

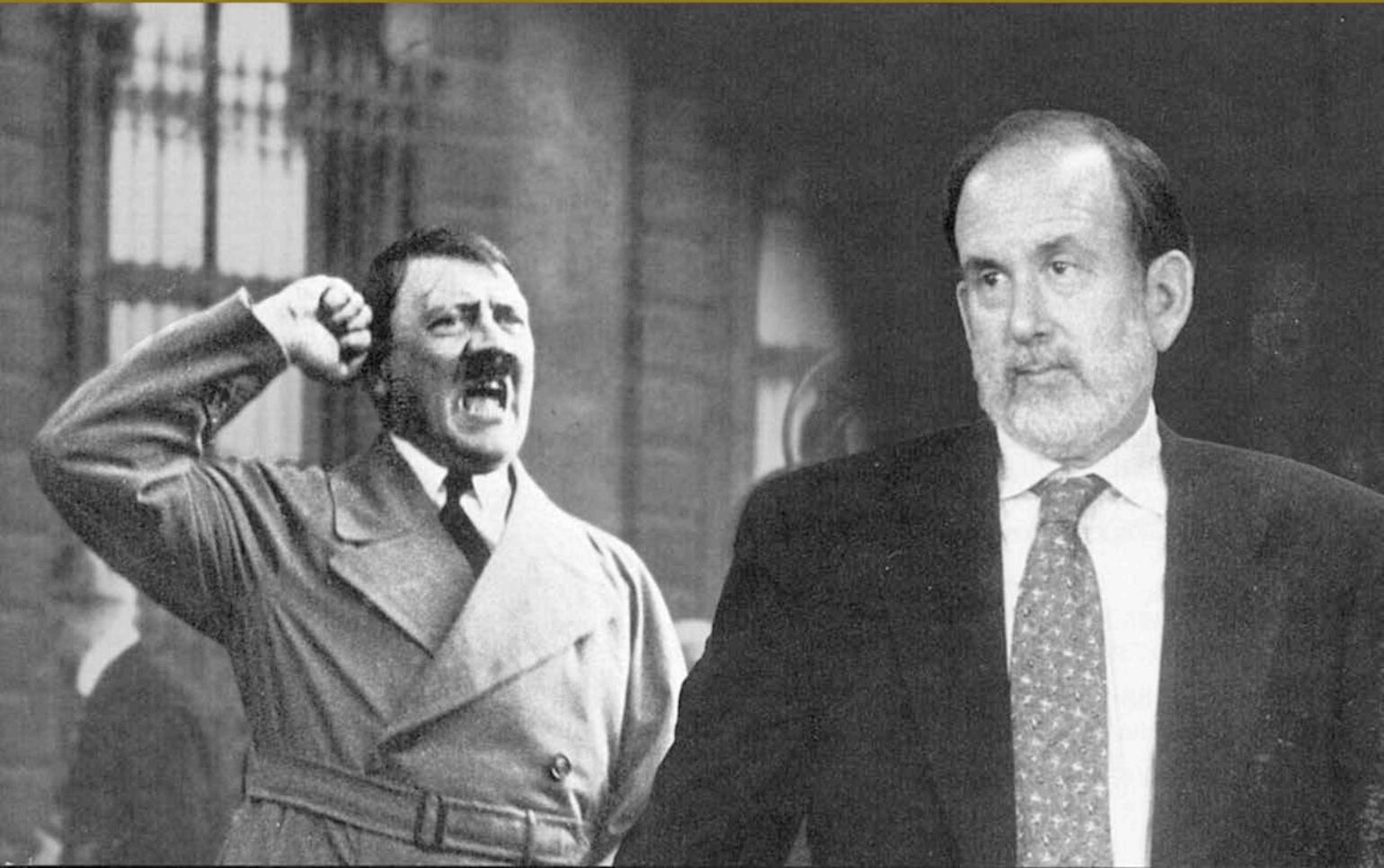
# EIR

Executive Intelligence Review

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Iran's Mossadeq: A Fight for National Sovereignty

## International Fascist Cabal Behind Cheney's Policies



# Towards A New Bretton Woods System

Highlights of  
EIR's Berlin Seminar,  
June 28-29



On June 28-29, 2005 representatives of 15 nations gathered in Berlin, to discuss, with Lyndon LaRouche, a strategy for revolutionary change in the strategic, economic, financial, and moral-cultural conditions on our planet.

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## From the Associate Editor

The “Hallowe’en massacre” which *EIR* forecast in last week’s issue began three days ahead of schedule, with the indictment and resignation of I. Lewis “Scooter” Libby, Vice President Cheney’s Chief of Staff, on Oct. 28. Others in the Cheney circles are twisting in the wind, waiting for prosecutor Fitzgerald’s next move. As events were unfolding on Oct. 28, Lyndon LaRouche commented, “The fundamental issue underlying the crime of revealing the protected CIA identity of Valerie Plame Wilson, is that of lying and complicity in fraud against the government and Constitution of the U.S.A. by Vice President Cheney and others, for the purpose of creating a fraudulent pretext for engaging the U.S.A. in a new war in Iraq.”

Our *Feature* delves deeply into the historical identity of the Cheney faction, through the notable personality of Michael Ledeen, now of the American Enterprise Institute, lately of the Italian Propaganda Two freemasonic lodge, the “Temple Mount” Jerusalem plot, and other dirty intelligence operations. Ledeen’s embrace of “universal fascism” and the Venetian model of oligarchical social control, shows the conceptual long-term unity behind the Cheney fascist cabal. We also report Ledeen’s ties to ex-Pentagon analyst Larry Franklin, who has now pled guilty to crimes under Federal espionage laws; and we trace the history of LaRouche’s three-year campaign to bring Dick Cheney down. With the indictment of Libby, there isn’t anybody in Washington who has missed the fact that LaRouche was responsible. While others kept saying it was “impossible” to get Cheney out, LaRouche held firm, and came up with new flanking maneuvers to achieve victory.

Also of special note are our analysis of what’s going wrong with the so-called program to rebuild the Gulf states after Hurricane Katrina; Hillary Clinton’s call for an emergency summit to address the crisis in the automotive industry; and the interview on “The LaRouche Show” with Dr. Justin Frank, author of *Bush on the Couch*. Dr. Frank is known for his incisive profile of the anxiety-ridden President; here, members of the LaRouche Youth Movement draw him out further, notably on how to address similar mind-states among the population at large, those whom the LYM is attempting to organize.



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(Ledeen) EIRNS/Stuart Lewis

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**Correction:** Due to an editorial error, the article on pp. 38-40 of last week's *EIR*, about retired colonel Larry Wilkerson's Oct. 19 speech, was mistakenly titled "Top Republican Evokes Eisenhower, Blasts 'Cheney-Rumsfeld Cabal.'" Colonel Wilkerson is not a Republican Party figure, but a career professional in the military and then in the State Department.

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THE VERY UGLY TRUTH ABOUT MICHAEL LEDEEN

## The 'Universal Fascism' Behind the Cheney Cabal

by Jeffrey Steinberg

The awesome power of a free society committed to a single mission is something [our enemies] cannot imagine. . . . Our unexpectedly quick and impressive victory in Afghanistan is a prelude to a much broader war, which will in all likelihood transform the Middle East for at least a generation, and reshape the politics of many older countries around the world.

—From Michael Ledeen's book,  
*War Against the Terror Masters*

On March 10, 2003, in a revealing profile of President George Bush's political svengali, Karl Rove, the *Washington Post* reported that when the President's man needs advice on the war on terrorism or other national security matters, he turns to one man in particular: Michael Ledeen.

Ledeen told the *Post* that the two men met shortly after Bush's 2000 election. "He said, 'Anytime you have a good idea, tell me.'" Ledeen obliged, passing on faxes to Rove on a regular basis. According to the *Post*, "More than once, Ledeen has seen his ideas, faxed to Rove, become official policy or rhetoric."

Now, as Karl Rove sweats out the possibility of indictment in the Valerie Plame leak investigation, his Ledeen ties may come back to haunt him. And Rove is not alone. Ledeen, according to a wide range of American and Italian sources, has emerged as a central player in the intrigue of the century: the forging of Niger government documents and the use of those shoddy fakes by Vice President Dick Cheney and others, to shove the unjustified and disastrous Iraq War down the

throats of the U.S. Congress, the American people, and the United Nations, on the basis of the bogus claim that Saddam Hussein was on the verge of having a nuclear bomb.

In the wake of the Oct. 28 criminal indictment and resignation of Vice President Cheney's chief of staff and alter ego, I. Lewis "Scooter" Libby, for his role in the Plame leak, sources report that the Special Counsel probe will now enter an expanded new phase, focussed on more underlying issues of how the United States came into the Iraq War, and the specific role the Niger forgeries hoax played in that process. According to a variety of sources, confidential documents from an Italian parliamentary probe into the Niger hoax, have been recently provided to prosecutor Patrick Fitzgerald. Those documents reportedly name a number of American spooks, including Ledeen, as suspects in the hoax: former CIA "Iran-Contra" figure Duane Clarridge; former CIA Rome station chief Allan Wolfe; and Gen. Wayne Downing (USA-ret.), a longtime mentor of the Iraqi National Congress's leader Ahmed Chalabi.

The surfacing of Ledeen's name in the Niger affair sheds important light on the entire nature of what has been labelled "the Cheney-Rumsfeld Cabal," the network of permanent-war fanatics inside the Vice President's Office, the Pentagon, and other corners of the Bush Administration, and in a cluster of neo-conservative think-tanks in Washington, who brought the United States into war with Iraq, and who still, to this day, scheme for other perpetual wars in Southwest Asia, targeting Syria, Iran, Saudi Arabia, and Egypt—and in other parts of the world, as well.

## A ‘Universal Fascist’

Michael Ledeen is not your garden variety neo-conservative, who is typically a former Trotskyist-turned-right-wing “chicken-hawk.” While he certainly deserves the “chicken-hawk” label, his pedigree is that of a self-professed “universal fascist,” who preaches permanent revolution and counts early-20th-Century fascist Gabriele D’Annunzio, the subject of his doctoral dissertation, as one of his personal idols. As Lyndon LaRouche emphasized, it is Ledeen’s open embrace of “universal fascism” that provides a deeper insight into the true character of the Cheney Cabal as a whole.

Echoing the rhetoric of Mussolini and Hitler, Ledeen has written: “D’Annunzian political style—the politics of mass manipulation, the politics of myth and symbol—have become the norm in the modern world.”

In his book *Machiavelli on Modern Leadership*, Ledeen wrote: “To be an effective leader, the most prudent method is to ensure that your people are afraid of you. To instill that fear, you must demonstrate that those who attack you will not survive.”

In an insightful Oct. 10, 2004 profile in the *Boston Globe*, writers Jeet Heer and David Wagner quoted Ledeen from a 1999 *Society* magazine rant. Ledeen was then demanding the impeachment of President Bill Clinton: “New leaders with an iron will are required to root out the corruption and either reestablish a virtuous state, or to institute a new one. . . . If we bask in false security and drop our guard, the rot spreads, corrupting the entire society. Once that happens, only violent and extremely unpleasant methods can bring us back to virtue.”

Ledeen’s mentor in his late 1960s studies, Renzo de Felice, made the explicit link between Jacobinism and Fascism in his book *The Illuminati and Revolutionary Mysticism, 1789-1900*, writing, “There is something in common between my Jacobins and a certain kind of Fascism. . . . Fascism wanted to achieve the transformation of society and the individual . . . [toward] a new phase in the history of civilization.”

Ledeen launched his own career in neo-Fascist politics in Rome in 1975-77, when he taught history at the University of Rome, served as the Rome correspondent of *The New Republic*, and became involved with the secret Propaganda Two (P-2) Freemasonic Lodge, of wartime Nazi Licio Gelli. P-2 was behind a string of right-wing terrorist attacks and Fascist coup plots in Italy throughout the 1970s and early 1980s, known collectively as the “strategy of tension.”

When the Reagan Administration came into office in January 1981, Ledeen was brought on by Secretary of State Alexander Haig as his special advisor. When Haig was dumped from the Reagan Cabinet in 1982, Ledeen was brought into the National Security Council and the Department of Defense (1982-86) as a consultant. He played a central role in the great political scandal of that decade—the Iran-Contra affair. It was Ledeen who made the initial contact with Iranian arms dealer

and swindler, Manucher Ghorbanifar, which launched the arms-for-hostages scheme that nearly brought down the Reagan Presidency.

All the while, according to several former senior U.S. intelligence officials, Ledeen was on the payroll of the Italian military intelligence service, SISMI. Back in the late 1970s and early 80s, the SISMI boss was Gen. Giuseppi Santovito, a member of P-2.

## Rome Revisited

It was ostensibly his longstanding ties to Ghorbanifar that brought Ledeen back to Rome in December 2001. Ledeen, once again a Pentagon “consultant,” this time to Assistant Secretary of Defense for Policy Douglas Feith, was aggressively promoting regime change in Iraq and Iran. He claimed that his old colleague Ghorbanifar had vital intelligence to assist the United States in the high-priority “war on terrorism.” Ledeen spent three days in Rome, accompanied by two full-time Pentagon civilians—Harold Rhode of the Office of Net Assessments and Lawrence Franklin, the Iran desk officer in the Near East and South Asia policy shop. Franklin worked for Feith, and his immediate boss was William Luti, who had just arrived at the Pentagon from the Office of Vice President Cheney. Luti frequently boasted that he really worked for “Scooter,” a reference to the now fallen Lewis “Scooter” Libby.

Ledeen’s meetings with his two Pentagon colleagues and Ghorbanifar reportedly also involved SISMI head Nicolo Pollari and Italy’s Minister of Defense Antonio Martino. Ledeen and Martino were longtime associates, through the Jewish Institute for National Security Affairs (JINSA).

A different version of the meetings has appeared in the Italian daily newspaper *La Repubblica* recently. In a three-part series on the Niger hoax, published Oct. 24-26, 2005, reporters Carlo Bonnini and Giuseppe D’Avanzo reported that Ledeen’s meetings with Pollari centered on the Niger-Iraq allegations, which had first surfaced in mid-October 2001. According to this account, after being rebuffed by the Rome CIA Station Chief, Pollari, on the advice of Defense Minister Martino, sought to establish an intelligence channel between Rome and Washington via the “longtime friend of Italy,” Ledeen. The backdrop to the whole affair was the desire of Italy’s new Prime Minister, and alleged former P-2 Lodge member, Silvio Berlusconi, to build a “special relationship” with the new U.S. President, George W. Bush. Ledeen reportedly became a conduit of the Niger hoax into the White House Iraq Group, the Pentagon’s office of Special Plans, and Vice President Cheney.

With Special Counsel Fitzgerald now reportedly probing the Niger hoax, the truth about the whole Niger forgery affair could be unearthed. In the meantime, the more important task at hand is to unmask the true character of the Cheney Cabal, and the in-depth profile of the intriguer Michael Ledeen that follows is the best starting point for that understanding.

# Ledeen's Beloved 'Universal Fascism': Venetian War Against the Nation-State

by Allen and Rachel Douglas

Seeing Michael Ledeen named, in *La Repubblica*'s Oct. 25-27 "NigerGate, the Grand Deception" series, as a conduit of the now notorious fake documents used in launching the Iraq War, comes as no surprise. To anyone familiar with the career of neo-conservative propagandist and off-and-on U.S. government official Ledeen, and his campaigning for war with Iraq and, next, Iran, it would have been a shock had he *not* surfaced in that connection—especially since the venue of the forged documentation on Saddam Hussein's imagined search for yellowcake in Niger was Italy, Ledeen's old stomping ground.

As "Resident Scholar in the Freedom Chair" at the American Enterprise Institute, which is the neo-cons' Temple of Doom in Washington, D.C., Ledeen is well known for promoting the permanent war/permanent revolution policies of the recent period's "Cheney cabal."<sup>1</sup> Earlier, over the past quarter century, Ledeen was a protagonist of some of the most spectacular intelligence episodes of that era, including the Iran-Contra international gun- and drug-running cartel, and cover-ups on behalf of the perpetrators of the terrorism and assassinations that rocked Italy during the Strategy of Tension in the 1970s, including the 1978 assassination of Prime Minister Aldo Moro and the 1980 Bologna train station massacre.

All too often, the activities of Ledeen and the Cheney cabal are portrayed to the gullible as merely the expression of one among several factions within the U.S. government, or the intelligence community, or the Establishment as a whole. They profile themselves as super-patriots, or hard-liners against terrorism. And, since Project Democracy got going in the 1980s,<sup>2</sup> Ledeen talks in terms of worldwide "democratic revolution," language that likewise turns up in the scripts handed to George W. Bush to read.

But the writings and career of Michael Ledeen open the window onto what lies behind, and drives the Cheney clique. It is the Synarchy, exposed in the *Children of Satan* series of pamphlets, issued by the LaRouche in 2004 Presidential campaign committee last year.<sup>3</sup> It is a desire to eliminate mod-

ern nation-states, and any vestige of the real American System, from the face of the Earth, in favor of a financier-run, fascist world empire. Its roots are in Venice, the Venice where the descendants and other heirs of ancient Rome's self-destroyed oligarchy set up their system of usury, manipulation, and betrayal, attempting to perpetuate their wealth and power.

Ledeen is famous for his 1972 book, *Universal Fascism*.<sup>4</sup> By no means is he merely an academic who became enamored of an abstract notion, "universal fascism," and then "went into the field," so to speak, to implement it. Most everything in Ledeen's career and in his writings, from his early treatise on the Italian fascist Gabriele D'Annunzio to his ongoing conjured Ouija-board dialogues with deceased spy-master James Jesus Angleton, through which Ledeen presents his regime-change-for-Iran campaign and other schemes in *The National Review Online*, marks him as a classic *operative* of the Venetian type: a skinnier version of Parvus, a century later.<sup>5</sup>

An American patriotic intelligence officer in the first decades of our Republic—say, James Fenimore Cooper, whose 1831 novel *The Bravo* cut right to the heart of Venetian intelligence operations—would not have missed what we were dealing with in Ledeen. But the ability to discern a British or Venetian operation, alien to the heart and soul of the United States of America, was attenuated over time, as some of Britain's imperial operations to take back its former colonies by subversion from within, succeeded, especially after the assassination of Abraham Lincoln.<sup>6</sup> By the middle of the 20th Century, a Synarchist banker, Allen Dulles, was able to incorporate defeated fascists into NATO and related American intelligence networks in the post-World War II period.<sup>7</sup> And in the late 20th Century, Roy Godson could organize a project called "Intelligence Requirements for the '80s," which launched an intensified campaign to revamp U.S. intelligence

4. Michael Arthur Ledeen, *Universal Fascism* (New York: Howard Fertig, 1972).

5. On Alexander Helphand (Parvus), see Note 1.

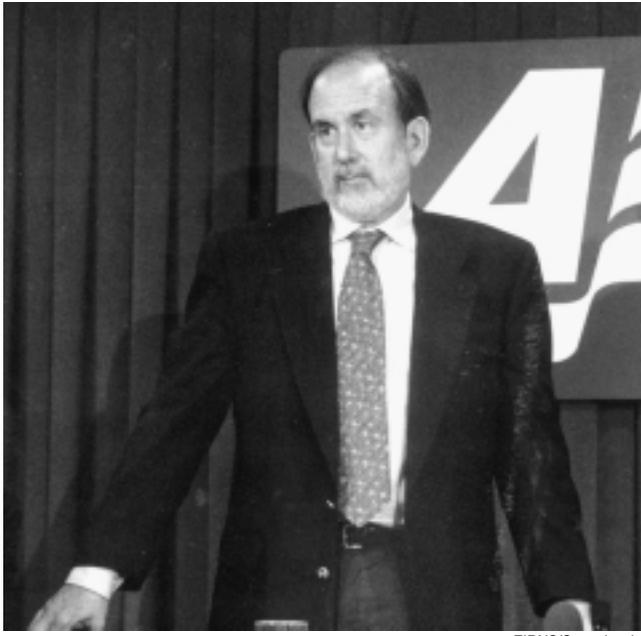
6. Lyndon LaRouche, "A Strategic View of European History Today: Globalization, the New Imperialism," *EIR*, Oct. 28, 2005.

7. Allen Douglas, "Italy's Black Prince: Terror War Against the Nation-State," *EIR*, Feb. 4, 2005.

1. "Cheney Revives Parvus 'Permanent War' Madness," *EIR*, Sept. 23, 2005.

2. *Project Democracy: The 'Parallel Government' Behind The Iran-Contra Affair* (*EIR* Special Report: April 1987).

3. Issued in book form as *Children of Satan* (Lyndon LaRouche PAC: August 2004).



EIRNS/Stuart Lewis

*Michael Ledeen, who saw the American Constitution as a betrayal of the American Revolution, expressed his fascination with fascism, which would “sweep away . . . the decadence of Western civilization in its nationalist and capitalist aspects, as well as in its most ancient and solemn one, Christianity.”*

along the lines of imperial Venice.

Michael Ledeen was a contributor to one of the books that came out of Godson’s circles, *Hydra of Carnage*, in which Prof. Adda Bozeman wrote, “Since the mind of Venice seems reincarnated in the minds of the editors of this volume, and since the position of Venice in the world environment from the Thirteenth to about the Seventeenth Century is not unlike that of the United States today, I do not hesitate to follow some Venetian guidelines.”<sup>8</sup> These currents in American intelligence and national policy, which Ledeen distills in their relatively purest form, are a noxious import, alien to the founding principles of our Republic!

We can look at them in more depth, through the writings of Michael Ledeen and “where he’s coming from”—Venice.

### *Fascismo Universale*

From his student days at the University of Wisconsin in the early 1960s, Ledeen was picked up and sponsored by Anglo-Venetian financier circles, some of the very men, or their next-generation heirs, who had launched World War I and organized the fascist regimes that followed. Prof. George Mosse, who mentored Ledeen at Wisconsin (but later maintained that his pupil had gone overboard in his embrace

of the fascist dictator Benito Mussolini), directed him to Italy in 1965, where he was adopted by two senior figures. One was Renzo De Felice, dean of postwar “universal fascism” studies, and the other was Count Vittorio Cini, former Minister of Communications in Mussolini’s wartime cabinet. The fabulously wealthy Cini, a top-ranking Venetian oligarch (founder of the Cini Foundation), had been an intimate, a self-described “fraternal friend,” of Count Giuseppe Volpi di Misurata, head of the “Venetian group” in Italian politics and industry, who was Mussolini’s Finance Minister in 1925-27, and the real architect of the Mussolini regime.

To assist Ledeen in his studies of fascism, Cini and De Felice opened the doors for him to the freemasonic archives in Rome and Venice, archives that have a security-clearance system tighter than that of many governments.

Under this patronage and out of these studies, Ledeen authored or co-authored articles and books that promoted a revival of fascism, but in a new, improved form. “It does not seem unreasonable to argue that fascism contained potentialities and that it might well have developed in another direction” (than Mussolini’s “foreign adventures” and alliance with Hitler), Ledeen wrote in *Universal Fascism*. That book was named after a tendency in 1920s fascist Italy called *fascismo universale*, whose adherents made certain criticisms of Mussolini. Giuseppe Bottai and other of the “young fascist intellectuals,” lionized by Ledeen in his book, had been sponsored by Count Cini, like Ledeen himself, only several decades earlier; the Cini Foundation’s own glowing biography of its founder tells how in the 1930s “Cini established contacts with various elements oriented towards ‘dissidence’ within Fascism.”

The new, universal fascism would return to its revolutionary roots, shorn of the limiting, nationalistic elements of the Mussolini, Hitler, or Franco regimes. The essence of fascism, the creation of an entirely new man in a crucible of endless war and revolution, had been “betrayed” by these nationalist fascisms, but what the movement should have become, could be seen in earlier experiments, such as the French Revolution’s Terror. In this argument, readers of *Children of Satan* will recognize the Synarchists’ “Beast-man” project, rooted in the militarist Martinist freemasonic cult of the Jacobin Terror and Napoleon’s dictatorship.

In the introduction to *Fascism: An Informal Introduction to Its Theory and Practice*,<sup>9</sup> a joint composition, consisting of an interview of De Felice by Ledeen, Ledeen wrote, “Renzo De Felice has been called everything from ‘soft on Mussolini’ to ‘depraved’ and has been accused of trying to ‘rehabilitate fascism.’ . . . De Felice claims that the Fascist movement was linked to a Western radical tradition going back to the days of the Terror of the French Revolution. Fascism, he argues,

8. Adda Bozeman, “Political Warfare in Totalitarian and Traditional Societies: A Comparison,” in Uri Ra’an, et al., *Hydra of Carnage: International Linkages of Terrorism* (Lexington Books, 1986).

9. Renzo De Felice and Michael Arthur Ledeen, *Fascism: An Informal Introduction to Its Theory and Practice* (New Brunswick, N.J.: Transaction Books, 1976).



Count Vittorio Cini, a Venetian oligarch and former minister in Mussolini's Cabinet, opened the doors for Ledeen to the ultra-secret freemasonic archives in Rome and Venice.

contains both a well defined theory of human progress and a conception of the popular will that ties it to the extremist Rousseauvian themes of the Terror and the 'totalitarian democracy' that it spawned."

In *The Illuminati and Revolutionary Mysticism, 1789-1900*, De Felice had traced fascism to the freemasonic lodges that organized the Jacobins in the 1789 French Revolution. De Felice neglected to mention some essentials, such as British Lord Shelburne's sponsorship of those Martinist lodges, which was aimed at preventing the American Revolution from spreading to France, our ally during the just-concluded Revolutionary War. But he captured other essentials, saying that fascism was, and is, a "revolutionary phenomenon," aimed at overthrowing all nation-states. Therefore he called the fascist regimes of the mid-20th Century inter-war period a "betrayed revolution." In the interview book with Ledeen, De Felice argued for permanent revolution:

**De Felice:** "But all revolutions have been betrayed. . . . Trotsky wrote *The Revolution Betrayed*."

**Ledeen:** "Just as the American Constitution betrayed the American Revolution."

**De Felice:** "Exactly."

De Felice trumpeted his support for the truly Satanic Martinist credo of endless violence and terror, the credo of the Beast-man: "I have always had a certain taste, a psychological and human interest in a particular kind of personality that is both cold-blooded and Luciferian. There is something in common between my Jacobins and a certain kind of Fascism" (from *The Illuminati and Revolutionary Mysticism, 1789-1900*).

De Felice thought that while, "Twenty or thirty years ago, fascism was too recent an experience, it was still too hot a subject, and an objective, scientific analysis was impossible," now (in the 1970s) fascism could be appreciated as a "revolutionary phenomenon," which, if returned to its roots, could usher in "a new phase in the history of civilization." Elsewhere in the *Fascism* book, Ledeen expressed his fascination with "the act of destruction which would precede the flowering of the new fascist hegemony," and would "sweep away the . . . dross of Western civilization, . . . the decadence of Western civilization in its nationalist and capitalist aspects, as well as in its most ancient and solemn one, Christianity."

De Felice and Ledeen both harped on the need to study the early, revolutionary days of fascism, in order to comprehend the true, universal fascist spirit. In illustration, Ledeen wrote his 1975 book, *D'Annunzio, the First Duce*, a glorification of the first 20-Century experiment in fascist government, led by Italian poet and war hero Gabriele D'Annunzio, who took over the Adriatic Sea port city of Fiume (today Rijeka, Croatia) in 1919 and ruled it as a corporate state for a year and a half. Fiume served as a model and inspiration for Mussolini. Italian fascist trademarks like the raised-arm salute, black shirts and fezzes, and force-feeding of castor oil to torture or kill opponents, were pioneered in D'Annunzio's Fiume. The sponsors of D'Annunzio's Fiume adventure, such as Volpi and his associates, subsequently created the Mussolini regime, beginning with Mussolini's "march on Rome" in 1922.

Ledeen glowed with enthusiasm for D'Annunzio's attempt to create the "new man" of fascism, and for his Dionysian call to destroy the cultural and philosophical underpinnings of nation-states:

"The revolt headed by D'Annunzio was directed against the old European order, and was actualized on behalf of the creativity and virility of youth, which was supposed to give birth to a new world, modeled on the image of its creators. The essence of such a revolution was liberation of the human personality, what can be called the 'radicalization' of the masses. . . . It was the ability of D'Annunzio to convince his own followers that they belonged to a spiritually 'higher' reign that made him such a powerful and important political phenomenon."

D'Annunzio argued that the spirit of this Nietzschean superman was the ancient god Dionysus, and that the purpose of a Dionysian, fascist world order was to destroy the image of Prometheus, which had animated mankind since before Classical Greece. Thus, to appreciate what Ledeen and the Cheney cabal intend for civilization today, we begin with the Fiume experiment. The road from Fiume, in turn, leads deep into the bowels of Venice, where the Anglo-Dutch model of imperial financier rule, born there in opposition to the 15th-Century Golden Renaissance, continued to flourish in the period of the fascism so admired by Ledeen.



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*Venice's imperial symbol of the winged lion has its origins in the cults of ancient Babylon. On the left is a Babylonian engraving; on the right, a statue in Venice.*

### **Fiume: Dionysius vs. Prometheus**

For an understanding of Fiume, we must raise the curtain on the stage where Synarchist financial and industrial circles operated in turn-of-the-century (19th to 20th) Europe. Walter Rathenau, chairman of Allgemeine Elektrizitäts-Gesellschaft (AEG) and a business partner of Volpi, put it this way in 1909: “Three hundred men, all of whom know one another, direct the economic destiny of Europe and choose their successors among themselves.”<sup>10</sup>

The Synarchist syndicate included a group of Venetian financiers, centered around Count Piero Foscari, member of an old dogal family (one of those from which, in earlier times, Venice's top oligarch, the Doge, used to be drawn). The Venetian group's chief public figure was Giuseppe Volpi—financier, industrial magnate and freemasonic leader.<sup>11</sup>

By 1905, Volpi held a commanding position in Italy's electricity industry, among many other endeavors. With financing from Giuseppe Toeplitz, head of the Venice branch of the Synarchist Banca Commerciale Italiana (BCI), Volpi and his associate Dannie Heinemann attempted to create a worldwide electricity cartel. Heinemann controlled the most powerful South American electricity trust, as well as the famous Barcelona Traction, Light and Power (later taken over by Juan March, model for the “shepherd boy” assassin character in Robert Ludlum's novel *The Matarese Circle*). Later, in 1922, Heinemann would be the single largest funder of Count

Coudenhove-Kalergi's fascist Pan-Europa Union at its founding. BCI itself had been created under agreements struck by Italian Prime Minister and freemasonic grandmaster Francesco Crispi with other of Europe's most powerful banks.

This Europe-wide financier cartel sponsored freemasonic lodges all across the continent, and in the Balkans and the Ottoman Empire, following the tradition of financier-sponsored freemasonry, established in 16th-Century Venice. The official international head of freemasonry in the last decades of the Nineteenth Century, until his death in 1910, was the Prince of Wales, later Edward VII, who was also the chief architect of World War I. He oversaw a theosophical, Luciferian turn in established Masonry and related societies, typified by the 1884 founding of the Quatuor Coronati lodge, which sponsored the Satanist Aleister Crowley, and by the activities of Madame Blavatsky, Bertrand Russell, and H.G. Wells.

Volpi's group, too, was directed by Edward VII, and was in the middle of all the freemasonic revolutions and assassinations in the Balkans and Istanbul, which were crucial in igniting World War I. Another top leader in Italian freemasonry was BCI's Toeplitz, the major financier to back D'Annunzio's Fiume project. Toeplitz's son described his father's bank: “By the time of World War I, Papa had brought the bank to a solid position in Italy, with the creation of a vast network of branches in the Balkans, Turkey, Egypt, France, London, South America and the U.S., and had put it on a level with the outstanding banks of the world.” From the turn of the century, BCI took control of most of the Italian electrical, steel, shipbuilding, and chemicals industries. Toeplitz hosted a famous salon in Venice, which was frequented by Contessa Anna Morosini, the “uncrowned Queen of Venice,” at whose palazzo the yacht of Kaiser Wilhelm II was often moored.

Through Toeplitz, in particular, BCI was synonymous with Martinist freemasonry. (Later, after World War II, the infamous Propaganda Due, or P-2, lodge would be founded on its premises.) Before converting to Catholicism, Toeplitz had been associated with the Donmeh cult, whose members

10. The industrialist Rathenau, an architect of the April 10, 1922 Rapallo Treaty between Germany and Russia, was assassinated on July 24, 1922. The banking oligarchy feared the Rapallo Treaty for its potential to undercut their own Treaty of Versailles, which had set the stage for the looting of Germany, the emergence of fascist regimes in Europe, and, ultimately, World War II. Rathenau was in the middle of the Synarchy, but not “of it.” The Synarchy does not forgive those, like President Franklin Delano Roosevelt, whom they view as traitors to their class. See Lyndon LaRouche, “Remember Walter Rathenau,” *EIR*, June 17, 2005.

11. Allen and Rachel Douglas, *The Roots of the Trust* (unpublished research report, *EIR*: 1987).

were followers of Sabbatai Zvi, the Venetian Levant company's Jewish agent in the Ottoman Empire, notorious as a "false messiah" at the time of his death in 1676. Zvi's associates were given a choice: convert to Islam, or be put to the sword. Among those who converted, many took on "Turkish/Islamic" coloring on the outside, but remained "Jewish" on the inside. In reality they were neither Islamic nor Jewish, but constituted a gnostic cult that believed salvation could only be obtained through the most heinous of sins. The freemasonic Donmehs were at the core of the Young Turk movement, which seized power in the Ottoman Empire in 1908, and they were closely associated with D'Annunzio and his Fiume project.

As a freemason, a hero of World War I, and a Classically trained, but Satanic poet, D'Annunzio was chosen by the Venetian group to lead the first fascist experiment after the war. He was a member of a Martinist Masonic lodge, with the pseudonym "Ariel" and the Masonic degree of *Superiore Incognito* ("Higher Unknown").<sup>12</sup> The Martinist rites are founded upon "magic violence" and a belief in "progress" through torture, death, and destruction, as specified by the leading early 19th-Century Martinist, Count Joseph de Maistre, and otherwise exemplified by the Martinist-led French Terror and Napoleon.

The titles of D'Annunzio's works exude the Martinist death cult: *Triumph of Death*, *Contemplation of Death*, and *The Innocent*, which glorifies a man who kills his wife. D'Annunzio had received a Jesuit education, early on revealing the philosophical bent of his later years, according to a report from one of his priests: "When somebody speaks of God with him he goes mad. . . . He said that God created man to make him suffer." Already as a young poet, he wrote that he aimed to exalt the senses of man, and to "destroy the ancient Classicism." The cultural circles in which D'Annunzio travelled worshipped Nature, Love, Blood, and the Earth.

The chief characters in his Nietzschean books were always modelled on himself. In a work called "Praise Be to the Heaven, to the Sea, to the Earth and to the Heroes," D'Annunzio developed a theme that would run through all his efforts, namely that technology and progress are evil, while the ancient values associated with Zeus must be revived. In poetic form, he told of a young poet who goes to Greece to discover the "ancient values." On a peak during a thunderstorm, he invokes Zeus, who tells him to be an apostle for the truth. Confused, the poet asks Zeus what he means. Zeus replies that he must celebrate the cult of Dionysus in all



*Gabriel D'Annunzio, glorified by Ledeen, led the first 20th-Century experiment in fascism, avowing that the purpose of a Dionysian, fascist world order was to destroy the image of Prometheus.*

his poetry, and that only through the submission of man to Dionysus, will Zeus again become Lord of the Earth. This will mean the end of history, and, specifically, the obliteration of even the very notion of a Platonic "idea."

This was the D'Annunzio, whose takeover of Fiume in 1919-1920 Ledeen hailed as "in many ways a great success."

### **Mussolini, Volpi, and Martinist Corporativism**

Michael Ledeen's books do not stress economics, opting rather for an emphasis on the "new," the "heroic," and the "virile" in the fascist political ideologies. Let it never be forgotten, however, that these agendas were attached to an underlying one, according to which corporatist social organization should serve the ultimate interests of an oligarchical bankers' dictatorship.

Working primarily through Volpi, the London-centered international Synarchist cartel financed Mussolini's seizure of power, once again under the ideology of Martinism. As outlined by the late 19th-Century French Martinist Saint-Yves d'Alveydre, the organization of society must be corporatist, in order to prevent the relationship of employer and employee from being that of "oppressor and oppressed." Saint Yves proposed to set up corporatist councils to represent the people and advise governments, as the kernel of Martinism. Under Volpi's direction, from his position in the ruling Grand Council of Fascism, then as Finance Minister, and finally as head of the Fascist Confederation of Industrialists, this is precisely what Mussolini did. For good measure, he adopted the fasces, the Roman axe, as the symbol to signify his regime as a rebirth of the Roman Empire in the new, fascist form.

Volpi, in a typical speech from 1937, when he was head

12. Gastone Ventura, *Tutti gli uomini del martinismo (All the Men of Martinism)* (Edizioni Atenor, 1978).

of the Fascist Confederation of Industrialists, repeated the Martinist credo:

“Comrades, Ladies and Gentlemen:

“. . . We must nevertheless refer briefly to the foundations on which our economic growth is based. Of these the most important is the corporative organization now universally recognized at the most characteristic achievement of the Fascist regime.

“ ‘Corporatio’ is an old Latin word, but the Fascist ‘corporation’ is something radically different from that known to the ancients, which was a trade society formed for strengthening and protecting its members, quite regardless of any collective interest. The Fascist corporation is profoundly different, for it brings together all the factors engaged in production, conciliating class interests within each branch of industry and the interests of the several branches within the nation. . . . Thus, side by side with the activities assigned them by law, the corporations perform a most valuable work of persuasion and education among the producing classes, they create a moral atmosphere, and form and strengthen in each and all that corporative mentality which is essential to make regulations effective. . . .

“The reform of the Chamber of Deputies and the formation of the Chamber of the Fasci and the Corporations, as approved by the Grand Fascist Council, will insert the corporations in the legislative machinery of the State, increasing their legislative powers and heightening their political and constitutional prestige.”

The Fiume and Mussolini experiments give some sense of what Ledeen is promoting. Their sponsors also launched Europe into its bloodiest wars, World War I and World War II.

## Volpi Helps Prepare World War I

In the first two decades of the 20th Century, the BCI-centered Venetian group around Volpi and Foscarini was most active in the Balkan powder keg, which would detonate World War I. These Balkan-centered Venetian activities are usually left out of the history books, which is like omitting Michael Ledeen from the story of how the Cheney cabal unleashed its “permanent war” policy at the outset of the 21st Century.

A vignette reported by the British Labour Party figure, C.H. Norman, testifies that the British, French, and Venetian freemasons’ agenda was world war. “Somewhere about the year 1906,” Norman wrote, “I was invited to attend a meeting of Englishmen for the purpose of discussing a proposal to form an English Lodge of the Grand Orient. . . . The Lodge was ‘to be engaged in propaganda on behalf of the Entente Cordiale.’ . . . With this apparently innocent object I found myself in sympathy. But, nevertheless, I decided to discover whether it was all its benevolent programme intended. To my astonishment I found the Grand Orient was about to embark upon a vast political scheme in alliance with the Russian Okhrana, which could only be brought to fruition



Count Giuseppe Volpi di Misurata, head of the “Venetian group” in Italian politics and industry, was Mussolini’s Finance Minister. He emphasized that corporatist economic organization was “the most characteristic achievement of the Fascist regime.”

by a terrible European War.”<sup>13</sup>

Giuseppe Volpi established his main base of operations in the Balkans in the tiny principality of Montenegro, which had for centuries had been a Venetian fiefdom on the eastern shore of the Adriatic. In the words of one of Volpi’s biographers, “. . . in a few years, from 1903 to 1909, he transformed Montenegro into a real Venetian colony, with all the characteristics of the epoch in which the procurators of the Republic used to recruit crews for the ships and groups for the garrisons on *terra firma*.”<sup>14</sup>

From Montenegro, Volpi oversaw the 1903 coup in Serbia, in which King Alexander and Queen Draga of the Obrenovic Dynasty were assassinated, and the pan-Slavist, anti-Austrian Karageorgovic Dynasty came to power. Volpi even went to work in the new Serbian regime, becoming Serbia’s vice-consul in Venice. With good reason, “Vienna

13. M. Edith Durham, *The Sarajevo Crime* (London: George Allen & Unwin, Ltd.: 1925).

14. Fabrizio Sarazani, *L’Ultimo Doge: Vita di Giuseppe Volpi di Misurata* (Milan: Edizioni del Borghese: 1972), p. 40.

followed the Venetian's actions with suspicion."<sup>15</sup> Aside from the 1908 Young Turks' coup, the 1903 coup in Serbia was the single most important event in the Balkans before World War I. It set the stage for the Balkan Wars of 1912-13 and the June 1914 assassination of Austro-Hungarian Archduke Ferdinand in Sarajevo. The Serbian intelligence operative Col. Dragutin Dmitrievich-Apis was effectively Volpi's agent in the 1903 assassination. In 1914, Apis coordinated the assassination at Sarajevo.

The Young Turks' coup was recounted in our recent article.<sup>16</sup> Most important, in the present context, is that the core "Young Turks" came from the Venice-generated Donmeh cult, as did Volpi's financial wizard, Toeplitz. This Donmeh lineage of the Young Turks was captured by one British intelligence operative, who complained, "Every time I go to meet with the Young Turks, I get fobbed off on an old Jew." The "old Jew" was the business partner of a freemasonic co-conspirator of both Volpi and Parvus, grain trader Emmanuel Carasso. Volpi himself was present at the Ottoman Bank in Istanbul, when the Young Turks' coup took place, opening wide new avenues for his business and political intrigues in the Balkans. His representative in Istanbul, Bernardino Nogara, would later become the top controller of Vatican finances, in the wake of the 1929 Concordat between the Vatican and Mussolini; later, some of Nogara's protégés were leading figures in the P-2 lodge.

Volpi's Montenegro operations gave him leverage into Russia. The Venetians owned Montenegro's King Nicholas and debt-encumbered playboy Crown Prince Danilo, lock, stock and barrel, having extended numerous loans to them when their credit with other lenders was in ruins. King Nicholas was called "the father-in-law of Europe." One of his daughters had married King Emmanuel III of Italy, while two others married Russian grand dukes. These were the "Montenegrin princesses," who became notorious at the Russian court, for their role in the fall of the Tsar. As confidantes of Tsarina Alexandra, the Montenegrin princesses orchestrated an endless parade of freemasonic weirdoes, mystics, and holy rollers through the palace. Among the latter was the notorious Martinist leader and spiritist, Papus, whom the Montenegrins then supplanted with Rasputin. Montenegrin Princess Anastasia's husband, the Grand Duke Nikolai Nikolayevich, was a leading figure in the "war party" within Russia: he promoted the Balkan Wars of 1912-13, okayed the Sarajevo assassination of 1914, commanded Russian forces during the first, disastrous year of World War I, and then went on to head the exile wing of the British/Soviet intelligence operation called the Trust, after the war and revolutions he had done so much to unleash.

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15. *Ibid.*

16. See Note 1.

Another of Volpi's interlocutors in Montenegro was General N.M. Potapov, the Russian military attaché there in 1903-14. Potapov trained the Montenegrin Army, which had a role to play in the Balkan Wars, and then provided financing and training for the freemasonic assassins of Archduke Ferdinand. When World War I broke out, Potapov was promoted from the apparent backwater posting in Montenegro, to become Quartermaster of the Russian Army and then chief of Russian military intelligence. After the Bolshevik Revolution, he led purges of the Tsarist military apparatus, then became the first Soviet Red Army Chief of Staff, and military head of the Trust.

Rounding out the Balkans picture, Volpi and the Venetian/Sicilian mafia that dominated Italian foreign policy fueled the Italo-Turkish War of 1911, which fed into the Balkan Wars the next year.

## Ledeen and SISMI

The faked "Niger yellowcake" documents came through SISMI, the Italian military intelligence agency, where Michael Ledeen's ties go way back.

World War II, the climax of London's and the Volpi group's war and fascism projects, had not even ended, when Allen and John Foster Dulles and their operatives in the U.S. intelligence and the military—people like Ledeen's future séance interlocutor James Jesus Angleton—started to revive fascism, in its non-nationalist, "universal" form.

Angleton inherited the contacts of his father, Hugh Angleton, a businessman based in Italy in the 1920s and 1930s, and an intimate of the Mussolini regime. James Jesus Angleton was in charge of most U.S. intelligence operations in Italy, from the second half of World War II, through his sacking as CIA counterintelligence chief by Director of Central Intelligence William Colby in 1974. He was involved in the implantation of an extensive fascist network within Italy's military and intelligence organizations, an apparatus later subsumed into the P-2 freemasonic lodge, which was reinvigorated around 1970. These Angleton people, with backing from Synarchist networks inside NATO, were to be instrumental in launching the terrorism of the Strategy of Tension in Italy, from the late 1960s through 1980, and then in cover-ups to conceal its mechanisms.<sup>17</sup>

One of Angleton's key operatives, already during World War II, was Valerio Borghese, the "Black Prince," who was to lead a pro-fascist coup in 1970. Angleton reportedly travelled to Italy for the occasion. The biographers of Borghese describe his concept of universal fascism, entailing plans for a Europe free of nation-states, but unified under NATO or

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17. Claudio Celani, "Strategy of Tension: The Case of Italy," in *The Synarchist Resurgence Behind the Madrid Train Bombing of March 11, 2004* (LaRouche in 2004: June 2004), provides an overview of the terrorism and cover-ups in Italy's Strategy of Tension.

other pan-European bodies: “Fascism in the postwar era was different from its pre-war variety. Although it had splintered into many different factions, it had two powerful drives. One was that it was anti-communist. It was this element that made Borghese acceptable to the mainstream parties and national secret services. He was ultimately pro-NATO, as was the rest of this wing of fascism. The other one was the realization that in the postwar environment no single European nation could stand up to the two superpowers, and hence, that *Europe* would be a third force. That is, Europe would be ‘opposed to the twin imperialisms of international communism and international finance capitalism, both of which were perceived as being materialistic, exploitative, dehumanizing.’ . . . It was from this faction, too, that many of the acts of terrorism of the ‘Black International’ sprung.”<sup>18</sup> (Emphasis in original.)

Federico D’Amato, head of the secret UAR section of the Italian Interior Ministry, was another of Angleton’s recruits. He let Borghese’s men into Interior Ministry buildings to seize weapons, on the night of the 1970 coup attempt.

It was into these Angleton networks, and not only into the boardroom/drawing room circuit of Count Cini, that Michael Ledeen stepped in 1965. Two decades later, Italian intelligence insiders would give testimony that points to Ledeen as the inheritor of Angleton’s machine.

D’Amato testified in 1986 that, as of 1980, he had already known Ledeen “for many years.” Available evidence shows Ledeen as highly active in Italy between the mid-1970s and at least 1982. Among his top contacts in that period, according to their own testimony, were D’Amato and businessman Francesco Pazienza, a P-2 member. According to many accounts, P-2 boss Licio Gelli was another.

That was the time period that saw the kidnapping of Aldo Moro on March 16, 1978 (and his subsequent murder), just as his long-standing goal of a broad-based, stable government with the support of the Italian Communist Party (PCI) was about to be achieved; the Aug. 2, 1980 “Bologna Massacre” train station bombing, in which 85 people died; the assassination attempt against Pope John Paul II on May 13, 1981; and the demise of P-2 banker Roberto Calvi, who turned up dead, hanging from the Blackfriar Bridge in London on June 17, 1982, evidently the victim of attempts to cover up P-2’s financial activities.

Again and again, Italian magistrates, and the witnesses testifying before them, mentioned Ledeen as on the scene to “spin” these events.

Pazienza testified to a hands-on role of Ledeen. The two had worked together since 1978. Magistrates who judged the Bologna train station bombing case, and the role therein of P-2 and its SISMI and other assets, found that Ledeen had

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18. Jack Greene and Alessandro Massignani, *The Black Price and The Sea Devils: The Story of Valerio Borghese and the Elite Units of the Decima Mas* (Cambridge, Mass.: Da Capo Press: 2004).

first introduced Pazienza into SISMI, where he rose to a top leadership position. P-2, meanwhile, controlled much of SISMI itself, but also operated what Italian officials called a Supersismi, or sometimes “the parallel SISMI,” which went beyond the formal organs of the SISMI proper. On trial in 1986-88 for spreading false versions to conceal the real authors of the Bologna massacre, Pazienza testified:

“The Supersismi was not a structure, but a kind of organization. I was called to collaborate with SISMI in January 1980. . . . I cannot name the names of my collaborators [in the Supersismi], but given that one name has already come out, I have no problem in saying that among them was Michael Ledeen, who was there even before I arrived, and continues to collaborate with the service—so much so, that I came to know with absolute certainty that, in 1985, he was receiving all the investigative-judicial material concerning the investigation for the attempt against the Pope.”<sup>19</sup>

The Italian investigations found that the cover-up of the Bologna massacre’s authorship was orchestrated through P-2 and its assets in SISMI (and elsewhere). P-2 boss Gelli and Ledeen’s agent Pazienza were both sentenced for their roles. Magistrates at the Bologna trial stated that “Pazienza’s position inside SISMI was of absolute prominence. . . . He was in charge of contact with agents. Among them was the American agent Michael Ledeen..”

## The Temple Mount Plot

The ongoing plot to blow up the Dome of the Rock mosque atop Haram Al Sharif (Temple Mount) in Jerusalem, if it came to fruition, would trigger religious warfare on an incalculable worldwide scale. The footprints of old Venice and its associated highest, Satanic levels of international freemasonry are all over the project. So it was fitting that a very close associate of Michael Ledeen, his wife, figured in this picture.

*EIR* investigators of the Temple Mount plot discovered three principal protagonists in 1982-83, aside from the Christian and Jewish fundamentalist networks who hoped to trigger the Battle of Armageddon and usher in the Messianic age. The three were Edoardo Recanati, who was buying up land for the purpose of resettling Palestinian East Jerusalem with Jewish fundamentalists; Barbara Ledeen, working as an editor at the *Biblical Archeology Review (BAR)*, who exclaimed about the plan to rebuild Solomon’s Temple (right where the mosque now stands), “That’s my baby!”; and Dr. Asher Kaufman of the elite Quatuor Coronati Lodge in London, the “research lodge” of world freemasonry. As the investigation unfolded, a source close to Recanati confirmed that Eduardo “was from an old Venetian banking family, but he doesn’t want to talk about it.” (Members of the Recanati family were

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19. See Note 2.



*The Dome of the Rock in Jerusalem, one of Islam's holiest shrines. Michael Ledeen and his wife, Barbara, have been propagandists for the ongoing "Temple Mount" plot to blow up the Dome of the Rock and trigger religious warfare throughout the Muslim world.*

leading freemasons in Volpi's Salonica circles before World War I.) The physicist Kaufman, it emerged, had been sent to Jerusalem on behalf of Quatuor Coronati, by one of Quatuor Coronati's top figures, Dr. T.E. Allibone, a senior figure in the Royal Society and one of Britain's preeminent nuclear physicists, who served for 30 years as the "Lord of the Manor" of Britain's top-secret Aldermaston nuclear-weapons lab.

Soon after *EIR* blew the whistle on the plot, *BAR* fired Barbara Ledeen. Michael co-authored a *New Republic* article with her, to justify their involvement in the plot.<sup>20</sup>

In the mid-1990s, *EIR* received warnings of a reinvigorated plot to rebuild Solomon's Temple. New investigations led to two men: Spencer "Spenny" Douglas David Compton, Seventh Marquess of Northampton and day-to-day head of the United Grand Lodge of England (UGLE, world freemasonry's "mother lodge") on behalf of its Grand Master, the Royal Family's Duke of Kent, and Prof. Giuliano di Bernardo, whom the UGLE and Northampton sponsored to found a new Italian grand lodge after the P-2 debacle. Di Bernardo, who socializes with Northampton on the canals of Venice, published his book *Rebuilding the Temple* (in Italian) in 1996. He has proclaimed that "the rebuilding of the Temple is at the center of our studies," while his lodge has held freemasonic

20. Barbara and Michael Ledeen, "What Do Christian and Jewish Fundamentalists Have in Common? The Temple Mount plot," *The New Republic*, June 18, 1984.

ceremonies in the Grotto of King Solomon, adjacent to the Temple Mount.<sup>21</sup>

## Venice and the Neo-Cons

Adda Bozeman's eagerness "to follow some Venetian guidelines," quoted at the beginning of this article, dramatizes how alive the Venetian imperial tradition is in the minds of Michael Ledeen and his neo-con friends.

In her writings in favor of introducing Venetian methods into U.S. practice, Bozeman went on to advocate the use of "other agencies" than nation-states, because in a post nation-state era, these would be more relevant for effective intelligence warfare, just as they were for the Byzantine, Venetian, or other empires. These "other agencies" were to include certain Shiite brotherhoods, religious cults of all kinds, and other formations typical of the "pre-Western culture of major sections of the world, particularly the Middle East and Asia."

Ledeen agrees with her on those Venetian methods. There was a scandal in

1986, when William Phillips chose Ledeen to write a manifesto-like article on "the meaning of National Interests" for *Partisan Review*. Even that publication's communists-turned-right-wingers revolted against Ledeen's naked arguments that democracy was passé, that there was a need for "breaking the law from time to time," and that changes were needed in the law that "prohibits American officials from working with murderers" and in the "executive order, dating from 1975, prohibiting any official of the American government to conduct, order, encourage, or facilitate assassinations." Ledeen said that Congress could not be trusted on such matters, since Congressional oversight would inhibit "those few persons who are seeking to advance the national interest of the United States." Thus Ledeen foreshadowed the Cheney cabal's more recent attempt to twist Sen. John McCain's arm to exempt the CIA from McCain's amendment, drafted after Guantanamo and Abu Ghraib, to forbid the United States from conducting torture.

Warned Ledeen, "One cannot conduct foreign policy with more than 500 secretaries of state." Clearly an un-American system of rule by "those few persons," closed oligarchical committees running policy in secret behind the scenes, like the Venetian Council of Ten, would suit Ledeen better.

21. *Who Is Sparking a Religious War In the Middle East?* (*EIR* Special Report: December 2000).

# Franklin, Ledeen, and The Pollard II Case

by Michele Steinberg

On Oct. 5, 2005, in Alexandria, Virginia, U.S. Attorney Paul McNulty announced that Defense Department official Larry Franklin had pled guilty to crimes under Federal espionage laws, and that his office would continue to “press forward in the prosecution of the remaining defendants,” Steven J. Rosen and Keith Weissman, the two spies for the American Israel Public Affairs Committee (AIPAC), who are identified as Franklin’s co-conspirators.

It took only two months after Rosen and Weissman were indicted on Aug. 4, for Franklin to plead guilty. As *EIR* reported on Aug. 12, the AIPAC indictments unveiled “an Israeli espionage network that has been functioning since at least April 1999, involving a number of Pentagon officials beyond Franklin, and a former senior Mossad officer, Uzi Arad, who now heads Israel’s premier national security think-tank. . . .”

Franklin may also be thinking of the fate of Jonathan Jay Pollard, the long-unacknowledged American spy for Israel, who has been sitting in Federal prison since 1985, when he was arrested by the FBI while trying to force his way into the Israeli Embassy in Washington, D.C., to escape from Federal prosecution. Pollard was “hung out to dry” by his Israeli controllers—a semi-rookie intelligence operation that was loyal to the ultra-right wing of the Israeli establishment, particularly Ariel Sharon, and the Jabotinskyite Benjamin Netanyahu.

## An Intersection of Investigations

Perhaps Franklin was also mindful that the entire neo-conservative rogue intelligence operation to which he was allied, and which was run out of Vice President Dick Cheney’s office, was about to be shut down in the Valerie Plame investigation. Indeed, Franklin intersects several of the criminal investigations that haunt the Bush Administration—not the least of which is the forgery of documents in the Niger yellowcake uranium story, which began in Italy, and intersected Franklin in December 2001, when he secretly met Iranian Manucher Ghorbanifar in the company of Michael Ledeen and Harold Rhode. (See article, p. 4.)

One thing is clear. Franklin signed his life away to the Department of Justice—at least for the next several years—in a plea agreement over charges that he passed classified information to people whom he knew to be “agents” of Israel,

and who could do injury to the national security of the United States.

The charges were read aloud on Oct. 5, by Federal District Judge T.S. Ellis, who asked Franklin if he understood both the charges against him, and the consequences of his pleading guilty. Franklin, who had spent more than 30 years, first in the U.S. military, and then as a civilian working in both the Defense Intelligence Agency and the Pentagon, said that he understood. But then, Franklin told the judge that he “never intended” to harm the United States—even though the charges, to which he pled guilty, explicitly state that he threatened the security of the United States.

For many observers in the courtroom, the severity of the sentence which Franklin faces was a bit of a surprise: a maximum of 25 years in prison, more than \$600,000 in fines, and up to nine years of supervised release after he serves his prison sentence. In addition, Franklin forfeits his U.S. government pension, except for a “survivor’s benefit,” which will go to his wife, provided that she continues to cooperate with Federal authorities in their continuing investigation of unspecified matters about which Franklin and she were knowledgeable. Franklin will be sentenced in January 2006.

## Unrestricted ‘Cooperation’

Franklin’s superiors at the Pentagon, and the Israeli conduits to whom he gave information, have much to be nervous about. Ellis told Franklin, “You have agreed to cooperate on any criminal conduct you know about,” and that this cooperation is *not restricted* to the specific charges filed against him. This “cooperation” includes that Franklin agrees to testify at any grand jury investigation, or trial, in which the Federal prosecutors require his testimony; agrees to make himself available for debriefings on any subjects of criminal investigation about which the Justice Department wants to question him; agrees to provide all documents or “any other materials” that he has possession of, that might assist the DoJ in its investigations; agrees to submit to a government-selected polygraphy test; understands that he has no protection from being prosecuted by state or local authorities for matters relating to the indictments against him; agrees that he will cooperate with other Federal prosecutors, in any other cases that may concern his activities or knowledge; agrees that his wife will continue to “fully cooperate.”

If either Franklin or his wife is determined to have given anything less than full cooperation, her pension will be forfeited. Franklin also agreed to renew all “non-disclosure agreements,” as to classified and other materials that he had with the government, and he is forbidden to speak to, or give interviews to any author of a book, film, documentary, article, or memoir; or write, or participate in the writing of any book, film, etc. for as long as his sentence and supervised release continue, without submitting all statements, etc., to the DoD for approval. Violations of these agreements, or any false

statement that Franklin were to make to the government debriefers or lawyers, would mean that all his statements, on any subject in the debriefings, could be used against him, in prosecuting the cases to which he pled guilty.

AIPAC also has much to worry about. The lobby “fired” Rosen and Weissman, apparently on advice of their attorneys, in 2004, so it could tell its contributors and the press that “no current employee” of AIPAC is under Federal investigation. But, it is widely reported that the “firing” is only cosmetic, since AIPAC reportedly continues to pay their substantial legal bills.

There is also the matter of Israeli diplomat Naor Gilon, who served as the chief political counsellor at the Israeli Embassy in Washington, D.C., and with whom Franklin admitted meeting eight times. Franklin directly passed Gilon classified information. But various Israeli officials in sensitive positions, such as Defense and Foreign Affairs Committee Chairman Yuval Steinitz, insist that Israel was not “running Franklin” as a spy.

But the investigation of the role of Israel, whose Embassy was involved in another case of spying against the United States—that of Jonathon Jay Pollard in 1985—is far from over.

Finally, there are officials in the neo-conservative cabal run by former Deputy Secretary of Defense Paul Wolfowitz and former Undersecretary of Defense Douglas Feith, who also have to be concerned. Franklin told the court on Oct. 5, that he worked under Feith at the Office of Special Plans, which has been identified as a “rogue intelligence unit,” that manufactured bogus intelligence to justify the Iraq War.

Franklin was no wallflower in the Pentagon, buried among hundreds of thousands of employees. He was occasionally included in the highly selective “brown bag lunches” run by Feith, the No. 3 in the Defense Department, and Wolfowitz, the No. 2. Franklin also told the Federal court that he illegally took home classified documents, so that he would be “prepared” to answer questions when he had face-to-face meetings with Secretary of Defense Donald Rumsfeld and Wolfowitz.

### Damage Control Crumbles

When the Franklin investigation surfaced, in August 2004, would-be Venetian manipulator Michael Ledeen “conjured up” James Jesus Angleton (former CIA counterintelligence chief, and notorious nutcase), to ridicule the charges as nothing more than hot air.

In its Sept. 6, 2004 edition, *Newsweek* reported, “*Newsweek’s* efforts to reach Franklin or a lawyer representing him were unsuccessful. But a close friend, Michael Ledeen of the American Enterprise Institute, said he believes the charges against Franklin are “nonsensical.” The *Newsweek* spin continued, with the statement, “Israeli officials, meanwhile, bristled at the suggestion of espionage. Ephraim Sneh, a member of Parliament and a retired general who has been monitoring

the development of nukes in Iran for years, said that Israel would be crazy to spy on its best friend. ‘Since Pollard, we avoid any intelligence activity on U.S. soil,’ Sneh said in an interview. ‘I know the policy. . . . We avoid anything that even smells like intelligence-gathering in the U.S.’”

All this went up in smoke on Oct. 5, 2005, when Franklin released his “Statement of Facts.” And even defenders like Ledeen may find themselves subjects of investigation.

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## Documentation

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# Larry Franklin Admits Guilt in AIPAC Spy Case

by Michele Steinberg

A trove of documents sits in the Federal Court building in Alexandria, Virginia, concerning the multi-count indictments against Lawrence Anthony Franklin, Steven J. Rosen, and Keith Weissman, for the illegal passing of national security secrets of the United States to agents of the government of Israel. These records—which have gone unreported by the American media, include indictments, motions, judge’s rulings, and, as of Oct. 5, 2005, the “Plea Agreement” and “Statement of Facts” voluntarily agreed to by Larry Franklin, the first to be found guilty in this broad-ranging investigation. Selected excerpts from these Oct. 5 documents appear below, in the first print publication outside of the court records. The originals can be viewed on the website of U.S. Attorney Paul J. McNulty, for the Eastern District of Virginia. Mr. McNulty has now been nominated by George W. Bush to be Deputy Attorney General in the Department of Justice. Some have expressed concern that this was a “kick upstairs,” to remove McNulty, so that the trial of top AIPAC officials will be stopped, and that there will be no further investigation into Franklin’s neo-con cohorts at the Defense Dept.

However, in his new post, McNulty will have oversight of this criminal case, as well as over other prosecutions that are feared by the White House, including the investigation of top Republican lobbyist and political financier, Jack Abramoff, other cases related to leaking the identity of covert CIA agent Valerie Plame Wilson, and the falsification of intelligence about Iraq.

*“Statement of Facts” voluntarily agreed to by Franklin in United States of America v. Lawrence Anthony Franklin, Defendant.*

Should this matter proceed to trial, the United States would prove the following beyond a reasonable doubt:

1. From in or about August 2002 to on or about June 30, 2004, [Franklin] unlawfully, knowingly, and willfully conspired with Steven J. Rosen, Keith Weissman, and others, to communicate national defense information to persons not entitled to receive it. . . . During this same time frame, Franklin also unlawfully conspired with an agent and representative of a foreign government to communicate classified information, in violation of Title 50, United States Code, Section 783 and Title 18, United States Code, Section 371.

2. At all times during this time period, Franklin was employed by the U.S. government at the Dept. of Defense (DoD) in the office of the Secretary of Defense (OSD), International Security Affairs (ISA), Office of Near East and South Asia, Office of Northern Gulf Affairs, Iran desk . . . [with] a Top Secret security clearance with access to Sensitive Compartmented Information (SCI).

3. On Aug. 5, 2002, co-conspirator Steven J. Rosen, Director of Foreign Policy Issues for the American Israel Public Affairs Committee (AIPAC) in Washington, D.C., called . . . DoD Employee A at the Pentagon and asked for the name of someone in OSD ISA with an expertise on Iran and was given the name of . . . Franklin.

4. On Aug. 15, 2002, Steven Rosen called Franklin. . . and said he would like to meet.

5. On Aug. 15, 2002, defendant Franklin met at a restaurant in Washington, D.C. with a Foreign Official (FO) [Naor Gilon—ed.] who was stationed . . . at the embassy of a foreign country [Israel—ed.]. The FO explained to Franklin that he was the “policy” person at the embassy and he would be the appropriate person with whom the defendant should talk. . . .

9. On Jan. 30, 2003, Franklin and the FO met near the FO’s embassy in Washington, D.C. The subject . . . was a Middle Eastern country’s nuclear program.

10. On Feb. 7, 2003, Franklin and a DoD employee (DoD employee B) agreed to meet with Rosen and Keith Weissman [also a co-conspirator, who was Senior Middle East Analyst in the Foreign Policy Issues department at AIPAC—ed.].

11. On Feb. 12, 2003, Franklin, DoD Employee B, Rosen and Weissman met . . . in Arlington, Virginia, whereupon Franklin disclosed to Rosen and Weissman national defense information relating to a classified draft internal U.S. government policy concerning a Middle Eastern country. . . . As Franklin well knew, he was not authorized to disclose this national defense information to Rosen and Weissman. The defendant also had reason to believe that his *unlawful disclosure of this information could be used to the injury of the United States* . . . [emphasis added].

15. On March 12, 2003, Franklin called Rosen from his office in the Pentagon and left a message saying that he was trying to fax a document . . . and wanted to make sure Rosen was present to receive it.

16. On March 13, 2003, Franklin spoke with Rosen and

was provided with Rosen’s home fax number. . . . Franklin told Rosen that he preferred to send the fax to Rosen’s residence.

17. On March 17, 2003, Franklin faxed, from the Pentagon to Rosen’s office fax machine, a document he had typed himself [which] contained national defense information which appeared in the classified appendix to the classified draft internal policy document . . . discussed with Rosen and Weissman on Feb. 12, 2003.

18. On May 2, 2003, Franklin met with the FO [Israeli Official—ed.] at the Pentagon Officer’s Athletic Club. . . .

19. On May 23, 2003, Franklin again met the FO [Israeli official—ed.]. . . at the POAC. . . . The two discussed . . . a Middle Eastern country and its nuclear program and the views held by Europe and certain U.S. government agencies with regard to that issue. *Following this meeting the defendant drafted an Action Memo to his supervisors, incorporating suggesting made by the FO during the meeting.* . . .

[Other meetings and discussions with the AIPAC officials occurred on June 3, June 24, and on June 26, 2003, where Rosen and Weissman received “highly classified” information from Franklin. Other meetings and discussions between Franklin and the Israeli official from Washington, a second Israeli official from Washington, and a retired Israeli intelligence official, introduced by the first Israeli official, took place on Oct. 24, 2003, and Feb. 13 and Feb. 20, 2004—ed.]

29. On June 8, 2004, Franklin and the FO [Israeli official—ed.] met. . . . The defendant provided the FO with classified information . . . from a classified U.S. government document related to a Middle Eastern country’s activities in Iraq. As Franklin well knew, he was not authorized to disclose this classified information. . . .

30. On June 30, 2004, Franklin met the FO [Israeli official—ed.] and another official from the FO’s country [Israel—ed.] at the Pentagon. . . .

31. Between December 2003 and June 2004, at an unknown location, Franklin disclosed to the FO [Israeli official—ed.] classified U.S. government information relating to a weapons test conducted by a Middle Eastern country. As Franklin well knew, he was not authorized to disclose this classified information. . . .

33. The government would prove that Franklin knew that when he disclosed classified information to Rosen and Weissman, they would use this information . . . to promote a particular foreign policy agenda.

34. At all times during the above-described incidents, defendant Franklin acted unlawfully and knowingly and not by mistake or other innocent reason.”

At the end of the document, Franklin’s signature appears, attesting to the statement, “I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.”



EIRNS/Stuart Lewis

*LaRouche has been the leader of the campaign to bring down Vice President Cheney as the instigator of the conspiracy to bring about the illegal war against Iraq. Here, LaRouche is shown at one of his webcasts, pointing to the culprit.*

## The LaRouche Role in Bringing Dick Cheney Down

When then-Presidential candidate Lyndon LaRouche put out the word, on Sept. 20, 2002, that “Vice President Dick Cheney’s recurring wet dreams of a U.S. worldwide Roman Empire are, in and of themselves, the world’s greatest single threat to the continuation of civilization in any part of the planet today,” and that “these facts demand that Cheney’s prompt resignation be sought, and accepted,” the majority of Democrats *and* Republicans were shocked. True, many of them knew that Cheney was the “brains” behind President Bush’s war drive, including the National Security Strategy of pre-emptive war, which had just been promulgated. They may have hated him—but they didn’t think anything could be done about it.

See how events have proven them wrong! Over the past three years, LaRouche’s relentless initiatives and flanks, mass circulation of literature, and deployment of the LaRouche Youth Movement on the Cheney question, have

emboldened members of both parties, and, most important, those embedded in the institution of the Presidency, to take action to expose, and oust the evil Vice President. At present, conditions for his removal are rotten-ripe. How this happened is an object lesson in political strategy.

We have necessarily had to condense our story, which involves many more articles, initiatives from Capitol Hill and representatives of the institution of the Presidency, and intense organizing, particularly in Washington. Much of this material is available on [www.larouchepub.com](http://www.larouchepub.com).

### 2002

**Sept. 20:** LaRouche makes his first demand that Cheney must resign, in a statement entitled “Iraq Is a Fuse, But Cheney Built the Bomb,” printed for mass distribution in the millions. LaRouche demonstrates, 1) that the policies going under cover as the “war on

terror,” had first been concocted by the same Chickenhawks in 1990, under then-Secretary of Defense Dick Cheney, and had been rejected by President George H.W. Bush, then; 2) that Cheney had attempted to bring those policies back, in September 2000, with the Bush-Cheney election campaign foreign-policy staff, known as the “Vulcans,” who had been handpicked by George Shultz; and, as LaRouche stresses, 3) “This doctrine, pushed repeatedly, by Cheney and his Chickenhawk accomplices since 1990, had no notable success in securing adoption until Sept. 11, 2001.”

**Sept. 20:** Bush Administration releases *National Security Strategy of the United States*, which embraces pre-emptive war.

**Sept. 27:** LaRouche issues “A Boldly Modest U.S. Global Mission,” which calls for abandoning the Cheney-Bush policy, and embracing one for global reconstruction.

**Oct. 10:** Congress passes Bush’s resolution, empowering him to launch war against Iraq when he decides.

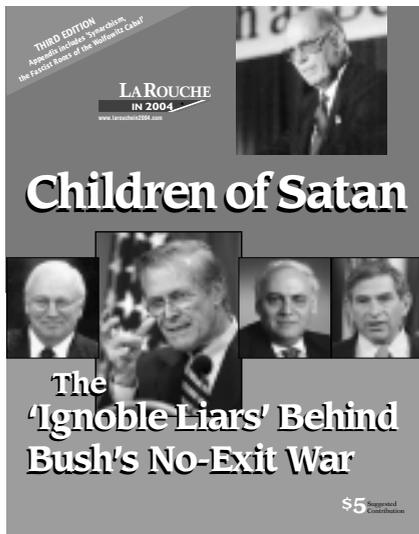
### 2003

**Feb. 7:** LaRouche issues a statement entitled “Powell the Victim of an Apparent Hoax,” quoting former CIA analyst Stephen Pelletiere’s remarks to *EIR*, that “They’ve determined that they’re going to invade Iraq, and they need a cover from the UN, but they’re not going out of their way to make a good case.”

**March 7:** An exposé of Cheney’s role in devising a policy of nuclear first strike is released by *EIR*, under the title “Bertrand Russell Stalks Cheney-Rumsfeld Pentagon,” and is widely circulated in Washington, D.C.

**March 18:** LaRouche puts out a statement, “Can We Salvage This Presidency?” in which he identifies the Hitlerian rationale for the war, and for the first time tags the nexus of Administration warmongers known as followers of fascist philosopher Leo Strauss as the “Children of Satan.”

**March 20:** The war against Iraq begins.



**April 9:** The LaRouche in 2004 campaign issues the first of three “Children of Satan” mass distribution pamphlets, bearing the title “The ‘Ignoble Liars’ Behind Bush’s No Exit War.” As the research grew that went into exposing the Straussian composition of Cheney’s private cabinet, the pamphlet had to be updated three times, ending with 1 million copies in print, and an untold number downloaded from LaRouche’s campaign website. LaRouche’s article in the pamphlet, “Insanity As Geometry,” proved that the Cheney-Rumsfeld-Ashcroft war-party were direct students of Leo Strauss, mostly at the University of Chicago, where he had been installed thanks to Nazi Party jurist Carl Schmitt.

LaRouche also identified a second element of the Straussian philosophy, which became known as “the Beast-Man,” expressed by British imperialists Bertrand Russell and H.G. Wells: to rule the world by threatening such unthinkable terror—exemplified by Truman’s nuclear attacks on Hiroshima and Nagasaki—that nations would surrender their sovereignty, rather than risk seeing their countries reduced to radioactive rubble. Russell insisted in the late 1940s that this terror should include pre-emptive use of nuclear weapons against non-nuclear states.

**May 4:** The Sunday *New York Times* flamboyantly splashes its “Week in Review” section with a cartoon of Paul

Wolfowitz, dressed as a Roman legionnaire, bearing a copy of Strauss’s book *On Tyranny*, beneath the headline: “Leo-Cons—A Classicist’s Legacy: New Empire Builders.” This is the beginning of a rash of exposés, including from *New Yorker* columnist Seymour Hersh, who elaborated on the Straussian network in the Administration, which was responsible for creating the “intelligence” to justify the war.

**June 2:** Rep. Henry Waxman (D-Calif.), ranking Democrat on the House Government Reform Committee, issues a letter demanding a full explanation, as to why senior Bush Administration officials, including Cheney, Rumsfeld, and the President himself, “cited forged evidence about Iraq’s attempts to obtain nuclear materials,” as part of their argument to gain Congressional authority to go to war.

**June 7:** LaRouche puts out a detailed, million-run press release, “LaRouche Says Charges against Cheney Constitute Grounds for Impeachment,” and demands a full investigation: “Let there be no mistake about it. The nature of these charges constitutes hard grounds for impeachment. The question has to be taken head on. It is time for Dick Cheney to come clean. I want to know exactly what Dick Cheney knew and when he knew it. . . . Determining who knew what and when is, at this time, an urgent matter of national security.”

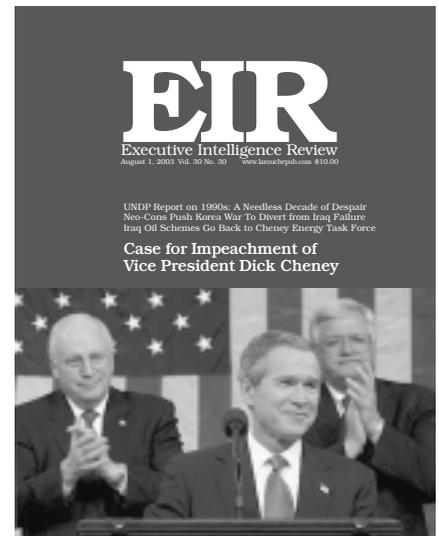
**July 2:** LaRouche holds a webcast “We’re at a Turning Point in History.” He excoriates Democrats who were prone to a knee-jerk reaction to attack Bush, explaining: “The reason we went to a war in Iraq, was because the Democratic Party was neutralized, by the belief that Cheney had the evidence that Iraq was getting nuclear weapons. Cheney *knew* there were no such nuclear weapons. Cheney *knew* the story about Niger ‘yellowcake’ going to Iraq was a fraud. And yet, with that knowledge, he *pushed* that argument, in order to convince the Congress to subside, and to allow the war to go ahead.”

**July 6:** Former U.S. Ambassador Joe Wilson, the last U.S. diplomat to

meet with Saddam Hussein in 1991, authors an op-ed published in the *New York Times*, “What I Didn’t Find in Africa.” There Wilson reveals that he went to Niger in February 2002, at the request of the CIA, which told him that the Vice President’s office had questions about a particular intelligence report.

**July 21:** LaRouche issues a mass leaflet entitled “‘W’ As in Watergate,” urging the President to get rid of Cheney, now, and urging honest Democrats to help save the Presidency: “Is ‘W’ impeachable? Should he be impeached? To impeach ‘W’ while Cheney is still Vice President, would be tantamount to treason against the entire human race! My preferred policy continues to be: Purge the Administration of Cheney and his neo-conservatives, leaving in place an Administration which could control the sitting President for the remaining months of his term. . . .”

**Aug. 1:** *EIR* magazine releases a cover feature entitled “Case for Impeachment of Vice President Dick Cheney.”



**Aug. 9:** In the wake of Dick Cheney beginning to talk about a “new 9/11,” LaRouche issues a new statement, which asks, “When Cheney Spoke of Terrorists, Which Terrorists, Dick?” The statement declares, “LaRouche says ‘the entirety’ of Cheney’s power over U.S. policy-shaping ‘was gained solely

through those of his presently undiscovered political benefactors who staged the terrorist attack of Sept. 11, 2001.' Now, says LaRouche, 'Cheney has promised an early terrorist attack on the U.S.A., comparable in political effect to that of Sept. 11, 2001. He does so at a time when his own failing political position requires some lucky such event to put him firmly back in the position he had prior to the recent developments in the Iraq war.' "

**Oct. 22:** LaRouche's webcast, "Preparing for the Post-Cheney Era," is another major salvo, taken during his campaign's major intervention on the Cheney flank in the California recall election, which ultimately elected Shultz's puppet Arnold Schwarzenegger.

**Nov. 7:** LaRouche takes the point, with radio actualities in Washington, D.C., and with a mass leaflet, entitled "LaRouche: Dump Cheney Now!"

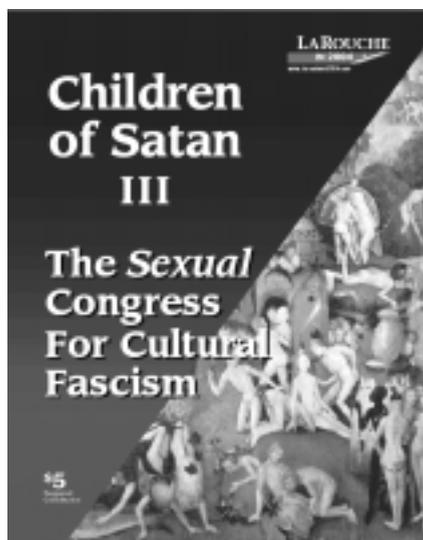
Some in Congress fight back in their own way, as Rep. Henry Waxman opens a new investigation of Cheney's former company, Halliburton, and its war-profiteering.

## 2004

**Jan. 3:** LaRouche's campaign releases the second mass pamphlet, "Children of Satan II: The Beast-Men." This occurs as Congressional investigation of the intelligence fraud on Iraq, and Halliburton's corruption goes into high gear.



Although many Democrats and others are initially shocked by LaRouche's "Beast-Man" analysis, their skepticism turns to astonished admiration when the Abu Ghraib revelations hit, showing LaRouche's analysis to be precise.



**June 18:** LaRouche in 2004 releases the third of the "Children of Satan" mass pamphlets, "The Sexual Congress for Cultural Freedom," which, LaRouche promises, "will hit Cheney hard," exposing "with hard fact, the political origins of the current connection of Cheney and his accomplices to an operation launched back during the 1940s, by Franklin Roosevelt-hating circles . . . by rogue elements of our establishment who were working in concert with selected remnants of the Nazi apparatus." This is why you tolerate Cheney, LaRouche argues. One million copies were distributed before the Democratic Party Convention began on July 26.

**June 22:** Cheney shows the effects of the pressure building, when he flips into a "Go f—k yourself" reaction to a greeting by Democratic Senator Patrick Leahy (Vt.), during a visit to the Senate.

**July 8:** LaRouche's campaign issues a press release revealing that Cheney's General Council David Addington had been one of the authors of the memos saying that the United States could violate or ignore the Geneva Conventions in the "war on terror."

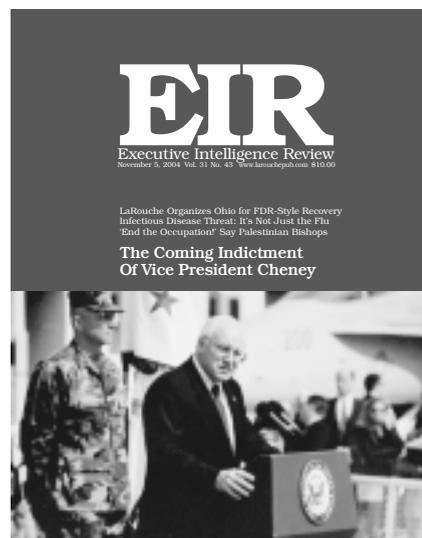
**Aug. 14:** LaRouche Political Action

Committee (LaRouche PAC) issues a book compiled of the three "Children of Satan" pamphlets, with an introduction by LaRouche which lays out the stakes in the 2004 election. He writes: "The following pages . . . point the way to understanding what must be understood if we as a nation are to pull back from the brink toward which we are lurching, in time to save not only ourselves, but generations to come."

**Sept. 20:** LaRouche issues a mass leaflet, "A Vote for Bush & Cheney Is a Vote for Perpetual War and Economic Hell."

**Oct. 6:** LaRouche holds a webcast on Bush's insanity, focussing on the implications of the fact that Bush is a psychopath, and Cheney a sociopath.

**Nov. 5:** "The Coming Indictment of Vice President Cheney" is the cover feature of the post-election edition of *EIR*, which reviews the momentum toward a case for impeachment.



**Nov. 9:** LaRouche holds a webcast under the theme "It's the Economy, Stupid!" where he develops the need to fight against the results of the election.

## 2005

**Jan. 5:** LaRouche holds a webcast under the theme "Confronting the Deadly Crisis of International Relations." In response to a question about Cheney, he is clear: "Cheney is a fascist. Get rid of him! Impeach him." The web-

cast is the culmination of a LaRouche Youth Movement mobilization in Washington, D.C., focussed around giving spine to the Congress.

**Jan. 6:** Cheney is forced to preside over a challenge to the validity of the November elections, during the Joint Session of Congress called to certify the Presidential elections.

**April 7:** A LaRouche webcast, under the title “Time to Reverse Shultz’s Destruction of Exchange Controls,” targets George Shultz as the controller of Cheney, and the need to prevent their plans to destroy the economy.

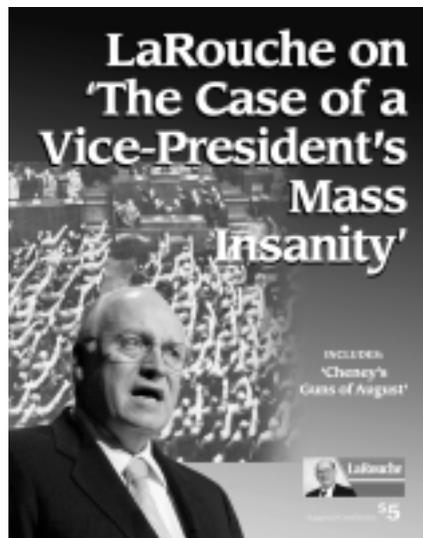


**May 27:** EIR publishes a feature story entitled “U.S. Nuclear First Strike Doctrine is Operational,” which shows Cheney’s head in a mushroom cloud. The story focusses on the global contingency plans which the Cheney-Bush Administration have put in place for a nuclear first strike by local commanders.

**June 16:** In a webcast under the title “Urgent Changes Needed in the World Financial System,” LaRouche deals at length with Cheney’s recently defeated attempt to carry out a coup against the U.S. Constitution with the “nuclear option.” Cheney’s been defeated, but he’ll try for dictatorship again, LaRouche warns.

**July 22:** LaRouche issues a major article entitled “The Case of a Vice-President’s Mass Insanity,” which appears in EIR magazine, and is reprinted as a mass

pamphlet by LaRouche PAC, which circulates in more than 500,000 copies.



**July 27:** LaRouche issues an international alert for the period of August 2005, warning that this is the likely timeframe in which Cheney, with the full collusion of the circles of British Prime Minister Tony Blair, might activate the recently exposed plans for a pre-emptive tactical nuclear strike against Iran. This is circulated broadly in mass leaflets, pamphlets, and magazines of the LaRouche movement internationally, but also is translated into most major languages and spread over the Internet.

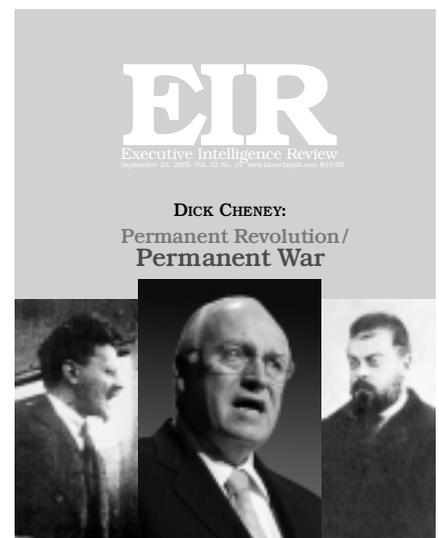


**August:** LaRouche PAC issues 250,000 copies of a pamphlet entitled “Soldiers of Satan,” which includes

EIR’s study of Cheney’s “Spoon-benders” pushing Armageddon.

**Sept. 3:** LaRouche holds a webcast entitled “Pulling the Nation Together” in the wake of Hurricane Katrina. In questions and answers, LaRouche emphasizes that the danger of Cheney’s pre-emptive war plan is not gone, and he has to be removed.

**Sept. 16:** “The Great Change of 2005” is the name of the webcast LaRouche gives this day, which again elaborates on the fact that the removal of Cheney is the *sine qua non* for implementing the necessary economic recovery program for the nation and the world.



**Sept. 23:** EIR features Dick Cheney in its cover story, “Cheney Revives Parvus ‘Permanent War’ Madness.”

**Oct. 2:** LaRouche issues a statement, “Let Cheney-Bush Go Quietly Now.”

**Oct. 12:** LaRouche’s Columbus Day webcast, while mainly focussing on the economic tasks ahead, is unequivocal on the issue of Cheney: “Everyone knows, that as long as the current Bush-Cheney policy remains, the United States doesn’t have a prayer! Everybody knows the time has come to get Cheney out if you want to have a U.S. economy. “All the conditions, the preconditions for inducing Cheney to leave, all but one, remain. Because we want to get Cheney out, we don’t want to have to wait to impeach him. We want him to resign.”

## Leadership Failure Continues, White House Stiffs Gulf States

by Richard Freeman and Mary Jane Freeman

The Bush-Cheney Administration rammed bill S. 1858 through Congress in early October, providing a mere \$1 billion in Community Disaster Loans to local governments in the Gulf states region—ravaged and, in many cases, bankrupted by Hurricane Katrina, and needing tens of billions of dollars in aid. The Bush team insisted that this law contain a stipulation *prohibiting the Federal government from ever forgiving these loans, if the communities were unable to pay them back*. The White House's insistence violated 30 years of practice. A loan forgiveness clause—which permits the Federal government to turn the disaster loan into a free grant if the local government is too cash-strapped to pay it back—had been standard on all disaster loans. Since 1974, some \$227 billion in Community Disaster Loans has been forgiven, including loans to New York City after Sept. 11, 2001.

The White House's meanness in inserting this anti-loan-forgiveness clause is emblematic of an overall policy pattern of stiffing the U.S. Gulf states region since the devastating storms. Acting for City of London-Wall Street synarchist bankers, the Bush-Cheney Administration has stalled or drastically slashed disaster relief and most Federal emergency funding programs, to New Orleans, southern Louisiana, and southern Mississippi, whose economies are destroyed and many of whose governments are now bankrupt. The austerity-maddened monetarists in the Republican Party—represented by the Executive's Office of Management and Budget director Joshua Bolton, and in Congress by the so-called conservative Republican Study Committee led by Rep. Mike Pence (R-Ind.)—are taking a Gulf region that is crushed, and cutting back aid to it, step by step. Denied so far, have been the means to rebuild infrastructure, to pay for health services and rebuild hospitals, to open schools and pay for teachers and staff, to

rehabilitate 80,000 closed businesses, and to build replacement dwellings for 250,000-300,000 destroyed homes. The fascist-monetarist wing of the Republicans has told the Katrina victims to exist on self-help tax schemes, without spending any real money. This is a policy of genocide and destruction.

A single snapshot: Soon after Katrina struck on Aug. 29, the Congress authorized FEMA to spend \$62.3 billion on disaster relief and on the start of reconstruction programs. Eight weeks later, FEMA has dispensed only \$22.8 billion, 36% of the already vastly insufficient total.

It must be emphasized that the state of Louisiana has just lost revenue of between \$1.5 and \$2.5 billion (when lost Federal matching funds are figured in). The governments of New Orleans, of St. Bernard Parish, of Plaquemines Parish have almost no revenue streams. As Doug Albrecht, chief economist of the Louisiana Legislative Fiscal Office told *EIR* Oct. 27, "Some sections of these areas are just ghost towns." During September, 234,000 new Louisiana workers became unemployed, doubling the official unemployment rate to 11.5%, and swelling the real unemployment rate to 20%. Four out of every ten businesses are damaged or shut down.

But the monetarists have raised their criminal hypocrisy to a new level: under Acting House Majority leader Roy Blunt (R-Mo.), they are now demanding that for every dollar spent on Katrina programs, there be an equivalent cut in the U.S. budget. The programs targeted for budget cuts are primarily those that help the poor; yet the people needing assistance in the Gulf states are among the poorest in the country. By linking Katrina-associated assistance to cuts in the budget, it is intended to force all of Congress into a straitjacket: They either relent and put a limit on Katrina-related spending, or

they slash vitally needed programs. In reality, the spending for Katrina reconstruction should be above whatever had been budgeted for the regular budget.

### Monetarist Fascism vs the Roosevelt Reflex

This fascist-monetarist crew has acted to prevent the Federal government from carrying out the role under President Franklin Roosevelt in the 1930s economic crisis: to intervene to give policy direction and robust, Hamiltonian credits directed to infrastructure and production. In the region affected by Katrina and Rita, localities can't pull themselves up by their own bootstraps. To tell them, as the White House insists, to "come up with their own plans and rely on their own resources," is to offer them a death certificate.

In recognition of this, in mid-September, Sen. Mary Landrieu (D-La.), with Sen. David Vitter (R-La.), the Louisiana U.S. Congressional delegation, and state and local officials, drafted S. 1765, the "Hurricane Katrina Disaster Relief and Economic Recovery Act." The bill's features that have drawn monetarists' wrath, are: \$50 billion in grants for storm-ravaged communities; an emphasis on elementary and secondary school construction; financial aid to schools taking in displaced pupils, at \$4,000 per student; new hospital construction; and broad aid to the rebuilding of housing. S. 1765 also includes \$13 billion for the Louisiana Department of Transportation and Development; \$4-6 billion to the U.S. Army Corps of Engineers for the rebuilding and upgrading of New Orleans' levee and flood-control system to withstand a Category 5 hurricane; \$14 billion for rerouting water-courses and rebuilding wetlands along the coast, a grand project to defend the land from hurricane storm surges; and several tens of millions of dollars to revitalize the devastated seafood and sugar cane industries. Total associated costs are \$250 billion.

This relatively top-down approach is clearly a step in the direction of the FDR tradition, and deserves to be adopted. Further, it opens up the question of method: that the Federal government should play a positive role in the direction of the economy, in opposition to the policy that has strangled the economy for the past 35 years—globalization, deregulation, and the degradation of America from the world's leading producer society into a parasitical consumer society.

### Lazard's Counterattack

Landrieu and Vitter introduced their legislation on Sept. 22; at about the same time, Senators Edward Kennedy (D-Mass.), and Judd Gregg (R-N.H.) proposed the creation of a Gulf Coast Revitalization Authority, modelled upon Roosevelt's Tennessee Valley Authority. Other bills with similar concepts began to surface.

The financier oligarchs reacted with an utter rage-fit. On Sept. 27, the *Washington Post*, which is controlled by the same Synarchist-fascist Lazard Freres investment bank that financed Hitler, published a nasty lead editorial, entitled,

TABLE 1  
**Louisiana Budget, Fiscal Year 2005-06**  
(Appropriated Funds, \$ Billions)

State Funds	
State General Fund	\$ 7.26
Fees & Self-Generated Revenues	\$ 1.40
Statutory Dedications	\$ 3.36
<b>Total State Funds</b>	\$12.02
<b>Federal Funds</b>	\$ 6.71
<b>Total State and Federal</b>	<b>\$18.73</b>

Source: Louisiana House of Representatives.

"Louisiana's Looters." It stated, "Like looters who seize six televisions when their homes have room for only two, the Louisiana legislators are out to grab more federal cash than they could possibly spend usefully." The legislators' alleged crimes?: "Rather than grappling with the lessons of Katrina, Louisiana's representatives are demanding an astonishing \$40 billion worth of Corps of Engineers projects in their state." The bankers want no reconstruction, and effectively, no city of New Orleans.

During the first weeks after Hurricane Katrina ravaged the U.S. Gulf Coast, the American population responded in support of reconstructing the devastated region, and President Bush stated Sept. 15, that he would launch "one of the greatest reconstruction efforts the world has ever seen." History will note this as one of Bush's bigger lies. Since early September, Bush had been involved in cutting back funding or adding fascist twists to programs. Now, in coordination with the complement of monetarist fascists in the Congress, he shifted more firmly in that direction.

On Sept. 28, one day after the *Washington Post's* signal editorial, a Bush Cabinet officer, U.S. Housing and Urban Development Secretary Alphonso Jackson, declared: "Whether we will like it or not, New Orleans is not going to be 500,000 people [New Orleans' approximate pre-Katrina population] for a long time. New Orleans is not going to be as black as it was for a long time, if ever again." According to the figures that Jackson presented, New Orleans would be shrunk to a city of 375,000, a drop in population of 25%, and more than 125,000 African-Americans who resided in New Orleans before Katrina, would no longer reside there. This is a policy of mass depopulation and de-urbanization.

### The Stiffing Bills of Indictment

The Bush Administration intended by its insertion of the *anti-loan forgiveness clause* into disaster loans, to keep the volume of such loans way down, by discouraging local governments from borrowing unless they knew for sure they could pay it back. In their financially strapped straits, localities had no way of knowing that they could pay.

There are myriad other examples of equal or greater importance. We present these examples as if they are bills of indictment. In fact, when a government willfully undermines or withholds the level of funding and physical infrastructure needed to solve a crisis that is yet worsening and deepening, and upon which the survival of a population depends, that really does constitute indictable criminal behavior. These hideous practices and the fascist-monetarist free-trade ideology that underpins them, must be stopped. A shift to those policies in the Rooseveltian direction, that are now under discussion, must be taken up.

Keep in the forefront of your mind, the actual conditions which exist here. According to Doug Albrecht, chief economist of the Louisiana Legislative Fiscal Office, the state of Louisiana has a budget for fiscal year 2005-06 (which started July 1 of 2005), that is projected to have \$18.729 billion in revenues, and \$18.729 billion in expenditures. Table 1 shows the source of its revenues. The State and General Fund revenues come from things such as sales tax, income tax, and so on. Albrecht told *EIR* Oct. 27, that he has projected that the State and General Fund will lose \$1 billion in revenues because of the effects of Katrina. The rest of the revenue stream, from other parts of the state budget, may also fall.

But \$6.7 billion of Louisiana's \$18.7 billion revenue streams come from the Federal government. Most of this comes in the form of the Federal government matching state expenditures for Medicaid, usually at a 3:1 ratio. For every \$1 that the state is low in its own Medicaid revenues, it loses \$3 in Federal matching revenues, creating a further revenue shortfall.

As for the City of New Orleans, prior to Katrina, it was a city of approximately 485,000 people. Now, only about 70,000 people sleep in the city each night, less than 15% of the pre-Katrina level. New Orleans would normally take in \$39 million in revenues per month, usually in the form of taxes. It is now taking in between \$2 and \$5 million per month, a pittance. Three weeks ago, with this constraint, Mayor Ray Nagin fired 3,000 city workers, nearly half the city's workforce. Schools and hospitals don't function, as shown below.

Thus, when Federal financial funding is withheld, denied, or cut, this is not a matter of discretionary money; this means the city government will not survive.

We will look at some of the stiffing that is taking place, and its effects in two crucial areas: health and hospitals, and education. But first, an overview of other atrocities in the post-Katrina policy.

- **Suspension of Davis-Bacon Act.** On Sept. 6, the Bush Administration suspended a provision of the Davis-Bacon Act, which guarantees construction workers that they are paid prevailing wage in the region, when they are working on a Federal government contract. (See article, p. 26.)

- **No bid contracts.** In the construction work contracts, FEMA let out several initial contracts, including four valued

at greater than \$100 million each, on a no-bid basis. Vice President Dick Cheney's company, Halliburton, which is notorious for overcharging on its no-bid contracts in Kuwait and Iraq, also was awarded some of the no-bid work in Katrina reconstruction. Though not surprising, this is like admitting a pig to the trough.

- **Small Business Administration Dispenses Loans to Fewer Than 2% of Applicants.** Shortly after Hurricane Katrina struck Aug. 29, the SBA put implemented a disaster loan program to help victims of Katrina, and subsequently Hurricane Rita. The SBA can extend a Business Physical Disaster Loan to a business to repair or replace its machinery and equipment, supplies, real estate, and so on. It can also make loans to homeowners for repairs.

But, rather than acting in an expedited manner, the SBA has extended a bare minimum amount of money. According to an Oct. 21 conference call in which *EIR* participated, with Herbert Mitchell, head of the SBA's Office of Disaster Assistance, eight weeks after Katrina, the SBA had received applications for 142,177 disaster loans, but approved only 2,295, a minuscule 1.6% of the applications. This must be assessed against the background, reported by Louisiana Governor Kathleen Blanco, that out of a total of 198,000 Louisiana businesses, 81,000—41% of the total—have been shut down or displaced, a catastrophe.

U.S. Senator Olympia Snowe (R-Me.), chair of the Senate Committee on Small Business and Entrepreneurship, released a blistering statement Oct. 25, stating, "The SBA's continued failure to process and approve disaster loans in a timely manner for the victims of Hurricane Katrina and Rita is indefensible and inexcusable." She vowed that she will call an oversight hearing.

- **Rejection of Requests for Federal Loan Guarantees to Avoid Bankruptcy.** By mid-September, Moody's Investor Service had placed on its "watch list," 51 local government issuers in Louisiana and Mississippi, covering \$9.46 billion in rated debt. The next step for Moody's would be to downgrade their bonds. Sen. Mary Landrieu has called for provisions to prevent local Gulf governments from declaring bankruptcy, by having the U.S. government put its full faith and credit behind the bonds. It is believed that Senator Trent Lott (R-Miss.) has made a similar request. Treasury Secretary Snow, who has oversight on this matter, has repeated President Bush's Oct. 4 statement ad nauseam that he will help the Gulf Coast in a "fiscally responsible way," but he has offered no concrete plan, and done nothing.

## General Welfare Be Damned

Hospitals and public health department units in Louisiana remain closed with no Federal monies to get rebuilding started. Citizens who have lost everything are rejected for Medicaid benefits because the White House has blocked bipartisan efforts to extend emergency aid. Hundreds of thou-

sands of public school children's education, schools, and teachers still await Federal help.

We take a deeper look.

Our most vulnerable citizens rely on the public hospital system for medical care. But that system has been severely shaken by Katrina. "We're out of money, roughly after Thanksgiving. We are running out of time." So said Donald Smithburg, chief executive of the Louisiana State University Health Care Services Division on Oct. 27.

Indeed, two of its nine hospitals across the state, Charity and University Hospitals, are all but destroyed. Charity, built during the 1930s as part of President Franklin D. Roosevelt's recovery projects, will not be reopened. "Katrina sounded the death knell" for Charity, one Louisiana hospital spokesman said. These two public hospitals provide one-third to one-half of all revenues for the statewide public hospital system. "As the two hospitals in New Orleans go, . . . without some sort of a Congressional appropriation . . . the problems with New Orleans are going to have a domino effect throughout the system. This will impact precarious situations that exist at many of these hospitals, and only make it worse," a Louisiana State University spokesman for the public hospitals told *EIR*.

Many of the 3,000-plus health care employees of these hospitals who had to evacuate will join the ranks of the unemployed, "If Federal money cannot be found to somehow keep some, if not all, of these people on the payroll until we can ramp up and resume operations, we will have to begin furloughing employees" by November, he reported.

Asked if any of the other public hospitals were affected, he replied: "Virtually all of [them] were impacted in some way. . . . The hospital here in Baton Rouge has seen their patient load expand by a third since the storms . . . [as have our] hospitals in Lafayette, and Alexandria. So all of the hospitals have been impacted in one way or another." These hospitals "serve the indigent and the working population that don't have medical insurance. Our medical schools and nursing schools, use these hospitals as training hospitals." It is estimated that a total of \$2 billion is needed to build a new public hospital in New Orleans and one in Baton Rouge, as well as to upgrade the remaining seven hospitals across the state to meet the added patient load.

Revenues for public hospitals are dependent on Medicaid, Medicare, and uncompensated care payments. As of fiscal year 2003-04, total revenue sources for this system were: Medicaid approximately 30%; Medicare, 12%; Commercial 5%; and Uninsured care (or uncompensated care) 53%.

A critical adjunct to the public hospitals, schools, and local government is the public health department located in every parish (county) in Louisiana. All these units in the state were closed during hurricanes. As of late October, eight public health units remain closed due to damage.

These units are funded by parish revenues. At this point the Bush Administration and Congress approved \$1 billion

in disaster loans to local governments. But each parish where these units are located has had extensive damage, and so it is uncertain when, if, or how much will be allocated to public health units. It will take more than three years to rebuild these areas and facilities, and before the revenue base is reestablished.

Of the 21 private hospitals in New Orleans, 11 are closed, 3 are operating an emergency department with limited inpatient beds only, and 7 are fully functional.

## **Public Schools Threatened with Privatization**

Six weeks after Bush's Secretary of Education Margaret Spellings made her photo-op appearance in New Orleans, and Louisiana's Department of Public Schools made a \$2.6 million emergency funds request to the U.S. Department of Education, they are still waiting. The failure to provide these minimal funds has provoked an ugly and unnecessary fight over keeping or abandoning public school system in favor of replacing them with charter schools, and even threats to remove the New Orleans superintendent of schools for not acquiescing in this scheme.

Eight school districts were severely impacted by the hurricanes, and schools in four of these could fail to reopen this school year. These four districts affect 187,000 public and 61,000 non-public school students, and employ 17,000 people from 236 schools, of which 7,865 are teachers. These four districts stand to lose \$450 million in local revenues and another \$400 million in special funds. This loss is compounded by the fact that a school receives state funds on a per pupil basis, but these schools have no students. The damaged schools will not survive without Federal monies to help them rebuild.

The \$2.6 million request by the Louisiana Department of Education (LaDOE) on Sept. 14 to Spellings, fails to include rebuilding costs. It seeks \$1.2 million in employee compensation costs for the eight severely hit districts, and \$1.4 million to cover services and expenses for all other state school districts which have taken in more than 240,000 students. At the time of the request LaDOE stated "Several school systems are only able to make one more payroll. After that, their employees will be on unemployment or need to find other work." The request also stated some districts may be forced into "financial default," if aid is not provided.

Faced with an untenable situation—potential default, no revenues coming in, and no Federal aid—state Superintendent of Education Cecil Picard, New Orleans Mayor Ray Nagin, and others turned to a favorite neo-conservative scheme to privatize public schools: charter schools. Using private funds to redesign and redefine schools, and then to monopolize the public funding stream later, with no accountability, charter schools are nothing but a scheme to privatize the school system. Dismantling the public school system is not a choice these Louisianans should be forced to make.

# Bush Chose Slave Labor For Hurricane Work

by Paul Gallagher

Anyone who looks on the White House websites' "Executive Orders" page, for actions by President George W. Bush on the devastation of the Gulf states by Hurricanes Katrina and Rita, will find that there have been none; and only one "Proclamation," made on Sept. 8. That proclamation has come under general opprobrium by Congress and other institutions—but not by Halliburton, Bechtel, and other major no-bid contractors of the Cheney/Bush Administration. This is Bush's declaration "To Suspend Subchapter IV of Chapter 31 of Title 40, United States Code, Within a Limited Geographic Area in Response to the National Emergency Caused by Hurricane Katrina." It has damaged every effort at reconstruction of the economy and of residents' lives in the hurricane disaster area. A bipartisan majority of House Democrats and Republicans wants the proclamation overturned. On Oct. 26, after meeting with representatives among 37 House Republicans who had asked Bush to rescind his proclamation, White House Chief of Staff Andrew Card announced that by Nov. 8, Bush would, indeed, back off his suspension of the Federal requirement for decent wages in reconstruction.

The Davis-Bacon Law, which Cheney and Bush wanted to strike, is short, simple legislation passed in 1931, enforcing that workers hired on Federal government contracts worth more than \$2,000, must be paid, not even union-scale wages, but simply the prevailing average wage for their area and their trade, as determined by the U.S. Secretary of Labor. By—so far—breaking that law in large, substantial no-bid Federal contracts for repair and clean-up in the hurricane disaster area—contracts going to Cheney-allied looters like Halliburton's KBR and George Shultz's Bechtel—Bush has helped *prevent* displaced Louisiana and Mississippi residents from returning to their home towns and rebuilding; and instead has fostered the import of more virtual slave labor from Mexico and Central America into the region.

But by Nov. 4-7, Rep. George Miller (D-Calif.) may be able to force votes in the House and Senate to repeal Bush's slave-labor gift to Halliburton et al. In face of that, the White House made its promise to rescind. Miller's measure invoked the 1976 National Emergencies Act "which provides for fast track action by Congress when the President unilaterally suspends a law, as he did with Davis-Bacon." Every House Democrat co-sponsored Miller's action; and the 37 Republicans wrote to the White House asking Bush to rescind his destructive proclamation. On Oct. 26, Miller said, "The President is

backing down today, only because he had no other choice. The President's wage cut was just another example of his incompetence as a leader in a time of crisis, and of his constant need to reward the private agendas of special-interest friends rather than attend to the needs of all the people affected by this storm."

## An 'Emergency' for Bush Tax Cuts Plan

The Davis-Bacon Law's Section 6 said that "In the event of a national emergency, the President is authorized to suspend the provisions of this Act." With blunt cynicism, the President's Sept. 8 proclamation declared Katrina's *regional* destruction to be a *national* emergency—not for the American economy, but for his Federal budget cuts (and his desired next round of tax cuts). The argument is as follows:

5) Several areas of the Nation have been recently devastated by Hurricane Katrina. The devastation from the hurricane has resulted in the largest amount of property damage from a natural disaster in the history of the Nation. . . . An unprecedented amount of Federal assistance will be needed to restore the communities that have been ravaged by the hurricane. Accordingly, I find that the conditions caused by Hurricane Katrina constitute a "national emergency" within the meaning of section 3147 of title 40, United States Code.

(a) Hurricane Katrina has resulted in unprecedented property damage.

(b) The wage rates imposed by section 3142 of title 40, United States Code, *increase the cost to the Federal Government of providing Federal assistance to these areas.*

(c) Suspension of the subchapter IV of chapter 31 of title 40, United States Code, 40 U.S.C. 3141-3148, and the operation of related acts to the extent they depend upon the Secretary of Labor's determinations under section 3142 of title 40, United States Code, will result in greater assistance to these devastated communities and will permit the employment of thousands of additional individuals. [emphasis added]

In fact, the breaking of Davis-Bacon wage standards for post-Katrina repair and cleanup contracts (there have been, in two months so far, no real economic *reconstruction or infrastructure-building* contracts given) has been accompanied by a White House push to slow Federal disaster aid drastically (see accompanying article). Two-thirds of the initially authorized \$62.5 billion in Federal aid funds had not been allocated by late October. And as Representative Miller emphasizes, Bush's proclaimed policy does not require or ask Halliburton et al. to pass back to the taxpayer these slave-labor wage savings in the Gulf.

Halliburton and other no-bid, large contractors are, however, hiring both legal and illegal-immigrant Hispanic workers to repair hurricane damage, violating both wage levels and

the desire of displaced Louisiana, Mississippi, and Alabama residents to return and rebuild. U.S. Immigrations and Customs officials announced on Oct. 21 that at least 10 illegal workers had been identified working for a subcontractor of Halliburton's KBR subsidiary on a Federal contract at the New Orleans port.

Completely refuting Bush's argument is the example of the reconstruction of California's I-10 and other highways after the January 1994 earthquake. With Davis-Bacon in effect, contractors employing union workers won *competitive-bid contracts* and had the highways rebuilt within 85 days of the earthquake, for \$30 million. They *saved* Congress and California \$35 million in losses by finishing so fast, according to a study by the Economic Policy Institute.

### **Legislators and Labor Protest**

In an interview with *EIR*, Mississippi State Rep. James Evans stressed that the wage-cutting practice is rampant throughout the Mississippi and Louisiana "reconstruction" projects because of Bush's striking of Davis-Bacon. Evans has represented Mississippi House District 70, in the capital Jackson, for eight years. He spoke at an Oct. 14 press conference in Jackson, by legislators and union leaders from all five Gulf states, demanding that the President reverse the suspension of Davis-Bacon. On Oct. 29, he was to take part in a follow-up event in Baton Rouge, with national figures, to up the pressure on the White House to reverse this damaging course. Evans told *EIR* that this is the first time in Davis-Bacon's 75-year history that it has been suspended in emergency or disaster recovery work, and Bush's action has pushed the average wage being paid to unskilled and semi-skilled workers on FEMA-generated jobs, down to \$6/hour in Mississippi, \$6-7/hour in Louisiana—"and contractors just stiff some of them, and pay them nothing." This compares to the (already low) prevailing wage in the southern area of Mississippi—what Davis-Bacon would require on Federal recovery contracts—which averages \$9.60/hour for such construction and similar work. In Louisiana, that prevailing construction wage is \$10.70/hour.

While wages in the cleanup and recovery work have been driven down, prices there have risen, Evans said, especially prices for food, construction materials, gasoline and other fuels—and rents in hotels, motels, and nearby apartments have soared 50% and more in many cases.

"Ninety-eight percent of the recovery work has been awarded to out-of-state contractors," the Mississippi lawmaker reported, and their subcontractors are heavily hiring out-of-state workers and Hispanic immigrants, legal and illegal: "There is no floor except the Federal minimum wage, and sometimes not even that." This is rendering almost useless the labor-skills training camps which have been set up in the disaster areas by the Laborers International Union and the AFL-CIO. Residents returning or trying to return to the region and find work in the reconstruction—many of whom have

lost homes, employment, wealth, and even family members to the storm—if they receive skills training from union camps, must be ready to go to work at minimum wage, sleeping in contractor tents and trailers or on the ground. Thus, Bush's action is a factor in the low number of people displaced when the storm hit, who have returned to the disaster area.

One KBR subcontractor, Alabama-based BE&K, has fired unionized workers and those they were training, in order to take advantage of Bush's slave-labor proclamation. New Orleans electrical contractor Al Knight described to the Senate Democratic Policy Committee (SDPC) on Oct. 17 in Washington, how a "tent city" project actually failed and was left incomplete, because a Halliburton/KBR subcontractor froze out Knight's 75 electricians—and made them sleep outside for days before dismissing them—when it realized Knight's contract with them was at prevailing wage levels.

Evans called on the U.S. Congress to "end this attack on wages and unions under the disguise of 'disaster reconstruction.' This is low-wage globalization brought into the United States. We need to reverse it."

### **Mississippi Housing Reconstruction Blocked**

Representative Evans estimated economic damages from Hurricane Katrina's destruction in the state of Mississippi alone to be \$10-12 billion; the greatest damage consists in the destruction of housing. Tens of thousands of households in Mississippi and Louisiana are being denied home insurance payments for houses destroyed or severely damaged by floods, because they lived outside officially designated flood plains and were advised not to buy Federal flood insurance.

During an eight-day special session in late September, the Mississippi House attempted to pass legislative remedies. The House voted to create a \$600 million fund to make immediate grants and loans of up to \$50,000 per household for reconstruction of their (permanent) homes in the hurricane-struck counties. That reconstruction could be beginning now—but the Mississippi Senate failed to pass the legislation after being told by Governor Barbour—who has been coordinating closely with the White House—that he would veto it. "Let's see what the Federal government is going to do," Representative Evans said the governor told the legislature.

At the SDPC hearing, James Hale, the Laborers' regional president for the Ohio Valley and southern states, reported that labor conditions in the Gulf clean-up and recovery contracts so far, were like those of super-exploited agricultural migrant labor. Large numbers of the workers are immigrants "imported" from Texas and Florida, and because of the local devastation, are dependent for their needs on contractors—who face no wage floor. Some charge the workers transportation fees to get to the job, tent-housing fees, etc. While the Laborers International is running training sessions for workers in everything from generator installation to asbestos abatement, only those are hired who are willing, after learning these skills, to do the work at minimum wage.

# What Is a Hyperinflationary Shock Wave?

*Jonathan Tennenbaum explains how the “upward collapse” of today’s hyperinflation is like a sonic boom.*

In late September, Lyndon LaRouche put out an urgent warning to the international community, on the danger of an impending, hyperinflationary explosion of the world financial system, similar in many ways to the hyperinflation crisis which devastated Weimar Germany in the second half of 1923, but on a much greater scale. Then, as now, the outbreak of hyperinflation took the form of a *sudden change*, analogous to what physicists call a “shock wave,” which transformed what had appeared up to that moment as a merely gradual loss of value of the currency, into a totally uncontrollable, self-accelerating process. The immediate trigger for that change now, LaRouche emphasized, is the recent speculative activity of hedge funds and related financial interests in the area of oil, gas, and other basic commodities, which has caused an unprecedented explosion of prices on world markets.

Shortly thereafter, LaRouche requested that his collaborators work out a pedagogical diagram to illustrate the notion of a “hyperinflationary shock wave” for a general audience. A first approximation was published on the cover of *EIR* on Sept. 30 (**Figure 1**). It shows a supersonic airplane flying over a landscape, and trailing behind it is a conical pattern of shock waves, of the sort that, when they reach the ground, are heard as “sonic booms.” The diagram indicates, in metaphorical fashion, how the hyperinflationary process, unleashed by the hedge fund speculation at the “nose” of the plane, propagates successively via an explosion of oil and certain other raw material prices, into a generalized increase in commodity prices, and from there into the economy as a whole.

This article is intended to help the reader grasp the full, intended significance of the diagram, and to go into more depth concerning the nature of the hyperinflationary danger, and its connection to the phenomenon of shock waves in physics.

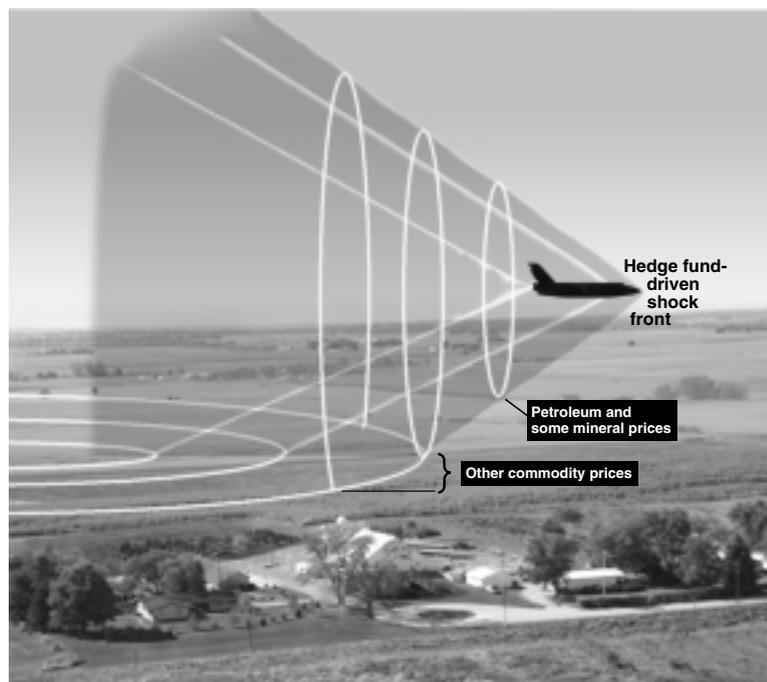
## Where the Danger of Hyperinflation Comes From

The potential threat of a hyperinflationary “blowout” of the world financial system has ex-

isted since at least Summer 2000, when the rate of artificial money-creation in the system, based on U.S. Federal Reserve Chairman Alan Greenspan’s promotion of so-called derivatives and related speculative financial instruments, accelerated to levels far beyond those of the accumulated values of normal financial assets such as stocks and bonds. LaRouche called attention to that event by publishing a revised form of his famous “triple curve” of 1995.

In the original version (**Figure 2a**), the accelerating shrinkage of the real, net physical output of the economy—reflected, for example, in the growing backlog of investments in basic infrastructure and new industrial capacity—was

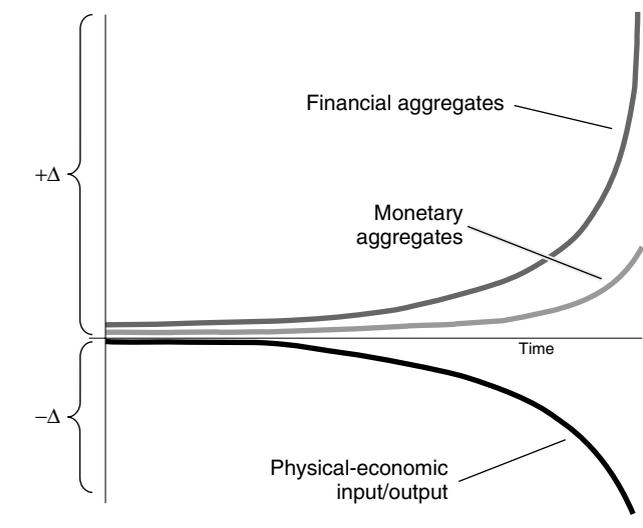
FIGURE 1



*Today’s hyperinflation, driven by the hedge-fund crisis, is comparable to a sonic boom moving across the landscape. At the tip of the cone, where the shock front forms, is the speculative bubble in hedge funds and related derivatives, orders of magnitude larger in monetary value than the physical economy. The commodity price inflation, led by petroleum and certain minerals, is dragged along in the opening conical tail, while prices of other commodities and consumer goods are diffused as they spread out in the conical opening.*

FIGURE 2a

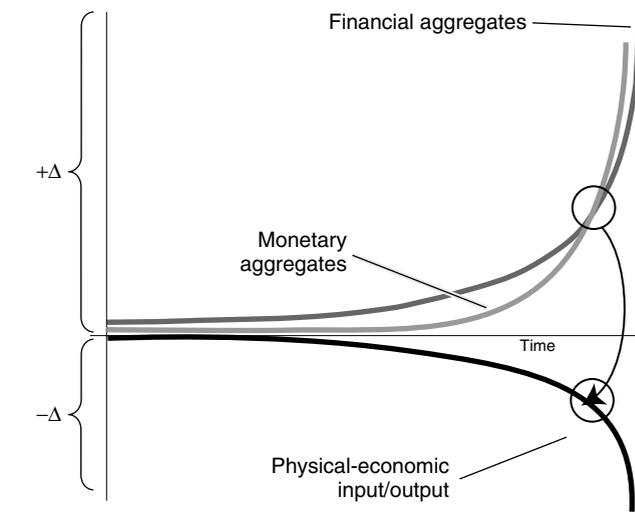
### LaRouche's Typical Collapse Function



*In the original version of LaRouche's Triple Curve, the real net physical output of the economy is shrinking at an accelerating rate, while paper wealth shows hyperbolic growth.*

FIGURE 2b

### The Collapse Reaches a Critical Point Of Instability



*LaRouche's new version of the Triple Curve shows the same disastrous pattern, but here the "artificial money" has overtaken the growth of financial asset values.*

contrasted with the “hyperbolic” growth of “paper wealth,” such as stocks, bonds, and other debt, on the financial markets. Between the two extremes was the curve describing the expansion of money supply, which was also accelerating as a result of central bankers’ efforts to support the bubble of financial assets through so-called “liquidity pumping.”

However, increasingly into the late-1990s, and particularly following the collapse of the hedge fund LTCM and the “Asian financial crisis” of 1998, as the financial bubble began to falter, the relative efficiency of the Federal Reserve liquidity-pumping operation began to decrease: Relatively more “artificial money” and related debt had to be created, per dollar of financial asset value, to keep the system afloat. With the collapse of the “New Economy” stock bubble in 2000, Greenspan opened the floodgates for generation of a new wave of derivatives-based “funny money,” eventually reducing U.S. interest rates to a historic low, in order to create a new, monstrous bubble centered on an inflation of real estate market prices. In June 2000, LaRouche warned that the conditions for a hyperinflationary blowout had been created.

LaRouche’s new version of his “triple curve” (Figure 2b) showed the same, disastrous divergence between the real, physical economy and the financial system as before; now, however, the accelerating rate of generation of “artificial money” in various forms had overtaken the growth of financial asset values. The same period was marked by an ominous jump in prices of oil and a number of other basic

commodities, pointing to the possibility of a hyperinflationary breakout at that time.

For various reasons, however, the inflationary process was temporarily contained, owing in part to the acceleration of the globalization process, and the flooding of U.S. and world markets with cheap exports from China and other low-wage areas; to Greenspan’s “successful” orchestration of the real estate bubble in the United States and elsewhere, to the blackmail-like impact of Bush-Cheney’s imperial war drive, and the agreement of Asians and others to support the dollar by huge purchases of U.S. Treasury bonds and other dollar assets.

### The ‘Phase Change’ of March-May 1923

Before returning to today’s situation, in which the hedge-fund-driven explosion of oil and other raw material prices is acting to detonate the “hyperinflation bomb,” let us briefly look back at the situation in Weimar Germany, just before that “bomb” went off.

In a 2000 *EIR* special report, “Hyperinflation und Weltfinanzkrise” (Hyperinflation and the World Financial Crisis), Lothar Komp examines a series of events that set the stage for the hyperinflationary shock wave that broke out in mid-1923: First, of course, there was the huge accumulation of war debts on all sides at the end of World War I, representing financial claims against a devastated physical economy. Then came the Versailles Treaty of 1919, with its crushing reparations demands; the London ultimatum of May 1921; the debt

crisis of Summer 1922; and the occupation of the Ruhr in January 1923. In the meantime, a turning-point had come when the German Reichsbank, in a desperate effort to counteract the effects of a sudden flow of foreign capital out of the country starting in Spring 1922, decided to provide *huge amounts of additional credit*, at extremely low interest rates, to banks and large companies threatened with bankruptcy. Does this remind one of Greenspan's "liquidity pumping" policy?

As Lothar Komp tells us: After the withdrawal of foreign investments, "the German banking system would very soon have collapsed in a wave of bankruptcies, had the Reichsbank not intervened as the creditor of last resort, turning up the money-printing press for that purpose. The substance of the bailout, was that the Reichsbank now began, in parallel with its short-term refinancing of the state debt, to rediscount bills of exchange of private companies in comparable volume and this, indeed, at de facto interest rates, that amounted to more of a gift, than a normal credit. . . ."

Up through the first months of 1923, the inflation in Germany, while significant, remained essentially under control. But, Komp continues:

"Under the influence of the above-mentioned, externally caused events, a phase change occurred in Germany, marking the transition from inflation to hyperinflation. During the inflationary phase, it was the money-printing agency that determined the rate of loss of the value of the currency; once hyperinflation began, the Central Bank became a mere slave of a process, over which it no longer exercised any control whatsoever."

The transition in question was closely connected with a sudden acceleration in the rate of inflation, beyond the rate at which the economy of Germany could adjust, without calling forth a vicious circle of further inflation. Komp gives an important example:

"The domestic producers were forced to take account, in the determination of their sales prices, not only of the momentary, actual costs of production, but also the expected short-term rate of inflation. Otherwise, by the time the next production cycle came around, they would no longer be able to afford the cost of raw materials.

"Propagating into the economy via the cycles of production and consumption, and through wage costs, these higher prices, demanded by the producers for goods sold *today*, on the basis of their expectation of *future inflation* in the costs of supplies they require *tomorrow*, become, in turn, the most efficient driver for a further *acceleration of price increases*, and for a rapidly growing *demand for money* in various forms. Provided that additional money is supplied by the central bank, the self-amplifying inflationary spiral of inflation becomes virtually unstoppable."

In Weimar Germany, an essential trigger for this "phase change" in the behavior of producers and the population as

a whole, in the direction of self-acceleration of price increases, was the sudden increase in import prices for raw materials, associated with a collapse of the Reichsmark relative to the dollar, and the loss of cheap supplies from the Ruhr region.

## Panic Spreading

The highly leveraged character of today's financial markets, the much greater dependency of production upon credit instruments of various sorts—plus, above all, the impact of Alan Greenspan's insane "derivatives bubble" as a mechanism for flooding the economy with additional money—combine to make the danger of a hyperinflationary blowout in the world economy even worse today, than it was in Weimar at the beginning of 1923.

This is one reason that central bankers and others are expressing increasing panic at the recent jump in inflation—exemplified by a nearly 2% rise in producer prices in the United States just for the single month of September—declaring that they will "do everything" to prevent the price increases from spreading into the economy as a whole.

But, once the fact of accelerating inflation becomes recognized, it immediately affects the vast array of *credit instruments*, whose profitability depends on the difference between effective interest rates, and the rate of inflation. In the ensuing race to stay ahead of inflation, increasing interest charges, placed on credit to producers and consumers, become an additional, major contributing factor accelerating the inflation even further.

The original trigger for the price increases in oil, gas, and other commodities, in fact, is the desperate attempt by hedge funds to offset losses in the "gambling casino" of the financial markets, by speculative gains on those commodities. But the rise in basic commodity prices—and particularly fuels—is exactly the most effective way to spread a wave of inflation into the entire economy.

Now, add to this the role of the derivatives markets as a "Doomsday Machine" for flooding the economy with "artificial money" at exactly the worst time.

## Greenspan's Derivatives Bubble: An 'Upward Collapse'

When most people think about a financial crisis, they usually have a deflationary crisis in mind, like a stock market panic, in which the prices of financial assets suddenly collapse to a fraction of their former market values. The case of Weimar 1923 demonstrates, however, that a financial crisis can just as well explode *upward*, in the form of a hyperinflationary blowout in which prices skyrocket, while the value of money shrinks rapidly to nearly zero.

In the case of Weimar Germany, as Komp emphasizes, the central bank "turned into a mere cog in the wheel of the hyperinflationary processes." Today, the situation is poten-

tially far worse, thanks to the far greater “leverage” of the financial markets—that is, the ratio of nominal financial assets effectively controlled by a given player, to the player’s actual capital, and above all, to the advent of the largely unregulated market in derivatives contracts, whose outstanding value amounts to more than five times the total combined Gross National Product of all the world’s nations!

With the help of derivatives, Greenspan and his cronies have created a mechanism which automatically responds to each threatened event of *instability or collapse* of financial asset values, by injecting a much larger amount of “artificial money” into the financial markets. The key to this mechanism is the de facto monetization of derivatives contracts, which are used by companies and speculators as a kind of insurance policy to “hedge” their bets against various sorts of losses. The more unstable the financial system, the greater the volume of derivatives contracts. By assigning a “value” to those contracts, which are then traded as a new sort of “virtual commodity” on the world’s markets, Greenspan and his friends have created a mechanism of “artificial money” expansion beyond the wildest fantasies of bankers and financial speculators of past times.

The *paradoxical* result of this mechanism, is that an ongoing, actual collapse of financial asset values of the conventional type, takes on the *outward appearance* of an *unprecedented boom* in the nominal turnover of hedge funds and banks involved in the trade in derivatives and related financial instruments! The more the economy collapses, the more “money” is to be made in the derivatives markets—at least, for those who have not yet been wiped out.

The analogy would be to a mad mathematician who, having jumped out of a window, constantly changes the units he uses to measure his distance to the ground: from meters, to centimeters, to micrometers, and so on. In this way, the *numbers*, expressing the remaining distance to the ground, seem to constantly increase! Paying attention only to the numbers, and not to the rapidly shrinking dimensions of the *physical units* upon which the measurement is based, the mathematician seriously believes he is actually *soaring upward*. This is the true magic of the markets!

As seen through the glazed eyes of today’s “independent” central bankers, there would seem to be no limits to the success of Greenspan’s ingenious derivatives strategy. Only *physical reality*—the rapidly approaching ground below—stands in its way! But even before hitting the ground of a total physical collapse, the interaction between the real economy and the insanely over-extended financial superstructure is already creating a gigantic “shock front,” which, unless defused by a New Bretton Woods financial reorganization, will soon wipe the entire dollar-based financial system off the face of the Earth.

## What Is a Shock Wave ?

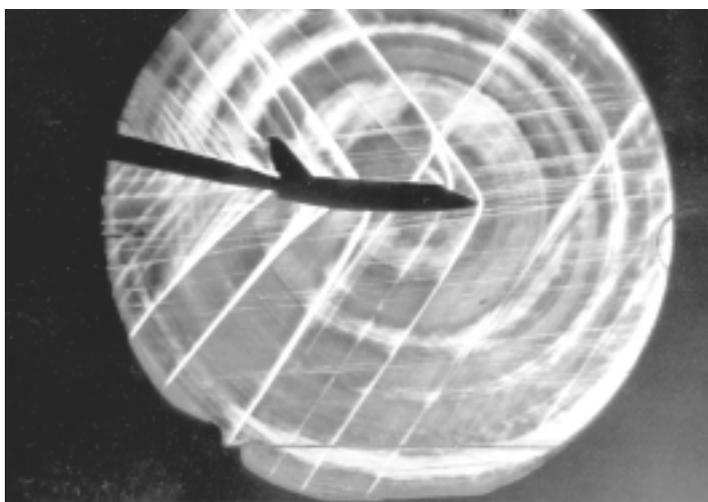
A crucial point to be understood, is the distinction between mere inflation, and a hyperinflationary process, in which it is not the increase in prices per se, but the acceleration of that increase that becomes the driving force. Separating the two is what Komp called a *phase shift*—a qualitative change in the dynamics of the process, which suddenly begins to follow *different laws* than those that appeared to govern it up to the point of the phase change. Exactly this phenomenon was the subject of Bernhard Riemann’s fundamental paper of 1860 on the formation of “shock waves” in physics.

The immediate object of Riemann’s study was the propagation of waves in the air. The most familiar case, from everyday life, is an ordinary sound wave, which maintains its essential characteristics as it is propagating from one point to another. This continuous self-reproduction process of an ordinary sound wave can be described, at least approximately, by a set of mathematical equations.

Riemann demonstrated, however, that when the air is sufficiently strongly compressed, for example by a rapidly moving piston, then the resulting air wave will constantly change its form as it propagates. At a certain point, the wave transforms itself into one or more compression shocks: surfaces across which sudden, discontinuous changes occur in the pressure and other physical parameters of the medium. From this point onward, the newly formed shock waves propagate forward in a different manner than do ordinary waves; they follow different laws than those which appeared to govern the process prior to the occurrence of the singularity.

Riemann pointed out that the mathematical equations

FIGURE 3



NASA/Ames Research Center

*The shock front is generated at the nose of the plane and propagates outwards in a conical array. This photograph is of a test model of the Space Shuttle in a wind tunnel.*

which Euler, Lagrange, and others had devised to describe the behavior of acoustical waves, broke down at exactly the point, where shock-formation sets in. The mathematics collapses, but the wave continues to propagate, reflecting a true physical principle, beyond the reach of formal mathematics. Riemann wrote:

“Therefore, aside from certain exceptional cases, it must necessarily always occur . . . that the differential equations lose their validity, through the divergence to infinity of the differential ratios of the pressure, and that forward-moving compression shocks must arise.”

The physical significance of this explosion to infinity of certain mathematical ratios Riemann speaks about, is this: The propagation of an ordinary sound wave depends on certain self-organizing processes in the medium of propagation (the air), which, in turn, require a certain characteristic time to be completed. This limiting condition is reflected in the existence of a definite speed of propagation of a sound wave, the so-called speed of sound, which, in turn, varies according to the physical condition of the air, its temperature, pressure, and so on. Any attempt to push a sound wave to a faster speed than its internal self-organizing processes can sustain in the given mode, results in a discontinuous change in the condition of the air: a shock wave!

Most people have experienced the formation of shock waves, in the form of the sonic boom generated when a plane accelerates beyond the speed of sound. The nose of the plane compresses the air immediately in front of it, producing a sort of sound wave. As long as the plane moves slower than the speed of sound, the resulting air wave will propagate ahead of the plane. As the plane approaches the speed of sound, however, it catches up with its own sound wave, creating a sudden phase change in the propagation process, which takes the form of a shock front, at which the pressure and other parameters of the air change discontinuously.

As Riemann emphasized, the behavior of such shock fronts is such, that they are originally generated at the nose of the plane and then propagate outwards in a conical array (**Figure 3**).

Now the reader should see the relationship of this phenomenon, to the hyperinflationary transition which took place in May-October 1923, and the one that is taking place now. The equivalent of the speed of sound in an economy, is not a single simple parameter, but rather an overall limiting condition, defined ultimately by the array of short- and long-term physical investment cycles in the economy, and reflected also in the limits of the subjective factor of confidence, with respect to the relationship between monetary and physical-economic processes. Look at this, relative to the thesis typified by Komp’s description, quoted above, of the hyperinflationary trigger-effect of a sudden acceleration in growth of raw materials prices: The rate of change of prices exceeds the rate at which such increases can be absorbed by the economy, without triggering a self-accelerating inflationary spiral.

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## Senate’s \$8 Billion for Flu

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# Will Vaccine Funds Be In Time for Pandemic?

by Christine Craig and Laurence Hecht

By a vote of 94-3, the Senate passed an \$8 billion appropriation, initiated by Sen. Tom Harkin (D-Iowa), to fight the threatening avian flu pandemic. The measure, passed Oct. 27, must still go before the House. The funding came as an amendment to the Labor, Health and Human Services, and Education Appropriations bill for 2006, and apparently subsumed funding (mostly for anti-viral drugs) from a previous amendment to the Defense Appropriations bill.

The amendment provides:

- \$3.3 billion for vaccine development;
- \$3.1 billion for the stockpile of anti-viral drugs;
- \$600 million for state and local public health agencies;
- \$750 million to manage possible patient surge on hospitals during a pandemic; and
- \$185 million for the Centers for Disease Control (CDC) to handle an outbreak.

A few days earlier, on Oct. 25, Secretary of Health and Human Services Michael Leavitt, just returned from a fact-finding tour of Southeast Asia, was in Ottawa, Canada, representing the United States at an international conference on pandemic preparedness for the avian flu. Health ministers from 30 countries and several international organizations had gathered there to prioritize responses to the looming threat of a devastating pandemic.

These actions by the government signal a growing recognition of the seriousness of the situation with respect to the avian flu.

That’s the good news. The bad news is it may be nowhere near enough. The H5N1 avian flu virus has killed more than half of the 121 people so far infected. Virologists believe that it is only a matter of time before the virus will mutate or re-assort into a form that will be easily transmissible from human to human. Once that happens, if the virus retains its present fatality rate, a pandemic worse than the 1918 flu epidemic which wiped out 50 million people in less than a year, will ensue. No one can predict when such a change will occur, but it could be as early as this flu season. Compounding the problem, is the fact that the deadly strain of the flu has re-infected the migratory bird population, which has recently been migrating south to over-winter. Recent outbreaks of avian flu in domestic poultry in Romania, Turkey, and Croatia seem to have spread via the wild birds. Each new infection of

an animal or person increases the possibility of a mutation to a strain that is easily transmissible from human to human.

Knowing that, governments must mobilize on a scale never-before-seen to protect populations. Some experts have called for a “Manhattan Project” type of mobilization. The measures proposed to the Senate are a beginning, but the amounts of monies needed would have to be 10 or 100 times larger to carry out a serious global preventive program. Among the needed immediate measures are a vast gear-up in vaccine and anti-viral production capability; expansion of public health services and monitoring agencies; preparation of hospitals and emergency overflow facilities such as at military bases; and other emergency preparedness of all types.

Immediate assistance to the frontline states in southeast Asia could make the crucial difference in whether, and when, the H5N1 virus mutates to a human-transmissible form. This was emphasized at the Ottawa conference by representatives from the Food and Agriculture Organization (FAO) and the World Organization for Animal Health (OIE). Jacques Diouf, director-general of the FAO, commented that the disease is still, at this point, an animal disease, which has caused economic devastation throughout Southeast Asia, and increasingly, in Europe. One focus of international efforts should be toward stamping out the disease at its source—the poultry flocks of Southeast Asia. The disease has already cost the region over \$10 billion; and economic losses could rise to hundreds of billions if the animal pandemic is not stamped out soon. This theme was echoed by Alejandro Thiermann of the World Organization of Animal Health, who told delegates, “Our first line of defense should be attacking the problem at the poultry level.”

Diouf chastised countries for their reluctance to fund the FAO in their efforts to fight the avian flu in Southeast Asian poultry flocks. According to him, months ago the FAO had set up a \$175 million fund to begin the work of bringing the bird flu under control in Asia. Of a paltry \$30 million pledged by countries so far, not a cent had been received. He estimated at least a billion dollars would be needed to supply, and man the effort in Asia.

## **A Preparedness Strategy**

Secretary Leavitt expressed some pessimism over the ability of Asian countries to get a handle on their poultry pandemic, at a National Press Club luncheon on Oct. 27. He mentioned a certain Asian country in which 14,000 people had died of rabies last year. How then to rally an effort over some dead birds, when they didn’t have the infrastructure to deal with a well-characterized and completely treatable human disease? This story led him into his take-home message: We had better prepare at home. Leavitt gave the National Press Club audience a preview of the Administration’s soon-to-be-released National Strategy for Pandemic Preparedness. Here are some of the points he emphasized:

- Improve national and international surveillance of

the virus.

- Stockpile anti-virals and vaccines.
- Create a seamless network of health-care and other emergency responders, both private and public.
- Expand biological information technology capabilities.
- Improve public communication and education to spur citizens into action without panicking them.

Both Senator Harkin and Secretary Leavitt have recently stressed the primary importance of adequate vaccine capability in fighting avian flu. Only one company, Sanofi-Pasteur, now produces flu vaccine in the United States. Its capacity is limited to 60 million doses per year. The National Institutes of Health (NIH) and Sanofi-Pasteur have recently developed a vaccine based on the H5N1 strain, which has shown promise in clinical trials. According to Leavitt, we already have a \$100 million contract with Sanofi-Pasteur to produce 3.3 million doses of the H5N1 vaccine. The United States has also awarded \$62.5 million to Chiron for new vaccine development. Both Harkin and Leavitt stressed the necessity to immediately revive vaccine production capabilities, and to develop the new cell-based vaccine production technology to replace the archaic egg-based system now used to produce normal flu vaccines. Harkin stressed the importance of rapidly building new vaccine production plants, commenting that the Pentagon was built in merely nine months. The normal time from plans to production is usually closer to five years. He expressed a readiness on the part of government to subsidize industry to facilitate development, either with up-front money or by guaranteed buy-up of vaccine.

In contrast to the usual approach of the Bush Administration, Leavitt closed his briefing at the Press Club with some interesting comments actually touching on the general welfare and the concept of the science driver. He posed the question: What if the H5N1 never jumps to humans, never materializes as a human pandemic. Will we be held accountable for having guessed wrong and acted? He insisted that the effort would in no way be wasted, that science and history teach us that what we do now will have lasting value. The increased preparedness, the revitalized industry, and the new technology will change the world forever. There will be serious long-term benefit from our short-term planning, and whenever a pandemic does come along, we will be ready.

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## Clinton Proposes Emergency Summit To Save Auto Industry

by Richard Freeman

Sen. Hillary Clinton (D-N.Y.) has proposed the convening of a national emergency summit to defend the U.S. auto industry, and more broadly the manufacturing base of the country. As the Oct. 8 bankruptcy of the world's largest auto parts producer, Delphi, threatens to bankrupt the entire U.S. auto industry, Clinton wrote an Oct. 20 letter to President George Bush, calling for him to rapidly convene such a summit, and stating, "Given the fact that there are over 1 million Americans currently employed in the auto industry, we cannot simply allow one of the core elements of our national economic infrastructure to wither away."

Senator Clinton is the co-chairman of the bipartisan Senate Manufacturing Caucus, but she issued the letter on her own behalf.

Clinton's focus on the "national economic infrastructure" is crucial. In the post-Cheney era, her proposed summit changes the national agenda, and shakes up the Congress, which has mostly stood idly by, while corrupt Wall Street looters, such as General Motors CEO Rick Wagoner, and Delphi CEO Steve Miller, working with Rothschild's Wilbur Ross, have dismembered their companies' priceless technologies. Clinton's proposal also makes more urgent the adoption of the proposals of physical economist and statesman Lyndon LaRouche. On March 23, LaRouche, alone among major political figures, said that GM was headed toward bankruptcy; and in part because of its \$300 billion debt, its problems would cause violent financial upheaval. From May through July of this year, as hedge funds lost tens of billions of dollars in derivatives bets on GM and Ford, LaRouche was proven precisely correct.

On April 13, LaRouche issued an "Emergency Action by the Senate" proposal to save the auto sector. He called for

the Senate to superintend action to re-tool the auto sector's advanced machine-tool design capacity, and to redeploy its productive labor force to produce capital goods urgently needed for indispensable infrastructure projects, including constructing magnetically levitated train systems, as well as repairing and improving waterways, locks, and dams. This would generate millions of high-skilled jobs. Despite initial interest, the Senate sat on its hands.

The week of Oct. 24, LaRouche reiterated his judgment that the Senate must move in a bipartisan manner behind his proposals of last Spring, and noted that the Clinton initiative reflects significant political motion coherent with such action. With the LaRouche Youth Movement leading the way, this proposal has been debated in numerous state legislatures and city councils, and has passed the city councils of the industrial cities of Detroit, Buffalo, Cleveland, and Columbus.

### Senator Clinton's Initiative

Senator Clinton called for participation at the proposed summit, of members of the Bush Administration, Congressional leaders, state and local government officials, and leaders of the auto industry and unions. The opening paragraph of her letter to Bush singles out the Delphi bankruptcy, by company CEO Steve Miller, a Wall Street thug for hire. In 2002, Miller, then CEO of Bethlehem Steel, plunged that company into bankruptcy, wiping out health benefits, and dumping Bethlehem's pensions onto the Federal Pension Benefit Guaranty Corporation (PBGC), where they were cut by half. Now, as head of Delphi, Miller has demanded that the workers accept a pay cut from \$28-30 per hour, down to \$10-12 per hour, a reduction of 64%, and an equal percentage cut in health benefits and pensions. He has threatened to dump



Clinton.Senate.gov

*Senator Clinton to Bush: "We cannot simply allow one of the core elements of our national economic infrastructure to wither away."*

Delphi's \$12.9 billion pension obligation onto the PBGC. Miller said either the workers agree to this, or he will ask a bankruptcy judge on Dec. 17, to give him the power to do this unilaterally.

Miller has indicated that he is considering closing Delphi's production facility at Lockport, New York, a plant which employs 3,800 workers in Clinton's home state. Clinton very pointedly in her letter states, "I sincerely believe that this crisis does not have to result in a zero-sum game, where wages and benefits to workers are slashed to the bone in order to maintain a company's solvency."

Clinton's action received almost immediate support from Michigan Democratic Gov. Jennifer Granholm, who presides over the state where the auto industry is most concentrated. Governor Granholm released a letter on Oct. 24 to her state's Senators and Congressmen urging them to support a bipartisan effort joined by the White House. "Now that we've seen the largest bankruptcy in Michigan history and the 13th-largest in the United States [Delphi], it is time for us to act. A crisis is upon us and the Federal government needs to step up and do its share," she said. Granholm called for Federal actions of aid on pensions and health care; but also, against free-trade agreements. "NAFTA and CAFTA have given us the shaft-a," she said.

## Auto Sector in Collapse

This critical action comes none too soon. On Oct. 16, GM's Rick Wagoner tentatively forced upon the United Autoworkers (UAW) an agreement to slash health-care benefits for hourly workers by \$3 billion a year. Bloomberg.com reported on Oct. 17, that this would cause out-of-pocket health expenses for both hourly workers and retirees to jump by \$2,431 annually.

In desperation, GM has announced that within 90 days it will sell a controlling interest in the General Motors Acceptance Corporation (GMAC), GM's financial arm, which earns \$4-5 billion in profits a year, and is the only significant instrument that makes GM money! None of this is helping. Once GM's lunatic "employee discount" sales incentive was lifted, during the first nine days of October, GM's sales fell 57% compared to the first nine days of September. Standard & Poor's rating service has downgraded GM bonds to BB-, which is four levels below investment grade. GM is inches from bankruptcy.

On Oct 20, Ford Motor Company CEO William Ford announced that during the third quarter of this year, Ford had suffered a \$284 million loss, and declared that he will shut a "significant" number of plants in the United States, starting January 2006.

This destruction is spreading throughout the U.S. auto suppliers sector, which employs more than 700,000 workers. Delphi is in bankruptcy, with its chair Miller vowing to liquidate most American plants, and move them to slave-labor shops overseas. On Oct. 20, one of America's largest auto parts producers, Dana Corp., announced that it will close two plants in Virginia—in Bristol and Buena Vista—that employ 545 workers, and will shut down one of its assembly and component lines at its plant in Lima, Ohio, and move that portion of its work to its plants in Mexico.

In his Oct. 12 international webcast, LaRouche presented the World War II-style top-down approach that a summit to save the auto sector would urgently need: "In the past, . . . we have put an entity or a group of entities under Federal protection, not with the intent of privatizing them, but of resuscitating them." He added, "So, you want to take an area like western Pennsylvania, Ohio, Michigan, Indiana, Illinois, for example, which are prime areas; the Ohio River basin, the Great Lakes. . . . You want to take that area and make sure you stabilize that . . . by keeping people where they are. . . . You come up with some new work for them to do. Work we need. Do we need a national railway hookup? . . . Do we need to increase employment? Yes. Do we need to get the other employment which will come as a spinoff of maintaining these firms in operation? Yes. Does it have to be automobiles? No. It has to be the combination of . . . science-driven machine-tool capability, which turns design of a product and the tools of the production of that product into a product which is produced by masses of people working in that industry, the way we did in World War II."

# The Beauty of Rosa Parks

by Amelia Boynton Robinson

*Amelia Boynton Robinson is widely known as the heroine of the Civil Rights movement, beaten and left for dead at the Edmund Pettus Bridge in Selma, Alabama, friend and colleague to Dr. Martin Luther King, and now friend and collaborator of Lyndon and Helga Zepp-LaRouche.*

What a beautiful memory! The memory of a woman, though frail, awoke people throughout America from their complacency, two generations or more ago, in Montgomery, Alabama. History was made when she, Rosa Parks, sat on the bus in Montgomery, Alabama, and refused to give up her seat to a white man, who was standing on a crowded bus. Rather than become a coward, she refused to give up her rights as an American citizen, knowing that she could have been beaten, or killed (If she had been killed, Southern courts would have called that “justifiable homicide,” because it was said, “blacks have no rights”). But she turned her fear into faith, and her faith became stronger, when it lit up in her mind that she was right and will stand by her principles, until death, hoping others will follow the same determination, to be free.

If Mrs. Parks had not had her strong faith, knowing she would firmly stand by her belief, there might not have been a bus boycott, a Congressman John Lewis, who helps to put morals in our laws, or an Atlanta Mayor Andrew Young, the first black mayor of a major Southern city, being a political example for the minority. If Mrs. Parks had been weak enough to give up her seat, there might not have been an Amelia Boynton Robinson, who was beaten and left for dead on the Edmund Pettus Bridge on Bloody Sunday, March 7, 1965, in Selma, Alabama, or a Bruce

Carver Boynton, whose case *Boynton v. Commonwealth of Virginia*, broke down segregation in interstate travel.

If Rosa Parks had not sat on the bus until she was forced off, and slammed in jail, there might not have been a Martin Luther King, who shook the entire world, lighting a candle, a spark of conscience turning hate into love, and violence into non-violence, if Mrs. Parks had not firmly stood by her belief in the face of atrocities.

White segregationists hated her because she disturbed their “way of life.” Black people feared her because their association with her might cause them the loss of their jobs. I know, because I, too, lost friends who feared associating with me, when I disturbed the “way of life” of the white segregationists.

Through it all, this earthly angel left a legacy for all, man, woman, and child, for she, by her Creator, urged all to stand the storm, live the proper life of love, long-suffering in sacrifice, and in non-violence.

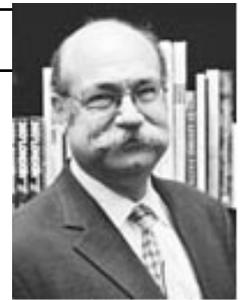
To we, who are still living, Rosa Parks would like to say, in the words of William Cullen Bryant’s “Thanatopsis”:

So live, that when thy summons comes to join  
The innumerable caravan, that moves  
To the pale realms of shade, where each shall take  
His chamber in the silent halls of death,  
Thou go not, like the quarry-slave at night,  
Scourged to his dungeon, but sustain’d  
and sooth’d  
By an unflinching trust, approach thy grave,  
Like one who wraps the drapery of his couch  
About him, and lies down to pleasant dreams.



Library of Congress

Rosa Parks (1913-2005)



# How Indictments of His Cronies Will Affect President Bush

*On Oct. 22, 2005, Jeffrey Steinberg, along with LaRouche Youth Movement panelists Matt Ogden from Boston and Niko Paulson from Seattle, interviewed special guest Dr. Justin Frank on "The LaRouche Show," an Internet radio show broadcast every Saturday at 3:00 p.m. Eastern Time, at [www.larouchepub.com](http://www.larouchepub.com). Dr. Frank, a practicing psychiatrist, is a professor at the George Washington University Medical Center, and was the author of the book *Bush on the Couch*, characterized by Steinberg as one of the most insightful profiles of the current President of the United States, and also one of the most frightening books to be published on the subject of the U.S. Presidency in many, many years. On Aug. 20, 2004, EIR published a review of Dr. Frank's book, and an interview with him. On Nov. 5, 2004, EIR published a guest commentary by Dr. Frank, and on Feb. 4, 2005, we published another interview with him.*

**Steinberg:** Let me begin by asking Dr. Frank something that's on the minds of most people in this country and around the world, who are close followers of politics in Washington. Namely that the Valerie Plame investigation, among other investigations into White House behavior, seems to be coming to a kind of a turning point. We're hearing that as early as next Wednesday, Special Counsel Patrick Fitzgerald is expected to announce criminal indictments against a number of senior White House officials. At least two names that have appeared prominently in the media lately, are Scooter Libby, Lewis "Scooter" Libby, who is the chief of staff and chief national security aide to Vice President Dick Cheney; and secondly, the Deputy White House Chief of Staff, but much more importantly, the kind of political Svengali behind President Bush, Karl Rove. There are a number of other names that have come out as well. And in the last several days, there appears to be a growing groundswell of people pointing the finger directly at Vice President Cheney, as the architect of the Valerie Plame leak, and other actions, that constituted willful disinformation and fraud to get this Iraq War going.

So, Dr. Frank, my first question, is, let's say these indictments do come down, next Wednesday, or some time very soon after that, what will be the impact, in your judgment, on President Bush, of this major crisis in his Presidency?

**Frank:** Well, the most important thing to remember about

President Bush, is that a large part—a huge element of his Presidency has been constructed around secrecy and privacy, and protecting himself from anxiety. From actually external terrorists, and from internal fears of being terrorized by his own issues. And basically, I think that this indictment will make him extremely anxious. He already looks tired and haggard, in a different way from the past. Some of the photos of him that I've seen recently, he just looks like he is finally feeling the strain of having his, kind of, hand-wrought Administration being now subject to being dismantled, or at least questioned seriously.

And I think that it's very stressful for him. I don't know if it's something that would lead him to do even more bicycling, or exercise, or drive him back to drinking—which has been rumored recently, that he's been doing that. But, whatever it is, I think that he is used to having been rescued by his father or his father's friends. And now, the only people who could really rescue him, that are left, are the press and us, through our denial. Because if these other people are indicted, he will have nobody there to help rescue him.

So, I'm concerned that he might become very agitated about it.

**Steinberg:** What would be the consequences, again, psychologically for Bush, were there to be a forced resignation, or impeachment against Vice President Cheney, who's been one of the anchors of the Administration on most policy issues?

**Frank:** Well, he is a very tough guy, George Bush, even though he's a peculiar paradox of being very tough and very frightened. And when he's in a corner, he strikes out. And my thought is, that he would just be appointing a new Vice President who would be more extreme, in some ways (if that's possible) than Cheney, and certainly untouchable by Congress or by the Senate. I don't know who he would find. But I think that he would strike out, and strike back. I don't think he is a person who will just disappear to Crawford, the way he does every August.

I don't know what he'd do exactly. But I do know, that he gets *very* angry. He does have a temper. I do think that the only time when he's really at risk for being taken over by anxiety, is when the confrontation is direct. In other words, an indictment of Cheney is not the same thing as having to be at a press conference, when he is being questioned directly



White House Photo/Eric Draper

*The only person who could approach Bush about making a fundamental change in policy, said Dr. Frank, “would have to be a woman,” such as Karen Hughes, or his wife, Laura. Here, Bush discusses a speech with Hughes, at the White House.*

by a member of the press. That’s when he collapses. That’s when he has trouble.

I think he might actually—you know, he’s going to stick with Harriet Miers, he’s not going to withdraw her name. He re-introduced all those judges who were rejected by the Senate; he re-introduced them in 2005, seven of them. I mean, he does not give up, in his fixed ideas.

**Steinberg:** About two weeks ago, there was a column in the *Washington Post*, by Jim Hoagland, in which he basically said, that what President Bush needs to save his Presidency, is the way someone like Clark Clifford, who of course, went to Lyndon Johnson in 1968, and convinced Johnson that the Vietnam War had destroyed his Presidency and that he should not run for re-election. And Hoagland basically said, somebody has to go to Bush, and basically tell him the truth about his disintegrating Presidency, so that perhaps he can make some personnel changes, or other things, to deal with what he’s going to have to face over the next three and half years. And now, of course, we have Cheneygate, Libby, Rove, these people very close to him, now potentially facing indictment, and forced immediate resignation.

Is there anybody, who could approach Bush in such a way, that he would actually come to his senses, and see that maybe there was an alternative to the disastrous policy course he’s followed, and bring some fresh blood in, who would not be more radical and more provocative than Cheney?

**Frank:** Well, I think the only person who could approach him that way, would have to be a woman, and it could either be Karen Hughes, or Laura—the only two I can think of, who could counsel him in that regard. They function as what in psychiatry, we call “affect regulators”: They’re people who function to regulate his emotions, and they calm him down. And I think that anybody who was going to tell him that his Presidency is crumbling, is going to have to first find a way to calm him down. Because, he would get so angry, and so indignant, and so outraged, that he would certainly “attack the messenger,” unless that messenger had a very clear path into his psyche. Because, he fundamentally is much more like the way Hitler was in the last days of the bunker, in that movie—I forgot what it was called now—about the bunker life.

And I do think this is not the “last days of George Bush,” and I don’t want to compare him to Hitler in terms of what his policies are. But there is a way in which, the circle around him gets narrower, and narrower, and narrower. But at the same time, *he* does not change: He escalates his anger, his rage, his distrust, and he, eventually, as I wrote in my book, will distrust his own advisors. Because, what happens, is, that if you live outside of the law, and you live psychologically outside of the law and you know it, you are always going to be suspicious of other people. And first, you’re suspicious of the people who vote against you; then you’re suspicious of the Richard Clarkes of the world, and the Paul O’Neills of the world. And then, gradually, you start getting suspicious of the Colin Powells, and then you start getting suspicious of your closest advisors.

And so the circle narrows, and narrows, and narrows. And today, for instance, in his Presidential address, he said, at the end of his address—it was all about the new bill that’s coming out, that he’s going to sign about immigration. But he says, and I quote: “America is a country of laws. *We must not allow dishonest employers to flout those laws.*” That’s what he said today, Oct. 22, this morning, and I wrote in my book on page 91, “The flagrant flouting”—same word—“of authority of the law took place before he actually became the law, first as Governor, and then as President. Not surprisingly, it has continued throughout his time in office.”

In other words, he is the one who used to flout laws all of his life, growing up, and then, when he became the law, namely the Governor or the President, he continues to flout authority and the law, even though he *is* the authority.

So, I think, that the only person who could *possibly* have access to getting him to change course—I mean, he does flip-flop about certain things, and he does back down, there’s no question about it, and bullies do back down. But the only person and people who have access to him, whom I think he would really listen to, are people like Karen Hughes or Laura Bush. I just don’t know who else would have that kind of influence, other than Karl Rove, who might be gone. And I don’t know that Karl Rove—I mean, I have no idea; he’s

so savvy politically, that he might counsel him to change directions. But, who knows, whether Bush would turn on him, too?

**Steinberg:** We're talking today with Dr. Justin Frank, who is the author of *Bush on the Couch*, which first came out, I believe, in 2004. But, around June of this year, a second, paperback edition of the book was published, and it includes a fascinating new chapter, that updates the Bush psychological profile, through the period of the Presidential campaign, and up through the early months of his second term in office.

I want to ask you a kind of unfair question, Dr. Frank.

**Frank:** Okay—I refuse to answer!

**Steinberg:** Could you give a sort of synopsis of your kind of clinical diagnosis of President Bush?

**Frank:** Well, that's very hard to do. You're right, it is an unfair question, especially since the entire book was devoted to developing different thoughts and strains of that. But, in terms of synopsis, I think there are certain qualities in his character, rather than making it as a diagnosis, that would be what are called a "character diagnosis," and a couple of them are very important: One is, that he is an untreated alcoholic. And by that, I mean, a person who has the same kind of psychology as alcoholics do, without the alcohol. Namely, they see things in black-and-white terms; they're quick to jump to conclusions; they're very critical, and they are unable to take blame or take responsibility. And they are full of bravado, where they will say, as a drunk would say, "I can lick any man in the house," when he's had a few beers. This man can say, "Bring 'em on, wanted dead or alive," and use the bravado of our military and get us into these wars and these various situations, when he is functioning in the same mentality and mental state as somebody who's been drinking.

The second part of the diagnostic assessment, is, that he does have an ability to split, and to become detached, and to disconnect. So, I think that for many years, he's been able to disconnect inside his mind, from being compassionate, from being concerned about other people. So, when Hurricane Katrina was coming, and it was announced to him, he would not pay any attention to it, he was indifferent to it. He disconnects. And that's another defense, that's a way of managing anxiety.

The problem is, that when you disconnect, you also are being potentially—and in this case, literally—very hurtful. Because, if you're not taking care of this country and being responsible, and you disconnect, then a lot of people die and suffer needlessly. And, in fact, Dennis Kucinich, I thought, said an amazing thing the other week—the Congressman from Ohio—who said that, "indifference is a weapon of mass destruction." And that fits with the thing about disconnection.

The third part of his diagnosis is, that he has a cruel streak that is very strong. And that is, that he has a long history of inflicting cruelty, cruelty to animals, blowing up frogs as a

kid; and I think, that he can outsource that cruelty and that destructiveness. And some of it is even aimed at our own citizens, and certainly plenty of it is aimed at people in Baghdad, for instance.

The fourth part is about learning disability: He has trouble processing information and thinking clearly. He is actually smart in certain ways, but not smart in others. So, new information that comes his way is very hard for him to process, because he has to filter it through all of his preconceptions and all of the things that he relies on and clings to, to keep him organized.

Another part has to do with his massive anxiety and suspiciousness.

**Steinberg:** That's a pretty compelling indictment of somebody who has the responsibility for the General Welfare of this country, and is presumably the leader of the most powerful nation on Earth.

**Frank:** I can't imagine any business group, at this point, who would hire him to run their business, given what he's done. I just can't imagine it—and yet, the people voted for him, and re-elected him. Let's say even if he lost both elections by a few hundred thousand votes, and there were shenanigans done with the Supreme Court: Let's even say that that's all true. There still are millions, and millions, and millions of people, who support him, and love him, and vote for him. It's disturbing to me.

**Steinberg:** Absolutely, right. It's an indictment of where our culture has gone, that someone like George Bush would be looked up to as someone whom we would want to see in the White House.

**Frank:** Right. As heroic.

**Steinberg:** Exactly. I want to actually open up the discussion to our two members of the LaRouche Youth Movement. Let's kick it off, in Boston. Matt, do you have a question for Dr. Frank?

**Ogden:** Sure. Hi, Dr. Frank, I'm Matthew Ogden. I organize with the LaRouche Youth Movement here in Boston. I just wanted to pick up again, from what you brought up about the culture. Lyndon LaRouche wrote a paper recently, where he talks about Dick Cheney, and George Bush, and the Administration, called "The Case of the Vice President's Mass Insanity." And in there, he brings up one advisory comment that he had on Dr. [Jerrold] Post's method—who I believe is your associate.

**Frank:** Yes.

**Ogden:** And he says that the question of judging the psychology of somebody, is not something that you can do in an ahistorical kind of perspective. But you have to judge their psychology from the standpoint of the historically specific

culture in which they exist. You talked about George Bush's denial of reality, kind of fantasy life. We experience in the population, a lot, the kind of denial of reality in terms of the oncoming economic collapse.

**Frank:** Yes.

**Ogden:** And I think that a lot of people decided to vote for George Bush, because they actually wished to partake in his sort of denial, and fantasy world. And I just wanted to see what your thoughts were specifically on the Baby-Boomer generation, and what is the general cultural insanity that produced the kind of reflection and amplification of that insanity that we're seeing in Bush, and also Dick Cheney?

**Frank:** Well, I don't know about the Baby-Boomer generation, which is a huge number of people. And I don't know how the voter profiles are, in terms of which groups of people voted for Bush. I am pretty sure that the more-educated people do not vote for Bush, although that's a hunch. People who have been college graduates and above, and there are many Baby-Boomers like that, I would be surprised if the majority of them voted for Bush.

But, to respond to your question, I think that you're exactly right. I think that Bush in a way, is a product of his time, and of our time, and in fact, he understands that. In fact, [White House Chief of Staff] Andy Card made this *amazing* disclosure that he backpedaled from, or that people haven't really picked up on. He was interviewed in the *Boston Globe* and he made a comment that George Bush pitches his speech to about a 10- to 12-year-old level of understanding in this country. The understanding of a 10-year-old, or a 12-year-old! And I think that those are people who see the world in black and white; they're still pre-adolescent, so they have a lot of magical thinking, they have heroes, sports heroes, good guys and bad guys. And they have fantasies that are very grand and powerful. So, for instance, when my 9-year-old son was given a tennis racket by a friend of mine, he said that by the time he was 11, he would be able to defeat me in tennis with no problem—having never taken a lesson.

It's an idea that kids have. And Bush taps into that. And that's *very* prevalent in our culture right now, that way of thinking. And I think the best book about that, actually, is by somebody who has the same name as me, but is not related, named Thomas Frank, who wrote this book called *What's the Matter with Kansas?* It's really disturbing: It's about all the kind of juxtaposition between the poverty, and the failed businesses, and all the different economic troubles in Kansas, and all the people carrying around Bush signs. And he thinks a lot of it has to do with religion, and that Bush taps into that part, also.

But I do think a lot of it has to do with what you're talking about, which is, wishing makes it so, denial of reality, and that we live in a kind of a fantasy world. And he taps right into that.

And I think that that context is very much one of kind of



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*After being told "America is under attack," when the second plane hit the World Trade Center on 9/11, a visibly stunned George Bush continued to read My Pet Goat in a Florida classroom for nearly seven minutes.*

magical thinking, and that people retreat to that. They either become very frightened, like after 9/11, there was a *tremendous* wave of fear; or, they become grandiose, saying, "We're invulnerable. We'll just beat everybody, root out all the terrorists and destroy them, one by one." So, that's a *very* appealing way of thinking to a lot of people. Including—you know, I've had a couple of people in my practice who felt very much that way, right after 9/11.

In terms of the historical context, I agree with Lyndon LaRouche, about the importance of doing an assessment within the context of the time that the assessment being made, the times that the person is living in, when the assessment is being made.

**Steinberg:** Now, let's turn to the West Coast: Niko, in Seattle.

**Paulson:** Hi. Just along similar lines as Matt's question, your response to it: It seems like there are all of these different defense mechanisms, which Bush has thrown up around himself, so he doesn't really have to deal with reality. And, that seems like a perfectly lawful expression of generally the context that he was surrounded with, and also apparently something that a large portion of the population has responded to, as well, in that they enjoy and agree very much with his oversimplification, when he speaks with these people, and identify with that in a big way. What do you think is the proper approach to dealing with this type of problem? And obviously, in the case of Bush, it's probably quite difficult, in that you're not ever going to be able to get very close to him. But, we deal with this, organizing in the LaRouche campaign,

on a daily basis, trying to get over some of these very same psychological problems embedded in the minds of many, many Americans. What do you think is the best means by which to address some of these defense mechanisms, in solving these types of problems?

**Frank:** The best way to address these defense mechanisms in my experience, and I don't know how to do it, in terms of the practical—when you're going and talking to people—but this is how I would like to suggest: And that is, to psychologically ally yourself with the people's narcissism. In other words, ally yourself with what people feel proud of. And rather than talking about doom and gloom, or how bad things are, or how bad Bush is, I would try to ally myself with what makes people feel good about themselves, and then see if they can start to think about the ways in which those good feelings are actually being undermined and undercut by this Administration. So, I would want to talk about what it is that they're proud of, what it is that the people feel good about, about being an American, and what they think about, and how do they think about what's going on in the world: What do they think about paying debts? What do think about credit cards? What do they think about interest-only mortgages, where so much of our income is going to be spent, just paying off interest, not even debts! And I think that people can think about those things. I thought your use of humor in music is one thing.

I think that it's really important in terms of talking to people to be clear about the positive things that the people are aspiring to and that they feel. And I think that Bush has been able to tap into that, as well as to people's fears, but always that he has the answer to their fears. I think that the issue really is, to help people think about what's actually happening to them.

I remember people used to call Reagan the "Teflon President," that nothing stuck to him. Well, Bush has got Reagan beat by a mile here! Nothing has stuck to him. People don't even connect the dots! They don't connect that he constantly lies, basically; that he'll say, "I didn't know—" what was the guy's name, from Enron?

**Paulson:** Ken Lay?

**Frank:** Yeah. "Kenny who?" he said. And then he didn't know Chalabi, when Chalabi was sitting right there at the State of the Union. He doesn't know this person, he doesn't do this, he doesn't do this. And then, they're done! And it's a constant thing. But, when people look at him, they look at him, in the segmental way, which is very typical of how people deal with alcoholics, they also don't want to make links and look at patterns.

So, the second thing, after you ally yourself with people's narcissism, would be to talk about patterns of behavior, and try to make links that will be easy to make—between Katrina and various other things, where lots of solutions to the problems are actually left to the states, and turned back onto people

who have to solve it for themselves, which is both a good thing, and certainly an abdication of governmental responsibility.

So, the second thing I would look at, is try to help people look at the patterns of behavior of this Administration, and this particular President, in terms of both making things up and then changing his story, to justify what he wants to do; and that the issue is, what he wants to do, not why he wants to do it. And I think that people don't quite understand that. Most people need a reason, so they really *did* believe that Saddam was a threat. Those kinds of things.

So, I think that those are the two things that I would do, in terms of dealing with the public: Find out what it is that people feel good about, and then work with that, and don't just beat them over the head with all the problems. And then, look at patterns of behavior.

As far as confronting Bush directly, the only person who has confronted Bush—there have been a few people who have had the guts to do it—the most gutsy person has been Cindy Sheehan. People talk about her, saying, "You're so courageous," and she says, "I'm not courageous. I'm fearless." She said, after you have a son die, and killed by misinformation about this war, she doesn't know fear. And she has been able, as they say, "to speak truth to power." And everywhere she is, Bush leaves. When she was at Crawford, he went to Idaho, then he went to San Diego. He left Crawford—he'd never left Crawford before this year, in August. And now, she's coming to Washington, and she said she's going to chain herself to the fence in front of the White House, starting with the 2,000th American trooper killed, which will be sometime this coming week.

Truth to power, and being direct, is really important: There are no Congressmen who speak directly to him, and no Senators who speak directly to him. She doesn't speak to his face, obviously, but she does try to confront.

So, our only hope, would be to find maybe some people in the press, at press conferences, who would be willing to, shall we say, risk their jobs! Look what happened to people like Dan Rather, look what happens to Helen Thomas, look what happens to people who do confront Bush—I mean, it's really a risk. And I can understand why the press doesn't do it. But the question is, can they say to him, for instance, "I don't want to follow your rules. I'm going to ask a follow-up question now." And he'll say, "Well, you're not doing it right, there's no follow-up questions. Next!" And then, when he goes to the next reporter, that reporter has to say, "I want to ask. . ." and then figure out what the follow-up question is, that the other person was going to ask, and ask it! And stay with that kind of pattern, and really confront him, and be direct with him. That will really, I think, expose who he is, and what's going on with him.

People are afraid to do that, and I understand why they are. There's a culture of oppression, and there's a culture of fear. And it's very subtle. People don't want to join

groups, don't want to say things. I mean, people came up to me, and said, "Thank you for being cannon fodder for the rest of us."

I do think it's a serious problem in this culture. And it was a problem, I think, in the Vietnam days, but not the same. The press at least asked some questions then. . . .

**Steinberg:** I'm reminded of a brief section of the new edition of the book, in which you're describing this one particular moment, during the first Presidential debate, in which Senator Kerry really brought Bush to the edge of cracking, and then seemed to not follow through in the way that you're describing. Maybe you could recount that incident to our listeners.

**Frank:** Well, Kerry did—and I actually sent him some suggestions, which I think they used in the first debate—Kerry confronted Bush, and the best way to confront Bush is to undo him by talking about his failures, or his inadequacies, in specific ways. And in this case, he talked about his father. And he said, that Bush's father said that going to war against Saddam Hussein, or in Iraq, is a quagmire, and would be really dangerous and a negative thing, and how come he didn't listen to his father's advice? But, what happened was, that Bush became very flummoxed, and really uncomfortable. And Kerry, I think, just couldn't go for the jugular. I don't know if that's a Democratic failing. I don't know if that's a fear, of having a President collapse when he still is the President, and you don't want him to collapse in front of everybody on television; he doesn't have a killer instinct—I don't know what it is. But, whatever it was, he backed off.

And it really disturbs me, that he did, because, I think that's the only way to deal with him, and he had ample opportunity to talk directly to him. But it was clear that you can undo him, when you ask questions like, "Have you ever made a mistake?" When you point out the inconsistencies of what he's saying. And if you don't let him off the hook.

The other thing about that first debate, that was so interesting, and that the second debate really took care of, in part, for Bush, is that a person with a learning disability, and who discharges anxiety through running around and through touching people, and through jumping around and action: In the first debate, he had to stand still and have a debate. In the second debate, he was on those stools, and was jumping up and down, and that really allowed him to dissipate some of his anxiety. The first debate was the chance to *confront directly* the President.

That is what the press needs to do. Diane Sawyer tried to do it once on TV, but it's very hard to do that. And, when she confronted him, eventually, when she said: "Well, what if there's no weapons found?" He said, "Well, what's the difference?" I mean, if people really thought, and stopped, and listened to that, and they played that tape over and over again, you would see that this is a person who doesn't care whether there are weapons of mass destruction or not.

So, I think that, in my book, in the Epilogue, I really did

write about what was a continuation of his behavior: Which is, that he is a person who can get by, by bullying, by bullying, by intimidating, by having people like Karl Rove around him, and Dick Cheney *clearly* as an attack dog. And an architect, as you were saying, an architect of the Valerie Plame thing—he may well *be* the architect. But you've got to remember, that an architect has an employer! And Bush is the employer, at least of that particular architect.

**Steinberg:** We're getting a pile-up, actually, of questions coming in on the internet, and I want to turn now to a number of those questions. First, from Meghan, I guess, from our Boston Youth Movement: "Could Dr. Frank speak on how Vice President Cheney would react to being told to step down, and also perhaps give a psychological profile of Cheney, as you do with Bush, if possible?"

**Frank:** Well, I couldn't do a psychological profile of Cheney, because I haven't studied him. And the one thing that I am very clear about, is that my comments about Bush are based on a lot of extensive study and thought. I mean, I've certainly noticed Cheney and paid attention to him, but I haven't reviewed all of his biography and his life-history, and studied videotapes the way I've done with Bush. And so, I don't want to be off-the-cuff about Cheney.

As far as how Cheney would react? Again, that's *very* speculative. I think the biggest concern that anybody in this Administration has, is that they don't want to go to jail. So, he will do anything, he would rather step down, than go to jail—that's for sure. And he would make an arrangement, that he will step down, if he can be immune from any kind of prosecution, is my thought. And I think that's what all these guys are about: Which is, how to avoid jail time. Because they really have done things that are extremely illegal, across the board. The stuff that Cheney's done with Halliburton, and continued and persisted in, all this time, while he's in office—I mean, it's pretty stunning.

So, that's my answer. I think that Cheney would make a deal. He'd be willing to step down, if he knew he'd be free of jail time. Humiliation is not an issue, in other words, for him. Or shame. That's not an issue for these people. Which is quite interesting, when you stop and think about it. I don't know too many people who are that shameless.

**Steinberg:** We have another question from Scott from South Jersey, and he just simply asks, "What will another three years as President do to George Bush?"

**Frank:** Well, it depends. It really depends on whether people stand up to him or not. He's perfectly happy living his life, if he can keep appointing Harriet Miers and those kinds of people, and not have much opposition.

I think the issue is really, what will three years do to him in terms of opposition? I think that, clearly, the climate changes are quite striking—I don't know if there'll be another hurricane season next year, that's like this one, but it wouldn't



EIRNS/Michael Rowland

*What will Bush do if Cheney resigns to avoid going to jail? "I think this indictment will make him extremely anxious," said Frank. Here, LaRouche Youth Movement organizers in August 2005 giving a goodbye party for Cheney, in Washington.*

surprise me. I think there's a lot of things that will put pressure on him. But the only thing that I think that could happen, in terms of what the next three years could do *to him*, would be if people stood up and started to ask questions, and not accept everything he says. Otherwise, I think he goes on, and has his pre-screened audiences, and lives his life that way as President, and continues to give his tax cuts to the rich and his friends; and appoint friends to high office; and continue on his merry road.

I mean, he's much closer, of any American President that I've seen and know about historically, he's much closer to Warren G. Harding than any other President, except that he's also gotten us into a war. He's very similar to Harding, in terms of appointing all of his friends, and then finding that they're corrupt. And, supporting it—you know, Harding said it was his friends who got him into trouble.

**Steinberg:** I want to go back to our panel, throw out again to Matt, if you've got further questions for Dr. Frank.

**Frank:** Or, points of disagreement even, or argument.

**Ogden:** Sure, I had just one question, actually, because I was re-reading an interview that you did, I believe back in August of last year, during the Presidential campaign, that you did with *EIR* magazine, called "George Bush, A Puppet Who Chose His Puppeteers."

**Frank:** Yes.

**Ogden:** I had a question about your analysis there. Because, I believe the interviewer asked you about the role of Dick Cheney in the Administration. And you said, "Well, people overestimate the role of Cheney in the Administration." I wanted to ask you whether you meant "overestimate" George Bush's view of the role of Dick Cheney in the Administration? Or, actually the role of Cheney, and that you think that George Bush has much more of a power over his Administration than most people tend to think he does?

**Frank:** Most people do not think he has power over his Administration, and I am in the minority, but I think he does have power. I think he doesn't know how solve problems, but he does know what he wants. And that's his power, plus he's the President. So, he can say, "I don't care what you say, do this." And I think in that sense, he does have the power. I think he gets paralyzed, and has trouble thinking when there's a crisis, and that's very clear, and so the other people think, shall we say, for him—like Cheney.

But, I *do* think there's a fundamental direction that he is taking this country in, and that he believes in, that's very strong. It has to do with religion. It has to do with doing away with the concept of the Great Society, and the New Deal, and that government is there as a safety net; and that it's there to protect people, and that laws are there to protect people from one another. He really has fundamental belief systems—that deficit spending is fine—I don't think those are Cheney's beliefs, necessarily. I think that these are his, and that he has found people to implement it. I think that Cheney is clearly comfortable lining his own pockets, and being a menacing figure—and certainly a scary one to me.

But I think that Bush is the person who—every time there's a person who disagrees with him, they're out! I mean, he just closes them out, and that's it. So, I don't think that he is a puppet. I think that he's strong. I think that he's smart, in his own way: I think that he's smart in a way of sizing people up; he knows how to reach out to people; he knows how to make jokes, and use humility as a way of disarming his critics. Almost like Woody Allen did, in some of his things. But, I think that he runs the show.

And I know I'm in the minority about this. I mean, Cheney is a strong guy. And I've known and dealt with him for years, because he was very much involved in the pro-nuclear movement in the '80s. And the nuclear buildup.

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*Bush is very good at distracting people, and deflecting questions. His defense system allows him to remain opaque; it allows him to avoid blame; it allows him to use humor; it allows him to surround himself with Secret Service and with a Cabinet that's all of his liking; it allows him to see the world in black-and-white terms, which is much easier than anything else.*

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**Ogden:** Just as a quick follow-up: Do you think that the coming ouster of Dick Cheney, will change the policies that are coming out of the Bush Administration? And would you be able to say that Bush is committed to a certain ideology consciously, or is he just so clouded in his view of the world, in terms of what you said, in terms of his preconceptions?

**Frank:** I think he's committed to a conscious idea, which, again, is about the installation of religion in the government, and installation of "every man for himself" kind of attitude at the same time. I *really* think that if Cheney is ousted, Bush will appoint somebody very similar and will not look back. I don't think there will be any change in his policy.

I think that, unconsciously, however—it's a great question you asked—because unconsciously, I think he is, of all the people in his life, I think he's most deeply identified with his mother. And I think that, one of the qualities that she has, is not just her sarcasm, but her ability to kind of cut people off, and say, when she said something to the effect that, "I'm not going to disturb my beautiful mind by looking at body bags, I'm not going to watch the war news"—she said that on national television, right before we bombed Baghdad in 2003. And then, she just recently at the Astrodome, made that very unfeeling comment, about the poor from New Orleans who were sort of "lucky to be there" and "never had it so good" kind of thing. There's a contempt, that I think she had for her own children, that's very similar. And I think that he has delivered that, and given that to us: that he treats us, the citizens of this country, the way he felt treated as a child by his mother. And I don't think that's going to change—unless he's out of office. There's a lot of other people who agree with him in certain ways, but not to the degree.

I don't know that Cheney would have to leave, or whatever. I think that the question is really whether Bush himself would be impeached: Then, we'd see something new.

And I think that, as you remember, about Nixon—nobody really wrote about this very clearly, except for I.F. Stone, who said that the entire purpose of Nixon's search for a replacement for Agnew, for Vice President, would be somebody who—and this was before Nixon was impeached—will keep Nixon out of jail and will pardon him. And that that's the only criterion by which Gerald Ford was selected, I'm sure of that. And I think that's the same with

Bush now. If Cheney were to go, Bush would make sure that whoever replaced him that he chose, would *never, ever*, do anything other than pardon him.

And I think that's why he chose Harriet Miers; and that's why he chose [Supreme Court Chief Justice nominee John] Roberts. Roberts, he got away with, because Roberts is smart. Harriet Miers, he may not get away with, because she's not smart, or competent. But, it's the same idea: They are both there to protect him, and to make sure, that if there's any kind of a trial, he will be protected by them. They won't allow White House papers to be disclosed. He can wrap himself up in the Supreme Court. I think that's the main reason for all of this stuff about abortion; and gay rights, and everything else, is a red herring. I think it's all about self-protection.

**Steinberg:** The issue of Bush's impeachment may emerge out of this process this next week.

**Frank:** Yes. Yes, it may.

**Steinberg:** I saw that one news account suggested, that back in 2003, right after the Valerie Plame leak, that there was a kind of a shouting match between Bush and Rove, where Bush was furious, not that Rove had done something illegal, but that he had potentially gotten caught, and gotten the Administration in trouble. That's a fairly damning statement from a President who said he had no idea who was behind the leak.

**Frank:** Well, we'll see. Fitzgerald is sure getting a lot of positive accolades about being steadfast, and impartial. We'll see what happens. I don't know what's going to happen.

I mean, Bush is not a hands-on leader, in terms of somebody like Jimmy Carter, for instance, who could never delegate to anybody. He had to control everything, and that was a good quality and bad quality in a leader. But, Bush, I think, really says, "I don't care how you do it, just do it." And that's my sense of him.

**Paulson:** It seems like the way you're painting George Bush is that it is in fact he who is the one who's largely controlling policy from the White House; that the overall intention coming from his Presidency, is completely personal. Do you

think that's the case? That this is all just personal vendettas, and that it's his internal state? Or there's some overall strategic intention which is governing the Administration?

**Frank:** Well, I think that there are strategic intentions, but I think that the source of it is personal. I don't like the word "just" because that implies "only." And I don't think it's "only" personal. I don't think that's fair to anybody. One of the dangers of having a President like Bush—to a person like me, and all of us—is, that, in order to confront him and focus our thoughts about him, we may start thinking in black and white, also. In other words, we start thinking the way he does, that he's all bad, or that he's all "this," or Cheney's all "this." And I think that that's just as dangerous for the critics of this Administration, as it is for the way this Administration has been functioning. But a person who is a President like that, does put other people who are critics in the position of sounding that way, and acting that way; it's very exasperating and frustrating.

So, given that, I don't pretend to know all of his motives, but I *do* think there is enough evidence that he either likes to, or needs to, or can't help but, break things. He likes to break things. He's always broken things. He broke other businesses that he has led, and then gets rescued. He breaks laws, breaks rules, breaks his word. And that, he, for instance, broke treaties. He broke treaties that his father did; he broke traditions in this country, about never attacking a nation that has not either attacked us first, or threatened to attack us first.

He likes to break things. And that's a very destructive quality, obviously. It's not breaking things to build things new, otherwise there would be an exit strategy: After you break Baghdad, you want to build it. He's not like that. And the way he treated his father, as I wrote in the Epilogue of the book, at the Republican Convention, is just symbolic of that: He didn't let his father speak! And his father was the Vice President for eight years, President for four years—I mean, Reagan had just died, and here is the President, the son of the former 12-year occupant of the White House. And he didn't let him speak! That's breaking things.

There is a lot of a personal vendetta against institutions. He is wanting to live comfortably, the way he saw his parents live. They would just let the kids run wild, they'd drink their whisky, or their martinis, or their gin and tonics, whatever they would drink in the Midland Country Club.

So, I think that there's really an indifference that is destructive, and that he has a mission that is destructive. One of the things that's so striking, for instance, as it's important in listening to political leaders, but *particularly* this President: Is, that you always need to listen to, especially because of mass communication, to what they say they're *not* going to do, or who they're *not*, is very often who they are. And that's true in lots of cases, in my practice. But, in this particular President, it's *really* dramatic. So, when he says, "I'm a uniter, not a divider," which he said in 2000,

he has proven to be a divider, and not a uniter. And I think that's much more clear to people, about who he is.

And so, he does the same thing now, which is, that he says what he's about, in a negative way. When he said this thing today, about America is a country of laws, and we must not allow dishonest people to flout those laws, he is essentially saying, we must not allow people to do what I'm doing! And he's doing it.

It's important for us, as citizens, and paying attention and thinking psychologically, to listen to the things that he says, with what we call a "third ear": Listen to it, in a way that allows us to try to think about it, as possibly meaning something different from what it is. Sometimes not—often the opposite.

**Steinberg:** It would be very interesting this week, if these indictments, as we expect, do in fact come down, and are announced, to see whether Bush is going retreat from the public, or whether he's actually going to step forward and say something.

**Frank:** It's very hard to tell. But I would certainly be prepared for a lot of Code Oranges. Because, I think that's one way to manage the indictments, is to distract people.

I don't know whether he'll step up or not. He's very good at distracting people, and deflecting questions, and avoiding, innovating. I mean, his defense system is quite elaborate, and *extremely* tight, and very successful in so many ways. It allows him to remain opaque; it allows him to avoid blame; it allows him to use humor; it allows him to surround himself with Secret Service and with a Cabinet that's all of his liking; it allows him to see the world in black-and-white terms, which is much easier than anything else. It allows him to exercise, and retreat, and hide, and pray, and be deeply religious: all of which, are in the service of self-maintenance, regulation of his anxiety. And he has a whole *elaborate* system. And he also can be detached, and disconnected.

So, it'll be interesting to see how he responds, given his elaborate systems. The problem with those systems, in the long run, and that's what we're seeing now, is, that they undermine your ability to think. Because, if you want to avoid anxiety, the only way to avoid anxiety completely, is to stop thinking. Because when you start thinking about different things, you get anxious.

I mean, I get anxious with some of the questions you ask! I want to be sure I do a good job, and I start thinking about it—not that I answer them that well all the time, but the point is, that anxiety is a source of information, and you can use it, and you should try to use it, to help you think about things. But, if his whole life, and his whole *raison d'être*, is to manage those things, and *not* think about them—not even to manage them, but to manipulate and get rid of—it makes it much harder to think in a crisis. And that's why, when he says he's a "gut player," he means it, because he's not able to think clearly.

## Hurricane in Washington: A New Policy in Berlin Now!

by Helga Zepp-LaRouche

*In Berlin negotiations are taking place over the government program of a Grand Coalition, while in the U.S.A., leading representatives of the neo-conservative cabal in the White House are under heavy fire. The chairwoman of Germany's Civil Rights Movement Solidarity party (BüSo), Helga Zepp-LaRouche, pleads, in this statement, issued Oct. 24, for a new Trans-Atlantic Alliance, which should rest on the values of European culture, and on recognition of the accomplishments of other cultures.*

The earth-shaking shocks, which have seized the Bush Administration with the new "Watergate"-process against Cheney, also change the premises of politics in Germany. With the possible resignation of Vice President Cheney, as well as the expected indictments against Cheney's chief-of-staff, Lewis Libby, and Bush's chief political advisor Karl Rove, the neo-conservative forces in Germany and all of Europe have lost their primary backing.

These seismic changes in Washington come not a moment too soon: the collapse of the global financial system—triggered by the bankruptcy of the largest American auto parts supplier Delphi, the immediately threatened bankruptcy of General Motors, the crash of criminal hedge funds like Refco, the bursting of the real estate bubble, a speculation-driven hyperinflation, or by a combination of these factors—demands action. Only a new Atlantic Alliance in the tradition of Franklin D. Roosevelt, which decides to create a New Bretton Woods system, can prevent a plunge into chaos.

In Germany, the estimation of the situation in the U.S.A. has changed since Hurricane Katrina demonstrated how catastrophic the dismantling of the State can be. It did not seem to cross President Bush's mind at all, that the State must play the decisive role in protecting the population in the face of a

catastrophe. And as the magnitude of the disaster then became clear, it turned out that the infrastructural capacities were not available, which would have been necessary for rapidly rescuing people. Now, seven weeks afterwards, the complete inability to organize the reconstruction is becoming clear.

The revolt against the White House by the Senate, which voted 90 to 9 to prohibit the torture of prisoners of war, has also been noticed, at least within politically informed circles. Thus once more, Bush could not exercise his planned veto. And now that the media have hesitantly begun to report on the depth of the scandals and criminal charges, which are afflicting the neo-cons in the Republican Party, this is gradually also penetrating the public consciousness.

### **Disconnected From Reality**

But the discussions and debates, which flank the coalition negotiations and the new constitution of the Bundestag, are in blatant contrast to the turbulences which are erupting in the U.S.A.! It appears as if politics in Germany is wrapped in a giant wad of cotton, which has been shoved like a thick, white protective screen between the politicians and reality.

The strategic context, in which the attempt to form a government in Germany is being consummated, is no less important than the downfall of a regime, which was determined to dominate the globe as a world empire. It is the nature of the beast, that the leading representatives of this imperial claim to power remain dangerous, and become even more dangerous, the closer they come to their own demise. In this complex situation, there can be no simplistic approaches, and unfortunately, also no certainty, as to what the various forces at play will ultimately decide to do in these extraordinary situations.

But one thing is certain: A responsible policy cannot con-



EIRNS/Wolfgang Lillge

*The only way to save Germany from plunging into chaos as a result of the global economic financial collapse, asserts Helga Zepp-LaRouche, is to form a New Atlantic Alliance, in the tradition of Franklin D. Roosevelt, to create a New Bretton Woods financial system. Here she is shown, after a speech in Berlin, with UAW Local 969 president Mark Sweazy of Columbus, Ohio (far left), an employee of the bankrupt, largest automobile parts supplier in the world, Delphi; Lyndon LaRouche's Midwest spokesman Bob Bowen (left); and Frank Hahn (right).*

America, to establish on the American continent a Republic committed to the General Welfare, which then led to the American Declaration of Independence, and the American Constitution. The British Empire never got over the fact that its best colony had separated from it, and has attempted since then to reverse the independence of America and in turn—according to the motto “British brains and American muscle”—to incorporate the U.S.A. in the British Empire through a special relationship with Great Britain. This tendency for an Anglo-American Empire had been finally achieved with the Neo-cons and the doctrine of a “New American Century” in the Bush/Cheney Administration.

In a certain way the same problem occurs today in an altered form, as it did at the beginning of the 1980s, when the trans-Atlantic relationship also reached a low point because of the conflict over the stationing of intermediate-range Pershing II missiles (opposing the SS-

sist of passively waiting until things have taken their course, but rather it requires an active intervention to work towards a positive outcome for this historic moment.

As a consequence of the policies of the neo-cons, the trans-Atlantic relationship has reached an absolute low point, and the damage to the image of the U.S.A., a high point. Now there are not a few in Europe or Asia, who project scenarios in which in the future the U.S.A. would no longer play a role, and in several years Germany and France, for example, would be full members of the Shanghai Cooperation Organization—against which idea no one can argue in principle. But the idea of a new Alliance, which ignores the U.S.A., is a dangerous illusion.

## The New Trans-Atlantic Alliance

We need a new Atlantic Alliance which, however, cannot be established upon pragmatic or geo-strategic principles, but which rather will only function, if the U.S.A. and Europe create a genuine renaissance of their best cultural traditions. The historical roots for this exist; after all America is Europe's daughter, in whose development the best ideas and concepts of European intellectual history are incorporated. That began already with the discovery of the New World by Columbus, which would not have occurred in this form without the astronomical revolution in the thinking of Nicolaus of Cusa, and its influence on the cartography of Toscanelli.

Later in the 17th and 18th Centuries, it was the ideas of Leibniz, which inspired the Republican forces in Europe and

20 missiles on the Soviet side). At that time there was a deep-seated anti-Americanism in Germany, which at that time also confused the legitimate concern—that Germany would have no chance of surviving with NATO's Mutually Assured Destruction (MAD) doctrine in the event of war—with the question of America in general. Conversely, in the U.S.A. there was a potentially still stronger tendency for anti-Europeanism, and considerable resentment against Germany in particular. At that time, the idea was reinforced for me, that the Atlantic Alliance must be established on an entirely different basis. The founding of the Schiller Institute was the result of this consideration.

The founding idea of the Schiller Institute was to create an institute for the improvement of foreign relations and statecraft, in which the different states relate to the best tradition of the other. Instead of singling out the darkest point in the history and culture of the other, each should relate to the ideas and accomplishments of the other, which belong to its proudest legacy. We in Germany should relate to the American Revolution, Lincoln, Franklin D. Roosevelt, and Martin Luther King; and the U.S.A., in respect to us, should relate to Nicolaus of Cusa, Leibniz, Bach, Beethoven, and Schiller, to mention only a few examples.

But the most important idea was, and is, to give this Alliance a common vision and mission, and that can only be based on the fact that we work in common for a new just economic world order, as this was already laid out in the ideas of Leibniz and John Quincy Adams: for a community of principle among

perfectly sovereign Republics, which makes possible the survival with human dignity of all human beings on this planet.

It is even more urgent today to define the Atlantic Alliance anew. That will only occur, if the U.S.A. revives its best tradition, that of the American Revolution and Constitution, of the inalienable rights of all mankind, and of the principle that government has to promote the General Welfare; and if, conversely, Europe, and in this case Germany, becomes conscious of its Classical humanist tradition, and makes sure that it is revived, and replaces the vapid *Zeitgeist*. A new, positive concept for the shape of the future can only emerge from the dialogue of these best traditions.

There is at present in Germany an enormous vacuum of moral leadership, and the political sullenness of the citizen is nothing other than the reaction to the impression, that the political class is nothing more than a bunch of corrupt, power-hungry egoists, who are attempting to obtain the best for them-

selves by elbowing out others. The behavior of managers, who themselves stuff millions and billions into their pockets, while they send hundreds of thousands of human beings into unemployment and poverty, has already ignited the fuse for a social explosion. The same is true in the U.S.A. There is still time to turn back.

We are determined to counter this vacuum, to bring together the best minds and personalities on both sides of the Atlantic, to create a new vision for the future and to see it as our mission to achieve this. The measure of this new Alliance will be, first and foremost, to overcome poverty, on the domestic as well as on the international level.

As Schiller said in his epigram on the "Dignity of Man":

"Naught more thereof, I beg you. To nourish give him,  
to shelter,  
Have ye the naked bedeck'd, dignity comes on its own."

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## Government Crisis Looms

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# Japan Faces the Future

by Lyndon H. LaRouche, Jr.

October 24, 2005

Modern Japan's emergence as a modern nation-state power was brought about largely through its cooperation with the U.S. circles associated with such representatives of U.S. President Abraham Lincoln as the world's leading economist of that time, the same Henry C. Carey who played a crucial role in the great Bismarck reforms in Germany and the development of Russia launched under Czar Alexander III. Unfortunately, Japan changed sides, against the U.S.A., for an alliance with the British monarchy of the Prince of Wales, otherwise known as Edward VII. As a result, the Japan of 1894-1945 made itself the puppet of the agreement reached with the British Empire for the first of Japan's wars, 1894-1905, and the continuing enemy of the U.S.A., especially over the issue of China policy, during the interval 1894-1945.

The current, new Japan administration of Prime Minister Koizumi has lost both its mind and its face, in ignoring that lesson of history. That new administration has also betrayed the vital interests of Japan in participation in the prospective new economic realities of Asia.

It is relevant to the situation which the new Koizumi government has brought upon itself, that the Japan which had allied with the British against the U.S.A. during the 1920s

interval of the naval parity negotiations, had continued that alliance with Britain by the planned attack on Pearl Harbor at a time when the United Kingdom was desperately relying on U.S.A. rescue from Hitler's assault.

Many Japanese patriots were needlessly sent to their deaths out of patriotic support for a ruling Japan ministry which launched that war with the U.S.A. over the issue of Japan's criminally imperialistic China policy. The Japanese soldiers and sailors fulfilled their assigned mission as honorable men, but the government which led them into that war and defeat was shameless.

The same imperial impulse, the same China issue of that time, permeates the follies of recent trends under the Koizumi ministry to the present time. Honorable forces of Japan should act to correct that faceless folly of that ministry while there is still time to avoid an unspeakable, self-inflicted catastrophe even worse than that of 1941-1945.



*Koizumi's administration lost both its mind and its face.*

# Kirchner Wins Big in Argentina, Boosts Battle for New Bretton Woods

by Dennis Small

The snarling bully tactics of the international financial oligarchy and their Cheney gang enforcers in Washington backfired in Argentina on Oct. 23, when President Néstor Kirchner's political movement, the Victory Front, won a resounding electoral victory in the mid-term Congressional elections. With the Cheney machine crumbling in Washington, and its grip on Ibero-American nations weakening accordingly, the Kirchner victory could help prompt other nations in the region to stand and fight for their sovereignty and development, as Argentina has.

Kirchner's movement received a solid 40% plurality of the votes cast, in elections for half of the 257-member Chamber of Deputies and one-third of the 72-member Senate. The *Kirchneristas* now control the largest voting bloc, if not an absolute majority, in both legislative houses. In the critical senatorial race in Buenos Aires province, where 37% of the national population lives, First Lady Cristina Fernández de Kirchner overwhelmingly defeated Hilda "Chiche" Duhalde, wife of former President Eduardo Duhalde, by 46% to 20%. As a result of the overall outcome, Néstor Kirchner is now the clear front-runner for the 2007 presidential elections.

Kirchner had been elected President in 2003 with a slim 22% plurality of the national vote, so his 40% on Oct. 23 represents a doubling of his base of support.

The elections were widely touted—by friend and foe alike—as a referendum on Kirchner's aggressively nationalist economic policies. Kirchner visited some 50 cities and towns across the country in the two months leading up to the elections, and on a number of occasions he ran into organizers of the LaRouche Youth Movement in Argentina, who handed him documents written by American economist Lyndon LaRouche, and urged him to join the growing international chorus calling for a New Bretton Woods to replace the bankrupt International Monetary Fund (IMF) system.

In 2004, the Kirchner government faced down the IMF and the speculative vulture funds, by forcing them to accept a 65% write-down of the face value of the Argentine public bonds that the country had defaulted on, back in 2001. Kirchner argued, rightly, that the country had already paid its debt many times over, and had been looted by decades of IMF-dictated austerity policies. The debt will not be paid by starving the Argentine people, as has so often happened in the past, Kirchner repeatedly asserted.

On Sept. 14, 2005, Kirchner escalated. That day, Argentine Foreign Minister Rafael Bielsa delivered a speech to the United Nations General Assembly, in which he supported those who are "promoting a new call for an international conference of heads of state, similar to the 1944 Bretton Woods conference, to rebuild a more just global monetary and financial architecture which eliminates financial bubbles and concentrates on supporting the real economy." Such a New Bretton Woods conference is most closely associated with the ideas of Lyndon LaRouche.

The victory of the *Kirchneristas* came despite a massive, well-financed campaign of threats and intimidation, coming from both left-wing and right-wing opponents inside Argentina and abroad, who denounced Kirchner as "authoritarian," "dictatorial," "undemocratic," and a "demagogue." Exemplary was the de facto death threat issued by the Kissingerian geopolitician and Bush-Cheney supporter, Mariano Grondona, in his Oct. 16 column in *La Nación*. Kirchner is like Julius Caesar, Grondona wrote, who, "possessed by an unlimited ambition which would only be stopped by Brutus's dagger, acceded to dictatorship with the excuse of saving the Republic, but actually intended to annihilate it."

Similarly, the right-wing daily *La Nueva Provincia* editorially warned Kirchner: "Remember, you are mortal."

But the Argentine people were not impressed, and they voted unmistakably in support of Kirchner's economic policies—to Wall Street's horror.

In the week since the election, Wall Street and the Cheneys have scrambled to try to control the damage. They have rallied behind the neo-con businessman Mauricio Macri, who won the congressional race for Buenos Aires city with 34% of the vote, putting him forward as the "alternative" to Kirchner for the 2007 presidential race. (LaRouche described Macri as nothing but "a fig leaf that the bankers are using to cover their shame.") And they have demanded that Kirchner *not* interpret the elections as a mandate to continue resisting IMF policies. Now is the time to make a deal with the IMF, the financial press has urged, and to listen to the more "moderate" voice of Economics Minister Roberto Lavagna.

## And Brazil?

The fall-out from the Kirchner victory will be felt on various fronts, each of which has strategic implications.

*Within Argentina's Peronist party.* Kirchner is now the dominant leader of the powerful Justicialist Party, or Peronists, replacing former President Eduardo Duhalde as party strongman. Duhalde, whom LaRouche has described as “the Sancho Panza of the Southern Cone,” opportunistically attacked Kirchner’s economic policies during the campaign, and as a result had the political stuffing knocked out of him by his wife’s senatorial loss to Mrs. Kirchner. President Kirchner will now be able to wield the Peronist political apparatus on behalf of his economic policies.

*In neighboring Brazil.* The ultra-pragmatist Lula da Silva government has distanced itself from Kirchner’s economic policies, to try to stay in the good graces of the IMF. But Kirchner’s victory will strengthen the hand of those nationalist forces in Brazil—such as those associated with economist Carlos Lessa and Paraná governor Roberto Requião—who want next year’s presidential elections to shift Brazil onto an anti-IMF course more akin to Argentina’s. Where Lula has backed Duhalde against Kirchner, Lessa has supported the Argentine President, delivering a speech on Sept. 18 in which he said: “We have alternatives. The Brazilian state has many more instruments than Argentina, which is facing international pressure with dignity and success, while we are following a policy of retreat, concessions, and submission.” Back in June of this year, Lessa and Requião prepared a television documentary on Argentina, because they were “tired of hearing Kirchner called a defaulter,” and wanted to draw the lessons of Argentina for Brazil.

Brazil is the economic and political heavyweight in South America. If it and Argentina make common cause against the IMF and for a New Bretton Woods, the financial oligarchs will be looking at a strategically significant threat to their grip on the region.

*At the Nov. 4-5 Summit of the Americas.* This gathering of the heads of state of North and South America, including U.S. President Bush, will take place in Mar del Plata, Argentina. It is already shaping up as a major battle between Washington’s agenda of free trade and globalization, and Argentina’s insistence that a “new financial architecture” must be discussed, under which countries would not be forced to pay their debt at the expense of the population’s social needs. Kirchner’s electoral victory—coming on top of the dramatic weakening of Cheney et al.’s grip on power in the United States and abroad—may help provide some backbone to the other regional presidents, who until now have been terrorized into submission by the IMF and the Cheneyacs’ beast-man tactics.

## **The ‘Authoritarian Personality’**

But perhaps the most fundamental blow dealt the oligarchy by the Argentine elections, is to a feature of their longstanding *philosophical warfare* known as the “Authoritarian Personality.”

That phrase was popularized by the 1950 book *The Au-*

*thoritarian Personality*, co-authored by the Frankfurt School’s Theodor Adorno. The thesis expounded is a strictly fascist one, centered on the idea that any individual who dares to assert that Truth exists and can be known and communicated to others, is guilty of having an authoritarian personality and dictatorial impulses. Relativism and sophistry are instead promoted, under the banners of “democracy” and “tolerance.”

Besides Adorno, variants of this outlook are associated with the likes of Karl Jaspers, Nazi Party member Martin Heidegger, and Heidegger’s protégé and one-time lover Hannah Arendt. As LaRouche recently quipped, these people are apparently opposed to all “authoritarians”—except for Hitler and Pinochet.

The accusation of “authoritarian personality” is systematically used by the oligarchy and their hit-men to attack those whose views and actions they find threatening. LaRouche is a frequent recipient of the slur; Mexican President José López Portillo likewise, because of his principled battle to defend his country against IMF looting. And the same has happened to Néstor Kirchner over the last couple of years.

The tone of the attack on Kirchner was set by sources such as the *Financial Times* of London, which in October 2004 fumed in its publication *The Banker*, that “Kirchner, the president of Argentina, has reinforced his authoritarian reputation by replacing the country’s central bank president” with someone not to the financiers’ liking. On the campaign trail in September of this year, senatorial candidate Chiche Duhalde denounced Kirchner for displaying “an authoritarian manner of exercising power.” Argentine congresswoman Elisa Carrió of the left-leaning opposition ARI party has been particularly virulent on this point, charging on Sept. 2 that the Kirchner government is “authoritarian,” “ignorant,” and “howling at the Moon.”

This is the same Elisa Carrió who, in May 2004, established the Hannah Arendt Institute of Argentina, to promote the philosophical and political views of Arendt, the soul- (and bed-) mate of the Nazi Heidegger. The Arendt Institute today gives classes on politics and philosophy to Carrió’s followers in various cities in Argentina. At a meeting of the Institute in Neuquén, Argentina in mid July 2005, Carrió showed her philosophical colors by answering a LaRouche Youth Movement member’s insistent question, “Does the truth exist?” by proclaiming: “For me, the truth is a path; beyond that, there are relative truths.”

Also of note is the fact that the academic coordinator of the Hannah Arendt Institute is Diana Maffí, whose doctorate in philosophy and advocacy of human rights and feminist causes have won her financing from such “progressive” agencies as the Ford Foundation and the British Council.

Yet despite the intense campaign to slander Kirchner as “authoritarian” for daring to fight the IMF, the Argentine electorate did not fall for the trap. It seems that beast-man Cheney et al. just don’t command the terrified submission they used to.

# Terrorism and Italy's Strategy of Tension

by Paolo Raimondi

The recent developments in the United States around the role played by Lewis Libby, Karl Rove, and Vice President Dick Cheney in “outing” Valerie Plame, the wife of Ambassador Joe Wilson, to punish him for having denounced as false, in early 2002, the claim that Iraq was importing uranium from Niger, are also provoking reverberations in Italy. Indeed, the press reported that individuals supposedly close to the Italian military secret service, SISMI, helped in the fabrication of a false dossier on these matters. Also, the presence of U.S. neo-conservative operative Michael Ledeen, with now-indicted Pentagon analyst Larry Franklin and others, in Rome on December 2001, at the time the false dossier was concocted, has drawn the attention of Italian politicians and political analysts.

We discussed these matters and others, related to the notorious past and present “strategy of tension,”<sup>1</sup> with Adm. Falco Accame (ret.), who at the time of the kidnapping and assassination of Italian statesman Aldo Moro by the terrorist Red Brigades in 1978, was president of the Defense Commission of the Italian Chamber of Deputies. Admiral Accame spent a lot of his military career in the Italian Navy, including in the United States; he was a teacher at the School of War in the city of Livorno, and now is very active as president of Ana-Vafaf, the association which safeguards the interests of the families of those in the Armed Forces killed or injured by the terrorists. He authored a number of books and studies on



Adm. Falco Accame (ret.)

terrorism and on the strategy of tension. The latest one has just been published under the title *Moro si poteva salvare* (Moro could have been saved) by the Massari publishing house.

## The ‘Yellow Cake’ Affair

“On the so-called Niger ‘yellow cake’ affair,” Admiral Accame commented, “I hope this is not something that some of our intelligence services did to earn some medal, because it seems that this story came from an Italian source. It has been reported also in many papers, including the *Los Angeles Times* of March 15, 2003, that the document came from Rome and could have been sold by some swindler. The CIA considered that Saddam would not have threatened the U.S. if Iraq weren’t attacked, while ideologues like Cheney and Rumsfeld thought the contrary, and supposed they could influence the situation through intelligence operations. A member of the Niger Embassy in Rome sold a false document from the Italian intelligence services. Then the British and American intelligence services gave the document to the UN inspectors. Bush then quoted the document in his speech. On March 7, 2003, we found out that it was all false, thanks to the report prepared by Mohammad ElBaradei, director of the IAEA [International Atomic Energy Agency], for the UN Security Council. This fact has been the subject of many Parliamentary questions in Italy; by deputies and senators such as Del Mastro delle Vedove, Folena, Pisa, Boato, Peterlini, Cento, and others. On July 17, 2003, Undersecretary of State Borselli incomprehensibly answered a question presented by deputy Marco Boato, related to this Niger-SISMI affair, admitting only that the Italian intelligence services had contacts regarding the dossier with the intelligence services of an allied country.”

The most interesting parliamentary question on Niger uranium was introduced by Sen. Oskar Peterlini on Sept. 24, 2003, who quoted California Rep. Henry Waxman’s letter to the Congress, asking if Cheney had demanded that the CIA investigate the Niger “yellow cake” issue.

Briefed on the activities of *EIR* and of the LaRouche movement to expose these frauds, as part of a campaign to impeach Cheney and to stop the neo-con new global strategy of tension, Accame commented: “The question is how to turn a small fire into a big one. This is a strategic move, to transform something which appears small into a very important event. I believe that the parliamentary questions have raised many important issues here. If we read all the questions that have been presented, even in the Italian Parliament, we realize that this question was so important that it led to somebody launching a preventive war. It had an enormous impact. A similar development and campaign [of LaRouche] go beyond the normal course of politics.”

## Leads on the Moro Assassination

During a long conversation, Admiral Accame touched on some important aspects of the history of Italy and of NATO

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1. With the “strategy of tension” in Italy in the 1970s, orchestrated terrorist actions were used by covert intelligence networks to justify constitutional changes, restrictions of civil liberties, and other political decisions intended to usher in a dictatorial process. See the LaRouche in 2004 campaign Special Report, “The Synarchist Resurgence Behind the Madrid Train Bombing of March 11, 2004,” available at [www.larouchepac.com](http://www.larouchepac.com).

during the hot phases of the post-war period, which still need to be investigated, such as the Moro assassination. Indeed, recently former Christian Democracy leader Hon. Giovanni Galloni spoke of American and Israeli infiltration into the Red Brigades around the time of the kidnapping and assassination of Moro.<sup>2</sup> These intelligence services did not collaborate with their Italian counterparts. Galloni's statements have raised new discussions and doubts, and reopened old wounds, because there is still a very urgent and strong demand to know the truth behind what happened at that time.

One thing which emerged very clearly in the later investigations, was the involvement of networks connected to what was known as Gladio or "Stay Behind" operations. During the early Cold War period, these networks were trained to prepare for guerrilla warfare in regions of Western Europe in case of a Soviet invasion. Later, some of them were used for political destabilizations in the West, on behalf of certain Western political interests—the so-called "parallel Gladio."

On these matters, Admiral Accame has spent much time and energy in search of the truth, and his investigation has revealed some dramatic aspects. "Regarding the Moro case, Gladio may have had a marginal role from an operational standpoint, but an extremely important role in terms of the

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2. See interview, "Was There a Foreign Hand in the Moro Assassination?" *EIR*, Aug. 26, 2005.

knowledge of Moro's history, and in particular the kidnapping on the Via Fani. Indeed, Antonino Arconte, a member of this Gladio, was apparently sent on a mission by the Defense Ministry-Navy Department, in collaboration with Consubin, the command structure of the underwater commandos centered in the harbor of La Spezia, to deliver a message in Beirut—a copy of which is published in Arconte's book. In this message, our head of intelligence in the region, Col. Stefano Giovannone, was asked to take initiatives with the PLO and the PFLP to open a channel to be able to communicate with the Red Brigades in order to help free Aldo Moro. The order to deliver this message was given on March 2, 1978, fourteen days *before* the Moro kidnapping! This implies that somebody inside the state institutions had knowledge of the likely attack. . . . Moro was to be kidnapped and then freed, because he was to be turned into a pawn against the government structures, after a number of interrogations carried out by the Red Brigades. . . . I checked this story personally, I believe it is credible, and I officially demanded that new investigations on these allegations be opened."

On Gladio, Accame said he shared the evaluation of Senator Pellegrino, president of the Investigating Commission on Massacres, who wrote a few years ago: "I cannot say if a parallel Gladio existed. I can say with certainty that the Gladio I learned about is not sufficient to explain all of this underground world. On the contrary, the more we continue our

## Moro Assassination Needs More Investigation

The Italian government has been called on to respond to several parliamentary interrogations on the case of Antonino Arconte, a former military intelligence agent, who claims that he has evidence showing that intelligence circles had foreknowledge of the planned kidnapping of Italian statesman Aldo Moro in 1978.

The parliamentary interrogations, promoted by, among others, former Prime Minister Giulio Andreotti, demand that a serious investigation be carried out to determine whether Arconte's allegations are true, or false. In either case, the implications are enormous.

Many serious experts look skeptically at Arconte's revelations, citing the following reasons:

1. No intelligence service in the world would transmit such orders, as reported by Arconte, in a written form, let alone with the prescription: "Destroy after reading," as Arconte reports; furthermore, the paper with the order would remain with its recipient, and not with Arconte;

2. The SISMI station chief in Beirut was Col. Stefano

Giovannone, the most trusted collaborator of Moro's in the intelligence community. The first thing Giovannone would do upon receipt of such an order, would be to pick up the phone and call up Moro. The kidnapping plan would be disrupted.

3. Arconte claims that Moro's kidnapping was organized by the KGB, with the participation of international terrorist Carlos; Arconte, fearing for his life, went to hide in the United States, and there he decided to come out with the truth only in 1998, as a sort of "life insurance."

4. Arconte's revelations occur in the midst of a campaign, carried out by right-wing political forces in Italy, with the help of neo-con "experts" from the U.S.A., blaming only the "KGB connection" behind Moro's kidnapping and assassination. The same sources, produce "evidence" that the story according to which Henry Kissinger was behind the Moro assassination, was a KGB disinformation operation.

Thus, as prominent personalities interviewed by *EIR* have insisted, it is all the more urgent that the government respond on the case, and that a new investigation on the Moro case be opened; if Arconte's story is false, then it should be found out who is pushing Arconte and for what reasons.—*Claudio Celani*

investigations, the more the role of Gladio appeared to be minor. We now have the impression, or almost a certainty, that we do not know much about this underground world. From this, we come to the two hypotheses I mentioned: Either there was an underground level of Gladio we have not been able to discover, or Gladio had been conceived as having a big head and a thin body, with the task of activating other operational structures. I do not want to violate the secrecy of ongoing official investigations, but I can say that from the standpoint of a legal investigation, an incredible hypothesis is emerging: that is, that when [Giulio] Andreotti spoke about Gladio for the first time, he actually wanted to sort of throw a bone to public opinion, to cover for something more hidden and probably also older than Gladio.”

Indeed, deeper investigations proved the existence of a military Gladio, a parallel Gladio also deployed for special operations outside Italian territory. Accame added: “Concerning the structure, there is an accurate description in Arconte’s testimony. This Gladio structure involved about 200 people, separated into a military section and a civilian one. The civilians were called Doves and the military members were divided into Hawks and Wolves, names used as the symbols for the air, land, and sea forces. They were divided into *Centuries* (Century here comes from the Roman numeral) and the Centuries were divided into *Decuries*, like the army of the Roman Empire.”

The admiral indicated the existence of reports proving the involvement of such a military Gladio in Italy, connected with NATO and CIA special operations in Italy, Tunisia, and Libya. “We can add that these operations, called insurgency and counterinsurgency operations in English, are codified, for example, in the Field Manual prepared for the Vietnam War in 1970. On the Internet, you can now find the new version of the Field Manual, valid for the 2004-06 period. This Field Manual was the basic book for the insurgency and counterinsurgency operations such as the one the Gladio Centuries had conducted in the case of Ben Ali in Tunisia, and other operations which were part of the strategy of tension in Italy. This consisted of provoking insurgency by using undercover individuals to create important disturbances in order to bring about the intervention of state forces for counterinsurgency operations; but at that point, the situation became militarized and civil rights were curtailed. This is what happened with Italian terrorism. And it is now being repeated with international terrorism; international terrorism serves to create an alarm, to allow for stronger security measures and the reduction of freedoms, to give more powers to certain intelligence services, and thus provide them with new instruments. The strategy made use of this absolute evil, terrorism, to create new conditions for a secure state. In the Field Manual 30722, which I mentioned before, the section on Counterinsurgency operations valid from October 2004 until October 2006, prepared by the Headquarters of the U.S. Army, defines insurgency as follows: ‘An organized movement aimed at the over-

throw of a constituted government through use of subversion and armed conflict.’ ”

To better understand the problems related to Gladio and the strategy of tension, Accame suggested one should read a book written by former Defence Minister Antonio Taviani, who was one of the main Italian political leaders in the ’60s and ’70s. Taviani wrote: “Gladio? I created it. It was created by an initiative I took in 1956 when I was Defense Minister.” Regarding the second, parallel Gladio, Taviani spoke of “a right-wing galaxy, with the possible involvement of the CIA, but not organically connected to the Armed Forces.”

Accame has for years studied the strategy of tension, operations which have been kept under complete secrecy, and for which it is almost impossible to find any documentation. But the admiral is in possession of one highly interesting document: “It is a bizarre story. This document was found by the two military judges of the Rome Court who went to search a building of a very secret Department of the Secret Services, the Institute of Italo-Arab Relations. There, they found a document, which I also have, called ‘Operation Dauphin.’ It is a very important document, because it is the only one about the Gladio activities which was not destroyed.

“The reason it wasn’t destroyed is almost comical: A secret document cannot be known about, but its existence is mentioned in a protocol; a covert document is so secret that it must not be listed on paper anywhere, because it is not supposed to exist. This document was not listed anywhere, and therefore it was not taken into consideration during an inspection. This 100-page document regards a typical insurgency and counterinsurgency operation in May 1966 in the area of Monfalcone, near the border with Yugoslavia. It contains both the orders as well as the results of the operations. Some of the activities included street riots and provocations against the trade unions; there is a list of all the operations, even of throwing low-explosive military training bombs against the PCI [Communist Party] and DC [Christian Democracy] offices in Trieste, as a training operation. The papers reported then on these facts. The scenario was the following: In that period, the regions were being created, and the right wing was afraid that they would be taken over by the left. The aim was to prevent it. The exercise aimed at creating chaos, to provoke a demand for more order, so that the Armed Forces and others would intervene. We have all the documentation on this exercise; both as the operations progressed, and the final analyses. This material could be published.”

The Rome regional TV network, Teleambiente, recently broadcast an hour-long interview with Admiral Accame on these topics. A video of the interview is going to be broadcast by several local and regional TV networks throughout Italy. Teleambiente journalist Pino Vecchio opens the interview with a reference to Lyndon LaRouche, who, when he spoke some time ago with the same TV network, denounced the role played by Henry Kissinger in targeting and threatening Aldo Moro, shortly before the so-called Red Brigades kidnapping.

# International Intelligence

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## ***No UN Consensus for Sanctions Against Syria***

The effort to use the UN-commissioned report by German prosecutor Detlev Mehlis, which alleged Syrian involvement in the assassination of Lebanese Prime Minister Rafiq Hariri, as a basis for imposing sanctions on Syria, does not have a consensus in the UN Security Council. Russia, China, Algeria, Brazil, and the Philippines reportedly raised objections to formulations in a resolution that was attempting to lay the basis for sanctions. Four unnamed nations objected to proposals for travel restrictions and asset freezing. Algeria said this would not hold up in any court of law.

Clearly targeting Syria, the confirmed neo-con, and unconfirmed U.S. Ambassador to the UN, John Bolton, said "It is now 'true confessions' time for the government of Syria. He explained away the holdup at the Security Council, speaking of the draft proposing sanctions, saying "it was like a rocket gaining speed after takeoff, which had then run into "a period of aerodynamic turbulence."

Syrian President Assad, in a letter to the United States, French, and British governments, said he was "ready to follow up action to bring to trial any Syrian who could be proved by concrete evidence to have connection with this crime," referring to the murder of Hariri.

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## ***Bush's Father Tries To Bail Out his Son***

In a discussion with *EIR*, Syrian Senior Strategic Analyst Dr. Imad Fawzi Shueibi said that he has noticed moves by Bush's father, George H.W. Bush, and the Republican "old guard," to engage their old friends, the Saudis and Egyptians, in getting the Arab and Muslim nations to help with an "exit strategy" to pull Bush Jr.'s Presidency (minus Vice President Cheney) out the Iraq quagmire.

He sees the visit by Arab League Secre-

tary General Amre Moussa to Iraq, which was prompted by the Saudis in a sudden and quick shift, as a step in that direction. The move could involve the use of Arab and Islamic military forces to replace the U.S. British forces in Iraqi cities and towns, regrouping them in bases outside the Iraqi population centers. The Sunnis had rejected such a proposal before, because they regarded it as a protection and legitimization of the U.S.-British invading troops. Therefore, Moussa's mission is focused on getting the Sunnis and the insurgents to realize that they have won the round, but it is time now to start a political dialogue. Moussa's initiative for holding a "national reconciliation" conference, which is supported by Saudi Arabia, Egypt and the Arab League, got support from Iraq's supreme Shi'a spiritual leader Ayatollah Ali Al-Sistani and the Kurds.

Dr. Shueibi finds it extremely ironic that American leaders such as Gen. William Odom and members in Congress are calling for what LaRouche had demanded almost two years ago.

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## ***British To Launch Neo-Con Henry Jackson Society***

The British branch of the Henry Jackson Society is to be launched at the Houses of Parliament on Nov. 22. Named for former U.S. neo-con Senator "Scoop" Jackson, the "Statement of Principles" of the group endorses "modern liberal democracies" as the example for the entire world, and supports a "forward strategy" to assist those countries that are not yet liberal and democratic enough to become so. This would involve the full spectrum of our 'carrot' capacities, be they diplomatic, economic, cultural or political, but also, when necessary, those 'sticks' of the military domain."

The Jackson Society "International Patrons" are the usual crew: William Kristol, Richard Perle, James Woolsey, Robert Kagan, Bruce P. Jackson of the Project for Transitional Democracies, Gen. Jack Sheehan, Vytautas Landsbergis, and Joshua Muravchik.

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## ***Anti-Gun Plebiscite Loses in Brazil***

The plebiscite to ban gun sales in Brazil went down to a stinging defeat on Oct. 23: 64% voted no. The ban failed in all 26 states and the federal district of Brasilia. When the campaign started, supporters of the ban had expected to win up to 80% of the vote, but the opposition turned this around by simply asking the question: "Do you feel safe, and do you think the government can protect you," suggesting a "no" vote would be vote against the Lula government.

The defeat is good news. Lyndon LaRouche had warned in early October that "those who are proposing to take guns away from the population in Brazil, are going to bring on a civil war. You have entire areas of Brazil, including the *favelas* in the big cities, which are *terra incognita*, armed camps. If they continue to disarm the poor, they will unleash asymmetric civil war," and this will play right into the scenario of permanent warfare being promoted across South America by Dick Cheney, the Moo-nies, Banco Santander, Prince Philip's WWF, and so forth, LaRouche stated.

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## ***Nigeria Accepts Bankers' Arithmetic***

In a foreign debt deal brokered Oct. 20 by the Paris Club, Nigeria's nominal debt of \$30 billion to the Paris Club nations will be written down to \$12.4 billion. Nigeria will pay more than \$6 billion of arrears from oil revenues "in the next week or two"; the Paris Club will write off \$16 billion in tranches between now and April 2006 (depending on good behavior); and Nigeria will then pay \$6 billion to buy back the last \$8 billion of debt at a 25% discount. It will still owe \$6 billion in private, commercial debt, and relatively small amounts to the IMF and World Bank.

Part of the deal: IMF "intensified surveillance" continues, and Nigeria signs a Policy Support Instrument—the equivalent

**THE VIETNAMESE** Ministry of Science and Technology, Ministry of Industry, and the French Embassy met in October 8-9 to discuss Vietnam's plans for a new commercial nuclear power plant, according to *Vietnam News*. A pre-feasibility project for the reactor has been completed.

**NIGERIA'S** Nuclear Regulatory Agency announced that it could take 10 years or more to actualize the "dream of having a nuclear energy plant." The agency conducted a training workshop in Abuja Oct. 18 on the safety and regulatory requirements for the use and control of radioactive sources.

**POLISH PRESIDENT-ELECT** Kaczynski, sources reported to *EIR*, in a recent Presidential candidate debate on Polish TV, made a reference to the dissertation which he had written about labor law, in which he had referred to the excellent insurance system which was developed by Franklin D. Roosevelt, and the social laws developed under Bismarck.

**BRITISH NEO-CONS** have pushed David Cameron towards leadership of the Tory Party, out of fear that Kenneth Clark would take over the party, wrote commentator Neil Clark in *The Guardian* Oct 24. Neo-con Cameron is being re-tooled as a "Tory moderate."

**TONY BLAIR'S** formulations on Iran are exactly those of the American Enterprise Institute. Blair, who was interviewed on Sky News Oct. 24, by former Bill Clinton aide Jamie Rubin, used neo-con formulations, saying that life could become "a lot more difficult" for Iran, if it continued to "really defy" the international community. While Blair claimed that he really does not mean military action, he did say "You don't ever take any option off the table." This was exactly the formulation used by the AEI's "Young Neo-con" Mike Rubin at a recent conference in Jerusalem.

of a structural adjustment program that Nigeria supposedly chooses to impose on itself. Earlier this year, according to Reuters May 18, the ostensibly "home-grown" Policy Support Instrument was at that time "still being formulated by IMF officials."

The bankers' arithmetic involved was identified in an opinion column by "Chinweizu" in *Vanguard* (Lagos daily) Aug. 14, which states, "Some press reports say that Nigeria borrowed \$17 billion; has already paid back \$22 billion, and is said to still owe \$36 billion. . . . Should Nigeria not simply repudiate this alleged debt of \$36 billion. . . ?" (The Center for Global Development in Washington, deeply involved in formulating the deal, says only that interest and late fees account for 80% of the \$30 billion debt.)

Chinweizu recalls, "Back in the late 1970s, against the wisdom of public opinion, the then military head of state, Gen. [Olusegun] Obasanjo, was conned by foreign lenders into taking a \$1 billion jumbo loan that Nigeria, with its then buoyant oil revenues, did not need. The excuse was that Nigeria was 'under-borrowed.' They claimed that Nigeria needed the jumbo loan to build investor confidence." (Other hits followed. The debt was \$17 billion by 1983.)

Obasanjo, now President, has been celebrating the debt reduction deal as an immense victory. Whether the Nigerian House of Representatives and Senate will agree, remains to be seen. They had vigorously argued for 100% cancellation.

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## ***German Grand Coalition Talks Are Paralyzed***

There are several indications that the German Grand Coalition, to succeed the Gerhard Schröder government, might not come into existence. First, Edmund Stoiber, designated Minister of Economics, has leaked to the media that he might still decide to stay Governor of Bavaria and not join the cabinet. Then, outgoing Chancellor Gerhard Schröder, who is on the inter-party talks team, said Oct. 24, in a speech before

the American Chamber of Commerce in Berlin, that he was just coming from "unharmonic" talks, where the music was "heavy metal rather than Bach," because of the "many considerable differences in views that still exist" between the Social Democratic Party, and the allied Christian Democratic and Christian Social Union parties. Schröder said that more effort had to be invested, to have the coalition ready by late November.

Designated Chancellor Angela Merkel, of the CDU, said after the same talks to which Schröder had referred, that the coalition was still not secured, that "it might also fail," and that an enormous effort still had to be invested to make the Grand Coalition happen and make her Chancellor on Nov. 22.

Differences over how to cut the budget, have stalemated the negotiations. The joint budget and finance working group, made up of Finance Minister Peer Steinbrück (SPD), and the CDU Governor of the State of Hesse, Roland Koch, both believe that Germany should be in line with the EU's Maastricht criteria again by the end of 2007, which implies budget cuts in the range of 35 billion euros in 2006 and 2007, or 15% of the federal budget, which would eliminate the possibility of creating new jobs in depression-wracked Germany.

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## ***Polish Presidential Election Won by Kaczynski***

The second round of the Polish Presidential election was won with an overwhelming majority by national conservative candidate Lech Kaczynski, of the PiS (Party of Law and Justice). He received more than 55% of the electoral vote against his rival from the conservative liberal Party (PO), Donald Tusk. As observers in Poland noted, the vote was a clear rejection of neoliberal economic policies; it was a vote in defense of the social sovereign nation-state; it was skeptical about EU policies for Europe, and thus will have an impact on the future debate within the EU.

## A PERSIAN TRAGEDY

# Mossadeq's Fight for National Sovereignty

by Muriel Mirak-Weissbach

A tragedy of untold dimensions is threatening in Persia, a tragedy which could unleash a process leading to World War III, and the destruction of civilization as we know it. Neo-conservative circles in London and Washington have targeted this key Persian Gulf nation, in the context of their imperialist policy of permanent war. Two main policy options have been openly discussed in the Anglo-American circles vis-à-vis the Islamic Republic: military aggression, either by the United States or proxy Israel, aimed at eliminating the Bushehr nuclear power plant and other sites related to the nation's civilian nuclear program; or, failing that, political destabilization, leading to regime change.<sup>1</sup>

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1. Preparations for political destabilization are quite advanced, at least in planning. Following the modus operandi adopted in the cases of Iraq and, more recently, Lebanon-Syria, whereby congressional legislation has laid the basis for political action, and threatened military follow-up, so in the case of Iran: The Iran Freedom Support Act (H.R. 282), presented by Rep. Ileana Ros-Lehtinen (R-Fla.), and the Senate version (S. 333) presented by Sen. Rick Santorum (R-Penna.). At the same time, neo-con circles inside the United States, in tandem with co-thinkers in Europe, have mobilized to dress in a garb of legitimacy the anti-Iranian terrorist organization Mujahideen-e-Qalq (MKO/MEK), which had enjoyed refuge in Iraq under Saddam Hussein, and now enjoys the same, under U.S.-led occupation forces. This group represents a credible military and paramilitary capability, which it has successfully demonstrated over the past decades: It can organize and conduct bombings and political assassinations inside Iran. Its political front organization, the National Council for the Revolution in Iran (NCRI) under Maryam Rajavi, has been campaigning in Europe, among parliamentarians, as well as in the United States, with congressional support, to remove the MKO/MEK from the lists of terrorist organizations filed at the State Department and the European Parliament. With a clean bill of health, these groups could be deployed for sabotage operations aimed at overthrowing the current regime in Tehran. Other parallel operations against Tehran are already being

If the precedent for a possible military attack is to be found in the Israeli bombing of the Osiraq nuclear plant in Iraq, in 1981, the precedent for regime change is the 1953 overthrow of the democratically elected government of Mohammad Mossadeq in Iran, by an Anglo-American combination. This, identified by John Perkins, in his book *Confessions of an Economic Hit Man*,<sup>2</sup> as the first U.S. coup against a foreign country, was a British-authored and -designed operation, carried out through the good graces of the notorious Dulles brothers, Allen and John Foster.

Reviewing the dramatic history of that coup is crucial today for several reasons. First, it provides insight into the way Iranian history has shaped the mentality and outlook of the country's leadership and population today. The issue then was ostensibly oil: Mossadeq had nationalized the country's rich petroleum resources, and offered a negotiated settlement with the British, who had asserted imperial control over them. London refused. The actual issue was not only oil, but national sovereignty, and the right of the nation to develop. Today, the ostensible issue is Iran's nuclear program, alleged to be a weapons program; but again the real issue is national sovereignty, and the right to advanced technologies for economic development.<sup>3</sup>

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run by the British, among the Arab minority in Iran, in Khuzestan province, and by the United States, out of Iraq, among the Kurdish minority in northern Iran. For the NCRI and MKO, see [www.maryam-rajavi.org](http://www.maryam-rajavi.org).

2. *Confessions of an Economic Hit Man* (San Francisco: Berrett-Koehler, 2004).

3. See Muriel Mirak-Weissbach, "Law vs. Brute Force: The Fight Over Iran's Nuclear Program," *EIR*, Sept. 30, 2005.



Truman Library

*Prime Minister Mohammad Mossadeq (right) with Britain's Sir Gladwyn Jebb at the UN Security Council in New York, October 1951. Addressing the Council, Jebb proclaimed the imperial view that Iran's oil belonged to the Anglo-Iranian Oil Company, which was utilizing it to the benefit of the Iranian people. Mossadeq countered by upholding the right to national sovereignty, underlining that "my countrymen lack the bare necessities of existence. Their standard of living is probably one of the lowest in the world. Our greatest natural asset is oil."*

Secondly, reliving the Mossadeq experience would also revive appreciation of his unique understanding of the political, cultural, and epistemological issues in the fight against British imperialism. Finally, the case of the 1953 coup is a precedent-setting event, in which British imperialist circles succeeded in manipulating American forces, whose principled approach to Iran—and the entire region—had been diametrically opposed to British 18th Century methods. President Franklin Delano Roosevelt had a completely different plan for post-World War II Iran, than the British, a plan based on helping that country become a model in the region, for advanced economic and political development. Roosevelt's premature death was a crucial event in the tragedy that was to unfold.

## The Lessons of History

As Lyndon LaRouche has repeatedly demonstrated, one cannot grasp the significance of a particular political event or problem, unless one locates it within the long waves of historical and cultural processes in which it occurs. In the case of Iran (or Persia, as it was known until the 20th Century), a pattern emerges time and again, whereby external influences, in the form of colonial or imperial subjugation, loot the country's riches, thereby triggering a response in the form of a

national upsurge or revolution, to expel the foreign oppressors.<sup>4</sup>

Since the 18th Century, Persia had been a pawn in the strategic conflict known as the Great Game, whereby the British Empire and the Russian Empire competed for influence over what British geopolitician Halford Mackinder called the "Heartland" of Eurasia, mainly Central Asia, the Caucasus, and Persia. Repeatedly, into the 20th Century, Iran was divided up between the two powers, whereby Russia prevailed in the north, and Britain in the south. Repeatedly, patriotic nationalist forces looked to the United States for support in their fight for national sovereignty, against the two great imperial forces.

Beginning in the early 20th Century, after the first huge oil deposits had been found by the British, petroleum assumed an important role in the great power rivalry. The general tendency of the Iranian ruling elites, was to sell out the country's national assets and interests, including concessions over oil, the which sparked social opposition in the form of popular revolt, leading to the Tobacco Revolution of 1891, followed by the Constitutional Revolution of

1906, and so on. The social layers leading such revolts, included typically intellectuals, political figures, and—most importantly—the Shi'ite clerical leadership.

The drama played out again and again, albeit in different forms, saw leading nationalist figures on center stage often including kings (or Shahs), who strove to wrest control from imperialist British forces, and to steer the nation on a course of economic development, always looking to America for support against the British and the Russians; but who never succeeded in making the final break with London.

Noble attempts in this direction were made, and great strides forward, in social and economic development, were registered. But they fell short of the mark, as a result of the failure, on the part of the leadership, to fully grasp the nature of the British enemy, and its strategic aims, and to understand the need for institutional political change toward republicanism within the country.

The exception to the rule was Mohammad Mossadeq, who, because of his fine understanding of the British, shaped by an in-depth study of history, succeeded in the fight for national independence, through the nationalization of the

4. This pattern is already identifiable in ancient Persian history, from the conquest by Alexander the Great, to the Arab conquest.

country's oil industry and the expulsion of the British from the land. That great triumph was short-lived, however; although his effective leadership won the day, that victory was dashed, because of the corruptibility of major institutions in the country, which were effectively bought off by the British, in what was dressed as an Anglo-American coup d'état.

## Colonialism via Concessions

The term "concession" is most apt to depict the mechanism of imperial takeover exercised by the British in Persia. A concession was a license to loot, which then became the basis for assertion of imperial control. Although Persia was never, formally speaking, a colony, or part of the British Empire, its entire national patrimony was sold off time and again to the British, who thereby became de facto rulers.

It began with the comprador regime of the Qajar Dynasty (1794-1924), whose decadence was legion: Shah Nasir al-din Shah, (ruled 1848-96) with his 1,000-plus harem of wives, concubines, eunuchs, and God-knows-what, was a caricature of oriental decadence. It was not so much his obsession with grandeur, epitomized by the plethora of royal titles he assigned to himself, which alienated the population, but his sellout of national interests.

In 1872, the Shah granted to the German-born British Baron Julius de Reuter, rights to the entire economic patrimony. Reuter not only sat on top of industry, farming, and rail transportation, but enjoyed the right to issue currency and to set up a national bank, euphemistically called the Imperial Bank of Persia (under British control). The Shah at one point had to revoke Reuter's original concession, under pressure from Russia, which itself then received a concession for fishing rights, as well as for a branch of the Russian state bank.

The next big concession was granted in 1890, to the Imperial Tobacco Corporation of Persia, a £15,000 British consortium, which thereby obtained a monopoly on the production, sale, and export of tobacco in Iran—for 50 years! The population, which suffered the economic consequences of foreign exploitation and royal waste, revolted in 1891, in the so-called Tobacco Revolution. A coalition of farmers, tradesmen, intellectuals, and—most important—clergy, had emerged to challenge the British monopoly. The religious authority who led the movement, Sheikh Mirza Mohammad Hasan Shirazi, issued a *fatwa* (religious decree) banning smoking. And that was it. The tobacco concession had to be cancelled in 1892.

The Qajar dynasts refused to read the writing on the wall, and blithely proceeded to sell out other of the country's assets. The hapless Nasir al-Din Shah met his fate in 1896, when he was shot dead by an assassin; his son, Muzaffar al-Din (ruled 1896-1907), who succeeded him, seemed not to have learned the lesson. In 1901, he negotiated what became known as the D'Arcy Contract, the most infamous of all concessions to foreign imperial interests.

William Knox D'Arcy was a wealthy London financier, living in Australia. Muzaffar granted D'Arcy a concession

for "special and exclusive privilege to obtain, exploit, develop, render suitable for trade, carry away, and sell natural gas [and] petroleum . . . for a term of 60 [!] years."<sup>5</sup> In exchange, D'Arcy was to give him £20,000, plus 20,000 £1 shares, and 16% of the annual revenues from oil, if found.<sup>6</sup> The concession covered the entire country, except the Caspian and Korrasan provinces.<sup>7</sup>

Such an outrageous agreement was bound to provoke popular reaction. In parallel, the Qajar dynasty was going deeper into debt with the Russians, whose influence over the country was also increasing. Popular protests broke out in late 1905, against the foreign influence, and, fed by democratic ideas from Europe, soon took the shape of a political demand for giving the people a voice in national affairs—specifically, for a "national consultative assembly," which Muzaffar was forced to accept. In 1906, the protests swelled. A draft constitution, modelled on that of Belgium, was forced on the Shah, limiting his powers and calling for national elections, which took place in October. The first session of the Majlis (parliament) was convened on Oct. 7, 1906 and on Dec. 30, the Constitution was adopted.

The existence of a parliament constituted a clear threat to British as well as Russian imperial pretensions, so it was no surprise that the two great powers should sign an agreement in 1907, dividing the country into three Zones: The north was designated the Russian sphere of influence; the south, Britain's; and the area in the center, around Tehran, neutral, for Iran. Each imperial power could pursue political and economic (oil) concessions in its defined zone. The British then plotted with Mohammad Ali Shah Qajar (Muazzaffar's son and successor: 1907-1909), to dissolve the parliament, following an unsuccessful attempt on the Shah's life, and set up a puppet government, which rendered the Constitution a dead letter.

Here, the U.S. factor came into play. The Iranian parliament had hired Morgan Shuster, an American banker, to function as treasurer, and to rework the various tax schemes, whereby the British and the Russians had been able to loot Iran. But, both Moscow and London demanded that he be sent packing, and in 1911 the Russians deployed troops into Iran. The Majlis was shut down.

The issue for the British was imperial power, but it was also oil, which was to become a crucial instrument of power. Already, in the later 19th Century, the British had been granted concessions for oil exploration in the country. On

5. Stephen Kinzer, *All The Shah's Men: An American Coup and the Roots of Middle East Terror* (Hoboken, N.J.: John Wiley & Sons, Inc., 2003), p. 33.

6. *Ibid.*, p. 48.

7. Gerard de Villiers, *Der Schah: Der unaufsame Aufstieg des Mohammed Reza Pahlawi* (German translation of *L'Irresistible Ascension de Mohammed Reza Shah d'Iran*) (Vienna, Düsseldorf: Econ Verlag, 1975), p. 238. Interestingly, D'Arcy explored areas where ancient temples were located, because there oil (naphta) was used to feed the eternal flames.



rezapahlavi.org

Reza Pahlavi, based in Maryland, is the son of the late Shah, Mohammad Reza Pahlavi, and has made known his availability to lead a regime change in Iran today.

May 26, 1908, D'Arcy, with the help of the Burmah Oil company (which worked for the Royal Navy), struck pay-dirt, a huge oil field in the south, in Masjed-e Solayman. On the order of the British Admiralty, Britain set up the Anglo-Persian Oil Company (APOC) in 1909, to absorb the D'Arcy concession and Burmah Oil.<sup>8</sup> Five years later, First Lord of the Admiralty Winston Churchill ordered the Admiralty to purchase 52.5% of APOC. This was to ensure the free flow of oil, on an economical basis, to the British navy.

The huge oil refinery at Abadan, built by the British and opened in 1911, became a classic example of imperial looting: Workers slaved for low wages under terrible working and living conditions, and Iran received only 16% of the royalties on the oil (in 1920).

Although Britain did not formally establish control over the country as part of the Empire, it pursued total control, through economic "agreements," expanding its oil interest to other spheres. In the notorious Anglo-Persian Agreement of Aug. 19, 1919, London turned Iran into a de facto protectorate, run by British "advisors" who were placed in the military, transportation, and communications infrastructure, as well as the Treasury. To answer Iranian objections to the agreement, negotiations were held in 1920. But the game was rigged from the start: The man who was to represent Iran's interests was one Sir Sydney Armitage-Smith, a British Treasury official!<sup>9</sup>

The British were the masters of Iran's natural riches. "By

8. *Ibid.*, p. 239.

9. Robert B. Stobaugh, "The Evolution of Iranian Oil Policy, 1925-1975," in *Iran Under the Pahlavis*, George Lenczowski, ed. (Stanford, Calif.: Hoover Institution Press, 1978), p. 202.

1925," according to analyst Robert B. Stobaugh, "the Anglo-Persian Oil Company still had complete control over the oil produced in Persia. The company owned and operated the oil fields, transportation networks, and refinery. The managers, of course, were British, not Persian. The company determined export destinations, quantities, and prices. It used a complicated set of formulas to determine profits derived from Persian oil and to set prices on oil sales to the British navy. . . . Persia's oil revenues were calculated as a percentage of the company's profits."<sup>10</sup> The country did not even get oil from APOC for domestic consumption, but had to import it from the Soviet Union!

## The Creation of the Pahlavi Dynasty

To cement its political control, Britain organized a coup in 1921 against Ahmad Shah (who had succeeded Muzzaffar), a coup led by one Reza (later Reza Shah the Great), who was an officer in the Cossack Brigade, together with journalist-turned-politician Seyyed Ziya ad-Din Tabataba'i. The Cossack Brigade had been formed in 1898, as a result of an offer made by the Russian Czar to Nasir al-Din, to train an armed force to be the Shah's bodyguards.<sup>11</sup> Following the February 1921 coup, Reza successively took over several posts: Army Commander (1921), Prime Minister (1923), Minister of War (1923), and Head of State (1925). Although from a humble background with no aristocratic connections, he (under British control) was designated king by divine right. The parliament issued a ruling in 1925 to the effect that the corrupt Qajar dynasty had been terminated, and that Reza was the new Shah, head of the Pahlavi dynasty, which was to be perpetuated through male inheritance.

Reza Shah Pahlavi was an ambivalent, enigmatic figure: On the one hand, he sought to emulate the leader of neighboring Turkey, Kamal Ataturk, to modernize Iran, and, like him, was a staunch nationalist who sought to free his country of foreign control. To the extent he seriously pursued independence, he could and did become a thorn in the British side. On the other hand, he pursued political and social policies which alienated broad layers of the population.

His central challenge to the British regarded oil. Reza Shah opposed the 1920 agreement, on the grounds that it had not been ratified by the Majlis. New negotiations were opened

10. *Ibid.*

11. Reza saw the brigades as a tool of Russian interests. He wrote: "After I had chosen the soldier's profession, I became more sunk in grief, as I saw the destinies of Iran's forces determined by Russian officers, who intervened directly in all the affairs of the army and compelled the Iranian officers to accept their dictatorial ways. These Russian officers were ostensibly in the service of the Shah, but in reality gave priority to the interests of their own country." L.P. Elwell-Sutton, "Reza Shah the Great: Founder of the Pahlavi Dynasty," in *Iran Under the Pahlavis*, *op. cit.*, p. 6. For the British role in the installation of Reza Shah, see David Fromkin, *A Peace to End All Peace: The Fall of the Ottoman Empire and the Creation of the Middle East* (Avon Books, 1989), Chapter 52.

between Iran and the APOC in 1929, which went on for two years, without any tangible result. Then, on Nov. 28, 1932, the Shah announced that he had cancelled the concession to APOC. Iran's oil revenues, in the wake of the 1929 depression, had been falling more sharply than the profits of the company, but that was not the main reason. Rather, it was that the British had consistently underpaid Iran over years, from 1919 to 1930, and had massaged the company's figures, to cut payments in 1931.<sup>12</sup>

The British, whose Navy depended on cheap Iranian oil, refused to bend. The issue was referred to the League of Nations, but, before it could rule, a compromise was reached through bilateral negotiations. The British maintained their hold, by extending the concession until 1993 (!), but the Iranians did manage to win some important concessions of their own.<sup>13</sup>

Iran had forced the British to pay a higher price, but it still did not control its own oil. Twenty-five years later, Reza's successor, Shah Mohammad Reza Pahlavi, was to sum up the situation in the following terms: "We were hearing that the oil company was creating puppets—people just clicking their heels to the orders of the oil company—so it was becoming in our eyes a kind of monster—almost a kind of government within the Iranian government."<sup>14</sup>

It was at this time (1936) that Reza changed the name of the country from Persia to Iran, and the APOC, accordingly, became the Anglo Iranian Oil Company (AIOC). The name change was part of his campaign to resurrect the pre-Islamic, "Aryan" tradition of the country, associated with the memory of the ancient Persian Empire, under the Achaemenid kings, Cyrus, Darius, and Xerxes. Such a cultural shift, which entailed a rejection of the Islamic component in the country's history, and open enmity to the clergy, pitted Reza against large sectors of the population.<sup>15</sup> His secularization drive imposed Western dress codes by law (1929 and 1936), and outlawed certain religious holidays. His ban on labor organizing, wide-ranging censorship, outlawing of the Soviet-backed,



40thbombgroup.org

Roosevelt's envoy to Iran Gen. Patrick Hurley (left). FDR, while in Iran for the Tehran conference in 1943, discussed with Hurley his concept that the United States should make Iran a model of American policy for the developing sector, based on national independence and raising the standards of living. The President later noted: "I was thrilled with the idea of using Iran as an example of what we could do by an unselfish American policy. We could not take on a more difficult nation than Iran. I would like, however, to have a try at it."

communist Tudeh Party, and independent intellectual groups, further alienated him from the population. Unlike Ataturk, Reza unfortunately had no leanings toward republicanism.<sup>16</sup>

Among his achievements, Reza unified the Armed Forces, and established a Navy, an Air Force, and military academies. He expanded communications by developing transportation infrastructure, building 15,000 miles of roads by 1940, and

16. Reza "swept away the mourning processions and spectacles performed annually in the month of Moharram, . . . abolished the ecclesiastical courts, and replaced the Koranic *maktabs* by modern primary schools. . . . He restricted the right to practice as a teacher of religion to those who had undergone a course of training and passed tests prescribed by the Moslem hierarchy under his direction. . . . The outlawing of Communist parties and movements in 1931 and the series of actions against left-wing politicians and 'freedom-loving' writers culminated in the mass arrest and trial of 'the Fifty-Three' in 1937, some of whom on their release in 1941 formed the nucleus of the left-wing Russian-oriented Tudeh party. Unfortunately, the Shah's alarm at the activities of these minority groups was extended to embrace intellectuals of all colors, so that the cream of the educated population, who ought to have been in the lead of the new movement, tended to find themselves alienated from it." Elwell-Sutton, *op. cit.*, pp. 40-41. Reza's views on the republic were explicitly negative. Following Turkey's abolition of the caliphate in 1924, there were calls for a republic in Iran. Reza gave a speech in which he said he had visited the divines of the holy city of Qom, and that "We discussed the present situation, and in consequence we came to the decision to recommend to our fellow countrymen that they should cease all talk of a republic and instead cooperate with me in strengthening the foundations of our faith, the independence of the country, and the national government. I therefore urge all patriots to desist from demanding a republic, and to work together with me for the achievement of our common goals." *Ibid.*, p. 24.

12. Stobaugh, *op. cit.*, p. 204.

13. The method of calculating Iran's share changed; now it would be the volume of oil produced and the amount stockholds received in dividends, that were base factors. In addition, Iran was to get £975,000 per year, as a minimum. Payment was made in gold, which protected purchasing power, and past claims were settled by one payment. Furthermore, Britain gave up some of the land under its control, allowed Iran to have a delegate with access to information available to stockholders, technicians, and personnel involved in trade for the company were to be hired among Persians, and the Naft-e Shah oil was to be developed, to provide for Iran's domestic consumption. *Ibid.*, p. 205.

14. *Ibid.*, p. 206. The Shah made the statement in a speech in the Chamber of Deputies, 1948, quoted in Ernest John Knapton, *France: An Interpretative History*, p. 389.

15. The significance of Shi'ite Islam for Iran is inestimable. The country's definition as a nation, under the first Safavid dynast Shah Ismail, in 1501, was synonymous with Shi'ism as the declared state religion. This was in juxtaposition to the Ottoman Empire, which was Sunni.



National Archives

Stalin, Roosevelt, and Churchill at the wartime Tehran conference, Nov. 29, 1943. The three signed the Iran Declaration, prepared by Gen. Patrick Hurley, which guaranteed the territorial integrity and national sovereignty of Iran.

Your Excellency to take efficacious and urgent humanitarian steps to put an end to these acts of aggression.” This was the context in which Gen. H. Norman Schwarzkopf was deployed to Iran to oversee the military supply effort. Roosevelt pledged that, once the war were over, both the Russians and the British would leave Iran. In addition, U.S. policy for postwar Iran was diametrically opposed to both British and Soviet imperial designs. Roosevelt had sent Gen. Patrick Hurley as his special representative, to Iran, to help prepare what was to become the Iran Declaration, finally adopted at the Tehran Conference of Stalin, Roosevelt, and Churchill, and which guaranteed the territorial integrity and national sovereignty of Iran.<sup>19</sup>

The plans of the British, notwithstanding, were of another nature. At the close of the war, although Britain maintained its hold on the country, it faced a rising tide of social protest. The joint Soviet-British occupation during the war, had bled the country and its people dry. There was famine in the north. Workers at the Abadan

the Trans-Iranian Railway, opened in 1938. This major rail project linked the Persian Gulf via Tehran, to the northern provinces. Administrative reforms, modernization of finances, and a new judicial system were also his work. He promoted industry and agriculture, and set up a modern education system, including the first the first modern university, in Tehran (1935).<sup>17</sup>

In 1941, Reza’s enthusiastic support for Hitler (as well as for Franco and Mussolini) either proved an embarrassment to the British, or was simply exploited by them, as a pretext to remove him from the scene.<sup>18</sup> Using the argument that a pro-German Iran could become a launching pad for an attack against the Soviet Union, the British and the Russians moved into the country on Aug. 25, 1941 for several years’ occupation. On Sept. 16, Shah Reza was forced by the British to abdicate and go into exile in South Africa, transferring power to his 22-year-old son, Mohammad Reza Shah.

The military reason for this was that Iran was the crucial land route for shipping Western military supplies to the Soviets. All well and fine. But the Shah was not happy with the joint occupation, and sought an American military presence as a counter to the imperial pretensions of both Russia and Britain. The Shah sent a message to President Franklin D. Roosevelt on Aug. 25, 1941, asking him to “be good enough to interest yourself in this incident. . . . I beg

19. *Ibid.*, p. 3. Abbas Milani, “Hurley’s Dream,” Hoover Institution, *Hoover Digest*, 2003, No. 3. Hurley reported on a long discussion he had with Roosevelt, as the latter was leaving Tehran. In it, Roosevelt outlined what he envisioned as U.S. foreign policy for Iran, and what later became known as the Hurley Report. Roosevelt’s idea was that the United States should make Iran an example of what American policy for the developing sector should be. He said that U.S. policy should be “to establish free governments and free enterprise and to lend expert advice and leadership in developing the resources and the commerce and building up generally the industry of each of the less favored nations so that the citizens through their own efforts, could raise their own standard of living.”

On the basis of this discussion, Hurley wrote up his report, in which he said the U.S. policy was to support Iranian independence and to ensure Iranian access to the rights enshrined in the Atlantic Charter. Hurley spoke of the need to eliminate illiteracy, as an enemy to democracy, and to defeat the external enemies of imperialism and communism. Hurley also outlined plans for economic development of Iran, based on infrastructure “and improvement of all facilities contributing to the health, happiness, and general welfare of the Iranian people.”

Roosevelt received Hurley’s report with enthusiasm. In a note to his Secretary of State, accompanying Hurley’s report, he wrote: “Enclosed is a very interesting letter from Pat Hurley. It is in general along the lines of my talk with him. . . . I was thrilled with the idea of using Iran as an example of what we could do by an unselfish American policy. We could not take on a more difficult nation than Iran. I would like, however, to have a try at it.” Churchill, to whom Roosevelt also sent a copy of Hurley’s report, was less than enthusiastic. He was particularly irked by Hurley’s notion that British imperialism were in conflict with democracy. Roosevelt’s untimely death put an end to his dreams for a democratic Iran under American auspices.

The Shah was devastated by the destruction of Iran under the wartime occupation. “The country seemed to be falling apart. The insatiable demands of the Allied forces and the hoarding of supplies by profiteers were causing not only rampant inflation—a sevenfold increase in the cost of living between the autumn of 1941 and the spring of 1944—but also acute food shortages, amounting in many areas to actual famine.” Elwell-Sutton, *op. cit.*, p. 3.

17. Elwell-Sutton, *op. cit.*, p. 30.

18. *Ibid.*, p. 44. Reza talked to a retiring German minister in 1935 of his pro-Nazi leanings.

refinery, in March 1946, organized strikes demanding better working conditions, health care, and housing, which the British answered with repression, and casualties.

The British attempted to deal with the Iranians' demands for better conditions, by offering what was called the Supplemental Agreement (supplemental to the renewal of the D'Arcy concession, the APOC, which the Shah had signed in 1932). This entailed a guarantee of £4 million in royalties, but still denied Iran any oversight over accounts or any other form of control.

Although the Shah ordered his government to accept the deal—and it did—the parliament refused. It went into a filibuster lasting four days, to the end of the Majlis's term, which meant that the issue would have to be debated and resolved through the next parliament.

## Enter Mossadeq

The elections for the 16th Majlis in 1949 were to determine the fate of the nation. In the elections, a new political force emerged, the *Jebhe Melli*, or National Front, led by Mohammad Mossadeq. Their campaign was centered on the demand to nationalize the oil company. In 1947, Mossadeq had authored a bill, which the Majlis passed, establishing that there would be no concessions, and demanding that the AIOC be renegotiated. In the 1949 elections, Mossadeq and six other National Front members, including the religious figure Ayatollah Abolqasem Kashani, were elected.

Who was Mohammad Mossadeq?

Born on May 19, 1882, he was the son of a Qajar princess (granddaughter of the Crown prince Abbas Mirza) and Heydayat Ashtiani, a Finance Minister serving under Nasir al-Din Shah (the one with the 1,000-woman harem). He grew up at court, in an elite environment, highly political, and witnessed the Tobacco Revolution at the age of eight. He was politically involved in the Constitutional Revolution of 1906, and was elected to parliament from Isfahan, but could not serve, since he was under the age of 30. Following the repression of the first parliament in 1909, he travelled abroad, to study at the Political Science Institute of Paris, and Neuchatel Law School in Switzerland, where he received a Ph.D. in law in 1914. From this early period, he already had developed a commitment to establishing justice and independence for his nation. His first book, *How Iran Can Grow*, dealt with legal instruments to regulate Iranian and foreign economic activity. He also wrote books on *Civil Legal Procedure* and *Capitulation*.

On return home, Mossadeq soon became Deputy Finance Minister, in 1916, and opened a campaign against waste and corruption, which earned him death threats. In 1919 he strongly opposed the 1919 Anglo-Persian Agreement, on the grounds that it would turn Iran into a "British Protectorate." He again travelled to Europe. Then, after Prime Minister Vosough al-Doleh, who had signed the deal, had been ousted, Mossadeq returned to Iran, where he served as governor of

Fars province until the 1921 coup of Seyed Ziya and Reza Khan, the legitimacy of which he questioned. After Ziya had been replaced by Ghavam al-Saltaneh as Prime Minister, Mossadeq became Finance Minister in 1922. In 1923, he assumed responsibility as Foreign Minister. During the rule of Reza Khan as Shah, whom he opposed, Mossadeq withdrew to his home, and was later arrested, exiled for months, and then put under house arrest.

After Reza Khan's 1941 abdication and exile, Mossadeq returned to public life, and was elected first deputy from Tehran, in the 14th Majlis elections. In the 15th Majlis elections, which were reportedly fixed, Mossadeq was not re-elected. It was this parliament which approved the disastrous extension of the 1933 oil agreement.

In the historic 16th Majlis elections, however, he was returned to parliament, with his companions from the National Front, to lead the fight for nationalization.<sup>20</sup>

The British resorted to every strategem, to force the Supplemental Agreements through, even imposing their candidate, Gen. Ali Razmara, as Prime Minister. But to no avail. Mossadeq headed up the Majlis Oil Committee, which was tasked to study the Supplemental Agreement. His primary concern was not oil per se, but the defense of the nation's resources as an expression of national sovereignty and independence.

The coalition of political forces which Mossadeq pulled together, reflected a constant feature of Iranian history: the leading role of the religious authorities. Here, the key figure was Ayatollah Kashani, a man who, exiled by Mohammad Reza Shah, had run for the Majlis from Beirut, and won.

When, on Nov. 25, 1950, the Supplemental Agreement was put to a vote in the committee, this patriotic coalition delivered a resounding "no" vote. Faced with continuing British intransigence and refusal to negotiate, the nationalist forces mobilized around Mossadeq and Kashani for a rally in January 1951, calling for nationalization of AIOC. Again, as in the case of the Tobacco Revolution, the role of the clergy was decisive: A *fatwa* was issued condemning the government of British puppet Razmara.

Momentum for nationalization continued to grow, and, despite a panicked 11th-hour British offer to make a 50:50 deal—something the Americans had urged them to do—96 members of the Majlis voted, on March 15, 1951, for nationalization, and "a crowd of two thousand carried the deputies on their shoulders."<sup>21</sup> On March 20, the Senate gave its approval. On May 1, the Shah signed into law the revocation of the

20. "The Biography of Dr. Mohammad Mossadegh," *Jebhemelli.org*.

21. Stobaugh, *op. cit.*, p. 207. The Shah, in his memoirs, repeats that he was in favor of the nationalization, but did not agree with Mossadeq's methods. He characterized Mossadeq and his National Front as "xenophobic," and thought Mossadeq was "a trusted man of the British." He thought a deal should have been negotiated with the British.

concession to AIOC, and the renaming of the entity to National Iranian Oil Company (NIOC). Razmara had been forced out by weeks of strikes, and was later killed by Khalil Talmsibi, a member of a nationalistic religious organization, Fedayeen-i-Islam. Hussein Alaa became Prime Minister, but soon after resigned. He was replaced by Mossadeq on May 6, 1951, on request of the Majlis and by order of the Shah.

## The ‘Empah’ Humbled

What could the British do? They had essentially four options: to negotiate an agreement with Iran; to get the “international community” to back their stance; to move militarily, and invade the country; or, to overthrow Mossadeq and put in their puppet.

Negotiations were *never* an option for London. The British simply refused, even when pressed by Washington.

Twice they tried to argue their case before the international community, once, in May 1951, at The Hague, and again in October, at the United Nations Security Council. Both times, Mossadeq won, hands down. At The Hague, he argued against Britain’s complaint that Iran had broken an agreement, saying that since the contract had been signed between a company and Iran, rather than between two states, the court at The Hague had no jurisdiction. In June 1952, the issue was again dealt with at The Hague, and the case was decided in favor of Iran.

Speaking before the UN Security Council in October 1951, Mossadeq demonstrated that the 1933 contract was illegal, because the Parliament which approved it had been stacked with British stooges, who were told either to vote for it, or go to prison. Mossadeq rejected a proposed British resolution, demonstrating “goodwill” on both sides, saying that the Security Council had no authority to pass such a motion. On Oct. 19, the body ruled “to postpone the discussion of the question to a certain day or indefinitely.”<sup>22</sup> It was a smashing victory for Mossadeq.

The debate at both The Hague and New York, was anything but technical. It was a principled conflict between the British, who asserted imperial rights over what they considered “their” oil, and Iran, which pleaded the case for national sovereignty.

The British delegate, Gladwyn Jebb, who addressed the UN, was explicit in claiming that Iran’s oil “was clearly the property of the Anglo-Iranian Oil Company.” He stated:

“The plain fact is that, by a series of insensate actions, the Iranian Government is causing a great enterprise [AIOC], the proper functioning of which is of immense benefit not only to the United Kingdom and Iran but to the whole free world, to grind to a stop. Unless this is promptly checked, the whole of the free world will be much poorer and weaker, including the deluded Iranian people themselves. . . .

22. Kinzer, *op. cit.*, p. 127.

“The Iranian Government, for obvious reasons of its own, perpetually represents the Anglo-Iranian Oil Company as a gang of unscrupulous blood-suckers whose one idea is to drain the Iranian nation of any wealth it may possess. . . . These wild accusations are simply not true. . . . Quite apart from its financial contributions to the Iranian economy, the record of the company in Iran has been one which must arouse the greatest admiration from the social point of view and should be taken as a model of the form of development which would bring benefits to the economically less-developed areas of the world. Far from trying to keep down the Iranian people, as has been alleged, the company has strained every effort to improve the standard of living and education of its employees so that they might be able to play a more useful part in the great work which remains to be done in Iran. . . . To ignore entirely these activities and to put forth the company as responsible for oppression, corruption, and treachery could be described as base ingratitude if it were not simply ridiculous.”<sup>23</sup>

Mossadeq powerfully presented his case in defense of national sovereignty and the common good.

“My countrymen,” he said, “lack the bare necessities of existence. Their standard of living is probably one of the lowest in the world. Our greatest natural asset is oil. This should be the source of work and food for the population of Iran. Its exploitation should properly be our national industry, and the revenue from it should go to improve our conditions of life. As now organized, however, the petroleum industry has contributed practically nothing to the well-being of the people or to the technical progress or industrial development of my country. The evidence for that statement is that after fifty years of exploitation by a foreign company, we still do not have enough Iranian technicians and must call in foreign experts.

“Although Iran plays a considerable role in the world’s petroleum supply and has produced a total of 315 million tons over a period of 50 years, its entire gain, according to accounts of the former company, has been only one hundred ten million pounds sterling. To give you an idea of Iran’s profits from this enormous industry, I may say that in 1948, according to accounts of the former Anglo-Iranian Oil Company, its net revenue amounted to £61 million pounds; but from those profits Iran received only £9 million pounds, although £28 million went into the United Kingdom treasury in income tax alone. . . .

“I must add here that the population living in the oil region of southern Iran and around Abadan, where there is the largest oil refinery in the world, is suffering conditions of absolute misery without even the barest necessities of life. If the exploitation of our oil industry continues in the future as it has in the past, if we are to tolerate a situation in which the Iranian

23. *Ibid.*, p. 121.

plays the part of a mere manual worker in the oil fields of Masjid-i-Suleiman, Agha Jari, and Kermanshah and in the Abadan refinery, and if foreign exploiters continue to appropriate practically all of the income, then our people will remain forever in a state of poverty and misery. These are the reasons that have prompted the Iranian parliament—the Majlis and the Senate—to vote unanimously in favor of nationalizing the oil industry.”<sup>24</sup>

While in the United States, following the UN session, Mossadeq repeatedly compared his defense of Iran’s right to the oil, to the cause of the American Revolution. His appearances on television, as well as a high-profile trip to Philadelphia, where he visited the Liberty Bell, earned him the admiration and support of the American people. He was named *Time* magazine’s Man of the Year in 1951.

The military option is one that the British did entertain. Immediately after the nationalization, in April, they posted seven additional warships and 4,000 British paratroopers to the Mediterranean, and in May drew up scenarios for an invasion and occupation, but did not pursue them.<sup>25</sup>

What they finally settled on, was a plan to throw Mossadeq out of government. One problem was that, since Mossadeq had expelled all their personnel from the country, they had no national network of agents to work through. For this and other political reasons, they turned to the Americans for help. The British were hated as an exploiting, racist colonialist power, whereas the United States was viewed as a republic that had successfully defeated the British. Relations between the United States and Iran had been positive, and, as the Roosevelt case showed, leading American forces sought to support Iran’s aspirations toward becoming a modern industrial nation. Thus, the British had to organize the support of the United States, as the only partner Iran would trust.

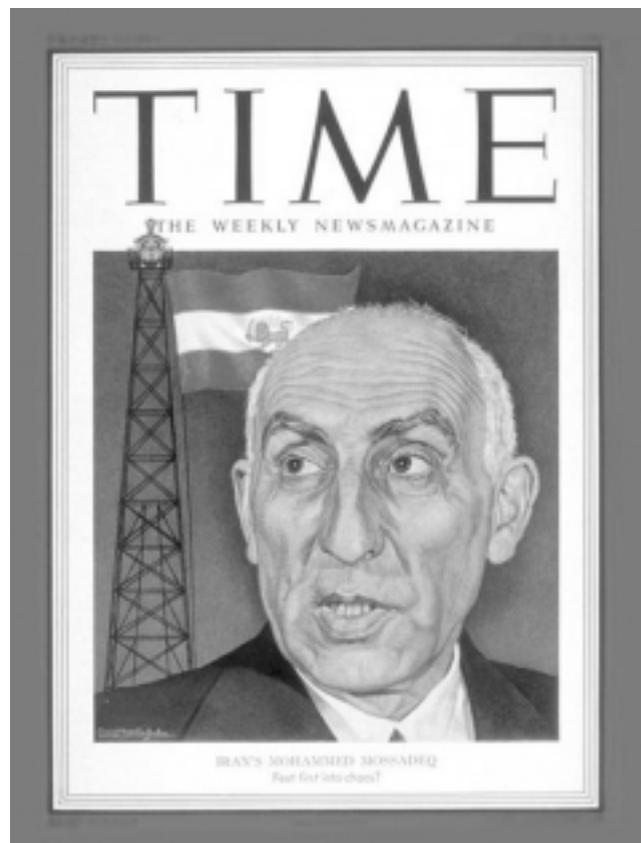
### The Dulles Brothers’ Dirty Work

The usual story retailed in historical accounts, is that the British tried, but failed, to convince Harry Truman of the

24. *Ibid.*, pp. 123-4. Arguing the case at The Hague, Mossadeq focussed on the imperial claims of the British. “The history of relations between Iran and England is longer than the short time I have now. In the 19th Century, Iran was the scene of competition between two imperialists. England and Russia made an agreement and divided Iran in two parts, in 1907, north and south. After the revolution in Russia, England won; it was more powerful and became the sole power in the Middle East.

“In 1919 they tried through a contract to establish control over the army and domestic policy, so that Iran would be under their control, economically, militarily and politically, but due to the resistance in Iran and protests, they resorted to a coup, and put in place a dictatorial regime which lasted 20 years. Thus they could take over the oil. . . . One cannot calculate how much they made in profits, and how much they made . . . for example in 1948, of 61 million lira, only 9 million were for Iran; England made 28 million lira only from income taxes.”

25. Stobaugh, *op. cit.*, p. 209: Foreign Secretary Herbert Morrison on Sept. 21, 1951, called for military action, but Prime Minister Clement Attlee objected.



*Mossadeq, Time magazine’s Man of the Year in 1951, toured the United States, comparing his defense of Iran’s right to its oil, to the cause of the American Revolution.*

wisdom of their coup plan, and managed to get the U.S. on board, only after Dwight D. Eisenhower, elected President in November 1952, had assumed office in January 1953. Nothing could be further from the truth. As the official documents show, the U.S. decision to go for “regime change” in Iran was made by Truman in November 1952, long before Ike took office. And it was the British agents, the Dulles brothers—Allen and John Foster—who ran the operation with their British partners, while Eisenhower remained in the background, almost in the dark.

In June 1951, Truman reported to the National Security Council on the British-Iranian crisis, arguing that if the British were to invade Iran, there would be a danger that Iran could turn to the Soviets for help. In July, he dispatched Averell Harrimann to Tehran, to try to persuade Mossadeq to come to terms with the British, but Mossadeq responded: “You don’t know how crafty they are. You do not know how evil they are. You do not know how they sully everything they touch.”<sup>26</sup> Kashani’s response was similar.

Mossadeq was right: During the Summer, the British

26. Kinzer, *op. cit.* p. 105.

slapped sanctions on Iran, confiscated Iranian assets, sabotaged the Abadan refinery, and blocked Iran's trade with European nations. In October, Truman dispatched Secretary of State Dean Acheson and Assistant Secretary of State for Near Eastern, South Asian, and African Affairs George McGhee to see Mossadeq, while he was in the United States, to offer a new compromise: that a "neutral" British company could produce and distribute the oil. Mossadeq predictably refused.

The turning point came in 1951, when Winston Churchill became British Prime Minister again. He had no hesitations regarding regime change. Churchill deployed Anthony Eden to the United States, to *inform* Dean Acheson of the British decision to get rid of Mossadeq. In November, according to the documented record,<sup>27</sup> Truman made the decision to go with the British plot. In two documents, NSC 136 and 136/1, written in November, after extensive debate in the previous months, the doctrine was laid down that Truman would promote direct intervention in Iran, through covert operations and even military forces.<sup>28</sup> The document spoke of "special political measures" needed to establish stability in Iran, which referred to covert operations. A detailed plan for such covert operations was approved by the Psychological Strategy Board on Jan. 8, 1953, which was 12 days before Eisenhower was inaugurated.<sup>29</sup>

### Mossadeq Prepares for British Onslaught

Mossadeq, who indeed "knew how evil they are," had no illusions that the British would back off. He therefore had to prepare for their attempted coup, which required shoring up his position inside the country. In July 1952, he went to the Shah, with a plan for a government reshuffle, in which he would assume the Defense Minister position in addition to remaining Prime Minister. The Shah, who feared that such an appointment might undermine the military's loyalty to the throne, refused, at which point Mossadeq made a power-play: He resigned on July 17. The man chosen to replace him was a British favorite, Ahmed Qavam, who unwisely launched a confrontationist policy against the Mossadeq nationalists, something which merely exacerbated the social-political conflict. National Front activists took to the streets, shouting, "Mossadeq or death!" Strikes followed, and—what was to prove crucial again—the religious establishment threw its weight behind Mossadeq. Ayatollah Kashani issued another *fatwa*, making it incumbent on the troops to join the "holy war against imperialism," which they did. The Soviet-backed Tudeh Party also sided with the nationalists.

The decision by the Shah (or the British), and imple-

mented by Qavan, to order Iranian soldiers to shoot on the striking demonstrators, was fatal, not only to those who died in the melee, but to the new puppet government as well. Qavam was forced to resign. Thereupon the Shah named Mossadeq Prime Minister, and Defense Minister as well.

Mossadeq had won the day, but he was not content with this. His desire was to win over the Shah to the nationalist cause, in a more profound sense. In a historic meeting with the Shah, Mossadeq appealed to his sense of history: "Your own father, despite his many services to the country," he said, "interrupted the process of constitutional developments along those lines in 1925. You could go down in history as an immensely popular monarch, if you fully cooperated with democratic and nationalist forces in Iran to move our nation as close to that ideal concept as possible."<sup>30</sup> But the Shah was like King Philip in Schiller's great tragedy, *Don Carlos*: Challenged by the fighter for the republican cause, Marquis of Posa, to "become/ Amidst a thousand kings, a king indeed!" Philip failed.<sup>31</sup> The Shah was too obsessed with personal security and other considerations, to rise to the occasion. As a result, he would go down in history as anything but an "enormously popular king."

Mossadeq, now in control of the prime ministry and defense, prepared for the British move. As coup rumors circulated, and reports were rife of British contacts being sought with military officers, Mossadeq severed diplomatic relations with the United Kingdom. This was Oct. 16, 1952. The British, humiliated, had to leave the country, taking their agents with them.

It was at this point that Churchill told the U.S. government that Britain would go for a coup d'état, and Truman soon after gave his okay. As indicated above, Eisenhower was extremely hesitant about the coup plan which he inherited, upon taking office in January 1953. In February, Eisenhower still wanted to provide Iran with financial support, to allow it to continue exports, in face of the British-sponsored embargo. Mossadeq himself did not view the U.S. President as an enemy, since he requested of him a loan of \$25 million, to help the economy survive the British embargo. Eisenhower, citing "advice" from Allen Dulles, told him he should mend fences with London. It was in fact the Dulles brothers who prevailed upon Eisenhower to deny the loan.<sup>32</sup> Ayatollah Kashani also appealed to Eisenhower for a loan, of \$100 million, and proposed that the United States help market Iranian oil. The Dulleses also told Eisenhower a pack of lies, about what "generous offers" they had made to Mossadeq, who had rudely refused any cooperation. This is how they finally got the President on board. In a June 3 briefing about the coup

27. Francis J. Gavin, *Politics, Power, and U.S. Policy in Iran, 1950-1953*, p. 58.

28. *Ibid.*, p. 78.

29. *Ibid.*, p. 80.

30. Sepehr Zabih, *The Mossadegh Era: Roots of the Iranian Revolution* (Chicago: Lake View Press, 1982), p. 66.

31. Friedrich Schiller, *Don Carlos*.

32. Zabih, *op. cit.*, p. 104. See also the Presidential papers of Dwight David Eisenhower, Document #281, "June 30, 1953, To Mohammed Mossadeq."



Dr. Mossadeq and supporters rally in front of the Majlis (parliament).

plans, Eisenhower was notable for his absence. Finally, on July 11, after all others had signed on to the plot, Eisenhower agreed.

## Planning the Coup

The actual planning of the coup took place beginning November 1952 and stretching through to June 1953. The events have been chronicled in a book written in 1954, by one of the protagonists, Donald N. Wilber.<sup>33</sup> He was in the CIA's Near East and Africa Division (NEA). In addition to his 1954 book, he reviewed the events in his memoirs, published in 1986. Then, there are the CIA official documents,<sup>34</sup> which were in part leaked by the *New York Times*, on April 16, 2000.<sup>35</sup>

A preliminary meeting, in Washington, saw representatives of the NEA, with British Intelligence. The key personalities were Christopher Montague Woodhouse, who had been station chief for British Intelligence in Tehran, and on the American side, Kermit Roosevelt, NEA Division Chief. At this meeting, it was, in fact, the British who proposed a "joint political action to remove Prime Minister Mossadeq," according to CIA documents. As noted, Truman okayed the British plan in November 1952.

In March 1953, Undersecretary of State Gen. Walter Bedell Smith officially "determined that the U.S. Govern-

ment could no longer approve of the Mossadeq government and would prefer a successor government in which there would be no National Frontists." The NEA and CIA were informed, and \$1 million was allocated to the Tehran station to be used by the Chief of Station and U.S. Ambassador Loy Henderson. On May 20, the station received authorization to spend 1 million rials a week (90 rials = \$1) to buy up parliamentarians.

In April, the first CIA study was issued, "Factors Involved in the Overthrow of Mossadeq," and in it was the idea that a combination of the Shah and Gen. Fazlollah Zahedi, backed by mobs in the street, could overthrow Mossadeq. The CIA made contact with Zahedi, initially through his son Ardeshir, then with him directly.

Zahedi was a malleable figure, vulnerable to blackmail. During World War II, he had supported Nazi Germany. He had been taken by British secret agent Fitzroy MacLean to a prison camp in Palestine. A search of his residence had yielded a treasure trove of German weapons, opium, and letters from German agents who had landed in Isfahan, where he was military governor. Following the war, he was released, and assumed posts as governor, before becoming Interior Minister under Mossadeq. The two were political enemies, and Mossadeq tried several times to jail him. Zahedi was the right man for the job.

The first joint Anglo-American planning session took place in Nicosia in late April 1953. Wilber, the covert NEA consultant, met with British Special Intelligence Service Officer Norman Matthew Darbyshire. They set up a three-way communications channel among Washington, Nicosia, and Tehran, and proceeded each to disclose to the other, whatever assets they had in Iran. The main assets of the British (whose larger network had been expelled by Mossadeq) centered on the three Rashidian brothers, Seyfollah, Asadollah, and Qodratollah, who had a network extending to "the armed forces, the Majlis, religious leaders, the press, street gangs, politicians, and other influential figures." The NEA gave two names to the Special Intelligence Service, while keeping their actual assets, Djalili and Keyyan, secret.

By June 1, they had worked up a plan. The basic assumptions they shared were: "that Zahedi alone of potential candidates had the vigor and courage to make him worthy of support; that the Shah must be brought into the operation; that the Shah would act only with great reluctance but that he could be forced to do so; that if the issue was clear-cut the armed forces would follow the Shah rather than Mossadeq; that the operation must, if possible, be made to appear legal or quasi-legal instead of an outright coup; that public opinion must be fanned to fever pitch against Mossadeq in the period just preceding the execution of the overthrow operation; that the military aspect would be successful only if the station were able to review the plan with the Iranians chosen by Zahedi to execute it; that immediate precautions must be taken by the new government to meet

33. Dr. Donald N. Wilber, "Overthrow of Premier Mossadeq of Iran," written March 1954, published October 1969.

34. "Overthrow of Premier Mossadeq of Iran, November 1952-August 1953," CIA archives, iranonline.com

35. "The Secrets of History. The CIA in Iran," *New York Times*, April 16, 2000.

a strong reaction by the Tudeh Party.”<sup>36</sup>

These “basic assumptions” were to prevail in the following planning meetings. The next meeting took place in Beirut on June 9, with Kermit Roosevelt, who was the project chief, George Carroll of the CIA, Roger Goiran, Chief of Station in Tehran, and Wilber. After meeting from June 10-14, Roosevelt and Wilber went to London with a copy of the Beirut draft. There they met with Darbyshire and Commander Maurice M. Firth of Special Intelligence Service, then left on June 18. An official report was typed up, and known as Appendix B.<sup>37</sup>

The final plan, codenamed TPAJAX, okayed by Kermit Roosevelt for the CIA and by British Intelligence, was presented to CIA Director Allen W. Dulles, the State Department, and Ambassador Henderson. The Special Intelligence Service presented it to the British Foreign office. Approval came from the various offices, on July 1, and July 11, 1953.

The final plan translated the basic assumptions, into a series of operational thrusts: Propaganda operations must be launched against Mossadeq, accusing him of corruption, anti-Islamic views, and sympathies with the Tudeh Party communists. This required purchasing a stable of journalists, editors, and publishers. Dirty operations were to be orchestrated in the streets, whereby Islamic clerics would be beaten up by thugs, who were to be identified with Mossadeq. The aim of such tactics was to drive a wedge between Mossadeq and his National Front, on the one side, and his clerical allies, especially Kashani, on the other. In the parliament as well, MPs were to be bought up, to oppose Kashani and oppose Mossadeq. Demonstrations against Mossadeq in the streets, were to provide the pretext for such MPs to hold a vote against him; if he refused to step down, the plan was to have Zahedi arrest him, and then seize strategic centers in the capital. To give Zahedi the forces he required, military officers had to be purchased.

## Implementation of the Plot

CIA agent Carroll went to Iran in mid-July, tasked with studying the military aspects of the plan. Wilber was responsible for psychological warfare. This operation had already begun, with the issuance of anti-Mossadeq articles in the (paid) press, and anti-Mossadeq cartoons, drafted by CIA cartoonists. The gist of the anti-Mossadeq propaganda was that he was a patsy of the communists, that the Tudeh Party was gaining strength, and that Iran could fall into the Soviet sphere of influence.

This was mainly for foreign consumption. Internally, the major thrust was to split Mossadeq from his supporters. This meant to alienate the religious establishment, especially Ayatollah Kashani, to counterorganize the Majlis against him, and to whip up mob violence in the streets.

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36. CIA archives, *op. cit.*

37. Appendix B: “London” Draft of the TPAJAX Operational Plan,” Wilber, *op. cit.*

As outlined in the various planning meetings and documents, it was key to ensure the cooperation of the Shah, in order to give an aura of legitimacy to the overthrow. The specific plan was to get the Shah to sign two *firmans* (royal decrees) dismissing Mossadeq, naming Zahedi, and calling on the Army to maintain its loyalty to the Shah.

All official accounts of the coup show that the Shah represented a serious problem. He was overridden by fear, vacillating, and weak. He did not trust the British, for good reason, and was therefore focussed on getting guarantees that the United States was behind the coup. The British, who had his profile, knew they had to have U.S. cooperation.

In an attempt to soften him up, it was decided to deploy his twin sister, Princess Ashraf Pahlavi, who had been living in Paris, to persuade her brother to play the game. Gen. H. Norman Schwarzkopf, father of the “hero” of Operation Desert Storm, was to get the Shah to sign the *firmans*, and a leading U.K. agent was to assure the Shah that the entire endeavor was a joint U.S.-U.K. affair. If this plan failed, then Kermit Roosevelt, as official representative of the U.S. President, was to be deployed to get the Shah to put his signature on the dotted line. Once signed, the *firmans* were to be delivered to Zahedi, who would move to take power.

Getting the Shah to play the game was no easy job. Aso-dollah Rashidian, one of the notorious three brothers, called on Princess Ashraf on the Riviera in mid-July, and, together with two “official representatives,” overcame her lack of enthusiasm about the mission to persuade her twin. Allen Dulles also travelled to Switzerland to meet the Princess, and prevail upon her to play the game. Reportedly, a mink coat and \$5,000 helped her decide in their favor.<sup>38</sup> Neither the Shah nor Mossadeq was happy at the news of her arrival, given that she was known as an anti-Mossadeq figure, and had been banished. The Shah initially refused to see her, but, once informed that General Schwarzkopf, an American, was pursuing a similar mission, he relented. The meeting between the siblings took place on July 29, but bore no fruit.

Schwarzkopf was trusted by the Shah, because of their good relationship during the general’s tenure as head of the U.S. Military Mission to the Iranian Gendarmerie from 1942-48, a mission Iran had welcomed to counter British and Russian presence. Schwarzkopf’s new mission, as recounted by Wilber, “was to obtain from the Shah the three papers . . . (1) a firman naming Zahedi as Chief of Staff, (2) a letter indicating his faith in Zahedi which the latter could employ to recruit army officers for the plan in the name of the Shah, and (3) a firman calling on all ranks of the army to support his legal Chief of Staff. It was felt that it would be easier to get the Shah to sign such statements than to issue a firman dismissing Mossadeq.”<sup>39</sup>

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38. Kinzer, *op. cit.*, p. 7.

39. Wilber, *op. cit.*

The meeting between Schwarzkopf and the Shah took place on Aug. 1, after Ashraf's departure. The Shah was so paranoid, that he insisted that the general go and sit with him on top of a table in the middle of a grand ballroom, where, he believed, they would be out of the hearing range of planted microphones. He refused to sign the *firmands*, saying that he could not be sure of the Army's loyalty, and that he wanted to determine the makeup of a future Cabinet. The Shah's continuing preoccupation was to have assurances of *American* support; he demanded that President Eisenhower indicate in some way that he was in favor of the removal of Mossadeq. As Wilber relates, "By complete coincidence and good fortune, the President, while addressing the Governors' Convention in Seattle on 4 August, deviated from his script to state by implication that the United States would not sit idly by and see Iran fall behind the Iron Curtain." Kermit Roosevelt exploited this statement, to put pressure on the Shah, who was still vacillating.

Schwarzkopf left the palace empty-handed, so another American had to be deployed, this time as official representative of Eisenhower. The story of Kermit Roosevelt's nightly visits to the Shah, to get him on board, are the stuff of cheap novels. Kermit, a grandson of Teddy Roosevelt (and loyal to that faction of the family), came out of the wartime Office of Strategic Services (OSS), like Dulles, and was working in the Iran department of the CIA in November 1952. He was selected to be the project chief for the coup. To enter the Shah's palace unobserved, he would lie down in the back of a car, hidden under a carpet, and be driven into the palace, then to emerge to conduct his private soirées with the monarch.<sup>40</sup> Finally, after many of the visits by Roosevelt, the Shah agreed to sign two (not three) documents: one firing Mossadeq and the other designating Zahedi as Prime Minister.

This was Aug. 12. The propaganda campaign against Mossadeq, orchestrated and conducted by editors and journalists who were richly remunerated, was reaching a peak. Black propaganda was used to pit the religious establishment against Mossadeq and the Communist Party. Wilber writes: "CIA agents gave serious attention to alarming the religious leaders at Tehran by issuing black propaganda in the name of the Tudeh Party, threatening these leaders with savage punishment if they opposed Mossadeq. Threatening phone calls were made to some of them, in the name of the Tudeh, and one of the several planned sham bombings of the houses of these leaders was carried out."<sup>41</sup>

Meanwhile, the military apparatus of the "Colonels' Conspiracy" was being put into place. Zahedi named one Col.

Aban Farzanega as staff planner and liaison with the United States, in the person of CIA officer Carroll. On Aug. 13, Col. Sarhang Nematollah Nasiri, a pro-Shah Army officer and chief of the Imperial Guards, delivered the *firmands*, signed by the Shah, to Zahedi. The CIA station sent a cable saying the new Zahedi government would need \$5 million.

## Coup Day

Aug. 16 was chosen as coup day. By mid-month, the situation in Parliament had reached a state of chaos, as paid agents among the MPs had escalated their smear campaign against Kashani, which culminated in calls for his ouster as speaker of the Majlis. The anti-Kashani camp included several pro-Mossadeq figures, and the Prime Minister intervened to shut down parliament through a referendum.<sup>42</sup>

Demonstrations were raging in the streets, in a classical gang-counter-gang style. Protests against Mossadeq were arranged by the coup managers, and pro-Mossadeq demonstrators were also encouraged to take to the streets. Tudeh Party members who joined the latter, unwittingly provided the pretext to slander Mossadeq as pro-Communist. Paid press agents put out the call for the Prime Minister's resignation, on these grounds.

On the day designated for the coup, the demonstrations were organized personally by none other than the U.S. military attaché, Robert McClure. The pro-Mossadeq, pro-Tudeh demos were peppered with thugs and gangsters, who launched physical attacks against the other side, again to discredit Mossadeq. The carefully planned violence was the task of paid thugs, mainly from sports clubs, and under the direction of one "Shaban the Brainless."<sup>43</sup> At the same time, pro-Shah, anti-Tudeh demos, were characterized as manifestations of patriotic forces. Through a lawful process, citizens who had no inkling whatsoever of the orchestration, joined the protest marches of one or the other camp, to manifest their political preferences. Thus, if, as documented, the CIA paid 6,000 or more "extras" as in a play, thousands more joined in spontaneously.

Mossadeq responded by issuing a ban on *all* demonstrations. When the Tudeh Party sent a delegation to him, asking that he provide arms to the nationalists and the communists, he refused, saying he would rather be the victim of a lynch mob, than provoke civil war.

One military officer, Chief of Staff Gen. Taqi Riahi, was informed of the coup plans, and alerted Mossadeq in time.<sup>44</sup> Thus, when Nasiri went to Mossadeq's house the evening of

42. Zabih, *op. cit.*, pp. 111-112.

43. Shaban the Brainless met with Kermit Roosevelt, and offered 300-400 of his gangsters, promising they would beat up or fire upon anyone they were told to. All they needed was money and weapons.

44. Riahi was asked by McClure what the position of the army was. He responded: "Iran and its people are more important than the Shah or any government. The army is of the people and will be supported by the people."

40. Kinzer, *op. cit.*

41. CIA archives., V, p. 37. See Wilber, Appendix B for planned anti-Mossadeq propaganda. It was to "hammer out the following themes: (a) Mossadeq favors the Tudeh Party and the USSR. (This will be supported by black documents.) (b) Mossadeq is an enemy of Islam since he associates with Tudeh . . . etc."



Jimmy Carter Library

*Jimmy Carter and Shah Mohammad Reza Pahlavi in November 1977. The Shah's increasing demands for a greater Iranian share in its own riches, and for greater independence from the oil multinationals, led Western financial-political interests, especially under the Carter Administration, to support forces seeking to overthrow him in 1979.*

Aug. 15, to arrest him, he himself was taken prisoner by the pro-Mossadeq military, while Zahedi managed to flee.

The coup had failed, and the word spread fast. That night, spontaneous demonstrations filled the streets, supporting Mossadeq and denouncing the Shah. Seeing the situation compromised, the Shah quickly left, first for Baghdad, then for Rome, with his wife.

The CIA, informed of the fiasco, alerted its top agent, Kermit Roosevelt, that he should leave the country, for his own safety. But he had another idea. He believed the coup could work, and determined simply to try it again after a few days. On Aug. 19, thousands of demonstrators moved obediently into the streets, chanting "Death to Mossadeq" and carrying symbols of loyalty to the Shah. The demonstrations were impressive, the result of outlays of much larger sums of money. Thousands of dollars went to individual protesters, as well as to larger groups organized through the sport clubs and circles of rowdies. Ten thousand dollars was made available to Ahmad Aramash, an assistant to Ayatollah Kashani, although whether or not it reached its destination, has been a matter of dispute. Not only did demonstrators fill the streets, but violence was high, and the organized thugs stormed eight government buildings.

What proved decisive was the publication of the *firmons*. The royal decrees, signed by the Shah, appeared in the press that day, and radio news announced that Zahedi was Prime Minister, Mossadeq had been ousted, and the Shah would return soon. General Zahedi himself appeared on radio soon thereafter, to read out the texts of the two *firmons*.

Military units were dispatched to Mossadeq's home,

where fighting ensued for two hours. His residence was besieged, and in a vicious firefight, 50 people died. He put up a principled resistance; when a colonel of the opposition tried to secure his surrender, he had to report that "The old man was adamant in his resistance, claiming that he was still the lawful head of the government and was not to be bullied by a handful of rioting hooligans."<sup>45</sup> As his house was being destroyed by gunfire and tanks, Mossadeq managed to escape.

Zahedi ordered that all demonstrations be banned, the borders closed, and pro-Mossadeq military be arrested. Mossadeq later turned himself in to the authorities, while news had it, that the Shah was returning from Rome.

The coup had worked. Zahedi was rewarded his \$5 million for the successful operation, and got \$1 million more, as pocket money.

Now, the enormously popular Mossadeq had to be dealt with politically. After a

ten-week stint in a military prison, he was tried on charges of treason, because he had allegedly mobilized for a rebellion and had contradicted the Shah. He was promptly found guilty and sentenced to death, later commuted to three years in prison, followed by house arrest. Mossadeq's defense was a mere statement of fact. "My only crime," he stated, "is that I nationalized the oil industry and removed from this land the network of colonialism and the political and economic influence of the greatest empire on Earth."<sup>46</sup>

Members of his government were also arrested, as were the leading military who remained loyal to him. Six hundred of the 6,000 of them were executed.

Despite his defeat, his illness, and his imprisonment, Mossadeq remained a compelling figure. Even in death, his influence could not be cut off. He died on March 5, 1967. For fear that his grave might become the site of political manifestations, he was allowed no funeral, and was buried underneath the floorboards of a room in his house.

## The 'Settlement'

And the oil? The British, eager to maintain an aura of legitimacy, did not take over everything, but moved, with others, into an international "consortium," which was designated as the contract agent for NIOC. In the consortium, British Petroleum had 40%, five American oil companies made up another 40%, and the rest was divided up among the Com-

45. Zabih, *op. cit.*, p. 122.

46. Kinzer, *op. cit.*, p. 193

pagnie Française des Petroles and Royal Dutch/Shell. The negotiations, led by the United States, since the British had been so discredited, were handled by Herbert Hoover, then a special U.S. representative within the State Department.<sup>47</sup>

The agreement, reached in August 1954, then ratified by the Majlis and okayed by the Shah, gave the consortium power over operations and exports, through trading companies set up by the single members. Formally speaking, the assets were said to belong to Iran, although that turned out to be an empty formula.

Two Iranians were allowed to be directors of two operating companies. The NIOC, which still existed in name, as the Iranian entity, was allowed access to financial and technical information, and Iranian personnel were to receive training.

The revenues Iran was to receive were much greater than earlier: The profits were to be divided 50:50, as was the norm by that time in the oil business. The British came out on top, although their monopoly had been whittled down to 40%; BP was paid for losses, by both Iran and the other consortium members, and was compensated by the British government through tax breaks.

Over the years, the Shah began to demand a greater share in his own country's riches. Through the Iran Petroleum Act of 1957, the country established the right to open up new kinds of contracts with foreign companies, including joint ventures, and contracts for explorations done by the foreign entity. Later, Iran entered state-to-state deals, often on a complicated barter basis, whereby it gained increasing independence from the international oil companies. It was in response to this move toward independence that key financial-political interests in the West, especially under the Carter Administration, moved to support forces seeking to overthrow the Shah.<sup>48</sup>

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47. The participants in the Consortium in 1955 were BP, Royal Dutch Shell, Exxon, Socal, Texaco, Mobil, Gulf, CFP, and Iricon Group. It is not coincidental that official profiles of BP report that it was "Founded 1908 (as the Anglo-Persian Oil Company), 1954 (as the British Petroleum Company)." See The British Petroleum Company, wikipedia.org.

It is interesting to note how the pro-Shah, pro-British accounts of the 1953 events gloss over the coup completely. For example, Stobaugh writes: "When the Shah appointed a new prime minister, General Fazlollah Zahedi, Mosaddegh refused to recognize him and took control of the army, which had traditionally been under the direct control of the Shah. The Shah then left the country. The internal dispute reached a climax. After riots, Mosaddegh was ousted and General Zahedi assumed control. The Shah returned, having been out of Iran only a few days." Further: "The settlement. By the time Mossadeq had fallen, the British had begun to realize that they could no longer retain the monopoly on Iranian oil that they had enjoyed for forty years. In the meantime, U.S. leaders also concluded that any solution satisfactory to Iran must involve non-British companies. Iranian resentment against the British was too strong and the future security of Iran rested more with the Americans than the British." *Op. cit.*, pp. 212-213.

48. The most revolutionary contract made in this context, was with the Italian oil company ENI, Ente Nazionale Idrocarburi, founded by Enrico Mattei in 1953. Mattei, who was a Christian humanist, was committed to helping oil-producing countries develop into modern industrial nations. Therefore, he pioneered agreements whereby Iran would receive not 50%, but a full 75%

When, in 1979, revolution again swept Iran, it was as if the Furies had returned. Masses of Iranians who took to the streets against the Pahlavi dynasty carried posters with the picture of Mossadeq, their symbol of national sovereignty and independence from foreign colonial powers. In the first post-Shah government of Prime Minister Mehdi Barzagan, Foreign Minister Ibrahim Yazdi, under President Abolhassan Bani-Sadr, it was Mossadeq's spirit and policy outlook which prevailed. On the 12th anniversary of Mossadeq's death, in 1979, an estimated 1 million political pilgrims filed to his home in Ahmad Abad, to pay homage.

This first layer of revolutionary leaders fought to adopt a Mossadeq platform. They failed, were politically defeated, and went into exile. Nonetheless, after the establishment of the Islamic Republic, the NIOC was nationalized again.

### Can Tragedy Be Averted?

In the current fight over Iran's right to master nuclear energy technology, the "Mossadeq reflex" is strong. Although his name and person are not evoked explicitly, the spirited fight for national sovereignty and independence, which he embodied, is shared by all layers of the population, all political parties and factions.

The question thus must be posed: Could the Anglo-American heirs to the Churchill-Dulles combination succeed today, in a re-enactment of the 1953 coup? No doubt, the intent is there, as well as the basic ingredients for an attempted regime change. The propaganda campaign against Iran has moved into high gear. The young Shah, as yet outside the country, has made known his candidacy to rule. And the violent mob already has its organizers in the form of the Mujahideen-e-Qalq (MKO/MEK) terrorist organization. At a recent forum in Washington, D.C., of the Iran Policy Committee, led by ex-general Paul Vallely, the MKO publicly announced its commitment to an overthrow of the Iranian government, and proposed that the United States send in hit squads to target nuclear installations.

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of profits. See Stobaugh, *op. cit.*, p. 216, for the mechanism whereby half went to the Iranian government, half to the joint venture, of which half of that to NIOC, i.e., 75%. The agreement did not sit well with the members of the consortium, especially the "majors," who labelled it "blackmail." The ground-breaking ENI deal was followed by others, made with independent foreign oil companies, like Standard Oil of Indiana, as well as Japanese, Italian, French, and Indian companies. Through these arrangements, Iran gradually gained more control over operations, and rendered activities subject to Iranian law.

The other type of agreement pursuant to the 1957 Act, was the service contract, whereby a foreign company would work as a contractor for NIOC, and be paid in oil for its work. These contracts were made with state-owned companies, like the French ERAP (1966), and later ENI, as well as other European state-owned companies.

In 1973 Iran pushed for more control, and, in an agreement with the Consortium, the NIOC got control over operations, while the Consortium held onto exploration and drilling for five years. Iranian personnel gradually started taking over management of the industry, but the Consortium continued to handle the lion's share of Iran's gas and oil exports.

Iranians will point out correctly that the situation in the country is very different today from that of 1953. True enough. Yet, the regime is vulnerable. Despite unconditional massive public support for the nuclear program, in the name of national sovereignty, there is popular dissent, fueled by the economic crisis which has produced masses of unemployed, especially among youth. During eight years of his reformist administration, former President Mohammad Khatami was unable to satisfy popular demands for effective social and economic improvement, largely because of the internal checks of the Islamic system introduced in 1979. Unless such palpable progress toward economic and social justice can be made, under the new government of President Mahmoud Ahmadinejad, the vulnerability will remain.

The overthrow of Mossadeq had all the makings of a classical tragedy. There were the evil manipulators and schemers—the Iagos and Edmunds—and those characteristically related by family ties, the Dulles brothers, the Rashidian brothers, as well as leading plotters Truman, Churchill, et al. There was the tragic figure of the Shah, aware of the nature of the intrigues being orchestrated around him, but incapable of responding to Mossadeq’s challenge, to place himself on the side of the national cause. There is the sublime figure of Mossadeq himself, who led a principled struggle for freedom, and the inalienable right of his nation to technological devel-

opment. Mossadeq, though plagued by serious illness for most of his life, never capitulated, and was ready to die for his cause. Although he could have fled the country, escaped prosecution, and lived abroad, he chose to remain in his beloved homeland.

But tragedy is not made up only of such leading individuals. As Lyndon LaRouche has elaborated in several locations, it is not only at the level of political leadership that tragedy unfolds, but fundamentally at the level of the common people. The events of 1953 would have been unthinkable without the corruption and corruptibility of the masses, as well as of crucial social institutions. Not only was General Zahedi bought off by foreign *golpisti*, but scores of military officers; the Majlis was split, as money corrupted members of parliament to betray their political associates; journalists, editors, and publishers spread lies and slander, and whipped up the basest sentiments of the mob, in their daily press coverage. And, finally, the mob itself: Not very different from the plebeians in Shakespeare’s ancient Rome, masses of Iranians allowed themselves to be swayed, first this way and then that, by demagogy and money.

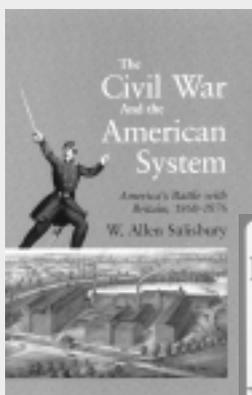
Whether or not a similar tragedy may be averted, a mad war against Iran, as projected by Vice President Cheney, or regime change along the 1953 precedent, will depend on the moral fiber of political leaders, and their people, not only in Iran, but in the United States of America.

# KNOW YOUR HISTORY!

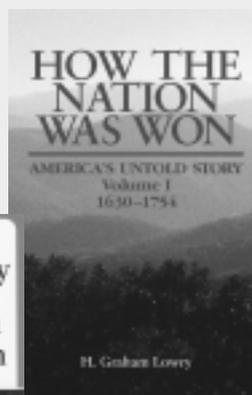
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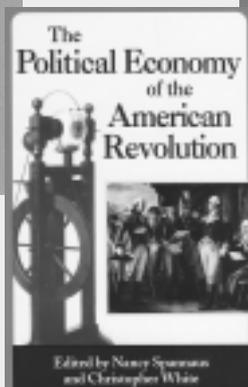
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# *Protection and the Principle of National Sovereignty*

Now is the time, leading economist and American statesman Lyndon LaRouche said the week of Oct. 24, for the United States Congress, particularly the Senate, to launch an international initiative in support of the principle of national sovereignty, the which will affirm the right of all sovereign nations to assert the primacy of the welfare of their citizenry, over the “markets.” That the moment for such action is ripe, is demonstrated not only by the onrushing global financial breakdown, but also by the initial actions in this direction being taken in the United States, Germany, and France.

In the United States, the first step in the direction of asserting national interests over the markets, has come in the area of the auto industry, where Sen. Hillary Clinton has called for the convening of an emergency national summit which would discuss measures to prevent the dismantling of this vital industrial sector. There is every reason to expect that this initiative will pick up broad support, in the face of the widely publicized plans of the financial vultures to pick the bones of the American machine-tool sector.

In Germany, the government itself has already acted toward protecting its auto industry from foreign takeovers, which would threaten the dismantling of vital industrial capacities. Legislation enacted on Sept. 7, as an amendment to foreign trade legislation, explicitly expands the list of companies protected from being sold off to foreigners, to include “producers of engines and gears for tanks.” The action was taken in response to the specific threat of a selloff of a section of Daimler-Chrysler which the government considered vital to German national security.

The explanatory text of the new measure says that the German Defense Ministry and German industry have concluded that German companies in the tank engine sector are “indispensable” for maintaining technological and defense capabilities, and therefore must be protected.

The French government has also recently revised its law which defines which industries should be considered “strategic,” and thus protected against hostile for-

eign takeovers. The French law, known as the “*loi Breton*,” was adopted by the Council of Minister on Sept. 21 in the context of the threatened takeover of the French industrial giant Danone by Pepsi, and the sale of the auto producer Renault to foreign interests. The law amends the financial code to allow the government to forbid takeover of companies “considered to be of strategic importance.”

French Prime Minister Dominique de Villepin used similar reasoning in his Oct. 28 announcement that the government was halting the privatization of the state-supported nuclear industry. De Villepin declared “a red line he refuses to cross” respecting certain public services, “whose activity is commercial, but whose strategic importance is necessary for national independence.”

The principle being invoked, explicitly or implicitly, by all of these measures should be made explicit. What is being asserted is the principle of national sovereignty, which mandates that any government have the right to control its own resources, and to protect vital sectors of its economy as a matter of national security, for the sake of caring for the population. Nations need food security, energy security, jobs, and defense. Who is there to ensure they are so guaranteed, but their governments?

Of course, the very opposite philosophy—that of free trade—has been the dictate of the international financial institutions, and economic “orthodoxy,” increasingly over the post World War II period. Under this mantra, nations have in many cases been *forced* to sell off their vital industries, to bankrupt their farmers, and to immiserate their people. But free trade has no authority under either natural law, or U.S. Constitutional law, which mandates protection of the general welfare by the Federal government.

Let’s act now to revive the basic principle of the welfare of the people over the “markets,” the right of national sovereignty. With this principle as the foundation for international economic agreements, the world can be set back on a pathway toward economic prosperity once again.

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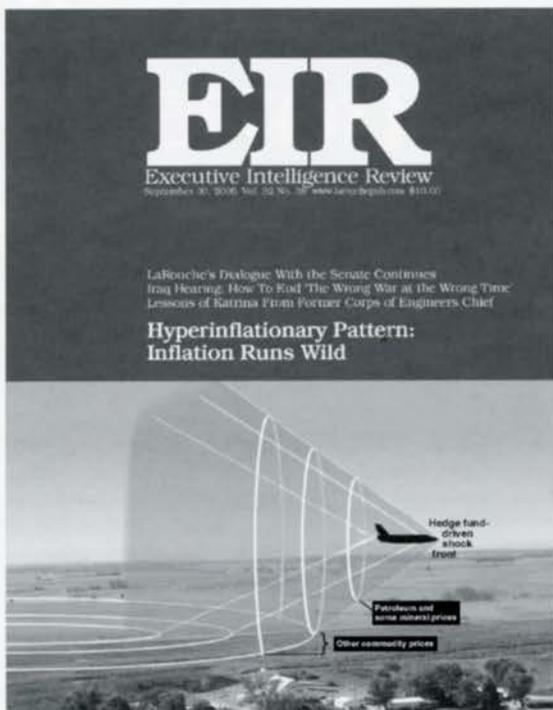
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