

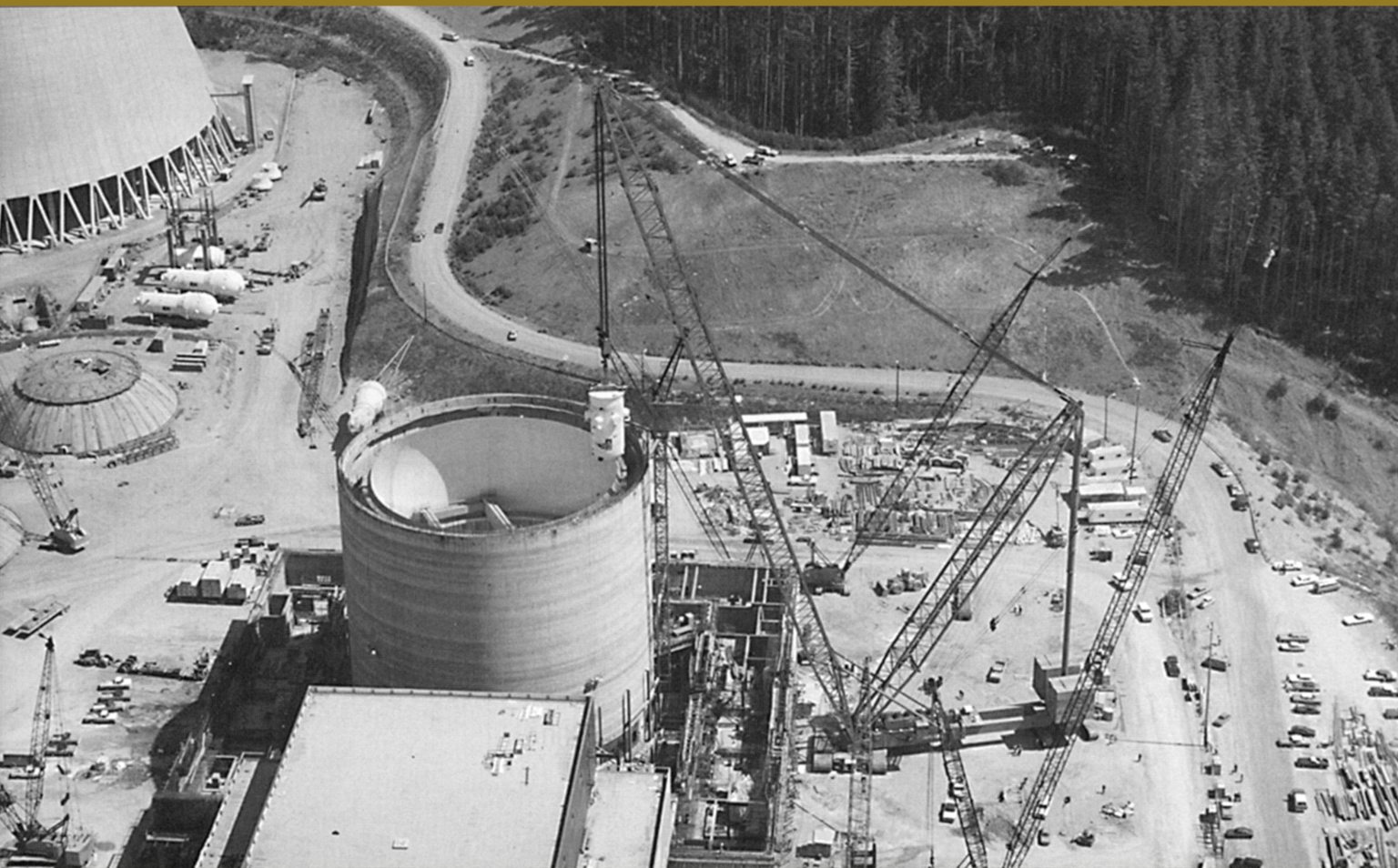
EIR

Executive Intelligence Review

October 3, 2003 Vol. 30 No. 38 www.larouche.com \$10.00

LaRouche on 'China and a Community of Principle'
Annan's Challenge, Not Bush's Speech, Surprise of UN
Wreck of WTO at Cancún Meeting Is No Tragedy

**'Recall DeReg, Not Davis':
Rebuilding Energy and Economy**



Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: Lyndon H. LaRouche, Jr.,
Muriel Mirak-Weissbach, Antony Papert, Gerald
Rose, Dennis Small, Edward Spannaus, Nancy
Spannaus, Jeffrey Steinberg, William Wertz

Editor: Paul Gallagher

Associate Editors: Ronald Kokinda, Susan Welsh

Managing Editor: John Sigerson

Science Editor: Marjorie Mazel Hecht

Technology Editor: Marsha Freeman

Special Projects: Mark Burdman

Book Editor: Denise Henderson

Photo Editor: Stuart Lewis

Circulation Manager: Stanley Ezrol

INTELLIGENCE DIRECTORS:

Counterintelligence: Jeffrey Steinberg,

Michele Steinberg

Economics: Marcia Merry Baker,

Lothar Komp

History: Anton Chaitkin

Ibero-America: Dennis Small

Law: Edward Spannaus

Russia and Eastern Europe:

Rachel Douglas

United States: Debra Freeman

INTERNATIONAL BUREAUS:

Bogotá: Javier Almaro

Berlin: Rainer Apel

Caracas: David Ramonet

Copenhagen: Poul Rasmussen

Houston: Harley Schlanger

Lima: Sara Madueño

Melbourne: Robert Barwick

Mexico City: Rubén Cota Meza

Milan: Leonardo Servadio

New Delhi: Ramtanu Maitra

Paris: Christine Bierre

Stockholm: Michael Ericson

United Nations, N.Y.C.: Leni Rubinstein

Washington, D.C.: William Jones

Wiesbaden: Göran Haglund

EIR (ISSN 0273-6314) is published weekly (50 issues),
by EIR News Service Inc., 317 Pennsylvania Ave., S.E.,
3rd Floor, Washington, DC 20003. (202) 543-8002.
(703) 777-9451, or toll-free, 888-EIR-3258.
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.

Copyright © 2003 EIR News Service. All rights reserved.
Reproduction in whole or in part without permission strictly
prohibited.

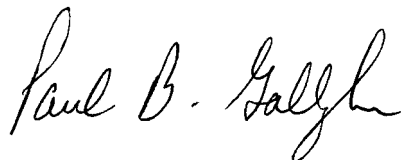
Postmaster: Send all address changes to EIR, P.O. Box
17390, Washington, D.C. 20041-0390.

From the Editor

This issue appears with only days remaining in the California Recall election battle, in which much more is at stake than the governorship of that state. Lyndon LaRouche has made defeating the Recall a national fight to restore the nation's productive economy and defeat the looters led by Halliburton's Dick Cheney. Former President Clinton has also intervened; now, their mobilizations have drawn other national Democrats belatedly into the battle. The *National* section updates this situation, including the alliances the LaRouche Youth Movement has made to oppose the Recall; and profiles the problems of one Democratic "Judas" Lt. Gov. Cruz Bustamante. And in *Economics* this issue, we present the full picture of how California's looted energy system can be rebuilt, and the state made into a national pilot project for re-regulating and restoring the electricity grids of North America. The ten-page feature is taken from a campaign pamphlet, *Return To Sanity*, with which LaRouche renewed his intervention into California in mid-September. Finally, in the *History* section, a study by Anton Chaitkin and other researchers put this in context of a 150-year-long hemispheric fight to bring "American System" economics to the West and into South America, to spread railroad, power, and other infrastructure and thus create sovereign republics.

The reality of Dick Cheney's other crime, the "pre-emptive war" disaster in the Mideast, is also coming back to bite him and President Bush. The shift against Cheney and the neo-cons, both at the UN General Assembly session and in Washington, is dealt with in *International*, *Economics*, and in our *Editorial*.

Presidential candidate LaRouche, following his California intervention, was this week in Moscow, participating in the sessions of a major conference on "China in the 21st Century" held by academic and scientific institutions of Russia and China, and concentrating on questions of the future of China's and the world's economy. One of LaRouche's contributions is our *Feature* this week; fuller coverage of this important conference will follow.



EIRContents

Cover This Week

It was the deregulation of the electrical power supply in California that wrecked the state's economy and budget. The California power system's shortfalls can't be overcome without reregulation—and nuclear power.



4 'Recall De-Reg, Not Davis': Rebuilding Energy and Economy

This excerpt from Lyndon LaRouche's Presidential campaign pamphlet *Return to Sanity: Make California a Pilot Project for the Nation*, details the short-term, long-term, and nuclear energy prospects for turning California into a model of real growth, in real physical production, producing real, high-quality living standards—in short, a real alternative, not a phony scapegoating. LaRouche activists are blanketing California in the last week of the mobilization to Stop the Recall.

Photo and graphics credits: Cover, Washington Public Power Supply System. Pages 5, 6, EIRNS/Brendon Barnett. Page 10, U.S. Dept. of the Interior. Page 11, U.S. Dept. of Energy. Page 25, Lanzhou Railroad Bureau. Page 27, Courtesy of Gao Shengang, ed., *A Study on the Strategic Significance of the New Euro-Asian Continental Bridge*, 1996. Page 29, EIRNS. Pages 30, 37, EIRNS/Stuart Lewis. Page 43, EIRNS/Gabriela Ramirez Carr. Page 47, painting by Howard Chandler Christy. Page 50, clipart.com. Page 52 (Lincoln), Library of Congress/Alexander Gardner portrait. Page 54, Intercontinental Railway Commission. Page 61 (speakers), EIRNS/Jason Ross. Page 61 (campus rally), EIRNS/Sylvia Spaniolo. Page 65, EIRNS/William Jones. Page 68, EIRNS/Muriel Mirak-Weissbach.

Economics

14 Congress Not Bucking Bush on Iraq \$87 Billion

Congressional Democrats are “going along to get along,” even if not one Democrat believes this money will last through the next fiscal year.

15 The Wreck of Cancún and the End of the 'Washington Consensus'

The World Trade Organization summit broke off after five days, when the leading nations of the “South”—Brazil, India, and China—wrecked what the IMF and World Bank call the “Washington Consensus,” according to which all happiness depends solely on nations' willingness to liberalize trade and privatize economic activity. Now there is a choice for governments to make.

17 China Says 'No' To 'Plaza Accord' Pressure

The Chinese remain determined not to give in and float their currency the way Japan agreed to do in 1985, in order to wipe out the U.S. trade deficit. Then, the revaluation of the yen wiped out the gains Japan's economy had made in its recovery after World War II.

19 German-French Summit Rediscovered Industry

20 In Ukraine, the Economy Has Reached a 'Zero Point'

An analysis 12 years after independence, by Taras Telyha.

22 Business Briefs

Feature

24 **China and a Community of Principle**

Lyndon H. LaRouche, Jr. prepared the following paper as a contribution to the proceedings of a conference in Moscow on "China in the 21st Century: Chances and Challenges of Globalization," on Sept. 23-25. Mr. LaRouche spoke at the opening sessions of the conference on a "Visit for the 21st Century." This 14th International Conference on "China, Chinese Civilization, and the World: Past, Present and Future" was organized by the Russian Academy of Sciences.

Departments

67 **In Memoriam: Denise Henderson, 1953-2003. This Kiss She Gave To All the World**

EIR mourns the loss of our Book Editor. A passionate student of history, with a special affection for John Quincy Adams, her death coincided with the release of Lyndon LaRouche's campaign pamphlet, with his preface "The Monroe Doctrine Today," which Adams had authored.

68 **In Memoriam: Iraqis and the World Mourn Patriarch Raphael I Bidawid**

Similarly Iraq, and the world, have lost a powerful voice for humanity.

72 **Editorial**

Cheney's Lies of State.

International

36 **Annan's Challenge, Not Bush's Speech, Is the Story at UN**

Secretary General Kofi Annan "changed the rules" at the United Nations General Assembly, confronting the U.S. decision to enact a doctrine of pre-emptive war.

39 **Israeli Pilots Refuse Occupation Orders**

41 **Time and Policy Almost Exhausted in Afghanistan**

43 **Mexican Magazine Reports LaRouche vs. Castañeda**

The former Foreign Secretary is not just running for President—the LaRouche Youth Movement has him running for cover.

44 **International Intelligence**

History

46 **The American Republics' Fight For Sovereignty, Since 1776**

An expanded study of the historical section of the LaRouche in 2004 campaign pamphlet, *The Sovereign States of the Americas: LaRouche's Program for Continental Development*. The pamphlet is one of three issued by the campaign in the fight against the California Recall hoax—to make that battle the center of the war against Synarchist looting of economies, and against Dick Cheney's war-and-Wall Street faction controlling the Bush Administration. Lyndon LaRouche's introductory chapters for the pamphlet appeared in *EIR*, on Sept. 19.

National

60 **California Recall Showdown On: LaRouche Forces Out To Defeat It**

As September ends, the outcome of the Recall fight appears too close to call, but with a shift emerging among college students against it, as the LaRouche Youth Movement mobilization urges them, and all Californians: "Don't be a sucker again! Deregulation was bad; Recall is even worse. If you want to stop the rape of California, defeat the recall on Oct. 7!"

62 **Bustamante, the Casinos' Candidate, Loses His Chips**

Lt. Gov. Cruz Bustamante, the Judas who turned on Gov. Gray Davis to run against him in the Recall vote, has been ordered by a California court to hand back the lucre his campaign garnered from the Indian tribes' who run gambling casinos on behalf of unsavory interests.

64 **Mideast Policymakers Tell Bush, Break With Neo-Cons' Debacle in the Region**

A report on the Washington, D.C. conference of National Council on U.S.-Arab Relations.

69 **Congressional Closeup**

70 **National News**

CALIFORNIA

‘Recall De-Reg, Not Davis’: Rebuilding Energy and Economy

by Marcia Merry Baker and Richard Freeman

This is excerpted from the LaRouche in 2004 pamphlet, Return to Sanity: Make California a Pilot Project for the Nation, released on Sept. 22 as an intervention into the battle against the Recall in California.

Phase I: Short Term

What is immediately required in California—for the energy system, and for the economy—is to return to the status quo before California’s 1996 deregulation law, with a series of emergency measures to restore the power system in the short term, bring the workforce back up to required levels, and repair the damage to the system, the state, and its budget. Although prior to 1996 there were great inadequacies in the California energy grid in terms of generation, transmission, and distribution, acting now to rapidly return to the status quo ante of 1995, will result in an interim system that can be made to work for the benefit of the state, and serve as a foundation for necessary longer-term infrastructure projects, especially advanced nuclear power. What can be done in California—the nation’s leading state in population, economy, and now, political focus—will be a model for the nation, and for all the Americas.

Among the number of emergency measures called for, both in terms of the physical power base, and the financial side, there are two key areas of action in which particular measures can be grouped. In the following sections of “Phase I,” we describe these areas in more detail.

1. Re-regulate the power companies—pricing of electric-

ity and gas, location and operation of facilities, etc. This means voiding the 1996 law—“Public Utilities; Electrical Restructuring”—and taking the necessary measures to deal with the consequences of the subsequent six years of “de-structuring” of the state’s power system, utilizing all powers of government required, including that of eminent domain where necessary.

2. Take action to make maximum use of the existing output potential of the California power base (nuclear, fossil-fuelled, hydro, etc.); in particular, conduct a rapid re-hiring and jobs-creation program throughout the energy sector—a spearhead for economic revival.

Re-Regulate, Restore System to Pre-1996 Level

For more than 40 years, the California and U.S. regulated energy system—electricity generation, transmission, and distribution—functioned well, and in line with the growth needs of the nation. Then, two extreme policy changes occurred, with California in the lead of both. First, in the 1970s, under an anti-infrastructure policy shift, California and the nation turned away from nuclear power, relying instead on fossil-fuel generation, and a policy of electricity usage-restriction euphemistically called “conservation.”

Then, in 1996, California became the first state to enact a radical energy deregulation law—meaning *speculation* law—which, as it was implemented in successive phases, resulted, by 2000-01, in repeated rolling statewide blackouts (the first since World War II), the bankruptcy of Pacific Gas & Electric, one of the two major state utilities, hyperinflation of wholesale electricity in the state, and finally, a state obliga-



The LaRouche Youth Movement in California demonstrating against Dick Cheney's 'dirty coup'—the California recall—in Los Angeles Sept. 10. The LYM took over three campuses, and staged rallies in major cities.

tion of \$43 billion incurred because of the bilking of the state by the many deregulation-era “merchant-pirate” power companies, whose crimes have been subsequently documented. The state went from a 2000 budget surplus of \$12 billion, to a budget deficit today of \$38 billion. The energy sector workforce has been decimated.

It is an immediate short-term priority to roll back this policy. In legal terms, state *re-regulation* can come through the kind of initiative indicated in state Sen. Joe Dunn’s (D-Santa Ana) Senate Bill 888, “Repeal of Electricity Deregulation Act of 2003,” introduced on Feb. 21, 2003, and backed by other legislators. On April 8, the bill was amended to spell out how the state will regain control of its electric utility industry and infrastructure. “We aren’t mending it, we’re ending it,” was Dunn’s comment about deregulation, the day he introduced the re-reg bill. But it has not passed the legislature.

The questions we take up here in a preliminary way, are related to how to restore and maintain the power supply under the immediate changeover conditions. At present, the state’s installed electricity generating capacity is in the range of 55,000 megawatts. Properly utilized, there is no need for blackouts, price inflation, layoffs, or any other harm to the state’s population and economy.

Electricity Supply. In March 1998, under the deregulation law, California’s major utilities were required to sell off large parts of their electricity generation capacity. In 2000, once this was completed, a “wholesale” electricity market went into effect in which, on the pretext of encouraging competition and the “free market,” a gang of financial interests drove electricity prices into the stratosphere, withheld supplies, and bilked in many other ways.

Under re-regulation, this will stop, and the damage be cleaned up. First, the generating capacities must be re-regulated, so that whoever operates them, they will provide for a

reliable, affordable electricity flow to benefit the public good. The issue is not returning to a pre-1996 deregulation “corporate chart” per se. Rather—based on criteria related to fostering coherence in the state’s generating/transmission/distribution base, decisions can be made on whether certain plants are returned to Pacific Gas & Electric and Southern Edison et al.; or remain under the post-1996 “new” ownership (but regulated); or perhaps, be mandated for transfer to state or municipal ownership and operation, such as the San Diego system. Moreover, some power plants that have been shut down, can be restored to function for a while longer.

A state board can be mandated to make the key decisions, made up of individuals of the competence and trustworthiness of, for example, Carl Wood, an industrial electrician since 1975, who was appointed California Utility Commissioner in 1999, and whose experience includes work for Kaiser Steel and for Southern California Edison at the San Onofre nuclear facility. During the 2001 crisis, Wood stressed in an interview with EIR News Service that energy is not a commodity. “It’s an essential service,” he said, “and it needs to be regulated as part of public policy. Now, that can take different forms. It can take the form of public ownership, municipalization, or state ownership of an energy authority, or it can take the form simply of traditional regulation over privately owned utilities.”

Besides re-regulating the companies themselves, any pretense of a state “market” must be shut down. What must be restored is the traditional way power utilities have worked, by which generation, transmission, and final delivery (and billing) to a set of regional customers, are conducted.

In the recent Dunn Bill No. 888, utilities will be guaranteed a fair 10% return on investment, charging a “cost-of-service” price, (not a “free market” steal-as-much-as-you-can price), in return for making the investments to meet the needs

of their customers. Incentives would encourage utilities to invest in transmission lines, and the moratorium on companies selling their power-generating assets would be extended from 2005 to 2010. “Customer choice” will be ended.

The parameters of the 1998-2000 forced selloff of generating capacity are large. In California, the (formerly) regulated utility companies divested of 20,164 MW of capacity, which was sold off to “independent power producers”—namely, the nouveaux energy pirate companies. Once sold off, these plants, amounting to 40% of installed capacity, were reclassified as “unregulated.” California ranked alongside Pennsylvania—the fourth after California to pass a deregulation act in 1996—in the amount of capacity forced to be sold off, and reclassified as “unregulated,” in this deregulation process. Pennsylvania utilities were forced to sell 21,016 MW of capacity. Next in rank were Illinois (19,770 MW) and New York (15,659 MW).

The names of the buyer companies in California—Mirant, Reliant, Williams, Dynegy, AES, and others—are now infamous for how they used their newly acquired assets to bilk the state.

At the same time these companies were raping California, they were pillaging around the world. As of 2000, fully 26% of all of the electricity systems of Ibero-America (Mexico southward) were bought up by the marauders, such as AES, Enron, and Spain-based Endesa. In Mexico, 13% of its grid was taken over; in Chile, the figure was 76%; in Bolivia, 96%.

California’s \$43 Billion Energy Debt: Cancel Tribute to Pirates. Next comes the matter of dealing with the financial burden of the \$43 billion the state now faces as a result of contingency actions which the state legislature and Gov. Gray Davis resorted to during 2000-01, instead of taking the needed course of re-regulation at that time. In short, debt and other accounts should be set aside, and selectively cancelled, and only “useful” obligations honored.

The \$43 billion energy bill/debts arose when the Cheney-Bush Administration refused to stop the looting of California by the energy pirates and the state took unilateral action. The state stepped in to directly buy the wholesale electricity from the “market” sharks, and then turned around and sold the electricity at a much lower price to the utilities, which distributed it to the final users. This was done in the face of Pacific Gas & Electric and Southern California Edison having racked up \$20 billion in debt by Spring 2001. PG&E declared bankruptcy in April of that year.

(Under the terms of California’s deregulation, utilities were not permitted to automatically pass on to customers any high wholesale electricity costs. Had they been permitted by the 1996 law to do so, no one could have paid the megabills anyway.)

The state, in an attempt to make this work, endeavored to compel the energy pirates to enter into long-term contracts,



Presidential candidate Lyndon LaRouche addressed a campaign town meeting of 450 activists in Burbank, Calif. on Sept. 11, leading a statewide mobilization to defeat the recall/deregulation assault.

at not-too-hyper price levels. The supplier companies, most of whom refused at first, eventually complied, but the resulting contracts were based on electricity prices far higher than 1999, and resulted in a cumulative \$43 billion in obligations racked up by California. As of now, the state has blown out its own finances, in addition to having to operate in the context of the general economic crisis, nationally and globally. For reference, **Table 1** shows the rates of profiteering by the pirate companies, based on bilking California during just the first quarter of 2001!

The action required is straightforward, involving the following points.

- The \$43 billion should be selectively frozen or cancelled, with an assessment made of the impact on who is holding, or owed, what kind of state obligations. Where the impact will not harm the owner of the obligation, the unworthy debt must be cancelled. In other cases, different terms can be worked out for the holder of state debts. Due consideration can be given to means for re-establishing the good-faith financial status of the state and its bond ratings.

- Ongoing state contracts with energy suppliers must have the prices re-set, to be based on cost of production plus a reasonable rate of profit, not a “dereg-era” rate of profiteering. In cases where payment or debts are part of the legacy of pirate tribute, and have no connection to current and future supplies, the debt must be cancelled. In cases where continued payment by the state is required to some particular electricity producer whose output depends on having the revenue stream, then the debt is useful, and can be honored.

TABLE 1

Profits Soared at Selected Energy Companies, First Quarter 2001

(First Quarter 2001 Compared to First Quarter 2000)

Company	Increase	Company	Increase
EOG Resources*	448%	Chevron	53%
Calpine	424%	BP plc**	52%
Williams	172%	Duke Energy	51%
Apache	158%	El Paso	46%
Unocal	122%	ExxonMobil	44%
Reliant Energy	104%	Texaco	39%
Occidental	93%	Southern	35%
Phillips	86%	Dominion	28%
Mirant	84%	Enron	26%
Kerr McGee	81%	Shell	23%
Dynegy	73%	AES	19%
Conoco	58%		

Source: Company financial reports.

* EOG Resources, formerly Enron Oil & Gas, was a spin-off of Enron Corp.

** BP had dropped the Amoco from its name, reverting to BP plc.

Job Creation

A critical factor in assuring reliable electricity in the short term, is the restoration of needed levels of workers employed in all parts of the energy system of the state.

California's current profile of varied sources of electricity, by in-state mode of production, is:

- Hydro 13%
- Nuclear 16%
- Natural Gas 43%
- Coal 13%
- Other 14%

(This last category includes geothermal, wind, small dams, biomass, etc.)

This in-state production of electricity meets about 77% of the state's current consumption level, and the remaining is imported: 10% coming from the Northwest (mostly hydro-powered), and 13% from the Southwest (mostly coal-fired).

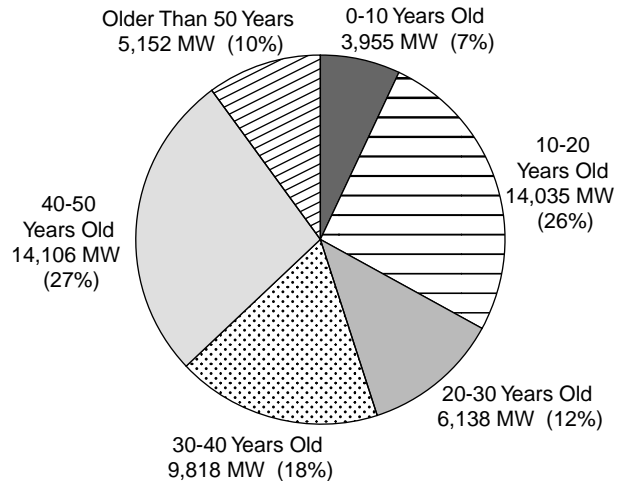
Much of this power-generation base is aged, whether fossil fuel, hydro power, or nuclear (**Figure 1**). The California Power Authority reports, "Sixty percent of our generation fleet is over 30 years old, and much is over 40 years old. It is past the end of its expected life, and will be retiring from service voluntarily or involuntarily with increasing frequency over the next several years."

All the more reason that a skilled, adequate workforce be deployed throughout the power grid of the state as a short-term priority to "make the system work"—no matter whether the plant is vintage, or modern.

First, look at the dimensions of the job cuts during the energy deregulation catastrophe. For example, Pacific Gas & Electric and Southern California Edison: During 2000, when

FIGURE 1

California's Power Plants Are Aging



Source: California Energy Commission.

the state deregulated electricity "market" began, and, month by month, the wholesale electricity prices soared, the two utility companies responded by cutting workers! As of January 2001, Southern California Edison had laid off more than 400 workers, and announced another 1,450 more jobs to be eliminated; Pacific Gas & Electric laid off 520, with another 675 jobs to be cut. In March, both a court order and a directive from the California Public Utilities Commission ordered the two utilities to reinstate 1,000 jobs and block plans for 2,000 job cuts, because the maintenance of electric service to the public was in jeopardy because of the lack of workers.

Overall, between 2000 and 2001, the number of workers in the California "utilities sector" (a state statistics classification) dropped by 1,300, from 56,000 to 54,700. By 2002, the number came back to the 2000 level; today, the state reports 58,400 workers in the utilities sector, but this is far below what is required.

The number of workers at present in the "electric power generation" state classification is only 18,500, which is 400 fewer than in 2001.

During Spring 2001, the state, facing a budget crisis because of its attempt to deal with the hyperinflated energy prices, started cutting state programs—including public works jobs in the water and power sectors.

All these job losses must be rectified immediately, sector by sector. **Figure 2** shows the current location of power plants of all kinds, and **Figure 3** shows the mainlines of the state electricity transmission grid, all of which must be manned for maximum performance.

Hydro: California depends significantly on its hydro-

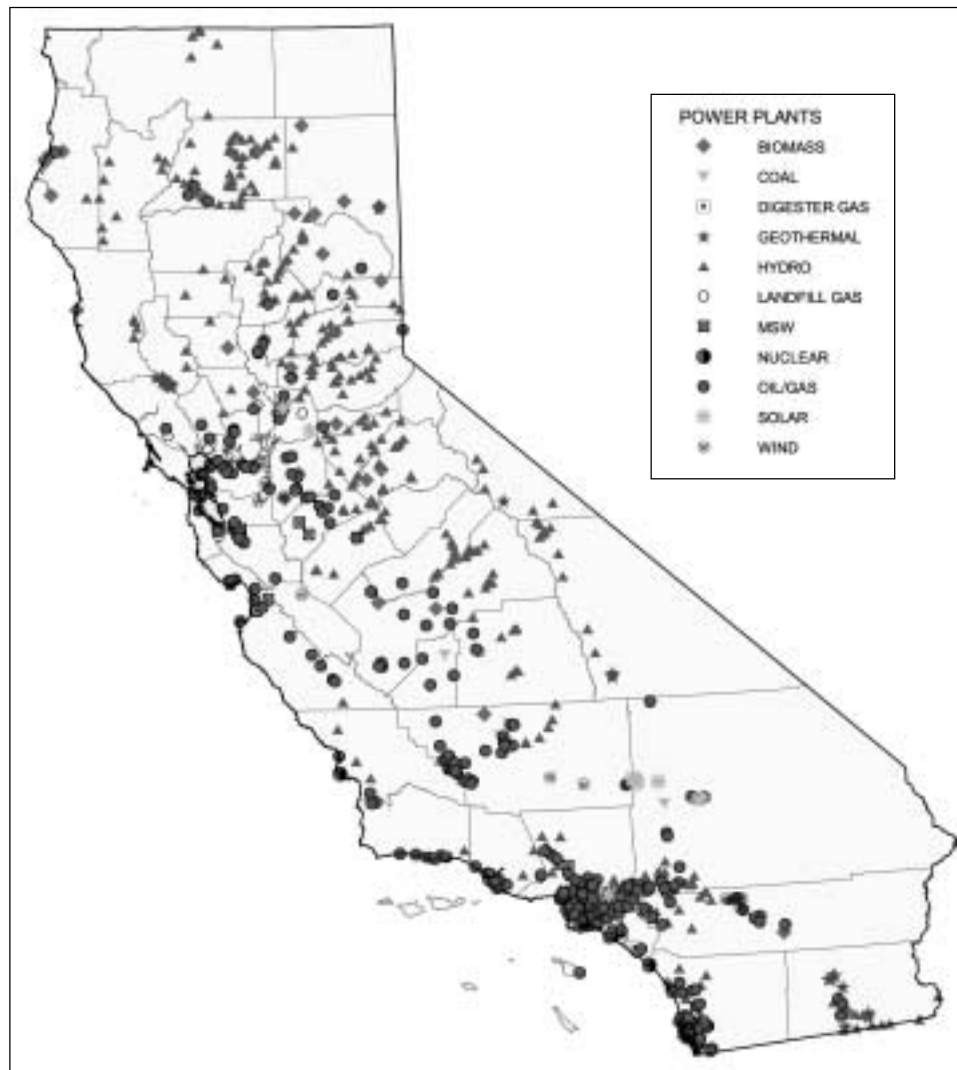
power capacity, and it still has some undeveloped potential because of its topography and northern precipitation and run-off patterns. For example, the three generating units of the Keswick Dam and power plant on the Sacramento River have a total capacity of 75,000 kilowatts. The state's public works staff, the in-state workforce of the Federal Bureau of Reclamation, and the staff of the Army Corps of Engineers must be maintained to the fullest to ensure that California's numerous power and water facilities function properly.

Nuclear: There are two nuclear plants (four units) in the state—San Onofre and Diablo Canyon. The two units of the Diablo Canyon facility, on the sea-coast in San Luis Obispo County, went operational in 1985 and '86. Maintaining a full workforce (800 or more workers, including security) at each of these complexes is critical.

Fossil Fuel: Natural gas, coal-fired, and other generating plants are in operation throughout the state, and full complements of workers at all of them are essential to guarantee maximum utilization of existing capacity and minimum downtime. In addition, completing construction, and bringing on line all of the 21 new natural gas facilities announced during Spring 2001 by Governor Davis, is also a short-term priority—both for job creation, and for maintaining a secure power supply until advanced nuclear generators can be built over the longer term. Natural gas is not the appropriate fuel for long-term baseline electricity generation for future planning—nuclear is required. But in the interim, the natural gas generators are needed, some as “peaker” plants during periods of heavy load requirements.

Transmission Grid: Contingents of skilled workers are especially critical for the power transmission grid in Califor-

FIGURE 2
California Statewide Power Plants
 (Operational 0.1 MW and Above)



Source: California Energy Commission

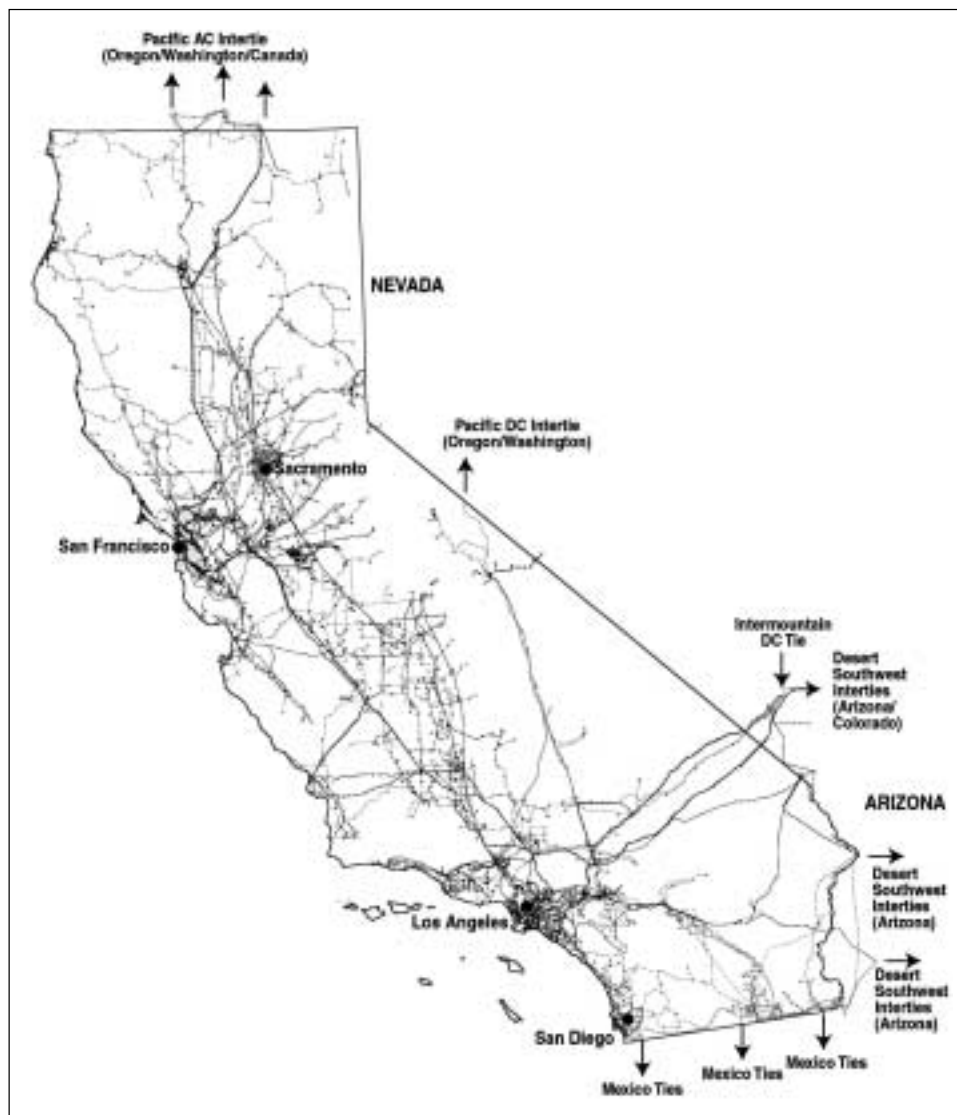
nia, which is inadequate at present, but must be made to serve until advanced, high-tech systems can be put into place. The main lines of the existing state electricity grid (Figure 3) of Pacific Gas & Electric and Southern California Edison are 26,000 miles in extent, much of that over 50 years old.

Operating Without Reserves: The level of electricity output capacity considered safe has traditionally been 15% more than peak load. California simply does not have that, and must operate at or near peak. This, again, makes it mandatory to have a full workforce in the power sector.

The California Power Authority reports, “Unlike the air-

FIGURE 3

California's Major Electricity Transmission Lines



Source: California Energy Commission

line that cancels a flight for mechanical failures, the lights must always stay on. Historically, utilities have always had 15% more capacity, either in units that they owned or purchase contracts, than high peak loads. This covered the operating reserve as well as reserves for units broken or out of service for any reason.

“The 15% reserve has disappeared as deregulation has progressed, since no private generator holds a 15% over-capacity that is seldom used. It is more critical for the state to restore these reserves because of the age of the generation fleet in California.”

infrastructure projects required for “Phase II” of longer-term economic revival.

Phase II: Long-Term Great Projects To Expand Power

The current dramatic water and power shortages in California are entirely a policy crisis, not the result of limitations of the state’s physical resource base. California’s 20th-Cen-

Where will the workers come from? To begin with, mass layoffs have been the order of the day in recent years in California, as nationally. **Figure 4** shows the dimensions of this catastrophe in the state for manufacturing workers. From 2000 to July 2003, more than 269,000 skilled jobs have been eliminated in the state. So, among the unemployed, there are significant cadres of skilled workers available to be re-employed.

But in addition, to meet requirements, the state higher education system—originally designed to be one of the most extensive in the nation, but undercut in recent years, both in content and operation—must be geared up to help meet the immediate goal of preparing workers to restore the energy system, and to prepare for launching major infrastructure projects for future expansion.

More than 1 million skilled jobs is a conservative projection for the scale of workforce needed in California for the short-term task of restoring and maintaining the pre-1996 state energy system, and also for launching, over the next three years, the new expanded energy and water



Aerial view of Keswick dam and power plant on the Sacramento River. The plant has three generating units with a total capacity of 75,000 kW (kilowatts).

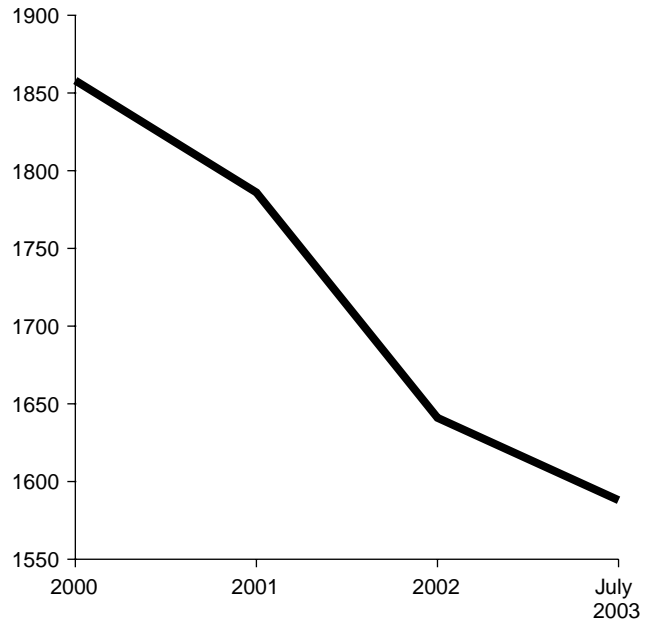
tury rise to pre-eminence in population, agriculture, and manufacturing has been the result of infrastructure-building in decades past, for example, the 1930s Colorado River management projects under Franklin Delano Roosevelt. This “Great Projects” approach must be resumed today, with continental-scale and California-based projects for power and water, that have been on the drawing boards for decades, but sidelined during the era of “free market” deregulation and looting.

In the forefront must be the program to “Go Nuclear,” using the most modern systems. During the next decade, California will have to engage in large-scale building of electricity-generation plants, especially nuclear power plants, to provide for future real economic growth, as well as the replacement of its aging power plants. This requires a mobilization.

The California Energy Commission (CEC), in its “2002-2012 Electricity Outlook Report,” under its “most likely growth” scenario estimate of electricity use in years ahead, has projected that California electricity consumption will grow from 255,829 gigawatt-hours consumed in 2002, to 326,796 gigawatt-hours consumed in 2012, a rise of 71,000 gigawatt-hours, representing an increase of 28%. Physical electricity generation capacity will have to be expanded ap-

FIGURE 4
California Manufacturing Workforce Cut by 269,000, 2000-2003

(Thousands)



Source: EIR.

propriately to provide the increased electricity that will be consumed.

While the CEC’s projected 28% increase is already substantial, it significantly understates the real electricity need. The CEC’s projection provides for very little per-capita real growth in electricity consumption over the decade. Its principal purpose is to keep up with projected population growth. It barely keeps the economy and the population’s living standards on a steady basis. In fact, it is explicitly premised on “voluntary cuts” in electricity consumption.

But to reverse the current steep economic decline, California must engage in a vast expansion and scientific upgrade of its infrastructure, manufacturing, and agriculture. It must shift to electrified, high-speed rail, and even to a magnetic levitation (maglev) trunkline system, whose operation consumes large amounts of electricity. It must expand real manufacturing—not the “new economy” sideshow—which requires considerable amounts of electricity. To expand its agriculture (California is the nation’s biggest producer of fruits and vegetables), which is very energy- and irrigation-dependent, the state must have new volumes of electricity.

Based on this prospect for economic expansion, EIR has projected that California would require at least an additional 100,000-150,000 gigawatt-hours in increased electricity consumption by 2012, above its 2002 level.


LAROUCHE IN 2004

www.larouchein2004.com
 Paid for by LaRouche in 2004.

Build 20 to 30 New Nuclear Plants

That electricity could be provided in only a small measure by running existing power plants longer. Thus, there is no solution except to construct new capacity; meaning, principally, 80-120 new nuclear power plant units, based on a unit being that of the latest “fourth generation” design (each about 200 MW).

Nuclear experts work from the rule of thumb that a nuclear power plant will be in operation for 7,200 hours per year. Now, for California to provide an additional 100,000-150,000 gigawatt-hours of electricity for consumption by 2012, would require the construction of 14 to 21 gigawatts of additional nuclear power electricity generation capacity. And the most efficient configuration to generate nuclear power is to construct a single 800 MW nuclear module or complex, made up of four nuclear power generating units of 200 MW each.

Thus, for California to provide the necessary 14 to 21 gigawatts of new nuclear-based generating capacity requires a mobilization to construct, over the next 10 years, between 20-30 new nuclear modules of 800 MW each. This means the manufacturing of between 80 and 120 new individual 200 MW nuclear plant units. This is an exciting mission.

Phase III: Go Nuclear

It is now urgent to “re-nuclearize” California’s energy grid, and the nation’s. Over the past 40 years, but especially in the 1990s to the present, the United States has been “powered down” by a dramatic fall in per-capita installed electrical generating capacity (**Figure 5**), and in particular in California. In 1995-2000, for example, U.S. capacity added only 11,000 MW of electrical power from all energy sources (an abysmally low increase of 1.5%, total, over five years). In contrast, during the early 1970s, installed capacity was increasing at a rate of about 7% a year.

In California, there was no net electricity capacity increase at all during the 1990s.

The solution to this? Go nuclear. **Figure 6**, showing the location of the current nuclear plants in operation in North America, underscores the nature of the problem to be solved in California. Of the 103 plants in the United States, only four units are in California. Another three are in Arizona, and one is in operation in Washington State.

A Western plant that would have been operating today in Hanford, Washington, now stands abandoned, 75% complete—a dramatic result of the abrupt policy shift over the past 30 years. As of the 1970s, the number of new U.S. orders for nuclear plants declined, until all were cancelled, and even the number of plants in operation has begun to decline.

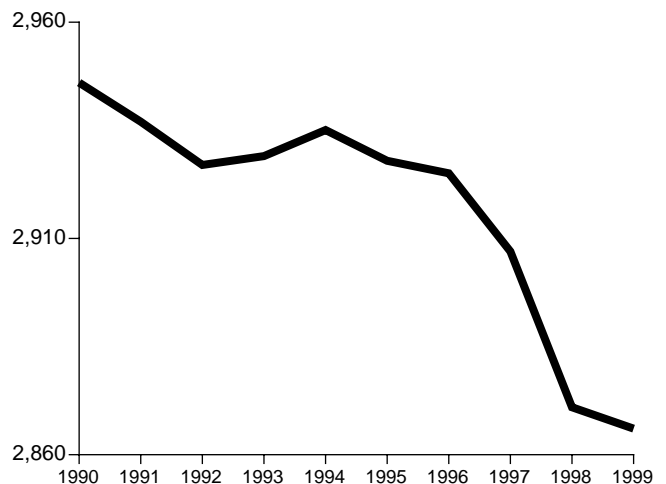
Build ‘Fourth-Generation’ Reactors

There is no question about the merits of nuclear, as indicated in **Table 2**, which shows how nuclear energy is the most



The Diablo Canyon nuclear plant, under construction by Westinghouse Electric in 1971. Built on a 750-acre complex in San Luis Obispo County, the plant’s lead-time took over 15 years, to account for seismic activity and the Pacific Ocean site. The two units are Pressurized Light Water Reactors, with a capacity of 1,087 MW each, and went on line in 1985 and 1986, respectively.

FIGURE 5
Installed U.S. Electrical Generating Capacity, in Watts Per Capita, 1990-1999



Source: Energy Information Administration, U.S. Department of Energy; U.S. Department of Commerce.

FIGURE 6

103 Operating Nuclear Plants Produce 20% of U.S. Power



Source: Nuclear Energy Institute.

- *The cheapest, most reliable, and most efficient 20% of the U.S. electrical power grid, is nuclear.*
- *Total U.S. capacity added only 11,000 MW power from ALL energy sources (1.5%) in past five years. No capacity was added in California in a decade.*
- *5,000 MW of nuclear power was abandoned under construction—up to 75% complete—in Washington State. The Northwest region was 4,000 MW short of capacity in January 2001.*
- *Canada has 14 plants; Mexico, one.*

TABLE 2
Energy Flux Density Comparisons

Solar—biomass	0.0000001
Solar—earth surface	0.0002
Solar—near-earth orbit	0.001
Solar—near-solar orbit	1.0
Fossil	10.0
Nuclear Fission	50.0 to 200.0

Energy flux density is measured by the amount of power, in megawatts, through the surface area of various energy systems. The higher the figure, the more efficient the system in creating heat to raise the temperature of water. Today’s nuclear fission reactors are between 5 and 20 times more efficient than comparable fossil-fuel plants.

power-dense form of all energy types. The important policy question is the particular design and size of the nuclear plant for the needed construction mobilization.

The most appropriate technology is what is known as the “fourth generation”: very advanced high-temperature, gas-cooled nuclear reactors. Among their benefits is that they can be built in the size and power range of 200 MW. This saves

on construction time and effort compared to that needed for the much bigger boiling-water reactors, for which large amounts of three-foot-thick concrete must be cured (dry-set), and very involved, extensive infrastructure (for example, plumbing) must be built.

Second, the smaller modular plants can be installed in series as needed. For example, four such units could be installed on a coastal site, for use with high-tech seawater desalination. The heat generated by these plants can also be used to make the saline seawater potable.

And most important, gearing up to assembly-line production of these plants is of urgency, not just for the United States, but for all around the Western Hemisphere. The smaller facility can be incorporated in multiples as needed, in the buildup of national energy grids throughout the Americas, and for industrial-process heat and other uses.

How would the gear-up work? Think of the principle involved in the nuclear Navy, developed under the leadership of Adm. Hyman Rickover. A model nuclear ship design was agreed on by the government. It was then put out for bids to the shipyards. All along the line, ingenuity and skilled output were fostered in the construction process.

Today, the “approved” design—call it the “California model” if you like—can be arrived at, and the bidding and building process commence. Financing through Federal low-interest credits can jump-start the manufacturing, and also other needed projects along the way. This is exactly how the 1930s grand projects of public works were undertaken, from the Hoover Dam—which launched the California-based Bechtel Corp.—to smaller-scale programs.

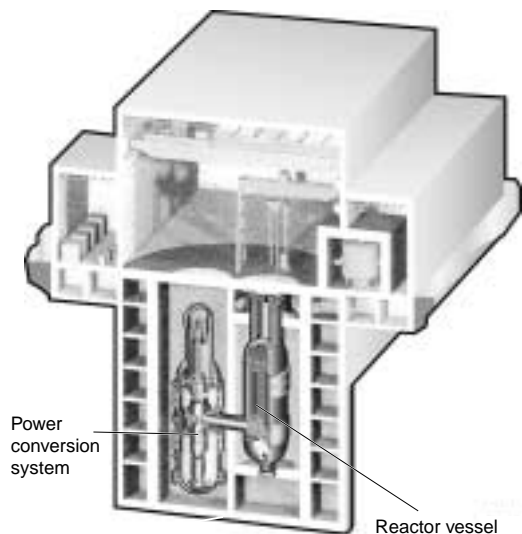
**The General Atomics GT-MHR—
The ‘California Model’**

Fourth-generation nuclear reactors are now ready for mass-scale introduction; their designs are supersafe, and almost 50% more efficient than conventional reactors. The German-developed “Pebble-Bed Modular Reactor” (using tennis-ball-sized fuel pellets) is now under construction in South Africa, with fully tested components for safety and output.

The original idea for using fuel particles was pioneered by San Diego-based General Atomics, whose design for an underground, high-temperature gas-cooled nuclear reactor—the “GT-MHR”—is shown in **Figure 7**. Its inherent features make meltdown impossible. The tiny fuel particles are encased in ceramic spheres, which serve as mini-“containment” housing for the fission products. By removing one of these

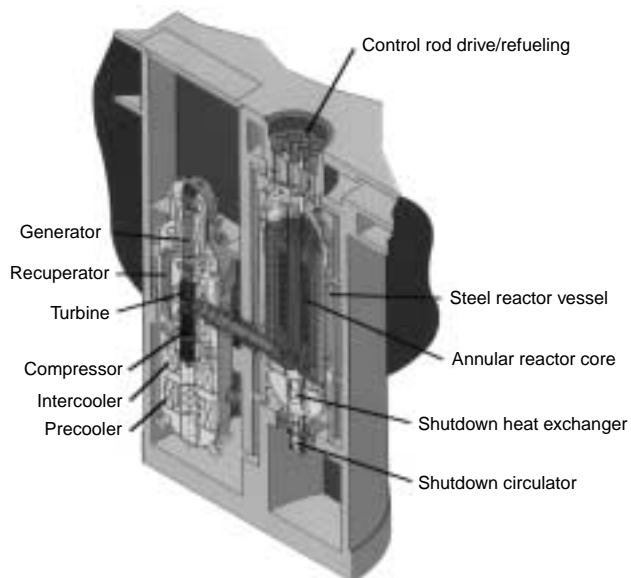
FIGURE 7

Cutaway View of the GT-MHR Reactor and Power Conversion Systems



This is the current design for a 285 MW-e power plant (600 MW-thermal), and shows how the layers of hexagonal fuel elements are stacked in the reactor core. The helium gas passes from the reactor to the gas turbine through the inside of the connecting coaxial duct, and returns via the outside.

The reactor vessel and the power conversion vessel are located below ground, and the support system for the reactor is above ground.



Source: General Atomics.

spheres stacked inside the actual containment housing, power and heat generation are stopped. In other words, the nuclear fission can be stopped that easily—making this system inherently safe and non-polluting.

The GT-MHR produces higher-temperature process heat (1,560°F), compared to the 600°F limit of conventional water-cooled nuclear reactors, allowing greater electricity-generating efficiency and a wide range of industrial applications, from making fertilizer to refining petroleum.

Cheap, plentiful electricity is the precondition for large-volume water desalination. **Figure 8** is an artist's illustration of what could be done for the arid Southern California region, by nuclear-powered desalination on the Pacific Coast.

FIGURE 8



Source: Preliminary Design Rept. 1084, Met. Water Dist. of S. Calif., 1993

Artist's depiction of a modern seawater desalination tower. It is proposed for a location on the Pacific Coast of California. The structure houses a multi-effect distillation process (vertically stacked evaporators) for large-scale output (284,000 cubic meters daily).

Congress Not Bucking Bush on Iraq \$87 Billion

by Carl Osgood

President Bush sent up his \$87 billion supplemental budget request to Capitol Hill on Sept. 17, generating a plethora of commentary and questions, but so far, no visible movement by Congress to force any changes in U.S. policy toward Iraq. The response of Congressional Democrats has been to propose that the wealthiest taxpayers foot the bill for the supplemental, or to make comparisons between what the White House is proposing be spent on infrastructure in Iraq, and what is being spent for the very same infrastructure in the United States.

The \$87 billion request itself breaks down into \$65.6 billion for the Department of Defense, \$20.3 billion for the Coalition Provisional Authority for reconstruction, and \$140 million for the State Department. The military spending is split into \$51 billion to cover costs for operations in Iraq, and \$11 billion for Afghanistan. The remainder goes for military operations in the United States that are part of the so-called war on terrorism. The major military cost items are the increased operational tempo (\$32 billion) and military personnel (\$18 billion). The reconstruction side includes \$5.1 billion for security, including border enforcement, building a national police and a new Iraqi army, and reforming the justice system. The reconstruction plan also provides \$5.7 billion for restoring the electricity system, \$3.7 billion for water and sewer services, and \$2.1 billion for rehabilitating Iraq's oil infrastructure.

The reconstruction request immediately evoked comparisons with what the Bush Administration is willing to spend on the same infrastructure in the United States. A report produced by the Democratic staff of the House Appropriations Committee charges, "This assistance will be aimed largely at the very kinds of infrastructure investments that the Bush Administration has so actively opposed here at home." The report adds that in certain areas, the aid requested for Iraq "exceeds the amount the Federal government provides to all 50 states in this country." The per-capita breakdown amounts to \$157.45 in Iraq for water and sewer, compared to \$14.39 in the United States; \$255 in Iraq for electricity infrastructure and just 71¢ in the United States; and \$38.30 in Iraq for hospitals and clinics, as opposed to just \$3.30 in the United States. The Bush Administration seems not to be bothered by such comparisons. Said one Administration official, albeit anonymously, on Sept. 17, "We welcome the comparison, because President Bush is more than meeting his domestic priorities as well," the most important of which "is keeping the American

people safe from terrorism." Of course, whether the \$20.3 billion will actually go to improve the lives of Iraqis, or will mostly line the pockets of multinational corporations, such as Vice President Dick Cheney's Halliburton, remains to be seen.

The issue of the spending's transparency is one the Democrats keep saying they are going to raise before allowing the money to be appropriated. Edward M. Kennedy (D-Mass.), speaking on the Senate floor on Sept. 23, added several more questions, including: How will the United States obtain more international participation in Iraq? How many troops will be needed, for how long, to stop prevent sabotage of reconstruction efforts? And what is the estimated total cost of reconstruction?

That last question is likely to be the most contentious, because no one among the Democrats believes that the present \$87 billion request will even last through to the end of Fiscal 2004. House Budget Committee Democrats have produced estimates of anywhere from \$237.8 billion to \$419.3 billion for the total costs of the Iraq operation, depending on how many years out one wants to estimate. In presenting the Budget Committee report, Rep. John Spratt (D-S.C.) explained that the Democrats developed their own estimates, because the Bush Administration has been less than forthcoming in providing those numbers. That the \$20.3 billion for reconstruction is not enough to actually reconstruct Iraq, is clear from the Administration's own estimates of total reconstruction costs, which run in the range of \$50-\$75 billion. However, it's not even clear that the \$65 billion for the Pentagon will be enough to cover all of the costs being imposed on the military services, especially the wear and tear being inflicted on Army equipment.

Not surprisingly, Democrats have also tied the supplemental request to the tax-cut issue. Sen. Joseph Biden (D-Del.) has proposed that the upper third of income earners, those making more than \$360,000 per year, give up one year of the tax cut they are now expecting. He argued that that is preferable to the other two options: That is, borrowing it all, or cutting necessary services, both of which he called "unpalatable," in his remarks to reporters on Sept. 17.

The most significant question is that the bottom has fallen out of the Federal budget, due largely to the ongoing collapse in Federal tax revenues. The Congressional Budget Office reported on Sept. 9, that the budget deficit for the first 11 months of fiscal 2003—which began on Oct. 1, 2002—hit \$402 billion, compared to \$202 billion for the same period one year ago. The CBO attributed the August collapse to more tax cuts taking effect and greater defense and Medicaid spending.

In spite of all this—not to mention the fraud behind why the United States went to war in the first place—the Democrats are not planning to be obstructive. When Fox News anchor Tony Snow asked Biden, on Sept. 21, if the Democrats were willing to go ahead and approve the supplemental, he said, "I think we have to."

The Wreck of Cancún and the End of the ‘Washington Consensus’

by Lothar Komp

The Finance Ministers and central bank chiefs from the seven “leading industrial nations” met once again on Sept. 20, in Dubai, in the United Arab Emirates, and consulted on the fate of the world economy. Immediately thereafter, the same characters got together at the semi-annual meeting of the International Monetary Fund (IMF) and World Bank, and occupied themselves, among other things, with the possible threats to the global financial system. “Business as usual,” one might say. But that would be quite mistaken. This time, everything was a bit different; the self-inflicted shrinkage of the economies of the once-leading industrial countries has gone so far, that the Group of Seven (G7) is no longer so terribly important.

A group of nations of the Southern Hemisphere, led by Brazil, India, and China, had just managed to take apart the free-trade agenda of the G7 countries. After five days of negotiations over the mutual elimination of protective mechanisms for agriculture, industry, and services, the world trade conference in Cancún, Mexico had to be broken off without results on Sept. 14. What the IMF and World Bank call the “Washington consensus,” according to which all happiness in the world depends solely on the consequences of liberalization of trade and privatization of all economic activity, is overthrown. The Cancún shambles offers the possibility of beginning a new debate on the foundations of a just economic order in the world. Ironically, an impetus to growth could come out of this which could free the G7 national economies—not least, the German economy—from their recent woes.

A ‘Cold War’ of Trade

The agenda for the fifth ministerial meeting of the 146 member-nations of the World Trade Organization (WTO) had already been set by the November 2001 WTO summit in Doha, Qatar. Each “success” in regard to any one of the numerous points of the Doha Declaration would have arguably allowed the volume of world trade to rise temporarily, but at the cost of threatening critical sectors of the national economies of countries either of the North or the South.

The central theme on which the underdeveloped countries aimed to make progress, was the agricultural subsidies of the United States and Europe. On Aug. 20, a Group

of 16 underdeveloped countries (Argentina, Brazil, China, Chile, Costa Rica, Ecuador, Guatemala, India, Columbia, Mexico, Paraguay, Peru, Philippines, South Africa, Thailand, and Venezuela) with Brazil’s WTO representative as its spokesman, had put forward a radical catalogue of demands at the WTO preparatory meeting. The industrial countries were accused of supporting their agricultural sectors to the tune of about \$1 billion a day, enabling them to bring the prices of agricultural products on the world market below the costs of production of those products in many underdeveloped countries. By this means, domestic agriculture in these countries was being destroyed, the Group of 16 said, and their dependence on imports thus cast in stone. So, this group, grown into the “Group of 21” by the beginning of the Cancún meeting, demanded the abandonment of general export subsidies as well as existing import limitations on agricultural products.

According to official statistics, the United States spends \$80 billion a year for the support of agriculture; the European Union is slated to spend around \$43 billion euros during each of the next ten years. Notwithstanding this subsidy, the greater part of U.S. and European agriculture is in fact operating at or below the minimum [income] level for its continued existence. Because the food cartels controlling world trade have managed to drive the market prices for agricultural products down so low, these prices now lie significantly below the (cost-of- production) parity prices requisite to sustain the long-term solvency and survival of farm enterprises, within both the developed and underdeveloped nations.

Concerning the rest of the themes of the Cancún Summit, it was the reverse, with the United States and the European Union demanding far-reaching “liberalization”—elimination of protection or support—by the developing countries. Because these points had already been formulated at the Singapore WTO meeting of 1995, one can succinctly refer to them as the “Singapore Themes.” Included therein was the demand for the WTO-enforced dismantling of restrictions on direct foreign investment. A “multilateral investment treaty” (MIT) among the industrialized nations, under the canopy of the OECD, was only finally derailed in 1998, not least on account

of the resistance of the French population. With the MIT, the economic sovereignty of the nation-states would have been curtailed to the benefit of the rights of the major transnational corporations. Under the canopy of the WTO, a kind of global MIT was now being pushed for.

The Insane ‘Singapore Themes’

This bears on, for example, China’s successful years-long practice of a constant requirement for direct foreign investment—to build a steel works, or a chemical factory, etc.—that a certain percentage, frequently 50%, must remain with domestic local workers’ groups or entrepreneurs. In this way, foreign direct investment can broaden economic activity to the mutual advantage of the investors and the host country. By contrast, in Hungary, where the government has removed such requirements and rather promised investors several years free of taxes, more than 70% of all industrial production is in the hands of foreigners, and the domestic *Mittelstand*, which has no entrepreneurial mission, has almost completely disappeared.

The “Singapore Themes” further include the demand for free competitive contracting of public investments. This means that a country must always award a contract for construction of a road or building of a power plant to the most favorable bidder whether domestic or foreign, and lose the capability to crank up targeted domestic construction sectors with public projects.

Also on the wish-list of the G7 countries was a massive broadening of international protection of patents. According to the existing trade rules, poor countries may, under certain circumstances, produce indigenous generic medications, more affordable for their people, without paying patent-licensing fees to the big pharmaceutical companies. But they may do this only when necessary to prevent or fight a catastrophic threat to health. The G7 countries now insist that this patent exception be limited to a few particular cases, such as AIDS and malaria. For all other diseases, they demand, indigenous production of medications would be banned. This poses the question whether Germany or the young United States at the beginning of the 19th Century, for example, would have made the leap to become leading industrial nations, had such strict international patent protections existed then. Japan and South Korea can also credit their industrial growth after World War II, in part, to copies of technological innovations developed in other nations.

Finally, there was the renegotiation of an agreement on services, GATS. Here, the demand was for privatization and the free entry of foreign capital into electricity, water, telecommunications, education as well as health and annuity insurance services. So far, water-management projects have been partly excepted from the free-trade conditionalities. But now the European Union (EU), which has its own world-leading companies in this field (Vivendi, Suez, RWE, Eon) has been pushing strongly in the recent past for a far-reaching

“liberalization” of water management in the WTO’s member states.

The “Group of 21” made it clear at Cancún from the outset, that it would only negotiate at all, on all these “themes,” if first the U.S.A. and Europe made concessions in the agricultural sector. This was unacceptable to the EU representative. When the United States then pressed for protection of capital investments, several African countries walked out of the meeting in protest. Finally the Mexican chief negotiator was left with no other choice than to declare the WTO summit ended, without result.

Two Reactions Possible

Is world trade thereby threatened? Not at all. The only thing that actually broke down in Cancún was the myth, that complete free-trade “liberalization” of the world economy is the panacea for all economic problems, and an unalterable law. Two distinct reactions are now possible. Several representatives for the U.S. economy have already announced the first: what hasn’t been attainable multilaterally, should now be aggressively pushed through in bilateral trade negotiations. Nations that in any way refuse foreign investment or patent protections should be punished with countermeasures such as import limitations. The consequence of proceeding that way would be a kind of Cold War in world trade, and possibly the breaking up of the world economy into regional blocs.

The only alternative to this is, as a first necessity, to conclude bilateral or regional trade agreements which put up front not the free-trade dogma, but the long-term development of all participating national economies. Already only a few decades after Adam Smith had designated the “inclination to trade” as the essential distinction between men and beasts, and declared the unbridled activation of this inclination as the real source of the welfare of nations, Friedrich List was teaching the absurdity and mendacity of the Smithians. For England had itself openly given the free-trade doctrine short shrift. The free trade carried through with great expenditure on propaganda in other countries, not least on the European Continent, was much more a means of making economic war, to throttle the development of nascent industries there, and ensure the predominance of the Empire.

Who is to prevent the current German government from concluding long-term economic agreements with such nations as Russia, China, India, or Brazil, whose subject is not global free trade, but the intended infrastructural buildup of entire regions, or specific branches of economy? What potential lies in the know-how of the Russian air and space industries alone, which with investment and long-term credits from Germany, could be transformed into an essential productive strength for the Russian economy? Instead of this, Germany is being directed to think only of providing long-term insurance for Russian energy pipelines.

The wreck of Cancún can lead to the beginning of a new kind of trade relations among nations.

China Says 'No' To 'Plaza Accord' Pressure

by Mary Burdman

All the continued hullabaloo by the George W. Bush Administration about the fixed exchange rate of the Chinese currency, the renminbi, to the dollar, is getting nowhere. The Chinese remain determined that they are not going to give into the U.S. pressure for the currency to “float,” by which Washington really means to drastically revalue the renminbi upward against the dollar.

China has drawn the historical lesson of what the 1985 “Plaza Accord” brought about, negotiated at that year’s Group of Seven finance ministers meeting in New York: It destroyed the rapid growth of the Japanese economy after World War II. The Bush Administration, and some in Japan, want China to submit to the same sort of agreement now.

A commentary published in the official *People’s Daily* on Sept. 23, written by Prof. Jiang Ruiping, Chairman of the Department of International Economics of the Foreign Affairs College in Beijing, emphasized that in 1985, “the U.S. forced the Japanese yen to revalue,” in order to artificially eliminate the huge U.S. financial and trade deficits with Japan. The Ronald Reagan Administration called a G-7 finance ministers’ meeting, held at the Plaza Hotel, which “agreed” to force the currencies of especially Japan and Germany, to rise against the dollar. The yen doubled in value against the dollar in just two and a half years.

Postwar Japanese economic growth, “which depended heavily on foreign resources,” was thrown into a “yen revaluation depression”, wrote Professor Jiang. Tokyo resorted to its “zero-interest-rate” money printing, and set off that country’s huge real estate and stock market bubbles; when they crashed, Japan was plunged into its persistent economic/financial crisis. Japan’s drastic currency manipulations in 1997-98, which this time cut the yen’s value by almost 55%, played a big role bringing about the Asian financial crisis. This is the bitter pill that Tokyo, trying “to be hand in glove with the U.S.,” has been attempting to make China swallow.

The Chinese commentary was clearly a response to the events of this year’s G-7 finance ministers meeting, and the immediately subsequent International Monetary Fund/World Bank summits in Dubai, United Arab Emirates, on Sept. 19-23. In Dubai, U.S. Treasury Secretary John Snow, who arrived after (unproductive) trips to Japan, South Korea, China, and then South Asia, kept insisting that Asian nations give in to an insane “free-floating” currency regime (i.e., one run by unregulated private-financial flows). On Sept. 5, President

Bush himself went on the stump on behalf of this policy, appearing on CNBC cable TV, to pronounce that Snow had used his meetings in Beijing to “deliver a strong message from the Administration that we expect our trading partners to treat our people fairly—our producers and workers and farmers and manufacturers—and we don’t think we’re being treated fairly when a currency is controlled by the government.”

‘Same Message in China, Japan, and Phuket’

Snow repeated this demand—that a nation’s currency should not be controlled by that nation’s government, and that all countries knuckle under to “market-based exchange rates”—all along the trail to Dubai. “We’ve had a consistent message on currencies, whether in Japan or China or Phuket [Thailand] or at all the G-7 meetings,” he blathered, as he flew into the United Arab Emirates. “We think the world trading system works best under a regime of market-based exchange rates and we’re going to continue to push for flexible, market-based exchange rates. . . . It would be useful if the communiqué expressed support for flexible exchange rates.”

Although both European and Japanese officials had expressed doubts about this policy, the communiqué issued by the Group of Seven on Sept. 21, ended up calling for “more flexibility in exchange rates.” It read: “In the context of exchange rates, we will strengthen the dialogue with other major economic areas to promote a smooth adjustment of international imbalances, based on market mechanisms.” Previously, G-7 communiqués restrained themselves to calling for “monitoring” exchange rate movements, and for governments to “cooperate as appropriate.”

In the next days, the Japanese yen and the South Korean won rose sharply against the U.S. dollar, to the highest levels in three years. This brought protests from Tokyo, which has already had to spend 9.03 trillion yen (\$76.8 billion) this year, to try to control the yen’s rise.

Snow tried to offer some bribes to the Chinese, who had a delegation in Dubai. He told the IMF meeting that the United States would be willing to consider a future admittance of China to the “elite” G-7 group of nations. “The issue of membership gets reviewed from time to time, and I think we are open to looking at the whole question,” he said. China should take a sober look at the treatment that Russia receives as a sometime member of what is called the Group of Eight. At these occasional, expanded G-8 meetings, Russian delegates are allowed in (to sit at the “children’s table”).

But this was an empty gesture by Snow. As one well-informed City of London figure told *EIR* Sept. 23, the dollar plunged because “everybody knows” how desperate the Bush Administration is about the U.S. economy. “I don’t think the dollar going down has to do with the Dubai G-7 communiqué insisting on flexible exchange rates; there is something else going on,” he said. “The financial world has latched onto a falling dollar, because of knowledge that has been picked up

. . . that the Administration clearly wants to abandon the strong dollar. It's fair to say, that they want to drive the dollar down, because of growing desperation about the American economy, as the election year approaches." China and Japan, he noted, are not going to change their policies just because of one communiqué.

Regular commentaries in the Chinese press recently have blasted as "unacceptable," the scapegoating of China because of the United States' own problems of soaring unemployment and de-industrialization. John Snow's arrival in China was greeted by the *China Daily* with an English commentary stating: "The Presidential election campaign in the United States is certainly one of the most influential political dramas in the world. But it is often unpleasant to be thrust into having to play a role in it. China's currency, unfortunately, is in a position of finding itself involved in the finger-wagging sessions that accompany this essentially American saga."

China had agreed to more exchange rate flexibility when joining the World Trade Organization (WTO), "but the unfavorable conditions in the world economy since 2001 . . . have delayed the process," the commentary stated. For China, a more expensive currency could mean widespread job losses for Chinese workers, "who are much poorer than their American peers." Floating the yuan (as China's currency is called internally; calculations for international trade and exchange are made in renminbi) will open the way for even more speculative rises in the currency.

China Daily concluded: "A more undesirable consequence might be the impression that international browbeating can effectively mandate China's forex policy. Then, the next time some international dignitary says something about the renminbi, market players will follow his or her comments and put pressure on the currency.

"Should China now give in to pressure only to face dire consequences later? 'No way.'"

Unsavoury Intrusions

China's commitment to a stable currency is extremely important for its national interests and national sovereignty. However, one problem is emerging: a host of unsavoury characters are inserting themselves into the internationally hot debate on the Chinese currency, and, while defending the fixed-exchange-rate policy, are promoting their own unappetizing agendas to Beijing. The worst of these is monetarist Nobel Prize Laureate Robert Mundell, whom Chinese media are greeting as a "reasonable voice." Mundell does support "fixed" exchange rates, but as a tool of monetarism, to control national economies via severe austerity against national budgets and industrial production.

Mundell's money-fixated proposals, are sometimes mistaken as a version of Lyndon LaRouche's proposals. In reality, LaRouche has taken the scientific basis for expanding real, physical-economic production, for the development of sovereign nations, to the most advanced level, and proposes

stable financial arrangements only to enhance long-term cooperation and investment among nations. Mundell, and his ilk, promote what appears to be financial "stability" for economic destruction.

Mundell claims—with much exaggeration—to be the "father" of the euro, the single currency of the European Monetary Union. He did play a role in shaping the 1992 Maastricht Treaty, which attempted to straitjacket European governments into fiscal austerity and disinvestment, and which is now an economic strangulation those nations are trying to break. The "euro-zone" nations of Germany, France, and Italy, with soaring unemployment and falling industrial production, now regularly violate the Maastricht debt austerity regulations.

Mundell may claim to support a national currency, but his real aim is a supranational "single world currency," controlled by a supranational "world central bank." This is hardly something which would be responsive, or accountable, to the interests of sovereign nation-states. This June, Mundell sponsored a gathering of a small group of top bankers and monetarists at his palace in Siena, Italy to discuss a scheme for eliminating all national currencies.

On June 30, the *Wall Street Journal's* "editor emeritus" Robert Bartley covered the meeting, under the headline, "World Money at the Palazzo Mundell." "Does the global economy need a global currency?" asked Bartley. "If the euro can replace the franc, mark and lira, why can't a new world currency merge the dollar, euro, and yen?" This would mean "the grandest reform of all, a supranational central bank," he wrote. Among participants was former U.S. Federal Reserve Chairman Paul Volcker, a big supporter of a "world currency"—and, as Volcker himself referred to his policy at the Fed, "controlled disintegration in the world economy.

Perhaps slimiest of all, is "financier" Steve Forbes, who sponsored a financial bash in Shanghai in early September. Forbes also said that China should do the obvious, and keep its currency stable.

China's leaders may graciously allow Forbes to tell them to do, what they are already determined to do, but he should not presume too much on their politeness. A recent Indian visitor to China watched Forbes being questioned on television during his visit. Forbes was asked, if he would risk publishing his list of the "100 Richest Chinese" again this year. The last set had run into problems, Forbes was informed: In the national effort to stop corruption, half of the 100 were in jail, and the other half had fled overseas!

— FOR A —
DIALOGUE OF CULTURES
www.schillerinstitute.org

German-French Summit Rediscovered Industry

by Rainer Apel

The main result of the Sept. 18 Franco-German Summit in Berlin is not the list of ten proposed technology incentives, which President Jacques Chirac and Chancellor Gerhard Schröder presented there: The realization of these projects would require more funding than the proposed 3 billion euros anyway. Much more important is the Franco-German statement in defense of productive industry, with its 45 million workers in the European Union. Their Berlin Declaration included a chapter, "Confronting the Threat of Deindustrialization," in which the French and German governments denounce "the risk of over-regulation" by the European Commission (EC), especially in the chemical industry sector (which in Germany alone employs 1.7 million workers).

The day before the Berlin summit, the German Association for Industry (BDI) released a new survey warning in no uncertain terms, that draft proposals on new standards for chemical production, published by the EC in May, had the "potential to depress the German economy significantly" by leading to a drastic drop in investments and exports, a loss of innovation, and considerably higher manufacturing costs. (German industry as a whole is already in depression.) The draft EC rule would force industry to provide data on at least 30,000 chemical substances, and prove that each substance can be used safely in terms of environmental and health effects. The EC itself estimates that the law would burden EU chemical producers with extra expenses of up to \$2 billion a year from now to 2020.

At the joint Berlin press conference with Chirac, Schröder took the example of the ongoing conflict between the French government and the European Commission over the issue of state intervention to save and consolidate the large French firm, Alstom. Schröder said that "Alstom is not just a French problem," and endorsed the French government's rescue package, noting that the industrial giant (power-generation and railway technology), which employs 110,000 workers worldwide, "also employs 11,000 people in Germany, and we have an interest in these jobs being preserved." Chirac insisted that every possibility has to be explored "that could permit a company of this size to continue operating."

A few days after the Berlin summit, the EU Commission gave the surprising go-ahead for France to intervene in support of Alstom, though in a somewhat complicated arrangement that "bans" direct government payments. Instead, the government will buy company shares, on the condition that

they be bought back at some time by Alstom—which is not very likely to happen, unless the company really receives a big boost in production and earnings in the coming few years.

An alternative would be the realization of proposals to have a big German company in the same sector—like Siemens—merge with Alstom, to form yet another big Franco-German industrial venture. This would keep the government out, but require a go-ahead by the French and German cartel offices, as well as by the EC.

Building on the Tremonti Plan

As for the aforementioned ten select projects of the Franco-German "European Growth Initiative" of the Berlin Declaration, they are explicitly referenced in the text as a "supplement" to the Tremonti Plan—which already calls for infrastructure projects, mostly in the transport sector, requiring investments of 60-70 billion euros Europeanwide. The Franco-German initiative is just adding another—though with 3 billion euros, rather modest, so far—incentive for other projects that have, like the Galileo space-based positioning satellite system, already entered the process of pre-decision at the EU. The most prominent projects proposed by France and Germany for additional funding are the Galileo system, and the railway interlink through Saarland between the two nations' high-speed rail systems, the French TGV and the German ICE. That particular project was discussed already about 20 years ago, but kept frozen until the considerable improvement of Franco-German relations which began last Autumn, ironically promoted by the common opposition in Paris and Berlin to the war policy of the Bush Administration.

The main emphasis of the other projects proposed is research in communication technology, telematics, and development of new and more efficient broad-width cables for rapid transmission of data. The Galileo project is, by the way, soon to be joined by the Chinese, who are expected to sign a partnership agreement in the context of the November EU-China summit, as was announced a few hours after the Franco-German Summit in Berlin.

Surprisingly, the Franco-German initiative in defense of industry received prominent backing by Britain's Prime Minister Tony Blair, during his meeting in Berlin with Chirac and Schröder on Sept. 20. Blair called the French-German initiative meaningful for Britain, which urgently needs an overhaul of its ailing industrial production.

The revolutionary step in both the Tremonti Plan and the Franco-German initiative, is that the main role in organizing the project funding lies with the European Investment Bank (EIB), the "house bank" of the European Union. The specialty of the EIB is to grant lower-interest loans over long periods, and with long grace periods for repayment. This approach resembles the policy of Germany's KfW (Kreditanstalt für Wiederaufbau), the state-owned bank that has done so much for the postwar reconstruction of German industry from the early 1950s on.

In Ukraine, the Economy Has Reached a 'Zero Point'

by Taras Telyha

The end of uncertainty. The start of revival? Each August's anniversary of Ukraine's independence is followed with a multitude of articles, reviews, analytical materials in mass media, with various views on the period since 1991, and attempts to look into the near or distant future. Such reviews allow us to focus upon major problems of development, to crystalize the major items characterizing the essence of the country's reality.

Precise statistics reflect the nation's results, like a ruthless mirror—reflecting also the quality of the country's management. These data, as well as a lot of sociological research, definitely illustrate that the public confidence in the authorities—the President in particular—has sunk below the lowest conceivable limits.

So, what is happening in Ukraine today? What is the Ukrainian people going to expect in case of implementation of the President's plans, which he clearly outlined at the ceremony on the 12th anniversary of independence, on Aug. 23? In order to answer those complicated questions, we should look back at the last year and a half, starting with March 31, 2002, when, after the recent elections to the Supreme Rada (parliament), the wild gangster regime of "criminal-communist capitalism" cracked and nearly collapsed.

Economy Thrown Back Into the Past

Two parameters—the level of economic development and the availability of political freedoms—determine the place of a country in today's global community. It is bad to be a well-fed slave, but it is a hundred times worse to be deprived both of freedom and elementary material possibilities while living in early 21st-Century Europe. Unfortunately, this is the case of today's Ukraine.

In May, the Center of Political and Social Research named after Alexandr Razumkov, renowned for its reliable sociological research, conducted a new poll, publishing its results in *Zerkalo Nedeli* (*Weekly Mirror*). The sociologists focussed on the major indices of the level of life of Ukrainians: the structure of incomes and expenses, the purchasing capability of the population, and so forth.

The results were striking even to the most pessimistic readers. About 26% of the population can't afford anything, including food; 42% can feed themselves, but not afford clothes; 24% afford both, but can't purchase absolutely neces-

sary technical means of survival, like a refrigerator; and only 6% are able to make substantial purchases.¹

According to independent research, the average monthly salary in Ukraine does not exceed \$80 (by comparison, Poland's is \$500; Russia's \$165; Belarus', \$120). The minimum salary is around \$35—half an adult's survival minimum. The growth of GDP, which is the subject of pride of state officials, is determined by money transfers from Ukrainians employed outside the country (about \$5-7 billion annually).

Other typical characteristics of the economic situation: About 60% of the national economy hides in the "shade" of the informal or illegal economies; the foreign debt of Ukraine is at \$14 billion (\$1.84 billion to the International Monetary Fund); the state budget comprises less than \$10 billion (\$200 per person); the average pension is around \$30 monthly. At the same time, over 80% of tax revenue is paid by citizens with an average monthly income of \$100.

The picture can be completed with one more figure: The fortunes of the 10-12 richest Ukrainians would be sufficient for paying the whole foreign debt. No wonder that productive investments are close to zero, agro-industry is depleted, and 70% of GDP (the production of metallurgy, the timber industry, and other natural resources) is exported. No wonder that, according to various calculations, at least 60-70% of Ukraine's economy is in the hands of oligarchic clans from neighboring Russia. The slow but "permanent" decline of the level of life of over 80% of Ukraine's population has become its major feature, and this fact can't already be ignored by the criminal regime, which is alone responsible for the profound systemic economic catastrophe.

'Democracy in Ukraine'

The regime has established a matching system of political power. Its major feature is absence of any responsibility for any acts of the bureaucracy, starting with President Leonid Kuchma personally; a secretive atmosphere of fear and uncertainty even among top state officials, in case they should not

1. Russian researchers describe a similar picture, though the average incomes in Russia are higher. In some regions of Russia, the situation, however, is much worse, as the climate and soil are unfavorable for agro-industry. The author emphasizes the quality of Ukraine's soil (the best in the former U.S.S.R.), as the country's strategic advantage.

be sufficiently devoted to the President and his clique. This system fosters an accelerated plunder of the country. Practically all the cadre decisions (involving, primarily, either outsiders or seriously compromised figures) are motivated with the task of keeping the incumbent regime afloat.

Today's government, in particular, is formed mostly from representatives of political parties which, though loyal, found themselves left out of the Rada, or just at the brink, by their low popular results in the last elections. Therefore, any movement in the administrative corridors, any talks over a necessity of political reforms or amendment of the present Constitution, is regarded by the population as just a new trick for the legitimization of the ruling regime.

Meanwhile, Kuchma's permanent demagoguery about "democracy in Ukraine" is motivated by the fact that in 2004, in accordance with the Constitution, his 10-year rule must expire. Kuchma, as well as his closest circle (in particular, his son-in-law Viktor Pinchuk, one of the richest Ukrainians of today), are naturally concerned over the possibility that as soon as their reign is over, they may face responsibility for all their actions before the nation for the first time. Not accidentally, Kuchma eight times vetoed the draft Election Code, based on the principle of proportional representation of parties—the law which could open a way for democratic transformation and emergence of a civil society in Ukraine.

Again in his speech on the occasion of the independence anniversary, the President, with scarcely concealed irritation, attacked his political opponents, probably forgetting that 90% of the population could be included in this category. The purpose of the organized Ukrainian political brawl (the 2004 election campaign, which actually started the next day after the 1999 re-election of Kuchma) is either to prevent the political triumph of opposition leader Viktor Yushchenko; or, in the case of his success, to restrict the Presidential power—now that Kuchma will not exercise it—and in that way allow the present bureaucratic system to stay intact as long as possible.

Is There a Solution?

During the several months following, Ukraine was a focus of international attention. Certainly, the major subject was Ukraine's participation in the Anglo-American invasion and occupation of Iraq. Though the deployment of Ukrainian servicemen was approved by the Rada, public opinion denounced the move. Nearly everybody is convinced that this choice was made under pressure, rather than persuasion, from Washington. Meanwhile, its consequences may be much worse than the Parliament had calculated.

As in previous years, the foreign policy of Ukraine has remained reflexive, ambiguous, and hardly predictable; and in its effect, anti-Ukrainian, yielding up the country's national interests for the benefit of any "partner." The permanent flirtation with various partners, including the globalist-euphoric leadership of the United States, and the traditionally problematic link with Russia, was not successful: The investment

climate in today's Ukraine is near the worst in the world. Is it accidental that as many as 6 million Ukrainians are permanently employed abroad—mostly in an illegal status and without any rights—while stock companies owning a great deal of Ukraine's wealth are registered outside the country (mostly offshore)?

What are the prospectives for the solution of the profound political and financial-economic crisis? The answer is up to the people of Ukraine, who, despite the policy of near-genocide, has managed to maintain the best historical tradition of attitude towards labor and their native country.

In late May-early June, exactly at the time when the Razumkov Center was calculating the results of its poll, the author was fortunate to follow a delegation of 40 German farmers across ten (out of 25) regions of Ukraine. The visitors were mostly impressed with the wonderful soil from Kiev, Cherkassy, and Poltava, down to Kherson and Odessa; and the conditions of labor of Ukrainian peasants, which they compared with what they had seen in many other countries. However, the attention of the guests was focussed not only on the agro-industry, but also on the beauty and wealth of the country, and the warmth and hospitality of the citizens.

A Parallel With Argentina

A detailed acquaintance with the organization of work of various producing and processing industries, and numerous meetings with common people in an atmosphere of confidence and professional understanding, strongly impressed both the Germans and Ukrainians involved. The guests just wondered how a country with such a diligent, talented, and beautiful people, could have found itself in such a catastrophic situation.

A witness coming from outside finds it hard to characterize the reality of Ukraine, or to express a view independent of political sympathies. Still, our guests found an adequate parallel: the economically disastrous situation in Argentina.

In the heart of Russian-speaking Yalta, the guests were surrounded by a flock of schoolchildren. In the Ukrainian language, they told the German guests about their love for their Motherland, and their intention to live and work in a new way for the benefit of their land and their people. One German expressed the general view: Ukraine is today at a "zero" point, from which it must turn upward. The truth of that view was proven by a lot of bright paintings along a highway in Simferopol, left by participants of an all-Ukrainian school art competition. The motto "Ukraine is my beloved Motherland!" was dominating among them.

To reach us on the Web:
www.larouche.com

Business Briefs

Oil

Moscow, Beijing Negotiate Siberia-China Pipeline

China sent a top delegation to Moscow, to negotiate a final arrangement on the long-proposed Siberian-China oil pipeline, a project worth, ultimately, \$150 billion in trade. At the U.S.-Russian Energy Summit in St. Petersburg on Sept. 22, Russian Economics Minister German Gref thought it “possible” to build two oil export pipelines connecting Angarsk in Siberia to Daqing, China, and another, from Angarsk to Nakhodka, in the Russian Far East; the second pipeline would supply Japan. Gref claimed that the decision on the long-discussed pipelines would depend upon “how economical” they would be: There are enough resources to accommodate the pipelines, he said, but prospecting and feasibility studies have yet to be done.

Chinese media portrayed the the delegation’s visit, beginning Sept. 12, as the “latest effort to rescue the deal.” The delegation was led by Ma Kai, director of the National Development and Reform Commission, and Ma Fucai, chairman of PetroChina. The Russian Ministry of Natural Resources has been citing “environmental grounds” as a reason to block the planned route for the Angarsk-Daqing pipeline. There was even discussion of abandoning the project. The project has been controversial, because Japan has been demanding another route, which would avoid China.

In addition, according to *China Daily*, “the issue was complicated further by deep rifts between the Kremlin and private oil companies such as Yukos, the project’s Russia oil supplier.”

Iraq

Bremer Boasts Over New Central Bank

U.S. “proconsul for Iraq” Paul Bremer boasted to a Senate hearing on Sept. 22, that Iraq will soon sport its own independent central bank system—the very guts of any

proper imperial looting operation, or what Lyndon LaRouche has tagged the Anglo-Dutch liberal model of independent central banking systems, including parliamentary “democracy” rather than the U.S.-style republican system. Bremer described to the Senate Appropriations Committee the “financial reforms” announced over Sept. 20-21 at the International Monetary Fund’s annual meeting in Dubai. “The Iraqi Minister of Finance yesterday announced a set of market-oriented policies that is among the world’s boldest,” Bremer blurted, nearly unable to contain himself. “These policies include a new central bank law, which grants the Iraqi Central Bank full legal independence, makes price stability the paramount policy objective, gives the Central Bank full control over monetary and exchange-rate policy, and broad authority to supervise Iraqi banks. This is rare enough anywhere in the world and unique in that region. . . .

“The Iraqi Governing Council proposed, and on Thursday [Sept. 18], Mr. Chairman, I had the great joy to sign into law, a program opening Iraq to foreign investment. Foreign firms may now own wholly-owned companies, or buy 100% of Iraqi business. Under this law, foreign firms receive national treatment and have an unrestricted right to remit profits or capital.”

Under “Iraq’s new tax system,” he said, “the highest marginal tax rate . . . on personal and corporate income tax is—get this—15%, one-five percent. Tariff policy is equally simple. There is a two-year reconstruction tariff of 5% on all but a few imports.

“Foreign banks are free to enter Iraq and will receive equal treatment with Iraqi banks. On Oct. 15, Iraq will get a new dinar, new currency, which will float against the world’s currencies.”

Power Generation

Europe Needs 200 GW In New Capacity

Europe needs 200 gigawatts in new power-generation capacity by the 2020, just to replace over-aged power plants, stated Gerd Jäger, chief executive of the European asso-

ciation of power producers, VGB Power-Tech. In his keynote to the association’s “Power Plant 2003” conference in Copenhagen on Sept. 15-17, Jäger noted that this 200 GW does not include new plant construction in the new European Union member-nations. Nonetheless, in Poland, the Czech Republic, and Hungary, over 50% of the coal-fired plants, producing 42 GW, are more than 35 years old, and approaching or past their lifespans. And per-capita power consumption is only half of Germany’s.

Jäger said that power producers are ready to meet the huge challenge, but these long-term investments of 30-40 years require a reliable framework, a policy that was undermined by the 1990s shift toward “competition and liberalization.” Jäger noted the return to policies in which “supply reliability is again taking the focus” after the black-outs in the U.S. and Great Britain.

Now is the time, he urged, for a “relentless unmasking” of the lies spread for years by “ideologues,” such as basing energy supply on “regenerative energy sources”; or that Europe can rein in CO₂ emissions and also abandon nuclear energy. He similarly warned against new ideologies such as Jeremy Rifkin’s, who claims that fully decentralized energy systems will prevent major blackouts. These ideologies are “extremely dangerous” and could be devastating to national economies. “Advanced nuclear technologies” must be part of the future “power mix,” he stressed, and research is already needed today to develop technologies for the more distant future, including nuclear fusion.

Nuclear Energy

India Gives Nod to 500 MW Fast Breeder

The Indian government has approved building a 500 MW fast breeder nuclear reactor at Kalpakkam, in the southern state of Tamil Nadu, according to the Sept. 22 issue of the daily *The Hindu*. The project will take eight years and cost some \$800 million. This is one of the biggest technology development projects India has taken up, comparable to

IRAQI 'SECURITY' has become a major "growth industry" with British private companies elbowing in to take over. The *Times* of London of Sept. 20 names three firms, Janusian, Centurian, and Control Risks, reporting that "the muscle of choice is a \$1,000-a-day veteran of the British special forces." Dick Cheney's Halliburton, meanwhile, has hired Nepal's infamous Ghurkas to guard the Rashid Hotel, where most U.S. contractors stay, for \$120,000 a month. Ghurka troops were the British Empire's most trust for decades.

INTERNATIONAL DEBT reorganization should take a page from the 1953 London Debt Accord, which gave war-torn Germany the impetus for its economic miracle, wrote the usually staid neo-liberal *Frankfurter Allgemeine Zeitung* on Sept. 20. Germany's major daily positively compared the London Accord to the Versailles reparations, and proffered it as a model for today's huge international debt problem.

WCI STEEL filed for Chapter 11 bankruptcy on Sept. 16. The Ohio-based company employs 1,800 workers and produces specialty steel. WCI's announcement included a by-now standard declaration of its intention to become "competitive" through restructuring: that is, laying off workers, eliminating work rules, and reducing wages and benefits, for which WCI is already in negotiations with the United Steel Workers. More than 40 U.S. steel producers have filed for bankruptcy protection since 1998.

THE UAW (United Auto Workers) announced tentative contract agreements with all of the "Big Three" automakers, on Sept. 19. Little was made public about the contract, however, despite the fact that the ratification vote were to begin at some auto plants the following week. It is clear that terms include allowing automakers to lift the moratorium on plant closings; the moratorium has been a feature of UAW contacts since 1987, and all three U.S. automakers have announced that plants will close.

its integrated guided-missile development program, the light combat aircraft, and the nuclear submarine project.

Indians also proudly view it as vindicating 25 years of indigenous research and development in fast breeder. Almost 50 years ago, the nation's leading nuclear physicist, Dr. Homi Bhabha, visualized a three-stage program for utilizing the energy potential of fissionable thorium, which India possesses in abundance. The breeder reactor occupies the second stage. The breeder reactor will use plutonium—formed in the uranium fuel elements of the first-stage nuclear power plants—as fuel, and convert thorium placed around the breeder reactor core into uranium-233. U-233, a fissile material, can then be used as fuel with thorium-232, thus deriving energy from thorium. Incidentally, India is the only country committed to using thorium as fuel.

International Debt

Creditors Howl Over Argentina Restructuring

Argentina's Finance Minister Roberto Lavagna unveiled the plan to restructure some \$94.3 billion in debt, on which the government defaulted in December 2001, at a press conference on Sept. 22 at the International Monetary Fund annual meeting in Dubai. Although creditors can swap their old debt for different types of new, long-term discounted bonds (one type reduces the amount of principal, while another reduces only the interest rate) the overall plan is effectively a 75% writedown of the entire amount. Representatives of the creditors, which include many small investors in many different countries, were enraged, labeling the plan "scandalous," and "not serious." Many warned they would go to court, rather than accept Argentina's terms. All this occurs amidst Wall Street's complaints that the IMF's recent deal with the government of Néstor Kirchner is "too soft."

The reality is that the IMF is demanding blood from Argentina. U.S. Treasury Secretary John Snow promised creditors, "We're going to be monitoring the situation very

closely, because it is very important that Argentina comply" with the IMF program. Although the Fund agreement is nominally for three years, it only sets a primary budget surplus for the next 12 months, at 3% of GDP, obviously planning to squeeze the government to increase this amount later on. One Buenos Aires economist told the *Financial Times* that Buenos Aires can't offer creditors a better restructuring deal, because the primary budget surplus figure is too low, saying "It's doubtful Argentina can even service its performing debt with that, let alone defaulted loans." Argentina's performing debt is \$75 billion, of which \$25 billion has been issued since the 2001 default. The Kirchner government is reportedly already trying to refinance some of that, uncertain it can pay when the debt comes due in 2005.

Dirigism

Russia-Led Economic Union Begins To Take Shape

The Presidents of Russia, Ukraine, Belarus, and Kazakstan signed a treaty in Yalta on Sept. 19, establishing an a sort of Economic Union of the East for those nations: The agreement will abolish customs fees, grant preferential terms in oil and gas trade, and envisage the formation of a monetary union with a single currency, most likely the ruble. The treaty agreement was a major setback to the Anglo-American monetarists, who had especially hoped to keep Ukraine away from such a union.

Note that the union treaty was signed immediately after the collapse of the World Trade Organization annual meeting in Cancún, Mexico. Many in Russia do not regret the unravelling in Cancún, because it buys Russia more time to rethink whether it benefits from WTO membership.

All four of the union's member-nations are engaged in bilateral cooperation agreements with the European Union; and Russia and Ukraine have a trilateral cooperation agreement with the EU for supplying gas.

China and A Community Of Principle

by Lyndon H. LaRouche, Jr.

Lyndon LaRouche, candidate for the Democratic Party Presidential nomination in 2004, was a featured speaker at a Moscow conference, on “China in the 21st Century: Chances and Challenges of Globalization,” held from Sept. 23-25. The conference was organized by the Russian Academy of Sciences, with its Academic Council for Comprehensive Studies of Contemporary China; its Institute of Far Eastern Studies; and the Russian Association of Sinologists. These sessions were the 14th International Conference on “China, Chinese Civilization and the World: Past, Present and Future.”

At the Sept. 23 opening sessions of the conference, LaRouche spoke on a “Vision for the 21st Century.” He represented the Schiller Institute in the United States and Germany, and was also introduced to the conference as an American Presidential candidate.

The Moscow conference also featured Russian speakers from the Institute of Far Eastern Studies and other institutions, as well as speakers from Jilin Academy of Social Sciences in China. Subsequent panels discussed economic reforms in China; China’s history and historiography; policy and social relations in China; and problems and prospects of inter-civilizational liaisons between China and other nations, in the era of globalization.

On Sept. 24, following a morning panel discussion, a round table was convened, with wide-ranging discussion focussed on various aspects of the Chinese economy.

Among the audience of about 250 people were diplomats, press, Russian Foreign Ministry personnel, other Russian government representatives, members of the Russian Academy of Sciences and other participating institutions, as well as a high-level delegation from China. In addition, numerous long-term friends and associates of LaRouche in Russia attended.

LaRouche prepared the paper we publish here as a written attachment to the proceedings of the conference. Further coverage of this important international event will appear in EIR’s forthcoming issue.



A railway bridge goes up on the second, or Central, Eurasian Land-Bridge in China. Rapid economic development offers a potential principle of mutual advantage among sovereign nation-states—a principle LaRouche proposes to replace the defensive idea of “multipolarity” as against unilateralism.

We may regard the often-expressed proposal to establish “a multipolar world,” as, in and for itself, an understandable rejection of the imperialist intent expressed by certain circles currently occupying key positions in the government of the U.S.A. Since the 1989-1992 collapse of the Soviet Union, those circles have foreseen what they have expressed as belief in the opportunity to create a global “American,” or “Anglo-American” empire. They have declared their intention to create such an empire, otherwise identified as “world government,” by means of revival of Bertrand Russell’s 1940s doctrine of Anglo-American “preventive nuclear warfare.” Russell’s original threat ended, for a time, with the successful Soviet testing of a thermonuclear weapon-prototype; that threat has been revived by U.S. Vice-President Cheney and others, as official U.S. policy, in the aftermath of the shocking events of Sept. 11, 2001.

During the post-1988 Administration of President George H.W. Bush, U.S. Secretary of Defense Dick Cheney had already attempted to revive Russell’s old threat; but his proposal was rejected at that time by Bush, Sr. Nearly a decade later, in the aftermath of Sept. 11, 2001, the preventive nuclear warfare policy has been successfully pushed by the same Dick Cheney, now as Vice-President, up to the present time. As some leading circles in various governments already know, a continuation of that new imperial policy beyond the present occupation of Iraq, threatens to drive the world toward a point of desperation which could become the brink of a more or less global, but asymmetric form of nuclear-armed warfare.

Unless Cheney and his neo-conservative confederates were removed from power, the risk of that form of warfare would not only persist, but increase spectacularly. The poorer the other military capabilities of the U.S.A. prove to be, the greater the temptation of Cheney’s co-thinkers to launch nuclear warfare. Fortunately, the timely ouster of Cheney is now

possible, if, unfortunately, not yet assured.

On this issue, up to a certain point, I agree—up to a point—with the concerns expressed by today’s proponents of a “multipolar world,” but not with that proposal itself. I agree that we must prevent the implementation of the new imperialist doctrines associated with Cheney, et al. Yet, I also see a new source of dangers in the notion of “a multi-polar world” as that term is broadly, and loosely understood today. I think it important to explain why I, speaking from the standpoint of one among several currently leading U.S. Presidential candidates for the November 2004 election, have proposed the notion of a community of principle among sovereign states, as a specific alternative to the inherently self-contradictory concept of a multipolar world. What is needed in the present circumstance, is more or less global support for a clear, positive, unifying, ecumenical principle, such as the principle of “the advantage of the other,” which was the pivotal feature of that Treaty of Westphalia which brought the imperial, religious, and related reactionary warfare of the 1511-1648 interval to an end.

My choice of anti-imperialist alternative, is, as I shall explain, the establishment of a global community of principle among perfectly sovereign nation-states. I have presented one aspect of this proposal in a paper entitled, *The Sovereign States of the Americas*, which is being widely circulated currently by my U.S. Presidential campaign. It is not sufficient to defend the principle of national sovereignty; there must be a unifying and integral principle of positive cooperation, a principle which requires each of us to defend the sovereignty of the other nations, as what we see clearly as an indispensable source of historical benefit to our own. The present leaning toward a system of treaty-agreements which would provide much-needed economic benefits, and also efficient security arrangements, throughout the Eurasian continent, points to-

ward the timeliness of the adoption of such a community of principle.

I explain.

I present the case for the adoption of such a principle, in the setting of the challenge presented by the presently ongoing, terminal phase of collapse of the world's present form of monetary-financial system, the floating-exchange-rate system as it has continued to degenerate in both principle and practice since it was initially established during 1971-1972. My argument here will focus upon what I regard as the unavoidable interconnection between two of the leading factors determining the issues and outcome of the current world conflict. I define those factors as follows.

In the first case, my primary focus is upon current new trends in Western continental Europe pointing toward long-term economic cooperation with China and other nations of central and east Eurasia. That trend in policy-making defines an implicit commitment to developing a Eurasian economic bloc of long-term economic cooperation and mutual security among states. This tendency is not yet a solid commitment, but the tendency in that direction has been strengthened during recent years, first since the Autumn of 1998, and, more recently, since the looming of the current general war-danger during the last months of 2002. The hopeful trend in direction of such Eurasian cooperation implies a new quality of long-term economic treaty-agreements throughout much, perhaps all of the Eurasian continent. The success of a treaty-driven Eurasian initiative of that sort would set a pattern for a much-needed, broader reform of relations among nations worldwide.

On the second point: as soon as we put our attention on the subject of Eurasian cooperation, we are compelled to ask ourselves, would such an Eurasian bloc be possible, unless the U.S.A. were induced to reject the presently ominous influence of its own current, imperialist war-party faction? The crucial questions is: Can the present U.S. government be brought to the point, that it will reject the current form of geopolitical war policies of the so-called neo-conservatives, and, then, even tolerate the implementation of a policy of cooperation in economy and security among the nations of Eurasia? Why is U.S. cooperation essential to the successful, longer-term implementation of such a Eurasia policy? Therefore, is such a change in current U.S. policy likely? I know that such a change is possible, but it will be possible only to the degree some of us muster the will and influence to cause it to occur. I shall return to review those questions at the close of this presentation.

Since man is a creature of free will, it is impossible to predict changes in general human behavior of nations in a statistical way. It would be deadly incompetence to propose that we can do better than forecast forks in the road of policy-making by, and among nations. We can foresee the dangers embedded in the future outcome of an ongoing bad policy, and the benefits of an alternative policy.

For example, we know man must explore space, not because we know in advance what we shall find there, but because we must discover what is lurking there, as knowledge of the future opportunities and dangers for mankind on this planet.

So, similarly, we can estimate the location of that fork in the road of history where the forecast decision among choices must be made. We must see the looming future as an opportunity to make great beneficial changes in world affairs. Then, we must prepare ourselves to effect the needed changes in direction, when that fork in the road of decision-making is reached.

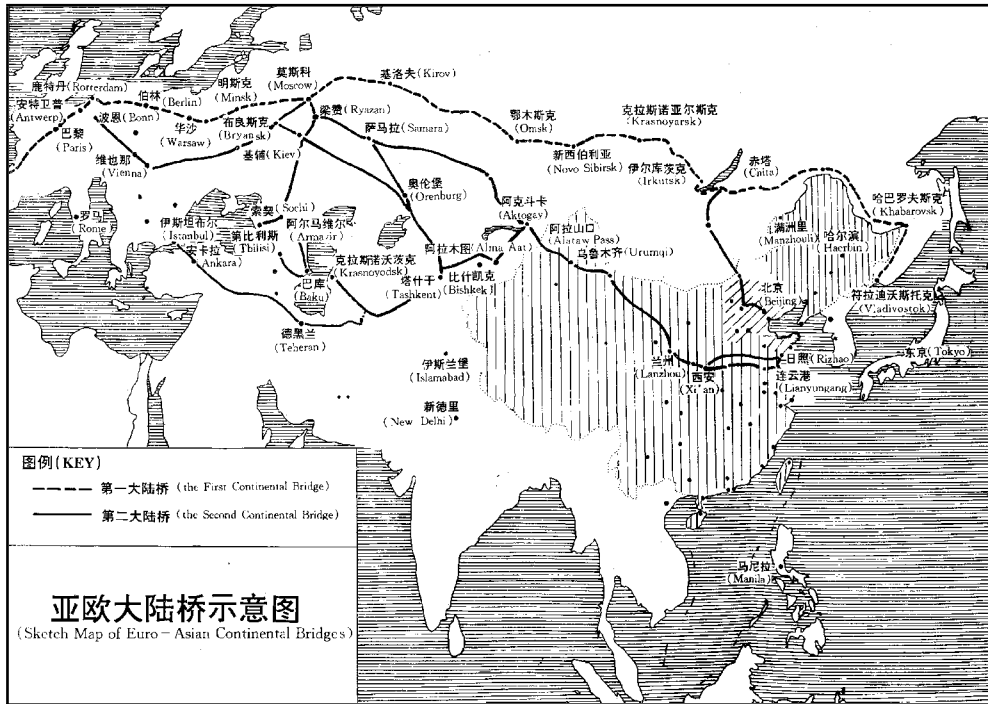
We have now reached such a fork in the road of world history. The prospect is, on the one side, terrifying to anyone with the courage to see what lies presently before us; but, the alternatives are wonderful, if we have the wisdom and will to bring those changes about. The prospect of a new dynamic form of Eurasian cooperation is wonderful; we must all work to aid its success. We must also proceed to bring about similar changes in relations among states in the world as a whole.

For my purposes here, I combine the two topics, the Eurasian option and the present crisis in U.S. policy, as inseparable matters. I ask you to join me in reviewing the two prospects, positive or negative, in the light of the strategic implications of the crisis-wracked political-economic situation inside the U.S.A. today. I begin with the second of the two topics, U.S. policy, which I have just identified here.

1. The Threat of Asymmetric Strategic Conflict

Briefly, the present global strategic crisis is broadly comparable to that of the 1928-1933 interval of collapse of that then-dominant world monetary-financial system which had been adopted in the Versailles Treaty proceedings. There are broad political and economic similarities between that crisis and today's, although I warn that the present economic crisis of Europe and the Americas is much deeper than that of the 1933-1939 interval. Also, given nuclear weapons and related arsenals, the failure to conquer the economic crisis today, would be more threatening to humanity as a whole than anything since the June 1940 actions by U.S. President Franklin Roosevelt and then British Defence Secretary Winston Churchill. I refer to those 1940 actions, taken in the context of the British Expeditionary Forces' evacuation from Dunkirk, actions which produced the initial preconditions for what later proved to be not only the ultimate defeat, by chiefly an Anglo-American and Soviet alliance, of the global imperial ambitions of the Adolf Hitler regime at that moment, but the doom of that regime itself.

The same type of danger experienced during 1936-1940 has now reappeared in a new form, as a relatively immediate



A 1996 Chinese view of the new Land-Bridge corridor from Lianyungang to Rotterdam—an infrastructure “great project” involving many nations—with the existing Trans-Siberian Railroad corridor shown to the North.

risk, a risk which has been accelerating since the series of seismic, global monetary-financial crises of the 1997-1998 interval. The present threat to the planet now posed by Vice-President Cheney’s policies, is an outgrowth of the failure of the U.S. government, and others, to deal competently with preceding phases of occasional eruptions—now expressed as the presently onrushing crisis—during the 1996-1998 interval.

To restate the preceding point with greater precision, the threat identified by Cheney’s policies is best understood by recognizing his presently expressed intent for nuclear warfare, as the fourth comparable such internal threat to European civilization since Summer 1789. Each and all of the principal threats of this type have characteristic features in common. The first was the 1789 French Revolution with its built-in Napoleonic outcome; the second, the geopolitical war of 1914; the third, the 1939-45 war; and the fourth, the present re-eruption of what had been the global nuclear-warfare threat launched during 1945-46. All these crises were produced as reactions by a leading circle of private bankers in the 14th-Century Lombard banking tradition, reactions to what they considered a mortal threat to their collective, global monetary-financial interests.

In all four cases, including the case of so-called “neo-conservatives” associated with Cheney, the central political feature of the launching of intended warfare was the role of a notorious freemasonry deployed by a syndicate of those bankers. This freemasonic cult was known originally as the Lyons, France-based Martinists, and has also been known, since the close of the 1914-1917 war, as that Synarchist Inter-

national which produced the fascist regimes of Italy’s Benito Mussolini, Germany’s Adolf Hitler, Spain’s Francisco Franco, the Vichy and Laval regimes of France, the Japan war-party of the Second Sino-Japanese war, and kindred groups throughout Europe and the Americas. In the U.S.A. today, they are merely typified by the self-styled “neo-conservatives.”

All four of these threats have coincided with the eruption of systemic general economic crises. The first, was the financial crisis of the French monarchy, which had been orchestrated over the 1782-1789 interval by the sometime British Prime Minister, the British East India Company’s Lord Shelburne. The second, was the set of economic crises of 1905, organized chiefly by the British monarchy of King Edward VII, in his preparations for what became, shortly after his death, the geopolitical 1914-1917 war. The third, following the great financial crises of 1928-1933, was the aborted effort by the Synarchists behind Hitler, Mussolini, and Franco, to combine the naval and other forces of Western and Central Europe for the two-fold objective of, first, destroying the Soviet Union, and, then, conquering the U.S.A. and the other parts of the Americas. The fourth, is the effort, which had been led initially by Russell, to establish world government through terror of nuclear weapons. The latter, renewed effort by the same continuing faction among private bankers and their Synarchist assets today—by the same faction which had been behind putting Mussolini, Hitler, Franco, et al., into power then—reflects the impact of the presently systemic collapse of the world’s 1972-2003, floating-exchange-rate form of the IMF monetary-financial system.

It is calculably foreseeable, that this pattern of the 1789-2003 period of globally extended European history will persist, either until civilization plunges itself into a new dark age of humanity, or until the nations bring an end to the hegemonic role of those so-called independent central-banking systems which are often more powerful than the governments over which they reign. These independent central banking systems represent the special interest of the kind of Venice-style syndicates of merchant banking which was behind the pattern of warfare typified by those four outstanding cases. In the presently evolved state of world affairs, the only way in which

We have now reached such a fork in the road of world history. The prospect is, on the one side, terrifying to anyone with the courage to see what lies presently before us; but, the alternatives are wonderful, if we have the wisdom and will to bring those changes about.

such a remedy could be obtained, is through a form of international monetary-financial relations suited to the long-term requirements of that kind of economic partnership among sovereign nations which is now struggling, awkwardly, to emerge on much of the Eurasian continent today.

Stated in those terms, the great strategic issue of today, can be redefined in terms of the need for long-term agreements among sovereign states premised upon public credit at rates of between 1% and 2% simple interest. The presently increasing tendency for long-term economic cooperation among Western and Central Europe, and with both Russia and the nations of Central, East, Southeast, and South Asia, requires a foreseeably massive flow of newly created credit; that, over an initial period of up to two generations' duration. Such a mass of long-term credit for development must occur largely in the form of corresponding treaty-agreements among nations and regional groups of nations. For that purpose, a system of approximately fixed-exchange-rate currencies, akin to the original Bretton Woods system, is required.

The painful lessons of the 1971 collapse of the original Bretton Woods system, show us two things of crucial strategic importance for today. First, that, despite certain radical changes from U.S. President Franklin Roosevelt's post-war intentions under U.S. President Harry Truman, the surviving elements of Roosevelt's original intention of Bretton Woods worked very well in fostering post-war reconstruction in

western Europe and many other parts of the world, until approximately the middle to close of the 1960s. Second, that the spread of measures of so-called financial deregulation introduced from the U.S.A. and Britain during the late 1960s, through the 1970s, and beyond, wrecked the original Bretton Woods agreements, and led, stepwise, to the presently hopeless bankruptcy of the present form of IMF system.

It is no accident, that what is happening to the present, floating-exchange-rate monetary system, is, in principle, an echo of that same kind of financial collapse as Europe's so-called "New Dark Age," which overtook the usurious Lombard banking system of the Fourteenth Century. The late-1960s seizure of political control by private interests representing so-called "shareholder value," has produced a cancer-like increase of the ratio of financial gains to physical-economic growth, a process which has driven physical-economic output below a true breakeven-point, but has maintained nominal financial profits of shareholders through an implicitly hyper-inflationary spiral of nominal financial assets driven by wild-eyed monetary expansion.

The result is, that the total of the extant financial claims implicit in the world's present monetary-financial system, far exceeds the foreseeable physical assets of the world economy as a whole. At this point, the U.S. economy is kept from collapsing under the increasing threat of general financial disorder, only by the nearly depleted ability of governments to continue subsidizing the existing monetary-financial bubble with new masses of nominal, essentially fictitious, even electronic-printing-press monetary assets.

So, Europe's Lombard banking system plunged itself into the Fourteenth-Century New Dark Age, during which no less than an estimated one-third of the existing population-level was wiped out. Now, as then, the crucial political issue is: Shall government cancel, or defer payment of the unpayable portion of hyperinflated financial debt; or shall financier interest loot the government and its population to the degree of causing a recurrence of something resembling that New Dark Age? Shall the government protect the nation and its people, or defend the private financier interest by destroying much of its own population? Nothing less deadly than that is the choice before the nations now. That has been, increasingly, the general state of world affairs for more and more of the world, since the October 1987 collapse on the U.S. stock exchange.

The nexus of modern society's financial crises and wars, is essentially the following.

As long as nations remain sovereign, they have the lawful authority, under the superior rule of natural law, to put bankrupt financial institutions into receivership for government-supervised financial reorganization. This means the authority to extinguish the fictive existence of useless enterprises and financial claims, and to sustain and promote those bankrupt, public or private enterprises which are needed in service of the essential public interest. In such proceedings, the natural-law principle known by such names as "the general welfare"



Schiller Institute representatives, including its founder Helga Zepp-LaRouche (right), on a 1996 tour of the Institute for Nuclear Technology of Qinghua University. The occasion was Mrs. LaRouche's address to a major Chinese government conference on Eurasian Land-Bridge cooperation.

and “common good,” rightly prevails over contrary claims which might be advanced by special interests. Under conditions such as those, the usurious shareholder-interest becomes the menacing adversary of the very existence of any government which is committed to the natural-law principle of the general welfare. Under such conditions, predatory wars between nations, become likely. Under such conditions, the impulse from among much of private financier interest, is expressed as the wish either to destroy the existence of all sovereign nation-states, or to reduce existing nations or other forms of local self-government to mere objects of some form of an imperial rule established on behalf of rentier-financier interests.

The Shelburne Syndrome

In medieval and modern European history, the relevant model for new empires is the Rome of the Caesars, as the British East India Company's Lord Shelburne's imperial will was expressed by such among his lackeys, as the historian Gibbon, the so-called economist Adam Smith, and the leader of his Secret Committee, Jeremy Bentham. The case of Shelburne's decades-long preparations, since 1763, for, and direction of the period of the successive phases of the 1789-1815 French Revolution, is the model for such a modern European form of that quality of imperial design.

However, to understand extended European history since 1789, we must add a qualification. Although Shelburne's referenced model of Empire is that of the Caesars, the more immediate variety of that model is that of that de facto imperial maritime power of the financier oligarchy of medieval

Venice, an imperial power which Venice maintained through such forms of collaboration with the Norman chivalry as those so-called Crusades of the interval from the Norman conquest of England, deep into the Thirteenth Century. During the course of the Seventeenth Century, the emergence of the Anglo-Dutch Liberal model of imperial maritime power as the successor to Venice, a power exerted by a financier oligarchy, emerged to become the principal factor in determining the history of European civilization to date. On this account, the British East India Company of the Eighteenth Century defined itself as “the Venetian Party.” The development of the doctrine of geopolitics by the British Fabian Society, is symptomatic of the way Shelburne's Britain earlier had seen the imperial conflict between the Anglo-Dutch form of maritime power, and the threats it located in sources of resistance to that maritime power from the Americas and mainland Eurasia.

So, we have the history of Shelburne's fostering and use of that Lyons-centered, Martinist, neo-Dionysian form of freemasonic cult, that of Cagliostro, Mesmer, and Joseph de Maistre, which was behind both the Jacobin Terror and the rise of Napoleon Bonaparte's empire. The operations of this cult were originally conceived and directed to the ends of preventing that 1776-1783 virtual alliance of France and the Americas, and of the League of Armed Neutrality, which was, at that time, the principal challenge to the imperial designs of Shelburne's British East India Company. The alliance of Spain's Charles III with both the American and French cause, represented, together with the broad sympathy for the cause of U.S. Independence across pre-1789 Europe, a massive

threat to the future power of the emerging British empire.

The proposal by Shelburne's lackey Gibbon, for the establishment of a paganist revival of the Roman Empire as a British Empire, and the "free trade" dogma of another Shelburne lackey, Adam Smith, were among the most characteristic expressions of the Anglo-Dutch Liberal model which has played a determining role in global extended European history, from that time to the present. Since that time, the model of Napoleon Bonaparte's imperial tyranny has been what became known as, variously, the Synarchist International and fascism, during the decades following the 1914-1917 war. The cultish formation known as Martinists or Synarchists, is, today, as then, the creature of a concert of private financier interests corresponding to the neo-Venetian, Anglo-Dutch Liberal model.

To bring the picture up to date, the following amendment must be taken into account.

The special war-time relationship which developed in June 1940, between U.S. President Franklin Roosevelt and then British Defence Secretary Winston Churchill, was premised upon the evidence that certain pro-Hitler forces within the British oligarchy were disposed to join with defeated France in an anti-American, anti-Soviet pact with Hitler's Germany. Churchill was among those in the U.K. whose abhorrence of becoming appendages of Hitler's world empire, prompted them to form a national-patriotic alliance with Roosevelt, against Hitler. Until the war was virtually won, with the 1944 breakthrough at Normandy, even those financier interests of Britain and the U.S.A. which had supported Hitler's rise to power in Germany, remained temporarily loyal to the role of U.S. President Roosevelt's war-time leadership.

After the Normandy breakthrough, a profound shift in loyalties came to the surface, notably in the support for U.S. Senator Harry S Truman's nomination as a Vice-Presidential candidate at the Summer 1944 Democratic Party convention. The nuclear bombing of Hiroshima and Nagasaki, the brutal military suppression of the independence of former French, Dutch, and other colonies, and Winston Churchill's "Iron Curtain" speech, marked the sharp turn to the wild-eyed right which persisted throughout the Truman Presidency, and was checked, temporarily, by the Presidency of the military traditionalist Dwight Eisenhower.

Since the missiles crisis of 1962 and the assassination of President John F. Kennedy, an accelerating process of change came over the U.S.A. and Britain, leading through the U.S. Indo-China war, and through the 1971-72 establishment of the floating-exchange-rate IMF system, into the present, global monetary-financial catastrophe.

Presently, the events of Sept. 11, 2001 have brought the U.S. to the brink of being transformed into an imperial form of fascist dictatorship bent on preventive nuclear wars. Fortunately, the neo-conservative cabal, presently grouped around Vice-President Cheney and Attorney General John Ashcroft, has not yet succeeded in consolidating its intended power,

and might be ousted. Nonetheless, it is made clear that a U.S. controlled by that Synarchist interest expressed by the neo-conservatives, is bent upon succeeding where Hitler failed. The difference between 1940 and today, is that, in June 1940, Roosevelt and Churchill cooperated to defend the world from Hitler's global imperial ambitions; whereas, today, the Cheney-Blair partnership typifies the threat of a fascist world empire imposed by an English-speaking interest now centered in what had been formerly President Franklin Roosevelt's war-time U.S.A.

So far, I have done as much as I have actually accomplished in the effort to free the U.S. government from the grip of the so-called neo-conservatives, only because an increasing number of influential patriots have acted in support of what I have been doing in leading the internal resistance to the circles associated with Cheney and Ashcroft. The U.S. of Abraham Lincoln and Franklin Roosevelt has become virtually a sleeping, now slowly awakening giant inside the U.S. institutions. The neo-conservatives and their financial backers are still but a vulnerable, actually tiny, if extremely aggressive minority, which can be defeated if the giant is fully aroused in time. My objective is to rely upon awakening that sleeping giant, so that we might succeed today where true heroes such as Bailly and Lafayette were defeated by the sundry post-1787 follies of a French King and his Habsburg wife, in July 1789. For us, Bailly, Lafayette, Lazare Carnot, and their like are not forgotten; they are our comrades-in-arms in the continuing battle for the cause of civilization. Their war goes on, in our time, and by our hands.

The point has been reached, at which that Synarchist threat could be, and must not merely be defeated, as it was only set back in June 1940. This time, the existence of contemporary means of warfare requires that the Synarchist threat must be eradicated, and the private rentier-financier interest of so-called "shareholder value," must be tucked safely into appropriately regulated constitutional cages within which its inbred, Venetian disposition for rapacity can be kept under control. We have no choice but to act so; the human and related costs of a new land-war in Asia would be too great for any among us to allow the conditions for that war to be brought about.

2. The Eurasian Option

The 1971-1972 creation of the decadent, floating-exchange-rate mode of the IMF monetary-financial system, has produced a complex of paradoxical shifts in the relations among Europe, English-speaking North America, and Australia-New Zealand, on the one side, and the rise of some of the leading economies of East, Southeast, and South Asia.

As a result of a 1971-1972 rigging of the international monetary-financial markets—a rigging effected through agencies including the IMF and World Bank—the relative



"The United States of Abraham Lincoln and Franklin Roosevelt has become virtually a sleeping, now slowly awakening giant inside the U.S. institutions. The neo-conservatives and their financial backers are still but a vulnerable, actually tiny, if extremely aggressive minority, which can be defeated if the giant is fully aroused in time."

value of currencies has been rigged to the effect of lowering the relative value of currencies in nations exploited for cheap-labor production of exports for consumption by the G-7 economies; meanwhile, the G-7 economies, led by the U.S.A. and U.K., have been destroying their own relatively "high-priced" forms of basic economic infrastructure and productive employment. The gamblers have taken over the economy, and transformed our farms and factories into virtual mere casinos.

Thus, the 1971-2003 interval has accomplished the common ruin of the prevalent conditions of life of the majorities of populations, in both the G-7 nations, and many of the so-called developing nations, while sending sub-Saharan Africa to a sojourn in Hell. In this process, the internal economies of the G-7 nations, have shifted their essential characteristics, from their former role as producer societies, into an increasingly parasitical, decadent form of "consumer," or "pleasure" societies, a turn reminiscent of the decadence of ultimately doomed ancient imperial Rome. The U.S.A. and U.K. have led in this process, since about the time of the first Harold Wilson government of the U.K.; but, the economies of continental Europe and Japan have also moved in the same general, downward direction.

In this process, there has been a relative advance in the relative technological competitiveness of certain nations of East, Southeast, and South Asia, led by, notably, China, India, South Korea, and Malaysia. This pattern among those nations within Asia is complemented by Japan's continued, but declining success as an industrial-export nation, despite the downshift toward some post-industrial habits, especially since the mid-1980s impact of the notorious "Plaza Accords."

Meanwhile, the growth of population in this region, as typified by the cases of India and China, requires a large increase in long-term investment in basic economic infrastructure, long-term investment with increasing emphasis on investment high-technology capital goods. The leading requirement is for rapid increase in long-term gains in productivity per capita and per square kilometer; and, as in the case of China, transforming large areas within its territory into the form of prosperous future communities. The complementary requirement, is for the development of mineral and other natural resources needed to feed the requirements in the more densely populated regions of that continent.

These combined requirements define a new quality of natural partnership of: on the one side, East, Southeast, and South Asia; on the other side, Western and Central Europe; and, in the middle, the characteristically Eurasian economies of the CIS nations. So, Japan has no reasonable economic future, unless it shifts back to a role as a hard-commodity exporter, especially of capital goods, especially to the growing market represented by its neighbors in Asia. The present markets for high-value hard-commodity products from Western and Central Europe, are represented, on the one hand, by high-gain development in East, Southeast, and South Asia, and also the potential Eurasian market typified by Russia and Kazakhstan, which must play a crucial mediating role in economic relations between Europe and the indicated nations of East, Southeast, and South Asia.

The fulsome realization of the great objective economic potential this represents for all those partners, requires a new monetary-financial system of relatively fixed exchange-rates

within Eurasia. Under such a reformed system, the credit needed to generate adequate flows of hard-commodity exports, can be generated largely through long-term treaty-agreements designed to create the needed state-backed credits for such growing volumes of trade. Implicitly, this requires a new international monetary-financial system, as the context within which Eurasian development proceeds over the coming terms of twenty-five to fifty years of capital cycling (two generations).

This also requires a subsumed system of long-term protective pricing arrangements, and related tariff and trade agreements. In general, the states which become party to such agreements must recognize, that the essential responsibility of a government, in creating an issue of national currency, is to take such regulatory measures as are necessary to prevent the price of money from soaring above the former price of standard market-baskets of physical goods and essential services.

That much said, we must now recognize that the attempt to define costs and prices on the basis of competition within a monetary system, is useful only up to a certain limit. When the implications of factors such as basic economic infrastructure are taken into account, policy-shaping must shift emphasis from monetary, to physical-economic considerations. We must examine the situation from the standpoint of the principles of physical economy, rather than some form of monetary doctrine.

Money and Physical Economy

The remaining key question is twofold. First, how should Eurasia develop its economy at this point in history. Second, what is the specific role which the U.S.A. should play in a world which must tend to become dominated by a new Eurasian development-process?

The needed keystone of the arch of progress in Eurasia, from the Atlantic to the Pacific, and to the Indian Ocean, is not money-economy, but physical economy. When we add regard for the future role of the mineral and related potential of North and Central Asia, physical economy means the principles implied by scientist V.I. Vernadsky's notion of the Noösphere. I mean the view of both the ecology and economy of our planet from the standpoint of reference of the three great, phase-space classes of universal physical principles, abiotic, biotic, and noëtic, as defined by Vernadsky's extension of the notion of experimental physical chemistry to the larger domain of geobiochemistry.

As I look at the Eurasian continent from my standpoint in the history of my own republic, the United States, modern European civilization has been divided, by opinion, among principally three, distinct concepts of economy. One of these three, is national economy, a concept of physical economy which the founders of the U.S. republic derived from the successive contributions of France's Jean-Baptiste Colbert and Leibniz's founding of physical economy as a body of

science. The second, is the Anglo-Dutch Liberal model, often called "capitalism" today, as codified by the British East India Company's Haileybury School of Shelburne's crew, by such Shelburne lackeys as Adam Smith and Jeremy Bentham. The third, is the range of socialist models associated variously with the continental social-democracy and the Soviet system. The collapse of the Soviet and Comecon economies, toward the close of the 1980s, was often perceived by the credulous Americans and Europeans as final proof of the superiority of the Anglo-Dutch Liberal version of "capitalism"; unfortunately for all concerned, the world's most successful form of modern economy, the American System of political-economy of Franklin, Hamilton, Friedrich List, and Henry C. Carey, was not taken into the general equation during that 1989-1992 interval.

Now, the hegemonic present world economic system, a radical version of the imperial British East India Company model, is gripped by the closing phase of a decades-long slide into its present state of general collapse. The characteristic feature of this collapse is the inevitable outcome of any system of political-economy which pursues the increase of nominal monetary and financial values by means of the destruction of the physical-productive forces of what Vernadsky defined as the Noösphere. The currently onrushing general collapse of the U.S. system of generation and distribution of power, a collapse caused by that predatory financial speculation set in motion by deregulation of that system, typifies the mental disease which must now be eradicated from the world's economic thinking. What must be eradicated is blind religious-cult-like belief in that London-born cut-purse of usury, the alleged god of Bernard Mandeville and Adam Smith known as "The Invisible Hand." What must be eradicated, in effect, is what has become known as the contemporary, radically monetarist definition of "capitalism." What is required is something which is neither the former Soviet model, nor the Anglo-Dutch Liberal model. What is required is a new global standard for measuring the performance of a money-economy, the standard of physical economy. A glance at some essential features of the work of Vernadsky provides the best way of approaching such a review of the history of the world's present political-economic crisis.

The historical root of the present problem is the known history of forms of society, such as legendary Sparta or imperial Rome, in which some people hunted, or herded and culled populations of other people as they were human forms of cattle. The essential immorality of these forms of society was that they, in both doctrine and practice, denied the existence of a fundamental distinction between man and beast. For, if man were merely a beast, than how else should society be composed, but as Thomas Hobbes and John Locke prescribed, as man behaving as a beast toward man, man as a candidate for the Lockean status of another man's property.

In the Anglo-Dutch Liberal model, and its economic dogma, there is no room for the role of that which sets the human

individual apart from and above the mere beasts, the role of what Vernadsky defines as the specifically human, noëtic principle of Classical scientific and artistic composition. The entirety of the true progress of modern European civilization and its influence, since Europe's Fifteenth Century, has been premised on elevating all persons to their recognizable place as apart from and above the beasts, as persons whose economic and cultural development to higher powers is the principal obligation of that modern state sometimes known as a "commonwealth." So, national territories ceased to be mere farms on which landlords milked or culled human cattle; modern Europe began to transform those mere farms, thus, into nation-states governed by their obligation to promote the general welfare of all humanity within that realm.

In respect to the role of physical science as such, the source of physical-economic progress, as measured per capita and per square kilometer, is the application of technologies which are derived from the discovery of universal physical principles. No true profit is generated within any economy except as the fruit of the kind of change in cultural practice typified by scientific and technological progress. It is by means of this noëtic capacity, and nothing else, that mankind's population has been increased from the potential of several millions living individuals, available to species of higher apes, to more than six billions today. To call anything else "profit," is to make the name of "profit" a dirty word fit only for the mouths

of such depraved creatures as thieves and gamblers.

This specifically human faculty is reflected in mathematical physics by that notion of the complex domain which Carl Gauss specified, in opposition to a sophistry by Euler and Lagrange, in a 1799 paper; a Gaussian notion developed to a certain degree of approximate completeness by Bernhard Riemann.

The related, essential concept bearing upon a science of physical economy, is the understanding that the human sense-organs are part of our biological apparatus, such that our senses shadow the impact of the real universe around us, but imperfectly. As the point is illustrated by modern progress in microphysics, there exist universal physical principles, beyond the direct reach of sense-perception, which we discover as experimentally proven mental solutions to the paradoxes of sense-perception. The significance of the mathematically complex domain for physics, is that it reflects the discrepancy between the shadow-world of sense-perception, and the real universe behind the shadows.

These solutions, as they appear in the domains of both physical science and Classical artistic composition, represent the accumulated heritage of present and preceding generations of mankind, combined, and are the principles by aid of which mankind is able to increase its potential relative population-density as no other species can imitate this. The crucial implication of this for political-economy, is that true profit of an economy as a whole is produced solely as the result of the application of accumulated discoveries of this sort. This poses the crucial problem of all attempts to define a rational form of economic science. The task is to foster that cultural progress associated with the notion of scientific and technological progress; there is no other source, than that, of true profit, of true value.

The great paradox of economy is that true human creativity, as typified by the discovery of experimentally validated universal physical principles, occurs only within the sovereign bounds of the individual personality. However, the realization of these discoveries occurs only through a social process, and also requires those forms of mankind's alteration of the total area of habitation which economists classify as basic economic infrastructure. In a viable form of modern economy, no less than approximately half of the total expenditure of economic effort of society must be allotted to the development and maintenance of basic economic infrastructure. Money is properly created, and managed, only by the sovereign nation-state, and used as a necessary, useful-fictional bridge between the individual and the reality of social processes of the national economy as an integrated process.

This is reflected in the American System of political-economy, as described by Treasury Secretary Alexander Hamilton, as a necessary general division of labor between entrepreneurial ventures such as those of agriculture and manufactures, and the responsibility of government for developing the basic economic infrastructure of the area of the whole

Now, Are You Ready To Learn Economics?



The economy is crashing, as LaRouche warned. What should you do now?

Read this book and find out.

\$10

Shipping and handling: \$4.00 for first book, \$.50 each additional book. Virginia residents add 4.5% sales tax.

We accept MasterCard, Visa, Discover, American Express.

ORDER NOW FROM

Ben Franklin Booksellers
P.O. Box 1707 Leesburg, VA 20177
1-800-453-4108 toll free
or 1-703-777-3661
www.benfranklinbooks.com
e-mail: benfranklinbooks@mediasoft.net



Seminar on “Russia, the United States, and the Global Financial Crisis,” in Moscow on April 24, 1996. American statesman Lyndon LaRouche is speaking (at left, in front of the table); seated are Russian Academy of Sciences member Leonid Abalkin (third from right) and former U.S.S.R. Prime Minister Valentin Pavlov (right).

nation. In that system, the physical functions of a notion of entrepreneurship premised on sovereign individual powers of creativity—not so-called “shareholder values”—constitute the accepted notion of the legal right to exist of business enterprises. The recent decades of systemic destruction of the true entrepreneur, as in the U.S.A. and Germany, in favor of the financier’s large corporations, typifies the means by which the spread of something worse than economic mediocrity has infested the Americas and Europe. The hypocrites of these times speak much of “human freedom,” but do all in their financial-corporate power to crush actual creativity out of its rightful essential place in the economy at large.

Meanwhile, the mental disease called “free trade,” has the effect of driving prices on the world market to levels below the true cost of production. The result is a vast destruction of essential physical capital in both the private production of goods and in essential basic economic infrastructure of such categories as production and distribution of power, water management and general sanitation, mass transport of people and goods within both the nation at large and the local communities, and in health-care and education. The result of the recent decades rampage of monetarist “free trade” dogmas has been a disastrous lowering of the physical income of much of even that portion of the world which had been generators of net physical progress earlier. In effect, the actually produced physical income has fallen, as in the U.S.A. today, below that needed to produce the labor-force at its recent levels.

Money is, by its nature, worse than an idiot, and knows nothing about real economy. Money is needed as a mediation of the role of the creative individual within the society at large; but, money must be regulated to the following included

effects: a.) That the price of goods sold must be “a fair price,” which reflects nothing less than the true physical price of production, including the physical costs to society of public infrastructure; b.) That the price of labor must reflect the true costs of producing and maintaining the family household at levels of physical improvement consistent with the adopted goals of economic progress; c.) That the accounted costs of improving and replenishing the environment in ways consistent with the long-term goals of society, must include mankind’s management and improvement of the Biosphere and its essential abiotic substructure.

The latter consideration strikes with great force as we turn to the physical-economic role of the regions of Central and North Asia in the present and future development of the growing economies of Eurasia as a whole. We have come to the threshold of the need to think of managing and replenishing of the essential mineral resources of that region in accord with the increasing per-capita needs of the growing populations of regions such as East, Southeast, and South Asia.

‘The Advantage of the Other’

The crucial political challenge in Eurasia today, is the need to overcome the discrepancy between perceived and actual self-interest of nations and peoples. Currently, Western and Central Europe need East, Southeast, and South Asia, and those regions of Asia need Europe. For both parties, the fulfilment of that need requires the success of the progress of the other. Asia’s success depends upon the benefits supplied from Europe, and Europe’s economic security requires the successful growth of the economies of Asia. Both require the keystone cooperation of that Eurasian nation known as Russia. Both require the unleashing of Russia’s largely fallow

economic-technological potential; and Russia needs the needs of Europe and Asia on this account. The future of all of these requires the relevant development of Central and North Asia.

This specific concept was put forward by the peace-maker Cardinal Mazarin during the period of the 1618-1648 Thirty Years War. The desired outcome of the Treaty of Westphalia was expressed by the work of Mazarin's collaborator, Jean-Baptiste Colbert, in launching the general revival of the economy of France and the scientific progress of all Europe, during the period preceding the great follies of France's King Louis XIV.

The crippling folly of Europe since Louis XIV pushed Colbert from power, has been Europe's general accession, to the present day, to the independent power, superimposed upon the will of governments, of consortia of private merchant-bankers and related financial institutions: the contemporary institution of the "independent central banking system." Originally, the 1787-1789 establishment of the Federal Constitution of the U.S.A., had banned private financier institutions from exerting control over the currency and credit of the U.S. republic. This had been intended to spread to a constitutional reform of France's monarchy, and, thence, to other parts of Europe. The intervention of the London-directed French Revolution prevented that. Since that time, a relatively weakened, or betrayed U.S. government has consented to domination of the U.S. economy by the influence of the British gold standard-system, or, more directly, the U.S. Federal Reserve System installed in the interest of British King Edward VII's New York City asset Jacob Schiff.

However, President Abraham Lincoln had reactivated that Constitutional authority, as President Franklin Roosevelt did, to a large degree, later. The original constitutional design of the U.S. republic gives that authority to the U.S. Federal government; even in the darkest periods, the tradition of that authority lurks, ready to strike to regain its original authority.

In contrast, the Anglo-Dutch Liberal model of parliamentary government is inherently enslaved to the yoke of an independent central banking system. As the history of Europe shows, since 1789, the combined effect of a Habsburg legacy and its rival, the Anglo-Dutch Liberal model, has led to many awful upheavals in European governments, upheavals which reflect, chiefly, the inherent weaknesses built into the Anglo-Dutch Liberal model. Thus, despite the great Civil War which Britain's Lord Palmerston orchestrated in the U.S.A., the U.S. Federal Constitution remains essentially intact, as a form of government today; no nation of Europe, barring the special case of Switzerland, could claim the same.

This means, that if, and when the U.S.A. returns to the original intention assigned to it by the great European Classical humanist movement which sponsored its coming-into-being, it has a special kind of inherent moral authority which could, and must be put to work to the advantage of the world at this present time of crisis. There are two points on which this historically determined, potential role of the U.S.A. is

of special importance to the world at large. First, to help in inducing other nations to free themselves from the tyranny of so-called independent central banking systems. Second, to project the intention referenced by the United States' John Quincy Adams for the Americas, in particular, and, implicitly, for the world in general: the establishment of a community of principle among sovereign nation-states. That principle is what the 1648 Treaty of Westphalia recognized as "the advantage of the other."

In contrast, unfortunately, the notion of a multipolar world implies a peaceful arrangement among a collection of

We have passed the time that war should be considered for anything but strategic defense, and that danger itself avoided by developing a community of nations each dedicated to the advantage of the other.

individually Hobbesian states. The logic of such a simplistic defense of national sovereignty, is that it leads toward what that pair of British fascists in fact, H.G. Wells and "preventive nuclear warrior" Bertrand Russell, defined as a "world government" derived from the axiomatic assumptions listed in Well's 1928 *The Open Conspiracy*. All such notions of a peace reached through negotiation of arithmetic calculation of *a priori* axiomatic assumptions, must seek peace, but produce war.

There must be an affirmative principle, not an *a priori* one, but rooted in reality, as any scientific principle is. The principle is the nature of humanity, of the individual as set apart from, and above the beasts. The common defense of our species, so defined, through an alliance among sovereign peoples each distinguished by dedication to common choice for enjoyment and development of a national cultural heritage, must be adopted as the arrangement through which the species interest of humanity as a whole is assembled for deliberations on common purposes and common actions. The expressed concern by one nation for the advantage of the other, is the bond which brings these nations together for durable forms of peaceful collaboration.

We have passed the time that war should be considered for anything but strategic defense, and that danger itself avoided by developing a community of nations each dedicated to the advantage of the other. The challenge of today's Eurasian continent has become thus the principal battlefield of ideas on whose outcome the future of humanity will depend for generations to come. The United States must, hopefully, play its part in service of that cause.

Annan's Challenge, Not Bush's Speech, Is the Story at UN

by Muriel Mirak-Wiessbach

As the United Nations General Assembly (UNGA) annual session opened on Sept. 23 in New York, it was clear that the issue of the future of Iraq would be brought onto center stage, and it was hoped that steps to be taken to reestablish the country's sovereignty and independence would be outlined. It was expected that President Bush would use his speech to talk up American plans for a new UN Security Council resolution, calling on the "international community" to cough up troops and money. Germany, Russia, France and China were expected to express their criticism, not only of the war, but also of U.S. reluctance to define a clear perspective and timeframe for handing over the Iraq dossier to the United Nations.

All these things happened; and something more important. While the major players' delegations and press seemed focussed on bilateral and multilateral meetings on the sidelines of the conference, Secretary General Kofi Annan changed the rules of the game, and forced the real issue onto the agenda—that is, the danger embodied in the United States' decision to adopt and implement a pre-emptive war doctrine and radically challenge the post-World War II order of international relations.

Annan signalled that something unusual was about to occur, when he started his remarks in French. Then, moving to English, he noted that, over the past year, terrorism, violence, and nuclear proliferation have continued to undermine world stability. He gave particular attention to the attacks on the UN itself in Baghdad, last month, and, again, recently, and called for better security for UN staff. Annan noted the conflicting views on the Iraq war, but stressed that "Whatever view each of us may take of the events of recent months, it is vital to all of us that the outcome is a stable and democratic Iraq—at

peace with itself and with its neighbours, and contributing to stability in the region."

Warns U.S. on 'Lawless Use of Force'

He then came to the essential point: "Excellencies," he began, "Three years ago, when you came here for the Millennium Summit, we shared a vision, a vision of global solidarity and collective security, expressed in the Millennium Declaration. But recent events have called that consensus in question."

Listing the "new threats that must be faced," i.e., "new forms of terrorism, and the proliferation of weapons of mass destruction," as well as others, the Secretary General emphasized general agreement that such threats are a danger to every nation. "Where we disagree, it seems, is on how to respond to these threats." Annan developed the point through a historical overview, showing that the departure from "collective security" and the embrace of a "pre-emptive war doctrine" by the United States and Britain, represent a dramatic watershed in history. His remarks are important enough to quote at length:

Since this Organization was founded, States have generally sought to deal with threats to the peace through containment and deterrence, by a system based on collective security and the United Nations Charter.

Article 51 of the Charter prescribes that all States, if attacked, retain the inherent right of self-defense. But until now it has been understood that when States go beyond that, and decide to use force to deal with broader threats to international peace and security, they need the unique legitimacy provided by the United Nations.

Now, some say this understanding is no longer tena-

ble, since an 'armed attack' with weapons of mass destruction could be launched at any time, without warning, or by a clandestine group.

Rather than wait for that to happen, they argue, States have the right and obligation to use force preemptively, even on the territory of other States, and even while weapons systems that might be used to attack them are still being developed. According to this argument, States are not obliged to wait until there is agreement in the Security Council. Instead, they reserve the right to act unilaterally, or in ad hoc coalitions.

This logic represents a fundamental challenge to the principles on which, however imperfectly, world peace and stability have rested for the last 58 years. My concern is that, if it were to be adopted, it could set precedents that resulted in a proliferation of the unilateral and lawless use of force, with or without justification.

But it is not enough to denounce unilateralism, unless we also face up squarely to the concerns that make some States feel uniquely vulnerable, since it is those concerns that drive them to take unilateral action. We must show that those concerns can, and will, be addressed effectively through collective action.

UN 'Inspired by Franklin Roosevelt'

Excellencies, we have come to a fork in the road. This may be a moment no less decisive than 1945 itself, when the United Nations was founded. At that time, a group of far-sighted leaders, led and inspired by President Franklin D. Roosevelt, were determined to make the second half of the 20th century different from the first half. They saw that the human race had only one world to live in, and that unless it managed its affairs prudently, all human beings may perish. So they drew up rules to govern international behavior, and founded a network of institutions, with the United Nations at its center, in which the peoples of the world could work together for the common good.

Now we must decide whether it is possible to continue on the basis agreed then, or whether radical changes are needed. And we must not shy away from questions about the adequacy, and effectiveness, of the rules and instruments at our disposal. Among those instruments, none is more important than the Security Council itself. . . .

The Council needs to consider how it will deal with the possibility that individual States may use force 'preemptively' against perceived threats.

'Surprisingly Fortright'

Such a condemnation of the Bush Administration's preemptive war doctrine by the Secretary General, was more



The UN Secretary General's sharp and surprising public criticism of the U.S. war-hawks' pre-emptive war policy, in his address to the General Assembly on Sept. 23, overshadowed the so-far-unsuccessful U.S. push for military help in Iraq. The UN will no longer "serve" the Anglo-American Occupation there; will it get the dominant role?

surprising and more significant than the poor response President Bush's reported got to his demands for troops and financial support. As one of Europe's best informed experts on Iraq told *EIR*, the speech was "surprisingly forthright." Annan, he said, "has been saying these things in private, but not this way, in public. Given the way in which his predecessor, Boutros-Ghali, was tossed out by Madelaine Albright," he said, "I am surprised he would be so overt in his criticism."

The decision to break the rules of the game must be seen against the backdrop of the rapid deterioration of the situation inside Iraq, where not only troops of the occupying forces of the United States and Britain, but also the UN itself is being targeted by the resistance forces. As the same Iraq expert noted, "The problem for the UN, is to avoid what happened before their headquarters in Iraq was attacked; namely, to be seen as legitimizing the American occupation."

Annan's speech denotes a far deeper concern, shared by an increasing number of governments and political leaders worldwide, and articulated in recent foreign policy statements by U.S. Presidential candidate Lyndon LaRouche: If

the current imperial policy direction of the Administration, driven by the neo-conservative “junta” led by Vice President Cheney, is not reversed, it could create conditions for a global, strategic crisis, and lead to “asymmetric” warfare, including the widespread use of nuclear weapons. It is ultimately this level of danger that the UN Secretary General’s words point to.

No doubt, those in the U.S. Administration who are capable of thinking through such implications, were stunned by Annan’s attack. Country delegations who were in the hall when he spoke, greeted the speech with sustained applause.

As for the American President’s speech, it was characteristically low on content and high on rhetoric. While focussing on “terrorism” and the “unfinished war” on terrorism as the determining factors in world politics, Bush exaggerated the alleged success of the war against Iraq. “Iraq is free,” he claimed, and prophesied that the transformation to democracy in Iraq will “inspire the Middle East,” etc. The only clear indications of intent with regard to Iraq, were Bush’s assertion that the goal is self-government, through an “orderly and democratic process,” which should be “neither hurried nor delayed by the wishes of other parties.” Bush mentioned no timeframe for the transfer of power to an Iraqi government, and simply mentioned that the UN could have a hand eventually in drafting a constitution, as well as preparing elections.

The President received polite, muted applause, including from French President Jacques Chirac. But when the latter rose to address the assembly, Bush, accompanied by Secretary of State Colin Powell, National Security Advisor Condoleezza Rice and U.S. Ambassador to the UN John D. Negroponte, left the hall in a group.

Europe, U.S. Opposed on Israel/Palestine

But Chirac spoke, and to the point. Speaking of the Iraq war, he stated, “The United Nations has just undergone one of the gravest crises in its history,” in that respect for the UN Charter was at the heart of the debate. Conducted “without authorization from the Security Council, the war shook the multilateral system.” Now that this page has been turned, he said, we must move forward, but insisted that “in an open world, nobody can isolate himself, nor act in the name of all, and nobody can accept the anarchy of a society without rules.” Chirac insisted heavily on the need for a “transfer of sovereignty to the Iraqis who alone are responsible for their own destiny,” a transfer “without which there can be no stability or reconstruction.” “It is up to the UN to give legitimacy to that process, (. . .) to accompany the progressive transfer of administrative and economic responsibilities to the Iraqi institutions according to a realistic calendar, and to help in the elaboration of a constitution . . . and the holding of general elections.”

Chirac added, “It is also up to the UN to give mandate to an international force, naturally under the command of the main contributor of troops, the United States, whose task is

to ensure security for the Iraqis and for all those who contribute to the reconstruction of the country.”

At his press conference, Chirac also addressed the Israeli-Palestinian situation. In direct contradiction to Bush, who had again disregarded Palestinian Authority President Arafat as a failed leader, Chirac stated, “Ultimately, one can think what one wants about Yasser Arafat.” But “he is the authority, he is the legitimate and elected representative of the Palestinian Authority. . . . You cannot act as if that didn’t exist.” “This is the reason why we Europeans . . . are totally hostile to any action tending to neutralize the president of the Palestinian Authority in one way or another.” He added that Arafat was “the only one to have today the necessary authority over the Palestinians to lead to an agreement. Therefore we have to be very prudent in this affair.”

Significantly, in a special session of the UNGA convened on Sept. 19, a resolution was passed almost unanimously, denouncing Israel’s stated decision to remove Arafat. The only states voting against the resolution, were the U.S., Micronesia, Israel and the Marshall Islands.

Iraq Governing Council Makes Bizarre Move

The clock is running out in Iraq. It is this fact, and the implications for the region and the world, which is fuelling both Washington’s desperate push for a new UN resolution to bring in more troops and funds, and the drive on the part of the anti-war nations to force the United States to hand over responsibility to the UN.

Despite Bush’s rhetoric about how much better off Iraq and the Iraqi people are now, than before the war, the opposite is the case. An armed resistance is growing in strength, sophistication, and operational area. After targetting the UN, seen as an institution which has de facto accepted the occupation, the resistance has also targetted members of the Iraqi Governing Council (IGC), the 25-person group put together by U.S. pro-consul Paul Bremer. Ayatollah Hakim, who was murdered in the bombing of the Imam Ali mosque in Najaf on August 29, was the leader of the SDupreme Council for the Islamic Revolution in Iraq (SCIRI), one of the organizations represented in the IGC. On Sept. 20, a second member of the IGC, was critically wounded in an assassination attempt by resistance forces.

The worse the economic and security situation becomes in Iraq, the more the IGC will be discredited in the eyes of the population. Thus, leading members of the IGC, especially its purported chairman, banker Ahmad Chalabi, are scrambling to convince the United States to give them some vestige of power, so that they can attempt to present themselves to the nation as something other than a Quisling government. Since the Hakim murder, pressure from the SCIRI, the largest organization of the majority Shi’ite population, has redoubled, demanding the occupying forces relinquish their control and grant sovereignty.

This has led to the bizarre situation, in which Chalabi, the darling of the neo-conservative war party, flew to Washington

on Sept. 22 in hopes of lobbying Congress to give his IGC—and not the Coalition Provisional Authority of American “viceroy” Paul Bremer!—the funds for Iraq’s reconstruction. Chalabi, in public statements, offered Congress the promise that the IGC would reconstruct Iraq for less money. George W. Bush personally reprimanded Chalabi, and stated that no authority could be transferred to the IGC, since it was not an elected body!

The United States moved, on Sept. 21, through the IGC, to announce a vast “reform” of the Iraqi economy. The IGC declared new laws that abolish 30 years of state direction of the Iraqi economy, by opening up most sectors of the economy to foreign investment and up to 100% foreign ownership. Only the oil and natural resources section is exempt from the new rules. (It is known, that the Occupation plans to mortgage oil revenues to pay for Halliburton’s and Bechtel’s reconstruction contracts.)

The new ownership laws—which stand in sharp contrast to those of most of the Arab world—will also allow foreign investors to jump right in without having to be screened by the government, and will allow profits to be fully and immediately withdrawn from Iraq and remitted overseas.

The new rules were announced in Dubai, at the meeting of the IMF and World Bank, by the IGC’s “Finance Minister,” Kamel al-Kailani, who was scheduled to meet with U.S. Treasury Secretary John Snow. The Coalition Provisional Authority has also established an independent Central Bank for Iraq. The new laws provide a “fast track” system by which six foreign banks can buy complete control of any Iraqi bank, and allow an unlimited number of foreign banks to purchase 50% control. The London *Independent*’s banner headline on Sept. 22 read, “America puts Iraq up for sale.”

Though one senior U.S. occupation official said of the Dubai announcements, “This is the law. This is done . . . it was all signed yesterday,” it is actually in defiance of that body of international law which Kofi Annan was defending. As *EIR* documented in its Aug. 29 issue, an occupying power has no right to establish any institutions of this type, nor to dispose of the country’s economy or its natural resources. If there is to be any hope for Iraq to recover its sovereignty, this regime of illegality established by the occupying power must be stopped. This requires both a shift to reality-orientation in the Bush Administration, to give an actually predominant role to the UN now, before it becomes too late.

WEEKLY INTERNET
AUDIO TALK SHOW

The LaRouche Show

EVERY SATURDAY

3:00-4:00 p.m. Eastern Time

<http://www.larouchepub.com/radio>

Israeli Pilots Refuse Occupation Orders

by Dean Andromidas

Twenty-seven Israeli pilots have signed a letter refusing to serve combat missions in the Israeli occupied territories. Although over 500 Israeli reserve Army soldiers have signed a similar letter since early 2002, the signatories of this letter are all officers, including a brigadier general and two lieutenant-colonels, making it without precedent in Israel’s history.

The pilots’ act of courage sends a powerful message to the Israeli public, and to the military establishment of the Israeli Defense Forces (IDF) at the very moment Israel Prime Minister Ariel Sharon threatens to escalate the Israeli-Palestinian conflict through the assassination of Palestinian President Yasser Arafat, and/or through relaunching massive military operations including a bloody invasion of the Gaza Strip.

The letter, sent to Israeli Air Force commander Maj. Gen. Dan Halutz and publicized in the Sept. 25 edition of *Ha’aretz*, declared, “We, both veteran and active pilots, who serve the state of Israel, are opposed to carrying out illegal and immoral orders to attack, of the type Israel carries out in the territories.” The letter also declares their refusal to transport IDF troops on missions into and out of occupied Palestinian territories, or to provide air support for combat troops in those areas. The letter concludes, “We, for whom the IDF and the Air Force are an integral part of our being; who were brought up to love Israel and to contribute to the Zionist ideal, cannot take part in the operations in the center of populated civilian areas; and [we] refuse to endanger innocent Palestinian civilians. . . . The continued occupation is critically harming the country’s security.”

Includes Air Force’s Leading Pilots

Among the signatories was reserve Brig. Gen. Yiftah Spector, who is one of the most famous pilots in the Israeli Air Force. Although no longer in the active reserves, General Spector is the number-two ace in the Air Force’s history, having shot down 15 enemy aircraft in various Israel-Arab wars. Certainly no peacenik, he reportedly was involved in the bombing of the Iraqi nuclear reactor in 1981. Nonetheless Spector, like slain Prime Minister Yitzhak Rabin, has come to the conviction that if Israel is to survive as a democratic and Zionist state, it must support the formation of a Palestinian state.

A senior Israeli military source, now in the peace movement, told *EIR* that this letter was the “most interesting and important development in a long time.” Israeli pilots in the past, on an individual basis, have refused to carry out orders

that have a “black flag” over them—the Israeli term for a blatantly illegal order. But, the source said, never have a group of officers signed such a letter refusing to carry out such orders. As for General Spector, he is from a very respected family: his mother was the chief secretary to the storm troopers of the Haganah, Israel’s pre-independence military force; his father died in World War II on a mission to sabotage oil depots in Vichy-controlled Lebanon. This attack had been launched in cooperation with the British wartime command.

The most important aspect of this letter, the source stressed, is that it sends a message to the establishment that it will have to offer the Palestinians an “honest” proposal for peace negotiations.

Among the 27 pilots are nine from the active reserves, who include F16 fighter pilots, an Apache helicopter pilot—the type of aircraft which the IDF has used for targeted killings—and two Blackhawk transport helicopter pilots. One of the officers is a training instructor of F-15 candidate pilots.

After delivering the letter, representatives of the pilots gave interviews to the *Yediot Aharonot*, the country’s largest circulating daily, and to Israel’s Channel 2 TV. A spokesman for the group, Captain Yonatan, said, “We are all loyal citizens of the State of Israel. We have taken this step after deep thought and much soul-searching. As officers and pilots, we have been given the heavy responsibility of operating a most powerful war machine. As people who were educated with the moral code of the IDF and the state of Israel, we have decided to . . . obey the order that obliges us not to carry out an order that is blatantly illegal.”

‘The Mother of All Dangers’

Israeli Air Force commander Major General Halutz, to whom the letter is addressed, has described the spread of such refusal as “the mother of all dangers.” Indeed, the pilots’ letter is sending chills down the spines of those of Sharon’s generals who have been busy planning targeted assassinations, massive arrests, and all forms of collective punishment. If a full-scale invasion of the Gaza Strip is launched, the possibility of pilots and officers refusing orders with “black flags” over them not only would be embarrassing, but could very well trigger mass peace demonstrations in a repeat of those during the 1982 Lebanon war.

Halutz announced that nine of the pilots will be immediately suspended from the Air Force. Furthermore, he said that the Air Force will deal with these latest refuseniks in the same way as those from the army, whose actions have been treated as disciplinary violations—thus avoiding what could become very embarrassing trials.

The Air Force commander tried to downplay the development, telling reporters, “We must keep things in the right proportions; we are talking about only 27 out of thousands of pilots.” Halutz said that the military will punish the pilots who wore their flight uniforms during their press interviews, as having committed a violation of regulations.

Halutz is one of the core of senior hardline general officers

whom Israeli Prime Minister Ariel Sharon has been promoting and relying on during the three years of bloody conflict with the Palestinians which began by Sharon’s election drive in 2000. These are the officers who have reportedly seen fit to study and apply the tactics the Nazis used to crush the Warsaw Ghetto, in order to crush Palestinian resistance. Many of them are said to be even more hardline than Sharon. As for Halutz, he happens to be one of Sharon’s favorite generals, and a man after his own heartlessness. Halutz is the chief proponent of Israel’s “targeted assassination” policy, and has perfected the helicopter gunship rocket attack technique that has become so notorious. It was Halutz who, in July 2002, ordered the dropping of a 1-ton bomb on a house in Gaza to kill Hamas leader Salah Shehadeh. That infamous attack killed 15 others, including 11 children and infants.

At that time, Halutz was interviewed by *Ha’aretz* and asked whether a pilot, after dropping such a bomb that kills not only the target but innocent civilians, has the right to ask himself how he feels. He replied, “No. That is not a legitimate question and it is not asked. But if you nevertheless want to know what I feel when I release a bomb, I will tell you: I feel a light bump to the plane as a result of the bomb’s release. A second later it’s gone, and that’s all. That is what I feel.”

It is a bitter irony that Halutz was able, in that interview, to claim that Israel’s policy is cautious when compared to the brutal bombing campaign carried out in Afghanistan by the Bush Administration, where thousands of civilians were killed.

Will Sharon Respond With Flight Forward?

Israel’s Chief of Staff Moshe Ya’alon denounced the action of the pilots as “a political statement made in army uniforms. This is in no way legitimate.” Another super-hardliner, Ya’alon was in the Israeli National Security Cabinet which decided, sometime in recent weeks, whether Israel should expel or kill Arafat. He was in full support of the idea of killing Arafat, and is also the biggest supporter of launching an major invasion of the Gaza Strip this Fall.

Former Air Force commander Ezer Weizman also came out denouncing the pilots, saying that the group lacked “morality,” and that publishing the letter was a “disgrace.” There is a widely-seen irony in Weizman’s comments about “morality” and “disgrace,” since he had to resign as President of Israel after it was revealed he received the value of over \$250,000 in “gifts” from a French businessman.

There is now, however, a real danger that Sharon will deal with this latest rebellious move by members of the military itself, seeking to bring sanity back to Israel, by escalating the bloodshed. This is precisely how the Prime Minister blunted the momentum created by the Combatants Letter of 2002. At that time, he launched “Operation Defensive Shield,” which could be called “Operation Warsaw Ghetto”; it has led to the total military reoccupation of the West Bank. Will Sharon now relaunch “Operation Defensive Shield II” and reoccupy the Gaza Strip?

Time and Policy Almost Exhausted in Afghanistan

by Ramtanu Maitra

The Bush Administration, running out of time in Afghanistan, is making yet another half-hearted effort to restore peace and stability in that country. On Sept. 23, President George Bush named his special envoy Zalmay Khalilzad to Afghanistan as the new Ambassador to that country. Prior to Khalilzad's official appointment, and in the wake of mounting violence and a worsening security situation, U.S. Defense Secretary Donald Rumsfeld was in Kabul on Sept. 7; and on Sept. 18, Treasury Secretary John Snow. What exactly these senior Bush Cabinet members did in Afghanistan, beyond assuring the increasingly jittery interim Afghan President, Hamid Karzai, is anybody's guess.

Addressing the United Nations General Assembly on Sept. 23 and pleading for the UN's help to repair some of the wreck of his Administration's war policy in Afghanistan and Iraq, U.S. President George W. Bush avoided addressing the realities, and said instead: "The United Nations has been a friend of the Afghan people, distributing food and medicine, helping refugees return home, advising on a new constitution, and helping to prepare the way for nationwide elections. NATO has taken over the UN-mandated security force in Kabul. American and coalition forces continue to track and defeat al-Qaeda terrorists and remnants of the Taliban. Our efforts to rebuild that country go on. I have recently proposed to spend an additional \$1.2 billion for the Afghan reconstruction effort, and I urge other nations to continue contributing to this important cause."

Inadequate Aid

It is evident that President Bush is unaware where this money actually goes. For instance, a recent press report in *The Scotsman* says that a private employee of an American security firm charged with guarding the CIA headquarters in Kabul, is paid \$545 a day! The much-stated \$1.2 billion allotted for the year 2004 consists of \$400 million which the State Department belatedly provided in its aid budget, after the Congress pointed out that the original budget had included no money at all for Afghanistan; and \$800 million that President Bush had requested. It is reported that the Americans will be looking for the \$600 million promised by other donors at the pledging conference in Tokyo last year. It is evident that not more than \$2 billion will be available for the fiscal year, against the estimated \$20 billion

for five years—considered a highly conservative estimate by many analysts—put forward by the Afghan Finance Minister Ashraf Ghani.

Bush's avoidance of realities should not surprise anyone. Secretary Rumsfeld, who had boasted of total victory in Afghanistan back in 2001, is not so sure any longer. Rumsfeld, referring to the present situation in Afghanistan, told reporters on Sept. 7 that the "situation is improving." Snow winged his whole visit, saying the United States "cannot allow the people of Afghanistan suffer a return to the humanitarian disaster of the past 2 years, in which a lawless land with the promise of much more, unfortunately became a haven for terrorists and drug traffickers."

The ground realities cannot be ignored any longer. The very Taliban militia that got routed by the U.S. security forces in Rumsfeld's "total victory." is now back with a vengeance. In the last 10 days of August, the Taliban assembled some 1000 troops in the two tribal provinces of Afghanistan, Zabul and Uruzgan, to launch a massive attack on U.S. and Afghan troops. Like the Tet offensive in 1968, when the Viet Cong made known to the U.S. forces that they were far from being destroyed, the Taliban sent the same message and staggered the Afghan regime in Kabul. On Sept. 22, Amir Shah of the Associated Press reported a meeting of Taliban commanders with their supreme leader, Mullah Mohammad Omar. The Taliban spokesman, Sayed Hamid Agha, said: "Over the last few days, we established a *shura* (council) under the leadership of Mullah Omar and the *shura* appointed four committees—military, political, cultural, and economic—to regulate all relevant matters."

This suggests Afghanistan has two governments: One, based in Kabul, where President Karzai is surrounded by the American bodyguards and the capital is protected by the NATO troops; the other, headed by Mullah Omar, is based perhaps somewhere on the Pakistan side of the Afghanistan-Pakistan borders, and dominates most of southeastern Afghanistan. The rest of Afghanistan, for all practical purposes, is under a number of warlords, like Ismail Khan of Herat, Abdur Rashid Dostum of Mazar-e-Sharif, among others. What is most disturbing for the Karzai government are the reports from Kandahar which indicate thousands of seminary students from the Pakistani provinces of Baluchistan and North West Frontier Provinces are pouring in to join the Taliban movement. The scarcity of reconstruction work in Afghanistan's southern regions, where people lack healthcare, education, or even wells for drinking water, has boosted their recruitment drive.

Taliban Stronger

Since mid-August, small groups of Taliban and anti-U.S., anti-Kabul forces have kept up their attacks on troops, and on soft targets such as the foreign non-government organizations (NGOs). Four Afghans working for the Danish Committee for Aid to Afghan Refugees (DACAAR) were killed in execution-style shootings in early September.

DACAAR has since abandoned its operations in the country. The United Nations in August suspended road missions across much of southern Afghanistan following a series of attacks which left seven dead, including a Mercy Corps worker, and 15 injured, including 10 Afghan aid workers who were severely beaten. The Agency Coordinating Body for Afghan Relief (ACBAR), an umbrella organization representing NGOs, warned on Sept. 16 that the worsening security situation is threatening reconstruction work in Afghanistan. "The security situation is forcing aid agencies to reconsider activities in more and more areas, and is restricting aid and development, resulting in growing public support for radical movements," said Barbara Stapleton, advocacy coordinator for ACBAR. As if the lack of funds and security threats from the Taliban and other anti-U.S., anti-Kabul forces, were not enough to create a greenhouse situation for President Karzai, the interim Afghan president is under pressure also from the United States to carry out political "reforms" in disunited Afghanistan.

Reconstruction of Afghanistan, right now, is a daydream. What the United States is looking for, however, is a way out of the mess without looking "defeated." What Khalilzad & Co. believe is that if the United States could pressure Karzai, a handmaiden of Khalilzad, to produce a new constitution, and then hold general elections, the whole affair then could be called a success, and forgotten. There is no doubt that the objective of Khalilzad as U.S. Ambassador, will be to see that President Karzai delivers this face-saving formula.

The question then is: how difficult is it to deliver this formula? The difficulty that Karzai faces is directly linked to the Pushtun issue and the Taliban. When the United States ousted the Taliban and placed Karzai in charge of the country, it did so with the help of Afghan ethnic minorities—Tajiks, Uzbeks, and Hazaras. The Taliban militia was almost 100% Pushtuns. So, the Pushtuns were kept out, and the minorities were given all important portfolios. A disproportionate number of powerful ministries went to the Tajiks, and the Pushtun population did not like this one bit. In a recent report, the Brussels-based International Crisis Group (ICG), which remains very active in Afghanistan, warned that Pushtun perceptions about not being meaningfully represented in the Kabul government, particularly in its security institutions, could undermine hopes for enduring peace in Afghanistan.

President Karzai, on the other hand, is a Pushtun, and he is now accused by the Pushtun community of handing over power and wealth to the minorities, in order to stay in power and to satisfy the Americans. In fact, some non-Taliban Pushtun leaders launched a new political movement in August, called National Unity, which advocates the restoration of constitutional monarchy. Karzai's deputy intelligence chief, Hakim Nurzai, resigned to join the group. It is not likely that the National Unity will pose a threat to the Karzai government or

the Taliban. But what it means is that one section of the Pushtuns who do not see eye-to-eye with the Taliban, are not with the President, either. It makes Karzai's mission doubly difficult.

Not all Pushtuns are Taliban or Islamic fundamentalists. In fact, if anyone cares to go back to the 1970s, one would find the backbone of the Afghan communist movement was provided by the Pushtuns. This faction of the Afghan communists was known as the Khalqis.

The constitution should have been ready this Summer, but is not. The *loya jirga* (grand council) was scheduled to reconvene this October to approve the constitution; Karzai, citing the commission's inability to draft it in time, has postponed the *loya jirga* till December. The general elections are scheduled for June 24, 2004, but that is too far away to discuss now. By postponing the *loya jirga*, President Karzai bought some time. He knows it cannot be convened under the present circumstances, not only because of the security situation, but because the Pushtuns will not participate. It could be even worse. It could trigger another phase of bloody civil war.

Therefore, under pressure from the United States, Karzai, just before leaving the country to attend the UN General Assembly, fired two Tajik defense chiefs and appointed a handful of generals of different ethnic backgrounds. He did not touch the powerful Defense Minister and head of the Tajik groups, Mohammad Qaseem Fahim. According to observers, the reshuffle will change little. It will not satisfy any significant section of the Pushtuns.

Belling the Cat

To convene the *loya jirga*, President Karzai not only must shift the power base from the ethnic minorities to the Pushtuns—a process which itself may collapse the Kabul government—but also able to disarm the powerful drug-trafficking warlords, who control their territories with thousands of their own militia. On paper, Kabul has already a codename "Disarmament, Demobilization, and Re-integration Program" (DDR). Scheduled to begin in June, it has not, for obvious reasons. International donors are demanding that unless reforms are carried out within the Defense Ministry, DDR cannot begin. The DDR program will first count the weapons and their owners belonging to armed units around the country, and then demobilize them, incorporating at least some of the men into the national army.

So far Kabul, helped by the Americans, has raised not more than 4000 Afghan soldiers. In contrast, there exist a few warlords—some of whom are Pushtuns, some Uzbeks, and some Tajiks—who have more than 40,000 members militia each. This is their powerbase. Secondly, the disarmament experiments earlier led to another distortion. Stronger warlords, under the program, secured the weapons and kept them. They also incorporated the men into their militia, making themselves stronger in the process.

Mexican Magazine Reports LaRouche vs. Castañeda

by Valerie Rush

One of Mexico's largest-circulation weeklies gave widespread coverage in its Sept. 22 edition to the ongoing campaign of the LaRouche Youth Movement (LYM) in Mexico against former foreign secretary and would-be drug legalizer Jorge Castañeda. Allowing the youth to speak in their own names, while quoting at some length from a press release on Castañeda's crimes currently being circulated by the LYM, *Siempre!* magazine not only unveiled Castañeda's anti-national allegiances, but effectively rebutted his highly-placed friends' charges that the attacks against him come from "neo-Nazis." Rather, the LYM is presented as a fast-growing organization committed to defense of national sovereignty and to uncovering truth, clearly becoming a significant factor in Mexican politics today.

The inescapable conclusion of *Siempre!*'s coverage is that Castañeda, currently aspiring to the Mexican Presidency, must answer to the charges of the LaRouche movement and others (1) that he supports U.S. Vice President Dick Cheney's preventive war doctrine, and the war against Iraq, in particular; (2) that he supports drug legalization, as does his patron, the megaspeculator George Soros; and (3) that he wants to sell out Mexico's natural resources, especially its oil wealth, to the International Monetary Fund and to looting through privatization by the "Houston Cartel" of Halliburton, Enron, Reliant, Schlumberger, and company.



A "cadre school" class of one of the LaRouche Youth Movement chapters in Mexico, this one in Mexico City on the weekend of Sept. 13-14.

The *Siempre!* coverage followed on the heels of a spate of nationwide coverage of two interventions by the LYM at September events sponsored by Castañeda's pre-electoral machine. At both the History Museum of Monterrey, and at the National Polytechnic Institute in Mexico City, Castañeda found himself fleeing the podium rather than answer the LYM's challenges to his treasonous policies as both President Vicente Fox's first foreign secretary and, currently, as a presidential pre-candidate.

Siempre! quotes one LYM member: "We are not neo-Nazis nor shock troops. Neither do we serve foreign interests like Jorge Castañeda, who is just another pawn of US Vice President Dick Cheney. . . ." What happened at the Polytechnic Institute (IPN), the LYM member told *Siempre!*, is that "We were 8 members of the organization, and the only thing we did was to ask the former foreign secretary to explain his positions. . . . He began to ignore the questions and kept reading his speech, and so the kids of the IPN themselves were asking, 'What's going on here? Why doesn't he answer?' And they were the ones who stood up to yell at him, 'Why don't you answer?'"

Siempre! goes on: "In the same vein, the LYM members make clear they are not shock troops, nor do they fear being characterized as such, because they always speak the truth, the principle upon which the organization acts. In addition to the fact that their work in the universities is peaceful, it is to share ideas with other students, to pull them out of the caves, as Plato says, and tell them . . . what the problem is, and the political, economic and social situation which we face currently, not only nationally, but worldwide. They are given a solution to this problem, and they are invited to join this international youth movement to create a cultural, economic, and scientific renaissance around the world."

It is notable that the LaRouche movement had just held well-attended youth cadre schools, or "universities on wheels," in both cities where Castañeda was "LaRouched"—Mexico City and Monterrey—on subjects ranging from mathematics, poetry and philosophy, to the need to industrialize their nation.

Siempre! concluded its coverage with a quote from another LaRouche organizer whom they interviewed: "What we intend to do . . . is carry out a revolution of ideas, of the educational, economic and political systems. We have to take up again the Mexican cultural heritage, that is, the legacy of Independence, of the Juárez Reform, of the Revolution, social justice, economic development with possibilities and opportunities for all, development based on science and technology, industrialization, etc. What is required is a new financial system, not only in Mexico, but internationally, because without this reform, there is no possibility of having viable solutions in any nation."

International Intelligence

Israel Spends Billions In Occupied Territories

A team of *Ha'aretz* researchers has finished a study of how much money the Israeli government spends in the occupied territories, whose results the newspaper published on Sept. 23. The team could not discover how much the Israeli Defense Ministry has spent—which could equal, or even double, the figure of \$500 million which it could verify for this year alone. Since the territories are administered by the military, whose budget is not transparent, no one really knows.

In any case, the figure *Ha'aertz* comes up with is 2.5 billion shekels, which is over \$500 million a year; and 45 billion shekels since 1967; but this must be an underestimate. In itself, it translates to over 10,000 shekels (\$2,000) per settler annually, over and above what is spent by the government on a per-capita basis for Israelis in the country as a whole. The figure does not include the amounts spent on land acquisitions, nor on several hundreds of non-profit organizations.

Despite the deep cuts to welfare and education in Israel's current budget, the cuts slated for the settlements come to only 150 million shekels (\$30 million), and whether that cut will be made remains unclear.

These amounts are outrageous and fly in the face of U.S. law, that forbids American aid to be used in or for the occupied territories. The Bush Administration still has not cut anything, for this reason, from the \$9 billion in loan guarantees granted Israel, even though the Administration already announced that such deductions would be policy. In fact, \$1.6 billion of the loan guarantee funds has already been dispersed.

India and Israel Ready Military Exercise

According to the Sept. 23 issue of *Pioneer*, a pro-government English news daily based in New Delhi, India and Israel will hold for

the first time a joint military exercise with their Special Forces. Israel is also likely to supply specialized weapons for Indian commandos. The decision to hold such an exercise was decided shortly before Prime Minister Ariel Sharon's recent visit to India. The joint military exercise will take place in India, but the timetable has not been decided yet.

New Delhi has also announced the visit of Indian defense experts to Israel next month. This team will seek help to speed up development of India's indigenously-developed missiles and more cooperation in hi-tech military projects. These involve joint production of unmanned drones and flight-control systems for Indian-built Light Combat Aircraft. India would also seek help from Israel on India's development of two anti-air missiles, Trishul (Trident) and Akash (Sky).

Election Writes Off Schröder Economic Plan

The Sept. 21 elections for state parliament in Bavaria, which saw the nationally governing Social Democratic Party (SPD) there drop disastrously from the 28.7% which they gained in 1999, to only 19.6%, pose an urgent message to Chancellor Gerhard Schröder to stop the rapid erosion of SPD constituencies, by changing his economic policy from "free-trade" and deregulation, toward a production/employment policy. Of those Bavarian voters who decided not to vote at all last Sunday, thereby causing a drop in total voter turnout from 1999's 69.8% to 57.3%, most, by far, were SPD voters.

In absolute numbers, the SPD lost more than one-third in comparison with the elections in 1999: Then, the party still had 3.5 million votes; whereas now, it has only 2 million—42% fewer voters this time! And, whereas in 1999, the SPD could still win 5 seats in the parliament by direct vote in districts, this time all 92 direct seats were won by the Bavaria state-governing Christian Social Union (CSU).

The election disaster has sparked a resumed intra-SPD debate on the usefulness of the Schröder government's neo-liberalist "reforms," which many former SPD voters told opinion polls had frustrated and angered them so much, that they abstained from voting for their party's candidates. Given the specific intra-party dynamics of threats and blackmail, compromise and cowardice, this internal SPD opposition may not pose an immediate threat to the Chancellor; but his main challenge is the economic and labor market situation, which is not going to improve in the near future. It will rather worsen, with the jobless figure crossing the 5-million mark this Winter.

The fact that Bavarian State Governor Edmund Stoiber, the big winner of the Sunday elections, is supportive of major aspects of the Schröder "reform" package—which would be reflected in the vote on the package in the CDU-CSU-dominated upper house of the parliament, the Bundesrat—will not help Schröder much, once the economic depression worsens in the coming few weeks. And it might well be that even if the European Union (EU) okays, as scheduled, the Tremonti Plan and the Franco-German appendix to that, at the November EU Summit in Rome, the positive effects might arrive too late for Schröder to restore his reputation in economic policy among German voters.

A Grand Coalition of the SPD and CDU-CSU, in an economic-social emergency situation, or early elections for national parliament, are more likely to come next Spring, if the Chancellor doesn't change course now, as the Helga LaRouche-led BÜSo party has directed.

Malaysia Is Trusted Friend of China

Reports in Malaysia's press on Sept. 21, of the extraordinarily successful visit of Deputy Prime Minister Abdullah Badawi to China, can't say enough about the success of the trip. Malaysia's Foreign Minister Syed Hamid Albar reportedly was especially pleased that meetings with the most senior

LIBERIA peacekeeper force of up to 15,000 was unanimously approved by the UN Security Council on Sept. 19. The force may operate under a Chapter 7 mandate, giving it the widest powers available under the UN Charter. Jacques Paul Klein, chief UN envoy for Liberia, said, "The general consensus is that this is a failed state. Now we have to rebuild the state." Monrovia's central electricity supply will be restored within a few days, EU emissary Geoffrey Rudd told reporters Sept 17. It will take longer to repair the network of power lines, most of which have been broken for 10 years.

IRAN on Sept. 20 got an offer from France, Germany, and Britain: sign an additional IAEA protocol, in return for technological nuclear-power support. The offer resembles the 1994 Agreed Framework between the United States and North Korea. Iran would receive European assistance in modernization and safety upgrading of civilian nuclear technology, if it signed a special protocol that would allow the IAEA to send inspectors unannounced to Iran's nuclear sites.

ABOUT HALF Iraq's population needs food assistance, with 3.5 million of the more vulnerable needing supplementary food rations through 2004, warns a report by UN World Food Program and the Food and Agriculture Organization. Starvation has been averted, but chronic malnutrition persists. The cereal harvest this year is forecast at 4.1 million tons, about 22% more than last year (good rains, for one reason); but, the U.S.-led military occupation has adversely affected sowing of summer cereal crops and fertilizer production.

IMF REPORT on Sept. 22 said Arafat personally diverted money from the Palestinian Authority (PA), while admitting the money was used for PA purposes, and that the data was released by the PA itself. The IMF's timing and tone clearly feed the threat to Arafat and the Roadmap. Palestinian legislator Hanan Ashrawi called the release timing "suspicious."

Chinese officials invariably spilled over longer than scheduled, in many instances by as much as a half-hour, which was taken as further proof of the close accord between the two countries' leaders.

Syed Hamid Albar, one of whose jobs is to keep meetings on track and on time, was reported very calm and satisfied with the prolonged meetings. He told the press, "This is a dawn of a new era in the relationship of our two countries. Things went very well. We can look forward to closer ties between Malaysia and China."

In the course of the trip, Badawi, who is slated to take over as Malaysia's Prime Minister in October, visited the Xiamen special economic zone, which is the ancestral home of most Malaysian Hokkiens, especially those from Penang. Upon his return to Malaysia, Badawi announced that an Institute of China Studies would be set up to further bilateral relations, and reiterated that 2004 will be designated "Friendship Year" between the two countries, marking the 30th anniversary of formal relations and the 600th anniversary of the voyages of Admiral Zhen He.

Israel Military Escalating in Gaza

A senior Israeli intelligence source, responding to reports that Prime Minister Ariel Sharon is planning a major military operation in the Gaza Strip, told *EIR* that such an operation can be expected, but "you don't have to wait until October; the military has escalated operations already; you just are not hearing about it."

The source said there are operations, expected to last several days, in the West Bank city of Jenin; and Israel has renewed operations in Gaza, although not at the level of an invasion. People have been killed, mass arrests are being made every day, and houses are being demolished: "It's just that no one is reporting it. No one is talking about the Road Map."

The same figure saw President George Bush's attack on Palestinian President Yas-

ser Arafat, during Bush's joint press conference with Jordan's King Abdullah on Sept. 18, as very bad, especially in the presence of King Abdullah; and indicating that policy still is in the hands of Vice President Dick Cheney and Defense Deputy Secretary Paul Wolfowitz. He warned that Jordan is under tremendous strain because of the chaos in Iraq and in the Palestinian lands. Half of Jordan's population—and half of its royal couple—is Palestinian, and there are both Islamists and a very pro-Iraq sentiment. This pro-Iraqi feeling is also felt among the other Jordanians. This could have a profound impact on Jordan, even leading to the overthrow of King Abdullah at some point.

Hoon in Bigger Trouble Than Ever

The release on Sept. 22 of extracts of recently-resigned media czar Alastair Campbell's personal diary, to the Hutton inquiry, has pushed Defense Minister Geoff Hoon another step toward resignation. Hoon had just again denied, to the inquiry, that he played any role in the public "outing" of the late Dr. David Kelly, or that there was a "conspiracy" to name Kelly as an intelligence community source questioning government claims about the invasion of Iraq. But Campbell's diary documented precisely the opposite. It asserts that "GH [Geoff Hoon] and I agreed it would [expletive] Gilligan, if that [David Kelly] was his source." Andrew Gilligan is a BBC correspondent at the center of the controversy. Other entries, using less colorful language, indicate that Campbell and Hoon wanted to use Kelly, in a nefarious way, as part of their plan to discredit BBC-Gilligan's claim, that Campbell and 10 Downing Street had "sexed up" the September 2002 dossier on Iraqi weapons of mass destruction. This abuse of Kelly preceded his apparent suicide on July 17.

The diary, of course, puts Campbell himself in a bad light, but evidently he is playing a game to wreck Hoon, and maybe to get the spotlight off Tony Blair.

The American Republics' Fight For Sovereignty, Since 1776

by an EIR Research Team

This study is an expansion of the historical section of the LaRouche in 2004 campaign pamphlet, The Sovereign States of the Americas: LaRouche's Program for Continental Development. The pamphlet is one of three issued by the campaign in the fight against the California Recall election hoax—to make that battle the center of the war against Synarchist looting of economies, and against Dick Cheney's war-and-Wall Street faction controlling the Bush Administration. This study, as expanded and published here, was written by Anton Chaitkin, Nancy Spannaus, Richard Freeman, Jeffrey Steinberg, and Cynthia Rush.

A common struggle for economic development, and against financiers' imperialism and feudalism, has joined the efforts of patriots in the United States, Mexico, and South America since the U.S. alliance with France and Spain in the American Revolutionary War.

During his years in Paris (1776-85), Benjamin Franklin forged a military pact and improved other ties with the French and Spanish kingdoms, which were both ruled by members of the Bourbon family. Following the victory of the three nations over the British Empire, Franklin returned home to oversee the framing of the U.S. Constitution, and the transfer to the Republic's first Treasury Secretary, Alexander Hamilton, of Franklin's own ideal of government-sponsored progress—protectionist tariffs and public credit to create industry and replace backward agrarian society with modern conditions.

When George Washington took office as the first U.S. President (April 30, 1789), there were stunning prospects for mankind's advancement.

America's friends, General Lafayette and Franklin's astronomer colleague Jean Sylvain Bailly, led France's new

National Assembly towards a constitutional monarchy that was to have guaranteed freedom and prosperity.

Meanwhile, Spain and its American colonies, spurred by the 1759-88 reign of the extraordinary King Charles III, were beginning to create a transatlantic commonwealth with humanist science and political economy, closely tied to Franklin and his legacy.

Republicanism vs. Oligarchy

The story we tell here has been largely suppressed, due to the writing out of history, of the crucial nature of republicanism, which is a commitment to developing societies coherent with man's unique nature as a creature of reason, not bestial sensations. This philosophical commitment supercedes religious creed, and even specific government forms, and is best identified in the Americas by a rejection of the philosophy of John Locke, in favor of the Platonic philosophy of Gottfried Wilhelm Leibniz.

In Locke's view, like that of the continental, Hapsburg-headed, oligarchists, government exists to protect the power and property of the powerful. This view, inherently racist, is seen in Locke's 1669 "Fundamental Constitution" for the British colony of Carolina: "All the leet-men [serfs] shall be under the jurisdiction of the respective lords, . . . without appeal. . . . Nor shall any . . . have liberty to go off from the land of their particular lord and live anywhere else, without license obtained from their said lord. . . . All the children of leet-men shall be leet-men, and so to all generations. . . . Every freeman of Carolina shall have absolute power and authority over his negro slaves, of what opinion or religion soever."

The contrary view is seen in Leibniz, who wrote: "To love is to find pleasure in the perfection of another. . . . The more a mind desires to know order, reason, the beauty of things



Prominent in this painting of the Constitutional Convention, presided over by George Washington, is Benjamin Franklin—in many ways the real father of this country, and the architect of Revolutionary America’s alliance with France and Spain.

which God has produced, and the more he is moved to imitate this order in the things which God has left to his direction, the happier he will be. It is most true, as a result, that one cannot know God without loving one’s brother.”

Franklin shared Leibniz’s view, not Locke’s: “All the Property that is necessary to a Man, for the Conservation of the Individual and the Propagation of the Species, is his natural Right, which none can justly deprive him of: But all Property superfluous to such purposes is the Property of the Publick, who, by their Laws, have created it, and who may therefore by other Laws dispose of it, whenever the Welfare of the Publick shall demand such Disposition. He that does not like civil Society on these Terms, let him retire and live among Savages. He can have no right to the benefits of Society, who will not pay his Club towards the Support of it.”

It was the Franklin-Leibniz view that appears in the Declaration of Independence’s testament to the unalienable right to the “pursuit of happiness.” But the Locke problem continued, among the treasonous opponents of the republicans, particularly in the form of slavery and medieval-style plantations. While the traitors—racists, royalists, imperialists, Satanic feudalists in church robes—fought to maintain “property,” the patriots throughout the Americas sought to fulfill the republican ideal of man, by transforming peasant societies into powerfully scientific industrial states, with inventor-citizens.

The Revolution Spreads Through Spanish America

The American Revolution’s universal acclaim, and its rapid spread, opened the door to a new structure of world power, of sovereign nations and peoples. The mortally threat-

ened British leadership made a bloody response to the events of 1776-89, unleashing the Jacobin Terror on France, and identical operations, using the same stable of “philosophical radicals” and murderous terrorists, against the Western Hemisphere.

From the 1740s through the 1770s, Benjamin Franklin had been in a continual transatlantic seminar with the circles of Germany’s Gottfried Leibniz, led by Franklin’s science partner, Gottingen University’s Abraham Kästner, and by the apostles of Leibniz’s French patron, Jean Baptiste Colbert. Now Franklin, Washington and Hamilton were employing Colbert’s government-guided industry creation program.

And the scientific and political leaders who emerged in New Spain (present-day Mexico and parts of Central America), New Grenada (Venezuela, Colombia, Ecuador), and the Viceroyalties of Peru, Chile, and Rio de la Plata, were products of exactly the same European networks which were Franklin’s partners.

The German scientist Alexander von Humboldt, Kästner’s student, commented in great detail during his 1799-1804 tour of South America on the results of King Charles III’s policies. “No European government sacrificed greater sums” than the Spanish Bourbon kings, Humboldt wrote, to advance scientific knowledge in the New World. “We everywhere observe a great intellectual activity, and among the youth a wonderful facility of seizing the principles of science”

Charles III devised his plan for the Americas with the aid of Franklin’s collaborator the Count of Aranda, and Colbertian economist Pedro Rodríguez de Campomanes. Aranda helped consolidate Spain’s “Family Compact” alliance with France in 1762-63, and as Minister to France in 1777, he met

with Franklin and his ally the French Minister Vergennes, to discuss aid to the American Revolution. Aware that the Society of Jesus had organized Jacobin uprisings against the Crown in Paraguay, Peru, and New Grenada, Charles had Campomanes prepare the 1767 order expelling the Jesuits from the entirety of Spain's overseas colonies, charging, among other things, that the Jesuits had maintained "treasonable relations" with the British in the colonies.

Campomanes had established throughout Spain the Economic Societies of the Friends of the Country. He patterned these groups on Colbertian societies in France, as well as on the American Philosophical Society (APS) in Philadelphia, which Benjamin Franklin had formed in 1743 as an offshoot of Franklin's own private "Junto" philosophy club.

The Economic Societies were also founded in every Spanish colonial capital. They were the gathering places for the region's leading scientists, who increasingly embraced the republican principles and conception of man that had driven the founding of the United States. It was these Economic Societies that Humboldt visited at each stop on his South American tour, bringing knowledge of the latest European scientific breakthroughs, and transmitting the works of these gifted republicans to Europe and to Ben Franklin's APS in Philadelphia. An avid hispanist, Franklin stocked his library at the American Philosophical Society with many works from the most talented intellectuals in Spain and its New World colonies.

The unprecedented number of scientific expeditions and emissaries sent to the New World during Charles's reign served to uproot the remains of feudal Hapsburg policy, replacing them with productive economic and trade activity. New Spain's royal inspector and later Minister to the Indies, José de Gálvez, for example, overturned the brutal *repartimiento* system which had enslaved the Indian population. Expeditions travelled to every corner of Spain's New World colonies, creating a large number of scientific and academic institutions, whose curricula included the teachings of Leibniz, astronomer Johannes Kepler, mathematics Karl Gauss (Kästner's student), and others of Europe's leading humanists.

By 1810, some 20 years after Charles III's death, when the colonial "juntas" were now demanding full independence, it was clear that the republican leadership that had emerged from Charles's Leibnizian renaissance, identified with, and aspired to model their soon-to-be-fully-independent nations on the example of a young United States. Humboldt's and Franklin's contacts in Peru, New Grenada, Chile, and New Spain constituted the leading faction within the developing independence movement. The region was alive with pro-U.S. ferment, with copies of the Declaration of Independence, Thomas Paine's *Common Sense* and *Rights of Man*, as well as pins and pendants symbolic of the American Revolution, circulating everywhere. While the *Gazeta de Caracas* wrote several articles on the advantages of the U.S. Constitution,

Juan Germán Roscio authored the first Venezuelan Constitution in 1811, modelled on that of the United States.

Shaken, London Crafts a Response

British oligarchs, led by Lord Shelburne, were committed at all costs to preventing the spread of revolutionary republican ideas and institutions in Europe and the Americas. The use of terrorism and the spread of sham "democracy" were the two favored weapons in their colonialist arsenal.

Lord Shelburne, in effect the "Doge" of the Anglo-Dutch "Venetian Party" of rentier-financial oligarchs, chaired the omnipresent Secret Committee of the British East India Company. The Company maintained a larger and better-equipped army and navy than the British Crown, and was linked to the leading City of London banking houses, particularly the Baring Bank, whose Francis Baring held one of the three seats on Shelburne's Secret Committee. At his Bowood Estate, Shelburne ran an extensive salon—the equivalent of today's tax-exempt think tanks—and maintained such propagandists as Adam Smith, Edward Gibbon, James Mill, and Jeremy Bentham as the East India Company's leading counter-insurgents.

Bentham, in particular, had come to Shelburne's attention, following the publication of his October 1776 tirade against the American Declaration of Independence. Bentham rejected the very notion of "inalienable rights," defining all human thought and action as the pursuit of sensory pleasure and the avoidance of pain, and all forms of government as inherently repressive.

Bentham was Shelburne's leading operative in the war against the spread of republicanism into France and the Americas. When Shelburne became Foreign Minister and, later, Prime Minister, during the period of the negotiations of the Treaty of Paris ending the American Revolution (1782-83), a portion of the East India Company's foreign policy and intelligence apparatus was brought into the government. In effect, Shelburne and Bentham launched the British Foreign Office and the British Secret Intelligence Service, an event commemorated 200 years later by a Royal Institute for International Affairs (Chatham House) event addressed by Henry A. Kissinger on May 10, 1982.

At Shelburne's Bowood Estate, Bentham was the central figure in a "radical writers' workshop," which produced many of the major speeches delivered by the French Jacobin leaders Marat, Danton, and Robespierre. Bentham's rants against the idea of a Constitutional Monarchy, his appeal to mob rule, and his elaborate codes of law, all based on his "pleasure-pain calculus," were translated into French, and shuttled across the English Channel into the hands of the leaders of the Jacobin Terror. Bentham was rewarded with honorary citizenship in Jacobin France, and his schemes for outright slave-labor concentration camps, his infamous Panopticon, were about to be constructed, with Bentham himself planning to move to France to become Minister of Prisons.

By 1808, Bentham's focus had shifted, and he spent the remaining 24 years of his life largely focussed on operations inside the Western Hemisphere to block the spread of the American Revolution southward, into what was still "Spanish America."

Bentham held a series of meetings, in August 1808, with the American traitor, and killer of Treasury Secretary Alexander Hamilton, Aaron Burr. Burr had been acquitted on charges connected with his aborted attempt to conquer Mexico and the U.S. Southwest, but still faced state murder charges. Burr had fled to England, where he began immediately soliciting the backing of his longtime patrons at the East India Company and the British Crown, for an imperial adventure in Mexico and the Caribbean. Bentham described the scheme in a later letter to his secretary John Bowring: "He (Burr) came here expecting this government to assist his endeavours in Mexico; but the government had just made up their quarrel with Spain . . . He meant really to make himself Emperor of Mexico. He told me, I should be the legislator, and he would send a ship of war for me. . . He said, the Mexicans would all follow, like a flock of sheep."

While the Burr-Bentham scheme did not materialize at the time, it would form the basis for the later Anglo-French-Hapsburg invasion of Mexico, which installed Maximilian on a Mexican throne from 1864 to 1867.

East India Company intelligence officer James Mill established himself as Bentham's liaison to General Francisco de Miranda, a British agent of Venezuelan birth who had been part of Shelburne's stable of operatives deployed inside France during the Jacobin Terror. The collusion with Bentham deepened when Miranda was dispatched back to Venezuela, to "liberate" the region from Spain, and impose a new regime, based on Bentham's exhaustive schemes for "constitutional" dictatorship, concentration-camp slave-labor, and other "utilitarian" tricks of mass social-control. Bentham's model "liberal" constitution for the free states of the Americas actually established a dictatorial rule, by a body he called the "Public Opinion Tribunal," which would totally regulate society on the basis of Bentham's bestial "pleasure-pain calculus." Among the Bentham writings that were translated into Spanish and widely circulated among the British "revolutionary" agents were *In Defense of Usury* and *In Defense of Pederasty*.

Miranda was one of a score of British agents in South America whose counter-revolutions exterminated many of the most important Mexican, Venezuelan, and Colombian allies of the American republicans. Among Bentham's leading correspondents and agents: the Argentine Bernardo Rivadavia; "The Liberator," slavishly pro-British and pro-monarchy Simón Bolívar of Venezuela; José del Valle of Guatemala; Chile's Bernardo O'Higgins.

Bentham penned a series of pamphlets calling on Spain to "liberate" all her colonies in South and Central America, in order to facilitate British-led "revolutions" aimed at break-

ing all ties between the U.S.A. and the new targets of British soft-imperial conquest. His pamphlets polemicized against both any form of constitutional monarchy, and any kind of federal constitutional system—i.e., the American model. His "utopian" state was a centralized dictatorship, practicing British East India Company free trade—i.e., perpetual looting by the London-centered European oligarchy.

War in South and North America

Beginning around 1806, increasing British naval attacks and British-armed Indian uprisings goaded the United States toward a second, defensive, war of independence. Nationalists, led by Speaker of the House Henry Clay in 1810, called for reversing the free trade and budget cuts that had, under Presidents Jefferson and Madison, squeezed the economy and wrecked the armed forces. The U.S. declared war on Britain in 1812.

This re-assertion of national vigor coincided with strong action from the movement sympathetic to the U.S. throughout Spanish America, especially following Napoleon's 1808 invasion of Spain, and the installation of the puppet Joseph Bonaparte as Spanish monarch.

Communications poured into Washington D.C. from the new governing juntas in South America, urging political alliances and aid to guarantee the success of the drive for independence from Spain. On the eve of its own war, the United States observed the unfolding battle in South America with great sympathy and interest, but could not commit any sizable resources to Ibero-American independence, although Henry Clay and some other leaders urged the U.S. to immediately recognize the newly independent South American nations.

American consular agent Joel Poinsett, in his 1810 deployment to Argentina and Chile, found overwhelming sentiment for establishing U.S.-style sovereign republics in these nations. Poinsett guided Chilean patriots in writing a constitution, and urged the Economic Society of the Friends of the Country to adopt the U.S. protectionist tariff plan. But British naval attacks and terror tactics forced Poinsett out, paving the way for their own puppet, the "Liberator" Bernardo O'Higgins, and Chile became a notorious British client-state.

After the war of 1812-15, the U.S. sent Dr. Jeremy Robinson to Peru in 1818, where he organized republican leaders to oppose plans for monarchy and to emulate the U.S. model. He was considered such a threat to the region that he was murdered by British assets in 1823.

In Mexico, the priest Miguél Hidalgo y Costilla called for an alliance with the United States as he started his country's War for Independence. In the 20 years prior to the declaration of Mexican independence, Hidalgo's sharp polemics against the "scholastic artifices" of the Aristotelians, and his fight to free Mexico's Indian population from slavery and feudalism, had placed him squarely in the philosophical tradition of the United States' founding fathers, and their European allies.

Having determined that Mexico must become indepen-



The Platonist priest Manuel Hidalgo y Costilla (left) called for an alliance with the United States as he started Mexico's War of Independence in 1810. His successor, José María Morélos, asked President James Madison for "the powerful help of the United States."

dent from Spain, on Dec. 13, 1810 Father Hidalgo named Pascacio Ortíz de Letona as ambassador and "plenipotenciary minister" to the United States, invested with all the necessary powers to "be able to deal with, adjust and arrange an offensive and defensive alliance, mutually useful and profitable treaties for both countries, and whatever else may be appropriate for our mutual happiness, agreeing to and signing any article, pact or treaty toward that end."

It was on an attempted trip to the United States to consolidate this alliance, that Hidalgo and his collaborator Ignacio Allende, were captured and brutally killed.

Father Hidalgo's successor, José María Morélos, sent a message to U.S. President Madison: "We trust, finally, in the powerful help of the United States, who, just as they have guided us wisely by their example, will grant their assistance generously, previous to treaties of friendship and alliance, in which good faith would predominate, and reciprocal interests not be forgotten. . . . We are especially encouraged . . . that, being friends and allies, America of the North and Mexican America will influence each other reciprocally in matters of their own happiness, and will make themselves invincible in the face of aggressions based on greed, ambition, and tyranny. . . ."

While its selected "Liberators" tried to steer the independence movement in a Benthamite direction, Britain also oversaw the outright slaughter of the republican leaders who threatened British geopolitical aims. It was the Duke of Wellington who "suggested" to Spain that it deploy Gen. Pablo Morillo, an experienced veteran of the Peninsular War, to lead the reconquest of New Grenada (Venezuela, Colombia, Ecuador) in 1815, to pacify rebellious subjects. With supplies provided by the British, Morillo captured Bogotá in May 1816, and proceeded to systematically butcher the region's most outstanding humanist intellectuals. Among them was Humboldt's associate Francisco José de Caldas, correspon-

dent of the American Philosophical Society. By the end of 1816, the sadistic Morillo had murdered over 500 top humanist cadres in New Grenada alone, shouting, like the Jacobin mobs of the French Revolution, "The revolution doesn't need scientists." As a result of this, one diarist wrote at the time, New Grenada would "live forever in ignorance and darkness."

At almost the same time, in 1815, the Inquisition of New Spain (Mexico) executed the pro-U.S. independence leader Morélos on charges of being a heretic. Three years earlier, in 1811, Father Hidalgo was also savagely

killed by the Inquisition, along with his general staff, of which five members had studied at the renowned School of Mines which Humboldt had so admired. The heads of two of those scientists were then gruesomely displayed in the streets, along with those of Hidalgo and two close associates, in the city of Guanajuato.

The Pro-Nationalist Monroe Doctrine

Following the War of 1812-15, in which the British burned the White House and Capitol, nationalists advanced towards power in the U.S. with broad public support. Hamilton's Bank of the United States was rechartered after a lapse, and reopened in Franklin's Philadelphia.

Mathew Carey, Irish Catholic refugee who had worked for Franklin in Paris and taken Franklin's place as a Philadelphia publisher, now began writing and issuing protectionist analytical literature, which Henry Clay diligently studied, sharpening their joint attacks on Adam Smith's British Free Trade dogma. Carey's agents brought his publishing ventures all throughout the Hemisphere, down to Buenos Aires and Caracas. Meanwhile, outstanding nationalists came north from Spanish America, making Carey's home and Franklin's Philosophical Society their revolutionary headquarters in exile.

After writing Venezuela's Constitution, Juan Germán Roscio was arrested, regained his liberty, and went to Philadelphia in 1818. Carey published Roscio's book, *Triumph of Liberty Over Despotism*.

Manuel Torres helped lead the early independence movement in New Grenada, fled from arrest, and began a permanent exile in Philadelphia in 1796. His writings and personal discussions helped shape the U.S. outlook on the Hemisphere. In 1820 the Republic of Colombia appointed Manuel Torres its ambassador to the United States. In 1822, President Monroe began the formal recognition of the new Latin American

republics by receiving and accrediting Manuel Torres, then near death, in a dramatic ceremony at the White House.

In his later years, Torres' main sponsor was Philadelphian Nicholas Biddle, whom President Monroe and his Secretary of State John Quincy Adams had utilized as an intelligence officer for Spanish American affairs. In June of 1941, in a letter to the Manuel Torres Memorial Committee in Washington, Franklin Delano Roosevelt would warmly praise the first Ibero-American diplomat to be formally accredited by the U.S. government, pointing especially to his role in promoting Pan Americanism and defending the Monroe Doctrine.

President Monroe in 1823 appointed Biddle president of the Bank of the United States. Biddle, Carey, and their friends formed the Pennsylvania Society for the Promotion of National Industry, which put a high tariff law through the Clay-led Congress, along with authorization for Army engineers to begin planning the first U.S. railroads. Carey and other APS members formed the "Franklin Institute," a research center for a complex of state and private transport, manufacturing, and mining enterprises, to begin the government-backed national industrialization.

This Pennsylvania initiative resounded globally. One apostle of Hamilton and Carey, German emigré economist Friedrich List, planned mines, lobbied for tariffs, then returned to Europe as a U.S. consular agent. List's work for a Zollverein (tariff union) and railroad-building led to feuding petty states being unified into a German nation. Mathew and his son Henry C. Carey, with Friedrich List, would become well known in Ibero-America as the "American System" economists.

Secretary of State John Quincy Adams declared in May 1823, "The emancipation of the South American continent opens to the whole race of man prospects of futurity, in which this Union will be called in the discharge of its duties to itself and to unnumbered ages of posterity to take a conspicuous and leading role. . . . That the fabric of our social connections with our southern neighbors may rise in the lapse of years with a grandeur and harmony of proportions corresponding with the magnificence of the means placed by providence in our power, and in that of our descendants, its foundations must be laid in principles of politics and of morals, new and distasteful to the thrones and dominations of the elder world, but coextensive with the surface of the globe and lasting as the changes of time."

In Monroe's Dec. 2, 1823 Annual Message to Congress, a section prepared by Adams came to be known as the Monroe Doctrine. It warned Europeans "that we should consider any attempt . . . to extend their system to any portion of this hemisphere as dangerous to our peace and safety. . . . [W]ith the Governments who have declared their independence . . . we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny, by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States."

Monroe's declaration drove the feudalists wild. Austria's Prince Metternich wrote to Russian Foreign Minister Count Nesselrode on Jan. 19, 1824, "These United States of America . . . have astonished Europe by a new act of revolt, more unprovoked, fully as audacious, and no less dangerous than the former. They have . . . announced their intention to set not only power against power, but . . . altar against altar. . . . [T]hey have cast blame and scorn on institutions of Europe most worthy of respect, on the principles of its greatest sovereigns. . . . In . . . fostering revolutions wherever they show themselves, in regretting those which have failed, in extending a helping hand to those which seem to prosper, they lend new strength to the apostles of sedition, and re-animate the courage of every conspirator. If this flood of evil doctrines and pernicious examples should extend over the whole of America, what would become of our religious and political institutions, of the moral force of our governments, and of that conservative system which has saved Europe from complete dissolution?"

British Foreign Minister George Canning wrote on Jan. 8, 1825, shortly after Britain had recognized some new nations, "the Yankees will shout in triumph; but it is they who lose the most by our decision. The great danger of the time . . . was a division of the world into European and American, Republican and monarchical; a league of worn-out governments on the one hand and of youthful and stirring nations with the United States at the head, on the other. *We* slip in between, and plant ourselves in Mexico. The United States have gotten the start of us in vain; and we link once more America to Europe. Six months more—and the mischief would have been done." Canning crowed, "Spanish America is free and, if we do not mismanage our matters sadly, she is English."

Adams became President in 1825 and made Clay his Secretary of State. They sent Joel Poinsett as the first foreign ambassador to newly independent Mexico. Royalist, pro-British aristocrats then dominated Mexico's government, grouped in the party known as the "Escoses" (Scots) because most were members of Scottish Rite Freemasonry, run by Britain's secret service.

Poinsett began counselling the more numerous but unorganized pro-republican citizens, and at his initiative many activists were organized into York Rite freemasonic lodges, tied to Pennsylvania. They became known as the Yorkinos, or the Liberal party. Poinsett discouraged their plans for military revolution, advising education and political organizing for electoral victory. They won Mexico's Congressional election in 1826, and were on their way to Presidential victory in 1828 for the Revolutionary General Vicente Guerrero.

The British diplomatic representative, Ward, mobilized the royalists against Poinsett and American influence. In 1827 the Puebla and Vera Cruz legislatures, under "European party" control, demanded Poinsett's expulsion from Mexico. Though the Liberals succeeded in making Guerrero President



Before his 1861 inauguration, Abraham Lincoln told Benito Juárez's ambassador that as President, he would do everything in his power 'in favor of the interests of Mexico, and that full justice would be done' on behalf of Mexico as a friend to the United States.



Mexican President Benito Juárez. During America's Civil War, Britain, France, and Spain imposed on Mexico a Hapsburg 'Emperor,' but with the end of the Civil War, the United States equipped Juárez with arms, and Mexican independence was restored.

in 1828, Britain's hate campaign finally resulted in Poinsett's being recalled.

The financier oligarchy and their Dark Ages church allies have ever since maintained that Poinsett was a masonic meddler, but that the British Foreign Office acted rightly with their masons. But Poinsett advanced the nationalist cause, helping to form patriot leadership that could defend Mexico in its greatest crisis.

Proponents of the American System emerged in Mexico in the 1840s led by Colbertian Estevan de Antuñano, allied to Henry Clay's continuing fight in the U.S. A student of Alexander Hamilton and Friedrich List's protectionist policies, Antuñano authored a detailed plan for Mexico's industrialization, his 1845 *An Economic Political Plan for Mexico*, followed in 1846 by his *Platonic Plan to Make Mexico Happy, Under a Federal Regime, So Similar to the United States of America*. But the following year his country was plunged into war.

Lincoln vs. the Traitors and Their Wars

Northeastern bankers and Southern slaveowners combined in the Democratic Party to dominate U.S. policy for most of the 1829-60 period, beginning with the regime of Andrew Jackson. (British bankers started to have direct powerful influence in New York's Wall Street financial district: August Belmont arrived in the U.S. in 1837 representing the Rothschilds.) The banker-slaveowner gang made war on Mexico (1846-48), and not long afterwards turned around and made war against the United States, with the South-

ern Rebellion.

Tennessee slaveowner James K. Polk won the Presidency in 1844; the Whig Party revealed that the British Free Trade Association had financed Polk's campaign. Polk got a declaration of war by lying to Congress that Mexico had invaded Texas. Polk's regime immediately reached a secret agreement to give Great Britain ownership of what is now British Columbia, a part of the then-disputed Oregon Territory, for British backing for the war on Mexico.

John Quincy Adams, the former President serving in Congress, had called for an effort to drive Britain entirely out of North America, and had demanded peace with the sister republic of Mexico. Henry Clay, then in retirement, called the Mexican War, a war of "offensive aggression"

and "rapacity." Young Congressman Abraham Lincoln, a Whig with Adams and Clay, introduced the "Spot Resolutions" into Congress, proving Polk had lied, demanding he name the exact spot where Mexico had supposedly invaded the United States.

That some factions in Mexico understood which interests were behind the war drive, was indicated by Mexican political figure and historian Justo Sierra, in his 1902 book, *Political Evolution of the Mexican People*. Writing of the crucial 1844 election in the United States he wrote that "everything depended on the Presidential question in the United States. If Polk, the candidate of the Democrats and slaveowners, were elected, with his annexation program, war was inevitable. If Clay won, peace was certain. By a difference of less than 40,000 votes, the former won. It was our bad sign, but one thing was clearly demonstrated: that war and annexation weren't a national cause for the United States, but a southern one."

When Lincoln was elected President in 1860, the Southern secession crisis was beginning. The outgoing Buchanan regime was so treasonous that Mexican President Benito Juárez, leader of the Liberals, sent his ambassador Matías Romero, secretly, to meet with Lincoln (known to be pro-Mexican) in Illinois before his inauguration. Romero told Lincoln that the Mexican government had been under attack from the "clergy and army . . . in order to defend the privileges and influence which they enjoyed during the colonial regime."

Romero recorded in his diary, "I told him that Mexico had congratulated itself a great deal on the triumph of the

Republican Party, because it hoped that the policy of this party would be more loyal and friendly, and not like that of the Democratic [Party], which had been reduced to taking Mexico's territory to extend slavery."

Lincoln "asked me what was the condition of the peons . . . since he had heard . . . that they were in a veritable slavery, and he was pleased when I said that the abuses were only in a few places and were contrary to the law."

Lincoln "said . . . he would seek to do everything which was in his power, in favor of the interests of Mexico, and that full justice would be done in everything which would occur, and that [Mexico] was considered a friendly and fraternal nation. He added that he believed nothing could make him change this objective."

British Prime Minister Palmerston greeted Queen Victoria Jan. 1, 1861, by celebrating "the approaching and virtually accomplished dissolution in America of the great Northern Confederation." Britain, Napoleon III's France, and Spain then invaded Mexico while the U.S. was tied down in Civil War. This allowed Mexico to be used as a smuggling route for war supplies from Britain and France into the slaveowners' Confederacy. When the Austrian Hapsburg Maximilian was imposed as Mexican Emperor, the U.S. could do nothing militarily to aid President Juárez's guerrilla resistance war. But when the Confederacy surrendered, the U.S. moved troops to the Mexican border and equipped Juárez with arms, and Mexican independence was restored.

Britain acted upon the confusion immediately following Lincoln's 1865 murder, however, orchestrating the 1865-1870 Triple Alliance War, which pitted Brazil, Argentina and Uruguay against the nation of Paraguay. Paraguay had achieved a stunning level of economic and technological development, thanks to the protectionist and modernization policies applied first by the 1813-1840 government of Dr. Gaspar Rodríguez de Francia, followed by Carlos Antonio López (1840-59), and then his son Francisco Solano López (1859-1870). Through the recruitment of European and American scientists and engineers, these governments—particularly those of the Lópezes—built infrastructure, railroads, heavy industry, and educational facilities, the latter expressly intended to educate and uplift Paraguay's largely illiterate Indian population. Schools, Carlos Antonio López said, "are the real monuments which we can offer to national freedom."

Such was the level of Paraguay's development, that American consul and entrepreneur, Edward Augustus Hopkins, would, by the 1850s, describe it as "the most united, the richest, and the strongest nation of the New World," outside of the United States. But for Britain's Lord Palmerston, Paraguay was a "tyranny," because its governments had consistently refused Britain's "imperative mandate" to open the country up to free trade. The 1865-70 Triple Alliance War, for which Palmerston made special use of Brazil's royal family, heirs to Portugal's decadent Braganza fam-

ily, exterminated half of the total population, redrew the country's borders, and reduced it to a level of poverty from which it has yet to recover.

To Make a New World

Yet the *economic* programs of the Lincoln Administration, going far beyond fulfilling immediate wartime needs, continued to amaze and improve mankind for a generation after Lincoln's assassination. Government-financed railroads, tariffs blocking imported cheap-labor British goods, free farmland, free colleges and public credit issuance, all brought vast increases in U.S. employment and productive power, and new industries on a scale dwarfing the previous leader, imperial Britain. Japan, Germany, and Russia dumped British methods and adopted this shockingly successful American System.

The politically nationalist industrial and scientific complex in Philadelphia remained the center of U.S. strategic planning. Economist Henry C. Carey's writings and political influence reached every country, in open defiance of the London axis with New York's Wall Street bankers, while his Pennsylvania Railroad partners built America's machines, steel mills, and infrastructure.

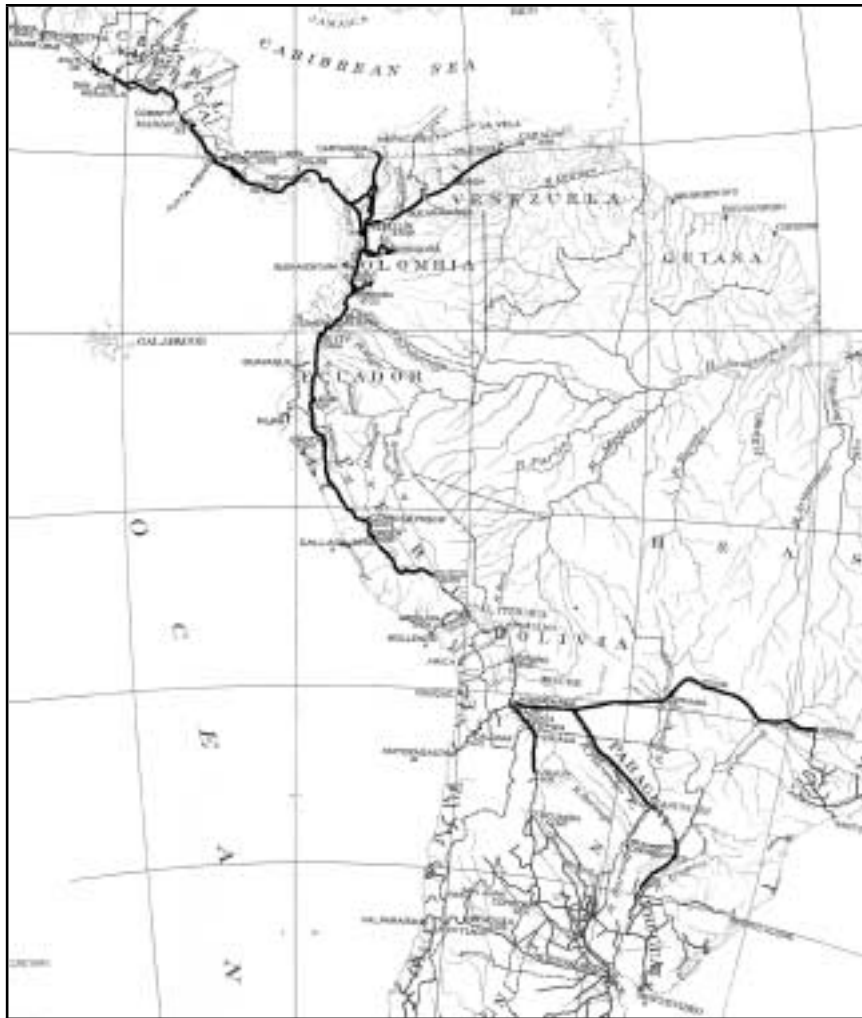
With Matías Romero as intermediary to the Juárez and later governments, the Philadelphians planned and launched construction of a national network of rail lines in Mexico. William J. Palmer, a Civil War Medal of Honor cavalry general and Pennsylvania Railroad partner, designed the Mexican National Railways in 1872-73. While the first lines were being built, members of Palmer's staff organized and financed Thomas A. Edison's New Jersey "invention factory," and Franklin Institute chief scientist George Barker guided Edison to the pioneer development of electric lighting, which led to the creation of the world's public power stations.

Thousands of miles of railroads were actually built in Mexico according to Palmer's plans.

Mexican allies of this development included Carlos de Olayuél, who sided with Juárez and Matías Romero and attacked the theories of Jeremy Bentham and Adam Smith. Olayuél warned in his 1875 book *Protectionism in Mexico* that the Malthusian system imposed on Mexico "is fatal because it prevents population growth [which] we so urgently need, and which will have to be sustained even if it increases too much, as long as industry is protected."

But along the way, financial warfare led by Wall Street's J.P. Morgan bankrupted Palmer and crippled his partners' power. Wall Street took over the Mexican railways in mid-construction and began terminating the whole national building program.

From 1868 to the early 1870s, Peru's nationalist government brought in U.S. developer Henry Meiggs to build South America's first grand-scale railroad project, parallel to efforts in Brazil involving U.S. engineer W. Milnor Roberts. Lincoln had restored relations with Peru cut by President



Small section of the 1898 survey map for the Intercontinental Railway. U.S. President William McKinley was murdered, and no railway or road was ever built connecting North and South America.

Buchanan, and American engineers began going in.

Meiggs' involvement in Peru intersected an extraordinary period of development in that country, which spanned the 30 years from 1845-1876, and the administrations of four nationalist Presidents. During the two terms of President Ramón Castilla (1845-50; 1855-62), Rufino Echenique (1851-55), José Balta (1868- 1872), and Manuel Pardo (1872-1876), Peru underwent an economic transformation that saw an unprecedented development of infrastructure, heavy industry, and railroads. It also rallied other Ibero-American nations to join with it in opposing attempts by Spain—with help from Britain and Napoleon III—to reimpose monarchies in several nations of the continent. Castilla denounced Napoleon III's invasion of Mexico, and was prepared to aid Benito Juárez militarily, working in coordination with the Lincoln Administration in the United States.

Echenique brought in a team of engineers from France's École Polytechnique to direct infrastructure development.

Pardo, a student of physical economy in the tradition of Jean Baptiste Colbert, who was also knowledgeable about the writings of Henry Carey, attacked British financial interests by nationalizing the saltpetre industry, to use its revenues to industrialize the country. His industrialization efforts are recognized as among the most advanced in the 19th Century.

The Peruvians planned Meiggs' lines to go across the titanic Andes mountain range into Brazil and Argentina, the feasibility of which Meiggs discussed with Polish engineer Ernest Malinkowski, whom Echnique had recruited from the École Polytechnic. The rail lines into the Andeans, lauded in Peru as "the railroad to the Moon," was the first of its kind in the world. But merciless competition international financial attacks prevented transcontinental completion. Peru, and Meiggs, were bankrupted.

The British then used their client-state, Chile, with British money and warships, for an invasion to destroy Peru. U.S. Secretary of State James G. Blaine came to Peru's rescue diplomatically and otherwise in this 1879-81 War of the Pacific. The tide was turning when the U.S. President, James Garfield, was shot to death, and Blaine was dismissed. Peru went under a direct bankers' dictatorship to be looted and reduced to bestial poverty, destroying 30 years of magnificent achievements by four Peruvian

Presidents. Blaine was hauled before Congressional "corruption" hearings chaired by Perry Belmont, son of Rothschild U.S. representative August Belmont. Blaine valiantly testified that the attack on Peru was a British operation, for the benefit of London finance.

Blaine had another chance as Secretary of State from 1889 until his death in 1892. He developed the concept of protectionist "reciprocity" with other hemispheric nations, trade balanced so as to deliberately create high-quality good-wage industries in all countries simultaneously. And Blaine pushed through plans to build railways uniting all North and South America.

The last 25 years of the 19th century saw a resurgence of American System policies across Ibero-America. The governments of Argentina's Carlos Pellegrini and Vicente Fidel López (1890-92), Chile's José Manuel Balmaceda (1886-91), Colombia's Rafael Nuñez (President 1880-82, 1884-86, 1887-88), and the emerging group of protectionists in Brazil,

best exemplified by Ruy Barbosa, Finance Minister of the newly created Republic in 1891, sought to transform their nations using the protectionist policies associated with Hamilton, Friedrich List, and Henry Carey.

Even under the Brazilian monarchy, a group at Rio de Janeiro's Polytechnic School and the Industrial Association advocated adoption of List's and Carey's policies as the way to build Brazilian infrastructure.

Exemplary of the environment at this time were the heated debates which occurred in the Argentine Congress between 1873-76, over the issue of protective tariffs. Here, deputies Carlos Pellegrini and Vicente Fidel López, later to become President and Vice President respectively, denounced Britain's free-trade doctrine, which intended to make countries like Argentina permanent raw materials exporters.

As Finance Minister in 1891, López would note, "The United States speaks highly in favor of our [protectionist] ideas, and Mr. [Henry] Carey has taken on the responsibility of telling the world of science about the precious results which the wise introduction of this principle—protection for national industries—has had [in the United States]."

Even Chile, which so often functioned as Britain's client-state, broke out of that mold under the 1886-1891 Presidency of José Manuel Balmaceda, who defied the British financial interests that controlled the nitrate mines and raw materials extraction industries. Prior to his 1891 overthrow in a British-orchestrated "revolution," Balmaceda built railroads, channeled cheap credit to industry, and advocated national banking. His Finance Minister, Manuel Aristides Zanartu, promoted the use of protective tariffs, and diversification of industry away from dependency on nitrate wealth and raw material extraction.

The Intercontinental Railway Commission, started by Blaine, employed U.S. Army engineers to survey and project lines tying the United States through to Argentina and Brazil, presenting a completed map of the intended project to President William McKinley in 1898. McKinley commemorated Blaine's plans as the future of humanity, speaking in 1901 at the Pan-American exposition in Buffalo—where McKinley was shot to death.

McKinley was replaced by his political opponent and Vice President, Theodore Roosevelt ("TR"), who ended the Lincoln-era U.S. relations with Ibero-America. TR's transatlantic financier faction had begun this coup earlier, in 1898, forcing upon President McKinley a war he did not want against Spain, with the conquest of Cuba, Puerto Rico, and the Philippines.

Pro-Americans to the south would not quit, though anti-Americans had seized the U.S. government. In December 1902, in a famous diplomatic note to Teddy Roosevelt, responding to the forcible gunboat collection of Venezuela's debt by British, German, and Italian creditors, Argentine Foreign Minister Luis María Drago reaffirmed the primacy of the Monroe Doctrine:

"Among the fundamental principles of public interna-

tional law which humanity has consecrated, one of the most precious is that which determines that all states, regardless of the power at their disposal, are legal entities—perfectly equal among themselves and thereby, in reciprocity, deserving of the same consideration and respect . . . at a given moment, compulsive and immediate [debt] collection by force could only result in the ruin of the weakest nations and their absorption by the powerful of the Earth. . . .

"The principles proclaimed on this continent . . . state otherwise. 'The contracts between a nation and particular individuals are enforceable according to the conscience of the sovereign and cannot be the object of compulsory force' wrote the famous Alexander Hamilton. 'Outside of the sovereign will, they cannot be enforced.' . . .

"This situation appears to visibly contradict the principles so often advocated by the nations of America, particularly the Monroe Doctrine, always so ardently maintained and defended always by the United States."

But TR did not even respond to the Drago letter. In 1905 Teddy Roosevelt *cancelled* the Monroe Doctrine by announcing a "corollary": the U.S. could invade the Hemisphere's nations at will, for debt collection and similar aims. And this evil was repeatedly done, in what the world called "Dollar Diplomacy."

Under TR, J.P. Morgan's Wall Street completed its takeover and monopolization of major United States industries—railroads, steel mills, electric companies—which had been built by Wall Street's nationalist opponents.

But certain 19th-century methods and goals could not be so easily crushed.

Edward J. Doheny independently developed California's petroleum in the 1890s, after Pennsylvania had created the petroleum industry and the Rockefellers and British financiers had rushed to dominate it. Doheny independently went into Mexico in 1900 to pioneer oil production there, so that the railroads planned for the Hemisphere could work effectively with fuel oil instead of imported coal.

Doheny and other planners envisioned the creation of a vast industrial and infrastructure complex, linking the U.S. Pacific states, Ibero-America, and the Far East. A Doheny syndicate, tied to incoming U.S. President Warren Harding, negotiated a deal with Soviet leader Lenin in 1920, to develop the oil and coal of Siberia and to export to Russia \$3 billion in railroad equipment and other capital goods. This would have turned the new Soviet regime toward resuming the ruptured U.S.-Russian alliance.

In November 1920, a group of California businessmen went to the inauguration of Mexican President Alvaro Obregón—a revolutionary nationalist whom the U.S. government refused to recognize as President. The Californians sought to resume the U.S.-Mexican development alliance, earlier severed by Teddy Roosevelt and his predatory backers.

The American System current of Estevan de Antuñano and Carlos de Olaguíbel from the 1840-70 period of Mexico, had been carried forward directly into the Mexican Revolu-

tion of 1910, expressed in the idea of the “interventionist state” later advocated by Obregón and his Finance Minister Alberto J. Pani.

Pani’s program emphasized the need for a dirigist state to oversee industrialization. Pani noted that “the wonderful story of Japan’s transformation during the Meiji Revolution” should be replicated in Mexico—i.e., Japan’s overthrow of feudalism, and government sponsorship of heavy industry.

In a manifesto to the nation issued when he announced his Presidential candidacy on June 25, 1927, Obregón said: “We have to be very cautious about the investments that the imperial interests of Wall Street would try to make in our territory, but [we should] give all kinds of facilities, compatible with our laws, to the industrial, business and agricultural capital from our neighboring country, which would want to cooperate with us in the development and exploitation of our natural resources. We want to be better known by the honest capital of our neighboring republic, which is going to always be our ally in letting the truth be known among its own citizens, when Wall Street’s absorbing interest would try to distort the truth, to create conflicts and international crises between the Foreign Ministries of our two countries, as has happened constantly.”

President Harding died mysteriously in 1923. Doheny and other Harding supporters who had power independent of Rockefeller and Wall Street, were prosecuted in the concocted “Teapot Dome” scandal, and their enterprises were largely destroyed. The United States now entered a time of maniacal speculation and organized crime, while the Wall Street and London bankers promoted the rise to power of fascist regimes.

Monroe Doctrine Revived: The Good Neighbor Policy

Starting 1933, President Franklin Delano Roosevelt effected a revolutionary shift in U.S. strategic and economic policy in the Western Hemisphere. Roosevelt uprooted the destructive policy of raw materials and financial looting of Ibero-America, which had been imposed by his unlamented cousin, President Teddy Roosevelt. In its place, he restored John Quincy Adams’s foreign policy, as expressed in the 1823 Monroe Doctrine, premised on an overriding commitment to the establishment of a community of principle among perfectly sovereign nation-states, and large-scale industrialization.

In his March 4, 1933 inaugural address, FDR explained the principles of his New Deal, which would boldly transform the United States through an integrated package of Hamiltonian credit creation; magnificent infrastructure projects; public works; and protectionist regulation. Roosevelt stated, “In the field of world policy I would dedicate this nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others—the neighbor who respects his obligations and re-

Throughout the late 18th and 19th Centuries, all efforts of U.S. representatives and of the “American System” republicans in Ibero-America, were bent toward building the major railroad lines to join and cross the entire hemisphere. But this map of rail corridors urgently needed today, shows how British and other imperial powers’ operations blocked the execution of almost all the railroad projects. ►

spects the sanctity of his agreements in and with a world of neighbors.” Roosevelt would start to implement in the Western Hemisphere, the same principles that would prove stunningly successful in the United States, through the New Deal of 1933-37, and the economic mobilization for World War II of 1939-44.

Already, in an article in the July 1928 issue of *Foreign Affairs* magazine, entitled, “Our Foreign Policy: A Democratic View,” Franklin Roosevelt tore apart the disastrous policy of his cousin, Teddy, specifically attacking the several decades policy of looting, called “Dollar Diplomacy” backed up by TR’s “Big Stick.” Franklin Roosevelt said, “We must admit . . . that the outside world almost unanimously views us with less good will today than at any previous period. This is serious, unless we take the deliberate position that the people of the United States owe nothing to the rest of mankind and care nothing for the opinion of others so long as our seacoasts are impregnable and our pocketbooks are filled.” He added, “The time has come when we must accept . . . many new principles of a higher law.” That higher principle meant getting rid of British-French-Portuguese imperialism.

Immediately, Roosevelt went to work on this as President. At the Seventh International Conference of American States, meeting in Montevideo, Uruguay in December 1933, the U.S. delegation, acting for Roosevelt, voted for a resolution that stated that “No state has the right to intervene in the internal or external affairs of another.” As the full impact of the U.S. vote dawned on the delegates, that this vote reversed 30 years of U.S. foreign policy, Puig Casauranc, the Mexican delegate, stated, “I wish to submit my profound conviction that there is in the White House an admirable, noble, and good man—a courageous man.”

Among the many initiatives Roosevelt undertook, two stand out as exemplifying the Good Neighbor policy: the ground-breaking U.S. Mission to Brazil of 1942-43, which developed detailed plans to transform the leading nation of Brazil into a modern industrial powerhouse; and Roosevelt’s deft handling of Mexican President Cárdenas’ nationalization of foreign oil companies operating in Mexico in 1938.

In 1942, Roosevelt appointed a Mission to Brazil. To head it, he appointed Morris Llewellyn Cooke. Cooke, who had been head of Philadelphia’s Public Works in the 1910s, played a key role in developing the plans for taming the Mississippi River in the 1930s and 1940s; and in 1935, headed the

Rural Electrification Administration, which electrified rural America. Now, in his 70th year, Cooke headed a U.S. team of 12, consisting of geologists, metallurgists, engineers, etc., which worked with a similar team of Brazilians. They developed plans to transform Brazil from top to bottom.

Mission to Brazil

Cooke expressed the anti-imperialist, pro-development thinking that characterized the Mission. He stated that, “The whole history of industrial civilization [ie, American System methods] demonstrates that international trade develops best between nations that are prosperous, not between rich nations and poor nations, nor between nations trying to gain prosperity by retarding their neighbors.” He counterposed this to the model of 19th-Century British imperialism, which he described as the theory “based on the right of one nation to dominate the lives of other peoples because of an alleged superiority of race.” Imperialism will be overturned by science and technology: “Latterday technological developments, especially in the large-scale production and long-distance transmission of electrical power, have sealed the doom of typical 19th-Century [free trade]. . . . *Brazil should plan to do as much of her own manufacturing as is economically feasible.*” (emphasis added).

The Mission had several objectives, of which three are most note-worthy:

- **Manufacturing**—Recognizing that manufacturing was crucial to Brazil’s development, Cooke’s team examined every major manufacturing process, inclusive of textiles; pulp, paper, and cellulose fiber making; chemicals; alcohol and fuel; ammonia; rubber; and so forth. For each industry, it made recommendations for methods of manufacture that would increase productivity from 30-300%.

- **São Francisco Valley**—Cooke’s Mission enthusiastically examined the São Francisco River as a “multi-purpose river” basin. The São Francisco River is 1,802 miles long, with its headwaters at Cabrobo; it crosses five Brazilian states in the eastern part of the country, with a watershed of many thousands of square miles. At places such as Itaparica Falls along the river, Cooke’s team saw huge possibilities for generation of hydro-electric power. He also saw “the possibilities for . . . designed industrial developments, widespread irrigation works, controlled sedimentation, an improved balanced agriculture, flood control, recreation, and vastly improved transportation facilities—all on a coordinated basis.” Cooke’s team did a detailed study of the São Francisco Valley and concluded that it could replicate many of the breakthrough features of the Tennessee Valley Authority in the United States.

- **Volta Redonda Steel plant**— The President of Brazil, who represented the best of that country’s nationalist tradition, was Getulio Vargas. In 1941, Vargas and the Brazilian Congress created the National Steel Company (CSN), which would erect an integrated steel mill in the village of Volta

Redonda, located 90 miles south of Rio de Janeiro. This was to be the first modern steel plant of its type in Brazilian history. The plant project would cost approximately \$70 million to construct (approximately \$1 billion in today’s dollars). The largest component of the project’s financing, \$45 million, representing two-thirds of the cost, was provided by the United States. Jesse Jones’ Reconstruction Finance Corporation lent this money through its Export-Import Bank division. It had an initial annual capacity of 50,000 tons of pig iron and 295,000 tons of steel, with Brazil’s intent to raise its steel output to 1 million tons. At the plant’s site, an entire new city was built to build the plant, complete with machine shops, repair shops, homes, etc. Volta Redonda was the seed crystal for Brazil’s industrialization.

On May 7, 1943, President Vargas summed up the vision of the Volta Redonda plant: “In the presence of an undertaking of the magnitude of the one we are carrying out here, I cannot conceal my patriotic enthusiasm and my confidence in the capacity of Brazilians. . . . The [once] semicolonial agrarian country, importer of manufactures and exporter of raw materials, will meet the exigencies of an autonomous industrial life, providing its own most urgent defense and equipment needs. . . . The plant will set the ground to institute a new standard of living and a new mentality in our country.”

Vargas and Roosevelt became close friends; Roosevelt said that Vargas and Brazil would play a major role in a post-World War II world.

Roosevelt and Mexico

Roosevelt worked with Josephus Daniels, whom he appointed as U.S. Ambassador to Mexico, to fundamentally change U.S. relations to Mexico, and beyond that to all of the Americas. Daniels had been U.S. Secretary of the Navy from 1913-21, during most of which time Franklin Roosevelt served as Assistant Secretary of Navy, and developed a fondness and trust for his superior.

The oil giants Royal Dutch Shell; the Mexican Eagle Oil Company owned by Britain’s Lord Cowdray (who was also a senior figure at the Synarchist private Lazard Frères investment bank); and the Rockefeller Standard Oil of New Jersey had sizeable oil holdings in Mexico. They looted Mexico while making almost no investment in maintaining the facilities, and flaunted Mexican law. On March 18, 1938, Mexican President Lázaro Cárdenas nationalized the almost wholly foreign-owned oil industry of Mexico. Cárdenas promised to pay the oil companies for the expropriated property at a fair price.

The oil companies screamed, and Standard Oil of New Jersey’s president William S. Farish, who would play a leading role in providing fuel to the Nazi war machine during World II, demanded that Mexico pay \$450 million for the expropriated properties. Meanwhile, Standard, Royal Dutch Shell, and others ran a vicious campaign against Mexico, declaring it a lawless nation influenced by Bolshevism. Not

so secretly, they maneuvered to overthrow the Mexican government, and demanded a U.S. military invasion against it, in imitation of the past.

Josephus Daniels took an opposite view, writing to Roosevelt: "Having made big money on absurdly low wages from the time [of] the oil gushers, all oil producers oppose any change in taxes and wages, and resent it if their government do not take their point of view. Mexico can never prosper on low wages and we must be in sympathy with every just demand. . . . I need not tell you that as a rule the oil men will be satisfied with nothing less than that the United States government attempt to direct the Mexican policy for their financial benefit. . . . They would like to have an Ambassador who would be a messenger boy for their companies, and a Government at Washington whose policy is guided by Dollar Diplomacy."

American oil experts investigated the worth of the expropriated oil properties, and according to one historian, "were shocked at the discrepancy between [oil] company claims and what they actually found in Mexico—obsolete equipment 25 years old and badly in need of repair, miles of pipeline corroded almost beyond use." The oil companies had just extracted oil, and done nothing else. One team of U.S. experts stated that they thought that the Standard Oil holdings were worth only \$10-20 million.

Roosevelt, aided by the work of Daniels and others, worked out a universal agreement in November, 1941, by which Mexico started the payment of compensation to the oil companies at greatly reduced, but fair prices, while the U.S. government injected money into Mexico, through buying Mexican silver, a \$30 million U.S. Export-Import bank loan for road construction, and so forth. An explosion was avoided, and Mexico's sovereignty was respected and strengthened.

In 1940, Mexican President Cardenas wrote to FDR, "I want to express my thanks for the understanding and patience you have shown in solving the numerous and inescapable difficulties that always arise between neighbors." Cárdenas added, "Only with your administration have we Mexicans felt able to discuss problems freely, disregarding our differences as far as power is concerned, and thus pursuing the common decisions solely dictated by our search for justice."

The Postwar Future

Meanwhile, Roosevelt was working with Ibero-American patriots to develop other countries. In Chile, the United States Eximbank extended a \$60 million credit to the Chilean Development Corporation, an entity involved in construction of a modern steel mill, building hydro-electric plants, cement factories, a tire factory, and copper wire factory; importing agricultural machinery, and planning modernization of the Santiago and Valparaiso transportation systems. In Peru, the Corporación Peruana de la Santa was set up to be the counterpart to the TVA. In Colombia, a Development Corporation

was set up, and after the conclusion of World War II, David Lilienthal, the former head of the TVA, travelled to Colombia, to collaborate with Colombian patriots on the idea of constructing a TVA in Colombia. There were plans, that would have involved Venezuela and Brazil, to dredge and connect the upper Orinoco River and the Negro River.

All the above plans formed part of a pattern of the intensive work for the development of Ibero-America. Morris Cooke wanted to extend his plans to the hemisphere; subsequent to his work in Brazil, Cooke wrote a 50-page memorandum, entitled, "Promotion of the Development of the Brazilian Economy as a Pattern for Hemispheric Economic Relations—the Long View."

President Roosevelt oversaw this process, which during World War II carried out some important work in infrastructure, improvement of health standards, etc.; and moreover, made major plans for Roosevelt to activate as soon as the war would end. Had he lived past the conclusion of World War II, there would have been a Good Neighbor Policy hemispheric economic explosion on an unprecedented scale.

John F. Kennedy's early-1960s Alliance for Progress was an attempt to revive aspects of the Good Neighbor Policy, but his 1963 assassination aborted any possibility of achieving that goal.

This leaves the revival of America's mission of justice entirely in the hands of the present generation.

Electronic Intelligence Weekly

EIW

An online almanac from the publishers of **EIR**

Electronic Intelligence Weekly

gives subscribers online the same economic analysis that has made *EIR* one of the most valued publications for policymakers, and established LaRouche as the most authoritative economic forecaster in the world.



EIR Contributing Editor,
Lyndon H. LaRouche, Jr.

Issued every Monday, *EIW* includes:

- Lyndon LaRouche's economic and strategic analyses;
- Charting of the world economic crisis;
- Critical developments ignored by "mainstream" media.

\$360 per year Two-month trial, **\$60**

For more information:

Call **1-888-347-3258** (toll-free)

VISIT ONLINE:

www.larouchepub.com/eiw

California Recall Showdown On: LaRouche Forces Out To Defeat It

by Harley Schlanger

With the fate of government in California and the nation at stake in the Oct. 7 vote to recall Gov. Gray Davis, the LaRouche in 2004 campaign is intensifying its efforts to deliver a blow to Vice President Dick Cheney, by defeating the Recall put on the ballot by his corrupt friends and associates. As the last week of September began, the Recall fight was too close to call statewide; reports indicated a shift among college students against the Recall, indicating the LaRouche Youth Movement's impact. "Don't be a sucker again!" LaRouche and his youth movement are telling Californians. "Deregulation was bad; Recall is even worse. Cheney represents the operation which has deployed freak-show specialist Schwarzenegger and Lt. Governor Bustamante. If you want to stop the rape of California, defeat the recall Oct. 7!"

Lyndon LaRouche personally came to California Sept. 10-12, to provide clarity and direction to defend the governor from what LaRouche calls "Cheney's dirty coup." Members of the LaRouche Youth Movement (LYM) and other supporters of the Democratic Presidential pre-candidate will have distributed close to a million leaflets and three separate political-exposure and economic-policy pamphlets in the state by Election Day, exposing how Cheney's allies among the financial elite—such as George Shultz and Warren Buffett—and allied political operatives, such as former Governor Pete Wilson, plan to use the Recall to further loot the state, by placing their puppet, Arnold Schwarzenegger, in the office of governor.

After LaRouche's personal intervention, and long after his campaign's mobilization against the recall began, other national Democrats—including Al Gore, Howard Dean, and John Kerry—followed his lead and appeared at the side of Davis. Along with the governor, they have been offering an

accurate though limited picture of what is behind the Recall. They have charged that the it is an escalation, by zealous neo-conservative Republicans, of the same tactics used in the impeachment of Bill Clinton; by the Bush team in Florida to win the 2000 Presidential election; and by right-wing thug Rep. Tom DeLay, to ram through a second redistricting bill in Texas, even though a legal redistricting plan is in place. The Republican goal is to steal elections which they could not win fairly.

Governor Lacks Winning Strategy

While this charge is true, proceeding on this basis undermines the more profound and compelling matter behind the Recall—the way in which the neo-cons intend to destroy the Constitutional principle of an elected, representative government as the defender of the General Welfare. Their goal is to turn California into a privatized, deregulated, post-industrial looting ground, in which government can offer no protection from the rapacious appetite of Wall Street bankers and their fellow pirates in business.

LYM organizers—more than 100 are organizing all-out around the state against the Recall—have been asked frequently what Cheney has to do with the Recall. Isn't the issue, many ask, the way Davis botched electricity deregulation and mishandled the budget? This is the common belief of those who support the Recall, and of many who are undecided. They are victims of the neo-cons who routinely lie and distort (as did Cheney in his infamous Sept. 14 appearance on "Meet the Press"); of dishonest and incompetent press coverage; and of their own wishful delusions. It is also, unfortunately, the result of bad advice given the governor by his paid consultants, who have urged him to show contrition, while promising to be



Former Congressional Black Caucus Chairman Mervyn Dymally (at right of speakers table) has linked up with LaRouche Youth Movement leaders in mobilization meetings against the Recall across California. The LaRouche Youth are having a strong impact on college students' thinking about the Recall, and its part in the national crisis. At left, a discussion of ideas at a Los Angeles campus.

more in touch—leaving the false charges against him substantially unchallenged.

This is a losing strategy, as it fails to tell the real story of who robbed California. The same neo-cons who wrecked the state with deregulation, took over the Recall campaign to blame Davis for its disastrous results, remove him, and ensure there will be no impediments placed in the way of further deregulation.

The electricity crisis of 2001 and the budget crisis of 2003—the two issues cited by those out to remove Davis—have the same causes. Both are results of the radical restructuring of the state's economy, pushed forward by the anti-tax, anti-government revolt since Proposition 13 in 1978. This has worsened the shift of the U.S. economy to a post-industrial economy, which began in the mid-1960s. The most vehement proponents of Recall were behind both of these developments, with Schwarzenegger controller George Shultz playing a leading role.

By 1990, the once-powerful industrial and agricultural base of the state—which had advanced due to the infrastructure projects of FDR's New Deal and similar state projects—had been substantially dismantled. The deep recession then, made worse by Gov. Pete Wilson's mismanagement of the economy, was escaped only by the "high-tech" Information Age bubble.

Return to Sanity

Wilson and his friends from the energy lobby pushed through a bill, in 1996, to deregulate electricity. This reversed the policy of regulation which had been initiated as part of FDR's New Deal, and which had provided the abundant, cheap energy the state's business and industry needed to grow. Today, Wilson is deputy co-chairman of the Schwarzenegger campaign, blaming his own disaster entirely on Davis!

When the 1996 dereg bill went into effect, in late 2000/

early 2001, the state was held hostage by the energy companies, such as Enron, which "gamed" the market to jack the price of electricity so high that even the utility companies could no longer afford it. One of the major utilities was forced into bankruptcy. Davis stepped in, and the state purchased electricity directly, at grossly inflated prices, to keep the lights on.

Several lower-level Enron employees have entered guilty pleas, and are likely to be sentenced to prison for their role in this fraud. Enron lobbyists wrote the 1996 deregulation bill, so its marketers knew exactly how to manipulate the market. Yet Enron CEO Ken Lay, the leading contributor to the Bush-Cheney campaign in 2000, has yet to be charged for his crimes.

During the crisis, Governor Davis asked the White House for relief. Dick Cheney, who was meeting regularly with the crooked executives from Enron during this time, allegedly to formulate national energy policy, told Davis and the people of California he did not want to interfere with "market forces." The state was forced to borrow to pay the prices which had been hiked, illegally. This, combined with the popping of the Silicon Valley "tech" bubble—which cost the state an estimated \$12-\$15 billion in revenue from lost capital gains taxes—opened up the enormous \$38.2-billion budget sinkhole which then fed the anti-Davis, pro-Recall rage.

This story should be told by the governor, as he fights for more than his political life, as a critical line of defense against the gang of Cheneyac bullies which has hijacked national policy.

This story *is* being told by LaRouche and his youth movement. Polls show that the anti-Recall sentiment is growing. Victory in California would be not simply a defeat of Recall and its neo-con supporters, but a step toward sanity for the nation.

Casino Candidate Bustamante Loses Chips

by Michele Steinberg and Roch Steinbach

The California Recall “election,” the end result of Vice President Dick Cheney’s energy deregulation policy bankrupting the state, has hit some major bumps in the road. Republican candidate Arnold Schwarzenegger, backed by notorious mega-buck looters like Warren Buffett and George Shultz, has become as popular as a low-budget movie. And Democratic Lt. Gov. Cruz “Judas” Bustamante, has seen nearly all of his campaign warchest emptied by California Superior Court Judge Loren McMaster’s Sept. 22 decision, ordering Bustamante to return \$4 million in illegal campaign contributions from minuscule Indian tribes, who run gambling casinos for interests whose identities are, by law, *secret*.

Besides losing the \$4 million, the court’s decision puts Bustamante’s dependence on gambling money up in lights for California voters who may have been fooled into considering voting for him as “an insurance policy” against Gov. Gray Davis’ being recalled. Far from insuring a continued Democratic administration in Sacramento, Bustamante is the insurance policy for gambling interests in the state, should the Recall succeed and Bustamante win a vote fragmented among more than 100 candidates. As Democratic Presidential pre-candidate Lyndon LaRouche told the press in Burbank on Sept. 11, while personally intervening against the Recall hoax, Bustamante’s candidacy is a Trojan Horse for the war party that controls George W. Bush.

Bustamante has put his boundless ambition on display from the beginning: He was the first to violate Democratic Party and AFL-CIO urgings that no Democrat oppose Davis and thereby give the Recall credibility. Then, on Sept. 7, Bustamante dropped his “No on Recall, Yes on Cruz” posture, and simply began campaigning for himself—or, more aptly, his owners.

This comes on top of *LA Weekly*’s exposé, that Bustamante not only supported Assembly Bill 1890, but co-authored it—the very legislation that ushered in the energy deregulation on Enron’s behalf, which nearly destroyed the state. AB 1890 was modelled on the failed 1988 energy deregulation of Britain by Tory Prime Minister Margaret Thatcher. It is known, that in 1995-96, when Enron was lobbying California to adopt dereg, it brought its own “model legislation” . . . and plenty of blank checks.

Bustamante now has a choice, whether to keep prostituting for the Synarchist banking interests that want a coup to take over the state; or, to drop out of the race, and campaign for Davis as if his political future depended on it.

Bustamante’s circle also includes Sen. Joe Lieberman of Connecticut, organized crime’s preferred candidate for the Democratic Presidential nod. Lieberman and Bustamante have endorsed each other, and are “joined at the hip pocket” by casino and organized-crime contributions, both having pioneered support for gambling operations on Indian lands. Lieberman’s organized-crime connections were widely exposed in an Aug. 16, 2002 *EIR* offprint, “LaRouche Says: To Save the Republic, Stop McCain/Lieberman.”

In the movie “Twins,” Schwarzenegger co-stars with a Danny DeVito, who bears an uncanny resemblance to Cruz Bustamante. In the movie, both were artificially bred by Nazi scientists for social control. In Hollywood, life imitates art.

Casino Money for the Few

Bustamante’s major campaign funds come from legalized gambling—to wit, a handful of Indian tribes that own a Nevada-style gaming enterprise worth more than \$5 billion per year. In violation of California’s Fair Political Practices Act, which limits what trade unions, corporations, associations, or individuals can contribute to a state campaign, Bustamante received up to \$2 million from a single tiny Indian tribe, and another \$1.8 million from six Indian gaming tribes. While roughly 70% of California’s Native American population continue to live in heart-breaking poverty, California’s Proposition 5 and the constitutional Amendment 1A which succeeded it, transformed a small number of tribes—whose members number from 97 to 300—into multimillionaires. Ten tribes bankrolled the ballot proposition; the same ten donated \$68 million to get it passed. It was enacted into law in 1998, under the sham justification of providing a livelihood to impoverished tribes. Instead, it instituted a totally unregulated form of “enterprise”; namely, Nevada-style casino gambling.

For example, the top Prop 5 tribal supporters were the San Manuel Tribal Administration, at \$26 million; the Morongo Band of Mission Indians, at \$12 million; the Viejas Indian Reservation, at \$11 million; the Pechanga Band of Mission Indians, at \$9 million; and the Agua Caliente Band of Cahuilla Indians, at \$2 million. After it passed in 1998, Davis and the AFL-CIO successfully challenged Prop 5. Two years later, the Agua Caliente Band, with untold millions of dollars, collected enough petition signatures to turn it into a constitutional amendment. While there is no requirement for the tribes to report profits, revenues from tribal casinos in California were estimated at \$5 billion last year.

A well-placed California source told *EIR* that the identity of tribal backers, the background checks of those who manage the casinos, and even the names of the managing companies



Life seems to be imitating art in California, given Lt. Gov. Cruz Bustamante's close resemblance to Arnold Schwarzenegger's "Twin" co-star, Danny DeVito. They are having more trouble leaning on each other in the Recall.

are *secret*. Under both the Federal Indian Gaming Regulatory Act of 1988 and new state laws, California must enter into "Tribal-State Compacts" for Indian gaming, which require state "confidentiality" on any and all background checks on casino financiers and gambling partners. Section 7.4.3.(b)(i) reads: "The State Gaming Agency will exercise utmost care in the preservation of the confidentiality of any and all information and documents received from the Tribe, and will apply the highest standards of confidentiality expected under state law to preserve such information and documents from disclosure."

This would put California into the same swamp of organized crime and corruption that *EIR* has uncovered since its 1990 investigation of how international organized-crime and weapons-trafficking interests moved in on the impoverished Native American tribes, and took control of the gambling enterprises—while leaving the formal ownership in the name of the tribe.

It also throws a spotlight on the common ownership of Bustamante, and his very early endorser, Joe Lieberman. Lieberman was Attorney General of Connecticut, when the

tiny Mashantucket Pequot tribe was Federally recognized in 1983. Lieberman was elected to the U.S. Senate in 1988 with heavy backing from elements within the Cuban exile community led by Jorge Mas Canosa, the Miami boss of the Meyer Lansky casino crowd from pre-Castro Cuba; in 1992, the Pequots' very own Foxwoods Casino was built.

Richie Ross, the Kingmaker

The "tribal sovereignty" cover is also used for funneling money into California's election campaigns. The California Fair Political Practices Commission sued the Agua Caliente Indians in January, for violating the state's campaign finance reporting laws; the state is charging that Agua Caliente failed to make timely disclosure of more than \$8 million in donations, between 1998-2002, when Indian gambling issues were on ballot referenda. The Agua Caliente argued that they make disclosures voluntarily, and, as a sovereign nation, have no obligation to comply with California election laws. The Commission argued that at issue is "conduct which corrupts state elections . . . and involves the affirmative assertion of the sovereign right and power of the state of California."

Incredibly, state Attorney General Bill Lockyer initially refused to defend California's position in the courts, but, after it came to light that Agua Caliente had made a \$25,000 contribution to his campaign, he relented.

Cruz Bustamante, like Bill Lockyer, is a client of California campaign consultant and lobbyist Richie Ross. Among Ross's other clients are the Barona Mission Indians, and the Viejas band of Kumeyaay; The same tribe whose casino in Alpine, east of San Diego, has been the chief contributor to Bustamante's Recall campaign war chest, having made more than \$2 million in "sovereign contributions." There are 288 people in the Viejas Band. Bustamante has also received \$500,000 from the Pechanga Band; \$300,000 from the Sycuan Band of Kumeyaay Indians; and a substantial contribution from the Barona Band. Ross is also lobbying state lawmakers for a proposed State Constitutional Amendment 10, which would allow further expansion of gambling. Ross client Sen. Dean Florez (D-Shafter) is carrying that bill.

"Bustamante has been totally dominated by Richie since he first ran for office," said Tony Quinn, an editor of the *California Target Book*, a nonpartisan organization analyzing state elections. Longtime Gray Davis advisor Garry South noted, "Richie Ross might want to consider that if Cruz isn't raising any money [except from the casino interests], it's because a lot of people don't want Richie Ross to run the state of California."

But there is only one way to defeat the Recall—to mobilize the citizens of California into a tidal wave of support for jobs, reconstruction, and financial reorganization, as Lyndon LaRouche and his youth movement have put before the electorate.

Mideast Policymakers Tell Bush, Break With Neo-Cons' Debacle in the Region

by Michele Steinberg

President George W. Bush's speech to the United Nations General Assembly on Sept. 23 dug him deeper into the hole of isolating of the United States—and distancing himself from voters, such that only 26% of Americans support, or believe in, his request for an immediate \$87 billion more for the Iraq occupation. On the day Bush addressed the UNGA, major U.S. media reported that polls projecting the Presidential election of 2004 showed Bush losing to either Sen. John Kerry (D-Mass.), or Gen. Wesley Clark, who both criticize aspects of the Iraq war policy. Bush failed at the UNGA, by refusing to break with his war-mongering Vice President Dick Cheney, who sponsored the international Synarchists' preventive war doctrine; and by failing to heed the warnings of some of America's best diplomats and military leaders with experience in the Middle East.

On Sept. 7-8, those warnings had been renewed—and the beginnings of a solution for Iraq and the Middle East delivered—by a senior United States Senator from the Republican Party, Chuck Hagel of Nebraska; retired U.S. Army Maj. Gen. William Nash; the Ambassador to Saudi Arabia during the 1991 Gulf War, Chas Freeman; retired U.S. Marines Gen. Anthony Zinni; and a dozen other American leaders. Their stern message to the Administration about the Iraq war quagmire, and the collapse of the Middle East peace process: You broke it—now fix it. And to fix it, the overwhelming message was: Give Iraq back to the Iraqis; go to the UN, the only authority that can oversee the rebuilding of a nation, and get the electricity, water, and jobs for the Iraqi people turned on *now*.

'Neo-Conned'

In the phrase of Chas Freeman, the United States was "neo-conned" into war with Iraq, and it is time for Americans to "rededicate" our nation to "an important American tradition," that of being liberators, not imperial administrators. Freeman was the concluding speaker on Sept. 8 at the day-long annual conference of the National Council on U.S.-Arab Relations (NCUSAR) in Washington, where more than 400 policymakers from the United States and throughout the world assembled to discuss policy alternatives that could avert the violence and destabilizations in the Middle and Near East that "threaten to spiral out of control and engulf the world at large."

Ambassador Freeman was not pessimistic, but he was firm. The Bush Administration is going to have to "eat crow" and go to the United Nations and the international community *immediately*, he insisted, to return Iraq to Iraqis; there is no replacement for the UN Security Council. Freeman said that policy-makers like neo-conservative Richard Perle, who continues to falsely blame Iraq for the attacks of 9/11, and Secretary of Defense Donald Rumsfeld, who has turned the occupation of Iraq into a "Pentagon-operated theme park," have to be sidelined. Most importantly, America, which historically "has understood the perils of empire better than most," must give up the imperial trappings that define the neo-cons' Iraq war.

That view had been voiced repeatedly in the dozen panels at the conference, and in the keynote address given by General Zinni, at a reception for conference participants on Sept. 7. Speakers insisted that the United States return to the UN and to international law. The American leaders were joined by government officials, diplomats and business leaders from Saudi Arabia, Palestine, Syria, Yemen, and other Middle East nations, who see that relations between the United States and the Arab world have degenerated under a neo-conservative clash of civilizations bias.

Participants could see the promise of a true partnership and alliance with the Middle East nations for peace. Freeman expressed some confidence that the United States not only *should* return to the American tradition, but that it *would* make such a change, driven by the debacle in Iraq. He saw in Bush's announcement of the \$87 billion request for Iraq, the sign that reality was sinking in; but predicted that America will have to foot the bill *alone* if it does not give the governing of Iraq to UN auspices. In Freeman's estimation, "The neo-cons are not long for this world." That observation, made in the last 30 minutes of the conference, provoked the liveliest of discussions in the next two hours, in the auditorium and corridors—especially on the question of "how" the neo-cons could be ousted from their position of having run a "coup d'état" in the White House.

Threat to Arafat Ignored

As welcome as was this sober assessment about the Middle East from top American leaders, it was disturbing that the unfolding escalation by the Israeli government of Ariel



Marine Gen. Anthony Zinni at the U.S./Arab conference, at which all prominent speakers said the neo-cons and their policies had to be dumped: "We developed a security structure which only included the U.S. and the British. We saw only two elements in our policy: the security aspect; and an economic aspect which was always tied to our energy interests."

Sharon was omitted from the discussion—especially the threats of Minister of Defense Shaul Mofaz to remove, expel, or, as many experts already understood, assassinate Palestinian President Yasser Arafat. After Mofaz “tested the waters on Sept. 12,” and met with a silence read as a “green light” from the Bush Administration, only four days later, the policy was openly adopted by a vote of Prime Minister Ariel Sharon’s security cabinet. According to one Israeli expert in the United States, the security cabinet decision gave Sharon the “legal authority” to kill Arafat.

This omission was especially ironic, since every speaker who addressed the regional reality, warned that unless there is a peaceful resolution in the Middle East between Israel and Palestine, and progress toward creating “two sovereign states,” there would be no long-term chance of peace and stability in Iraq. Perhaps, the policymakers at the U.S.-Arab meeting believed that by stressing “solutions” and an optimistic approach to peace, there would be momentum to change U.S. policy.

But for many, that hope was dashed a week later, on Sept. 16 at the UN Security Council, when the United States vetoed a UNSC resolution to block the Israeli expulsion of the Palestinians’ elected leader—or any Palestinian national—under the international law that governs the conduct of an occupying country in occupied areas. On Sept. 18, in a press conference with Jordan’s King Abdullah II at Camp David, President Bush belittled, by ignoring it, the Palestinian Authority’s creation of a new government under Prime Minister Ahmed Qurei, and repeatedly denounced President Yasser Arafat by name as a “failure.” Bush showed that he is willing to squeeze the Palestinian people, while ignoring the reality that Sharon had not honored a single word of the obligation to close down

the Israeli settlements in the Palestinian territories, and had continued carrying out “targetted assassinations” until the cease-fire agreement which had held for six weeks crumbled. Bush’s statements were praised by neo-con opponents of the Road Map peace plan, and by the Israeli right wing, as encouragement that the killing of Arafat would have “no blowback.”

It is this collapse of the Road Map, and Bush’s mental deficiency—at best—in recognizing the role he played in killing his own Road Map vision, that indicates that the neo-cons may be down, but not out. They are still committed to implementing a notorious policy that several current members of the Bush Administration penned for then-Israeli Prime Minister Benjamin Netanyahu in 1996: “A Clean Break: A New Strategy for the Realm.” In “Clean Break,” authors Richard Perle, Douglas Feith, and David Wurmser pressed for war and regime change in Iraq. Their other policy—abrogate of the Oslo Accord, and exclude the Palestinian National Authority from having any role in representing the Palestinian people—is now in progress. “Clean Break” also demanded war with Syria and Iran—which is a joint policy of the American-based neo-cons, and the Sharon government.

Running Out of Time

But the policymakers at the NCUSAR conference got one crucial thing right—there is little time to correct the mistakes, especially the neglect of the Iraqi civilians, which is fostering an environment of hatred toward the Americans, which one speaker described as an attitude that “the only good American is a dead American.” Maj. Gen. William Nash (USA-ret.), speaking on the Iraq panel, even suggested a limiting date—the beginning of Ramadan, which is rapidly approaching.

U.S. policy in postwar Iraq was pilloried at the Sept. 8 afternoon panel, on Iran, Iraq, and the Gulf Cooperation Council. Two of the most prominent and experienced Iraq specialists, Dr. Phebe Marr and General Nash, presented a detailed assessment of the disastrous Bush Administration policy, focusing on what must be done immediately to avoid an even greater disaster. Dr. Marr, a top Pentagon expert on the Middle East until her recent retirement, warned that we are near the point of irreversible disaster, if there is not an immediate shift in how the Coalition Provisional Authority under Paul Bremer goes about the reconstruction. She profiled the highly centralized Ba’ath government, and then noted that the so-called de-Ba’athification has meant that all the top military and civilian and security leaders were dumped, creating a vacuum that cannot be filled by lower-echelon people. Marr warned about growing dangers of ethnic and tribal warfare erupting in every part of the country, and noted with particular alarm the assassinations of two of the leading Shi’ite clerics. The ethnic distribution of power in the interim council is likely to exacerbate sectarian conflicts, she said, unless there is a real move to meritocracy. Dr. Marr advised immediately rebuilding the central government, and promotion of the large, secular middle class. She had opposed the

war from the outset; but said that now that the United States is there, the obligation is to make the situation work.

General Nash, who was a Gulf War commander in 1991, and actually led the occupation of parts of southern Iraq at the end of Operation Desert Storm, was much more colorful in his language, describing the Bremer operation as a “total screwup.” He warned that the window of opportunity to clean up the mess is rapidly closing, and that the situation could be out of control by the Islamic holy month of Ramadan, which is expected to start this year on Oct. 27, 2003. Nash said that unless public security is restored and basic services restarted, “all is lost,” and advised launching a “Baghdad Airlift” to assure that every day a C-17 carries vital equipment and parts to Iraq from the United States. The perception in the Arab world is that the United States is all-powerful, Nash said, and therefore, if the situation on the ground in Iraq is in chaos, it is because America wants the chaos.

General Nash thought there was no need for surveys and new plans; Iraqis need energy, fresh water, housing, jobs, etc. Don’t plan, just get things going before it is too late, he urged. “We screwed it up, now we have to fix it.” Nash added that Bush should put Secretary of State Colin Powell on a plane and send him to the region to convey the U.S. commitment. He also called on the Administration to work out border security cooperation with Jordan and Saudi Arabia to stem the flow of fighters into the country, to alleviate a part of the security burden.

The call for peace through humanitarian action and protection of the Iraqi population had been the keynote of the entire conference, as expressed by General Zinni, who had headed the U.S. Central Command which includes the Middle East and Persian Gulf, immediately preceding the current Iraq war commander, Gen. Tommy Franks. Both Nash and Zinni were in sharp contrast to the neo-con “chicken-hawks”—including Cheney—who, failing to see stability in Iraq, shriek for more wars, as the “Clean Break” document lays out, using the twisted rationale of the Bernard Lewis/Samuel P. Huntington Clash of Civilizations.

Zinni lambasted the lack of any overriding U.S. strategy for Central and Southern Asia, including the Middle East and the Gulf region. “We have neglected an entire region of the world,” he complained. “We need to step back and see that all these disparate parts are interconnected. You can’t have separate policies for all of these issues. With the collapse of the Soviet Union, we lapsed into a policy of dual containment of Iraq and Iran. This created major problems. We developed a security structure which only included the U.S. and the British. We saw only two elements in our policy: the security aspect; and an economic aspect which was always tied to our energy interests. If there were any attempts to diversify these oil economies, by encouraging tourism and the like, we never made them in consultation and cooperation with the countries themselves. There were no regional collective approaches to deal with these problems.” Urging that the model be the

policies of President Eisenhower and Gen. George Marshall during the postwar period—the creation of a European NATO and the Marshall Plan—Zinni said, “We will have to decide how we will move forward together” with the countries in the region, or have the “mad mullahs on both sides screaming at each other.”

Zinni’s remarks were low-key, in criticizing the U.S. Iraq policy and those in the Bush Administration who had crafted it. But many attendees understood that the “mad mullahs” on the U.S. side were clearly the Clash of Civilizations neo-cons.

A Republican Senator Speaks Out

Another blow to the neo-con chicken-hawks came from Sen. Chuck Hagel (R-Neb.), a Vietnam veteran, who underlined the need for basic economic development in Iraq if it is not to become a morass. Referring to the \$87 billion in new funding that President Bush had asked for the previous night, Hagel said that he and other Senators would be much tougher in getting answers about what this money is going for, to whom, and when.

“Much of the money will be used for improvements in Iraq, not only for the military, but also for the economy,” Hagel stated. “If we don’t connect with a palpable manifestation to the population that things will get better—if you can’t do that—it doesn’t matter how many divisions you send in. It won’t work.” He also urged opening up Iraq to the Europeans and others “in all areas of activity,” not just in the deployment of military forces. “The U.S. will never win in Iraq alone,” Hagel said. “It is the only option we have with the realities we are up against.” He also noted that the UN can do certain things with regard to humanitarian aid, “better than any single country.”

To live up to this idea, Hagel, and his traditional Republican colleagues such as Richard Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee, will have to work for the good of the nation to get real answers from the Pentagon. Those he promised to get, are answers that Defense Secretary Donald Rumsfeld and his neo-con experts in evasion tactics—Paul Wolfowitz, Doug Feith, and Dov Zakheim—had refused to provide to the Senate and House of Representatives before the Iraq war. The Pentagon had stiff-armed the Congress when it called the first Iraq occupation chief, retired Gen. Jay Garner, for hearings. Garner, a crony of the right-wing Pentagon neo-cons from the Jewish Institute for National Security Affairs (JINSA), sent a videotaped testimony to the Senate, instead of appearing personally. The incident was one reason Garner was later canned, and replaced with the current occupation viceroy, Paul Bremer.

From the briefings given at NCUSAR, it is clear that the entire Iraq war cabal, should be ousted. To do so, the American policymakers who spoke there should continue to speak out—with even more pungency and force.

William Jones and Jeffrey Steinberg contributed to this report.

This Kiss She Gave To All the World

by Rachel Douglas and Katherine Notley

Denise Henderson, who recently has been Book Reviews Editor for both *EIR* and *Fidelio*, but is better known to readers of the weekly newspaper *New Federalist* as a writer on American history and on Russia, died on Sept. 15. Denise, 50, was struck by a hit-and-run commercial mini-van as she crossed a major intersection in Washington, D.C. The driver has been charged with negligent homicide.

The passing of Denise is an incalculable loss for her friends, for the LaRouche movement internationally, and for our country. Her death coincides painfully, with the intense development by Lyndon LaRouche, in his writings, of the concept of community of interest among sovereign nation-states. Denise made it her special business to educate people about the contributions of President John Quincy Adams to the flourishing of that very idea. On Sept. 15, the day she died, LaRouche's beautiful new pamphlet, "The Sovereign States of the Americas," was released by his Presidential campaign, with its preface, "The Monroe Doctrine Today," illustrated with the portrait of John Quincy Adams (see *EIR*, Sept. 19, 2003).

Denise Marguerite Dempsey was born on June 20, 1953. Growing up in Suffolk County, Long Island, she attended public schools and thereafter, the State University of New York at Stony Brook, a hotbed of recruitment to the LaRouche movement in the early 1970s—and that is where Denise joined LaRouche's philosophical association, the International Caucus of Labor Committees. She had no patience for facile sloganeering, such as permeated campus politics in that era, so she put high demands on LaRouche activists who were recruiting her. "You can't just say that!" she would challenge them, demanding to see the reason behind an idea.

She organized in New York City, while working on *New Solidarity* semi-weekly newspaper and other LaRouche publications, in 1974-76 and again in the early 1980s. In between, Denise was an LaRouche organizer in Albany, New York. She went to Albany in 1977, as did Fred Henderson, whom she later married. The Albany organizing was the spearpoint of a successful international campaign by LaRouche's forces, which defeated the decriminalization of marijuana in New York State. New York was also the epicenter of the battle to block the takeover of U.S. banks by the

old drug-running British banks, starting with the British Empire's flagship of the Opium Wars, the Hongkong and Shanghai Bank, which made a grab for New York's Marine Midland Bank in 1978.

During LaRouche's 1984 Presidential campaign, Denise organized in Philadelphia. Beginning in 1987, she worked in the national center of the LaRouche movement, in Leesburg, Virginia.

A Tireless Worker

Denise took on dozens of jobs: She has been a mainstay of EIR News Service's work on the Soviet Union and Russia for 15 years. She wrote and edited for *New Federalist* and *EIR*. She regularly produced incisive book reviews, exposing frauds or bringing to our attention some overlooked gem.

She shouldered tasks others might have found too burdensome, with a zeal rooted in her grasp of their importance. When Lyndon LaRouche was incarcerated (1989-94), Denise made it her mission to produce speedy and accurate transcripts of his interviews, statements, and memos, tape-recorded over the phone. She became Editorial Assistant for the Schiller Institute quarterly *Fidelio* at its inception in 1992, to help prepare LaRouche's major, transcribed articles for publication.

We all remember Denise for her brilliant and intense intellect. She lived the life of ideas. We are indebted to her for her impassioned work on John Quincy Adams, whom she brought to life in her classes and groundbreaking articles. Among those were "John Quincy Adams and the Creation of America's Republican Leadership" (*New Federalist*, Sept. 8 and 15, 1989), and "John Quincy Adams, the Amistad Case, and the Idea of the Inalienable Rights of Man" (*New Federalist*, August 1998). She explored the struggle against slavery in the United States, beginning with the Founding Fathers and going through to the fight for a republican South after the Civil War.

She also wrote studies on well-known and little-known African-American and other heroes of the fight for "justice for all" in the United States: George Washington's staff officer David Humphries; Frederick Douglass; and O.O. Howard, including: "Frederick Douglass and the Lincoln Tradition," *New Federalist*, June 8, 1992; "How the Founding Fathers Fought for an End to Slavery," co-authored with Fred Henderson, *New Federalist*, March 15, 1993; "Gen. O.O. Howard's Fight for Education of the Freedmen," *New Federalist*, Feb. 15, 2003. She reviewed the biography of Robert Smalls, the "Gullah Statesman," whose niece is civil rights heroine Amelia Boynton Robinson, Vice Chairwoman of the Schiller Institute ("South Carolina Patriot Was a Reconstruction Hero," *EIR*, Aug. 23, 1996). Some of her articles can also be found on *New Federalist's* website, at http://members.tripod.com/~american_almanac/intro.htm.

Denise accomplished much of her work under conditions of health that would have laid most people low.

A Poetic Soul

Having studied Classical Greek as well as Russian, Denise delved into poetry and language. She kept up the custom according to which literate people may address their friends in verse on their birthdays. Birthday poems, distichs scrawled on scraps of paper, translations—she left dozens in her own papers and with her friends, who treasure their verses from Denise. She loved Russian poetry: Alexander Pushkin, of course, but especially Mikhail Lermontov. At the time of her death, her article on Lermontov was in preparation for *Fidelio*.

At a 200th birthday celebration for Pushkin in 1999, she recited the famous letter to Eugene Onegin from the morally steadfast heroine, Tatyana. Denise loved to sing, enchanting her friends, singing “Il cor mi più non sento” and other songs in her high, sweet soprano.

Denise seemed to live in temporal eternity. She collaborated with people no longer living, be it John Quincy Adams or LaRouche associate Allen Salisbury, author of *The Civil War and the American System*, as if she had just been talking with them over supper. When she spoke of what “JQA” had said, it was as if she had been stargazing with him the night before, and was recounting their conversation.

During the past year, Denise felt stronger and better. She grasped her new “hat” as Review Editor with a zeal bespeaking both her vast knowledge and love of teaching, eagerly trading ideas with *EIR* editors and authors over the books they were assigned to review. She volunteered for increased organizing responsibilities within LaRouche’s 2004 Presidential campaign. She happily relaunched her work on John Quincy Adams, preparing classes for the LaRouche Youth Movement. For her 50th birthday, last June, her gift wish was for JQA’s *Lectures on Rhetoric and Oratory*.

Denise Henderson was buried on Sept. 23, 2003 at Union Cemetery in Leesburg, Virginia, not far from her fellow immortals, Allen Salisbury and Marianna Wertz.

In Memoriam

Iraqis and the World Mourn Patriarch Raphael I Bidawid

by Muriel Mirak-Weissbach

The death of His Beatitude Raphael I Bidawid, Patriarch of Babylon of the Chaldeans, and spiritual leader of the Chaldean Catholic Church worldwide, was a heavy blow for the Iraqi population. His death, on July 7 in Beirut, Lebanon, is mourned by all.

Patriarch Bidawid was born in Mosul in 1922, and entered

the seminary there at the age of 11; from 1936-47, he studied at the Papal Colleges in Rome, where he was ordained in 1946. In 1947, he returned to Mosul to carry out his ministry with the Chaldean Catholics, of whom there are 1 million worldwide. In 1989, he was elected Patriarch of the Chaldeans.

His social and political activities sought to defend the integrity, sovereignty, independence, and dignity of all of Iraq’s people and their nation.

Shortly after Desert Storm, in 1991, Patriarch Bidawid joined with Dr. Hans Köchler of the International Progress Organization (IPO) of Vienna, and Helga Zepp-LaRouche of the Schiller Institute, to establish the Committee to Save the Children in Iraq, to organize regular shipments of medical equipment, medicine, and other humanitarian aid, for several years. It also arranged for Iraqi children, with war injuries to receive medical treatment in Germany and the United States. The Patriarchate in Baghdad was a distribution center for the food, particularly powdered milk, which the Committee delivered to Iraq.

The Patriarch was an outspoken opponent of the sanctions which had devastated Iraq, killing especially its elderly and very young. Despite intense pressure—slanders said he was a “servant of the regime”—he untiringly denounced the aggression against his country as genocide. During a visit to the Vatican in 1991, he said: “These [coalition] nations should feel pretty guilty. It was a vendetta, a shame for humanity.” In April 2001, he similarly criticized the Israelis, saying, “The Jews who suffered repression under Hitler—who said force was always right—are today applying the same policy against Palestinians.”

Patriarch Bidawid worked energetically for Pope John Paul II’s trip to Ur, the birthplace of Abraham, the father of the monotheistic religions; but it was sabotaged by the warhawks in Washington.

Schiller Institute members visiting Baghdad always visited him. This extraordinarily learned man—he had mastered nearly a dozen languages, and catalogued the ancient Chaldean manuscripts—was equally eager to discuss political developments, and to learn from others. He avidly read *EIR*, and had the highest regard for the writings of Lyndon LaRouche, whom he considered America’s hope. Patriarch Bidawid’s unwavering commitment to his nation was a source of moral strength, for Iraqis and all people of good will: We have lost an irreplaceable friend.



Patriarch Raphael I Bidawid

Daschle Opposed Extending Transportation Bill

With the Sept. 30 expiration of the 1997 Transportation Equity Act of the 21st Century looming, the scramble has begun to keep existing transportation programs going while Congress haggles over a new six-year authorization bill. House Transportation and Infrastructure Committee Chairman Don Young (R-Ak.), on Sept. 16, introduced legislation to extend the TEA 21 programs by five months. It would maintain the existing programs, including keeping user fees firewalled from the rest of the budget. Young promised that his committee would pass a \$375 billion TEA 21 renewal package before the end of the year.

Democrats, however, were not especially happy with the extension, and called for action on the renewal bill. Rep. John Dingell (D-Mich.), in a statement inserted into the *Congressional Record*, said, "I have been here long enough to know how the cow chews the cabbage, and a delay puts us into an election year." He warned that that delay could be extended, and put the transportation planning process in his state of Michigan into jeopardy.

Dingell's concerns were echoed by Senate Minority Leader Tom Daschle (D-S.D.), who told reporters that the extension could actually mean the loss of 90,000 jobs. He said that Democrats are "disappointed and don't believe that there is any likelihood that things are going to change over the course of the next five months. Sooner or later, Republicans are going to have to show us some leadership with regard to highway construction and highway commitment." He said that the fact that there's no highway bill "for the first time in decades" is unfortunate given "that we've already lost 3-plus mil-

lion jobs over the course of the last three years."

Senate Supports Bush Outsourcing Plans

On Sept. 23, the Senate turned back an attempt, sponsored by Sen. Harry Reid (D-Nev.), to slow down the outsourcing juggernaut that is now running through the Bush Administration. Reid had sponsored an amendment to the Interior Department appropriations bill that would have prohibited that department from expending funds to carry out competitive outsourcing studies. Reid pointed out that the Interior Department spent \$10 million on such studies last year, money that had been appropriated by the Congress for the purpose of maintaining national parks. "The Administration is bypassing Congress to implement its own agenda and is using unauthorized funds to do it," said Reid.

The Republicans responded with a defense of the Bush Administration's outsourcing agenda, and a second-degree amendment that would have required the Interior Department to provide Congress information on implementation of the outsourcing initiative. George Voinovich (R-Ohio), one of the co-sponsors of the second degree amendment, complained that there were five different amendments on five different appropriations bills dealing with outsourcing, which would constitute "an incoherent set of restrictions." The Republicans also argued that competitive sourcing saves taxpayers' money.

Responding to the Republicans' second-degree amendment, Reid returned to his original argument, that competitive sourcing studies would "siphon off" funds that are needed for national parks maintenance. He also noted that the House Appropriations

Committee, in its Interior bill, was "concerned about the massive scale of seemingly arbitrary targets and considerable costs of [outsourcing] initiatives," which Congress and the public are neither able to understand nor participate in. The Voinovich amendment passed by 53-43, but its passage was rendered moot, when the Reid amendment was defeated by 51-44.

House Passes Do-Nothing Charitable Giving Bill

On Sept. 17, the House passed a \$13 billion tax bill advertised as "influencing in a positive way, a people's willingness to carry on contributions and charitable acts," as it was described by House Ways and Means Committee chairman Bill Thomas (R-Calif.). Thomas further described it as a response to President Bush's priority to "rally the armies of compassion, to help the underprivileged in the United States . . . to assist those in need in a private plan from those who have wealth."

The overwhelming 408-13 vote did not stop those few from speaking out against it, however. Pete Stark (D-Calif.) told the House that many members suspect that the bill will not generate much charitable giving, but it will provide giveaways to college fraternities and sororities for housing, and to the lumber industry in Washington State for experiments in forest management. John Tierney (D-Mass.) added that the \$13 billion in tax breaks in the bill will only generate a few cents per dollar that will actually go to the neediest Americans. "The need for assistance in education and health care and housing among low-income Americans is great, and, unfortunately, there is little evidence that this bill is going to do anything to address those needs," he pointed out.

Cheney Told Give Back Halliburton \$\$

In “an ethically untenable situation,” Vice President Dick Cheney “should stop accepting Halliburton compensation while he is in office,” demanded Sen. Frank Lautenberg (D-N.J.) on Sept. 23. Senator Lautenberg officially requested that the Governmental Affairs Committee hold immediate hearings into the contracts Halliburton has received from the Administration, supposedly for work in Iraq, as the value of its large no-bid contract has ballooned to \$1.25 billion. “Congress has the responsibility to look into this immediately, before more taxpayer money is placed in Halliburton’s bank accounts,” he said. Lautenberg made the official request, together with opportunist Sen. Joe Lieberman (D-Conn), in a Sept. 23 letter to Sen. Susan Collins (R-Me), chairman of the Committee.

Lautenberg charged in a statement: “Vice President Cheney is currently receiving hundreds of thousands of dollars in salary from Halliburton, at the same time his Administration doles out billions of dollars in contracts to Halliburton. This is an ethically untenable situation. This is serious. The Vice President should stop accepting Halliburton salary while he is in office.”

Newsday Hysterically Denies LaRouche

On Sept. 23, *Newsday* denied the significance of Lyndon LaRouche’s Presidential campaign, in an article of very significant length for such a purpose—a 3,000-word feature by reporter Jeff Pearlman, the paper’s longest on any one candidate.

The article begins with a quote, “Handle them carefully, for words have more power than atom bombs.” As the article is completely disjointed, and dredges up every slander ever made against LaRouche, Pearlman’s opening quote is a curious choice. He intersperses quotes from various LaRouche associates and from Nevada State Sen. Joe

Neal; with others, from among LaRouche’s enemies; in order to prove that LaRouche is, “depending on whom you ask—either a dangerous power-hungry intimidator or a genius who can save the United States of America from inevitable doom.”

Quoting professional tax-cutter Grover Norquist that LaRouche is “downright dangerous,” Pearlman ends with a warning: “Lyndon’s LaRouche’s 2004 Presidential campaign is—if nothing else—his most precise. . . . This time LaRouche has a singular hot-button issue: the impeachment of Vice President Dick Cheney. LaRouche calls the Vice President a ‘chickenhawk’ and accuses him of lying to President Bush about intelligence relating to Iraq. . . . Though he will send no Valentine’s Day cards to Bush, LaRouche considers the Commander in Chief little more than a marionette. ‘Cheney calls the shots in this Administration, and he’s gonna go down,’ says LaRouche. ‘He’s shaky enough and vulnerable enough with what’s happened around Iraq that the financial swindles he’s involved in can do the rest of the job sinking him.’”

“Of course, many politicians have made the case that Cheney and Bush misled the public, and some have even called for impeachment. But here is what makes LaRouche LaRouche: Whereas, others blame Osama bin Laden for 9-11, LaRouche insists Cheney orchestrated it in a gigantic plan to make a scapegoat of the Middle East, tear the region up and lead an American world takeover. ‘When I’m President,’ he says, ‘there’ll be no more of this irresponsible behavior. America will stand for something again.’”

Clinton in Israel On New Peace Plan

A well-informed Israeli source in the United States told *EIR* on Sept. 23 that former President Bill Clinton held meetings at a high level with Israelis, to discuss support for a new peace plan. Clinton was in Israel attending the 80th birthday celebration for Labor Party elder Shimon Peres. He also held meetings with people from other parties. The new peace plan, said the source,

is coming from a group around former National Security Council officer for the Middle East, Robert Medley, who served under Clinton, and is supported by former President Jimmy Carter. It would dispense with the “stages” approach, and emphasize a final settlement arrangement between Israel and Palestine.

However, the news of this new peace initiative sent Prime Minister Ariel Sharon into a flight forward against it, said the source. Sharon decided to escalate operations; his inner circle are thinking, not of killing Arafat (because of the U.S. warnings), but of capturing him and bringing him to Israel, where he will be imprisoned, totally cut off from his people, colleagues, other government officials, be forbidden to receive visitors, and forbidden to travel.

Another source close to the Israelis told *EIR* on Sept. 22 that the “order to kill” Arafat would be triggered by “a night of terror,” in which Hamas et al. would carry out another multiple terror attack.

Iraq Deployments Roil the Army Reserves

The U.S. Army’s decision to keep its reservists in Iraq for 12-month tours has sparked a growing movement of protests among the families of those deployed. Websites, created by families of deployed soldiers, are springing up, gathering petition signatures demanding that President Bush bring the troops home. The wife of a deployed soldier in the Michigan National Guard is reporting that three-quarters of his unit are planning to quit as soon as they return home from their tours, which could be four months longer under the new policy.

Florida Sen. Bill Nelson (D) is threatening to put on hold the nomination of James Roche as Army Secretary, if the policy is not changed. Nelson is warning that if National Guardsmen are taken away from their families and jobs for extended periods of time, reenlistment rates will suffer. An 1,800-man regiment of the Florida National Guard was activated in December and has been in Iraq since April. Some officials are even warning that the stress and strain on the Guard and

WESLEY CLARK “swapped hats” with indicted war criminal, Serbian commander Ratko Mladic, during a 1994 meeting in Bosnia, columnist Robert Novak recounted on Sept. 20. Clark was a three-star major general with the Joint Chiefs, and had been warned by the State Department not to go to Bosnian Serb military headquarters to meet Mladic. Clark made the trip, drank wine with Mladic, and accepted his pistol and a bottle of brandy. The incident resulted in Amb. Richard Holbrooke adopting “The Clark Rule” to keep the general under State Dept. watch.

NEW AUTO CONTRACT will lift the years-long moratorium on auto plant closings in North America, according to the United Auto Workers (UAW) website on Sept. 19. A ratification vote will begin at some auto plants of all the “Big Three” automakers in early October. The three have all announced plans to close plants.

HOWARD DEAN strongly supported Newt Gingrich’s “Contract on America.” On ABC-TV’s “This Week with David Brinkley” in January 1995, after the neo-con takeover of Congress, Dean said: “I’ve been unwilling to condemn the change in Congress. I actually think, despite my broad philosophical disagreements with the new speaker, that the change in Congress is a healthy thing. . . . We have an opportunity for historic change, and the question is, how far are we going to go?”

SEN. KENNEDY told Associated Press on Sept. 21, that the case for war against Iraq was a fraud, to give Republicans a political boost. “There was no imminent threat. This was made up in Texas, announced in January to the Republican leadership that war was going to take place, and was going to be good politically,” Kennedy said. He added that a Congressional Budget Office Report shows that the Pentagon is only able to account for about \$2.5 billion of the \$4 billion they are spending on military operations in Iraq each month.

Reserves could break the system which augments the active-duty force in times of emergency.

Tom Delay Causing Christian-Zionist Split?

House Majority Leader Tom DeLay toured New York and New Jersey Sept. 20-21 to raise campaign money—and to add to the Christian Zionist clique’s pressure on President Bush to sanction a new Israeli murder initiative against Yasser Arafat and other targets. On Sept. 14, DeLay spoke at the pro-Israel Norpac in Northern New Jersey, and at a New York dinner fundraiser at a kosher restaurant.

DeLay’s Sept. 15 luncheon address to the Conference of Presidents of Major American Jewish Organizations had been the subject of a warning, before the event, by Theodore Mann, former chairman of the Conference. In a Sept. 12 column entitled “Leaders Must Speak Truth to Power, Without Delay,” Mann said “what DeLay, as the most influential Republican in Congress, does to influence the Administration will have a major impact on Israel’s future. Some American Jews undoubtedly salute the majority leader for recent statements that placed him in the same camp as extremist Israelis who, perhaps feeling emboldened by the renewal of Hamas terrorism and the downfall of Abu Mazen, will accept no reasonable compromise with the Palestinians. But I hope the moderate leaders of our community, who support the Road Map and thus represent the views of most American Jews, will urge him to reconsider his positions.”

Last summer DeLay toured Israel, demanding President Bush abandon plans for the Road Map which DeLay said would “support a sovereign state of terrorists.” In late July, 2003, DeLay brought his war-mongering to the College Republicans’ National Convention in Washington. He was accompanied by mafia-linked Jack Abramoff, DeLay’s financial angel and intermediary to Israel.

A split is apparently developing among organizations normally united in supporting

the most aggressive agenda for Israel. The *Forward* on Aug. 22 quoted former Reagan official Gary Bauer threatening President Bush, if he doesn’t go all-out for Sharon’s crushing the Palestinians. But former Christian Coalition officer Ralph Reed, and Southern Baptist figure Richard Land, have been defending the Administration’s Road Map proposal.

Islamic U.S. Army Officer Arrested

A U.S. Army officer of Islamic faith who had counselled al-Qaeda prisoners in Guantanamo Bay, Cuba, was arrested in early September by FBI agents in Jacksonville, Florida, as he deplaned from a military charter from Guantanamo. Capt. James J. Yee, a convert to Islam, and a 1990 West Point graduate, was interrogated by Federal agents for two days in Jacksonville, then transferred to the Navy brig in Charleston, South Carolina, where he is being represented by two Army lawyers. The Army has charged him with sedition, aiding the enemy, spying, espionage, and failure to obey a general order—and is said to be weighing charges of treason. However, a law enforcement source told the *Washington Times* on Sept. 23 that it was not the Army, but “the highest levels of government” that made the decision to arrest Yee.

The *Times* also reported that it could not be learned what country or organization Yee was supposed to be passing information to, nor how much damage he is thought to have done to U.S. efforts against “Osama bin Laden’s terror networks” while ministering to suspected terrorists held at the high-security prison in Cuba.

After 9/11, Yee—one of 17 Islamic chaplains in the U.S. Army—was the subject of numerous press articles and interviews, in which he spoke on behalf of traditional Islam, repudiating the terrorist attacks as prohibited by Islamic law. He joins U.S. citizens Yasser Hamdi and Jose Padilla—two high-profile “enemy combatants” already under detention at the Charleston brig.

Cheney's Lies of State

On Sept. 20, 2002, in the wake of the Bush Administration's issuance of its pre-emptive war policy as the "National Security Strategy of the United States," Democratic Presidential pre-candidate Lyndon LaRouche issued a statement about Vice-President Dick Cheney, which concluded as follows: "In summary, Vice President Dick Cheney's recurring wet dreams of a U.S. worldwide Roman Empire are, in and of themselves, the world's greatest single threat to the continuation of civilization in any part of this planet today. These facts demand that Cheney's prompt resignation be sought, and accepted."

Had this step been taken at that time, one year ago, how many lives would have been saved! How much ill will against the United States would have been prevented!

Now, one year later, we finally begin to see a gathering storm against the Vice-President, in recognition of the pivotal role he played in directing the actions of President Bush—by disseminating one lie after another—to induce an unjust, illegal war. On top of that, Cheney's personal venality as a war profiteer, through his relationship with Halliburton Corp., is becoming a national scandal.

- It is an open secret that Congressmen and Senators are in the process of carefully preparing hearings to expose the outright, and impeachable lies which the Vice-President told the President and the nation, about alleged Iraqi weapons of mass destruction.

- The international attention to Cheney's role is also increasing, as reflected in the introduction of a parliamentary question into the Italian Senate this week, by a group of nine Senators, led by Sen. Oscar Peterlini. The question, directed to the Ministers of Foreign Affairs and Defense, calls for a clarification on issues raised about manipulation of intelligence justifying the Iraq war, and seeks the distancing of the Italian government from that U.S. policy.

It reads in part: "The American press mainly, but also representatives of American and other countries' institutions, are raising questions on the primary role

played by U.S. Vice President Dick Cheney, in using dubious information eventually leading to justifying the war against Iraq." The text then mentions: Joseph Wilson's mission, and his statements that Cheney received his reports; Senator Byrd's June 24 intervention in the Senate; Henry Waxman's letters to government and Congress on Cheney and the Wilson mission; and Robin Cook's *Guardian* interview.

- At the same time, a ruckus is being raised in the United States Senate about Cheney's outright lies on his financial relationship with Halliburton, the chief profiteer among U.S. corporations in Iraq. In his Sept. 14 appearance on national television, the Vice-President claimed he had "severed" all his ties, and any and all "financial interest," in Halliburton, of which he was previously CEO. Yet, a Congressional Research Service report, released by New Jersey Democratic Senator Frank Lautenberg on Sept. 25, confirms that the deferred salary and stock options which Cheney has reported receiving from Halliburton over the past three years, constitute a "financial interest" in the company.

If one judges by the demeanor of the Vice President on that "Meet the Press" show on Sept. 14, he is not in the least bothered by any exposures. He feels confident not only in the protection of the banking interests for which he is a spokesman, but in the fact that the President's inner circle continues to consider Cheney an asset in George W. Bush's re-election drive.

Here, Karl Rove and others advising the President are miscalculating badly. Cheney, who played a crucial role in the energy piracy against California as well as in the Iraq strategic debacle, has the ability to bring down the President, if he continues to purvey his Satanic, neo-conservative policies from high and controlling office.

It is not just the Bush Presidency that is at stake here. As long as Cheney is calling the shots on this Administration's policies, even if he is embattled, he and his fellow chicken-hawks represent a clear and present danger of new—including nuclear—wars, and global devastation. As LaRouche said a year ago: To save civilization, Cheney must go.

SEE LAROUCHE ON CABLE TV

INTERNATIONAL

• ACCESSPHOENIX.ORG
Click on *Live Webcast*
Fridays—6 pm
(Pacific Time only)
• BROOKLYNX.ORG/BCAT
Click on *PLAY*
Tue: 12 Noon & 8 pm
(Eastern Time only)

ALABAMA

• BIRMINGHAM—Ch.4
Wednesdays—10:30 pm
• UNIONTOWN—Ch.2
Mon-Fri every 4 hrs.
Sundays—Afternoons

ALASKA

• ANCHORAGE—Ch.44
Thursdays—10:30 pm
• JUNEAU—Ch.12
Thursdays—7 pm

ARIZONA

• PHOENIX—Ch.98
Fridays—6 pm
• PHOENIX VALLEY
Quest Ch.24
Fridays—6 pm
• TUCSON—Ch.74
Tuesdays—3 pm

ARKANSAS

• CABOT—Ch.15
Daily—8 pm
• LITTLE ROCK
Comcast Ch. 18
Tue—1 am, or
Sat—1 am, or 6 am

CALIFORNIA

• BEVERLY HILLS
Adelphia Ch. 37
Thursdays—4:30 pm
• BREA—Ch. 17
Mon-Fri: 9 am-4 pm

BUENA PARK

Adelphia Ch. 55
Tuesdays—6:30 pm

CARLSBAD

Adelphia Ch. 3
1st/3rd Wed: 10 pm

CLAYTON/CONCORD

AT&T-Comcast Ch.25
2nd Fri.—9 pm

ASTOUND CH.31

Tuesdays:7:30 pm

CONTRA COSTA

AT&T Ch.26
2nd Fri.—9 pm

COSTAMESA Ch.61

Wednesdays—10 pm

CULVER CITY

MediaOne Ch.43
Wednesdays—7 pm

E LOS ANGELES

Adelphia Ch. 6
Mondays—2:30 ppm

FULLERTON

Adelphia Ch.65
Tuesdays—6:30 pm

HOLLYWOOD

Comcast—Ch.43
Tuesdays—4 pm

LANC/PALM.

Adelphia Ch.16
Sundays—9 pm

LAVERNE—Ch.3

2nd Mondays—8 pm

LONG BEACH

Analog Ch.65
Digital Ch.69

CableReady Ch.95

Thursdays—1:30 pm

MARINA DEL REY

Adelphia Ch.3
Thursdays—4:30 pm

MediaOne Ch.43

Wednesdays—7 pm

MID-WILSHIRE

MediaOne Ch.43
Wednesdays—7 pm

MODESTO—Ch.2

Thursdays—3 pm

OXNARD

Adelphia Ch.19
Americast Ch.8

Tuesdays—7 pm

PLACENTIA

Adelphia Ch.65
Tuesdays—6:30 pm

SANDIEGO Ch.19

Wednesdays—6 pm

SANTA ANA

Adelphia Ch.53
Tuesdays—6:30 pm

STA.CLAR.VLY.

T/W & AT&T Ch.20
Fridays—1:30 pm

SANTA MONICA

Adelphia Ch. 77
Thursdays—4:30 pm

TUJUNGA—Ch.19

Mondays—9 pm

VENICE—Ch.43

Wednesdays—7 pm

VENTURA—Ch.6

Adelphia/Avenue
Mon & Fri—10 am

WALNUT CREEK

AT&T Ch.6
2nd Fridays—9 pm

ASTOUND Ch.31

Tuesdays:7:30 pm

W.HOLLYWOOD

Adelphia Ch.3
Thursdays—4:30 pm

W.SAN FDO.VLY.

Time Warner Ch.34
Wed.—5:30 pm

COLORADO

• DENVER—Ch.57
Saturdays—1 pm

CONNECTICUT

• GROTON—Ch.12
Mondays—5 pm

MANCHESTER Ch.15

Mondays—10 pm

MIDDLETOWN—Ch.3

Thursdays—5 pm

NEW HAVEN—Ch.29

Sundays—5 pm

Wednesdays—7 pm

NEWTOWN/NEW MIL.

Cablevision Ch.21
Mondays—9:30 pm

Thursdays—11:30 am

FLORIDA

• ESCAMBIA COUNTY
Cox Ch.4
2nd Tue: 4:30 pm

GEORGIA

• ATLANTA
Comcast Ch.24
Wednesdays—10 am

IDAHO

• MOSCOW—Ch. 11
Mondays—7 pm

ILLINOIS

• CHICAGO
AT&T/RCN/WOW Ch.21
Mon, 10/6: 9 pm

Fri, 10/17: 10 pm

QUAD CITIES

Mediacom Ch.19
Thursdays—11 pm

PEORIA COUNTY

Insight Ch.22
Sundays—7:30 pm

SPRINGFIELD Ch.4

Mon-Fri: 5-9 pm
Sat-Sun: 1-5 pm

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

INDIANA

• BLOOMINGTON
Insight Ch.3
Tuesdays—8 pm

DELAWARE COUNTY

Comcast Ch.42
Mondays—11 pm

GARY

AT&T Ch.21
Monday-Thursday
8 am - 12 Noon

IOWA

• QUAD CITIES
Mediacom Ch.19
Thursdays—11 pm

KENTUCKY

• BOONE/KENTON
Insight Ch.21
Mon: 4 pm; Sat: 5 pm

• JEFFERSON Ch.98
Fridays—2 pm

LOUISIANA

• ORLEANS PARISH
Cox Ch.78
Tuesdays & Saturdays
4 am & 4 pm

MARYLAND

• ANNIE ARUNDEL
Annapolis Ch.20
Milleneum Ch.99

Sat & Sun: 12:30 am

• MONTGOMERY Ch.19
Fridays—7 pm

• P.G.COUNTY Ch.76
Mondays—10:30 pm

MASSACHUSETTS

• BRAINTREE
AT&T Ch.31
BELD Ch.16
Tuesdays—8 pm

• CAMBRIDGE
MediaOne Ch.10
Mondays—4 pm

• WORCESTER—Ch.13
Tue—8:30 pm

MICHIGAN

• CALHOON
ATT Ch.11
Mondays—4 pm

• CANTON TWP.
Comcast Ch.18
Mondays—6-8 pm

• DEARBORN
Comcast Ch.16
Zajak Presents
Mondays: 6-8 pm

• DEARBORN HTS.
Comcast Ch.18
Zajak Presents
Mondays: 6-8 pm

• GRAND RAPIDS
AT&T Ch.25
Fridays—1:30 pm

• KALAMAZOO
Thu: 11 pm (Ch.20)
Sat: 10 pm (Ch.22)

• KENT COUNTY
Charter Ch.7
Tue—12 Noon,
7:30 pm, 11 pm

• LAKE ORION
Comcast Ch.65
Mondays & Tuesdays
2 pm & 9 pm

• LIVONIA
Brighthouse Ch.12
Thursdays—4:30 pm

• MT.PLEASANT
Charter Ch. 3
Tuesdays—5:30 pm

• WEDNESDAY—7 am

• PLYMOUTH
Comcast Ch.18

Zajak Presents

Mondays: 6-8 pm

• SHELBY TWP.
Comcast Ch.20
WOW Ch.18
Mon/Wed: 6:30 pm

• WAYNE COUNTY
Comcast Ch.68
Unscheduled pop-ins

• WYOMING
AT&T Ch.25
Wednesdays—10 am

MINNESOTA

• ANOKA
AT&T Ch.15
Mon: 4 pm & 11 pm

• BURNSVILLE/EGAN
ATT Ch.14,97,96
Tuesdays—5:30 pm

• SUNDAYS—9 pm

• SUNDAYS—10 pm

• CAMBRIDGE
US Cable Ch.10
Wednesdays—2 pm

• COLD SPRING
US Cable Ch.10
Wednesdays—5 pm

• COLUMBIA HTS.
MediaOne Ch.15
Wednesdays—8 pm

• LUTHER—Ch.20
Mondays—9 pm

• WEDNESDAYS—12 pm

• FRIDAYS 1 pm

• FRIDAY—Ch.5
Thursdays—5:30 pm

• SATURDAYS—10 pm

• MINNEAPOLIS
PARAGON Ch.67
Saturdays—7 pm

• NEW ULM—Ch.14
Fridays—5 pm

• HERMANTOWN—Ch.12
Tue: Btw. 5 pm-1 am

• ST.CLOUD AREA
Charter Ch.10
Astound Ch.12
Thursdays—5 pm

• ST.CROIX VLY.
Valley Access Ch.14
Thursdays: 4 & 10 pm

• FRIDAYS—8 am

• ST.LOUIS PARK
Paragon Ch.15
Wed, Thu, Fri:
12 am, 8 am, 4 pm

• ST.PAUL (city)
SPNN Ch.15
Saturdays—10 pm

• ST.PAUL (N Burbs)
AT&T Ch.14
Thu: -6 pm & Midnite
Fri: -6 am & Noon

• ST.PAUL (NE burbs)*
Suburban Ch.15
St.PAUL (S&W burbs)
AT&T-Comcast Ch.15
Tue & Fri: -8 pm
Wednesdays—10:30 pm

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

MISSISSIPPI

• MARSHALL COUNTY
Galaxy Ch. 2
Mondays—7 pm

MISSOURI

• ST.LOUIS
AT&T Ch.22
Wednesdays—5 pm

• THURSDAYS—12 Noon

NEBRASKA

• LINCOLN
T/W Ch.80

Citizen Watchdog

Tuesdays—7 pm

• WEDNESDAYS—10 pm

NEVADA

• CARSON—Ch.10
Wednesdays—7 pm

• WAYNE COUNTY
Comcast Ch.68
Unscheduled pop-ins

• WYOMING
AT&T Ch.25
Wednesdays—9 pm

NEW JERSEY

• MERCER COUNTY
Comcast*
TRENTON Ch.81
WINDSORS Ch.27

• MONTVALE/MAHWAH
Time Warner Ch.27
Wednesdays—4 pm

• NORTHERN NJ
Comcast Ch.57*
PISCATAWAY
Cablevision Ch.71
Wed—11:30 pm

• PLAINSBORO
Comcast Ch.3*
Mondays—3 pm

• ALBUQUERQUE
Comcast Ch.27
Mondays—3 pm

• ANTHONY/SUNLAND
T/W Ch.15
Daily: 10 am; or
12 Noon; or 2 pm;
or 12 Midnight

• OBERLIN—Ch.9
Weddays—7 pm

• REVOLUTIONSBURG
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
Comcast Ch. 23
Wed: 7 pm; Fri:10 am
Sun:6 am; Mon:11 pm

RHODE ISLAND

• ERIE COUNTY
Adelphia Intl. Ch.20
Thursdays—10:35 pm

• LIION—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

• 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*
Mondays—9 pm

• QUEENS QPTV Ch.34
Fridays—5 pm

• THURSDAYS—9 pm

• QUEENSBURY Ch.71
Thursdays—7 pm

RIVERHEAD Ch.70

Thu—12 Midnight

• ROCHESTER—Ch.15

Sundays—3 pm

• MONDAYS—10 pm

• ROCKLAND—Ch.71

Saturdays—6 pm

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

Adelphia Ch.2
Sun: 7 am, 1 pm, 8 pm

• WEBSTER—Ch.12
Wednesdays—9 pm

NORTH CAROLINA

• HICKORY—Ch.3
Tuesdays—10 pm

OHIO

Electronic Intelligence Weekly

EIW

An online almanac from the publishers of **EIR**

Electronic Intelligence Weekly

gives subscribers online the same economic analysis that has made *EIR* one of the most valued publications for policymakers, and established LaRouche as the most authoritative economic forecaster in the world.



EIR Contributing Editor, Lyndon H. LaRouche, Jr.

Issued every Monday, *EIW* includes:

- Lyndon LaRouche's economic and strategic analyses;
- Charting of the world economic crisis;
- Critical developments ignored by "mainstream" media.

SAMPLE ONLINE: www.larouchepub.com/eiw

I would like to subscribe to **Electronic Intelligence Weekly** for

1 year \$360

2 months \$60

I enclose \$ _____ check or money order

Please charge my MasterCard Visa

Card Number _____

Expiration Date _____

Signature _____

Name _____

Company _____

E-mail address _____

Phone (_____) _____

Address _____

City _____ State _____ Zip _____

Make checks payable to

EIR News Service Inc.

P.O. Box 17390, Washington, D.C. 20041-0390