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Europe Governments React To LaRouche Campaign, Reality

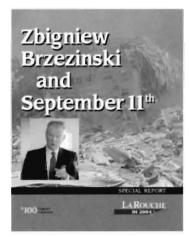




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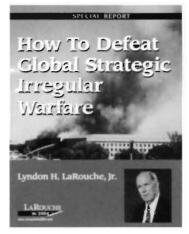
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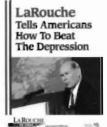
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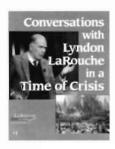


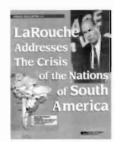
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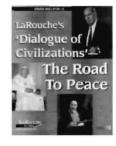
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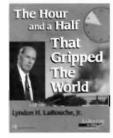


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From the Associate Editor

The imperial "utopian" faction in Washington is trying to convince everyone that war against Iraq—the Clash of Civilizations they so lustfully desire—is inevitable. But it's not! Desperation moves from these maniacs show how close they are to "losing it." And triumphs achieved by the LaRouche movement show how close we are to a revolutionary transformation in this otherwise desperate global crisis—provided people of good will begin to "think outside the box" that the utopians have created.

- Germany and Italy are moving toward the kind of economic policy that Lyndon and Helga LaRouche have advocated for so long: using the resources of the state to provide credit for productive jobcreation in infrastructure development. This is the opposite of the European Union's free-market ideology, which has reduced Europe's highly productive industrial sectors to a rubble-heap, throwing millions onto the unemployment lines. Finally, some people are saying, "Enough is enough!"
- Opposition to war against Iraq is also growing rapidly in Europe and elsewhere. Most striking are the statements by German Chancellor Schröder, who broke his government's silence on the issue, and said flatly that Germany would not participate in any "military adventure," nor would it pay for one conducted by others.
- In the United States, the vote breakthroughs for LaRouche Democratic candidates in Michigan show the success of LaRouche's flanking move: 5 million leaflets going out nationally, hitting the McCain-Lieberman plot against the Presidency. The Michigan results affirm the truth of the leaflet's headline, "The Electable LaRouche." McCain and Lieberman are now coming under fire from other political forces, left and right, all over the country.
- Finally, the "flap" over one-time LaRouche associate Laurent Murawiec, now with the RAND Corp., whose "briefing" at the Pentagon, calling for war against Saudi Arabia, was supposed to feed the Clash of Civilizations furor, has backfired against those who control that pathetic fellow. He has become a laughingstock, and even Henry Kissinger and Donald Rumsfeld have repudiated his ravings.

Next week, we'll have a new feature by LaRouche, "For Citizens Who Enjoy Thinking: Why My Candidacy Is Unique." Expect the unexpected!

Susan Welsh

EIRContents

Cover This Week

Campaign of Helga Zepp-LaRouche, wife of Lyndon H. LaRouche, Jr., is being heard in Germany. Her poster reads, "Globalization Is Piracy, Defend the General Welfare."



4 LaRouche and Hard Realities Drive Germany Closer to Reason

The German government is considering a three-year crash program for the creation of 1 million new jobs in infrastructure development—just the approach that Helga Zepp-LaRouche has called for in her campaign for the Chancellorship. The program would be funded by special bonds issued by the KfW Reconstruction Bank.

6 Italy Goes for Project Bonds on German Model Also

Bypassing the budget constraints of the European Union, Italy's new agency, Infrastrutture SpA, will sell stateguaranteed bonds, on the model of Germany's Kreditanstalt für Wiederaufbau (Kfw).

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Economics

6 Raw Materials Looting Behind African 'Peace'

Breakthrough agreements were achieved in July with respect to the wars in Sudan and in the Democratic Republic of the Congo. But behind them lies an attempt to cajole African leaders into accepting an arrangement by which the West continues to have unlimited access to Africa's raw materials, without providing in return the necessary means for Africa's own development.

10 Bush Team Panics, Bails Out Brazil's Creditors

The IMF's \$30 billion bailout package will solve nothing—it's like throwing paper at a forest fire. LaRouche tells what should be done on an emergency basis.

12 Unregulated Drug Multis Hold Nation Hostage

Part 3 of a series on "The Other Security Risk."

16 Business Briefs

History

18 From Trotsky to Steinhardt: Crossing the Exes

Lyndon H. LaRouche, Jr. analyzes the ideological ancestry of such wretches as Michael Steinhardt, the Wall Street con-artist who founded the Democratic Leadership Council (DLC) and funds Sen. Joe Lieberman's political aspirations.

21 'Our Luck Stopped Here': How Trumanism Overturned Roosevelt's World

The name of the late President Harry S Truman is being dredged up once again to justify American military action in the Middle East and the creation of a Department of Homeland Security in the United States. It is important to set the record straight on this disastrous Presidency.

26 Commanders Opposed Truman on Hiroshima

35 Sergei Zubatov's 'Police Socialism' in Russia, and the Creation of Zionism

The legacy of this Russian secretpolice head is still very much alive, 100 years later, in the ongoing Israel-Palestine conflict.

International

44 Why Did Bush Shift to 'Regime Change' on Iran?

Judging by the President's statements regarding his commitment to "regime change" in Baghdad, and his calls to Iranian student protesters to overthrow their government, it appears that whoever is scripting his foreign policy positions, has put the two Persian Gulf giants in one pot, and turned up the fire.

48 Powell Points To Different U.S. Policy for SE Asia

50 Millions Celebrate The Pope in the New World

52 Opposition To Iraq War Grows in Europe

The drive toward war has triggered quantitative and qualitative opposition to what growing numbers in Europe, the Arab world, and the United States itself, perceive as an insane adventure that would trigger incalculable consequences in the Near East/Gulf and beyond, and do enormous damage to the already dysfunctional world economy.

National

54 'Electable LaRouche Dems' Score in Michigan Primary

Important victories in the LaRouche's 5 million-leaflet mobilization: LaRouche Democrat Kerry Lowry won a Democratic primary for Michigan House of Representatives, and Joseph Barrera came close to winning a State Senate Democratic primary, with 48% of the vote. A sign of the times!

56 Even RAND Repudiates Anti-Saudi Murawiec

A secret meeting of the Defense Policy Board, which is run by suspected Israeli agent Richard Perle, unleashed a certain Laurent Murawiec, now employed by the RAND Corp., to foam at the mouth and call for war on Saudi Arabia. Therein hangs a tale.

- 57 'Saudi Briefing' Fraud: The Sordid Sponsors of Perle's 'French Expert'
- 60 LaRouche Charges: 'Slavery Reparations' Are a Ponzi Scheme
- **62** Congressional Closeup
- **63 National News**

Departments

64 Editorial

Antidote to the 'Get Saudi' Madness.

EREconomics

LaRouche and Hard Realities Drive Germany Closer to Reason

by Rainer Apel

With a burst in early August, reaction to the global economic-strategic crisis forecast by Lyndon LaRouche surfaced in Germany's federal elections. With unemployment soaring above 4 million (10%), "Franklin Roosevelt-style" depression-recovery measures and a break with the United States' projected war on Iraq—both policies fought for over several months by Helga Zepp-LaRouche's campaign for federal parliament—have become the leading national issues.

At a joint press conference in Berlin on July 29 with LaRouche Democrat and U.S. Senate candidate from Virginia Nancy Spannaus, Helga Zepp-LaRouche, national chairwoman of the BüSo party and candidate for Bundestag from Berlin-Mitte in the Sept. 22 national elections, put forward what, so far, no other political party in Germany has. She demanded action against the "financial crash and threat of war." This is the slogan on the BüSo's main election campaign poster, and the development of the political debate during the first few days of August has proven how much the LaRouche movement is on the mark with that slogan.

Amid increasing media reports and leaks about preparations and planning sessions at the Pentagon for a war against Iraq, and amid daily collapses of the financial markets worldwide, numerous politicians have begun to warn against the close tie between military adventures and a deepening of the global economic depression. A high point, so far, of this panicked debate occurred on Aug. 7, when German Chancellor Gerhard Schröder—who had so far mostly spoken of an alleged "upswing, the effects of which will only arrive later, unfortunately"—in an interview with the tabloid *Bildzeitung*, warned that a new Iraq war would lead to a "world economic crisis."

Create Jobs, Says Commission

Similarly, on Aug. 5, one of Germany's leading news weeklies, *Der Spiegel*, leaked the story that the government's

Hartz Commission, named after its chairman Peter Hartz, had changed view on the issue of economic and labor market incentives, and is now considering a three-year crash program for the creation of 1 million new jobs. The jobs would be created through a special new fund in the range of 150 billion euros (about the same amount in dollars). The jobs are to be created mostly in Mittelstand—small to medium-size—firms, mostly in infrastructure development projects in the depression-hit eastern Germany.

This change of view comes as even more of a surprise because the Hartz Commission was originally installed by Chancellor Schröder in March with a different mandate. It was come up with something which would make people forget what he had said four years ago—that he would not deserve re-election if unemployment were not reduced below 3.5 million. Currently, official unemployment is well above 4 million. So far, the Hartz Commission's proposals on "reforming the labor markets" have centered on putting the squeeze on the unemployed by cutting unemployment benefits and tightening administrative procedures. This had been presented as an incentive for the unemployed, to force them to take the 1.5 million private sector jobs that are supposedly vacant.

As the economy is rapidly going down (and with it, as also shown by the latest opinion polls, Schröder's re-election chances), Hartz and other commission members apparently concluded that something else had to be done. So, concepts were taken up that had previously been developed only by Zepp-LaRouche. In several campaign statements, she had demanded that an economic policy approach be adopted along the lines of that presented in September 1931, at the peak of the Great Depression, by economist Wilhelm Lautenbach. In today's circumstances, that means using the Kreditanstalt für Wiederaufbau (KfW, Reconstruction Bank) for infrastructure and employment programs.



Amid the unemployment crisis, the German national election debate is suddenly echoing strategic and economic policies of Lyndon LaRouche—and of Helga Zepp-LaRouche, here campaigning at the head of the Civil Rights Movement Solidarity ticket for the Sept. 22 Federal parliament election.

A New Financing Mechanism

Now, Hartz is proposing that 150 billion euros for financing infrastructure, for the creation of new Mittelstand firms, and for the expansion of existing capacities at others, be raised by issuing special bonds, which he labels "job floaters." Hartz recommends that the program not be financed through normal state bonds, because they would increase public debt, and would thus violate the notorious "Maastricht criteria" (constraints on the size of budget deficits and government indebtedness, and therefore a factor which greatly hampers a government's ability to take measures to overcome an economic depression). Instead, Hartz says, the KfW should issue job-floater bonds. Raising that money would be off-budget, yet at the same time the KfW bonds would be state-guaranteed. In addition, there should be special tax incentives, which would make the purchase attractive for small investors—some sort of state-subsidized "workers' savings."

Hartz is also suggesting an amnesty for tax evaders who transferred capital abroad illegally, if they invest their returned flight capital in these KfW bonds. This way, a large part of the envisioned 150 billion euros for the Hartz plan would be generated, even by the return of only a minor share of the suspected 300-400 billion euros of German flight capital abroad.

The idea of turning flight capital into "infrastructure bonds," was developed by American 2004 Presidential precandidate Lyndon LaRouche in July, and published in the weekly *Neue Solidarität*. In parallel, Zepp-LaRouche called for "building a network of Transrapid lines" comparable to Germany's present rail network of some 12,000 kilometers. This "would create millions of jobs" in the construction and high-tech sectors, and "would cause a large jump in productive potential of the economy as a whole."

Investors who are fleeing out of the dollar or the stock markets, said Zepp-LaRouche, know that "in times of crises, ultimately, only state bonds are 'safe'—provided they are used for real investments in the real economy. Therefore, one way to finance a Transrapid net for Germany, or other infrastructure projects, would be to issue bonds for this purpose, in the amount of several hundred billions of euros through the KfW. Under present conditions, infrastructure bonds—state bonds limited to great infrastructure projects—are a possibility, to bring many billions of euros back into the real economy, thus saving them from being wiped out by the on-going financial crash."

Although the Hartz Commission is vague on the types of projects it is proposing, its surprising initiative is a step in the right direction. Such moves can only be encouraged, because they are urgently needed.

EIR August 16, 2002 Economics 5

Italy for Project Bonds On German Model Also

by Claudio Celani

The Italian government has decided to bypass the budget constraints of the European Stability Pact (which has so far prevented major infrastructural investment), by creating an agency outside the government budget to sell state-guaranteed bonds, on the model of the German Kreditanstalt für Wiederaufbau (KfW). The new agency, called Infrastrutture SpA (Ispa), will be operational in September, said Economy minister Giulio Tremonti on Aug. 1.

The KfW had been pointed to by Lyndon LaRouche and his movement in Italy as a successful model to be imitated, based on its record in managing the Marshall Plan funds for the industrial reconstruction of Germany after World War II. Italy's reconstruction was also successful, but it was run through institutions belonging directly to the Public Administration, thus creating public debt. Such institutions, like the Cassa per il Mezzogiorno, have now been shut down as a result of a fanatic free-market ideology; the current government, although not challenging that mentality directly, has shown intentions to find the financial solution to the absolute urgency of modernizing Italy's transport, energy, and water infrastructure, which are near to collapse.

Ispa will contribute 50% of the total capital required for investments listed in a strategic plan guided by the government, and updated every year. This capital will be financed through medium- to long-term bonds, while private investors will provide the rest. For those projects where European Union funds are available, Ispa will provide one third, with the EU and private investors providing the remaining two thirds. Tremonti emphasized that the new agency is not part of the public administration, and its statute was drafted after the model of the German KfW.

'HQ Could Almost Be in Frankfurt'

In stressing similarities between the two agencies, Tremonti said: "If you allow me a joke, we could have almost placed its seat in Frankfurt." The infrastructure statute was developed in collaboration with the Bank of Italy, which will supervise the new agency. The leader of the LaRouche movement in Italy, Paolo Raimondi, said he is satisfied with the new development: "We have campaigned exactly for a kind of instrument like the German KfW," Raimondi said, "and we are happy to see that the Italian government has picked up our proposals."

An *EIR* special report distributed in Italy since 1998 by the LaRouche movement, entitled "For a New Bretton Woods," has pointed to the KfW as a model to be taken and expanded to finance modernization of European infrastructure, and to build the "Eurasian Land-Bridge" of transport and development corridors. This campaign has led, among others, to several Parliamentary initiatives in favor of a New Bretton Woods policy. Currently there is a motion, signed by 100 members of the Senate and Lower House, calling on the government to promote a new international Bretton Woods conference, in order to establish new financial institutions able to finance large infrastructural projects.

The Italian government is under tremendous pressure to start investments to overcome bottlenecks which are slowly paralyzing the Italian transport system. Most urgent are highways, since most of Italy's commercial traffic moves on wheels. Of urgent priority are the East-West highway connections between the highly industrialized Northern Italian regions, and neighboring Slovenia, the door to Eastern Europe and the Balkans. This route has a bottleneck around Venice, where the traffic comes daily to a complete standstill. Also urgent for improvement are: the North-South bottleneck on the mountain highway between Bologna and Florence, unchanged since the 1960s; the highway south of Naples, from Salerno to Reggio Calabria; and the trans-Alpine passes to West and Central Europe (France, Switzerland, and Austria), which must double both their highway and rail lines. An accident on the Messina-Palermo railway on July 20, in which a train derailed and several people died on the century-old, unrenovated railway system of Sicily, has added a new priority.

Still number one on the list is the bridge on the Strait of Messina connecting Sicily to the mainland. Also of dramatic urgency is the water system in the southern Mezzogiorno. In July, the government had to compensate Mezzogiorno farmers whose cattle have been decimated by a drought. Droughts in southern Italy are not exceptional, but water is not scarce: A citizen of Palermo has more water availability than one from Turin in the North. But the aqueduct system is obsolete, and there is a loss of up to 80% of water in the pipelines.

Energy Emergency

The third emergency is energy: Italy's energy production barely covers current consumption. The government has now had Parliament pass a bill for the immediate construction of new electric power stations, which it will take some years to build. Italy is paying the bill of the suicidal decision to abandon nuclear energy in 1986, thus becoming totally dependent on oil and gas imports. Since electricity production is insufficient, Italy imports nuclear-produced electricity from France! The current government is potentially oriented to review the antinuclear decisions, but is waiting for "public opinion" to shift.

All these urgencies are addressed by the government infrastructure plan, which now, after a bill issued Aug. 3, has reached the operational phase. So far, the limited financial resources allowed by the European Stability Pact have conditioned an extremely slow timetable. The new Ispa initiative—state-guaranteed infrastructure bonds—could turn the situation around by providing an adequate flow of capital to finance all urgent projects at once.

6 Economics EIR August 16, 2002

Raw Materials Looting Behind African 'Peace'

by Uwe Friesecke

To many political observers, the deals that were signed in Africa to end two of the most devastating regional conflicts, came as a surprise. Breakthroughs were declared for negotiations on Sudan on July 20 in Kenya's town of Machakos, and one week later for the Democratic Republic of the Congo in South Africa's capital, Pretoria.

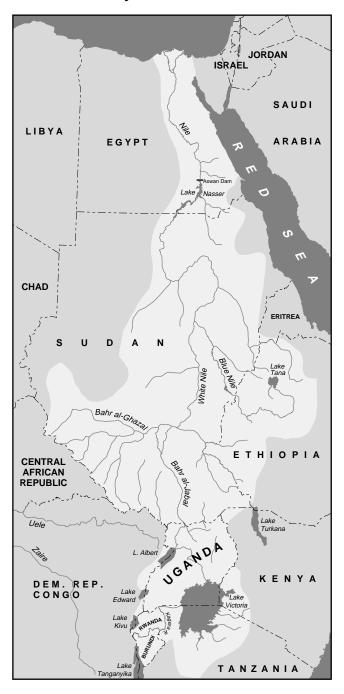
In Machakos, the Sudanese government and the Sudan People's Liberation Movement (SPLM) signed a protocol in which Southern Sudan will be guaranteed six years of autonomy within a united Sudan, before a referendum will be held on whether the population wants to separate from the rest of the country or not. And the government agreed that the Islamic *Sharia* legal code will not be applied in the South. In the next few weeks, a definite cease-fire is supposed to be negotiated between the two delegations.

For the Congo, President Joseph Kabila and his counterpart from Rwanda, Paul Kagame, on July 30 signed a deal by which Kabila agreed to the disarmament and repatriation of the so-called Rwanda Interahamwe militias and former Rwanda Army soldiers within the next 90 days, and in return, Kagame promised to withdraw his troops from Eastern Congo.

On the surface, both deals were arranged by African mediators, and Western diplomats only attended the talks as observers. For Sudan, Kenya's President Daniel arap Moi and Uganda's President Yoweri Museveni played important roles. Moi was directly involved with the two delegations in Machakos, and Museveni later organized the first-ever meeting between Sudan's President Omar Hassan al-Bashir and the SPLM leader John Garang in Kampala, Uganda's capital. For the Congo agreement, the South African government played a critical role. President Thabo Mbeki was present at the signing, and his deputy, Jacob Zuma, chaired the meetings between the Rwandese and Congolese ministerial negotiating teams in Pretoria.

But looking behind the scenes, and taking into account how Western intelligence services kept these conflicts alive in the past, it is pretty clear that Anglo-American, and in particular U.S. pressure played the critical role in forcing the parties in the conflicts to come to an agreement now, where earlier negotiations had been fruitless for years. Reliable sources from the region report that John Garang was simply threatened with the loss of any U.S. and British support, if he would continue to refuse a deal with the Khartoum government, as he had done before, when Madeleine Albright was U.S. Secretary of State and demanded

MAP 1
The Nile River System



the toppling of the government in Khartoum. Now U.S. intelligence services have reportedly already begun to withdraw some of their personnel from Garang's rebel movement. The Bashir government in Khartoum, on the other side, was threatened to become a target of the U.S. war on terrorism. This set the stage for the Bush Administration to name former Republican Sen. John C. Danforth as special

EIR August 16, 2002 Economics 7

envoy to Sudan, and to start the process of U.S.-led mediation between the rebels and the government, which produced the Machakos Protocol of July 20.

For the Congo, informed political observers from the region say that President Kabila had no choice but to sign the Pretoria deal. He clearly had in mind the way his predecessor had ended his life (his father, Laurent Kabila, was assassinated in January 2001). He accepted the fraudulent premise that the so-called Hutu rebels were all genocidalists and had to be delivered back to Rwanda, in exchange for an empty promise from the Rwandan dictator to withdraw his troops from Eastern Congo. Shortly before these negotiations, World Bank President James Wolfensohn visited Kinshasa, Congo, and praised the Kabila government for its economic policy. One week after Kabila signed the deal, the World Bank announced a \$454 million loan to the Congo, and Wolfensohn announced a proposal to cancel 80% of the country's \$12 billion debt, as if to prove once more how effective the crude carrot-and-stick method can be in diplomacy. In the process leading up to the Pretoria negotiations, the U.S. State Department was directly involved, through Deputy Assistant Secretary for African Affairs Mark Bellamy, who declared on July 14 in Kinshasa that he had come to the region "to accelerate the peace process."

High Stakes

Both deals fit well into a long-range plan to clear up the power structures in Africa, in favor of unchallenged Anglo-American interests. What is hailed as an African breakthrough for peace is, in reality, an attempt to cajole African leaders into accepting an arrangement by which the West continues to have unlimited access to Africa's raw materials, without providing in return the necessary means for Africa's own development. Exploitation of the vast oil reserves that were discovered in the Gulf of Guinea and in Sudan, is now the top priority for Anglo-American Africa policy, besides continuing the old arrangements to loot the diamonds, gold, coltan, and other strategic minerals.

For the Congo and the Great Lakes region, including Southern Sudan, this strategy rests on the role that the two dictators of Uganda and Rwanda, Museveni and Kagame, can play. Both came to power with British and American support, and in 1990 they started the series of wars that led to the carnage in Rwanda in 1994, the continuing fighting in Burundi, and the devastating conflict in Congo. Museveni's government has furthermore been the one used by Washington and London to channel military support to John Garang's SPLA, fighting the government of Sudan for the last 19 years.

Even though there are serious differences between Museveni and Kagame locally, they continue to fit very well into the larger geopolitical design of the Anglo-American powers for the African continent. In effect, the Congo deal forces Kabila to accept the Kagame/Museveni dominance in the region, and the Sudan agreement tends to bring the Khartoum government back into the orbit of Anglo-American influence.

Next on the agenda is a deal to end the war in Burundi, which is right now being negotiated in Dar es Salaam, Tanzania, where again South Africa plays the role of mediator.

That Presidents Museveni and Kagame are playing their role in this neocolonial game, is no surprise. But the fact that the South African government seems to look at its interests in the region in congruence with the interests of Washington and London, prompts questions. Though it is commendable for South Africa's Mbeki and Zuma to try to find peaceful ends to the conflicts plaguing the continent, they must confront the fact that, right now, Washington and London are ordering "peace without development" for Africa—which, in the long term, will not mean peace at all.

After the Bush Administration came into office, the Anglo-American powers accelerated their venture into African oilfields for purely geopolitical reasons. Having in mind a possible new Middle East war prompted by the Ariel Sharon government in Israel and a new war against Iraq, Anglo-American strategists are planning to lessen their dependence on Middle East oil, and replace it with increased supply from Africa. They also are trying to roll back the influence of China in Africa, which, in the absence of U.S. oil companies, since 1997 had built the pipeline to pump oil from the fields in Southern Sudan to Port Sudan on the Red Sea, and a refinery near Khartoum.

Shift in U.S. Africa Policy

The London *Times* of July 29 captures the current shift in U.S. Africa policy most clearly, with the headline: "U.S. Presses Africa To Turn on the Tap of Crude Oil." "The West has activated a plan," wrote the Times, "to reduce its dependence on politically risky Gulf oil by encouraging a huge increase in production in West Africa and by tempting Nigeria to leave OPEC." The paper quoted Walter Kansteiner, U.S. Assistant Secretary of State for African Affairs: "African oil is of national strategic interest to us, and it will increase and become more important as we go forward." Kansteiner, who had already served as a specialist for strategic raw materials in the administration of George Bush, Sr. in the 1980s, had just returned from a trip to some of Africa's most important oil producers—Angola, Gabon, and Nigeria. In a press briefing after his trip, Kansteiner explained that the United States is, right now, importing about 15% of its crude oil from West Africa, and that this could increase to 20% in the next three vears.

In March 2000, the U.S. House of Representatives Subcommittee on Africa held hearings on "Africa's Energy Potential," at which testimony was given by representatives of think-tanks and oil companies about the vast potential for increased oil production in Africa, in particular West Africa. Paul M. Wihbey from the Institute for Advanced Strategic and Political Studies (IASPS), a Jerusalem-based think-tank linked to the most right-wing pro-Sharon circles in Israel, discussed the increased strategic importance of the Gulf of Guinea region of Africa for U.S. oil supplies. He already then proposed the formation of an extra U.S. military command for the South Atlantic, and increased U.S. military presence in West Africa, to safeguard the oil-supply lines.

After President George W. Bush assumed office in January 2001, discussions in the Pentagon and State Department on the issue of African oil, along the lines of the IASPS proposals, intensified. Following the events of Sept. 11, 2001, the war in Afghanistan, the escalation of the Israel-Palestine conflict, and the early planning of a U.S. war against Iraq, the question of alternative sources for oil supply for the United States became highest priority for strategic planners.

Mideast Clash of Civilizations Angle

On Jan. 25, 2002, the IASPS organized a symposium in Washington entitled "African Oil: A Priority for U.S. National Security and African Development," which reflected the increased attention the Bush Administration was giving to the issue of African oil, following the events of Sept. 11, 2001. The seminar was addressed by Kansteiner and other officials of the State and Defense Departments. U.S. Air Force Lt. Col. Karen Kwiatkowski, a political/military officer assigned to the Secretary of Defense's Office of African Affairs, pointed out that "Africa is important to U.S. national security" because by 2015, fully 25% of U.S. oil imports will come from sub-Saharan Africa, especially West Africa, Sudan, and Central Africa. Robert Murphy, an economist with the State Department's Office of African Analysis, added that it would be important to diversify the sources of imported oil away from the troubled areas of the Middle East. Murphy puts the proven reserves in the Gulf of Guinea at more than 30 billion barrels. According to data from the U.S. Energy Information Administration, oil output in Nigeria will rise from 2.185 million barrels per day in 2001, to 4.422 million in 2020; in Angola from 722,000 in 2001 to 3.288 million in 2020; in Equatorial Guinea from 145,000 in 2001 to 724,000 in 2020; and in Sudan from 199,000 in 2001 to 526,000 in 2020.

At the Washington seminar, a working group was formed, called the African Oil Policy Initiative Group (AOPIG), comprising Bush Administration officials, representatives from Congress, from the big oil companies, investment firms, and international consultants. On June 12, 2002, they delivered a report to the Africa Subcommittee chairman, Rep. Ed Royce (R-Calif.), who declared on the occasion that "African oil should be treated as a priority for U.S. national security post-9/11."

The AOPIG report projects that U.S. imports of oil from Africa will go up from 1.5 million barrels a day, currently, to 2.5 million barrels a day by 2015. The Gulf of Guinea emerges as the new energy center of gravity and a vital U.S. interest. The total oil and gas reserves along the African coastline from Senegal in the north to Namibia in the south, may be more than those of the Middle East. Most of the deposits are offshore, and are therefore isolated from potential political and social turbulence on the mainland; and transport lines to the

U.S. are just across the Atlantic, shorter and more direct, than from the Middle East. Therefore, West Africa offers the quickest, most secure, and least complicated potential for an increase in U.S. oil supply to replace part of the flow of Middle East oil. Reflecting discussions in the U.S. Administration, the report proposes that the U.S. Congress formally declare the Gulf of Guinea an area of "Vital Interest" to the United States; and further, that the U.S. government should plan a much more aggressive military forward presence, and create a regional sub-command for the Gulf, with a new home port on the islands of São Tomé and Príncipe, just north of the Equator.

Regional Maneuvers—and Warnings

In early July, a delegation of AOPIG, led by Paul Wihbey, presented their findings and a U.S. proposal for the establishment of a "Gulf of Guinea Commission," involving oil-producing West African states, to President Olusegun Obasanjo and Vice President Atiku Abubakar of Nigeria in Abuja, Nigeria's capital. The Nigerian leaders were reportedly very much in agreement with these U.S. proposals.

The Nigerian President has become notorious for his subservient alliance with the U.S. government of President Bush. Other African Presidents, such as Abdoulaye Wade of Senegal and Eduardo Dos Santos of Angola, are emulating the Nigerian leader in this. Only days after the rebel leader Jonas Savimbi from Angola's UNITA was killed in January of this year, the Angolan President met President Bush in Washington, and offered a significant increase in Angolan oil for the United States.

The astonishing number of personal meetings this U.S. President has had with African leaders, since assuming office more than a year ago, can only be explained by the fact that the Bush Administration is committed to advancing the political and military structures in Africa which will guarantee unhindered access to Africa's raw materials, crude oil in particular.

These are the strategic realities behind the current changes in Africa. But, because these "peace deals," ordered by the United States and greatly supported by Britain, in Angola, Sudan, Congo, and soon Burundi, lack any element of real economic development, and fail to address the complicated historical injustices of the conflicts in question, they will not bring lasting peace to the troubled African people of the conflict regions. Therefore, some wiser statesmen are sounding their warnings. In the case of Sudan, Egypt President Hosni Mubarak's political adviser Osama al-Baz warned that the Sudan deal could lead to the splitting of Sudan into two parts. This could be the precedent for dividing other African countries along tribal, linguistic, or religious lines, and could lead to even greater chaos throughout the continent. One hopes that at least some who are responsible for Africa policy in Western governments, will look beyond their obsession with the continent's raw materials, and listen to those wellfounded concerns.

EIR August 16, 2002 Economics 9

Bush Team Panics, Bails Out Brazil's Creditors

by Gretchen Small

Democratic U.S. presidential pre-candidate Lyndon LaRouche was blunt, in an Aug. 8 interview: The \$30 billion International Monetary Fund package for Brazil announced Aug. 7, is actually meant to bail out Brazil's principal creditors, such as Citibank, J.P. Morgan Chase, and other major international banks.

"Washington is bluffing," said LaRouche. "The Bush Administration has no idea at present of what to do about the global systemic crisis, nor the specific danger of a Brazilian debt blow-ut. What they do know is that they don't want Citibank and J.P. Morgan Chase to go under—that they know.

"The danger of an imminent Brazilian default—with its \$500 billion real foreign debt and an out-of-control domestic public debt bubble—was too big to digest. The entire system could blow out at a moment's notice.

"So this IMF package is not a favor to Brazil; it is a favor to a United States that doesn't know what the hell else to do under these circumstances. It has to be understood that way. Obviously, in this situation, they are going to try to bail out Citibank, J.P. Morgan Chase, and probably some other U.S. and European banks as well."

U.S. banks had some \$32 billion at risk in Brazil as of March 31, 2002, with CitiGroup's exposure said to be close to \$13 billion of that total. And European banks have some \$82 billion, with Spanish interests the most exposed by far. And that does not include the foreign corporate investment tied up in Brazil, with U.S. corporate assets in Brazil estimated by Brazil's Central Bank to have been over \$55 billion at the end of 2000.

Make Those Policy Failures Bolder!

Since taking office, U.S. Treasury Secretary Paul O'Neill insisted that mega-bailouts were a thing of the past. A few slipped through (notably Turkey, considered strategic for an attack on Iraq), but the hard- ine certainly held in Ibero-America. By late July, however, it became evident that Brazil was careening toward default. This was the predictable result of the fact that its foreign creditors, going down themselves as the global financial system collapses, had written Brazil off earlier in the year—quietly, but systematically cutting it off from foreign credit.

When the Uruguayan banking system collapsed in the last week in July, the financiers then faced the immediate

possibility that neighboring Uruguay would have no choice but to join Argentina in declaring default on its sovereign debt.

Uruguay's nearly \$7 billion in foreign debts are small potatoes compared with Argentina's or Brazil's, but a second Ibero-American default, of any size, could not be risked. The crisis also coincided with O'Neill's scheduled Aug. 4-7 visit to Brazil, Uruguay, and Argentina. Over the weekend of Aug. 3-4, the U.S. Treasury provided a \$1.5 billion bridge loan to Uruguay, to be repaid by the IMF and Inter-American Development Bank when their boards officially could meet to approve the bailout. That allowed Uruguay to partially reopen its banks on Aug. 5, although depositors in Uruguayan public banks found three quarters of their dollar deposits were frozen for three years, at the IMF and the U.S. Treasury's insistence.

Good, but not good enough, hysterical financiers responded. London's *Economist* and the Executive Director of the financially shaky HSBC bank, Sir Keith Whitson, joined mega-speculator George Soros in calling for money to be thrown at Brazil. The *New York Times* chimed in, with an alarmed article on Aug. 5, warning that Brazil faces "mass corporate defaults." The Brazilian private sector owes an estimated \$120 billion in foreign debt, a sum significantly larger than the \$95 billion in Argentine official debt which went under in December 2001. The *Times* warned: "When a giant falls, the noise is loud and the collateral damage wide."

None expressed the panic of the financiers more colorfully, however, than the Aug. 7 lead editorial of the *Washington Post*, which screeched that the biggest, boldest bailout possible was necessary, if O'Neill "wants to head off the disaster of a meltdown in Brazil. . . . If you're going to do bailouts, you need to do them wholeheartedly, early, and potentially on a grand scale."

Throwing More Paper at a Forest Fire

The official announcement came later that same day: the IMF had reached an accord with Brazil's Cardoso government for a \$30 billion loan to Brazil, the IMF's largest single bailout ever. Larger bailout packages have been arranged before, but always involving Group of 7 countries and the other multilateral banks. The \$30 billion is solely from the IMF. Brazil is said to be negotiating with the Inter-American Development Bank and World Bank for yet more funds.

The loan is a two-part package. The IMF is to make \$6 billion available as soon as its board approves the deal in September, with the other \$24 billion to follow after the new President of Brazil takes office in January 2003—and it is contingent on that next President following IMF rules. But on top of the \$6 billion being made available immediately, the IMF has agreed to allow Brazil to lower the amount of foreign exchange it must hold in reserve, from \$15 billion down to \$5 billion. Since the Central Bank reports Brazil currently has \$23 billion in reserves, it can now use \$18 billion of those reserves, plus the new \$6 billion from the IMF, to throw at the "markets" and help bail out Citibank et al.

10 Economics EIR August 16, 2002

The principal conditionality of the program, is that Brazil maintain its primary budget surplus. This has been one of the chief mechanisms killing Brazil's real economy. Calculated as government revenue minus all expenditures *except* debt service, the so-called "primary" surplus translates—in real life—into a mechanism by which the government is forced to brutally cut back necessary expenditures, to ensure that billions are available to be transferred into debt service.

The new IMF accord requires that the next government maintain the current target of a primary budget surplus of "no less than" 3.75% of GDP—today equivalent to \$19.2 billion a year—but leaves the door open to raising the percentage to be gouged out, by requiring the IMF to "revisit" the primary surplus target quarterly. And, although the accord only covers a 15-month period, it requires that the "no less than 3.75% primary surplus" be included in the budget laws for 2004 and 2005, two years after the accord would nominally terminate!

The IMF statement expresses confidence that the accord will be accepted by the leading Presidential candidates. In other words, candidate support for the accord is also a de facto conditionality. How much support will be considered good enough? Finance Minister Pedro Malan suggests that "if the principal candidates express clearly, unequivocally, with conviction, and in a credible form that the IMF accord benefits the country, 'it would facilitate things a lot,' " *GloboNews* reported.

Default Will Happen Anyway

The opposition candidates scrambled. Any candidate who rejects the pact risks being tarred as "the cause" of the Brazilian default which is going to happen anyway, while approval could bring political death, since the population despises the IMF policies. The would-be militant Luis Inacio "Lula" da Silva, a leader of the Pôrto Alegre-based "anti-globalization" forces, groveled. He welcomed the IMF package, called it "inevitable" and necessary to "calm down the financial system." His Vice Presidential running mate, Sen. José Alencar, a businessman from the right-wing, Mont Pelerinite Liberal Party, didn't need to see any details to declare the accord to be "a commitment by Brazil, and it will have to be maintained."

Ciro Gomes, running on the slate of the Laborite Front and vying with Lula for first place in the polls, came up with the formulation that he would not be the one to block Brazil's negotiations, nor would his government "promote the wrong future economic policies."

Gomes' formulation leaves a lot of room to maneuver. Repeatedly, IMF spokesmen insist that the new accord is based on continuing the current policies, which are the right ones. "The question is: If the policies are good, why are we having the crisis?" a Brazilian journalist asked IMF spokesman Thomas Dawson at an Aug. 1 press briefing.

The same question was raised in the lead editorial of the Aug. 8 German edition of the *Financial Times*. Headlined

"Final Nail in the Coffin for IMF Ideology," the editorial by Sebastian Dullien notes that the crisis in Ibero-America, and Brazil in particular, is completely "demolishing the theoretical foundation" of IMF policies. Brazil has had a free-floating currency since 1999. Its Central Bank fought inflation. The government carried out economic reforms. Nevertheless, the national currency, the real, "is crashing," and with every devaluation of the real, the debt burden rises and default comes closer.

The editorial drew the proper conclusion: "The Latin American crisis is putting into question the entire modern world monetary system." Perhaps, this is the time "to think about a new world monetary system."

LaRouche: Freeze the Paper!

In his Aug. 8 interview, LaRouche laid out the parameters for what must be done to maintain a structure for a viable economy and society, while the bankruptcy is addressed. "Obviously we need stability; we don't want chaos. But this approach of throwing yet another 'wall of money' at a gigantic speculative bubble, is not going to work. The IMF is a dead institution; it no longer functions. Only one thing will work: You're going to have to freeze the situation by freezing everything, including these debts. You cannot bail it out, you cannot manage it. You can only deep-freeze it. Then you can manage what you've deep frozen. You are going to have to do it in the interests of the international as well as the national communities, as an overriding concern."

"In Brazil, as long as the dollarization of its debt continues, nothing is going to work," LaRouche emphasized. "The only thing you can do is freeze the unpayable debt. Then you have to go to a fixed exchange rate, which you defend with exchange controls and capital controls. That's the only way: you have to defend a fixed value of the Brazilian real against the dollar, and put an end to the free convertibility between the two currencies. With that in place, you then activate domestic credit mechanisms to keep the nation's vital real economy alive.

"The system is finished, and people have to recognize it. The IMF system is dead: it can't handle this crisis. You need a solution that will stabilize the situation, and actually work—these tricks are not going to do it. There is no solution in this system.

"The problem is that nobody in the U.S., at present, in official circles, has any confidence in their ability to manage this situation. So what they are doing is trying to bluff their way through."

LaRouche concluded: "We have the only solution—my solution. It's a rough one, but it's the only one that will work. Instead of trying to figure out how you're going to negotiate a new system, you just have to impose a solution which freezes the situation and makes it manageable.

"And if you haven't got the guts to do it, bring in a player, namely me, and I'll do it. I'll show you how it's done."

EIR August 16, 2002 Economics 11

The Other Security Risk

Unregulated Drug Multis Hold Nation Hostage

Part 3, by Linda Everett

The recent battles in Congress on the issues of providing a Medicare prescription drug benefit for older and disabled Americans, and tackling the overall problem of prohibitive costs of most name-brand prescription drugs, are, in many ways, emblematic of the major crisis crippling a country held hostage by a totally unregulated pharmaceutical industry. As one specialist told *EIR*, when it comes to the pharmaceutical industry, "The situation is totally out of control, no country can control the drug industry."

Indeed, the industry is a formidable force: The number of lobbyists working in the United States for the drug industry is now close to 700, more than one in Washington to work over every member of Congress. However, it is also an industry that, like Enron, through its perfidious appetite for looting every part of the population, appears to have shot itself in the foot several times, and now faces an avalanche of legal suits, legislation, and voter outrage.

Although it is unlikely that a bill will pass Congress this year, there are both Democratic and Republican bills for a Medicare prescription drug benefit, and a more forceful Senate-passed bill to make generic drugs readily available. There are a growing number of Federal, state, and consumer lawsuits against drug companies. In almost every instance, the lack of regulation of the drug industry has given rise to the crisis.

\$4,000 per Person per Year for Medicines

Canada and the countries of Europe have some form of price regulation of pharmaceuticals, which includes either large discounts negotiated with the drug manufacturers, or outright government-fixed drug prices. Even with the considerable differences in regulations between Europe and the United States, it is claimed that—since the United States is the only country where major drug companies can get their asking price for their products—America's 46% of all global drug sales is in fact subsidizing the cut-rates of European countries.

A similar phenomenon occurs within the United States. Large U.S. corporations, managed care organizations, health insurers, hospitals, the Office of Veterans Affairs, and the Department of Defense, among others, all negotiate large discounts from pharmaceutical companies for their products. The people who end up paying the full price of prescription drugs are those who can afford it least—the uninsurable (because of disabling or chronic health problems), the uninsured or underinsured, the poor, and the elderly.

There are numerous studies that demonstrate the hard fact that the uninsured, indigent, and chronically ill, unable to afford to purchase their medications, are far sicker than the rest of the population and have higher mortality rates. So, too, with those people who are over age 65 or disabled, who make up the 40 million beneficiaries of the Medicare program.

Medicare does not provide coverage for prescription drugs, a major and growing component of medical care. According to a new Henry J. Kaiser Foundation study, nearly one in four seniors is skipping doses of prescribed medicines, or not filling prescriptions because of high costs. A July study by the consumer group Families USA found the costs of many major drugs that seniors use increased up to eight times the (understated) rate of inflation in the last year.

A decade ago, the crisis was much the same: Prescription drugs were the largest out-of-pocket expense for retirees, greater than doctors or hospitals. Right now, some 30% of Medicare beneficiaries spend between \$2,000 and \$4,000 of their own income on drugs annually. By 2005, most Americans over 65 will spend up to \$4,000 annually—some \$80 every week—on medications.

Thus, the heightened pressure for a drug coverage benefit under Medicare; but, after several months of rhetoric, Congress broke for Summer recess on Aug. 2, with all bills defeated in the Senate and a truly terrible Republican bill passed in the House. There is little hope for the issue to be resolved when Congress returns in September, as the differences are ideological. House and Senate Republican bills would have given sporadic coverage and allowed private insurance companies to run the program—this would essentially privatize this part of Medicare. The Democrats sought bills that would have made prescription drug coverage universal, and an integral part of Medicare, covering everyone.

The Infamous Republican 'Donut Hole'

On June 28, after using several underhanded tactics, House Republicans passed their bill (HR 4954) which would give private insurers the right to loot seniors blind. If made law, the bill would quickly become a negative "free market" lesson on the country's critical health care needs.

The GOP bill caters to the pharmaceutical industry, which paid a conservative front group \$3 million to promote it. Seniors would pay \$400 a year in premiums and spend \$250 per year in drug costs (a deductible) before the benefits start. Of the next \$250 to \$1,000 a senior spends, 80% would be covered under the plan; 50% of the next \$1,000 to \$2,000 of drug costs would be covered. *Nothing at all* is covered for those patients—30% of all seniors—who spend between \$2,000 up to \$4,800 a year on medications. This is the "hole" in the

donut (seniors who spend more than \$4,800 would have all drug costs covered).

By one estimate, if a Medicare patient spends \$500 a year out of pocket, he'd have to pay \$400 in premiums to get \$200 in benefits under the Republican bill. If he spends \$1,000 a year in drug costs, he'd have to pay the \$400 premium cost to get \$600 in benefits—a gain of only \$200. Spend as much as \$4,800 a year on medication, and the maximum net gain is only \$700.

Private insurers shun prescription drug coverage since it is usually the sickest people who will use it the most. But, under this plan, those who run the program can increase premiums and deductibles; can pick and choose what geographic areas, if any, they will offer coverage—just like Medicare HMOs. Of course, if you are really ill, and can't get coverage through any other plan, there is no guarantee that insurers will sign you up at all.

The Democratic House bill called for government to cover 50% of annual costs of prescription drugs up to \$4,000, and 100% of all costs above that. Medicare patients would pay a \$25 monthly premium but have no deductible.

The original Senate Democratic bill, proposed by Bob Graham (D-Fla.) and Zell Miller (D-Ga.), was fought by the pharmaceutical lobby because it would have used the negotiating power of the huge Medicare program to bargain for lower drug prices from the drug companies. Medicare beneficiaries would have paid a \$25 monthly premium with no deductible, and only a \$10 co-payment for any generic drug. The government would cover 100% of beneficiaries' annual out-of-pocket prescription drug costs that exceed \$4,000. Low-income seniors would pay reduced premiums and co-payments. The bill was defeated, 52 to 47.

The "tri-partisan" Senate bill, proposed by Senators Charles Grassley (R-Iowa), John Breaux (D-La.), and James Jeffords (I-Vt.), would have private insurers offer insurance plans to cover prescription costs. The insurers would be allowed to set their own premiums, and alter the co-payments and benefits proposed in the bill. Medicare beneficiaries would pay a \$24 a month premium. After a one-time \$300 deductible, the government would cover 50% of the beneficiaries' annual drug costs up to \$3,450, and 90% of drug costs once annual out-of pocket drug spending exceeds \$3,700. This was defeated 51-48.

In a 50-49 vote, the final compromise proposal in the furious battle, before Congress adjourned, was defeated in the Senate on July 31. The proposal, offered by Senators Bob Graham (D-Fla.) and Gordon Smith (R-Ore.), would have helped the very poor and those with catastrophic drug costs. About 39% of Medicare beneficiaries live at, or below, 200% of the Federal poverty level—200% equalling \$17,720 for a single individual and \$23,880 for a couple. Under the plan, beneficiaries in this catagory would have had their prescription drug costs completely covered by Medicare. Medicare



Move over, Enron, make way for Bristol-Myers Squibb. In the pharmaceuticals inflation crisis which pits the health of America's elderly against the highest-profit large industry of all, the 2002 Congress has proven unable to act, so far, to protect the general welfare.

would also cover the costs for drugs over \$3,300 or more a year, with beneficiaries paying a \$10 co-pay per prescription.

What Did Pass the Senate

In a 78-21 vote, despite heavy pressure from the largest pharmaceutical companies, a three-part bill aimed at trimming prescription drug costs overall was passed in the Senate on July 31. The bill eliminates a loophole that major drug companies used, in the 1984 Hatch-Waxman law, that gives

EIR August 16, 2002 Economics 13

them repeated, automatic patent extensions on name-brand products.

In the United States, when a pharmaceutical company finds a promising compound or drug, it gets a 20-year patent that starts the day it makes patent application. The patent ensures that pharmaceutical companies, which may invest as many as eight years of research into a drug, will get years of exclusive patent protection once the drug comes to market—assuring that they thoroughly recoup funding spent on research and development of the drug.

However, once the original patent for a brand-name drug is finally up, generic competitors can bring the same product to market at a much lower cost. But, major drug companies often "extend" their exclusive marketing rights to a drug by making incidental changes in it, thereby automatically receiving more years of patent protection. The new legislation would stop the automatic extended patents, known as "evergreening patents," and bring generics to market sooner.

This bill now goes to the House, where the drug company lobbyists promised the *New York Times* "herculean" efforts to keep it off the floor.

The 1984 Hatch-Waxman bill was once promoted as the way to cut drug costs by increasing competition in the market-place. Nothing of the sort happened. Drugs prices escalated.

A second provision of that law ensures there is no competition to name-brand drug companies. Often, when a generic company is about to bring to market its generic substitute for a brand-name drug whose patent is about to expire, even as the loaded trucks are leaving the generic manufacturing plants, the major drug company files suit for patent infringement, and automatically gets a lucrative 30-month extension on its patent during the ensuing legal battle. The patent infringement charges are often ludicrous. In one case, a brandname drug company filed suit because for a moment, while its cheaper, generic form was swallowed and absorbed in the stomach, it appeared to have the same molecular make-up as the name-brand drug.

That automatic 30-month patent extension, experts told *EIR*, does not exist in any other industrial or engineering patent process—only for pharmaceuticals. It goes into effect whether the brand-name company wins the case or not. And, the generic company, unable to bring its product to market for that time, loses many millions of dollars—even if it were found not to have impinged on the brand-name drug patent.

The new Senate bill will still allow drug makers to receive a 30-month patent extension—but only one. One attorney familiar with the field suggested, in addition, that the drug multi have to post a bond it would forfeit if it fails to block the generic drug in litigation—but this useful "teeth" feature was not included.

Complete Lack of Regulation

The bill would also prevent brand-name companies from paying off generic makers, to keep their cheaper drugs off the market. For instance, a class action suit was filed in state and Federal courts (for Federal anti-trust violations) against Zeneca, Inc., its successor AstraZeneca, PLC, the maker of tamoxifen—the most widely prescribed breast cancer drug—and Barr Laboratories, the sole distributor of the generic form of tamoxifen. The suit charged that Barr and Zeneca reached an illegal, confidential agreement that allows Zeneca to retain a monopoly over the manufacture, distribution, and sales of the drug.

There is little Food and Drug Administration regulation of these practices in the United States, or any other Federal agency oversight. In fact, as representatives of the U.S. Patent office told *EIR*, even when a drug company lists a whole series of frivolous patents (the color of a pill, a new container, the dosage size) in the FDA's "Approved Drug Products With Therapeutic Equivalence Evaluations" (known as the "Orange Book"), the FDA does not investigate if there are abuses involved. FDA personnel claimed to *EIR* that that is the job of the U.S. Patent and Trademark Office. The U.S. Patent Office says it's the FDA's job. When the National Pharmaceutical Alliance, now part of the Generic Pharmaceutical Association, alerted the FDA in February 2000, to three dozen patent abuses by 16 major drug companies, the FDA never even responded.

The Federal Trade Commission (FTC) is about to release a report that charges that the brand-name pharmaceutical companies have used the loopholes in Hatch-Waxman Act to delay competition from generic companies. The FTC found eight cases where brand-name companies filed for numerous additional patents on original drugs, for which the companies had already received 30-month extensions on the original patents.

One expert suggested that perhaps one way to cut through this quagmire is that the CEO and other heads of pharmaceutical companies be forced to sign an affidavit stating that their new patent is legitimate. If it were then found not to be legitimate, the officers could be charged, jailed, fined, etc. We might not have enough jails.

Move Over, Enron

Aggressive lawsuits may also change this standard operating procedure of brand-name companies. In one case, a U.S. District Court ordered the FDA to approve a generic company's application to market its cheaper drug. The Boston-based Prescription Access Litigation Project (PAL), a coalition of 70 organizations in 30 states, along with 29 Attorneys General and the AARP (formerly known as the American Association of Retired People), filed Federal and state lawsuits against Bristol-Myers Squibb Co. for improperly submitting to the FDA a new patent which misrepresented to the FDA what the patent covers. Although this was a false patent, the Bristol-Myers' patent submission required the FDA to deny applications to other companies to market generic versions of BuSpar, the brand name of a widely prescribed anti-

anxiety medication. It's important to note, that any regulation to rein in these practices is strongly opposed by the Bush Administration. President Bush, repeating the major pharmaceutical drug industry line, says any regulation would stymie their research and development (R&D) efforts on new breakthrough drugs.

Mylan, the generic manufacturer, also sued the government and Bristol-Myers. On March 14, 2001, U.S. District Court Judge Ricardo M. Urbina agreed with Mylan, and ordered Bristol-Myers to request the FDA to delist its patent extension. The Court ordered the FDA to approve Mylan's application to market its generic BuSpar. On Feb. 14, 2002, a U.S. District Court ruled that Bristol-Myers Squibb acted improperly when it filed additional patents on its treatment BuSpar, to try to keep the generic companies from selling their product. The decision allowed the anti-trust lawsuits filed by 29 states and three generic companies to proceed.

The Securities and Exchange Commission is also investigating Bristol-Myers for offering improper incentives to wholesalers to load up on Bristol-Myers products, in an attempt to boost its sales to \$1 billion in 2000.

There are at least 25 similar lawsuits in process against brand-name pharmaceutical companies, for illegal practices to monopolize the market. In one, PAL and plaintiffs allege that Schering-Plough, Upshier-Smith, and American Home Products Corporation conspired illegally to keep generic versions of the widely prescribed K-Dur 20, a potassium supplement, off the market.

Another, much-watched section of the Senate-passed bill will allow wholesalers, pharmacies and individuals to reimport pharmaceutical drugs approved by the FDA, from Canada. Since Canada purchases drugs at a discounted rate from U.S.- and Europe-based manufacturers, the costs of drugs are up to 80% cheaper than the same drugs sold in the United States. Some dispute the safety of such drugs, but because the chain of custody of a drug from the U.S. manufacturer to the Canadian supplier is strictly controlled, safety issues are said to be at a minimum.

State Discounts and Budget Crises

The third part of the Senate bill would allow states to use their bargaining power to negotiate deep Medicaid discounts on prescription drugs used for poor and disabled beneficiaries on the Federal-state Medicaid—assistance to the poor and disabled—health insurance program. The 50 states have been hit with a combined \$50 billion revenue deficit for Fiscal 2002, and face worse for Fiscal 2003, because of the collapsing economy. Their Medicaid budgets have increased 25%, due to the increased costs of prescription drugs. States are passing legislation for such discounts and are following the test case of a Maine drug-discount law, which the Pharmaceutical Manufacturing and Research Association (PhMRA), the brand-name drug industry trade group, is contesting before the U.S. Supreme Court in the Fall.

But at the same time, state Medicaid programs are trying a myriad of murderous actions to balance their state budgets through cuts in the Medicaid program, such as requiring the poor and disabled to pay higher co-pays for their medications, which is often impossible.

Idaho would change its law so that Medicaid patients can't have more than four prescriptions at once without special approval (elderly patients and chronically ill patients often need over a dozen medications at a time). Nebraska is eliminating so-called "unnecessary and wasteful drugs." North Carolina is eliminating 30 medications that are deemed too expensive. West Virginia will let Medicaid patients have only approved (cheaper) medications on their lists of allowable drugs—despite doctors' orders. Mississippi, which says Medicaid "is a cancer on the state budget," will only allow patients to be on seven medications at once, and is increasing what Medicaid patients must pay to get them.

Short of general economic recovery measures, these budgets cannot be balanced—through human blood or otherwise. State governments will have to stop denying the reality of the collapse, and go for LaRouche's policy of Federal credit creation for both "hard" infrastructure building and "soft"—including health care. There is no other way, any longer, to ensure that those who need medications don't fall into chronic illness, or die, for lack of them.

Electron	ic Intel	ligence	Wee	kly
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EIR August 16, 2002 Economics 15

Business Briefs

Korea

Railway High On North-South Agenda

Reconnection of the Trans-Korean railway will top the agenda of August ministerial North-South talks in Seoul, to help speed up transformation of North Korea's economy, the Korea Times reported on July 31, after interviewing various strategists, in their usual role as outlet for the Presidential Blue House. "The railway would be an important tool to link the outside world and North Korea, which has introduced elements of a market economy," said Lee Jong-seok, of the Sejong Institute think-tank. "North Korea is making every effort to improve production capabilities." South and North Korea agreed July 30 to hold working talks to prepare for the high-level meeting in mid-August.

South Korean officials are expected to urge their Northern counterparts to speed up work in the North on the rail link. "If the cross-border rail line work resumes, it is expected to serve as a stepping stone to inter-Korean military talks as well as construction of an industrial complex in Kaesong," said Prof. Suh Dong-man of Sangji University. To that end, the two Koreas should sign an agreement on a set of administrative regulations regarding mine-clearing works inside the Demilitarized Zone. "The railway connection will be the most substantive project since the summit between the two Korean leaders in June 2000." Suh said.

Europe

Unemployment Highs In Germany, France

The official publication of German unemployment figures for July was estimated at close to 4.1 million—the highest level since July 1998, and an unemployment rate of 10%. In France, unemployment reached the highest level since October 2000, with 2.4 million, or 9%, out of work.

Particularly worrisome is the decrease in apprentice jobs for young Germans who finished school in June: There are 6.3% less

such jobs offered by industry and banks, than in July 2001.

In the first six months of 2002, German industry invested 11% less in new machinery, than in that period of 2001. New orders for machines from foreign countries jumped up by 17% in June (compared to June 2001), which is also related to general expectations that a further rise of the euro against the dollar will make German machines more expensive later this year. Domestic orders remained stagnant, however. From January to June, domestic output had fallen by 7.4%, new domestic orders by 11%. The combination meant that, in terms of all new orders, German machine-builders reported a 5% drop during the first six months of this year.

Short-work stayed high, at levels almost four times last year's, and another 10,000 jobs may be axed in the machinery industries before the end of this year, according to the stagnation scenario—which includes the expectation that output will "only" be 4% below last year's level. If things get worse, according to another, more realistic scenario, more jobs will get axed.

Italy

Economic Devolution Threatens Nation-State

As a consequence of the recent constitutional reforms which broaden local powers to levy taxes and run key infrastructure, the Italian region of Sicily has imposed an environmental tax of 124 million euro yearly on the gas pipelines which transit through Sicilian territory, belonging to the national oil and gas company ENI. Following the Sicilian example, the northeastern region of Friuli-Venezia Giulia is discussing a similar project, and other regions are talking about doing the same, threatening to provoke an increase of gas prices.

A major portion of Italian private and industrial energy consumption depends on gas. Industrial organizations and the Energy Authority have filed a complaint with the European Commission, which is now investigating the case, in order to decide whether the Sicilian tax is legitimate or not. Italy's national government is thus being totally bypassed, in what appears to be a taste of the neo-feudalist structure of power in the supranational European Union, as governed by the Maastricht Treaty's economic devolution principles.

Britain

Britons Fear Not Getting Their Pensions

With most corporate pension funds reporting heavy losses, large numbers of Britons fear not getting their pension payments. A survey published by Hewitt Bacon and Woodrow, shows that of the top companies listed on the London stock market index, a huge 75% face very large shortfalls in their pension funds. At half of these companies, the shortfalls are 20% or more, the survey says, and there is an average underfunding of the companies by 13%.

Articles in the British press have asked, if things look so bad generally, what would happen to pensions if these companies got so deep into trouble that they would have to be "wound up." In that case, retirees would be paid no more than 50%, according to existing law and regulations, of what they expected to have.

The scene in London is repeated on the European continent: The biggest Swiss insurance firm, Rentenanstalt, reports losses of 80% in stock value, over the last 12 months; in the Netherlands, several of big firms in insurance and pensions have decided to cancel collaboration with hedge funds, because of these funds' excessive losses.

Paraguay

IMF Squeeze Sending Country Into Chaos

The IMF is demanding new austerity as a loan conditionality for Paraguay, in the midst of extraordinary instability, and immense poverty, characterized by one opposition leader as "like Biafra or Bangladesh."

16 Economics EIR August 16, 2002

Scenes echoing Argentina, where heads of households have to dig in garbage dumps to find food, are now becoming commonplace. The fiscal austerity law to be presented to Congress demands huge budget cuts, an increase in the value-added tax from 10 to 13%, an increase in a tobacco and alcohol tax from 10 to 20%, plus additional tax hikes. This austerity is intended to reduce the fiscal deficit to 1.3% of GDP this year, with the goal of reaching a "zero deficit" in 2003—the same crazy policy which helped destroy Argentina. The Fund also wants a "financial reform" law passed in the Congress, for the purpose of dealing quickly with banks that

It is against this backdrop that a mass demonstration was planned in Asunción, by Unace, the movement founded by former Gen. Lino Oviedo. The protest is to demand the resignation of President Luís González Macchi.

Brazil

Capital Flight Is Bleeding Nation Dry

Brazil needs capital controls, as capital is being sucked out at an accelerating rate, anticipating and provoking a default. The self-feeding mechanism of capital flight drives down the value of the national currency, the real, bringing bankruptcy on that much sooner.

Folha de São Paulo reported that in June, \$4.2 billion more left the country through debt payments and profit remittances, than entered as loans, foreign investment, etc. This does not include trade. This was the worst month for the financial balance since January 1999, when a net \$6.7 billion left the country during the crash that forced the government to float the real. The figures for July—when the capital flight was much worse—are not yet in.

Folha reviewed how the problem is escalating in several categories of capital flows: First, the closing off of any foreign credit for Brazil is decisive to the drain of resources, because Brazilian-based companies, domestic and foreign-owned, could not roll over more than 22% of their debts in June, and

therefore were forced to come up with dollars to pay them off when they came due. Second, the multinationals are not reinvesting, but pulling any and all profits out. O Estado de São Paulo reported that profit remittances in May-June of 2002 were 140% greater than in May-June 2001. In dollar terms, \$1.2 billion left in those months this year, as compared to \$500 million in the same period last year. O Estado points out that because of the devaluation, the drain was even bigger when calculated in reals. Multinationals, including some which have bought "privatized" Brazilian state companies, are even sending out "future profits" early!

Third, capital is also leaving in increasing amounts through the so-called CC-5 accounts, which permit foreign residents and companies, and Brazilians with alleged activities abroad, to ship money out of the country. In June, \$605 million left the country through the CC-5s; but \$690 million left through this window in the first 12 days of July, alone.

And fourth, there has been a net foreign disinvestment in the stock markets, which is also accelerating. Bloomberg reports that on Aug. 5, there was a one-day disinvestment of some \$250 million.

Free Trade

U.S. Will Sign First Pact With Morocco

U.S. Trade Representative Robert Zoellick, in a statement to reporters after Congress' approval of the Trade Promotion Authority (TPA)—authorizing the President to negotiate trade agreements with other countries—said that a free trade accord with Morocco is expected to be the first signed under TPA, *Arabic News* reports. House Speaker Dennis Hastert (R-III.) leads the group of Congressmen who are backing the accord with Morocco. The groundwork for the accord was negotiated with Moroccan King Mohammed VI when he met President Bush in Washington in April.

A free trade accord with southern Africa is also in the works.

Briefly

FOREIGN BANKS are desperate for an IMF bailout of Brazil. Citigroup chief financial officer Todd Thomson told investors in Boston at the beginning of August that chairman Sanford Weill is meeting regularly with other top officials "to mitigate losses if things turn worse." Citibank and Spanish banks "are counting on additional IMF assistance," reported Bloomberg News. U.S. banks have about \$32 billion at risk in Brazil.

UNITED AIRLINES has hired bankruptcy lawyers, CNN reported on Aug. 2. UAL, the second-largest airline in the U.S., announced further flight cuts, and, in a desperate attempt to get some revenue, has reduced its fares, along with other U.S. airlines—despite the fact that U.S. airlines lost more than \$1.4 billion in the second quarter.

MORGAN STANLEY'S Steven Roach pointed to "systemic risk," in an interview with *Il Sole 24 Ore* Aug. 3. On the U.S.A., he said, "When the debt is very high, as in this case, the danger is systemic and some institution could be at risk." Roach blasted Alan Greenspan: "The Fed chairman encouraged consumers to take on debt, offering as collateral, house values in a bubble phase, to keep being able to consume . . . and I find it irresponsible to replace a bubble with another bubble, just to encourage consumers to keep spending."

THE ENRON probe by the U.S. Justice Department went international on Aug. 5. Federal prosecutors are investigating Enron's alleged bribes of foreign government officials—with possible criminal violations of the Foreign Corrupt Practices Act—to win a pipeline project in Bolivia, power projects in Poland, the Philippines, and the Dominican Republic, and water projects in Ghana, among others, going back to the mid-1990s. The projects were awarded in some cases without competitive bidding, or where assets were acquired at below-market rates.

EIR August 16, 2002 Economics 17

EIRHistory

From Trotsky to Steinhardt: Crossing the Exes

by Lyndon H. LaRouche, Jr.

August 1, 2002

For those with cause to remember, it is a stunning experience, to be reminded, again and again, still today, of the number of former U.S. adherents of the exiled Leon Trotsky who either—like Max Eastman or James Burnham—went over to far-right causes; or whose children are today's adult political notables of the far to fascist right. If such "exes," or "sons of exes," had a Jewish pedigree, they would tend to be found today among the fascist fellow-travellers of such Vladimir Jabotinsky heirs as Israel's notable Shamir, Sharon, and Netanyahu.

In all such cases of which I have knowledge, there were prevalent intellectual characteristics of the relevant, nominally "Trotskyist" organizations which helped significantly to produce the individuals' later personal moral degeneration.

However, although there were also parallel developments, in the name of "Trotskyism," in Europe and elsewhere, the syndrome have just identified above, is, essentially, an indigenous U.S. sociological phenomenon. It was chiefly an outgrowth of a split of one of the leading factions from within the 1920s Communist Party U.S.A. (CPUSA), that led by one James P. Cannon, in which Cannon et al., breaking from the Moscow-appointed CPUSA leadership of Jay Lovestone, attached themselves, for factional reasons, to the "historical legtimacy" of one-time Soviet leader Trotsky. They adopted the cover for their own claims to Communist legitimacy, of arguing that Trotsky, rather than either Bukharin or Stalin, was the "true follower" of Vladimir Lenin.

For the result, a Trotsky desperate for a following incurred only some of the blame.

It was only typical of all varieties of 1920s and later spinoffs from the CPUSA, that each was just as much a "revisionist" as its adopted factional rival, a rivalry which was employed with zeal by the sundry official and quasi-official police-agent circles, such as the FBI, playing games in the sand-box of U.S. left-wing political competitions. So, in the case of the avowedly "Trotskyist" currents, the definition of "Trotskyism" became the preoccupation of each with its own "revisionist" version of some selected aspect of Trotsky's deeds or writings. Therefore, the sometimes hilarious absurdity of the avowed "Trotskyist's" vision of Trotsky himself, is the appropriate point of departure from which the United States' nominally Trotskyist associations are to be studied, during the decades preceding the decay of their present relics into anarchoid polymorphous perversity.

Thus, to understand the march of ex-Trotskyists into profascist varieties of Zionist and other right-wing causes, such as the John McCain-boosting Hudson Institute, think of a likeness to a comet which split apart on route to its death in the Sun. They passed a spot proximate to the real-life Trotsky, and their subsequent trajectory was affected by that; but their present destination had, chiefly, a North American character. Looking back to the 1930s through 1950s, American Trotskyism was more affected by the predominantly pathological traits common to the North American populist, than by Trotsky.

Essentially, on the political stage, the last gasp of a notable, arguably historically useful role by the American Trotskyists, was in their role of resistance against that post-FDR right-wing turn, under President Harry Truman, which became known as "McCarthyism." After President Eisenhower crushed McCarthy, the American "Trotskyist" currents were a fish on a beach, left thrashing about in despairing hope of water.

After Senator Joe McCarthy's fall, there was nothing of



Sidney Hook (here debating LaRouche associate Don Buck in 1971) and Max Eastman (inset) epitomize the Trotskyites who became leading right-wing ideologues. Leading Trotskyite Eastman became a co-founder with fascist William F. Buckley, of Buckley's National Review.



significance going on inside the heads of the American Trotskyist organizations' leaders. First, they attempted to survive by taking in one another's laundry, and also the laundry of the fragmenting Communist Party. That only increased the rate of decline into a swamp of intellectual and moral bankruptcy. In that decadent state of affairs, the post-1963 upsurge of the "rock-sex-drug youth counterculture," swept them up, and carted them off to the U.S. internal security apparatus's political "fish market," whence the aromas of their decadent past are exhibited today.

Admittedly, Trotskyism is remembered among current generations today, only as a comic-book caricature of itself. Nonetheless, since we are again gripped by an international financial-economic and social crisis, one even more portentous than that of the 1930s, it is useful to study the common failure of all so-called "radical movements," relative to the 1933-1945 leadership of President Franklin Roosevelt. The case of the role of certain types of ex-Trotskyists and their offspring, in pro-fascist enterprises such as the McCainboosting Hudson Institute, has special relevance on this account.

Trotsky in Passing

An historical grasp of the migration of certain dead souls from Trotskyism to fascism, begins with recognizing certain weaknesses in Trotsky as the one-time follower of Alexander "Parvus" Helphand; the Trotsky who confessed from exile, in his autobiography, to a continuing affinity to the radically empiricist world-outlook of Jeremy Bentham. The problematic characteristics of self-styled "Trotskyist" circles, it is also reflected by Trotsky's own affinities for anarcho-syndicalist leanings.

Trotsky's U.S. fame as an intellectual figure was launched, with the help of some U.S. mass-media's lurid headlines, by one of the key founders of the Communist Party U.S.A., Louis Fraina (aka Lewis Corey). Fraina launched the first of the nominally pro-Bolshevik organizations later merged to form the Communist Party U.S.A. The notion of "Trotskyism" as a distinct current within Bolshevism was launched by the Max Eastman who later found himself in the far-right circles of gnostic (e.g., "Carlist") fascist William F. Buckley, et al.

Trotsky's actual accomplishments as a revolutionary figure were associated with his effective audacity as an orator deployed in support of Vladimir Lenin's leadership, both during the months leading into the Soviets' taking of power, and during the period the civil war, prior to Trotsky's failure to grasp the reality of the strategic situation in his role as negotiator with German General Hoffmann at Brest-Litovsk. His fame as a thinker rests on chiefly three claims made by him and others.

The first was his association with a doctrine of "permanent revolution," a claim actually based on a work written by Anglo-Russian agent Alexander "Parvus" Helphand. At that time Helphand was Trotsky's controller,

in the unfolding of that 1905 Russian revolution launched under the direction of Okhrana chief Colonel Zubatov. This was the same Zubatov who had been a key figure in controlling both Helphand and Vladimir Jabotinsky—although Helphand was predominantly a British intelligence asset, as Zubatov was also suspected to have been, from the mid-1890s on.

The second was Trotsky's fame as a putative 1924 discoverer of the Soviet "Scissors Crisis." That crisis had been discovered by E. Preobrazhensky, the leading Russian economist of the 1920s, and the founder of the Soviet Left Opposition against Vienna-trained economics bungler N. Bukharin's failed Soviet policies. At a crucial moment, Trotsky stepped to the platform to announce his adoption of Preobrazhensky's work.

Despite Trotsky's public adoption of the long-wave doctrine of Kontratieff, neither he nor any of the U.S. Trotskyist leaders had any personal competence in economics.

Third, was Trotsky's celebrated *History of the Russian Revolution*. This was a truly original work. Although the argument has been contested, in part, by a number of competent historians, it is an unignorable work overall.

As Rosa Luxemburg, the only competent, original thinker among so-called Marxist economists of her time, reacted to the "October 1917" Soviet seizure of power, Lenin and Trotsky shared the honors for an *audacity* otherwise lacking in their peers, in the situation in which they found themselves. Essentially, Lenin's original break with Plekhanov and Kautsky was demonstrated in action and in theory by those events. For a time, during 1917 and afterwards, Trotsky did support Lenin in fact on this issue. Later, Trotsky's susceptibility to the mechanistic view of history was reflected in the pathetic tactics and increasing decadence among his putative followers in Europe and the U.S.A.

A common source of confusion on these and related matters, among actual and would-be historians, is the failure to recognize that Lenin himself, the Bolshevik Party, and Trotsky, were, respectively, quite different "kettles of fish." Lenin was the anti-Kantian philosophical voluntarist he remained since his break with Plekhanov, Kautsky, et al. within the official European Social Democracy. The Bolshevik leaders of 1917 and later, were predominantly anti-voluntarists in the Marx-Engels tradition, a persuasion which ulimately doomed the Soviet system. Trotsky was essentially, like his one-time sponsor Parvus, an often brilliantly insightful philosophical Romantic, but otherwise essentially a Romantic from beginning to end.

Admittedly, Lenin himself was a complicated personality, philosophically and otherwise; it was his voluntarist side which produced the mark he left on the history of our planet since. During a certain crucial period of Russia's history,

these three, philosophically distinct currents converged upon common tasks.

To understand the systemic failures of the socialist movements generally, including the varieties of scoundrels that systemic flaw fostered, look at that underlying issue of society, to which all political currents, including nominally socialist ones, are subject.

The Matter of Voluntarism

Decades ago, I presented the concept of what I termed a "fundamental emotion," within the setting of a continuing set of lectures on the subject of economics. This is the principle on which all of my original contributions to science have been premised, since 1948-1953, a principle whose germ-form I adopted earlier, during adolescence, as the basis, adapted from Leibniz's writings, for an anti-Kantian principle of cognitive knowledge. The fundamental distinction between man and the beasts, is the sovereign capability of the mind to generate hypotheses validated experimentally as universal physical principles. It is the transmission of that experience of discovery of that hypothesis—that, as a Platonic hypothesis—in the mind of another, which sets the human species, as a species, apart from, and absolutely above all other living creatures.

The contrary view, the mechanistic misconception of man, is typified by the case of British ideologue F. Engels' absurd claims for the miraculous powers of the "opposable thumb." Engels' claim is based upon an assertion contrary to simple fact, but it is nonetheless consistent with the commonly characteristic prejudice of the French and British Eighteenth-Century Enlightenment, and with the empiricism out of which that Enlightenment grew. This is also the view of the medieval Cathars and their imitators among certain of both Catholic and Protestant currents which emerged in the Sixteenth-Century pro-feudal reaction against the Fifteenth-Century Renaissance: the notion, advanced by crooked statisticians such as Locke, Quesnay, Adam Smith, and the Jeremy Bentham foolishly admired by Trotsky, that virtual little green men from under the floorboards of the universe, are fixing the throw of the dice, to make some persons powerful and the others poorer: the so-called doctrine of "free trade," and of then-Vice President Al Gore's savage attack on Malaysia's Prime Minister Mahathir, in defense of "little green man" George-the-drug-traffic-legalizer Soros.

The nastiest version of this dogma known to Karl Marx was the fascist doctrine of the theory of the state published by G.W.F. Hegel. Hegel, together with his anti-science crony Savigny, is the author of that notion of the fascist state which emerged in 1930s Germany. This connection should make clear to us the perverse logic by which a devoutly anti-voluntarist member of a professedly Trotskyist persuasion is transformed, all too easily, into a fascist. The case of Hegel's emergence as the leading fascist philosopher post-Vienna Congress Prussia, is of exemplary relevance.

Hegel was among a collection of former enthusiasts for July 14, 1789, who fell upon their knees in adulation of the conquering fascist dictator Napoleon Bonaparte during the interval 1803-1806. This absolutely irrational enthusiasm for Napoleon became the pervasive premise for Hegel's philosophy of history and theory of the state; the premise, adopted in admiration of Napoleon, for the enthronement of Napoleon's admirer Adolf Hitler.

The only durable alternative to fascism today is the voluntarist view of history: A view which demands that society be self-governed by experimentally demonstrable Platonic hypotheses, each generated by the sovereign cognitive capabilities of indvidual human minds. Since such individuals' discoveries of universal principle must be socialized among individuals within a national culture, the notion of a modern, perfectly sovereign nation-state republic, follows. Among nations, this must lead to a community of principle among perfectly sovereign nation-state republics.

If, on the contrary, the notion of a voluntarist relationship to the discovery of experimentally validated universal physical principles, is not adopted, the transition from a nominally Trotskyist Romantic to a fascist is as quick and easy as one could say Sidney Hook or James Burnham.

The Role of Cultural Pessimism

Among us, we have known cases of acute personal degeneration, such as the cases of DG, CZ, and FQ, in which their

break with our association took the form of accelerating personal moral degeneracy. They did not return to their former beliefs, but, rather, went directly to Hell, "without passing Go," in the search for solid ground under a bottomless bottom. In each case, they went searching among those forces which had attempted to destroy us, for some equivalent of "little green men" who would adopt and succor them.

There is a fundamental difference between a poor fellow, who has not yet discovered the principle which sets people apart from beasts, and the decadent wretch who has sought to eradicate the existence of that principle. The Communist who no longer believes, but seeks to retain his position of power within the Soviet system, or the monsignor who, having lost his belief, fights to exert power against John Paul II within the Church, are merely typical of this class of moral degenerates.

As now-deceased former Socialist Workers Party leader Farrell Dobbs once observed, "There is a difference between those who leave, and those who stop to crap on the floor on the way out." The latter type often turned out to be policeagents or the equivalent; and some, or their children, moved on to become notable fascists today.

If you are such a wretch, and have rediscovered a Jewish ancestry, you are likely to choose a Zionist cover for your fascist affiliations, and thus become a backer of such Jabotinsky clones as Sharon, Netanyahu, or Shamir. Perhaps Michael Steinhardt would explain the details to you.

'Our Luck Stopped Here': How Trumanism Overturned Roosevelt's World

by Stuart Rosenblatt

The name of the late President Harry S Truman is being dredged up once again to justify pre-emptive American military action in the Middle East and the creation of an equally noxious Department of Homeland Security in the continental United States. It is important to set the record straight at this late moment on the true legacy of Harry S Truman, before, to quote Hamlet's friend Horatio, "More mischance at errors happen."

On Jan. 6, Arnaud de Borchgrave, editor of the *Washington Times*, and intimate of the utopian military conspirators grouped around Henry Kissinger and Samuel Huntington, penned an editorial calling for the instigation of a "Truman Doctrine II" policy. The original, inspired by America-hater Winston Churchill, was directly responsible for launching the Cold War that broke apart the coalition that had saved the

world in World War II.

On June 6, President George W. Bush announced the creation of the new Cabinet-level Department of Homeland Security; he called it the most important development since the 1947 National Security Act, when Harry Truman launched a sweeping reorganization of many Federal agencies. Truman's action launched a domestic witch-hunt later misnamed McCarthyism, but more appropriately called Trumanism.

The Democratic Party's faction calling for "perpetual war" and domestic police statism, is also citing Truman. In a bloodcurdling speech given at Georgetown University on Jan. 14, Democratic Senator Joe Lieberman (Conn.) invoked the name of Harry Truman in launching his demand for the unilateral U.S. invasion of Iraq and other Arab states. Lieberman tried to "spin" his policy of anti-Islam war as a new form of

the "Iron Curtain" speech given in 1946 in Fulton, Missouri by Winston Churchill to an enthusiastically applauding Truman. "The fanatical forces of *jihad*," said Lieberman, "are trying to build a 'theological iron curtain' to divide the Muslim world from the rest of the globe." Rep. Richard Gephardt (D-Mo.), another warhawk, has also referred to Truman in his calls for invasion, and the website of the Democratic Leadership Council (www.ndol.org) has prominently displayed the rantings of former CIA chief James Woolsey in his calls for attack; Woolsey also hearkens back to the geopolitical "Truman Doctrine."

The 1945-52 administration of President Truman represented a complete reversal of all that Franklin Delano Roosevelt had accomplished.1 Truman dismantled the New Deal and imposed draconian austerity in the United States-provoking immediate economic recession—and, through the International Monetary Fund (IMF) and World Bank, on warravaged nations around the world. He dismantled the Bretton Woods financial system, as originally conceived by Roosevelt, and used economic imperialism to achieve Anglo-American geopolitical objectives. He dropped the atomic bomb on Japanese cities for no military purpose, and at the instigation of Churchill and the American military "utopians," dismantled the Roosevelt wartime coalition. Instead of collaboration with Russia and other sovereign nation-states, he initiated the Cold War. Rather than dismantle the British, French, and Dutch empires as Roosevelt had promised, these colonial powers were bolstered and strengthened against their colonies by Truman's White House (see Michael Billington, "When

Wallace, then the second most popular man in the country after FDR himself, was committed to carry on the breakthroughs of the New Deal at home and a Roosevelt "community of principle" foreign policy. This was anathema to the Wall Street elite, who, sensing that FDR would not live out another term, pulled every trick in the book to get Truman the Vice-Presidency.

Truman was the candidate acceptable to the anti-FDR "rejectionist front" which later, around candidate and President Richard Nixon, became known as the Southern Strategy (see EIR, Jan. 17, 2002). He hailed from a Missouri family that had ties to the pro-slavery terrorists of the Kansas-Missouri Act, and he himself had flirted with membership in the KKK to get elected in the 1920s. He was a perfect tool for Dean Acheson, banker Averell Harriman, and the Wall Street Democratic enemies of both FDR and his likely successor Henry Wallace.

America Let Britain Run, and Ruin, U.S. Asia Policy," *EIR*, Sept. 7, 2001).

We treat here three crucial manifestations of this stilllasting misfortune of Truman's conduct of the Presidency: his complete reversal of FDR's successful domestic and foreign economic policy, which had brought the United States out of Depression and through the War; his militarily unjustified and disastrous use of nuclear weapons to launch the era of Mutually Assured Destruction (MAD); and why McCarthyism should really have been called "Trumanism."

Dismantling Bretton Woods

For the dire economic record of the IMF, known now internationally as the destroyer of national economies, and for never once having failed to worsen the economic situation of any nation in which it became involved, we have to thank President Harry S Truman, and the people he appointed to replace those FDR had intended to run the Fund.

The post-war economic policy animating the Truman Administration was a return to the economic prescriptions—defeated by FDR's historic 1932 Presidential campaign—of the Wall Street-controlled Coolidge and Hoover administrations. Were it not for the intervention of the limited, but highly successful Marshall Plan, the United States and Europe would have been plunged into the same economic nightmare from which America only emerged with the war effort of 1941-45. Overall, Truman's "Fair Deal" was a complete repudiation of the New Deal.

Wall Street took control of all aspects of policymaking. The Truman domestic economic policy quickly reinstated the Depression from which the country had recently escaped. The best marker of the Wall Street domination was the budget slashing/balanced budget insanity—reminiscent of that of the Hoover Administration. Where Roosevelt's final wartime budget in 1945 was \$67 billion, Truman's initial budget proposal, for 1946, was \$35.5 billion, a nearly 50% reduction in government economic activity.

This and related policies created chaos. Strike waves and shortages engulfed the nation. In October 1945, there were 275 strikes in process; but by January 1946, some 4.5 million strikers were on the picket lines, protesting low wages, high prices, and economic austerity. The country was on the verge of economic collapse throughout 1946, as a result of Truman's imposing austerity policies on an economy that should have been converted to domestic industrial expansion.

Most of the FDR Cabinet quit during the first year. They were replaced by low-wattage Truman cronies such as Treasury Secretary John Snyder and Agriculture Secretary Clinton Anderson. In other areas, the FDR holdovers were isolated and in retreat. Wall Street was on the ascent.

Nowhere was this more evident than in the foreign policy area, especially where it pertained to implementation of the Bretton Woods accords. Truman's team sought to eradicate not just the wartime U.S.-Russia alliance, but the FDR per-

^{1.} That Truman ever ascended to the White House at all was the result of the re-emergence of a nefarious coalition of Northern, Wall Street-allied, Democratic bosses, and Southern Dixiecrats, who foisted Truman onto the Democratic ticket in 1944. He was a shallow-thinking pragmatist, shepherded into politics by the Kansas City mob grouped around Tom Pendergast. Truman never aspired to anything of national significance, and when initially offered the position as Roosevelt's running mate, he flatly turned it down. He was drafted into the role by Democratic Party Chair Robert Hannegan and Bronx political boss Edward Flynn, at that time the Democratic kingmakers. They took advantage of a severely ill Franklin Roosevelt, who was more preoccupied with winning the war than choosing a Vice President. These men also conspired with Jimmy Byrnes and other "Southern strategists" to move out New Deal spokesman Vice President Henry Wallace, and move in the completely malleable Missouri haberdasher, Truman.



President Harry Truman (right) and Prime Minister Winston Churchill, en route to Fulton, Missouri in March 1946 for Churchill's famous "Iron Curtain" speech. During the Truman Presidency, the United States executed British geopolitical doctrine under the banner of fighting a "Cold War" against Communism.

spective for a post-war "community of principle" among many nation-states, in which that common principle was supposed to have been economic development. The Wall Street moguls moved to dismantle all but a memory of both the New Deal and the original Bretton Woods arrangement of late 1944.

McCloy Closes World Bank Window

Typical of the approach was John J. McCloy's handling of the lending practices of the World Bank. The twin pillars

of the Bretton Woods system, as enunciated by Roosevelt in early 1945, were the IMF and the World Bank. The latter—originally called the International Bank for Reconstruction and Development—was organized for the purpose of rebuilding a war-torn, starving world.

The World Bank's first president under Truman was the publisher of the *Washington Post*, Eugene Meyer, who



 $John\ J.\ McCloy$

resigned abruptly in late 1946 after failing to issue even one loan from the bank. Meyer was at odds, from the start, with the executive director of the bank, Pete Collado, an associate

of FDR's Bretton Woods architect, Harry Dexter White. The staff of the bank and its board all were of the New Deal persuasion, and were eager to issue as many loans as possible. Meyer fought them on the grounds of "fiscal responsibility," and his Truman-appointed successor, McCloy, would prove more intransigent.

McCloy was the ultimate creature of the British-American-Canadian establishment, the "BAC." In World War II he served as Henry Stimson's Assistant Secretary of War, and, as Stimson's protégé, came to typify the breed of Wall Street lawyer that would come to dominate U.S. policymaking during the 20th Century. His outlook was entirely antagonistic to that of Franklin Roosevelt, and his policies epitomized the tight-fisted, economist royalist behavior so pilloried by FDR.

In March 1947, McCloy agreed to serve as president of the World Bank, but only on his own terms. These "terms" amounted to nothing less than an overthrow of the Bretton Woods principles. He ousted the executive director, Collado, moved to have all power placed in his own hands for the ultimate disbursement of monies, and brought in board members of his own Chase Bank to oversee the operations of the World Bank. This was all accomplished with the public urging of the leading Wall Street bankers: Harold Stanley, president of Morgan Stanley and Co.; Baxter Johnson, president of Chemical Bank; Randolph Burgess, vice-chairman of National City Bank; George Whitney, president of J.P. Morgan and Co.—all were in on the anti-FDR coup at the World Bank.

"Wall Street methods" quickly replaced New Deal policies. Typical of the new atmosphere was the forced resignation of Harry Dexter White from the IMF, in March 1947. White retreated to join the flagging efforts of Henry Wallace, the New Deal Commerce Secretary who had been sacked by Truman in the Fall of 1946, and who was preparing his own run for President. But though he was forced out



Harry Dexter White

at the bank, Wall Street was not done with White, an icon of the New Deal. In 1947, he was fingered at a Congressional hearing by Elizabeth Bentley, a former Communist Party member, as a Soviet spy. Subpoenaed before a Congressional hearing where he vigorously defended himself, White suffered a heart attack under the strain, and died several days later, the first such victim of that "Trumanism" later called McCarthyism. A key architect of Roosevelt's New Deal was gone.

Though the World Bank had \$8 billion capitalization—comparable in its initial size to the later Marshall Plan—McCloy had no intention of loaning out the money. He ran the bank like any other conservative Wall Street institution. His rule of thumb was that the loan total would never exceed the combined U.S. and Canadian subscription amount. Second, he marketed the securities of the bank on Wall Street with the same fastidiousness of other proper bankers, and announced that the bank would rely for most of its capital on the proceeds from the sale of its securities. He pledged to his colleagues no "wild" lending practices.

These practices signalled the political intent of his policies. He would use the bank as an instrument, not of development, but to further the globalist "Cold War" agenda of the Anglo-American elites.

The World Bank vs. National Sovereignty

In April 1947, Chile, Poland, France, and several other nations had submitted loan applications. The first loan went to France, then in the throes of an economic emergency, but with a coalition government that included a member of the Communist Party. France requested \$500 million to finance imports of food, fuel, and industrial machinery.

After much haggling, McCloy finally agreed. But the terms were a harbinger of the "IMF conditionalities" of the 1990s. The French government pledged that the repayment of the loans would take priority over any other foreign debt. The bank would move in to supervise the running of the French economy. The government must balance its budget, increase taxes, and cut consumption of luxury imports. Further, it would have to remove the duly elected member of the

Communist Party from the government. The French protested the infringement of their national sovereignty; McCloy would not budge.

Finally, the French pushed the Communists out of the government, and McCloy proceeded. Ultimately, he allocated only half of the promised loan, and even then, delivered the money only after he had successfully floated the offering on Wall Street! He eventually blocked the other \$250 million.

While the Marshall Plan, which was critically needed for European reconstruction, given McCloy's intransigence, was in the process of implementation, McCloy refused to use the World Bank even as a stop-gap. He denied the money to fund food aid to Europe while the Marshall Plan made its way through Congress. Said McCloy, "Europe itself must make the major contribution to the solution of all these problems. . . . Outside assistance is vital, but it represents a small percentage of the total effort. . . . The Bank is not in the stop-gap business." The total amount of loans that McCloy would make to Europe, during his tenure, would be only just over \$500 million, an amount less than the initial interim aid to France alone voted on by the Congress in the Fall of 1947.

McCloy's policy toward the East bloc countries was even more manipulative. The lending policy simply reflected British-orchestrated divide-and-rule prescriptions for the Cold War just declared by Winston Churchill.

The case of Poland was exemplary. Poland was a pivotal country. It had a Communist-led government by 1947, but was open to working with the increasingly anti-Communist West. In 1946, Poland applied for a \$600 million loan to buy coal-mining equipment from the West. This was rejected. In 1947, the request was scaled down to \$128.5 million. In June of that year, McCloy went to Poland to evaluate the loan and then stopped off in London, where he met with Churchill.

Churchill not only convinced McCloy not to loan money to Poland, but opposed the very idea of lending Western money to Eastern Europe. In late 1947, McCloy offered Poland a paltry \$25 million, and that with conditions. By mid-1948, Truman ordered the veto of any loan to Poland.

The Poles charged that the United States was using the World Bank to wage economic warfare against the East bloc. They charged as well, that the sum total of the loans to France and the Netherlands was precisely equal to the amount spent by their respective militaries in colonial Vietnam and Indonesia—that is, that the World Bank was paying only colonial nations' expenses to repress their colonies, and nothing more.

Loans for Debt and Dictators Only

McCloy's handling of Ibero-American loan applications was no less insane. Typical was the case of Chile. During 1948, after extensive touring of the ravaged areas of Ibero-America, McCloy finally made two World Bank loans to Chile, totalling \$16 million. Yet, even these loans were finalized only after Chile agreed to settle on previous loans totalling \$170 million, that had been defaulted on by the govern-

ment. McCloy thought it essential that the principle, no new loans until previous monies had been resecheduled or paid in full, had to be the guiding idea of bank policy. That prescription has never been revamped. It was seen in full force during the 1990s, denying loans for reconstruction of war-destroyed Bosnia—to take just one example—until that nation should pay off "its share" of the international debts of the former Yugoslavia.

McCloy only loaned out a pittance more to the rest of Ibero-America as a whole. Virtually all the monies went to nations run by dictators, including the Somoza family of Nicaragua, because McCloy believed that dictators kept their nations in superior fiscal condition.

These examples are paradigmatic. The Bretton Woods agreements had envisioned a post-war world guided by the domestic principle embedded in the New Deal: to promote the general welfare of all the people. Roosevelt sought to extend this to the entire world, including the Soviet Union and its neighbors.

At the conclusion of the 1944 Bretton Woods conference which established the IMF and World Bank, the Russians agreed to raise their subscription to the bank from \$900 million to \$1.2 billion. But in 1945, the Truman Administration abruptly cancelled Roosevelt's Lend-Lease program, and refused to extend to the Soviets \$6 billion in post-war credits. The situation quickly deteriorated, and in 1946 the Soviets refused to join the World Bank and IMF.

While the Marshall Plan was a much-needed economic antidote to the insanity of McCloy's handling of the World Bank, it was aimed at the political consolidation of Western Europe under the Anglo-American umbrella. And it was deliberately promulgated to block the possibility of Soviet collaboration.

Thus, under the Presidency of Harry Truman, the economic policies of the New Deal were abandoned at home and abroad. The Marshall Plan, designed by the same cabal of pro-British globalists who were running the Cold War (Dean Acheson, Averell Harriman, George Kennan, and others), had as its intent, to bolster the Western Alliance against Stalin's Russia. A central feature was the economic revival of West Germany, which ironically, with its Kreditanstalt für Wiederaufbau (Reconstruction Bank), serves even today as a model for the implementation of what were supposed to have been the universally applied methods of the Bretton Woods institutions. However, the intent was to further isolate and confront the now consolidating Soviet bloc.

Hiroshima Decision: The Defining Disaster

What potential there was, at Roosevelt's death and after, for his goal of a post-war *community of principle* of the great powers to de-colonialize and develop the Third World, was destroyed from the moment of the (militarily useless) immolation of Hiroshima.

On Aug. 6, 1945, an American B-29 bomber, the Enola

Gay, dropped a nuclear bomb on Hiroshima, Japan, instantly killing over 70,000 innocent civilians. Several days later, the second atomic bomb in the U.S. arsenal was detonated over Nagasaki, drastically changing the direction of American policymaking away from that envisioned by Franklin Roosevelt.

This was to be the defining moment of the Presidency of Harry S Truman.

From the military standpoint of defeating the Japanese adversary, the bombing was completely unnecessary, and this was known to be the case by the highest-ranking U.S. military officers in command, who opposed it (see box).

But, from the vantage point of political conspirators determined to terrorize the world into accepting what they called "world government"—the 20th-Century version of British imperial domination—the nuclear attacks on Hiroshima and Nagasaki were the critical element in their vile enterprise.

All that was evil around the Truman Administration flowed from this crucial event, like some pent-up rage given means to escape. The fell purpose of the conspirators, who were known to themselves and to others as the British-American-Canadian ("BAC") Establishment, was both to obliterate all that was accomplished by the Franklin Roosevelt Presidency, and to march the world on the path to global government.

From the terrible use of the nuclear bombs in 1945 they would unleash the Cold War; its domestic corollary, the Truman-initiated witch-hunts known as McCarthyism; the reestablishment of colonialism in Indo-China; and the emerging depravity of the counterculture, initiated by the likes of Aldous Huxley and Aleister Crowley.

Whereas the Roosevelt Administration mobilized that which was noble in the American population to confront their personal and political fears, first in the fight against Wall Street and the City of London's Depression, and later against its Nazi military machine during World War II, the controllers of the Truman Administration unleashed those same fears, and manipulated and all but destroyed the psyche of an entire generation of Americans, in the name of fighting a Cold War.²

^{2.} This drastic change in direction, obvious to many outside the Truman circle, was captured by the late President's son and confidant, Elliott Roosevelt, in the introduction to his book, *As He Saw It*. Published in 1946, the book was a scathing attack against Winston Churchill in particular, prompted by the shocking turn in American national policy:

[&]quot;The decision to write this book was taken more recently, and impelled by urgent events. Winston Churchill's speech at Fulton, Missouri, had a hand in this decision; the meetings of the Security Council at Hunter College in New York City and the ideas expressed at those meetings, were influential; the growing stockpile of American atom bombs is a compelling factor; all the signs of growing disunity among the leading nations of the world; all the broken promises, all the renascent power politics of greedy and desperate imperialism, were my spurs in this undertaking."

Elliott Roosevelt was speaking for a minority viewpoint of American patriots and intellectuals steeped in the traditions of American System thinking, as recently practiced by the late President. They would be thrown increasingly on the defensive during the British-orchestrated folly of Harry Truman's eight years in the Presidency.

Commanders Opposed Truman on Hiroshima

From Dwight Eisenhower's *Mandate for Change*: "The Secretary [of War, Stimson], upon giving me the news of the successful bomb test in New Mexico, and of the plan for using it, asked for my reaction, apparently expecting a vigorous assent.

"During the recitation of the relevant facts, I had been conscious of a feeling of depression and so I voiced to him my grave misgivings, first on the basis of my belief that Japan was already defeated and that dropping the bomb was completely unnecessary, and secondly because I thought that our country should avoid shocking world opinion by the use of a weapon whose employment, I thought, was no longer mandatory as a measure to save American lives. It was my belief that Japan was, at that very moment, seeking some way to surrender with a minimum loss of 'face.' The Secretary was deeply perturbed by my attitude, almost angrily refuting the reasons I gave for my quick conclusions."

Gen. Douglas MacArthur, who was the commander of the theater in which the bombs were to be used, was not consulted. He had already sent his air chief, Gen. George Kenney, to Washington in the Spring of 1945, to report that Japan was on the brink of surrender. MacArthur's sole concern was that the Emperor be allowed to maintain a position in post-war Japan. If the Emperor gave the order to surrender, MacArthur knew, all Japanese troops would surrender. Kenney came back to report to MacArthur that he had not succeeded in convincing his superiors in Washington. On the day after the bombing, MacArthur's pilot, Weldon E. Rhoades, noted in his diary: "General MacArthur definitely is appalled and depressed by this Frankenstein monster. I had a long talk with him today, necessitated by the impending trip to Okinawa. He wants time to think the thing out, so he has postponed the trip to some future date to be decided later."

Years later, MacArthur told *Saturday Review* editor Norman Cousins, that his advice had not been sought. "He saw no military justification for the dropping of the bomb," Cousins reported. "The war might have ended weeks earlier, he said, if the United States had agreed, as it later did anyway, to the retention of the institution of the Emperor."

Herbert Hoover, who had advised Truman against dropping the bomb, met with MacArthur for several hours on a trip to the Pacific in early May 1946: "I told MacArthur of my memorandum of mid-May 1945 to Truman, that peace could be had with Japan by which our major objectives would be accomplished. MacArthur said that was correct and that we would have avoided all of the



Gen. Douglas MacArthur, the commander of the theater in which the nuclear bombs were used in 1945, was not consulted beforehand by the Executive branch. After the militarily pointless bombing of Hiroshima and Nagasaki, MacArthur was "appalled and depressed by this Frankenstein monster," wrote his pilot.

losses, the Atomic bomb, and the entry of Russia into Manchuria," Hoover wrote in his diary.

Another prominent opponent was Roosevelt's chief military aide, Adm. William Leahy, who continued to serve under Truman. On June 18, 1945, Leahy had written in his diary: "It is my opinion that at the present time a surrender of Japan can be arranged, with terms that can be accepted by Japan, and that will make fully satisfactory provision for America's defense against any future trans-Pacific aggression." In 1949, Leahy would tell his biographer, Jonathan Daniels: "Truman told me it was agreed they would use it, after military men's statements that it would save many, many American lives, by shortening the war, only to hit military objectives. Of course, then they went ahead and killed as many women and children as they could, which was just what they wanted all the time."

Ernest King, chief of Naval Operations and chief of the U.S. fleet, concurred with the predominant Navy thinking that an invasion would never be needed. In his autobiography (written in the third person), King wrote, "The President, in giving his approval for these attacks, appeared to believe that many thousands of American troops would be killed in invading Japan, and in this he was entirely correct; but King felt, as he had pointed out many times, that the dilemma was an unnecessary one, for had we been willing to wait, the effective naval blockade would, in the course of time, have starved the Japanese into submission through lack of oil, rice, medicines, and other essential elements."

-William C. Jones

Who Dropped the Bomb, and Why?

The drive to build the bomb had been launched by the Hungarian physicist Leo Szilard, who—helped by key British allies—organized the 1940 meetings through which he, Albert Einstein, and Edward Teller convinced Franklin Roosevelt to launch the Manhattan Project. Szilard was a devotee of British political and cultural intelligence agent H.G. Wells and a cohort of Wells' associate Bertrand Russell. The scenario played out from Hiroshima on, was contained in the written schemes of these two nefarious characters, Wells and Russell.

The story has been well documented (see Lyndon H. LaRouche, Jr., "In Defense of Strategy," 21st Century Science & Technology, Summer 2000). Wells and Russell worked together on and off for over 40 years, the most articulate spokesmen for the most extremely anti-human factions of the British oligarchy. They openly promoted an imperialist-fascist scheme for world government, which would make enormous strides during the Truman years.

In 1914, Wells had penned the influential book *The World Set Free*, which presented a scenario for an atomic war set in 1956, that would destroy all of Europe's major cities and lay the basis for a world government, to be run by former monarchs and a U.S. President. This was a blueprint for the development and use of atomic bombs pushed relentlessly by his protégé Szilard, who acknowledged that he had been thinking along Wells' line continuously, from reading Wells' book in 1916, until Hiroshima in 1945.

In 1928, Wells laid out his master plan for the globalist regime in *The Open Conspiracy*.³ Four years later, in 1932, Wells dramatically fleshed out his scenario in *The Shape of Things to Come*, a dark drama of prolonged world war and annihilation, followed by the imposition of a global dictatorship run by the utopian "Airmen." This latter was produced as a feature-length film, anticipating World War II and what the Wells-Russell faction hoped would be its resulting global dictatorship.

This strategic perspective, for a world dictatorship, including control and suppression of technology ("technological apartheid"), facilitated by the threat of a nightmarish bomb, has been the determining principle of Anglo-American "utopian" policy for the past 55 years (epitomized by the Huntington-Kissinger-Brzezinski current, derived from the Nashville Agrarians' William Yandell Elliott of Harvard). The name attached to the scheme has altered—one-worldism, world federalism, globalization, universal fascism, competing spheres of influence—but the strategy of the utopians has not.

At the center of the project around Truman were Winston Churchill, who was with Truman at Potsdam when the orders were given to drop the bomb; Truman's go-between with Churchill and sometime controller, Jimmy Byrnes; and Wall Street power-broker Henry Stimson.

From Roosevelt's untimely death in April 1945 onwards, Secretary of War Stimson maneuvered for the



Henry Stimson

remainder of the war to ensure that the bomb was dropped. He blocked action on all Japanese peace overtures, despite the aggressive moves of the Vatican emissary Monsignor Montini (later Pope Paul VI) and his American interlocutor Max Corvo of the OSS, to end the war, and despite the contrary plans of Gen. Douglas MacArthur. Stimson rewrote all language in a proposed armistice to rule out retention of the Emperor, a key demand of the Japanese, and one that would ultimately be fulfilled. He even delayed the start of the Potsdam peace talks, to coincide with the successful tests of the nuclear devices at Alamogordo, New Mexico.

The war with Japan should have been halted long before the Fall of 1945. Everyone knew it. General MacArthur's blockade had so tightened a fatal noose around the Japanese mainland, that all high-ranking flag officers were anticipating surrender. There would be no need for a bloody invasion. Contrary to the myths that were circulated by Truman and his various apologists, including Stimson, and Stimson's ghostwriter McGeorge Bundy, the dropping of the bomb did *not* save 1 million U.S. servicemen. This lie was circulated by the perpetrators of the nuclear incineration to cover their larger machinations. Even Bundy later admitted, when it was politically useful to do so, that dropping the bomb was militarily unnecessary.

The British-American-Canadian Cabal

One might say that authors Evan Thomas and Walter Isaacson, in their book *The Wise Men*, ⁴ damned Harry Truman with faint praise in their assessment of the stark difference

^{3.} The book was a clarion call for the overthrow of the nation-state and the entirety of Western civilization; the destruction of organized religions, especially Christianity; and the assertion of a "World Directorate." Its premise is the need to carry out a radical Malthusian policy of population control and resource allocation. Wells praised the Italian Fascisti as one model of his proposed new order.

The key parameters of his bizarre new world bear reporting:

[&]quot;1. The complete assertion, practical as well as theoretical, of the provisional nature of existing governments and of our acquiescence in them;

[&]quot;2. The resolve to minimise by all available means the conflicts of these governments, their militant use of individuals and property and their interferences with the establishment of a world economic system;

[&]quot;3. The determination to replace private local or national ownership of at least credit, transport, and staple production by a responsible world directorate serving the common ends of the race;

[&]quot;4. The practical recognition of the necessity for world biological controls, for example, of population and disease;

[&]quot;5. The supreme duty of subordinating the personal life to the creation of a world directorate capable of these tasks and to the general advancement of human knowledge, capacity and power." (*The Open Conspiracy* [Garden City, N.J.: Doubleday Doran and Co., 1928] pp. 142-43.)

^{4.} Walter Isaacson and Evan Thomas, *The Wise Men* (New York: Simon and Schuster, 1986).

between FDR and Truman in their conduct of policy. "Perhaps the most significant difference was that Roosevelt handled foreign policy out of his own pocket. He could respect a man like Harriman while at the same time maintaining a bemused distance from some of his advice. He could indulge or ignore a Kennan, or a Bohlen, or even an Acheson. Be it at Teheran or Yalta or in the White House Map Room, Roosevelt relied on no State Department briefing books or even a Secretary of State; Edward Stettinius had even less influence than his dreamy predecessor in the post, Cordell Hull. With Hopkins as his arms and legs, Roosevelt personally handled the making of policy.

"Truman had no desire to do the same. 'I may not have much in the way of brains,' he told one Cabinet member shortly after taking office, 'but I do have enough brains to get hold of people who are able and give them a chance to carry out responsibility.' "Thomas and Isaacson quote McGeorge Bundy that Truman "was not an initiator but a chooser; the buck stopped here, but he waited for the buck to arrive."

The inner circle of Truman's advisers included the leadership of the BAC, dubbed, inappropriately, the "Wise Men," by authors Isaacson and Thomas. They included Anglophile Dean Acheson, later Truman's Secretary of State; Moscow Ambassador Averell Harriman, the Bank of England- and Morgan-allied banker who was chief Democratic Party power-broker; State Department agents provocateurs George Kennan and Charles Bohlen; World Bank President and Wall Street fixer John J. McCloy; Undersecretary of State and Harriman intimate Robert Lovett; Ambassador to the Court of St. James and former OSS official David Bruce; and many others of the same utopian strategic outlook.

These men all hailed from the same prep schools, Ivy League universities, and Wall Street banks or law firms. They constituted the Foreign Policy Establishment; they functioned mainly above parties, though if pushed, would call themselves "liberal" (certainly, from Hiroshima onwards, they killed liberally) Republicans.⁵

This group founded the Preparedness Movement, which galvanized the American wing of the BAC. Its leading light for the next 30 years was former and future Secretary of War Stimson. Stimson forged the interventionist

During World War II, FDR recruited the internationalist Stimson to be his Secretary of War, to ensure Republican support for the war. Stimson's top aides included McCloy and Lovett, dubbed the "imps of Satan" by Stimson himself. His aide de camp was Harvey Bundy, married into the notorious Lowell family of Boston slave- and dope-trafficking infamy. Bundy's sons, McGeorge and William, were mentored by Stimson, and emerged in the leadership of the utopian military faction of the BAC in the 1960s and 1970s. McGeorge Bundy, as dean of Harvard in the 1950s, and William Yandell Elliott, the Anglophile pro-Confederate who ran Harvard's Government Department, spawned the next generation of disease-riddled "utopians" of this geopolitical stripe, including Henry Kissinger, Zbigniew Brzezinski, and Samuel P. Huntington.

The circles of banker Averell Harriman overlapped the Stimson grouping. Harriman played a crucial role in Wall Street operations during the Truman period, and his intimates included both business partner Lovett, and the group around Prescott Bush. As has been well documented, this nest of traitors launched the Nazi-aping eugenics movement in the 1920s, and directly intervened to install Adolf Hitler as Chancellor of Germany in 1933.

Dean Acheson was a boyhood friend of Harriman; they "coached crew" together at Yale. Acheson was the son of the Episcopal bishop of Connecticut, who was British by birth and a Canadian citizen through his young manhood. Acheson was a thorough-going Anglophile who spent evenings devouring the writings of British imperial strategists Lord Palmerston, Lord John Russell, and William Gladstone, and daytimes implementing their precepts. Acheson was also a devotee of Stimson.

The Anglophiles inside the Truman Administration were also ensconced in the State Department, their purpose to dismantle the wartime alliance of the United States and Russia, ally the United States with our former enemy Great Britain, and terrorize the world into submission to Anglo-American world government.

Against this pack of tricksters, the remnants of the Roosevelt tradition stood little chance. Roosevelt's Vice President, Henry Wallace, would be drummed out of office for defending the Russian-American alliance and not succumbing to anti-Communist propaganda. Harry Hopkins and others were on their last legs, and American System economic proponents, typified by Bretton Woods architect Harry Dexter White, were terrorized by the domestic witch-hunters into early deaths or departures.

'Preventive Nuclear War' and Geopolitics

Under FDR, the United States had resumed its traditional anti-British posture of the previous 150 years, albeit in a necessary wartime alliance. The United States had also resumed

foreign policy matrix that recruited American brawn to the service of British "brains" during the 1920s and early 1930s.

^{5.} This American arm of the BAC is traceable to Theodore Roosevelt ("TR"), and the defining moment for the crystallization of their existence would be their shared experience at the Plattsburgh Training Camps in 1915-16. Plattsburgh was conceived by TR and his cohort Gen. Leonard Wood, of Rough Rider lore, as a recruitment ground for pro-British stalwarts, who could drag a reluctant United States into World War II on the British side. These camps for the so-called Best and the Brightest of the day were organized by Wall Street insider and TR acolyte Grenville Clark, who was to remain a key fixture in the U.S. policy establishment for over five decades. The money-bags behind Plattsburgh was the ubiquitous, George Soros-like stock market speculator Bernard Baruch.

All of the "right" people attended the encampments. They practiced at war during the day and heard rousing anti-German, pro-British oratory at night, delivered by Clark, Wood, and TR himself. Attendees ranged from the Mayor of New York to Secretary of War Henry Stimson, then nearly 50 years old. Among the luminaries were David Bruce, Willard Straight (of Morgan Bank and New Republic fame), John J. McCloy, and TR's sons.



Churchill, Roosevelt, and Stalin at Yalta, 1945. The prospect of a post-war world dominated by a Roosevelt-inspired United Nations and Russian-American cooperation terrified the British. Their counterstrategy revolved around nuclear weapons policy.

its historic cooperation with Russia, dating to the 1778 League of Armed Neutrality and the active Russian defense of the Union against projected British intervention during the U.S. Civil War. This posture was well documented by Elliott Roosevelt, FDR's son, who accompanied him on all the war-time summits, and reported on the criticisms and confrontations of FDR against Winston Churchill. This outlook was merely typical. Henry Luce's *Life* magazine had front-page stories attacking the British Empire, and one key aspect of the Bretton Woods agreements was the call for dismantling the Imperial Preference system of Commonwealth trade. A Gallup Poll taken in 1945, with the war about to be won, reported that over 60% of Americans were anti-British!!

Anti-British outlooks abounded at all levels. A 1945 report from U.S. Ambassador to Britain, Joseph Davies, warned of British moves to break up the wartime alliance and play the United States against the Russians. Davies reported: "I said frankly, as I had listened to him [Churchill] inveigh so violently against the threat of Soviet domination and the spread of Communism in Europe, and disclose such a lack of confidence in the professions of good faith in the Soviet leadership, I had wondered whether he, the Prime Minister, was now willing to declare to the world that he and Britain had made a mistake in not supporting Hitler; for as I understood him, he was now expressing the doctrine which Hitler and Goebbels had been proclaiming and reiterating for the past four years in an effort to break up Allied unity and 'divide and conquer.' Exactly the same conditions which he described, and the same deductions were drawn from them as he now appeared to assert."

Davies then submitted his formal report to Truman: "The Prime Minister is a very great man, but there is no doubt that he is first, last, and all the time a great Englishman. . . . I could not escape the impression that he was basically more concerned over preserving England's position in Europe than in preserving peace."

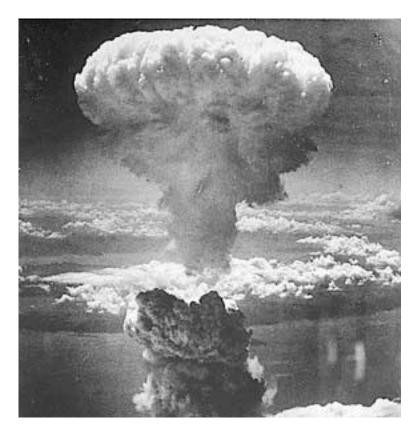
The prospect of a post-war world dominated by a Roose-velt-inspired United Nations and Russian-American cooperation terrified the British. The determining element of their counterstrategy revolved around nuclear weapons policy.

Following the lead of Bertrand Russell and Winston Churchill, the British oligarchy moved quickly to parlay the fact that the United States possessed the only nuclear arsenal extant, into their utopian scheme of global domination. The equation was rather simple: The United States had the bomb, no one else did; and the United States under Truman had just blown up two cities and left the world in shock, precisely as H.G. Wells had demanded.

Russell's Call for U.S. To Bomb Russia

With the nuclear cloud barely evaporated from Nagasaki, Lord Bertrand Russell published an article in *Cavalcade* magazine on Oct. 20, 1945, "Humanity's Last Chance," calling for a pre-emptive nuclear attack on Russia. Several excerpts capture the insanity prevailing in British policy circles at that moment:

America has at this moment, and for a few years to come, an opportunity such as has never hitherto come to any nation throughout the whole history of the world.





With the nuclear cloud barely evaporated from Nagasaki, Lord Bertrand Russell called for a pre-emptive nuclear attack on the Soviet Union, should that country refuse to join his utopian world government scheme. "I see a world government as extremely important and I do not expect to see it established without an element of compulsion," he wrote.

If the opportunity is used to the full, the peace of the world will be secure for a very long time; if not, it is likely that, during the lifetime of the present generation, all large cities in every part of the world will be wiped out. . . .

At present, the United States alone possesses finished atomic bombs; the United States, Canada and Great Britain alone know the details of the process by which they have been manufactured. But [soon] every nation which chooses to spend the money will be in a position to make its own bombs.... Every considerable country will be in a position to launch a surprise attack, in the style of Pearl Harbour, on any other country at any moment.

To tell Russia how to make atomic bombs would shorten the period of American supremacy, and might therefore, contrary to everybody's intention, hasten the advent of another world war. Whatever measures are to be taken to prevent another world war must be taken during the brief period of American supremacy, and must be enforced by a vigorous use of that supremacy, which should be used, not to secure special advantages for the United States, but to compel the world to adopt a system making great wars improbable.

I make, however, one exception to the condemnation of wars in the near future: a powerful group of nations, engaged in establishing an international military government of the world, may be compelled to resort to war if it finds somewhere an opposition which cannot be peacefully overcome, but which can be defeated without a completely exhausting struggle. Even in this case a war will not be justified unless the international government to be established is to have certain merits. . . . I see a world government as extremely important and I do not expect to see it established without an element of compulsion.

Repeating this idea several times, Russell then demanded that a confederation of nations be created immediately to execute his plan. The confederation would be led by the United States. All nations participating would agree to relinquish their national sovereignty, at least so far as military considerations would apply, and in turn to create a powerful, centralized world military police force. This "army" would be empowered to both "inspect" other nations' stockpiles of weapons to ensure there were no violations, and to initiate a war in the event of resistance.

Russell concluded with a condemnation of the Soviet Union, followed by a direct threat:

The U.S.S.R., we should hope, would also join [the new Confederation], but it might refuse.... But against such a bloc even the U.S.S.R. would be powerless, at any rate while the U.S. still retained the lead as regards the atomic bomb, which would now be a lead of the Confederation.... If the U.S.S.R. did not give way and

join the Confederation, after there had been time for mature consideration, the conditions for a justifiable war, which I enumerated a moment ago, would be all fulfilled. A *casus belli* would not be difficult to find. Either the voluntary adherence of Russia, or its defeat in war, would render the Confederation invincible, since any war that might occur would be quickly ended by a few atomic bombs.⁶

The Baruch Plan

Following Russell's lead, the United States moved to implement the call for a nuclear weapons control policy that would pave the way for world government. The resulting effort would produce the Baruch Plan.

In January 1946, President Truman launched a committee to formulate a nuclear weapons proliferation policy. The committee was chaired by Dean Acheson and included James B. Conant, president of Harvard; Vannevar Bush, head of the Carnegie Institution in Washington; former Assistant Secretary of War John J. McCloy; and Gen. Leslie Groves, former director of the Manhattan Project. McCloy and Acheson were Stimson's most influential protégés, and the rest had been on the top-secret Interim Committee, which had orchestrated Truman's decision to drop the bombs in 1945.

In the Spring of 1946, the committee issued the Acheson-Lillienthal report, a blueprint for global control of nuclear weapons. The group proposed to create an International Atomic Development Authority, which would own and mine all the uranium and thorium deposits in the world, as well as the nuclear production facilities, including those used for peaceful manufacture of nuclear energy. (The U.S. Navy had already successfully produced nuclear power reactors to power ships, and was experimenting with their "portside" use for on-land power.) The United States would agree to halt all bomb production as a sign of good faith, and the world's nations would be encouraged to give up their sovereignty, and likewise agree not to produce nuclear materials. The International Authority would be the sole repository of nuclear materials.

However, to ensure that this would be rejected by the Soviet Union, Truman appointed Bernard Baruch to "sell" the package to the world. Baruch was a Wall Street shark and con artist; FDR had specifically rejected him to run the War Production Board, for which Baruch was the Establishment's "consensus" choice. The retooled "Baruch Plan" bore his stamp. It contained two major alterations: There would be "immediate and sure punishment" of "rogue states" for violation of the plan; and such punishment, presumably including war, would not be subject to veto by any UN signatory.

In effect, this was a reworked version of Bertrand Russell's provocative *Cavalcade* article of six months earlier.

The plan was dead on arrival in Moscow. The Soviets refused to participate, but this played right into Russell's hands. The drive for pre-emptive war would continue, and the Russian rejection of the Baruch Plan merely aided the effort.

Russell, Churchill, and Nuclear War

Russell, Churchill, Szilard, and their cohorts actively propagandized for pre-emptive war by the United States against its wartime ally Russia, from 1945 onward. The British and their U.S. acolytes carried out two parallel strategies: to manipulate the United States into launching a nuclear strike against the Soviet government; and, failing that, to maneuver the United States into a close alliance with Britain and to wage a geopolitical war, a Cold War, against Russia.

The "failure" of the Baruch Plan, which served merely to test how far the Soviet government would capitulate to world control by the British, provided the perfect foil to pursue the preferred doctrine: nuclear war against Soviet Russia and subsequent global domination by the BAC powers.

In August 1946, Churchill, now no longer Prime Minister, confided to a friend, Charles Moran, that a war with Russia was necessary, and should begin soon, within a few years at most. "We ought not to wait until Russia is ready. I believe it will be eight years before she has these bombs. . . . America knows that 52% of Russia's motor industry is in Moscow and could be wiped out by a single bomb. It might mean wiping out 3 million people, but they think nothing of that."

Later in 1946, Churchill met again with Moran and was even more emphatic on the need for an early attack. When Moran asked him if war between the United States and the Russians might commence in two or three years, Churchill blurted out, "Perhaps sooner than that, perhaps this Winter. They have twelve divisions. They could march to the Atlantic in a few weeks. The Swiss are most perturbed. Only the atomic bomb keeps the Russians back. They're making rockets to fire on us when they get to the coast."

Bertrand Russell kept up the drumbeat for pre-emptive war for the next two years. In the Spring of 1947, he issued an article dubiously entitled "The Prevention of Atomic War," and then spoke on his plan in a rare appearance at the House of Lords. His theme was again the need to compel the Russians to join a global confederation to impose control over nuclear weapons, and the issue he raised was, "How much coercion is enough?"

In the article, which appeared in *Plain Talk*, he called for the creation of an International Authority "that really governs . . . not a pretentious sham like the United Nations. . . . If Russia does not agree to join in forming an international government, there will be war sooner or later; it is therefore wise to use any degree of pressure that may be necessary."

In May 1948, Russell repeated his views in a letter to Dr. Walter Marseilles of California, who was supporting Russell's call for compulsory inspection of Russian military sites. "As soon as Russia rejected the Baruch proposals, I urged that all nations favoring international control of atomic energy

This and subsequent citations from Barry Feinberg and Ronald Kasrils, Bertrand Russell's America, Vol. II, 1945-70 (Boston: South End Press, 1983).

should form an Alliance and threaten Russia with war, unless it agreed to come in and permit inspection. Your proposal is, in effect, the same, for the compulsory inspection you advocate would be, legally, an act of war, and would be so viewed by the Soviet Government. . . . Even at such a price [a new European war], I think war would be worthwhile. Communism must be wiped out, and world government must be established. . . . I do not think the Russians will yield without a war. I think all (including Stalin) are fatuous and ignorant."

It was not until the Soviets had themselves developed the bomb, that Russell switched tactics and began his crusade to "Ban the Bomb," but still impose world government. The policy never changed, merely the tactics.

Advent of the 'Cold War'

Despite the total domination of Anglophile figures over Truman, the residual leadership of the previous Roosevelt Administration still exerted some influence. There was open advocacy of an alliance with Russia on the part of numerous leaders, typified by Commerce Secretary Henry Wallace. And there was also the emergence of a "Realist" faction, which promoted world government by recognition of spheres of influence to be respected by the Soviets, the United States, and the British Empire. Spokesmen for this faction included Stimson, McCloy, and columnist Walter Lippmann. It would be out of this latter grouping that the "arms control" movement would be fostered in the 1950s.

At the turn of the 1950s, while still beating the drums for a "hot war," and thus creating a controlled environment of nuclear madness, the British policy elite simultaneously manipulated the malleable Truman into accepting the parameters of a "cold war" against Russia. Thus, under the cover of a doctrine of atomic Mutual and Assured Destruction, the British initiated yet a new twist: Pit the United States against its wartime Russian ally in a Cold War, while cementing the "special Anglo-American relationship" so reviled by the American public.

Three crucial events occurred in the Spring of 1946 that launched the Cold War. On Feb. 22, George Kennan, State Department chargé d'affaires at the American Embassy in Moscow, cabled an 8,000 word "Long Telegram" to the State Department. Kennan, an anti-Russian, highly neurotic member of Averell Harriman's State Department Anglophile cabal, had been sending similar diatribes for years, only to have them filed in trash cans by Franklin Roosevelt and his allies. Instead, this *cri de couer* was widely circulated.

In brief, Kennan argued that the Russians were not open to an accommodation with the United States, but rather were bent on global conquest for ideological and historical reasons. They viewed the world as "evil, hostile, and menacing. . . . We have here a political force committed fanatically to the belief that with the United States there can be no permanent *modus vivendi*, that it is desirable and necessary that the internal harmony of our society be disrupted, our traditional way



A conference aboard Truman's yacht. Left to right; British Foreign Secretary Anthony Eden, Secretary of State Dean Acheson, President Truman, Prime Minister Churchill.
Churchill's post-war policy can be summed up in his statement in Fulton, Missouri in 1946: "Neither the sure prevention of war, nor the continuous rise of world organization will be gained without what I have called the fraternal association of the English speaking peoples. This means a special relationship between the British Commonwealth and Empire, and the United States."

of life destroyed, the international authority of our state be broken if Soviet power is to be secure."

Kennan outlined his doctrine to replace the Roosevelt Grand Alliance with the nefarious scheme of "containment." "Impervious to the logic of reason, the Soviet Union is highly sensitive to the logic of force. For this reason it can easily withdraw, and usually does, when strong resistance is encountered at any point. Thus, if the adversary has sufficient force and makes clear his readiness to use it, he rarely has to do so."

Hard on the heels of this diatribe followed an even more vociferous call to arms. On March 5, 1946, an inebriated Winston Churchill delivered his famous "Iron Curtain" speech in Fulton, Missouri, with President Truman applauding each phrase. Intoned Churchill: "Now, while still pursuing the method of realizing our overall strategic concept, I come to the crux of what I have travelled here to say. Neither the sure prevention of war, nor the continuous rise of world organization will be gained without what I have called the fraternal association of the English speaking peoples. This means a special relationship between the British Commonwealth and Empire, and the United States. This is no time for generalities, and I will venture to be precise" (emphasis added). Churchill then enunciated a detailed plan for post-war military interlinking of the British imperial and U.S. armed services.

After going through his "Iron Curtain" analysis of Soviet intentions and claiming to be pointing out the path to avoid

otherwise inevitable U.S.-Soviet war, Churchill made clear that his demand for a new Anglo-American order was not for the short term, but for 100 years. "If all British moral and material forces and convictions are joined with your own in fraternal association, the high roads of the future will be clear, not only for us but for all, not only for our time, but for a century to come."

The Truman Doctrine

These two initiatives, by Kennan and Churchill, altered the political atmosphere beyond repair. They were followed by a series of shifts, including the Turkish crisis in the Summer and the firing of Commerce Secretary Wallace in the Fall of 1946.

The transformation was completed in the Spring of 1947, when the British contrived the Greece and Turkey financing crisis to sucker in the United States as their imperial marcher lord. Claiming financial bankruptcy, the British government pulled out of two imperial adventures in the eastern Mediterranean, including support for an overtly fascist/royalist regime in Greece, and demanded that the United States pick up the pieces.

With the atmosphere poisoned by the tales of Churchill, Kennan, Bohlen, and their ilk, a foolish U.S. administration rushed in to defend the British Empire against Communism. The lead "Venetian courtier" in this obscene drama was Anglophile Dean Acheson, who gave a rousing speech in a Cabinet meeting that turned the tide.

What ensued was the Truman Doctrine, an American stratagem modelled on all those "entangling alliances" once denounced by George Washington and John Quincy Adams. The United States would commit itself to execute British geopolitical doctrine under the dubious title of fighting a "Cold War" against Communism.

By 1947, a change in policy axioms had occurred. The United States had abandoned Franklin D. Roosevelt's revival of John Quincy Adams' "community of principle" among nations. The central idea in that policy, that of promoting policies that would engender the general welfare of the peoples of those nations by economic development, as typified by Roosevelt's New Deal and related legislation, was dropped. Instead, the Truman Doctrine declared the United States an appendage to the reconstituted British Empire against Russian, Chinese, and anti-colonial movements' threats. All policies of the increasingly degenerate Truman Administration would follow from this fundamental shift.

American involvement in Indo-China and the Korean peninsula flowed from the "containment" doctrine of Kennan and his allies, and adopted as policy by Dean Acheson, Dean Rusk, and others in the State Department. The issue was never "anti-Communism," but rather the control of decrepit colonial empires, those of Britain, France, and the Dutch monarchy.

Truman and the Origins of McCarthyism

The centerpiece of the continuously escalating "red scare" and witch-hunt which began under Truman's Presidency, was

the loyalty campaign which accompanied the 1947 National Security Act, cited now by President George W. Bush as the predecessor of the Homeland Security Act. While privately uncomfortable with FBI Director J. Edgar Hoover's demands for loyalty oaths, background checking, and the like, Truman himself initiated this precursor of the measures now being advocated by Attorney General John Ashcroft and Sen. Joe Lieberman.

Truman timed his "loyalty" campaign to coincide with the announcement of the Truman Doctrine, which launched the Cold War in earnest in 1947. On March 21, 1947, only nine days after his Truman Doctrine address to Congress on Turkey and Greece, Truman issued Executive Order 9835, creating the Federal Employees Loyalty and Security Program.

While FDR had initiated a limited program of background checks and loyalty oaths during the war, this was the first such policy ever begun in peacetime, and was far broader. Kowtowing to the Republican supporters of the witch-hunting House Un-American Activities Committee (HUAC), Truman placed Republican lawyer Seth Richardson in charge of the Review Board.

All Federal employees were to be investigated, without exception. FBI and HUAC files were to be pulled on everyone. Dismissal could be based on the flimsiest pretexts—"reasonable grounds for belief that the person is disloyal." At no point was the term "disloyal" defined. The suspects were denied the right to question their accusers, know who they were, or even know the nature of the charges.

Attorney General Tom Clark was instructed to draw up a list of subversive organizations for further investigation. David Lillienthal, the head of the Tennessee Valley Authority, the showpiece of FDR's infrastructure development program, was one of those grilled. He said, "In practical effect, the usual rule that men are presumed innocent until proved guilty is in reverse."

In a typical Trumanism, the President stated, "I am not worried about the Communist Party taking over the government of the United States, but I am against a person, whose loyalty is not to the government of the United States, holding a government job."

From 1947 to 1950, some 3 million Americans would be investigated and ultimately cleared by the Civil Service Commission; 14,000 would be looked into by the FBI. Several thousand resigned their jobs, but only 212 were fired as a result of suspicious "loyalty." None were indicted, and not one person was accused of espionage.⁷

The beginnings of this new witch-hunt, the necessary corollary to ending the New Deal and confronting the Soviet Union, dated to June 1945, Truman's second month in office, with the FBI raid on the magazine *Amerasia*; it continued with the revelations by Elizabeth Bentley and Whittaker Chambers of supposed Communist infiltrators in the govern-

^{7.} David McCullough, Truman (New York: 1992), pp. 550-553.

ment—even as the most dangerous spies, the infamous British double and triple agents in Washington embassies, the State Department, and the nuclear weapons program, were being cleared and promoted!

Similar smear campaigns had been attempted under FDR, but they had come to naught, because FDR had resisted them.

The dropping of the atomic bomb, and the subsequent official Anglo-American hysteria over nuclear weapons in Soviet hands, had been the psychological warfare mechanism that made much of this possible. In the United States, the dominant post-war mood of optimism changed, during Truman's Presidency, to fear and "going along to get along," particularly as economic recession marked most of that



Sen. Joseph McCarthy

Presidency. The loyalty-oath drive, falling into the hands of J. Edgar Hoover, Attorney General Tom Clark, and finally Sen. Joseph McCarthy, fostered American nativism and xenophobia. It was Harry Truman who spawned Joe McCarthy.

Not only did Truman dismantle FDR's foreign policies, he also dismantled the Roosevelt domestic coalition of the "core constituencies"—labor, farmers, African Americans—organized around the principle of promoting the general welfare, through economic/industrial growth for the entire nation.

Truman's Anglo-American controllers, from Churchill to Acheson and McCloy, despised the core constituencies. They sought to replace the American Dream with their own Wall Street nightmare. As they were imposing economic austerity at home, they were naturally in constant combat with organized labor, farmers, and blacks. As confrontations mounted with Russia, China, and other wartime allies, "anti-Communism" became a necessary component of the propaganda drive.

Disasters at the Top, Pessimism Below

Both the result, and the further breeding ground, for the hysteria, was the "escapism" of the returning veteran, who, rather than consider the direction in which the country must move following the cessation of hostilities, instead thought only of "making up for lost time." This meant making money, getting ahead, fleeing to the suburbs, keeping one's nose clean, staying out of trouble, and abiding by popular opinion. This escapist mentality, and its fear-driven "anti-Communism," would also be transmitted to the Baby Boomer offspring of these increasingly "little" returning GIs.

That there were leftist sympathizers all over the U.S. government during the New Deal and the war mobilization was never in question. That there were "liberal thinkers" of all stripes in and around the administration, was encouraged by Franklin Roosevelt. It was Truman, under sway of Churchill,

Harriman, and company, who fanned the flames of the anti-Communist hysteria. The House Un-American Affairs Committee had commenced in 1938. During the 1940s, the committee, also known as the Dies Committee, for its chairman, Martin Dies, had attacked every New Dealer it could, but with no success. FDR resisted their depradations. Truman did not.

Truman's collaborators in this campaign of slander and abuse were, most importantly, J. Edgar Hoover, who was unleashed on government employees and then the public in 1946, and Attorney General Tom Clark. Clark had previously been head of the Criminal Division of the Department of Justice, and had worked closely with Hoover. Together they launched all the original attacks against the alleged "fellow travellers" of Communism.

Their moves coincided with each escalation against the Soviet Union. In the Summer of 1946, when the Truman Administration was involved in the Iran and Dardanelles crises with Russia, Hoover began his campaign of intimidation.

The announcement of the Truman Doctrine in March 1947 brought on the real escalation. The Report of the Temporary Commission on Employee Loyalty was actually delayed until after the announcement of the Truman Doctrine, and its introduction by Attorney General Clark was then rewritten to provoke even more hysteria than initially intended. Clark's report was so egregious in its depiction of the so-called Communist threat within the U.S. government, that it was eventually rejected by the commission itself. But its publicity had served its purpose of inflaming public opinion.

Clark's witch-hunting was so closely connected to the Truman Doctrine foreign policy, that when the President sought to sell the nation on the urgency of backing up the British in the Greek and Turkish crises, by promulgating the Truman Doctrine, it was Clark—with no past or present connection to making foreign policy—who was sent on the hustings in the Midwest to sell the package.

It was the convergence of a drastically changed domestic and foreign policy posture that necessitated this new red scare. It claimed Henry Wallace in 1946, fired by Truman for a speech advocating close U.S.-Soviet ties; and Harry D. White, the architect of Bretton Woods, in 1947.

By the end of the Truman Administration, the spirit of economic and technological progress, revived and nourished by Roosevelt's administrations out of the early-1930s collapse, had been all but snuffed out. The optimism of the returning GIs had been replaced by fear and economic anxiety. The fear of atomic technology and irrational warfare—unleashed by Truman's militarily irrational decision to obliterate Hiroshima and Nagasaki—would infect an entire generation with deep psychological weaknesses. With the exception of the abortive attempt by John F. Kennedy to revive the optimism and economic progress of FDR, the seeds had been sown for 50 years of deepening disaster and abandonment of the American System of political economy. The crisis we facr today, is a direct result of these policy blunders of the early post-war years.

Sergei Zubatov's 'Police Socialism' in Russia, and the Creation of Zionism

by Marjorie Mazel Hecht

Sergei Zubatov¹ is an almost unknown name today, but the legacy of this Russian secret-police head is still very much alive, 100 years later, in the ongoing Israel-Palestine conflict. It was Zubatov, a master of psychological warfare, who convinced thousands of young Russian radicals to give up ideas of universal social justice, and limit themselves to narrow goals of personal financial improvement within his "legal" trade unions. It was Zubatov who seized on Zionism and its "blood-and-soil" ideology as a perfect counterinsurgency belief system to remove Jewish radical youth from the Russian political arena. Zubatov organized, through his Jewish recruits, the first Russian Zionist congress, in 1902, which, for the first time, brought the knowledge of Zionism to a wide Russian audience. Simultaneously, Zubatov spawned and controlled terrorist and "revenge" cells, to carry out political violence and assassinations against selected enemies.

To understand, and resolve, the Jewish-Arab conflict today, one must see how Zubatov shaped the views of the early settlers of Palestine, those Russian immigrants who became the Zionist founders of Israel, around "blood and soil," socialism and terrorism. Zubatovism must also be placed in the larger context of British geopolitics—Britain's alliance with Russia's old landed families to curb Eurasian development, and its colonial manipulations of Arab landowners and, later, the general Arab population in the Mideast. This, combined with Britain's brutal treatment of the Jewish population of Palestine, in the first five decades of the 20th Century, and its colonial administration's deliberate pitting of Jews against Arabs and Arabs against Jews, makes it clear that the cycle of violence between Jew and Arab is not indigenous, and that it can be stopped.

In the 1880s, Russia was emerging from feudalism into the modern world. For a 25-year period before the 1905 Russian Revolution, Great Britain had waged a covert war to crush the Russian industrialist faction, which was supported by the Romanov Tsars. The British feared that Russia would become the "United States of the East," a powerful, industrial republic. The assassination of Alexander II in 1881 was a turning point in this process. Alexander was called the Tsar-Liberator, because he abolished serfdom and brought Russia into a strategic alliance with Abraham Lincoln's United States, during the U.S. Civil War.

In its destabilization operation, Britain aided the fascist "Black Hundreds" pogroms against the Jews, and then encouraged Jewish financiers in the West to put economic pressure on the Tsar to stop the pogroms; they helped finance various revolutionary groups, and they simultaneously aided the "police socialism" countergangs to keep these groups in line; they maneuvered certain government policies and they financed terrorists to go after the same government officials whose policies they determined.

And, to cause further chaos, the British bought and paid for the Japanese war against Russia in 1903—a deal worked out by the King's financial adviser Sir Ernest Cassel and Cassel's American colleague, financier Jacob Schiff of Kuhn Loeb.

Russia, at the time, had enormous potential: vast natural resources; a rapidly growing urban workforce; a strong progrowth faction, steeped in the intellectual tradition of Henry Carey and Friedrich List, the economists who inspired the American Whig policy; a frontier that promised to become a trade-bridge to the East; and the seeds of a revolutionary movement that envisioned its nation becoming an industrial socialist republic. In short, Russia had the potential for bringing East and West together in the spirit of Lyndon LaRouche's Eurasian Land-Bridge proposal today.

This potential is what the British Empire set out to destroy, using Zubatovism, the method named for the Moscow chief of the Russian secret police, the Okhrana, as one of its weapons. The Zubatov operation, from 1896 to 1905, was part of the overall subversion scheme, in particular targetting Russia's newly emancipated and politicized Jews. (Between 1895 and 1904, for example, there were 2,276 Jewish worker

EIR August 16, 2002 History 35

^{1.} This report is dedicated to the memory of Mr. Hillel Kempinski, archivist of the Bund library in New York City, a survivor of the concentration camps of both Hitler and Stalin, and a lover of truth and justice, who wanted the story of Zubatov and his agents to become better known in America.



The Russian Okhrana (secret police) organized the bloody pogroms against Russia's Jews with one hand, while with the other, through Sergei Zubatov, it recruited Jewish radicals into Zionism. Here, an illustration of a pogrom in Kiev in 1881.

strikes in the Pale of Settlement, the area of Russia and Poland in which Jews were allowed to live).

'Take the Very Ground From Beneath His Feet'

When Sergei Vasilevich Zubatov was appointed chief of the Moscow Okhrana in 1896, he had to his credit a dozen years of police undercover work, in which he got to know the Russian radicals, and acquainted himself with Fabian socialist and Marxist literature. In the next decade, Zubatov put this intimate knowledge to work, to create a synthetic "legal" trade union movement that would pull the growing ferment into a strike force against Russia's industrialist faction, without making a revolution against the landed aristocracy.

Zubatov was supported in this operation by Russia's most backward aristocratic faction, which, not surprisingly, was pro-British and included the leading anti-Semites who funded and directed the bloody pogroms during the 1880s and later in 1903 and 1905. Chief among these was the Governor General of Moscow, Grand Duke Sergei Aleksandrovich, the fourth son of Alexander II, and an avid British collaborator.

Both Zubatov and the Okhrana had been spawned out of the wealthy landed families' "Holy Brotherhood" organization. This was established after the assassination of Tsar Alexander II, ostensibly to protect the new Tsar Alexander III, but really to try to control the political arena around him. The founder of the Okhrana political police was Count N.P. Ignatyev, the commander of Russia's 1875-78 military campaigns in the Balkan Wars, which had been orchestrated by London. Another member of this circle, V.P. Meshchersky, became a patron of Zubatov. In the 1870s, Meshchersky had promoted the writer Fyodor Dostoevsky, who was an enthusiast of the Balkan Wars. Some of Zubatov's philosophical writings are lifted straight from Dostoevsky (who died in 1881), and also echo the fascist ideas of Friedrich Nietzsche about "the triumph of the will."

The Okhrana was not a small operation: In 1904, it employed 12,000 agents-provocateurs, by 1906 there were 19,500, and by 1912, there were 26,000.

Zubatov's ideas about taking over the mass political movements of Russia, were based on his view that, "The history of the revolutionary movement has shown that the intelligentsia alone is not strong enough to win in its struggle with the government, even if it arms itself with explosives." Therefore, he said, it was necessary to prevent the intelligentsia from mobilizing the masses, which could best be accomplished *not* by using traditional police repressive measures. As Zubatov wrote in an 1898 memo to the acting prefect of Moscow:

"While a revolutionary advocates pure socialism, he can be dealt with by means of repressive measures alone, but when he begins to exploit for his purpose minor shortcomings

36 History **EIR** August 16, 2002

of the existing lawful structure, the repressive measures alone cease to be sufficient. It becomes necessary to take the very ground from underneath his feet."²

Zubatov's solution—taking the very ground from underneath the socialists' feet—was to enable workers to organize for narrow improvements in their working conditions within the existing system, under the supervision of the police, and, at the same time, to use police authority, to remove any revolutionary troublemakers (or industrialist troublemakers) from the scene. At the time, trade unions were prohibited, and Zubatov's "unions," known as *Zubatovshchina*, came under the aegis of "mutual-aid" societies, which were permitted.

The Zubatov program is standard British social-engineering practice for political control. Set up a program with the narrowest economic goals; focus on self-help, ethnic culture, and welfare programs; isolate political leadership by attacking them as "too intellectual" and not "of the people"; and lavishly fund the whole works. As Zubatov commented, "It remains for the supra-class autocracy to divide and rule" the other classes.

Meanwhile, Zubatov's counterpart in charge of the Okhrana Foreign Agency, Pyotr Ivanovich Rachkovsky, had successfully used the same kinds of tactics against the revolutionaries abroad, from his base in Paris, from 1885 to 1902. He was an expert at using provocateurs to foster terrorism, and an expert at forging left-wing documents. He forged letters from members against the leadership, bombed some offices, and attributed the bombings to dissident leftists, and, in 1891, he launched a campaign against the Jews.

The most infamous document Rachkovsky forged was *The Protocols of the Elders of Zion*, alleging a Jewish-Masonic plot to rule the world. The *Protocols*, first published in 1903, and still promulgated today in anti-Semitic circles, were an almost word-for-word copy of an 1864 satire of Napoleon III, written in French, by Maurice Joly, titled *Dialogue in Hell Between Machiavelli and Montesquieu on the Politics of Machiavelli in the Nineteenth Century*. Joly was a pro-monarchist lawyer who wanted to expose Napoleon's plans to seize absolute power. The *Protocols* simply copied the remarks of Joly's Machiavelli about despotism, substituting "Elders of Zion" for Machiavelli. Joly, himself an anti-Semite, was jailed for 15 months for publishing his satire of Napoleon.

Rachkovsky calculated the circulation of his forged document to turn the Tsar against the Jews, and to damage the modernizing-industrial policies of the Minister of Finance,



Count Sergei Witte, whose plans for modernizing and industrializing Russia made him a main target of the Zubatov operation.

Count Sergei Yulievich Witte, whose policies he thought were too lenient toward Jews.³

Target: Witte and Industrialization

Witte was one of the main targets of the Zubatov's schemes. The Russian Minister of Finance from 1892 to 1903, Witte was the leading force in the campaign to industrialize and modernize the country, explicitly along the lines of the American System (see *EIR*, Jan. 3, 1992, for a review of *The Memoirs of Count Witte*). Witte and his faction—which included the scientist Dmitri Mendeleyev, who shaped the core of scientists that was crucial to the Witte administration and later the Bolsheviks—wanted a labor policy based on a sound economy: modern, large-scale, profit-making industries and a well-paid, educated, skilled workforce. Under their influence, Russia's urban working class had increased by 60% from 1887 to 1897 (to 2 million), and Russia's industries were among the most modern in Europe. In 1901, for example,

EIR August 16, 2002 History 37

^{2.} There are two main English sources on Zubatov: Russian Police Trade Unionism: Experiment or Provocation by Dimitry Pospielovsky (London: Weidenfield and Nicolson, 1971); and Sergei Zubatov and Revolutionary Marxism: The Struggle for the Working Class in Tsarist Russia by Jeremiah Schneiderman (Ithaca, N.Y.: Cornell University Press, 1976). Most of the quotations by or on Zubatov cited here were taken from Schneiderman's translations of Zubatov's many articles and reports, and those of his contemporaries.

^{3.} The *Protocols* reached a wider world audience when the *Times* of London published a lead article on May 8, 1920, titled, "The Jewish Danger, A Disturbing Pamphlet Requires Investigation." The forgery was exposed by the *Times* a year later, but, as is usual with such journalistic retractions, the damage had already been done.

Russia produced one-half of the world's oil, using the most advanced methods of that time.

Witte, Mendeleyev, and others around them, understood the necessity to develop the most advanced technology, and they fought against the landed aristocracy's small-farm feudalism, and the decentralized peasant cooperatives fostered by the British Fabians. In an 1899 memo to Nicholas II, Witte wrote:

"The welfare of Your Empire is based on national labor. The increase of its productivity and the discovery of new fields for Russian enterprise will always serve as the most reliable way for making the entire nation more prosperous.

"We have to develop mass-production industries, widely dispersed and variegated. We must give the country such industrial perfection as has been reached by the United States of America which firmly bases its prosperity on two pillars—agriculture and industry."

The key in Witte's development plan was Siberia—Russia's vast frontier. Witte saw Siberia as Russia's California and Texas, and he envisioned its settlement and industrial development by hundreds of thousands of Russians, including Russia's Jews, who, for the most part, led a miserable ghetto existence. The completion of the Trans-Siberian Railway, under Witte, would make this possible.

The Art of Brainwashing

As a counterpole to Witte, Zubatov and his allies in the Interior Ministry maneuvered to institute the system of "worker control," one where the major activities for workers were modelled after the social and welfare programs of the British settlement houses. Zubatov's philosophy, like that of the British Fabians (social fascists) he admired, was that the workers were interested only in improving their own personal conditions—the lowest-level view of self-interest.

Zubatov was born in Moscow in 1863 or 1864, and had a conventional middle-class education. His radical political work began in high school, and quickly led to his role as a police informer. In 1885, Zubatov became a member of Narodnaya Volya (People's Will), the group responsible for the assassination of Tsar Alexander II in 1881. Most of Zubatov's undercover work in the 1880s took place during his tenure as manager of a "self-education" bookstore owned by his future wife, Alexandra Nikolaevna Mikhina. The bookstore was a meeting place for leftist intellectuals and a major source of illegal literature. In fact, Zubatov's favorite works were those of Fabian Society founder Sidney Webb, Fabian sociologist Werner-Sombart, and German Fabian recruit Eduard Bernstein, the socialist reformer whom Zubatov regarded as a chief ally "against the hideous Russian Social Democracy," Lenin's group. (Zubatov had Bernstein's chief work translated into Russian for this purpose.) In line with his Fabian views, Zubatov criticized the label of "police socialism" for his philosophy, preferring to use the term "progressive socialism."

Zubatov methodically began his task of subverting revolutionary political movements into anti-industrial trade unions. First he initiated photographic files and the registration of suspects, and trained his police staff, initially 250 officers, in counterinsurgency methods. Then, going after the revolutionary center of the groups, Zubatov devised what his critics called "the art of brainwashing," to capture leadership for his countergangs. (In fact, Zubatov's new methods were roundly attacked by the traditionalists in the Russian police forces, who opposed them, until they saw the useful results.)

Based on his undercover intelligence work, Zubatov would stage the arrest of radical leaders at a clandestine meeting. Once he had them in jail, he would try to break their morale by isolating them. Zubatov would then interview them individually, confronting the person with minute details of his revolutionary activities. Leading the prisoner to believe that there was no hope for continuing his revolutionary work, Zubatov would then sympathetically offer to let him continue "humanitarian" work on the side of the government. If the revolutionaries "confessed" and converted to police socialism and trade unionism, Zubatov agreed to pardon them, release them, and, in fact, to protect them, as long as they would organize for him.

Zubatov personally spent hours with his recruits in jail, discussing his political philosophy. He gave them Bernstein and Webb as primers to learn the rhetoric of his brand of socialism. As he reported happily to his superiors, he "began to give those arrested the most stunning illegal books on the labor question, since these books completely demolish all conspiratorial activity. The results are excellent. They themselves confessed to me that they illuminate a new world for them. The past is explained by their lack of education. And this education takes place in the prisons. . . . What have we come to!"

Zubatov's prisoners were equally enthusiastic. One of his recruits, Gregory Gershuni (discussed below), commented, "The prisoners begin to look upon themselves as persons who hold the fate of Russia in their hands and can lead the revolution in any direction at their own discretion." Gershuni explained that Zubatov presented "a theory of a democratic people's monarchy, which stands above classes and class struggle, which mitigates class antagonisms, which establishes social peace, national welfare, and the general happiness."

A Russian historian commented on Zubatov's method: "Whole hours, even days, over endless tea, in tobacco smoke, he carried on his 'conversations' with the prisoners, who were led one at a time into the Okhrana, where they sat in a soft chair in the chief's cabinet and, on occasions when the disputes stretched out too long, were fed supper, which was brought from a neighboring inn at the treasury's expense."

Zubatov had the most success with what he called "green youths." These tend "to renounce their views just as soon as one managed to convince them of the opposite," he said. To

38 History **EIR** August 16, 2002

make it easier for them, Zubatov did not ask his recruits to betray their comrades; he wanted only their ideological commitment.

Once Zubatov had perfected his technique with the socialist intellectuals, he targetted the worker-intellectuals, but somewhat differently. With them, he stressed how their labor goals could be best met by the government itself, if only the workers would stay away from the socialist organizers. He told them, in fact, that the revolutionaries were just "using" them, and would abandon them once they had attained power. "Political struggle is a pastime for the high and mighty," he said. In a memo to the chief of the Special Section of the Department of Police, L.A. Rataev, Zubatov described his method of organizing workers (as opposed to the political-intellectuals):

"At the interrogations I separate the anti-government elements from the masses with brilliant success—I can say honestly speaking. In the Russian movement and perhaps also in the Jewish one, I am successfully convincing the public that the workers' movement is one thing, and the social democratic one is another. There a kopek is the goal—here, ideological theory. The worker must aspire to civil equality with the so-called 'privileged' classes. . . . The social democrats, ignoring his immediate interests, call upon him to help the privileged classes in attaining their interests (to complete the revolution), promising every blessing to him after this. It is apparent that only the stupidity and ignorance of the workers make them unable to see this."

The 'Zubatovshchina' Police Unions

Once Zubatov had recruited a core leadership, he set up "independent" unions—that is, independent of politics—to fight for economic demands, better working conditions, and to establish cooperative loan societies, self-help programs, and communal lodgings. He even supplied free legal services to help workers formulate their complaints to the authorities. To counter the worker educational movement initiated by Witte (in ten years, Witte had increased the number of trade schools from 8 to more than 100, and had set up hundreds of night schools for basic literacy, based on science and technology). Zubatov set up classes for workers and tea-rooms for social activities. His particular aim in these efforts was to widen the gap between workers and intellectuals.

The first of Zubatov's unions was the Society of Machine Workers in Moscow, an organization that stressed mutual help and "consciousness." The society was self-administered (or, to use more modern language, locally controlled) and soon became so successful that Zubatov was vindicated among his peers.

The Zubatov strike weapon was used to curb the Westernizing industrialists. For example, two of Zubatov's first protégés staged a strike against a textile mill. Then Zubatov's local police chief tried to intimidate the factory owners into concessions in the name of law and order, while the Okhrana contrib-

uted 250 rubles a week to the strike fund. Zubatov would place anonymous articles in the press to play up his "union," as well as signed articles commissioned from like-thinking political and academic commentators.

The particular industrialist targetted in the textile strike was M. Guzhon, a Frenchman who had founded the Moscow metallurgical plant in 1883, that by 1900, was supplying 85% of Moscow's metals. Guzhon organized other industrialists to petition Finance Minister Witte for help. Witte intervened to prevent Guzhon's deportation, and then tried to have that "sworn anarchist Zubatov" removed from power. But, as was usual, Witte's bitter enemy, Interior Minister von Plehve, defended Zubatov, stating that Zubatov's "reform activity is the most sure medicine against disorders and revolution."

Zubatov particularly singled out foreign industrialists like Guzhon, for Witte's industrialization program at the time centered around the use of foreign capital for the vast development programs planned. In fact, Witte had put Russia on the gold standard in 1897, to make such finance arrangements possible, and it was just at this time that Zubatov's campaign got off the ground.

The success of Zubatov in molding his unionists in the Fabian image can be seen in the banners that the workers carried in the strikes. In Odessa, in 1905, for example, among Zubatov's unions' slogans were: "Down With the Socialists" and "We Don't Need Politics."

In 1902, Zubatov's unions were successful enough to hold a peaceful 50,000-person demonstration at the statue of Alexander II at the Kremlin, in praise of autocracy, to show the ruling forces that they were loyal subjects. (Police helped by preventing political agitators from joining the crowd.) In that year, Zubatov was promoted to the St. Petersburg Okhrana. There Witte's faction was stronger, and Witte, with some help from legitimate worker groups, had been able to stifle the growth of Zubatov's unions. In St. Petersburg, Zubatov recruited Georgii Gapon, a young anarchist priest, who took over the St. Petersburg Zubatov unions in 1903, and became (along with other Zubatov recruits) the central figure in the St. Petersburg strikes that led up to Bloody Sunday in January 1905, where hundreds of protesters were killed and injured as they marched, unarmed, on the Tsar's palace.

When Zubatov left Moscow, a degree of rapprochement was reached between the socialists and the industrialists, and with Witte's guidance, an industry-wide printers' strike was settled on the basis that the workers and owners had compatible interests.

Nietzschean 'Morality'

Zubatov's "morality," was Nietzschean: terrorism, assassination, and "outrages," which he deemed necessary to build the proper "character." A fellow member of the Narodnaya Volya group, Michael Rafalovich Gotz, who later co-founded the Socialist Revolutionaries and was a leader of its assassination squad, a Zubatov-directed group called the Battle Organi-

EIR August 16, 2002 History 39

zation, described Zubatov's morality as follows: "One day Zubatov read me a work of his in which he outlined his own theory of *nravstvennost* (morality). Everything in this view depended upon the development of a strong willpower, for which it was necessary, quite deliberately, to perform a series of outrages such as one can hardly even mention in print. One had to perform these outrages fully understanding their significance, but forcing oneself to act contrary to one's accepted moral standards, and thus to exercise one's willpower to the utmost."

The "morality" that Zubatov imbued in his recruits, was the idea that because their organizing activities were good and necessary for the workers, this justified deceit and extreme measures against the opposition, including assassination of opponents in power, or even traitors within the group itself. Such "morality" is not unique to Zubatov, or to the revolutionaries he recruited, but it affected large numbers of individuals who came in contact with Zubatovism and carried this "morality" into their future political work. (The Jabotinsky terrorist group in Palestine—the Irgun—years later, for example, used exactly this method of training recruits to commit "outrages" in order to develop willpower.)

Later, Zubatov added Zionism to his morality: the idea that Jews should leave Russia and settle in their "homeland."

The Jewish Question

Some of Zubatov's most successful work was in seizing control over the Jewish radicals, and directing them toward Zionism. In 1898, Zubatov sent flying squadrons into the Pale of Settlement, the areas of Russia and Poland to which the Jewish population was restricted, and carried out mass arrests of radical leaders. By that time, it was clear that the urban Jewish workers and the Jewish intellectuals were prime recruits for real political activity, and Zubatov wanted to channel this potential away from the increasingly successful Jewish Workers Bund, which had been founded in 1895.

Zubatov brought the arrested Jewish radicals back to Moscow and put them in solitary confinement. Although he found the Bund organizers hard to break, Zubatov was able to recruit enough Jewish leaders to form the "Jewish Independent Labor Party," directed specifically at sabotaging the then pro-Leninist Bund. The Jewish Independent Labor Party rejected political ideas that were "foreign" to its economic aims. Its 1901 program stated:

"The party deliberately sets for itself no political goals, and deals with political problems only to the degree that they affect the daily interests of workers. . . . In its economic and political activities the party unites workers of all political views, as well as those who hold no views whatever."

Zubatov's Jewish strategy was to promote the blood-andsoil mentality of Zionism. Zubatov was the first among the Russians to encourage Zionism, and, in fact, he arranged for the first legal Zionist congress to take place in Russia, in Minsk in 1902—a key factor in getting the still unfamiliar Zionist movement publicized among Russian and Polish Jews. Zubatov briefed his colleague Leonid Rataev, chief of the special section of the police, on the Jewish question as follows:

"Summarizing all this, I'll say one thing: It's necessary to encourage the Jews. After that one can twist them around one's finger. Thanks to their solidarity, the slightest attention to them is instantly transmitted to all corners, and everyone learns about it. Bring the crowd to heat by your attention and the masses will follow you, and thanks to their unity, they themselves will betray the revolutionaries. . . .

"Inside Jewry such a great internal ferment is taking place, a reformation (for us not only harmless but, owing to the circumstances of the time, also advantageous). . . . [I]t is necessary to support Zionism and in general to play upon nationalistic aspirations."

Zubatov followed his own advice to the letter. He encouraged the use of Yiddish, instead of Russian, which the revolutionary groups were encouraging in their program to de-ghettoize the Jewish workers, and bring them into the socialist mainstream. He fought to get his groups to establish Yiddishlanguage magazines, to enforce the separation between Jewish and non-Jewish workers.

In fact, it is likely that Zubatov's work, both the independent groups and his provocateurs within the revolutionary movement, were responsible for the turn the Bund took at the 1903 Russian Social Democratic Labor Party conference, when the Bund split from Lenin. This Zubatov-fostered ethnic Jewish nationalism, combined with the Okhrana's sponsorship of provocateurs to carry out terrorist assassinations, helped determine the fate of East European Jewry in two world wars, and haunts the Mideast to this day.

Zubatov successfully recruited the metal craftsmen, bookbinders, bristle makers, and joiners away from the Bund and into his Jewish independent party. (He offered the bristle workers union, one of the most militant, because its workers were able to travel as part of their job, 20,000 rubles to publish a "legal" journal.) The Bund fought back, calling the societies "dupes" and "police agents," and saying that no true revolutionary could "have dealings with such scum." But the Zubatov groups were so successful in places like Minsk (the largest Jewish industrial center), Vilna, and Odessa, cities with a large Jewish working class, that in some cases the Bund was forced to modify its principled political position against police socialism and economism, and adopt the traditional liberal view that, "Everyone is entitled to his own opinion" on the matter.

In Odessa, Zubatov's leading agent was Dr. Khunya Shayevich, a Zionist converted to Zubatovism at the Zubatovorganized 1902 Zionist conference. With the Okhrana's backing, the Odessa branch of the Jewish Independent Labor Party became the largest organized-labor movement in Russia. Shayevich was known as the first successful mass labor organizer in Russia. He had a fail-proof method: He would call

40 History **EIR** August 16, 2002



Manya Vilbushewitz was one of Zubatov's prize recruits. She was a top trade union organizer for Zubatov's police trade unions, an opponent of the Bund, a self-admitted terrorist, and, later, a leading Zionist organizer in Palestine.

strikes, which, with Okhrana support, the workers invariably won, thus motivating them to stick with the Zubatov party.

The Vilbushewitz Case

Zubatov's main collaborator on the Zionist strategy was a young woman from a middle-class Jewish family, one of his most ardent recruits, whose interest in Zubatov was both personal and political. Manya Vilbushewitz (1879-1961) was an intelligent, rebellious young woman, who dropped out of school to work as a carpenter, and organize workers. After her arrest in 1900, when she was 20 years old, Zubatov recruited her in jail. She spent a year in the Moscow jail, and for eight months of that time, she was engaged in all-day, intense political discussions with Zubatov. She would visit him in his office, which looked like a library, lined with shelves full of books in different languages, on philosophy, utopianism, and his kind of trade unionism, and they would talk about philosophy. She was allowed to take and read whatever books she wished.

It is evident from Manya's letters, and confirmed by Bund sources in New York in the 1970s, that Vilbushewitz was emotionally, and probably romantically, involved with her mentor. As one 80-year-old Bundist delicately put it, "there was more to their relationship than police to agent." Bund activists described Vilbushewitz as highly emotional and an

inveterate liar, and said that one shouldn't believe anything written about her, unless it was written by the anti-Zubatov left. Although Vilbushewitz speaks about Zubatov with more affection than regret, later in her life, she does not admit to being his lover. Her acknowledged first love, however, was another Zubatov recruit, Gregory Gershuni, who was responsible for setting up the terrorist Battle Organization, and organizing a bomb factory. Zubatov called Gershuni an "artist in terror." The same Gershuni was also a good friend of the young Vladimir Jabotinsky.⁴

Vilbushewitz was an extremely effective organizer for police socialism, "non-aligned" unions, and Zionism. In St. Petersburg, she credits herself with organizing Father Gapon to understand that improving the lives of workers did not have to be in opposition to the regime. She had many talks with Gapon about Zubatov's brand of union organizing.

Vilbushewitz also credited herself with convincing Zubatov that the Zionists were valuable allies in his cause. She gloated in one report to Zubatov: "Congratulate me with a great victory I did not expect so soon. [She is referring to a Labor Zionist meeting in Minsk in 1901.] Now all the Zionists are our assistants. It only remains to discover how to make use of their services."

It did not take long for Zubatov to find work for the Zionists. The Labor Zionists (Poale Zion) picked up the Zubatov program and began recruiting Jews around legal economism. The party published such Zubatovisms as: "We do not demand that everyone sacrifice his daily interests; everyone is entitled to his own views about religion and other subjects. We only demand the unity of the Jewish working masses in helping to carry out the great holy Zionist idea."

Legalism and Terrorism

Vilbushewitz's career is similar to that of the 1960s middle-class youth turned radical, turned terrorist, turned liberal.

When looking back at his military experience, and the difficulty he had in explaining his role as a leader to fellow Jews, Jabotinsky wrote of Gershuni in 1938: "In my young days in Russia, I was told by my late friend Gershuni, the Jewish revolutionary who organized a number of terrorist operations in old Russia, that he too suffered from this attitude. What was understood without explanations by his Russian contemporaries—that his job was to send the bomb throwers and not to throw bombs himself—was incomprehensible to his Jewish friends; and he always read in their eyes the silent reproach, 'And what about *you*?' "

EIR August 16, 2002 History 41

^{4.} Gershuni knew Vladimir Jabotinsky, the Zionist-fascist, in the early 1900s, when Jabotinsky was a well-known journalist in Russia. Jabotinsky's acquaintance with Zionism, according to his own account, began in a 1902 Okhrana police sweep in Odessa, which landed him in jail for seven weeks. The police censors said they needed that time to translate Jabotinsky's Italian newspaper articles, to see if they were seditious. In jail, he met many young Jewish revolutionaries of the Zubatov-Zionist type. There were nightly "lectures," and after three of them, he says, he became a Zionist. Jabotinsky then became involved in organizing for Jewish "self-defense," after the 1903 Kishinev pogrom. It was in this period, that he began operating in the center of the Okhrana-sponsored Zionist activities, supported, as a correspondent, by the newspapers of the Russian aristocracy.

According to her best friend and biographer, Rachel Yanait Ben-Zvi, the wife of Itzhak Ben-Zvi, the second President of Israel, Vilbushewitz made a fundamental change after the bloody 1903 Kishinev pogrom (which, of course, was carried out with the blessing and aid of the Okhrana). Ben-Zvi writes: "She was rededicated to only one purpose: defending her people."

Vilbushewitz described her change in a book called *The Plough Women*, about Palestinian Jewish women pioneers. "I left Russia for Germany as the emissary of a socialist terrorist group which had been organized for the purpose of assassinating the Tsarist Minister von Plehve," she wrote. This must have been in late 1903, giving her very little time to make the transition from police socialism to police terrorism! The money for this venture was supplied by a "rich German Jew," she explained.

She then says that she left Germany suddenly after she got a cable from her brother Nachum to come to Palestine, because he was sick and needed her help. Later, the brother told her this was a ruse to get her to stop her dangerous activities. Unfortunately, she says, her two comrades were betrayed and caught, shortly after her departure for Palestine. She claims that an agent named Azev turned them in. (Yevno Azev was one of the Okhrana's most notorious agents. In it for the money, not ideology, Azev masterminded many assassinations, and then turned in the perpetrators, always escaping himself. He led the Battle Organization, the assassination wing of the Social Revolutionaries.)

In 1905, Vilbushewitz left Palestine for Paris to see the Jewish Colonization Association (ICA), which was patronized by Baron de Hirsch, to get money for the collective she had founded in Palestine. However, while in Paris, a Jewish comrade from Russia asked her help in raising money for arms for Jewish self-defense in Russia (a euphemism for the assassination squads, because very little of this money went into protecting pogrom victims). "I collected 200,000 francs for that purpose-50,000 from Baron Edmond de Rothschild—and helped him further to smuggle arms into Russia," Vilbushewitz wrote. Then, she says, she took part in the selfdefense work, organizing a national group "to exact vengeance from the leaders of Russian anti-Semitism." She worked for three months with "The Group of Vengeance." One of the group shot Krushevan, the Okhrana-allied newspaper editor, who had organized the Kishinev pogrom in 1903. Then, the entire group—except for Vilbushewitz and the assassin—was arrested. (The same traitor turned them all in, she says.)

During this operation, she admits to shooting and killing a suspected Jewish informer at point-blank range with a silencer, in order to protect her colleagues and the arms cache. The body was dismembered and shipped in a box to a nonexistent Siberian address.

Vilbushewitz was despised by the anti-Zionist Bund for her police agentry; and in 1921, she was tried and convicted in a Bund People's Court in New York City for her crimes. The Bund's philosophy, in contrast to Zionism, was "hereism': Jews, like the rest of the population should pursue justice and equality as citizens of Russia, without seeking a nation of their own somewhere else.

In 1906, she returned to Palestine, but by 1907, she was travelling again, this time to the United States, where she met Judah Magnes and Henrietta Szold, who were both later involved with her in a pro-Arab peace group in Israel. From there, she went to South America to look at Jewish farms, and then back to Palestine.

Vilbushewitz settled in Palestine later in 1907, and married Yisrael Shochat, also a Russian Zionist activist. She and her husband organized Hashomer (The Watchman), the Jewish self-defense group that used the rationale of "local control" to oust Arabs from their traditional employment as watchmen for the Jewish agricultural settlements. This added fuel to the first Jewish-Arab conflicts, which were thoroughly manipulated by the British, who ruled Palestine, after they had ousted the Turks in December 1917.

In 1920, Hashomer disbanded to become part of the Haganah, although the initial founders kept it going as an underground group. Shochat and another Zubatov radical, Pinchas Rutenberg (who had worked closely with Father Gapon in St. Petersburg), were among the chief leaders of the Haganah. Shochat went on to become a legal adviser to the Minister of Police in the State of Israel; Rutenberg, along with Jabotinsky, set up armed self-defense groups in Palestine, just after World War I.

Vilbushewitz and her husband went to Constantinople for two years before World War I, where he, along with David Ben-Gurion and Itzhak Ben-Zvi, both later Presidents of Israel, went to study Turkish law, in order to aid the Jewish settlements in Turkish-ruled Palestine. (They expected that Turkey would continue to rule Palestine, even after the war.) In December 1914, Manya Vilbushewitz, back in Palestine, was arrested by the Turks for smuggling arms, and sent into exile near the Turkish-Russian border, along with her husband.

Later, in British-ruled Palestine, Vilbushewitz embraced socialism as a "substitute for the religious enthusiasm which had made these [early Palestine] settlements possible," and studied forms of collectivism that might work for the new settlements. She worked tirelessly and selflessly to promote the Israeli kibbutz (collective) system, to aid new settlers, and to smuggle arms for Jewish defense. (Her daughter, at age 70, stated publicly that she was an "orphan," because her parents were never at home when she was growing up.) In 1924, Vilbushewitz was arrested, and later released, as a suspect in the assassination of an anti-Zionist, Orthodox Jewish leader, Jacob Israel der Haan. Der Haan, also a popular journalist and poet, was murdered, allegedly because of his peace overtures to Arab Palestinians, and it was generally acknowledged that the top level of the Haganah had ordered his assassination.

42 History **EIR** August 16, 2002

During World War II in Palestine, Vilbushewitz donned a nurse's uniform and commandeered an ambulance to smuggle both arms for Jewish defense, and Jewish refugees from Nazi Europe, who were prevented from legally entering Palestine by the British. Although totally devoted to Zionism, she was conflicted about settling the land at the expense of the Arab peasants and workers, and later she formed the Jewish Arab League to actively promote Jewish-Arab friendship, including trying to acquire land without displacing Arab Palestinians.

Zubatov's Downfall

The Zubatov labor policy in Russia ended abruptly as the societies and independent groups he nurtured took on a life of their own. Zubatov was dismissed from his position by an angry Interior Minister von Plehve in August 1903, after the success of mass strikes in Odessa and elsewhere that Summer. (Odessa's general strike brought the city to a standstill, with tens of thousands of workers striking.) Zubatov, according to reports, was involved in plots against von Plehve, and, a year later, the Battle Organization terrorists, under the direction of the Okhrana's Azev, succeeded in killing Plehve. Plehve's replacement was more in tune with Zubatov's methods, and he offered Zubatov his job back, but Zubatov declined the offer.



LYNDON LAROUCHE will be the featured guest on August 24, on "The LaRouche Show," the live, hour-long Internet program (interview, call-in, and conference call discussion), hosted by *EIR*'s Michele Steinberg, every Saturday, from 3 p.m. to 4 p.m. (Eastern Time).

http://www.larouchepub.com/radio

By 1905, during the mass-strike period, the Interior Ministry found itself arresting the very groups that the Okhrana had created. Bloody Sunday in St. Petersburg, in January 1905, triggered an avalanche of social chaos throughout Russia. In St. Petersburg, Zubatov's most notorious recruit, Father Gapon, led a singing procession of workers and their families to the Winter Palace, to petition the Tsar for reforms. They were gunned down at point-blank range by the guards, killing and wounding hundreds. From that point on, Zubatovism was finished, and Russia descended to a new level of destabilization, as the British had planned.

In the wake of Bloody Sunday, the Interior Minister and high police officials resigned; Grand Duke Sergei Aleksandrovich was assassinated by a terrorist—the son of a police officer; the universities were closed because of unrest; the Army and Navy suffered new defeats at the hands of the Japanese; the crew of the *Potemkin* mutinied; and there were peasant uprisings and general strikes throughout Russia.

In early October 1905, Count Witte wrote to Tsar Nicholas: "The present movement for freedom is not of new birth. Its roots are imbedded in centuries of Russian history. . . . 'Freedom' must become the slogan of the government. No other possibility for the salvation of the state exists. . . . The idea of civil liberty will triumph, if not through reform, then by the path of revolution. In the latter eventuality, the idea of freedom will rise again only from the ashes of the destroyed 1,000 year past. . . . The horrors of this Russian insurrection may surpass all records in the history of mankind. . . . The government must be ready to proceed along constitutional lines. . . . The government must either place itself at the head of the movement which has gripped the country or it must relinquish it to the elementary forces to tear it to pieces."

The situation worsened and strikes paralyzed the economy. In October 1905, Nicholas finally appointed Count Witte as Premier, and on Oct. 30, he issued a manifesto promising freedom of speech, conscience, and assembly; granted labor the right to organize; announced a fairly liberal suffrage law for elections to the Duma; and stated that no law could be decreed without the Duma's sanction.

Within 24 hours, the Black Hundreds, a fascist group openly sponsored by Russia's landed aristocracy, with the backing of the Okhrana, started a wave of pogroms and riots that struck 660 cities and towns over a period of 12 days. In the repression and bloodletting that followed, Witte himself became destabilized, and came close to a nervous breakdown, and Zubatov, who had never intended to bring down the Russian monarchy, became a forgotten man.

In the next years that led up to the Bolshevik Revolution, many of Zubatov's recruits—worker leaders—found their way back into the revolutionary movement in Russia and in Palestine. In 1917, when he heard of the abdication of the Tsar, Zubatov shot himself. But Zubatov's legacy lived on in the leaders he recruited to terrorism, and to the terrorist wing of Zionism, which also still lives.

EIR August 16, 2002 History 43

ERInternational

Why Bush Switched to 'Regime Change' in Iran, Too

by Muriel Mirak-Weissbach

One not-so-diplomatic question being raised in diplomatic circles outside the United States these days, is: "Does President George W. Bush know the difference between Iraq and Iran?" Judging by his recent statements regarding his commitment to "regime change" in Baghdad, and his calls to Iranian student protesters, on July 12, to overthrow their government, it appears that whoever is scripting his foreign policy positions, has put the two Persian Gulf giants in one pot, and turned up the fire.

Whereas the "get Saddam-Hussein" posture represents perfect continuity with the President's father's policy, Bush's most recent statements on Iran mark a shift. Earlier, the Administration had maintained the Clinton Administration's low-profile stance vis-à-vis the Iranian reform government. Following the Sept. 11 attacks—which the Iranian leadership unequivocably denounced—and the war against the Taliban in Afghanistan, relations between Washington and Tehran were relaxed; Iran contributed behind the scenes to organizing the Bonn conference of Afghan opposition groups, which led to the government of Hamid Karzai. Whether it bought the official cover story that "Osama bin Laden did it," or not, the Iranian leadership had every reason to welcome the elimination of the Taliban regime, which had been the source of regional destabilization and illegal drugs.

Attempt To Provoke Student Demonstrators

With his Jan. 29 State of the Union speech, in which he lumped Iran, Iraq and North Korea together into the "axis of evil," Bush signalled that the de facto détente with Tehran was a thing of the past. His remarks in early July went a step further. On July 9, students had demonstrated in Tehran, to commemorate the third anniversary of massive student pro-

tests that rocked the country. Bush applauded the students, saying that "their government should listen to their hopes." He complained that although the population had voted in reformers in the last elections, "Their voices are not being listened to by the unelected people who are the real rulers of Iran."

Bush endorsed moves against the elected government, when he said: "As Iran's people move towards a future defined by greater freedom, greater tolerance, they will have no better friends than the United States of America."

Coming in the context of U.S. preparations for a war against neighboring Iraq, Bush's remarks were correctly interpreted as a major provocation. The man engineering the Bush Administration's about-face, following the Afghan operation, has been Zalmay Khalilzad, the government's official envoy for Afghanistan. A close ally of Paul Wolfowitz, Khalilzad called for abandoning reformist President Mohammad Khatami, and supporting the "democracy opposition." An interview with Khalilzad to this effect was beamed into Iran via Voice of America. Khalilzad had earlier accused Iranian authorities of allowing al-Qaeda operatives to enter the country. In an Aug. 2 speech to the Washington Institute for Near East Policy in Washington, he accused Iran's leaders of supporting terrorism, repeated that Khatami is "ineffective" in implementing reforms, and ticked off other grievances: Iran is "aggressively" pursuing weapons of mass destruction, "including nuclear weapons, and the missiles to deliver them," with Russian and Chinese help.

Days earlier, on July 29, the *Washington Post* carried an ominous article, saying the time is "ripe" for a "pre-emptive strike" against Iran. The target would be the Bushehr nuclear power plant, being completed with Russian help.

44 International EIR August 16, 2002

None of this was idle chatter.

The entire build-up of rhetoric against Iran, must be understood in the context of the ongoing preparations for a strike against Iraq, which would provide cover for Israeli Prime Minister Ariel Sharon and his Israeli Defence Forces (IDF), both to expand their military operations against the Palestinians—including their mass "transfer" into Jordan—and to launch a "pre-emptive strike" against Iran.

On Aug. 2, the senior military-security correspondent for the Israeli daily *Ha'aretz*, Amir Oren, indicated that Israel, with U.S. cooperation, is training for an air strike against Iran, similar to the one it launched in 1981 against Iraq's Osirak nuclear reactor. "This month, for the first time, Israeli pilots will take part, in their aircraft, in a battle exercise on the West Coast of the U.S.," Oren reported. "To move six F-15 aircraft from the coast of the Mediterranean Sea to the place where the exercise will be conducted—a 15-hour flight in a fast passenger plane—requires a complicated operation of piloting, fuelling, and control." Thus, "anyone who can fly this distance westward, is also likely to succeed when flying in other directions." Oren added that the Iranians had long since recognized Israel's strategic bomber as "aimed primarily against them."

An Israeli air strike against the Bushehr reactor would most likely require the Israelis to fly around the Arabian peninsula; Israel's maneuvers would show it could cover the distance, roughly 6,000 kilometers.

Iran Against the Iraq War

Why should the Bush Administration target Iran? And why now? There are many layers of answers to this question. One to be considered is an unconfirmed report, that someone in the Bush Administration was toying with the possibility that Iran could be persuaded, by threats, to support a "regime change" in Baghdad, if the price were right. Given the level of insanity reigning in policy-making circles, it is perfectly possible that someone was playing with such fantasies in Washington; but that Iran would entertain such an offer, is out of the question. The entire Iranian establishment—conservatives and reformers—are united around the rejection of any U.S. military move in the region, emphatically including Iraq. They all know that if Iraq is number one, Iran is number two on the target list. Thus, the response to Bush's July remarks, was immediate and unanimous.

President Khatami immediately denounced the speech as an interference into internal affairs: "We advise those who who are pursuing [a] war-mongering policy under the influence of certain lobbies, to get rid of the false interpretation of [the] situation in Iran and apologize to the Iranian nation and government for the misdeeds of the past. Unfortunately, the extremist policy has formed a part of the U.S. administration's approach towards global issues. They threaten with war and subversive actions, posing a threat to the entire world and

U.S. interests first of all." He warned the United States "not to fall into the traps more disastrous than what it experienced in [the] Vietnam war," according to the Iranian News Agency (IRNA) paraphrase.

In addition to Khatami, Supreme Leader Ayatollah Khamenei, National Security Council head Rowhani, and all leaders of political parties in parliament, denounced Bush's statement as an obvious provocation, aimed at fuelling factional strife inside the country. On July 19, demonstrations against Bush took place throughout the country. In the following week, Khatami conducted a high-profile state visit to Malaysia, where he reiterated his denunciations.

Saudis Join To Say 'No'

Diplomatic initiatives launched by Tehran against a U.S. war on Iraq, underlined the fact that Iran's leaders read the heightened rhetoric from Washington as a prelude to military adventures which would threaten the entire region. Saudi Foreign Minister Prince Saud al-Faisal went to the Iranian capital on Aug. 4 for talks with his counterpart, Dr. Kamal Kharrazi, and with President Khatami. Saud al-Faisal told reporters, "We have always opposed any attack against an Arab or Muslim country, and that also means Iraq." Kharrazi responded, "We, too, have the same position."

The Saudi foreign minister delivered a letter from Crown Prince Abdallah to the Iranian leadership, which, he said, "deals with the Middle East situation, and, in general terms, with the whole region." The Tehran Times announced that they would discuss "issues of mutual interest, as well as regional developments such as the anticipated U.S. attacks on Iraq, the Palestinian crisis, and mutual cooperation within the context of the Organization of Petroleum Exporting Countries (OPEC)." It added: "Al-Faisal arrives in Tehran at a time of high tension, with the U.S. expected to launch its adventurist action at any moment, further destabilizing the region. Therefore, Iran and Saudi Arabia, as two key regional states, have a great responsibility to thwart the plan of the U.S. war-mongers. Saudi Arabia's declared positions regarding Middle East and Persian Gulf issues have all been focussed on regional common interests. It is therefore expected that Riyadh will continue objecting to Washington's military actions against Baghdad. Saudi Arabia should not allow U.S. troops to use its territory to launch a military campaign against Iraq."

The Saudi government and press continue to voice opposition to the Iraq war. On Aug. 3, the Saudi paper *Okaz* warned against military adventures, and the "policy of [regime] change" (evidently not limited to Iraq), declaring that "The region will never be another Afghanistan."

In an interview with Associated Press on Aug. 7, Prince Saud explicitly ruled out the use of Saudi territory for the planned war: "We have told them we don't [want] them to use Saudi ground. We are against any attack on Iraq, because

EIR August 16, 2002 International 45

we believe it is not needed, especially now that Iraq is moving to implement United Nations resolutions," declared the Prince.

One day following the joint statement issued by the Saudi and Iranian foreign ministers, the Omani Minister of State for Foreign Affairs, Youssef bin Alawi bin Abdallah, visited Tehran, and "added his voice to earlier statements by Tehran and Riyadh expressing opposition to any military action against Iraq," reported IRNA.

The fact that Saudi Arabia, which was the launching pad for Desert Storm in 1990-91, should join with Iran in defending Iraq, is significant. The rapprochement of Iran and Iraq has been being steadily consolidated, while Saudi-Iraqi relations have been improving, in the wake of the last Arab League summit. Thus, Iraq, Saudi Arabia, and Iran are in de facto agreement. The participation of Oman in the anti-war front is also noteworthy, as an extension of British opposition into the region.

The Casus Belli

Among the others layers of answers, to the question, why this U.S. shift toward "regime change" in Iran, is the most obvious: that the aim pursued by the imperial-war faction of McCain and Lieberman in the Senate, Wolfowitz, Richard Perle, Secretary Donald Rumsfeld in the Pentagon, Zbigniew Brzezinski, et al., is the destabilization of the entire region, as part of the global Clash of Civilizations strategy against the Islamic world. This includes the breakup of Saudi Arabia, and the seizure of the oil fields, as recently reiterated in a Defense Policy Board briefing.

Peeling off one further layer reveals that this strategy represents merely the current form of a long-term strategic thrust to take over all significant mineral and raw materials resources worldwide. The doctrine was presented in the 1974 National Strategic Study Memorandum 200 (NSSM-200), commissioned by then-National Security Council head Henry Kissinger and revealed only in 1990. The thesis was: If resource-rich countries of the developing sector grew demographically, their governments would desire industrialization, improved standards of living, and economic as well as political sovereignty, including over resources.

This, Kissinger saw as a threat to the Anglo-Americans' interest and right to plunder, and population growth in these countries was therefore defined as a strategic threat *per se* to U.S. national security interests. Therefore, the four horses of the Apocalypse were to be harnessed to halt population growth. In the period during which NSSM-200 was classified, from 1974-89, many of the targetted countries were subjected to political destabilizations, assassinations, and wars, among them India, Pakistan, Egypt, and Iran and Iraq, through the Kissinger-engineered war.

Now, 12 years later, Iraq remains shackled through the continuing sanctions policy. The planned war would deal the

final blow to whatever infrastructure the country has managed to rebuild despite sanctions.

Iran is poised to become a major industrialized power in the region. Since the collapse of Communism in 1989-91, Iran has emerged as a key factor in the Eurasian Land-Bridge project, to join Asia and Europe through vast transportation infrastructure. Iran's geographical position defines it as the gateway to the Persian Gulf, for the landlocked Central Asian Republics. Iran has shaped its entire foreign policy around economic cooperation deals with its many neighbors—including Saudi Arabia—within this Eurasian development perspective.

Nuclear power is crucial to Iran's development. It was historically in the forefront of the fight for the right to nuclear energy. Shah Pahlevi had announced in 1974, that Iran would install 23,000 MWe by 1994, one of the most ambitious nuclear programs in the world at the time. Due to internal opposition to the program, as well as financial constraints, by 1978 it had been cut back, and it was expected that only the four reactors being built would be completed on schedule. Plans made to purchase four air-cooled German plants and six to eight American units were dropped. During his short-lived government in January 1979, Shahpur Baktiar continued the *demontage*, cancelling two reactors that had been started with

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46 International EIR August 16, 2002

the French. This left Iran with two German reactors, of 1,190 MWe each, one of which was 80% completed, the other, 50%. Both were at Halikeh, near the city of Bushehr, on the Persian Gulf. Work on the reactors, which were once to start operating in 1980, had been halted in 1978, prior to the revolution, as a result of massive strikes, and the exodus of foreign technicians fleeing the political turmoil.

Iran's nuclear energy ambitions had been effectively crushed, and the economic disaster of the eight-year war with Iraq (1980-88) buried it.

Revival of the Bushehr Nuclear Program

Times changed, and so did energy policy. On Jan. 8, 1995, Iran's nuclear program was resuscitated, at least in part, when a contract was signed with Russia to complete one of the two plants at Bushehr. The \$1 billion contract foresaw the completion of the 1,000 MWe plant within four years. The Germans, who had originally started the construction, were refusing to deliver the parts and equipment promised in the original deal, until forced to do so by international arbitration in 1981. In final negotiations in 1990, the Germans revealed that they were under pressure of "other Western states" not to deliver the remaining parts.

The plan agreed upon with the Russians differs from the original German plan, with regard to method of transfer of technology and know-how. As reported by Iranian wires at the time, "the Russians have undertaken to train Iranians to make up the personnel required and [by March 1995] 500 or so Iranian engineers and technicians [were] in Russia, receiving instructions and being trained in various Russian nuclear power plants. At the same time they [were] supervising the manufacture of the parts that [would] ultimately make up the plant at Bushehr."

Once the news of the Russian-Iranian deal had been made public, the fireworks began in Washington and Tel Aviv. It was an unspoken assumption that Iran would never be allowed access to nuclear technology. Continuing public and private pressure on Moscow slowed down the process considerably, such that the plant has still not been completed.

Then, in the midst of the drumbeat for war against Iraq, Russian First Deputy Foreign Minister Trubnikov visited Tehran and announced, on July 20, that Russia was ready to receive and accept new proposals to build more nuclear plants in Iran. Speaking to press after talks with his Iranian counterpart Mohsen Aminzadeh, Trubnikov said cooperation on the Bushehr nuclear power plant did not violate international accords, and would continue. Asked about Bush's criticism of Russian-Iranian cooperation, and the U.S. President's attacks against Iran, Trubnikov said, "Russia's stance is clear: We do not accept the U.S. President's view on the axis of evil. Iran has had good cooperation in regional developments generally, especially in realization of peace and campaign against terrorism."

Russian Deputy Defense Minister M. Dimitriov, visiting Iran days later for talks with defense officials, also stated: "Russia's stance vis-à-vis construction and operation of the Bushehr nuclear power plant is crystal-clear and based on international laws and regulations."

Russian intentions became clear on July 26, when they made public the annexes to their energy cooperation agreements with Iran, specifying they would not only soon complete the Bushehr plant, but also work on five others. The proposed new plants are part of a ten-year blueprint for economic, scientific, and political cooperation with Iran, approved by Prime Minister Mikhail Kasyanov on July 24. The document referred to three new reactors which could be built near Bushehr, and a plant at Ahvaz. Russian Atomic Energy Minister Alexander Rumyantsev reiterated his government's guarantees, that Iran would not gain access to weapons technology.

Bombing Threat Is Very Real

The U.S. reaction was immediate and predictable. Energy Secretary Spencer Abraham held closed-door talks with Rumyantsev on July 31 and Aug. 2. Abraham officially warned Russia to halt all nuclear cooperation. Secretary of State Colin Powell, meanwhile, was putting pressure on Russian Foreign Minister Igor Ivanov, in Brunei, about the same issue. One senior U.S. official told reporters, "Russian cooperation with Iran has long been a sore point with Washington, with the Bushehr power plant an especially sensitive issue."

The chairman of Iran's Majlis (Parliament) Energy Commission, Dr. Hossein Afarideh, told *Tehran Times*, of the United States and Israel, that such countries were "actually against the Islamic Republic acquiring technology to advance itself. These countries have always been trying to prevent Iran from progressing and, in fact, desire to see Iran remain underdeveloped." As for Israel's threat to bomb Bushehr, he replied: "Israelis will never tolerate Iran achieving scientific and technological progress." Defense Minister Ali Shamkani also stated "their psychological warfare against Iran . . . is aimed to deprive Iran of nuclear technology."

The danger of an Israeli attack against Bushehr, modelled on its destruction of Iraq's Osirak, is very real. Israel carried out a campaign of assassinations of Iraq's top scientists worldwide, to deprive the nation of advanced technology. All Israeli leaders, including Shimon Peres, who first articulated Israel's "right" to a monopoly on nuclear weapons, are adamant that Iran must be prevented from acquiring this technology.

Iran, for its part, will respond to any attack. On July 30, for example, the *Tehran Times* wrote: "Iran will not sit by idly and do nothing if its nuclear installations are attacked. Iran will take any measures it sees fit in such an event. It is a matter of national pride and security."

EIR August 16, 2002 International 47

Powell Points Different U.S. Policy for SE Asia

by Michael O. Billington

As U.S. Secretary of State Colin Powell returned from a trip to South Asia and Southeast Asia on Aug. 4, the open factional battle within the administration has become front-page news. The major focus of that division is the proposed war on Iraq, and support for Israeli Prime Minister Ariel Sharon's fascist assault on the Palestinian people—policies set to unleash religious warfare internationally, as desired by the utopian ideologues within the Bush Administration and Congress. Leading elements of the U.S. military oppose this insanity, not only in regard to Iraq and the Middle East, but also the recent attempt to provoke a confrontation with China. These military forces look more to Secretary of State Powell, a former chairman of the Joint Chiefs of Staff of the Armed Services, for leadership, than to the civilian leadership at the Defense Department itself.

Powell, in his July tour of six of the ten members of the Association of Southeast Asian Nations (ASEAN) and his appearance at the meeting of the ASEAN Regional Forum (ARF) in Brunei, showed his relatively sensible view of the current crisis, compared with the war-mongering coming from the likes of Deputy Secretary of Defense Paul Wolfowitz and the John McCain/Joseph Lieberman duo in Congress. It is instructive to compare Powell's diplomacy in Southeast Asia with that of Wolfowitz, who visited just two months earlier. The Secretary of State made an effort to re-shape the "war on terrorism concept" away from the unilateralist, neo-imperialist vision of the utopians.

Three 'Negatives'

While Powell spoke at every stop of the importance of President George Bush's war on terrorism, there were three "negatives" which he emphasized in every case: he, and America, were *not* recruiting support in Asia for a war on Iraq; America would *not* pursue the war on terrorism at the expense of the civil and human rights of the people in the region, nor of the sovereignty of nations; and, America was *not* interested in extending U.S. military presence in Asia, nor in establishing bases or other permanent facilities in the region. These issues, he insisted, are fundamental to the character of the United States. All three, despite Powell's

negations, are being vigorously pursued by the "Wolfowitz cabal."

On Iraq, Powell told the *Far Eastern Economic Review* in an interview: "The President does not have any war plans sitting on his desk, so it is not my intention to solicit support for a war plan that the President does not yet have on his desk." He told Japanese officials on the sidelines of the ARF meeting in Brunei that the President "has made absolutely no decision on what to do with Iraq, and will definitely consult other countries."

On the Middle East, Powell reported his plans to meet Palestinian Authority leaders in Washington immediately upon his return, despite wholesale denunciations of the Palestinian Authority by, most notably, Secretary of Defense Donald Rumsfeld. In Malaysia, where Prime Minister Datuk Seri Dr. Mahathir bin Mohammad has strongly condemned the U.S. support for Sharon's atrocities, Powell met Dr. Mahathir for 40 minutes, and separately with the Deputy Prime Minister and Foreign Minister, telling the press afterwards that he had discussed the Middle East in all three meetings. "I wanted to make sure they knew that the United States intended to remain fully engaged until the President's goal, and the goal of all the people in the region, for these two nations to live side by side in peace, comes to a reality."

The Far Eastern Economic Review reported that Powell "paints a picture of an American foreign policy that is a far cry from the roughshod unilateralism that has provoked so much international criticism of President George W. Bush. No doubt, many observers in Asia hope Powell truly speaks for the Bush Administration."

Indonesia and the Philippines

Powell and his entourage did step on some toes in Malaysia. When Dr. Mahathir travelled to the United States in May, the issue of the dismissal and prosecution of former Deputy Prime Minister Anwar Ibrahim (the darling of the International Monetary Fund and the human rights non-governmental organizations funded by mega-speculator George Soros), was politely dropped from the agenda. Powell, however, did bring it up, while James Kelly, Assistant Secretary of State for East Asia, visited Wan Azizah Wan Ismail, Anwar's wife and the leader of the opposition Keadilan, or Justice Party. Powell said that he also directly discussed the issue of the Internal Security Act, the law left over from British colonial days providing for detention without warrant or trial, with the Prime Minister.

Although this is precisely what is being implemented by the Ashcroft Justice Department, with hundreds of Americans and foreign residents being held in the United States without even their names being released, Powell said: "In the context of our counter-terrorism efforts, I made the point to all my interlocutors that we still believe strongly in human rights, and that in everything we do we have to be consistent with

48 International EIR August 16, 2002

the universal standards of human rights." He said that the war on terrorism would be carried out "in a way that respects human dignity."

The importance of Powell taking this stand became clear during his trip to Indonesia. Indonesia has become the target for those who wish to portray Southeast Asia as the new center for al-Qaeda, with terrorists supposedly running loose throughout. Indonesia is described as the "weak link" in Southeast Asia, unwilling either to arrest large numbers of radical Muslims without proof of illegal acts, or to allow a U.S. military presence to assist in "hunting terrorists," as has been done in the Philippines.

Wolfowitz, as early as January, in the *New York Times*, described Indonesia as a nation with large areas "virtually outside of government control," lumping it with Yemen and Somalia as providing a haven for "Muslim extremists and Muslim terrorists," implying the need for U.S intervention. Singapore's godfather Lee Kuan Yew has complained of Indonesia's indifference towards terrorism, and came close to accusing it of supporting terrorists.

But Indonesia has been very clear that it will not return to the military-style rule of the Suharto era, solving problems of stability by going backwards.

In this environment, Powell did an extraordinary thing he held a meeting with the leaders of the two largest Muslim organizations, the Nadhlatul Ulama (NU) and the Muhammadiyah, representing 70 million Indonesian Muslims between them, together with a number of prominent Muslim scholars. He heard from the NU leader, Hasyim Muzadi, that support for the mainstream Muslim organizations would be far more effective in dealing with the radicals, than any military means. Hasyim attributed the rise of radicalism to "social tensions that followed the 1998 economic and political crisis. ... Don't internationalize it, unless the U.S. has evidence these domestic conflicts have become international and are threatening it." Even in the case of Laskar Jihad—portrayed in some Western media as on a par with al-Qaeda—Hasyim said that they are "still open to dialogue. So don't commit violence against them, because if we do, they will strengthen their resistance."

Islamic scholar Nurcholish Madjid, following the meeting with the U.S. Secretary of State, said "Pak Powell [a familiar title of respect] expressed a sincere understanding of our problems and appreciation that Indonesia is the largest Muslim country, yet at the same time a diverse and democratic nation."

War in the Philippines

Powell's last stop, the Philippines, also surprised those who expected a repeat of Wolfowitz's trip in June. Wolfowitz had visited the U.S. troops in the South, and let it be known that he wanted the U.S. Special Forces to stop wasting their time inside military training camps, and get out and join the



Secretary of State Colin Powell in India on July 28, during his tour of ASEAN and other Asian nations, which included surprising initiatives. Here, Indian Prime Minister Atal Biharee Vajpayee welcomes Powell.

search-and-destroy missions to kill bad guys. Visions of another quagmire in Asia were hard to ignore. Wolfowitz couldn't fully sell the idea back in Washington, however, and such combat operations are against the Philippine Constitution.

Powell did not reverse the continuing U.S. deployment in the Philippines, but did provide a guidepost for U.S. policy which was at odds with the permanent U.S. military presence sought by the utopian faction. First, he praised the Philippine people for throwing the U.S. military out of their country in 1992! He said that even though he had been head of the Joint Chiefs of Staff at the time, he recognized now that it had been a "bold decision on the part of the Filipino people, that they wished to have their sovereignty intact without foreign bases."

Powell continued: "The fact of the matter is that the U.S. is not interested in returning to the Philippines with bases or a permanent presence. There is no attempt to roll the clock back. It is not in our interest, or in the interest of the Philippine government."

In the weeks preceding, there had been an attempt by certain American interests, including U.S. Ambassador Francis Ricciardone, to rush the Filipinos into agreement on a Mutual Logistics Support Arrangement (MLSA), in time for

EIR August 16, 2002 International 49

Powell to sign it in Manila. It was this proposal that had heightened concerns in the Philippine Senate that the government would sign an agreement giving the United States the equivalent of basing rights, now unconstitutional. Here, too, Powell lowered the pressure, and the entire issue was removed from the agenda of his meetings with President Gloria Macapagal-Arroyo. Even the Ambassador, once Powell had arrived, said that "if the MLSA doesn't make sense under your laws, then don't sign it."

ASEAN Regional Forum vs. Wolfowitz and IISS

The main stop on Powell's trip was the ASEAN Regional Forum in Brunei. ARF is the only institution focussed on security issues in Asia, and, as intended by the ASEAN nations who created it, it is only a place for discussion and consultation, without the power to intervene in the sovereign affairs of its member nations.

In June, Wolfowitz, together with the preeminent British strategic think-tank, the International Institute for Strategic Studies (IISS), established a new annual conference on strategic issues in Singapore. Its purpose was ultimately to replace the ARF altogether, as being too committed to national sovereignty and non-interference in internal affairs of fellow nations, concepts most unfitting to the new imperial mode of the "war on terrorism." Wolfowitz's conference was dubbed the "Asian Wehrkunde," after the military/strategic affair held every year in Munich. Wolfowitz, and Senators John McCain and Joseph Lieberman, had used the last Wehrkunde meeting to promote a U.S. unilateral approach to waging war around the world, with or without NATO or its allies.

But ARF managed to survive without giving up the historically vital idea of national sovereignty. While several important regional development programs were adopted, the primary focus was on an anti-terror pact. As Powell said after signing the agreement: "I don't anticipate that this declaration is a basis for any increased military presence in the region, or any stationing decisions or training decisions that might be made. Those are usually handled on a bilateral basis."

As the decisions are based on consensus, the concerns raised by the Indonesians and the Vietnamese, that the principle of non-interference in internal affairs be clearly stated, were incorporated in the agreement, as was the call from Indonesia that the UN play the major role in the war on terrorism. The agreement did establish improved intelligence sharing on counter-terrorist measures, and measures to root out terrorist financing in the regional banking structure. Guarding against the misuse of the banking system can have other benefits, as well, as the Asian nations remember well from the speculative assault of 1997-98, which created an economic collapse from which these nations have yet to recover, even as the global financial collapse is now unfolding.

The danger of the Clash of Civilizations promoters provoking regional wars in Asia, is hardly eliminated by Powell's trip; but opposition to the sponsors of war is strengthened.

Millions Celebrate The Pope in the New World

by Claudio Celani

The large crowds that gathered to listen to Pope John Paul II during his latest visit to Canada, Guatemala and Mexico, showed that the popularity of the Pope, unsurpassed in the recent history of the Catholic Church, is unabated despite his physical frailty. His support, especially among the youth, has rather increased after the Pope challenged President George Bush's "perpetual war" policy and the legitimacy to react against terrorism with terroristic means, as the Sharon regime is doing against the Palestinians.

This time again, in front of up to 800,000 people in Toronto (mostly youth from all over the world), the Pope twice mentioned the crucial question posed after the Sept. 11 attacks. "Last year," he said in his first address on July 25, "we saw with dramatic clarity the tragic face of human malice. We saw what happens when hatred, sin, and death take command." But, he added, "with your gaze set firmly on [Christ], you will discover the path of forgiveness and reconciliation in a world often laid waste by violence and terror."

The next day, the Pope was even more explicit. He recalled "the terrible terrorist attack on New York, an image that is a sort of icon of a world in which hostility and hatred seem to prevail," and posed the question: "On what foundations must we build the new historical era that is emerging from the great transformations of the Twentieth Century? Is it enough to rely on the technological revolution now taking place, which seems to respond only to criteria of productivity and efficiency, without reference to the individual's spiritual dimension or to any universally shared ethical values? Is it right to be content with provisional answers to the ultimate questions, and to abandon life to the impulses of instinct, to short-lived sensations or passing fads?"

Finally, flying over the United States on his way from Toronto to Guatemala on July 29, the Pope sent an unmistakable message to President Bush: "The United States government must guarantee real justice, peace and well-being to the world. I pray to the Lord to keep abundantly blessing America so that it can draw strength and courage from its spiritual heritage."

The 'Right to Happiness'

Otherwise, within the constraints of a choreographic setting which often looked more like a musical than a liturgical celebration (the responsibility, we believe, of the Vatican "propaganda" department), the 83-year-old Pope enthused the hundreds of thousands of youth by recognizing their "right

50 International EIR August 16, 2002

to happiness," and by inciting them to fight to improve the world so that each man can live according to his dignity, as a creature made in the image of God. "You are young, and the Pope is old—82 or 83 years of life is not the same as 22 or 23," John Paul told them. "But the Pope still fully identifies with your hopes and aspirations. Although I have lived through much darkness, under harsh totalitarian regimes, I have seen enough evidence to be unshakably convinced that no difficulty, no fear is so great that it can completely suffocate the hope that springs eternal in the hearts of the young. . . . Do not let that hope die! Stake your lives on it! We are not the sum of our weaknesses and failures; we are the sum of the Father's love for us and our real capacity to become the image of his Son. . . . People are made for happiness. Rightly, then, you thirst for happiness."

The Pope also took the occasion of his proximity to the United States, to address the issue which has dominated American media, the so-called pedophilia scandal. "The harm done by some priests and religious to the young and vulnerable, fills us all with a deep sense of sadness and shame," John Paul said. "But think of the vast majority of dedicated and generous priests and religious whose only wish is to serve and do good." Thus with unsuspected strength, he gave an example to all those Church leaders who have to face a media attack, just when the Church is an opposition force to the "perpetual war," or Clash of Civilizations policy.

In his trips to Guatemala (July 29-31) and Mexico City (July 31-Aug. 2), the Pope presided over ceremonies of canonization and beatification with large popular participation. The issue of indigenous populations was at the center of these two trips. The Pope made clear that Indians have the same rights as all other men, created in the image of God, and that they must be respected as a minority and given equal chances to develop. On the other side, he also made clear that Indians can live up to their God-given dignity only if they live in the image of God, as taught by Christ and the Fathers of the Church. The figures of St. Pedro de San Jusé de Betancurt and Juan Diego Cuauhtlatoatzin, canonized by Pope John Paul in Guatemala and Mexico, respectively, and of Juan Bautista and Jacinto de los Angeles, who were beatified in Mexico, are all examples of "heroism in Christian virtues" in and among indigenous populations.

St. Pedro de San José de Betancurt was not an Indian, but decided to become a Franciscan Tertiary and became the apostle to African-American slaves, the Indians subjected to inhuman labor, the emigrants, and abandoned children. He founded a hospital, a school, and a church. He is known as the "St. Francis of the Americas." Juan Diego Cuauhtlatoatzin is the first indigenous saint, who is said to have received an "exterior grace" (the vision of "Our Lady of Guadalupe" with native features and dress).

Dialogue, Not Class Struggle

"Christ's message," said the Pope in his homily in Mexico City on July 31, "through his Mother, took up the central



Pope John Paul II on arrival in Mexico, with Mexican President Vicente Fox (left).

elements of the indigenous culture, purified them and gave them the definitive sense of salvation." In the same homily, given in the presence of President Vicente Fox, the Pope stressed that there must be a dialogue among all components of Mexican society. "The noble task of building a better Mexico, with greater justice and solidarity, demands the cooperation of all. In particular, it is necessary today to support the indigenous peoples in their legitimate aspirations, respecting and defending the authentic values of each ethnic group. Mexico needs its indigenous peoples and these peoples need Mexico."

These messages must be seen in the context of the Pope's successful fight against the "liberation theology" movement, in particular the notorious actions of Mexican Bishop Samuel Ruíz, who directly collaborated in the growth of the power of the Zapatista (EZLN) terrorists. The Pope firmly condemns the idea of a class struggle or insurgency, but at the same time warns the institutions of Mexican society not to neglect the legitimate aspirations to progress—and happiness—of the indigenous population. "May all people, civic leaders and ordinary citizens, always act in accordance with the demands of justice and with respect for the dignity of each person, so that in this way peace may be reinforced."

John Paul called on the indigenous, in turn, to follow the example of the two men he beatified, Juan Battista and Jacinto de Los Angeles, who each preferred to die rather than abjure their Christian faith. "Exemplary in carrying out their public duties [they were attorneys of the Zapoteca tribe], they are a model for everyone, in the little villages or in the large social structures, whose duty it is to promote the common good with great care and selflessness."

The Pope came back to Rome already announcing his next trip, to Poland on Aug. 16. Recently he said that "God gives him the strength to carry out his task," and those who saw him in Toronto, where he was in excellent physical condition, were once again surprised at this truth.

EIR August 16, 2002 International 51

Opposition To Iraq War Grows in Europe

by Mark Burdman

August is a month in which great wars have been launched, or the psychological-propaganda offensives for such wars have dramatically escalated. Those with the relevant historical knowledge, would recall the Summers of 1914, 1938, and 1939. Others might want to throw in the Iraqi invasion of Kuwait, encouraged by leading Anglo-American circles, which launched the "Gulf War" drive during the ensuing months. Now, in 2002, the world is confronted with rapidly escalating preparations for an American-led invasion of Iraq, an invasion that is intended as the next, crucial step in the "perpetual war" strategy of the pro-empire crowd in Washington.

But now, there is one encouraging feature that can be added to the picture: The drive toward war has triggered a quantitative and qualitative opposition to what growing numbers in Europe, the Arab world, and the United States itself, perceive as an insane adventure that would trigger incalculable consequences in the Near East/Gulf and beyond, and do enormous damage to the already dysfunctional world economy.

In Europe that opposition had been, until early August, most publicly expressed in, and to a great extent restricted to, Great Britain—nevertheless a factor of great importance given the U.K.'s long-standing "special relationship" with the United States. Opposition in the U.K. continues to grow. The new feature is that opposition to an Iraq war, since the weekend of Aug. 3-4, has become a central political issue in Germany, which faces national elections on Sept. 22. Chancellor Gerhard Schröder, battling for re-election against Christian Democratic Union (CDU)-Christian Social Union (CSU) candidate Edmund Stoiber, has attacked the coming Iraq war. Schröder's comments have ended the silence in Germany that has prevailed over Iraq—aside from the Helga Zepp-LaRouche-led Civil Rights Solidarity Movement (BüSo) party and a handful of other political forces.

The British and German critics are being moralized by indications that senior figures in the U.S. military and intelligence community are also opposed to the Bush Administration's drive toward this new confrontation.

Iraq War Would 'Escalate World Economic Crisis'

At an election campaign event of his Social Democrats (SPD) in his home city of Hannover on Aug. 3, Chancellor

Schröder spoke out against plans for a military attack on Iraq. "I can only warn those that neither think of the consequences, nor have any political concept for the Middle East as a whole," he said. "Whoever goes in there, must know how to get out."

Schröder said that Germany showed solidarity with the United States after Sept. 11, but there would be no German role in any "military adventure." He made clear that there would not be a replay of 1991, when Germany agreed to pay for a good part (up to \$25 billion) of the Bush-Thatcher war on Iraq. As he put it, "Germany no longer is a country in which politics is replaced by the checkbook." Schröder insisted that there is no substitute for a political solution to the Iraq problem.

On Aug. 7, Schröder responded to a reader in *Bildzeitung*, the tabloid read by millions of Germans every day. Schröder said that because the military operation in Afghanistan has not been finished, he is "opposed to an attack on Iraq. It would be seen less like an act of defense, and it could destroy the international alliance against terrorism. . . . The Middle East needs a new peace, not a new war. This is what our policy is dedicated to. And that alone is appropriate for the political and economic necessities. Everything else would escalate the crisis of the world economy and bring nothing but economic troubles for us."

Schröder's opponent Stoiber, and Stoiber's chief foreign policy spokesman Wolfgang Schaübele, both denounced the Chancellor for undermining solidarity with the United States and on other grounds. However, among leading CDU elements, there is significant unease about the coming war. On Aug. 6, Karl Lamers, the foreign policy spokesman of the CDU parliamentary group, denounced the coming war, in comments that were echoed by SPD foreign policy spokesman Gernot Erler. Both emphasized, in interviews, that among the political initiatives for a solution to the Saddam Hussein problem, a peaceful solution of the Palestinian-Israeli confict is most urgent. By contrast, they pointed out, an Iraq war would vastly increase problems throughout the Mideast region.

Among the Free Democrats, former Foreign Minister Hans-Dietrich Genscher said, in an interview on Aug. 6, that he knew of no one of importance in all of Germany who was for a new war on Iraq. He added that it is necessary to unite all the opposition in Europe for one European voice against the war, to convince the United States that political solutions are the better approach to such problems as Iraq.

What Genscher is calling for, is having resonance in Italy. According to a leak in the daily *Corriere della Sera* on Aug. 8, the Italian government is in the process of bringing together several European and Arab governments for a joint initiative to solve the tensions in and around Iraq, especially over allowing United Nations weapons inspectors into the country through diplomatic rather than military means. Many European countries have reportedly agreed to participate in this process, although the British and French governments are staying out.

52 International EIR August 16, 2002

'A Blunder and a Crime'

As for Britain, Prime Minister Tony Blair is facing a political tidal wave against British participation in a war against Iraq. This internal process in the U.K. is being reinforced by what is happening in Germany, as leading SPD figures have come out attacking nominal social democrat Blair for acquiescing to American-led war plans.

During the week of Aug. 5, an opinion poll was released which was devastating for Blair, especially as such polls are often used as messages from inside the establishment to British leaders. It showed, that should Blair side with Bush in a new attack on Iraq, support for him would sink so low, *Guardian* commentator Martin Kettle wrote, that his main Labour Party rival, Chancellor of the Exchequer Gordon Brown, will be Prime Minister by Christmas.

What is most revealing, is the vocal opposition to a new war from leading figures in the military-defense establishment, who served in senior posts under former Prime Minister Margaret Thatcher, though she herself is a raving enemy of Iraq and a supporter of the new war.

On Aug. 5, Thatcher's 1982-85 Chief of the Defence Staff, Field Marshal Lord Bramall, made his third declaration within a week against the war. His attacks had begun on July 29, with a letter to the London *Times*, warning that an attack on Iraq would pour "petrol rather than water" on the flames in the Mideast, would lead to an extremely messy quagmire for the invaders, and could well "make things infinitely worse." Then, over the Aug. 3-4 weekend, Lord Bramall told BBC: "This is a potentially very dangerous situation, in which this country might be swept into a very, very messy and longlasting Middle East war. . . . You don't have license to attack someone else's country just because you don't like the leadership." He said that evidence that Iraq possesses weapons of mass destruction is "desperately sparse," and chastised the Blair government for not having produced the evidence it claims it possesses.

Lord Bramall said that his comments had been greeted with approval by some fellow retired senior officers. It has been confirmed to *EIR*, by two leading British strategists, that Bramall is much respected in the British military, and that his views on Iraq have considerable resonance in both the active and retired military.

Backing Bramall was Sir Michael Quinlan, formerly permanent undersecretary of the British Ministry of Defence in the Thatcher years of 1988-92, and widely known in the British Whitehall policy establishment for promoting Britain's nuclear deterrent. In an Aug. 7 commentary in the *Financial Times*, Quinlan called into question many of the justifications being put forward for such a war, and asserted: "An assault could be costly, in military and civilian lives, and in damage to an already ravaged society." He quoted Winston Churchill: "Never, never, never believe that any war will be smooth and easy, or that anyone who embarks on that strange voyage can measure the tides and hurricanes he will encounter."

Quinlan said that an assault on Iraq "looks like an unnecessary and precarious gamble, unless there emerges new evidence against Mr. Hussein altogether more compelling than any yet disclosed. To invert Boulay de la Meurthe's cynical saying, starting such a war would be worse than a blunder: It would be a crime."

He called on the British government to give a signal as soon as possible, "whether public or private," that "neither military participation nor political support was to be assumed" from America's "most solid ally," should there be an attack on Iraq.

The views of military/defense figures such as Bramall and Quinlan are receiving considerable support from senior figures in the British political and diplomatic establishment. Lord Douglas Hurd, former Foreign Secretary in Conservative Party governments, stated during the week of Aug. 5, that an attack on Iraq would be the worst strategic fiasco by the West since the 1956 Suez crisis, when Britain, France, and Israel attacked Egypt. According to the British media, a wide array of retired and active British diplomats who deal with the Arab world are against the Iraq attack.

From among parliamentarians, the most interesting phenomenon is the support that Bramall is getting from longtime "leftist" figures, such as the Labour Party's Tam Dalyell and Alice Mahon, both of whom are fighting for the immediate recall of Parliament—which recessed on July 25 and is not due to reconvene until October—should a war begin, and British participation come onto the agenda.

'We Could Have an Explosion in the Middle East'

From the U.S. side, what is most encouraging is the reported opposition to a new war among many senior active military figures, who have not gone on the record, but have made their views known through leaks in the press and other means.

More public are the Aug. 3-4 weekend statements by Brent Scowcroft, who had been U.S. National Security Adviser during the 1991 Gulf War, and who is now chairman of the President's Foreign Intelligence Advisory Board. "It's a matter of setting your priorities. There's no question that Saddam is a problem," he said. "But the President has announced that terrorism is our number-one focus. Saddam is a problem, but he's not a problem because of terrorism."

Saying he was certain that Saddam could be dislodged, Scowcroft warned: "I think we could have an explosion in the Middle East. It could turn the whole region into a cauldron, and destroy the war on terror." Scowcroft pointed to the "almost consensus" around the world, against America going to war with Iraq.

Scowcroft's views draw particular interest in Germany. It was he who, in February 2002, denounced the pro-war ravings of the McCain-Lieberman-Perle-Wolfowitz "Gang of Four," at the annual Wehrkunde international defense gathering in Munich.

EIR August 16, 2002 International 53

ERNational

'Electable LaRouche' Dems Score in Michigan Primary

by Marla Minnicino and Rochelle Ascher

LaRouche Democrat Kerry Lowry won the Aug. 6 Democratic primary for the Michigan House of Representatives' 19th District, with 61.3% of the vote in a two-way race. Lowry's fellow LaRouche Democrat Joseph Barrera, running against a City Councilman who had the official endorsement of the Democratic Party and the Oakland, Michigan newspaper, came within 750 votes of another victory. Barrera polled 48% in the 12th State Senate District, with 8,838 out of 18,000 votes cast. In the city of Pontiac, Barrera won by over 1,200 votes.

The political significance of Lowry's victory and Barrera's strong vote extends far beyond Michigan: by choosing a candidate who is clearly identified with 2004 Presidential pre-candidate Lyndon LaRouche, voters there took a major step toward restoring their state and nation to political sanity. The votes for LaRouche candidates in Michigan come at a time of worldwide financial collapse, hitting every state and municipality in the nation, when the United States is careening toward strategic economic and other global disasters. The breakthroughs represent a major step-up in the American population's response to this strategic crisis.

In the past few weeks, LaRouche's 2004 Presidential campaign has begun mass distribution of two crucial leaflets with a combined run of 5 million, intended to break the policy stranglehold represented by the paired Senators John McCain (R-Ariz.) and Joseph Lieberman (D-Conn.), whose combined leading influence today is the greatest single threat to the nation and its Presidency. The first leaflet, entitled "The Real Corruption: McCain and Lieberman," addresses precisely this problem and how to defeat it. The second mass leaflet, "The Electable LaRouche," puts forth the candidacy of LaRouche as an absolute necessity to restore the nation and its Presidency to reality in confronting the biggest financial crash in more than a century.

Both Lowry and Barrera, joined by other LaRouche activists in Michigan, have flooded the state with these two leaflets.

The two candidates put LaRouche's economic program at the forefront of their door-to-door campaigns and speeches before diverse groups of constituents and ethnic groups. They campaigned on the streets, at mosques (Michigan is a major center for Arab-Americans), and with community organizations, hitting hard at the primary issues: the collapse of the U.S. economy and the global strategic crisis.

'Only LaRouche Told Us the Truth'

In messages to the voters in their districts, Lowry, a project manager at a telecommunications company, and Barrera, a pest-control technician, urged their fellow citizens to adopt a "top-down" perspective in their approach to the economic devastation of municipalities across the country. Kerry's campaign included a four-page brochure with its unmistakeable message that LaRouche was right in his economic forecasts: "To borrow a quote, 'It's the economy.'... Long before, during and since the year 2000 Presidential Primary, one candidate, and one candidate only, told us the recovery was a fraud. That candidate was Lyndon LaRouche, who has already announced his candidacy for President in the 2004 election. While Al Gore and George Bush were busy blabbering about how they would spend the 'surplus' to help Americans, Lyndon LaRouche told us there was no surplus. He told us the economic crises that were, and would be, occurring were not cyclical in nature; they were systemic. He told us the U.S. and world financial systems were, and are, hopelessly and irreversibly bankrupt. Since the 2000 primary, the events that have occurred have proven that LaRouche was the only candidate who told us the truth."

The brochure then describes the necessary emergency economic measures that must be taken, the projects required, in areas such as health care and mass transit, as well as restoring Classical education, and a true war on drugs.

So closely was Lowry associated with LaRouche, that the local coverage of his campaign in the *Observer and Eccentric*





Michigan LaRouche Democratic candidates for state office, Kerry Lowry (above) and Joseph Barrera showed the impact of "The Electable LaRouche" 5 million-leaflet nationwide mobilization. Lowry won his Democratic primary for State House of Delegates on Aug. 6, with 61%; Barrera's 8,838 votes just missed, with 47.7% in the State Senate primary.

newspaper on July 18 was entitled: "'LaRouche Dem' Sees Economic Doom." In the article, Lowry is identified as "self-proclaimed Lyndon LaRouche Democrat." He describes his campaign as being "from a broader national perspective than it is from a state and local perspective. The spillover effects would be obvious. . . ."

Lowry's brochure (a similar one was issued by Barrera) noted that in Michigan's 2000 Presidential primary, LaRouche received over 12,000 votes, though "many of us supported Gore as the 'lesser of two evils.'" Fearing LaRouche's influence, the Michigan Democratic Party tried to shut down the state's non-binding Democratic primary, refusing to acknowledge LaRouche's vote.

Now, two years later, and with the economy reaching catastrophic conditions, voters again turn toward LaRouche, while Democratic Party faces another debacle with Lieberman—who is hated even more than Gore—not only emerging in the forefront, but collaborating with his Republican counterpart McCain to put the nation in deep peril. LaRouche announced in a nationally broadcast radio webcast on Aug. 3, that the purpose of his 5 million-leaflet mobilization was to break this hammerlock on the Presidency.

Michigan: Economic Microcosm

As a state suffering a severe budget deficit compounded by layoffs in the manufacturing sector, Michigan is a microcosm of the country's economic plight. The latest state legislative session, after depleting the tobacco settlement monies and rainy day funds, ultimately passed—under pressure from Republican Gov. John Engle—a 50¢ per pack cigarette tax increase. Despite the tax hike, Engler then imposed \$859 million in revenue-sharing cuts statewide. Lowry's district, Livo-

nia, is a working class/middle class suburb in Wayne County, south of Detroit. Along with every other city and municipality in the Michigan, Livonia is reeling from the overall economic collapse and the Governor's revenue-sharing cut. Barrera's district encompasses Oakland County north of Detroit, also feeling the sharp economic pinch.

The effect of the Governor's "cure" has been staggering. Even prior to this cut, cities such as the former industrial giant Flint, and the former center of auto production, Highland Park, have both gone into bankruptcy receivership. But no locality is not stricken by the new cuts. In Pontiac, the president of the City Council described waking to find \$10 million gone from his budget. It was in Pontiac that the Council president asked a LaRouche representative to address the City Council on the financial crisis. The address, plus questions and answers, were broadcast to 20,000 Pontiac residents.

In Livonia, the headline in the local paper was: "Governor's Proposed Cuts Leave City Fretting." The article stated that Livonia will lose \$4.3 million—more than one-third of the expected \$10.9 million in state shared revenues. The paper quoted Livonia's city finance director as saying, "This can't stand. We are already anticipating a \$2 million shortfall due to puny returns on investments and a fall-off in building fee revenues."

Lowry was one of two Democrats seeking the nomination in the 19th District. In November, he'll face former Livonia City Council member John Pastor (who ran unopposed in the Republican primary) for the open legislative seat. With voters in no mood for "politics as usual," and running on LaRouche's program to smash McCain-Lieberman and take emergency measures to save the U.S. economy, Lowry stands a good chance of winning.

Even RAND Repudiates Anti-Saudi Murawiec

by Our Special Correspondent

On Aug. 5, a front-page article in the *Washington Post* reported a recent secret meeting of the Defense Policy Board, the advisory body to Secretary of Defense Donald Rumsfeld, which is run by suspected Israeli agent Richard Perle. According to *Post* reporter Thomas Ricks, the meeting not only featured violent attacks against America's top military commanders (see EIR, Aug. 9), who almost unanimously oppose a U.S. military invasion of Iraq to overthrow Saddam Hussein. It also featured a background briefing by a RAND Corp. so-called "senior analyst" named Laurent Murawiec, which called on the Bush Administration to launch an all-out war on the House of Saud.

Within 24 hours, the Murawiec briefing, which described Saudi Arabia under the current regime as "the kernel of evil, the prime mover, the most dangerous opponent" of the United States in the Middle East, had been denounced by Secretary of State Colin Powell, by State Department spokesmen, by the White House, and ultimately by Defense Secretary Donald Rumsfeld (who initially was more incensed about the "leak" of the Defense Policy Board meeting, than about the insanity of the subject matter) as having *nothing* to do with U.S. policy.

The dossier provided below explains who this anti-Saudi briefer really is.

Murawiec, the man that most wire services are referring to as the "RAND Corp. senior analyst," is a notorious "Mr. Ex"—sporting a curriculum vitae that has so many references to his "former" positions that one must recall Edgar Allan Poe's hilarious story of the Civil War's "Man Who Was All Used Up." In brief, except for his academic credentials, Murawiec's resumé is a list of "used to be's." He "used to be" with GeoPol Services, S.A., a money-laundering-linked firm in Switzerland; and is an "ex" adviser to the French Defense Ministry; and "formerly" wrote for *Middle East Quarterly*; and "used to be" with the International Institute for Strategic Studies in London.

A couple of "ex" affiliations Murawiec omits are his family history as "ex" Trotskyists, and that he is an "ex" affiliate of *Executive Intelligence Review*, until he developed hysterics in 1986 about *EIR*'s exposé of the crimes of Israeli general, war criminal, and now Prime Minister Ariel Sharon.

What Murawiec *is not*, is an established "senior analyst," with any credentials worth mentioning. For example, the RAND Corp. website reveals 17 references to his name—16

of which refer to a single book on a conference in France, which he edited with another RAND analyst. The tiny book—more a pamphlet—sells for \$9.00 on Amazon.com. What he *is*, is a propagandist for war criminal Ariel Sharon.

And the RAND Corporation could soon be part of the "formerly" list.

'Not Our Dreck'

On Aug. 7, *EIR* obtained a copy of a RAND Corp. e-mail that completely distances itself from Murawiec and his 24-slide Power Point presentation attacking Saudi Arabia. Within hours of the White House denunciation of Murawiec's assault on the Saudis, one David Egner, director of Rand External Communications, had sent out a an e-mail that was quoted in the *Washington Post, Newsday*, and many other publications.

The e-mail says:

Subject: RAND statement From David Egner, director, RAND External Communications.

The briefing prepared by Laurent Murawiec was not a RAND research product. It represents one personal contribution to an ongoing policy debate on which there is a wide range of views within RAND and elsewhere. The opinions and conclusions expressed are those of the author and should not be interpreted as representing those of RAND or any of the agencies or others sponsoring its research. Neither Laurent Murawiec nor RAND received payment for the briefing.

Others—especially U.S. government agencies (which also fund the RAND Corp.) were even quicker to put wide distance between the administration and Murawiec.

According to the *Washington Post*'s military correspondent, Thomas Ricks, who broke the story of the Defense Policy Board's July 10 meeting, "State Department spokesman Philip T. Reeker said that Powell, in his conversation with Prince Saud Faisal, the Saudi foreign minister, reassured the Saudi government that the Rand analyst's briefing does not 'reflect the views of the President of the United States or of the U.S. government.'

"U.S.-Saudi relations are 'excellent,' "Reeker continued. "We share a broad array of interests, including a common vision of peace, stability and prosperity in the region," he said. That assertion contrasts somewhat with comments made privately by administration officials, that the Saudi response to terrorism since Sept. 11 has been mixed at best and notably less vigorous than that of some other countries.

Ricks added, "In his own statement, Saud said, 'It is unfortunate that there are people in some quarters who are trying to cast doubt and undermine the solid and historic ties between our two countries. I am confident they will not succeed."

56 National **EIR** August 16, 2002



Defense Science Board head and fanatic for war against Islam, Richard Perle (inset), deployed the hapless Laurent Murawiec from the RAND Corp. to a lunatic secret briefing on July 10 at the Pentagon in a "high-risk attempt to do away with Saudi Arabia." Once exposed, even RAND is disowning Murawiec and his briefing.

A Serious Blunder

Murawiec's briefing on Saudi Arabia was no isolated event. After all, ever since Sept. 11, 2001, Richard Perle and other members of the "Wolfowitz cabal," who have been plotting against the White House and President Bush, have been demanding an aggressive attack on Saudi Arabia. Perle's network of think-tanks, especially the Hudson Institute, founded by neo-Malthusian Max Singer, even demands—as did Murawiec—that the U.S. military occupy the oil fields of Saudi Arabia.

While not an isolated attack on Islam, the Murawiec briefing has a unique feature. It is being used—by the same circles targetting Saudi Arabia and the other Middle Eastern countries that reject the U.S. drive for an Iraq war—to attempt to smear Lyndon LaRouche. LaRouche, a candidate for the Democratic Party Presidential nomination in 2004, is leading an international mobilization to stop that Clash of Civilizations war drive.

The first sign of this smear campaign—attempting to link LaRouche to the Richard Perle and Murawiec obscenities against the Arab world—emerged on the afternoon of Aug. 7, when the Microsoft-owned *Slate* magazine posted an article called, "The PowerPoint That Rocked the Pentagon—The LaRouchie Defector Who's Advising the Defense Establishment on Saudi Arabia."

Following the posting of the *Slate* article, LaRouche commented:

In the aftermath the *Washington Post*'s strange report of Richard Perle-sponsored Pentagon event, featuring one Laurent Murawiec, from about a month earlier, the ripened nuts of the season have begun to fall from the trees. The first observed instance of what will probably be a hail of fallen fruit of obscure ancestry, was a certain Jack Shafer, who posted a childish piece datelined slate.msn.com August 7, 2002, at 4:49 P.M.

The notable feature of Shafer's concoction is that he has the same profile as Murawiec, minus what are Murawiec's actual French academic credentials. Shafer appears to be owned by the same folk who own Murawiec, but is, doubtless, much more poorly paid for his maliciously reckless disregard for truth. Perhaps that is Shafer's gripe.

As the following dossier shows, the Perle gang is scraping the bottom of the cesspool for "analysts" if they depend on "Mr. Ex" Murawiec to motivate their war plans.

But there is clearly more to the story.

'Saudi Briefing' Fraud

The Sordid Sponsors of Perle's 'French Expert'

by Our Special Correspondent

From the mid-1970s to 1990, the now-notorious Laurent Murawiec worked out of the Wiesbaden, Germany office of the publication founded by Presidential pre-candidate Lyndon LaRouche, *Executive Intelligence Review (EIR)*. At the latest, beginning in 1986, Murawiec covertly began working with a Swiss-based network of intelligence-connected weapons traffickers, whose London and Washington controllers were coordinating, that year, a high-intensity, international campaign of judicial attacks and dirty tricks against LaRouche and his associates. Murawiec was one of their catches.

Murawiec first showed his emerging corruption when he opposed the March 1986 publication of *EIR*'s thoroughly documented special report, *Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia.* This 126-page report highlighted Sharon's U.S. organized-crime-connected backers who ran the infamous Israeli spy in the U.S. Defense Department, Jonathan Pollard. Highly classified material stolen by Pollard was used in Israeli "U.S. secrets-for-Jewish-emigres"

trades with the kind of Soviet KGB elements who later grouped around the financial oligarchs plundering post-Soviet Russia in the 1990s.

By the late 1980s, on command, Murawiec was running an internal disruption operation within the Wiesbaden *EIR* office—supervised by the same people who promoted his subsequent career when his presence in that *EIR* office became overtly untenable, in 1990.

Monsieur Murawiec went from money from taking thenfugitive Marc Rich's Paris-based Marc Rich Foundation; to a dubious strategic affairs consultancy, **GeoPol**, hosted by a narcotics money-laundering Geneva, Switzerland bank; to a think-tank career in France promoting Pentagon Office of Net Assessments (ONA) digital cyberwar scenarios; to his posting to the Rand Corporation in Washington, and his Richard Perle-organized debutante's public appearance at Perle's American Enterprise Institute (AEI) in December 1999.

The Anti-Saudi Gambit

Murawiec's current notoriety now permits us to divulge not merely who wants to plunge the world into an era of Clash of Civilizations war, but, how much that cabal has seen Lyndon LaRouche as its main opponent to their "vision" of an America turned into a caricature of the world's discarded imperial systems.

A pathetic, babbling turncoat, Murawiec has now been moved center stage by Defense Policy Board chief Perle, in a high-stakes effort to eliminate Saudi Arabia. The July 10 caper by Murawiec, and the coverage of this caper by the Aug. 6 *Washington Post*, can only be seen as testimony that it is exactly LaRouche who is now feared by Perle's allies, as threatening to play a key role in extricating the U.S. government from an escalating Middle East war.

In the early 1990s, Swiss intelligence sources reported to *EIR* investigators working on the Murawiec case, that one of his Swiss-based controllers, weapons trafficker Helmut Raiser, had attended a mysterious 1985 Vienna meeting suspected to be related to weapons trafficking.

Meeting with Raiser was Michael Glazebrook, Henry Kissinger's personal security aide at his Kissinger Associates consultancy in New York City; and one John Wood, now the CEO of a Defense Department weapons systems integrator in northern Virginia, **Telos.** As we will show, Telos' Board of Directors is a Who's Who of Richard Perle associates and of promoters of Murawiec's Washington career. It was Raiser's Swiss nexus which set Murawiec up in the Geopol consultancy in late 1993.

Who's Who in GeoPol

The management of **GeoPol Services SA** in Geneva brought together an eerie combination of shady "private banking," the brokering of "unusual" international business contracts, international arms trafficking, and suspected laundering of drug money. The GeoPol executives are intertwined

with the highest levels of the **Iran-Contra** and **Iraq-gate** weapons trafficking of the 1980s. GeoPol must be viewed as a front for dirty intelligence activities.

At GeoPol events and in its publications, Laurent Murawiec is touted as its chief intellectual, lecturer, writer, editor, and office secretary. But the sterile thinker Murawiec, far from shaping the firm's policy, is simply carrying out the assignments given him by other GeoPol executives. Murawiec, a French national, is viewed by some French intelligence circles, for example, as being under the control of foreign intelligence services. Aside from other references, they point to his (and his family's) longtime association with French Communist Party operations, including lengthy stays in Communist East Germany and Communist Czechoslovakia, and his own past connections—like many Perle associates turned right-wing military utopians of today—to international Trotskyist circles.

The president of GeoPol was Pierre Hafner, whose primary business was as director of CBI Holding Geneva, the mother company of Union Bancaire Privée (UBP). This was a merger of two Geneva financial institutions, one of which, Trade Development Bank (TDB), was "inherited" from Edmond Safra, whose banks come up in many Iran-Contra investigations. The chairman of CBI-TDB Union Bancaire Privée was Edgar De Piccioto, who was also on the board of George Soros' Quantum Fund. Piccioto is a longtime business partner of Italian businessman-financier Carlo De Benedetti, whose son, Rudolpho de Benedetti, is director of CBI Holding Milano, Italy. The older de Benedetti is a silent partner of the American fugitive from justice, Marc Rich.

Pardoned last year, Rich ran one of the largest commodity trading companies in the world in Zug, Switzerland, implicated in numerous Cold War-era, but East/West, oil-forweapons deals, particularly around the Iran-Iraq War. He was indicted in New York City in 1984 for massive tax fraud, but fled to Zug.

Rich's Paris-based Marc Rich Foundation financed, in the early 1990s, a book on the history of anti-Semitism in the United States by French author Leon Poliakov. Poliakov credited Murawiec with being the guiding inspiration for the Richfinanced book project. Murawiec wrote a fraudulent chapter which attacked LaRouche as an anti-Semite, but where the coward never mentioned his 16 years at *EIR*, nor any "personal" observations. Instead, he chose as his source—and presumably, Poliakov's "inspiration"—a 1989 book against LaRouche financed by the neo-conservative Smith Richardson Foundation, and written by Dennis King.

This Marc Rich project was one of the early indications of Murawiec's emerging career.

Murawiec's praise in the book for Irving Kristol, the founder of the neo-conservative movement, speaks volumes for Murawiec's own state of mind. Irving Kristol, like Richard Perle's professor Albert Wohlstetter, was a former Trotskyist, who became something of an ideologue for Wall Street's post-

war shaping of American politics. Murawiec said Kristol's career, still ongoing with the assistance of his Arab-bashing son William Kristol, is proof of what a Jew can accomplish in the United States.

Back in Geneva, the "flavor" of the GeoPol milieu was made apparent on Nov. 28, 1994, when Geneva police raided the Geneva offices of UBP, acting on the arrest, in Florida, the day before, of UBP executive Jean Jacques Handali, on narcotics money-laundering charges. Handali was subsequently convicted for laundering narcotics money into accounts in the Geneva bank. Hafner's GeoPol Services SA was housed in the same building raided by the police. Hafner himself has done jail time for business frauds, something that Murawiec seems to have so far avoided.

Helmut Raiser of GeoPol's board is a German national living in Zug, Switzerland. Raiser had been a senior manager at Germany's Bohlen Industrie GmbH, mostly concerned with armament manufacturing. He left the board of Bohlen Industries and its Wasag subsidary in 1982 and went to Zug, Switzerland, two years before Marc Rich, until 1989 running the consulting firm Consen. While still maintaining strong links with Bohlen Industries, which was a component of the European Explosives Cartel which supplied billions of dollars of explosives to both sides of the Iran-Iraq War, Raiser, from Consen, directed a network of companies in Switzerland, Austria, Monte Carlo, the United States, and Argentina.

The central project conducted through Consen was the Condor II missile development program involving Argentina, Egypt, and Iraq, and drawing on the technical expertise of West European high-technology aerospace firms. Up to 1989, when it was aborted, an estimated \$5 billion flowed into the Condor II program, with Consen being the technical-administrative and financial clearinghouse. With the knowledge of the George H.W. Bush apparatus, money flowed from the Banco Nazionale del Lavoro (BNL) branch in Atlanta to Raiser-controlled firms in Switzerland. This pumping of billions of dollars worth of sophisticated armaments into the Middle East was perfectly in line with British geopolitical goals during the 1980s first Gulf War between Iran and Iraq. That policy merged into the second Gulf War in 1991, to destroy Iraq as an emerging industrial state.

Finally, on GeoPol's board sits **Elizabeth Kopp** (nee Ikle, a cousin to Pentagon "eminence grise" Fred Ikle), former Justice Minister of Switzerland. She was forced to resign in 1988 after she was caught tipping off her husband, **Hans W. Kopp**, to an ongoing Drug Enforcement Administration (DEA) narcotics money-laundering investigation targetting the company Shakarchi Trading, on whose board Hans Kopp sat. Kopp, with **Alfred Hartmann** of the Swiss branch of the London **Rothschild** banking house, was also implicated in the scandals of the Bank of Credit and Commerce International (BCCI) and (BNL). Both BCCI and BNL were involved in massive illicit arms trade, drug money-laundering, financing of terrorism, and intelligence operations.

Murawiec, IISS, and Gerald Segal

One frequent propagandist for military confrontation with North Korea and China was the London International Institute of Strategic Studies' deputy director for Asian Affairs, the now deceased **Gerald Segal.** Segal also promoted Murawiec's membership in IISS, an important part of grooming the malleable Murawiec for future assignments.

Segal's confrontationism on North Korea must be seen against the backdrop of his China policy, where he is a promoter of the breakup of China. He is the author of the March 1994 IISS/Adelfi report, "China Changes Shape: Regionalism and Foreign Policy." He wrote: "If China is left to grow economically strong and more ruthlessly nationalistic at the same time, it is likely to be far more difficult for the outside world to deal with. . . . It may be that the only way to ensure that China does not become more dangerous as it grows richer and stronger, is to ensure that in practice, if not in law, there is *more than one China* to deal with." Beijing's immediate response to the IISS report was to declare Segal *persona non grata* in China. Murawiec has penned numerous similar style attacks on China.

American John Wood, Raiser's 1985 confidant just before the latter picked up Murawiec, went from a Swiss banking post to become, in the early 1990s, CEO of Telos, a Department of Defense (DOD) subcontractor for computer integration of weapons systems. Elisabeth Kopp's relative, Fred Ikle, is Chairman of the Board of Telos. Ikle, along with the DOD Office of Net Assessment's (ONA) aging Andy Marshall, spans almost six decades of architecting U.S. strategic doctrine. Both he and Marshall first worked together at the Rand Corporation in the 1950s. Marshall is known as the inventor of the utopian "Revolution in Military Affairs" approach of subordinating all military considerations to U.S. digital "supremacy" in the otherwise now fast disappearing, "third wave" NASDAQ new economy. Ikle has been the senior proponent of "Homeland Defense."

Once the marketing of Murawiec was established with the GeoPol venture, he was laundered into various French military affairs think-tanks, including an alleged advisory role to the French defense department, as the emerging French expert and proponent of Marshall's startling new "revolution." His message: American power and supremacy is guaranteed by the new digital era; get on board quick.

We will spare the reader the chronological account of the bombastic "theories" Murawiec scribbled into numerous French print media and mouthed at conferences in the later 1990s.

Not irrelevant to Murawiec's insertion into French defense circles were the activities of a young assistant to Andy Marshall at ONA in the early 1980s, Mira Lansky Boland. Mira Boland studied with future Israeli spy Jonathan Pollard at Boston's Tufts University, whence she went on to the CIA and then the ONA. Upon leaving the ONA, Mira Boland became the head of the Anti-Defamation League's (ADL)

Washington, D.C. office, with one job, "Get LaRouche!" She coordinated with the Paris-based, American head of the French anti-sect group Association for the Defense of the Family and Individual (ADFI), Alexandra Schmidt. Schmidt did university studies in Paris under the French neo-conservative Alain Besancon of *Commentaire* magazine.

ADFI worked closely in operations against LaRouche with the Wall Street-funded American Family Foundation (AFF), which got its main money from the arch-conservative Richard Mellon Scaife foundations, the Olin Foundation, and the Achelis & Bodman Foundations. Supervising AFF's work were John Irwin III—son of the American Ambassador to Paris in 1973-74, Kissinger clone John Irwin II—and President Bush, Sr.'s Ambassador to Paris (1989-93), Walter Curley. Curley and Irwin III still manage the elite Achelis & Bodman Foundations. Irving Kristol's neo-conservative movement has largely been financed by these four foundations and groups of foundations, with the addition of the Bradley Foundation of Milwaukee.

One of Perle's Swine

Joining Ikle's Telos board in 1994 was Stephen Bryen, who worked under Richard Perle in the 1980s U.S. Defense Department. During the mid-1980s when Murawiec's Swissbased handlers were grooming him, Bryen's wife, Shoshana Bryen, ran the Jewish Institute for National Security Affairs (JINSA), the Israeli interface with like-minded Pentagon factions. While her husband worked with Perle in the Pentagon, Shoshana assisted a leading dirty tricks operative of Mira Boland's ADL, Galen Kelly, in actions against LaRouche and *EIR*'s Leesburg, Virginia U.S. headquarters.

By all indications, aging defense don Fred Ikle was the key figure in vetting Murawiec's placement at Rand. Rand's national security and strategic affairs projects are financed by pooled money from the government intelligence community. Telos' largest private shareholder is British national John Porter, the son of Dame Shirley Porter, an intimate of Lady Thatcher.

In May 1996, Perle and his cronies, along with Henry Kissinger and Lady Thatcher, created the New Atlantic Initiative (NAI) to project their policies into Europe. Murawiec attended the first meeting held that month in Prague. Perle's close associate Jeffrey Gedmin, now head of the Aspen Institute in Berlin, heads this American Enterprise Institute project.

For Laurent Murawiec's public debut in Washington in December 1999, Richard Perle organized an American Enterprise Institute seminar on technology controls whose main speaker was Richard Perle. Murawiec was introduced with his newly acquired Rand Corporation credentials. His ongoing GeoPol work was described as similar to Henry Kissinger's Kissinger Associates, "but without the accent." Thomas Donelly of William Kristol's imperial New American Century project, was to have joined Murawiec speaking at the event.

True to the Friedrich von Hayek character of Perle's AEI,

Murawiec addressed a paean to Hayek's thought at a March 1999 centenary celebration of von Hayek's birth.

By 2000, Daniel Pipes, a leading advocate of expanding war throughout the Middle East, was adding copy from Murawiec to his *Middle East Quarterly* journal. In the Spring 2000 issue, Murawiec wrote what amounted to a long defense of Zbigniew Brzezinski's "Arc of Crisis" policy, an article entitled, "The Wacky World of French Intellectuals."

LaRouche Charges: 'Slavery Reparations' Are a Ponzi Scheme

by Nancy Spannaus

Back in the middle of the 1960s, when the civil rights movement led by Dr. Martin Luther King was expanding the purview of its organizing into issues of the collapsing economy, a rats' nest of police agents, typified by Newark's Amiri Imamu Baraka, Harlem's "Maulana" Ron Karenga, and the "Black Nationalist" Stokely Carmichael, appeared on the scene to split and demoralize the movement. A less militant wing of this counterinsurgent effort was comprised of what used to be called "poverty pimps," a group of black hustlers out to "get theirs" at the expense of everyone else, in the midst of the collapse of the U.S. economy.

To a large degree, this harum-scarum group was successful. In the wake of the assassination of Dr. King, by forces minimally aided by government agencies like the FBI, no national leader emerged to fill the shoes of a civil rights leader dedicated to the principles of human rights for all peoples, and thus to unite Americans around the fight for universal rights to justice, both economic and political.

The only national American leader since, who has taken up Dr. King's legacy of politics based on $agap\bar{e}$, a love for all mankind, and pushed beyond him, has been statesman Lyndon H. LaRouche, Jr., who himself began to lead what became an international political movement in the 1966-68 period.

Thus, it is with great authority that LaRouche has charged the heirs of the 1960s "Black Power" movement—now resurfaced and expanded into the Movement for Reparations for African-Americans—as the authors of a "Ponzi scheme." After an encounter with pro-reparations spokesmen on an African-American radio show July 31, LaRouche blasted the proponents of reparations, noting that they were misleading millions into demanding monies they would never see, while they, the "leaders," might collect monies from their masters, for organizing the scam.

60 National EIR August 16, 2002

What 'Reparations' Says It Wants

The current drive for "African Reparations" is being organized by a coalition which calls itself the Durban 400—a cluster of black nationalist groups apparently headed by the National Black United Front (NBUF)—and the so-called December 12th Movement International Secretariat. The Durban 400, which had attended the Durban, South Africa World Conference Against Racism in the Fall of 2001, issued a call for a Millions for Reparations Mass Rally back in November 2001. The rally, scheduled for Aug. 17, 2002 in Washington, D.C., is organized around the crassest of slogans: "They owe us!" Philadelphia radio host Reggie Bryant, one of those debating LaRouche on July 31, got down further: "I have no interest in universal principles. I don't care about mankind. Just show me the money."

Aug. 17 was chosen, the organizers say, because it's the 115th anniversary of the birth of the "Back to Africa" movement established by Marcus Garvey.

The Reparations Movement traces its current momentum to certain international actions, including the First Pan African Conference on Reparations held in Abuja, Nigeria, in April 1993; the World Conference Against Racism, of Fall 2001, which declared African slavery a "crime against humanity"; and then the United Nations Commission on Human Rights decision, in the Spring of 2002, to establish a Working Group for African Descendants in the United States.

Propaganda for the Reparations movement is being promoted in African-American papers all around the country, including in the Nation of Islam's *The Final Call*.

According to an article by Dr. Conrad W. Worrill, head of the NBUF group, which appeared in *The Final Call* in June, the movement is demanding reparations from "the United States Government and a variety of private institutions and corporations who all benefitted from the more than four hundred years of free slave labor from African people in this country."

In fact, the United States as a nation did *not* benefit from slavery. As shown by American System economists such as Friedrich List and Henry Carey, the slave system looted not only the bodies of the slaves, but the wealth of a nation.

Unquestionably, slavery was a hideous wrong, one imported into the United States from the oligarchical system of Europe, and including the ideology that African people were less than human. Today, however, the leaders of the Reparations movement are responding with the same racist outlook, turned upside down. In one recent propaganda piece for Reparations, for example, a Dr. Bobby E. Wright (now deceased) is quoted as attributing to white people "an underlying biologically transmitted proclivity that is rooted deep in their evolutionary history."

In addition, the demand for reparations is the equivalent of demanding crumbs from the slave-master's back door—just at the time that he is being forced to sell the plantation due to bankruptcy! The great wealth that is allegedly to be won through these demands, isn't there.

LaRouche's Perspective: Fix the Whole System!

In other words, the reparations fight is going to do nothing but divert people from the struggle to establish the new monetary system which the entire world needs in order to survive. LaRouche put it this way in his July 31 interview on Washington, D.C. radio station WOL:

"Reparations is a loser. There are things we should fight for, if we were not pessimistic, and were not tempted to substitute a desire to get some money—quick money—which we'd never get; and substitute that for fighting for what we *can* get. The point is that: In politics, when you're dealing as a minority in politics, you have to find ways of influencing the entire process. Now, you have to go to the question of principle. The question of principle is people's rights. The African-American, so-called, has been deprived of rights for a long time. Slavery is just one of the [depravations]. Therefore, the time has come: How do we get this thing fixed?

"My view is, that, what you have to do is, you have to get people unified around the idea of universal rights—as we did with the civil rights movement, with Martin Luther King. There are certain universal rights. We fight for those rights, and we demand that others who have the same interests, as human beings, fight with us to get us *our* rights, because it's their rights too, that are at stake. We've seen when the turn against Martin came, the assassination of Martin, the result of that: We've seen that the great movement of civil rights, which was inspiring in its time, has taken one defeat after the other, all the way down the road. There have been compensations, of some type for some situations, but generally, the poor are poorer than ever before."

EIR is carrying out further research into the scam artists behind the reparations movement, but certain pedigrees are obvious. The N'COBRA (National Coalition of Blacks for Reparations in America) group has a filthy record of acting as police agents against Lyndon LaRouche, and his fight for the welfare of all Americans. The same can be said for the National Black United Front, which has been at the forefront of building racial tensions around the country.

Then, there's the question of Rev. Sun Myung Moon's Unification Church, which is well-known for using the lure of money (as well as other lusts) to entice African-Americans, and many others, out of principled political activity, into destructive dead-ends such as the reparations movement. Moon, the kind of convicted felon whom sections of the U.S. Establishment, including many around the Bush Administration, love, has recently bought heavily into Minister Farrakhan's Nation of Islam, and it is unlikely to have been without a *quid pro quo*. Are we perhaps dealing with the results of "Moonshine," here?

It wouldn't be the first time the drug and gun-running Moon sect ran filthy operations to destroy a population. If they offer you money, watch out!

Congressional Closeup by Carl Osgood

Senate Panel Considers Weakening FISA Standards

On July 31, the Senate Intelligence Committee held a hearing on two bills ostensibly intended to facilitate antiterrorism investigations by loosening the standards in the 1978 Foreign Intelligence Surveillance Act.

One bill, sponsored by Charles Schumer (D-N.Y.) and Jon Kyl (R-Ariz.), would remove the requirement that the government show that a non-resident alien under investigation be an agent of a foreign power, or a known terrorist group, in order to get wiretap authority from a court.

The second bill, sponsored by Mike Dewine (R-Ohio), would reduce the standard of proof under FISA from "probable cause" to "reasonable suspicion."

Schumer, Kyl, and Dewine say that their bills are needed because to-day's environment is very different from that when FISA was passed, and the law has to be updated to reflect that changed reality. They all claim that their bills are aimed at narrowly defined non-resident aliens contemplating terrorist attacks on the United States, and that they pose no threat to the liberties of American citizens or resident immigrants.

Jerry Berman, executive director of the Center for Democracy and Technology, presented an opposing viewpoint. He told the committee that both bills "raise significant constitutional questions," and "questions about whether they will improve or hinder or make any difference in our intelligence mission." He suggested that there are factors which argue that the current FISA "may have been sufficient but that there are problems elsewhere."

These problems, Berman said, include not bringing together all of the intelligence information that is available, and other problems within the Justice Department. "Nothing that you

change in terms of standards," he said, is "going to do anything about that."

Byrd: Homeland Security Threatens Constitution

Senate Appropriations Committee Chairman Robert Byrd (D-W.V.) warned that the powers granted to the Bush Administration under the bill to create a Department of Homeland Security, could weaken our Constitutional form of government. Byrd's opposition has temporarily stalled efforts to railroad the bill through Congress.

Byrd delivered a blistering speech on July 30, denouncing Congress for being unwilling "to resist the stampede moving it toward creation of this new department." He said that the proposal was crafted in secret by four White House staffers, and released during a week in which President George Bush was under fire for supposed lapses in intelligence prior to the Sept. 11 attacks. "If there ever was a need for the Senate to throw a bucket of cold water on an overheated legislative process that is spinning out of control," he said, "it is now."

Bvrd said that in rushing to pass the bill, some Senators are trying to avoid looking like "obstructionists." In doing so, he said, "we must not be willing to ignore even the most pertinent questions about the proposal, such as, will a new Homeland Security Department actually make the public safer from terrorists?" He warned that "if we take this giant step, our homeland defense system will likely be in a state of chaos for the next few years, and amid this upheaval, we run the risk of creating gaps in our homeland defenses." He warned that "the greatest risk in moving too quickly is that we will grant unprecedented powers to this administration that would weaken our constitutional system of government."

Trade Bill Clears Senate, White House

In its final act before departing for the August recess, the Senate passed the conference report on the trade bill by a vote of 64 to 34. President George Bush signed the bill on Aug. 6. The bill folds into a single package three pieces of legislation: trade promotion authority for the President, trade adjustment assistance for displaced workers, and the Andean Trade Preference Act.

Finance Committee Chairman Max Baucus (D-Mont.) said that, on the contentious issue of labor and environmental standards, the bill uses the U.S.-Jordan Free Trade Agreement, which uses labor standards articulated by the International Labor Organization, approved earlier this year, as that which U.S. trade negotiations cannot go below.

Baucus said that an amendment sponsored by Larry Craig (R-Id.) and Mark Dayton (D-Minn.), which provides for a point of order against any agreement that changes U.S. trade law, was removed, and replaced by language that directs United States trade negotiators not to seek to undermine U.S. trade law.

The opposition made its presence known. Ernest Hollings (D-S.C.) said that the discussion "carefully avoided" the effect of current trade policy. He said that the U.S. trade deficit for July was \$41.5 billion, and is heading for a total current account deficit for the year of \$500 billion, "with the outcome being a weakening of the dollar."

Hollings noted the importance of manufacturing, quoting former Sony chief Akio Morita, who has said that "in order to become a nation-state, you have to develop a strong manufacturing capacity," and that "the world power that loses its manufacturing strength will cease to be a world power."

National News

LaRouche Spokesman to Arkansas Black Caucus

Harley Schlanger, Western States spokesman for Lyndon LaRouche's Presidential campaign, addressed the Arkansas Black Caucus Legislative Retreat in Hot Springs on Aug. 3. Schlanger spoke for 20 minutes at the business meeting of the caucus and other invitees, on the need to "face economic reality," and counterposed LaRouche's analysis of the deepening depression, to the sugar-coated pabulum that had been discussed prior to his speaking. Schlanger used LaRouche's "triple curve" or typical collapse function, and related analyses, eliciting sighs of relief and acknowledgement from those who realized they were not crazy in thinking that things were going to hell. He ripped apart the New Economy delusion, including energy and related forms of deregulation, and said that LaRouche had told the truth on the economy and that was why he was feared and attacked.

In terms of economic recovery measures, Schlanger went through LaRouche's "FDR" principles, but pointedly took on the slanders and attacks on LaRouche, as proving that he is feared for telling the truth, but isn't it about time they get behind his effort to bring a Roosevelt policy into the country? He put the issue of LaRouche's "electability"—the subject of a 5 million-run LaRouche campaign leaflet—on the table.

Low-Wage Life in America Described

The author of *Nickel and Dimed* described the reality of U.S. life on six bucks an hour, in an interview with *The Observer* of London July 28. Journalist Barbara Ehrenreich, 55, spent two years "undercover," working at Wal-Mart, "family restaurants," and for a nationwide cleaning service. She said, "Turnover in the low-wage world is so fast that companies simply use people up—literally working them until their backs give up

the ghost or their knees buckle beneath them—and then spit them out.... The poor are unlikely to have health insurance or pensions, so there is no prospect of retirement." To her, "The biggest—and nastiest—surprise," was "discovering how big an atmosphere of suspicion there was, how much surveillance we were under. First, there were the drug and personality tests, then the endless rules. At Wal-Mart, we were not even allowed to say 'damn'...."

She learned how her fellow employees live: in a van if you are lucky; if not, like a "Czech dishwasher at Jerry's restaurant, whose digs are so crowded he cannot sleep until someone else goes on shift, leaving a vacant bed."

Ehrenreich's book describes how fellow workers lived in filthy motel rooms, in vans, and in trailer parks—like "what amounts to canned labor," and so on—all at high prices, because there is no alternative affordable housing.

At a trailer park, she described conditions: "There are not exactly people here,' she wrote, 'but what amounts to canned labour, being preserved between shifts from the heat.' A month's rent and the deposit are \$1,100." And this was a "better" place to live. In Minneapolis, working for Wal-Mart for \$7 an hour, she had to pay \$245 a week for a filthy motel room, because there is no low-cost housing.

Connecticut Emergency Budget Gap Session

Connecticut's legislators did everything to balance the budget by June 30, including broad cuts, and threw in the state's \$600 million "rainy day" fund. But now the revenue figures are in and the state's FY 2002 deficit "ballooned to \$814 million," according to the state's Comptroller Nancy Wyman. Thus they will have to find \$200-500 million to fund the budget already passed for Fiscal Year 2003, which began July 1. State Sen. Martin Looney (D-New Haven) noted, "We will be going into the 2003 fiscal year without a rainy day fund," which leaves the legislature few if any options except to make more cuts or borrow new monies.

But new borrowing is problematic, as the state has a cap on bonded borrowing which is 1.6 times the amount of annual tax revenue. With tax revenue down, it will be difficult to do new borrowing. At the same time, the *Register* reports that legislators were lobbied heavily during their recess, to restore cuts made in the compromise budget passed before June 30. So, many were expecting a "hot" special session, typical of those occurring in states across the country.

Gambling Vulture Target States' Woes

The Washington Post reported that the gaming industry is now in high gear to legalize gambling of all sorts and is, as the Post writes, "capitalizing on the economic slide." Nearly 35 states have moved or are moving to adopt legislation to allow every kind of gambling imaginable.

In the 1990s, elected officials gambled and lost on the stock market and "New Economy" bubbles as the means to feed state coffers, and now are being lured to gambling proceeds as a new revenue source, rather than back Lyndon LaRouche's New Bretton Woods and a physical economic recovery.

Harrah's Entertainment, Inc. is heavily targetting Maryland, claiming that 3.4 million Marylanders travelled to other states to gamble. Maryland's House Speaker Casper R. Taylor, Jr. (D-Allegany) was quick to get the marketing hook: "Hundreds of millions of ... dollars are going to other states to build their roads and schools." Harrah's is championing the push to legalize "racinos"—casinos at racetracks.

"Voters in Tennessee, Nebraska, Arizona and Idaho" will have gambling initiatives on their November ballots, while Indiana has "loosen[ed] restrictions on the state's billion-dollar riverboat casino industry." Indiana has lost its manufacturing base; Tennessee, Nebraska and Idaho have huge deficits. Sweetening the bait, the National Institute on Money in State Politics reports an "uptick in political donations from gambling interests" to state and Federal candidates.

Editorial

Antidote to the 'Get Saudi' Madness

The Washington furor over the revelation of Richard Perle's Defense Policy Board's drive to organize an attack on Saudi Arabia, confirms *EIR*'s published "case study" of July 19.

The March 2002 international support for Saudi Arabian Crown Prince Abdullah's peace proposal, triggered a desperate response from the neo-conservative utopians and right-wing Jabotinskyites inside the Anglo/American/Israeli combination. Instead of pursuing peace, these maniacs escalated their campaign for a complete U.S. break with Saudi Arabia, a destabilization, a campaign of villification, and indeed, even a war by the United States against the ruling House of Saud if necessary.

The most explicit rejection was spelled out by Max Singer, a radical Malthusian and one of the heads of the Hudson Institute, which is now at the forefront in the drive against Saudi Arabia. On May 9, in an article for the *Jerusalem Post*, "Free the Eastern Province of Saudi Arabia," Singer wrote, "It is well within the power of the United States to make it possible for the EP (Eastern Province) to become . . . a new Moslem Republic of East Arabia."

Singer's May 9 article was hysterical against "the 'peace plan' of Crown Prince Abdullah [which] has put the Saudi Kingdom at the center of Middle Eastern diplomacy." That "peace plan," and Saudi Arabia itself, have to be broken up, he demanded, with a military operation that takes back "the Eastern Province of Saudi Arabia, which lies along the shore of the Arabian Gulf and which contains all of Saudi Arabia's oil fields."

As of yet, no official of the Bush Administration "molehill" has dared to publicly espouse this policy in his or her own name. However, the Hudson Institute, which Singer founded, has been upgraded in influence, and is a sign of that dangerous—and treasonous—current inside the administration. Conrad Black, the British Commonwealth's billionaire magnate who owns the Hollinger Corp., the London *Daily Telegraph*, and the *Jerusalem Post*, joined the Hudson Institute board, as did the leading mole in the Bush Administration, Richard Perle, chairman of the Pentagon's Defense Policy Board.

Fragmenting and conquering the Arab/Muslim world has been a goal of this geopolitical faction for which Henry Kissinger, Zbigniew Brzezinski, and Princeton Professor Bernard Lewis are leading spokesmen, and Saudi Arabia stands in their way. As both a longtime ally of the United States, and home of Mecca, the religious center of Islam, it has the capability of becoming a force for peace between the Palestinians and Israelis—and it opposes attacking Iraq. Crown Prince Abdullah's plan has made his nation a target for destruction by political circles whose theories call for a perpetual religious war.

In effect, since Sept. 11, there has been a parallel, simultaneous trans-Atlantic attack by the Anglo-American utopians, and their allies in Israel and Europe, against Saudi Arabia and also against Egypt, the other country which can play the immediate productive role in achieving Middle East peace.

Richard Perle, asset of the British Empire's Hollinger Corp. media empire, came out publicly as early as Nov. 2, 2001, on Washington's WTOP news radio, accusing the Saudi royal family of spending "billions of dollars on mosques and schools around the world that preach hatred" of the United States. Neo-conservative leader William Kristol's *Weekly Standard* also began, last November, a drumbeat that Saudi Arabia is no true friend of the United States, and "in the event of a [radical] upheaval in Saudi Arabia, we [the United States] will take control, protect, and run the Kingdom's oil fields."

The antidote exists, and is the one defined by Lyndon LaRouche, who has laid out the solution with clarity and persistence. To stop the war drive, there must be two elements: First, the *delusion* of the well-being of the world financial system must be broken through. It is the oligarchy's desperation to keep that delusion going that drives their march to global war. Second, LaRouche has uniquely said that placing the blame on Osama bin Laden and Islamic terror for Sept. 11 is a *fraud*. Instead, the Clash of Civilizations cabal and their conspiracy is what is behind the terrorism.

The LaRouche antidote is the only hope that Saudi Arabia does not become another "case study" in the Anglo-American perpetual war.

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