of Satan" as Ashcroft, Wolfowitz, and William Kristol, have succeeded in exploiting these weaknesses of the President upon whom they prey, to induce him to act not only against the advice of the relevant professionally qualified advisors in these and related domestic and foreign affairs, but to have adopted what had been proven publicly as lies—lies which have been among the obviously integral goads of his own manic, flight-forward lurch toward a needless and reckless war of incalculable ultimate consequences.

As a matter of policy, I must state the following summary characterizations of the immoral character of the military action now threatened by the President.

1. The President has now virtually committed himself to launch an internationally outlawed "preventive war." The chief precedents for such a form of war are those of Adolf Hitler, as against Czechoslovakia in 1938, and Poland in 1939. Even worse, the chief apologists for this internationally outlawed behavior, are those like Vice-President Cheney, Attorney-General Ashcroft, and others, whose public arguments for Nazi-like "preventive" nuclear and other wars—and also for Nazi-like police-state law in the U.S.A. itself—are di-

rectly reflections of the influence of the late Professor Leo Strauss's promotion of the Nazi law doctrine of Strauss's own sponsor, the Carl Schmitt who had been the author of the Weimar emergency law which was used to establish Hitler as dictator.

2. The President's commitment creates the spectacle of the world's greatest military power crushing a ruined and relatively helpless people of an impoverished nation with less than one-tenth the population of the U.S.A. Under those circumstances, the argument that Iraq threatens the U.S.A., is cause for remedial action by the relevant statesmen's psychiatrists, not "preventive" force of arms against the pitiable intended victim of the military attack.

3. The possibility of general security of this planet is typified by what now depends upon the accelerating trends toward long-term economic cooperation among the principal and other nations of continental Eurasia, and a growing orientation of the ruined United Kingdom toward partnership in such long-term Eurasian development.

Under the real condition of a planet stricken by the hopeless economic condition of the post-1971 world monetary-financial system, the welfare and security of all humanity requires any sane President of the U.S.A. to seek to play a leading contributing role in bringing about a new economic prosperity based upon the imperative of all our nation's great Presidents: an enduring community of principle among the respectively perfectly sovereign republics of the planet.

If we can free an erring President Bush from the grip of those "Children of Satan" who are otherwise associated with Conrad Black's Hudson Institute's "Bull Moose" project for 2004, that happier condition of our planet is now in reach. To that end, constructive forms of cooperation with our European partners, is presently the first line of defense of our own national security.

—Lyndon H. LaRouche, Jr.

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Adelphia Intl. Ch.20
Thursdays—10:35 pm
- IOLIO—Ch.10
Mon. & Wed.—11 am
Saturdays—11:30 pm
- IRONDEQUOIT Ch.15
Mondays—7:30 pm
Thursdays—7 pm
- JEFFERSON/LEWIS
Time Warner-Ch.2
Unscheduled pop-ins
- JOHNSTOWN—Ch.16
Fridays—4 pm
- MANHATTAN—MNN
T/W Ch.34; RCN Ch.109
Alt. Sundays—9 am
- NIAGARA COUNTY
Adelphia Ch. 20
Thursdays—10:35 pm

• ONEIDA—Ch.10

- Thu—8 or 9 pm
- PENFIELD—Ch.15
Penfield Comm. TV*
- QUEENSBURY Ch.71
Thursdays—7 pm
- RIVERHEAD Ch.70
Thurs.—12 Midnight
- ROCHESTER—Ch.15
Sundays—3 pm
Mondays—10 pm
- ROCKLAND—Ch.71
Mondays—6 pm
- SCHENECTADY Ch.16
Mondays—3 pm
Wednesdays—8 am
- STATEN ISL.
Time Warner Cable
Thu.—11 pm (Ch.35)
Sat.—8 am (Ch.34)
- TOMPKINS COUNTY
Time Warner
Sun.—9 pm (Ch.78)
Thu.—5 pm (Ch.13)
Sat.—9 pm (Ch.78)
- TRI-LAKES
Comcast Ch.57*
Sun: 7 am, 1 pm, 8 pm
- WEBSTER—Ch.12
Wednesdays—9 pm

NORTH CAROLINA

- HICKORY—Ch.3
Tuesdays—10 pm

OHIO

- CUYAHOGA COUNTY
Ch. 21; Wed.—3:30 pm
- FRANKLIN COUNTY
Ch. 21; Sun.—6 pm
- LORAIN COUNTY
Adelphia Ch.30
Daily: 10 am; or
12 Noon; or 2 pm;
or 12 Midnight
- OBERLIN—Ch.9
Thursdays—7 pm
- REYNOLDSBURG
Ch.6: Sun.—6 pm

OREGON

- LINN/BENTON
AT&T Ch. 99
Tuesdays—1 pm
- PORTLAND
Tue—6 pm (Ch.22)
Thu—3 pm (Ch.23)
- SALEM—Ch.23
Tuesdays—12 Noon
Thursdays 8 pm
Saturdays 10 am
- SILVERTON
Charter Ch. 10
Mon, Tue, Thu, Fri
Betw. 5 pm - 9 am
- WASHINGTON ATT
Ch.9: Tualatin Valley
Ch.23: Regional Area
Ch.33: Unincorp. Towns
Wednesdays—8 pm
Sundays—9 pm

RHODE ISLAND

- E. PROV.—Ch.18
Tuesdays—6:30 pm
- STATEWIDE
R.I. Interconnect*
Cox Ch. 13
Full Ch. 49

TEXAS

- AUSTIN Ch.16
T/W & Grande
Sundays—12 Noon
- DALLAS Ch.13-B
Tuesdays—10:30 pm
- EL PASO COUNTY
Adelphia Ch.4
Thursdays—8 pm
Thursdays—11 am

• HOUSTON

- Houston Media Source
Thursdays—5:30 pm
Saturdays—9 am
Wed. 3/19: 5 pm
Mon. 3/24: 8 pm
Wed. 4/2: 6 pm
- RICHARDSON
AT&T Ch. 10-A
Thursdays—6 pm

UTAH

- CENTRAL UTAH
Precis Cable Ch.10
Aurora
Centerfield
Gunnison
Redmond
Richfield
Salina
Sundays & Mondays
6 pm & 10 pm

VERMONT

- GREATER FALLS
Adelphia Ch.8
Tuesdays—1 pm

VIRGINIA

- ALBERMARLE
Adelphia Ch. 13
Fridays—3 pm
- ARLINGTON
ACT Ch. 33
Mondays—4 pm
Tuesdays—9 am
- BLACKSBURG
WT0B Ch.2
Mondays—6 pm
- CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm
- FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm
- FREDERICKSBURG
Adelphia Ch. 23/24
Thursdays—7 pm
- ROANOKE—Ch.9
Thursdays—2 pm

WASHINGTON

- KING COUNTY
AT&T Ch. 29/77
Mondays—6 pm
- KENNEWICK
Charter Ch. 12
Mondays—12 Noon
Thursdays—8:30 pm
- PASCO
Charter Ch. 12
Mondays—12 Noon
Thursdays—8:30 pm
- RICHLAND
Charter Ch. 12
Mondays—12 Noon
Thursdays—8:30 pm
- SPOKANE—Ch.14
Wednesdays—6 pm
- WENATCHEE
Charter Ch.12
Thu—10 am & 5 pm

WISCONSIN


- MADISON—Ch.4
Tuesdays—3 PM
Wednesdays—12 Noon
- MARATHON COUNTY
Charter Ch. 10
Thursdays—9:30 pm
Fridays—12 Noon
- SUPERIOR
Charter Ch.20
Mondays—7:30 pm
Wednesdays—11 pm
Fridays 1 pm

WYOMING

- GILLETTE—Ch.36
Thursdays—5 pm

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