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Statecraft Can Defeat the 'Strategy of Tension'
Terror Bombings Target Egypt for Destruction
Final Debate Confirms That Bush Is Insane

LaRouche: Reverse the Policy That Created the Flu Crisis



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Those Populist Fools Who Would Seek A Contract Even With God

Lyndon H. LaRouche, Jr.

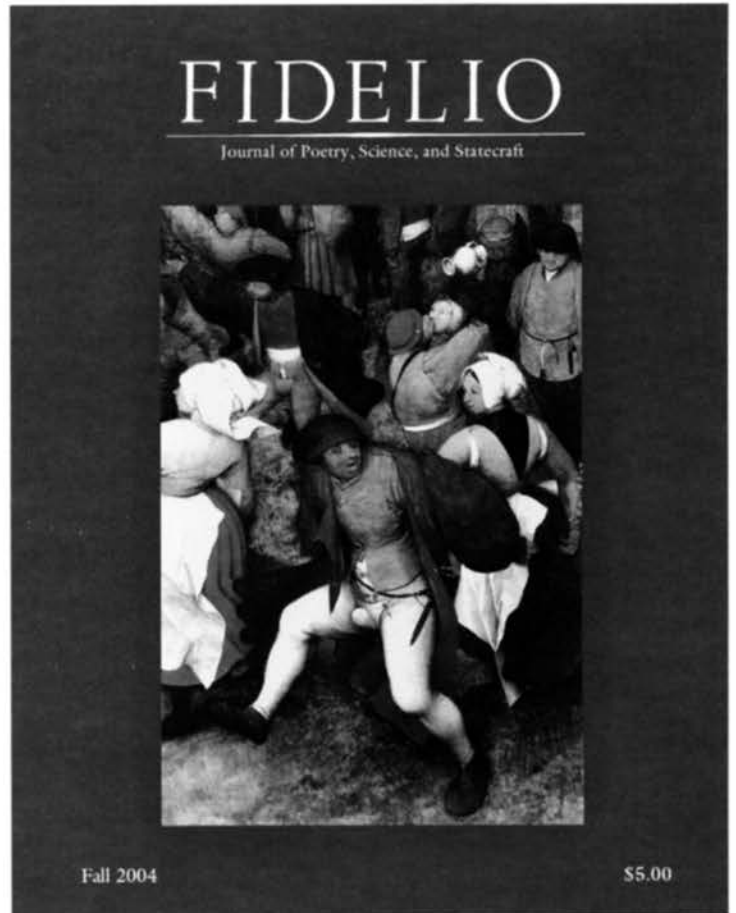
In the works of Erasmus, More, Rabelais, Cervantes, and Shakespeare, the word 'folly' has a profoundly ironical, ambiguous meaning. In their usage, it refers to a time when madness had overtaken a nation and its people, a time of foolishness, like that of the recent decades of our own U.S.A., which prompts the foolish popular opinion of that time to regard as fools their contemporary wise men and women, rather than their own misguided, foolish selves.

A Shakespeare Dialogue: Acting On the Stage of History

Stanley Ezrol, Terry Jones, Gerald Rose

The One and the Many, and the Dialogue Among Cultures

Helga Zepp LaRouche, Ken Kronberg, Richard Welsh



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From the Associate Editor

Our cover story on the breakdown of public-health infrastructure, as manifest in the unavailability of flu vaccine and the potential for many tens of thousands of deaths as a result of it, is one of many striking indications of what is at stake in this U.S. Presidential election. In the Oct. 13 candidates' debate, President Bush's "answer" to the question of what went wrong on flu vaccine, was to urge healthy people not to get a shot, so that those in high-risk categories can. Is that a policy for a President? What a joke! Kerry raised some of the relevant issues of public health, Social Security, and such, but dared not tackle the core economic question: the systemic breakdown of the world economy, and the need for a new global monetary system, and to rebuild our economic infrastructure. Lyndon LaRouche's input to a Kerry Presidency will be crucial.

LaRouche's Oct. 6 webcast, which emphasized these physical economic policy requirements, is now available on DVD from LaRouche PAC. With a focus on the key formerly industrial "swing state" of Ohio, he will be addressing a Cleveland town meeting by teleconference on Oct. 27, which will be webcast internationally.

Other indications of what's at stake in the election are reported in this issue:

- Argentina's plunge into desperate straits, under IMF conditionalities. LaRouche has become a "folk hero" in Argentina overnight, with the release of a movie documentary, "Debt," in which clips are shown from an interview with him (published in this issue). As we go to press, the Argentine weekly *Revista Veintitres* has run a new interview with LaRouche, calling him "The Side-Splitting 'Star' of the 'Debt' Movie," and quoting his attack on IMF official Anne Krueger as a cannibal.

- The conflicts rending Eurasia were the subject of the "Strategy of Tension" panel at the Schiller Institute conference in Germany on Sept. 26, published as our *Feature*. In LaRouche's intervention which concluded the panel, he posed most sharply the indispensable role of the United States in solving the problems with which the panelists were grappling.

- The synarchist/terrorist targetting of Egypt and Afghanistan, reported in *International*, defines the necessity for "regime change" in Washington.

Susan Welsh

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Waiting for a flu shot in Sterling, Virginia, amid national scarcity, Oct. 15, 2004.



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LaRouche: Reverse the Policy That Created the Flu Crisis

by Linda Everett and Marcia Merry Baker

After half of U.S. flu vaccination stocks were suddenly cancelled in mid-October because of contamination at the source of supply in England, a chaotic scramble was on across the United States for scarce flu shots—not only for the elderly, the young, and the chronically ill, but for front-line civil defense staff such as nurses and doctors, hospital and healthcare workers, firefighters, police, emergency team-members, rescue squads, and the military. Between November, when the influenza season is likely to hit, and January, another scramble will be on—for scarce hospital beds, scarce medical staff, and all kinds of workers who become sick and scarce on the job. There will be thousands of avoidable deaths.

So much for homeland security, and the Bush-Cheney Administration's much-hyped "Bio-Defense" drills for bioterrorism, small pox, anthrax, plague, etc. The mob scenes at the few flu-shot distribution sites make the point: Today's situation is an each-against-all mess.

President Bush did a two-step on the flu, when asked about it at the Oct. 13 election debate. He called on healthy people to patriotically forego a shot: "I'm not having a flu shot this year." And he diverted attention from the fact that his Administration relied on only two suppliers for an intended 100 million doses, one of which companies "outsourced" 48 million doses to a production facility known to be risky, and then cancelled altogether. Bush issued his sound-bite proudly: "We won't allow contaminated medications into the country."

Senator Kerry properly shifted to the larger issue: "Our public health system is in trouble."

Lyndon LaRouche spelled out the physical economic dimensions of the trouble at his Oct. 6 webcast in Washington, D.C., just hours after the mass flu shot cancellation announce-

ment, when he was questioned by Maryland medical students (see box, p. 6). LaRouche stressed treating the immediate situation as a medical emergency and getting the "relevant institutions tasked to come up with an approach to this, and whatever it takes, do the job." Overall, he called for reversing *the policies that created the flu crisis* in the first place.

The Oct. 6 announcement which triggered the panic, and its relevant particulars—even the Enronomics characterizing the global pharmaceutical cartel and Chiron, the California-based supplier company—are not right now the focus point for decision-making about what responsible government should do immediately.

The most urgent points for consideration are: first, how the current public health emergency should be dealt with; and secondly, how the *thinking and practices must be stopped* which, over the past four decades, took down America's excellent public health system, and made the United States vulnerable to all kinds of microbial and other health threats, from reliance on unreliable pharmaceutical cartel companies, to allowing the spread of West Nile virus.

We provide here some of the key parameters and principles concerning the build-up, and then the takedown, of the U.S. public health system. Animations of the processes involved—for example, of the provision, then removal, of desired ratios of community hospital facilities per population, can be seen at www.larouchepac.com.

Deal With the Crisis

First, consider the context; then the specifics of what to do become clear. To begin with, the American population is not robust. Look at today's soaring rates of obesity, depression,

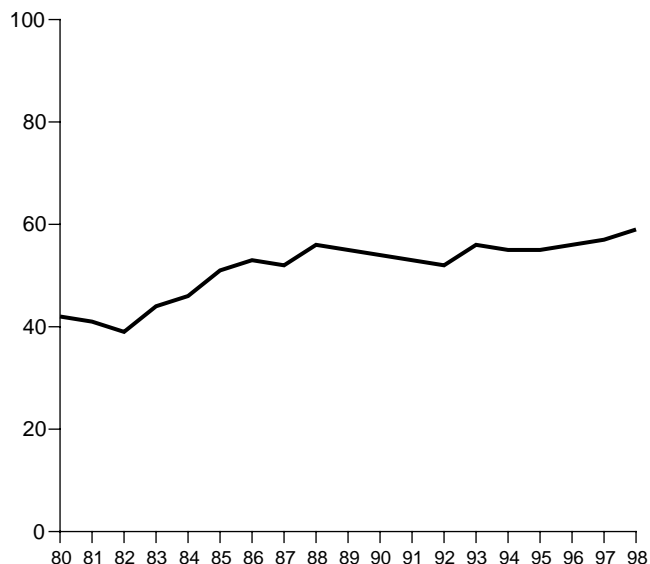


From two dozen flu vaccine manufacturers 30 years ago, one, French (!) supplier now stands between the United States and a killer flu epidemic. The nation is also short of DTAP vaccines (diphtheria, tetanus and pertussis or whooping cough, being given to a National Guardsman here); and those for adenovirus now epidemic at military bases; as well as chicken pox, MMR, pneumococcal disease, and others.

and childhood asthma, besides the millions of cases of non-managed conditions such as diabetes, due to lack of insurance and access to medical care. These add to, and interact with, the expected disease rates connected with the population's age profile and associated disease likelihood. And due to lack of public transportation, the United States has a relatively

FIGURE 1
U.S. Death Rate Rising From Infectious Disease (Excluding AIDS/HIV), 1980-98

(Crude Death Rate Per 100,000)



Source: In *Microbial Threats to Health; Emergence, Detection and Response* (Washington, D.C.: Institute of Medicine, March 2003), reprinted with permission from Pinner, R.W., Roy, K., Shoemaker, H., "Mortality from Infectious Diseases in United States, 1993-1998" (unpublished manuscript, 2002).

high rate of impairment, besides mortality, from vehicular accidents.

Figure 1 shows a fundamental marker of ill health in the United States—the rising rate of death from infectious dis-

Chiron's Vaccine Plant: Blair's Sweetheart Deal?

An emerging scandal surrounds the Administration's approval for half of all the United States' 2004/2005 flu vaccine to come from a known risky plant in Britain. Particularly under scrutiny is the involvement of Lord Paul Rudd Drayson, top moneybags to Prime Minister Tony Blair and the Labour Party.

The record, from press and corporate accounts: In June 2003, a U.S. Food and Drug Administration (FDA) delegation visited the vaccine-making facility in Speke, Liverpool, for a sanitation inspection; the FDA then gave approval to California-based Chiron Corp. for a mega-order for the 2004/2005 U.S. flu season, to be produced at the Liverpool plant despite its record of contamination problems, and frequent changes of owner-

ship in the past, with attendant under-investment in upkeep.

At the time of the FDA 2003 visit, Chiron did not even own the plant! The then-owner, Lord Drayson, is notorious for having made a windfall of £32 million from the Blair government granting PowderJect a mega-contract for smallpox vaccine supplies, soon after a secret meeting at Downing Street in December 2001. Blair's Health Minister Lord Hunt misled Parliament to think this was the only means to vaccine. (During this same period, 2001-2002, Vice President Dick Cheney's top staffer I. Lewis Libby, was nicknamed "Germ-Boy" at the White House, for insisting on universal smallpox inoculation.) In an earlier episode, Drayson was faulted by the National Audit Office for donating £50,000 to the Labour Party, during the time the Blair government was awarding a TB vaccine contract; it went to PowderJect. In late Spring 2004, Drayson gave a whopping £505,000 to the Labour Party.

eases. This alone would “prove” that the U.S. economy is failing, not succeeding as President Bush would have it. Whereas in 1980, the number of deaths per 100,000 persons was about 42, the rate today is over 52, even excluding deaths from HIV/AIDS, which are significant. These figures were quoted in a 400-page report on health trends, published in 2003 by the Institute of Medicine: *Microbial Threats to Health; Emergence, Detection and Response*. One chapter is titled, “A Case in Point: Influenza—We Are Unprepared.”

Therefore, the protection given to the population by the annual influenza inoculation program is vital. Of the total world’s flu shot supply of 290 million doses annually in recent years, the United States has used about 80 million. During this time, the annual rate of U.S. flu cases was 20-40 millions, or 10-20% of the population, with about 200,000 hospitalizations, and a death toll of 35,000-40,000 people.

For a variety of factors, the Centers for Disease Control (CDC) has even advised recently that it would be optimum for the United States to administer 185 million flu shots annually. One of these factors is that America’s hospitals now cannot cope with a peak flu season, as documented in the figures given below.

Thus, two sets of actions are imperative: The first is *targeted inoculation and stand-by treatment infrastructure*. Centralized action is urgent to implement the tightest possible re-call, and re-assignment of as many as possible of the 40-plus million flu doses coming from Aventis Pasteur, the other supplier company besides Chiron; and the 1-2 million FluMist supplies coming from MedImmune; along with what can be arranged from Canada and other sources. Assembling additional supplies requires international coop-

eration—including creating groundwork for a long-overdue collaboration in a worldwide effort to mitigate flu and other illnesses. At maximum, only some 20 million—perhaps far fewer—shots from Aventis Pasteur may be possible to redirect.

The categories of targeted recipients are clear, and guidelines exist from the CDC, including chronically ill, the elderly, healthcare workers, etc. Nationally, the institutions exist—CDC, Health and Human Services (HHS) Department, the 6,000-strong Public Health Service Corps—to collaborate to carry through plans, through a network including 3,000 county health departments, city agencies, thousands of public hospitals, private physician practices, etc., to make the best of a bad situation.

Similarly, facilities and staff must be lined up in readiness to treat what can be expected to be a heavy peak period of flu hospitalizations. The U.S. hospital base is so eroded that in recent years, it could not handle both flu patients, and the regular caseload of surgeries, auto accidents, and other cases. There were extreme trade-offs. Therefore, what’s needed is to make ready stand-by facilities, and staff. Re-open facilities such as hospitals wings currently empty; public hospitals recently closed, as in Washington, D.C.; alternate suitable buildings in the area, etc.

The institutions exist to carry this through if Federal policy leadership is given—including, the professional nurses and physicians associations, the American Hospital Association, the HHS, CDC, and related agencies, and all the state and local-level associations. The much-touted new Homeland Security government-liasion communications hardware and software can be activated to deal with preparations for coping with flu cases.

LaRouche: ‘We Need A Crash Program. . .’

On Oct. 6, following the previous day’s announcement by British-based Chiron Corporation that it had cancelled its intended supplies of 48 million flu shots to the United States for the 2004 season, Lyndon LaRouche gave a pre-scheduled international webcast in Washington, D.C. A group of medical students, participating from the University of Maryland Medical School in Baltimore, asked for his comment.

Q: Mr. LaRouche, going into yesterday, we were already very concerned about the impending flu epidemic, and there were questions as to how we could most efficiently vaccinate the population. Yesterday, a story broke indicating that

almost instantaneously, 50% of the supply of serum was wiped out, because of a manufacturing problem. It does seem to us that the other shoe suddenly dropped. Our question is, can this be considered a problem of healthcare, or is it a problem of infrastructure? Either way, what do you do about it, when the flu season is immediately upon us?

LaRouche: The question is two. First of all, what should you do? And secondly, how effective can you be?

What you should do, you’re going to have to do anyway. This constitutes the basis for defining an international health emergency. This means that we have to have a crash program approach to deal with this problem. This also means a restructuring of the implementation of our healthcare policy.

What are our problems? First of all, we don’t have hospitals. Why don’t we have them? Because we destroyed them. Take the D.C. General Hospital, for example. It was destroyed. The best resource for the defense of the citizens of this area against infectious disease and other problems, was

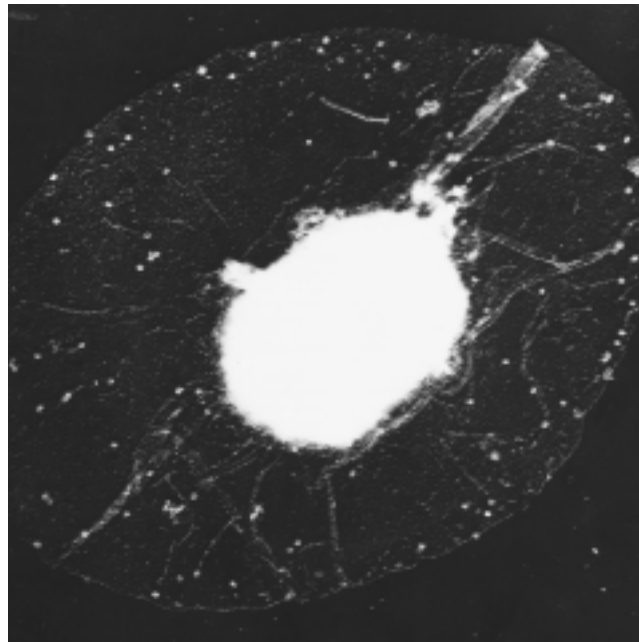
Restore a Hospital-Beds Adequacy Standard

The second broad policy action required is to *reverse the HMO-era takedown of the U.S. hospital and public health system*. The sudden influenza vaccine crisis clarifies the need to reverse the 1970s-onward shift away from the public health principle expressed in the 1946 landmark law, known as the Hill-Burton Act (named for Senators Lister Hill, D-Alabama; and Harold Burton, R-Ohio). That “Hospital Survey and Construction Act” mandated that Federal and local efforts would see to it that *all Americans would have access to local hospital facilities* on a standard, modern ratio of 4-5.5 beds per thousand people, everywhere—town and country alike.

From the 1940s through 1970, the same “Hill-Burton” principle prevailed for needed vaccinations, as well as diagnostic and other facilities. Public health programs and applied R&D all but eliminated polio and tuberculosis. Pertussis (whooping cough) declined from a peak of 156,000 cases in 1947 to 14,800 in 1960; diphtheria declined from 18,700 cases in 1945, to 900 in 1960. The use of the insecticide DDT, begun in the 1940s, was on the way to eliminating malaria and other mosquito-borne disease.

Then came the shift. On Dec. 29, 1973, President Richard Nixon signed into law the bi-partisan Health Maintenance Organization and Resources Development Act, which ushered in the era of deregulation of healthcare delivery, to the point where over 2,000 hospitals have shut down since. Likewise, core public health functions have been drastically reduced. For example, in the Gulf Coast/Delta state of Louisiana, many parishes have no mosquito abatement program at all, in the face of dengue fever, West Nile virus, and malaria.

The propaganda pushed onto the public and lawmakers was that “competition” by HMOs, and privateer hospital chains



Red blood cell of a chicken with influenza virus (the white, woolly spots); chicken eggs have been used for decades to produce flu vaccines, making it a long and complicated process, which may be shortened if new production technologies can be mobilized.

such as Columbia/HCA, would be good for you, by bringing prices down, etc. Among many other deliberate lies, was the promotion of the idea that vaccines themselves are harmful.

Behind this shift—including funding anti-science hokum about vaccines—stands the network of private financial interests, best called synarchist, controlling all kinds of services and commodities, including energy, food, minerals, insurance,

destroyed—in a swindle, a financial swindle. A rip-off, which my “friends” at the *Washington Post* had something to do with. And if somebody dies in your family, you should get *them* to pay for it. Because that’s what happened.

We have gone away from a policy of having reserves. We used to have all kinds of reserves, medical reserves. It was something which we insisted upon, from the experience of World War II, for example. We learned a lot of lessons from World War II about this kind of problem.

We destroyed it! So, therefore, we have to say, “First of all, this was a mistake. To put the human race at risk in this way, was a mistake! We have to adopt a policy of correcting that mistake, by reversing the policies which led to that mistake.”

Now, that means, on another level, you treat it like a military emergency. You have all the relevant institutions tasked to come up with an approach to this and, whatever it takes, do the job. Whatever it takes. I don’t know what the full

resources are; but obviously, it has to be treated as an emergency, and we can not accept, in order to balance the budget, etc., etc.: “We have a problem, it’s going to take more time.” It’s not acceptable. Whatever we have to do, is what is acceptable. And if we can’t do it, at least let’s kill ourselves, in a sense, trying to do what should be done. And let’s minimize the damage, if we can’t absolutely prevent it. But we have to be considerate. We have to take it on.

Look what we’ve destroyed, look what we’ve done! Look what we’ve done since 1973, since the HMO law was put in. We have *destroyed* essential parts of the medical defense system of the United States. And we’re killing people by that! What we’re doing with HMO policy; the way they regulate physicians. A physician can’t spend too much time talking to a patient. How else is a physician going to practice preventive healthcare, if he can’t talk to a patient in order to diagnose what the patient’s problems may be, as opposed to what a specific, authorized-category disease is?

etc., through cartels and companies such as Enron. In the realm of chemicals, pharmaceuticals, and seedstocks, consolidation of control over supplies has reached an extreme stage.

The *Wall Street Journal* spoke explicitly on behalf of the Synarchist cartels, in an Oct. 12 editorial, "Healthcare Showdown," claiming, "Healthcare is a scarce good like any other and can't escape the laws of economics. As such it will be 'rationed' one way or another. The only question is whether that is done through prices and individual choice, or through the brute political force of government."

It is time to defeat any form of this thinking and control. What is required is a shift back to the traditional American System form of general-welfare healthcare policy, restoring a delivery system of adequate ratios of hospitals, drug supplies, staff, public health services, etc. based on both private and non-profit collaboration, as worked for decades before the neo-conservative, free-trade disaster.

In particular, measures to ensure adequate supplies of flu vaccine—and other needed public health vaccines of all kinds—in the near-future, include the once-traditional *regulatory* government procedures: commissioning a number of suppliers; becoming either the upfront bulk-purchaser for redistribution through private and public channels, or buyer-of-last resort of unused quantities; granting tax benefits for producers and researchers of priority vaccines; partnering with private operations for research and production, etc.

Cartels Threaten Public Health

On Oct. 5, Chiron Corp., the Emeryville, California-based supplier of nearly half (48 million doses) of the United States' anticipated influenza vaccine supply for this season (and for

2003), announced that its total shipment of vaccine was cancelled, its Liverpool, England plant de-licensed, because of contamination issues. The British Medicines and Healthcare Products Regulatory Agency suspended Chiron's license to sell vaccine for three months, and cancelled all of its vaccine while it investigated its facility for contamination.

In August, Chiron had told the U.S. Food and Drug Administration (FDA) that delivery of some shipments of its vaccine, Fluvirin, would be delayed because some lots were contaminated with *Serratia marcescens* bacterium, which can cause severe, even fatal infections in humans. When U.S. regulators inspected Chiron's manufacturing plant in Liverpool in 2003, they found evidence of contamination problems then.

Since the October announcement, followed quickly by emergency Congressional hearings on the crisis, charges have erupted that the FDA knew as early as September 2004 that *all* the 48 million doses were endangered. On Oct. 11, Lester M. Crawford of the FDA denied this. On Oct. 13, it was made known that a grand jury has been convened to investigate the circumstances and timing of the Chiron cancellation. Lost in the banter of "who knew what, when" crisscrossing the Atlantic, are two larger issues regarding vaccines.

First, it was knowable and manifest that the globalized, cartelized pharmaceutical industry is a menace to public health, Chiron's English facility in particular. Secondly, squadrons of Administration top health officials also knew that an influenza pandemic is "overdue"—they have stated so publicly—yet they accepted a reliance on a risky set-up of only two sources for this season's flu vaccine supplies.

Could Avian Flu Cause A New Pandemic?

Influenza originally from birds has killed 30 of the 42 people infected with it in Southeast Asia over the last year. This particular flu virus has been mainly transmitted from birds to humans; but recently, in Thailand, there is a probable case of human-to-human transmission, which has experts quite worried about a new flu pandemic.

The concern about a new pandemic is justified, based on several scientific considerations. First, this avian flu virus has shown a very high lethality in people who contract it, and this may be due to a very limited human immune system resistance to the virus. Second, there is no vaccine currently available that can protect the human population from this virus. And lastly, if the virus does acquire the ability to spread from person to person,

effectively jumping the species barrier, it will be very difficult to contain.

1997 Epidemic Warning

Influenza viruses that infect people come from two groups, A and B, and are further categorized into subtypes based on the surface antigens *hemagglutinin* (H) and *neuraminidase* (N). The current avian flu now spreading in Asia is influenza A, subtype H5N1, which originally came from ducks and geese in China.

The 1997 Hong Kong outbreak of avian flu that killed six people was the first time this subtype H5N1 was found to be able to infect humans. The H5N1 flu virus is present in a large number of ducks and geese in southern China; most of these birds do not display any symptoms of illness, and the disease is not lethal. But when this same H5N1 virus was transmitted to chickens, the infection was found very often to be lethal.

The 1997 Hong Kong outbreak of avian flu was contained by a massive quarantine and slaughter of all poultry

Consider the simple fact that the CDC itself has recommended that 185 million vaccinations would be the optimum way to minimize flu in the U.S. population; but vaccine production is wholly at the discretion of private pharmaceutical companies. It was they who decided that only 100 million doses, based on “market demand,” not the medical needs of the population, were to be produced.

Not only infectious disease experts, but even the government’s own General Accountability Office (GAO), issued warnings in 2003 and 2004, that the potential exists for a world-wide virulent influenza outbreak imminently, perhaps *this year*—a pandemic that would far exceed our immunization, public health, and hospital infrastructure capability. But no action has been taken accordingly.

As of mid-October, about half of local health departments in the United States had no flu vaccine, according to a survey of 150 local health departments by the National Association of County and City Health Officials. County and city health departments and medical professionals in many states had ordered vaccine exclusively with Chiron. Those regions include the nation’s capital—Virginia, Maryland, and the District of Columbia all depended on Chiron for vaccine.

This year’s shortage is the fifth time in six years that the United States has experienced disruption in availability of flu vaccine. Yet, the Federal government has had no remedial plan, other than “market” rationing. The CDC issued a hastily revised set of guidelines for who should get vaccinated, and called for voluntary re-distribution of the Fluzone vaccine produced by Aventis Pasteur. This recourse to “voluntary” action

in the province. The problem now facing Asia, is that the natural reservoir of the virus in the ducks and geese, has allowed the virus to mutate into an increasingly pathogenic form that can infect mammals.

In an experimental study published in May 2004, researchers in China isolated 21 different H5N1 virus types from apparently healthy ducks over the period 1999-2002, and then analyzed their ability to infect mice. What they found was that over this period, the H5N1 virus progressively gained the ability to more easily infect mice, and cause increasingly damaging and lethal disease in them.

How the virus is genetically reassorting itself to be able to infect mammals, or if it is picking up genes from another flu virus in another mammal, such as the pig, is not yet known. If this H5N1 virus does acquire the ability to infect humans, and spread from person to person, it could represent a threat equaled only by the 1918-19 flu pandemic known as the “Spanish Flu,” that killed, not hundreds of thousands as in normal flu seasons, but 20 million people.

—Colin Lowry

by the top health officials, was defended on Oct. 11 in Congressional testimony and national broadcasts by Antony Fauci, Director for Infectious Diseases at the National Institutes of Health, using *Wall Street Journal* double-speak. Fauci said things may be a “bit random” around the country, in the “redistribution phenomena.”

The CDC’s original priority target population amounts to 100 million *in toto*, which of course, is not possible to immunize now. In mid-October, there were an estimated 22 million remaining Fluzone dosages at various stages of distribution around the country. Otherwise, some 1-2 million doses of the inhalable FluMist exist, but are appropriate for use only by healthy adults under 49 years of age, because a live-virus formulation is used.

The vast majority of Aventis’ vaccine is in private hands—like supermarkets. That list is proprietary; Aventis won’t disclose their names. CDC chief Dr. Julie Gerberding wants a “voluntary” redistribution of vaccine because a government action would be “too disruptive.”

Gerberding said Oct. 12 that she was “sorry” for the situation, and called on healthy adults to forego vaccination. She termed them, “health heroes.”

Administration Knew About Chiron

The oft-heard Wall Street term for the disappearance of flu vaccine suppliers and supplies, is “fragility in the vaccine industry”—the words of Dr. Fauci on Oct. 13 to paper over the Administration’s responsibility. Fauci spoke of needing to “incentivize” drug companies to make vaccines. In reality, the government has a role to play to guarantee needed medications; but it has abdicated under deregulation, and some cartel companies have made out like bandits, while shortages have become the norm. Simply based on the record from press accounts, and Chiron’s corporate reports, there are strong grounds to question the Administration’s actions.

Chiron: Chiron Corporation, a global biotech company, was founded in 1981, is headquartered in Emeryville, California, and operates vaccine-producing facilities in Canada, Italy, Germany, and India as well as the U.S.A. and England.

In 2003, Chiron acquired the PowderJect Pharmaceuticals plant in Liverpool, U.K. for nearly \$1 billion, despite that facility’s record of contamination problems. Operations at this plant were intended by its new owners to produce enough of its Fluviron, for half of the U.S. flu vaccination supply for the 2004-05 influenza season. Before PowderJect had acquired the plant in September 2000, the plant had been owned by Celltech, which earlier that year had been ordered by British health authorities to withdraw an oral polio vaccine because of concerns about contamination *in that factory*. It was well known that the succession of owners had long under-invested in the Liverpool plant, according to A.G. Edwards analyst

TABLE 1

Dividends and Stock Buy-Backs as Percent of Research and Development

Company	Percent
Pfizer	210%
Merck	143
GlaxoSmithKline	122
Abbot Laboratories	107
Bristol-Myers Squibb	93.4
Johnson & Johnson	89.8
Eli Lilly	67.7
Wyeth	56.7
Schering-Plough	43.3

Sources: Banc of America Securities, *USA Today*.

Alexander Hittle. Nevertheless, during June 2003, U.S. FDA authorities visited Liverpool to inspect the site, shortly before Chiron completed its purchase of it, and subsequently extended the okay to Chiron for the mega-order for vaccine for 2004-05.

Chiron's governing board members are not neophytes. They have top-level interconnections with the most longstanding and largest bio-chemical cartel companies of the last two centuries, especially with Novartis AG, the mega-compa-

ny formed from the merger a few years ago of Sandoz and Ciba-Geigy, Swiss companies active during the Hitler era. Chiron's Chief Financial Officer, Raymund Breu, is a Member of the Executive Committee of Novartis; Pierre E. Douze, head of Novartis Healthcare, and Paul L. Herrling, head of Corporate Research, Novartis International AG, are also Chiron board members.

The other supplier of flu vaccine to the United States is Aventis Pasteur, headquartered in Lyon, France.

Forty years ago, there were dozens of U.S. vaccine makers. In the 1960s, childhood vaccines were produced by 26 different manufacturers. By 2002, there were only 12, and at that, they could not produce the needed doses to protect children against basic but dangerous childhood diseases (measles, mumps, rubella or MMR). Acute shortages have arisen, including for pertussis, invasive pneumococcal disease, Dtap (diphtheria, tetanus, and pertussis or whooping cough), and chicken pox (varicella).

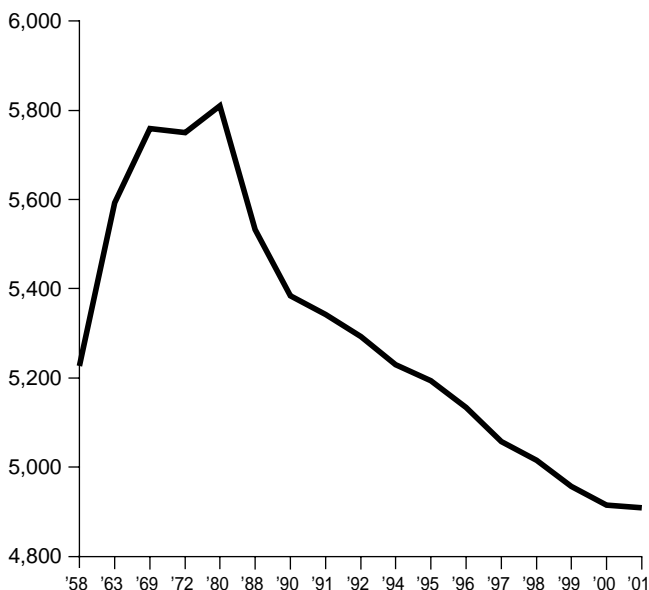
Moreover, hospitals' drug needs are frequently not met. The American Association of Health System Pharmacists (mostly hospital druggists), say shortages include everything from treatment for hemophilia, snakebites, emphysema, and hepatitis C virus, to certain surgical anesthetics, injectible antibiotics and steroids for premature infants.

The catch-all phrase cited as the cause is, "manufacturing problems." What this reflects overall, is that drug

FIGURE 2a

Number of Community Hospitals Declined Nationally During HMO Era

(Number of Hospitals)

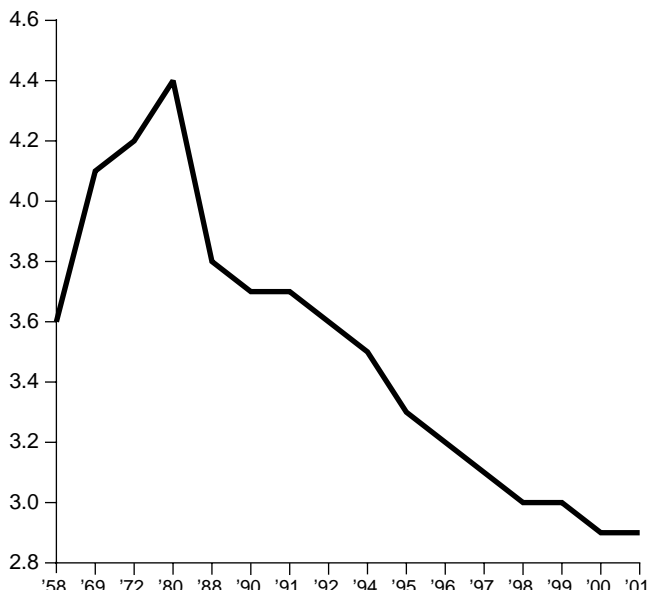


Source: U.S. Statistical Abstracts; *EIR*.

FIGURE 2b

Community Hospital Beds per 1,000 Persons Declined During HMO Era

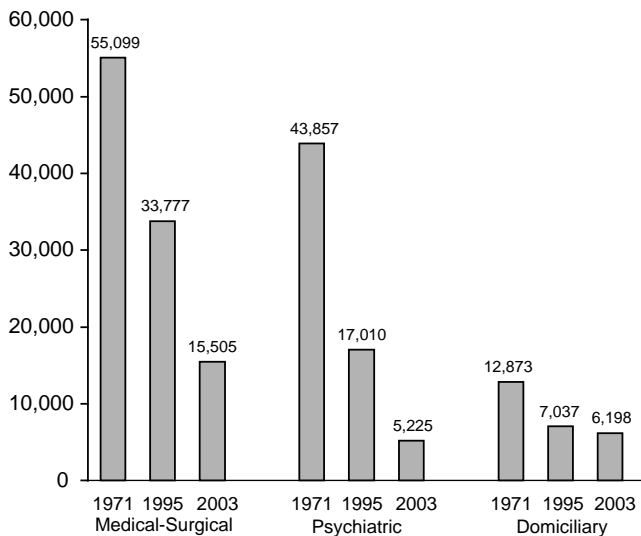
(Number of Beds)



Source: U.S. Statistical Abstracts; *EIR*.

FIGURE 3
**Decline in VA Medical Care Infrastructure,
 Loss of Beds, 1971-2003**

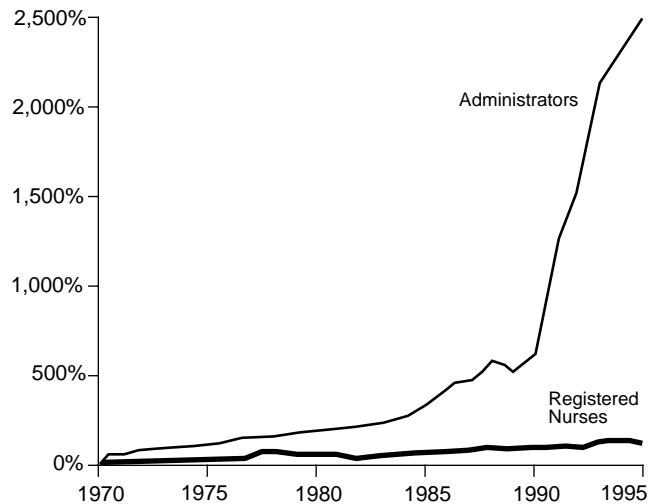
(Staffed, Operating Beds)



Source: U.S. Department of Veterans Affairs.

FIGURE 4
**Growth of Registered Nurses and Healthcare
 Administrators, 1970-96**

(Percent Growth Since 1970)



Source: Bureau of Labor Statistics and Himmelstein/Woolhandler/Lewontin Analysis of CPS data.

companies at large have turned to seeking billions of profits from blockbuster drugs, like Viagra. Vaccine producers have mostly exited the market altogether. At the same time, there is the pressure to perform for Wall Street. **Table 1** shows the ratio of corporate outlays for stock buybacks and dividends, as compared with research and development.

Drug companies also claim the threat of malpractice suits drove them from childhood vaccine production. Families charged that children suffered from faulty vaccines, or ones that contained mercury (but a Federal program that helps with the costs of any vaccine-related catastrophic injuries exposes the drug companies' claims).

The Wall Street factor was further aided by the Bayh-Dole Act (1980), giving drug companies exclusive licensing rights to discoveries arising from Federally sponsored drug research programs. Other legislation followed that and quickly turned production of critical medicines into a looting process by pharmaceutical companies.

Takedown of Hospitals

Over the HMO era of deregulated healthcare, the number of community hospitals, and the hospital bed ratio, of licensed beds per thousand people, have fallen markedly in the United States. **Figures 2a-b** show these trends clearly. In 1950, the average ratio of beds per thousand people for the nation stood at 3.35. As of 1970, the national average reached the Hill-

Burton standard of 4.4 beds per thousand. But today, the ratio has fallen to below 3 beds per thousand, which is below the 1940s national average which gave rise to the post-World War II remedial hospital-building program in the first place! The United States is fast going backward to conditions prevailing pre-World War II, when appendicitis, maternal child-birth deaths, and accidents claimed lives for no other reason than the absence of hospitals.

Another important part of the hospital base of the nation, is that of the Department of Veterans Affairs. **Figure 3** shows how the number of staffed, operating beds in VA medical facilities have been reduced from 1971 to the present, in all three categories of operation: medical-surgical, psychiatric, and domiciliary. These numbers are heading for another sharp drop, if the closures and downsizing mandated by the Bush-Cheney Administration go through, including huge VA facilities from Waco, Texas, to Pittsburgh, Pennsylvania. These cuts are mandated despite the waves of returning wounded from Iraq and Afghanistan.

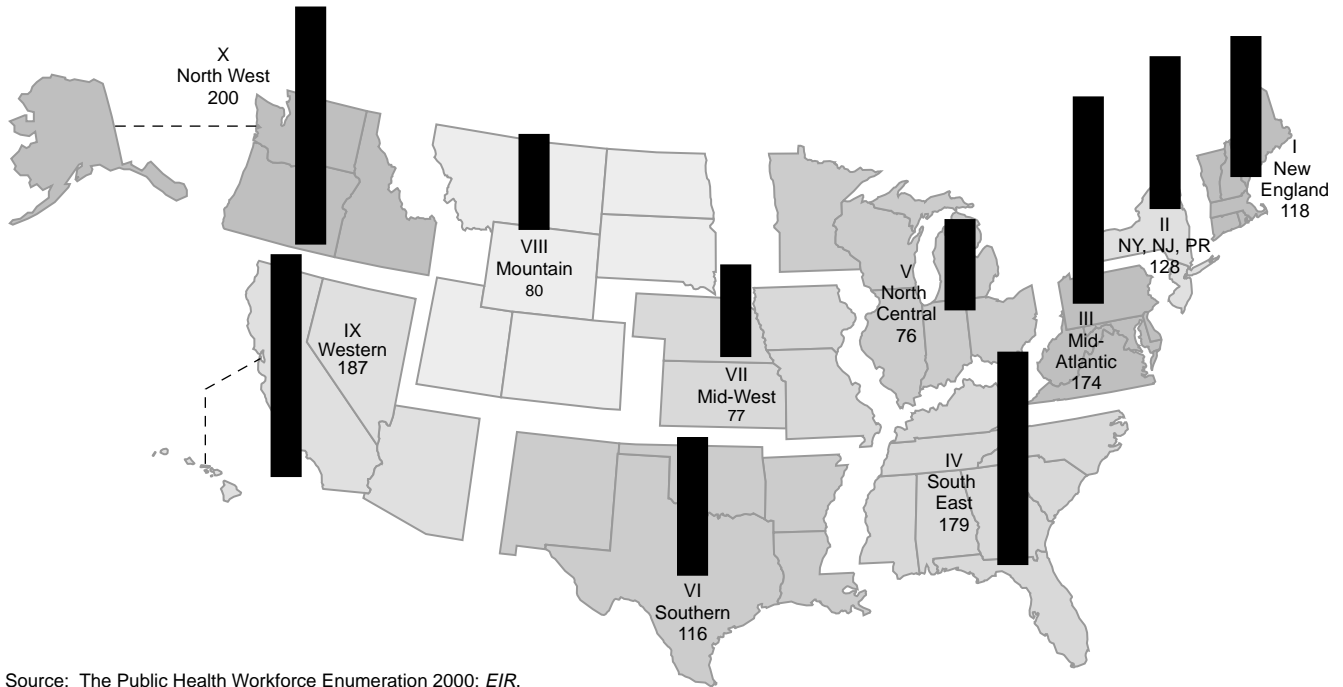
There is no way this reduced combined hospital base can handle a heavy influenza season, which is now guaranteed for the coming Winter, barring a miracle-mild strain of flu. Only a coordinated mobilization to re-open and restore facilities—for example, D.C. General Hospital in the nation's capital, wrongfully shut in 2000—can expand the base short-term.

Figure 4 illustrates the related problem of staffing,

FIGURE 5

Public Health Workers per 100,000 Population, in 10 Federal Health Districts, 1999

(Number per 100,000 Population)



Source: The Public Health Workforce Enumeration 2000; EIR.

Over the past 25 years—and especially the last two years—there has been a major scale-back in the United States, in the ratios of public health workers, hospital beds, staff and facilities (equipment, quarantine facilities, etc.) per population. The graph shows one aspect of this—the wide disparity in the number of public health workers (all kinds—epidemiologists, county nurses, technicians, etc.) per 100,000 people, in the ten health districts, which are set by the Department of Health and Human Services.

FIGURE 6

Only 13 of 37 States Have Plans for Pandemic Influenza, 2003



Source: www.HEALTHYAMERICANS.ORG, "Ready or Not? Protecting the Public's Health in the Age of Bioterrorism," December 2003;

which must be solved on a contingency basis. During the 1970-95 years of the HMO era, the number of health system administrators grew far more than registered nurses!

Public Health System Needs To Be Rebuilt

Our public health system relies on many functions in addition to the central role played by hospitals—disease surveillance systems, epidemiologists, laboratories, nurses, technicians, and other staff. All of these capabilities have been downsized relative to tasks required of all kinds—from vector control (vermin, mosquitoes), to sanitation, and inoculations. Indicative of the problem is that an ongoing enumeration of the staffing at all levels is not kept. According to a survey by the Association of State

and Territorial Health Officials (ASTHO) taken less than a year ago, 57% of states report lack of personnel as a major problem.

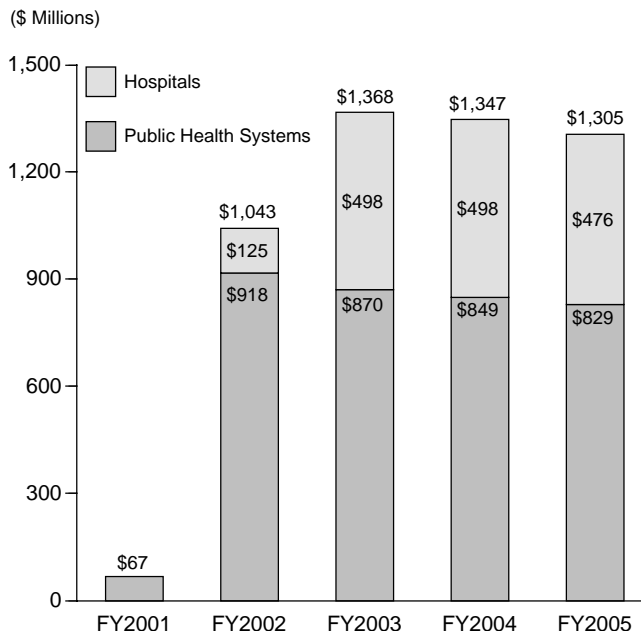
In the early 1970s, there was one public health worker for every 457 persons; in 1999, this had fallen to one public health worker for 635 persons. The ratio is now down below one worker for 580 persons.

Figure 5 shows the geographic disparity of the presence of public health workers, according to the 10 Federal administrative health regions. Nationally overall, there were 156 public health workers per 100,000 people in 1999, but this varies widely. The Northwest states had the highest, with 200 staff per 100,000 population. Many states fell as low as 76 workers per 100,000 (in the North-Central region, this included Illinois, Michigan, Minnesota, Indiana, Ohio, and Wisconsin).

Map onto this, the potential patterns of the unfolding incidence of influenza this year, along with the pattern of the drastically reduced hospital base, and the problem of lack of logistics to handle health needs becomes clear. **Figure 6** gives a summary indication of lack of preparedness. Only 13 states have a plan in place for handling an influenza pandemic. This was one of 10 points on a preparedness survey scoring all 50 states, mapped by the Trust for America's Health (www.healthyamericans.org) in December 2003. The report stated, "The scores indicate that, despite the surge in Federal funds [Homeland Security], states are only modestly more prepared to respond to health emergencies than they were prior to 9/11. Overall, the preparedness effort has been severely compromised by the impact of state budget crises" and related factors. The report gives funding figures for all 50 states, showing drops in expenditures.

Figure 7 shows the figures with which the Bush-Cheney Administration tries to cover up the states' crises, by pointing to the Federal money *promised* to states and hospitals for health infrastructure, but overall not enough, and not delivered! As of May 2004, the Federal government had not advanced any at all of the pledged FY2004 monies, and had announced its intention to divert pledged monies for FY2003 and even FY2002!

FIGURE 7
Federal Bioterrorism Funding for Public Health, FY2001-05



Source: Alliance for Health Reform, *States and Dollars*, July 2004.

Looks okay, but . . . The Federal funds authorized for hospitals and public health have been diverted. None had been appropriated for Fiscal 2004, and the Administration is still trying to divert some of the FY2003 and even FY2002 funds!



Emergency exercises have been run against smallpox, anthrax, and a-b-c warfare attack; but the public health infrastructure for dealing with common and new epidemics is sorely lacking, and most states have no plan for a serious influenza epidemic even now.

Federal Budget Impasse Squeezes the Economy

by Carl Osgood

The longer the Republican Party has been in control of the U.S. Congress, the more nonfunctional the Congress has become. After its 1994 election sweep, the GOP was focused on ramming its agenda down the throat of the Clinton Administration, and when there was gridlock, they could always blame President Clinton for not accepting their agenda. The last two years, however, have witnessed the spectacle of the Republicans controlling House, Senate, and White House; and yet, being incapable or uninterested in taking care of the Constitutional business of government, especially where that relates to the general welfare.

The present state of the annual appropriations process is illustrative of the problem. Only one of the 13 annual spending bills for Fiscal Year 2005, the defense bill, had been signed into law as of Oct. 11—FY2005 has been under way since Oct. 1. Three others, the bills funding the Department of Homeland Security, military construction, and the District of Columbia, have been sent to President Bush for his signature. The remainder are to be put off until at least November.

The result of this impasse is that the Federal government's proper role in reviving the collapsing economy is completely deadlocked: on the one side, by a Congress run by synarchists such as House Majority Leader Tom DeLay (R-Tex.); and on the other side, by President Bush. The White House demands austerity in the name of "fiscal discipline" on domestic programs, including those that impact the physical economy, but hysterically defends pouring resources, month after month, into the flames of Iraq. The cost of military operations alone in Iraq, is approaching \$100 billion since January of 2003. The GOP's fiscal discipline has produced a Fiscal 2004 budget deficit of about \$425 billion.

'Ideological Zealotry'

The most recent inflection point in this process came on Sept. 29, when the House and Senate passed a continuing resolution (CR) to keep the government open until Nov. 20, while they try to work some sort of agreement among Republicans on the remaining appropriations bills. The House has passed 12 of its 13 versions of the appropriations bills, and the Senate, so far, only six. Rep. David Obey (D-Wisc.), the ranking Democrat on the House Appropriations Committee, took note of the situation during debate on the CR. He noted that the funding in the House-passed bills for programs such as health care, veterans' health, law enforcement and trans-



Under the ideological whip of "Hammer" Tom DeLay (above) and Dennis Hastert, the Republicans who control House, Senate, and White House have been unable to enact the most fundamental legislation, like the budget.

portation "have been so stingy that Senate Republicans didn't even want to take them up"; and so, the Republican leadership is ducking those tough issues until after the election. Obey called the CR "ideological zealotry" and a "monument to institutional failure. This Congress is failing to meet even the most basic and minimal expectations that the country has for it," he said.

Of the 13 bills, five have particular impact on either the physical economy or the social welfare, and those five are among the most contentious. They are the appropriations for Agriculture; Energy and Water; Labor/Health and Human Services/Education; Transportation/Treasury; and Veterans Affairs/Housing and Urban Development. All but the VA/ HUD bill have been passed by the full House, but none of them have been taken up by the Senate.

The Energy and Water Development bill includes the funding for the Army Corps of Engineers civil works program, for which the Bush Administration requested less than \$4.2 billion, but which the House boosted to \$4.8 billion on June 25. The House level is still \$50 million *below the funding of two years ago*. Rep. Peter Visclosky (D-Ind.) 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." Instead, the Corps is laying off engineers and can only carry out some repairs on an emergency basis.

Health-Care Cuts and Homelessness

As for veterans health care—one of the subjects referred to by Obey—the House Appropriations Committee passed a bill, back in July, that provides \$19.5 billion for medical ser-

vices to veterans, which is \$1.7 billion above the Fiscal 2004 level and \$1.2 billion above the White House budget request. That increase, however, appears to be funded in part by cutting the rest of the budget of the Veterans Health Administration—the House bill reduces spending for administration, facilities, and medical and prosthetic research by about \$500 million.

Obeys and Rep. Alan Mollohan (D-W.Va.), the ranking Democrat on the Veterans Affairs/Housing and Urban Development Appropriations Subcommittee, noted, in a statement of minority views, that the VA health system is already overburdened with both aging World War II and Korean War veterans, and wounded and returning veterans from the current war in Iraq. They argued, as had the Veterans Affairs Committee, that the Appropriations Committee should have provided \$2.5 billion more than the White House asked for. “The bill reported by the committee fails to adequately address the health care needs of veterans,” they wrote.

For the VA and Housing and Urban Development Department combined, the House bill proposes a 0.7% increase, but specific increases of three times that much are mandated, and would have to be offset by cuts. As a result, three other bills now circulating in the House—HR 3800, 3925, and 3975—all would impose mandatory spending caps or force deep cuts in programs and in compensation for disabled veterans. And HUD is beginning this fiscal year to cut down “Section 8” subsidies that help low-income families afford housing; inflating rents and home prices will render people homeless as a result.

On transportation, the House provided \$34.6 billion for highways—\$1 billion more than the White House budget request—\$3.5 billion for the airport improvement program (the same as the Bush request), \$7.3 billion for mass transit programs (\$1 billion less than two years ago) and a fatal \$900 million for Amtrak, amounting to a 25% cut from FY2004. The full Senate has yet to take up the transportation bill, but the Senate Appropriations Committee reported out, on Sept. 14, a bill that restores the Amtrak budget by \$300 million, and transit programs by \$400 million over the House-passed levels. These compare to Fiscal 2004 funding levels of \$33.6 billion for highways, \$3.3 billion for airports, and \$7.3 billion for transit programs.

Even the draconian House transportation appropriation was \$22 billion too high for the White House, which threatens a veto.

The transportation budget, already complicated by the fact that, legislatively, it is combined with the budget for the Treasury Department, also faces the lack of an authorization bill. Since 1991, highway and transit programs have been authorized in six-year increments. The last six-year program, dubbed the Transportation Equity Act for the 21st Century, or TEA21, expired on Oct. 1, 2003, and has been maintained by temporary extensions ever since. Both the House and Senate passed new legislation to replace TEA21 months ago, but

have failed to agree on a compromise bill—which, in any case, would likely face a veto threat. The Bush Administration, in its Fiscal 2005 budget submission, asked for a \$256 billion six-year program, but the House and Senate both went well over that. The House bill wound up at \$275 billion and the Senate at \$318 billion.

Two Years With No Transportation Bill

The bill got held up over two issues. There are the budget hawks who complain that it contains too much pork; and there are those who complain that their states get shortchanged by the allocation formulas. Sen. Orrin Hatch (R-Utah), speaking on the floor of the Senate, told his colleagues that while such concerns are legitimate, “it is rational for a person to believe as I do, that given the high priority transportation funding plays in each and every state, Congress should have reached a compromise by now, two years after work on this authorization bill initially began.”

With no agreement on the issues cited by Hatch, the House acted, on Sept. 30, to pass yet a sixth temporary extension—which allows for no funding growth—since the expiration of TEA21, with the Senate following suit soon after.

Rep. Peter DeFazio (D-Ore.) noted that “This will be the second year in a row with no increase in transportation infrastructure spending, even with the accelerating rate of deterioration of our bridges, even with growing congestion. . . . This does not get anywhere near what we would consider a good push toward dealing with those problems and putting people back to work.” He put the blame on the White House for its “extraordinarily low number” of \$256 billion, and charging that they would prefer to borrow from the highway trust fund for other purposes “instead of fully investing it in roads, bridges, highways, and mass transit.”

The agriculture, health, and labor budgets haven’t fared much better. While most of the Democratic concerns in the agriculture bill dealt with management issues in the Department of Agriculture, they noted that the House Agriculture Appropriations Subcommittee’s Fiscal 2005 allocation was, again, \$67 million less than for the Fiscal 2004 bill, and \$1.1 billion less than in 2003.

Unemployment programs take hits in the House-passed Labor Department bill—\$236 million less than the Bush Administration request and, once again, \$40 million less than last year’s appropriation; despite, as the Appropriations Committee Democrats noted, the loss of 1.8 million private sector jobs.

Safety net programs, including health and energy assistance programs that come under the Health and Human Services budget, suffer cuts in the House-passed bill. However, depending on how long these programs have to function under a continuing resolution, many of them could suffer even larger cuts than indicated in the budgets, because they continue to run at Fiscal 2004 levels, even as the collapse of the physical economy has created greater need for those programs.

Argentina Sees LaRouche in New Film on Debt

by Cynthia R. Rush

At a moment when Argentina is under vicious assault internationally, charged with not showing proper respect for speculative vulture funds that are demanding that more Argentines die to pay “their” debt, former Democratic Presidential candidate Lyndon LaRouche has shaken up the political scene with a forceful intervention on behalf of this once-prosperous South American nation.

On Oct. 5, in a premiere showing in Buenos Aires of the documentary “Debt: Who Owes Whom?,” produced by well-known journalist Jorge Lanata, Argentines heard LaRouche say that “beast-woman” Anne Krueger, the International Monetary Fund’s Deputy Managing Director, has imposed a policy of “deliberate genocide” on the country. The showing was attended by prominent political figures, congressmen, cabinet members, trade union leaders and others.

Bombshell Release Follows LaRouche Webcast

LaRouche’s remarks were excerpted from the interview, which follows below, conducted by one of Lanata’s collaborators in April of this year. On Oct. 7, one day after an international webcast by LaRouche from Washington D.C., in which he denounced the “Nazi” policy the IMF had imposed on Argentina, Lanata’s documentary was released in theaters around the country.

Personifying IMF policy, Krueger is hated in Argentina. According to members of the LaRouche Youth Movement (LYM) who were invited to the Oct. 5 showing, a buzz of agreement and commentary went through the theater audience when LaRouche identified her as “Freddy Krueger’s mother” (evoking a monstrous murderer in a popular horror film series) whose function is: “to be a Beast-woman. To be totally irrational, totally aggressive, a savage beast, a cannibal—hmm? And therefore, you ask—well, you don’t say, ‘What did you eat today, Annie?’ You say, ‘Who did you eat today?’”

Having begun with dramatic clips of children dying of hunger in the province of Tucumán—such malnutrition would have been unheard of in Argentina years ago, when it was Ibero-America’s wealthiest country—the film counterposed excerpts from interviews with several people, including Krueger and other World Bank and IMF officials, with that of

LaRouche. It used LaRouche’s commentary to drive home the real nature of IMF policy. The typical IMF bureaucrat, LaRouche said, is “a perfect copy of the bureaucrats in the Gestapo: ‘This is my job. This is not personal. *I’m just doing my job.* This guy is in the way. My job is to eliminate him. Eliminate him!’ ”

The most stunning part of the documentary, according to LYM reports, was LaRouche’s description of how—through imposition of free trade—international financial elites had taken a country that enjoyed the world’s fourth-highest living standard at the end of World War II, and driven it into African levels of misery by 2001-2002.

This is the policy drafted by then-National Security Advisor Henry Kissinger in his 1974 NSSM-200 document, LaRouche said. “The *same policy*, which we see in Sub-Saharan Africa, is being conducted now, against the countries of South America. . . . To destroy the population, to break its will, to depopulate the area. To preserve the large natural resources of South America, in particular, for future generations of Anglo-American entrepreneurs.”

A ‘Rogue Debtor?’

In an interview published Oct. 5 in the provincial daily *La Voz de San Justo* of Córdoba, Jorge Lanata commented that LaRouche: “says that the people at the IMF are like the Gestapo in Nazi Germany. I agree that those officials are like the guys that slammed the doors [on the Jews] in the trains that went to Auschwitz, and when they were asked what they had done, they said they had nothing to do with it. That’s the impression you get from Krueger, [IMF External Affairs Director Tom] Dawson, and all those who were in the film. In fact, at the World Bank, they even have the line that they can change things. But I was struck by something that a Brazilian said in the film—that the problem is that the North doesn’t understand why we don’t solve our own problems. But [the North] doesn’t understand that *they* are the problem.”

Proving Lanata’s and LaRouche’s point, foreign financial predators went berserk on Oct. 7, after Argentina’s President Néstor Kirchner announced that he had reached an agreement with the country’s private pension funds—AFJPs—which hold close to 20% of the country’s defaulted debt.

The government agreed to swap \$16 billion of the debt held by the pension funds for new bonds. But, in addition, it offered bonds with shorter maturities than those offered to foreign bondholders, for that portion of the debt—\$2.3 billion—which the AFJPs were forced to purchase in 2001 by then-Finance Minister Domingo Cavallo. Cavallo is the Wall Street errand boy who was run out of office in December of that year, along with President Fernando de la Rúa.

The government sees the agreement as a major step forward in acceptance of its plan to restructure \$100 billion in defaulted debt, now entering its final stages. But various for-

eign bondholders loudly complained that the AFJPs were receiving “special treatment,” thereby proving that the country is a “rogue debtor” which doesn’t immediately roll over for the world’s usurers.

Kirchner and Lavagna have repeatedly refused to

“improve” the restructuring offer—that is, to reduce the 60% debt writedown—by imposing the deeper austerity against the population which the IMF, Group of Seven, and vulture-fund front group, the Global Committee of Argentina Bondholders (GCAB), have repeatedly demanded.

Millions Live on 50¢ per Day

Argentina had an unemployment rate of 7.5% of the labor force in 1990 (Figure 1). After a decade of free trade and globalization, under the government of George Bush’s friend, President Carlos Menem, real unemployment leapt to 18% in 2001, and has continued to soar, up to 29% today.

As a result, poverty has also exploded: Today, according to government statistics, 48% of Argentina’s 37 million population live in poverty. (Other estimates place it at 53%.) This impoverishment includes not only the unemployed; there are now also millions of working poor Argentines, who receive less income than what is required to purchase the basic market basket of consumer goods.

In fact, 65% of all workers in this once-wealthy nation earn less than the cost of the basic market basket (735 pesos

per month, or about \$275). Moreover, 40% make less than the “subsistence” market basket: i.e., a market basket consisting only of food (350 pesos per month, or about \$120).

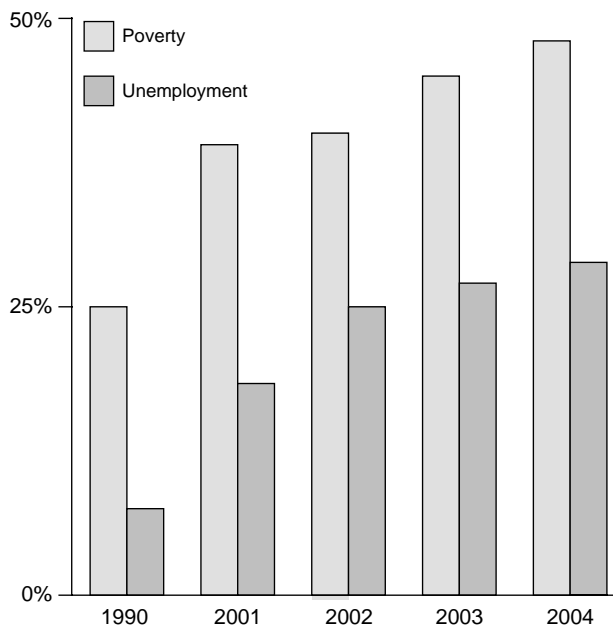
The first group are officially considered “poor”; the latter are “extremely poor,” or “indigent.”

As Figure 2 indicates, over the last two years—during which time, Argentina has been forced to pay \$8.9 billion to the IMF, the World Bank, and the Inter-American Development Bank, even while remaining in default on its other debt—there has been a growing gap between average family income, and the cost of the consumer market basket. While family income rose some 20% in monetary terms during those two years, the cost of the basic market basket increased by 55%, and that of the bare subsistence market basket, by a whopping 75%.

Today, 10.7 million Argentines live on less than 2.9 pesos per day (about \$1); and of those, 5.7 million try to survive on 1.5 pesos or less per day (about 50¢).

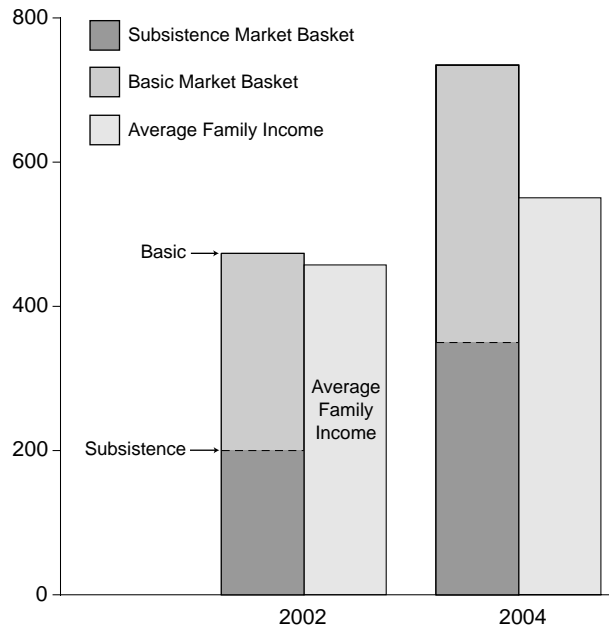
—Dennis Small

FIGURE 1
Argentina: Unemployment, Poverty Rise
(Percent)



Sources: INDEC, *Clarín* (Argentina); *EIR*.

FIGURE 2
Argentina: Family Income and Market Basket
(Pesos per Month)



Sources: INDEC *Clarín* (Argentina); *EIR*.



‘I Do What I Must To Stop The Murder of a Country’

The following interview with Lyndon LaRouche was filmed on April 2, 2004, in Leesburg, Virginia. The interviewer was Argentine journalist Romina Mangel, and selections from it were used in the movie documentary “Debt,” directed by the well-known Argentine television personality and journalist Jorge Lanata. “Debt” was released on Oct. 7, 2004.

Q: Some people accuse you of being crazy, or messianic in the battle against the International Monetary Fund. Is this because they are trying to discredit you?

LaRouche: Well, this is because they are afraid of me. Since I have a record as the most successful long-range forecaster over recent decades, internationally, and because I’ve taken on the hard core of the issue, since ’71, since I had this famous debate with Prof. Abba Lerner at Queens College, I’ve been considered the number-one attack dog against the Schachtian policies of the IMF.

Q: I’ve been told that the expression, “the debt bomb,” is something which you coined. Did that “debt bomb” explode in Argentina?

LaRouche: Well, it is in the process of exploding worldwide. We have to realize, we’re dealing with a world system, which tends to dominate nation-states. Even though the IMF is essentially a creation of Anglo-American financial interests, it essentially functions as a world government, in effect. And a lot of governments, since 1971-72 have discovered that. Especially since 1982, in the Americas, with the targetting of Brazil, Argentina, and Mexico, all in the same period, in the Spring of 1982 into the Summer, indicated this was going to result in *mass-murder*.

Q: You’ve spoken about how the original spirit of Bretton Woods has been lost. What would be the role today for the IMF? How should things function?

LaRouche: My intention, were I President, today—I would put the IMF into bankruptcy with cooperation of a number of governments in the world. It is a creature, whose authority and existence depends upon the consent and support of governments. Therefore, if those governments determine that the IMF is bankrupt, and the recent Argentina crisis demonstrates that, when you take the debt of Argentina and Brazil, com-

bined, to the IMF, you see how close the IMF is to bankruptcy. Therefore, what we have to do, as nation-states, is to put bankrupt financial systems into bankruptcy receivership for reorganization. There is no solution for the world’s problems today, without such a drastic reorganization in bankruptcy of the existing, leading financial institutions.

Q: We’ve had a lot of discussions here in Washington, with people inside and outside the IMF, and no one talks about the idea of shared responsibility. Everyone points to Argentina as the responsible party. I’d like to know your view on this.

LaRouche: Well, of course, what’s being done, is against Argentina. It’s an example of fascist models of terrorism: The idea is to take one nation at a time, make a horrible example of that nation, then move on to the next nation and do the same. In this case, the targetting of Argentina, in the most *recent* phase, by the so-called “vulture funds”—this was a prelude, if it had succeeded, to go after Brazil next. And then, to do similar things to countries around the world. This was their intent.

Some of these intentions are being pushed *this* year. Others will be unleashed after the next election, *if* George Bush were re-elected, with Cheney as his Vice President.

So, this is only the first step. It’s like the attack on Iraq: The war against Iraq by Cheney—Bush doesn’t understand what it’s all about, but Cheney gave him orders, and he carried them out—was intended to be a prelude to an attack on Syria, on Iran, a breakup of Saudi Arabia, and going on and on; a nuclear attack on North Korea with mini-nukes, and then eventually coming around to China, and other countries.

The intention here is by the international financier system, which is controlled, at least on the Cheney side, by people who are an integral part of the left-over Nazi SS system, which was brought into the world system by Allen Dulles and company, through negotiations with [SS General Walter] Schellenberg, through this fellow in Switzerland during that period. So, we have, inside the world apparatus, inside NATO, inside the U.S. government, inside the British government: We have elements of the third generation of the old SS system, the Schellenberg security element, which was brought into the Western control apparatus, as an intelligence function, by Dulles and company, immediately after the death



Mothers and children in Argentina searching through garbage for food. LaRouche points out that at the end of World War II, Argentina's standard of living "was fourth highest in the world. Now, what is it, today? Starvation. Why? It's the IMF policy. It's the policy of free trade: the idea that you must drive every economy down to the level of the poorest people of the world, or lower."

of Franklin Roosevelt. That's what we're up against.

Q: In the past, you've been quoted saying that the IMF has been committing "genocide." Can you explain how this policy is being carried out in Argentina, in particular, but also in other countries?

LaRouche: To understand this in terms of the IMF, you have to consider a couple of problems that are generally not recognized by leaders of the generation presently in charge of governments. They don't understand economics. They believe in free trade. Now, free trade does not work. Free trade leads toward genocide, by its own nature.

The essence of production and economy, is physical, not monetary. And therefore, you must have monetary systems which respect the *physical* realities of production and consumption, not simply money as such. The British system was "cheapest priced"—cheapest priced by putting every country into competition with the cheapest labor of the world. The result is, that in the United States, we have lost most of our employment in production. It's left, because it's not cheap enough. In the meantime, we have put many of our people into unemployment: The lower 80% of our population is out of employment, or miserable, and we're doing the same thing to other countries.

Take Argentina: At the end of the war, in terms of standard of living, it was fourth highest in the world. Now, what is it, today? Starvation. Why? It's the IMF policy. It's the policy of free trade: the idea that you must drive every economy down to the level of the poorest people of the world, or lower.

The result is, you do not preserve, maintain, standards of living, which are necessary to maintain life at the level of existing technology; you also destroy the capital investment, not only in productive firms—farms and industry—but you also destroy the essential infrastructure of society: water systems, power generation and distribution systems, mass transit systems, hospital systems, health-care systems, educational systems. You destroy the *physical structure* upon which modern life depends. The result is, you squeeze and you begin to kill people by methods such as starvation, withholding of health care, spread of diseases without protection against them, that sort of thing.

That becomes, at a point, intentional. For example, this was expressed by Kissinger, in 1974, in a draft document, when he was still National Security Advisor, in which he indicated, especially for Africa, that we must not let the Africans use up the natural resources in Africa, *which we intend for our future*; therefore, we must keep the African population *down*, and we must deny them technological progress. We must *reduce* the African population.

The *same policy*, which we see in sub-Saharan Africa, is being conducted now, against the countries of South America: They're all targeted. This is deliberate genocide. To destroy the population, to break its will, to depopulate the area: Why? To preserve the large natural resources, of South America, in particular, for future generations of Anglo-American entrepreneurs.

Q: So, if I understand you correctly, you're saying there's a

direct relationship between the children in the province of Tucumán who are dying of hunger, and the policies of the IMF?

LaRouche: Absolutely! You see the same thing in many parts of the world. You see it in Africa. Look at Africa: Sub-Saharan Africa is in worse condition, in most parts, than Argentina. Also, Brazil—look at it! Look at Uruguay; look at Paraguay. Look at what’s happening in Bolivia. The drug policy, with the *cocaleros*—not just as *cocaleros*, but because of U.S. policy—is going to try to destroy what’s left of Bolivia, which once had a basis for growth. We give the Bolivians *no alternative*, but to grow drugs, because they’re denied any alternative way of making a living, the peasants. Look at what we’re doing to Peru. We’re destroying Peru, under the present government, which was installed by the United States: the Toledo government. It’s a puppet government. Look what’s happening in Colombia. Look at what is about to break out in Venezuela, which will be another genocidal experience of civil war. Look at the threat to Brazil.

So, you see Africa; and Africa is the image of the future of South America and Central America—unless we stop it.

Q: I’ve read that you say that Argentina is being transformed into a new Auschwitz. Can you explain why that’s the case?

LaRouche: Well, the point is, is—let’s take the case of what Hitler did to the Jews, for example. Now, the Jews, particularly after the influence of Moses Mendelssohn in Germany, who was the leader of the Renaissance of the Jew: The Jews in Europe, at that point, mostly were slaves, virtual slaves, thrown on the countryside with no rights. Some Jews had privileges by patent, to have a life, as bankers or something else, that the local government considered important. But, the typical Jew was put into an itinerant, poor-man, desperate condition. The Jew was not recognized as having personal sovereignty, as a human being.

Now, Moses Mendelssohn’s campaign, on behalf of the Platonic conception of the human soul, struck the conscience of Europe, especially in the German-speaking sector, and, under Joseph II of Austria, under this influence, there was the first political freedom for Jews. From that point on, as a result of this, and the spread of this into Eastern Europe, in the so-called Yiddish Renaissance in Eastern Europe, this made the Jewish population of Central Europe and elsewhere, one of the most important assets, economically and culturally, of the German nation, in particular.

So, why would somebody in Germany want to kill so many Jews, from Central and Eastern Europe in particular? They were the great assets of Central Europe, or part of the great assets. There was no rational motive—even greed, or any other reason for this murder.

The point is, that Hitler was a Beast-Man, who believes that he can rule the planet—like Cheney, similar to Cheney—he can rule the planet, by acts of such terror, that people will be terrified into willful submission, at any desire, any demand,

he makes. So, the sacrifice of the Jews in particular—they weren’t the only victims—but their sacrifice was intended to send a message to the world, “You crawl, and submit—or else! We are capable of doing *anything!*” And, this is the kind of problem we have.

And, what we have now, in the right wing, the extreme right wing, which is presently controlling the Presidency of the United States, but not just the Presidency; or, similar people in Britain. Or, what happened in Spain, recently, in Madrid: The same kind of thing. These old Nazis came out, and pulled a typical operation in Madrid, typical of what we had from 1969 to 1980, in Italy—same kind of thing. *This is the method of these guys.*

Q: What happens when a country breaks its relationship with the IMF?

LaRouche: Ah! Well, the IMF, of course, is an institute of a concert of governments. Now, we’re approaching something analogous to the sound barrier. Remember, long ago, there were attempts to drive a propeller aircraft faster than the speed of sound. And they would get closer and closer, but then the aircraft would fall, collapse, disintegrate. Until we found out how to do it.

The world is now functioning above bankruptcy, largely on the basis of printing money, comparable to what the German government did in 1923, the Weimar government. They printed money massively. For a period of time, this inflationary printing of money, to pay its debts, the war-reparations debts, this seemed not to disturb the system fundamentally. But then, from June of 1923, throughout October-November 1923, there was a hyperinflationary explosion, which ruined the reichsmark, totally.

We’re now in a similar situation: The United States government and the Japan government, through the yen-lending policy, have been pumping vast amounts of inflationary money into the world system, most of it going in the direction of the United States financial markets. This is now coming to an end. We are approaching the sound barrier, the point at which the rate of hyperinflation becomes so steep, that even money-pumping pressures will not stop it. By the time the Fall arrives in this quarter, it’s already likely, that the entire international financial system will have collapsed. We’re on the verge of it, right now. Because, we’re approaching the sound barrier limit. The rate of hyperinflation has accelerated so rapidly, the system is ready to explode.

And leading European bankers and others agree: Only the U.S. government officials and the Democratic Party leadership *pretend* that this can’t happen until after the next election. But everybody knows it’s about to happen. Some people hope that it will be postponed until *after* the U.S. elections in November. But, this quarter, the second quarter of this year, is already—we’re right at the threshold of an explosion.

The other factor is credit derivatives, financial derivatives, which are gambling side-bets. For example, the Bank



IMF Managing Director Rodrigo de Rato y Figaredo. Argentine President Kirchner told Rato during their first meeting: "My Finance Minister . . . spoke well of you, but I didn't believe him."

for International Settlements reported that in the year 2000, as against a \$40-odd trillion net world product, the turnover of derivatives was \$8.7 quadrillion. So, with this great churning of short-term credit, of this nature, piling on against a market, whose net product is about \$40 trillion—this won't work. We're now at the outer limit of explosion, which will bring down the system.

At that point, we either go to the worst kind of fascism imaginable—a killer form of fascism from the United States and other governments, or, the heads of state, especially the President of the United States, declares the Federal Reserve System, and the IMF, *to be in bankruptcy*. And puts it in receivership, under government control, freezes its assets, and manages them, to organize a recovery.

The purpose of recovery, of course, is to get a *real* economy, of the type that existed in Europe and the Americas during the 1950s-1960s. To get that kind of economy started again, on the Roosevelt model, we can do it. It requires the will. But, what this means is: Such a reform would absolutely break the power of the international financial agencies, typified by their representatives, Felix Rohatyn, and George Soros, and so forth. These powerful financier agencies which were behind Hitler, are the enemy today, and it's coming to a collision: Does the nation-state, which is responsible for the general welfare of the nation and its people—does it have the *will*, to defend the people, the nation, the economy, against these *predators*?

And, that's what the issue is. That's what the danger is. The predators, the financial agencies, who control the Nazi-types, are deploying the Nazi-types of today—including some real, live Nazis, left over from Hitler—are deploying them, today, with the idea of dictatorship and *war, terror*, to intimidate the nations into submitting to the will of the bankers. If the will of the bankers is imposed, what you're seeing in

Argentina, will be the fate of every nation of the Americas—including the United States.

Q: Two questions: First of all, the perception that they try to create is, that if you break with the IMF, you'll be left outside the system, and this is a pressure they have on you. And second, on an earlier point, in what sense is the policy one of creating an Auschwitz in Argentina?

LaRouche: Well, it's just like saying, in the first case, you say to the cow, "If you try to leave the slaughterhouse, you will freeze to death." It's that kind of situation. It's a lie.

See, the question here is power. The question is political power. They're chopping nations apart, one at a time, or one or two at a time—weaker nations, or weakened nations. They isolate them, and chop them up! But *all* the nations are threatened!

The importance of the United States, in particular, and to some degree, Russia; Russia still has a sense of being a world power—not in the sense of physical power, but in the sense of its sovereignty. If nations such as that say, "We are not going to accept this"; if the President of the United States were to say, "We're going to put this system into bankruptcy," then you would see all hell breaking loose, probably an assassinated President, and a few things like that. This has happened before. But, it's come to a question of power: Where is the concert of governments, which is strong enough, and courageous enough, to do what is necessary—which is elementary, which is Christian, which is human?

Q: Or else these governments are accomplices of the IMF in their activities?

LaRouche: They try to eliminate governments that are not, as you may have observed. Remember you had a transition in Argentina, when the crisis hit, some years ago. And they used terroristic methods to intimidate a government of Argentina into resigning. And they got more complicity from the following governments, not because they were governments, or people, who lacked courage—but they were terrified! And were certain, of definite death—all of them!—if they were to resist.

What happened with the Kirchner government, was the resistance was sufficiently strong, that the IMF knew that if they forced Argentina into a default, it would start the chain-reaction which would blow up the whole system. And after that, of course, [Brazilian President Luis Inacio] Lula, who had stood on the sidelines discreetly while this was going on, when Kirchner won *that* battle, Lula suddenly said, "I will now join you."

So, the thing here, is political! Whereas the courage exists among governments, to cooperate to resist this evil, because an attack on *one* nation, is an attack on *all* nations! And nations have to understand, they can not stand by the side and see their other nations being destroyed, one at a time. They must unite, in a common purpose, to re-establish the principle of human rights on this planet.

Q: Can you name those governments in Latin America, that were most complicit with the IMF?

LaRouche: They all were! After 1982, after what was done to [Mexican President] López Portillo—remember, I was involved in this. I was involved in the fight against this U.S./Malvinas War—the backing of the British in the Malvinas War. I got into trouble, because of that. But, we fought.

So, in the course of that, the nations of South and Central America became concerned with this. And in the Spring of that year, I met with President López Portillo of Mexico, in the context of my discussion of this Argentina/Malvinas problem. He asked me, at that time—he’s now recently deceased; he’s been a friend of mine ever since—he said, “What are they going to do to my country?” because he knew this was not just Argentina. And I told him. I said, “By September, they’re going to bring down the Mexican financial system. That’s their intention.” So, he and others, created an environment where I wrote a report, called *Operation Juárez*, which was a proposal for a U.S. policy, toward the nations of Central and South America, with the United States: debt reorganization, and so forth; financial reorganization of the Western Hemispheric system.

They killed him, essentially. He went to the United Nations in October, and gave a short address, which is memorable, and you might want to look at it, closely. Because it states, in principle, what the problem is. He was like a man, who was about to be shot, who was permitted to see his last words in testament, before he’s shot before the firing squad, which was, in this case, the United Nations. But, what he said, announced when he’s dead, it still rings around the world, especially the Americas, as a statement of policy and courage! When they took a man—and remember, the Argentine government withdrew from its alliance with López Portillo, on this issue. The Brazilian President withdrew from the alliance with López Portillo. He was left hanging, all by himself, with his friendship with me, and the friendship of a lot of people throughout the hemisphere—but no support. And Mexico has been destroyed, step by step, since that time.

Q: Does the IMF care if the money it is lending to countries, is lent to corrupt governments? Do they take into account the issues of corruption in their lending policies?

LaRouche: Well, they tend not to lend to governments, that are not corrupt.

It’s that simple! For example. Take the case that the way the Toledo government was imposed on Peru. This was done under the Clinton Administration. It was done under the pressure from George Soros. And it was done, to stop the anti-drug operations of the government of Peru. It was done, also, in the context of [Peruvian President] Fujimori’s speech in Brazil, which implicitly was Peru’s commitment to cooperate with Mercosur on the development of the Americas, and the defense of the Americas. At that point, they said, “*Kill him!*” And they put in Toledo.

Governments that are honest, will tend to be shot, or driven into exile; so that the people who remain, are those who are favored by the State Department, the IMF, Soros, and so forth. Therefore, the selection of leaders is based on the estimate of their susceptibility to corruption. And therefore, once they think they’ve got “their boy,” or “their dog” in the government, they say, “Nice doggie,” and they give it a bone.

Q: Is this why Argentine President Carlos Menem maintained such good, close relations with the IMF, during his Presidency?

LaRouche: Well, he was told by former President George Bush exactly what his options were, when former President Bush was Vice President of the United States. He was told what his options were. And he betrayed his friends, his wife was not happy about it, and so forth. And he is now driving his race car through the stratosphere of politics.

Q: What’s the price that one pays for fighting, or confronting, the IMF? What price did *you* pay, personally, in your fights with the IMF?

LaRouche: Well, you see, to fight like this, you have to have a sense of immortality. And most people, in the decadent culture which has taken over the world, in the post-war period, especially since the middle of the 1960s—in this decadent culture, people do not think of the future, they don’t think of the future consequences of their living, and their actions. Therefore, they’re not willing, like a soldier, to put their life at risk for purpose. And it’s this kind of weakness, which is made famous by *Hamlet*, Shakespeare’s *Hamlet*, the Third Act soliloquy—“the undiscovered country from whose bourn no traveller returns”—turns him into a coward. So, what has happened? We have produced nations of cowards, under leaders who are cowards. Because at the very best, they may *mean* to do something nice, but they won’t *do* it, because they’re afraid, like Hamlet. And they would rather go out, and kill and be killed, than face the challenge of dealing with the real problem.

Q: Do the people at the IMF think or realize that the numbers they’re dealing with translate into the death of individuals, of children, and so on?

LaRouche: Their answer will be, as I had from a Bank for International Settlements fellow I talked with many years ago on this question of Africa: He said, “Well, you have to realize that many people sometimes have to die, for the sake of a policy.”

The IMF bureaucrat, is a perfect copy of the bureaucrats in the Gestapo. “This is my job. This is not personal. *I’m just doing my job.* This guy is in the way. My job is to eliminate him. Eliminate him!”

Q: What do you think about Anne Krueger? Is she going to stay on in her current role at the IMF? Is she going to leave?



*IMF First Deputy
Managing Director
Anne Krueger:
“You don’t say,
‘What did you eat,
today, Annie?’ You
say, ‘Who did you
eat, today?’”*

What about Krueger?

LaRouche: Freddie Krueger’s mother?

She is a Beast-Woman. I think everybody knows that. That’s her function, is to be Beast-Woman. To be totally irrational, totally aggressive, a savage beast, a cannibal—hmm? And therefore, you ask, well, you don’t say, “What did you eat, today, Annie?” You say, “Who did you eat, today?” She’s that type of personality.

She is like a thug. She’s like a mafia hit-man. She’s used, because of these inhuman qualities, which she’s managed to find in herself.

Q: Do you think that Argentina will pay the debt? Do you think Argentina has to pay?

LaRouche: It *can’t* pay the debt! What’s it going to pay the debt with? With the bodies of dead children?

I mean, the point is, Argentina needs to be given bankruptcy relief, that is, reorganization in bankruptcy. Declare national bankruptcy. Have the creditors put through bankruptcy, and restart the nation.

Now, to that purpose, Argentina has to have a forgiveness, for the time being, of its total foreign debt. First of all, the margin of debt of Argentina, is largely not legitimate: That, if you go back to 1971-72, historically, Argentina has more than paid its total debt which it actually incurred, from that time to the present! So, it owes nothing. And it will cost nothing, therefore, in honest accounting, to simply say, “Let’s freeze the debt.”

Now, let’s look at some of this stuff. Maybe we’re going to pay it, maybe we’re not going to pay it, but our major thing, is to get Argentina *growing* again. That means, first of all, large-scale infrastructure projects, for which there’s a drastic need, today, in order to increase employment, and to begin to get some viability, in the economy: to restart agriculture, to take care of the food problem, which is most crucial; to open up the essential institutions. And *use* this stimulant, in the

public sector, through international credit and national credit, to have growth in the economy, which will spill over into the private sector. This has to be done with an idea of getting back to the standard of living which existed prior to all this nonsense.

Q: Why should we think, in the context of everything that we’re discussing here, that if the IMF disappears, it would be replaced by something better than the IMF?

LaRouche: No, it has to be positive. There are not, in life, there are not truly negative solutions, to problems of this type. It has to be a positive solution. It has to be a positive alternative.

For example. In European culture, the transition from feudalism, or the medieval period, to the modern civilization, occurred as a result of the great collapse of the Lombard banking system—which was actually the Venetian system—in the middle of the 14th Century, which was called the New Dark Age. And we are approaching a New Dark Age of that type, now.

The result though, was a positive one, because of the influence of many things, including the influence of Dante Alighieri; the influence of Petrarca; the influence of Boccaccio. . . . We had a Renaissance, in the 15th Century, centered on Northern Italy, around Florence, but spreading out to the neighboring countries. We had the birth of modern civilization.

Then, we had a period of religious war, from 1511 to 1648, which we came out of through the Treaty of Westphalia, which was actually organized by Cardinal Mazarin of France—actually an Italian, but a French Cardinal.

So, it’s *positive* solutions: The American Revolution, the United States’ creation, was a *positive* alternative to the chaos which then existed in Europe. The collapse of France with the French Revolution—orchestrated from London, naturally—to eliminate a competitor: This put Europe through hell. So, there have been various struggles, over a period of time, to develop the modern nation-state, with its commitment to the principle of the common welfare, general good, the common good.

It’s the assertion of solutions, which express the common good, which inspire people, who had become desperate and frightened, to see hope for rebuilding a nation, rebuilding society. Yes, we have to react to the crises; we have to recognize that a crisis which discredits existing values is an opportunity, as well as a threat. But, the question will not come from continuing the chaos; the solution has to be positive: It has to be leadership, by government, and by other forces, which produces *positive* alternatives to the terrible crisis, and the policies which cause those crises, as happened with the Renaissance.

Q: In light of the fact that 18% of the IMF’s funding comes from the United States, do the people of the United States



President Néstor Kirchner rallies the population against the IMF and the 'debt vultures' in the province of Buenos Aires, earlier this year.

care about what the IMF does to Argentina, or Nigeria, or other countries?

LaRouche: The people of the United States, up to the present moment, are living in a fantasy-land. And the degree of fantasy in the United States is far worse, than it was 40 years ago. The problem is this: The lower 80% of the family-income brackets of the United States have been pushed out of reality. They essentially are treated as human cattle. Their conditions of life become worse, and worse, and worse. Family life is broken up, all kinds of things are destroyed.

The upper 20% are living in a different kind of fantasy-land. They think, "We are the Golden Generation. We are the wonder children." They're now in their fifties, sixties, with worn-down sexual capacities, and having fantasies to replace their former activities. "No! The world will go on, forever. I will die, but I don't 'go there.' I don't think about that. I have my fantasy-life! I have my entertainment! I changed my sex, three weeks ago. I'll change it again, four weeks from now." This is the condition of the people who are running the United States, from the top, in public and private institutions, in their fifties and early sixties: They have *no understanding* of economy; they believe in free trade; they believe in globalization; they believe in all this nonsense.

But, the poor people, the lower 80%, look up . . . and say: "There's nothing we can do about it. We're defeated every time. Everything has been taken away from us. We have to beg." And the poorer part of the population, is like the poorer people in ancient Imperial Rome, living on the bread *and mass entertainment*. Look at the delusions, which are associated with the behavior of a population, which depends upon mass entertainment, of a degraded type, to keep them-

selves entertained.

So therefore, what happens is, until we can introduce a positive factor into the minds of the population, especially the lower 80% in the United States, they are not realistic; they're not in the real world. They see themselves as human cattle, kept in a pen, and can do nothing outside the pen. They vote for candidates, but that doesn't mean anything. They're voting for the gladiator in the arena. They are not emotionally involved in the reality of the consequences of what their voting will do.

So now, therefore, you come to a time of danger and blessing: The danger is, we're about to plunge into a New Dark Age through the instrumentality, chiefly, of a general financial collapse. The whole monetary-financial system of the world is about to disintegrate. It can not continue in its present form. Therefore, at such a point of crisis, is there a leadership which can step in as Franklin Roosevelt did, in the United States, in the 1932 campaign, and his Presidency in 1933, which presents an alternative, to a frightened, desperate people, which gets them to open their eyes and say, "Yes, there *is* a future." And that's what's needed.

The problem for Argentina, is that Argentina is strategically a weak nation, particularly when isolated. Therefore, the moral responsibility lies chiefly with us in the United States, to intervene in this crisis, to make a change in our choice of government, our choice of people in government; and to be able *to react*, as Roosevelt did, to the impact of the crisis, *to turn the corner* and go upward in a new direction. That's the only chance.

But what is useful is the relationship of other nations *to* this process inside the United States. For example, in Europe,

especially in the Americas—as in Mexico, which is still a keystone nation of South and Central America, and among some people in other parts of the world. There *is* the possibility of mobilizing humanity to say to the United States, “Will the President of the United States make the fateful announcement which puts this system into bankruptcy, gives us the commitment to go in a new direction, in a direction, which we pioneered before, which worked, if imperfectly, but it was better than what we have now?”

Q: The IMF seems to have some sort of secret. Everywhere they go, and talk to people, nobody seems to really know what’s going on inside the IMF. What’s the IMF secret? Do you know?

LaRouche: The IMF secret is not allowing people they talk to, to tell the truth about what the discussion was.

Q: What should Argentina do? What’s the message to President Kirchner? What does Argentina do, under these circumstances you describe?

LaRouche: Well, what it can do, it has to be political and international. Now, I think a mistake was made in this decision on the former issues, because, what’s going to happen now, is they’re going to move to try to eliminate Kirchner. They’re going to try to find issues—we call them “wedge issues” in U.S. politics—to create a splitting off of some of the support from Kirchner, among the patriots, on the issue of this question of the former leaders of Argentina. That will work, in the short term; particularly, if Kirchner is not able to do something positive, which takes the attention *away* from that issue, and puts it on more positive issues of national interest.

But, the other side of this is that people inside governments, without breaching the principle of sovereignty of government, must cooperate with people in other countries to create an international consensus among such circles, to put pressure, from international forces, on *all* governments, and to scare governments—such as in the case of Argentina-Brazil relations—to take neighboring governments and other governments, and to indicate to them, *they must cooperate, and not abandon their friends*. And they must have a sense of mutual support, mutual defense. Without that all-sided approach to organizing public interest, public will, or public opinion—internationally, as well as in one’s own country—and integrating that in this way, it is *impossible* for a country like Argentina, to have an effective outreach to counter what’s coming down on it.

Q: Over the last couple of months, there have been activities carried out in front of Argentine embassies and consulates by the LaRouche Youth Movement in different parts of the world. What’s the idea behind this?

LaRouche: Very simple. It’s twofold: First of all, when youth of that type, our youth, act for a principled cause, they

become stronger. They become morally stronger and more effective. It’s a part of their development. It is also a necessary action by *me*, which they conduct on my behalf, to defend a country, which is being murdered. I step in, where I can, to do what I can, to stop murder. And the Argentine people are being murdered. I must do what I can, in my way, to influence the process, somehow, to defend the country.

Q: When we visited the IMF, we were given a little game they give to children. It has various circles. One of the circles says, “Group A, Obligations of IMF Membership.” And “Group B” says, “Benefits of IMF Membership.” So, their idea is, there are obligations and there are benefits. Could you give an example of each—are there examples of each?

LaRouche: Well, I don’t see, really, any benefits, since 1971-72. There are really no benefits. For everything that’s offered, more is taken away, by virtue of the offer.

The IMF obligations? The IMF has obligations only to the financier oligarchy, which operates, with the support of government, *as* the IMF! I mean, [former World Bank Chief Economist Joseph] Stiglitz, for example, with his—Stiglitz is not a courageous person. But, he did say some things, as a bureaucrat would to make himself look good, but not actually do anything about it. So, Stiglitz is typical: These people come in as functionaries. They’re like bureaucrats. They know who their boss is. If they don’t find out who the boss is, they’ll be discharged—soon. So, they have a secret understanding, which is not so secret, of who the boss is: The boss is the international financier oligarchy, of the Venetian tradition. And their obligation is to pull tricks of management, to serve the interests of this Venetian-style, international financier oligarchy. That’s their obligation.

Their other obligation is to try to fool people, into thinking this is the rules of the game. You know, for example, you have to think about children. Think about how children are managed. Society creates games. Society teaches children rules of the game. Children are told that they have to be “fair.” To be “fair,” you play by the “rules of the game.”

Now, children survive that sometimes, and they grow up to be adults, to break free of childish behavior. But some people never stop being childish. You come in, and say, “The IMF rules of the game are the following.” “Oh! Yes! Yes, Teacher! We’re going to play the game! We’re going to be fair! We’re going to be fair!”

And the function of the IMF is to tell the poor children, who are governments, “Hey, children! This is the game! These are the rules! If you play by the rules, *you might have a fair chance to win the game!*” And, that’s the—you know, governments become like fish in a fishbowl. They’re struggling to find the best place inside the fishbowl, and they don’t know that the content of the fishbowl is about to be dumped down the sewer.

Q: Thank you, very much.

Who's Manipulating The Oil Problem

by Sen. Aquilino Pimentel

On Sept. 15, Aquilino Q. Pimentel, the Minority leader of the Philippine Senate, presented a speech on the floor of the Senate titled "Manipulating the Oil Problem," which provided his nation with the truth behind the recent oil price spike—i.e., that it has nothing to do with "supply and demand," and everything to do with the speculative, deregulated markets now controlling oil production and distribution. Readers of EIR will recognize these facts, which have been regularly reported in our pages, but seldom exposed to the light of day among policymaking circles here or around the world. One solution proposed by Senator Pimentel is similar to that proposed by EIR founder Lyndon LaRouche—for nations to bypass the spot market through producer/user state-to-state long-term contracts at reasonable prices.



Sen. Aquilino Pimentel

Senator Pimentel, whose interview with EIR was published in the Aug. 20, 2004 issue, also pointedly addresses the urgency for the government to act on the crisis, and proposes immediate measures to be undertaken. Excerpts of the speech follow:

Mr. President:

I would like to discuss briefly the oil crisis, as announced by Energy Secretary Vince Perez recently.

To justify the inability of the Department of Energy to do anything about the country's oil crisis, Secretary Perez has declared that world market forces, which are beyond his control, have pushed oil prices to reach historical highs, and since the oil industry in the Philippines is de-regulated, fuel prices will inevitably rise (which is another item beyond his control).

Mr. President, are we being told the truth? Or is this another example of a bureaucratic word-play that is intended to justify official inactivity or inability to offer solutions to the problem at hand—in this case, the ever-rising prices of oil and oil products?

To get to the bottom of the problem, perhaps, it is best that we start by looking at the oil situation of the world.

IEA Figures

Figures from the Paris-based International Energy Agency (IEA), the central collection point for world oil information, show that there is no world-wide oil crisis. In fact, for the first quarter of 2004, world oil supplies were in the range of 82.3 million barrels a day (mbd), with consumption that ranges from a low 80.5 mbd to a high of 81.5 mbd.

Thus, the world had a surplus during the first 90 days of the year. Yet during that period the world oil prices leapt by \$7 per barrel.

And the gasoline pump price locally shot up by P21 [\$1= Peso 56.48] per liter of crude and P26 per liter of unleaded gasoline; P380+ per container/tank of LPG; and P21+ per liter of kerosene, the cooking gas for millions of households in the country.

As a senator and as a consumer of oil products myself, I would like to ask why the price of oil products in the country has risen so high, when the world production of oil has not diminished?

Over the past several decades, oil production has increased slowly and predictably. Since 1992, production has grown by approximately 15%. World oil consumption has also grown gradually and predictably.

As an ordinary observer of how prices of oil behave in the world, I would not have been surprised if production had dropped significantly or consumption had risen steeply, which would explain the upward spiral of oil prices here. But neither of these two circumstances has happened.

How, then, does one explain the wild swinging up and down of the oil prices here, regardless of production levels?

Financial Speculation vs. Long-Term Contracts

Some people surmise that China's seemingly insatiable thirst for more oil to fuel its huge economy is one of the reasons for the upward spiral of oil prices. That may be a part of the answer. But more critical views than mine argue that the answer is financial speculation, or greed, that is fuelled by a collusion of leading banks, financial institutions, and big oil conglomerates to cartelize oil pricing and distribution world-wide.

For background purposes, it may be apropos of our discussion to mention that today, oil prices are more than 50% above the 1992 levels.

For a long time, long-term contracts—frequently for 24 or 36 months—at fixed, stable prices were the way oil was generally traded in the world.

The oil shocks of 1974 and 1979—perceived mainly as caused by the OPEC oil embargo—changed all that. Long-term oil contracts were replaced with oil sales at the spot

market based in Rotterdam and the futures markets.

By spot is meant, that one buys oil at a market only 24-48 hours before one takes physical (spot) delivery, as opposed to buying it 12 or more months in advance. In effect, the spot market inserted a financial middleman into the oil patch income stream, in much the same way that deregulation would later do for electricity.

Today, the oil price is largely set in the futures markets. The two principal locales which dominate oil futures trading are the London-based International Petroleum Exchange (IPE), established in 1980, and the New York Mercantile Exchange (NYMEX), which is more than a century old, but first started trading oil futures in 1983.

Traders call futures contracts “paper oil”: The contracts are a paper claim against oil, which are far in excess of the volume of oil produced and actually delivered at oil terminals on behalf of those contracts.

The traders in IPE and NYMEX, for instance, transact large volumes of these so-called oil futures contracts, which are also called bets (a word that is usually associated with gambling, but is now used in oil trading, for the reason that oil speculators gamble on these paper oil purchases). Each contract, I am told, is a bet on 1,000 barrels of oil. More than 100 million of these oil derivatives contracts were traded on these exchanges in 2003, representing 100 billion barrels of oil. In the year 2000 a study showed that in the IPE, for every 570 “paper barrels of oil” traded each year, there was only one underlying physical barrel of oil. The 570 paper oil contracts pull up the price of the underlying barrel of oil and, thereby, manipulate oil prices all over the world. If the speculators bet long—that the price will rise—the mountain of bets pulls up the underlying price.

But worse, there is a second layer of leverage. At the London IPE, it is reported that a speculator, by investing \$1,520, can control 1,000 barrels of oil. Thus, a small group of speculators, through leverage, can control the world oil price. A NYMEX document, “How the Exchange Works,” boasts that it has nothing to do with oil production. . . .

Consider the IPE, which was created in 1980. In 2001, the Atlanta, Georgia-based Intercontinental Exchange purchased the IPE. Now, the biggest oil derivatives traders who run trading on the IPE include Barclays Capital, Bear Stearns International, J.P. Morgan Securities, Deutsche Futures London, BP Oil International, and Shell International Trading—the key components of the British oligarchy’s world oil cartel.

In an attempt to break the oil price spiral, Saudi Arabia has recently committed to produce 2 million additional barrels of oil per day. However, as of June 2 of this year, speculators had taken out 77,000 oil futures at the NYMEX taking a “long” position; i.e., betting that the oil price would rise. Through such bets, they make oil prices go up as they cover their own bets. Because each contract represents 1,000 barrels, the “longs” contracts constitute the equivalent of three-

quarters of a billion barrels of oil—which the speculators would use to overwhelm the Saudis’ production increase of 2 million barrels per day. This is part of the oil warfare that is now ongoing.

Pushing Oil Prices Up

The Oil Cartel is also employing two other tactics to push up the oil price. 1) Limiting production capacity: The oil cartel has reduced U.S. oil refining capacity to below the level of 1980. The U.S. knows perfectly well that the demand for refined oil products, such as gasoline and jet fuel, would rise during the 1990s and the first decade of the 21st Century. It was criminal to reduce its refining capacity, but since reduced capacity pushes up the price, it was done anyway. . . .

2) Consolidating cartel control: The oil companies are also busy gobbling up one another, and this, in turn, has caused oil prices to rise. There is a striking connection between oil prices and major oil company mergers. For instance, in August 1998, with oil hovering in the \$12 a barrel range, British Petroleum bought Amoco, one of the top U.S oil companies, with large holdings of domestic oil and natural gas. In late November 1998, two more giant mergers were announced: Exxon bought Mobil, and France’s Total bought Petrofina. These three mergers, along with the October 2000 takeover by Chevron of Texaco, significantly consolidated the oil cartel. . . . Inevitably, during this crisis, the stocks of major oil companies have jumped up. . . .

Public Dissatisfaction

The administration’s response to the so-called oil crisis leaves much to be desired. What it is offering are palliatives that betray the mediocrity of its creativity and imagination—such, for example, are the suggestions of car-less days, four-day work week, early closing of businesses, cutting down on air-conditioning and appliances, etc.

I think it is the duty of the government and its bureaucrats to denounce those practices and, then, work out a reasonable solution to the problem.

Resolution

In this regard Mr. President, may I suggest that the Senate pass a resolution to require:

A. The oil companies doing business in the country to explain their oil trading and pricing practices;

B. The government departments or offices concerned to bring about, cause or support the execution of bilateral long-term agreements by the concerned domestic importers of oil with petroleum-producing countries, with scheduled deliveries at reasonable, fixed-prices; and

C. The appropriate government departments or offices to design a comprehensive energy development program that will promote and support cost-efficient domestic fuel production initiatives. . . .

Statecraft in Eurasia Can Defeat ‘Strategy of Tension’

At the conference of the Schiller Institute near Wiesbaden, Germany on Sept. 26, analysts from Russia, Turkey, and Armenia, speaking at a panel titled “Strategy of Tension,” presented their perspectives on the history of their nations, the conflicts which are currently rending Eurasia, and their hopes for a better future. Lyndon H. LaRouche, Jr. then addressed the meeting to underline the importance of looking at these issues from the standpoint of universal history and statecraft, to avoid the trap of being drawn into a “who hit whom” theory of strategy. He returned to one of the principal themes of his keynote to the conference (published in EIR, Oct. 8), on the 1648 Treaty of Westphalia, which brought to an end the Thirty Years’ War in Europe, relying on the concept that each sovereign nation-state would seek to enhance “the advantage of the other.”

The moderator was Michael Liebig, of EIR’s Wiesbaden bureau. We publish all the speeches here.

Michael Liebig

Before we start, let me just say a few words on the subject area this morning: strategy of tension/irregular warfare.

I think, first of all, it’s important to understand that strategy of tension and irregular warfare are to be seen in the context of the systemic crisis. It is a significant symptom of that crisis. And if you look into what happened this year, with the deepening of the systemic crisis, we had non-linear discontinuities: On the one side typified what has happened with the Monday demonstrations [in Germany], the beginning of a mass strike process which we are going to see, for sure, in the rest of Europe as well; but at the same time, you had in the context of the systemic crises, irregular warfare assaults, strategy of tension actions, which already have changed, visibly, the course of history this year.

March 11, Madrid: It eliminated one of the key components of the “coalition of the willing,” the Hispanic mule,

the “Trojan Mule” was eliminated. And already the Spanish development indicates, that for those launching irregular warfare/strategy of tension, this is a very risky enterprise. It backfired in Spain. And I venture to say, it will backfire in Russia as well, Because what we have seen with Beslan and what we have seen as the *reaction* to Beslan, in terms of the Russian state leadership, is an indication of this.

Now irregular warfare/strategy of tension always occurs in a specific sociopolitical context. But, what this panel surely will clearly establish, is that any mechanistic causalities, pseudo-causalities, between acts of irregular warfare and certain sociopolitical conditions, are not just misleading, but are part of the game, a game which in reality, is a covert operation, a clandestine operation, an act of surrogate warfare, utilizing or trying to exploit or establish causalities in terms of sociopolitical contexts.

Now acts of irregular warfare are usually connected to elements within intelligence agencies, or special services as



Michael Liebig: The financier oligarchy’s “strategy of tension” and irregular warfare have to be seen in the context of the systemic financial/economic crisis.

the Russians say. But, again, it is very important, that no simplistic, mechanistic interpretations are being made, in terms of this or that intelligence agency, or not even factions within this and that intelligence agency: Because the ultimate control over such operations *doesn't* come from these intelligence services as such. They *do* come from oligarchical, financial, and synarchist financial interests, which are operating through elements within intelligence services, in order to facilitate acts of irregular warfare and implementing a strategy of tension.

Lastly let me say, because of the subject-area, the speakers on this podium—and I say this also in looking back to the very excellent seminar which we had with Lyn [Lyndon LaRouche] on Thursday—that the subject-area is sometimes in the background of those speaking about it, meaning that not necessarily everything is being said in a “megaphone” fashion. So I would advise you to listen very carefully, to what is said in what way. And I am quite sure, we all can learn a lot, then, this morning.

So thank you, and I want to ask Konstantin to begin.

Dr. Konstantin Chermnykh

What's Behind Russia's Geopolitical Thinking?

I will first introduce myself a little. The specific and maybe unique opportunity of mine is, that at the same time I work as a physician, as a psychiatrist in a medical institution—I have been working there for many years, and this is a state-run medical institution, which means I am dealing with the poorest category of the population—and at the same time also, for many years I have been involved in political analysis. And therefore, I know also something “from the top.” And this combination of employment and interest, allows me to see the two things in continuity, as well as the effects on the lowest level of the society, from some changes from the very top.

And certainly, for me, as a citizen of my country and as a specialist in my field, it is for me a special interest to understand and to explain for myself and for others, what is happening, and what is going to happen with my country, to what extent this is related to global processes, because we all know that we are now in this period, which is called globalization, and which is advertised as something very positive for all of humanity. But as Michael Liebig has just emphasized, there is for instance one phenomenon, like irregular warfare, which is just—as I will try to illustrate—a symptom, an element. So this new system of relations between countries, companies,

services, peoples, nations, areas in the world, and so on, is called “globalization.”

LaRouche's Influence in Russia

Actually, in general, my report is very sad, but I should start with some optimistic statement. The optimistic statement is that the ideas of the Schiller Institute and ideas of Lyndon LaRouche and his name, are now—and this was especially evident during the last two or three years—much more familiar to the Russian audience. And not only to scientific and academic circles as before, but also to the highest level of the political and administrative establishment, and the establishment of the experts. And Lyndon LaRouche himself and his associates are now received at the highest level of the Russian administration, and their names could be seen in Russian papers, including also the names of such persons as Jonathan Tennenbaum, economist Lothar Komp, and others.

So, that's certainly a very positive sign on the one hand, and it reflects, I must say, also the fact, that the Russian audience, including the top figures in Russia, are trying to understand what is happening on the global level. And they see, it is becoming absolutely self-evident, that the global economic and financial crisis is happening now, before their eyes. And in any kind of economic business paper, you see such terms as “financial bubble” or “real estate bubble,” terms that hadn't been used before.

At the same time, in the Russian press, the significance of the elections in the United States, which are going to happen this November, is regarded as an event of great importance. And I also see the reflections of the results of the work of the LaRouche Youth Movement in the United States, in the recent reports in the Russian press, and also in the British press, that part of the U.S. population which hadn't been voting for many years, is now going to vote, and it is going to vote in order to get out the Bush and Cheney Administration, for both the economic collapse in the United States, and for the ugly war in Iraq, which is both anti-human and inefficient.

I have to remind you, that the fact that the Russian leadership is now informed about the ideas of Lyndon LaRouche, also suggests a certain responsibility. It means that now no top Russian politician can say, that he hasn't learned about this name, that he hasn't been informed about the sense of these ideas, that he hasn't heard the warnings, the forecasts of Lyn.

Putin's Relations With Bush

I have to remind you, that quite recently the President of Russia made not just compliments, but even tried to protect George Bush, as the President of the United States, from his political opponents. This happened for instance in the United States, during the G-8 meeting. This happened later at a special press conference, which coincided with the discussion in the U.S. Congress on the matter of Saddam Hussein and his intention of terrorist actions in the U.S. And the President of



Dr. Konstantin Cherenykh: "The fact that the Russian leadership is now informed about the ideas of Lyndon LaRouche, also suggests a certain responsibility."

Russia decided to play, this time, on the side of the U.S. President.

This has to be somehow interpreted. I'll try to do this.

You probably know, that the Russian President didn't have any kind of experience of dealing with any other U.S. Presidential figures. He never worked in the United States. He became the Prime Minister in 1999, and the next year he became the President, and George Bush was the first President whom he met, and he was very friendly. George Bush was very friendly to Mr. Putin, especially after the events of September 2001.

This looked quite sincere, but actually there was a big manipulative interest behind it. Because at that time, the Bush-Cheney Administration wanted to punish the Arab States, by creating a counterforce, an alliance of alternative oil suppliers for the United States, including Russia; including also some African countries, like Nigeria, like Angola, and so on. And the message to Putin was at that time, that the U.S. Administration quite understands the matter of international terrorism, including the matter of the Caucasus, the matter of Chechnya, and therefore Russia is supposed to become one of the major leaders, the major partners of the United States in the international warfare against terrorism.

This was a kind of temptation, which was to a certain extent partial; this was reacted to by the Russian leadership, this proposal was accepted. But later things changed, as you know. And as you know, later, Russia as well as the major European states didn't support the war in Iraq. And at least since that time, the relations between the White House and the Kremlin have been slowly and gradually, but definitely deteriorating.

Still, as I told you several months ago, there was still a kind of affinity of the Russian leadership to the present U.S. leadership, until several events, which followed one another and all of them were events of the subject we are discussing now: the terrorist actions, in various places. And the most

terrible of them came on Sept. 1. It is significant, that most of these terrorist acts were timed to historical dates which are important for any Russian; for instance, the terrorist action in Nazran and several other towns of Ingushetia on June 22, which is the date of Hitler's intervention into the U.S.S.R. in 1941, as well as the assassination of the President of Chechnya, Ahmed Kadyrov, on May 9, which is V-Day in Russia.

The Beslan event happened on Sept. 1, which is nothing but the beginning of the school year, but Sept. 1 was also the date of the Republican Convention in the United States. And it was not only just the date of the Republican Convention—at least it was seen so in Russia—it was the date when it was to be decided, who exactly would run as *Vice* President from the Republican nomination. Will it be Dick Cheney, or somebody else?

After this, Vladimir Putin made several statements on Sept. 4, Sept. 6, and a week later. Each of them concerns certain aspects, and reflects the fact, that this last terrorist act was the moment of truth—better late than never. In his first statement, he said that this kind of terrorist act is not something from within, that it involves a kind of foreign interest, and a foreign interest, which implies an intention of certain forces to make Russia disintegrate.

Changes in the Russian Political System

And shortly after that, a week later, Vladimir Putin made another political statement, which was addressed to the . . . change in Russia's political system. This change was commented on a lot in the Western press, but I have to make some emphasis on this, I'll at least try to explain. I don't regard this change as something perfect, or only positive, and so on, but I'll try to explain the intentions behind it.

This political transformation contains three elements:

First of all is the change in the system of elections to the Russian parliament, which provides that the elections are only held among parties, and individual candidates will not run. It is known, that the political parties in Russia, for the last three years, have been significantly transformed, and it is true, that to a very large extent, they are under control of the administration. So, the system, which is being introduced, is very similar to the system we have in Kazakstan, or to the system which was in East Germany in the times of the German Democratic Republic.

The second change is the transformation of the elections of governors. Now the governors will not be elected by the whole population of the region or autonomous republic inside Russia, but will be elected only by the local legislative assemblies. It is true that in this case, an ordinary citizen is not involved in the expression of his will, or involved only indirectly through the mechanism of the legislative assembly.

What is behind this idea? This I have to emphasize. There are three points, here. The first point is, and this I know just from the reality of my region and of many other regions: The idea of this change, which is to become a change of the

The Caucasus Chessboard



Constitution, is that the oligarchical interests, through various mechanisms of bribery or direct pressure, will not be able—not be able—to influence regional elections, or at least, this ability will be very restricted, because, what is most important, is that the candidate whom the legislative assembly will discuss and vote up or vote down, will be the figure proposed by the President himself, in every region.

The second point is, that this also eliminates the parasitic community of image-making services, which has emerged in Russia, and didn't exist for many years, actually before the time of Yel'tin's reform. This was actually very influential, and actually belongs to various oligarchical interests.

And the third problem is, what was obvious during the elections in Ingushetia, and also in some other examples, which I will mention later—in the southern regions of Russia, especially in the Caucasus, the election of governors may involve not only oligarchic interests, which are domestic or primarily domestic; but can also involve very serious foreign interests, including not just foreign corporations, but also criminal interests of the international scene.

So, that that's how I understand the intentions of the President.

I mean that, it is not true, that they are not related to the earlier terrorist actions, although I know that this plan was developed long before that.

Danger of Disintegration of Russia

So returning to the issue put forward by the President in his speech on Sept. 4 and later on Sept. 6: The issue of the



Russian President Vladimir Putin, on Sept. 7 in Moscow, mourns the victims of the terrorist action in Beslan. He said on Sept. 4: "Some people would like to tear off a juicy morsel from us, others are helping them do it. Helping, on the assumption that Russia, as a major nuclear power, is still a threat to them. And therefore this threat should be removed. Terrorism, of course, is only an instrument for achieving such goals."

disintegration of Russia is a real danger, although right now it doesn't seem to be a real danger. And a lot of Western papers write, that the President of Russia is a dictator, that he controls everything, that he controls the independent press, that he controls the political parties. This is true, but it is true only superficially, and it is true only for some things, which are on the surface.

I'll demonstrate, that it's not correct, but first I have to say something about this disintegration process. To analyze it, we have to start from the history of the disintegration of the U.S.S.R. and what the mechanisms were, what was the reason for that? And how did it happen, that such a great military empire collapsed very fast? And at the same time, how did it happen that in this process we have achieved not only countries which have established themselves as sovereign nations,

with their own attributes of sovereignty; but we also have unrecognized territories, unrecognized republics, which don't have any kind of official international status, but which are out of control of the nations to which they formally belong?

So, from the very beginning: When I came to eastern Germany for the first time, it was several years ago, and Michael Liebig remembers, that that was in Dresden. And the first question I got there from the older generation, who remember the Soviet Union well, was: "What happened with the U.S.S.R.? Why did all this happen? We don't understand. Explain please." Even from their questions, I understood, that this is not quite understood even by the older generation there. To my mind, it is necessary for the younger generation here also to know how this worked. First of all, what were the strong sides and the weak sides of the Communist state, which existed for 70 years, and then stopped existing?

But, still I say, that the major problem here, was the problem of ideas, and the problem that the Russian Communist idea, the Russian materialist idea had some internal, immanent problems within itself, some internal conflict, which predetermined its implosion later. It was a wrong understanding of the role of the human mind, scientific mind, and so on. Any kind of transformation of matter, in Lenin's thought, was regarded as a reflex, as a reaction. That means, that the mind as such, the idea as such, was not regarded as a subject; that is very important. The second thing was in atheism—and this has to also be understood—from the very beginning [of the Soviet system], the original idea was that man is prior to God, because religion is something outdated and man is stronger than God.

But then, thanks to Nikita Khrushchov, the First Secretary of the Communist Party of the Soviet Union [CPSU] between 1955-64, this was reduced to a very primitive, consumerist type of conception. And at least since that time, the attempts of the U.S.S.R. to expand its ideas to other countries were ineffective, because it was impossible to reach any understanding with the religious communities, especially Islamic communities. It was well understood and well exploited in the strategic American circles and institutions, which were looking for a kind of a counterforce. And at that time, they developed—and I think my Turkish friend will maybe say something about this—it is called the "green zone" along the borders of the U.S.S.R. And this involved—and it's very important—the results of the British strategy in its historical continuation, the works of Bernard Lewis, the works of Alexandre von Bennigsen and other theoreticians

—as well as [Samuel] Huntington, and so on, whom you know very well.

At the time, and especially later, the real Islamic revolutionary movement, which started in Egypt, and then was suppressed by Gamal Abdel Nasser, who was the friend of Khrushchov, was later used and exploited. And some positive elements in this revolutionary teaching in Islam, were inverted into a kind of a philosophy, which could briefly be described as a philosophy of suicide or a skill of suicide. From this and through the experience of Afghanistan, when the Soviet Union and the United States have actually gotten into the same kind of swamp, which undermined later the sovereignty of both countries—both the United States and the U.S.S.R., and it is especially obvious today—from this moment, this suicide training was transplanted and reproduced in all of what is called "territories of irregular warfare." And especially, and it is very important that some territories, which I mentioned, don't have sovereignty, even officially, no matter how they emerged.

Chechnya in the early 1990s was exactly such a territory. It was a perfect place for such suicide training. The same territory was a perfect place, at the same time, for illegal trade on a global level: For instance—and the geopolitical link is important again—exactly at this time Chechnya, and especially the mountainous [part of] Chechnya, was used not just as a transit line for arms and drugs, but as a facility for a refinery plant for heroin, a very large one. It was established there in the mountains of Chechnya, in a former Soviet military facility. And it was assembled from parts—actually it was imported from Britain: The role of the British in the Caucasus is really a long story.

But, one factor, which is important, and important not only for this area—and this has to be understood—is the question of oil. In this particular example of the Caspian oil, which was used as a temptation, for a number of political elites, including the national elites of the new states which have emerged, and to the local elites, including the Chechen leadership, the first one and the second one. So, the idea that Chechnya can get a lot of income from oil transit, came directly from a British-American Azeri-based, Baku-based oil corporation. And at the same time Zbigniew Brzezinski was involved, and the recently arrested Mark Thatcher, the son of Baroness Margaret Thatcher. These international links are absolutely clear in this situation.

Liebig: Konstantin, I'm afraid we have to stop here. I know what an enormous treasure of knowledge and insight Konstantin is, so I hope that at least some aspects can be further discussed in the discussion period, including this absolutely fascinating concept, in terms of the self-destructive corruption of both sides of the Afghanistan war: The type of nemesis dynamic which set in there.

So, thank you, Konstantin. And I would ask Altay Unaltay to address us.

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Opening Up a Window To Turkish Patriotism

Dr. Unaltay is a journalist from the Turkish newspaper Yarin.

I'll start my words with Kemal Atatürk's letter to President Franklin D. Roosevelt:

To: His Excellency
Franklin D. Roosevelt
President of the United States of America
Washington, D.C.

June 6, 1937

My dear Mr. President:

I received with genuine pleasure your kind letter of April 6, 1937, in which you tell me of your contentment with having seen the moving pictures recently taken in Turkey by Mr. Julian Bryan. You also express the hope that you and I will meet some day, as soon as circumstances will permit.

Believe me, dear Mr. President, that I am very thankful to you for your sincere feelings and your appreciative understanding of the progress realized in modern Turkey.

I avail myself of this opportunity to express once again my admiration for the United States of America, especially since our respective countries cherish the same ideal which is universal peace and welfare of humanity.

It is also my earnest desire to meet you soon, and so I am impatiently looking forward to the day when I shall have the great pleasure of welcoming in Turkey your charming and powerful personality which has accomplished so many great things. With best regards and good wishes,

Yours sincerely,
M. Kemal Atatürk

What was Kemal Atatürk's political legacy? This is highly controversial among Turks today.

Right now, there are two opposing principles in action, in Turkey:

- One is the patriotic view supporting national sovereignty and coordination among equal democratic nation-states on Earth, which *Yarin*, my journal, is part of.



Dr. Altay Unaltay: "It is time to come back to the 'patriotic' spirit of the Turkish nation-state, abandoning the 'nationalist' one. This means, grasp the entity which is called Turkey, from its aspect of the homeland . . . rather than from its aspect of ethnicity, which is not one, but many."

- The other one is Turkish globalism, which is ready to sacrifice everything sacred, like religion or national identity, at the altar of Western integration, be it with the EU or by joining the U.S. global club of "winners." I call it, sacrificing Muhammad and Kemal Atatürk at the altar of Jupiter, the Roman god. And as you see, this is not a unique Turkish phenomenon. Nowadays there are people in every country, who are ready to sacrifice the honorable memories of their national heroes for Jupiter. And, I fear, Jesus himself is no exception for them.

Coming back to Turkish politics, the rift line between the two principles goes through every niche of Turkish political life, like Kemalists, leftists, nationalists, conservatives, and Islamists.

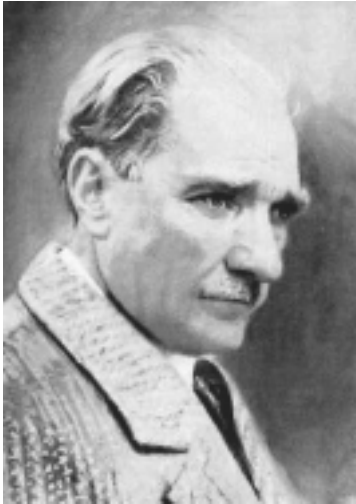
Because the Turkish media is largely under control of Turkish big money (as is the case in every country), which favors globalism, globalist political literature seems to be more voicy, or more noisy, if I may say it, in Turkey.

The patriotic movement favoring preservation of national independence and democratic sovereignty has many supporters among government circles, intellectuals, labor and petit bourgeoisie, as well as among associations of small and medium-sized enterprises.

Imperial Divide and Rule

After this introduction, how do we, the *Yarin* team, regard the events in the Middle East and Caucasia?

First of all, some words on the Greater Middle East Project: We don't believe that there is any Middle East Project offering solutions, right or wrong, to Middle Eastern ills. This term is a camouflage for the attempt to destabilize the Middle East and destroy nation-state entities, so as to take back history to the tribal age. The plan is to manipulate small ethnic and religious communities into endemic hostilities and



Mustapha Kemal Atatürk, the founder of the Turkish Republic, wrote to President Franklin D. Roosevelt that their two countries “cherish the same ideal which is universal peace and welfare of humanity.”

clashes against each other. Once this is established, the U.S. and its allies will go in as mediators and peacemakers. This is the “divide and rule” politics Britain once perpetrated in India via its East India Co. Britain, then, pushed the Raja princedoms into wars against each other. And siding with this or that party, she made herself the indispensable ally for every political entity in India. Finally, power fell into British hands like a “ripe fruit,” as we say in Turkish.

I think, the British, with all these experiences, will help the U.S. a lot in this neo-colonization process in the Middle East. Iraq was the first experiment for this, because Iraq was the most advanced nation of the Middle East proper, on the verge of becoming a modern nation-state. I remember with sorrow [in view of the destruction of Iraq today], that after a long struggle for education, Baghdadi people are now speaking *Arabi Faseeh* (the Arabic counterpart of Oxford English), a dialect of scholars, in which the Koran, the Holy Book of Muslims, was revealed. So, Iraq took a basic step, forming a national language, on its way to nation-statehood.

Why is it so important to set the Middle East again in turmoil? It is also widely claimed, that many regimes here are more supported by Anglo-U.S. imperialism than by their own people. For this, we have to go in the imbedded ills of global capitalism, as Lyndon LaRouche pointed out many times before.

In the year 2000, all hopes faded, concerning the so-called high-tech economy in the West. Companies, mainly operating on Internet, software, and related areas, massively went bankrupt. The American motto, “Don’t look at Dow-Jones, look at Nasdaq,” was abandoned, because Nasdaq was worse than Dow-Jones. Before that, the spectacular Bill Gates proclaimed the era of “friction-free capitalism,” which means modern high-tech communication systems would feed the supplier and the consumer with fast and adequate information, so the best options in sales and purchases get realized, as it was once claimed by the theoretical fathers of free-market

capitalism. But then, it turned out that the modern market, though having the means of speed-of-light communication, was not “friction-free.” Claims that the modern, high-tech, virtual economy will override capitalism’s periodic crises, were all trashed. It was again realized, that classical economy prevails, and, that classical industry as the basis for classical economy is indispensable. Now the economies will turn away from the “post-industrial society” myth, and will have to stop industrial deconstruction.

On the other hand, under conditions of a “global market competition” or “global dog-eat-dog system,” leading economies will need cheap energy to compete, so it is not surprising, that the Bush Administration turns back to “direct colonization-direct confiscation” methods of the 19th Century. At times this colonization was done under the banner of a “*mission civilisatrice*” [civilizing mission]; now it’s done as “*mission democratrice*,” or “democratic imperialism.” Not surprisingly, as people who go from physician to physician to find a cure for their lethal illness, and at the end turn to quacks and magicians for a final hope, modern capitalist economies abandoning all hope in “post-industrial” and “high-tech” society schemes, in the end turn to 19th-Century-style colonization. But the illness of this system is incurable; quacks and magicians are no answer, as 19th-Century colonization also isn’t.

Can Anglo-U.S. imperialism succeed in perpetrating this turmoil, or in other words, in perpetrating this Dark Age? Regarding the “post-modern mental confusion,” the whole world suffers, and it is not easy to say, it cannot.

Even in my country, many Muslim scholars are recruited for the so-called “Greater Middle East Project,” to carry out research on how to modernize Islam. I think, despite many deficiencies, the Turkish Republic was and is the right answer for modern Islam. I don’t say everything is fine in my country, as this is not the case in any country throughout the world today.

There are claims in Turkey, on the one extreme, that Turkish-Islamic civilization ended with the breakup of the Ottoman Empire. What follows is total Western barbarism; so we have to work to bring back the empire and the caliphate.

Turkey’s Discussion About Its Future

There are also other claims in Turkey, which are on the opposite extreme, that civilization began in my country with the advent of the Republic. According to this view, what came before, was a pre-civilization era of backwardness.

We say, neither this nor that. The Republic is a normal and logical consequence of what happened in the Ottoman era. The Ottoman Empire disintegrated, because it had to. And the new Republic is in many aspects, a continuation of Ottoman civilization adapted to the Modern Age’s standards.

The Ottoman Empire was based on Islam, though there were many non-Muslims among her subjects. The Ottoman Sultan was also the caliph of all Muslims. Since Sultan

Mehmed the Conqueror, Ottoman Sultans also adorned themselves with the title, Emperor of the Orthodox, thereby granting the Orthodox Patriarch equal status with the *Sheikh-ulislam*, head of the Muslim *Ulama*, or scholars, in official protocols. But, because the majority of subjects and the Ottoman ruling elite were Muslims, Islam was the foundation of Ottoman power.

But despite this fact, and contrary to theocratic practices in contemporary Europe of those times, power was in the hands of a secular ruler, and not in the hands of a certain theocracy.

Contrary to the practices initiated by the theory of “The Two Swords” of *imperium* and *sacerdotium*, so that medieval European history was torn in quarrels between state power and church power, the Ottomans were unaware of this sort of conflict. The church or the mosque was part of the state apparatus, and the clergy was subordinate to a supreme ruler of state and religion. Adopted from the Byzantines, this practice is called “Caesaro-papism.” And it also was the practice in Orthodox Tsarist Russia. And it had its long-lasting effects in both countries.

Neither in Tsarist Russian, nor in Ottoman Turkish history, is there any independent field of social action, which is outside state power. Everything is supposed to be controlled centrally (though things may sometimes differ in practice), and this political tradition over centuries created a different socio-political atmosphere, which was difficult for Westerners to grasp, so they preferred to brand it as “Oriental Despotism.”

Please note that in explaining this, I don’t say it is something good or something bad, but I say it is something different.

The Russian and Turkish nations and states are shaped by this historical tradition, and in this sense they are both different from their Western counterparts.

Comparison to Iran

A logical outcome of this tradition is, that our social life is monolithic. There are no separate and independent spheres in our social life, so every social affair becomes political from its very beginning. In my country, businessmen search for ways to solve the Kurdish problem, whereas the military has a say in religious affairs; politicians from left and right alike visit shrines of religious saints, with different shrines of saints preserved for different political orientations; leftist Sufi saints and rightist Sufi saints, if I may say so.

All this is in contrast with Shi’ite Iran. Though religion also has been in the social center in Iran, the rift between the *Ulama* or mullahs, and secular powers, has always been apparent.

For a long time, the Iranian *Ulama* kept themselves outside the state apparatus, because there was also some sort of “Two Swords” policy. Shi’ite theory says, all earthly powers are categorically illegal until the advent of the *Mahdi*, or the

Muslim Messiah. But any power, as long as it serves the Muslims with justice and preserves security, may be tolerated. And the *Ulama* should keep watch over it, which means up and down, they interfere in political affairs. Iranian history is branded by quarrels and tensions between *imperium* and *sacerdotium*, Muslim-style. So it was very normal to expect the Iranian *Ulama* to seize power from the secular state one day, and form some sort of theocracy, as was the case in the medieval West. But, this also means that Iran one day will turn into a Western-style society, much earlier than Russia or Turkey. If this analysis is amazing to you, I should recall, that theocracy is a Western innovation, never seen in the East before. This analysis also reveals why there was an Islamic revolution in Iran, and why there can’t be in Turkey, though I can’t say my country is “less Islamic” or “less religious.”

The Nation and Islam

In 1924, Turkey became a secular Republic, and Islam as the foundation of power was replaced by the nation as the foundation of power. “Sovereignty unconditionally belongs to the nation,” is what is written on the front wall of the Turkish Grand National Assembly. We have a secular nation-state now.

But if we look carefully at it, we see some features which are more in common with the Ottoman past, than with any ideal model of secular state. As I said before, the Ottoman mosque and *madrassa*, or Islamic temples and higher education system, were part of the state apparatus. And the *Sheikh-ulislam* was head of it. If we look at the appointment procedure of the *Sheikhulislam*, we see that he was appointed by the Sultan’s edict, on the proposal of the Grand Vizier, or the *Sadrizam*. Now we have a certain official body of the Religious Affairs Office in the Turkish state apparatus. This body controls all the mosques and religious education. The Head of Religious Affairs is appointed by Presidential decree on the proposal of the Prime Minister. This is just to name one similarity.

Religion in Turkey is too much state-controlled, and we think it is time now to really separate state affairs and religious affairs, thereby granting religious institutions an independent status in the form of foundations. This for the “secular” aspect of our secular nation-state.

Now coming to the “national” aspect of the Turkish nation-state, first we see Kemal Atatürk, the founder of the Republic, say, “Happy is the one who says, I’m a Turk.” “The people of Turkey, who founded the Republic, are called the Turkish nation” is also quoted from him. Both statements testify, that what is called the Turkish nation, is not an ethnically homogenous entity, and that the founders of the Republic were aware of it.

After the disintegration of the Ottoman Empire in 1918, the last Ottoman Parliament summit passed a resolution, known as “*Misak-i Milli*,” or “the National Oath.” The National Oath meant, that after Ottoman disintegration, all the

people who wished to stay together to share a common destiny and commit themselves to a common self-determination, form the “nation,” and the lands these people were living on, formed the “homeland.”

This “patriotism,” based on a social contract, or “the National Oath,” to stand united, and face in unity the difficulties of forming the Republican Phoenix from Ottoman ashes, was the very foundation of the new Republic. Turkish patriotism was based on a Turkish homeland, suggesting equal rights among countries and everlasting peace on the basis of acknowledgement of mutual sovereignties. “Peace at home, and peace abroad” said Kemal Atatürk.

But later, after Atatürk’s death, this Turkish patriotism gradually degenerated into Turkish nationalism, exalting only one ethnic background, as the legal basis of the Turkish nation. The existence of other ethnicities was denied for a long time.

Now we say, it is time to come back to the “patriotic” spirit of the Turkish nation-state, abandoning the “nationalist” one. This means, grasp the entity which is called Turkey, from its aspect of the homeland—“motherland” is what we say in Turkish—rather than from its aspect of ethnicity, which is not one, but many.

Ladies and gentleman, I tried to open you up a window to Turkey, my homeland, from a different perspective, the *Yarin* journal’s perspective. I thank you for your attention.

Hrant Khachatrian

Armenia Is Sitting On a Powder-Keg

Mr. Khachatrian is an Armenian Member of Parliament the Union of Constitutional Rights party.

Dear, friends, this is a good opportunity for me to present the point of view of my party, and the Armenian United Opposition, on the crucial processes going on inside the Caucasus region and Armenia, in this large and important forum.

As an Armenian elected representative of the young, independent country Armenia, I am proud that we succeeded to solve one of the most complicated problems of the region: the Karabakh problem. And that we celebrated this May, the tenth anniversary of the cease-fire between Armenia and Azerbaijan. That exists without involving any peacekeeping forces on the line of the conflict.

But I am worried, and I feel responsibility for the future,

and for the dignity of the next generations. I am worried, because we started a very clear and honest struggle for freedom, justice, and prosperity; but we faced violation, disaster, crisis, war, and poverty. We lost patriots’ lives, and a developed economy and science. We lost the social safety of the population. We lost, not because we were not aware of the rules of the game, of the world policymakers, but because we acted against those rules.

We did our job on the basis of international recognized rights. We lost because some people in Armenia accepted the crazy rules of the game and became agents of influence of those evil forces, implementing in Armenia the idea of extreme liberalism and shock therapy.

As a part of the world society, we lost for a very simple reason. The reason is that the millions and billions of peaceful people have a permanent problem to come together and prevent the negative developments of their preliminary stages, while the international oligarchic structures are well organized and flexible.

We lost more, but Armenians, in their homeland and all over the world, are strong enough to get in the front position in the struggle for freedom, justice and prosperity.

Coming here together, we, the representatives of different countries and nations, hope to encourage Mr. LaRouche and his American team, to go and to make a victory for the Democratic candidate in the Presidential elections on Nov. 2. To finalize this effort is the job of the millions of American voters. I am glad to report to you, that Armenians in the United States will vote for Democrats, for Democratic candidate Kerry.

I am optimistic enough to discuss only what we have to do after the victory of the Democrats in the United States: to reduce the danger of explosion, and to make an atmosphere of confidence among nations, for middle-term and long-term creative projects, like the Land-Bridge project, and monetary system restoration.

So, I will briefly point to several artificially made points of tension, and give their main characteristics.

The Karabakh Problem

First tension point: the Karabakh problem. The Karabakh problem was known as an internal problem of the U.S.S.R., as there existed an Armenian population enclave inside the borders of Soviet Azerbaijan. It arose in the 1920s, after historically Armenian Nakhichevan and Karabakh were put under Soviet Azerbaijan’s administrative rule, with a status of autonomy. The Karabakh problem was brought by the Armenians before the Soviet administration in 1988, as a legal question, and was solved *de jure* and *de facto*, according to the Soviet Constitution, and international rights, before the U.S.S.R. stopped its existence as a state. The Karabakh problem doesn’t exist any more, after the Soviet collapse.



Hrant Khachatryan: "Compared to other countries of Caucasus, during the last ten years, Armenia succeeded in keeping peace and keeping the genie in the bottle. But we are sitting on the bomb that can explode any moment."

Second point, on the Karabakh conflict: One week after the Armenians raised the Karabakh problem with a legal resolution and peaceful demonstration in 1988, in Sumgait, a massacre occurred in Azerbaijan's Sumgait city. Many Armenian families, children, old men and women, were killed and shot in that Azerbaijan city. This way, the elements of violation emerged into the process of resolution of the Karabakh problem.

So-called dark forces brought violence and expanded it into the Karabakh war. Ten thousand people were killed and hundreds of thousands were casualties in this war. The Armenians were able to defend their legal resolutions and freed territories. A stable cease-fire was established after more than ten years. Diplomatic negotiations are going on under the control of international organizations, particularly the Minsk Group of the OSCE [Organization of Security and Cooperation in Europe], established to look for a peaceful solution for the Karabakh conflict. For a long time, the line of conflict between Armenia and Azerbaijan has been the most quiet place in the Caucasus. So far, the Karabakh conflict is living its own life, after the resolution of the South problem, and is one of the most dangerous points in the world to provoke a new war. The background is, we have a potential point of tension to serve the geopolitical interest with the use of arms.

Relations With Turkey

The third point: Armenia-Turkey relations. The historical problems between Armenia and Turkey are very well known. I would like to stress only, that Turkey is the only third party country of the world that has implemented sanctions against independent Armenia. Armenia suffers economic blockade by Turkey and Azerbaijan only. All the time, Armenian offi-

cial propose to Turkey to establish diplomatic relations and to begin economic collaboration, without any precondition. Armenia is ready to open its borders with Turkey. Turkey set the precondition of a Karabakh conflict resolution, and Armenia's genocide recognition task, using its geographical position with illegal methods. Thus Turkey takes sides in the conflict, and forces Armenia to be limited, making its choices by geopolitical reasons.

Compared to other countries of Caucasus, during the last ten years, Armenia succeeded in keeping peace and keeping the genie in the bottle. But we are sitting on the bomb that can explode any moment.

Polarization in Armenia

I would like to focus your attention on the significant social and political polarization inside the country. These problems of the shadow economy, corrupted structures, . . . and illegal relationships between government and the population, are similar to those reported here [by other speakers]. Not to mention the official figures of economic growth in Armenia, when the government officials report that 14% of GDP growth is not for the simple people, but for the oligarchical structures and that's normal for this transition period. And people ask, "How long will the transition period last?" The recent internal situation is much complicated with the violated Presidential and parliamentary elections. The united opposition led by the political bloc and parliamentarian faction named "Justice"—I am a member of this faction—is now boycotting the Parliament, calling for the restoration of the Constitutional order in the country, by arranging and passing the referendum of confidence in the powers of the President, as the Constitutional Court of Armenia decided, and stated after the elections.

Looking to LaRouche

Dear friends: I thank the Schiller Institute, personally Michael Vitt and Anno Hellenbroich, for lasting collaboration and support to make our analysis and investigation.

The people of Armenia, and I believe the people of all formerly developed and now only developing countries, are not only potential but also real fighters for the ideas mentioned by Mr. LaRouche's representatives of the Schiller Institute, and other participants. The Eurasian Land-Bridge program, the financial system restoration, and the other projects mentioned here, are in Armenia's national interest. But to start, we first need a political solution. We call upon you to raise the question to your governments, of not promoting the new totalitarian regime of the liberated former Soviet republics. I call upon you to recognize Armenia as a unified and independent country, and to promote its stability and development. I call upon Mr. LaRouche, to go and to win in the American elections.

Thank you.

The U.S.A. Holds The Key To Solving Eurasia's Conflicts

I ask you to shift your attention somewhat, from looking at the world, to looking at the world through my eyes. And look at the world through my eyes from the position I presently occupy in the United States, and from the circles with which I'm working, not only in our organization in the United States, but also with a large part of the senior circles of specialists in foreign policy, in military affairs, in intelligence, and in key elements of the Congress, among other sources.

At this particular point, it's obvious that if Bush were elected, there is not going to be a civilization. There may be wishful dreams, that somehow the world could survive, and outlive what a Bush Administration means, but that is a delusion, although it makes some people feel temporarily comfortable, until the contrary reality strikes.

Therefore the question that faces us now is, what is the United States going to do? And what does the United States face, as the realities it will understand? And largely because I'm part of it, part of the process of the understanding what the problems are we face over the coming eight years, which would be the expected term of office of the present candidate, Senator Kerry.

Now, you probably know from me, that my thinking is long term. I think that short-term thinking is stupid thinking. But unfortunately we live in a society in which short-term thinking, especially in the past 40 years, has become increasingly popular in Europe and in the United States. People don't like to think beyond next year.

We are living in an immediate-gratification culture or in an immediate-pain culture. We don't understand reality, and as I emphasized in the remarks here earlier this weekend, to me, stupidity is believing in Galileo, or to think the way he thought about things, of trying to treat the orbits of planets as caused by percussion. That is, you whack an object, like a tennis ball, and it follows a trajectory, and this is the general way people think about reality.

Reality is determined, however, quite differently. Reality is determined by assumptions, which most people take for granted; assumptions which take the same form as the definitions, axioms, and postulates of a fake geometry, otherwise known as Euclidean or Cartesian geometry. And, these ideas that are embedded in people through education remain permanent. They accept them as given, as virtually self-evident.

And they try to interpret everything from a sense-perceptual universe, as percussive action, connecting dots. You punch a ball, it goes in a certain direction, and you predict the result, as an immediate consequence of the action.

In reality, as I hope that Jonathan [Tennenbaum] will help to make clearer before the day is out,¹ in the real world, it doesn't work that way. For example, as I use the case of electricity: When we introduced electricity into the rural areas of the United States, beginning with the work by Franklin Roosevelt, we transformed agriculture, technologically, even without significant changes in the practice of agriculture otherwise. We made an environmental change, an axiomatic change, in the nature of the environment, which meant that all productivity, all productive action, now, was more efficient, even though the person who was performing the action was doing the same thing they'd done before. Now, by introducing electrification, we change the circumstances, which determined the *consequences* of his action. And therefore, the development of electricity, and the spread of electrification to rural areas, was the transformation of the agricultural potential of the United States, even though the changes by the farmer were limited. And those changes which *did* occur in the forms of the farmer's actions, were largely a result of the farmer's and agriculture's response, to the changes produced by electrification, and things of that sort.

In the same way, when agriculture was developed, more steel pipe went into agriculture than most people even know about. Agriculture was one of the great consumers of steel. And when the agriculture was shut down, largely, the independent agriculture, one of the chief sources of steel for the U.S. economy was the reprocessing of steel taken from broken-down farms. The farm went bankrupt, the farm was looted, the steel pipe used for water irrigation and so forth was taken out, melted down, and resold as new steel.

So that, it is what we do to the environment of individual action, in changing the principles, *physical principles which govern the effect of action*, which are most important.

This is also true in politics in general. For example: I have quite a record as a long-term forecaster. Back in 1957-58—or actually before then, but at that period, made a report—I did a study. It was done as a management-consulting report, on the forecast for the United States for the coming decade—economic forecast—which resulted in my forecasting two things: First of all, the immediate 1957 recession, which I called on the button, by the month. But, a longer-term forecast, at which I said: If—*if*—and “if” is the most important word in all forecasting, and all intelligence estimates, and all strategic estimates; *if* the United States continues to go in the direction of changes, changes in economic policy, characteristic of the period since the end of the war, especially the

1. Jonathan Tennenbaum's speech on “The Coming Triple Shock of the Physical Economic, Financial, and Cultural Crisis,” was published in last week's *EIR*.



Lyndon H. LaRouche, at the panel on “Strategy of Tension,” greets a supporter. To his left are: Hrant Khachatrian, Michael Liebig, Altay Unaltay, and Konstantin Cherenmykh.

policy trends established under Arthur Burns, as the advisor, then, to President Eisenhower, that by the middle of the 1960s, the United States and the world would enter a new phase, a phase of crises in the Bretton Woods system, which would lead, if they continued, into a general breakdown of the existing form of the Bretton Woods system, by about the end of the 1960s. . . .

But then, Kennedy was killed, and although Johnson was not a bad fellow, he had rifles pointed at him. . . . So he was scared. He capitulated. He went with the policy that Kennedy had opposed, and that he had opposed, launching the Indo-China War. The right wing had taken over. And they began to destroy the U.S. economy, by going to *precisely* the policies which I had warned against in this 1957-58 report.

And the system, 1967, the British system collapsed, the British pound sterling. Early 1968, the U.S. dollar began to collapse. Nineteen seventy-one, the decision was made, to collapse the international monetary system. It happened.

All these things that were happening, were obvious to me; and they should have been obvious to other people, but they weren't. People assumed that they could project, statistically, from trends the way things were going. They were always wrong. So the key thing you have to do in planning strategy is, don't try to get the “who hit whom” theory of strategy.

History Is Defined by Turning Points

All important events are embedded in the situation, *long before* most people even dream they're possible. Therefore, history is defined by turning points. And, the turning points of history are not always the most conspicuous changes, in terms of their effects. It's a change in behavior. It's like giving

birth, or conception of a child. The woman may be pregnant and may not realize it until some months later. In history, today, an adult is produced after 19 to 25 years, after conception.

All things important are like that—the seeds, a change in the characteristics of society, is introduced as a small development, and it spreads, and is to take effect. And one day, perhaps too late to change things, the consequence of planting that seed has become reality.

That's my experience in politics. That's my experience, why I always am way ahead of the pace, but I'm always right, on this kind of matter. Because most people are looking, trying to explain things in terms of “who hit whom.” The percussive theory of history; the Galileo theory of history. And, what you have to look at is the sometimes subtle changes,

in policy, or practice, or technology, or principles of science, which are introduced, or taken out. And, you think, for the time being: It's all right, things aren't going to change that much. The trends are established. Public opinion is convinced. Therefore, it must be true. Then one day the change comes, and hits you!—as if in the back of the head.

And that's what we're dealing with, in these matters of strategic warfare, these kinds of things. For example: The famous one in 1983, February 1983. About one year after I had begun conducting a back-channel discussion, on behalf of President Reagan, with the Soviet government, on what became known as the SDI, which had been my proposal to the Reagan Administration. At that time, I had a report, from Shershnev, who represented the relevant institution of the Soviet Union, connecting me to Moscow: He said his government, the Andropov government, would reject what I proposed, if offered by the President of the United States, and indicated what the policy of the Soviet Union would be, a policy which we knew later as the Ogarkov Plan. And I said to him, then, to Shershnev—Helga was there at the time, at that famous meeting we had in a hotel in Washington, D.C. I said, “Well, if your government does that, your economy will collapse within about five years.”

So, the decision made, when Andropov rejected that offer, made by Reagan, on March 23, 1983, *sealed the doom of the Soviet Union!* And the Soviet system. Did they think so at that time? No. Did the Americans generally think that way, at that time? No. Did the Europeans think that way, at that time? A few did! Including a few in Germany, some of whom are now dead, who worked with me, on this project.

In 1988, Oct. 12—Columbus Day in the United States—



Presidents Putin and Bush at Camp David, Sept. 27, 2003. “Propitiating Bush is the worst thing that Putin could do for the future of Russia,” said LaRouche.”

is a threat from the United States and Britain! The crisis in Transcaucasia, targetting Central Asia, and Russia, is run by the Anglo-Americans. And the Vice President of the United States, Dick Cheney, is one of the key architects *behind* the actions, which led to what happened in North Ossetia. That’s a fact. It’s known to us, in the United States in my circles, that that’s the case.

It’s known that the response by Putin is not responsible, in the sense it’s not competent in dealing with this kind of problem. Propitiating Bush, is the worst thing that Putin could do for the future of Russia. It’s a *terrible, strategic mistake*, and shows certain weaknesses in the Russian government, the fact that that mistake could occur. The Russian government should be smart enough *not to make that mistake*.

Helga and I went to Berlin, on the 11th; we gave a press conference on the 12th, and said the system is about to come down, and Berlin would probably be designated soon, as the capital of a reunified Germany.

It happened the next year.

Was the United States prepared? No. Was the D.D.R. prepared? *Not at all!* Shows you what kind of a stupid government they had over there! Didn’t know what was happening. Was the world prepared for it? No. I had forecast it. How did it happen? It happened because of the effect of principles which people pretended did not exist, or pretended were inconsequential because of other considerations. And they went ahead.

That’s what we’re in now. We are now in a situation—as I said—if *Bush were re-elected, civilization would soon begin to disappear*, and there’s nothing that any other part of the world could do, that is capable of doing, to prevent that from occurring: That is, if this thing goes wrong in the United States, Europe, Eurasia, *have no way that they’re capable of now, of preventing an absolute catastrophe, a dark age*. Therefore, we’re at the point, where that dark age must be prevented, and it must be prevented by the action in the United States of electing the right President, in the short term, and his carrying out the actions, of which the United States is capable, to prevent that thing from happening.

These are the kinds of realities that people try to deny. And they deny this by going into what I call, sometimes, fishbowl games. Now, all these things of irregular warfare are not controlled by the governments that deploy them. They come almost by instinct. For example, the former Soviet government is going to react, almost by instinct, to *what it knows*

But, it’s made the mistake: Why? The same principle: Operating on the basis of assumptions, in which conceited assumptions, people assume, “Oh no, we can handle this. We don’t have to take that into account.” Well, it comes, and it hits them in the back of the head.

Shift the Way We Think

So therefore, my concern here is that we shift our attention, in considering the kinds of reports we’ve had from our panel here today—and other sources—shift the way we think about them. Don’t try to interpret them as a “who is going to hit whom,” in the short term, kind of report. Don’t get involved too much with the detail. Take the details into account, but don’t let the details govern the way you think. You have to apply the right way of thinking, to interpreting the details.

And *most of the details you have to look at* are the ones you’re ignoring.

If you think you’ve got all the facts, and you’re going to interpret those facts, and find out what that means, you’re wrong. It’s the facts that you’re ignoring, in most cases, which are going to hurt you the most.

You have to look at these things as processes, processes that extend over periods of generations. Take the whole post-war period. An event, the death of Franklin Roosevelt, changed world history. If Roosevelt had lived, Truman would not have come to power, and Churchill’s England would not have dominated the world, including the United States.

The Indispensable U.S. Role

Foolish people today think the problems of the world come from the United States. That’s foolishness. They don’t



Prime Minister Tony Blair and President Bush, May 28, 2002. “Foolish people today think the problems of the world come from the United States. That’s foolishness. . . . They come from the Anglo-Dutch Liberal system, whose center of power is here in Europe, not in the United States.” Blair’s fascist government typifies the problem.

come from the United States: They come from the Anglo-Dutch Liberal system, whose center of power is here in Europe, not in the United States. The problem we have in the United States is, we have an extension of the Anglo-Dutch Liberal system, through traditional centers like Wall Street; and through the law firms of Wall Street and Washington, D.C.; and through the financial houses of Wall Street and Washington, D.C., which control our Justice Department, for example; which represent the right wing in our country, which is actually a fascist right wing, together with the fascist British Fabian Society, the fascist government of Tony Blair in Britain—and don’t kid yourself that it’s anything *but* a fascist government—and similar, allied forces in Europe.

That’s where the danger comes from.

So, in looking at this from the standpoint of the United States, where I, in my position, am concerned that the United States take the actions, which *it must take, and is uniquely responsible to take, to save the world from a plunge into hell*, which no one on this planet can prevent, now, unless the United States takes a certain action, first.

My concern is to mobilize Europe, above all, in cooperation with the United States, so that we together, can make the offers to the rest of the world, the changes that have to be made. The first thing we *must* change, if we’re going to survive: We have to *sink the present world monetary-financial system*. It’s going to go bankrupt, and *if you don’t shut down the present system, of central banking—if the European Union policies now in progress continue, forget the human race!* That change has to be made.

The change may seem small, but it’s decisive. Unless the

United States, and Europe, agree, to *shut down* this kind of system—the kind of system that dictates this crazy Hartz IV in Germany, and similar things; unless we agree, we can not create an international, new monetary system, through which this world can get out of this mess. And if we do not create the new monetary system we require, and launch programs of expansion, of the type that the BüSo [Civil Rights Movement Solidarity, the LaRouche party in Germany] did in Saxony—it’s the only sensible thing that happened, in response to the crisis was that, in Saxony. If we do not carry out those kinds of policies, which require the massive creation of credit; which require the suspension, through bankruptcy reorganization, of bankrupt financial institutions, without which it won’t work; if we do not create a new world monetary system, with the characteristics of those which Roosevelt launched in 1944 as the Bretton Woods

system, this world hasn’t got a chance.

Recognize the Real Enemy

And therefore, these are the kinds of challenges. What we’re dealing with, with so-called irregular warfare, is what? You’re dealing with an obvious intention. What is the intention? We’ve dealt with it before. The intention is, by people who represented the ultramontane system, of Venice, and Venice’s alliance with the Norman chivalry, which was called the ultramontane system, from the end of about 1000 A.D., until the 15th-Century Renaissance. *That system*, which is the British Empire’s continuation, in a modern disguise; the Dutch bankers, the British bankers, their imitations throughout Europe, are a continuation of the Venetian financier oligarchy. The military forces that are being used in *aid* of the bankers; the military forces control of governments; other irregular warfare forces are being used by this agency, which is a modern continuation of that Venetian system.

Therefore, what we have to do is recognize, that we have to destroy the enemy. The enemy is not persons as such; the enemy is not states as such. The enemy is a force in society, whose expression is, the British Empire! And the British Empire dominates the world today! People think, other things dominate—they don’t! Because as long as you believe in money; as long as you believe that money has an independent authority; if you believe that money has a moral content, then you’re a victim of the system, and you’re *a part* of the system, which is causing our destruction.

We have to go back to the idea of physical values, of production of physical values, of improving the environment.



make a loss, but something to grow for that benefit.

This is where the problems lie.

We fail, we are blind to reality. We focus upon false values. We put our confidence in false values. And therefore, things that sneak up on us, that we ignore, kill us and destroy us. That's all there is to irregular warfare! It's simple! If you realize that the power that's being exerted against us is banker power, you have no problem in understanding terrorism. Who's running terrorism? Who ran 9/11? The bankers!

I did a forecast, for example, just to conclude this: I gave a forecast, before Bush was actually installed as President. I gave it as a webcast forecast, as part of a series of commentaries, on this process after Nov. 7, 2000. I said: Since we're already going into a depression, and since Bush is stupid: Number one, the depression is going to accelerate—as it did. Second: Since we're faced with a situation in the world, like that which was faced by the time they put Hitler into power, on Jan. 30, 1933, in Germany, somebody is going to do pretty soon, what Goering did for Hitler: Set fire to the Reichstag! Which was done by Hermann Göring. And we had a Hermann Göring, in the woodwork in the United States, who organized what happened to the Twin Towers in New York City, on Sept. 11, 2001. And that was used *exactly* the way I said it would be used: to attempt to create dictatorial, police-state conditions inside the United States, and lead us into adventures, as Hitler led Germany into adventures. *It happened!*

The Pentagon after the terrorist attack of 9/11. LaRouche forecast, months before, that due to the onrushing depression, the synarchist forces—the same circles that put Hitler into power in 1933—would pull off a “Reichstag fire” provocation, as the pretext for implementing police-state conditions inside the United States. “It happened!”

Get those windmills down, and let some nuclear power stations in! If we don't go to physical values, and free ourselves from subjugation to the wisdom of the economists, the wisdom of the accountants; if we don't get back to physical values; if we don't get back to high-tech, that is, to scientific progress; if we don't get back to increasing the percentile of the population, which is trained in science; if we don't get back to insisting on something equivalent to the Humboldt reforms in education, which were taken away in Germany: If we don't do those kinds of things, we're going nowhere on this planet.

And the things that destroy these values, the things that take away our high-technology plants, that take away our improved agriculture, our improved industries, which take away our obligation to develop the undeveloped sections of the world, for the benefit of their people: If we don't change to that kind of system, and say that money is merely a tool which we use to facilitate circulation of goods; if we don't get back to a *state* system, a system based on *sovereign nation-states*; if we don't give the absolute power in monetary affairs, to sovereign nation-states; if we don't emphasize that approximately 50% of the total activity of an economy must be according to the *American System*—not the British system, the so-called capitalist system, but the American System—heavy investment in basic economic infrastructure and development—and the rest devoted to promotion of something equivalent of what we call the *Mittelstand* in Germany, the high-technology-driven, the morally driven firm, which is trying to create something good, make it grow, for the benefit of the society around it, not something to make a profit from. Not to

Now, stopping the war in Iraq was an important attempt, but that wasn't the most important thing. Some people thought stopping the war in Iraq was the most important issue. It was not! That was the immediate effect. I was proceeding from a higher purpose. Yes, try to stop the war, trying to prevent it. But I didn't gamble on stopping the war. I concentrated on laying the seeds for the *destruction* of the agency that had brought about the war! And, I ran an election campaign, with that in mind. And, when the time came, I supported Kerry, as a putative, electable candidate, in order to stop this, to *uproot this evil*, which is embedded in what? In the *British Empire!* In the Venetian-style, international, *Anglo-Dutch Liberal system*, which is worshipped in Europe! Which is treated as a virtual *god* in Europe!

Fortunately, in my country, under the right President, with our Constitution, it is not a god. And, it is for that reason, and that part of our character, which even generations of corruption do not eliminate from the culture of the people of the

United States: that with the right President of the United States, and with what *can be* the majority in the Congress, what represents the hard core of our Federal government professionals, we can rally, as we did around Franklin Roosevelt; we can put the present international financial-monetary system into bankruptcy reorganization. We will *sink* the IMF in its present form! We will *bankrupt* the present system. We will *free* people, from the present system. We will *stop* the cutting of standards of living. We will *stop* the cutting of pensions. We will create growth—American methods, American System methods.

We can do that. And I think that if we don't do that, everything else in the world, while it may be useful otherwise, will turn out to be something of a waste of time.

What you're dealing with now, in security problems, the Anglo-Dutch Liberals, otherwise known as fascists—they're Liberals on Sunday, and fascists on Monday—they will move, as they plan. Not only to take out Iran—they'll take out Iran, either with nuclear weapons, or otherwise. They'll take out Syria. Not because it's a smart thing to do, but because it's *in their instinct*, to do it. They will start a war with China. They will attack Russia. They are determined to destroy Russia! Bush may not know what he's doing, but they are determined, those behind him, are determined to destroy Russia, absolutely. They are determined to *eliminate* the existence of the nation-state in Europe! That's what the European Union project is all about: Eliminate the nation state! And turn us into a dark age. That's their intention.

It's not an intention, because they understand what they're

doing—some people do. But, it's an intention, because it is embedded in the characteristics of the institutions which are deployed.

What we're dealing with, with what we call irregular warfare, or invisible warfare, or whatnot, is nothing, but techniques which are there. And they're used, by instinct, not by understanding. And the reason we consider them mysterious, is because we refuse to see what the hand of the enemy is. If you admit, that every Anglo-Dutch Liberal is ideologically your enemy, and you recognize that it is he, who deploys these kinds of actions, then there's no longer a mystery as to why things happen.

There are very few mysteries that are true mysteries, in this kind of life today. What we call mysteries, what we call secret, what we call covert, is not what is really hidden. It's what our own blindness prevents us from seeing.

If you understand the enemy, the identity of the enemy; if you understand his objectives; if you understand what it is he wants to destroy, then you recognize the problem.

If you wish to pretend that these are nice nation-states; and these are European or other traditions; that this is the way things should be; that things do happen that way: If you believe that, you're a fool. And you say, "This is mysterious."

For me, it's not mysterious. I know the enemy. How many people are willing to say, "Anglo-Dutch Liberalism is our enemy"? And to trace all of our problems to the effects of the actions of Anglo-Dutch Liberalism. That's our problem.

It's not that we can't see, but that we prefer to be blind.

Austria's Dr. Hans Klecatsky Welcomes LaRouche's Role

Prof. Dr. Hans Klecatsky, former Justice Minister of the Republic of Austria, and professor emeritus of the Institute for Public Law at the University of Innsbruck, sent this message of greeting to the Schiller Institute conference.

For quite some time, I've been following with great interest, the work of your international organization, and I am very, especially impressed by the courageous way that Mr. Lyndon LaRouche has set himself openly against the disastrous policies of the neo-conservative forces. When I hear the daily horror news coming out of Iraq, and see at the same time, the threatening gestures against other states, like Iran or North Korea, then I shudder in horror. And I can only hope that Mr. LaRouche succeeds in influencing Presidential candidate John Kerry's campaign, that he succeeds in such a way that Kerry recaptures the basic value

of traditional domestic, foreign and economic policy. And thereby wing the coming elections. A re-election of George W. Bush and Dick Cheney means a serious threat to the peaceful future of Europe, the whole world, and naturally, for the U.S. itself.

One of the merits of the international LaRouche organization, is that it is beginning to succeed in making this understood in Europe.

The high price that Mr. LaRouche has paid for his engagement, is very well known to me. I, myself, am among those jurists and statesmen from all over the world, who warned of the dangerous consequences of the abuse of justice, in the so-called "LaRouche case." The sad examples from Guantanamo Bay, from the Abu Ghraib prison, or the general undermining of the principles of law under the banner of the war on terrorism, demonstrate just how precise and relevant our warnings were, at the time.

I therefore want, once again, to assure you of my support for the meritorious activity of your organization, and to wish especially Mr. LaRouche, strength and good health.

Terror Bombings Target Egypt for Destruction

by Dean Andromidas

The terror bombings Oct. 7, which targetted the Taba Hilton and other tourist resorts in the Egyptian Sinai Peninsula, killing 15, and wounding nearly 60, mark a major assault on Egypt. Hala Mustafga, a commentator for the Egyptian government-backed *Al Ahram* daily, wrote: "The choice of the target was very symbolic. It will damage Egypt's standing in the region, challenge Mubarak's authority, and probably hurt the economy, where tourism is the main source of income."

The attack on Egypt is part of the expanding "Arc of Crisis" that begins in Central Africa, reaching up through Sudan, into Egypt, Israel, Syria-Lebanon, and into Iran and Central Asia. The policy is to create chaos and destruction. The wars in Afghanistan and Iraq are only the beginning of this policy, as was stated by Lyndon LaRouche at a recent international seminar held in Germany on Sept. 23. LaRouche warned, "Do not axiomatically assume" that the ongoing disastrous military, political, and social-economic situations in Afghanistan and Iraq, are the result of "miscalculations or strategic mistakes," LaRouche said. Consider that "maybe this was not a mistake, but rather, intentional."

This policy is aimed at Africa, and Eurasia as a whole, LaRouche continued. The intent is to "destroy the entire territory, get the people out of it, and leave the natural resources of central Eurasia for future generations"—under the control of the Anglo-American synarchist oligarchy that stands behind the Bush-Cheney government.

LaRouche referred directly to the targetting of Egypt as part of this policy, in answer to a question during his Oct. 6 international webcast in Washington, D.C. Referring to the manipulation of the Darfur crisis in Sudan, LaRouche said: "And the way this Darfur thing is being mishandled and misrepresented, including by [Democratic Presidential candidate John] Kerry, is part of the problem. Certain people are trying to destroy Egypt, by destroying Sudan. [South Sudanese se-

cessionist John] Garang is a U.S. agent. Garang's agents are part of the slaughter. That's the genocide. . . . The other agent is [Hassan] al-Turabi, who's a *British* agent, of the Muslim Brotherhood pedigree. . . .

"So you say the Sudanese government is doing it; it is the United States government that is doing it, with the British. . . . The purpose is: They'll grab the water and oil of the region, from Sudan. And while they grab the water, they're going to collapse Egypt. You collapse Egypt, you want peace? You want Hell on Earth?"

Agreeing with LaRouche's assessment, an Israeli intelligence source said that those who say it was al-Qaeda or the Mossad miss the point. Al-Qaeda is being blamed all the time for every attack no matter where it is, he said. That doesn't mean much, because al-Qaeda is blamed for everything. As for the Mossad, he said, Mossad chief Meir Dagan, a crony of Israeli Prime Minister Ariel Sharon, is capable of anything. However, the source said, he would hesitate to say the Mossad would do it directly, and if they did, then they had crossed a very dangerous red line. The crucial point, he said, is to identify the geopolitical forces from outside the region, as well as from inside the region, who are behind this attack and benefitting from it. These two forces may not necessarily have the same agenda. The source said that the attack is "a gift to extremists on both sides."

Israeli Prime Minister Ariel Sharon, along with Vice President Dick Cheney, were quick to name al-Qaeda. Within hours of the attack, Sharon ordered the Israeli security services to concentrate on targetting al-Qaeda. So, one can soon expect that car bombs will be going off in Arab capitals, like the bomb that killed an Hamas operative in Damascus last month.

Meanwhile, certain voices in the Arab media were quick to blame the Mossad. By contrast, as of this writing, the Egypt-



Egyptian President Anwar Sadat, U.S. President Jimmy Carter, and Israeli Prime Minister Menachem Begin at the signing of the Camp David Accords, Sept. 17, 1978. The Sinai bombings have placed the peace treaty in jeopardy. The 1995 Middle East Peace Treaty was signed by Israeli Prime Minister Shimon Peres and Palestinian leader Yasser Arafat at the Taba resort which was recently targeted by terrorists.

tian government has refused to conclude who was responsible for the attacks. Whoever the hands and feet were who carried out the bombings, the intention is clear: Egypt has been put on the same target list as Syria, Saudi Arabia, and Iran.

A New 1967 War?

Egypt stands at the dangerous crossroads of this expanding Arc of Crisis, which stretches from Africa into West and Central Asia. To Egypt's south, the Arc begins in the mineral- and oil-rich regions of Central and West Africa, where, for the last decade, an axis of Anglo-American mining and oil corporations, British mercenary firms, and Israeli arms dealers have engineered genocidal wars which have allowed the world's largest natural resources grab to take place.

This process has reached up into Sudan, where the war being waged by the Anglo-American-backed separatist army of John Garang has expanded from southern Sudan into the Darfur region in the west, threatening the dismemberment of Sudan. Chaos and destruction in Sudan threatens the watershed of the upper Nile, whose life-sustaining water is the determining factor in Egypt's very survival as a nation.

To Egypt's north is the raging war in Iraq, which Cheney and his neo-cons are determined to expand into Syria and Lebanon on the one hand, and into Iran on the other. The neo-con ideologues have signalled that Saudi Arabia and Egypt are no longer to be trusted. In preparation for expanding the war into these regions, last March, the Pentagon removed Syria and Lebanon from its European Command, and transferred them to the Central Command—the same Command that is waging the war in Iraq.

The Central Command now encompasses a region

stretching from the India Subcontinent and Central Asia, into West Asia and down into Egypt and the Horn of Africa, including Sudan, Ethiopia, Somalia, and Kenya, thus covering the entire Arc of Crisis. Only Israel remains under the European Command. The plan of these neo-con strategists is that Israel will serve as the "bridgehead," if war is waged against Syria or Egypt.

Cheney and the neocons' ally is Sharon and his generals, who are eager to eliminate Syria and Iran as military powers. *EIR* reported that Amir Oren, a Israeli military security commentator, wrote a signal piece June 5 in *Ha'aretz*, saying that military security circles linked to Sharon no longer trust Egypt as a peace partner, but see it as a future enemy. (See "Sharon's Generals Plan New Six-Day War with Egypt," *EIR*, June 18.) Moreover, Oren wrote that any war against Syria would potentially draw a response from Egypt, requiring a decision on whether Israel would overturn its 1978 peace treaty with Egypt, and launch a pre-emptive strike against Egypt, as it did in the 1967 Six-Day War.

The Sinai bombings have undermined the treaty. They represent the first wide-scale terrorist attacks on Israelis in Egypt since the treaty was signed, and they are the first attacks, ever, in the Sinai. The Taba Hilton is so close to the Israeli border, that the blast from the car bomb destroyed the facilities at the border crossing.

Since the peace treaty, the Sinai has been the one Arab region to which Israeli tourists have flocked in the thousands. Israeli commentators point out that the Sinai has been a place Israelis could see that they could live in peace with their Arab neighbors. The bombing shattered all that, serving to push Israelis psychologically into Sharon's hard-line mentality.

Similarly, Egyptian sources pointed out that the “terrible thing” emerging from the attacks is that some are justifying it, saying, if the Israelis are allowed to kill innocent civilians in the West Bank and Gaza Strip with impunity, and under U.S. protection, then “someone has to do something” against Israel. One source noted that even Mohammed Seyed Said, director of the Al Ahram Center for Political and Strategic Studies, had written an article condemning the attack, but mentioning that if governments are helpless, then individuals will act out of desperation.

The bombings could lead to the re-militarization of the “Area C” buffer zone in the Sinai, where a special security regime exists, as a part of the 1978 Camp David Accords. The re-entry of heavily armed Egyptian forces could serve as a pretext for cross-border clashes. Sharon’s ongoing military operations in the Gaza Strip, which borders directly on the Sinai, could also serve as a flash point.

Overtaking the Israeli-Egyptian peace treaty, also requires overturning the strategic partnership between Egypt and the United States, upon which the treaty was built. That partnership has been sealed with more than a billion dollars annually in U.S. military aid to Egypt.

Meanwhile, Sharon’s generals continue their war-like policies. In the Gaza Strip, the three-week-old brutal Israeli military operation had taken the lives of more than 110 Palestinians, including 40 children. On Oct 12, Sharon denied a request by the Israeli military high command to end the operation, because it has lost all military purpose. Sharon simply wants to keep killing Palestinians.

Only three days after the Taba bombing, Oct. 12, Sharon ordered Israeli F-16s and helicopter gunships to conduct provocative sweeps over Lebanon’s Beqaa valley, where Syria’s troops are stationed. Such sweeps are aimed at drawing anti-aircraft fire by the Hezbollah militants, which, in turn, serve as a pretext for Israeli reprisals. Then, on Oct. 13, a Hamas representative in Damascus revealed that the Syrian authorities had arrested four individuals who were believed to be involved in an Israeli plot to assassinate Hamas leader Khaled Mashal. At that very moment, Mashal was in Egypt holding discussions with Omar Suliman, Egyptian President Hosni Mubarak’s intelligence chief. Suliman has been endeavoring to mediate a ceasefire among all the Palestinian militant factions, in an effort to get the peace process off the ground. Sharon has been systematically sabotaging this effort by killing the moderate leadership within Hamas who are supporting Suliman’s ceasefire.

Voices of Concern Speak Out in Israel

On Oct. 11, the prestigious Jaffe Center for Strategic Studies published its latest report, “The Middle East Strategic Balance 2003-2004,” which warned that Bush’s war in Iraq has become a serious distraction from the international war on terror. The Jaffe Center represents a faction of the Israeli military security establishment that is alarmed by the dangers

the Cheney-Sharon alliance pose to the security, if not the very survival, of Israel. An executive summary of the report states:

“During the past year Iraq has become a major distraction from the global war on terrorism. Iraq has now become a convenient arena for jihad, which has helped al-Qaeda to recover from the setback it suffered as a result of the war in Afghanistan. With the growing phenomenon of suicide bombing, the U.S. presence in Iraq now demands more and more assets that might have otherwise been deployed against various dimensions of the global terrorist threat.” The report also said the war has “created momentum for many terrorist elements, but chiefly al-Qaeda and its affiliates.”

The directors of the institute were even more forthright in their comments to the press. Shai Feldman said that the vast amounts of money poured into Iraq have deflected assets from other centers of terrorism, such as Afghanistan. He said the intelligence expenditures made necessary by the large U.S. troop deployment “have to be at the expense of being able to follow strategic dangers in other parts of the world.”

Brigadier General (reserve) Shlomo Brom said the U.S. effort was misdirected at the strategic level. If the goal in the war against terrorism is “not just to kill the mosquitoes but to dry the swamp, now it’s quite clear” that Iraq is not the swamp. He went on to say, “On a strategic level as well as an operational level the war in Iraq is hurting the war on international terrorism.”

Yoram Schweitzer, who wrote the report’s chapter on Iraq, said that the conflict there is a “national struggle,” as it is with the Palestinian militant groups, while groups like al-Qaeda target the Western world. Schweitzer reported that he had interviewed many Palestinian militants and found that “many are critical of al-Qaeda and its methods.”

Contrary to Sharon’s policy of provoking a war with Syria, the report calls for accepting Syria’s offers for peace talks. The report states: “In 2003-2004, Israel refrained from exploring opportunities of reaching a peace agreement with Syria. Repeatedly, it has either issued unreasonable preconditions for the renewal of negotiations or altogether ignored signs of Syria’s willingness to renew such talks. This is unfortunate, because peace with Syria would likely have considerable positive strategic consequences: It would complete the process of signing peace agreements between Israel and its immediate Arab neighbors; it would limit Hezbollah’s ability to continue waging its struggle against Israel; it would limit Iran’s political challenge to Israel; and it would ease the burden on Israel as it continues to grapple with the Palestinian front.”

All regional observers agree, the only way to avoid what threatens to become another catastrophe, is a regime change in Washington. If the Bush Administration is not ousted in the coming elections, war between Israel and Syria, Egypt, and Iran, is almost assured. Only a Kerry Administration open to the policies of LaRouche could stem the tide toward a new war.

Israeli Anti-Sharon Peace Leader Tours U.S.

by M. Woodward

On Sept. 12, Adam Keller, life-long Israeli peace activist, prominent member of Gush Shalom, author of *Terrible Days: Social Divisions and Political Paradoxes in Israel*, and editor of the quarterly *The Other Israel*, began an impassioned, 19-day tour of nine cities in North America (including Toronto), bringing a voice of reason and dialogue, which is excluded from mainstream U.S. news media: that of the Israeli citizenry which is working with Palestinians for a just, two-state solution to the ongoing crisis in Israel/Palestine. Upon accepting an invitation to speak at a three-day UN Conference on Civil Society in Support of the Palestinian People, Keller offered to speak to various Jewish and coalition peace groups throughout the United States.

Keller spoke to a capacity audience on Sept. 26, at the Friends Center in Philadelphia, giving a history of his involvement with the peace camp in Israel. He was 11 when the “new territories” (now known as the “Occupied Territories” of the West Bank and Gaza Strip) were acquired during the Six-Day War in 1967. Two years later, he was doing fundraising to assist in Israel’s purchase of Phantom airplanes from the United States. He subsequently joined Knesset Member Uri Avnery’s youth movement, because of his support for separation of Israelis and Palestinians. (Octagenarian Avnery, who called for a Palestinian state during the Six-Day War, seems to grow more youthful with each paper that he writes; he has, throughout his life, been condemned by the sophists of Israel, for corrupting its youth.)

At the age of 16, Keller was greatly upset by Ariel Sharon’s put-down of an uprising in Gaza, and one night met with someone who, in cloak and dagger fashion, brought him to meet with a soldier in a basement. The soldier, who was printing leaflets that had been censored by the military, spoke to him of war crimes being committed by the army, against the Palestinians. Keller took stacks, and went through neighborhoods, placing them in people’s mailboxes.

Despite his activism for peace, Keller, recognizing the legitimate need for the self-defense of his country, was ready for his induction into the Israeli Defense Forces (IDF) at age 18, and was greatly disappointed that poor vision prohibited him from being trained for combat. He joked that his first act of refusal was to reject work in warehouse maintenance. However, he changed his mind when his superior explained that this was an important job, since the army could not survive without logistics.

Keller’s greatest lamentation concerns current Prime Minister Sharon. “Sharon has been there all my life,” he is “always there,” and “influential not in a good way.” Sharon, as Defense Minister, launched Operation Peace for Galilee on June 8, 1982. The auspices were that the invasion of Lebanon was necessary to stop terrorism against Israelis (in case anyone missed the point, Keller noted that the Iraq War was “familiar” to those who experienced the Lebanon War).

Birth of the Anti-War Movement

Sharon’s position was to circle Beirut, and the soldiers at the “front started getting the feeling that the government was not telling them the truth” about why they were there. After a while, the troops telephoned Peace Now, in Jerusalem, asking why they were not demonstrating. They were told, “We don’t want to demoralize the troops,” to which the soldiers responded: “We are the troops!”

And so, the anti-war movement was started in Israel. The first demonstration was 50 strong, in front of the Defense Ministry office, where many of them were beat up by police in civilian clothes. A subsequent demonstration brought out 100,000 people, causing the government enough concern that they sponsored a counter-demonstration. Keller called this “our victory,” that the government had to hold its own rally in support of itself.

In September 1982, Israelis began pouring into the streets, outraged by the massacres of Palestinians in the Lebanese refugee camps of Sabra and Shatilla, by the Christian Falange, under the implicit direction of Sharon. On Dizengoff Street, in Old Tel Aviv, police were waiting, and everyone who took that route was arrested. Nonetheless, as Father of the Yiddish Renaissance I.L. Peretz’s father once told him, “They can’t put the whole world in jail,” and anti-war demonstrations continued for a week. During one, a grenade was tossed into the crowd, killing one and injuring ten.

The largest demonstration, of 400,000, caused the formation of the Kahan Commission of Inquiry into the massacres. Despite the rightists howling that the left was victimizing Sharon, he was forced to resign, and IDF Gen. Rafi Eitan was dismissed from his position.

The peace camp thought that this was the end of Sharon. But, as Keller put it, “I will know Sharon is ended when I see him in his grave. Then I will put a big rock on it.” (Jews, when we visit our loved ones at the cemetery, do not bring flowers, for cut flowers die quickly. Rocks symbolize the strength of love.) Sharon is the “great manipulator,” the manipulator of Palestinians and of settlers. Virtually every cease-fire of Palestinians is met with a convenient extra-judicial murder, leading to another suicide bombing, which is manipulated into “proof” that there is no peace partner.

Keller’s ‘Refusal’

Mandatory conscription in the IDF lasts for three years, beginning immediately after high school. After the three-

year stint, soldiers then become reservists, and spend one month every year in the military. In 1984, Keller was jailed for his first refusal, not to go to Lebanon. His commander told him that one more soldier was needed for the deployment, and if Keller refused, they would send an acquaintance, Moshe, in his place. Moshe had a young daughter, and the army gave Keller two hours to make his decision. Though he worried about Moshe constantly during his month in jail, he realized that Moshe needed also to refuse. (This psychological warfare operation by the IDF is a watered-down version of what World War II concentration camp survivor and psychoanalyst Bruno Bettelheim describes in one of his essays. The Nazis ordered a Jew to dig a hole, threw another Jew in, and ordered the first to bury the second alive. When he refused, the Nazis had them switch places, and the Jew who had not been buried, was so terrified that he buried the man who had not killed him.)

In 1988, Keller was a dishwasher for the post stationed in the Negev Desert. He spent “two very busy nights” writing anti-occupation slogans on 117 tanks, and in bathrooms. The military police questioned everyone, inquiring, “Do you know any leftists around here?” Keller was arrested and spent three months in jail.

He became a total refuser after a trial against four soldiers who had beaten a Palestinian to death in front of his family. The soldiers were sentenced to only nine months, and then complained that they were being victimized, and threatened to reveal the names of their commanding officers who recommended they “break the bones of Palestinians.” They were released, and Keller went, again, to military prison, for his protest.

There, he refused everything: He refused to wear a uniform, and was force-dressed. He refused to call his superiors “sir.” He went on a hunger strike, and only drank tea with sugar for two weeks.

Keller found jail a good organizing place. “Some people, when you’re months in prison, are more willing to talk to you” (many years later, one cellmate sent word to him that he was allowing Palestinians to pass through checkpoints without looking at their identification). There, he also found a “solidarity of the trouble-makers,” as when another prisoner offered to surreptitiously give Keller his food.

After two weeks, he was given a permanent psychiatric release, “mentally unfit” for military service.

Keller’s son, Uri Ya’acobi, having grown up during the occupation, never got to see the IDF as protective, only abusive, and he became a pacifist (when in school, and the teacher asked, “What does your father do in the army?” he answered, “My father is a prisoner.”)

According to Keller, “the Refusal movement is now quite flourishing.” He told his rapt audience: “We in Israel can’t vote on Nov. 2. We are counting on you to get Bush out, if for no other reason than to give an example to the world: ‘Crime doesn’t pay.’ ”

U.S. Runs Afghan Polls: But What Next?

by Ramtanu Maitra

Despite repeated threats issued by the anti-Kabul and anti-U.S. militant groups prior to the Oct. 9 Election Day, Afghanistan’s first-ever Presidential poll went off peacefully. The election, however, was full of irregularities, and at the time of writing, after five full days, the vote counting has finally begun.

It is evident that the outcome was determined prior to the poll. The U.S.-backed Afghan Interim President, Hamid Karzai, will be the first Afghan President, but it is also clear that his control over Afghanistan will remain confined to the capital, Kabul, and its immediate periphery.

Some analysts have pointed out that one of the reasons why the poll was relatively peaceful is that Karzai, with the help of the U.S. Ambassador to Afghanistan, Zalmay Khalilzad, had worked out a deal to obtain support from a faction of the Taliban to support Karzai, because he is an ethnic Pushtun. Subsequent news reports suggest Karzai has already offered some Taliban leaders Cabinet posts when he gets formally elected. The other reason for the relatively peaceful poll, was keeping Pakistan under a tight leash.

Pakistan, which still harbors a large number of anti-American and anti-Kabul militant groups, reportedly negotiated an agreement to control the militant groups on Election Day, so that the Bush Administration will be able to use the Afghan election as a “showcase” of democracy, and thereby more credibly predict, before the U.S. Presidential elections, such an outcome in the scheduled Iraqi elections next January, as well.

There is no question that Washington considers having carried out the Afghanistan Presidential election a great success. The U.S. Commander in Afghanistan, Lt. Gen. David Barno, told a news conference that the Afghans who turned out in the millions for the Oct. 9 vote “delivered a resounding defeat to the terrorists who had sought to deny them their rightful future, and that message has been heard around the world. . . . The overwhelming success of this election is a strategic defeat for al-Qaeda and the Taliban, and is a turning point for Afghanistan and the Afghan people.”

A similar statement was issued by U.S. Secretary of State Colin Powell, who told news persons that “the fact that this election took place in an environment remarkably free of violence is an important and untold story.” The election showed that democracy was possible in Iraq, which the U.S. invaded last year, he added.



An Afghan casting his vote in the Oct. 9, 2004 Presidential election. However, because Afghanistan's "new politics" is caught up in the volatile old ethnic politics, with each of the dominant groups jockeying for position, and because opium production has soared to record levels since the U.S. military intervention, the prospects for long-term peace do not look good.

Support in the Region

Interestingly, both India and China, the two largest nations in the region, have also hailed the election as a major achievement.

India, which unofficially backed Karzai as the Presidential candidate, hailed the elections as a "historic milestone" in its journey towards peace, stability, and prosperity, and said New Delhi was looking forward to strengthening traditional ties with Kabul.

Beijing's reaction was equally positive. A *China Daily* article on Oct. 11 pointed out that Afghanistan, having endured, since the U.S. invasion in the Winter of 2001, a period only marginally better than the preceding years under the rule of the ousted Taliban regime, is now embracing a nascent democracy.

"As millions of Afghan people, especially women—once prohibited from even leaving their homes unaccompanied, let alone engaging in political activities during the reign of the Taliban—lined up at scattered polling stations on Saturday [Oct. 9] to vote for their country's new leader in the first secret ballot since the late 1960s, there was no doubt that a new page had opened for the impoverished

nation," the *China Daily* said.

Russia, on the other hand, has not indicated such confidence in the Oct. 9 poll, but it is evident that Russia wants a stable and peaceful Afghanistan. Whether such conditions can be achieved through one Presidential poll remains a question mark in Moscow's mind.

Violence Not Over

Most Afghan-watchers conclude that violence is not over, and the relatively peaceful conduct of the election cannot obliterate the fact that leading to the election, at least 44 poll workers were killed by the anti-Kabul groups. In addition, hundreds of bombs had gone off to scare the electorate in the last few months. Even on Oct. 9, security forces had prevented dozens of attacks with improvised bombs, and arrested 22 people carrying arms and explosive devices. This indicates that violence in Afghanistan is likely to continue, and all that one can say at this point is that the militant opposition to the Karzai regime failed to disrupt the landmark election.

The election may have also opened up old wounds. Ballot-counting in Afghanistan's Presidential election encountered uncalled-for delays and began on Oct. 13, as a special commission probed allegations of irregularities.

The special election commission, appointed by the joint Afghan-United Nations Electoral Management Body (JEMB), convened to evaluate complaints made by Presidential candidates, who alleged that widespread irregularities had tainted the Oct. 9 vote.

At the same time, Presidential candidates who challenged Karzai at the polls are moderating their protests over election irregularities. On Oct. 13, Uzbek warlord Abdul Rashid Dostum joined other prominent Presidential challengers—including Yunous Qanooni, a leader of the Tajik-dominated Northern Alliance, and the main ethnic Hazara candidate Mohammad Mohaqiq—in backing a boycott of the election results and throwing support behind the election probe.

There are also reports that in eastern and southern Afghanistan, where Taliban militia are the strongest, the local residents, many of them Pushtuns, like the bulk of the Taliban militants, had actively worked to ensure a smooth election. Reports indicate that Ambassador Khalilzad has met with major candidates asking them to withdraw their protests.

This election has also emphasized that Afghanistan's "new politics" is helplessly caught in the volatile old ethnic politics, with each of the dominant groups—Pushtuns, Tajiks, Uzbeks, Hazaras—jockeying for position and influence in the post-elections scene. Some observers have reported negotiations in progress between Karzai and the leaders of the ousted Taliban militia. Prominent Afghan journalist Sami Yousafzai met some Taliban leaders in the eastern Paktia province, who admitted that they voted for Karzai because he was a "better enemy than those who defeated us with the help of the U.S., but now are criticizing the U.S. just to get the votes of Pushtuns."

Insanity Wins in Australian Election

by Allen Douglas

Prime Minister John Howard's Liberal/National Party Coalition went into the national election Oct. 9 with a narrow edge over the opposition Australian Labor Party (ALP), under Sydney Member of Parliament Mark Latham, but emerged with a decisive victory. Some 15-20% of the vote is not yet counted, but the Coalition is projected to win 84 seats to the ALP's 58, with 3 independents, and five races presently too close to call, for the nation's 150-member House of Representatives. Moreover, Howard is expected to control the 76-member Senate, either through Coalition senators directly, or, with the aid of one member of the religious fundamentalist party, Family First.

Howard is a second-generation fascist, the chief ally of the Cheney/Bush and Blair governments in their disastrous war on Iraq, and a notorious liar, repeatedly denounced as such in the pre-election period by hundreds of senior figures, including diplomats and military leaders, doctors, academics, and others. How did such a man win a fourth term, increase his lead by a dozen House seats, and gain de facto control over the Senate—the first time in two generations that a party has controlled both the House and the Senate?

Several kinds of insanity were afoot. The first was that of the ALP, which was advised by the degenerate U.S. political consultant, toe-sucker Dick Morris, to ignore its own base and the economic collapse destroying the country, and to concentrate instead on suburban “aspirational voters.”

The second form of insanity—religious fundamentalism—was also notable in the meteoric rise of Family First, a fundamentalist party based upon the millennialist, barking-in-tongues pentecostals of the Assembly of God churches. This party emerged out of nowhere to garner 2% of the vote nationally, to strike a national deal on votes and “family policies” with the Coalition, and to win at least one, and possibly two Senate seats. (See *EIR*, Oct. 8, 2004.)

The third form of insanity was that of the legions of desperate homeowners who ignored Howard's war-and-domestic fascism agenda, in favor of his charge that the ALP might raise interest rates, and thus turn them out of the homes for which they pay 40-60% of their monthly income. Exit polls showed this concern as decisive, which is lawful, given that Australia has a worse real estate bubble than either the United States or the United Kingdom.

The one spark of sanity in the otherwise-crazy electoral landscape, was the large increase of votes for LaRouche's associates in the Citizens Electoral Council. With 80% of the vote counted, the CEC's vote is 90% above its 2001 federal total, and should finish at well over double 2001. In the smaller states of Tasmania and the Australian Capital Territory (ACT), the CEC's vote was 350% and 450%, respectively, above 2001. In individual races, CEC state secretaries Ann Lawler in New South Wales scored 3.28%, and Jan Pukallus in Queensland scored 2.73% of the total. The CEC's Sleiman Yohanna registered 2.28% of the vote in the Melbourne, Victoria, electorate of Calwell, while 11 other CEC candidates hit around 1% or more.

The CEC ran 96 candidates for the House, the sixth largest of any party, and polled tenth of the 26 parties on the ballot, with 0.35% of the vote nationally. This was despite the usual barrage of nasty libels in the Rupert Murdoch-dominated major media, and despite several establishment-promoted operations to suppress the CEC's vote, such as the last-minute entrance of Family First, and local populists promoted for the same purpose.

The Idiocy of the ALP

Howard has been Prime Minister since 1996, and has done much to immiserate Australia's population, one-fifth of whom live in poverty. He should have been a target as wide as a barn door—except for one small problem: Despite its opposition to the Iraq war and its more pro-labor orientation, the ALP itself pioneered the deregulationist, globalist policies Howard has pushed, including the wholesale sell-off of the nation's once-proud infrastructure.

Beginning in 1983, ALP Prime Minister Bob Hawke and his treasurer Paul Keating floated the Australian dollar, deregulated the economy, and began privatizing state assets, which Keating continued as Prime Minister, from 1991 to 1996. Typical of the insanity ruling the ALP, ALP National Secretary Tim Gartrell said on TV on Oct. 10, “Paul Keating and Bob Hawke left Australia with a pretty good economy and they reformed the Australian economy, and that part of their reforms are what John Howard's benefiting from now.”

But even if the ALP had decided to ignore the elephant in the middle of the room—the economy—and had conducted a bare-knuckles campaign on Howard's chronic lying—including his leading Australia into a war which his own intelligence services had told him was based on lies—it still could have won the election, as witnessed by the results in Howard's own blue-ribbon Liberal electorate of Bennelong in suburban Sydney. There, the courageous former Office of National Assessments (ONA) analyst Andrew Wilkie, who had quit ONA (Australia's premier intelligence service) just before the Iraq war in an attempt to stop it, ran as a Green party candidate against Howard. In a loose alli-

ance with a group of disaffected Liberals under former Howard supporter and Liberal Party president John Valder, and with some hard-hitting campaigning in the electorate by the CEC, Wilkie reduced Howard's margin of victory by 4%, even while there was a national swing to the Liberals of 3.2%!

The same thing happened in the adjoining electorate of Howard's attorney general, Philip Ruddock, who pushed through 30 fascist "anti-terror" bills for the Coalition in the past two years.

The Real Economy: A Snapshot

Contrary to the pipe-dreams of both Howard and his nominal ALP opposition, Australia's economy is in the same disastrous shape as Europe and the United States, a reality temporarily papered over by the "wealth effect" and accompanying insanity of the greatest speculative bubble in history. Look at just a few indicators of that reality.

- **Water:** Australia is in perhaps the worst drought in a century, which is discussed in the nation's press almost every day. Reservoirs for major cities like Melbourne and Sydney are at record or near-record lows, and 62% of the nation's agricultural land is officially in drought. However, as the CEC demonstrated in its February 2002 issue of its newspaper *New Citizen*, Australia has huge, unused volumes of water in its northwest, north, and east, which now flow out to sea, but could be utilized to drought-proof the continent.

The Coalition's "solution," however, is "water market reform": Jack up the price of water, and cut back supplies, which will cost billions in lost agricultural production.

- **Energy:** ever since the privatization of much of Australia's energy grid in the 1990s, blackouts have hit major cities, and thousands of the poor have had their utilities cut off, because they can not pay their bills. The Coalition/ALP solution? To build hundreds of "wind farms," which are incapable of supplying even the amount of energy it costs to build them.

- **Transportation:** Much of the country's rail grid has been shut down, while most of the rest has been privatized. The rail systems are notoriously unsafe, and, with the exception of a few small lines—notably those used by Rio Tinto to pull raw materials out of the country—are becoming more and more antiquated, while highways are increasingly congested and dangerous.

- **Health Care:** This is a national scandal, with disaster after near-disaster covered daily in the major media. Ten public hospitals have been shut down under Howard, and virtually all the nation's hospitals are dangerously overcrowded. The sparsely populated Northern Territory leads the nation with a pathetic 3.76 beds per 1,000 people, while Victoria has 2.26 beds per 1,000. (The benchmark U.S. Hill-Burton standards mandate around 5 beds per 1,000.)

It is not uncommon for Sydney's hospitals, for instance,

to go on "code black," when they shut down their emergency departments to all patients. In addition, one can frequently see lines of ambulances waiting as long as nine hours to unload their patients. Waiting lists for surgery are in the tens of thousands, and thousands more just drop off the waiting lists out of despair. Howard's solution has been to offer 30% rebates for private health insurance, amounting to billions of dollars, as part of his plan to slash the public health sector, and privatize health care—for those who can afford it. Already, patients' costs to see a doctor have gone up 72% under Howard, in a system which, in the mid-1970s, was a model for the world of virtually free health care for everyone.

- **Manufacturing:** This sector has been ravaged by free trade, and manufacturing workers now comprise only 11% of the nation's workforce, the lowest in the OECD. Manufacturing imports were the single largest contributor to the record trade deficit of \$24.68 billion for 2003-04, 75% above the previous year. The current account deficit for 2003-04 is a record \$47.4 billion, which is a shocking 5.4% of GDP.

Foreign debt has doubled under Howard, to \$393 billion. Most of this is private, a large proportion of it for real estate. The total debt would have been much higher, had not some \$60 billion or so from one of the largest privatization programs in the world been used to pay public foreign debt. Notwithstanding this gigantic sell-off, there is \$85 billion in unfunded superannuation (pensions) for a rapidly graying population.

Household indebtedness has risen from 80% of annual income to 140% under Howard, while the additional tax burden since Howard took office is \$2,000 per household! Private sector debt soared \$126 billion (15%) this year, to June, 80% of which was used to buy property—a bubble which Howard himself pumped up by offering \$14,000 to any first home buyer in the run-up to the 2001 election.

Perhaps the single most telling marker of the actual state of the economy, is the catastrophic suicide rate among youth, a rate in which Australia is a world leader.

Notwithstanding this grim reality, the CEC's election campaigns, while still modest in vote totals, have had a deep impact on the electorate. Both the reality of the global financial collapse, and Lyndon LaRouche's solutions, have been the topic of extensive discussion throughout the country. Although the national media continued its blackout or libel campaigns, the CEC garnered an extraordinary amount of positive local media coverage, in addition to its paid advertising campaigns on radio and TV. The terror in which Australia's establishment holds LaRouche, is evident in the way the CEC was treated in Australia's complex "preference" voting system, where a voter numbers his or her first choice, and then all other choices from two on down. Almost all parties of any significance put the CEC dead last on its ballots, despite the protests of many parties' local candidates. "By their enemies, ye shall know them."

French Court Slams Cheminade for ‘Slander’

The following press release was issued on Oct. 11 by EIRNS, under the headline “French Lyon Tribunal Heavily Sentences Jacques Cheminade for ‘Public Slander Against a Government Member Exercising His Functions.’” Cheminade, a longtime friend and associate of Lyndon LaRouche, ran for President in 1994 and 2002, most recently with the Solidarity and Progress (Solidarité et Progrès) party. He was sued by Justice Minister Dominique Perben, because of a leaflet his party distributed.

The railroad sentence was given two weeks after the hearings, an unprecedentedly short delay in French Courts, and was not only extremely heavy, but purposefully written in the most insulting terms, without taking into account any of the arguments presented by Cheminade or his lawyer. Cheminade was condemned to pay a fine of 15,000 euros, half of it immediately, and half of it as a suspended sentence to be paid in case of repetition of the offense, so as to keep him quiet under a Damocles sword. Eric Sauzé, head of the Solidarité et Progrès office in Lyon, was seemingly sentenced to a fine of 10,000 euros for “complicity,” half of it to be paid immediately, and the other half in case of a repetition of the offense. The punishment was so harsh, and in such a contrast with the proceedings of the hearing, that some journalists who had been present in both cases suspected either an outside pressure of the Minister himself on the Court—Dominique Perben has just reorganized the French legal apparatus under his political influence—or that the judgment was already written beforehand.

The most outrageous parts of the judgment are the following:

1. “In presenting evidence in their favor, we can ascertain that the accused have admitted the slandering nature of the said distributed leaflet.” In other words, if you try to present evidence to prove your innocence, it shows that you are guilty, because you feel that you have to defend yourself!

2. The focus of the Court is put on the comparison of the two pictures—Pétain shaking hands with Hitler in Montoire and Perben recently doing the same with U.S. Attorney General John Ashcroft—and not on the actual content of the leaflet. It is obviously because the leaflet said that the scandal is the action of “collaboration,” now as then, and not that Perben is the same as Pétain. This collaboration is the fact that the Perben II law is very similar to Ashcroft’s Patriot Act, a fact that Perben himself admitted in an interview given to the American press at the Four Seasons Hotel in Washington, on May 11, 2004. Perben says that there is “an interesting



Lyndon LaRouche and Jacques Cheminade, at the conference of the Schiller Institute in Germany on Sept. 24-26.

dimension to his law . . . the possibility under such a law for foreign services to continue infiltrations on French territory.” The leaflet, titled “Let’s Stop the Hold-Up of the FBI in France,” also said that Ashcroft’s ultra-neoconservative policies lead towards a new fascism. The Court, without mentioning that it is an assertion about Ashcroft, proceeds as if the defendants had called Perben’s policies by the same name!

3. The Court then says that the slandering allegations against Perben “make a comparison between two periods of the history of France that have strictly nothing in common in terms of human and citizens’ rights,” as if the Perben law were an immaculate creation from a pure present.

4. The heavy fines against Cheminade and Sauzé—in both cases more than two years of their personal income—are justified on the grounds that the two had “the objective disposition of resources that allowed them to print 25,000 copies of their leaflet” . . . which cost 1,147 euros, 20 times less than the padded fines!

Cheminade and Sauzé are appealing the sentence, but the appeal has to be before the Appeals Court of Lyon, where Perben is trying to control everything, to win the municipal elections of 2007 or 2008, and become Mayor.

Perben is also under heavy attack by the left-wing socialist Arnaud Montebourg, in the scandal of the Aubert case, a collaborator of Perben and treasurer of his party in Chalon-sur-Saône. Montebourg was interviewed on the front page of *Lyon Mag* magazine, and until now has not been under legal fire from Perben. This is noted by many observers, who are anticipating the results of the American Presidential election.

Also to be noted, is that Cheminade and his friends wrote in their leaflet that they were all the more astonished by Perben’s behavior, as Ashcroft had been one of the worst enemies of Prime Minister Jacques Chirac and his Foreign Affairs Minister of the time, Dominique de Villepin, during the recent Iraq War. On this, the Court made no comment.

Time Is Running Out for the Neo-Cons

The prospects for an end of the Bush era herald the political demise of German CDU chief Angela Merkel.

The American voter has not yet decided, but the mere prospect that John Kerry might be elected as the new U.S. President, and the increasingly bad headlines for the Bush camp, have forced the German political establishment to rethink its positions. With the exception of Defense Minister Peter Struck, who on Oct. 12 openly, if rather vaguely, welcomed Kerry's proposal for a new international conference on Iraq, leading German politicians have not overcome their traditional cowardice concerning intervention into U.S. affairs. None of them, therefore, has dared to state clear sympathy or support for Kerry (or for Lyndon LaRouche).

Nonetheless, the tectonic shift that would accompany a voting-out of Bush, already has had its first pre-effects on the hard-line neo-cons in German politics, those who have clearly stood in the camp of Dick Cheney, Paul Wolfowitz, and others of the American war party. The number one "victim" of this phenomenon is Angela Merkel, national party chairman of the Christian Democrats (CDU), and this has to do with two aspects of the international LaRouche campaign activities.

When Merkel was in the United States for her scandalous February 2003 hand-shaking tour through the offices of Cheney, Wolfowitz, Richard Armitage, and others, she had her first direct encounter at Georgetown University in Washington, D.C., with LaRouche Youth Movement (LYM) members, who confronted her on her pro-war positions. And soon after her return to Germany, her popularity rat-

ings dropped from 42 to 21%, because the vast majority of the German population opposes the war on Iraq. Dropping way behind the admittedly low popularity of incumbent Chancellor Gerhard Schröder (a Social Democrat), Merkel was in danger of losing her options for "regime change" in Berlin, because of lack of support in her own party.

The loss of her CDU support also had to do with the tactics of the CSU (Christian Social Union), the autonomous Bavarian state sister-party of the CDU. Edmund Stoiber, Bavarian State Governor and CSU party chairman, whose close links to the machine of George Bush the Elder are well known, apparently was inspired to contain Merkel's influence, in a way parallel to efforts in the U.S. to contain George Bush the Younger. Thus, whenever Merkel went public with support for Cheney's war, Stoiber would intervene with some kind of "differentiated view," never diametrically opposed to her, but outspoken enough to be read as an oppositional view. This also extended to other fields of policy—public health reform, and labor and tax reforms, for example.

The impact of the hard-hitting LaRouche campaign against Cheney was also noted by German media, some of which started covering the LaRouche campaign, beginning with the LYM intervention against Merkel in Washington, D.C.

In Summer 2004, the second aspect of the international LaRouche campaign entered the stage: the Monday Rally movement, which the LaRouche Youth kicked off in

Leipzig, at the start of the Saxony state election campaign in early July. The Monday rallies soon sparked a nationwide wave of protests against the government's Schachtian revival (the Hartz IV brutal austerity package) in more than 240 cities by mid-August.

Although nominally, the rallies were against the Social Democratic-Green coalition government in Germany, the main target of popular outrage was Angela Merkel's policies. In the state elections of Saxony and Brandenburg on Sept. 19, the CDU lost a full third of its vote, and in the Sept. 26 municipal elections in the state of North Rhine-Westphalia, the CDU lost about 20% of its vote.

What Merkel was too arrogant to take notice of, was an opinion poll published at the end of August, showing that 75% of the CDU members and voters in Saxony supported the Monday rallies, which implied that they were against Merkel's policies. The fact that the CDU was so polarized on the austerity issue, with a majority of the party's members and supporters turning against their national party leadership, is one of the direct achievements of the LaRouche movement's campaign in Saxony, from early July to mid-September.

Now, even the mainstream media which had mostly supported Merkel in the past, have begun posing the question of whether she will still be the leader of the CDU in 2005. Posing such a question, usually is the prelude to a German politician's fall, sooner or later.

In an Oct. 8 local party convention, one questioner after the other charged Merkel and the CDU leadership with selling out to neo-liberalism, and pointedly asked her where the "C" (Christian) was in her kind of CDU.

It is not even certain, now, whether Merkel will still be at the head of the party in 2005.

Final Debate Shows Again That Bush Is Insane

by Nancy Spannaus

The third and final debate of the 2004 Presidential elections on Oct. 13 once again rammed home the essential point which Democratic leader Lyndon LaRouche has made in the course of the post-Convention campaign: George W. Bush is a liar, and he's insane. Anyone who decides to vote for him is of questionable sanity as well.

Because LaRouche himself, the only qualified candidate for U.S. President in this time of world crisis, was excluded from the Democratic Party's primary election process, the crucial issues of the nature of the *world* economic crisis and how to deal with it, were not put on the table. Thus, going into the last two weeks of the campaign, the outcome remains nip-and-tuck, whereas a clear presentation by Democrat John Kerry of the FDR-style solution put forward by LaRouche, could have mobilized the landslide Democratic victory that's required to put the nation back on track.

Organizing for a Democratic landslide is under way in areas where the LaRouche Youth Movement is active, particularly Ohio, Texas, Oregon, and Michigan. So far, LaRouche's political action committee has put more than a million "real Democratic platforms" into circulation, along with over a million leaflets on President Bush's mental health, and half a million pamphlets on the economic crisis and how to solve it ("It's the *Physical Economy, Stupid!*"). Democrats in these states, and all around the country, are grabbing up the LaRouche literature, often in bulk, in order to have material to organize their fellow citizens to vote. Excitement has also been built up through a massive voter-registration campaign, which appears to have brought about record voter signups, most in Democratic areas, all around the country.

But will the Democratic Party be able to turn out this vote on Election Day? LaRouche is pulling out all the stops he can, with a special focus on Ohio, where he will hold a

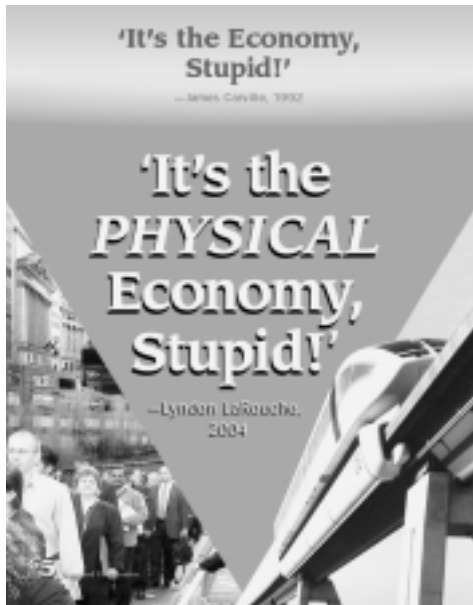
webcast/town meeting in Cleveland on Oct. 27. Major surprises from the desperate Bush-Cheney crew cannot be ruled out, nor can the potential for a dramatic economic-financial event, triggered by the steep rise of the oil price, or some unexpected bankruptcy or collapse. Whether the United States heads deeper in a potentially irreversible fascist direction (Bush-Cheney), or changes course, as the country did when Franklin D. Roosevelt replaced Herbert Hoover, hangs in the balance.

Bush's Lunacy . . .

The most notable aspect of the third debate, like the other two, of course, was the mental state of the incumbent President. As LaRouche observed, Bush was simply babbling and posturing. When a tough concrete question came up, like what he would do about the minimum wage, the President simply changed the subject to education, to promote his "No Child Left Behind" program. When asked about the scandalous lack of flu vaccine for the American people, the best advice Bush could give was to tell people who were healthy to forego getting a shot, the way he has done. As for what the elderly and vulnerable should do, he had no proposal. This followed the course of how one Democrat characterized Bush's health plan: "Don't get sick!"

Otherwise, the President engaged in constant babbling about his commitment to education (the alleged solution to the lack of jobs), about Senator Kerry being "out of the mainstream," and about "freedom on the march."

As in the second debate, President Bush seemed to be agitated and a bit hyper, an affect some said was in order to deliberately avoid the angry scowl which he sported in the first debate. Instead, Bush concluded his answer to every question with his self-satisfied smirk.



This pamphlet, circulated by LaRouche PAC in half a million copies so far, raises the fundamental issues that were ignored in the Oct. 13 Presidential debates. The LaRouche forces are concentrating their intervention in Ohio and other key "swing" states.

ing jobs. Senator Kerry is right that President Bush is the first President since Herbert Hoover to see a collapse in jobs during his term.

3. There is no growth in the economy, unless one counts *debt* as growth. Poverty has increased by at least 4.3 million people since President Bush took office, reaching 36 million people, according to the ridiculously low standard upon which the government statisticians compute. Many major urban centers have a poverty rate of over 20%, due to the collapse of manufacturing jobs, with the major city of Cleveland, a former industrial center, having a rate of over 31%.

These examples by no means exhaust the President's lies, which included his insistence that his "lower taxes on the rich" tax plan is necessary to protect small business; his claim that Senator Kerry's health plan would hand all decisions over to the Federal government; and his denial that he owned a timber company (which was, in fact, listed on his 2001 tax return).

... and Lies

Besides displaying his mental instability, Bush kept up his policy of lying. Given the fact that he has presided over the nation's descent into deep depression and a seeming "no-exit" and expanding war, he is understandably reluctant to trumpet many aspects of his record, such as the increase in poverty, the collapse of health care and infrastructure, and the accelerating disaster in Iraq.

"The President is a liar," said LaRouche in response to the Oct. 8 debate. "Whether the President knowingly lied, or lied because of some junk that was fed to him, he lied to the American people, and we cannot afford to have a U.S. President who lies."

Some of the most outrageous lies from the Oct. 8 debate, some of which were repeated in the Oct. 13 debate, were:

1. Challenged on his rush to war without a plan for the peace, President Bush said, "Of course, I listened to our generals."

This is an *outright lie*, since Gen. Eric Shinseki (ret.), then Army Chief of Staff, had publicly said that several hundred thousand troops were necessary to secure Iraq, and he had been "retired" as a result.

2. Several times throughout all the debates, President Bush said that his Administration had created 1.9 million jobs in the last 13 months and that "we're growing," and "small business is flourishing."

This is an *outright lie*—or a hallucination. First, over 80% of the jobs allegedly created were "computer projections," i.e., virtual jobs, imputed to new businesses *assumed* to have been started, but which have never been surveyed by the Labor Department to know if they exist or not. Second, the overall job figures have gone down since Bush took office, by at least a net 600,000 jobs, and by many more manufactur-

From Hoover to Roosevelt

While Senator Kerry has implicitly compared Bush to President Hoover, the last U.S. President who saw jobs disappear during his Presidency, he has so far refused to put forward the real economic policy alternative, which was carried out by Franklin Roosevelt, and is today proposed by LaRouche. For this reason, LaRouche noted that Kerry touched on real economic issues—such as the minimum wage, Social Security, poverty, and health care—but didn't really discuss economics.

To discuss economics would have meant to assert the truth that the U.S. and world economy are in a systemic breakdown crisis, which requires a decisive change in policy, rejecting the post-industrial, free-market paradigm of the last 40 years.

This crisis is not going to be dealt with, or solved, by an attempt to return to the 1990s, or by small changes in the tax code, desirable as some of those may be. There must be bankruptcy reorganization, *a la* FDR, and then a massive infusion of government credit to rebuild the nation's vital economic infrastructure—bridges, railroads, water infrastructure, schools and hospitals—which is now falling apart. Contrary to today's "experts," the government must create jobs.

As he has on the war, however, Kerry decided to stick within the current anti-FDR economic axioms. This reflection of cowardice or ignorance, defines the absolute necessity of a dominant LaRouche role within an incoming Kerry Administration, so that a President Kerry has the guts and the backing to take on the banking interests, and mobilize the "forgotten men and women" of America behind measures that will protect them, and put them into productive work, that pays a living wage.

LaRouche Aids Mayors' Infrastructure Push

by Paul Gallagher

American mayors and county and other local officials came out strongly for large new economic infrastructure investments to reverse the physical economic collapse, in press conferences in the midst of the Presidential debates in early October. The "Mayors '04 Metro Agenda" was immediately backed by economist and Democratic leader Lyndon LaRouche, who is organizing for an "FDR-style" infrastructure recovery program and a John Kerry landslide victory. "The mayors and elected officials who held a press conference in Cleveland, Ohio Oct. 4, are right," said LaRouche in a statement released by LaRouche PAC on Oct. 9. "The Presidential debates must address the real problems the American people face, starting with infrastructure and physical economy."

LaRouche PAC and the LaRouche Youth Movement are highlighting this necessity in campaigning in Ohio and nationwide, with a mass-circulation pamphlet entitled *It's the Physical Economy, Stupid!* LaRouche urged the mayors to take the initiative to the Presidential debates then remaining—as they subsequently did.

The bipartisan coalition of local officials had stressed new transportation systems, housing and schools construction, health care, "hometown security" (stopping cuts in police and fire services), and of course, productive jobs. They represent the National Mayors Conference, the National Association of Counties and the National League of Cities—and at their level, the physical economic depression collapse is keenly felt across the nation.

'21st-Century Transportation System'

Akron Mayor Don Plusquellic, president of the U.S. Conference of Mayors, said in Cleveland: "What's relevant is, how are we going to address the job loss? How are we going to rebuild our economic base, especially in the urban centers? How are we going to address reinvestment in our infrastructure? Those are the issues that are on the agenda . . . to force the candidates to talk about them in real terms." Added Steve Burkeholder, Republican mayor of Lakewood, Colorado, "During the past 15 months, we've heard much about the Federal investment in rebuilding the infrastructure overseas, yet we haven't heard an honest discussion about what the candidates are prepared to do to rebuild our own aging infrastructure."

Mayors '04 Metro Agenda then set a second press confer-

ence for Oct. 12 in Tempe, Arizona, on the eve of the final Kerry-Bush debate there, and drafted questions for debate moderator Bob Schieffer of CBS News. Schieffer asked the question about how the new President would afford quality health care to the 45 million (and rising) Americans who now have no health insurance. Their question on transportation infrastructure was crucial: "It seems that just getting from point A to point B is a major challenge throughout the country and the congestion problems are getting worse. What is your vision for a 21st-Century transportation system? Do you have some new ideas? What will you do to ensure that our aging transportation infrastructure gets the fundamental improvement it needs?"

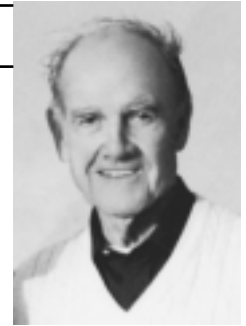
The mayors clearly are looking for large-scale investment in a new, high-technology and high-speed transportation system, such as promised by magnetic-levitation rail.

At their Oct. 12 press conference at the debate site at Arizona State University at Tempe, National League of Cities President Charles Lyons declared, "After three debates, we are still not getting answers to the profoundly important issues facing our communities—what are the candidates planning to do to improve the job market?" The ten mayors at the podium pulled no punches in charging that both Kerry and Bush were ignoring the devastated condition of infrastructure in the country. Mayor Plusquellic reported on the devastating loss of jobs in Ohio; Amtrak Rail passenger service has just been cancelled to his city, Akron; other mayors stressed the death toll from lack of maintenance of roads, highways, and bridges around the country.

Historic Debate Among Democrats

LaRouche Youth Movement (LYM) leader Sky Shields from California, present at the press conference with other LYM organizers, recognized the nonpartisan nature of Mayors '04 Metro Agenda but described the faction fight of historical importance under way in the Democratic Party and the Kerry campaign. One faction, led by LaRouche, intends to move John Kerry to adopt the kind of massive infrastructure program that the mayors are making clear is needed. Shields stressed that while the adoption of such a program is possible under a Kerry Administration, Bush and Cheney explicitly oppose any such policy.

Plusquellic responded that he wanted to read and discuss the LaRouche *Physical Economy* pamphlet and believed the other mayors did as well. He said they had to effectively take on opponents in both parties who call such programs "big spending"; and that they could not go along with the policy of giving out big tax cuts while infrastructure collapsed, clearly referring to the Cheney-Bush ideology. After the press conference, the LaRouche Youth organizers discussed with the mayors their own organizing, in the "swing states," for such needed "great projects" of infrastructure as the North American Water and Power Alliance, and a maglev national rail system.



‘Come Home America’ to What Is Noble and Just

George McGovern served in the U.S. House of Representatives from 1957 until 1961, when he became the first director of the U.S. Food for Peace Organization under President John F. Kennedy. He was the U.S. Senator for South Dakota from 1963–81. In 1972, he ran as the Democratic candidate for President, in opposition to incumbent President Richard Nixon. He served as U.S. Permanent Representative to the UN’s Food and Agriculture Organization, appointed by President Bill Clinton. During World War II, McGovern was a decorated fighter pilot. He also holds a PhD in history from Northwestern University. President Clinton awarded the Senator the Presidential Medal of Freedom in 2000.

In his Oct. 8 interview with Nina Ogden, Senator McGovern stressed that the real sources of national security are a wise and honest Federal government, and a strong physical economy.

EIR: We spoke on the phone right after the first Presidential candidates’ debate, and we both had the same response to hearing George Bush say how hard a job it is being President, and you thought that Senator Kerry might have some advice for him on that.

McGovern: Well, I thought he very well might have said, “You know Mr. President, we know it’s hard to be President. We know that you’re telling us what you really think when you say how h-a-a-rd it is—you’ve said that repeatedly this evening and I think what that indicates is that it’s time for you to take a rest. I’m eager and ready to go and do a hard piece of work. Let’s see what I can do in that job that’s so hard.”

EIR: I think that most of the country feels that way, too. We didn’t talk after the Vice Presidential debate on Tuesday [Oct. 5]. What did you think about that?

McGovern: Well, you know, Cheney is obviously a shrewd and long-time public official, but I thought John Edwards came across very well. He was concise, he was direct. He took the President head-on in the opening statement of the debate, when he said, “Mr. Vice President you keep propounding a falsehood. You keep telling us that Saddam Hussein and the Iraqi government were behind the 9/11 tragedy. You ought to know that they had nothing to do with it.” And I thought that confronted the Vice President in a way that may have surprised him. But it is the absolute truth. The 9/11 Commis-

sion said that Iraq had nothing to do with that 9/11 attack. Saddam Hussein is bad enough without blaming him for something that he had nothing to do with.

EIR: Bush and Cheney just keep on propounding the Straussian big lie, and assume that the American people will keep on going along with it.

McGovern: Well, we’ve had two big falsehoods that have been revealed. Number one: We went into Iraq, according to the administration, because they had weapons of mass destruction that were targetted on the United States. We have since learned that there were no weapons of mass destruction. And just recently, we’ve learned that Saddam Hussein, during the time that he was trying to achieve some kind of weapons of mass destruction, had it aimed at Iran, not at us, which is of course, perfectly logical. Iran and Iraq had been bitter enemies for years—fought one of the bloodiest wars in modern history for eight years. So it’s perfectly logical, that if they were trying to devise some kind of chemical, biological or nuclear weapon, that the purpose was to keep them even with the attempt of Iran to build such weapons.

EIR: One of the things you say right in the beginning of your new book, *The Essential America*, is that Bill Clinton did an excellent job as campaign coordinator for Texas in your Presidential campaign in 1972, and then with remarkable skill defeated the senior President Bush with the campaign slogan: “It’s the economy, stupid.” You know that we are organizing for Senator Kerry with the pamphlet called, *It’s the Physical Economy, Stupid*. In your book, you pose the physical economy as a foundation stone for national security.

McGovern: An economy is no better or worse as an instrument of national policy than the wisdom of those who direct it. Hitler built up one of the most prosperous economies, the envy of the world during the great global depression throughout the 1930s, but he used that economy to build up an aggressive war machine that intended to smash its way all across Europe and eventually to the United States. So that’s not the test of a good economy, one that’s so intermingled with war, and with aggression, and attacks on other people. A sound economy is one that seeks the greatest good of the greatest number of people. It provides employment. It provides good jobs. It provides useful production. It tries to even out the



President John F. Kennedy (left) appointed George McGovern to be the first director of the Food For Peace Program in 1960. In 1998 President Clinton appointed him U.S. Ambassador to the UN Food and Agriculture Organization.

great yawning gap between the few extremely wealthy at the top and the great mass of people in the middle and at the bottom of the economy. A strong economy, like strong national security, involves a good educational system, a good health-care system, a careful protection of the resources of the nation, a credible, honest government. Those are the things that make up both a strong physical economy, and a strong national security.

EIR: I'd like to ask you about two of those things. One is a credible government, because you have spoken about FDR's creation of the Good Neighbor program, and you said that we have now squandered the kind of credibility our nation had. What do we need to do to return to credible government?

McGovern: After President Roosevelt's successful campaign for re-election in 1940, in which he defeated a very good man, Wendell Willkie of Indiana, he asked Mr. Willkie to take a trip around the world. He provided him with a B-24 bomber to take him and his party on that trip. (And, by the way, that's the kind of a plane I flew against Hitler's Nazi-land.)

EIR: For 35 combat missions, I understand.

McGovern: Yes, 35 combat missions.

Anyway, he asked Willkie to make that trip and report back on what he found to be important conditions around the world. Willkie came back and wrote a little book called *One World*, and the conclusion that he reached, which he told to President Roosevelt personally, and then repeated in his book, is this: He said, everywhere I went around the world, I found that the greatest source of American power and influence and

strength in the world rested on the reservoir of good will that people everywhere had towards the United States.

I think it's sad that that good will towards this great country of ours has diminished sorely during the last four years of the Bush Administration. We've lost standing everywhere on this aggressive invasion of Iraq, a country that bore no threat to us. We have lost standing by backing away from the Kyoto Treaty, to halt global warming. We've lost standing pushing ahead with the Star Wars missiles in outer space, instead of staying with the ABM Treaty of 1972. We have lost stature by opposing a ban on landmines that continue to blow off the arms and legs of children in the far reaches of the world. And we've lost stature by opposing the international war crimes court.

In all of those ways, we come across to the rest of the world as a kind of go-it-alone bullying nation, which I don't think we really are. The American people are a decent and honorable people, but these so-called neo-

conservatives, who dominate the foreign policy and national security thinking of this administration, are a dangerous lot, in my opinion. They're too careless about going to war. They're too careless about ignoring the thinking of other people. You know, Jefferson said, we should have a decent respect to the opinions of mankind. That's still true today. That doesn't mean we have to give other countries a veto over what we do. In the long run we have to do what we think is in the best interests of the nation, but we have to do that taking full account of the contrary opinions of some other countries may have, whose good will we need to be effective in the world.

EIR: In your book, you give a lot of examples of what we have to do, really of what John Kerry has to do, to gain that kind of national security. One example, in particular, I would like to ask you about, since President Kennedy appointed you in 1960 to be the first director of the U.S. Food for Peace program, and President Clinton appointed you in 1997 to be the U.S. Permanent Representative to the UN Food and Agriculture Organization—and that is the association between national security and food production.

McGovern: You know, when President Eisenhower invited Premier Nikita Khrushchov, the Soviet leader, to the United States, he asked him, after Mr. Khrushchov arrived here, what he would like to do. President Eisenhower said, "You can go any place you please in this country. If you want to visit our naval installations, or our strategic air power installations, anything that you want to see, you're welcome to take a look at it." Khrushchov said, "Look, we have planes and tanks and missiles. What I would like to see are two things—I'd like to

see Disneyland, and I'd like to see a corn farm out in Iowa. I've got a couple of friends out there I've been corresponding with, I'd like to visit their farms." It was Roswell and Jonathan Garst, two big corn and hog farmers in Coon Rapids, Iowa. And Khrushchov was fascinated by that farm—the agricultural practices, the livestock handling, the whole gamut. They wouldn't take him to Disneyland, because the Secret Service said they weren't sure they could provide protection in an open area like that.

EIR: He learned more from the farms, don't you think?

McGovern: Yes. Yes, there's no doubt in my mind that Khrushchov understood that the major advantage the U.S. had over the Soviet Union was our food producing power. We have the best farmers in the world. We have the most efficient producers in the world. Five percent of Americans

The Real Sources of National Security

The Essential America: Our Founders and the Liberal Tradition

by George McGovern

New York: Simon & Schuster, 2004

192 pages, hardcover, \$20

Quoting from Shakespeare's *Measure for Measure*, "O, it is excellent/ To have a giant's strength; but it is tyrannous/ To use it like a giant," Sen. George McGovern dedicates a chapter of his new book to "the sources of security and national greatness." He reminds his readers that, "A political leader has the obligation to try to understand the public will, but not necessarily to be controlled by it. He must also identify as best he can the mistaken aspects of the public will and of government policy."

McGovern writes frankly about the present quagmire in Southwest Asia: "The Iraqi people know that our strategists backed Saddam Hussein as long as he was killing Iranians in the 1980s, just as we backed Osama bin Laden and the Taliban in Afghanistan in the 1980s as long as they were killing Russians."

Senator McGovern revisits President Eisenhower's warnings about the "military-industrial complex," and describes the "real sources of national security" as a strong physical economy, and a trustworthy federal government serving the common good.

—Nina Ogden

who work the farms feed the other 95%, plus half the world that we trade with or assist; and the Soviet Union, at that time, had half the entire population working on farms and they couldn't even feed their own people, let alone have food left over to assist the rest of the world.

So, yes, I've always stressed the importance of the family farm, the efficiency of the family farm, the way farmers care for the land, and look to future generations. Those are all things that are very important to our overall national security. If you think that food isn't the front line of defense, just go with nothing more than a little bowl of porridge or gruel, with no milk to go with it, and have that as your daily fare for 30 days and see what you think is the most important concern that you have.

EIR: You've seen this all around the world.

McGovern: Yes, I've seen it. I've probably walked through 10,000 dusty villages in Asia, Africa, Latin America, the Middle East; and always the number-one concern of people is to get enough food on the table to take care of their children and their families. Sanitary water, of course, is another indispensable ingredient. We have thousands of people dying every day from unsanitary water, and from malnutrition, inadequate food. Those are the things I think we have to be concentrating on, in international affairs.

EIR: Can I ask you about the things you have written about FDR's Vice President, Henry Wallace, and his policies of the "Ever-Normal Granary" and parity pricing?

McGovern: The Ever-Normal Granary policy that Henry Wallace propounded when he was Secretary of Agriculture served America well. I have no doubt that he was the greatest Secretary of Agriculture in American history—and very popular here in South Dakota. What he proposed, is that we develop an arrangement under which, at harvest time, when all the farmers bring their grain into harvest, that they don't have to sell it all at the same time, which would break the price and give every farmer an inadequate return on their labor and investment. He said that if you want to hold off some of this from the market, you can get a loan from the Department of Agriculture, and then pay it off when you sell your grain later. And that provided for a more orderly method of marketing grain, so that it didn't crush the price at the time farmers harvested the crop.

The other aspect of that was that he provided that a certain amount of grain could be stored indefinitely, against the time when you might have a famine, or you might have a shortage of crops. Suppose you go into an extended drought. It's very handy to have granaries filled with corn, and wheat, and barley, and rye, oats, and these other things that we need to sustain our food production. And the Ever-Normal Granary of the Wallace years was designed to do that. The farmers could put their grain under storage and the government would hold it in storage for them until such time as the market would absorb it.



George McGovern, shown under the propeller hub, was awarded the Distinguished Flying Cross after flying 35 combat missions over Nazi Germany. He recognizes John Kerry's courage: "I can tell you that it took just as much courage for him to stand up and say that the war was wrong as it took courage to participate in the war."

EIR: And the parity policy question, which we would like to see restored?

McGovern: Well you know, the parity formula recognized that farmers don't have a labor union. You had 2 or 3 million family-sized farms competing against each other. And in the absence of some mechanism, that means you drive the price to the bottom. And so what parity said, is that we will guarantee farmers 90% of parity. That means 90% of what other prices are. They had an index of 200 commodities, and when those commodities went up in value, farm prices should go up. When the farm index of other commodities went down, farm prices would go down, but they would stay in a parity relationship.

Parity is just another word for equality. It means that farm prices should recognize the changing price structure in all other commodities, and that's only a fair guarantee, so I always thought that the parity price was a fair thing. It's not a subsidy to farmers, it's simply a mechanism for making sure that farm prices stay in some reasonable relationship to other prices.

EIR: I'm going to ask you, as an elder statesman, two things, to give advice to the next administration, because what we hope to do is build a landslide for Kerry and Edwards, and create a situation where the lower 80% of the population is

really involved in something like a New Deal. I know you are a strong supporter of Senator Kerry, but there were two things which I think made both of us uncomfortable. One was, as sort of a macho sound bite, that we are going to "kill" our enemies; and both Kerry and Edwards repeating that phrase, and the campaign urging its use in campaign statements and e-mails and so forth. Now you were a combat veteran, as is John Kerry, and you knew that people did not discount your war record, and you didn't have to use that kind of language. Why does that bother you?

McGovern: Well you know, Benjamin Franklin said that there was never such a thing as a good war or a bad peace. I think that we need to think about those words. Now, I'm proud of my service in World War II. We had to stop Hitler. We had to stop the Imperial Japanese force. We had to take on Mussolini in Italy. These were cutthroat dictators that were out to destroy western civilization. But, I never particularly enjoyed thinking about the fact that the bombs I dropped probably killed a lot of innocent people. We were trying to

hit oil refineries in Hitler's land. We were trying to knock out tank factories, fighter airplane factories, railroad marshalling areas and so on. But I knew, in the back of my mind, that there were also innocent people, that had no control over Hitler, no control over Tojo, who also died under those bombs, and I never enjoyed talking about killing Germans, or killing Japanese, or killing Italians.

I find that phrase repellent, to talk about killing people. I know that war is a brutal affair, and no one can make it seem otherwise, but I don't like to see great national figures talking about, we're going to "kill," we're going to "hunt down these terrorists and kill them." You know some of those terrorists are teenagers. Some of them are young men and women who think they are serving a righteous cause. We know they're misguided, but they're still human beings, and I'd just like to see a little bit less in the use of blood-thirsty language.

EIR: I think Senator Kerry doesn't have to be defensive, and use that kind of language.

McGovern: He doesn't have to, because he had a distinguished war record in Vietnam, and it took a great deal of courage to do what he did, as a young man in that period. He went into battle and led his men fearlessly and effectively. But he also showed great courage when he came back to the

United States at the end of the war and started to read about it, and look into the history of that conflict, and study something about the record of the Vietnamese people. And he came to the view that we had made a great mistake in intervening in Vietnam. And I can tell you, that that took just as much courage for him to stand up and say that war was wrong as it did courage to participate in the war.

EIR: And it must seem to you like *déjà vu*, since you ran against President Nixon, to hear these kinds of crazy things being thrown at people, when they do try to tell the truth—from Bush and from Cheney.

McGovern: Well, as the prophet wrote many years ago, there's nothing new under the Sun. We've always had these efforts to discredit one's political opponent. I certainly was on the receiving end of a lot of that in 1972. I'm not bitter about it. It was a glorious opportunity to run for the Presidential nomination of my party and win it; I lost to Richard Nixon in the general election, but I've never had any desire to trade places with that landslide winner.

EIR: I knew that the slogan of your campaign at that time was "Come home, America." But I didn't know that your wife had seen that in a sermon of Dr. King's.

McGovern: Well, that's right. She had picked up a little paperback which was a collection of some of his more outstanding sermons, and she came across this phrase, "Come home America, come home to a land of equality. Come home to a land of liberty, come home to a land that respects the dignity of human beings everywhere." And she said, "You know George, that phrase haunts me: 'Come home America.'" And it did me, so I adopted it as my campaign rallying cry.

Basically that's what my new book is all about. It's a reminder of the enduring values that Tom Paine, the great author of *Common Sense*, Thomas Jefferson, the author of the Declaration of Independence, Abraham Lincoln, the author of the great Gettysburg Address. . . .

EIR: And it's interesting, in the interest of bipartisanship, that in this book, two of the people you look to, in terms of national security, are Dwight Eisenhower and General MacArthur.

McGovern: Well that's right. You know that General MacArthur said, before we went into Vietnam, that any American Commander-in-Chief who ever again takes us to war on the Asian mainland, ought to have his head examined.

EIR: And now we're in war in Southwest Asia, and they should have had their heads examined, too.

McGovern: Yeah. They should have listened to that warning before we put the American Army into Vietnam. And then, of course, General Eisenhower, five-star general who made that great farewell address, warning against the

mounting power of the "military-industrial complex." Nobody ever supposed for one minute that Dwight Eisenhower was weak on national defense, but thoughtful people knew, he was giving us a sound warning, that it's possible to spend too much on the military. And when you do that, you weaken the country, by depriving us of resources we need for other factors of national defense such as education and health care.

EIR: Can I ask you one last question? And this would be a piece of advice for John Kerry based on your experience in the Middle East: In the Vice Presidential debate, Senator Edwards was talking about the need for Israeli security, but he didn't talk about the need for Palestinian security. I think you would have some advice, because you have done a lot of work to bring about peace in the Middle East.

McGovern: Well I've always thought of myself as a friend of Israel. I admire their political system, I admire their economic development, I admire their rich culture and their religious heritage. I've always supported them, but we also need to recognize that the Palestinians and the Arab peoples have a great tradition too, and that just as the Israelis want an independent state for themselves, so do the Palestinians. You know, we don't have a right and a wrong in this Palestinian-Israeli dispute. We have two rights: the right of Israel to live at peace in freedom and in their own country, and the right of Palestinians to enjoy the same opportunities.

So, I make the case in my book, that we don't serve the interest of either the Israelis or the Palestinians, when we either back off from playing an active role in trying to bring about a settlement there, or when we side with one side or the other, against the other competing side. That diminishes our influence both ways. We ought to follow an even-handed approach to both sides, to both the Palestinians and the Israelis, and then be strong about it, to be persistent about it, and to insist that the price of our support for either side is going to be their willingness to compromise and to bring about a just and lasting peace in that part of the world. If we could lead the way, in resolving this Arab-Israeli dispute, it would do more to quiet the ferment and anger, and militancy in the Arab world than anything else we could do.

EIR: I think you've also done a lot of work on making sure that those kinds of political agreements involve economic agreements, especially the question of water. This is, again, the physical economy question that you talk about for our country, which also has to be put forward for the Arab-Israeli conflict and other nations as well.

McGovern: That's correct.

EIR: All right, well, we thank you. Your book, which ends with a quotation from Abraham Lincoln to appeal "to the better angels of our nature," is a breath of fresh air.

McGovern: Thank you, very much.

Understanding the Economy's Orbit With the Help of Animations

by Lyndon H. LaRouche, Jr.

Mr. LaRouche made the following remarks to a LaRouche Youth Movement cadre school for organizers in the Ohio-Michigan region, which took place in Toledo on Oct. 9. Because of Ohio's importance in the Nov. 2 election, we also include some discussion on the organizing that followed LaRouche's remarks. The discussion was moderated by Bob Bowen. The audio and full transcript can be found at www.wlym.com.

The interesting thing is, obviously, the so-called debate, last night, which is interesting clinically. Bush, of course, is a broken man. It showed itself in a somewhat different mode, than it did in the previous Kerry-Bush interchange, because Bush was moving around, and masked some of his psychotic body movements by moving—although that also revealed it, if you look more deeply.

Actually, one should get a tape of that event, which, of course, was an hour and a half, but it's probably worth looking at: To look at it from the standpoint of a critical body-language study—attitudes, voice levels, and so forth—this guy is really gone. He's far worse than was indicated in our friend Justin Frank's book on *Bush on the Couch*. This guy's gone.

But, this morning, there was this very unpleasant news for the President: In the fact that his claim about all these extra jobs and growth in the economy, this great spurt of growth, was blown apart by the over-morning reports, that the U.S. economy is in the worst condition ever! We would say that "Hoover sucked, but Bush really does."

So, Kerry was effective, but not as sharp, in terms of getting the contrast, as in the previous debate. His health care was particularly strong. His leaning toward the issue of the economy was strong.

He failed, in a sense, in not going to the hard core of the issue of the Iraq War: Because what he didn't say, is that the reason he, Kerry—Let me take it back a step: Kerry was wrong on what he did, on voting for the blank check to go to war. It was a violation of the Constitution, as [West Virginia] Senator Byrd has said, precisely and eloquently. It was an act of cowardice, in a sense, or opportunism, on Kerry's part. But Kerry's decision to support going to war, was based—as he himself said, privately, or that is, not publicly—that Cheney

sat in his office and lied to him. In other words, Kerry went to war, or endorsed going to war, because Cheney lied to him; and he accepted Cheney's word, and Cheney had lied to him.

Now, if he had said that on television last night, he'd have been much more effective. If he'd said, "Look, you got us into war, by lies. Cheney personally lied to me, which is why I, at that time, capitulated to supporting the Bush plan for war. But now that we look back at it, we know that all these things were a complete fraud. You, Mr. President, lied to us. That's how we got into this war. And no matter how you double-talk around it, you lied to us. You got us into war, by lying. That should be considered an impeachable offense, Mr. President. It certainly disqualifies you from being re-elected."

That wasn't said. And that's the flea in the ointment in this particular case.

Without Animation, Economic Charts Are 'Faking It'

Now, what I want to talk about is something a little bit different, which we have said in one degree or another, in other locations, other auspices. I want to talk about the economy, and I want to talk about animation: We have been sluggish in the National Office in Leesburg in getting the work on animations going, as it should have gone. Now, as I've emphasized, when you use charts, these so-called static charts—like accountants' charts, or typical textbook charts—to describe an economy, you're actually faking it.

And I've said: "Look, I know we're stuck with using charts in print material, but we now have the electronic media, in which we can produce animations. And in animations, you don't have to fake it, as you do, when you use the print media. In the print media, you can only avoid the problem, by stipulating in the written language, in your argument, what's wrong with the charts as such. And then indicating, how you have to think about the information portrayed by charts, think about it in a non-chart way, that is, in a nonlinear way. Then you can make sense of what you're talking about.

As an example of this—I've used the case of Kepler's discovery of the principle of universal gravitation, as one of the best, most thoroughly documented, most easily accessible, demonstrations of what we mean by "animations." Now,



LaRouche youth organizing in Ohio to get Kerry elected, and stop a U.S. forced march into fascism under a second Bush Administration. LaRouche spoke to the youths' cadre school, which met in the Toledo area on Oct. 9.

Kepler, as I've said, based his notion of gravitation as a universal principle, on three empirical considerations: First, the planetary orbits—Mars, Earth—are elliptical, or not circular. That eliminates Aristotle; that is the error in the work of Tycho Brahe, and the error of Copernicus. There's another error of Copernicus, but that typifies the error.

So, first of all, the orbits are elliptical, not circular. Secondly, the rate of motion—that is, the rate of progress, of the planet Earth for example, along the elliptical orbit—is not uniform. That is, the vector of motion is changing at the most infinitesimally small, infinitesimal interval of observation, at every point. Thirdly, there is a determining feature of the rate of change, of the vector of motion along the elliptical orbit. That is, the so-called "equal times, equal areas": That, if you take the area of the ellipse as such, which is defined by the Sun as one of the foci of the ellipse, that that vector is constant relative to time. That is, an equal area, as represented by that vector, is occurring at every instant of time.

All right, so you have three things, which are distinct, empirical facts. And the intersection of those three considerations, gives you the first approximation of a universal principle of gravitation. There is no linear representation, of the connect-the-dots form, such as the Galileo attempt. You know, Galileo Galilei—who was a lackey, that is, a house lackey, of Paolo Sarpi, the founder of empiricism—Galileo tried to explain these things in terms of "action at a distance." After Kepler's book on the *New Astronomy* was published into English, the British, or the English, including Newton, committed a fraud in claiming that Newton had discovered universal gravitation, which he had not. It had nothing to do

with apples: Newton was probably talking about the apple that Eve was passing around, not a real apple.

So, it was a fraud. So, what is generally considered as the empiricist principle of action, in the universe, as typified by the case of gravitation, is a fraud! In fact, there are three things which I just defined: the fact that the orbit of the planet is elliptical; that the rate of motion along the pathway of orbital motion, is not-constant at any point, the vector is not-constant at any point; and that there is a determination of "equal area, equal time." This defines, empirically, what we mean by a principle, which is not explained by any connect-the-dots method, which defines what gravitation is.

Now what this means, as I've emphasized, is that the planet is moving along a predetermined orbit, at a predetermined rate of change, in the sense of the infinitesimal calculus. That signifies that the planet is not put into motion, by a push/pull, or percussive action. That is, the planet does not take its orbit, its trajectory, by being hit by a bat and flying into space, along a trajectory defined by being hit by a bat. Nor is it in any other way, determined by something acting on the planet, in a connect-the-dots way, at any time.

The orbit is predetermined! The planet is following a predetermined orbit. It is not the motion of the planet that is determining the orbit: It is the orbit, that is *determining the motion of the planet*. That's the significance of Kepler's discovery.

Now in economy, it's the same thing: Where an economy goes is not a result of a ping-pong ball effect, where something pushes something, or doesn't push it, and it goes into an orbit, or a trajectory determined by that push or that pull. The trajec-

tory of an economy is predetermined, in the same sense that the orbit that a planet follows is predetermined, even before the planet existed (strictly speaking), in the case of the Solar System.

So, therefore, when we talk about principles, and principles of economy included, we're talking about these kinds of principles which were predetermined. For example: I made a long-term forecast, in several phases. The first approximation was, in a study I did in 1957, based on my knowledge of what was happening in the U.S. economy from my work as a consultant and other things, at that time. I constructed an estimate of where the U.S. economy might be going from 1956 on. As a result of that, I said, "If the economy continues in the present mode, right now"—this is 1956, or so—"that, in early 1957," and I estimated February, when it actually did begin, "the U.S. economy would plunge into the deepest recession of the post-war period." Which it did.

Now, on the basis of my success in forecasting that, which is based on the same kind of considerations we're talking about in terms of Kepler's determination of the principle of gravitation, I said, "Okay, then, what this means, is this—my success in forecasting this, shows that I've struck upon the crucial feature determining the course of the U.S. economy in the post-war period." And I put my finger on the problem, as being identified by the policies of Arthur Burns, who was a professor of economics who actually created Milton Friedman out of mud.

That Arthur Burns's influence on the Eisenhower Administration policy, especially the 1954 reform of the accounting system, had set the U.S. on a course, which *if continued* into the first half of the 1960s, would lead to a development in the second half of the 1960s, which would head us toward a series of crises in the international monetary system; that is, the so-called "dollar Bretton Woods system," fixed-exchange-rate system, which would result in a breakdown of that system.

What actually happened was—is—that despite the efforts in some degree of Kennedy, to begin to reverse some features of the Arthur Burns policy, especially with the assassination of Kennedy, and the plunge into the Vietnam War, and the economic effects of that policy, meant, that in 1967, the Harold Wilson government of Britain brought the British pound into a collapse, in the Fall of 1967. This led to a crash of the dollar, beginning January 1968, which led to the first phase of breakdown of the Bretton Woods system as a dollar system, under Johnson, in February-March of 1968.

This situation helped to create the opportunity for the Nixon Administration, because the Johnson Administration would not repudiate these policies, because it wouldn't take a stand on the war in a timely fashion. And then the Nixon Administration, which was a fascist administration, in intention, did the 1971-1972 breakup of the Bretton Woods system, and created the floating-exchange-rate system, which has destroyed us.

So, over the past 40 years, approximately, the U.S. economy, and the world economy, have been moving toward a general breakdown of the world monetary-financial system. This has been *predetermined*, in the same sense that the motion of a planet along its predetermined orbital pathway, is predetermined.

The Predetermined Orbit Predominates

Now, my long-range forecasting has been based on precisely that consideration: That is, no matter what short-term fluctuations appear to be introduced, or perturbations are introduced into the system, the long-range determination of the trajectory of the system *remains*, and dominates the system. That is, short-term, willful changes will not change the system. They may change the immediately local effects, temporarily. But overall, the system will continue on its predetermined trajectory, unless and until, something is done to *change the orbit* of the system. Not trying to, nothing being done to try to push the system off a predetermined orbit, will really work, except for a very short-term effects. In the long term, the system, as long as it continues on these principles, *will follow the predetermined orbit*: That's why I've been, consistently, the only successful, long-term forecaster, on the record publicly, in about 40 years. And it is since 40 years, since my forecasts became generally known publicly.

That's what we have to understand here. Now, what is happening is, we are going now, into what I warned! It was inevitable. Nothing that was done would prevent it. They could make it worse—but they couldn't make it better. They might have temporary fluctuations, because of changes in financial policy, or financial-monetary policy. They might push the system a little bit further. They might push it this way or that way. They might prolong it a little bit, here and there, because it is willful system, the human will is operating in this system; it's not a mechanical system. But, in the end, the system is going to go, exactly as I said it was going to go, and it is. It's collapsing. It's finished.

But the problem is this: Is that when I come up with my forecasts, the *idiots*, who are otherwise known as "leading economists," say, "No, this will change it," or "This will cause it to work this way, or this will cause it to work that way"—it doesn't! Short-term perturbations are possible. Postponement of a crisis by months or so forth, is possible.

But in the long run, the orbit, the predetermined orbit *will* predominate, unless you change the orbit itself. In other words, you can not change the orbit by working within it, with special effects. You can only change the orbit, by changing the principal features of the orbit itself—which is what I've demanded. I've said, we have to go back to the Bretton Woods model, for political reasons: First of all, it's a model that works, that orbit works for us. Secondly, it is the specific features of that orbit, as a fixed-exchange-rate system, defined



“What we’re looking at in the stellar system, is a process of ongoing creation. We’re getting new states of matter, which were apparently not known before, which are being created. So the universe is a process of ongoing creation.”

by Roosevelt—not by Keynes, but by Roosevelt. That this has a precedent, which can be accepted as a proven precedent. That is, the Roosevelt orbit of recovery, is an orbit which we know, and which will work again. We have to get back on it, that orbit. Otherwise, we’re going to crash into the Sun, or something equivalent.

So, that’s what we’re doing.

The Parts of an Economy Are Determined by the Whole

Now, therefore, in understanding an economy, you have to think about those factors in an economy which are knowable, which have the same significance for projecting the economy, that the characteristics, as Kepler defined them, of the Solar orbit, define the Solar orbit of the Earth, Mars, and so forth, for example.

So, that means that the first thing you do, you have to look at the animation: What is the observable trajectory, overall? Try to understand that. Now, look at some anomalies in that, which don’t fit any linear extrapolation, or any connect-the-dots model, or any chart effect, any economist’s chart of trends, any statistical trend—it doesn’t work. And you find that you have characteristics *like*, the fact that the vector of velocity is changing at every instantaneous instant, in the economy. We find that. You also have to see that there are determining factors, which do determine how it works.

Now, an economy is determined, not as the sum of its parts. The parts of the economy are moved in a way which is determined by the economy as a whole. And this has some interesting ironies.

Irony number 1: The basic determination of the potential growth of an economy, or its collapse, is located in what we call “basic economic infrastructure.” Now, if we include in physical infrastructure, the notion of the way in which the human mind recognizes and applies universal physical principles, subjectively, then we can say that we can conceive of the orbit of the economy, the orbital path of the economy, as a whole, as a *physical orbit*.

We also, then, consider how the orbit is regulated, from moment to moment. And, of course, here the thing is how the human mind adapts to the infrastructure, which the economy as a whole has, to exploit the conditions provided by that infrastructure, to give a new impulse of improvement in the productive powers of labor in the economy.

We also have to look at the *interrelationship* of some things, in terms of consumption—the relationship between physical consumption by households, and the physical output of the economy as a whole; how these things are interrelated. How the rate of change is affected? What is the principle that causes the rate of change? Usually, chiefly, for example: Education is a factor. If you educate the population, in the sense of universal physical principles, you have a higher rate of growth. The basic orbital principle remains the same, but the actual rate of growth is determined by these physical principles being discovered. Also, the rate at which these physical principles are being applied in the economy; that will determine it.

So, you have all these relationships: the relationship of infrastructure to technology in agriculture, technology in manufacturing, these things are all interrelated; the level of education in the population; the health of the population: Because, when people die, part of their development in producing knowledge dies with them! So the object is, to keep people alive as long as possible, and to keep them healthy as long as possible. Not to get them working hard, but to use their mind, their knowledge, their experience, that store of knowledge which they represent, for the benefit of society.

So, we look then at the interaction, of several independent, interdependent factors—seemingly independent, but interdependent—as to how they determine the way an economy

works. So when you take a chart, say, of the infrastructure, well, you see how the collapse of infrastructure affects the productivity of labor in the economy as a whole: Look for example, at water systems, power systems, other basic systems. Health-care systems, educational systems. These are things that lie largely in the public domain, and less in the private domain.

But then, on the other hand, the development of ideas does not come from a kind of socialistic predetermination; but it comes actually from the development of discoveries, or rediscoveries, by individual minds. And the intervention of the *individual mind*, into the social process, to contribute new discoveries, and to thus increase the productive powers of labor, by means of the human *mind's* development, as opposed to the circumstances in which the individual, as if he were a dog or a cat, is operating in that situation.

That's our basic problem.

The Crucial Role of Infrastructure

Now, what's happened here, and I've often used the electrification of agriculture under Franklin Roosevelt, as an example of this: The electrification of rural society, by Roosevelt's Rural Electrification program, had a great effect on the productive powers in agriculture, in many ways, which is such that, even though the farmer had not developed significant new technologies of agriculture as such, the effect of rural electrification on the conditions of life in rural America, resulted in an explosion of the productive powers of labor, which led, then, to the stimulation of the improvements in agriculture, technologically, which followed.

So, therefore, the large-scale water management, the role of the Corps of Engineers, in developing water-management systems, the development of power systems, power distribution systems, the development of public health systems, sanitation, the development and improvement of public education—all of these things which were *state functions*, that is, functions of the government, of the public sector, not the private sector, created the environment which made it possible for the private sector to prosper.

You also observe an anomaly: You're sitting in Detroit, sitting the Ohio-Michigan area, and these are areas which are noted for their industrial development. But, if you look more closely at industrial development, you find it was not so much the large corporations like the General Motors, and so forth (Ford at an early stage was a better example), but the large corporations were not the ones who created productivity. These corporations depended for their productivity, on smaller firms. The vendors, the suppliers, the small machine-tool plants. You look throughout the state of Ohio, look at Michigan, the adjoining states: Look at the lost machine-tool, small, entrepreneurial machine-tool industries, or semi-corporate—you know, this hybrid in between the public corporation and the independent, privately con-



Franklin Roosevelt's Rural Electrification Act had incomparable effects on the productivity of U.S. agriculture. This shows electrical wire being strung in rural areas where the TVA was producing power.

trolled firm—and you see, that this is the area where productivity occurred.

Individual Minds Create New Technologies

Productivity occurred as a result of the action of the *mind* of individuals, such as the leader of a firm in a high-tech, closely held firm; or he or she, and their immediate associates, the technologists, and the skills of the machine-tool operators, and so forth in that firm: *They created new technologies*. The new technologies, created and developed in these firms, then became the resource on which the large, giant firms were able to produce an improved product, in one sense or the other.

Now, you look at the situation, and you see that's been destroyed. You see a similar thing in Germany, which was also formerly, a highly industrialized nation, with a lot of these closely held firms, smaller firms, less than 200 employees—between 7 or 8, and 200 employees, that sort of thing—they're disappearing!

This is the structure of the society. So, you have, on the one hand, the loss of mass transit systems, and certainly trucking is not efficient relative to railroads (not if the railroads are run properly), and the loss of public infrastructure, its decay: You

can't ship things the way you could before. You have whole sections of the country, as in Michigan, where you used be able to run plants at a distance from the main centers, and because you had reliable, *regulated* transportation, you could serve those communities in and out, with bringing things in, and bringing things out, at the same kind of costs and with the same facility, as you could in one of the major, concentrated centers.

So, there's an interrelationship between the total area of development, the character of the components of development of the total area, and the way productivity works at the point of production or the individual firm. What you're seeing now, when you try to do something from a manufacturing standpoint, for example, you find you don't have the ability any more to do that. Because you've lost this structure, this combination of factors, on which you depend.

You've lost health care, which creates a problem. You're losing more and more, all the time. You've lost the *character* of health care, by the introduction of the HMO system. You've destroyed the effectiveness of the physician. You've wiped out a large section of the medical profession, put them out of business. You don't have the structure any more, in the system, which would determine a *healthy* trajectory, a healthy orbital pathway. That's our problem.

Educating People to Fix What Went Wrong

What we have to do now, of course, is to recognize those principles and put it back. But, at the same time, we have to enable people to understand what has happened to the economy, and therefore, how to fix what went wrong. We have to understand this from the standpoint of animation. We have to see that, as my case demonstrates, the fact that I have been able to demonstrate over the period of a half-century or more, the long-range trajectory, the orbital pathway, which the U.S. economy was following under its current trends in policymaking, indicates that most of these forecasters are simply incompetent: Because, just as the orbit of a planet is predetermined, in Kepler's sense, so, when we commit ourselves to a certain structure of policymaking, we define an orbit for the economy, which predetermines the general motion the economy will take. Short-term fluctuations can be introduced, but they will not have a permanent effect; they will not change the orbit. The orbital pathway will snap back to the predetermined orbital trajectory.

And therefore, I've been able to forecast successfully, as no one else could, or has, what the U.S. economy was going to do. And I did it, because I did it on this basis.

Now, forecasting is not only being a Merlin, saying something is going to happen. Forecasting is also saying what kinds of decisions have to be made, in order to change the orbital pathway. And that's where I come in. And that's where you come in.

Now, therefore, we have to educate the population in un-

derstanding this. Because we're in a society which is based on the wills of individuals, or the intersection of their wills. We have to make clear to people how the economy is organized. We have to show, by animations: "Here is the long-term trajectory we're following. Here are the sub-trajectories. Here are the ways in which these things interact with each other." In other words, how does the long-term orbit of a planet such as Earth or Mars, how does that interact with the rate of change, of velocity, of the planet's motion, along a predetermined orbital pathway? What is the equivalent of a principle of "equal area, equal times," as it affects the way in which these orbital changes, or changes within the orbit occur?

We have to understand these. We have to show people, what is actually happening to the economy, not in a simple linear trajectory, but how the economy is working. How the collapse of infrastructure, the destruction of infrastructure under recent governments has destroyed the ability to produce at the local level. How the standard of living has collapsed as a result of this. Why money is largely a fake; that is, monetary figures are largely a fake. We have to look at the *physical* realities of production, not the monetary ones.

Presently, we're in a situation, where prices do not tell you much about an economy—one way or the other. Most of the fluctuations in price, as in the case of the oil price now, are determined by factors which are not physical factors as such.

For example: Take the oil price, which has now reached over \$53 a barrel, headed towards \$60, and, at which point, this means the whole thing will collapse. As soon as these futures contracts, which are reflected as increases in the price of petroleum, are passed back to where the tank is being filled, the automobile tank, or back to the fuel tank in someone's cellar, when that price increase is now passed down through a chain of actions, 30, 60, 90 days later, an increase to \$53 or \$60 a barrel, begins to be reflected at the pump, or in the cost of petroleum in the house, then you see the physical effect. But in the meantime, fluctuations in the price of petroleum are determined by financial *speculation*: In other words, it is not physical supply and demand that is determining price. It's some completely different factor. So, those who are trying to explain things by supply and demand, are kidding themselves, or they're faking.

And, therefore, we have to look at the *physical* processes as such, in order to unmask what is going on in the fraud in the financial sector. Today, the financial figures really don't mean much. Most of the figures on employment, the figures on income, in general, are fake. Bush, for example, was exposed, just yesterday, when what he said, before an national television audience (international, actually), was a lie! Now, I don't know if it was Bush's lie, because he's a pretty stupid fellow, and probably didn't know what he was saying. But, from the standpoint of the Bush Administration, what Bush was saying on behalf of that administration, on the economy, was an outright lie.

So, therefore, forget these figures that are published by the government. Because our government, presently the Bush Administration, is probably the biggest liar in American history! Worse than Hoover, by far, on this account.

Look at the *Physical Reality*

So, therefore, look at the *physical* reality: How many jobs were lost, yesterday? What about those fake jobs? What do I mean by fake jobs? For example: When Bush forecasted an increase of jobs, he did not forecast an increase, or an accounting of an actual increase in employment. He didn't! There was no increase in employment of the type he talked about—it never happened!

What happened? Somebody invents a computer model. In this computer model, they project, according to their theory, or the theory they concoct for this purpose, how many jobs will be created as the result of a certain tick, in the financial system. So, what Bush was talking about, about increased jobs, was not actually increased jobs! They didn't happen. And, you look around, you will see they didn't happen.

What has happened has been an increase in *unemployment*, *not* an increase in employment. Well, where are the figures for the increase of employment? Well, they're the result of an intentional fraud by the Federal government. They never happened! They were made up. But, how were they made up? He said, "Statistics show it." What statistics? They had a computer model, and the computer model predicted a fictitious increase in employment, which never actually happened, but which the model said, *should* have happened.

So, therefore, what our job is, is to understand this model, to understand exactly how the real economy functions, from a physical economic standpoint; how large-scale infrastructure, which is largely in the public sector, interacts with the actual increase of productivity in the private sector; how the two things act interdependently in determining the actual trajectory, or orbit, of our national economy. We have to understand *how to change* the orbit of our national economy, from one of a planet about to crash into the Sun, so to speak, back into a stable orbit around the Sun. And that means we have to use these methods of animation, the same methods which were illustrated by Kepler's discovery of gravitation.

And therefore, I must recommend to you all, which I'm sure you'll be discussing there, as on other occasions, is to look at what Kepler's discoveries *actually were*, with that in mind. To understand what kind of thinking you have to have, to understand not only how the Solar System works—actually works, as opposed to some Newtonian fiction—and have to realize that the *same kind of thinking*, scientific thinking, applied to a different kind of phenomenon—the behavior on Earth, determined by the human mind—how that also has the same kind of characteristics. This is not a fixed orbit, in the sense of a solar orbit, but there are orbital pathways, predetermined pathways, which an economy will follow. And this, as I've demonstrated over half a century, or parts of a half-

century; when people are saying: "Tomorrow it's going to happen. This will do this, tomorrow"—it didn't happen that way. Why? Because there was something else, like a planet moving along its predetermined orbit. The planet was moving remorselessly, along that orbit, according to that law. And all of the short-term efforts to move the planet from that orbit, may have caused it to wobble a bit, *but the long-term orbit prevailed*.

So, we have to understand *how* long-term orbits are determined. Understand how forecasting has to be made. We also then have to understand *how*, under what conditions, we can change the predetermined orbit of a national economy or a world economy.

That's what I'm at. So, this old fellow will now let you get at him.

Dialogue With LaRouche

The following are excerpts from the discussion following LaRouche's presentation.

Never Call an 'Ohio Republican' a 'Bush Republican'

Q: I wanted to let you know a couple of things about Ohio, as opposed to most of the other major cities I've been in, doing the organizing. There are tons of Republicans! I didn't realize they existed. It's been good, actually, though. Since the debates began, some of the organizing I've done with Republicans has been much, much more human. Where, I mean, actually, I've been getting contact information from various of these young folks, and with a sort of realization that, you know, I mean, these kids, half of them are probably Republican because their parents are. It's not, I mean, they're young folks—

LaRouche: [laughing] Yes, I know, I know all about that! Go ahead. I have a Ohio Republican background myself, you know.

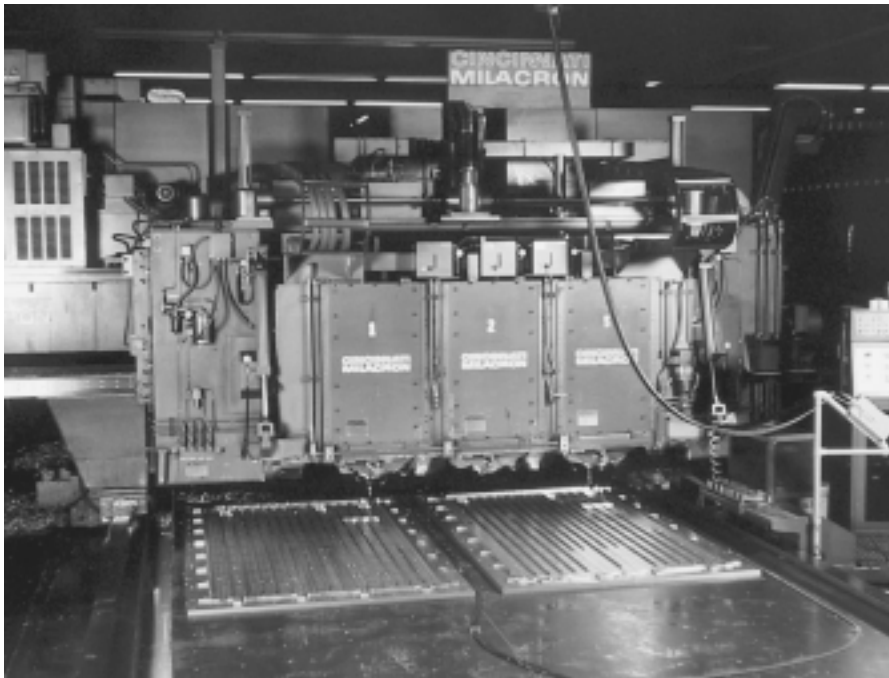
Q: What's that?

LaRouche: I have an Ohio Republican background myself.

Q: Oh, yeah?

LaRouche: Yes, one of my ancestors, Daniel Wood, comes from Delaware County, resided in Delaware County, north of Columbus, in a place called Woodbury; was a Quaker abolitionist, born about the same time as Abraham Lincoln; originally from the Carolinas, who had to leave ahead of the lynch mobs, and settled up there in Delaware County, and founded Woodbury. He was also associated with the Whigs, such as the Henry Clay Whigs, in his lifetime.

Now, you have a phenomenon in the United States, called "Ohio Republicans." If you look at the list of Presidents we've had, you'll find Ohio figures very large in the roster of U.S. Presidents, many of whom were fairly good. For example,



Asked about the role of machine tools in American System economics, LaRouche expanded on the role of Ohio as a frontier state, reflected in the phenomenon of the “Ohio Republicans,” such as Quaker abolitionist Daniel Wood, LaRouche’s great-grandfather. Shown here, the machine tools of Cincinnati Milacron were world famous.

Harding was not so bad, and certainly, McKinley was good. So, this is a phenomenon.

Now, an Ohio Republican is *not* a Bush Republican. As a matter of fact, they are two distinct species, which are often in mortal conflict with one another. But some of the Ohio Republicans tend to become, shall we say, a little bit “stuffy.” But, nonetheless, remember, Ohio was the richest state in the United States, until things that happened about 40 years ago, from that point on. Much of that has been destroyed. It was a state of proud farmers, integrated with proud industry, and a lot of medium-size to small, high-technology firms.

The Machine-Tool Principle

Q: My question is actually exactly on that idea, what you brought up today, the machine-tool firms, the smaller firms, which I really, I have a very, very vague—I don’t really understand the idea vividly.

And I had a discussion with one of these guys, where he was describing what he called the “paradox of progress,” where you have, as you gain progress in your civilization, your general population will become more and more dependent, on what this guy considered to be technology—my instinct said, what he was describing as technology was definitely not—but, where your people would just get lazier and lazier, and they won’t be actively involved in this.

So I was just curious, if you could go through the idea of the small firm, machine tool. And what’s wrong with the

thinking of this idea?

LaRouche: Well, the small machine-tool thinking is very much like my own. There’s nothing wrong with that! It’s pretty good! [laughing]

The motivation of the person who’s really good, in that area of practice, as I’ve said often, their motivation’s not profit. The motivation is to maintain their position, of course, to defend their position, not to go bankrupt, of course. The motivation includes trying to pass along a firm which they have developed successfully, to successors, whether family heirs, or to employees, whom they’ve helped to bring up, whom they entrust as capable of continuing the tradition which that firm has represented, of service to the community, of service to society. So, it’s a proud tradition. There’s absolutely nothing wrong with it. There are people who are more or less richly developed, and more strongly developed morally in that direction. But that is your typical good American. A good

American and a good farmer. For example, you’ll find an interrelationship, historically, between the Ohio high-tech farmer, or relatively high-tech to his time, and the high-tech entrepreneur, the machine-tool operative. They’re often interchangeable. They come from a similar background, they have a similar motivation.

As Hamilton described this, in his *Report to the Congress on the Subject of Manufactures*, this development of the progress of infrastructural development, as facilitating the improvement of agriculture, through the relationship with the urban, industrial-technological development, is the characteristic feature of our American System, as opposed to the British so-called capitalist system. We represent the American System.

The National Destiny of the Republic

And Ohio, which was actually *created* as a state, over a period of time—including by George Washington, who was involved in this struggle, others were involved in this struggle, as Graham Lowry wrote in this book on this subject, on *How the Nation Was Won*—the same thing: Ohio was *created* as the place across the mountains, across the Alleghenies, along the Ohio River, was created with the intention, that this was the destiny of the United States as a nation, the destiny of our republic. To cross the mountains, to cross the Alleghenies, to access the rivers. And then under John Quincy Adams as Secretary of State, we had a clear definition of a national

destiny, from the Atlantic to the Pacific. And Ohio represented the fulcrum, together with adjoining states, the fulcrum of that development of that idea. You know: Down the Ohio, down the Mississippi, up the Missouri, across the Plains, to the Pacific. This was our national destiny.

The destiny was not just to create an empire, it was *not* an empire. It was to create a *republic* of integrity. The idea from the time of Friedrich List, for developing railroads. The idea then, was to develop the railroad system from the Atlantic to the Pacific, to integrate the United States; to continue the policy of Nicholas of Cusa; to circumvent the planet; to go into Asia, from the Pacific side; to develop what's across the Atlantic, and to go into Asia from the Pacific side. To develop an integrated relationship among peoples of the planet, a co-operative relationship.

Look at the difference between the way the British went into Japan, and the way the United States went into Japan, under the influence of Henry C. Carey. That sort of thing. This was the American tradition.

So Ohio embodies, over many generations, including my own ancestors, who are partly from Ohio, embodies this essence of the Americas. It is buried deep, among many generations. Remember, you're talking about my great-great grandfather. But there are other people in Ohio, say of my age, who also reflect their great-great-grandfather; or of younger generations who reflect their grandfather. So, the imprint of previous generations is deeply embedded in the people, or, in a large part of the population, the people, of that state.

And, this was the state of Presidents. That, after Virginia: the state of Presidents. And you'll find a quality among the Republicans there, which has *nothing* to do with George Bush's crazy kooks, but something else. When we try to put this nation back together again, we're going to have to actually re-scramble the party organizations. It won't happen as an arbitrary thing, I think. I think it'll happen as a logical process. The first step, presuming that Kerry is elected, will be to try to bring in the best kind of Republicans, into a concert of action, with the best kind of Democrats. And, the riff-raff among the Democrats, and the riff-raff among the Republicans, will be put to one side. And we will reconstitute the evolution of a sense of a national purpose, which will be embedded in our political system, if we renew it as we must now, and will be embedded in our political system generally.

So, we will have a convergence among the best in the Democratic Party—the Franklin Roosevelt tradition, which actually is a Federalist Whig tradition—and the best in the Republican Party, which is a left-over of the same thing, the Lincoln tradition, and what that represents.

So, you shouldn't be surprised at all to run into this sort of thing. They are good people, and don't insult them by saying they are part of Bush's party. They would probably be hurt, injured, get hurt expressions on their faces; they might even cry, if you call them Bush Republicans.

World War IV Is Real Bush Policy

by Michele Steinberg

While the Clown Prince President, George W. Bush, has worried himself with the “hard work” (for him) of reading and memorizing material for his debates with John F. Kerry, the Administration's controllers have been busy with their agenda of repeating the Iraq war debacle in Iran and Syria.

On Sept. 29, three top officials of the current Cheney-Bush Administration—Deputy Secretary of Defense Paul Wolfowitz, and two neo-conservative warmongers on the Defense Policy Board, James Woolsey and Eliot Cohen—appeared at a bizarre Washington, D.C. meeting, on the topic, “World War IV: Why We Fight, Whom We Fight, How We Fight.”

The meeting was sponsored by the most fanatical of Washington's neo-conservative crusaders: the Committee on the Present Danger (CPD, the original Cold War organization that lobbied for a nuclear attack against North Korea in 1949), and the Foundation for the Defense of Democracies. Both organizations have declared “Islamism” as the new global enemy, which must be defeated in what they call the already-in-process World War IV.

The argument put forward is that until *all* the “state sponsors” of terrorism are dealt with, either by war, coups, or other forms of regime change, then the United States is engaged in a perpetual war, and the only thing that counts is “the will to fight.” In previous speeches and articles, Woolsey, former Director of the CIA for a short time, and Eliot Cohen, had described this as a “Hundred Years' War.”

The participation of Wolfowitz should send up alarm bells throughout the United States, especially among the moderate Republican faction who have been fed the line—to keep them in the party—that a “second Bush administration” will be “less hawkish.”

At the CPD, the keynote address was given by the old ex-Communist turned imperial warrior, Norman Podhoretz, founder of the neo-conservatives, whose son-in-law, Elliott Abrams, the convicted Iran-Contra perjurer, heads up the Middle East desk at the National Security Council. Indeed, it was “Professor” Podhoretz, the first-generation Straussian, who gave the name to the symposium, based on his September 2004 article for *Commentary*, the neo-con journal of which he is the editor-in-chief.

There, Podhoretz warns against a failure of nerve in the

war on terrorism because of a “plague of amnesia” that emerged since 9/11. Podhoretz’s self-anointed mission is to “make it possible to see why the great struggle into which the United States was plunged by 9/11 can only be understood if we think of it as World War IV.”

Wolfowitz’s remarks have been kept a secret by the Department of Defense, but his presence there was a signal that the neo-cons are not only unfazed by the Iraq quagmire, but are still in control of the Bush Administration. They are merely waiting till after the election.

Neo-Cons Control George W.

The CPD agenda confirms what Lyndon LaRouche, the former Democratic Party Presidential primary candidate, who now heads the LaRouche PAC, identifies in an Oct. 11 policy memorandum. LaRouche states that the aim of the Cheney-Bush monstrosity is to eliminate sovereign nation-states, using the tool of “perpetual war.” Especially addressing those internationally, and in the U.S., who believe they can ride out a second Cheney-Bush Administration, LaRouche writes:

“Their goal is not the political conquest of territories as colonies, but the elimination of all barriers to free looting of the planet as a whole. Their intent is not to conquer territory, but to bring about the extermination of all relics of national sovereignties, and the reduction of the world’s human population to less than one billions individuals.

“In Afghanistan and Iraq, for example, their objective is not to conquer, but to eliminate nation-states through the unleashed forces of chaos. Thus, it would be great self-deception to regard the failures of military operations in Iraq as a failure of the Bush Administration’s intention. Its intention is induced self-destruction of the vestiges of nation-state sovereignty, at which they are presently succeeding quite nicely.”

Who’s Who in the CPD

The Sept. 29 meeting was a kind of class reunion for the rabid neo-conservative inner circle, and it was no accident that former Secretary of State George Shultz called in to address the meeting by telephone.

As *EIR* reported in 2000, before the November election, Shultz was the Wall Street operative who created the golem, George W. Bush, by putting him in the hands of “The Vulcans,” led by Wolfowitz and his fellow neo-con, Richard Perle, also trained by Leo Strauss. Although popular media reports cast Condoleezza Rice as the “Quarterback” of the Vulcans, she was there only to train Bush to recite his lines. It was out of that process, set up by Shultz, that the invasion of Iraq, and coups against Syria, Iran, and eventually Saudi Arabia and Egypt were planned out.

A good part of the neo-cons’ Middle East nightmare had already been written up, and delivered in 1996 to right-wing Israeli Prime Minister Benjamin Netanyahu by Perle, via the Washington/Jerusalem-based think-tank, the Institute for Ad-

vanced Strategic and Policy Studies (IASPS). But Netanyahu could not implement it, without the support of peace-oriented Pres. Bill Clinton. The IASPS plan included a war against Baghdad, using the notorious exile con-man, Ahmed Chalabi and his band of merry men, the Iraqi National Congress. Wolfowitz promoted it to Clinton, but Clinton rejected it outright. Earlier, in 1991, Wolfowitz, then working for Dick Cheney, had failed to convince President George Herbert Walker Bush, to march on Baghdad, to overthrow and capture Saddam Hussein.

Thus, it took the dummy, George W. Bush, schooled by the Straussian manipulators, Perle and Wolfowitz, to adopt the same Iraq war that had been wisely rejected by the two previous Presidents, Clinton and Bush.

Joining Wolfowitz at the CPD “class reunion” for the Straussian plotters were Woolsey and Cohen, both members of the notorious Defense Policy Board of the Pentagon, which served as the base of operations for its former chairman, Perle, from 2001 to his resignation in February 2004. At the Defense Policy Board, Perle not only sponsored con-man Chalabi, to present the disinformation about weapons of mass destruction in Iraq that later became “gospel” for Bush and Dick Cheney, but laid out the plans to hit Syria and Iran, right after Baghdad fell.

Perle was eventually forced out of the Policy Board position in a hail of scandals, and the march on Damascus and Tehran was stopped.

However, at the Sept. 29 CPD meeting, Iran was the top target, with neo-cons echoing increasingly threatening noises from the government of Israeli Prime Minister Ariel Sharon about preventing Iran from developing a nuclear weapon. The CPD warriors are calling for Washington to undertake covert action, at the very least, to oust what some of them call the “terror masters” in Tehran as part of a more general World War IV, which is, in turn, part of the ongoing New Dark Age policy of a “Clash of Civilizations.” Some neo-cons are even complaining that if Bush had been serious about the “war on terrorism,” he should have taken on Iran after Afghanistan, rather than Iraq.

The symposium also heard from Farid Ghadry, the would-be Ahmed Chalabi of Syria, lobbying for the pending Syria Liberation Act (SLA), which would commit the U.S. government to “regime change” in Damascus. In an earlier CPD meeting Ghadry made an urgent plea for Bush to immediately attack Syria with a U.S. invasion.

Other featured speeches at the Sept. 29 event were: R. James Woolsey on “The Nature of the Enemy”; keynoter Norman Podhoretz on “Understanding World War IV” (a speech seemingly based on his September 2004 *Commentary* diatribe, titled “World War IV: How It Started, What It Means, and Why We Have to Win”); Eliot Cohen on “Leadership in an Age of Terrorism”; John Fonte of the Hudson Institute on “America’s Least Reliable Allies”; and CPD member Rachel Ehrenfeld, author of *Funding Evil*.

Their Goal Is Destruction

Back in 1618, at the beginning of the Thirty Years' War, the Austrian Emperor Ferdinand II gave stark expression to his view of the Protestants within his realm: "Better a desert than a country full of heretics." By war's end in 1648, Ferdinand had gone a long way toward creating just such a wasteland out of large section of Europe.

This mentality of destruction provides a vital insight into the mindset of today's imperialists, the ones behind the perpetual war which the Cheney-Bush Administration has launched in Iraq. As Lyndon LaRouche recently pointed out about the disastrous failure of the attempts to pacify Iraq, it would be a mistake to assume that the Administration's objective is to conquer territory and rule it in an orderly fashion. Rather, these imperialists are intent on exterminating all vestiges of national sovereignty, and reducing the world's human population, just in order to maintain their power, and prevent the consolidation of a concert of nation-states which could bury their globalist system.

Such an insight is vital to understanding what is going on in Southwest Asia today. As of Oct. 15, the U.S. forces in Iraq dramatically stepped up their bombing of Fallujah, a Sunni-dominated city which has remained out of their political control. This comes on top of other raids against Sunni-dominated cities, including bombings of other civilian targets, and even mosques. While these moves were undertaken under the rubric of bringing Iraq under control so that elections can be held, the opposite is true. These attacks create the conditions for spreading the insurgency, and potentially for splitting the country between its various religious and ethnic factions.

To wipe out those who object to their plans for a global imperium, the synarchist financier interests are willing to turn Iraq, and much of the rest of the planet as well, into a desert.

A similar policy is under way in the Transcaucasus, where separatists and terrorists have carried out brutal attacks against Russia. The forces behind these killers do not intend to establish new nation-states in the area, but want to take the area away from the Russian nation-

state, in order to deny that ground to Russia, and utilize the denied ground as a launching-point for the spread of chaos into other areas.

To stop this policy, there is no alternative to the removal of the Bush-Cheney Administration from office. No combination of nations outside the United States could restore peace; their resistance would simply be engulfed in the spread of a new dark age throughout the planet. While self-defense is clearly understandable, only positive measures of construction are efficient counter-actions to the perpetual war drive.

Once the synarchist-controlled Administration is removed, the task will be to put into motion a set of measures that will build a new world monetary system, to replace the predatory, bankrupt one which the synarchist bankers are desperately trying to defend. In this context, a new dark age can be avoided. Victory would then consist in turning back the clock on the economic policy which has dominated the last 40 years, and committing the world's nation-states once again to the technological progress which prevailed prior to 40 years ago.

Should John Kerry win the election on Nov. 2, an outcome all reasonable people must fight with all their capabilities to ensure, the synarchist bankers will certainly take every measure they can to exert control over the incoming Administration. Conceivably, the synarchist-controlled Ariel Sharon will be unleashed against Syria or Iran, in order to create a conflict that the United States will be impelled to jump into. New provocations will likely be launched against Russia, stirring it to take measures in self-defense that will be considered another "affront" to democracy. Nor can provocations in East Asia, around the neo-con target China, be ruled out.

Thus the need to keep your mind on the mentality, as well as the individuals. The synarchist policy of the destruction of the nation-state must be defeated by the creation of a just new world economic order based on sovereign nation-states committed to progress. With that policy, for which LaRouche is the standard-bearer, we can green the deserts, not create new ones.

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Thursdays—11 am
• 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, 12/29: 4 pm
Wed, 1/6: 4 pm
Wed, 1/14: 8 pm
• RICHARDSON
AT&T Ch.10-A
Thursdays—6 pm

• 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
• ANTHONY/SUNLAND
Adelphia Ch.30
Daily: 10 am; or
12 Noon; or 2 pm;
or 12 Midnight
• OBERLIN—Ch.9
Tuesdays—7 pm
• REYNOLDSBURG
Ch.6: Sun—6 pm

UTAH

• GREATER FALLS
Adelphia Ch.8
Tuesdays—1 pm
• VIRGINIA
• ALBERMARLE
Adelphia Ch.13
Fridays—3 pm
• ARLINGTON
ACT Ch.33
Mondays—4 pm
Tuesdays—9 am
• BLACKSBURG
WTOB Ch.2
Mondays—6 pm
• CHESTERFIELD
Comcast Ch.6
Tuesdays—5 pm
• FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm
• LOUDOUN
Adelphia Ch. 23/24
Thursdays—7 pm
• ROANOKE—Ch.19
Tuesdays—7 pm
Thursdays—2 pm

WASHINGTON

• KING COUNTY
AT&T Ch.29/77
Mondays—7 pm
• KENNEWICK
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• PASCO
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• RICHLAND
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• SPOKANE—Ch.14
Wednesdays—6 pm
• WENATCHEE
Charter Ch.98
Thu: 10 am & 5 pm

WISCONSIN

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

UTAH

• E.MILLARD
Precis Ch.10
Tuesdays—5 pm
• SEVERE/SAN PETE
Precis Ch.10
Sundays & Mondays
6 pm & 9 pm

VERMONT

• GREATER FALLS
Adelphia Ch.8
Tuesdays—1 pm
• VIRGINIA
• ALBERMARLE
Adelphia Ch.13
Fridays—3 pm
• ARLINGTON
ACT Ch.33
Mondays—4 pm
Tuesdays—9 am
• BLACKSBURG
WTOB Ch.2
Mondays—6 pm
• CHESTERFIELD
Comcast Ch.6
Tuesdays—5 pm
• FAIRFAX—Ch.10
Tuesdays—12 Noon
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