

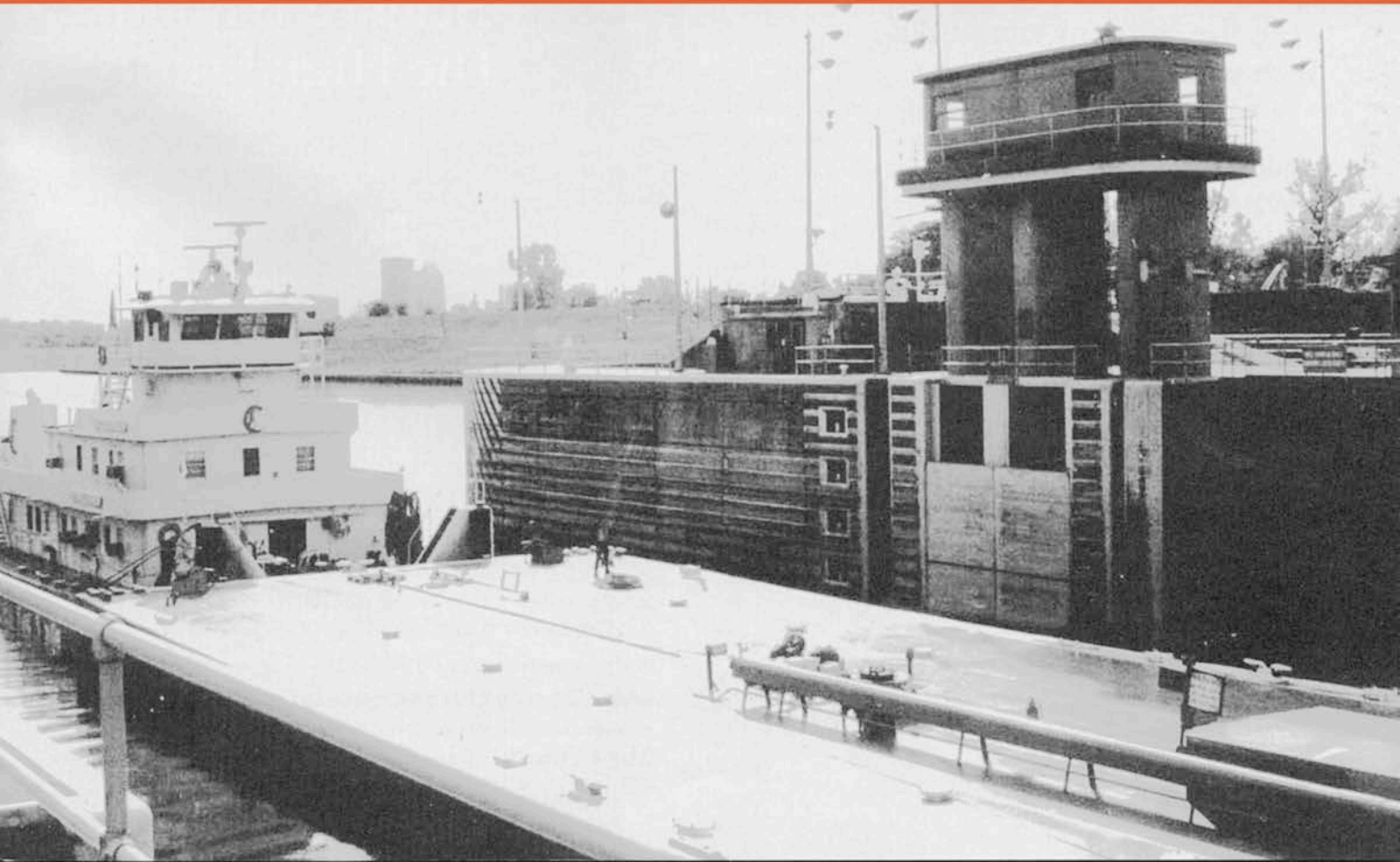
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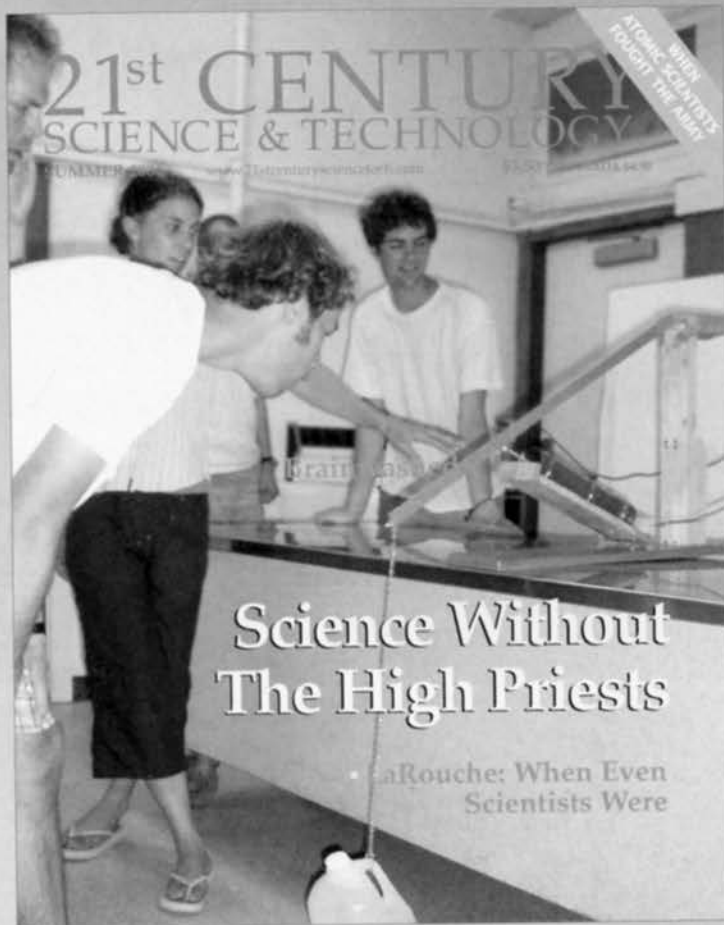
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From the Associate Editor

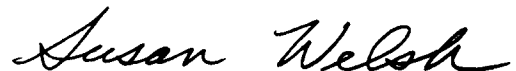
Since Lyndon LaRouche's intervention in Boston during the week of the Democratic Convention, *EIR*'s Economics Staff has been carrying out a crash program to map the physical economy of the United States, county by county, and state by state. We will document with devastating precision, how the world's most productive economy has been turned into a "post-industrial" cesspool. Our *Feature* this week presents a portion of this ongoing project, brought into focus by the shutdown of the McAlpine Locks and Dam on the Ohio River, for emergency repairs, and the announcement by the U.S. Army Corps of Engineers that President Bush's \$2.4 trillion budget for 2005 "continues to strangle ports and waterways." The vast national infrastructure of water supply and transport has been allowed to deteriorate, almost to the point of no return.

Into that situation, as LaRouche explains in an interview to "The LaRouche Show" published in this issue, our forces will move, to organize the lower 80% of income brackets, the "forgotten man," behind a drive to put John Kerry in the White House—with a team around him that will understand and implement LaRouche's policies, on the model of Franklin D. Roosevelt's approach in the last Depression.

The chief international flank of this mobilization now, is that in Germany, where Helga Zepp-LaRouche and the LaRouche Youth Movement are inspiring the "Monday Demonstrations" against austerity, and for a new Renaissance (see Rainer Apel's report).

Our *International* section gives a sobering overview of what is at stake should we fail to change U.S. policy. From Iraq/Iran, to Georgia, to the Philippines, to Sudan, we can see a world at the very brink of a dark age, due to the insane imperial policies of Cheney-Bush and their British co-conspirators.

LaRouche has underlined often in recent weeks, that the solution must come within the United States. A key battle now, is that in the U.S. Senate to defeat the nomination of Porter Goss as CIA director. As Edward Spannaus reports, if Goss gets that post, it will destroy U.S. intelligence capabilities, as well as the Constitutional authority upon which this republic depends.



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As the Economy Sinks, 'Bush Doesn't Give a Dam'

by Marcia Merry Baker

"President Bush's record \$2.4 trillion budget for 2005, intentionally or not, continues to strangle ports and waterways, and other important programs of the Corps of Engineers," warns a press release on an Army Corps of Engineers website. The case of the McAlpine Locks and Dam on the Ohio River in Kentucky is the latest example of the Bush Administration's abandonment of economic infrastructure, while it inflates the economy with lunatic annual tax cuts and even suggests replacing the income tax with a regressive Federal sales tax.

By Aug. 22 or thereabouts, the Army Corps hopes to reopen its McAlpine Locks and Dam in Louisville, whose emergency closure for repairs on Aug. 9, in effect, put out of service the entire 981-mile Ohio River Waterway system during a peak shipping season. The sudden closure backed up some 1,800 barges and 120 tow boats; the impact of the closure has been felt throughout the entire Mississippi River transportation system.

The Army Corps has acted throughout this episode with all due diligence, beginning with the precautionary deployment of regular diving inspections of the main McAlpine lock, which identified the cracks in the 40-year-old gate of the main chamber in May. This year's repair incident—the first-ever emergency shutdown of the McAlpine Locks and Dam—is a marker for the general state of disrepair, and worsening dysfunction, of the inland waterway system of the United States, as a direct result of decades of Federal "fiscal restraint" policies blocking maintenance and expansion of vital infrastructure of all kinds in the United States—rail, air, water, public health, etc.

The immediate circumstances of the current Louisville closure make the point. Why is there no back-up lock available? In fact, a smaller, auxiliary lock chamber was in readi-

ness until a few years ago, when it was de-commissioned so that a new, modern 1,200-foot lock chamber could be constructed on its site, to replace the existing lock from 1961. But the go-slow pace of this long-delayed project, whose original groundbreaking and work schedule have been prolonged for so many years by Federal anti-infrastructure policy, meant that metal fatigue in the main, existing lock structure was all but guaranteed—and it caused this month's navigation emergency.

At the present pace, the new lock will not be opened until 2008.

Faced with these austerity-imposed contingencies, the Corps established a program of frequent inspection by divers. Moreover, as of 2001, emergency "stand-by" gates and a gate-lifting crane were installed next to the main lock, in case of a catastrophic structural failure—which the Corps has never had in its history. All this, because of the neo-conservatives' insanity imposed on it, to keep aging systems functioning way beyond their engineering lifespan.

'Bush Axes Projects,' Says the Corps

The McAlpine Locks and Dam is only one of 19 structures on the Ohio River "Mainstem," and many others on tributaries—all of which are long overdue for refurbishing and modernizing. "In 2004, nearly a quarter of the lock chambers on the Ohio River exceeded their 50-year design life," stated a Corps press release this June. **Figure 1** shows the general map and "ladder" of locks and dams on the Ohio Mainstem, and the three Army Corps Districts responsible—going downriver from the Ohio's origin: Pittsburgh, Huntington, and Louisville.

The Upper Mississippi/Illinois Waterway installations—



Shown in the photo at left looking down the Ohio River at Louisville, the Army Corps of Engineers' long-stalled plan to replace the old 600-foot McAlpine Lock (at right center of the photo), with a modern 1,200-foot lock (excavation, center), was delayed so long by funding cuts, that metal fatigue in the old lock's wall forced emergency closure of the Ohio River since mid-August. On the right is a schematic of the new lock, this time looking upstream. Nationally, neglect of water infrastructure is "close to catastrophe," says the Army Corps' director.

37 dams and locks on a 1,200 river-mile system—are even in worse shape than those of the Ohio. Refurbishing has been discussed, studied, and defended for more than 15 years, without getting Congressional approval. A get-started measure is now before Congress, but no action is assured (**Figure 2**).

Not only capital investment funds, but simply Army Corps “M and O”—maintenance and operation funds—are being cut back so deeply that mass staff layoffs are taking place in many Corps districts. Forced by the Administration’s proposed cutting of \$9 million from its Fiscal 2005 budget, the Corps of Engineers-Pittsburgh District is implementing a plan that will slash about 270 locksmen’s positions—about one-third of the 790 “full-time-equivalent” positions in Fiscal 2003. Layoff notices are to be issued in September, with employees facing official separation from their jobs by mid-November. The Pittsburgh District, one of seven in the Great Lakes/Ohio River Division (which is one of eight divisions nationally), maintains and operates 23 locks and dams and 16 reservoir projects, and oversees 42 local flood-protection projects, in western Pennsylvania, eastern Ohio, southwestern New York, northern West Virginia, and western Maryland.

The job cuts mean only one lockman will be on duty at each facility, instead of having two lockmen per shift, forcing waits of up to several hours—assuming river traffic is not shut down again to repair more cracked gates—and delaying shipments. At the Pike Island Locks and Dam in West Virginia, for example, a total of about 107,000 tons of products such as coal, steel, and petroleum pass through the facility each night, with 14-16 lockages daily.

Other waterways are “in the same boat.” The very newest part of the national inland system, the Tennessee-Tombigbee

Waterway network, completed in 1985, also has problems resulting from deferred maintenance, even if the structures are newer. The Tenn-Tom Waterway website (www.tenntom.org) features a press release, headlined “Bush Axes Corps Projects” (quoted at the outset above). “The proposed \$22.4 million do not provide for an estimated \$1.54 million of additional funds needed for the closure and repair of three locks [on the Tenn-Tom] this Fall”—the story is a familiar one nationally.

“Bush doesn’t give a dam,” commented Lyndon LaRouche, on the eve of the Louisville Aug. 9 closing. He was referring to how the aging and accident-prone condition of U.S. waterway installations is a direct result of decades of Federal government neglect of infrastructure, pushed to the extreme in the last three years of the Cheney/Bush Administration.

Cheneyacs Plus Ecology Maniacs

Since 2001, the Administration has proposed drastically reduced funding of the Army Corps for civil works (see box). Moreover, the Corps faces extreme *uncertainty* about the too-little funding it gets, not knowing year to year, or even, now, month to month, what to expect—whereas engineering reality demands a multi-year, even multi-decade horizon for infrastructure projects. What the Corps can spend beginning this Oct. 1 is not known; and a special authorization bill to fund the beginnings of replacement of aged locks on the Upper Mississippi/Illinois Waterway is stalled.

Working in dangerous tandem with the no-infrastructure, deregulation, and corporate looting policies of the Halliburton-Enron White House, are wealthy “environmentalist” groups whose policies are the flip side of those of Cheney’s



LaRouche in Louisville: “Bush doesn’t give a dam,” he charged on the eve of the Louisville Aug. 9 closing of Ohio River traffic. The aging and accident-prone condition of U.S. waterway installations is a direct result of decades of Federal government neglect of infrastructure, pushed to the extreme in the last three years of the Cheney/Bush Administration.

LaRouche was in Louisville in May, when the contract to repair the McAlpine Locks and Dam was left unfunded; labor leaders questioned him on the matter. He called for full funding of water management projects both to meet water, navigation, and environmental needs, and to produce electrical power, of which the nation is running short under deregulation. LaRouche also proposed mass production of small, next-generation nuclear plants for power and desalination.

Energy Task Force. The Nature Conservancy oligarchs and the American Rivers Alliance lobby as “dambusters”—the name of American Rivers director Andrew Fahlund’s favorite movie. On Nov. 30, 2003, the Nature Conservancy issued an anti-infrastructure report on the Upper Mississippi (partly funded by the EPA), which called for restoring 47 sites to their “natural” (i.e., regularly flooded) state. The Upper Mississippi flooded disastrously in 1991 because it *lacked* the flood-control infrastructure built by the Corps on the Lower Mississippi.

The American Rivers outfit put out a July 21 release promoting its “solution” to no infrastructure funding: “More than 145 dams have been removed [in the United States] since 1999. . . . This promising trend is the result of two converging developments—a growing appreciation of the ecological benefits . . . and the aging of much of the nation’s dam infrastructure.”

LaRouche: Build Up the Army Corps

LaRouche’s views on the urgency of full funding for the Corps were communicated by *EIR* to the Corps’ Briefing Ses-

sions, held in June in the Mississippi Valley and Washington, D.C., to take public comment on its proposed “Preferred Integrated Plan” for improvements in the Upper Mississippi. This outlines a program to replace 7 of the 37 locks and dams, and thence proceeding to the rest over the next 50 years. *EIR* testimony to the House Subcommittee on Water Resources and Environment of the House Committee on Transportation and Infrastructure—which held a June 24 hearing on the Upper Mississippi proposals—presented LaRouche’s proposal “to unleash the Army Corps for its original mission, to build internal improvements—and to assist nations internationally in the same task.”

The testimony reported LaRouche’s stress on the special character of the Army Corps and its work; namely, its potential role in *training youth* for skilled employment. On an international webcast Oct. 22, 2003, LaRouche discussed his perspective (in answer to a question related to restoring the draft): “Despite our healthy abhorrence of war, national military service is an integral part of citizenship in a functionally sound republic. The urgent need for building up the Army Corps of Engi-

neers at this time is a relevant example. We have a social problem of first magnitude of importance among the generations of young Americans who have little or no qualification for the kind of productive employment in which they could expect to support a normal family household. In Franklin Roosevelt’s time, we attacked this kind of problem with the quasi-militarized Civilian Conservation Corps. . . . Our experience with World War II war-time selective service, when combined with the experience of the CCC’s, shows us the road to transforming presently marginally employable young Americans into a quality of employable labor force needed for a successful national economy recovery effort overall. Since more than half of the economic recovery effort needed today will be in basic economic infrastructure at the Federal, state, and county/municipal level, the combined role of an Army Corps of Engineers with auxiliaries resembling the CCCs, is an obvious leading element of the national economic-recovery process.”

At present, the LaRouche Youth Movement (LYM) is on the scene in Louisville and other key Midwestern sites, organizing around LaRouche’s *Real Democratic Party Plat-*

form, which spells out the principles and programs required for the economy—in particular for water and land infrastructure, and jobs. LaRouche laid the groundwork in August 2002, when the Youth Movement came into being nationally around organizing for an “Emergency November Program for Reconstructing the U.S. Economy” for the mid-term 2002 elections. This focussed on transportation crises in rail and aviation, as well as the waterways. Two years later, the physical economy is even worse; and the LYM is mobilizing to force an historic political shift.

The decaying U.S. rail system can in no way compensate for waterway breakdowns. Coal-hauling is so clogged up on the Western state rail lines that Toledo Edison Co. has already resorted to delivering *60,000 tons of coal by truck* to its generating plant in Oregon, Ohio!

The U.S. commercial air system is even worse than in 2002. For example, as of September, U.S. Airways (originally based in Pittsburgh, as Allegheny Airlines) is ceasing service out of Pittsburgh altogether to many Pennsylvania cities and other destinations. Reading, Pennsylvania, will be back where it was in 1941, with no air service at all.

What is required is an all-out infrastructure rebuilding and expansion drive across all modes of transportation, and other vital sectors. LaRouche discussed this with state legislators and other leaders in trips this past Spring to the Ohio Valley (Louisville) and the Mississippi Valley (Little Rock, Arkansas). There is a strong and bipartisan potentiality among the Congressmen and state legislators of the Mississippi and Ohio Valley regions, for backing obviously overdue waterworks improvements; the leadership of LaRouche and impact of the

Bush Doesn't Give A Dime, Either

The gross under-funding of the Army Corps of Engineers, and water-infrastructure maintenance and construction more generally, is the result of the Bush Administration's lack of interest in infrastructure, as well as conditions in the Congress. The Administration's Fiscal Year 2005 budget for the Corps represents the fourth year in a row of decline. In Fiscal 2001, the Corps budget was almost \$4.7 billion. In Fiscal 2005, the White House is asking for just under \$4 billion, a decline in numerical terms of 15%, but which would actually be greater if inflation were factored in. Yet, while the Bush Administration is unwilling to expand maintenance and construction on America's waterways—with the huge jobs creation potential that would represent—it's more than willing to spend an amount greater than the Corps' budget, *every month*, for the war in Iraq.

The situation in Congress is only marginally better. While most members of Congress express strong support for the Corps' civil works program, they run up against the constraining factors of the budget process itself. This was reflected in the Congressional debate on the Energy and Water Development appropriations bill on June 25. That bill boosts the Corps of Engineers' budget to \$4.8 billion, but still doesn't meet the needs of the country. Rep. Peter Visclosky (D-Ind.), the ranking Democrat on the Energy and Water Development Appropriations Subcommittee, noted that while the bill boosts the Corps budget “well above the ridiculously low request of the President,” it is

still only 2.6% above the Fiscal 2003 budget. “Clearly, this increase is below the level of inflation,” he said. He warned that without a “transforming increase” in the funding provided to the Corps as well as the Bureau of Reclamation, “completion of construction and maintenance projects and studies will continue to take too long and major new projects will languish.”

Visclosky's warning is likely to come to pass. Under the currently existing budget process, spending—including on necessary economic infrastructure—is restrained in a budget resolution dictated by the House Republican leadership and written by the House Budget Committee. The House Appropriations Committee can only change spending targets within the rules dictated by the budget resolution.

In the Senate, meanwhile, a spending bill has not even come out of committee, and because the budget process has completely broken down with partisan and intra-Republican warfare, the likelihood is that the Corps of Engineers budget could end up getting buried in an omnibus appropriations bill—although when that will be accomplished, is anybody's guess. The Senate Environment and Public Works Committee has managed to write a water resources development authorization bill, which it passed on June 23, which provides for numerous projects for navigation, flood control, and eco-system restoration. Among these is an authorization of \$730 million to replace five 600-foot locks on the upper Mississippi River, and the Illinois Waterway, with 1,200-foot locks, as well as numerous capacity improvements for harbors and shipping channels from Alaska to Connecticut. It also de-authorizes numerous projects authorized in earlier years but never funded—again, reflecting the problem inherent in the Congressional budget process.—*Carl Osgood*

FIGURE 1

OHIO RIVER MAINSTEM NAVIGATION SYSTEM General Plan and Profile



Source: U.S. Army Corps of Engineers.

The locks and dams of the Ohio River Mainstem, of which, the Corps reports, “a quarter . . . exceeded their 50-year design life” in 2004.

FIGURE 2



Source: U.S. Army Corps of Engineers.

LaRouche Youth Movement that is critical to force a political break-out—including in the Kerry camp.

Sen. Kit Bond (R-Mo.) is sponsoring a bipartisan measure to authorize \$3 billion, including \$1.56 billion for the seven new lock replacements on the Upper Mississippi/Illinois. Bond notes that this in itself would create 48 million man-hours of construction work. Kentucky, Indiana, Ohio, Pennsylvania, West Virginia, Illinois, and all the states of the Great Lakes/Ohio District of the Army Corps, and of the Mississippi/Missouri Valley, have seen plunging economic activity in recent decades, along with the neglect of their infrastructure base. Outright poverty rates are rising county by county in these states (see below).

In Kentucky itself, 39,400 manufacturing jobs were eliminated from 1999–2003, a 13% drop from 309,000 down to 269,000. Factory shutdowns are occurring throughout industry, from heavy to light processing. The number of workers in the Kentucky apparel industry, for example, fell 70% in the past 13 years, down from 32,200, to under 8,900 and still falling. The other states have similar losses. Ohio alone lost 173,100 manufacturing jobs from 1999 to 2003, in a 17% drop from 1,027,000 down to 854,500.

‘Mighty Close’ to Disaster, Commander Warns

After the crack in the McAlpine Lock miter gate was discovered by inspection divers in May, the Corps mobilized the construction crews and materiel to make the repair as rapidly as possible. Shippers were given June and July to make contingency arrangements.

FIGURE 3



Source: U.S. Army Corps of Engineers.

Most of the dams and locks on the Upper Mississippi system were built between the 1930s and 1950s; nearly all are beyond their engineering life, and represent now-obsolete technologies. Legislation sponsored by regional Congressmen to allow the Army Corps to start replacing just seven of these with modern dams and locks, has not been acted on.

Corps officials worry that the Aug. 9 McAlpine shutdown is a harbinger of worse to come. “I’m concerned about the water resources infrastructure in this country,” said Maj. Gen. Carl Strock, the new commander of the Corps. “We have not yet had a catastrophic failure of a Corps of Engineers project, and that, for us, is the Holy Grail. But I’ll tell you what, we are mighty close. We are running closer and closer to that risk every day.”

Strock spoke of the timing of the repair. “Our engineers wanted to shut down the river much earlier, but we made a very deliberate risk assessment, how far we could possibly push that off to allow industry and the river users to respond and build stockpiles, and work around the closure.” He referred to the many contingencies; for example, the coal moved on the Ohio for thermal generating plants. “If you shut down the Ohio River [without advance preparation], the Northeast grid goes down because all the coal-fired power plants in that valley depend on the steady flow of coal—a flow that cannot be met by rail or truck.”

A July 21 report, “Interim Study of the Effects on the Economy of the Upcoming Emergency Closure of the McAlpine Lock,” concludes, “This disruption to the economy from closure of the McAlpine Lock is a direct result of inade-

quate funding over several decades of maintenance and modernization of the vital national resource—the inland waterways system.”

The map in **Figure 3** shows the main routes of the 12,000 miles of navigation channels, which are the responsibility of the Army Corps along with other water/land management purposes—flood control, dams, diversions, levees, hydro-power, recreation, ports, and so on. Nationwide, of the 240 active inland waterway lock chambers, 113—or 47%—are 50 years old or more, past their engineering lifespan. Some are 70 years old or more. These are associated with the inventory of more than 425 major dams for which the Corps is responsible.

In turn, these Army Corps dams are only a subset of a national U.S. inventory of over 85,000 dams of all sizes. The Corps dams are usually large, “downstream” structures on major rivers, while thousands of other dams are in upper watershed streams—such as those built decades ago for water control and land reclamation, in conjunction with the U.S. Department of Agriculture. Then there are town reservoirs and waterworks, recreational lakes, state navigation systems, and all manner of dams for flood control and other purposes. Thousands of these structures in the national dam inventory are in the same need of repair and upgrading as the major Corps dams.

An event on the Kentucky River, a tributary of the Ohio, earlier in August, makes the point. A dam abutment gave way, under flood pressure, and now there is the urgent question of how to pay for, and carry through with repairs by the Kentucky River Authority, on behalf of the 710,000 people resident in the river basin, including those in the state capital of Frankfort (see below).

Ohio River System

From Pittsburgh—where the Ohio River originates at the confluence of the Allegheny and Monongahela Rivers—to Cairo, Illinois, where the Ohio joins the Mississippi, is a corridor of some 981 miles in which navigation improvements were built at various stages during the past century. Figure 1 shows the “ladder” of locks and dams along the mainstem. More than 275 million tons a year of commodity shipments are carried on the Ohio system. Upgrades of all kinds are needed at both mainstem structures, and along the significant network of tributaries, for example, the Monongahela.

Yet under the go-slow, or even no-go Federal policies, years of studies are dragging on. Currently in effect is the Ohio River Mainstem System Study—a look at forecasting river usage and what should be done. It is hobbled by Congressional mandates to delimit its “scenarios” of future needs; and by presumptions of whether coal—a commodity accounting for 50% of the present annual tonnage along the waterway, should or should not be the metric for deciding what locks to upgrade. Another 10-year study has been under way, in which the first draft report is due out for public comment in Novem-

ber 2004, under the title “The Ohio River Navigation System Investment Plan.” According to the Corps, “The report will prioritize the recommended Ohio River modernization improvements using four prediction scenarios through the year 2060. It will include a system-wide Programmatic Environmental Impact Statement with the Engineering, Economics, and Environmental Cumulative Effects Assessments.”

In fact, it is self-evident that many aged Ohio corridor installations should be modernized. For example, the Emsworth Lock and Dam No. 1 just downriver from Pittsburgh was built in 1920. Its chamber of 56 by 360 feet should be replaced, recommends the Corps, by a new 110 by 600 foot chamber.

The Ohio River Mainstem group stated this on current construction in March 2003: Olmsted and McAlpine Locks and Dams were previously studied and authorized, and are now under construction. Olmsted, a new project on the Ohio River, will replace the last two historic wicket-style dams built in the early 1920s. Twin 110’ by 1,200’ chambers and a five tainter-gate dam with a navigation pass will be operating by 2008. McAlpine construction replaces the 110’ by 600’ and 110’ by 360’ auxiliary locks, with a 110’ by 1,200’ lock; and existing swing and drawbridges with a fixed bridge spanning the new and existing 1,200’ locks. As with all navigation construction projects, both are cost-shared with the Inland Waterways Trust Fund.”

Decrepit U.S. Dams Are ‘A Recipe for Disaster’

by Mary Jane Freeman

Kentucky’s dam woes are not limited to the Ohio River network. On Aug. 5, the Kentucky *Herald-Leader* reported that the abutment wall to Lock and Dam 3 on the Kentucky River collapsed. The Kentucky River Authority plans a \$200,000 emergency fix. Spring floods are blamed for the wall’s wash-out, but the dam’s age cannot be discounted as a factor. It is a timber structure filled with rocks and covered with concrete, built in 1842 and refurbished in 1882! If it fails, it will threaten Lock and Dam 4, which holds the water supply of the capital city, Frankfort.

There are 14 locks and dams on the Kentucky River, most of which were first built in the early 1900s. About 710,000 people live in the Kentucky River Basin and depend on it as their water source. Funding for renovation and rehabilitation is nearly at a standstill, making a disaster waiting to happen.

Over 78,000 dams comprise the backbone of America’s water infrastructure. Only a fraction of these are run by the U.S. Army Corps of Engineers. Dams facilitate billions of dollars of commerce to flow from, and into, the country; provide flood control; and supply water for drinking, crop irrigation, industrial use, hydroelectric power, and recreation. But budget cuts on the Federal, state, and local level, combined with the obsolescence of sections of this vital infrastructure, put more and more of the network at risk.

Were the United States to launch a “Super-TVA” type project and re-establish itself as a producer nation, as *EIR* founding editor and economist Lyndon LaRouche has called for, portions of this network would collapse under the stress of increased use.

Non-Army Corps-controlled dams make up the bulk of dams which are run by local and state governments or private interests. Over 58% of all dams are privately owned. Private owners rarely have the means to maintain or rehabilitate these structures—many of which are at or past their 50-year life span. Costs have increased due to: a) the aging process, now requiring substantial renovation in many cases; b) population growth and development downstream in former rural areas; and c) new safety regulations. States and local governments hit with collapsed tax revenues and cuts in Federal aid, often put off making such expenditures, ultimately costing more in lost revenues, damage to property, and loss of life.

Bush’s Deep Cuts Create Risk

The American Society of Civil Engineers’ 2003 Progress Report, “Report Card for America’s Infrastructure,” reported

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America has 85-90,000 dams in its official inventory. There are the large mainstream—usually “downstream”—dams on major rivers which are almost all the responsibility of the U.S. Army Corps of Engineers, such as the Willow Island Lock and Dam on the Ohio in West Virginia (left). On upstream sites, some 11,000 smaller—“watershed”—dams have been built through the partnership between the U.S. Department of Agriculture and local watershed project sponsors. Shown is a small dam and lake in Tama County, Iowa, with terraces, grass plantings, buffer strips, and other conservation measures.

that the number of “unsafe” dams increased 23% just from 2001-03, to nearly 2,600 dams. It graded America’s dams “D,” or poor. ASCE estimated that \$10.1 billion over 12 years was needed to improve or overhaul all critical non-Federal dams that pose a risk to human life should they fail. But the Association of State Dam Safety Officials (ASDSO) task force of specialists found that if all U.S. non-Federal dams in need of repairs were upgraded or repaired, the cost would exceed \$36 billion. Dam safety has become a critical issue. ASDSO recognized that financial constraints make dam owners delay maintenance and repairs. “The dangerous combination of aging, neglected dams and rapid downstream population growth is a recipe for disaster,” it argued. Yet funding programs for dam repairs exist in fewer than 12 states. Without strong state support or a national dam rehabilitation loan program, “disastrous dam failures are inevitable.”

The National Watershed Coalition (NWC) adds to these estimates another \$2 billion—\$564 million to rehabilitate 880 dams, and \$1.5 billion for 1,862 unfunded but approved projects.

Fifty years ago this month, President Eisenhower signed Public Law 534, creating a national watershed program which has built 11,000 flood-control dams in 2,000 watersheds across the nation at a cost of \$2 billion, benefitting 62 million people. A follow-on public law, PL 566, was funded at a \$250 million level in the 1970s and 1980s. The funds are part of the U.S. Department of Agriculture’s Natural Resources Conservation Service budget.

The Bush Administration cut the watershed budget to \$107 million in 2002, to \$87 million in 2004, and proposed \$40 million for the 2005 budget. Congress balked, and restored some of the funds to the 2005 budget, appropriating

nearly \$100 million. While better than Bush’s plan, it is still a far cry from what is needed. An important note: For every dollar invested in these programs, \$2.20 is returned in money saved by flood prevention.

Every state except Alaska has hundreds of dams. Failure to spend money for repairs or upgrades has already cost communities greatly.

- Mississippi: In March 2004 the Big Bay Lake dam in Lamar County burst, sending 7 billion gallons of water downstream. The earthen dam was 57 feet high and held a 900 acre lake behind it. The flood waters demolished 104 homes and businesses.

- New Jersey: After heavy rains in July, 18 dams failed in Burlington County, unleashing their lakes downstream, and sending 800 residents from their homes. More than \$50 million in damages occurred; 26 other dams were damaged; and a Federal disaster zone was declared. Many of the burst dams were overdue for inspection and repair. Statewide, 1,600 dams date back to the early to mid-1900s.

- Pennsylvania: Federal funds are needed to improve the antiquated locks and dams along the Monongahela River, which passes through Pittsburgh, transporting such vital goods as coal, steel, and grain. Funds have only trickled in for approved projects; the entire river rehabilitation was to be done by 2004, but is now projected for 2019! If a dam near Pittsburgh were to fail? One example: A tow pulling six coal-filled barges would need its coal load transferred to 275 trucks.

Combined, these organizations put the price tag to upgrade our dam infrastructure at \$40-45 billion over five to ten years. *EIR*’s estimate, factoring in a return of the nation to its leadership in science and industry, is in the range of \$80-100 billion over the same time frame.

Louisville: Decline of An American Hub City

by Richard Freeman

Two months ago, the last of the workers at Louisville Ladder, based in Louisville, Kentucky, were fired. At its height, Louisville Ladder's assembly lines hummed with activity, employing 500 workers who manufactured residential and industrial ladders made of steel, aluminum, and wood. Now the plant is empty. Louisville Ladder moved its production facility to Monterrey, Mexico, but indications are that it may shut down this operation, and move production to China, where wages are even cheaper. Louisville Ladder cynically maintains its corporate headquarters in Louisville, which under a technicality, allows it to deceitfully sell its ladders under the slogan, "Made in the USA."

Until 1970, Louisville was one of the critical manufacturing cities of the American Southeast, along with Birmingham, Alabama. Its manufacturing production—aluminum, rubber, advanced-technology machinery—was indispensable to the economic development of the South. Of course, Louisville is strategically located: it sits at the foot of the "Falls" of the Ohio River, which falls had made the river unnavigable. In the 19th Century, through the building of locks and dams—and then, under the direction of the U.S. Army Corps of Engineers, the construction of a sturdier and more trustworthy lock and dam system starting in the 1930s—the Ohio River became fully navigable. Louisville became a "hub" port city, moving goods north-south and east-west throughout the nation. It became integrated as the lower portion of the U.S. Great Lakes inland water system.

But today, Louisville's role as a hub city is in deep jeopardy. The Ohio River's lock and dam system has been neglected and underfunded; the repairs of the McAlpine Locks and Dam are critical but only partially address the problem. In the mid-1960s, the Wall Street-City of London financier oligarchy imposed a "post-industrial society" policy upon the United States, which transformed America from a producer to a consumer society. Accordingly, Louisville's impressive manufacturing base has been two-thirds dismantled.

Lost Manufacturing Capacity

A local United Steelworkers of America (USWA) union president, who provided information on manufacturing plant closings, told *EIR* on Aug. 11, "Give me a few hours, and I could give you the plant closings. Its endless." The USWA official considered one plant closing decisive: that of the Henry Vogt manufacturing company, located on more than

100 square acres in central Louisville. In the 1990s, this complex employed 4,000 workers, who produced automotive parts, motor casings, electrical parts, etc. It was "the biggest and highest paying employer in Louisville." But in 1999-2000, the Henry Vogt company shifted production to China, and began laying off workers. Today, it is a vast, empty mausoleum to Louisville's industrial past, maintaining a skeleton crew of five workers to perform bare maintenance on the facility.

In addition to the plants that have closed completely, there are plants that have shut down considerable parts of their capacity. State Rep. Perry Clark cited the General Electric appliance plant, which was built in 1951 and once employed 23,000 workers; it now employs 8,000. GE has outsourced to other countries. Clark stated, "When I was a boy, I can remember the International Harvester plant, American Standard, Bremer Biscuit, Brindley Hardy (which made farm equipment), the Naval Ordnance facility. They're all closed down. This city has changed."

The city that Perry Clark speaks of, was started, in small fashion, by George Rogers Clark, who in May 1778, built a fortification in the area that is modern Louisville, strategically driving the British Army out of the area. Of course, because of its location on the Ohio River, the capturing of the area which today is Louisville was critical to the American Revolutionary forces. This is the same George Rogers Clark who, with Meriwether Lewis, carried out the famous overland expedition exploring America's Northwest.

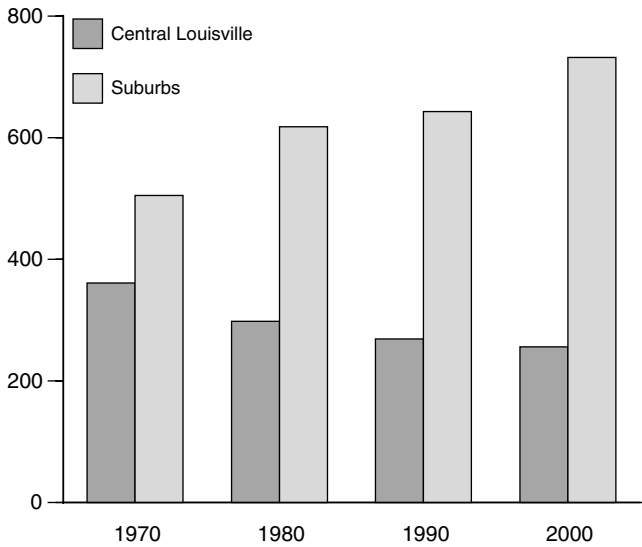
The taming of the Falls on the Ohio River, to make it navigable, and the development of Louisville as a port, went on throughout the 19th Century. In 1859, the Louisville and Nashville Railroad was opened, making Louisville the railroad for the entire South. Through World War I, the city grew. In 1937, a gigantic Ohio River flood rolled over the city, forcing 200,000 persons to evacuate their homes; some 200 died. This brought to the fore the necessity for the U.S. Army Corps of Engineers to accelerate the building of its system of Locks and Dams on the Ohio, including the McAlpine Dam in Louisville.

President Franklin Roosevelt's economic mobilization for World War II, from 1939-1944, had a profound effect in imparting an industrial character to Louisville. It emerged as the world's largest producer of synthetic rubber. DuPont, B.F. Goodrich, and the National Synthetic Rubber Company all built synthetic rubber plants there. The Navy built the Jefferson Boat and Machine Company just across the river from Louisville on the Indiana side. Six years after the war, General Electric moved all its home-appliance manufacturing to Louisville.

By 1963, according to the *Louisville Courier-Journal*, 42% of all Louisville employment "was linked to manufacturing," making Louisville one of the most highly concentrated manufacturing cities in the world. However, the *Courier-Journal*, in a Dec. 31, 1999 article, accurately reported what had happened after the 1960s: "The 1970s Saw [Louisville]

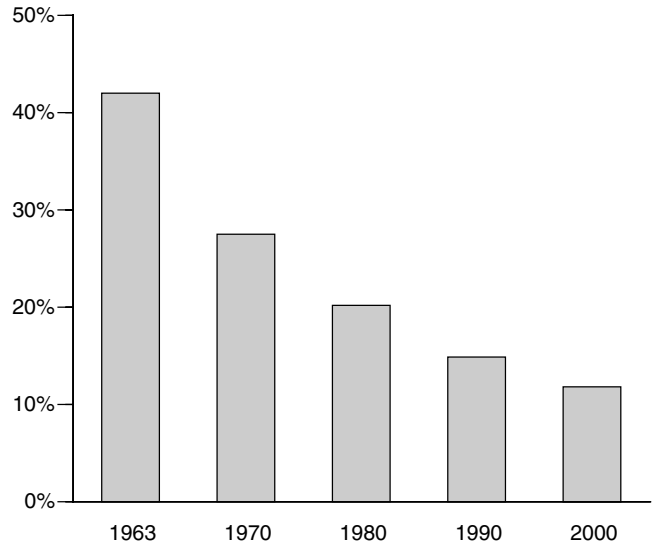
FIGURE 1
Louisville Population

(Thousands)



Source: U.S. Department of Commerce.

FIGURE 2
Louisville: Manufacturing Workers as a Percent of Labor Force



Source: U.S. Department of Labor; *Louisville Courier-Journal*, Dec. 31, 1999.

Industrial Boom Fading.” Over the next three decades, the shutdown of the City of Louisville itself, and its manufacturing, was ferocious.

Contraction

In reporting on Louisville, the U.S. Commerce Department combines the central city and the suburbs to make up the Louisville Standard Metropolitan Area (SMA), which with a population of more than 990,000 makes it the 16th-largest SMA in America. Our focus is central Louisville, which is the actual city. **Figure 1** shows that between 1970 and 2000, central Louisville’s population contracted from 361,000 to 256,000, a fall of 29%, as the city imploded. Some of this population migrated to the suburbs: by 2000, the suburban population had grown to 732,000, an increase of 44% since 1970. The decimation of the manufacturing base is a crucial characteristic. In central Louisville, between 1963 and 2000, the percentage of manufacturing workers in its total labor force tumbled from 42% to 11.8% (**Figure 2**). The number of manufacturing workers per 1,000 population fell from 113 in 1970, to 56 in 2000 (because the population was declining, the percentage decline in the number of manufacturing workers was even higher).

By 2000, 21.6% of the population were officially driven below the poverty line (**Figure 3**). But the official U.S. poverty line vastly understates poverty. *EIR* projects that the percentage of the Louisville population that is below the poverty line is actually more than 30%. During the past decades, there has been a shutdown of hospitals in Louisville, including St.

FIGURE 3
Louisville: One in Five Suffers Poverty

(% of Population Below the Poverty Line)



Source: U.S. Department of Commerce.

Anthony’s and St. Joseph’s. The city has experienced a massive budget crisis as a result of the fall of individual and corporate income taxes. The manufacturing collapse has left its imprint on every feature of the city.

Bush's 'Don't Give a Dam' Creates Poverty in the U.S.

by Paul Gallagher

Poverty in the United States—systematically measured by the U.S. Census Bureau since 1960 and currently defined by an income of \$9,573 or less for an individual, \$18,860 or less for a family of four—has been increasing sharply during the Administration of President George W. Bush. The number of Americans in poverty rose by nearly 1.5 million a year between 2000 and 2002. If the Census Bureau's calculation of the poor is adjusted by the National Academy of Science's recently proposed accounting of rapidly increasing healthcare costs (one factor pushing families and individuals into poverty), then the total number of poor Americans reached 37 million in 2002, and may soon hit 40 million, all the way back up to where the poverty index started 45 years ago, after the successive recessions of the post-World War II period.

Virtually every state in the nation experienced a reversal, in 2000, from slowly falling, to (usually more rapidly) rising rates and numbers of people in poverty. The Cheney-Bush Administration has opposed and blocked spending on economic infrastructure of every kind—from using veto threats to stop transportation-development bills passed by their own

party in Congress; to pushing lunatic electricity and gas deregulation schemes which brought cuts in power infrastructure in the West in particular; to cutting NASA budgets even while mandating new planning for Moon and Mars missions; and to blocking with Tom DeLay and his ilk in the Congress to cut absolutely vital Army Corps of Engineers funding for water management and navigation infrastructure, as the articles of this *Feature* demonstrate.

A look at the history of the numbers and percentage of the American population in poverty over that 45-year period (**Figure 1**), shows President Bush seeming to share a *family talent* for increasing the poverty rate—a talent which is almost unique. During the whole stretch from 1959-2004, there are only three terms in which poverty has increased: that of President George W. Bush; that of his father, President George Herbert Walker Bush; and that of the intentional “controlled disintegrator” of the U.S. economy, not President but Federal Reserve Chairman Paul Volcker, in the 1978-83 period when Volcker raised prime interest rates to 20%. With the exception of Volcker and the Bushes’ “talent” for raising poverty, it has fallen in America over nearly six decades. The most successful of those decades against poverty was clearly the 1960s period of investments in economic infrastructure led by the Apollo space project; in fact, the poverty rate reached its low point of the whole 50 years, as astronaut Neil Armstrong finally walked on the Moon.

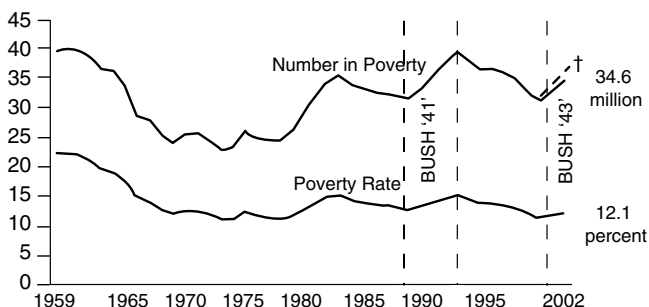
Infrastructure vs. Poverty in the South

Severe and persisting poverty in America since the Second World War has been overwhelmingly a phenomenon of the South and Southwest, the areas of the least industrial development. During the period of the successive waves of political and economic “southern strategies,” industrial firms have abandoned other regions to seek the lower wages and cheaper labor force benefits of the South—and the southern and southwestern states have recently accounted for nearly half the nation’s population growth. The Texas-centered financial, corporate, and legal circles backing Cheney/Bush have been at the center of these “southern strategies.”

But without the development of modern economic infrastructure, which requires Federal credit intervention in aid of the states, the widespread poverty in the states all the way from the Carolinas to New Mexico, especially in the rural and

FIGURE 1
National Number in Poverty and Poverty Rate, 1959-2002

(Number in Millions, Rate in Percent)



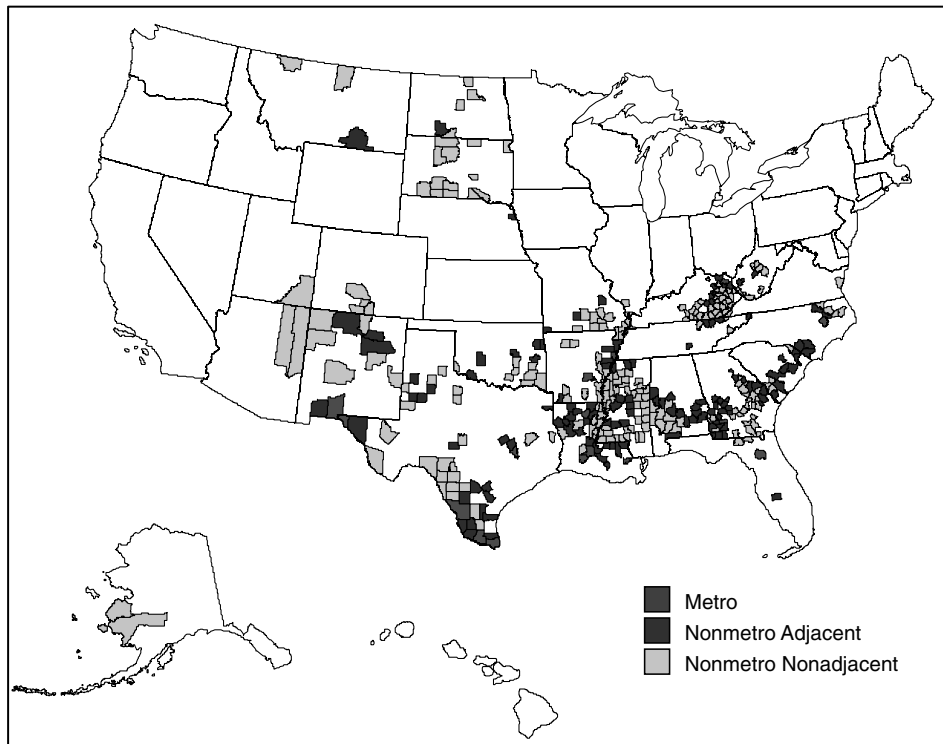
* Data points represent midpoints of years shown.

† Dotted line corrected by N.A.S. healthcare cost measure.

Source: U.S. Census Bureau, Current Population Survey 1960-2003; *EIR*.

FIGURE 2

Persistent 20% or Higher Poverty Counties over 40 Years, 1959-99



Source: U.S. Census Bureau; U.S. Dept. of Agriculture Economic Research Service.

“suburban” areas, has remained and even worsened. In 2002, with a national average poverty rate of 12.1%, state-wide poverty rates in the South and Southwest included Arkansas, 19.8%; Mississippi, 18.4%; Louisiana, 17.5%; New Mexico, 17.9%; Texas, 15.3%; Oklahoma, 14.9%; North and South Carolina, 14.3%; Kentucky, 14.2%; and Alabama, 14.5%. Four of the southern states—Arkansas, Mississippi, South Carolina, and Florida—experienced increases in poverty of more than 1.5% from 2001-02; over the two-year period 2000-02, Arkansas’ and Mississippi’s statewide poverty rates each went up by 4%.

Across the South and Southwest, there are nearly 400 counties in 13 states which have suffered more than 20% poverty rates for three to four decades (see **Figure 2**), whereas only half a dozen

FIGURE 3

TVA Service Area



states elsewhere in the country have any such “persistent poverty” counties. The spread of these counties, both urban and rural, shows chronically the depth of the problem of poverty in these areas of inadequate economic infrastructure.

But nothing shows how crucial the “FDR-style” infrastructure-projects policy is in solving this, more clearly than that region in the center of the southeastern states region, in which *no* urban or rural “persistent poverty” counties are shown. Look at the same region on the map in **Figure 3**. That region is essentially the Tennessee Valley Authority district of Franklin Roosevelt’s 1930s TVA project of power, water management, flood control, navigation, sanitation, public education, and jobs creation, a project which became a global model of building modern infrastructure to leapfrog a poor and backward region into economic development.

From 1933 to the end of World War II, the TVA was the world’s largest construction project, and the radiating effects of it transformed parts of seven states with modern economic infrastructure, in a lasting way which—the two compared maps show—has been a “persistent anti-poverty” antidote.

But clearly this legacy of FDR’s policy urgently needs renewal now, as Lyndon LaRouche’s “Super-TVA” policy of Federal credits for infrastructure, creating revenue and skilled jobs for the states. Cheney/Bush’s poverty-creating “Don’t give a dam” policy has to be ended.

LaRouche Sparks Anti-Austerity Demonstrations in Germany

by Rainer Apel

The European LaRouche Youth Movement (LYM) held its fourth Monday Rally in Leipzig on Aug. 2, to protest the German government's planned new brutal round of budget cuts (the infamous Hartz IV package), and to propose instead a complete reorientation of economic policy away from monetarism. Protest events that were not directly organized by the LYM, but inspired by the Leipzig rallies, also took place in several other cities in eastern Germany.

One week later, the situation in Germany changed abruptly, when Monday rallies were held in at least 33 cities, predominantly in the five eastern states of Germany, at the same time as the fifth LYM rally was held in Leipzig. Significantly more than 40,000 Germans took to the streets, using slogans like "We are the people, we want jobs" or "Away with Hartz IV; give us jobs"—slogans that resembled those of the protests in the Autumn of 1989 that brought down the East German regime and its ruinous economic policy. Although the demonstrations on Aug. 9 resembled the demonstrations of 1989, most of the demonstrators had not taken part in any public protests since then. That they did so on Aug. 9, had to do with the notion that it was time to take to the streets, once again—as many of them said, when interviewed by the news media.

The rally participants were not the usual left-wing or right-wing radicals that take to the streets against the government. The vast majority of those who marched peacefully through the streets of at least 34 cities, were representative of the average 70-80% of the population in the lower income categories, some still with a job, and many of them without a job for quite some time.

The German Chancellor responded to this situation instantly, convening the heads of the two coalition parties (Social Democrats and Greens), and the cabinet ministers of economics and finance, for an emergency crisis session at the

Chancellor's office in Berlin on the evening of Aug. 11. They decided to make concessions on the Hartz IV package, although the core of the package was left untouched. These concessions were announced at a press briefing with the expectation that this would calm down the protest wave.

But this is not expected to happen: Leading organizers of Monday rallies in several cities responded with critical remarks, saying that the concessions were totally insufficient. Andreas Ehrholdt, the initiator of the Magdeburg Monday rally movement, which mobilized about 12,000 citizens on Aug. 9, said on Aug. 12 that the protests would continue until Hartz IV was replaced by a policy that created new jobs. Protesting citizens did not want the government "to just throw a bone in front of them, like placating a beaten-up dog," Ehrholdt said. Not only were none of the rallies planned for Monday, Aug. 16, called off, but even more cities announced rallies for that Monday. The protest wave has taken on a dynamic of its own, and the pressure on politicians to change is increasing rapidly—and, the LaRouche movement is playing the role of a programmatic catalyst in that ferment, providing crucial input for making the transformation from the usual mass discontent and protest, into a movement calling for a real economic and political alternative.

It all began with a leaflet that Helga Zepp-LaRouche, national party chairwoman of the BüSo (Bürgerrechtsbewegung Solidarität), wrote for the LYM organizing in the election campaign in Saxony, which will elect its new State Parliament on Sept. 19. The leaflet, distributed in 150,000 copies in numerous cities of Saxony for three weeks, stated, "In Saxony, the economy must grow." Such growth would necessarily have to start with the abolishment of Hartz IV, and would foremost have to involve a positive economic alternative in the New Deal tradition of Franklin D. Roosevelt. The leaflet stated that in order to reach full employment, Germany



Helga Zepp-LaRouche addresses the Leipzig Monday Rally on Aug. 9. The national chairwoman of the Civil Rights Movement Solidarity party (BüSo), she launched the current movement of protest against the government's Hartz IV austerity program, with a leaflet issued in July. Her slogan, on the banner shown here, is "Economic Growth Must Start in Saxony!"

would have to spend 200 billion euros annually, through state credits issued by the Reconstruction Bank, (Kreditanstalt für Wiederaufbau), in Frankfurt, for infrastructure and industry development in the overall framework of developing the Eurasian Land-Bridge. The leaflet also called for the revitalization of the historic Monday rallies in Leipzig, which exploded from a participation of a few hundred in early September 1989 to about 400,000 in early November.

On July 12, the first Leipzig rally was held by the LYM's Saxony task force of 40 organizers from France, Germany, Sweden, Denmark, and Poland. By July 26, already 200-250 supporters had been recruited for the third such rally. At that time, the LYM was still the only organization holding rallies—none of the other organizations or opposition groups was active throughout the first three weeks of this mobilization. But several hundred thousand citizens of Saxony, along with their relatives and friends in the other four eastern states of Germany, became familiar with the LYM organizing, be it through contacts in the street, leaflets distributed in their mailboxes, or the LYM's sound-cars driving through residential areas of Leipzig and other Saxony cities.

Demonstrating a completely different approach from the way other parties and groups usually organize, the LYM kept singing songs of the German Classics (Bach, Beethoven) and the American civil rights movement of Martin Luther King. Combined with the leaflet, the singing demonstrated to the people that something really new was intervening on the political scene, and that this new movement was about to revitalize

the Monday rallies as a way of peaceful, but powerful protest against the government's policy of austerity in response to the economic crisis.

The BüSo election campaign center in Dresden, the state capital of Saxony, received many phone calls, e-mails, and letters from citizens who wanted to contribute, help distribute leaflets in their neighborhoods, join the Leipzig rally, or organize rallies of their own in other cities. Calling for the Monday rallies to be revived, was the right idea at the right time. The ferment then became visible throughout Germany on Aug. 9, when the Monday rallies in at least 34 cities were the number-one news item on all the media.

The ferment was visible also to the pro-monetarist political establishment. In retrospect, one can say that the arrogant, and even insulting remarks that German Economics Minister Wolfgang Clement made about the protests over the weekend, just before Aug. 9, ignited even more outrage among the population, and provoked even more people to join the Monday rallies than the rally organizers might have expected. Clement, whose office is in charge of implementing Hartz IV, in interviews with the *Leipziger Volkszeitung* daily and the national public radio station Deutschlandfunk on Aug. 6, called the idea of new Monday rallies "totally ill-placed," and any reference to the 1989 rallies an "embarrassment," and even an "insult to the historic Monday rallies." "Sometimes, I ask myself what country we are actually living in. . . . Whoever calls for civil unrest now, I have to tell him that that is totally ill-placed," Clement said.

Clement's question as to what country he was living in was given the appropriate answer with the mass protests on Aug. 9. Although a number of leading news dailies, such as the *Frankfurter Allgemeine Zeitung* tried to drum up support for Clement with distorted coverage on the rallies, including an attempt to dismiss the Leipzig rally ferment as "just another election campaign tactic of Helga Zepp-LaRouche," the media belied deep establishment fears that the Monday rally movement might succeed in polarizing leading politicians and forcing a state intervention into the German economy. The lead editorial of the *Frankfurter Allgemeine Zeitung* on Aug. 11 stated that "the state cannot create jobs," and attacked Saxon State Governor Georg Milbradt for remarks in an Aug. 9 radio interview that he would not rule out participation by himself or another member of his Saxon state cabinet in such Monday rallies, if they were invited. Just the day before, Milbradt had been confronted by a member of the LYM, in a popular television talk show, to comment on the new Monday rallies and on the BüSo economic program. Milbradt was sending out the wrong signal, with his pro-rally interview remarks, wrote the *Frankfurter Allgemeine Zeitung* and numerous other German dailies.

In a statement issued on Aug. 11, Helga Zepp-LaRouche responded to the *Frankfurter Allgemeine Zeitung's* anti-state editorial, saying: "This is exactly the critical point, which differentiates us from neo-liberal ideology. The state *can* create productive full employment. That is exactly what F.D. Roosevelt did with his New Deal policy in the 1930s, and how he overcame the depression in America—while we in Germany were stupid enough to go from Brüning to Hitler." Mrs. Zepp-LaRouche also denounced the *Frankfurter Allgemeine Zeitung's* allegation on Aug. 11, that she had jumped on the rally idea only to boost her popularity in the context of the Saxony election campaign: "This view is absurd. The global financial system is really facing a systemic crash, that is no election campaign trick, but it is reality. I am concerned to protect the population from great damage, by putting into practice a different economic policy, in time."

"Furthermore, parties do have a constitutional task," her statement continued. "If one considers how much it cost the civil rights movement of Martin Luther King to win the right to vote, and how many non-voters are thoughtlessly giving up this right today, then one should not slander parties if they campaign for elections, because they are convinced that they have better ideas. That is the essence of democracy."

And the essence of democracy is also to protest publicly against wrong policies. Like the BüSo and the LYM, many other citizens and groups, including influential currents in other political parties, are convinced that having Monday rallies is a good way of organizing support for a profound political change. And that is the reason why Monday rallies will continue—at least until election day in Saxony, Sept. 19. The BüSo and the LYM are fully committed to it.

Great Projects To Reindustrialize Saxony

by Lothar Komp

Reprinted from Neue Solidarität, the weekly of the LaRouche movement in Germany.

Fifteen years after the fall of the Berlin Wall, the unfinished job of rebuilding the eastern German economy is about to be abandoned altogether. Capital investments into industry and infrastructure had already peaked in the mid-1990s. Since then, the volume of orders and employment in the construction sector has imploded. The density of industrial jobs per capita is still extremely low; and official unemployment remains at a very high level. Right now, there is much talk in the large political parties concerning a possible reshaping of the reconstruction policies that have failed. Special committees are being set up and they are presenting all kinds of proposals. However, they are all just calling for somehow redistributing a shrinking volume of financial resources, and are otherwise bound to the existing economic axioms.

Is there no way out? Will the new German states forever be dependent on enormous transfer payments from the West, of roughly 100 billion euros a year? Certainly not! What has been achieved so far, is just the maximum of what could be expected by sticking to the neo-liberal rules of the free-trade game. Had the reconstruction of the Western German economy after the war been based on nothing but the forces of "the market," the so-called "economic miracle" would never have happened. In particular, western German politicians have completely forgotten that it was the very dirigistic approach of the Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency, KfW), which made sure that the rather limited amount of available Marshall Plan funds was used with maximum effect. The main problem today is not money, but the blocked minds of the people responsible for politics and economics. As soon as this dogmatism is overcome, it will be possible to recognize that for Germany in general and for the eastern state of Saxony in particular, the chance of the century for another "economic miracle" is right now opening up. This chance must not be missed.

Saxony's Economic Strength

Traditionally, Saxony (**Figure 1**) was among the leading industrial regions in Europe. Innumerable discoveries, technological breakthroughs, and industrial pioneer projects were achieved in that part of Germany in recent centuries. In the first half of the 19th Century, Saxony was an important engine

FIGURE 1



for developing the German railway system. Later, the region around Chemnitz made it to the top of world-wide machine building. And exactly 100 years ago, August Horch started to build up automobile production in Zwickau. The past 15 years have proven that the required talents and capabilities for such achievements do, in principle, still exist. At least in certain sectors, such as automobiles, electronics, and machine building, the traditional strengths could be rebuilt, even against very strong headwinds.

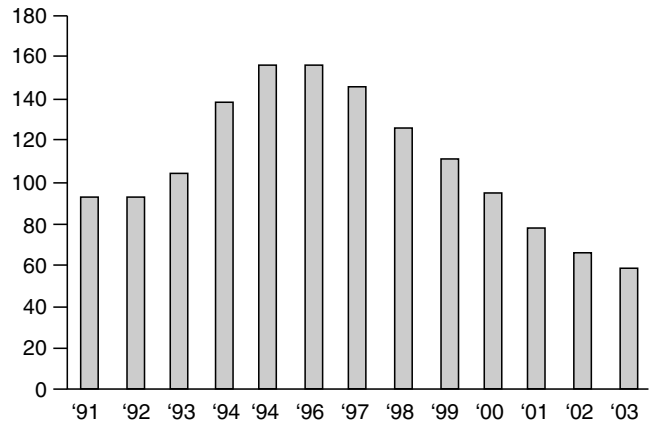
About 1 million Volkswagen engines are now being produced in Chemnitz per year. In Zwickau, a quarter million cars of the Volkswagen models Golf and Passat are produced each year. Other centers of Saxony automobile production have emerged in Dresden (VW) and Leipzig (Porsche, soon BMW). Around these large corporations, about 700 small and medium-sized suppliers and service companies have been established. In total, the Saxony automobile sector today sustains 60,000 jobs, which produce 40% of Saxony's exports.

Dresden has meanwhile turned into the capital of the European chip sector. More than EU 7 billion has been invested since 1990 by the American and German chip producers AMD, Infineon, and Motorola, into new facilities, which are among the most advanced in the world. The fastest computer chips produced by AMD, based on the new copper technology, are "Made in Dresden" these days. The breakthrough for

FIGURE 2

Saxony, Construction Sector Employment

(thousands)



Source: Government of Saxony.

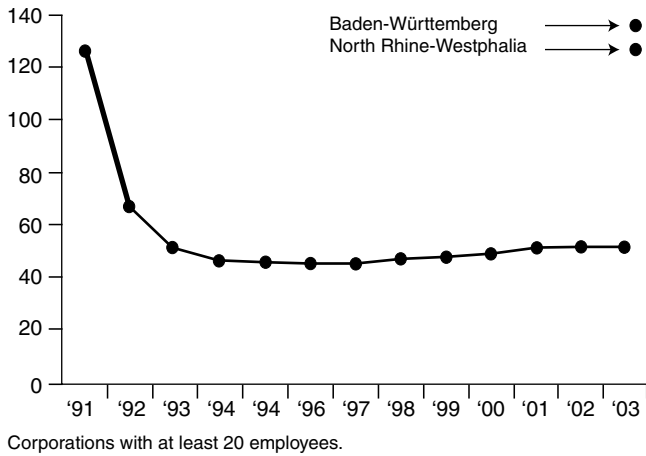
300 millimeter chip technology has been achieved by Infineon and Motorola at their Dresden joint venture. Including several hundred supplier firms, there are now about 20,000 jobs in the Dresden micro electronics industry.

Saxon machine building has emerged out of ashes as well. No other sector has seen a more devastating collapse since the fall of the Wall. Within a few years, about 90% of the former employment was eliminated. Now, a series of Saxon machine-building firms, in particular in the Chemnitz region, have already re-taken technological leadership in their specialty area. Out of the giant former Fritz Heckert machine-building conglomerate, several dozen medium-sized machine-building firms have emerged. In the case of Union Werkzeugmaschinenbau GmbH Chemnitz, the rescue of a top machine-tool company was achieved by the quite unusual method of a workers' buy-out. About 1,000 machine-building firms, most of them rather small, with a total employment of 34,000, are now active in Saxony. Saxony thereby accounts for half of the entire machine-building output in the new German states. The total export of Saxony, after stagnating at EU 3 billion between 1991 and 1996, has since then increased fivefold to EU 15 billion.

However, all of these particular success stories cannot hide the fact that the industrial base in Saxony is still much too weak. Without industry, there are also not enough services that can generate sufficient jobs, income, and a tax base. Apart from the automobile and chip producers, there are few other large corporations which could trigger the growth of an industrial *Mittelstand* (small- and medium-sized enterprises) by their supply orders. The boost in order volumes provided by public infrastructure expenditures has also become smaller and smaller in recent years, due to massive government bud-

FIGURE 3

Saxony, Industrial Employment



Source: Government of Saxony.

get cuts. At the same time, industrial producers in Saxony often have severe problems in getting export orders, because the average *Mittelstand* firms are much smaller than in the western states. In most cases they lack core capital, and the banks are therefore very hesitant to grant credits.

Between 1991 and 1994, the number of industrial jobs in Saxony (detailed figures exist only for corporations with at least 20 employees) dropped precipitously from 130 to 50 per 1,000 inhabitants. It's now slightly above 50 per 1,000 inhabitants. In the western German state of North Rhine Westphalia (N.R.W.), in spite of the dramatic deindustrialization in the last 30 years, the per-capita density of industrial jobs is still almost double that of Saxony. In Baden-Württemberg, which, like Saxony, has traditional roots in the industrial *Mittelstand*, the density of industrial jobs is currently at 130 per 1,000 inhabitants. In the case of per-capita exports, the situation is quite similar: Saxony remains at half the level of N.R.W. and only one-third that of Baden-Württemberg. (See Figures 2-5.)

Thus Saxony urgently needs an overall re-industrialization, going much further than what has been achieved in recent years. The number of industrial jobs in Saxony needs to be at least doubled.

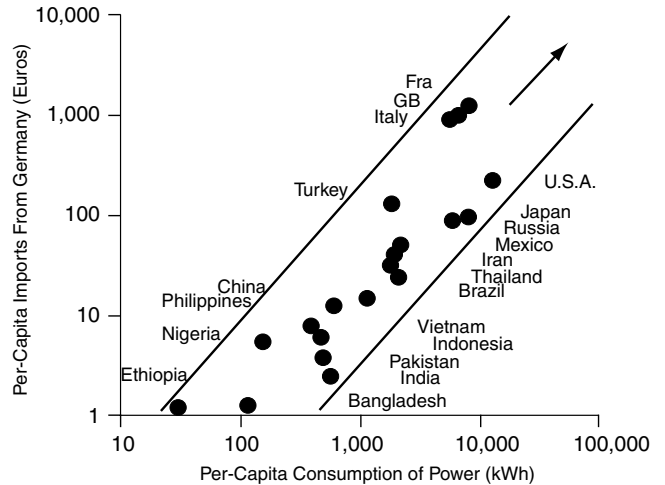
Extra-Regional Boundary Conditions

The global financial system is dying, and is strangling real economic activity worldwide. Governments, but even more, corporations and private households, are drowning in debt. The financial sector is caught in enormous speculative adventures. The whole speculative casino was boosted and generously fed by central banks with unprecedented injections of liquidity. They have delivered us the biggest financial asset

FIGURE 4

Industrial Development Will Boost Exports

(Listed are the 20 countries with the world's largest population)

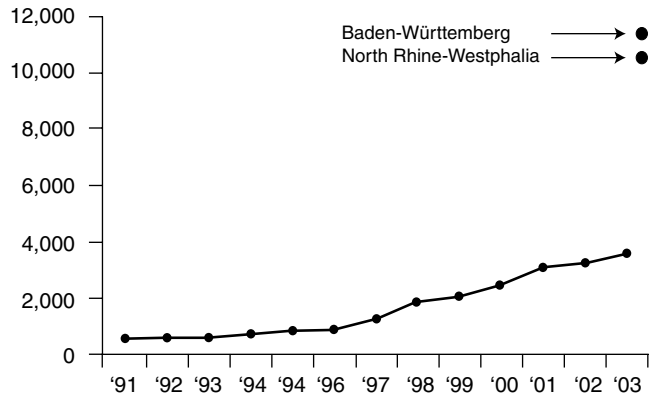


Source: UNDP, Federal Statistical Office.

FIGURE 5

Saxony, Per-Capita Exports

(Euros)



Source: Federal Statistical Office.

bubbles in history. The “new economy” bubble on the stock markets has, to some degree, already burst; and an implosion of the housing price and mortgage bubble, with devastating consequences for the real economies, is overdue.

The world financial system, as we know it, is doomed to go under. This fact has been stressed by Lyndon LaRouche, who in the 1980s forecast the early collapse of the Soviet economic system. Part of LaRouche’s concept for a radical economic/monetary/financial reform—a new “Bretton

Woods”—is the replacement of allegedly “independent” central banks by national banks. This means banking institutions that, as in the case of Alexander Hamilton’s National Bank in the early years of the United States, are committed to the general welfare, rather than to serve private financial interests. Such institutions, joined by existing development banks like the KfW in Germany, have to make sure that the urgently needed reconstruction of the world economy doesn’t fail due to a lack of low-interest credits. Every sovereign government should be able to establish such institutions on its own. The more the degeneration of the financial system accelerates, and the more the irresponsible monetary policies of our “independent” central banks become obvious, the easier it will be to overcome the existing dogmatic barriers to change.

The other dominating process in the worldwide economic sphere is the industrial build-up in China and other parts of Asia. According to the “Eurasian Land-Bridge” program, hundreds of great projects in industry and infrastructure are in planning, or already under way. For two-thirds of the world population, this raises the hope for a dramatic increase in average living conditions. This process has begun; it will not always go smoothly, and there will be set-backs, but, it’s the only chance for peace and progress in the long run.

In the case of Germany, and not the least Saxony, this means hundreds of billions of euros per year in export orders for capital goods. Are we thereby creating our future competitors? Only, if we allow our technology to stagnate. As long as our products maintain leadership, in terms of technology and quality, this rule of thumb applies: For every euro of capital goods exports, the importer gains the capacity to produce EU 10 of goods by himself; but in order to maintain this capacity, he will need to import EU 3 of additional capital goods in the future.

This relationship can be illustrated by looking at the characteristics of those countries, which are the largest per-capita importers from Germany. It turns out that they are exactly those countries that have already built up the largest stock of physical capital, and which are in this way the most developed. A rough measure for this level of industrial development can be the per-capita consumption of power, for which the United Nations publishes country-by-country figures every year.

Imagine how the economies of China and India could be transformed to the typical western European industrial level, by the already active Eurasian Land-Bridge efforts. In principle, this would multiply the demand for machines and other capital goods from Germany by a factor of 100.

Full Employment by Boosting Capital Investment

The question then arises, whether the German economy is prepared to meet such an explosion in demand for capital goods. In order to take advantage of the economic build-up in Asia, certain domestic preconditions will have to be fulfilled.

For the Saxon economy in particular, this means overcoming as soon as possible the huge backlog in infrastructure and productivity. In view of the bankrupt global financial system, the required measures are now strictly limited by considerations of existing budgets. Instead, the requirements in terms of the physical economy must be defined first. And then it’s a question of competent economic policy to establish the credit mechanisms that can provide the necessary funds. The most urgent requirements are: full employment, re-industrialization, and overcoming the backlog in infrastructure investments.

There are no new jobs without capital investment. Since the investment in infrastructure and industry has been much too low for decades, the capital investment backlog in Europe today amounts to several trillion euros. LaRouche has proposed that in Europe, as in the United States, there is a need to mobilize about EU 1 trillion in additional capital investments per year. The German share, with Germany accounting for one-fifth of the European Union economy, makes up EU 200 billion per year. In the case of construction projects, such as infrastructure, every billion euro per year in investments generates 25,000 jobs. This means, we are speaking here of creating about 5 million new jobs in Germany—enough to reach full employment, at least according to official unemployment statistics (there exists in addition a hidden unemployment of several million people). Saxony accounts for 5% of the German population, and for 10% of German unemployment. Therefore, the aim should be to mobilize in Saxony at least EU 10 billion, but better EU 20 billion, in additional capital investments per year.

A Saxon Transrapid Network

Should sufficient low-interest credits be made available, many of these investments will be generated in the private sector, as a by-product of large-scale public infrastructure and technology projects that change the entire economic climate. A perfect great project to trigger such a process, is the construction of a Transrapid network. Just as railway construction one and a half centuries ago boosted the industrialization of Germany, so the long overdue application of the revolutionary magnetically levitated (maglev) technology could transform the entire German economy today to a higher mode of operation. Just four years ago, the Association of Saxon Industry (VSW) called for building the Transrapid Berlin-Dresden route, in order to “upgrade our region to a European geographical and transport pivot.” In view of the European Union’s enlargement into the East, noted VSW head Dr. Andreas Winkler at that time, the expansion of that Transrapid toward Prague, Vienna, Bratislava, and Budapest is also “a realistic option.” In the meantime, both in Saxony and in Germany in general, the debate about Transrapid essentially died down. No commercial maglev trains have been built in Germany—the country in which the technology was developed—due to foolish opposition from environmentalists and

The BüSo's Program for Saxony Capital Investment

The Civil Rights Movement Solidarity party (BüSo), which is headed by Helga Zepp-LaRouche, issued this summary of the requirements for a Saxony industrialization program.

Infrastructure annual investments

(in billion euros)

| | |
|--------------------------------|-------------|
| Transrapid network | 3.0 |
| Other transport infrastructure | 2.0 |
| Municipal infrastructure | 5.0 |
| Total | 10.0 |

Financing

| | |
|----------------------------|-------------|
| Reduced unemploments costs | 5.0 |
| National bank credit | 5.0 |
| Total | 10.0 |

Private capital investments

Additional EU 10 billion per year, mobilized through

- public infrastructure projects;
- massive expansion of mechanisms to promote Mittelstand investments;
- low-interest national bank credit.

Results

- EU 20 billion per year additional capital investments;
- 500,000 new jobs in Saxony = full employment;
- Overcoming the infrastructure backlog;
- Reindustrialization by focussing the *Mittelstand* promotion on firms in the industrial sector;
- Dramatic increase of the productivity of labor.

budget-cutters.

Quite the contrary in China, where the Shanghai Transrapid is up and running. After an intermediary phase of cooled-down ambitions (there have been the typical “children’s diseases” that go along with the first commercial use of a new technology, as well as a government change in China), the Transrapid in China could soon achieve another breakthrough. In July, Chinese President Hu Jintao and his family for the first time tested the Shanghai Transrapid and afterwards expressed their enthusiasm. There are chances that the Transrapid could be chosen for the 200 kilometer high-speed route Shanghai-Hangzhou. On July 27, the heads of the planning agencies in the Shanghai/Hangzhou/Nanking area met and discussed the construction of a 2,000-km transport network connecting all major centers in the Yangtse region. The Transrapid is among the considered options.

Saxony could become the counterpart of Shanghai at the western end of the Eurasian Land-Bridge. A Saxon Transrapid would be a catalyst for a European-wide Transrapid net. The specific routes of the Saxon Transrapid, in view of geographical and economic conditions, can be easily defined. It would be centered around the Saxon Mainline, from Görlitz at the Polish border, past Dresden, Chemnitz, and Zwickau, toward Plauen. In the southwest, it could continue along the Franken Mainline, belonging to Bavaria. For the ICE train, such a route across the mountains of the Vogtland and Fichtelgebirge would be almost impossible; but the Transrapid can manage much tighter curves and much steeper inclinations. As the Transrapid can reach its maximum speed of more than 400 km/h after only a few kilometers, the network could be much denser than in the case of the traditional ICE

railways. In the western direction, the Saxon Transrapid would connect from Zwickau via Erfurt to the industrial regions of Rhine/Ruhr and Rhine/Main. In the east, an extension from Görlitz leads directly to the industrial centers of Lignice and Wroclaw in Poland. Of course, the additional links from Dresden to Halle/Leipzig in the northwest, to Berlin in the north, and to Prague in the south are also indispensable. Inside Saxony, all of this adds up to roughly 400 km of Transrapid routes. Taking into account construction costs of EU 30 million per kilometer, the investment total would amount to about EU 12 billion. In order to get the project done within four years, EU 3 billion in additional annual investments would be required.

Those railway lines that already exist, or are right now under construction, will not become obsolete as a consequence of the Transrapid network, but could be reconfigured for freight traffic.

Huge Infrastructure Deficit

Furthermore, there is the need for additional highway construction. As the German government is planning to cut down its infrastructure budget in the years ahead, the upgrading of the A-72 highway connecting Chemnitz and Leipzig has been called into question. But in the eastern German states in general, the average time it takes to reach highways from cities is double what it is in the western part of Germany. There is also an urgent need to maintain or rebuild bridges, as well as to upgrade waterways, including flood protection. On top of the Transrapid network, Saxony therefore needs another EU 2 billion in additional transport infrastructure investments per year.



The Transrapid maglev train, operational now in China but not in Germany, could transform the entire economic climate of Saxony and the rest of Europe.

But there is still another giant infrastructure backlog, on the municipal level. According to an estimate by the German Institute for Urban Sciences (DIFU)—part of the association of German municipalities—the backlog in municipal infrastructure in eastern Germany alone amounts to at least EU 200 billion. For Saxony this adds up to about EU 50 billion of investments into areas such as power and natural gas supply, water canalization, garbage disposal, local streets, public transport, schools, and hospitals. In order to overcome this backlog within a decade, another EU 5 billion in additional investments are required.

Promoting the Industrial ‘Mittelstand’

The above-mentioned EU 10 billion in additional annual infrastructure investments in Saxony should not be financed by the usual method of soliciting bank credits or issuing bonds. First, it has to be emphasized that half of the investments are immediately self-financing. These investments will create 250,000 new jobs, and this in turn means a reduction of public unemployment costs (social expenditures, as well as reduced tax and social security income) by EU 5 billion.

The remaining EU 5 billion should be provided by the new national bank, which can issue credit at very low interest rates for a rigorously defined set of infrastructure and technology projects. Our central banks are providing liquidity day by day; however, at the moment, such liquidity-pumping operations are restricted to the purpose of feeding financial asset bubbles.

The public infrastructure investments will boost the order volumes of private corporations and could in the longer run boost private annual capital investments by another EU 10 billion. This is not at all an illusionary level! In the mid-1990s, the volume of capital investments in the Saxon economy had temporarily reached the EU 32 billion mark, but since then has fallen to just EU 20 billion a year. The proposed policy would mean to immediately expand capital investment to EU 30 billion, and in the longer run to EU 40 billion per year, which would be sufficient to achieve full employment in Saxony.

To allow for such an expansion of private investments, certain frameworks will have to be established. Saxon *Mittelstand* corporations, in terms of employment, are, on the average, much smaller than in the west. Even worse is the situation in terms of core capital. This translates into big problems for Saxon *Mittelstand* firms to receive bank credits. These problems will rise further with the introduction of the new Basel-II banking standards. Without mechanisms to promote investments—such as credit guarantees, grants, low-interest credits—the Saxon corporations will not be able to meet the challenge of reconstruction. There exist, besides the *Mittelstand* programs of the federal KfW, a series of special institutions in Saxony to assist *Mittelstand* investments. But the total volume of these institutions is far too low, and has to be massively increased. A one-time capital expansion of these institutions could help a lot, as most of the funds provided by them will return within several years. But these measures need to have a clear focus on the industrial *Mittelstand*, the engine of the Saxon economy. In specific cases, depending on the anticipated effect on the productivity of the economy, the national bank could also grant low-interest credits for private capital investments.

Some of these measures sharply contradict the currently dominant dogmas of economic policy. This doesn't mean they are wrong or won't work. Such measures were historically crucial for the industrialization of the United States, Germany, and Japan, as well as for the reconstruction after World War II. In order to guarantee a future for Saxony, going back to such successfully tested policies today is indispensable.

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Schachtian Law Targetting Pensions and Social Security Approved in Mexico

by Benjamín Castro Guzmán

The ghost of Hitler's central banker Hjalmar Schacht walked the halls of the Mexican Congress in July and August, thanks to the efforts of the Vicente Fox government. Always quick to comply with the wishes of international bankers, the Fox government and its allies in the opposition PRI party presented two bills to the Congress that, together, exemplify the fascist essence of Schachtian policy—destruction of the physical economy and living standard of the productive labor force through fiscal austerity and, somehow or other, prop up the speculative bubble.

On Aug. 4, a majority of 82-23 in the Senate approved reforms to the Social Security (IMSS) Law of Mexico. Modification of Articles 227D and 286K of that law had already been approved a few days earlier by a similar majority of federal deputies in the lower house. Those majorities were made up of PAN deputies and senators loyal to the Fox government, as well as of some PRI deputies and senators, including Federal Deputy and former Governor of Sonora state Manlio Fabio Beltrones, the financial oligarchy's latest disposable instrument for this operation.

The new law breaks the collective contract established between the IMSS workers' union and that institution, and leaves all new workers hired by the IMSS without pensions. Under the argument that the IMSS's budget cannot meet both the current cost of providing medical attention to subscribers as well as the pensions of retired IMSS workers—and there is a concerted media campaign under way to divide the union from the population, using that lie—the new law takes a giant step in the direction of eliminating pensions altogether. It will oblige IMSS retirees to beg a special allocation from the federal government each year, to cover their pension needs. In effect, it will turn pensions into a “contingency” expense, which in reality will simply disappear under pressure from the International Monetary Fund (IMF) and the international banks to impose across-the-board fiscal austerity.

Bankers: Debt Not ‘Contingent’

Compare this bill with another that the Fox government and the bankers also presented at the same time to the Mexican Congress. That bill deals with the debt of the Institute for Protection of Bank Savings (IPAB)—government debt stem-

ming from the 1995 bank bailout, through the Fobaproa agency created for that purpose—which adds up to more than \$100 billion. Mexico's banks—82% of which are today controlled by foreign banks—insist that that debt, which in itself is largely illegitimate, should no longer be considered “contingent,” that is, subject to the changes of annual budgetary allocations by the Congress, and that it instead be incorporated formally as part of the official public debt.

Here, in a nutshell, is Schachtian policy, giving priority to the financial bubble and to debt payment. The left-over crumbs, if there are any, will be distributed to an increasingly desperate labor force. The debt is sacrosanct; human life is “contingent.”

There are forces in Mexico that fiercely oppose this fascist offensive by President Fox. The IMSS union, some of its trade union allies, and various political groups are organizing for Aug. 31 demonstrations against the new law. One of the loudest voices has been that of PRI Senator Manuel Bartlett, who has charged that, with the approval of the reform, they have done away with “the first social constitution of this century, the 1917 Constitution” of Mexico.

But no one, other than activists of the LaRouche Youth Movement in Mexico, has explained the international roots of this assault on Mexico, nor the programmatic solution to the IMSS's bankruptcy, which is the creation of millions of new jobs. This requires the implementation of Lyndon LaRouche's program for the joint U.S.-Mexico development of the Great American Desert, with major infrastructure projects.

The fact is that the new Mexican law, dictated by Wall Street's bankers, is part of a continental, and worldwide, offensive by these financiers to shore up their unpayable financial bubble. As a writer for the *Los Angeles Times* confessed, in his report on the new Mexican law, “overhauling government pension programs has taken on new urgency throughout Latin America, where weak economies and poor tax collection have created unsustainable financial burdens.” The article cites Olivia S. Mitchell, a University of Pennsylvania Wharton School “expert” on pensions: “Public pension reform is an absolute necessity in much of Latin America. . . . The private sector has already taken the bitter pill. Asking the

public sector to share more of the burden seems not only reasonable, but inevitable.”

Inside the country, President Fox—emboldened by what he sees as his first triumph in the Congress, and perhaps his only one as President—immediately demanded still more reforms: fiscal, energy, and others. “There are many more steps to take,” he insisted, threatening in Grand Inquisitor style that “the names of the deputies and senators who opposed [the IMSS reform bill] are well known,” a reference to figures such as Senators Bartlett, Laura Alicia Garza, and Carlos Rojas—all from the PRI and all opponents of the new law.

Offensive Just Getting Started

In fact, the government’s offensive against the Mexican pension system has only just begun. The new reform of the IMSS law only exempts the IMSS from having to contribute money to the pension funds for *new* workers hired in the future—these workers will pay their own pensions. Although the reform won’t reduce pension outlays dramatically in the short term, it establishes a key precedent. To try to cut costs immediately, according to various media commentators, the government will next move to proclaim an “economic conflict”—i.e., a legal statement of economic insolvency—before the Conciliation and Arbitration Council, to be able to demand there a modification of the existing collective labor contract, and thereby strip pensions from current workers as well.

This intent was aired publicly on Aug. 8 by IMSS spokesman Roberto Calleja, who stated that the IMSS reform will be useless until it also involves a “modification of the collective labor contract,” under which workers and their union would cede some of the benefits they currently enjoy. According to Calleja, the reforms to the IMSS law already approved “are not sufficient.”

At the same time, President Fox’s Counselor for Public Policy Eduardo Sojo declared his satisfaction with the reforms to the IMSS law, and announced that the government would be pushing for similar reforms to the pension systems of the state oil company Pemex; the Federal Electricity Commission (CFE); the public universities; public, state, and municipal governments; etc.

According to those who defended the IMSS reform, such as PRI Senator Genaro Borrego, who headed up that institution during the Carlos Salinas de Gortari and Ernesto Zedillo administrations, the cause of IMSS bankruptcy and its problems is “demographic changes” in the country. According to Borrego, the fact that people are now longer-lived in Mexico—more than 65 years—makes it “more costly” to attend to people in their “third age.” According to these Malthusian and Schachtian arguments, people of that age suffer so-called “chronic degenerative” diseases whose treatment is long term and costly, and therefore that is where cutbacks must be implemented.

In reality, the cause of IMSS insolvency is the collapse

of the Mexican physical economy itself. PRD Congressman Ricardo García Sáenz, who headed the IMSS during the Miguel de la Madrid government (1982-88), refuted Borrego’s Malthusian argument in an article in the Aug. 10 edition of *La Jornada*, in which he explained that the IMSS is bankrupt because of “a decline of the real value of wages to one-fourth that in 1892 . . . and because of the failure to generate jobs.” In other words, there are fewer workers contributing to the IMSS and also less is being contributed because of the collapse of the economy, especially since the financial crash of 1995. García Sáenz also explained that the “justification” for the 1997 reforms that created a parallel regime of private pensions, or AFORES, was precisely the “insufficiency of payments” made into the IMSS system. In addition, the government owes the IMSS some 50 billion pesos (more than \$4.5 billion), which it has refused to pay, some say in order to intentionally bring on the IMSS’s bankruptcy and subsequent privatization.

The Problem of Leadership

According to many analysts and observers of Mexican politics, the new law was cooked up through a pact between President Fox and the national leader of the opposition PRI, Roberto Madrazo, so that the investigation of former President Luis Echeverría Álvarez—who governed Mexico from 1970-1976—and the charge of genocide against him, would be suspended. And so it was that the law passed, first by the Chamber of Deputies and later by the Senate, with the support of the PRI.

Other observers maintain that with this action, PRI leader Madrazo sought to prove to business and financial circles both within and outside Mexico, that the PRI has the ability to promote and impose the reforms that they are demanding. Madrazo had been promoting the IMSS reform from the beginning, arguing that the IMSS had reached a “financial limit,” and that the reform’s approval was unpostponable.

The IMSS union and its leader, Roberto Vega Galinda, decided to break off negotiations with the IMSS board and with the government on Aug. 9. They announced a strike for Oct. 16, alleging violations of the collective labor contract and wage issues. The IMSS union has been conducting mobilizations, scaled strikes, and highway and street blockades throughout the country, and it has called for a “collective sick-in” on Sept. 1, in effect a national strike. The union will also hold a “national march” on Aug. 31. The IMSS union has received the active support of the National Workers Union (UNT), which includes the unions of telephone, electricity, and university workers, various teacher federations, and others. But it has not been backed by organizations linked to the Mexican Labor Congress (CTM) and its leader Leonardo Rodríguez Alcaine, which back the Fox government.

There is growing popular support for the IMSS union, but there are also dangers in sight. One is that the “anarchist left” could provoke the union into taking illegal actions that could

be used by Fox to justify repression. Another important problem is the IMSS labor leaders' narrow trade unionist view. At no time have Vega Galina and his collaborators attempted to extend their polemic beyond a strictly trade union focus. They have even proposed their own form of austerity and sacrifice to the workers, offering longer hours and up to 10% of the workers' wages to sustain the pension fund.

The views of certain sectors that are backing the IMSS trade union are not so narrow. For example, among senators and deputies in various political parties, members of the UNT, and in the IMSS trade union itself, there are some who have managed, albeit defensively, to identify the real culprit, by noting that the blame lies with the government bailout of Fobaproa, the foreign and domestic debt, and, above all, in the "neo-liberal, privatizing model" that has paralyzed the Mexican economy and destroyed jobs.

Classic Tragedy Today

The Decline of The Monterrey Group

by Benjamín Castro Guzmán

In the early morning hours of Saturday, July 24, Don Eugenio Clariond Garza, the 85-year-old founder of the group Industrias Monterrey S.A. de CV, better known as IMSA, died of what the Mexican media described as "an illness." However, no one missed the fact that Don Eugenio's death occurred just four days after local and national newspapers announced the sale of Enermex—manufacturer of the popular LTH car battery—a company Don Eugenio founded in 1947, a key part of the IMSA consortium. The battery company—one of the main sources of liquidity for the consortium—was sold for \$525 million to its "partner," Johnson Control, which already held 49% of its stocks. According to Eugenio Clariond, Jr., Enermex was sold for the purpose of reducing IMSA's debt from \$731 million to \$200 million. The \$525 million from the sale went to pay that debt.

The local daily *El Norte* announced the operation on page one of its July 20 edition, under the headline: "IMSA Left Without Batteries . . ." Four days later, the man who had founded the company more than a half century ago, died.

On July 26 and 27, details appeared in the local newspapers. All the coverage spoke about Don Eugenio as "a visionary" or as "the forefather of Mexican business," and "founder of the steel industry in Mexico." There were other reports too, which spoke about the relationships and connections of Don

Eugenio and his entire family, especially those of his son Eugenio, who headed up the family business. They spoke of Bank of America, Bank of Boston, and of the house of Rothschild, not forgetting JP Morgan, which served as the middleman for the family's operations abroad. All expressed their condolences to the family of their "client."

There was a message of condolence from BBV-Argentina, the Spanish bank which swallowed up Bancomer, for which Eugenio, Jr. still serves as an "advisor," together with other important Monterrey businessmen who today only "control" 2-3% of that bank's assets, ever since BBV-Argentina bought the remaining 49% of the bank's assets in 2002. Bancomer had been given to the region's businessmen by then-President Carlos Salinas de Gortari, during the orgy of bank privatizations in the 1990s.

Harakiri, Mexican-Style

The history of the Monterrey Group is a classic case of a business elite which has disappeared because it clung irrationally to the axioms of free trade and globalization which, under today's conditions of global financial disintegration, led to their own destruction. This is the history of a collective *harakiri*, Mexican-style.

Don Eugenio Clariond Garza was the president in the 1980s of the Mexican Businessmen's Council, a group made up of only 34 members of the Mexican oligarchy. This exclusive body was also headed by his son, Eugenio Clariond Reyes-Retana, who in addition headed the Business Coordinating Council, the highest body of Mexican business associations, as well as other business organizations in the state of Nuevo Leon. In his numerous positions, Clariond Reyes-Retana distinguished himself as a fierce proponent of the "dollarization" of Mexico. He frequently would say that "the peso is not even good for tips." He was, and is, a great promoter of the ideas of globalization, free trade, and, of course, a great critic of state intervention in the economy, which he calls excessive regulation.

In 2002, this writer had the opportunity to talk at length with Clariond Reyes-Retana at IMSA's corporate offices, along with Nevada State Sen. Joe Neal (D), and Paul Gallager of *EIR*. The subject was California's energy crisis, and the policies of Enron and other members of the Houston energy cartel. Clariond defended Enron, for doing "good business," and argued that they should come to Nuevo Leon to lower energy prices. Enron then went bankrupt in the midst of a huge scandal, exactly as we had warned him. He never understood.

The leading figures of the so-called Monterrey Group, such as Clariond Reyes-Retana, were all educated in some U.S. university or other, whether it be MIT, Georgetown, Yale, or Stanford. They were also all doctrinally "reinforced" by frequent degrees and courses at the Panamerican Business Institute (IPADE), and shared the same dogmatic ideas of globalization and contempt for national sovereignty and eco-

conomic protectionism.

The history of the Monterrey Group, in fact, extends back to the 19th Century, when they supported Gov. Santiago Vidaurri's alliance against President Benito Juárez, and also allied with the Confederacy in the U.S. Civil War. More recently, they backed the Presidential candidacy of Juan Andrew Almazán in 1940, against that of Manuel Avila Camacho. Andrew Almazán was a confessed Nazi, who was supported by Adolf Hitler's regime, and his campaign manager was Manuel Gómez Morín, another Nazi sympathizer who founded the National Synarchist Union (see *EIR*, July 9 and July 16, 2004). The Monterrey Group later wiped Andrew Almazán out of their historical record, the way cats cover up their excrement by scratching dirt over it.

Today Eugenio, Jr. is a member of the Board of Directors only of Banorte, the sole bank which supposedly belongs to Mexicans; it is headed by Roberto Gonzalez Barrera, father-in-law of Carlos Hank Rhon, whose Interacciones bank is also being targeted for takeover by such Spanish banks as BBV-Argentaria and Santander. Banorte, for its part, claims to be firmly in the hands of Mexicans, but already has a "partnership" with Assicurazioni Generali, the Venetian firm with centuries of experience in taking over lesser partners, and of pillaging—as seen in its financing of Benito Mussolini.

Don Eugenio Clariond Garza was the prototype of the old-style Mexican businessman. He founded the steel industry, after running a retail business. Later, he diversified the steel industry, adding a battery-producing branch. Now, as Eugenio, Jr. explained, "low sales in the auto industry and the increase in the life of batteries" led them to decide to diversify again, selling off the battery business—which dominated the national market, and had extended its sales into Central and South America—while trying other "acquisitions," paid for by taking on new debt, to which they have access because they are "the least indebted group in Mexico," with a debt of only \$200 million.

They had previously attempted similar adventures. For example: the company Toll Roads (Viaductos de Peaje), which managed the highway by-pass around metropolitan Monterrey, also went bankrupt recently, unable to meet a payment of some \$800 million. IMSA had bought up that highway some years back, together with the Lobo family company, PROTEXA, a construction company which specialized in building pipelines for the state oil company, PEMEX, and the construction and maintenance of oil installations. PROTEXA—which in the 1980s extended its operations into South America, as well as across a good part of Mexico—declared bankruptcy at the beginning of this year. PEMEX no longer gave it contracts nor projects to build, because these are only being given to U.S., European, and even Korean multinational companies.

Now, together with IMSA, they face the bankruptcy of their highway "business," and want the state government to help them with a bailout. There is talk of a "state FOBA-

PROA"—FOBRAPROA was the Federal government's bailout of the private banking system—according to which the state government would assume the highway's 8 billion peso debt, which is almost equal to the totality of the state's current debt.

Other Emporiums Which Vanished

IMSA has reason to be confident it will be bailed out. One of IMSA's most important partners is Fernando Canales Clariond, today President Fox's Secretary of Economics, who is also the nephew of the deceased Don Eugenio Clariond Garza; Fernando Canales Clariond completed construction of that highway as governor of the state from 1997 to 2002. If that were not enough, it should be pointed out that before Fernando Canales, his cousin, the son of the deceased Don Eugenio Clariond, Benjamin Clariond, was acting governor of the state from 2002 to 2003. Natividad González Paras was elected governor in the 2003 elections; he, curiously, is the son-in-law of the owner of the Construcciones Maiz company, which is the third partner in that highway "business." Fernando Canales was removed from his post as governor because of his incompetence and excessive arrogance.

This past June, CYDSA (Celulosa Derivados), the company controlled by the Sada family of Monterrey, currently headed by Tomas González Sada, defaulted for the third time on its bonds. Already, on Dec. 23, 2002 and again on June 23, 2003, the company had defaulted on other obligations. Only weeks ago, CYDSA decided to hand over 60% of its stock to its creditors, and promised to pay an additional \$27 million. CYDSA joins PROTEXA among the Monterrey Group companies which are technically bankrupt.

Hylsa, the largest steel company in the country, which, along with Altos Hornos de Mexico, controls 40% of the steel market in Mexico, also has been defaulting on its debts in the past few years. Part of the ALFA group, the steel company got caught up in a "debt reduction" strategy which included taking advantage of the increase in current steel prices to get their hands on more liquidity, and restructure their debts to a longer-term profile, in order to make the company more attractive to potential buyers. In the last week of July, rumors spread of Hylsamex being sold to some "interested party," which could not be, clearly, any of the Mexican steel companies, since they, like Altos Hornos de Mexico, are bankrupt, too.

The case of VITRO represents the most "traditional" among the groups in great financial difficulty. Recently, the company issued \$170 million worth of bonds, to "pay debts." It has done almost the same thing each quarter of at least the past two years, while at the same time striving to sell off assets in order to "disinvest," as it is said. The principal such deal was the sale of its division which produced silica sands, from which glass is produced.

VITRO's decline began a few years ago, with the loss of Anchor Glass, a company which the group had acquired in

the United States. At the time, the *Wall Street Journal* accused the head of the company at that time, Adrian Sada, of being “Pharaonic,” for attempting to expand into the United States. Since that time, the group’s situation has not improved, and Adrian Sada turned leadership of the company over to his brother, Federico Sada. The company’s sales of flat glass fell drastically, and it tried to sustain itself on the basis of the sale of glass containers to the United States, while cutting back trusted personnel and executives, and laying off workers.

CEMEX: Too Big To Fail . . .

CEMEX, the gigantic cement consortium led by Lorenzo Zambrano, would appear to be the exception within the companies of the Monterrey Group which are vanishing in the world depression. During the past few years, CEMEX has expanded its operations into South America, Europe, Asia, and the Middle East. However, the principal source of its revenues still appears to come from its sales in Mexico, where it controls the national market and the sale of cement and concrete for public works and housing construction. CEMEX’s tactic is simple: Sell the cement at expensive prices in Mexico, almost double the price in the United States and other parts of the world, taking advantage of its closeness with Vicente Fox’s government and members of the Mexican political class. Yet even with this advantage, CEMEX is considered one of the “most leveraged” companies of Mexico, and the implications of its more than \$2.5 billion in debt are frequently discussed.

What could become a serious threat to CEMEX appeared, in the middle of July, when a boat, the *Mary Nour*, arrived at the port of Tampico, Tamaulipas, on the Gulf of Mexico, loaded with some 35,000 tons of cement from Russia, brought by a company named “Trade for Mexican Development.” That company was founded by three former employees of CEMEX, Monterrey businessmen Luis Bonales, Ricardo Alessio, and Ricardo Camacho, who had formed an alliance with the Spanish company, Tradeland, which, they explained, “specializes in finding suppliers around the world.” Also participating in the venture was a Jordanian shipping company and another trading company called Irkon.

The aim of “Trade for Mexican Development” is to bring cement into the Mexican market at cheaper prices than CEMEX offers. The businessmen, who learned their trade as employees of CEMEX, explained that Mexican concrete producers want better cement prices inside Mexico, since CEMEX sells the product at \$115 per ton, as compared to around \$70 in the United States. The businessmen Bonales, Alessio, and Camacho, also plan to bring another boatload of cement into a Pacific coast port. Immediately, they only aspire to seize 1% of the national market, without affecting CEMEX and Apasco, the other big cement company which operates in Mexico. However, in the medium and long term, they could challenge CEMEX’s domination of the market, given that they are seeking to reduce by 50% the price of cement. This

could seriously threaten CEMEX’s cash cow: its monopoly over the Mexican market.

CEMEX mobilized its connections in the Mexican government, and succeeded in halting the unloading of the boatload of Russian cement in Tampico, for more than a week. The aim was to raise the cost of the operation for the importers, so that the cement would be more expensive when it finally entered Mexican territory. CEMEX assured people that “we aren’t opposing free trade” by this maneuver, but are only concerned with protecting security at the port of Tampico, by ensuring it was not overloaded.

Romo: When Madness Joins With Arrogance

The debacle of the Monterrey Group began to be a scandal with the case of Alfonso Romo, president of the Pulsar group, which includes such companies as the agro-industrial firm Savia, the stockbrokerage Vector, and others. At the end of the 1990s and beginning of 2000, Romo was viewed as the “rising star” of the Monterrey Group. He specialized in hostile takeovers and junk bonds, similar to the predatory operations of Michael Milken in the United States in the 1980s. Romo took over bankrupt companies such as Ponderosa of the Vallina Group in Chihuahua. He bought them at prices way under their value, and then recovered his money by increasing their value in the stockmarket. “I don’t have creditors; I have partners,” he liked to say, since he met with investors to get them to put up their money for these operations.

Through Savia, the petulant Romo said, he intended “to control the world seed market” for agriculture, ignoring the fact that agriculture in the United States and in Mexico would collapse, and the number of cultivated hectares would fall drastically, too. After Carlos Salinas de Gortari’s regime ended, Romo hired Salinas’s Treasury Secretary, Pedro Aspe, in 1995 to run operations at Vector and other businesses.

As could be expected, the acquired companies, whose value was then artificially inflated, were bankrupt, and continued to be so. The Mexican economy went from zero growth to outright depression, from 1988 to 2004, and from this, no one could escape. By the beginning of 2002, after the Pulsar Group reported increasing profits quarter by quarter, bankruptcy set in. Today, little remains of Alfonso Romo’s emporium.

But there was one thing which distinguished Romo from the others, and that was his limitless arrogance. While the height of his speculative operations made it possible to do so, Romo presented himself as a great “leader” and strategist. Believing his own madness, Romo founded a “school of leadership” to train young businessmen. The school was named “Duxx,” which is the name of the Doge of Venice, the head of the Venetian *fondi* and families from the 12th to the 16th Centuries, when Venice dominated the markets and finances of the world. When the collapse of Romo’s house of cards came, his Duxx school also went bankrupt, and he had to sell it as scrap iron, literally, to a local university.

Business Briefs

Housing Bubble

Home Foreclosures Up Sharply in Ohio

Home foreclosure auctions in Ohio jumped 26% last year, due to job losses and banks' predatory lending practices. More and more Ohio families lost their homes in 2003, as county Sheriff's departments across the state put more than 36,425 foreclosed residential properties up for sale at auction. This number represents a 26% increase from the level in 2002—and a 57% leap from just two years earlier, according to a study by Policy Matters Ohio. About one in every 117 Ohio households lost their homes to Sheriff's sales of foreclosed properties.

More than 57,000 new foreclosure filings were made in Ohio courts during 2003, up 3% from a year earlier, up 31% from 2001, and more than double the number in 1998, the *Cincinnati Enquirer* reported on Aug. 12. Ohio's foreclosure rate is the second highest in the nation, behind Indiana; as of June, the state had lost a total of 232,000 jobs, including 173,000 jobs in manufacturing, since January 2001.

Five Greater Cincinnati counties were hit by double-digit percentage increases in both foreclosures and Sheriff's sales between 2001 and 2003.

Political Economy

More Economic Disasters Under Blair's New Labour

Unemployment in Britain increased by 27,000 as of June, despite another fall in the number of people claiming jobless benefits, British newspapers reported on Aug. 12. The total jobless figure is now 1.44 million, the Office for National Statistics reports.

But more revealing, is that the number of "economically inactive" people, the sick and disabled, those on early retirement, or those no longer seeking work, was up by 89,000 to 7.85 million—the highest figure since record-keeping began in 1984.

On Aug. 11 it was reported that Britain's

National Health Service (NHS) has lost 15,000 hospital beds since Labour came to power. In 1997, NHS hospital beds were nearly 199,000, but the number was down to 183,826 in 2003, a 7.6% decline, despite claims of "unprecedented investment." The claim is that medical advances mean that patients can be treated as "outpatients," as is done in the United States. In reality, the overcrowding is increasing the danger that patients will contract dangerous hospital infections.

British government figures show that the number of general and acute hospital beds, used by most patients, fell from 140,515 in 1997 to 136,679 in 2003, a 2.7% drop. Other bed losses are for psychiatric, geriatric, and learning disability patients.

At the same time, the NHS budget overall has almost doubled to a record level, from £33 billion in 1997 to £63 billion in 2004, and is expected to rise to £92 billion in 2007.

Meanwhile, British students are leaving universities with a record £12,000 average in debt. The debt figure rose by 33% in just the last year. One in three students think they will need at least a decade to pay off their debts. According to a study by NatWest bank, a student has to pay £23,800 for a three-year university course, up £19,400 from only a year ago. Now, Prime Minister Tony Blair's hated new law imposing "top up" fees on university students, adding some £3,000 a year for expenses, is going into effect.

Italy

Public Debt at All-Time High

Figures published Aug. 12 by Banca d'Italia, the Italian central bank, show that despite the Maastricht-dictated budget control policies implemented since 1992, the Italian public debt has increased. State debt in May 2004 was at 1,466,377 million euros, 106% of Gross Domestic Product and 3.8% more than in May of 2003. In 2004, Italy will pay 69.2 billion euros in interest on that debt.

Italian state debt inflated as a result of International Monetary Fund (IMF) programs in 1974 and 1976, and as a conse-

quence of capital and currency liberalizations in 1980. As a study published by *EIR* in 2003 shows, Italian state debt in 1978 was already high, but still at about 50% of GNP. With the post-Moro "restoration" governments, currency and capital liberalization, and the Thatcher-Volcker high-interest policy, the Italian public debt skyrocketed, and in 1991 surpassed GNP.

Two-thirds of Italian public debt used to be owned by Italians (one-third families, one-third banks); but post-1992 governments have promoted an internationalization of the debt, which is today 50% owned by foreigners.

Similarly, a study by Mediobanca R+S department shows that one-third of Italian firms are now owned by foreigners. In a survey of 1,945 firms, 570 are owned by foreigners. Foreign ownership, however, is higher in key sectors, such as chemicals (60%), food processing (39.1%), and machinery-electronics (35.7%). The study shows a general decline of manufacturing production, and the firms were 4.5 billion euros in the red.

Labor

Wage Demonstrations Flare in Southern Russia

Tensions are rising over wage arrears in the south of Russia, *Nezavisimaya Gazeta* reported Aug. 5. The paper said the actions were on a scale "unprecedented" in recent years.

In the Rostov area, employees of more than 200 companies—both public and private sector—have unpaid wages totalling 500 million rubles (\$17.2 million). Russian news services monitored by RFE/RL Newsline reported that a picket line of laid-off workers from a bankrupt electric power construction firm in Volgodonsk was broken up Aug. 4 by police on the pretext of a problem with their rally permit. City officials also complained that the workers were using political slogans in an "economic" protest, including demands for Volgodonsk Mayor Alexander Kleimenov, a founder of the bankrupt company, to resign.

THE LAROUCHE SHOW

From Now to November: Prevent The U.S.A. From Going Fascist

Lyndon H. LaRouche, Jr. was interviewed on "The LaRouche Show" Internet radio program on Aug. 7, by Harley Schlanger, the former Western States coordinator for LaRouche's campaign for the Democratic Presidential nomination. The LaRouche Show is webcast live every Saturday at 3:00 p.m. Eastern Time, at larouchepub.com.

Schlanger: Now, we will not be taking your calls during the first half-hour today, because our guest is Lyndon LaRouche, and after all, this is the LaRouche Show, and we want to give him the time to offer his insights on developments since the Democratic Convention ended nine days ago.

Up till then, Mr. LaRouche had been a candidate for the Democratic nomination for President. Following the nomination of John Kerry, Mr. LaRouche announced in Boston the formation of LaRouche PAC, to ensure the defeat of the Cheney-Bush team in the Nov. 2 election. Since then, Mr. LaRouche has been at the center of a dramatic shift in both U.S. politics, and global developments, and we'll hear from him on that in a just a moment.

For the second half-hour, we're going to be joined by three members of the LaRouche Youth Movement, who will be reporting on their organizing as part of this LaRouche PAC, in three areas of the country. We'll hear from Michelle Lerner in Boston; Merv Fansler in Detroit; and Sky Shields in Los Angeles.

So, let me welcome Lyndon LaRouche to the show. How are you today, Lyndon?

LaRouche: Well, I'm frisky, I think.

Schlanger: Well, immediately after the convention, you announced your plan for the November election. What was your thinking that led to the creation of the LaRouche PAC and the course you're taking now?

LaRouche: Well, it was obvious even before then. My inten-

tion always was to shape the course of U.S. politics, and in some degree, international politics, from an advantageous position. My candidacy—I was the best qualified for President, as events will eventually cause people to reflect—but in the case that I did not secure the nomination, and the Democratic Party was determined that I would not, pre-determined that I would not, then I would hope that I could orchestrate the campaign for the Kerry election, to a sufficient degree, not only to ensure that he would win, but also to put in place the kinds of capabilities and organization which his Presidency would require, to deal with problems which he does not yet understand. But, presumably, being a good-hearted fellow, and an intelligent one, he would be willing to listen at the time he desperately knew he needed to listen.

So, that was my general scheme.

I also am concerned with something else, in which, in this past week's news, my wife Helga is much more important than I am.

Schlanger: Well, I was going to ask you about the parallel developments, because we have the aftermath of Boston, and now we have the revival by your wife of the "We Are the People" rallies [in Germany]. So, why don't you tell us about that?

LaRouche: Well, let's take the case of the international Youth Movement. And you have someone who thinks as I do, Helga, who is a natural leader. I mean, she is a phenomenon. She's one of these people who is a natural leader, a natural political leader and philosophical leader. And they're very rare. She also has a certain amount of what was called in U.S. slang, "gumption."

So, what she's done, in fighting for defense of the Youth Movement's role in Europe and internationally: About three weeks ago, she directed the launching of the first of what had been three, up to now, Monday demonstrations, in celebration



Lyndon LaRouche with organizers from the LaRouche Youth Movement (LYM), in Boston on July 28. The LYM deployed a team back to Boston after the Democratic Convention, to organize on John Kerry's home turf.

of the Monday demonstrations that freed East Germany from the East German regime, because the issue is similar. The issue is over the so-called Hartz IV program of austerity, which is a Nazi-like austerity program—actually, a Schachtian type of austerity program—sponsored by a number of people, including the Economics Minister in the present government of Germany.

Schlanger: This has been passed by the German Parliament, has it not?

LaRouche: It's been passed, but the point is, that's like passing dysentery: You haven't stopped there.

So, what happened was that it started with about 30 or 40 people showing up for the demonstration three weeks ago. Then, a more significant number showed up last week. Then, this past week, this past Monday, 350 showed up in Leipzig. That unleashed an explosion, in which other parts of the German political scene, including the PDS, the East German socialist party, decided they're going to do the same thing. And other voices, including people who had been leaders of the 1989 demonstrations, said they were endorsing this too.

At that point, as of yesterday evening, the leader Wolfgang Clement, the Economics Minister for the present government, went out to denounce, not Helga by name, but denounce the operation. And then you had on the second channel, the national TV channel in Germany, a five-minute denunciation. But meanwhile, the buildup for a spread of the Monday demonstrations is in progress in Europe. And it

largely is based on a youth movement phenomenon.

So, what this demonstrates—this one that Helga's leading—it demonstrates that the youth movement phenomenon is going to be the determinant of history in this period. If the youth movement is allowed to have its head, we shall win. If the youth movement does not have its head, and does not function as our Youth Movement functions, we will lose. That's the way history is going right now.

Schlanger: You described this as the end of more than 40 years of history. How is that the case, and what are the implications?

LaRouche: Well, you know, you had two phases of the postwar period in the United States.

The first shock was, you had Harry Truman—who was a factional opponent of Franklin Roosevelt—took the occasion of the President's

death, before the President's body was fully cold, to reverse crucial features of Franklin Roosevelt's policy. He brought in, in effect, under the influence of people who had been at one time supporters of Hitler, such as Averell Harriman—he brought in these guys, who introduced modifications in the Roosevelt program.

Now, some things went well. The economic recovery program eventually—the recovery of Western Europe, was good. But this right-wing tendency was there. Truman's right-wing current, which was called McCarthyism—that's another name for it—was stopped by the Eisenhower election. Eisenhower gave the United States about two terms of Presidency, of relative stability, though the right wing was suppuring in the background, building power.

But then, at the beginning of President Kennedy's term, you had the Bay of Pigs, an Allen Dulles operation. Allen Dulles was one of the door-openers to bring the Nazis into the United States in the postwar period, along with James Angleton. Then, you had the Missile Crisis of 1962, and you had then the assassination of Kennedy, and other things, leading into the 1964 launching of the U.S. official war in Indo-China.

Now, this process of events, the right-wing terror in the United States, the so-called anti-communist terror, turned many of the people who had been veterans of the war [World War II], and especially their wives, turned them into real sophist fanatics. And they didn't raise their children too well. They may have raised them fairly well financially, economi-



The LaRouche Youth Movement, with its banner reading “Economic Growth Must Start in Saxony!” at a Monday Demonstration in Leipzig, Germany, on Aug. 9. The tempo of protests against the government’s Hartz IV austerity program is growing rapidly, with leadership from Helga Zepp-LaRouche.

cally, but they didn’t raise them well morally. We were under the influence of a moral degeneration, typified by the Congress for Cultural Freedom, which was a corruption operation.

So, when these young [people], who had reached adolescence, were hit by the succession of the Missile Crisis, the Kennedy assassination, the Indo-China war, that those of them who were going from more privileged family backgrounds, from suburbia, into the leading universities of the country, took off their clothes, took drugs, and went crazy. So as a result of that, we went into a cultural paradigm-shift, from the world’s leading producer society, to a post-industrial, utopian paradise, which became more and more imperial, in the sense that we were looting other parts of the world, rather than producing for ourselves.

We’re now ruined, and we’ve come to the end of that system. The present international monetary-financial system is undergoing an economic collapse, right now. The past two weeks have been a threshold of a general collapse, which would be equivalent, in some people’s lexicon, to what happened to Hoover in October of 1929. The depression is on. And the people are trying to react to the depression the way they did in Europe, when they put in fascist regimes, in Europe, under the pretext of the economic depression at that time.

Roosevelt in the United States—and only Roosevelt, and only his election—prevented the United States from becoming a fascist state, like those which spread in Europe during that period.

So, we’re now at the point that we have to go back to the policies, in a sense, the policy-paradigm of a Franklin Roosevelt, for a recovery program: his approach to these things, rather than the fiscal austerity program of an unwitting fascist—I don’t think he could spell the word, President George W. Bush—the fascism of Cheney; the fascism of people who think like that, like Joe Lieberman in the Democratic Party. Or, we go to a Roosevelt-type of approach in philoso-

phy, in which case the United States will play a leading role in saving humanity from this horror show.

What Helga is doing in Germany, and in Europe generally, with the Youth Movement in particular there—without the Youth Movement in Europe, there’d be no hope for Europe whatsoever. It wouldn’t make it. It’s our Youth Movement in Europe which is the sparkplug which may save Europe from the inside. But the cooperation between the United States, going in the direction of a youth movement demand here, and a similar phenomenon emerging in Europe, that combination, is precisely what we need to save civilization.

Schlanger: Now, part of this problem with the reverse paradigm-shift, is that you still have people in the Democratic Party, as you mentioned, Joe Lieberman and others, who think that FDR has to be written out of the party, but at present, there are fights breaking out around FDR. How would you respond to those Democrats who are saying, “Well, the FDR approach is not relevant today, because we have computers, we have globalization.” How would you answer that?

LaRouche: They’re insane. They’re nuts. I mean, the point is, first of all, the collapse of the bubble—. Take what’s going to hit these guys.

If you map the country: The country has been physically collapsing, over especially, the past 25 years, especially since about 1979-1982. Now, what’s happened is, there’s been a shrinking in the parts of the country which were once productive. The collapse of manufacturing, the collapse of privately owned agriculture, that is, of independent-farmer agriculture. The collapse of cities. The collapse of infrastructure. What is called the U.S. economy is becoming narrower and narrower, around a few parts of the country, while the rest of the country decays.

Twenty percent of the population, the upper 20% of income brackets, is the bastion of “let’s leave things as they are. Let’s continue the present trend.” Eighty percent of the lower

income brackets of the population, have nothing. So, we're having a social crisis, a social conflict is building up, right now.

The nub of this thing, the typical nub of this, is the oil price. The oil price is now, in Europe, it's gone to nearly \$45 a barrel, headed toward \$50, maybe toward \$60. A \$50 to \$60 a barrel oil price would collapse the ready- or ripe-for-collapse world economy, especially the U.S. economy.

At the same time you have a real-estate bubble. The real-estate bubble is one of the largest bubbles inside the United States. And it goes with those funny shacks, going at \$300,000 to \$600,000 apiece, and you hope a wind storm doesn't blow them down, [as has happened] around certain areas, like the greater Washington, D.C. area. These things are going to transform people from homeowners in name, to either squatters or homeless. And this is going to be a mass phenomenon.

So, right now, the world is about to be hit by an international economic crisis, a monetary and financial crisis, beyond anything in people's memory, living people's memory, right now. So that those who are running around smugly, and saying everything is fine, are not going to believe that much longer. So, the question is, what's the alternative?

Schlanger: Well, you are the world's leading physical economist, and you've been reviving the Classical principles behind physical economy and advancing them, beginning with your breakthrough in the '48-52 period, your work with the LaRouche-Riemann model, and this is what's behind your unparalleled record in economic forecasting. I suspect that they're not going to be able to keep your record, and your activity in this, out of the news much longer, as this thing hits.

LaRouche: Well, look what's happened in Germany. The second television program, and the Economics Minister of the present German government, went ablast against Helga. They couldn't mention her name.

You have a similar thing in the United States. The Convention, the Boston Convention, broke through that, and this is largely because of the style and method of work by the Youth Movement. The persistence, the music, the beauty of the deployment broke through. And there are many people in the party who agree with me, including influentials. But, they're afraid of disunity in the party, because of people like Joe Lieberman, who hate me. And Joe Lieberman is a fascist.

He was brought into the Senate by the intervention of the Buckley family, who are authentic pro-Nazi fascists. They're on record, they're Nazis. Joe Lieberman also got support from the tip of Florida, from a bunch of fascists down there, who moved from Cuba into Florida. So, you've got people who, legitimately, hate my guts, because they're of a different species than me. And some of them are in the party. You know, that sort of thing.

But the point is, can the party find the guts to unify itself around a program which is a winning program? Joe Lieberman will just—

Schlanger: We'll get a sense of that in the days and weeks ahead, the less than three months, because you're deploying the Youth Movement into key fights with this perspective—both of moving the party back to the FDR tradition, around your platform, and secondly, showing the truth about the devastation of the physical economy. Why don't you give the listeners a little bit of your sense of how this deployment is taking place, and what they can expect from the LaRouche Youth Movement over the next 90 days?

LaRouche: All right. First of all, what we did is, we said we're not going to end what we did in Boston. So, we have a team in Boston, who are doing, in Boston, followup on what was done during the Convention. Because, obviously, the character of the Boston area, is such that you can actually enlarge the potential, national potential, in that area, rather quickly. So, rather than run away from it, we have a team staying there, a top team of youth, staying in there, and doing the job. Besides, that's the candidate's home area. He lives on Beacon Hill, as a matter of fact. So, it's his home area. So, we'll use that as a launching point for what we're going to do as a national campaign.

We're going into the industrial, former industrial areas of the Middle West. We're going from Louisville down the Mississippi River, along the Missouri, along the Ohio River of course, and down to the Gulf of Mexico, down by way of the Tennessee-Tombigbee Channel, into Alabama, parts of Mississippi, Arkansas, Oklahoma, Louisiana, Texas, and so forth. We also have, of course, our California West Coast operation.

So, we're going to take these areas, where we have candidates that want our support, we will *help* them, and we will try to get strategies which can win.

So, we're not going to be able to determine the outcome of all of the vote, but by going at areas where we can do a job, we will turn enough of the vote, to make a difference. And if some other people, seeing what we do, do the same, we're going to bring the unexpected vote into play. We're going to bring the "forgotten man and woman" into play as voters. People who have not voted recently are going to overwhelm the vote of the usually voting voters. And that's our strategy for winning this election.

Schlanger: Now, Lyn, to go back to this strategy you just outlined for the intervention into the campaign: It's directly modelled on your approach to physical economy. In a sense what you described, the industrial heartland, the Tennessee Valley Authority area, it's what you called more than a year and a half ago, almost two years ago, a Super-TVA. How does that address the problem that we face in the country?

LaRouche: Well, there are two things.

First of all, you've got to change the way people think. That can be done fairly easily. See, people keep talking about money. They talk about "the" market, as if this were some kind of Delphic god, and have this magician, a babbling magician, Alan Greenspan. People are paying attention to this id-

iot, this dangerous idiot.

All right, now what's the reality? Let's take the United States. Imagine you're coming in from Outer Space, on the territory of the United States. And you have the ability to see a panoply of the changes in the United States, say, since 1926, up and down. Down into the Depression. Up out of the Depression. Postwar recovery, and then a downslide in the physical economy of the United States, which begins essentially in the middle of the 1960s.

Now, you look, county by county. Break each county down into 100-square-mile areas. Break each part of the population of those countries down into 100-family units. Now, let's look at all the physical factors of consumption and production, in these areas. Let's look at kilowatts of power generated. Let's look at things like water, water supplies. Let's look at the health care. Let's look at housing. Let's look at employment. Let's look at manufacturing output. Look at all these things which are physical things—reality—on which the productivity and the well-being of the population depends.

And you go around the country, and you find place after place, county after county, state after state, is being destroyed by the present policies.

Then you have babblers talking about: "Wall Street's on the way up. There's a recovery on the way." And as long as people talk about money, ask the financial experts, "How is the market doing?" Say, the market is bankrupt. Money may be worthless tomorrow, unless we make changes.

Look at the physical reality. Look at what you have to wear, to eat. Look at your clothing, look at your health care. Look at whether the community offers employment or not, and what kind of employment. Is the farmer still producing, the independent farmer, still producing? Are the water systems working? Are the power systems working? Are the railroads still working? Do we have an improved type of rail-mass transportation, or do we have turning super-highways into parking lots at rush-hour time?

So, you look at the physical reality of the nation, and say, "This is the problem. This downward trend in the physical conditions of life is the problem."

The homeless people are the problem: the growth of the number of homeless people. The destitution spreading: These are the problems. Look at this, and say, "This must be changed." Force the people to look away from the financial reports, from the "boolah, boolah" of the television networks and so forth. Look instead at physical reality. And in the physical reality of things that people can see and know, the truth is told. Once people respond to *physical* reality, rather than the boolah, boolah of the financial reports, or the double-talk of a psychotic President, then they will react accordingly, at least the lower 80%.

The lower 80% have to be encouraged to stop being the lower 80%, to stop *being the underdogs*, and recognize themselves as citizens, who must think like citizens, who must

exert the power of citizens, who must vote for themselves, in effect, by choosing a candidate who is for their interests, actually, not to beg for what kind of marriage, or how many abortions per block are going on. But play to reality. And our job is to convey reality, physical reality of the ups and downs of a changing pattern of existence in our country, and abroad, and put that before them. Under that case, you choose the right agenda, they will begin to choose the right response.

Schlanger: The other thing, I think, that has completely shocked the political world has been the *singing* of the LaRouche Youth Movement; and for you, this is a special concept, a special idea. You have a specific approach to music, which has caused—and I've seen it from being out there with the youth, and watching mouths drop open, of people who think they don't like you, and are saying, "How can these people be with LaRouche, and sing Bach so beautifully?"

Lyn, can you just tell us why this works, and how this functions to bring beauty to people, causes them to stop and think?

LaRouche: Well, you know, it's a result of the fact that there's been a cultural degeneration, an orchestrated cultural degeneration in the United States, as in Europe, during the entirety of the postwar period. The ideas of Brecht: decadence, extreme decadence. But there are certain principles on which the human race, particularly European culture, developed, and developed especially since the 15th-Century Renaissance. Among these, are music and poetry. The legacy of Dante, the legacy of Petrarca, and so forth. These great legacies. The legacy of Classical Greece.

So, all I've done is say, we've got to look at economy not as just physical economy, or money economy. We have to look at the consumption, and life of people, not merely in terms of so-called physical effects. We've got to look at it in terms of their mental life, their spiritual life; and Classical musical composition is not merely a taste. It is the development of the understanding of a fundamental principle that distinguishes human beings from beasts.

Now, when people get into actually using the principles of Classical well-tempered counterpoint, as developed by Bach and all of his followers, that has a power, to bring a sense of beauty into life. A sense of social beauty, especially when you have four-part counterpoint, as we're using, largely, in the kinds of things we're doing.

And this touches people, because it touches something in them that's there. Something they don't ordinarily use. Where they say, "*That* is beautiful."

And the key to life, the key to real politics, the key to the ability to withstand suffering, is the sense that you are experiencing, and in social relations, particularly, something that is beautiful. You can come to it with the dingiest rags, and the poorest diet, and you come into an area where you are surrounded by beauty. You are uplifted. Your pessimism shrinks away, and you look at your rags, and you look at your

hunger, and you say, “Obviously, can’t we make these things better too?” And that’s what works.

Schlanger: I’d like to thank you so much for being on with us this afternoon. And everyone should know you’ll be key-noting the national conference of the Schiller Institute on Sept. 4, in Virginia.

Discussion with LaRouche Youth Movement Representatives

Schlanger: So, now we’re going to turn to our other guests, and one of the reasons that we have a need for funds, is that part of what Lyndon LaRouche laid out on the show today, and in his press conference a week ago Friday, is the necessity of deploying into key battleground states, in key state and local elections, a new force in politics, which is the LaRouche Youth Movement. Now, we’re going to hear from three people who were part of that force, who were deployed into these states. Let’s start with Michelle Lerner in Boston.

Now, Michelle, you were in Boston for the convention. You’ve just gone back up with a team of LaRouche Youth Movement organizers. Give us a picture of what you’re doing, and what the response is.

The Magic of Music

Lerner: Okay. Well, one of the things that Mr. LaRouche brought up at the press conference announcing the LaRouche PAC, was that music has magic. And it’s been this principle that has been acting as a “science driver” for the organizing that we’ve been doing here since we’ve come back. There’s a church right across the street from where we’re staying, and we’ve been using one of these rooms in this church to practice our singing. We’ve been having warm-ups and rehearsals in the morning, and you have great acoustics in this place, so it’s wonderful. And we’ve been going out into the streets taking the singing with us, and particularly yesterday, we were at Harvard Square, right outside of Harvard University, and we had the chorus; we had a bunch of Platforms [LaRouche’s “A Real Democratic Platform for November 2004”], and we had white boards, with the question of how to double a cube.

So, this was very provocative to a number of people that are Harvard students, just considering the, I guess you’d say, the prestige that goes along with getting a Harvard degree.

Schlanger: They consider themselves the elite. So, you’re singing to the elite, and challenging the elite to engage in Socratic geometry?

Lerner: These guys didn’t know how to deal with it. Everyone could come up with the cube root of 2, but when asked how to physically show what that was, how to create a rela-



Michelle Lerner: “The question of singing is a very important one, because people need as much help as they can to develop the emotional capability, especially when you’re looking at the crisis that we’re facing.”

tionship of proportion which would allow you to demonstrate that you can construct that magnitude, they had no idea what to do. I mean, we had some very interesting experiences, where people were just shaken completely by this sort of thing. And they couldn’t deal with their emotion.

So, the question of the singing is a very important one, because when you’re dealing with that sort of a crowd, they need as much help as they can to develop the emotional capability, especially when you’re looking at the crisis that we’re facing.

So, we had to really push there last night.

Otherwise, we’ve been running into people all over the city that have already started working through the Platform, and have questions they were asking. People were excited. They remembered what we had been doing. They remembered the singing that we had been doing on the subways, and all over the city, and they’re very curious to know, especially those who have certain ideas, or certain assumptions, about who Mr. LaRouche is, people are very curious to know what singing has to do with politics, or what geometry has to do with economics. All these questions that people are asking. I mean, I know from the standpoint of what we were doing last night, it is a perpetual dialogue.

In this city, you can see that there’s the remainder of what was a whole cultural warfare operation by the Congress of Cultural Freedom, especially there’s a couple of music schools right around where we’re staying, and there’s a lot of this sort of counterculture spread throughout the city, so it’s in desperate need of some real sense of what Classical composition is, what artistic beauty is.

And I think people are generally starting to be a little bit more open-minded, as to investigating these questions further than they had been, prior to that. I know right now, we have a group out there at Harvard Square again. There's a lot of students there, there's a lot of young people, not just students from Harvard, there's a lot of different people throughout the city that go through that area.

Rebuild 'Post-Industrial' America

Schlanger: I want to bring in the other two, your colleagues in the youth movement. We have Merv Fansler on the phone; he's also from Philadelphia, but Merv, you're in Detroit right now. What's it look like in Detroit? What are we planning to do in the former Motor City?

Fansler: Well, Detroit is an interesting example, because like all the industrial cities that you have, or the post-industrial cities, people are living in what we're describing as a collapsed economy. And it becomes very pessimistic. And what people have to do, to even be able to, without having hope, and without trying to change things, what they do in a situation like this, such as Detroit, is that they have to somehow justify these paradoxes that the city is rife with. Detroit was, in the 1960s, the most productive city in the world, and today it is one of the least productive cities in the world.

And people have to live with this devastation. And so they find ways to justify this in their mind.

And so, what our mission is, and what it's going to be, in using Detroit as a launching point into the rest of the Midwest, and the industrial cities of the Rust Belt, like Cleveland, and then into the South, is that what has to happen is—there's this existentialism. It's pervasive here. And those people who think they might be able to change things, still have an “underling” mentality. And these things act as a sort of a cultural disease, which prevents a society from coming up, from overcoming its problems.

And so what we're doing in this situation, is that, these things are emotional blocks. And we need to present people with an emotional truthfulness, which is where the music comes in. It's that the problem is not policy, the problem is with the people, and it lies with their inability to overcome the popular opinions, which are holding them back. And so, what the music does, in something like [Bach's] “Jesu Meine Freude,” or something, the Negro Spirituals, is that the quality of those ideas lies in their emotional truthfulness. And this is what Lyn was talking about with the idea that, you're presenting truthful ideas which are based on that difference between human beings, and the beasts. So, we have a full chorus here, and we plan to use that to the utmost, and to begin to uplift people in every sense, and really recruit, because this is the period where we need to recruit as many youth as possible, coming into the conference coming up, so that we can really launch a program to get the Democratic Party on its feet again.

Schlanger: Merv, let me ask you, because Detroit was once



Merv Fansler: “The problem is not policy, the problem is with the people, and it lies with their inability to overcome the popular opinions, which are holding them back.”

a booming center of industry. People were productive. It's an important Democratic Party state. When you walk out, and see people on the streets, and talk to them, do they have a sense yet of what they've lost? Is that something that's tangible yet, or are they still completely in an illusion, that somehow they're going to win the lottery, or the jackpot, and get out of it?

Fansler: At first, they'll put up an advertisement, that they don't believe it. But everyone truthfully knows it.

The problem with some of the youth, though, is that some of the youth just think, that's how it is. Whereas when you get to some of the adults, they remember what it used to be like, and luckily here, with the youth, you also have an interesting situation, where you still have multi-generational households, so a lot of the youth do have an idea of what they've lost. It's a question of, can they see themselves, can they see the potential of their own, of themselves, as an historic individual who can begin to reverse these things.

Schlanger: Let me remind listeners that we will have a national conference, the 4th and 5th of September. This will be on both coasts. It will be in Virginia. It will also be in Pasadena, California, right outside of Los Angeles, and people

should call your local office, for details. This should be an incredible conference, coming, as it is, in this—in a sense—this chorus between the developments in Germany, in Leipzig, and the deployment of the LaRouche Youth to win the election in the United States.

Organize the Lower 80% of Income Brackets

Let me bring on now, Sky Shields. Sky is a member of the Los Angeles County Democratic Central Committee. He was up in Boston also, and Sky, what have we been doing in the West Coast, to bring the message of Lyndon LaRouche's press conference and political campaign, out to the laid-back loafers out on the West Coast?

Shields: They're a part of the humming in the background.

What we've done, in line with what LaRouche laid out as a battleplan in Boston, we've begun doing the four-voice deployments here as well, making sure that we've got, on every squad that we've got out, we've got at least one tenor, one soprano, one alto, one bass, depending upon the repertoire they'll be singing. But we've got a deployment which is designed to take over the entire California as a whole, here in Los Angeles, the broader Los Angeles area, and down into San Diego, as well. We've got a mission really, to continue what we've been doing, to organize the population, create a real cultural and political renaissance and revolution here, by introducing real ideas of culture, real ideas of science. Doing this, bringing this to people in the streets, in the metros, in the mass transit system. Doing a mass distribution of the Real Democratic Party Platform, the one that was put out by the Lyndon LaRouche Political Action Committee.

Also, as part of this, we already had a chance to demonstrate to the California Democratic Party, what we could mobilize; that we're capable of mobilizing a force within the LaRouche Youth Movement, that they can't buy with all the money in the world—and they've been trying. We were able to actually organize a real movement, and a real force, to oppose the Recall [of former Democratic governor Gray Davis last year] here in California. And now we're bringing that to bear on LaRouche's program, how to re-elect Congress without DeLay.

Now, what we're targeting here in California, are a number of these different Congressional figures who've been involved in blocking the Congressional investigations [of Iraqi prisoner abuse and related issues]. And we're going to demonstrate that, if you've got a movement like LaRouche, if you represent the ideas that LaRouche represents, if you can really represent the lower 80% of the income brackets, with the ideas of Roosevelt, the ideas of big development projects, a real sense of mission for the country, you can mobilize a force that can eliminate creeps like [Congressman] Duncan Hunter down in San Diego, creeps like Schwarzenegger here, the "Governator" whom we've got here in California. And you can do that, if you've got a real movement. You can have a real movement, if you have real ideas.

Schlanger: Well, Sky, on this question of real ideas, of course, you're not too far, with the office there, from Hollywood, and the fantasy life that—I guess most people probably don't know this, but it really doesn't come out of Hollywood anymore; it comes out of Algeria, Mexico, Austin, Texas and so on. But the center is still in the Los Angeles areas. And a lot of people out there sort of have this view that, well, look, we're elite, we're educated, we're cool, we're going to go Democrat, and the rest of the country can go to hell. How do you take that on?

Shields: Well, I'll tell you, right now, the one thing that people are beginning to see, and beginning to see more and more, is just the bare fact that we've got the massive presence that we do here in California, in areas where we're organizing. People can see that you don't have this anywhere else. I mean, you've got this sort of fascination with the power of media, the power of this, the power of that, but we're demonstrating that we've been shut out of the press, except for slander attacks; we're not, I can guarantee you we're not commanding massive amounts of funds; we're not controlling any political positions; but we've got a movement in the streets, and they can't even attempt [that], even with all of the control of the press they've got. I mean, people are disillusioned with the so-called power of the media. There's still a market for fantasy now, because people are recognizing what the crisis is. But we've got a certain kind of political power that they don't. We can move the population, and that's enough to get—people are starting to recognize that more and more.

I know, last night, I was in downtown Long Beach, and people see what it is we're organizing, and they understand what LaRouche is saying when he says that we're going to win this, *we're* going to be the margin that wins this election. We're going to move the chunk of the population that the rest of the party, that the Democratic Leadership Council, the Republican Party, and all these other hacks have written off, as unmoveable, as unlikely voters.

We can move them by inspiring them. And that people can see. And people can see how that's going to happen, just by what we've got as a mobilization.

From the Counterculture . . . to Reality

Schlanger: Michelle, let me go back to you now; let's come back to this question that you talked about, the magic of music, that Lyn had brought up. How do you see that this gets into the head? Take a typical counterculture person, who's not familiar with Bach, doesn't know very much about the U.S. Constitution, probably thinks that the American Revolution was based on a tea party against taxes. How do you go about starting to bring them to reality?

Lerner: Well, that's a good question. Because for somebody like that, most of the time they don't even have a conception that anyone can know reality. Like for instance, just before I got on this call, there was a guy, a young guy, who's out on the street, asking for money, because he had apparently lost his job, lost his apartment, he didn't have anywhere to go.



Sky Shields, on right, organizing in Boston during the Democratic Convention, July 26. "It's important for people to get a real sense that we're in the middle of a real break right now. I mean, all the existing practices, all the existing institutions, everything that people ever took for granted over the course of the last 30-40 years, is blowing apart right now."

So, I was talking to him. He was trying to argue with me: "Everyone has their own reality." And this is why the epistemology, the epistemological method that LaRouche has developed through the study of Plato, Leibniz, and also Bach, Classical composition, is key to this. Because you can only know a principle, not by what your senses immediately tell you, but by investigating the paradoxes that those things bring up.

So, the immediate thing that people are confronted with when they see us, is that you have a bunch of young people who are seemingly rejecting the counterculture. And then they're handing them a Real Democratic Party Platform, at the same time a pamphlet called "The Children of Satan III," that goes through how the population was brainwashed.

So, they don't quite know how to respond to it, so you have to develop within the population, you have to educate people around the ideas that prove that humanity actually has a right to exist. That there is something unique about human individuals that makes the species able to sustain the amount of people that we actually have. And it's only because we're able to discover truthful principles, that we have that authority.

So, you have to work with these youth, who don't get a sense of that in school, they don't get a sense of that in society in general, to really rediscover the potential that they have, the potential that they've been carrying around with them all along.

Schlanger: Do you find that the music actually does get through to them, that they do get a sense that there's something missing from their life?

Lerner: Well, I wouldn't say it does completely, immedi-

ately, but it poses the paradox, from which you have a basis to start a discussion, and even if there isn't any discussion, something that they're going to be thinking about afterwards, or maybe after the discussion is over. So, it starts a process by which people can think about things that they're not usually . . . it begins to put a crack in the fishbowl [in which they're swimming].

Why We Support Kerry's Campaign

Schlanger: Now, Merv, I'm going to throw one of the e-mails we have from one of our listeners to you, because actually, it's someone, S. Beal from Buffalo, New York, which is sort of in that natural economic zone of the Great Lakes, where you're right in the center right now.

This is someone who says, "Early in the Democratic primaries, you called John Kerry the only decent fellow among those; that despite his flaws and unpreparedness, he did have some intelligence, and wished to do the right thing. They go on to say that both clearly, they don't have a real plan at the convention. Did Kerry and Edwards

and the Democrats show enough of the kind of fight that you've been advocating? Are we treading somewhat of a fine line? Will it backfire with voters, that we're supporting Kerry?"

Now, let me pose it a little bit differently to you. Because what I'm getting, including from a lot of our organizers, is that they're caught between saying what Lyn is actually saying, which is that we face fascism, we face people who are insane, so we have to fight them, and on the other hand, feeling somewhat defensive about supporting Kerry. So, how do you see this, and how do you address this in people?

Fansler: Well, look, Kerry really has not shown that he's going to fight, so far. But what he has shown, is that he thinks, and he has shown that he has the potential to fight, through his past history, with the Iran-Contra, and different things like that. In the crisis we're in, you have to think about what is physically efficient action that you can take on the universe, to change the situation we're in. And what we're presented with, is, you know, you have the Cheney-Bush Administration, or Kerry, or you have Nader, and the way that this stage is set up right now, is that, if someone doesn't intervene in this, and provide a sort of a counterpoint to the operation—not that we're saying, "Go Kerry, everybody support what Kerry's saying right now." No.

You provide—what a counterpoint does, a counterpoint in a musical polyphony, is, it brings out the paradoxes which exist implicitly in the other voices, but it will not be brought out unless you have multiple voices. And so what we're going to do is, we're going to bring those paradoxes which lie in the reality right now, and we're going to make sure that we can ensure that there will be people, that when the crash does occur, when a financial breakdown does occur,

there are people who can act in a sane way. And the Bush-Cheney Administration has demonstrated that they will act in a very fascist way, and Kerry has demonstrated that he has the potential to act in a sane way, if we get the right people around him.

And this is why, it's not just a campaign for the Presidency that we're running. We're running a campaign throughout the Democratic Party; I mean, we're acting as the leadership in the Democratic Party, which the DNC refuses to take up. And so, we're mobilizing not just for the Presidential elections, but for the Congressional elections, and the Senatorial elections, the Congressional elections, because you need—if you got Kerry in there, and you still had this Republican stronghold, with DeLay and others in there, there would still be the problem of, how can he react properly? And so, it's a multiply-connected operation.

Schlanger: But, as Lyn said also, the real goal is to bring economic justice to the world, and to create a Renaissance, so if we could do that by electing John Kerry, that would be a pretty good trick.

Now Merv, just to take one other point you brought up, the question of the fascist nature of the Congress of Cultural Freedom, of the neo-conservatives. Are you finding a shift in the population? Are there more people now who are beginning to get this, or do you still find just people freaking out if you use the word fascism?

Fansler: Some of them get it. I think, like this *Fahrenheit 9/11* movie softened some people up for that. But I mean, what I've really been nailing people on, is the question of the economics, and the fascism which is associated with that, which is what's getting crucial. And especially this comes up with what Helga has been doing in Europe, against the Hartz IV, which is a very important question.

A Breakthrough Point

Schlanger: I want to turn to our third participant, Sky Shields. Sky, what haven't we covered today that you think should be brought up, with your insightful mind, and your heightened sense of irony? What have we missed here so far today?

Shields: I don't think there's anything we've missed. I mean, it's important for people to get a real sense that we're in the middle of a real break right now. I mean, all the existing practices, all the existing institutions, everything that people ever took for granted over the course of the last 30-40 years, is blowing apart right now. And the only person who's been keen on that, who's had a real sharp sense of that, during this entire breakdown, and because of that, has a chance to intervene into this, and completely change the course that we've been on for this time, through all this period, is LaRouche. And the movement that he's organizing is based on that insight. And, because of that, right now we've got a chance to decide in these next few months ahead, which direction, what the future of humanity is going to look like; whether we're going to see the sort of Dark Age, that people

like Vice President Cheney, and his puppet Bush, around this Administration, are pushing for: wars, dictatorships, and a collapse in living standards and economic austerity policies, globally. Or whether we're going to see a Renaissance of the sort that the movement we heard discussed today is exemplifying, all across the United States. With a Renaissance in Classical culture, a Renaissance in the ideas on which humanity, the existence of humanity is premised, a Renaissance of the greatest ideas in science, a Renaissance of massive development projects globally. That's going to be decided, and it's going to be decided by what we're mobilizing, what people heard from today.

And that's important for people to get a real living sense. And you'll get a greater sense of that if you attend the conference we'll be having over Labor Day weekend, either at Pasadena or out on the East Coast, in Virginia, and you'll get a greater sense of that if you're involved in the fight that we're mobilizing. And people should. That's the only way to get a real sense of where we're at right now in history, is to take part in it.

Schlanger: We're going to have a totally mobile deployment, as I know the three of you know, and maybe our listeners don't know. We are committed during this next period leading up to the Nov. 2nd elections, to hit the key battleground states, to go in and help some Senate and Congressional candidates who are understanding what Mr. LaRouche is saying, and, as well, to look at some of the local races, for example, Assembly seats in California, or maybe in Texas, or Pennsylvania, where you can swing the balance back to the Democrats. But it's got to be a different Democratic Party. Just from any of the three of you, what do you think, do you think the Democrats are ready to change? Do you see a better sense of fight?

Fansler: I hope they're ready for what we have for them.

Schlanger: Michelle, do you have anything else from Boston, quickly?

Lerner: No, I was just going to add that I think that looking at what Mr. LaRouche had put forward during the time period of the mid-term elections, that he had warned that if they don't separate themselves, and make themselves known, the Democrats, that is, as something distinctly separate from the Republican Party, they would fail. And I think that's the same sort of sense that a lot of people have right now. So, I think there's a lot of possibilities for what might happen.

Schlanger: Well, as Lyndon LaRouche said in his invitation to the Conference, this is something that the cowards refuse to face, but the fact that we are ending an era of history, which he spoke about today. And again, I would remind people, listen to this again. Go back to the archive on the larouche-pub.com. Call us for literature. Call us to make your pledges. And by the way, when you make a pledge, don't be a Baby Boomer—actually send it in. It's very easy to make pledges. You can call us at 888-347-3258.

U.S. Flight Forward in Iraq: Is Iran the Next War Target?

by Muriel Mirak-Weissbach

In the good old days of traditional geopolitics, à la Zbigniew Brzezinski, the U.S. policy toward the two oil giants of the Persian Gulf, Iran and Iraq, was known under the rubric of “dual containment.” Now, since the 2000 Supreme Court (s)election of the Cheney-Bush duo, this has been changed to “dual extermination.” As the regional implementation of Cheney’s “new Roman Empire” thrust, the policy emanating from Washington has been one of “permanent pre-emptive wars” against alleged terrorist nations, their alleged backers, and so on. First Afghanistan, then Iraq, now Iran and, according to well-informed regional actors, simultaneous hits against Syria and Lebanon, are planned by the United States and its “closest regional ally,” Sharon’s Israel (see article, page 44).

If this strategic plan were to be fully implemented, then, as a Saudi newspaper close to Crown Prince Abdallah has editorialized, it will set the entire region—and perhaps the world—on fire.

Only a drastic policy course change in Washington, as Lyndon LaRouche has insisted, can avert the looming catastrophe. In April, he issued his “LaRouche Doctrine,” which specified that Washington must declare its commitment to stability and security in Southwest Asia as a whole, and acknowledge the key role to be played by the four leading nations there: Egypt, Syria, Turkey, and Iran. A plan for withdrawal of the occupying forces, he wrote, must be accompanied by a perspective for economic cooperation in the region, and, emphatically, between Israel and Palestine and their neighbors.

Encouraging steps have been taken, dovetailing with LaRouche’s concept of peace through economic develop-

ment, especially by Iran, whose geo-strategic location makes it the pivotal country in the region. Over the past weeks, the Iranian government has conducted talks with Turkey, Azerbaijan, and Iraq, in an effort to consolidate economic cooperation and trade agreements and contribute to regional stability. A large Iran-Iraq economic conference was convened in Tehran on Aug. 1, which saw the participation of 300 Iraqi businessmen and an even larger number from Iran. Iranian Foreign Minister Kharrazi, who opened the conference, spoke of “a special and historical opportunity” for the two neighboring states. He stressed the importance of energy cooperation, specifying plans to build a pipeline from Basra to Abadan, and to initiate a swap deal between the two countries. Iraq would supply 350,000 barrels a day of crude oil to Iran’s Abadan refinery; and Iran would, in turn, export Iranian crude on Iraq’s behalf, through the Persian Gulf. With Azerbaijani and Turkish government leaders, President Khatami discussed cooperation on transportation networks, including the North-South Corridor, as well as gas deals.

Instead of encouraging such steps, the Bush Administration has reacted like the proverbial bull to a red flag, doing everything imaginable to aggravate the situation and exacerbate the conflict in Iraq, and against Iran. One wonders if this is the expression of the usual insanity one has become accustomed to from such quarters, or whether there is a method in the madness; that is, a deliberate commitment to unleash chaos.

The ‘Final Solution’ to Moqtadar al-Sadr

The U.S. launched its advertised final offensive against the Mahdi Army militia of Moqtadar al-Sadr on Aug. 12,

after a week of intense fighting between the radical Shi'ite cleric's militiamen and the occupation forces in the holy city of Najaf, as well as other Shi'ite cities where he has military strength: Amarah, Nasiriyeh, Kut, Basra, and Sadr City in Baghdad. The first sign of the offensive came when interim Prime Minister Iyad Allawi issued an ultimatum for the al-Sadr militias to leave the city. "We think that those armed should leave the holy sites and the [Imam Ali Shrine compound] as well as leave their weapons and abide by the law," he said during a blitz visit there on Aug. 8. Although al-Sadr spokesmen had said they would be open to negotiate a ceasefire, Allawi was intransigent: "There is no negotiation with any militia that bears arms against Iraq and the Iraqi people."

On Aug. 10, the U.S. Army told Najaf residents to evacuate their homes. Speaking of the city's cemetery and the shrine of Imam Ali, one of Islam's holiest sites, the U.S. Marines announced over loudspeakers, "To all Najaf people, these areas will be closed military zones." To al-Sadr's militia, they said: "This is the last warning to all armored militias. This is the last chance for you to drop your weapons and leave Najaf peacefully or death will be your penalty."

Then on Aug. 12, U.S. Marine Maj. David Holahan, executive officer of the 1st Battalion, 4th Marines Regiment, announced: "Major operations to destroy the militia have begun." The declared intention was to force the militiamen to surrender, or kill them.

The actual assault proceeded as planned, with U.S. Marines encircling the Imam Ali shrine, and U.S. planes dropping bombs on the al-Sadr militiamen located in the city's historic cemetery. Attacks were launched simultaneously against suspected al-Sadr strongholds in Kut, where a neighborhood was bombed, leaving 75 dead and twice as many wounded, mainly civilians. And fighting escalated in the other centers of al-Sadr's forces. In Basra, the militiamen threatened that, were the siege of Najaf to continue, they would sabotage oil pipelines and the port, whence Iraqi oil is shipped abroad.

Just prior to the final assault, Ayatollah Al Hussein al-Sistani, the highest religious authority of the Shi'ites, left Najaf to fly to London for treatment of a heart ailment. Both the U.S. forces and the interim Iraqi government wanted the revered leader, noted for his moderating influence, to be out of the picture. Other leading Shi'ite figures of the Marja in Najaf feared al-Sistani's death, had he remained, and urged him to leave when he did. It was mooted that al-Sadr could have sought refuge in al-Sistani's residence, which would have set him up for killing.

Rather than be intimidated by the show of force, the resistance spread. Not only did other cities rise up against the occupation, but political figures from within Allawi's interim government began to jump ship. Masses demonstrated in Nasiriya calling for the ouster of Allawi, who has authorized the attacks, and they set fire to the local office

of his political party. At the same time, the deputy governor of Najaf, Jawdat Kadam Najimal-Kuraishi, announced his resignation. On the day of the final assault, he declared: "I resign from my post denouncing all the U.S. terrorist operations that they are doing against this holy city."

Deputy president Ibrahim al-Jaafari had urged U.S. troops to leave the city to end the fighting. "I call for multinational forces to leave Najaf and for only Iraqi forces to remain there," Jaafari said in remarks broadcast on Al Jazeera television on Aug. 11. "Iraqi forces can administer Najaf to end this phenomenon of violence in this city that is holy to all Muslims." He also protested that any orders for offensive action against militants should have come from the Iraqi government, not the U.S. "I think that killing Iraqi citizens is not a civilized way of building the new Iraq, which is based on protecting people and promoting dialogue, not bullets," he told the BBC's "Newsnight" program. He also criticized Zorfi's call for the Shia fighters to leave Najaf, saying "I think decisions like this should have been taken centrally . . . in Baghdad."

Abdul Aziz al-Hakim, head of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), a major power in the "new" Iraq, accused the U.S. of using excessive force, and "called for a new security strategy in which tribal leaders had a greater say." Fifty tribal leaders of Najaf had, in fact, met with Allawi on Aug. 8, during his quick visit to the city, and lobbied with him to give them, a traditional force in Iraqi society, a chance to mediate a solution to the conflict. Allawi refused any mediation, and maintained his position that there could be no room for negotiations with al-Sadr.

As for Moqtadar al-Sadr, he continued to fight and urge his followers to do the same. In response to Allawi's demand that the militia leave Najaf, al-Sadr told the press: "I will continue fighting. I will remain in Najaf city until the last drop of my blood has been spilled." Invoking the memory that his father and uncle were both martyred, Sadr told his troops: "Keep fighting even if you see me a prisoner or a martyr. God willing you will be victorious." He said he still wanted Iraq to remain united and thanked "those who tried to resolve the crisis peacefully." Calls by his spokesmen for negotiating a ceasefire fell on deaf ears.

As one leading strategic analyst, Dr. Toby Dodge, from the International Institute for Strategic Studies in Britain, commented to BBC, the actual military position of the United States is "unenviable," and the resistance is spreading. He listed the Sunni strongholds of Fallujah, Ramadi, and Samarra as all under the control of the resistance, whereas Mosul is contested. Regarding the Najaf offensive, which was supposed to establish an "example," Dodge noted: "Moqtada Sadr's main base of support is not the Shia holy cities, but instead the Baghdad suburb of al-Tharwa (Sadr City). This slum of up to 2 million people will become the battleground against Mr. Sadr and his Mahdi Army. U.S. forces have had great difficulty operating here, fighting in

crowded and narrow streets, with a lack of local knowledge.” Thus, he concluded, a “two-front revolt” will further deteriorate the situation, and Mr. Allawi “will become little more than the mayor of Baghdad.”

If one adds that the southern cities of Basra, Amarah, Nasiriyah, and Kut are increasingly under the al-Sadr forces’ control, it is a bleak picture for an occupying army.

In addition, the polarization of the southern cities dominated by pro-al-Sadr elements, against Baghdad—which is viewed as totally under U.S. occupation control—has led to alarming developments. It was reported in the Arabic press that the deputy governor of Basra, Salem al-Maliki, himself an al-Sadr representative, ordered the closure of the Southern Oil Company, which effectively shut down production. Furthermore, he reportedly called on fellow Shi’ites in Kut, to join with Basra, Amarah, and Nasiriyah, in an “autonomous” southern region, independent of Baghdad. Were this to materialize, it could constitute the first step towards disintegration of Iraq as a nation.

Target: Iran

The military offensive aimed at wiping out al-Sadr’s militia, coincided with a drumbeat of accusations and threats against neighboring Iran. In fact, the Israeli daily *Ma’ariv* wrote on Aug. 12 that the Najaf offensive was a “clear message to Iran,” that the United States would move against it.

The new drumbeat began with statements made by Secretary of State Colin Powell on Aug. 1, while on a visit to Baghdad, that he was “uneasy about some of the actions that it [Iran] has been taking in the South.” He was reportedly responding to reports of “diplomats” about alleged Iranian interference in Iraq. Interim Iraqi Defense Minister Hazem Shaalan, explicitly accused Iran of funnelling arms and fighters into Iraq.

It is well known that many Shi’ite political parties in southern Iraq maintain links in Iran, where many lived in exile for years. Foremost among them is the Supreme Council for the Islamic Revolution in Iraq, whose leading members have participated in the transitional Iraqi governing bodies. More than the southern cities, it is the holy cities of Najaf and Kerbala, which have strong ties to Iran, especially its theological center at Qom. In point of fact, however, it is the supreme Shi’ite authority, the Grand Ayatollah Ali Hussein al-Sistani, based in the holy city of Najaf, who wields the greatest influence, including over Iranians.

Iranian government leaders are well aware that their *de facto* influence in Iraq has raised concerns, especially among Sunni political forces in the region, outside Iraq. Both Kuwait, which has a Shi’ite minority, and Bahrain, whose Sunni leadership has been forced to concede some political posts to members of the Shi’ite majority, are nervous. And the same goes for the Shi’ite region in Saudi Arabia’s East. Were forces in Iran to attempt to exploit their influence in these areas,

there could be a backlash, according to one European-based regional expert. So far, however, the Iranian government has put its efforts into trying to create regional stability and security. One wonders if the expansion of the war in Iraq against the Shi’ites might not be intended to provoke the Iranians into conflict, instead.

The lever that has been used most frequently to pressure Iran is, in fact, the nuclear issue: Although Iran has signed the nuclear Non-Proliferation Treaty, as well as an additional protocol with the International Atomic Energy Agency (IAEA), allowing for more far-reaching inspections of its nuclear facilities, the U.S. Administration has insisted that Tehran is using its energy program to camouflage a program for weapons development. Powell, in his Baghdad statements, also said the Iranian nuclear program was likely to be referred to the UN Security Council, which could decide on sanctions.

A meeting held in Paris on July 29, between the EU-3 (Great Britain, France, and Germany) and Iran, to settle new charges against Iran’s program, ended in a draw, with agreement to continue the dialogue later. A wish list was presented by Iran to the Europeans, for access to technology, and for protection against military threats from abroad (that is, Israel); there was no reported European response. On Aug. 1, Iranian Foreign Minister Kamal Kharrazi announced at a press conference that his country had resumed production of centrifuges, but had not resumed enriching uranium. He said that this was a response to the failure of the EU-3, back in June (and obviously again in Paris) to help close Iran’s file of possible nuclear nonproliferation violations at the IAEA. “We still continue suspension on uranium enrichment, meaning that we have not resumed enrichment,” Kharrazi said. “But we are not committed to another agreement with them (Britain, Germany, and France) on not building centrifuges.”

After the Paris talks and Kharrazi’s announcement, the Bush Administration increased its rhetoric, and turned up the volume. Both President Bush and National Security Adviser Rice made threatening statements. On Aug. 8, Rice stated that the world finally is “worried and suspicious” over the Iranians’ intentions and is determined not to let Tehran produce a nuclear weapon. On two nationally broadcast interview shows, Rice threatened that the United States would act alone to end the program if the Administration could not win international support.

A potential monkey wrench was thrown into the works, when *Jane’s Defense Weekly* published a story, on Aug. 11, that the traces of enriched uranium which had been detected in Iran, on its centrifuges, had actually originated elsewhere. IAEA inspectors said they could confirm that a sample of uranium enriched to 54%, found in Iran, had come from Pakistani equipment. Another sample, of 36%, had come from Russian equipment, which had been sold to China, thence to

Pakistan, and finally to Iran, through A.Q. Khan. Therefore, Iran's contention it has not enriched uranium seems to have been confirmed. Given the Cheney Administration's record with information on weapons of mass destruction (WMD) in Iraq, of course, this is no guarantee the targeting will be reduced.

Another Pre-Emptive Strike?

Just how worried Arabs are about the targeting, is indicated by the reported attempts of the Jordanian government to reduce tensions between Tehran and Washington. The *Jordan Times* reported Aug. 10 that Foreign Minister Marwan Muasher said Jordan had tried to bring the U.S. and Iran together, regarding their estimates of the Iraqi situation. "Jordan supports efforts to improve ties between the two countries, but it was not mediating," he said. Another government spokesman said Jordan was also supporting efforts to create a region free of WMD. "Efforts to create a WMD-free Middle East should not only include Iran," said government spokesman Asma Khader, "but also Israel."

Iran's own response is the best indication of how seriously threats of an Israeli strike should be taken. Not only Kharrazi, but other leading Iranian political figures have repeatedly insisted that the country will not give up its nuclear energy program. Pressure is mounting on the government, from the public and press, but especially from the Conservative-dominated parliament, that Iran restart its uranium enrichment program, as an assertion of its rights and independence.

The toughest response came from Iranian Defense Minister Ali Shamkhani, who announced on Aug. 11 that a successful test had been completed of the new Shahab-3 missile, which is capable of hitting all sites in Israel, as well as U.S. bases in the Gulf. He said Iran was improving the range and accuracy of the Shahab-3 in response to Israel's moves to boost its anti-missile capability. A defense ministry spokesman confirmed that the test had been carried out "to assess the latest developments implemented on this missile," without further details.

Explicit warnings have been issued by Iranians, of retaliation, were they to be attacked. "If Israel behaves like a lunatic and attacks the Iranian nation's interests, we will come down on their heads like a mallet and break their bones," said Revolutionary Guards Commander Yahya Rahim Safavi on Aug. 11. Shamkhani commented also on Israel's anti-missile Arrow II. "The Israelis have recently tried to increase their missile capability and we will also try to upgrade our Shahab-3 missile in every respect," he said, adding that the improvements to the Shahab-3 "will not be limited to the missile's range and will include all its specifications."

How would Iran react, if attacked? The question has been the subject of speculation from many sides. The usual response is that it would support moves by the Lebanese Hezbollah to attack sites in Israel, or strike Israel itself. Neither option

would be limited in consequences.

On Aug. 11, an important editorial appeared in the Saudi paper *Al Riyadh*, which is said to be close to Crown Prince Abdallah. Entitled: "America's Nero: Will He Set the World on Fire?" it gave a detailed picture of what plans may be, in the United States and Israel, for aggression against Iran, and what the consequences might be.

Locating the critical potential for conflict in considerations linked to the internal U.S. election process, the paper writes that the race to the White House is "bound to the failure or success of [operations in] the Arab region and Iran." It notes the buildup of Israeli forces on the borders with Syria and Lebanon, and then addresses Iran. "Iran has become the real concern, a scary concern, this is how it's being painted. And Iran is still considered part of the axis of evil. Now they are talking about stopping its nuclear program by diplomatic means or probably by the use of force against installations."

The editorial states that America, well aware of "the size of Iran and its sensitive position on the sands of the Gulf, neighboring Iraq, and Central Asia," would probably time and coordinate any action with Israel, "for simultaneous attacks on Syria and Lebanon," which could then be presented to the world as successful actions to "to finish off these 'out-law states.'"

But, the paper stresses, these are blueprints, not reality. "When one calculates all the consequences, they could lead to worse results [for the U.S. and Israel] than those that have been planned on paper. Who could guarantee that Iran would not use chemical weapons or conventional weapons to strike Israel, and the oil platforms in the Gulf; an uprising of the Shia in Lebanon and Iraq and Central Asia? Or, who could guarantee that there would not be a Syrian-Lebanese reaction, though limited, that could set the whole region in flames?"

Oil, it continues, could become a factor that would "tear apart allies and friends, if the American adventure goes beyond all limits." Production could come to a halt, according to the dictum, "*Après moi, le déluge.*" Iran could render the war more widespread and more painful in the whole region, and outside the region. The editorial here is talking about the earlier references to the Shia in Lebanon, Iraq, and Central Asia; significantly, the Saudi publication does *not* mention what could occur, if the Shi'ite populations were mobilized in Kuwait, Bahrain, or even at home in Saudi Arabia.

The point driven home is that, if the United States and/or Israel, were to act according to fanatical "religious-imperial thinking," then "this adventure would set big fires in the whole region."

Arab experts consider this editorial to be an informed evaluation of what a U.S. or Israeli escalation of the war could provoke. But so far, the only means for outflanking such an outcome is the "LaRouche Doctrine," which has not yet been acted upon.

Sharon Prepares To Strike Iran

by Dean Andromidas

Israeli Prime Minister Ariel Sharon and his generals have completed contingency plans for striking Iran's nuclear installations, and developments over the past weeks indicate that the strike date could be fast approaching. The big question is, will it occur before or after the U.S. elections.

The *Sunday Times* of London, a traditional leak sheet for Israeli hardliners, cited Israeli "sources" July 18, to claim that Israel "had completed rehearsals for a strike against Iran." The same sources told the *Sunday Times*: "Israel will on no account permit Iranian reactors—especially the one being built in Bushehr with Russian help—to go critical. . . . If worse comes to worst and international efforts fail, we are very confident we'll be able to demolish the ayatollahs' nuclear aspirations in one go."

In the weeks after the *Sunday Times* article, the Bush Administration began increasing pressure on Iran over its nuclear program; both President George W. Bush and National Security Adviser Condoleezza Rice have issued warnings to Iran.

The *Sunday Times* piece also cites the report "Project Daniel: The Strategic Future of Israel" to back up its story. This report, which was the subject of an *EIR* article June 18, calls for Israel to adopt a pre-emptive strike policy against any country, especially Iran, before it acquires nuclear weapons. It also calls for Israel to have a second-strike capability that can destroy "between 10 and 20" major Arab and Iranian cities. The *Sunday Times* claimed that the report was "classified," but as *EIR* reported, it was made public by the Ariel Center for Policy Research, which is a neo-conservative think-tank based in the illegal Israeli settlement of Ariel on the West Bank. Israeli experts told *EIR* that the report had semi-official backing, since it was written by three senior Israeli military officers, who had worked with Israel's nuclear weapons program.

On July 21, just three days after the *Sunday Times* article, Israel's Military Intelligence branch, known in Hebrew as Aman, presented its "National Estimate of the Situation" to the Israeli Security Cabinet, headed by Sharon. According to the Israeli daily *Ma'ariv*, this report declared "the development of unconventional weapons in the Middle East" to be "the most important existential threat to Israel." "The report focussed on Iran, both as the country most likely to acquire weapons of mass destruction capabilities, and as the biggest backer of terrorism," *Ma'ariv* stated. The newspaper also

noted that the military is "extremely concerned by Iran's ongoing pursuit of nuclear capabilities and launching systems," and that the report warned that Iran could produce a nuclear weapon as early as 2007.

Further, the report claimed that Iran's ally, Syria, is developing chemical and biological weapons that could fall into the hands of the Hezbollah militant organization in Lebanon, which Israel claims is being sponsored and supplied with weapons by Iran.

Israeli Shin Bet General Security Service director Avi Dichter briefed the Knesset (Parliament) on July 21 and claimed absurdly that "the Iranians are certainly aiming to create a Trojan Horse among Israeli Arabs," and that Iran is the main backer of the Palestinian groups Hamas, Islamic Jihad, and Tanzim. He then made the outrageous allegation that Hamas was a "front for Iran" and that the Islamic Jihad is an "entirely Iranian organization."

A Hawk's Window of Opportunity?

The Saturday edition of the London *Times* July 17, the day before its article on Israel's strike plans, also ran an article quoting "hawkish"—that is, neo-con—sources in the Bush Administration who "hinted" at a possible military strike against Iran's nuclear facilities, saying that there was a "window of opportunity for destroying Iran's Bushehr reactor." The article claimed that the United States would stand aside if Israel launched a strike against Iran.

Although the neo-cons in the Bush Administration would like nothing better than to attack Iran, no decision has been made, primarily because of the ongoing disastrous situation in Iraq. Nonetheless, Israel has made its position clear to the United States. On July 10, Israeli military commentator Ze'ev Schiff revealed in the daily *Ha'aretz* that a high-level delegation from the Bush Administration was in Israel to discuss Iran's alleged nuclear weapons program. The details of these discussions were not revealed.

Israel's position was also made clear to the director of the International Atomic Energy Agency, Mohammed ElBaradei, when he visited Israel in the first week of July on the invitation of the Israeli Atomic Energy Commission. Sharon was among the Israeli officials whom ElBaradei met. According to Schiff, the visit was arranged under the cover of focusing on "technical and medical issues," but its real purpose was to express "Israel's strategic concerns to El Baradei. . . . A conversation with him makes it clear that he understood these concerns—first and foremost Iran, but also Pakistan, which turned out to be a leading proliferator of nuclear information."

On Aug. 8, Israel announced that it was distributing Lugol radiation antidote capsules to people, including soldiers, who live and work in the triangle formed by Dimona, Arad, and Eilat on the Red Sea. The Nuclear Center in Dimona, with its reactor, is Israel's primary production center for weapons-grade uranium. The Israeli government as-



Iran's Natanz gas centrifuge uranium enrichment plant is a prime target for an Israeli strike, according to Israeli military sources.

serts that the distribution of Lugol was to stem growing fears of an accidental leak of radiation from the aging reactor, built at the end of the 1950s, which has never undergone any international inspections. Whether or not such fears are well-founded, the move has fueled speculation among Israel's Arab neighbors, as well as Iran, that Israel is preparing for retaliatory strikes by Iran, in the event that Israel launches an attack on Iran's nuclear sites.

Can Israel Strike Iran?

Over the past decade, Israel's strategic doctrine has centered on building up its "deep strike" capabilities against targets in Iran, Pakistan, and North Africa, including Egypt, Libya, and Algeria. It is in the process of completing receipt of 24 F-15Is. With a combat radius of 4,500 kilometers, these fighter-bombers are capable of hitting any of Iran's nuclear facilities, without refueling. Israel has also begun receiving the first shipments of more than 100 F-16I fighter-bombers, which have been especially redesigned for deep-strike missions. And within the last decade, Israel has launched a network of satellites capable of directing sophisticated guided-weapon systems to target all of Iran's nuclear facilities.

The Bushehr nuclear reactor project, located on the coast of the Persian Gulf, is just one of Iran's potential nuclear targets. Others include a facility at Natanz, where it is alleged that uranium is being enriched, and one at Arak, where it is claimed that heavy water is being produced. These targets are even more accessible to Israeli attack than Bushehr. According to a recent report by Seymour Hersh in the *New Yorker*

magazine, Israeli agents are using the Kurdish region in Iraq to gather intelligence on, and use as a base for possible commando attacks on the facilities in Natanz, which is just 200 kilometers from the Iraqi border.

This was confirmed by an Israeli military source, who told *EIR* that Israel no longer considers Bushehr as essential to Iran's nuclear weapons program, because it is now believed that Iran has decided to take a different route to enriching uranium. Israel would be more concerned with other facilities, like those at Natanz and Arak, he said. Although the source noted that the Israeli Air Force, "like any other air force," has its contingency plans, including plans for these targets, he did not think a decision to strike has been made.

Another Israeli military source said it would be mad to launch such attacks because they would not successfully end the Iranian program. "It would not be worth paying the diplomatic and political price" such an attack would entail. On the other hand, this source did not dismiss the idea that Israel, under an Ariel Sharon, would launch attacks.

For Sharon and his generals, attacking Iran has less to do with knocking out Iran's alleged nuclear program than with Sharon's broader and longer term goals: to engineer a regional war that would overthrow the Syrian regime of President Bashar Assad, an ally of Iran, and to continue his attacks on the Palestinians.

While threatening Iran with a military strike, Sharon's generals have been conducting an intelligence war with the Hezbollah, the militant organization based in southern Lebanon. According to a report in the Israeli daily *Ha'aretz*, the Mossad is planning the assassination of Hezbollah leader Hassan Nasrallah. Hezbollah, which represents the Shiite Muslims in Lebanon, has strong ties with Iran as well as with Syria, and the assassination of Nasrallah could ignite a regional conflagration. A massive retaliation by Hezbollah against Israel along its northern border would then provide Israel with a pretext to attack both Syria and Iran. Israel already bombed alleged "terrorist training camps" in Syria last year.

The Mossad was accused of assassinating Ghaleb Awali, a senior Hezbollah operative whose car blew up on July 19 when he turned on the ignition. This was followed by Hezbollah's shooting of two Israeli soldiers along the Lebanese-Israeli border in retaliation. *Ha'aretz* noted: "The intelligence war between Israel and Hezbollah had not really started this month. Last August, a car bomb attack killed Ali Hussein Salah, a Hezbollah man who served as a driver in Iran's embassy in Lebanon. Salah, it appears, was not the target of the strike—a senior Hezbollah figure was supposed to be in the car."

Making clear who that "senior" figure was, *Ha'aretz* added, "A few months ago, Lebanese security forces reported that they detained a group of Palestinians suspected of carrying out intelligence work for Israel, with the aim of assassinating Nasrallah."

Iraqis Order Chalabi Arrest in Murder Plot

by Michele Steinberg

On Aug. 8, warrants were issued by Iraq's interim government to arrest two of the top members of the hated Chalabi family in Iraq—both of them favorites of Vice President Dick Cheney and the neo-conservative cabal in the Bush government—who are leading figures in the American occupation government. The two, Judge Salem Chalabi, the chief of the War Crimes Tribunal that will try Saddam Hussein, and Ahmed Chalabi, the former member of the now-defunct Iraqi Governing Council (INC) and head of the Anglo-American-backed Iraqi National Congress, have not been apprehended, because they are out of the country. Salem Chalabi is reportedly in London, and Ahmed Chalabi, who is already a fugitive from a criminal conviction for bank embezzlement in Jordan, is reportedly in Iran. Both said that they will return to Iraq to answer the charges.

Issued by Zuhair al-Maliki, the Iraqi Interim Government's chief investigating judge, the warrant against Salem Chalabi accuses him of involvement in the murder of Haitham Fadhil, an official of the interim Iraqi Ministry of Finance. Fadhil, shot and killed on May 28, had been preparing a report on reclaiming government-owned real estate. The properties included some which had been taken over by the Chalabi family. Before he was killed, reports the *Los Angeles Times*, Fadhil had divulged to witnesses that Salem Chalabi had threatened his life.

The arrest warrant against Salem immediately cast a shadow over the U.S.-backed trial of Iraqi President Saddam Hussein. "Judge" Chalabi is the head of the "war crimes tribunal" that was set up by the U.S. occupation.

For his part, Ahmed Chalabi is charged with counterfeiting old Iraqi dinars just prior to the conversion to a new Iraqi currency. Ahmed's house and so-called headquarters for the INC were raided on May 20, and computer files and records were seized by Iraqi officials. But the case of Ahmed goes much closer to the center of the Bush Administration—the axis of power linking the Pentagon's top three officials, Paul Wolfowitz, Douglas Feith, and Donald Rumsfeld, to the Office of the Vice President. In the buildup to the war, the channel between Cheney and Feith was such that raw "intelligence" reports from a network of Iraqi defectors controlled by Ahmed Chalabi, were "stovepiped" directly into speeches made by Cheney and the Administration.

Is this the end for Chalabi's scams? Despite Cheney's backing, he was unable to get the coveted appointment as Iraq head of state; in fact, after the transfer of power, he had no state

position. So, the Chalabis are screaming "foul"—from abroad! And, they claim that they are the victims of a CIA/Ba'athist plot against them, involving former American occupation viceroy Paul Bremer, and the arresting judge, al-Maliki.

Iraqis look with bitter suspicion at the Chalabis—especially Ahmed, for his silk suits, Rolex watches, and expensive homes, paid for by the U.S.A. Salem's friends include Defense Undersecretary for Policy Feith, a right-wing Zionist who oversaw the process that supplied Ahmed's INC with \$340,000 per month for "intelligence gathering." Salem is the partner in a new Iraqi law firm of Marc Zell, Feith's longtime law partner, who is also a leader of the radical Jewish settlers movement.

The Bigger Picture

The real misfortune for America is that an arrest warrant for Ahmed Chalabi hasn't been issued by the United States. What protects Ahmed is that if he goes down, so would Cheney, Deputy Secretary of Defense Wolfowitz—and possibly President Bush. But now Ahmed Chalabi is finished politically. Several major investigations of Ahmed are still under way:

- A Senate Select Committee on Intelligence probe into the role of the INC and Chalabi in providing faked intelligence that led to the Iraq War. On March 2, Knight-Ridder newspapers wrote that House Democrats had asked the Defense Intelligence Agency to provide information for a similar probe.
- A General Accounting Office investigation of the INC for misuse of government funds to lobby in the United States for a war against Iraq. *Newsweek* reported on April 5 that the probe was requested by Sens. Carl Levin (D-Mich.) and John Kerry (D-Mass.). The INC boasted that at least 108 news stories planted in major media about Iraqi weapons of mass destruction were the result of its work.
- In June, allegations surfaced that Ahmed had compromised U.S. national security by passing defense secrets to Iran's intelligence agents.

But Ahmed Chalabi (defended by attorney John Markham, a former Justice Department prosecutor who was used in the mid-1980s political frameup, trial, and imprisonment of Lyndon LaRouche) has gone on the offensive. On Aug. 11, Chalabi's daughter held a press conference in Washington, D.C., with Markham, to announce a lawsuit against the government of Jordan for seizing his Petra Bank. In 1993, the Jordanian authorities tried and convicted him in absentia (he had fled the country) for the embezzlement of depositors' money. His sentence was 22 years of hard labor.

When George W. Bush delivered his State of the Union address in January 2004, the prop used for his claim that democracy had come to Iraq was Ahmed Chalabi, seated in First Lady Laura Bush's box. Using Chalabi as a prop for freedom in Iraq will turn out to be as big a joke as Bush's "Mission Accomplished" backdrop to his infamous May 1, 2003 declaration aboard the *USS Abraham Lincoln*, that "major combat was over" in Iraq.

Georgia's Saakashvili Boasts U.S.-U.K. Approval for Showdown

by Rachel Douglas

Michael Saakashvili, whose accession to power in Georgia at the end of last year was a project of mega-speculator and geopolitics dabbler George Soros, is provoking more tension around South Ossetia and Abkhazia, two districts in Georgia, bordering on Russia, which have been autonomous for the past decade. Both areas were the scene of bloody combat in the early 1990s, leading to an uneasy truce, under which the Georgian central government stayed out and Russian forces policed the ceasefire.

The roots and current state of the conflicts are complex, involving the legacy of Stalin's nationalities policy in the Soviet Union, the panoply of separatist ethnic movements across the Caucasus (many of them promoted by foreign intelligence agencies for their own perceived advantage), and the economic interests of criminal clans in the region. After seizing power, Saakashvili first ousted Aslan Abashidze's leadership in semi-autonomous Ajaria. Now he is moving to retake South Ossetia and Abkhazia, but the outcome is uncertain and threatens to be bloody.

During July, incidents occurred between South Ossetia and the rest of Georgia, when Georgian forces were sent to the border area, officially to fight smuggling. Russian trucks, protected by Russian military units, were among the targets. Several rounds of South Ossetian-Georgian talks were inconclusive. On July 20, speaking in Ajaria, Saakashvili threatened South Ossetia and Russia with abrogation of the 1992 Dagomys Agreements, which had ended the war between Tbilisi and Tskhinvali and established the Russian peacekeeping contingent.

South Ossetian leader Eduard Kokoyev rejoined: "Denunciation of the Dagomys Agreements means war. . . . And he [Saakashvili] is saying this upon his return from Britain, a country with centuries-old democratic traditions." On July 18, Saakashvili made a quick, unannounced visit to South Ossetia; the Russian Foreign Ministry protested that it had not been notified.

Saakashvili escalated again on August 3, declaring that any foreign ships arriving in Sukhumi or other Abkhazian ports, including boatloads of Russian tourists on the popular Sochi-Sukhumi route, could be fired on by Georgia without warning. After the July 31 shelling of a Turkish cargo ship off the Abkhazian coast, that autonomous area's leaders had

broken off talks with Tbilisi, stating that Georgia had "embarked upon a policy of wrecking the process of peaceful settlement of conflicts." On August 3 in South Ossetia, Georgian snipers fired on the motorcade of Andrei Kokoshin, head of the Defense Committee of Russia's State Duma.

Georgia's Minister for Conflict Resolution, Giorgi Khaindrava, in Moscow for talks on August 10, said that Saakashvili never made a threat to shoot tourists, but was the victim of a mistranslation into Russian. Khaindrava said that Saakashvili had merely been warning vacationers that Abkhazia was a zone of conflict, where "shooting could break out at any moment." Meanwhile, Russia's own master of provocation, Liberal Democratic Party of Russia leader Vladimir Zhirinovskiy, ostentatiously travelled to Abkhazia by motorcade and then boat, tempting the Georgians and, at one point, reporting back to Moscow that he had been fired on.

Foreign Patrons

Interspersed with these actions, Saakashvili visited London and Washington. In London on July 14, he said that Georgia seeks a close relationship not only with the USA, but also Britain, and urged Defense Secretary Jeff Hoon to send more British specialists to Georgia and take Georgian officers for training in Britain. When Kokoyev warned of war, Saakashvili boasted, "The British SAS can easily smash the GRU spetsnaz" (Russian special forces). On August 2, after Saakashvili visited Israel with his foreign and defense ministers, it was announced that Georgia will import Israeli light weaponry. Then Saakashvili came to Washington and, at the Georgetown Center for Strategic and International Studies, August 5, issued his latest warning: Russian tourists should not visit Abkhazia, which he called "not a vacation area, but a war zone from which 300,000 Georgians have been expelled."

Saakashvili met with U.S. Secretary of Defense Donald Rumsfeld, Secretary of State Colin Powell, and National Security Adviser Condoleezza Rice on August 4 and 5. His talks with Rumsfeld were joined by Chairman of the Joint Chiefs of Staff Richard Myers and Rumsfeld's foreign policy advisor Myra Ricardel, who had both met with Saakashvili in December 2003—after he seized power, but before he staged his dubious 95 percent vote in Presidential elections.

A Pentagon spokesman told the Moscow newspaper *Kommersant* that the meeting focussed on the recent NATO summit in Istanbul, where the Alliance decided to "concentrate on the problems of the Caucasus and Central Asia," and the possibility deployment of a Georgian contingent to Afghanistan.

The Russian Duma issued a warning Aug. 5, that the conflict in Georgia could develop into a large-scale military confrontation, with Russian involvement. There were new shooting incidents in South Ossetia on August 10, even as Khaindrava and Georgian Defense Minister Giorgi Baramidze had talks in Moscow on the situation in the two regions.

‘The Americans Are Bound To Continue With This Retaliation’

Aquilino “Nene” Q. Pimentel is a leading opposition Senator in the Philippines, having served as both Majority Leader and Minority Leader of that institution. He is currently in the forefront of efforts to bring about an investigation of alleged fraud in the May 10 Presidential election. He began his political career as Mayor of Cagayan de Oro City in the southern Province of Mindanao, and served in the 1980s as the government negotiator in peace talks with the separatist Muslim (Moro) organizations in Mindanao. He was first elected to the Senate in 1987, and was re-elected this year to a new six-year term.



Senator Pimentel was interviewed by telephone on Aug. 7 by Michael Billington.

EIR: I was very pleasantly surprised, when Philippine President Gloria Macapagal-Arroyo made her decision to pull the Philippine troops out of Iraq. This was something I didn’t expect.

Pimentel: Neither did I. It is getting massive and widespread support. Gloria was in a bind. If she did not pull out the troops, and had Angelo dela Cruz [the Filipino driver kidnapped in Iraq and threatened with beheading] been executed, then there would have been a huge backlash in the country, against her government, especially in light of the fact that her electoral mandate is in question. Therefore, it would have been fairly easy for those who oppose Gloria locally to whip up national sentiment against her. It would have really complicated matters for Gloria. It was a matter of self interest, also, on her part.

EIR: I know you are promoting efforts to investigate fraud in the May 10 election which re-elected President Macapagal-Arroyo. Do you think that the fight over the electoral process has been pushed into the background, as a result of the broad support for her action on Iraq?

Pimentel: To some extent, you might say that, because, at the very least, the nation seems to have rallied around Mrs.

Arroyo on that particular decision.

EIR: On the war itself, what is your perception of how the Filipino people view the war, in light of all the revelations that the war was fought on false premises, and with the Abu Ghraib torture, and so forth. How has this affected the people there?

Pimentel: It is obvious that the Filipino people do not approve of this unjust war, especially, as you said, in light of subsequent developments, where the United States and Great Britain have befuddled the issue of the search for weapons of mass destruction, and subsequently focussed just on the so-called “regime change,” which is a very dangerous development in international relations. Apparently, the capacity of one nation to topple the regime of another would be the sole guide of whether or not a regime that apparently, from externalities, seems to have the support of its own people, would now be toppled by an expeditionary force coming from outside. In my mind, there are *several* implications here that do not auger well for the upholding of the rule of law internationally, and of course, of the human rights of the people who are being targetted for a regime change.

You know, we are not only talking about the American casualties. What about the Iraqi casualties, the innocent women and children of Iraq, who had to be sacrificed on the alter of this “regime-change” policy that Mr. Bush seems to be espousing for the world to follow?

EIR: Mr. LaRouche made the point, in a paper he has just released, that this war had nothing to do with international terrorism, which has already been proven. More important, he points out, there is really no such thing as “international terrorism”; there is only irregular warfare, or asymmetric warfare. What our country has done, by starting this war, has vastly increased the incidents of irregular warfare.

Pimentel: Yes, Mr. LaRouche could very well be right in that observation, especially because there doesn’t seem to be any organized international terrorist force. Perhaps the word “international” in that respect would simply apply to the fact that Osama bin Laden was operating outside of Saudi Arabia, where he comes from. To say that there is an international terrorist organization of some kind, I think

would be stretching the meaning of the word “international terrorism.”

However, I’d like to add that in Indonesia, for example, there is a proven cell of Jemaah Islamiah, which is trying to penetrate some countries abutting Indonesia, like us, for example, in the Philippines. We understand that some of their operatives of Jemaah Islamiah have been coming here, in touch with the so-called Moro Islamic Liberation Front. But, of course, all this information, I must add, is coming from the discredited intelligence services of the Armed Forces of the Philippines and the National Police. All these statements have to be taken with a grain of salt.

EIR: You’re from Mindanao. How would you characterize the efforts of the Philippine forces to deal with both the indigenous Abu Sayaaf gangs, and the possibility of these Jemaah Islamiah forces being in Mindanao?

Pimentel: As far as the Abu Sayaaf group is concerned, I am not too sure that there has been a determined effort to wipe them out. I say that because Edwin Angeles, one of the leaders of the Abu Sayaaf, prior to his execution by illegal means some time ago—who saw me when he was still alive in 1995—told me that he was one of those who had organized the Abu Sayaaf here in the Philippines, under some kind of permission by *some*, by *some* officers of the Armed Forces of this country, operating outside of the regular loop of command. He told me that they were getting some sort of honoraria for their operations. But this was in 1995, at a time when the Government was trying to pit them against the regular Moro rebels.

Subsequently, it seems that the Abu Sayaaf became an uncontrollable Frankenstein, you might say. Now, the military is running after the Abu Sayaaf, but even then I am a little bit surprised that the Armed Forces has been predicting victory in raids against the Abu Sayaaf, in terms of reports of the number of Abu Sayaaf killed—but the Abu Sayaaf is still there, so that should raise a lot of question marks.

EIR: One question that has not been answered—and the 9/11 Commission report that was released here recently, and is now being widely discussed, doesn’t really address it—is where the Osama bin Laden networks came from. Of course, it is well known that he was one of many people recruited by U.S. and British intelligence to fight the Russians in Afghanistan. And I believe that some of the rebels in the Philippines also had been part of the U.S./British organized effort in Afghanistan, before they went back to Mindanao.

Pimentel: That is correct; that is what the Abu Sayaaf people have been saying. They were trained to fight the Russian occupation in Afghanistan, trained by Pakistani officers, and it was there that they got the idea to organize their own force here, once they got back. The question of *how* the Abu Sayaaf came to be formed has to be associated with

clandestine operations of the CIA.

EIR: The fact that Gloria *did* make this decision to remove the troops from Iraq, has brought up a question over what the U.S. is going to do. You have taken a strong position, warning that there are going to be retaliatory moves, economic, and perhaps, others. What is your sense of that now?

Pimentel: I think that the Americans are bound to continue with this retaliation. Number one, only one or two days ago, they officially dropped the Philippines from the “coalition of the willing,” and I think the hardening of positions relative to releasing promised aid, economic as well as military, to the country, will probably follow.

EIR: I understand that there was a \$30 million program in Mindanao, which was withdrawn even before Gloria pulled out of Iraq.

Pimentel: That’s right.

EIR: And that there is another \$20 million food aid program that is now being stalled. Where does that stand?

Pimentel: As far as the \$30 million aid for Mindanao is concerned, that was returned to the U.S. Treasury by the U.S. Government. Maybe it’s also our fault, as we have not been able to comply with their desire that there be some kind of a signed peace agreement between the Moro rebels and the Philippines Government, before that money would be released. The food aid, which falls under the PL-480 food assistance program. I think that’s one assistance program that will be no longer forthcoming, or at least will be frozen for some time.

Mike, since you are in Washington, D.C., I’d like to ask you to find out what happened to the bill that promised to grant benefits to the Filipino war veterans who fought American wars. This has been promised to them since the Japanese War, the Korean War, the Vietnam War—but has not been released. So, considering what Gloria has done, the pullout of the troops, this bill might again be one of the victims in our relationship with the U.S.

EIR: When Philippine Foreign Secretary Delia Albert was here a few months ago, there was a reception, and many Filipino vets were there, and very proud of the fact that this bill was finally moving forward. Now, I think you are right, that the bill may be a victim.

Pimentel: And there’s also another one, the Bells of Balangiga. These were war trophies taken by the Wyoming Regiment from the town of Balangiga in Eastern Samar, at the onset of the Philippine-American war in 1901. We are demanding that these bells be returned, for as ecclesiastical property, they are outside of the purview of war trophies.

EIR: It’s like the Elgin marbles!

Pimentel: Yes, I said that in a speech I delivered in the Senate, I mentioned that! But the Bells of Balanggiga are still a subject of negotiations. At the last visit of Gloria to Washington, D.C., in May 2003, Bush specifically promised that he would do something about it.

EIR: Where are they now?

Pimentel: There are two bells: one is in Wyoming, in a military camp there, and one is in Camp Red Cloud, in Korea, where a Wyoming Regiment has been assigned, as part of the U.S. contingent there.

EIR: Well, if it's Wyoming, you could always write to Dick Cheney, who is from Wyoming. I'm sure he'd be delighted to help!

Pimentel: [laughing] Yes, I forgot all about that!

EIR: He'll probably tell you what he told Senator Leahy in the U.S. Senate. [laughter]

Let me ask you something else on this retaliation question. I wrote an article on the terrible economic crisis in the Philippines, just before Gloria pulled out of Iraq, and after her reelection, she immediately announced that the country is essentially bankrupt, and cannot even pay the debt service, which, of course, is true. It was my sense that the U.S. had already made a decision, that they were going to do what they did to Argentina, and basically say, "We're not going to help you; go ahead and starve." I think that was one of the reasons why the \$30 million in Mindanao was dropped, and I'm afraid that this will be even further aggravated by the Iraq pullout. What is your sense?

Pimentel: I wouldn't be surprised. The country is really in bad shape. As a matter of fact, I can add, that there were proposals emanating from some allies of the President in the Congress, who said that the internal revenue share of local government should be withheld. But I said that that could not be done, *unless* they officially declare that there is an unmanageable public deficit—which is, in effect, an admission of bankruptcy. I think they realized that I was right, and they said no, they couldn't do that. So they are still scrounging around for money to release to the local government units, whose shares are mandated by law for delivery by the central government.



Philippines President Gloria Macapagal-Arroyo is getting "massive and widespread support" for her decision to defy the Bush-Cheney Administration and withdraw Philippine troops from Iraq.

And so, yes, there is not a good economic situation in this country. Only the agricultural sector, fisheries, and sugar, have made a rebound in the recent months, but the overall economic picture is not good.

EIR: It appears that the debt can not be paid, no matter what is done in terms of austerity measures. Mr. LaRouche has said many times that this huge debt is largely illegitimate, created by the devaluation of the currency, forced upon the country by speculators, and the downgrading of the value of agricultural and other exports, through the globalization process. Is there any discussion of taking measures like those in Argentina, where they declared a moratorium on the debt payment, or what they did in Malaysia, where they imposed currency controls to curb the speculation?

Pimentel: I have been advocating the adoption, at the very least, of the Malaysian formula. But our managers here, who are mostly beholden to the World Bank and the IMF, do not seem to see any way, other than to keep on trying to pay the debt, especially the foreign debt of this country—which, incidentally, is taking 40% of the budget of the country, just to service the interest payments!

So what you are saying is correct. There has to be a more drastic solution, but we are not able to push anything of that kind in this country, while it is in the grip of those who are

beholden to the international financing organizations.

EIR: Do you have any sense that the phase shift marked by the pullout from Iraq will spill over to some people who think as you've just described, giving them courage to stand up against the IMF policy?

Pimentel: It is the economic fight that is really crucial in this country, but I am not so sure that many politicians would risk being perceived opposing the policies that have been in place in this country, imposed for so long by no less than the World Bank and the IMF. If there are any such politicians here, they would be marginalized by the overwhelming sentiment just to go along with the prescription of the World Bank and the IMF.

EIR: I think we are now facing an unavoidable collapse of the bubble economy in the U.S. To what extent is the Philippines ready for this economic crisis, and do you think that when it hits full steam, it might push some people to take more serious measures?

Pimentel: There is no question that any adverse developments in the U.S. economy will have repercussions worldwide, and I would say probably *more so* in the Philippines. Since, basically, our economy is tied up with Washington's policies—if the currency goes down, naturally it will cause devastation to this country. Which is one reason why we should go back to the gold standard.

I am not an economist, but I can see the difficulty of letting just the U.S. dollar be the measure of the value of all currencies in the world. It's part of the imperial plan of domination of the rest of the world.

EIR: This began in 1971, when Nixon pulled the dollar off of gold, and ended the Bretton Woods agreement. Mr. LaRouche's proposal is for a new Bretton Woods system, with fixed exchange rates, to write off much of the current illegitimate debt, and begin a process of investment in infrastructure projects on a global scale, to re-start the economy, as we did after World War II.

Pimentel: As a matter of fact, this is a Catholic country, a Christian country, and so the Papal announcements—which are similar to those of Mr. LaRouche, you know, in the matter of debt—could very well trigger off some adverse reactions to the policies of the IMF and the World Bank in the Philippines, when the circumstances arise, like what you foresee as a collapse of the U.S. economy. Of course people will begin to see what we need to do to save ourselves.

EIR: I know there is opposition in the Congress to Gloria's efforts to impose more taxes.

Pimentel: As the Minority Leader, we in the opposition have come to an agreement, that, as a general proposition, we will fight against the imposition of new taxes, and would rather ask the government to go into a more determined effort to

collect existing taxes. We believe that if the 73% of the individual income taxes, which have not been collected, 39% of corporate taxes, which have not been collected, and 49% of VAT, which also have not been collected—the collection of these taxes would suffice to cover our own deficit, of about P200 billion. Also, we are in favor of raising the liquor and cigarette taxes.

EIR: Are there Government senators who will oppose the taxes?

Pimentel: I have heard that three or four senators from the Arroyo Administration say that they also oppose the imposition of new taxes.

EIR: And the effort to withhold the money that goes to the regions has already been retracted?

Pimentel: The President—I think because of the adverse political repercussions if that became policy—has come out saying that she is against the withholding of the shares of the local government units.

EIR: This was also a major fight in Argentina. The IMF demanded that the regions turn over more of their income to pay the debt. . . . And many of them refused. This was one of the things that set the IMF on a warpath against President Kirchner's government. We have organized international support for President Kirchner, for his courage in fighting the IMF, just as we did for Dr. Mahathir when he imposed currency controls against the speculators. I think that the Philippine government, including Gloria, should consider these cases very closely.

Pimentel: I am very interested in that. I still believe that we can do Malaysia's stand here, because I think, somehow, Mahathir was able to pull it through. I don't see why we can not.

EIR: In all cases, it's a question of the general welfare of the population on the one side, and the debt on the other, and it reaches a point where you can't meet both.

Pimentel: Let me just say this. In my first time as a Senator, I was invited to go to the U.S., and had a chance to see the Executive Director of the IMF at that time, Michel Camdessus. I had a long talk with him, about an hour, in his office. I told him, "Mr. Camdessus, I want to tell you this—I don't think the creditor countries should insist on being paid in full, at specific dates, because if you do that, I'm not sure we can deliver the basic services demanded by our people, and we'll have a revolution in our hands."

Camdessus told me, "You can have that raised by your debt negotiators." So when I got back to Manila I went to see the President, then Cory Aquino, and told her about it. She called her trade secretary, Jose Conception, to do something about it. Unfortunately, that was the last thing I've heard out

of these two. Jose never got back to me, and nothing was ever said on that score again. That's the trouble we have in this country.

EIR: When Mr. LaRouche heard of President Arroyo's call for a Charter change, and a Constitutional Convention, he responded that this is not really about the Philippines, but is an attack on the American system—not the system being followed by this Administration, certainly, but the Constitutional system that has uniquely survived all these years. It comes at a time when the checks and balances in the American system are proving to work, in that they have begun to expose and stop the attempt to impose a dictatorship by this Administration. The danger in the Philippines would be that a reversion now to a Parliamentary system would facilitate that kind of action.

Pimentel: That is a good insight, because, obviously, under the Parliamentary system, a device can be adopted whereby the Parliament can overrule the decisions of the Supreme Court—especially in economic measures. What I am beginning to feel in my own country, is that unelected people, who are echoing the sentiments of investors, are trying to undermine the protections of the people under the Constitution. This attitude takes many forms, especially in the right of labor to air their grievances, to insist that the so-called “contractual only” should not be allowed to go against what is already guaranteed by our own Constitution—the protection of labor.

I do not know if you are aware of the fact that labor contracting means that every six months, an employee is terminated, so that he or she does not enjoy security of tenure, and therefore, he or she, in the process also loses the benefits that our laws guarantee the employee. For example, Medicare, Social Security benefits, etc. So this is becoming a national reality in this country.

EIR: The other issue that disturbs me about the Charter change is that, although it has been watered down over the years, the existing constitution still has some strong provisions to protect Philippine business and industry from foreign takeover and ownership. If there is a Charter change, that would be the first thing that would get dropped. Is that your sense?

Pimentel: Well, I told House Speaker Jose de Venecia, “Jose, if we are going to change the Constitution, we had better spell out beforehand just exactly which provisions we want changed.”

Yes, you are right, among other things, people are apprehensive that the nationalistic provisions of the Constitution would be diluted in a convention, or in any change of the constitution.

EIR: One of the things we're trying to do in the U.S. is, not only to warn the population of the economic collapse, but also to inspire them with the kind of great development projects

that we had under Franklin Roosevelt. As you know, LaRouche has promoted around the world the idea of great projects—the Eurasian Land-Bridge, the Kra Canal. There are huge projects in the Philippines that have gone to waste for the last 20 years. Mindanao is a special case of the fact that without development, you can't really have peace. Do you see any perspective for a regional or international project for the infrastructural development of Mindanao, and the Philippines generally?

Pimentel: Definitely. For example: even the idea alone of a truly national railroad system is something that will enable this country to boom as it has never done before. Simply providing for a Mindanao-wide railroad network, connecting several provinces and cities to one another, will thereby propel a more intensive economic interaction, an intercourse between and among the local government units of Mindanao, which for a long time have been more Manila-oriented in terms of economic interaction.

For example, I am from Cagayan de Oro, and if I want to go to Davao [two cities in Mindanao—ed.], I would have to fly north, even to Manila, and *then* fly to back to Davao—and we are all in Mindanao! Fantastic, believe me. This is just one example.

EIR: You played a leading role in ending the presence of U.S. bases in the Philippines in the early 1990s.

Pimentel: That's correct. I voted for the removal of the bases.

EIR: Mr. LaRouche has argued that the attempt to keep a permanent presence of the U.S. military in Mindanao under the guise of training, is ultimately aimed either at getting a permanent base, despite their denials of that, or to get a de facto permanent base by having a permanently revolving presence, and that this is part of the general neo-conservative policy of trying to surround and threaten China, to use the Philippines as one of their bases in that effort. Can you comment on that?

Pimentel: Mike, I said so in my speech opposing the Visiting Forces Agreement [which allowed the presence of U.S. troops on Philippine soil as “trainers” in battlefield situations—ed.]. The whole nation is now a projection area of the United States, for the projection of American military presence in this part of the world. They don't need the formality of a base, of military bases of their own in this country. I have also warned of the indiscriminate holding of military exercises *anywhere* in the country, but especially in areas where Muslim rebels have some presence, because, in the midst of our negotiations for the peace settlement of the Moro rebellion in Mindanao, that could trigger—the holding of joint military exercises under the Visiting Forces Agreement—accidentally, or even by design, that could trigger an all-out war. That would, of course, set back our desire for peace in Mindanao. Basically, that is my attitude towards it all.

A Proposal to Actually Solve the Sudan Crisis

by Uwe Friesecke

The Sudanese government and the United Nations signed an agreement in Khartoum on Aug. 10, to create safe havens within the next 30 days, as a first step to resolve the Darfur crisis. The action plan was worked out between Sudan's Foreign Minister Mustafa Ismail and UN envoy Jan Pronk, after the Sudanese government in early August accepted the July 30 United Nations Security Council resolution, demanding that the Sudanese government disarm the militias in Darfur and create the conditions for better access to the almost 1 million displaced people.

Preceding the agreement with the UN was intense diplomatic activity involving the Arab League (AL) and the African Union (AU). The meeting of Arab League foreign ministers in Cairo, in particular, strengthened the position of the Sudanese government.

For the time being, it seems, direct military intervention from U.S. or British forces is not being pushed further. In addition, a plan to deploy 1,000 Nigerian and 1,000 Rwandan troops as an AU force into Darfur, seems stalled after it became clear that the Sudanese government would resist this. In the meantime, the French government took unilateral action and deployed its troops, stationed in Chad, in support of humanitarian relief efforts for the Darfur refugees, aimed also at preventing a further destabilization of the situation in Chad itself. These efforts of the AL, the AU, and the UN may create a framework under which the crisis can be contained. It may also enable the humanitarian efforts to become more effective.

Africa Policy of the West Must Change

But this is not the end of the crisis. Ultimately, the future of Sudan, and the neighboring region, will be decided by policy decisions outside the region. Will the Africa policy of the Western powers continue to be driven by geopolitical obsessions, such as control of water and oil, or will there be a change in course to allow a genuine peace through development policy for this region, and the rest of Africa? In light of the humanitarian disaster in Darfur, this is the question that needs to be asked again.

Much of the humanitarian concern expressed by Western governments in respect to Darfur is hypocritical, because other catastrophes on the African continent, such as the current famine in Kenya, or the locust plague that is now threatening Chad and Darfur, are not met with the same urgency.

With very few exceptions, almost all African countries face humanitarian disasters. In most countries of Sub-Saharan Africa, the conditions of normal daily life itself amount to a continuing humanitarian catastrophe for the majority of the population.

A New Economic Policy

The change in Africa policy has to occur on two levels: first, economically. Under the direction of the international finance institutions—the International Monetary Fund (IMF) and the World Bank—Africa's economies, except for part of South Africa, are oriented toward exports of raw material or slave labor products. This is still like it was in the days of colonialism. Over the decades, this has led to a constant drain of resources from the continent, and prevented any serious investments into infrastructure, industry, or agriculture. The result has been the collapse of formerly existing infrastructure, and the dramatic impoverishment of the overwhelming majority of the population.

This is shown by the difficulties the humanitarian relief efforts will face in Chad and Darfur at the beginning of the rainy season. There are no roads, no bridges, and people live under destitution in isolated areas. If there is no hope for change, such conditions, which are prevalent throughout the region, breed desperation. And this in turn feeds the ferment for violent conflicts. Serious political observers have warned for years of the impending explosion in Darfur and Chad, which has now happened.

A serious economic strategy for Africa's development will not come as long as the dogma of globalization is prevalent. Globalization has forced Africa into a straitjacket, from which there is no escape. The rules and structures of globalization itself, such as the destructive free trade rules of the World Trade Organization (WTO), must be thrown overboard.

Globalization has to be replaced by a re-regulated international monetary and economic system, which directs large-scale investments into African infrastructure, such as trans-continental highways, railroads, and water and energy projects, thereby unleashing Africa's internal economic production potential. By producing value-added agriculture goods for Mideast and Asian markets, Africa could begin to produce itself out of poverty and lay the basis for real development.

Second, a political change in the attitude of Western powers to African political forces has to occur. Right now, from London to Washington, to Paris and Brussels, Western governments are trying to use African leaders and governments for their own interests rather than accepting them as sovereign partners in world politics. As in the colonial days, they are trying to rule Africa through comprador governments. To add insult to injury, once a year, at G-8 (the eight leading industrialized nations) meetings, some African leaders are invited for a one-hour lunch and a 20-minute photo opportunity with the government leaders of the West. Such is the facade, presented to world public opinion.



Lyndon LaRouche (left) in Sudan in 1994, visiting the tomb of the Mahdi, the leader who created the foundations for a centralized state, in the 19th Century.

As the notorious cases of Uganda, Rwanda, and some oil-producing countries of West Africa attest, the West favors those leaders in Africa who are willing to sell out their countries, the wealth as well as the people. African leaders who refuse to play that game, have only a short political career, and often a short life. Rather than strengthening political factions and leaders of the continent who are genuinely concerned with real development and workable solutions to conflicts, the West tries to use factions and leaders to manipulate conflicts and dictate so-called peace agreements, which guarantee access to Africa's wealth, like oil or diamonds, but do almost nothing for the future of the population. The Sudanese peace negotiations held in Kenya during the last three years is a tragic example of this.

LaRouche Plan for Africa

The needed change in Africa policy must be focused on the plan for a New Just World Economic Order, proposed by former U.S. Presidential pre-candidate Lyndon LaRouche, a plan that he presented in Khartoum in January 2001 under the title "Peace Through Development Along the Nile River." At a seminar jointly sponsored by *EIR*, the Schiller Institute, and the Sudanese Center for Strategic Studies, LaRouche warned his audiences of the coming collapse of the world financial system, and the danger that some powers in the West would unleash religious and other warfare to stay in control of the collapse scenario. He also outlined his solution to the breakdown crisis of the old system—his New Bretton Woods proposal—and how religious and other warfare must be prevented by a meaningful dialogue of culture and civilization.

LaRouche and his associates have put a number of specific development plans on the table over the past 30 years, all of them based on extensive infrastructure development in the

whole Central African region. One of the plans he has endorsed is the Transaqua Project, which was developed by the Italian firm Bonifica in Rome back in 1992 (see **Figure 1**).

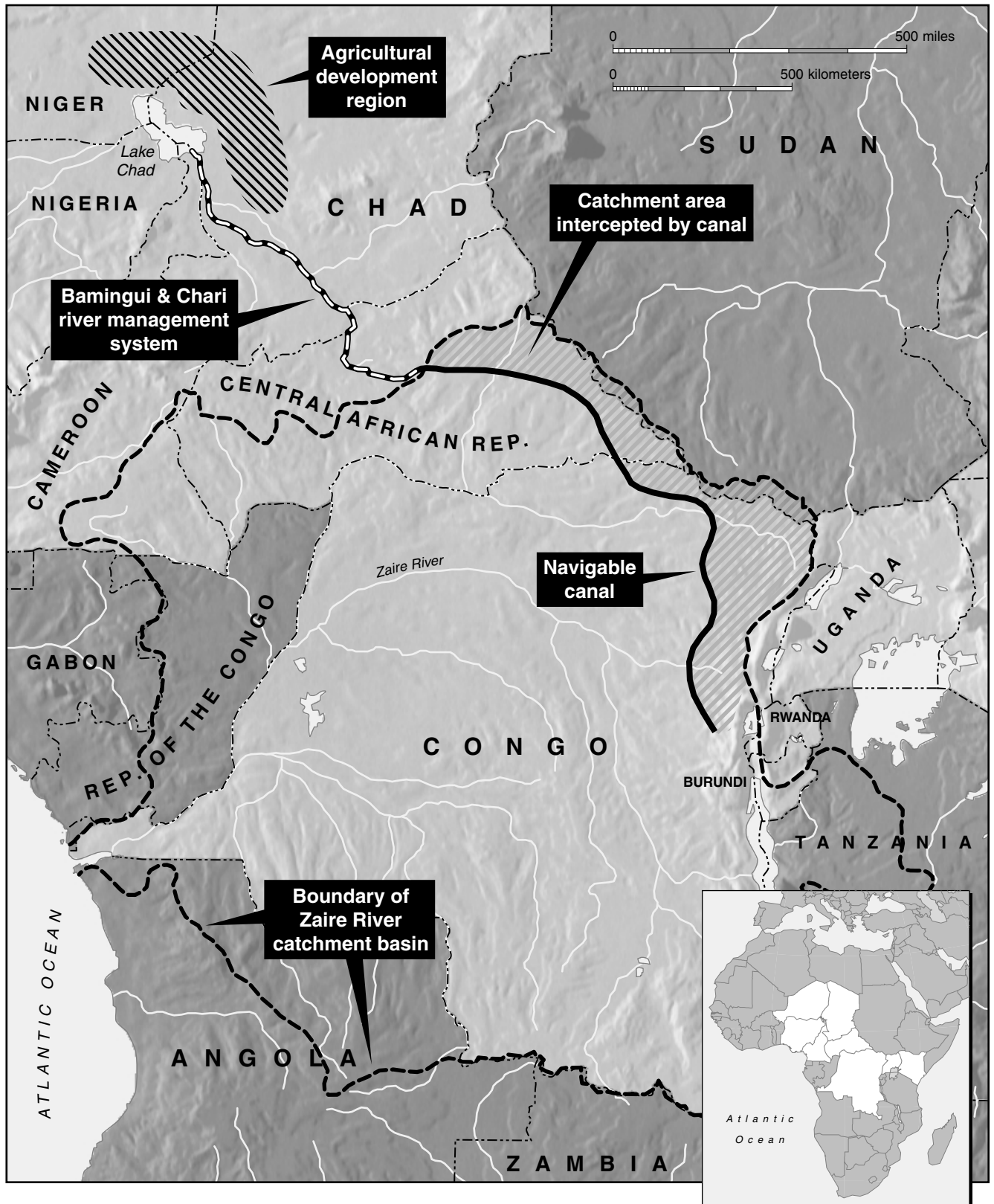
Today, three years later, disaster has struck Sudan again in the context of the larger disaster of the Iraq war, which was unleashed by the same Bush Administration on which some Sudanese political leaders back in January 2001 had set their hopes. An analysis of the Bush Administration's Africa policy clearly shows how unfounded those hopes were. Parallel to the activity of Tony Blair's British government, the Bush Administration has only intensified Anglo-American efforts to establish complete geopolitical hegemony over the raw-material-rich regions of the continent.

In February 2004, this orientation was reaffirmed by the Washington Center for Strategic and International Studies (CSIS) in a report from the Africa Policy Advisory Panel, which was authorized by the U.S. Congress in early 2003. The report was prepared for Secretary of State Colin Powell under the title "Rising U.S. Stakes in Africa." The chairman of the panel was Walter H. Kannsteiner, former Assistant Secretary of State for Africa Affairs. The report does not address the urgent development needs of the continent at all, but argues that after the events of Sept. 11, "Africa has assumed a new, strategic place in U.S. foreign policy and in the definition of vital U.S. national interests." The authors cite five factors, HIV/AIDS, terror, oil, armed conflicts, and global trade, which prompted this new emphasis on Africa. They recommend seven areas of policy initiatives: Postwar Sudan, strengthening African capital markets, oil, Africa conservation initiatives, strengthening counter-terrorism efforts, crisis diplomacy and peace operations, and combatting HIV/AIDS.

The U.S. oil interests feature very high on this report's agenda. With proven reserves of more than 60 billion barrels, Central/West Africa could in 10 years supply up to 20% of U.S. imported oil and provide "an opportunity to diversify U.S. imports from outside the Persian Gulf," the report says. Looking at the conditions of poverty and injustice which the vast majority of Africans have to endure, it only attests to the cynicism of Western Africa policy if interest in oil and capital markets are defined as the priorities.

This Africa policy of the Bush Administration, like that of Tony Blair, is the direct opposite to the proposal of LaRouche. Neither peace nor development is on their agenda. But these are the essential conditions for lasting solutions to African crises, like the one around Darfur. If a real development perspective for Sudan, Chad, the Central Africa Republic, and the other neighbors to the south and east of Sudan is outlined, with substantial economic projects that include the hope for a substantial improvement of the living conditions of the population, the conflicts in the region can be solved, because there are enough political leaders on all sides who would rather negotiate peace than continue to fight wars. But for this, the West has to create the framework, and allow those leaders to step forward.

FIGURE 1
The Transaqua Project, as Proposed by Bonifica



Why the British Hate Sudan: The Mahdia's War Against London

by Muriel Mirak-Weissbach

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One reason that the British harbor such a visceral hatred for Sudan, is that they have never fully recovered from their experience with the Mahdist state, which lasted from the early 1880s to 1898. This was an independent, sovereign Sudanese state founded by a charismatic Islamic leader—an “Islamic fundamentalist”—which treated the colonial British as no other state had done. The Mahdi, according to a commemoration published in the Khartoum monthly *Sudanow* (December 1991), “was the leader of the first African nation to be created by its own efforts” and “laid the foundations of one of the greatest states in the 19th Century which lasted for 13 years after his death.” His “greatest achievement was his insistence on a centralized state and his success in building it.”

It is no exaggeration to hear in certain aspects of modern Sudan's fight for national unity and sovereignty echoes of the Mahdist heritage, although the current Sudanese government has no sympathies for the Islamic sect which the Mahdi led. The fact that the Mahdist experience took place during the lifetime of the grandparents of today's Sudanese, helps explain how that heritage has shaped the Sudanese identity.

The Nature of the Mahdia

The Mahdia was established by Dunqulawi Muhammad Ahmad b. 'Abdallah, in 1881, when he declared himself the Mahdi, that is, the “expected one,” inspired by the Prophet to cleanse society of corruption and the infidels. Muhammad Ahmad was born in 1844, the son of a boat-maker, in the Dongola province, and the family moved to Kereri, near the capital Khartoum, when he was a child. He showed an aptitude for religious studies and went in 1861 to study with Sheik Muhammad Sharif Nur al-Da'im, whose grandfather had founded the Sammaniya religious order in Sudan. After a disagreement separated the two, he later studied with Sheik al-Qurashi w. al-Zayn, a rival leader of the Sammaniya and, following the latter's death in 1880, assumed his place as leader, and then as the Mahdi. The Mahdi, in Sunnite tradition, was “the guided one,” expected to appear to lead the Islamic community, and to restore justice. His coming was expected to precede the second coming of Christ.

After years in seclusion and study, Mohammad Ahmad presented himself as the Mahdi first to a small group of follow-

ers, then to the notables of Kordofan and El Obeid, its provincial capital. Then, from a retreat on the island of Aba, he sent out letters to notables, announcing that he was the Mahdi, and urging them to join him, in a *hijra*, a flight for faith, modelled after the Prophet's flight from Mecca to Medina. The Mahdi moved into the Nuba Mountains, on the border of the Kordofan and Fashoda provinces, where the tribal chief welcomed him.

The Mahdi's appeal was both spiritual and social. It was an appeal to return to the original spirit of Islam. His was also a protest against the oppressive practices of the Egyptian khedive, who had ruled Sudan since 1821, under Ottoman suzerainty. The Egyptian government, known as the “Turkiya,” bled the poor tribes through taxation, and sent the bashi-bazooks, militia tribesmen armed with hippopotamus-hide whips, to exact payment. In a proclamation issued some time between November 1881 and November 1882, the Mahdi wrote:

“Verily these Turks thought that theirs was the kingdom and the command of [God's] apostles and of His prophets and of him who commanded them to imitate them. They judged by other than God's revelation and altered the *Shari'a* of Our Lord Mohammed, the Apostle of God, and insulted the Faith of God and placed poll-tax [*al-jizya*] on your necks together with the rest of the Muslims. . . . Verily the Turks used to drag away your men and imprison them in fetters and take captive your women and your children and slay unrighteously the soul under God's protection.”

His call to arms was based on the same protest: “I am the Mahdi,” he is quoted as saying, “the Successor of the Prophet of God. Cease to pay taxes to the infidel Turks and let every-one who finds a Turk kill him, for the Turks are infidels.”

Government forces, fearing this potential, set out to arrest him, but several expeditions ended in failure. After each military success of the Mahdi and his followers, known as the Ansar (the name also taken by the followers of Mohammed), his ranks and prestige grew.

The Mahdi organized tribal leaders, themselves in various stages of revolt against the administration, behind him into a burgeoning national movement. A campaign which started in summer 1882 in Kordofan province unfolded as a series of tribal attacks against the administration, in different areas, and a central attack on the provincial capital, El Obeid. Though

repulsed during their first attack in September, the Ansar returned, equipped with captured rifles, trained military from government troops who had come over to the Mahdi (known as the Jihadiya), and in January 1883 forced the enemy to capitulate. El Obeid became the Mahdia headquarters.

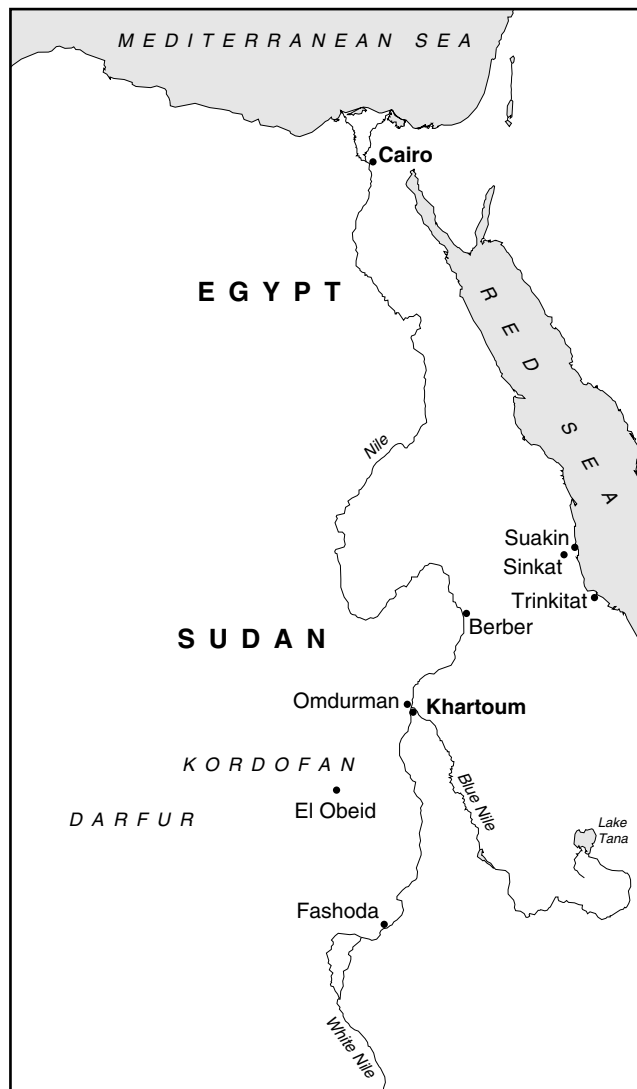
British Invasions: Hicks and Gordon

Two other expeditions failed which were of immense significance to the British. In 1882, Egypt came under British occupation, and Britain ruled the Sudan as well, through Cairo. The two expeditions were those of Col. William Hicks and “the hero,” Charles “Chinese” Gordon, nicknamed for his success in defeating the Taiping rebellion in China.

Hicks, a retired officer from the Indian Army, was sent as chief of staff, on behalf of the Egyptian government, to halt the Mahdi. Equipped with a total of 10,000 men, Hicks marched from Khartoum (the Egyptian administrative capital) toward El Obeid through Bara, from the north. Among his guides, unbeknownst to him, were a number of Mahdist agents who relayed information to the Ansar. Suffering from lack of food and especially water, Hicks and his troops were harassed, their communications cut, until they were surrounded and attacked by the Ansar in November 1883 at Shaykan. When the assault started, Hicks’s troops, organized in the British square formation, fell into confusion and commenced firing on each other. All but 250 men were killed, including Hicks and a number of British journalists. The massacre of Hicks’s force was hard for the British to comprehend. Gordon is reported to have believed that they all died of thirst, and that no military encounter had even taken place! The fall of Shaykan led to the success of the Mahdist revolt in Darfur and Bahr al-Ghazal, and the continuing attachment of tribal units to the Ansar forces.

Gordon’s expedition and fate have gone down in history. Gordon had two missions in the Sudan. The first started in 1874, when he was named by the khedive as governor of Equatoria province. Backed by a European staff, Gordon worked to bring this region of the Upper Nile under centralized control, which meant, among other things, breaking the power of the slave-traders. He decreed a government monopoly of the ivory trade, banned imports of munitions, and halted the creation of private armies. He reorganized the financial system and established military stations there, with a headquarters at Lado. In 1877, Gordon received the governorship for the whole of the Sudan; in that year, while Egypt was at war with Abyssinia and popular protest was rising against increased taxation. Britain sealed the Slave Trade Convention with the khedive. It called for ending the passage of Abyssinian and other slaves through Egypt, and terminating all slave-trading in the Sudan by 1899. Gordon called in Europeans and Sudanese to replace Egyptian officials in his administration. When faced with rebellions in the Upper Nile, Gordon resorted to brutally repressive tactics, and set one tribe up against others. When the khedive was deposed in June 1879,

Sudan in the 19th Century



Gordon quit his post, resigning from the Egyptian service in 1880.

Years later, after the Mahdi had swept through one province after the other, an alarmed British government again called on Gordon. The British government’s declared intention in January 1884 was to arrange for the evacuation of Egyptian officers and civilians from Sudan.

Thus, Gordon’s initial mandate was merely to go to Suakin, on the Red Sea, and “consider the best mode of evacuating the interior of the Sudan.” En route to Cairo, Gordon drafted a memo outlining his mission: Prepare Egyptian evacuation, and establish a stable successor government in an independent Sudan, by bringing back to power the petty sultans who had ruled before the Egyptian takeover. To carry out this executive function, Gordon insisted that he be named governor-

general. When he reached Cairo for talks with Sir Evelyn Baring, the banker agent in Cairo, Gordon got what he wanted. While in Cairo, Gordon also met with al-Zubayr Pasha, a leading slave-trader who had been imprisoned in Egypt. Gordon immediately proposed that this man be put forward as the alternative leader to the Mahdi.

By February 1894, the Mahdi's forces had extended their control over Trinkitat and Sinkat, on the Red Sea coast, through the military campaigns of one of the Ansar's most able leaders, Osman Digna.

On arrival in Berber, and later, in Khartoum, Gordon hastily announced the dismissal of Egyptian officials, who would be replaced by Sudanese, and the plans for evacuation. He also declared taxes for 1883 to be eliminated and those for 1884 to be halved. Finally, he announced that the 1877 convention against the slave trade was not operational. The rationale behind this sudden reversal of British policy, seems to have been, that the only way to ensure the return of the ruling sultanates would be by legalizing the slave trade they were involved in.

In Khartoum, Gordon organized a dramatic happening, whereby tax books and the hated whips used by tax-collectors were brought out into the square and burned. Adulatory accounts relate that women threw themselves at Gordon's feet. Lieutenant Colonel Stewart, who accompanied him, wrote, "Gordon has won over all the hearts. He is the dictator here. The Mahdi does not mean anything any longer."

Apparently convinced he was dealing with just another petty tyrant who, like all petty tyrants, has a price, Gordon sent a letter to the Mahdi, announcing his magnanimous decision to grant the Mahdi the position of sultan of Kordofan. This, to a man who not only controlled Kordofan already, but who was about to take Khartoum, thus completing his unification of the nation! Adding insult to injury, Gordon sent along with the message ceremonial red robes and a *tarbush*. The Mahdi responded:

"Know that I am the Expected Mahdi, the Successor of the Apostle of God. Thus I have no need of the sultanate, nor of the kingdom of Kordofan or elsewhere nor of the wealth of this world and its vanity. I am but the slave of God, guiding unto God and to what is with Him. . . ."

Three dervishes of the Mahdi's following delivered this note to Gordon, returning to him the red robes and offering the garment worn by the Ansar: a patched *jubba*, with the invitation that he adopt Islam and follow the Mahdi. Gordon rejected the Mahdi's offer with indignation. This occurred in March 1884. By April, the Mahdi had decided to organize the siege of Khartoum.

In late February, responding to news that his proposal that al-Zubayr be reinstated as a puppet had been turned down in London, Gordon made the following proposal:

"If Egypt is to be kept quiet, Mahdi must be smashed up. . . . If you decide on smashing Mahdi, then send up another £100,000, and send up 200 troops to Wadi Halfa, and send



Charles George "Chinese" Gordon: "Just one more pervert in her Majesty's service."

officer up to Dongola under pretense to look out quarters for troops. . . . Evacuation is possible, but you will feel effect in Egypt, and will be forced to enter into a far more serious affair in order to guard Egypt. At present, it would be comparatively easy to destroy Mahdi."

Gordon's Ignominious Defeat

Throughout the summer, Gordon, holed up in Khartoum, engaged the forces located there in skirmishes with the Ansar, but made no headway militarily. The Mahdi, meanwhile, was continuing to extend his control, taking the city of Berber on the Nile, thus further isolating Gordon in Khartoum. Osman Digna on the Red Sea coast, and Mohammed al-Khayr, who was controlling Berber, blocked access from Khartoum to the east or the north. Gordon, for his part, dug in. He recounts that the people in the city spread broken glass on the ground, and others planted mines. Gordon concentrated on hoarding goods for the siege, and sending urgent requests to London via Baring for reinforcements. In September, Gordon sent the British and French consuls down the Nile on a steamer, in an attempt to run the blockade of the Mahdist forces, and to get news of the situation of besieged Khartoum to the world. The steamer was attacked before it reached Abu Hamed, and all the Europeans were killed. In October, the Mahdi moved with his forces to Omdurman, preparing for the assault on nearby Khartoum.

Finally, the British government decided to send a relief expedition, but by the time the steamers actually reached Khartoum, on Jan. 28, 1885, the British officers saw no Egyptian flag flying, and concluded correctly that the city had fallen to the Mahdi. The steamers turned around and fled.

The end of Gordon has remained somewhat wrapped in mystery. The common version is that he was killed in battle, on the staircase of his palace, by Mahdist forces armed with spears. Decapitated, his head was taken for identification to Rudolf Slatin, the Austrian governor of Darfur for the Egyptian administration.

The dead Gordon was to become an object of hero-worship in Britain, mostly for the purpose of whipping up jingoistic support for an expedition under Gen. Herbert (later Lord) Kitchener, to destroy the Mahdia and Sudan.

A few words about Gordon, the man, so to speak. Although painted as a quasi-god by his idolators (for example, *Gordon: der Held vom Khartoum. Ein Lebensbild nach originalquellen*, Frankfurt am Main, 1885), Gordon turns out to have been just one more pervert in Her Majesty's service.

As Ronald Hyam wrote in *Britain's Imperial Century 1815-1914: A Study of Empire and Expansion*: "The prince of pederasts (in the sense of small-boy lover) was unquestionably an even more important figure: Gen. Charles Gordon, hero of campaigns in the Sudan and China. Totally and irredeemably boy-oriented, he was almost certainly too honorable or inhibited ever to succumb to physical temptation, and so this emotion was heavily sublimated into serving God, the Empire and Good Works. He spent six years of his life (from 1865 to 1871) trying to create in London his own little land where the child might be prince, housing ragged urchins (his 'kings' as he called them), until packing them off to sea when the onset of puberty occurred."

The Khalifa's Rule

Gordon's ignominious defeat signalled the completion of the creation of the Mahdia as a national institution. The Mahdi established his headquarters in Khartoum, but did not live long thereafter. He died on June 22, 1885, and was succeeded by the Khalifa, who was to rule the Sudan until General Kitchener's forces invaded in 1898.

There was never any question as to who would succeed the Mahdi on his death. Modelling his reign on that of the Prophet, the Mahdi had named Khalifas (followers, or successors, deputies), and had designated Abdellahi b. Muhammed, as his successor in a proclamation on Jan. 26, 1883. But the consolidation of the national state was severely hindered by economic crises, in part triggered by the many years of a war economy, and aggravated by bad harvests leading to famine.

Following the Mahdi's death, Abdellahi organized the construction of a tomb and, across from it, the house and related buildings from which he was to rule united Sudan. Abdellahi, like the Mahdi, was acknowledged leader (after some initial clan conflicts) by the taking of an allegiance oath on the part of the leading tribes.

The state which the Mahdi had established had three institutional branches—the high command, the judiciary, and finances.

The Khalifa served also as the Commander of the Armies of the Mahdia, a kind of chief of staff, and, like the other khalifas, headed up a division of the army under his flag. Under the khalifas were the amirs, or commanders, who functioned as military governors. Under them were *muqaddams* or prefects, and the followers in general were known as *darawish* (dervishes). They dressed in the patched *jubba*, with a white

turban and sandals, signs of simplicity and asceticism.

The financial organization of the Mahdia was based on two sources of revenue: booty of war and taxation. The Mahdi as Imam was to receive one-fifth of all booty taken in war. The other four-fifths were to be divided up "in accordance with the commandment of God and His Apostle" and distributed through the treasury to the needy. Furthermore, the *zakah*, a tax established as a tenet of Islam, was levied on the crops and the cattle of the tribes. Although taxes were thus paid in kind, coined currency, issued by the Mahdia (a silver dollar and a gold pound) were used in trade.

The Mahdi (later the Khalifa) was the supreme judge of the judiciary, and his khalifas and amirs acted as judges on the provincial and local levels. The main focus of attention was the status of women and land ownership. In accordance with the *Shari'a* (Islamic law), laws were promulgated to legalize the status of women whose husbands had been killed in war, or whose marriages had otherwise been broken. Modesty in dress was prescribed for women, who were forbidden to roam through the marketplace. Regarding land, those dispossessed by the Turks were allowed to reclaim their land (going back seven years from 1885), and those who had abandoned their land because they could not pay excessive taxation to the Turks, were allowed to repurchase their land at the price given. Finally, the Mahdia fought with legal means against various popular superstitions, outlawing amulets and the like, as well as excessive wailing at funerals.

Tribal rivalries continued to threaten the integrity of the national state and throughout 1885-87, Abdullahi had to deal with uprisings from the Madibbu, the Salih, and the Fur tribesmen. His policy was to bring recalcitrant or hostile tribal leaders to Khartoum to thrash out differences, and win them over to the national cause. Those who refused the come to terms, were threatened with military might, and most acquiesced.

The Khalifa did not initially turn outward in search of military conquests. In 1889, however, he deployed his military commander al-Nujumi in an Egyptian campaign, which turned into disaster. Due to inferior logistics and supplies, the Mahdist campaign was defeated by the Anglo-Egyptian forces at Toshki in August 1889, which was to be a turning point for the Sudan.

The combination of military defeat and serious social problems deriving from the onset of famine because of a bad crop in 1888, led the Khalifa to make a number of economic policy shifts. He forbade the army from entering houses or damaging crops, and decreed that only licensed merchants could sell grain, in order to thwart black market tendencies, and to make sure that garrisons would be adequately supplied. He relaxed trade restrictions with Egypt, which helped alleviate scarcities, and led to the return of thousands of refugees from Egypt back to their homeland.

However, Lord Kitchener in August 1890 ordered the closure of the port of Trinkitat, held by the Egyptians, and the

stoppage of grain shipments, under the pretext of a cholera scare. "It appears that cessation of supplies of grain from Suakin to the dervishes, owing to quarantine regulations, is having the effect anticipated, in breaking up the camp at Handub, as well as causing the Handub tribe to see the necessity of keeping on good terms with the government," Kitchener reported.

Despite this food warfare, and the general conditions of dire need for the population, the Khalifa's rule was intact, largely because no matter how tough conditions were, they were certainly better than they had been under the Turks (via the Egyptians). As Sir Reginald Wingate, head of intelligence from Egypt, noted in 1892, a source named Mustafa al-Amin, a tradesman, stated that the Khalifa was trying to introduce "a more lenient and popular form of government," and that the Islamic monarchy, as he saw it, which had been installed there, was much preferred to the earlier condition under Egyptian rule. Mustafa gauged that the Sudanese, though in need, were optimistic about the future, and would, in the event of an invasion from Egypt, certainly rally to defend their nation.

The threat to Sudan came in 1890 from the east, where the Italians and Anglo-Egyptians had established a presence. The Italians had taken Eritrea in 1890, and in 1891 Tukar was occupied by the Anglo-Egyptians. In 1894, the Italians took Kassala. But the most important theater was in the south, in the Upper Nile, where the British-French conflict, which was to climax at Fashoda, was to be the backdrop for the Kitchener invasion of Sudan.

Kitchener's Invasion

After the 1881-82 nationalist uprising in Egypt under Arabi and the defeat of Gordon, the British were eager to deploy their military might to secure their strategic position in Egypt and Sudan. Furthermore, the British were fully aware of the strategic importance of control over the Upper Nile: Who controls the Upper Nile controls Sudan and Egypt.

The British, who in 1882 took over Egypt, and therefore its territories, signed a deal in 1890 with the Germans, whereby a British sphere of influence was recognized over Uganda and Kenya. This area was said to go up to the western watershed of the Nile and "to the confines of Egypt" in the north.

The British decision to reconquer Dongola province was communicated in a telegram to Kitchener on March 13, 1896.

The French must have been fully aware of the British plan. The French counterplan was to ensure the survival of the Mahdia state, at least until France could secure its position in the Upper Nile. The French appear to have offered a protectorate not only to Abyssinia, but also to the Sudan of the Khalifa. During a secret audience, the Abyssinians handed over a French flag to the Khalifa telling him "to raise this flag on the frontiers of his kingdom in order to be an independent king in his kingdom and France would be a protection to him." The Khalifa did not accept the offer, because he was committed



Lord Kitchener: He worshipped Gordon, and waged a vendetta against the Mahdia.

to an independent Sudan.

The British did not intend to strand Kitchener, as they had Gordon. Accordingly, to ensure supply lines, the British launched a railroad project to bring a line from the Red Sea to Abu Hamed, as a supply line for Kitchener's army. The British-Egyptian force was equipped with vastly superior military means.

Knowing that the attack was coming, the Khalifa had concentrated his forces in Omdurman and begun to fortify the city. Kitchener's forces advanced through Dongola province to Fort Atbara, where Kitchener attacked on Good Friday 1898. Despite their valorous resistance, the Sudanese, overwhelmed by superior military technology, were mowed down. More than 3,000 died and 4,000 were wounded, as contrasted to a reported 510 Anglo-Egyptian casualties.

In September 1898, as the French Capt. Jean-Baptiste Marchand was secure in Fashoda, the British marched hurriedly on Omdurman with 25,800 men. Kitchener had 44 guns and 20 machine guns on land, plus 36 guns and 24 machine-guns on the gunboats. The British had the Martini-Henry .450, fast-firing Maxim Nordenfeldts, and Krupp cannon. Despite their hopeless inferiority in weaponry, the Mahdist forces fought to the end. Their strategy was to attack, in three locations. In one phase of the battle, Osman Digna let a few of his forces (whom the British had dubbed the "Fuzzy Wuzzys," in their inimitable racism!) be seen by the British cavalry, to lure them into an attack. He knew that once they charged over the ground, his men (about 700), who were concealed in a ravine, could ambush them, confuse the cavalry, and engage the enemy in hand-to-hand combat. In the battle that followed, lances and spears against guns, there occurred 40% of all British casualties in the war.

When the British began bombarding Omdurman on Sept. 2, 1898, they took *the Mahdi's tomb* as their primary target! The British, with gunboats and machine guns, could not be

stopped militarily. It is estimated that 11,000 were killed and 16,000 wounded in a few hours of British assault. The figures for the wounded have often been questioned, because it is well known that Kitchener's forces killed the wounded.

But when the British marched into Omdurman they found that the Khalifa had eluded them. Once in the city, they dug up the grave of the Mahdi, and Kitchener ordered that the body be burned. One version has it that Kitchener ordered the bones of the Mahdi to be thrown into the Nile and that he sent the skull of the Mahdi to the Royal Surgeons College, apparently to submit it to phrenological examinations. It is said that Her Majesty Queen Victoria didn't take to the idea, and ordered the skull buried. Other accounts have it that Kitchener had the head buried at Wadi Halfa, the border town with Egypt. On Sept. 4, 1898, Kitchener's crew held memorial services for Gordon. On Sept. 5, they tried to capture the Khalifa, but failed.

In January 1899, Kitchener's forces signed the Condominium Agreement with Boutros-Ghali, grandfather of the current secretary general of the United Nations. Revolts in both Sudan and Egypt followed; the British realized that unless they killed the Khalifa, they would not be able to subdue the territories taken. In November 1899, Wingate went with a well-equipped force of 3,700 men to Jadid and Um Dibekrat, where they located the Khalifa. The Khalifa withdrew with his closest followers and placed himself upon his prayer rug. According to an account in *Sudanow*, his 2,000 combat troops attacked Wingate's vastly superior forces. The Khalifa, together with his amirs Ali Wad Hilu, Ahmad Fadil, Bashir Ajab Al-Fiya, Hamid Ali, Sidig Ibn Mahdi, and Haroun Mohammed were all machine-gunned down as they prayed. Another of the khalifas, Mohammed Sherif, who was the Mahdi's son-in-law, was arrested together with two of the Mahdi's sons, by the British in August 1899. They were accused of a conspiracy to reinstate the Mahdia, and were promptly executed; they were probably innocent.

Wingate, Director of Intelligence from 1899, who accompanied Kitchener into Sudan, was reportedly "obsessed" by the Mahdia, and directed a propaganda war to inflame the passions of ordinary Britons, to support the genocidal attack against Sudan. To accomplish this, he organized publishers who would put out memoirs of Europeans who had been taken captive by the Mahdia, including the opportunist Slatin (*Fire and Sword*, 1896), the priest Ohrwalder (*Aufstand und Reich des Mahdi* and *Ten Years Captivity*, 1892), Rosignoli, and many others. Referring to the crisis in the Sudan in 1896 at the time the book Wingate co-authored with Slatin appeared, it is related that the publisher told his wife, "It is a joke between myself and my partner here that Major Wingate has fomented this just at the right time by means of his secret agents!"

As for Kitchener, one of the many adulatory accounts of the late Lord, called *With Kitchener to Khartoum*, published by G.W. Stevens, in 1899, paints the picture of a superman,

"over six feet, straight as a lance. . . . His precision is so inhumanly unerring, he is more like a machine than a man. . . . So far as Egypt is concerned he is the man of destiny—the man who has been preparing himself 16 years for one great purpose. For Anglo-Egypt he is the Mahdi, the expected; the man . . . who has cut out his human heart and made himself a machine to retake Khartoum." The last characterization apparently refers to Kitchener's famous disregard for the condition of men in battle, whether in his own army or that of the enemy.

According to the previously cited Ronald Hyam, Kitchener was one of the many "inveterate bachelors" that filled Her Majesty's foreign service. "Kitchener was a man whose sexual instincts were wholly sublimated in work; he admitted few distractions and 'thereby reaped an incalculable advantage in competition with his fellows.' There is no evidence that he ever loved a woman; his male friendships were few but fervent; from 1907 until his death his constant and inseparable companion was Capt. O.A.G. FitzGerald who devoted his entire life to Kitchener. He had no use for married men on his staff. Only young officers were admitted to his house—'my happy family of boys' he called them; he avoided interviews with women, worshipped Gordon, cultivated great interest in the Boy Scout movement, took a fancy to Bothas' son and the sons of Lord Desborough, and embellished his rose garden with four pairs of sculptured bronze boys."

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Senate Must Not Capitulate To Blackmail on Goss Nomination

by Edward Spannaus

Were the Senate to go along with the Administration's provocative nomination of Rep. Porter Goss (R-Fla.) for CIA Director, it would mark a cowardly capitulation to the stonewalling of any investigation of the crimes of Vice President Dick Cheney and his cronies in the Bush Administration. The Administration's obstruction has been aided greatly by the Republican leadership of key Congressional oversight committees, and in this, no one has exceeded the role played by Porter Goss, as chairman of the House Permanent Select Committee on Intelligence.

Goss has blocked any investigation of three critical subject-areas clearly falling within his jurisdiction:

- The fabrication of intelligence on Iraq's weapons programs, under pressure from Cheney and other Administration officials, in order to justify the invasion of Iraq;
- The illegal disclosure by White House officials, of the identity of CIA covert operative Valerie Plame, in an effort to discredit her husband, former Ambassador Joe Wilson, who had debunked the fable that Saddam Hussein was trying to buy uranium "yellowcake" ore from Niger; and
- The abuse and torture of prisoners in Afghanistan, Iraq, and in secret detention centers operated by the CIA and the Pentagon, and apparently done at the behest of military and civilian intelligence officials.

'Show Me the Dress . . .'

Exemplary of Goss's obstructionism and his disregard for Congress's Constitutional responsibility to conduct oversight of the Executive Branch, is the following incident:

Last Fall, calls were mounting for a Congressional investigation of the leaking of Valerie Plame's identity—which was a matter of deep concern, and anger, from CIA officers

who justifiably believed that the leak, especially under the circumstances when Plame had been operating overseas and undercover on investigations of weapons of mass destruction, put her life, and the lives of her sources and contacts, in danger.

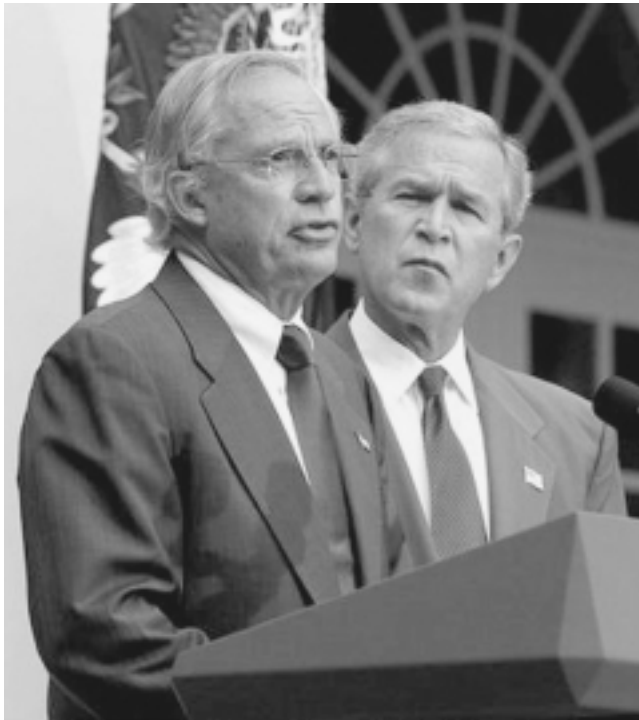
In an Oct. 3, 2003 interview with the *Sarasota Herald-Tribune*, Goss declared he had no evidence that the uproar over the Plame leak was anything more than a product of "wild and unsubstantiated allegations, which are being obviously piled on by partisan politics during an election year."

Goss said, "I haven't seen any evidence" that there was a "willful" violation of Federal law, but he said he would act if he did have such evidence—and then he laid out his standard of evidence:

"Somebody sends me a blue dress and some DNA, I'll have an investigation," Goss announced, in a clear reference to the contrived Monica Lewinsky scandal which led to the impeachment proceedings against former President Clinton—in which Goss voted for impeachment.

'Cheney's Cat's-Paw'

Goss has been in Congress for 12 years, and has chaired the House Intelligence Committee for the past eight. Well before being elected to Congress, he had served in the CIA operations directorate for almost a decade, and was an Army intelligence officer before that, also reportedly working with the CIA. For most of his time in Congress, Goss was considered a CIA loyalist, but this changed dramatically in recent months, when Goss joined in the Administration's efforts to blame the CIA for the "intelligence failure" around the 9/11 attacks. Many observers date Goss's about-face, to the June 3 announcement that the then-Director of Central Intelligence,



Porter Goss with President Bush at the White House Rose Garden, after the President nominated him to be the director of the CIA, Aug. 10. It's a purely political move, and would have a disastrous impact on the intelligence capabilities of the nation.

George Tenet, was intending to resign, which accelerated Goss's own, none-too-subtle, campaign to replace Tenet as DCI.

Later in June, after Goss's committee issued a blistering broadside against the CIA and particularly its Directorate of Operations, Tenet took the unusual step of publicly responding to Goss, saying he was "deeply disappointed" at the committee attacks, and warning against political pressure, which can "create a chilling environment in which analysts are hesitant to make tough calls."

Many sources, inside and outside of the intelligence community, say that Goss has become particularly close to Vice President Cheney. They say that it was at Cheney's behest, that Goss initially opposed the creation of an independent commission to investigate 9/11, and then, when the Administration was forced to give in, Goss insisted on strict limitations on its investigative powers.

In the July 16 *EIR*, we reprinted a column by 27-year CIA veteran Ray McGovern, who wrote already at that time: "There is, thankfully, a remnant of CIA professionals who still put objective analysis above political correctness and career advancement. Just when they thought there were no indignities left for them to suffer, they are shuddering again at press reports that Rep. Porter Goss (R-Fla.) may soon be their new boss."

McGovern said that Goss's appointment as CIA director

"would be the ultimate in politicization," explaining that Goss "has long shown himself to be under the spell of Vice President Dick Cheney."

In recent days, it has been widely reported that Goss had been planning to retire in 2002, but that he was encouraged to stay on by Dick Cheney. And a *New York Times* report cited unnamed Congressional Democrats as saying that "their impression was that Mr. Goss was unwilling to pursue matters that could cause him problems with the vice-president's office."

Other CIA Veterans React

The reaction to Goss's nomination has been especially strong among a number of retired CIA officials. Retired Adm. Stansfield Turner, who was DCI in the late 1970s, called the nomination "a bad day for the CIA," and charged that Goss was chosen simply "to help George Bush win votes in Florida." "This is the worst appointment that's ever been made to the office of Director of Central Intelligence, because that's an office that needs to be kept above partisan politics," Turner said.

Former CIA analyst Larry Johnson was quoted as saying, in an interview with UPI's Richard Sale: "There's one thing Goss really didn't do for the past several years—he didn't chair the House Intelligence Committee, in spite of what his resumé claims. Instead, he did the dead man's float."

Former CIA counter-terrorism chief Vincent Cannistraro agreed: "Goss has never been very distinguished, but he's protected. He's a Bush loyalist and has been in the forefront of those who have tried to place the major blame for the 9/11 attacks on the Agency."

Sources still serving in the intelligence community told UPI's Sale, that Goss and other Bush loyalists are ignoring the degree of internal opposition within the CIA to using bogus claims about Iraqi WMD, such as the Niger yellowcake claim. "Goss took no stand at all, provided no support" for those in the Agency opposing these fraudulent intelligence claims, says one former CIA operative.

"This whole appointment is a cheap political trick," said Judith Yaphe, a former top CIA analyst. "One of the recommendations of the [9/11] Commission is that no political appointee be made Director. But this is so clearly political. If Goss isn't a political appointee, than I don't know what is." "This will do nothing but cause more disarray at Langley," Yaphe predicted.

Attacks on Kerry

After Goss's name had been floated in June as a possible nominee, there were warnings by leading Senate Democrats, and even by some Republicans such as Sen. Pat Roberts (Kan.), the head of the Senate Intelligence Committee, that Bush should not nominate someone with such partisan political credentials. Nevertheless, in a deliberate political provocation, clearly intended to boost his flagging election cam-

paign, Bush has gone ahead and done just that.

This is in spite of—or perhaps because of—Goss’s acting as a GOP spokesman in attacking Democratic Presidential nominee John Kerry, including his delivering the official Republican response to a Kerry speech on June 1, and attacking Kerry in a speech on the House floor as recently as June 23.

Goss’s recent attacks on Kerry were not his first. During the revival of the Ollie North/Contra drug-running scandal in 1996, Goss singled out Kerry for criticism, claiming that Kerry “had conducted quite an expensive investigation and came up with absolutely no evidence” of drug trafficking by the Contra networks. In fact, Kerry’s Senate Foreign Relations Subcommittee on Drugs and Law Enforcement found, in its own words, that “there was substantial evidence of drug smuggling through war zones on the part of individual Contras, Contra suppliers, Contra pilots, mercenaries who worked with the Contras, and Contra supporters throughout the region.”

Kerry’s thoroughly documented bombshell report was issued in April 1989, and was met with thundering silence and a media blackout.

The Cleland Treatment

What changed between June, when the White House pulled back on Goss’s nomination, and August? According to a number of accounts, the White House was deeply concerned about polling data showing that Kerry “had closed the gap with Bush on the handling of terrorism and was slightly ahead as fit to be commander in chief.” Something had to be done to reassert Bush’s leadership in the war on terrorism, and the calculation was that by nominating Goss, the White House could put Democrats in a bind: If they opposed the nomination, Bush and Cheney could accuse them of obstructing the war on terrorism.

The *New York Times* noted the obvious: that Democrats fear a replay of what was done to then-Senator Max Cleland of Georgia in 2002, when Republican operatives conducted a vicious smear campaign against the Vietnam veteran, a triple-amputee, by twisting his opposition to the Administration’s version of the Homeland Security bill, to portray him as an ally of Osama bin Laden and Saddam Hussein. Cleland was defeated at the polls.

Thus, at present, many Senate Democrats are indicating that Goss may be bloodied up during his confirmation hearings—now scheduled to start in early September—but that ultimately, he will be confirmed.

This would be a serious blunder, signaling the willingness of Senate Democrats to submit to such disgusting blackmail, rather than to fight for truth and the vital interests of the nation. It would represent a capitulation to the Nixon-style cover-up of the crimes of the Cheney gang in its pursuit and conduct of the illegal Iraq War, and an abandonment of Congress’s essential role in our system of Constitutional checks and balances.

‘Veterans of Watergate’ Attack Kerry’s Record

by Gregory B. Murphy

The so-called “grass roots” Vietnam veterans organization that is attacking the war record of Democratic Presidential candidate John Kerry in a national ad campaign should be called the “Watergate Veterans” group. The misnamed “Swift Boat Veterans for Truth,” is nothing but a Republican dirty tricks operation linked to the original Watergate criminals in the Nixon White House. Armed with hundreds of thousands of dollars from rich Texas supporters of the right-wing fanatic Rep. Tom DeLay (R-Tex.), the organization is running TV ads with false statements and slanders across the county.

But the real force behind the effort is “Beastman” Vice President Dick Cheney, who never served in combat, nor in the military at all, but whose psychology is what former Democratic Presidential candidate Lyndon LaRouche’s 2004 campaign identified as the bully who *enjoys* inflicting pain, or torturing other human beings. It is this “Beastman” psychology behind the dishonor that Cheney brought upon the U.S. military with his policy of torturing Iraqi prisoners to get “actionable intelligence,” which was exposed by U.S. Army General Antonio Taguba’s investigation. Although only low-level Military Police are being put on trial in court-martial, it was Cheney’s office, and his attorney, David Addington, who came up with the legal arguments to justify torture.

LaRouche, who heads LaRouche PAC, the nationwide political action committee which is organizing for a Democratic landslide victory in the 2004 elections, commented that all Kerry has to do in response, is ask the simple question, “Where was George W. when I was in Vietnam?” (A more pointed comment heard around Washington is that George W. could not put on a uniform during Vietnam, because he couldn’t fit it over his “habit.”)

Watergate Dirty Tricksters

The truth is that in the early 1970s, the ostensible head of Swift Boat Veterans for Truth, John O’Neill, was picked up by the Nixon White House to be the pro-war poster boy for Vietnam. Thirty-some years later, O’Neill’s old friend, Watergate figure-turned-fundamentalist-preacher Chuck Colson, is deeply involved with Bush and Cheney, and has called O’Neill to duty once again.

When Nixon was President, Colson picked up Navy Lieutenant O'Neill, who was heading a group called Vietnam Veterans for a Just Peace. O'Neill was pitted against Kerry, who had organized the group Vietnam Veterans Against the War, and he debated Kerry on the Dick Cavett Show in 1971. After Colson took O'Neill to meet Nixon and Kissinger, O'Neill's group was given special breaks as well as funding. An attorney, O'Neill later clerked for legal fascist, Supreme Court Chief Justice William Rehnquist, and was even considered for a federal judgeship appointment by President Bush "41."

Another DeLay machine rat in this nasty operation is Merrie Spaeth, the media person for the Swift Boat group. She has been tied to the attack ads targetting Sen. John McCain during the 2000 Republican primaries, when McCain ran against George W. Bush. Spaeth's husband, Tex Lazar, ran for Lieutenant Governor of Texas in 1994 with gubernatorial candidate George W. Bush.

'Cheap Stunt'

Bush supporter Senator John McCain denounced the anti-Kerry ads as "dishonest and dishonorable," and reminiscent of the tactics used against him in the primaries by the Bush campaign in 2000. "I think the Bush campaign should condemn the ad. . . . I can't believe the President would pull such a cheap stunt."

Asked at the White House briefing Aug. 5, 2004, about McCain's call for Bush to repudiate the Swift Boat ad, White House Spokesman Scott McClellan danced around, demanding that Kerry join Bush in banning all "soft money" ads (that is, ads from groups that are allowed to campaign on issues, and have no ceilings on donations).

There is also a credibility question. In a Salon.com article posted on July 18, 2004, it is reported that the Swift Boat Veterans for Truth had hired a private detective by the name of Thomas Rupprath, an ex-FBI employee, to conduct interviews of Vietnam "swift boat" veterans, including Kerry's own crew. But, they were hardly interested in truth. Some of the swift-boat veterans who served with Kerry refused to talk, because they felt that Rupprath was trying to put damaging words into their mouths. One of Kerry's former crew members who spoke to Rupprath, said that the transcript version of the interview had serious inaccuracies. This crew member was not alone in having his interview misrepresented.

One leading "attacker," Kerry's former commanding officer in Vietnam, Lt. Commander George Eliot, whose statements are featured in the Swift Boat Veterans for Truth attack television ad, now playing in key swing states, told the *Boston Globe* that his affidavit saying that Kerry didn't deserve his Silver Star medal was "a terrible mistake. . . . I'm the one in trouble here. . . . I knew it was wrong." In the 1996 Senate campaign, Eliot had defended Kerry against

similar charges. He gave no explanation for why he played into the Republican anti-Kerry operation.

Jim Rassmann who served with the U.S. Army 5th Special Forces Group in Vietnam from 1968-69, and who asserts that Kerry saved his life, wrote in a *Wall Street Journal* column Aug. 10 that the Swift Boat Veterans are part of a "Republican smear campaign" not only against John Kerry, but spouting lies that "insult and defame all of us that served in Vietnam."

"Now, 35 years after the fact, some Republican-financed Swift Boats for Bush are suddenly lying about Kerry's service in Vietnam," Rassmann charged. He added that "they are calling him [Kerry] a traitor because he spoke out against the Nixon Administration's failed policies in Vietnam. . . . Some of these Republican-sponsored veterans are the same ones who spoke out against John at the behest of the Nixon Administration in 1971."

Rassmann further stated, "Americans are tired of smear campaigns against those who volunteered to wear the uniform. Swift Boat Veterans for Bush should hang their heads in shame."

The Money Trail

According to the latest filing with the IRS in compliance with laws on "527" issue advocacy groups, this so-called grassroots group said that it had raised \$158,750 in contributions. A close look at the filing shows that a certain Robert J. Perry gave the group \$100,000, and two others, John O'Neill and Hardin Crow, each gave \$25,000. This really mows the grass down to \$8,750—in other words, less than 6% of the total contributions were given in smaller amounts.

Who is this Robert J. Perry who seems to be the Swift Boats' guardian angel? He's a major funder of political action committees set up by House Majority Whip Tom DeLay.

Perry has given \$170,000 over the past two years to Texans for a Republican Majority, which has been in the middle of the notorious Texas redistricting fight, and is the subject of a grand jury probe. Perry has also given about \$50,000 to DeLay's Republican Majority Issues Committee; and \$10,000 to a political action committee that supported John Ashcroft's re-election bid. Since 1999, Daddy Bigbucks Perry has given \$6,000 to Bush's campaigns and has given \$27,325 to Tom DeLay and his political action committee, Americans for a Republican Majority.

Perry is also close to Bush's "strategist," Karl Rove, as witnessed by the massive funding coming from Perry and his family to the GOP. According to the Institute on Money in State Politics, Perry and his wife also gave more than \$3 million to Texas Republicans during the 2002 elections, \$200,000 to the GOP in Louisiana, and \$180,000 to Republicans in New Mexico.

Not Scared Yet? Try Connecting These Dots

by Ray McGovern

Ray McGovern (rmcgovern~school.org) worked as a CIA analyst from the administration of John F. Kennedy to that of George H. W. Bush. The following guest commentary was first published on Aug. 9, by CommonDreams.org.

“Pre-election period . . . pre-election plot . . . pre-election threats”

These rolled off National Security Adviser Condoleezza Rice’s lips no less than seven times yesterday on CNN’s “Late Edition” as she discussed the likely timing of a terrorist attack. She stayed on message.

Dr. Rice said the government had actually “picked up discussion” relating to “trying to do something in the pre-election period,” and added that information on the threat came from “active multiple sources.”

I found myself wondering if those sources are any better than those cited by Attorney General John Ashcroft on May 26, when he launched this campaign, citing “credible intelligence from multiple sources that al-Qaeda plans an attack on the United States” before the November election. Ashcroft’s warning came out of the blue, without the customary involvement of the directors of the CIA and Department of Homeland Security (although the latter quickly fell in line).

In support of his warning, Ashcroft cited “an al-Qaeda spokesman,” who the FBI later was embarrassed to admit is “The Abu Hafs al-Masri Brigades.” Sinister sounding though the name may be, this “group” is thought to consist of no more than one person with a fax machine, according to a senior U.S. intelligence official. That fax is notorious for claiming credit for all manner of death and destruction.

Are the recent warnings and heightened alerts legitimate or contrived? Is this yet another case of “intelligence” being conjured up to serve the political purposes of President Bush and his top advisers? The record of the past three years gives rise to the suspicion that this is precisely what is afoot.

Running Scared

While Iraq generally has moved off the front page, those paying attention to developments there have watched a

transition from mayhem to bedlam in recent days. Worse still, the U.S. economy is again faltering as the election draws near.

Perhaps most worrisome of all from the administration’s point of view are the fresh photos, film footage, and other reporting of torture in U.S.-run prisons in Iraq and elsewhere that will surface in the coming weeks. This round is said to include details of the rape and other abuse of some of the Iraqi women and the hundred or so children—some as young as 10 years old—held in jails like Abu Ghraib. U.S. Army Sergeant Samuel Provance, who was stationed there, has blown the whistle on the abuse of children as well as other prisoners. He recounted, for example, how interrogators soaked a 16-year-old, covered him in mud, and then used his suffering to break the youth’s father, also a prisoner, during interrogation.

I suspect it is the further revelations of torture that worries the White House most. Adding to its woes, last week over a hundred lawyers, including seven past presidents of the American Bar Association and former FBI Director William Sessions, issued a statement strongly condemning the legal opinions of government attorneys holding that torture might be legally defensible. The lawyers called for an investigation regarding whether there is a connection between those legal opinions and the abuses at Abu Ghraib and elsewhere.

While Bush Administration officials have tried to distance themselves from the opinions and claim that the President did not authorize the torture of suspected al-Qaeda or Taliban fighters, the photographic evidence speaks for itself. And neo-conservative William Kristol’s bragging Sunday on ABC’s “This Week” that this Administration’s interrogation techniques have been successful because they are “rougher than what John Kerry would approve of” does not help the Administration’s case.

With each new revelation of torture, the “few-bad-apples” explanation strains credulity closer to the breaking point. Nor can it be denied that the abuse took place on this Administration’s watch. Thus, there are likely to be increasing demands that the commander-in-chief—or at least his defense secretary—take responsibility. Where is it that the buck is supposed to stop?

Connecting Dots

What has all this to do with Condoleezza Rice’s multiple mention of “pre-election threats”? Can these two dots be connected? I fear they can.

When John Ashcroft fired the opening shot in this campaign to raise the specter of a “pre-election” terrorist event, it seemed to me that the Administration might be beginning to prepare the American people to accept postponement or cancellation of the November election as a reasonable option.

Tom Ridge's warning in early July that Osama bin Laden is "planning to disrupt the November elections" added to my concern, as did:

- Word that Ridge has asked the Department of Justice to analyze what legal steps would be needed to permit postponement of the election;
- The request by the Director of the Election Assistance Commission for Ridge to provide "guidelines" for cancelling or rescheduling the election in the event of a terror attack;
- The matter-of-fact tone of a recent vote on CNN's website: "Should the United States postpone the election in the event of a terrorist attack?" That vote seems to have been greeted more by yawns than by any expression of outrage.

That the House of Representatives on July 22 passed a resolution by a 419-2 vote denying any agency or individual the authority to postpone a national election suggests that many in Congress are taking the various trial balloons and other hints seriously.

The Emperor's New Suit of Clothes

It seems a safe bet that President Bush is not sleeping as soundly as he did before the abuse of prisoners came to light. He may feel thoroughly exposed in the magic suit sold him by Ashcroft's tailor/lawyers together with those working for White House counsel Alberto Gonzales, and may wish he had paid more attention to the strong cautions of Secretary of State Colin Powell against playing fast and loose with the Geneva Conventions on Prisoners of War.

The President can take little consolation in Gonzales' reassurance that there is a "reasonable basis in law" that could provide a "solid defense," should an independent counsel at some point in the future attempt to prosecute him under the U.S. War Crimes Act of 1996 for exempting the Taliban and perhaps others from the protections of the Geneva Conventions, to which the War Crimes Act is inextricably tied.

Meaning? Meaning that if the President's numbers look no better in October than they do now, there will be particularly strong personal incentive on the part of the President, Rumsfeld, and Vice President Cheney to pull out all the stops in order to make four more years a sure thing. What seems increasingly clear is that putting off the election is under active consideration—a course more likely to be chosen to the extent it achieves status as just another option.

How Would Americans React?

On Friday I listened to a reporter asking a tourist in Washington, D.C., whether he felt inconvenienced by all the blockages and barriers occasioned by the heightened alert. While the tourist acknowledged that the various barriers and inspections made it difficult to get from one place to another, he made his overall reaction quite clear: "Safety first! I don't want to see another 9/11. Whatever it takes!" I was struck a

few hours later as I tuned into President Bush speaking at a campaign rally in Michigan: "I will never relent in defending America. Whatever it takes."

How prevalent this sentiment has become was brought home to me as Rep. Dennis Kucinich (D-Ohio) quizzed 9/11 Commissioner Bob Kerrey (a former Democratic Senator from Nebraska) at a hearing last week on the Commission's sweeping recommendation to centralize foreign and domestic intelligence under a new National Intelligence Director in the White House. Kerrey grew quite angry as Kucinich kept insisting on an answer to his question: "How do you protect civil liberties amid such a concentration of information and power?"

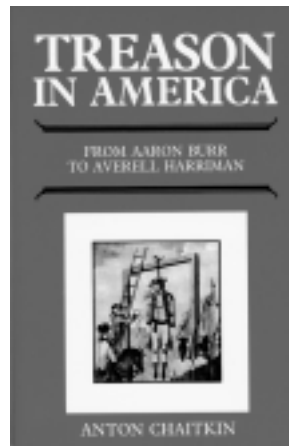
Kerrey protested that the terrorists give no priority to civil liberties. He went on to say that individual liberties must, in effect, be put on the back burner, while priority is given to combatting terrorism. Whatever it takes.

Does this not speak volumes? Would Kerrey suggest that Americans act like the "good Germans" of the 1930s, and acquiesce in draconian steps like postponement or cancellation of the November election?

These are no small matters. It is high time to think them through.

Treason in America

From Aaron Burr To Averell Harriman



By Anton Chaitkin

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Book Review

The Ugly Truth About G.W. Bush

by Jeffrey Steinberg

Bush on the Couch—Inside the Mind of the President

by Justin A. Frank, M.D.

New York: Harper Collins Publishers, 2004
219 pages, hardbound, \$24.95

Dr. Justin Frank has performed a courageous and insightful mission. On the eve of the most important Presidential election of our lifetime, he has applied his decades of clinical experience as a psychoanalyst to offer an in-depth profile of President George W. Bush. To be more precise, Dr. Frank has provided American voters with a case study in what is called “applied psychoanalysis.” As Dr. Frank describes it in *Bush on the Couch*, applied psychoanalysis is a relatively new field of investigation, in which teams of skilled psychiatrists utilize the vast reservoirs of clinical data on world leaders to do in-depth personality profiles. Years ago, the Central Intelligence Agency established an applied psychoanalysis unit, under Dr. Jerrold M. Post, a colleague of Dr. Frank at the George Washington University Medical Center. The CIA confines its efforts to foreign leaders. Dr. Frank has chosen to apply the same rigorous techniques to the sitting President.

Ironically, in the case of some world leaders, such as the American President, the clinical psychoanalyst is afforded access to more useful data than he can obtain on his own patients. Dr. Frank makes no secret of the fact that he has never treated George W. Bush. Yet, he had access to massive amounts of video footage of the President, autobiographical and biographical data on Mr. Bush and many of his most intimate associates, including virtually every member of his family, and other clinical data not often available on his patients. He rarely has the opportunity to observe the patient in his or her everyday life. With President Bush, Dr. Frank had access to hundreds of hours of unedited video footage of him going about the business of governing the most powerful nation on Earth.

When I first opened *Bush on the Couch*, I expected to read a highly entertaining, humorous partisan screed. I recalled that Dr. Frank had penned an insightful profile of Whitewater

independent counsel Kenneth Starr in the online magazine *Salon* at the height of the impeachment travesty against President Clinton. But *Bush on the Couch* is anything but a screed. It is a carefully written, clinical treatment that is a must-read for all American voters—Republican, Independent, and Democrat—before November. Had Dr. Frank been writing a clinical profile of George W. Bush for peer or court review, the document would have taken perhaps 20 or 30 pages. A great deal of *Bush on the Couch* is taken up with providing sufficient fundamentals of the clinical psychoanalytic process and bibliographical background on the field, to permit the lay reader to grasp the gravity of George W. Bush’s psychological problems. The book is at once a devastating psychological dossier on the 43rd President, and a compassionate profile of a human being in need of care.

The Role of Cheney

After reading *Bush on the Couch* and interviewing the author, I confess that I have been forced to rethink some fundamental assumptions about the Bush-Cheney Administration. It has been clear that the real power at 1600 Pennsylvania Avenue resides with Vice President Dick Cheney, not with President Bush. It is Cheney, his alter-ego Lewis Libby, and the legions of neo-conservative wanna-be Liberal Imperialists (“Limps”) who populate the VP’s office and the civilian bureaucracy at the Pentagon who formulated the preventive war doctrine; revived an aggressive, offensive nuclear war doctrine; and made war on Iraq—not G.W. Bush. But, as Dr. Frank emphasizes, if President Bush is the puppet of Cheney, he is a puppet who chooses his puppeteers, and who carries out his Presidential decisions with a clear inner conviction that he is the true power, the ultimate decision-maker. Whatever the truth is about the decision-making process inside the Bush White House, Bush has a megalomaniacal conviction that he is the king of the roost.

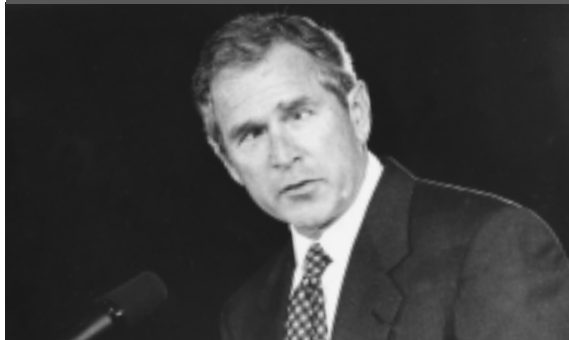
This is not an insignificant factor, particularly as Americans prepare to cast the most important Presidential vote of their lives in November. Dick Cheney is facing a string of criminal investigations and possible indictments—for the leaking of the identity of CIA “non-official cover” officer Valerie Plame, the wife of former Ambassador Joseph Wilson, and for possible bribery and illegal political contributions when he was CEO of Halliburton. Indictments of Cheney, for violations of a string of national security and espionage statutes, the Foreign Corrupt Practices Act, and the Trading With the Enemy Act, cannot be ruled out before the November elections. Such happy events would lead to Cheney’s resignation as Vice President, and would likely also lead to drying out the neo-con swamp. This would also, as some Republicans note, create the opportunity to choose a new running mate for George W. Bush, one more acceptable to Republican traditionalists, from East Coast and Midwest moderates to West Coast Reaganites. This could significantly boost the prospects of a Bush reelection.

EIR

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Bring in LaRouche, Say Pennsylvania, South Dakota Dems
Global Strategy of Pension and Terror Escalates
History's First World Property Bust Coming?

**Will Americans Re-Elect
Their Dumbest President?**



EIR's view of the President's mental condition is shared by psychoanalyst Dr. Frank, who has carefully studied Dubya's biography, speeches, and "body language."

Would a second, "reinvented" Bush term as President be good for the nation? Would a George W. Bush, freed from the policy grips of Dick Cheney, have a chance of serving in the nation's vital interests? After reading *Bush on the Couch*, I conclude that the answer is a resounding "No." If the profile of George W. Bush presented by Dr. Frank is even partially accurate, the man is a menace in office—with or without a Dick Cheney svengali lurking in the shadows.

The Clinical G.W.

I do not intend to use the remainder of this review to provide a detailed summary of Dr. Frank's diagnosis of the 43rd President. I urge readers to purchase and read the book. It cannot be done justice in a few short paragraphs.

Dr. Frank opens the first chapter with a crisp summary of his own, of what he meticulously documents in the 219 pages of text that follow: "If one of my patients frequently said one thing and did another, I would want to know why. If I found that he often used words that hid their true meaning and affected a persona that obscured the nature of his actions, I would grow more concerned. If he presented an inflexible worldview characterized by an oversimplified distinction between right and wrong, good and evil, allies and enemies, I would question his ability to grasp reality. And if his actions revealed an unacknowledged—even sadistic—indifference to human suffering, wrapped in pious claims of compassion, I would worry about the safety of the people

whose lives he touched.

"For the past three years, I have observed with increasing alarm the inconsistencies and denials of such an individual. But he is not one of my patients. He is our president."

With clinical objectivity, Dr. Frank draws upon the mass of material available in the public domain about the President, particularly George W. Bush's own, documented remarks, to paint a picture of a man suffering from a number of serious, but potentially treatable psychological disorders. Among them: Attention Deficit Hyperactivity Disorder (ADHD), untreated and uncured alcoholism (what is commonly referred to today as "dry drunk"), an omnipotence complex, paranoia, an Oedipal Complex, sadism, a mild form of Tourettes Syndrome, and a diminished capacity to distinguish between reality and fantasy.

All of these disorders stem from what Dr. Frank describes as Bush's "diminished ability to manage anxiety."

Childhood Trauma

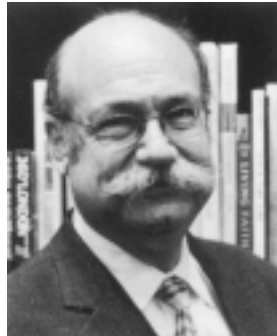
How did George Bush come to be such a psychological wreck? According to Dr. Frank, who places significant emphasis on unresolved childhood trauma, in his clinical work, George Bush suffered several notable shocking experiences in his childhood, in which his parents, George H.W. Bush and Barbara Bush, failed to provide the needed loving adult care to help him through the experiences. In this sense, Dr. Frank provides a very compassionate picture of the President.

Dr. Frank described the most traumatic of those childhood experiences: "George W. was six years old at the beginning of the tragic episode that he has said yielded his first vivid childhood memories—the illness and death of his sister. In the spring of 1953, young Robin was diagnosed with leukemia, which set into motion a series of extended East Coast trips by parents and child in the ultimately fruitless pursuit of treatment. Critically, however, young George W. was never informed of the reason for the sudden absences; unaware that his sister was ill, he was simply told not to play with the girl, to whom he had grown quite close, on her occasional visits home. Robin died in New York in October 1953; her parents spent the next day golfing in Rye, and attending a small memorial service the following day before flying back to Texas. George learned of his sister's illness only after her death, when his parents returned to Texas, where the family remained while the child's body was buried in a Connecticut family plot. There was no funeral."

This is but one of dozens of compelling, and shocking vignettes that pepper Dr. Frank's book. The complex and twisted world of President George W. Bush must be understood by the American people, to fully appreciate the mess that the United States has fallen into. To his credit, Dr. Frank included a chapter in his profile of the President, entitled "He's Our Man," which takes up the question of how and why the American people have backed this man, particularly after the attacks of Sept. 11, 2001.

George Bush: 'A Puppet Who Chose His Puppeteers'

Dr. Justin Frank, the author of Bush on the Couch, a devastating professional psychoanalytic profile of President George W. Bush, was interviewed on July 26, 2004, by EIR Senior Editor Jeffrey Steinberg. Dr. Frank is a practicing psychoanalyst in Washington, and is on the faculty of the George Washington University Medical School.



EIR: What kind of reception have you received so far, from the book?

Frank: Well, the main criticism—it's been not well-promoted by my publisher, unfortunately. But the main reception I've been getting has been really positive from everybody who's read it, and not so positive from people who haven't read it. Because the idea of it is problematic to two different groups of people. One is the psychiatry community—psychiatric and psychoanalytic—and the other, of course, is the Republicans. The Republicans have fairly much dismissed it, and they write these occasionally vituperative comments at Amazon.com, saying it is a terrible book, but none of them has read it, although it does bring the rating down.

But as far as the psychoanalysts and psychiatrists, a lot of people are disturbed about it, they're not very familiar with applied psychoanalysis, and then when they are, they feel that it should only be used for foreign leaders; and Gerald Post, in fact, feels that way. So I've gone out on a limb.

As far as the other reactions, the positive reactions are from everybody who's read it.

EIR: My own reaction was that it's a very, very serious and very in-depth study. I was struck by the fact that the whole underlying concept of applied psychoanalysis is that public figures offer, in some respects, more clinical material than even individuals who are patients whom you only see under limited circumstances.

Frank: They offer so much more material for observation, and then you have to piece it together yourself, because usually in public life people are not free-associating, so they

don't just say one thing, and go to the next, and go back and forth the way they do in my office, but they offer so much information by virtue of being in the public eye. So I get to see tons of video tapes, read everything they've written, and all of that.

I think that one of the things that is frustrating, is that I don't get to work as much with the emotional interaction, because there is none. I have emotional reactions, but there is no emotional interaction, which is called transfers and countertransfers. But as far as the material goes, that's right. And I am really struck by how much more I see of Bush, and everything that I know about my patients is based on work in the consulting room, and then my fantasies about them, you know, how I think about them.

EIR: One of the things that we've focussed on a great deal, more from the standpoint of a political assessment of the Administration, is that Bush seems to have developed a rather deep psychological dependence on Vice President Cheney as the person to make most of the really tough decisions in the Administration. Would you share that view?

Frank: I don't entirely share that view, because my view is that he is a puppet who chose his puppeteers, so in that sense he is dependent on him, but in another sense I think he is dependent on him for supporting his decisions, but I think that Bush makes the decisions. I think that he is dependent on Cheney for thinking them through in public, and for articulating them. And for being the kind of public, outspoken person, and so he had to go with Cheney to the 9/11 Commission. And that's about dependency, I agree with you. But my sense is that he really knows what he wants to do once he hears stuff, and he is basically focussed on very few things. The main reason for depending on Cheney, and I can see that politically, the main reason is that he does not like to do the work of thinking, because it makes him too anxious. And most of the ideas in my book are about Bush's functioning to defend against anxiety. And that's really basically what he's about.

EIR: What I found particularly striking is a kind of a deadly mix of experiences: the trauma over his sister's death, and the way the family handled that. Then developing an at least

alcohol—some people say alcohol and drug dependency—for quite a number of years. It seemed to me that this is almost a kind of very extreme clinical case of somebody who’s nominally walking around as functional, but really has got deep, deep psychological scars.

Frank: Yes, it has to do with the fact that he was never able to mourn, and when you don’t mourn, you can’t integrate your inner life. What happens is that, as I write in the book, sorrow is the vitamin of growth, and until you face who you are and what you’ve lost, you really can’t organize your mind, and so what happens is when you’re the first born, and the next one dies, you’re left with a lot of unworked-out hostility, anger, guilt, that maybe your wishes killed them. You have lots of magical thinking, and if you don’t have a family that helps you gather those things together, you can be in a lot of trouble.

So then you have to manage your feelings yourself. And one of the ways people do manage them when they are that age, is they have friends to talk to; but he doesn’t seem to have had anybody to talk to much. But they also read, and pay attention to things, so they learn about human beings from reading about other people, if their parents aren’t responsive to them. But he really has such a hard time reading, that it’s like swimming with weights. I mean, it’s just too much for him. So he didn’t have that avenue either, so he became sometimes cruel to people, with animals, which is one way of managing your aggression, and then to drink in order to manage his anxiety, and he became a very heavy drinker, that’s very clear, till he was 40, at least.

EIR: Again, the idea that someone doesn’t cure the alcoholism, but just simply stops the drinking, doesn’t deal with the underlying issues; is this somebody who could go back to drinking?

Frank: Yes, in fact I think that’s one of the reasons why the press walks on egg shells: Nobody confronts him about falling off the couch, nobody confronts him about falling off of his bicycle. People are too afraid to even ask the question. It’s one thing to make an assumption—I don’t think you should assume that he is drinking again—but you need to be free enough to ask the question; but when you are an alcoholic who’s untreated, family members—and I’ve done a lot of studies of families with alcoholics, and treated a lot—they tiptoe around, and they are afraid to throw their father or their mother back on a drinking binge. And I think that is what the press has done, they’re walking on egg shells.

EIR: One of the at-least hypotheticals is that if the Halliburton scandals, and possibly the Valerie Plame grand jury were to reach a kind of critical mass before the Republican convention, end of August, that there could be a change in the ticket, with Cheney stepping down, maybe for medical or other reasons. What kind of psychological impact do you think that might have on Bush, that kind of sudden change,

and forced admissions of some problems?

Frank: Well, I really think that he has honed his defenses to a very fine point, and I don’t see that that would really affect him that much. I actually think he is so disconnected that he would just disconnect himself, and go to his inner version of Crawford, Texas, just retreat to the Crawford of his mind. And I think that’s what he does always when there is anything that bothers him: He zones out. You can see it on television; you can see him glaze over. So if Cheney left, I think he would zone out, and he would be taken care of by the three women in his life: Karen Hughes, Laura Bush, and Condi Rice. And they really do take care of him. I think that he would find some other vice president. But I really think that the only way to really break through, and get through to him, would not be losing Cheney. The only way would be for somebody to actually directly confront him in a clear way, to bring him out, so you would really see the bully, and you would also see the fear.

So Cheney is very powerful, and Cheney is really a destructive guy, but I don’t think that Bush needs him as much as we like to think he does. That is one of the strengths of Bush. Bush is an amazing person at ducking blame and ducking responsibility, so he’s even got a lot of people who oppose him thinking it’s all Cheney’s fault. And through this secret way, it’s a way of getting off the hook yet again.

EIR: Final question: Of course you are here at the Democratic National Convention. I’m finding in just the general activity down in Washington, that there are also now a large and growing number of Republicans who find themselves deeply alarmed that someone whom they consider to be so intellectually shallow, and so psychologically damaged as President, that they’re having a hard time thinking about voting a second time. I would think that there would be kind of a Republican audience, perhaps maybe more subterranean, that would be very interested in the book as well.

Frank: I would love to find who they are, and if I could find Republican groups, I would be very interested in talking with them, because I do think there’s an audience for this. I think that they are very concerned about a couple of things: One is the deficit spending; two is really pre-emptive war. And three, I think some of them, especially the ones that are not very deeply religious, are concerned with this kind of mission quality that he has, and his deep connection to Jesus. I think that all of those three things are really very deeply disturbing to Republicans who come from a different—and then the arrogance, which a lot of people have commented on. Senator Byrd’s new book is great. He talks about the arrogance of Bush, and how lots of Republicans that he knows, colleagues, are quite alarmed. So I think there would be a big audience. I don’t know who they would vote for, and they may not vote, but I’m always reminded of what Harry Truman said, you know: “If you want to live like a Republican, vote Democratic.” I always laughed at that.

A Cheney Victory Is Unthinkable

“We have a situation in which the nominee, Kerry, must occupy the White House by election in November. . . . We’ve got to get him elected. Because the alternative is unthinkable.”

—Lyndon H. LaRouche, Jr.
July 30, 2004

Many observers are “in shock” that Lyndon LaRouche, who has forthrightly criticized the errors of the Kerry campaign, has decided that he, LaRouche, and his Youth Movement, must ensure that Kerry is elected. These observers either do not understand the stakes in this Presidential election, or they are just not serious about saving this country.

If Dick Cheney and George Bush are re-elected, this world, *and* the United States, are headed for a descent into war and depression of such horrible proportions that no living person has ever seen the like. Just look at what Cheney’s crowd, and his puppet President, have in process.

First, there’s the escalating war in Southwest Asia, in which the Administration has apparently decided to throw all caution to the wind, and to detonate a new wider set of wars—against Iran, and more—over the immediate period ahead. The fact that this offensive is touching off a wider clash of civilizations, between the West and the Muslim world, doesn’t bother them at all, even though the immediate result has been an oil price headed toward \$50 a barrel, and thus a new blowout on the world markets.

Second, there are a series of other targets for the new “imperial” United States, which Cheney and his backers have in mind. There’s a build-up toward a confrontation between China and Taiwan, which knowledgeable intelligence officers have assured *EIR* is on the agenda if there’s another Cheney Administration. There’s the confrontation with Russia, whose beginnings can be seen in the provocative behavior of Georgia’s new President, Michael Saakashvili, who is wholly beholden to Western financial interests for his position. Not to mention the possibility of military action against other “small” countries, in Ibero-America

and elsewhere.

Third, there’s the prospect of a total overthrow of Constitutional law within the United States itself, as presaged in the all-out drive for the expansion of the Patriot Act, the brazen defense of torture and other outrages against those rounded up in the so-called war on terrorism, and the constant “terror alerts,” which have verged on creating states of siege in various cities of the United States.

Do you want to see the outbreak of thermonuclear war? Do you want to see the establishment of a dictatorship in the United States? Are you prepared to be a slave in the new global fascist imperium, which the bankers behind Cheney seek to put into place?

If so, you’ll sit back and let Cheney-Bush bludgeon their way into re-election.

Don’t think for a moment that we’re talking about a partisan issue here. For reasons related to the cowardly corruption in the Democratic National Committee, many Republicans are much more outspoken against Dick Cheney than the Democrats are. Especially Republicans who are connected with the military, but also just decent folks, are enraged at the way in which the arrogant Cheney has destroyed the strategic and moral stature of the United States, with his own drive for empire.

The good news is that, under the leadership of Lyndon LaRouche, working with members of the broad institution of the Presidency over the past nearly two years, Cheney has been exposed and politically battered to the point where he can well be knocked out, even before the Republican Convention at the end of this month. At any moment now, Cheney could even be indicted for his role in crimes such as the “outing” of CIA covert operative Valerie Plame, or corruption at Halliburton while he was its CEO.

But, should Cheney remain on the ticket, the task, as LaRouche has outlined it, is clear: The Cheney-Bush ticket must be defeated in the kind of landslide that will force the Democrats to once again take up the policies of Franklin Roosevelt. The alternative is unthinkable.

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T/W Ch.34
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Tue: 12 Noon & 8 pm

BUFFALO

Thursdays—4 pm
Saturdays—1 pm

CHEMUNG/STEUEN

Time Warner Ch.1
Mon & Fri: 4:30 pm

ERIE COUNTY

Adelphia Intl. Ch.20
Thursdays—10:35 pm

ILION—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*
• QUEENS OPTV Ch.34
Fridays—5 pm

QUEENSBURY Ch.71

Tuesdays—9 pm

RIVERHEAD Ch.70

Thu—12 Midnight

ROCHESTER—Ch.15

Sundays—3 pm
Mondays—10 pm

ROCKLAND—Ch.71

Mondays—6 pm

STATEN ISL.

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

TOMPKINS COUNTY

Time Warner Ch.13
Sun—1 pm & 9 pm
Saturdays—9 pm

TRI-LAKES

Adelphia Ch.2
Sun: 7 am, 1 pm, 8 pm

WEBSTER—Ch.12

Wednesdays—9 pm

OHIO

• CUYAHOGA COUNTY
Ch.21: Wed—3:30 pm

FRANKLIN COUNTY

Ch.21: Sun—6 pm

LORAIN COUNTY

Adelphia Ch.30
Daily: 10 am; or
12 Noon; or 2 pm;
or 12 Midnight

OSHERLIN—Ch.9

Tuesdays—7 pm

REYNOLDSBURG

Ch.6: Sun—6 pm

OREGON

• LINN/BENTON
AT&T Ch.99
Tuesdays—1 pm

PORTLAND

Tue—6 pm (Ch.22)
Thu—3 pm (Ch.23)

SALEM—Ch.23

Tuesdays—12 Noon
Thursdays—7 pm

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

• E.PROV.—Ch.18
Tuesdays—6:30 pm

STATEWIDE

RI Interconnect
Cox Ch.13
Full Ch.49
Tuesdays—10 am

TEXAS

• AUSTIN Ch.10
T/W & Grande
Wednesdays—7 pm

DALLAS Ch.13-8

Tuesdays—10:30 pm

EL PASO COUNTY

Adelphia Ch.4
Thursdays—8 pm

HOUSTON

Time Warner Ch.17
Saturdays—9 am
Mon, 12/29: 4 pm
Wed, 12/31: 4 pm
Tue, 1/6: 4 pm
Wed, 1/14: 8 pm

KINGWOOD Ch.98

Kingwood Cablevision
Saturdays—9 am
Mon, 12/31: 4 pm
Wed, 12/31: 4 pm
Tue, 1/6: 4 pm
Wed, 1/14: 8 pm

RICHARDSON

AT&T Ch.10-A
Thursdays—6 pm

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• EMILLARD

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Religion and National Security: The Threat from Terrorist Cults

Lyndon H. LaRouche, Jr.

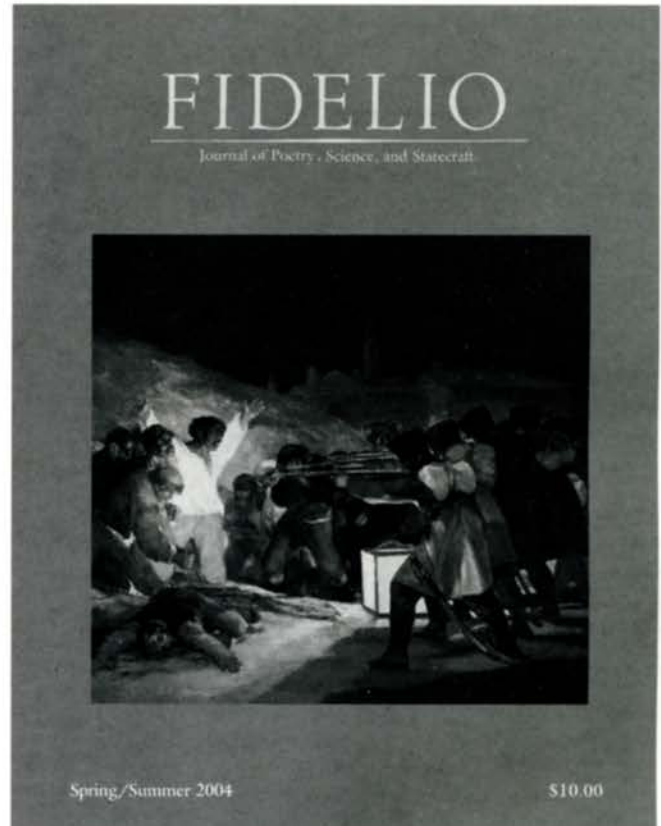
The Synarchist threat from the presently continuing Martinist tradition of the French Revolution period is, once again, a leading issue of the current time. This was, originally, the banker-backed terrorist cult used to direct that great internal, systemic threat of 1789-1815 to France, and to the world at that time. This same banker-cult symbiosis was behind Mussolini's dictatorship, behind Francisco Franco's dictatorship, and behind Adolf Hitler's role during 1923-45.

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