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THIS WEEK YOU NEED TO KNOW

LaRouche in Berlin: 'I'm Committed — To Peace, and I'm Asking You To Help Me'

The following is Lyndon LaRouche's keynote to an EIR seminar in Berlin, held on Dec. 18, 2002.

On the 28th of January of this coming year, about five days after President George W. Bush, Jr. will have delivered his State of the Union address, I shall issue mine, which will be broadcast on a webcast at 1 o'clock Washington, D.C. time, which will be 7 o'clock in the evening Berlin time. Until those two addresses have been made, it will be extremely difficult to estimate what U.S. policy is going to be, and consequently, very difficult to estimate what the world situation will be.

We are presently at the fag end of a global systemic crisis, without any real comparison in the most recent century. The nearest comparison is Europe, and the Americas, between 1928 and the inauguration of Hitler in January of 1933. We have entered into a period of financial, and other crisis, in which none of the existing parties, in Europe or the Americas, have the slightest competent conception about what to do about the worst systemic crisis in modern history, at least since the French Revolution. And therefore you see, that we've entered a period, as in the fall of the Mueller government, in which governments are either technically, ministerial governments, not true parliamentary governments, or an approximation of a ministerial government.

For example, I played a key role, which is now recognized as such, in certain leading Democratic Party circles in the United States, in Russia, and elsewhere, in preventing what was going to be an Iraq war from taking place at the time it was intended. That war is not off the table entirely. Forces which are determined to have it, are still active. They wish a Middle East war, for reasons I shall indicate. But, we stopped it temporarily. And I was able to play a key role, in certain institutions in the United States, to get the United States to work with forces in Europe. And with the help of a remarkable position taken by Chancellor Schroeder in Germany, Europeans solidified their position, and the United States was inclined to move toward a United Nations security option, and pressures were put on to ensure that Saddam Hussein would make a proposal, that the United Nations would accept it, and that the United States government would accept that proposal.

Since that time, of course, the people behind the war, most conspicuously behind the war, in Israel, and in the United States, and in some forces under the British Monarchy, are determined to get such a war going by any means possible. What is intended is not an Iraq war, what is intended is a *limes* war, like the Roman Empire ran in control of its borders with the legionnaires. It would designate a certain part of the world, geopolitically, as we say these days, as an area to be destroyed, and by destroying that part of the world, or tying it up in permanent warfare, to prevent civilization from developing, at that time, on the borders of the Roman Empire. In this time, as I shall indicate, the threat to the Roman Empire, such as it is, is targetting largely Asia.

One of the solutions to the present crisis is emerging in what is called a Strategic Triangle, among Russia, China, and India. It's something I proposed, first in August of 1998, in the context of the so-called GKO crisis. Then, Primakov, then, later the Prime Minister of Russia, presented such a proposal in Delhi, in November of 1998. Primakov was ousted in Russia, for the Prime Minister post, under pressure from the United States, and others, precisely because he had made that

speech. However, in the course of events under the Putin Presidency, Russia, China, and India have been moving in a direction of cooperation, which means they will cooperate as a keystone for bringing other nations of Asia, into collaboration.

That is now emerging. Japan has no possibility of continued existence, except returning to its former role as an industrial producer, cooperating chiefly with markets in Asia. Korea can not survive without cooperation of this type. Russia needs it. China needs it. So you have the northern three, Japan, Korea, and China, in Asia, together with the nations of Southeast Asia, as represented at the recent Phnom Penh conference on the Mekong Development Project, and as also attended by the Prime Minister of India. And since then you've had a visit from President Putin of Russia, to the outgoing President Jiang Zemin of China, and from thence to Delhi, for extended meetings with the Indian government. And statements coming out of that, would show that the Strategic Triangle is well. It is in motion.

Now, presuming no Middle East war, or extended global Clash of Civilizations war occurs, we have the situation in which Europe, Western Europe, Central Europe, can not survive economically under the present economic crisis trends, unless it has a major new market to which to export, together with certain reforms that must be made in terms of regional and international, monetary systems arrangements. But under those conditions, if Europe enters into what I've called a New Bretton Woods style of agreement, replacing the present monetary system, in that case, then the area of Russia, China, India, and their adjoining nations, will become the greatest market on this planet, for the long term, for a period of a quarter-century to a half-century. These areas of the world, which have some high technology, as China does, obviously, India does, and so forth, can not meet their internal needs, by their own high-technology capacity at this time. China, for example, must move from its characteristics of the past, as a coastal economy, a coastal region economy, to develop the interior of China. This means large-scale infrastructure, it means water systems, it means new cities, it means all kinds of development. It's a large area. China can not exist without developing this so-called "internal market," for its continued economic life.

Southeast Asia, including part of China, the Mekong River Valley, is also a major area of large population, of large development. India has crucial problems, it has some advantages. But without this kind of cooperation, India can not, in the long term, solve its problems either. All of these nations together, have a critical problem of *security*, of national security. And therefore, we're looking at national and regional security, and economic security and development, as one package. The two go together.

This is what this war drive is aimed against. The war drive did not start recently. It started essentially in this form, really at the close of World War II, when certain forces in Britain and the United States, decided they wanted to drop the nuclear bomb on Germany, but it wasn't ready in time. The peace came first. If the bomb had been ready in 1944, the uranium bomb would have been dropped on Berlin. That was the intention. They couldn't do it because it wasn't ready. So they waited until a defeated Japan was bombed, on Hiroshima and Nagasaki, not for any sound military reason. Generals of the Army MacArthur and Eisenhower, both indicated Japan was a defeated nation: *There was no need to invade the place*. Negotiations with Emperor Hirohito were already in progress, *before Roosevelt's death*. These negotiations were continuing. The death of Roosevelt disrupted it. A close friend of mine, subsequently deceased, was involved in those negotiations. *There was no military reason for dropping those weapons on Japan, on Hiroshima and Nagasaki*. Nor any reason for the fire-storming of Tokyo, before the nuclear bombardment.

The Utopians' Clash of Civilizations Policy

This was set into motion due to what has been called a Utopian policy, as defined by intellectual influences such as H.G. Wells, in his 1928 *The Open Conspiracy*, and by Wells' collaborator, and the author of the nuclear warfare age, Bertrand Russell, the so-called pacifist: "Kill 'em all. Make the world peaceful for Bertrand Russell." So what's happened is that this geopolitical impulse, to prevent the continent of Eurasia, first of Europe and then of Eurasia, from developing an internal

economy which is stable and a power bloc against the attempt to run an Anglo-American maritime-based empire. This was the reason for geopolitics as it was launched towards the end of the 19th Century and during the course of the 20th Century.

So, what we're looking at in the so-called Clash of Civilizations war, as typified by British intelligence operative Bernard Lewis, Brzezinski, Zbigniew Brzezinski, and Samuel P. Huntington: What we're seeing here, is a resumption of that geopolitical policy, of disruption of the Eurasian mainland's internal development by aid of operations of that type. And the Clash of Civilizations war, the Middle East war, the threat to Iraq, and so forth and so on, are nothing more than a continuation of that kind of imperial drive, of a certain Anglo-American faction in particular.

What happened is, recently, where I got into the middle of it, again—because I've had some off-and-on influence with the institutions around the Presidency in the United States, as some of you know, from my work on the SDI, inaugurating that and working closely with President Reagan's Administration in launching that; and then more recently, during the period of the Clinton Administration, I've been involved with, in a significant way, with some of these leading circles—they were undecided as to what to do. I was aware of what the attitudes were in Europe, about this proposed Iraq war. So, I took what I knew of European attitudes. And said, "Europe will not stop this war by itself: They don't have the courage to, they're too much the victims of an imperial overlordship. But, if forces in the United States are intelligent, they will look to and try to reinforce the resistance to this war among Europeans, and typified by France, Russia, and then again, very importantly, by Chancellor Schroeder here in Germany, even though he was not part of the United Nations Security Council operations." That succeeded. We succeeded in preventing the war from being launched in September, in October, November, and so far now.

The danger is not over, but the war party has taken a major defeat. It's frantic, it's terrified, it's desperate, it will do almost anything. If an election in Israel ousts Sharon, then I think the possibility of a Middle East peace is greatly increased, and there's an increasing mood in Israel, and among other relevant circles for such a regime, in which either there is a renewal of the Rabin policy of the Middle East, or an agreement to have two separate states suddenly, and then negotiate from there. Either approach, which has been proposed by Mitzna, in my opinion, would work. And I can say that, in the United States, and outside the United States, and in Israel itself, there's some very important efforts in that direction, but nobody can guarantee, that it will succeed at this time.

So, that's the general situation. I believe, that on the basis of our experience, in at least temporarily stopping this Iraq war, which was done largely from inside the United States, picking up on the resistance to the war in Europe, and that combination worked. It did not work because of President Bush, it did not work because of the people behind Cheney and Rumsfeld, it worked because people who are involved in the permanent institutions of the Presidency of the United States, banded together in sufficient numbers, and with sufficient influence, to influence the way the policy was shaped.

My belief is, the same institutions are capable of acting, at least politically, together with Europe, and together with some nations in Asia, to bring about a similar approach to the problems of the economy in general, of the world as a whole. I believe that if this is done, it is possible, that we will see that Europe's problems will essentially be solved, in terms of opportunity at least, by new relations to this emerging phenomenon around Russia, China, and India, in Asia generally, and this will be the new market upon which a revived Europe will depend, for the coming 25 years. And the United States will play its own role in that, if we succeed.

The Systemic Crisis Is a Classical Tragedy

Now, the thing I want to present, a few of the problems which stand in the way of getting the solution to both problems: That is, to get the war danger off the table; and secondly, to have the economic recovery program, which enables us to push the war threat off the table.

We are in a systemic crisis. In artistic terms, a systemic crisis is called "a Classical tragedy." A Classical tragedy is not caused by the leaders of a nation. It is caused by the people themselves, and the popular culture. It is caused because popular opinion has reached a point at which what is believed, what governs choices of decisions, like the axioms of a Euclidean geometry, always results in the wrong decision. In other words, this is not a cyclical crisis, it is a systemic crisis. *The system can not survive this crisis.* And we are now at the end of that system. It can no longer survive. Compromises within the system *will not work. You must change the system.*

We have a model for the change in the Bretton Woods agreement which was reached in 1944-1945, in launching the postwar reconstruction of 1946-1958, in particular, and also efforts which continued in that direction in the United States, until 1964, and continued in Europe until a somewhat later time, until after the 1971-72 decisions, at which time Europe began to collapse, too.

So, going back to that kind of system, or something modelled on it—not quite the same, because in that time, remember, the United States was the only world power, it was only bastion for setting up the recovery of Europe and other parts of the world. Today, the United States economy is a piece of disgusting wreckage. The United States has *political* power. It has political influence. But it does not have economic power *in any sense*, as it had in 1945, or 1946, on a world scale. We don't even have the power to sustain our own economy, let alone to support others. But, we do have a political position, an historic political position, and political power; we can intervene to bring together forces around measures which can address problems. In many cases, I believe, *only* the United States could play that role, at this time. Therefore, my objective, of course, is to get the United States, despite the flaws of its present President, and other problems, to take those kinds of actions, on the economic front, which will lead to a change in the world financial and monetary system, while also promoting and launching economic recovery programs, typified by the cooperation between Western Europe, in particular, and the Eurasian countries, who are gathered around the emerging developing Russian-China-India Strategic Triangle. That is the general hope for civilization, and I believe the United States *should*, and *could*, play that role, despite the imperfections of the existing President.

The Institution of the United States Presidency

You know, the Presidency of the United States is a wonderful institution. It has a kind of "one size fits all" quality. You can take almost anything, and make it President, and the Presidency could still function. Sometimes, you require a genius; sometimes you get an idiot; sometimes you get a traitor. You get all kinds. And we've had them all. We've had great geniuses: Washington was a genius. Franklin, who was not a President, but the founder of the nation, was a genius, one of the greatest geniuses of European civilization in his time—though that is not generally known, but that's a fact. Abraham Lincoln was probably the greatest genius to occupy the Presidency of the United States, even though he's obviously, often deprecated. Franklin Roosevelt was a bit of a genius; not a genius like Abraham Lincoln, but he was a tough bird, and he knew what he was doing. He had a program, and he did it.

So, we've also had people like Truman, who was a disaster; Eisenhower, who played a useful role, but I used to refer to him as "President Eisen-however," because he would do one thing good one time, and something else another. But he was generally not a bad person, and he did some good things. And he made a lot of mistakes: One of the worst of them was called Arthur Burns, who gave us many of our problems today. We also had Nixon, who was no good. We also had Johnson, who was not brilliant, but he was a courageous man on civil rights, and he gets a lot of credit for that. After that, we had disasters generally. As a matter of fact, we had two Presidencies, who were not Presidents. Nixon was not President, he was the acting President; he was the nominal President. Henry Kissinger was the President. Carter was not President. Zbigniew Brzezinski was President. And so forth and so on.

So, we've had a one-size-fits-all Presidency, in which the *institution of the Presidency*, which is all of those institutions

which are either part of the Executive branch, or are resources tied into the Executive branch. For example, I've never been a member of the government, or the Executive branch, but I've done—on several occasions, I've done several very important things of strategic significance, as a private citizen, in conjunction with circles in the permanent government. So, a lot of us are in this orbit, of being part of the Presidency, or being assets of the Presidency, and we generally work together, or fight each other. But when we are united, we can generally get a President of the United States to come to a fairly reasonable decision.

This is the advantage of the United States, with respect to the constitutions of Europe. We have a Presidency, an Executive power, which can not be destabilized by a parliamentary destabilization—not easily. It was attempted twice, it didn't work, in recent times. So, my view is that, despite the weaknesses, which I think are obvious to many of you, of the incumbent President, that we have a one-size-fits-all constitutional institution called the President, and if sufficient forces in the United States, of influence, gather together, and are determined to make something happen, when it's necessary, *it is likely we could succeed*.

So, therefore, we're not talking about something the next President might do. We're talking about something that has to be done very soon, as I mentioned the date January 28th, this coming year, which is going to be a crucial point..

The U.S. Turn Away from Production

Now, what's our problem? I said, "Tragedy."

During the period of 1964, approximately, when we entered the Indo-China War, and shortly after that, when a terrible thing was made the prime minister of England, of the United Kingdom—Wilson. Wilson was a disaster, and what happened after 1964, was a disaster, economically and otherwise. We began a shift, away from the system that had worked in most of recent history in Europe and the Americas. The system was, *we were a society based primarily on the idea of production*, of productive powers of labor in manufacturing and agriculture, in infrastructure-building, and so forth. So therefore, the sense of personal identity, of the person *in* society, was what they could do to contribute to this improvement of performance of productive power.

In about 1964-65, there was introduced from England, and the United States, into these countries, and into continental Europe, what was called "post-industrial society." Or what is called today, "consumer society." This is matched with free trade, with deregulation; with a cultural transformation, we may say, "cultural degeneration": degeneration of education, where you would no longer recognize university education, as even bad secondary education. Our educational systems have been destroyed. We are destroying the minds of our young people, by the educational system on all levels, including the secondary and university levels, most notably.

We no longer have productive ability. We have a generation, in leading positions in government, both in Europe and in the Americas, who came to maturity, after this change occurred. These are people who have risen from university students, to become heads of governments, or important officials in the private sector, *who never had an ethical moral commitment to productive values*. We are a post-industrial-oriented society. As a result of that, the people who are running most of the world today, institutions, have no conception of what a healthy economy is!

For example: Someone will tell you, the United States has got a balanced budget. Or the United States has no inflation. The United States has, probably, one of the highest rates of inflation of any industrialized nation in the world. We lie! Our figures are fraudulent. We introduced a thing back in the 1980s, that I protested against at the time, which is called a "quality adjustment index". And what was notable, was that you would take things like automobiles, you'd make this year's model poorer in quality than the previous year's model, and say that this represented as much as 40% of an improvement in quality of the vehicle. This was called the quality adjustment index, and it was celebrated, by putting out for the first time,

instead of putting a spare tire in the trunk of a car, you put a little thing that looked like it came off a kiddie car, and if you had a flat tire, you pulled the real tire off and you put this funny thing on the place where the flat tire had occurred, and you'd wobble down the road to the nearest repair station. This was called an "improvement"! This resulted in as much as a 40% increase in the counter-inflationary valuation of that automobile.

This was a fraud run by the Federal Reserve System's statistical department, together with the U.S. Commerce Department. And since that time, until the present, every year: Did you know that the value of a house increases 12% over last year's, simply because it exists? Its intangible value is increased. Therefore, even though the prices of real estate represent galloping inflation, because of these frauds, which we perpetrate in our official statistics, it shows we are not suffering inflation. We're suffering up to 10% to 20% inflation, *per annum*.

Now, we're at a point now, where the official discount rate of the United States is about 1.25%, of the Federal Reserve System. Now, if we're having a 5% to 10%, minimal, rate of inflation, and you're trying to pump up the economy with financial inputs at 1.5%, what are you doing? You're doing what Japan did with the yen bubble. You're issuing Federal Reserve currency desperately, at desperate rates, to pump up bankrupt financial markets, while the rate of inflation is already, at least, between 5% and 10%, varying on what sector you're looking at.

What is this comparable to? This is comparable to 1923 Germany, between June and November of 1923, when the Reichsbank was pumping money into an inherently inflationary system, until the reichsmark blew out and was bailed out subsequently by the Dawes Plan, from the U.S. So, this is not quite as intense as 1923 Germany, but it's analogous, in what's happening right now.

So, that's why we have a systemic crisis. We have lost our rail system, our passenger rail system. You can not—if we don't have a change in the law, within the next 60 days, you will no longer have a rail system in the United States. If the collapse of United Airlines, American Airlines, and so forth continues, which will be a chain-reaction effect on *all* the major airlines, we will not have a passenger air traffic system in the United States. You will not be able to get, on a commercial basis, from one part of the United States to another. Only in certain regions, beyond that you won't.

So, this is a systemic crisis: a change in policy, a destruction of infrastructure, which affects energy systems, which affects water systems, affects education systems, health-care systems; everything that you depend upon, to make a workable economic environment for production, is being undermined and destroyed.

This is a systemic crisis. The only way you get rid of a systemic crisis, is *by changing those values, those rules of the game, those axioms which have caused the crisis*. It is not a matter of adjusting it without changing values. It means you've got to say, "Hey folks! You've been stupid, that's our problem. You've been stupid. Don't blame the politicians, they did what they thought you wanted them to do. So, why are politicians stupid? Because they listen to you, the citizens." And, this is what's called in Classical terms, a Classical tragedy.

The Case of Hamlet

A typical case is the case of Hamlet. And I've spoken of this before, but it's important to refer to this issue, here, and on many other occasions, because this goes to the question of leadership in a time of crisis. What kind of leadership can get you out a crisis? And the lack of that kind of leadership will ensure you have the crisis. Hamlet's a case of that.

What was the failure, was not Hamlet. The last scene of *Hamlet* makes that clear. Hamlet is dead in the last scene, his corpse is being carried off the stage. And, the damn fool Danes are out there, doing the same thing they did to get to that mess beforehand. So, the tragedy lay in the Danes, the Danish culture! And this was presented by Shakespeare, during the

period of James I, which is a very relevant example at that time. And, Horatio out there, speaking to the audience off-stage, while Fortinbras is saying, "let's go on and do more of this!"—Horatio, the friend of Hamlet, is standing, saying to the audience, "Let's reconsider the recent experience, before we make damn fools of ourselves all over again." Now, Horatio was showing a certain potential of leadership, he wasn't a leader, but he was a commentator who made the relevant point.

The problem in a crisis, a Classical crisis, *all* Classical crisis, is that the people are the problem. Not because people are bad; people are inherently good, they're born good. But, because the *culture* is bad. The culture is disoriented. The way the generation which came to power, gradually out of the middle-1960s' generation, they're all, with a few exceptions, bad. Not because they were born bad, but because they inherited a post-industrial culture, which led us away from the things which caused the post-war reconstruction of Europe and other good things during that time. So therefore, a leader is one who is able to convince the people *to change their ways*.

Now, generally this kind of change in ways can occur only when the people themselves realize there is a crisis. When people are willing to say, "Yes, we've done something wrong. Yes, we have to change our ways." And that's what our problem is right now: Is to get the people themselves to understand that the crisis means, that *they* have to change their ways. Otherwise, this civilization is going the way of the Roman Empire. We're at the end-phase, we're at this point where we can no longer continue the kinds of policies, or the kind of policy-making which has dominated us up to now.

It's simple to do that. As I say, we take the Bretton Woods model and use that as a guide. This time, it will not be the United States issuing money to the world: It will mean a group of leading nations, taking over the IMF in bankruptcy reorganization; taking over bankrupt central banking systems, in bankruptcy reorganization, by state authority; creating, in effect, national banking: That is, in which the banks continue to exist, but they exist under the direction, and protection of the sovereign governments. The sovereign governments, which are the only agency, which is to be allowed to create credit, must use the credit-creating power, and use it in ways which are typified in the German reconstruction phase, by the Kreditanstalt fuer Wiederaufbau. Those methods work. You get credit out there, and recycled into large-scale projects, you get governments to make treaty-type agreements, on long-term trade. You go into 25-50 year agreements on large-scale projects.

For example: Take this Three Gorges Dam project in China. This is a long-term project, which has required international support, directly or indirectly. This thing has to be financed over a period of its maturity — 25-50 years. To develop the Mekong River development project, as it should be developed, from China *all the way down through Southeast Asia* — is a 50-year project. Maybe we can finance our way out of it in 25 years, but we need to think of it as a 50-year undertaking, which we can finance at 1% to 2% maximum, simple interest rates.

The Eurasian Land-Bridge

We do it not because we are interested in making money on the interest. We do it because we are building the economies, based on infrastructure projects, which will be the stimulant, for the growth of employment, and the growth of the private sector, agriculture, industry and so forth. So therefore, nations will agree over long terms, 25-50 years, on credit, as say for the Eurasian Land-Bridge program.

We now have in Korea—if somebody doesn't make a mess of it—the linking of the two parts of the railroad, which will enable you to get freight from Pusan, on the tip of Korea, by modern rail, all the way to Rotterdam, either by way of the Trans-Siberian route, or by way of what's called the "New Silk Road" route. Also, the same system will take rail systems down through Kunming, through Burma, down through Malaysia, across Bangladesh, and into India.

So, you will have essentially three major spines of transport, coming out of the rim area of Japan, Korea, and so forth, down through Siberia, through the Silk Road route, the Central Asia route, and down through the coastal road leading

toward Africa, across the straits toward Cairo, Alexandria, and into Africa as a whole.

So, this is a multinational effort, which requires resources from many nations: It requires long-term financing. It requires agreements among states, which can keep the thing stable, so it doesn't blow up in the meantime, with some financial problem. And on that basis, we can cause the world system to grow.

We can use a gold-reserve system — not a gold-standard system, but a gold-reserve system, again; this time, not backed by the U.S. dollar as such, but backed by the authority of an international agency of these banking systems, which are national banking systems. And on that basis, we could maintain, with the aid of the domination of the world market, 50% of the world market should be dominated by these long-range infrastructure development programs. Under those conditions, we can survive.

Now, let me turn to one very specific problem, among the many problems that this poses. I had a meeting last spring, the year 2001, that is, in which a number of people of some influence in government, out of government, but influential parties—we had a discussion. And I raised this question about this Land-Bridge, Europe-Eurasian cooperation, as U.S. policy, and a riot broke out, among people who I had previously thought were reasonably sane! What was the problem? And this is the problem we face. They began screaming: "How can the United States *trust* these countries? How can the United States trust these countries? Yes, we can deal with them. But, we're not going to do this kind of sharing of power on this basis with them, economic power, on this basis!" "Why not?" "Because they're our competitors! We have to think of a conflict of national interests."

Now think of this on the edge of war. What does that mean?

Why We Need Sovereign Nation-States

First of all, what this represents is the legacy of two of the worst clowns in English-speaking history, Hobbes and Locke. Thomas Hobbes and John Locke. The idea that there has to be, that you have to run society, on the basis of some sort of inevitable, *natural conflict among persons, nations, and peoples*. Aren't we all human? I mean, even Henry Kissinger may qualify as human, under biological examination. Aren't we all human? Don't we all have a common interest in humanity? Don't we all have the same flesh and blood, and the same impulses and desires, really, fundamentally, as needs? Why should we be in conflict? Yes, we may have conflicts, but that doesn't mean this is a natural condition of man. This is the friction of trying to avoid conflict, as the Treaty of Westphalia of 1648, exemplifies that. And we would think, that after all that work that was done, including by Cardinal Mazarin, to bring about the Treaty of Westphalia, and you read the agreement itself, what it means: You would say, "This proves, and it proved to many in Europe until recently, that no matter how intense the war, how intense the struggle, there is always a way to find peace, and resolution, if you're willing to admit, that *nations should love one another*." Which is the Treaty of Westphalia: Nations should naturally tend to love one another. There is no such thing as a natural, axiomatic human conflict. There are human conflicts, but they are by their nature *curable*, because there's always a higher principle, lurking in the background. We are all human. None of us resemble apes. We're not. No ape can understand Gauss's fundamental theorem of algebra. And even though some people try to monkey around with it, that doesn't do it.

All right, now. What then? Shouldn't we say, as some people say, Utopians say, "Let's have one world, let's globalize everybody"? No. Why not?

Because the communication of ideas, the processes of deliberation, of any people, always come in terms of a culture, in which their use of language is an expression of the culture. By expressing the culture, and using the language to express the culture, they are able to engage in the equivalent of Platonic-Socratic dialogues with one another. Only by means of that use of culture and language, shared among a people, can a people deliberate, as a body.

Now, if we wish to have a world which is not ruled by dictators, but a world which conforms to what some people call "democracy," that is, the participation, the willful and efficient participation of people in regulating the aims of their government. Maybe not all the details of the government, but the aims of the government. As I've emphasized, the aims of government mean: What kind of world are we going to have two generations from now? What are my grandchildren's lives going to be like? I want that kind of policy. We want governments which respond to that question, that definition of general welfare and national interest. We don't want it based on making people happy today: We have to be concerned about what is going to make our grandchildren happy, two generations ahead. Otherwise it's not a sane policy.

So, you have to have nations, based on this cultural-language function, as a people who is now capable, not of babbling at each other, in incoherent argot, but a people which can think profoundly, as Shelley put it, in the "most profound and impassioned concepts respecting man and nature." And you don't need a simplistic language to do that.

So, therefore, we need highly developed populations, highly developed forms of cultures, highly developed forms of the language of that culture, as a medium of communicating scientific and Classical ideas of culture, among themselves, so that they, as a body, as a nation, can decide what they want. And can enter into discussion with other nations, around *common goals, common missions*.

But, our objective is to end this business, where some people, most people, are stupid, and a few wise guys, who ain't so smart, are running the world. We have to have a system in which government is responsive to, and involves the participation of the people. For that, you need an institution of government called a sovereign nation-state, which is based on a highest possible development and improvement, of an existing culture and language, for the communication of "profound and impassioned ideas concerning man and nature."

Therefore, we all have a common interest, and that common interest is, in what? Common aims for mankind, for looking at the state of the world, two to three generations ahead. Deciding what kind of a world we want.

Now, you have that, in a sense, in the Strategic Triangle agreements. You have six nations in Southeast Asia, you have the three up North, you have Russia, you have India, you have other nations coming into this. What do they want? They want a Eurasia they can live in, three generations from now, which will meet their needs, of their people then, of a growing population. They want a relationship with regions such as Western Europe, to supply them, as Germany typifies this — it's the one area, China's the area of growth of German exports — the rest of the picture is pretty much a disaster. They want those exports from Germany! From France; from Italy; from other parts of the world—for their future, for their grandchildren's benefit.

So therefore, we have an inherent agreement, in principle, in interest, among these nations. And therefore, this means that we should come to understand one another better, each nation; we should promote the improvement of the culture of each nation, to come to the highest possible level of development of *its* culture, *its* language, and have an understanding of this process in one nation to another. This is typified by the idea of an ecumenical dialogue, among Judaism, Christianity (if you can find any Christians these days, they're getting scarcer all the time), and Muslims. The obvious thing, obvious. You have to have these profound questions of man's conception of his own nature, and the purpose of man's existence. These have to be the fundamental questions which motivate society.

So, we have a vital concern, a practical concern, in loving one another, as nations. The idea that we must have a Hobbesian, or Lockean, type of conflict among people, is, itself, the great obstacle.

And whenever you hear that, you're hearing the voice of sickness, mental and moral sickness.

The Problem in the United States

I've got a problem in the United States. I've got people, who are influential people, who are not unfriendly to me—some are friendly—who talk with me, but they have this sickness. The sickness of saying that conflict is the natural condition of relations among nations and peoples. It is not natural—it's unnatural. And therefore, we need all the help we can get, to put that question on the table, and get that kind of discussion. Because I think that that one point is the greatest source of danger to peace. Because I think that every nation in the world would like to be out of this financial crisis, this economic crisis. Most nations of the world would like to be out of this war business. We may have to have military forces. We may to have justified defenses of nations against some abusive threat. *But, we do not need war as a policy.* We need a policy, as it was called by people such as Lazare Carnot, "strategic defense." We defend what we're fighting for: What we're fighting for is peace. The objective is peace.

And as long as we think that we have to—as the Utopians do—set up a system of conflict, of managed conflict, by which nations are managed and controlled by outsiders, by which people inside a nation are managed and controlled, I think that the kind of mission to which I'm dedicated, which I've identified here, is in jeopardy. And I would suggest to all of us, that we think about that. I'm committed to that. I need help. And I'm asking you to help me.

LATEST FROM LAROCHE

LaRouche Warns of Sharon War Plans

Democratic Presidential pre-candidate Lyndon LaRouche issued a stern warning on Dec. 20, that Israeli Prime Minister Ariel Sharon may attempt to provoke a near-term Middle East war, as a means of securing his reelection on Jan. 28, 2003. LaRouche stated that Sharon is desperate to prevent the breakout of peace in the region, and could easily orchestrate a "mega-terrorist" incident or some other "Gulf of Tonkin" type provocation to "justify" an Israeli military attack against neighboring Syria or Lebanon, or against Iraq.

There are credible reports, from sources inside Israel, that Sharon is conferring with Defense Minister Mofaz and IDF Chief of Staff Ya'alon, on the details of such a provocation, which, the sources warn, could even involve Israeli use of tactical nuclear weapons, on the pretext of an alleged, or foiled, Syrian or Iraqi missile attack, on Israel's primary nuclear weapons facility at Dimona.

LaRouche declared that he was committed to stopping Sharon's war plan *in advance*. While there are many senior officials in Israel, the United States and Western Europe, who are deeply concerned about an Israeli war-provocation, LaRouche explained, their public silence cannot be tolerated. Sharon's plans must be publicly exposed. Sharon must understand, LaRouche continued, that if Sharon starts such a war, he will wind up being tried for war crimes. Sometimes, in situations like this, LaRouche concluded, war can be best avoided by someone simply standing up and telling the truth. There are so many lies in circulation these days, that the truth has become an even more powerful weapon.

All sane people wish to achieve peace and justice in the Middle East. Therefore, LaRouche said, by telling the truth about Sharon's war schemes, one would hope that a stronger foundation can be built for such a peace agreement, and build confidence in the prospects for negotiations. LaRouche concluded that he hoped his warnings about Sharon's war-schemes would also have a very positive effect on the Bush Administration, where the idea of Sharon wishing to start a war—without prior Bush Administration permission—poses a very serious threat, to those opposing the war-party faction at the Pentagon and the Vice President's Office.

LaRouche: We Do Not Wish 'an Allende Solution' — For the Chavez Problem in Venezuela - - December 21, 2002

U.S. Presidential pre-candidate Lyndon LaRouche has expressed his concern over the dangerous and rapidly degenerating political situation in Venezuela, and in particular over the added complications arising from the highly unstable and erratic behavior of President Hugo Chavez. Chavez's apparent personal state of clinical insanity, represents a significant security threat to the Americas. This, added to the overall explosive situation throughout the hemisphere, threatens to become the detonator which sets off the entire bomb.

LaRouche emphasized that, in his capacity as a leading candidate for the Democratic Party nomination for the 2004 Presidential elections, it would be negligent on his part not to draw attention to this urgent matter, and to emphasize the urgency of choosing the best path towards its solution.

There is substantial evidence that Chavez is actually clinically insane. This evidence, which we indicate below, must be duly assessed, LaRouche urged. If Chavez is as insane as appears to be the case, then a prompt, quiet, non-bloody solution must be found and agreed upon by the relevant parties, under which Chavez would be induced to step down from office, perhaps with the assistance of suitable friendly professional advice.

LaRouche emphasized that such an approach is called for immediately, lest others might concoct very bad alternatives to the current Venezuelan chaos, such as coups, assassinations, and other approaches that will only trigger a chain reaction and spread the problem across the region. LaRouche stated emphatically "We don't want an 'Allende solution' to the Chavez problem."

LaRouche also rejected the idea, currently promoted by the Inter-American Dialogue and other bankers' think-tanks, of using the Organization of American States (OAS) to orchestrate a supra-national intervention into Venezuelan affairs, in violation of that country's national sovereignty. This mechanism was employed in 2001 by Wall Street and the U.S. State Department, in order to overthrow the Fujimori government in Peru, which established a terrible precedent for the hemisphere.

LaRouche reiterated that his policy for the Americas is in the tradition of John Quincy Adams, Abraham Lincoln, and Franklin Delano Roosevelt, where a community of principle among perfectly sovereign nation-states is the framework in which mutually beneficial economic development tasks are jointly undertaken.

The Chavez Dossier

The essential evidence of Hugo Chavez's insanity is to be found in what masquerades as his "religious" or "theological" views. Typical were his heady remarks after his forces won 120 out of 130 seats for the Constituent Assembly in July 1999 elections:

"The victory of the patriots has been pulverizing!... You are either with God or the devil, and we're with God because the voice of the People is the voice of God.... Now Chavez is not Chavez; Chavez is the People, and the People cannot be stopped! We'll win with God's favor and the People."

Before Chavez ever ran for President of Venezuela, Lyndon LaRouche identified the two years from 1992 to 1994, in which Chavez was jailed under horrendous conditions, as a critical period in turning Chavez from an ordinary fool, into a mental case, producing a "miraculous metamorphosis" in his world-view. The specific form of his insanity, became the text-book Romantic fascist dictum of *Vox Populi, Vox Dei*: "The Voice of the People is the Voice of God." The controlling

sense of personal identity of victims of this outlook—such as Napoleon Bonaparte, or Adolf Hitler—is that of ethereal unity with "the People," and thus with "God." The victim thereby feels entitled to act like a Roman Caesar, displaying impunity and disdain towards other mere mortals.

Since assuming the Presidency in February 1999, at any point at which he has been challenged, Chavez has asserted that dictum, with increasing fervor, as justification for his decisions. When the courts overruled him, he asserted that he is bound by no law or institution, because he represents the People, and thus, by derivation, his is the Voice of God.

As the crisis has grown, Chavez's assertion of "Vox Populi" has taken on increasingly "religious" tones, as the Venezuelan population, too, has become increasingly overtaken by charismatic religious movements of various denominations. Each of these reports hearing divine "voices" telling them what they must do—and each of which coheres, to an uncanny degree, with the role which the international oligarchical elites would have them play within their overall game-plan for Venezuela.

In April-May 2000, Chavez attempted to force the Catholic Church hierarchy to bow before him, arguing that "Christ was resurrected from the dead, to become the People," and since Chavez represents the People, he threatened to unleash "legitimate violence" against those in the Church who opposed him. In so doing, he presented himself as a dyed-in-the-wool Catholic.

Then in January 2002, Chavez announced he had become a born-again (Protestant) Evangelical Christian, only to retract the statement four days later. Meanwhile, Chavez's disaffected wife, Marisabel Rodriguez, has shown up at born-again (Protestant) Christian rallies, to urge Chavez to mend his ways.

Chavez's most recent public display of clinical dissociation came in a rambling, five-hour presentation on his national TV/radio show "Hello, President," on Dec. 15, 2002. There Chavez ordered Army troops to ignore any rulings by the courts which were unfavorable to him, and to follow no one's orders but his own. As for those calling for his resignation, he retorted:

"Chavez will leave only when God commands, because I am in the hands of Christ.... He is the commander, and when He speaks I obey, understood? And secondly, [I obey] the People. And I assume the voice of the People is the voice of God. I will not leave because of pressures from a group of businessmen, a group of coup-makers, a group of fascists."

From this substratum, numerous secondary expressions of Chavez's insanity are nourished, some of which have been noted in the public media. For example, *The New Yorker* magazine published a profile of Chavez in its Sept. 10, 2001 issue, written by Jon Lee Anderson, which contained a report on the author's interview with Chavez's psychiatrist, Dr. Edmundo Chirinos. Dr. Chirinos, who considers himself a supporter of the Venezuelan President, explained that Chavez "prefers to embrace dreams that seem impossible to achieve, rather than confronting the harsh realities of life." Anderson summarized Dr. Chirinos's description of Chavez, as "a hyperkinetic and imprudent man, unpunctual, someone who overreacts to criticism, harbors grudges, is politically astute and manipulative, and possesses tremendous physical stamina, never sleeping more than two or three hours a night."

Anderson also interviewed officials at the prison where Chavez was incarcerated in the early 1990s, including the secretary of the prison psychologist from that period. "Every morning, he [Chavez] sat in a chair in the open-air caged yard that had been built specially for him outside his cell," they reported. "There was a plaster bust of Simon Bolivar there, and he would speak to it." He would turn the head around to face him for the conversations, they reported.

Anderson also noted that Chavez's aides today report that he is a "caffeine addict," who used to drink 26 cups of espresso a

day, until his staff managed to wean him down to "only" 16.

Mexico Hears LaRouche on "The Issue of Leadership"

Lyndon LaRouche gave this presentation by teleconference from Germany, to a cadre school in Mexico City, Dec. 15, 2002. Some of the discussion which followed is included here.

You probably all have been acquainted with what I said in Budapest on Thursday evening [see [INDEPTH](#)], at the Schiller Institute event there. So I think you probably are familiar with it. If you are not, you should be, I think.

This is the theme which is going to appear in my Jan. 28 "State of the Union" Presidential message, which will begin by saying that the President will have spoken—George W. Bush, Jr., has given his report of the state of the union—and now his successor—**me**, will present mine! And that is supposed to be a *double entendre* of certain significance.

But the point is, is that the key issue here, throughout the world, is the issue of leadership.

We've come to the end of a long process—especially about the past 37 years or so, since the beginning of the Indochina War, in which the world has undergone a transformation, especially the Americas and Europe, from what had been a producer-oriented society, to a parasitical, consumer-oriented society. And this has resulted in phenomena such as the *maquiladoras* in Mexico, and so forth—the destruction of Mexico's potential development as a true republic with advanced industrial and agricultural capabilities.

We've seen the virtual destruction of most of the nations of the Americas. Ecuador no longer has any sovereignty; it's totally dollarized. The Central American countries are virtually destroyed. Venezuela is a bunch of idiots, squabbling among each other over a lunatic, who's the President. A drug epidemic, which is really not being controlled—drug terrorists—in Colombia. The threatened destruction of Bolivia, by sending it back to the narcos. The temporary destruction of the true sovereignty of Peru. The horrible things that are being done to Argentina. The threats to Brazil. The situation in Paraguay and Uruguay. And so forth and so on.

Then, of course, Africa—that's another case, where virtually genocide is going on. Anglo-American/Israeli genocide south of the Sahara Desert. And it's deliberate.

And now the whole system, the whole international financial system is collapsing, and carrying the economy down with it. This thing is coming on fast. We're in the last phase before a terminal collapse, a general breakdown crisis of the entire world economy, or at least most of it.

So, at this point, you have a situation in which the parliamentary parties of the world, generally do not work. They are in complete breakdown. For example, the Republican and Democratic Parties, under their present leaderships, are incapable of doing anything. It may do something bad, as a matter of accident. But it is not capable of doing any good. A similar situation exists among the parties in Europe. There are political elements in parliamentary systems, which have a certain capability, certain virtue, but when one tries to get the majority of a major party, or a major combination of government to do something, it breaks down. They all fall short of reality. And of course, that's the situation, pretty much, around the world.

So, now we're faced with a problem of leadership, which has two aspects to it, as the problem does. First of all, people have been conditioned over the past 35-odd years, to a new set of values—so-called "post-industrial society," environmentalism, and so forth. It is this change, from an emphasis of production, and development of production, to

consumer society, to post-industrial society, an imitation of the decadence of the Roman Empire—a decadence of Rome from about the end of the Second Punic War, that this kind of decadence has gripped the world.

And there have been cultural changes—the destruction of Classical culture, the destruction of education, the destruction of all kinds of institutions, destruction of infrastructure, and all of these parties, and these so-called leaders, are conditioned to operate within the assumption that the trends which have been established within the past 35 years are not reversible. That maybe, solutions might exist, but the solutions have to fit within the generally accepted trends up to now, of the past 35 years.

And for precisely that reason, none of the governments, and none of the political parties, in most of the world are capable of doing anything. Certainly not the present leadership of the Democratic and Republican Parties in the United States.

Leadership for a Time of Crisis

Now, this brings up the question, of what kind of leadership is required in a time like this. Because you can no longer go by popular opinion. You come to a point, which is, because democracy signifies popular opinion, and because popular opinion is hopelessly, morally degenerate, you come to a point in which all the political parties, the parliamentary systems, **don't work anymore.**

So, therefore, there is no democratic solution in the conventional sense of parliamentary politics. It doesn't exist. This means, as we've seen in the case of the way in which the Iraq War was, at least, postponed, if not deferred indefinitely, this came chiefly, from what would be called, the ministerial side of government. That is, the U.S. Presidency. Not all the elements in the Presidency, but the institutions of the Presidency reacted to this, and said, "We, the majority, effectively, we will not do this."

And the parliament—the Congress—failed to do anything significant. The political parties, including Clinton, failed to do anything. We did it through the Presidency, the Presidency of the United States. That is, the institutions of the Presidency, the majority of them, including the military, moved to make a shift, of strategy, into the United Nations Security Council, to get it out of the hands of the chickenhawks—these war-making draft-dodgers, who are controlling the war policy. And, in the process, to get Saddam Hussein to accept an agreement with the United Nations, under which the United States would not go to war.

We succeeded so far, in preventing a war from occurring in September, when it was likely. In October, when it was likely. In November, when it was likely. In December, when it was promised. And we've now so far, seem to be have pushed it into January, possibly February; if not there, we've got it out of the way for the time being. So that was done that way.

Now, this is dangerous, because, as I've said otherwise, we have to compare such a period like this, with a period in Germany, and around the world, between 1928 and 1933. And look at Germany in particular.

In 1928 you had the fall of the Mueller government, because the plan for reorganizing the international debt structure—then the Versailles debt structure, didn't work. The Mueller government collapsed. That was the collapse of formal democracy as a mode of government in Germany—in Weimar Germany. You had, therefore, a succession of ministerial governments—that is, government which were appointed by the head of state. Not elected. Then finally, you had von Schleicher, who was a good choice of ministerial government, but on the 28th of January 1933, Hindenburg, under blackmail, and under pressure from U.S. and British bankers, kicked von Schleicher out, and then put Adolf Hitler in. Then, with the Reichstag fire, emergency laws were enacted, under which the Nazis established a dictatorship, in various successive steps. But from that point on.

So we're now in a period like that. Fortunately, we had Roosevelt in the United States, otherwise we would have had a fascist dictatorship in the United States too.

Now we're back in that kind of period, in which, for a short period of time, **perhaps**, ministerial governments—that is, governments without a real parliamentary base, will act to prevent terrible things from happening, maybe. But that will not go on indefinitely. If we do not get new leadership, if we can not reform the processes of democracy, so they correspond to reality, rather than to present-day popular opinion, we are headed for probable dictatorship, or total chaos throughout the world—one of the two.

The Example of Jeanne d'Arc

Therefore, what kind of a leader do you require for a period like this? And that's the question I posed in this Thursday evening presentation in Budapest.

And I've used, again and again, this comparison of the historical Jeanne d'Arc, who is actually accurately portrayed, in principle, with some dramatic license, but in principle, correctly, by Schiller, in his play. You contrast that with Shakespeare's Hamlet, which I did there. And Hamlet was incapable of leading his nation, Denmark, or the legendary Denmark, in a period of crisis.

Jeanne d'Arc, in a period where perpetual warfare was likely, intervened with her leadership, to save European civilization as a whole. Her sacrifice, her determination not to compromise, resulted in the British being kicked out of France, the first modern nation-state was established in France, under Louis XI, as a result of this. And later, you had Henry VII, in England, the defeat of Richard III, the tyrant, resulted in a second nation-state.

But then, you had this Venetian process, and so forth and so on, which was a counter-, an anti-Renaissance movement, led by the Venetians, and by Charles V, and the Hapsburgs generally, which drowned Europe in prolonged religious war. And out of that you got this horrible mess called the Anglo-Dutch liberalism, which, together with the Hapsburg reign, destroyed much of Europe. Europe was saved from that, but Europe never got an actual, modern republican government.

At this time, as through most of this period, the governments of Europe are based upon the neo-feudal model of a parliamentary system. These parliamentary systems are characterized by a lack of a real head of state, and a control over the parliamentary government by an independent central-banking system, which has veto-power over the economic and related policies of the government. It is a tyranny of financial interests, which exerts its command over the state, above the state, through its control over the central-banking system, which is nothing but an agency—not of banks, but of financier interests, who control, and destroy, and create banks.

Popular Opinion Will Fail

So we've come to a point, in which a fundamental change has to be made, in which the governments of the world generally, and the popular opinion of the world, is insane. So you have to have a leader as you did not have, in the case of Hamlet, as you did have in the exemplary case of Jeanne d'Arc, who intervenes in a seemingly impossible situation, to introduce a principle upon which the revival of society, or its step upward, can be accomplished.

Now the person who is capable of doing that, requires certain qualities. Democracy will never do that for you, by definition. Democracy in a time of crisis like this, is a **failure**, and always will fail. Because popular opinion will fail, because it's rotten. It's wrong. Therefore, you have to have something exceptional introduced into this situation to save

society.

What are the qualities of a leader, who goes **against** popular opinion, as a leader, and has the knowledge and will to lead society out of its own self-destruction? Hamlet did not. And what was Hamlet afraid of? Hamlet was not afraid of death. Hamlet was a soldier. A killer! By instinct and profession. But he knew that he was wrong. But as you see in the famous Third Act soliloquy, he states that he could fight, but what happens after you die? It was not fear of death that caused Hamlet to fail. Quite the contrary: It was his fear of immortality.

Now, immortality means, to a leader—as a functional characteristic of a qualified leader for a time of crisis—immortality means, what it means in the case of Jeanne d'Arc. The ability to go against popular opinion, on the basis of willing to spend one's life, even by death, for the sake of future generations, and for the sake of the long process of humanity's existence.

Therefore, only a leader, who operates from that kind of sense of immortality, which is shown in one case by Jeanne d'Arc, and is shown by every great leader in a time of crisis.

For example, in the case of France, when France was about to be destroyed by a fascist coup d'etat over the Algeria issue, Charles de Gaulle for a moment in that case, as well as other times, showed himself a true leader, by standing, on television, before the French nation and the world, describing the crisis, and saying, "*Aidez-moi.*" "Come to my assistance." And he succeeded. They came to his assistance. The improbable thing happened. He saved France from the fascist coup. Because he was willing to put his life on the line, for the sake of the immortal outcome of his life for future generations.

Now it wasn't entirely a success, as we see today. But it was a great moment. And it was a moment of true leadership.

To Spend Your Mortal Life Wisely

We've now come to a time where that quality is required. Those of you, who are adopting the role of becoming leaders, or becoming part of a leadership of society, will find the only source of strength you have, that really counts, is your commitment to the future of humanity and the nation. And your willingness to spend your life's energies, in devotion to the **outcome** of your life. To spend your mortal life wisely. Not to get killed prematurely! That's not in the program. But to risk everything—fortune, welfare, security—everything, for the sake of your immortality: what your life will mean to future generations.

And only a person who has that kind of commitment, who has development which qualifies them in knowledge to do that job, can be a leader in time of crisis. And as you look around you in this hemisphere, for example, there are very few people, who can do this. For example, **I'm probably the only person, the only living person in the United States today, who is actually qualified to become the President of the United States under these conditions—under these world conditions, as well as U.S. conditions.**

So that's the point. And what one has to do: Looking at things in that manner, gives you an instinct within yourself, for knowing what you need to understand. What you need to do, how you need to proceed, to mobilize people for this.

Generally, the leadership will work the following way: We have now a youth movement in the United States. It took about three years to get it started. As you will see, it is now working well. Who says it is perfect! Nothing is perfect. But it's working well. We have a **real** youth movement. Not a *sans coulottes* youth movement, but a youth movement of people who are functioning like a university on wheels. Who are studying some of the most profound concepts, the essential

profound concepts of science and history, at the same time they're doing the laboratory work, on the streets, in the university campuses, in the parliaments, in the legislatures, and other institutions. They're exerting leadership.

They are inspiring people of an older generation, who otherwise would be moral and intellectual corpses, to come out of their death-like state, and to get out there and do something. And these people are inspired; they say, "Hey, these young people are moving. It's wonderful. We do have a future."

So, you guys have got to create that impression in places such as Mexico: that there is a future. And to mobilize young people to do their work, to provide that kind of leadership, to inspire older generations, who are still living, to believe again, that there is a future. To waken them out of their torpor, and get them in motion.

I think we're going to win. We have no guarantees. It's going to take everything we have in us, to do the job we have to do. But I think we're going to win. I can smell victory. And I would like you to have that smell too. So go ahead, and "shoot me"! What have you got to ask?

Dialogue with LaRouche

Question: This is Armando Jimenez from Queretaro. Mr. LaRouche, first of all, God bless you for this fight. Here's my question. I think that Judeo-Christian civilization has given us a great contribution to this victory. As you say, you can "smell victory." This is very important. However, we have also seen a pessimistic society: this process which has led to a post-industrial age. My question, what I wonder, is what have really been, let us say, the failures of our Judeo-Christian culture, its axiomatic or ontological shortcomings, which allowed for this process to take place, which should never have occurred? If these can be identified, although of course we know perhaps that they have been undermining this principles. On the other hand, I also wonder whether we might not be now at the threshold of victory, of arriving at a deeper cultural concept, a higher conception of culture which would give rise to a better civilization, which as the Pope has said, would be a "civilization of love." This is a concept which I wonder about, and I would like to know if you have any thoughts on this?

LaRouche: Yes, I have a very definite and specific response to this question. You mentioned the Pope. Now, he's one of my friends; he's one of my boys. He's a little older than I am. Not much, and he's fighting, and his health has improved lately, which pleases me greatly, considering all things. We just lost a great friend who died recently of cancer, Cardinal Francis Xavier Van Thuan. He was head of Justitia et Pax. Some people consider him as having been a person who was a candidate for the succession to the papacy. He was a dear friend and he and I had a special relationship. We knew each other—Helga and I knew him back in the 1980s, when he was still a younger bishop in Justitia et Pax, and we had a pretty good relationship.

But then, I met him again and he had written a book called *On Spiritual Exercises*, which I've referred to. This book was the result of—the Pope had invited him to present this lecture on spiritual exercises to a convention of bishops in the Vatican. And the Pope had concealed himself during the presentation in the adjoining room with an open door, where the bishops in the audience could not see the Pope. And then the Pope appeared after the lectures to embrace the presentation. Then the book was published.

Now, this book, while the subjects are simple theological, biblical themes, represents my method, my Platonic method. What are called spiritual exercises, in true terms, that is, exercises which actually evoke the sense of the spiritual quality that distinguishes man from the beast, these exercises are **purely Platonic**. There is no Aristotle in any of them. They are purely Platonic, as all Christianity is purely Platonic, because, what the spiritual aspect is, as identified with Vernadsky, as an example: we have three categories of efficient universal principles in the known universe. The first we call "abiotic," non-living processes, as Vernadsky defined that from the standpoint of physical chemistry. You have a second group,

which are physical effects which are generated **only as effects of action by living processes**, not non-living ones. They are never generated by non-living processes, only by living processes. This defined what Vernadsky defined as the "biosphere," that is, an area which includes non-living processes and living processes, in which the living processes, in the long term, are transforming the non-living universe into a fossil of a living universe.

Then you have a third category, of physical effects which are introduced to the universe only by the mental actions of man, which can not be copied by any beast. This third category, we call spiritual, or the domain of reason. Thus, we have three categories of universal physical principles. One, the so-called abiotic, the non-living principles. Secondly, the principle of life, which exists among the animals, for example. Thirdly, we have the spiritual concept, which is reason. The spiritual quality of man can be explicitly addressed only by spiritual exercises of the type that conform to Plato's Socratic dialogues. The only method.

The Church Is Predominantly Corrupted

Now, when you look at matters in that way, and you look at the condition of the Catholic Church and the decadence in the Catholic Church, as I do, you find that there are a few priests and missionaries, especially missionaries, or people of missionary disposition, who care about the inside of the minds of the people with whom they are working, to whom their mission assigns them. As opposed to someone who is merely doctrinaire, laying down the line, you know, the party line for the Church. And the party-liners tend to be corrupted all too easily, especially with lack of inspiration. So therefore, you have a Church, which as we know in the case of the U.S. Church, is predominantly corrupted. Those priests in the Catholic Church in the United States who are not corrupted—priests and nuns—are a minority. And once you take the slide down toward corruption, you tend to go all the way, which is some of the problems we have there.

You have a similar sort of thing in Germany, where you have outright fascism, Satanic fascism, as expressed by leading circles of the Church there. You have the French problem, where there's some question as to whether Napoleon is God or not. Then you have the problems in Italy. In the Italian Church in general, you have a lot of good people in the priesthood and in the congregations. In the Curia, you have some problems, internationally influenced problems.

So, what has happened in the collapse of society, is that the Church has not measured up to its mission. We've had some great Popes from Leo XIII, Benedict, Pius I, Pius II, and of course our friends, including Paul, including John Paul II, but the Church as a whole has not been living up to its mission. And if you live inside the United States in particular, you know it very well. You find all these fellows who are Adam Smith followers. Well, Adam Smith theologically is a Bogomil cult, a Cathar cult. Calvin himself was a Bogomil in terms of his theology. And you have priests who are teaching that sort of thing. The problem is that many of these bishops and priests depend upon money. Where does the money come from? It comes from wealthy families, financier families. And the priests and bishops are attuned to this money, which comes from wealthy families, and they are careful to shape their conduct in ways which will not offend these sources of wealth.

We had a friend of ours, Stefan Kozak, who is a U.S. diplomat, a senior, professional diplomat, who died a few years ago. Now, Kozak did an investigation for the Vatican of the problems inside the clergy, and the large-scale homosexuality which was prevalent, was documented. The role of the bishops' negligence in sending priests to universities where they studied William James' varieties of religious experience, or you had this pseudo-Catholic faction at Chicago University around people like Leo Strauss and so forth. The corruption is immense. It's this type of corruption. So you have corruption **in the Church**, and it's been there for a long time, and you have those who fight against it, like the Pope and like our dear, departed friend, the Cardinal. But the problem is, the quality of leadership has been largely lacking.

Now, this is, unfortunately, the usual case of mankind. Until mankind rises out of what we see today, the level of popular opinion, mankind will always tend to slide into decadence. And it's only then, through times of crisis, where fortunately

some leadership appears of quality, that mankind is able to crawl out of this kind of decadence and survive. In the long run, I'm optimistic that, as mankind, we shall succeed in curing this problem of epidemic, or endemic decadence, which causes these cyclical behaviors in cultures.

But the problem today is, you can not say that the Church as an average institution is an efficient institution for combatting these kinds of problems. The Church, by and large, has become increasingly corrupted by precisely these kinds of problems. And it's corrupted largely by one thing: the lack of priests and other leaders who actually embody the method of spiritual exercises that is the Platonic method, the method of Plato's Socratic dialogues, which is epitomized in terms of Biblical New Testament issues by Cardinal Van Thuan. It's the lack of a sufficient number of such priests and others, with that specific quality of commitment to spirituality, and the prevalence of priests who have an inferior understanding of spirituality which melts too easily under the corrupting pressures of the surrounding society. That's the problem.

So, I'm confident. **I have confidence in myself** on this question. I embody the principle of spiritual exercises. That's my method, it's what I've always relied upon, at least in all my adolescent to adult life. That method. I know some people in the Church, like the deceased Cardinal. I see the same reflection in the Pope. I see it in some other leading figures in the Church, who represent that same method. So we have a certain kinship, based on having the same method. But I can tell you, when you get outside that, you get some honest good priests who will respond to that, but you also get a lot of members of the clergy, and others, who are totally corrupted by the present society, the present culture.

And then you go over to the other side, you look on the Protestant side, and you've got a much more serious problem, in general. You have the prevalence of this Moonie cult, which actually had a big control over the Christendom College crowd, among other things—was integral to it. The so-called Christian Coalition was totally corrupted by this stuff. We had a fight against that, because of that. So, we have the problem, and the answer to such questions, the question you posed, is extremely important, but you've got to know where the answer lies. The answer lies in those of us who have a devotion to the concept of spiritual exercises which I've identified. And it's upon **us**—whether we're in the clergy or not—on whom the rescue of civilization depends for our role as leaders.

Two Currents in Western Civilization

Question: My name is Raquel and I'm from Monterrey. My doubt is in respect to my education. I received an education which, with respect to the knowledge of man, everything was cumulative, and the education that we receive today, everything that is taught today, they say that we are better in this epoch than in the past, precisely because of the question of so-called technology, that we are now better off than in the 1960s or the 1430s, because of the scientific principles that were discovered. But, what draws my attention is that this isn't the case. Which process is determining—because I see that there has been an advancement in technology, but if we don't have the cultural conditions that transmit those discoveries, what would happen to that knowledge if we don't have a transmission into the relationships of human beings?

LaRouche: You have to have clarity about the nature of this transmission of knowledge. The first thing you have to understand about European civilization, of which we're all a part—we who are speaking together today, chiefly. European civilization is a little over 2,700 years or so old. It has two leading currents in it. One is the Classical current, as typified by Plato and Pythagoras before him. The other is the reductionist tendency, which is typified by the empiricists, the Aristotleans and so forth and so on. Those are the two currents.

In the whole span of this, there was the rise in Greece to the point of the stupidity of the Peloponnesian Wars, which destroyed Athens—destroyed itself, and much of Greece besides. But from the destruction of Greece in the Peloponnesian Wars, a group of the followers of Socrates, such as Plato, developed a program for the revival of the kind of knowledge and development which had been placed in jeopardy by such events as the Peloponnesian War.

So, from this we have, in the last period from about the time of the death of Socrates [399 B.C.] until about 200 B.C., the death of Eratosthenes in Egypt, and Archimedes' murder by the Romans, you have a period which is dominated largely by Classical culture. A Classical culture which in turn is dominated by the Pythagorean tradition and, specifically, by Plato. All the great accomplishments in science and knowledge of ancient Greece, are consistent with the teachings of Plato, not with Aristotle.

Then, you have the rise of Rome from about 200 B.C., toward the end of the Second Punic War, the conquest of southern Italy, the invasion and conquest of Greece and so forth, these developments characterize the rise of Rome. Now, Roman culture was a degenerate culture, despite a few figures like Cicero and so forth, but was a degenerate culture as Augustine describes it. And the prevalence of the Roman Empire imposed a long wave of degeneracy, which dominated all European and Mediterranean civilization from about 200 B.C. until the 15th-Century Renaissance in Europe. The 15th-Century Renaissance was the revival of Classical knowledge.

Many Renaissances

There had been revivals before. The important role of the Arab and Jewish renaissance in Spain, as typified by the case of Alfonso the Wise, or similar things with Frederick II in Italy, before he was killed. And a similar thing around Charlemagne, with the Abassid dynasty in that time. So, there were many renaissances. Augustinism was generally crushed in Italy, moved to Isadore of Seville, was crushed to a large degree there, and moved north to the Irish, and it was the Irish monks who civilized the Saxons, who civilized some of the Franks and created France. But then the Normans were sent in to destroy Christianity by conquering the Saxons. And so forth and so on. And Europe was dominated by this long wave which was predominantly evil, even though there was some persistence of progress, as in the cathedral-building of Chartres and so forth, in the meantime.

So, it's only with the 15th Century, in the wake of the New Dark Age of the 14th Century, that there was a revival of Classical Greek method, i.e., the method of Plato, in Europe. The Venetians, who were the imperial maritime power, a financier oligarchy, which dominated Europe from about the time of Otto III as emperor of Europe until the end of the 17th Century, the Venetians staged a counteroffensive against the Renaissance, and the rise of the Hapsburgs, as in the case of Charles V of Spain, is an example of this. But from about 1511 to 1647, all of Europe was destroyed by religious wars which were orchestrated entirely by the Venetians. They created the Protestant sects and they created the other groups, and they set each against each other's throats in bloody warfare, to attempt to destroy civilization.

The Venetians introduced a reductionist philosophy. You had two versions: one was a neo-Aristotelianism, which was introduced by Venice at the beginning of the 16th Century. Then, near the end of the 16th Century, Paolo Sarpi introduced Empiricism. And Empiricism and Cartesianism became, together with Existentialism and later Positivism, became the reductionist currents that dominated all aspects of European thought, **in conflict with** the Platonic current flowing through Nicholas of Cusa, Leonardo da Vinci, Kepler, Leibniz, Gauss, and Riemann.

So, most culture—or what is taught as culture in education today—over most of this period, with rare exceptions of Classical renaissances, has been corrupt. So, what has been transmitted as knowledge, including so-called physical-scientific knowledge, has been largely corrupt.

Start With Gauss

For example, in this youth program, I've emphasized early on, the key thing in starting a university-level education among young people today—you start with Gauss's 1799 attack on the empiricists, the neo-Cartesians in some part, D'Alembert, Euler, and Lagrange. Because what's the issue? It's the Platonic issue. In this paper of Gauss's, he defines what he calls a

fundamental theorem of algebra, which is actually the definition of what we call mathematics of the complex domain. Now, that definition, which is not entirely original to Gauss—it's simply a new way of putting the point—is already presented by the Pythagoreans and Plato, in such forms as the question of the doubling of the cube by construction. These conceptions involve **spiritual exercises**, and its creativity is a spiritual exercise.

What you've had in education is corrupt education, largely based on Aristotelian and other reductionist programs, in which the students **learn doctrine**, they do not experience the spiritual exercise of the actual discovery of a principle. And society functions on that basis. You're told, "Learn, learn. When you're old enough and have degrees, then you can make up your own mind about these things." But by the time you get to that point, by the time you reach the age of 25-27, if you don't already **know** this, in a Platonic way, you probably never will, because your mind is too much destroyed.

So, the problem is, we've had corrupt cultures. And people have sat back and said, well, for a time, we've gotten by nicely on the inertia of what we've accomplished. But then the culture becomes totally decadent. But the decadence was already embedded in our failure to develop adequately, earlier. What we're trying to do now, is change that, and the way I've defined the youth movement, as a political youth movement, is actually new in modern history. This youth movement is like no other, which can be adduced from, shall we say, the 20th Century. There's no comparison. This is a youth movement based on knowledge, based on **the process of discovery of knowledge**, which is what people ought to be doing in their university years, and even before then. So, the difference is, **we represent potentially the difference, the margin of difference to begin to reverse this long crisis in history** of advancing and collapsing, advancing and collapsing. At last, we're challenged. We've got to change the way things work. We have to have a new conception of culture, and this youth movement, which has emerged in the past three years, has demonstrated that we're on the right track.

Roosevelt's Exceptional Leadership

Question: My name is Eric. I'm here working full time, deploying full time in Mexico City. We had a class yesterday which was very interesting, I thought. Except one idea was not very clear to me, and I'd like to see if maybe you can help me out. Between the classes yesterday at the cadre school, and Marivilia [Carrasco] gave a class on the sublime from the standpoint of Schiller, and yes, LaRouche. And they were quoting some parts of Schiller where he speaks of when, technically speaking, in a crisis, there was something that lifted people from that crisis, so that they could overcome and achieve something greater. And it could be explained or defined as the sublime. I there had a doubt, and we discussed this for a while. I tried to compare it with what Roosevelt did with the economy in the '30s, which is that, he took it to the limits of the overall, off-the-shelf industrial capabilities, and what happened is that a breakthrough was made. These limits were overcome and things went further, quite opposite to the idea that, perhaps, when pushing to the limits, things could break and collapse.

So, I'm not sure if this is exactly the principle that is referred to, whether this is a correct comparison, but if so, my question would be: This issue of facing up to the crisis at this time, where it's fairly apparent among youth and society at large, but mostly youth—you must face up to the crisis in order to make that breakthrough. But since it is more than apparent, what would it be—a matter of bringing it to [people's] self-consciousness, so that they face the crisis, and then we help them to break through, or how would it work? What do you think about this?

LaRouche: Well, it's fairly simple. You see, I lived through all this. I have the advantage of having lived through the entire period you've referred to, the 1930s, the 1940s, the postwar period, and I saw exactly how the degeneration occurred. This is now a lawful process, in the sense that it had to happen that way. Roosevelt died and the enemies who he had fought all his life were able to move in and take over. Now, there were reasons for it. Part of the reasons were that this is not a great society. Most of the people of my generation were extremely backward, morally. The 1930s was not exactly a good time to live. It was a decadent culture. Remember, the United States had been in a decadent culture since the successful assassination of William McKinley. McKinley was not the strongest person in American history, even though he had

essentially a good commitment, but there were terrible weaknesses in that time, in that administration. So, it's not quite that simple.

The good comes, not by trying to find a magic formula for how to you orchestrate success? The problem is that people look for magic formulas because they want to say, "How can we be sure we're going to succeed? How do we know that our effort on this is going to be worthwhile? How do we know we're not going to fail, like so many have before us?"

Well, the answer is largely two things: First of all, you have to be determined not to fail. You have to have this sense of immortality, which I've described. And without that sense, you're not going to succeed. Look, I had people all around me—I'm a success, but all the people around me from that period turned out to be more or less failures. And what you're experiencing in society is just the result of the fact that most of them were failures. Most of the people with whom I was in military service were failures, they proved failures in the postwar period.

So, you depend on people like me, who are not failures, to get you through this period.

Take the case of Germany, before Hitler. Now Germany was at a very high level of culture, but unfortunately, had never overcome the fact of having a Kaiser, which is a very backward kind of institution, to have that kind of imperial conception. And the Germans wreaked their own death, the German military wreaked its own death, by refusing to coup, when they should have couped. Not waiting until 1944 to try to do it, until the British would betray them. And they **brought upon themselves** their own destruction in that way.

So, the secret is one of leadership. It's quality of leadership. Roosevelt was an exceptional quality of leadership. If Roosevelt had not succeeded, the United States would have become a fascist state, as Germany did. It was Roosevelt's ability, his development of the qualifications to make that revolution, which caused it to occur. And once they got rid of Roosevelt, the revolution collapsed. Not entirely, because the effects were not completely wiped out immediately, but it collapsed. And I saw it. It was my generation that was rotten, and today, my unique position is being a survivor of that generation, who did not betray that legacy.

And, therefore, through my commitment to that at any price—I've always refused to compromise on this issue. And the fact that I've refused to compromise has given me the strength to deal with this kind of problem. Normally a society would say, no, it never works. And all the successes of society were successes of what might have seemed impossible to people at that time. Just like Roosevelt's success. It seemed impossible to people at that time, but he succeeded. It was not just an ordinary success, it was not some kind of thing, some kind of recipe. It was a **personal impulse, a personal commitment, a drive to succeed**, and the knowledge to match it.

People underestimate Roosevelt. They underestimate his knowledge. He understood the American System, which is the finest, highest level of development of economic thinking in the world today. There's no society on this planet that has matched the American System in terms of economic thinking. That is, the American System of Political Economy. **Nothing.** The American System of Political Economy was the basis for most of the great successes in the Americas and other states, especially after the success of Lincoln to develop in that direction. And the idea of the United States' method of economy, the heritage of Lincoln for example, was one of the great inspirations for the development of the nations of the Americas.

'We Are Going To Succeed'

So, the thing to look at is not some system, it's not some systematic thing. It is systematic in the sense I've said. But what determines the success or failure of society in any time of crisis up to the present, is the presence or absence of exceptional

individuals who represent the quality of leadership which, in a simple way, Joan d' Arc represented in the history of Europe. Without such leaders on the scene, society will go to Hell. It may come out of it later, because human beings naturally have this gift which enables them to recover, but the general tendency of society will be to go to Hell, every time, without the exceptional leaders. The only thing that saves us is that society does tend to produce, in a most remarkable way, some exceptional leaders. And because of that, society has survived.

But many societies have not survived. Many cultures have not survived. They were decadent. They were not capable of generating survival. What worries me today is that it's possible that this European civilization might not survive. It might not make it through this period of crisis. That's a possibility. A very real possibility. I think that we can save it. I know that the potentiality for saving it exists. I know that I have the ability to lead that kind of process. I understand it. Therefore, I have confidence. If you don't have the adequate basis for confidence in that kind of process, you can't succeed. You need that. But fortunately, I have that, and I have it for only one reason: because I've stuck to this devotion over so many decades. People said I was wrong, but now it all becomes clear. I was right all along. And therefore, I think that I'm qualified to say, we are going to succeed.

The Transmission of Knowledge

Question: Hello. Good morning, Lyn. Greetings to you in the United States. My question is something that you have touched on before during this conversation, that throughout history, there is progress, and then civilization backtracks throughout its history. What do you think is the difference **we** make now, to ensure that the constant fight between empiricism and the search for truth, is won for truth, particularly now that there are so much more advanced elements of manipulation, such as television and the mass media, which have such a massive effect on public opinion. So, how can we ensure that we do not return to this process of one step forward, one step back?

One further question, just a small thing here, the issue of self-consciousness: This ability that you have had, to always say the truth, regardless of public opinion—do you think you got that from self-conscious love, which is received from parents, or is this something can be generated internally by someone, regardless of the lack of self-consciousness in the maternal or parental relationship? Thank you.

LaRouche: Oh, I am sure that—I didn't get much benefit—I didn't have the worst family conditions imaginable, but my greatest advantage was that I recognized that my parents—like most people—lied all the time. There was some good in them, of course. I am not knocking them in that sense. But the idea that somehow they transmitted to me some great tradition—not really. What they transmitted to me was recognition of the corruption of what their culture represented. I mean, their religious beliefs were horrifying to me—increasingly so. I was a child, I didn't know how to deal with it, but it horrified me: It made no sense. So, it was not that. No, it doesn't come by any spontaneous rule.

You see, we are individuals. And what we accomplish, we accomplish as individuals. To be an individual, creative personality is a very lonely thing. And one of the problems that people have in becoming creative is to deal with that loneliness. Because the nature of creativity is: You are right, when society and opinion around you are wrong. Now, you have to know the difference. You have to have a standard. You can not go around assuming that you are right, just because you wish to assume that. You have to actually be right. And you have to take the personal responsibility for making that difference.

I knew people around me would tend in that direction—a lot of young people I knew. They would **tend** toward that. Then they would back off. They'd become frightened. They'd say, "Look, you know, you are a smart guy, and so forth, but look, you are not going to succeed. You can't win by going against popular opinion. **You got to learn to live with popular opinion.** You got to learn to swing with the punches." And I didn't. And my advantage was entirely that. My advantage was not what I **got** from my culture. My advantage was what I **rejected** from my culture. When I recognized the flaws.

It's the same in sciences. That's what the nature of science is. Scientific discovery is not learnin to repeat something you learned in school. That's not science. Science is not taking the bit, like a horse. You recognize that what you've been taught is **wrong**. So now you set out to **prove** it is wrong. Not only to prove it's wrong, but to find out what's right! All knowledge is based on that. That's what I've always done. And it is because of that, that I have succeeded.

Now, as to the future: Why I fight so hard for this youth movement, is because I recognized what was wrong in the education which the older generation got, and my generation before them. And I was determined, where people were open—you know, you've got people out there, most people you know, really, know that what their parents gave them, was no future, was a no-future society. Most young people today know that, in one way or another—that their parents were failures. Terrible failures, who gave their children a no-future society. Any young person who **thinks**, frankly, knows that.

So therefore, what you have to address today, is the failure of the generation that produced these fellows of, say, today's college age. That is the first thing that you have to recognize. If you don't recognize that, you get nowhere.

Now then, what do you want to do then? You have two objectives. First of all, you want to overcome that problem: You want to have a future. You want to change society to bring about a future, but that's not enough. If you are going to succeed, you have got to think about—since your parents failed **you**, morally, in this way, what are you going to do for the generation that follows you? Are you going to be a failure like your parents were? A moral failure in this way? Or are you going to take steps to make sure that what was done to you, is not done to your children and your grandchildren?

Therefore, you have to think about the transmission of knowledge. And that's what we're doing that's different. What we're doing is, we are emphasizing a method of education based on the critical significance of Gauss's attack on the work and opinions and methods of Euler, Lagrange, and so forth, the methods that are commonly taught in universities today—the empiricist method. We are building an education system with these young people, based on the best knowledge from the past, but with the intention that we will create an educational system that is a cultural system, not a formal educational system, but a cultural system. A cultural outlook: habits of thinking about ideas, discussing ideas, debating ideas. This kind of thing. To create that kind of society which will not make the kinds of mistakes that the recent generations have made, will not try to get along with popular opinion, will have the courage to **challenge** popular opinion. You say, "You say it's true? Prove it!" And that's the difference. Yes, otherwise we get into a cyclic business of saying, "Let's hope it works out."

But the other thing here is also crucial, which is implicit in what you are saying. The other problem is this: People say, "You've got to trust popular opinion"—*vox populi*. The quality of a leader is a person who is not awed by *vox populi*. Someone says, "Well, if all my friends will disagree with you—" Hmm? You say, "Well, you should get better friends, or re-educate them—one of the two."

If you don't have that attitude, if you have the sense that you somehow have to apologize for disagreeing with your friends, that is the beginning of corruption. That's where you lose it. And that's where I get tough. "No. You have no right to raise the argument, that since 'all of my friends will disagree with you,' that I am wrong?" Naaah, I'm not wrong! I've been there too many times! I've been consistently right, when all the so-called "your friends" crowd were wrong. So I have enough confidence to know, that I can **know** the truth. Once you get that sense of reliance upon knowing the truth, not looking over your shoulder to see what your friends are saying: Are they going along with you?

You see, the fear of rejection by your friends, your peers, is the biggest source of corruption. You had this in the case of St. Augustine. He reports about a good friend of his, who went with popular opinion. He went to the games, the Roman games, the gladiator struggles. He came back from those games, having been converted to admiring those games, and he never recovered his morality after that. It is popular opinion that is corrupting, and it is **fear** of popular opinion, it is asking for **assurance** from popular opinion, that what you are saying is acceptable—**that is the essence of corruption**.

U.S. ECONOMIC/FINANCIAL NEWS

White House Gives Incoming Governors Coal in Their Stockings

Following a day-long White House budget conference for incoming Governors, it became clear that states, desperate for Federal aid to balance budgets and provide services, were out in the cold. Minnesota Governor-elect Tim Pawlenty (R) said that the Bush Administration's message was twofold: On the one hand, it will make Federal/state programs more flexible; but on the other, it will not send a dime more. Pawley said of the flexibility message, "I think that's to comfort us, because the other message was, 'We're sending you no money.'... [T]he basic message was, 'You're on your own.' And they gave us a nice pen."

Likewise, at the National Conference of State Legislators Fall Forum, the same message was delivered: Between the "significant Federal budget deficit," mounting costs to conduct the "war on terrorism," and Bush's tax cut, domestic spending will be squeezed. The NCSL's staff director for the Senate Budget Committee told the forum that the best they could hope for from the incoming Congress is extension of unemployment benefits, some anti-terror funds for first-responders, partial funding for election reform, and continued transportation program funds, but with no increase.

U.S. Mayors: Steep Rise in Hunger, Homelessness a 'National Disgrace'

Emergency food requests jumped by an average of 19% over the past year in 25 major cities surveyed, while requests for emergency shelter rose by 19% in 18 cities, the steepest rise in a decade, according to the 18th annual Report on Hunger and Homelessness, issued Dec. 18 by the U.S. Conference of Mayors. For the first time, every city in the survey reported an increase in hunger. The report cited high housing costs, low-paying jobs, and unemployment as leading causes of hunger.

Some of the findings:

***Hunger:** On average, 16% of the emergency food requests were unmet. In 32% of the cities, emergency food assistance facilities may have to turn away people in need, due to lack of resources.

As need increased, the level of resources available to emergency food assistance facilities decreased in 52% of the cities. More than half of the cities surveyed said they are not able to provide adequate food to those in need.

Almost half of the requests for emergency food, came from families with children. Some 38% of the adults requesting food aid were employed.

***Homelessness:** Cities were unable to meet an average of 30% of requests for emergency shelter by homeless people overall, and 38% of requests by homeless families. In 60% of the cities, shelters may have to turn away homeless families.

Requests for shelter by homeless families increased by 20%.

People remained homeless for an average of six months, a figure that increased from a year earlier in all but four cities.

Families with children comprise 41% of the homeless population.

In 40% of the cities, families risked being broken up in order to be sheltered.

*Political action: The Mayors announced an impotent "call to action" including aid to the homeless, a national housing agenda, and streamlined Federal anti-hunger programs. Impotent because it failed to get on the bandwagon for Lyndon LaRouche's "Super TVA" policy, as an FDR-style solution to the deepening depression.

Record Demand for Food Relief in High-Unemployment Areas

According to statistics released in November by the U.S. Department of Agriculture (USDA), there is a "hunger belt" in the Far West, stretching from New Mexico to Washington State, in particular. This pattern of hunger results from a combination of factors, including job loss and relatively higher living expenses. Oregon has 5.8% of the nation's households experiencing hunger each year, with the next in line being Washington, Utah, Idaho, Alaska, New Mexico, and Montana.

A few items from local media reports show the many locations across the country now reporting sharp rises in requests for food aid:

*In Queens, New York, with a population of around 1.5 million, increased demand for food relief is reported at more than 85% of the borough's 174 donation centers; at least 17% of them report that they cannot feed everyone who comes to them for help. About 12,000 jobs were lost in Queens at the airports and airport-support sectors, according to a study by the Queens County Overall Economic Development Corp. (Both major New York airports, JFK and LaGuardia, are in Queens.) These job losses have both contributed to increased demand for food relief, and to a drop in food donations. "Most people who make donations are not the mega-rich. Low-income and middle-class people are suffering. We're looking at the real possibility of people who were donors becoming recipients," said Joel Berg, executive director of the New York City Coalition Against Hunger.

*Minnesota had the biggest annual jump in food-aid requests since record keeping began 20 years ago. Janine Laird, director of Hungry Solutions, a coalition of state food-aid agencies, said, "This is big. It's related to the economy. These people who were cut off, had their hours cut, [and they] pay a lot for housing. Fingerhut and others have laid off. As of Sept. 30, there was a 10% rise in visits to food shelves for aid, from a year earlier. Half the people are employed. At St. Cloud Catholic Charities, request for food is up 37% over last year."

*In Lynchburg, Va., the lack of food, relative to need, has never been so bad as now, according to Sharon Cash, who has been the director of food assistance there for 15 years. "I believe it's a lot of people that are out of jobs right now with the layoffs that we have had," Cash said, adding, "We have a lot more what we consider the working poor in our area, and that's where both people are working but they still just can't meet their needs."

*In Oakland, Calif., at the Mary Ann "Mother" Wright Foundation, "The need is just greater in the community this year," said operations manager David Ammons. "Another said, 'People here can pay rent, but they can't buy food, or they can buy food but they can't pay rent. That's a heartbreaking thing here in our rich city.'"

Bush Plan To Cut Energy Assistance to Poor Will Leave Many in the Cold

More than half a million American families, 532,000 nationally, will be denied emergency financial aid granted to those whose utilities have been cut off for non-payment. State officials who run the grant program in Minnesota, Vermont, and Illinois have already reported a 20-70% increase in demand this December over last. The states with the highest number of households targeted for cut-off from the program are New York with 80,000 homes, and Michigan with 65,000.

The Bush Administration plans to cut the Low-Income Home Energy Assistance Program (LIHEAP) by \$300 million, putting it 18% below last year's level, despite expectation of higher fuel costs. The Energy Information Administration (EIA) says energy prices could increase \$100 to \$300 per household this winter. EIA's October "Short-Term Outlook" forecast prices to rise by 19% for natural gas, 45% for heating oil, and 22% for propane. The National Energy Assistance Director's Association estimates that, in light of these price increases, a minimum of \$344 million would be necessary for this fiscal year to keep the same purchasing power of FY 2002 which just ended.

Verizon To Lay Off 3,500 in Northeast

Verizon Communications announced that it will lay off 2,400 employees in New York State, 400 workers in New Jersey, and another 500 throughout New England. Those laid off are Communications Workers of America (CWA) members—mostly installation and service technicians.

Of the New York layoffs, 1,300 will be in New York City and Long Island, and about 1,100, upstate.

Verizon blamed the slow economy and competition for the cuts. The CWA said the company wanted to cut the workforce all along, and offered only limited job security for massive concessions, which the union refused.

Virginia Unemployment Benefits Reduced for 2003

Unemployment benefits in Virginia will be reduced from the current maximum of \$368 per week to \$318 per week, as a result of the action of Virginia General Assembly in 2002.

The reduction applies to those who *file* for unemployment benefits after Jan. 1, 2003. Those who file before the first of the year will continue to receive the higher rate. Similar actions may have occurred in other states.

Feds Move To Take Over Bethlehem Steel Pension Plan

The Federal government's Pension Benefit Guaranty Corp. has moved to take control of the Bethlehem Steel pension plan, which covers 95,000 workers and is underfunded by \$4.3 billion. Bethlehem Steel, now operating in Chapter 11 bankruptcy, is the third-largest steel producer in the United States. Workers covered by the plan will continue to receive pension checks, although at a somewhat reduced payment level. Last week, the PBGC moved to assume the pension plans of National Steel, also operating in Chapter 11 bankruptcy. The United Steelworkers of America questioned the PBGC move to assume control of the Bethlehem pensions, stating that it was intended to limit the Federal government's liability, which would be greater if Bethlehem emerged from Chapter 11 bankruptcy after restructuring, or if a mooted sell-off of Bethlehem to ISG goes through.

NYC Transit Settlement Averts Strike; Fare Increase Possible

Averting a paralyzing transit strike, Transit Worker Union (TWU) Local 100 president Roger Toussaint came out of the negotiations Dec. 16 to state: "It gives me pleasure to announce to the entire citizenry of New York that we have a proposed agreement." New York City's is the nation's largest mass-transit system.

The agreement reached includes the following: 1) the MTA giving a \$1,000 lump-sum payment to all workers in the first year of the three-year contract—equivalent to not quite a 2% raise; and 2) a 3% raise the next two years. It is tentative and it must be voted on by the 34,000 TWU members. These terms are a far cry from the 6% raise the union was demanding,

but the down-to-the-wire negotiations, and threats to impose mega-fines against the TWU and jail its members determined the conditions for the agreement.

Only two days later, the city's Metropolitan Transit Authority (MTA) authorized public hearings on a fare increase.

'Landslide of Defaults' Predicted for New Year; Retailers Gloomy

"You will see a landslide of defaults and bankruptcies after the bills come in January," said the founder of the not-for-profit Budget & Credit Counselling Services in New York. People go into denial over the holidays, says Luther Gatling, and spend more on credit cards than they can afford. "People try to hide from reality. It's the time to be jolly and pay for it next year," he said.

However, apparently even overspending by debt-strapped consumers isn't enough to lift the gloom from retailers' bottom lines, as even deep discounts fail to counter weak holiday shopping this season. Some examples:

*FAO Inc., owner of upscale toy retailer FAO Schwarz, warned that it "likely" will file for bankruptcy protection unless its creditor, Wells Fargo Retail Finance, relaxes borrowing terms. FAO has cancelled orders from some vendors and plans to close a number of stores early next year, because it expects extremely weak sales this month. FAO lost \$23.7 million in the third quarter, more than double its losses a year earlier.

*Kmart Corp., which filed for bankruptcy protection in January, is assessing the chain's 1,832 stores to decide which to close. As many as 598 stores—about 30%—in the United States and Puerto Rico could be closed, according to retail consultants. In March, Kmart closed 283 stores.

Kmart stock will be delisted from the New York Stock Exchange, effective Dec. 19, because it has traded at less than \$1 a share for more than a month.

*Target, the second-biggest U.S. discount chain, said that December sales were "well below" its expectations.

*Wal-Mart, the world's largest retailer, has met only the lower end of its sales targets.

*McDonald's warned it would post its first-ever quarterly loss since going public in 1965; it will cut up to 600 corporate jobs and close about 175 "restaurants," as sales plunged despite price reductions on some items.

Conseco Files in Third-Largest Bankruptcy in U.S. History

Conseco, Inc., the insurance and finance giant hit by rising defaults on mobile-home loans, filed for the third-largest bankruptcy in U.S. history. The Dec. 18 filing, made in bankruptcy court in Chicago, covers holding company Conseco and its troubled loan operation Conseco Finance Corp. and some related units. The company listed \$51.1 billion in debts, and \$52.3 billion in assets, behind only WorldCom and Enron. Conseco's insurance units, by law, cannot declare insolvency.

There is real tragedy lurking behind these numbers: Life in trailer-parks is only a step away from homelessness, and it appears that households who lose their mobile homes (house trailers), often become homeless.

Conseco's \$6-billion purchase in 1998 of Green Tree Financial Corp. (renamed Conseco Finance), the largest U.S. mobile-

home lender, left it saddled with losses as customers increasingly missed debt payments on the high-risk loans. Piling on more risky debt, Consecos bundled the loans and sold them as securities—similar to bankrupt National Century Financial Enterprises.

Consecos faces a Federal investigation of its accounting for gains from securitizing its loans.

The company has tentatively secured \$125 million in debtor-in-possession financing to continue operating. Consecos reached tentative agreement with bondholders owed \$2.5 billion and banks that are due \$1.5 billion. Holders of preferred securities, owed \$2.5 billion, did not reach a deal.

In an effort to pay down debts, Consecos Finance will be sold, subject to court approval, to CFN Investment Holdings, an investment group that includes former Goldman Sachs Group partner Christopher Flowers.

Corporate Defaults Hit Record in 2002

Corporate defaults worldwide hit a record \$157.3 billion in 2002, as investment-grade companies defaulted in record numbers, according to rating agency Standard & Poor's. In 2002, some 3.49% of all rated companies defaulted, up from the previous record of 3.48% in 2001. Of the \$157.3 billion in 2002 defaults, \$123.6 billion is from U.S. companies and \$14.6 billion is from the European Union.

In 2002, some 0.44% of investment-grade companies defaulted, almost double the previous record of 0.24% in 2001.

Wall Street Police Blotter

***Former Cisco Systems executive Robert Gordon**, who admitted stealing more than \$52 million from the computer network equipment maker, was sentenced Dec. 20 to five and one-half years in prison. He was charged with transferring Cisco-owned stock and company funds to his own account from 1997 to 2000.

On the same day, Wall Street's biggest brokerage firms agreed to pay \$1.44 billion to resolve charges that they inflated stock ratings to win investment banking business. The settlement, negotiated by New York Attorney General Eliot Spitzer, the Securities and Exchange Commission, and other regulators, calls for 10 firms—including **Citigroup, Goldman Sachs and Credit Suisse First Boston**—each to pay millions of dollars in fines, sever the ties between research and investment banking, and fund stock research by independent companies.

The firms neither admit nor deny charges of misleading investors.

Citigroup's Salomon Smith Barney brokerage unit will pay the largest fine: \$300 million. **Credit Suisse** will pay \$150 million. **Goldman Sachs, J.P. Morgan Chase, Bear Stearns, Morgan Stanley, Lehman Brothers, Deutsche Bank and UBS Warburg** will each pay \$50 million.

***The former lead director of troubled conglomerate Tyco International, Frank Walsh** pleaded guilty to a securities fraud charge for failing to disclose to the board \$20 million in payments for helping broker Tyco's acquisition of finance company **CIT Group** in June 2001. Manhattan District Attorney Robert Morgenthau filed an indictment charging Walsh with violating the Martin Act, the state's principal securities-fraud law.

Walsh agreed to repay the "finder's fee" and pay a \$2.5 million fine as part of a settlement with Morgenthau's office.

Former Tyco CEO **Dennis Kozlowski** and Walsh had agreed, that if the acquisition were approved, Walsh would get \$10 million directly, and that Tyco would contribute another \$10 million to the Community Foundation of New Jersey.

He also settled civil fraud charges, filed by the Securities and Exchange Commission, by agreeing to be barred from working as an executive for a public company.

***U.S. Technologies** chief executive officer **C. Gregory Earls** was charged Dec. 19 with securities fraud for bilking investors out of \$13.8 million they put into the now-virtually bankrupt investment company, a scandal that led to former FBI director William Webster's stepping down as head of a new Federal accounting oversight board, and contributed to Harvey Pitt's resignation as chairman of the Securities and Exchange Commission. (Webster had headed the auditing committee of the firm). A criminal complaint, filed by the U.S. Attorney's office in Manhattan, alleges that Earls diverted investors' money to an educational trust fund for his children, investors in other failed ventures, and his ex-wife.

Earls was charged with one count of securities fraud, one count of mail fraud and eight wire fraud counts.

The securities fraud count carries a maximum prison term of 10 years and a \$1 million fine. The other counts each carry a possible maximum five-year prison term and \$250,000 fine.

Beginning in April 1998, Earls allegedly misled investors of **USV Partners**, a company that he controlled, that their funds would be used to buy and hold U.S. Technologies stock and securities. Instead, he allegedly stole about \$13.8 million of the \$20 million that he raised.

***HCA** agreed on Dec. 18 to pay an additional \$888.5 million to settle health-care fraud charges brought against it by the U.S. Department of Justice following a seven-year investigation of the nation's largest for-profit hospital cartel, and to settle all claims from state Medicaid agencies. Combined with previous settlements, HCA will have paid a total of more than \$1.7 billion in civil and criminal penalties, by far the largest amount ever secured by Federal prosecutors.

"This litigation has included allegations of overcharging the government on HCA's cost reports, payment of kickbacks, and other improper remuneration to physicians in exchange for referral of patients, and overcharging in connection with the company's agreements for management of its wound-care facilities [operated at HCA hospitals by Curative Health Services]," the DOJ said in a statement.

Under the agreement, which is subject to final approval by the Justice Department, HCA would pay the U.S. government \$631 million, and \$17.5 million to state Medicaid agencies; as well as \$250 million to resolve outstanding Medicare expense claims.

WORLD ECONOMIC NEWS

'Tectonic Shifts' on Foreign Exchange Markets; Gold Soars to Five-Year High

Fuelled by a rapidly declining U.S. dollar, which just fell to a three-year low against the euro, the gold price shot up by \$4 per ounce last Dec. 13, by \$5 on Dec. 16, and by another \$4 Dec. 17, peaking at \$341.7 on the London spot market, reaching its highest level since June 1997. It has risen \$88 since early 2001 (from \$253) and \$26 in December alone.

In a commentary to the current turmoil on foreign exchange and precious metal markets, the German daily *Frankfurter*

Allgemeine Zeitung noted on Dec. 17 that among the factors contributing to the downward slide of the U.S. dollar in recent weeks, are rumors on financial markets that "Islamic countries are accelerating their efforts to replace the dollar by an Arab dinar, backed up by physical gold," a plan that has been put out by the Malaysian government and is now receiving much attention in the Middle East. *FAZ* characterized the ongoing developments with respect to gold and the dollar as indications of "tectonic shifts" on global financial markets.

Meanwhile, capital flows into U.S. markets are rapidly shrinking. According to new figures presented by the Japanese Finance Ministry on Dec. 16, the share of U.S. bonds and stocks in the overall foreign investments by Japanese financial institutions crashed to just 10% in October, while the share of portfolio investments in the European Union jumped up to 66%. According to U.S. Treasury data, European Union net purchases of U.S. long-term securities, including government bonds, agency bonds, corporate bonds, and stocks, plunged from \$78.92 billion in the full year 2001 to just \$18.49 billion for the first three quarters of 2002.

Public-Sector Wage Talks Fail in Germany; More Strikes Threatened

Public-sector wage talks failed after 13 hours of negotiations in Kassel Dec. 18, after which the Unified Services Union, representing more than 3 million public-sector workers in Germany, threatened more strikes and protest actions.

Labor's demand that wages be increased by 3% were met with the public-sector employers' offer for 0.9% increases from January on, and 1.2% from October on.

The wage-bargaining commission of the union resolved that mediation procedures presided over by two independent negotiators (one from either side) begin, before Christmas. If the mediation starts on time, a compromise agreement may be worked out and adopted by mid-January. Under German labor laws, strikes are illegal during the mediation period—but chairman Frank Bsirske has threatened a "strategy of a thousand needles" to put pressure on the other side.

Should the mediation fail, preparations will begin for a full-scale national strike of the public sector. That union members would support a strike, is indicated by the fact that on Dec. 17, during the national day of warning strike actions, 110,000 took part in temporary walk-outs, throughout Germany. 10,000 rallied in Kassel Dec. 18, including policemen (their national union leader was one of the rally's main speakers) and firemen.

Outgoing Brazil Central Bank President Fraga Raises Benchmark Rate

In a parting shot before leaving office, Brazil's Central Bank president Arminio Fraga raised the benchmark interest rate by 3 percentage points, up to 25%, the highest rate since April of 1999. While the hike is supposedly going to reassure investors that the government intends to control inflation, in reality, it will exacerbate the existing crisis, by increasing borrowing costs and further squelching any productive activity. (Sugar producers now pay real annual rates above 50% to refinance loans, for example). A sizable portion of Brazil's debt is indexed to the benchmark interest rate, and when it increases, so do debt costs. Bloomberg, in their coverage Dec. 18, fantasized that this added cost will be offset, alleging that a "strengthening" real will reduce the cost of Brazil's debt which is indexed to the dollar.

One day before the interest-rate hike, the Senate Economic Affairs Committee approved Bank of Boston executive Henrique Meirelles as Fraga's replacement at the Central Bank. Meirelles promised that he would continue Fraga's policies, and fully respect the "autonomy" of the Bank to determine monetary policy "without interference" from other sectors of government. "Were it necessary" to raise interest rates to control inflation, Meirelles said, he would have no problem doing so. Most of Meirelles testimony directly countered most of the long-held economic proposals of the Workers' Party.

ASEAN+3 To Fund Missing Links in Trans-Asia Rail Line

The proposed construction of the "missing links" in the \$2.5-billion trans-Asia railway through Cambodia, Vietnam, and Laos is expected to be funded by ASEAN+3 partners China, Japan, and South Korea, apart from Asian Development Bank loans. Malaysian Transport Minister Dr. Ling Liong Sik said Prime Minister Dr. Mahathir Mohamad has spoken to leaders of the three countries, and they were willing to assist ASEAN in linking Singapore to Kunming, China.

The proposed 5,500-km link would include the double-tracking project from Johor Baru to Padang Besar within Malaysia, which is expected to be completed in 2008, and the present tracks in Singapore, Thailand, and southern China. "It is Cambodia, Laos, and Vietnam which need assistance from richer countries, which have good financial institutions offering low interest rates," Dr. Ling told reporters. He expressed confidence that the countries involved could settle the loans, which have a 40-year repayment term.

Several gaps would be filled in, including, in Cambodia, a 48-km stretch from Poipet to Sisophon and a 240-km stretch from Phnom Penh to Ho Chi Minh City, Vietnam.

UNITED STATES NEWS DIGEST

Bush Rebuffs Neocon Push for Date Certain on Iraq War

A well-placed U.S. national security source reported Dec. 18 that the war party inside the Bush Administration was pushing for the President to issue a war order on Dec. 27, so that an invasion of Iraq could commence by mid-January. However, so far, the source reported, President Bush has rejected the plan, and will continue to press for Iraqi full compliance through the UN Security Council inspections. The source added that the Bush White House is concentrating on some immediate actions to reverse the accelerating collapse of the U.S. economy, job losses, etc. He indicated that February will be a crucial moment on both of these issues, when the question of war or peace will be much more clearly decided.

Bush Administration Will Give Intelligence to UN Inspectors

Chief UN weapons inspector Hans Blix has finally extracted a commitment from the U.S. to share intelligence data that it claims to have on Iraq's weapons programs, mostly in the form of satellite pictures, according to the *New York Times* Dec. 21. The data are to be provided to Blix's office in New York and to the International Atomic Energy Agency in Vienna, but, in the beginning, at least, it will be one piece of data at a time. Unnamed Administration officials indicated to the *New York Times* that, because of the fear that classified materials might fall into the hands of the Iraqis, the intelligence will be provided on a "just-in-time" basis.

The idea would be that the inspectors would act on the information as soon as they got it, before any chance that it might leak to the Iraqis. The announcement came as President Bush made a decision to cancel a mid-January trip to Africa, so that he can deal with Iraq, if necessary, during that time.

White House Fights Off 'Dogs of War' Press Corps

The following transcript, from *Federal News Service* Dec. 18, shows Presidential Press Secretary Ari Fleischer engaged in fighting off the "dogs of war" among the press, and as such, is a good indicator of what's wrong with much of the press.

The topic was Iraq's report to the UN on its weapons-of-mass-destruction programs, or lack thereof.

Q: ... But Saddam Hussein has issued a declaration that has problems and omissions. So, why isn't the ball game over?

FLEISCHER: Because the President, as I indicated, has said that we will continue to consult and work with our allies....

Q: We're correct, then, in reporting that the President is now beginning the process of convincing his allies in the Security Council that Iraq is in material breach of this resolution, and therefore, serious consequences must follow.

FLEISCHER: No, I urge you to await tomorrow and await what Hans Blix says and not to jump to the—

Q: Why do we have to wait for tomorrow? You just told us the President—

FLEISCHER: Because your job is to cover the news. The news will get made tomorrow.

Q: ... So if Hans Blix then goes to Iraq and says, "Hey, did you destroy these mustard gas shells? Where is the evidence? Show us," is that not giving Saddam another chance to amend his filing?

FLEISCHER: Again, this is the process that the President called for at the United Nations, and you are seeing it unfold.

Q: But he said he had to tell the truth—he had one chance to tell the full truth, complete and accurate truth. If you then go back and say, "Hey, you forgot this," and Iraq gets a chance to say, "Oh, you're right," and shows something else, is that not—

FLEISCHER: John, I appreciate your rush to war—(laughter)—but the fact of the matter is this President will do just what he told the world he would do. He promised, and this was part of our consultations in the multilateral course that this President pursued, to consult with his allies and to be deliberative. You are watching the process.

Q: It seems to me the term "last chance" is giving everybody a little difficulty here.

FLEISCHER: Well, I think that you all seem to be in a rush for the last chance to happen maybe on tomorrow's news deadline. I urge you not to look at it that way.

Q: Thank you.

FLEISCHER: Thank you.

Despite New Attacks from Senate and Rumsfeld, Tenet Will Not Be Ousted from CIA

Although he is under new attack from the Senate and from Defense Secretary Donald Rumsfeld, CIA Director George Tenet will not be ousted, says the Dec. 17 *New York Times*, because of a close relationship to Bush "41," in addition to Bush "43's" confidence in him.

The article quotes from President Bush's chief of staff Andy Card, saying that Bush 41 had told him before the 2000 election that, if Bush 43 were elected, to make sure that briefings were given directly by the Director of Central

Intelligence (DCI) to the President, and not summarized through others, and also told him that it is inadvisable to make the Director of the CIA a political appointment. That is the reason, says the *Times*, that Tenet, who was appointed under Clinton, is still there, and George W. has become confident in that relationship. On Dec. 12, Tenet was given an award by the Nixon Center, and at the Georgetown University ceremony, a very complimentary letter from former President Bush was read as part of the proceedings before Tenet's speech.

The *Times* also played up how much Tenet is hated by the neo-cons, from Sen. Richard Shelby (R-Ala) to the Pentagon civilians. Defense Secretary Rumsfeld is up in arms, trying to unseat Tenet as key briefer, says the *Times*, reporting that Rumsfeld has "challenged Tenet's authority" by creating an Assistant Secretary of Defense for Intelligence post for the first time ever, and by setting up a unit in the Pentagon to "search for Iraq's links to terrorism." (The *Times* doesn't mention that Rumsfeld's choice to head the Intelligence seat at DOD is John Carbone, one of the co-authors, with Elliott Abrams, Paul Wolfowitz, et al., of the "Clean Break" doctrine done for Benjamin Netanyahu by IASPS in 1996.)

Gilmore Commission Calls for National Counter-Terror Center

The Gilmore Commission, headed by former Virginia Governor Jim Gilmore (R), last week released its fourth report on implementing a national strategy to defend against terrorism. A major component of the Commission's recommendations is the establishment of a National Counter-Terrorism Center as a stand-alone agency, not beholden to any particular department, and a body whose purpose would be to bring together intelligence information from all of the intelligence-gathering agencies, the FBI, the CIA, and the military, into one big picture. The agency, as proposed, would also have its own domestic investigative capability.

The Commission is apparently quite sensitive to the civil liberties implications of its proposal, as Gilmore told reporters that the "touchstone" underlying the Commission's work is Benjamin Franklin's famous quote, that he who would give up some of his liberty for safety, deserves neither liberty nor safety. "We have to remember that coming through this crisis without diminishing our freedoms or our core values of individual liberty is the game, and if we pursue more security at the cost of what makes us Americans, the enemy will have won."

Gilmore later explained that the domestic investigative capability of the proposed agency must be subject to the Foreign Intelligence Surveillance Act (FISA), and all of the guidelines that governed Justice Department investigations from the 1970s on.

Bush Reported To Have Authorized Assassinations of Terrorist Leaders

The Dec. 15 *Sunday New York Times* reported, in its lead story, that the Bush Administration has prepared an expanded list of terrorist leaders whom the CIA is authorized to kill, if capturing them is impractical. According to the *Times'* sources, President Bush has provided written legal authority to the CIA to hunt down and kill the terrorists without seeking further authority.

In a hair-splitting distinction, officials say that this does not violate the Executive Order banning assassinations, because the targets are defined as "enemy combatants" and thus as legitimate targets for lethal recourse.

The list of authorized targets contains about two dozen names, some of whom also appear on the FBI's list of most-wanted terrorist suspects. But the Presidential finding authorizing the assassination policy, is reportedly not limited to those on the list.

In response, Presidential pre-candidate Lyndon LaRouche, in discussions with his associates Dec. 16, characterized the

reported policy as "totally immoral," and as something that is completely unacceptable in terms of U.S. tradition and law.

LaRouche said that this assassination policy "can't be allowed to stand." He said that this takes the world into a dimension of politics which those who remember the Hitler regime, would not want to get into. "You don't do this in a civilized society," LaRouche said, explaining that you can not justify your own uncivilized conduct, on the grounds of uncivilized conduct by others.

'Triangulator' Dick Morris Backs Lieberman in '04

Dick Morris, the erstwhile Clinton political consultant who had to withdraw from that position after being caught in a relationship with a high-priced call girl, commented in his Dec. 17 column in the *New York Post* that Sen. Joseph Lieberman (D-Conn), who had led in the polls before Al Gore dropped out of the running for the 2004 Democratic Presidential nomination, would benefit even further now that Gore has done so. Morris opined that the independent vote, split in the last election between McCain and Bradley, will more likely go for a "centrist" like Lieberman, than a "liberal" like John Kerry.

Morris slandered Sen. Kerry (D-Mass) by stating, "Inside the tall, well-groomed Massachusetts Senator is a small Mike Dukakis trying to be heard." Kerry also has "problems with his wife and her money." Also, he claimed, Kerry's relationship to his wife (the former Teresa Heinz, whose money was inherited from the late John Heinz, her first husband) is "tempestuous" and "will make good copy."

As for Sen. Lieberman, Morris says: "Lieberman is too klutzy to seem phony. He comes across as a *mensch*.... He seems like a man of conscience, because he is one." Morris concludes: "This race will likely come down to three Senators: Kerry, John Edwards (D-NC) and Lieberman. In that contest, Lieberman's integrity, stability and centrism could make all the difference."

Interestingly, in his opinion column the day before, Morris wrote of Trent Lott (R-Miss) that he has known Lott for 15 years and has had "perhaps a hundred or more meetings with him. I got to know him better than any American politician other than Bill Clinton." He claims there is not a "racist bone" in Lott's body, and then, Claiming that the Democrats are just expressing "sour grapes" over losing at the polls in November, suggests "And if they want Lott to resign, why not ask Sen. Bob Byrd (D-W Va) to resign because of his former membership in the Ku Klux Klan and his recent use of the 'N' word on television." As for President Bush's comments deploring Lott's remarks, Morris dismisses them as "the President wanting his own man [i.e., Bill Frist] in the leadership" of the Senate.

New Pentagon Budget To Push Special Forces, *Wunderwaffen*

The fiscal year 2004 budget plan, to be presented to President Bush, will seek a \$14-billion spending boost, less than had been anticipated a year ago, and will cut conventional weapons programs in favor of special forces and "alternative means of delivering bombs," reported the *Washington Post* last week, including unmanned aerial vehicles, experimental hypersonic aircraft (which haven't been built yet), and new kinds of cruise missiles. "These categories will provide a kind of mix-and-match set of capabilities," a senior defense official told the *Post*.

Facing cuts are the Army's Comanche helicopter program (by almost 50%), and the Air Force's F-22 fighter. The Navy's program to build a new aircraft carrier will also have conditions placed on it. The gurus of military transformation are complaining that the new budget plan still maintains too much of the current force structure, and doesn't leave enough room for future procurement of "transformational" technologies.

U.S. Postal Service: En Route to Privatization

Postal Workers president William Burrus called the recent appointment of a Commission on the U.S. Postal Service "a thinly veiled attempt to dismantle the Postal Service as we know it." Burrus charged that the Bush Administration is being pressured by GOP extremists, and noted that no postal workers or union representatives were appointed to the Commission.

Burrus warned that universal service, uniform rates, and six-day delivery are at risk, as well as service to rural areas, inner cities, and anywhere else not deemed profitable by large volume mailers and pre-sort companies.

George Soros Guilty of Insider Trading

According to *BBC News* Dec. 20, megaspeculator and drug-legalizer George Soros has been found guilty of insider trading by French judge; at issue in the case was the abortive 1988 takeover of Société Générale. Two others indicted with him were acquitted. Prosecutors are asking that Soros be fined \$2.22 million—i.e., what he made from this illegal operation.

Soros was not in the French court to hear the verdict. Instead, he was busy predicting to *BBC News* that the U.S. dollar could lose one-third of its value over the next few years and the stock market could fall "much lower."

IBERO-AMERICAN NEWS DIGEST

Venezuela Crisis Deepens as Chavez Proclaims Fascist Security Law

Venezuela careened toward ungovernability and civil war, at the end of the third week of the nationwide civic strike against the government of President Hugo Chavez. Against a backdrop of severe gasoline and food shortages, and continued street demonstrations and road blockages by the opposition, Chavez is taking steps to militarize the country, and establish a national police force to enforce his rule—all the while swearing "by the Baby Jesus and Jesus Christ that I will be with you until the last day of my life!"

On Dec. 18, the Supreme Court ruled against the Chavez-ordered Army takeover of the Caracas Metropolitan Police in early November—an attempt to squelch a source of anti-government sentiment organized around Caracas Mayor Alfredo Pena. Now, the executive branch has promulgated a fascist National Security Law through which madman Chavez will now attempt to stay in power.

The law authorizes the partial or total deployment of the Armed Forces to defend the country's "security," even when no state of emergency, or siege, has been declared. It states that the President may also use the military to guarantee the control and functioning of public services or basic industries of the State. The Executive is empowered to organize "a corps of uniformed national police," which would obviously supplant the—in most cases—anti-Chavez Metropolitan Police. Also ominous is the law's creation of special "security zones," to be governed by a special set of laws. The law stipulates that anyone who "organizes, sustains, or instigates activities within those zones, aimed at perturbing or affecting the organization and functioning of military installations, public services, basic industries, and companies or the economic and social life of the country, will be punished with five to ten years of prison." This would apply to most of the opposition strikers, and their leaders.

The Supreme Court also approved the demand made by PdVSA president Ali Rodriguez, by which the military may seize vehicles used for transportation of fuel or food. It then turned around and also ordered a halt in the strike, until it could rule on its legality. Thus far, the Supreme Court orders have been ignored.

One of Chavez's close collaborators, Gen. Raul Baduel, warned that violence could become "generalized," and might necessitate a broader deployment of the Armed Forces. "I hope we don't reach that extreme," he said in an interview with *El Nacional* published Dec. 19. "It wouldn't do the country any good." (See LATEST FROM LAROCHE for a press release entitled "LaRouche: We Do Not Wish 'an Allende Solution' for the Chavez Problem in Venezuela.")

Diary of a Madman: Whose Voices is Crazy Hugo Chavez Hearing?

When the Chavez forces won 120 out of 130 seats for the Venezuelan Constituent Assembly in July 1999 (in an election in which 53% of the electorate did not vote), Chavez declared: "The victory of the patriots has been pulverizing! ... You are either with God or the devil, and we're with God because the voice of the people is the voice of God.... Now Chavez is not Chavez; Chavez is the people, and the people cannot be stopped! We'll win with God's favor and the people."

Similarly, Chavez declared to the nation during a five-hour edition of his "Hello President!" national television and radio program Dec. 15: "Chavez will leave only when God commands, because I am in the hands of Christ.... He is the commander, and when he speaks I obey, understood? And secondly, the people—and I assume the voice of the people is the voice of God. I will not leave because of pressures from a group of businessmen, a group of coup-makers, a group of fascists." Chavez ordered Army troops to ignore any rulings by the courts, and to follow no orders but his own.

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Argentine journalist Jorge Omar "Luli" Allende has won the prestigious "Golden Seagull" award, granted annually by the Argentine Society of Professional Artists, for his Sept. 6, 2002 interview with U.S. Presidential candidate Lyndon LaRouche. Allende, of *Radio Cumbres* in the Patagonian province of Neuquen, won in the category of economic reporting and interviews. In deciding on the winners of the award, the Society of Professional Artists considers all regional radio and Buenos Aires FM stations—the major AM stations in Buenos Aires are excluded—and they award eight different "Gaviotas de Oro" (Golden Seagull) awards for eight different categories.

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He also asked a number of specific questions about Argentina, but from the standpoint that the crisis in Argentina reflects the systemic global financial collapse. LaRouche went discussed in some detail what had happened in the region since 1982 and the publication of *Operation Juarez*, his program for Ibero-America, and also discussed what role Argentina can play in the framework of the European Land-Bridge, and what a real integration policy for the region would look like.

At least 150 media competed for the award, and 400 people attended the Dec. 16 awards ceremony in Mar del Plata, the oceanside resort in the province of Buenos Aires.

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Under the NAFTA provisions, Mexico must lift all tariffs on the import of 45 agricultural products, come Jan. 1—chicken, pork, eggs, milk, apples, rice, onions, among them. If this goes through, what remains of Mexico's agriculture will be wiped out, with the likely loss of 1 million jobs (see *EIW* No. 41, INDEPTH). The Congress proposed to declare the farm sector to be in "an emergency situation," and therefore maintain current tariffs for another year.

The U.S. agricultural attaché William Pratt, and two of his aides, the Under Secretary of Supply and Trade of Mexico's Economics Ministry, members of the National Farm Council (a group of the few farmers who benefitted from NAFTA), and the former spokesman of former (PRI) President Ernesto Zedillo, deployed as a team on the floor of the Senate to lobby against passage. Pratt threatened that there would be a "violent response by U.S. producers," should the measure go through. Rocio Ruiz, Mexico's Under Secretary of Interior Commerce, told everyone it "was very dangerous" to approve such a measure, because the U.S. would begin "a trade war" against Mexico, and take reprisals on Mexican exports. Foreign investments, which must be defended, would leave if it went ahead, he added.

The Senate backed down, accepting a "compromise" measure mandating the Executive to monitor U.S. imports closely, and activate safeguard measures permitted under NAFTA at the point that U.S. imports of any specific product became greater than those in 2002. The Senate is to form a commission to ensure all this occurs.

The fundamental flaw with the Senate's intent to defend Mexican agriculture, is that they started from the assumption that they would not challenge NAFTA as a whole, which is what is required. The PAN party leader who presides over the Senate Treasury Commission, Fauzi Hamdan Amad, said as much, commenting after the vote that the tariffs were not kept "for an obvious reason. The proposal violates NAFTA, which is an international treaty signed by Mexico.... Our intention was not to bring down NAFTA."

Utopians Hype 'Terror Threat' from Ibero-American Tri-Border Region

U.S. Utopians and their media outlets are attempting to whip up a frenzy about a "terror threat" from Ibero-America's tri-border region, where the borders of Argentina, Paraguay, and Brazil meet. The area has long been described as a "no-man's land" where contraband, money-laundering, drug-trafficking, and other illicit activities take place, including possible terrorist organizing by Hezbollah and other Mideast groups. But a recent spate of articles, including a feature in the Dec.

18 *Washington Times*, puts out the line that Hezbollah and al-Qaeda are now linking up and using the region to plan attacks on U.S. and Israeli targets in North and South America.

This is the region singled out by Defense Secretary Donald Rumsfeld as one of several "ungoverned" areas that would be targeted for intervention by the Ibero-American multinational military force he wants to organize. Brazil has asserted that there is no evidence that terrorist organizing or training is occurring among the region's largely immigrant Arab population.

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IBERO-AMERICAN NEWS DIGEST

Venezuela Crisis Deepens as Chavez Proclaims Fascist Security Law

Venezuela careened toward ungovernability and civil war, at the end of the third week of the nationwide civic strike against the government of President Hugo Chavez. Against a backdrop of severe gasoline and food shortages, and continued street demonstrations and road blockages by the opposition, Chavez is taking steps to militarize the country, and establish a national police force to enforce his rule—all the while swearing "by the Baby Jesus and Jesus Christ that I will be with you until the last day of my life!"

On Dec. 18, the Supreme Court ruled against the Chavez-ordered Army takeover of the Caracas Metropolitan Police in early November—an attempt to squelch a source of anti-government sentiment organized around Caracas Mayor Alfredo Pena. Now, the executive branch has promulgated a fascist National Security Law through which madman Chavez will now attempt to stay in power.

The law authorizes the partial or total deployment of the Armed Forces to defend the country's "security," even when no state of emergency, or siege, has been declared. It states that the President may also use the military to guarantee the control and functioning of public services or basic industries of the State. The Executive is empowered to organize "a corps of uniformed national police," which would obviously supplant the—in most cases—anti-Chavez Metropolitan Police. Also ominous is the law's creation of special "security zones," to be governed by a special set of laws. The law stipulates that anyone who "organizes, sustains, or instigates activities within those zones, aimed at perturbing or affecting the organization and functioning of military installations, public services, basic industries, and companies or the economic and social life of the country, will be punished with five to ten years of prison." This would apply to most of the opposition strikers, and their leaders.

The Supreme Court also approved the demand made by PdVSA president Ali Rodriguez, by which the military may seize vehicles used for transportation of fuel or food. It then turned around and also ordered a halt in the strike, until it could rule on its legality. Thus far, the Supreme Court orders have been ignored.

One of Chavez's close collaborators, Gen. Raul Baduel, warned that violence could become "generalized," and might necessitate a broader deployment of the Armed Forces. "I hope we don't reach that extreme," he said in an interview with *El Nacional* published Dec. 19. "It wouldn't do the country any good." (See LATEST FROM LAROCHE for a press

release entitled "LaRouche: We Do Not Wish 'an Allende Solution' for the Chavez Problem in Venezuela.")

Diary of a Madman: Whose Voices is Crazy Hugo Chavez Hearing?

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WESTERN EUROPEAN NEWS DIGEST

Cheney Collects Discrediting Data on Past German Arms Deals with Iraq

According to the Berlin daily *Tageszeitung* Dec. 17, U.S. Vice President Dick Cheney is collecting discrediting information on past German arms deals with Iraq, to blackmail the German government into supporting war on Iraq.

As the Berlin daily revealed, passages in the (allegedly secret) Iraqi dossier on armaments contain names of 80 German companies that have exported dual-use technology to Iraq, in some cases even into the year 2001.

"According to information from the circle immediately around Vice President Dick Cheney, the Bush Administration is presently trying to gather additional data with which it can document the military-technological cooperation between Germany and Iraq that is said to allegedly last to this day," the *Taz* wrote.

"A longtime high-ranking member of the Iraqi regime, whose name is known to the *Taz*, has signalled his commitment to the Bush Administration, to supply data on the cooperation with Germany, in exchange for a moderate treatment after an overthrow of the regime. As is said, the Bush Administration plans to use such data, to blackmail Germany into a favorable attitude at the UN Security Council," the report said.

Meanwhile, Richard Perle told Germany's Axel Springer press chain the same day (Dec. 17) that if Germany does not support a war on Iraq, it will be viewed as supporting Saddam Hussein. Perle told the Springer press chain that, insofar as Germany is leading the camp of critics of an Iraq war, "it thereby helps Saddam Hussein. If the Chancellor"—German Chancellor Gerhard Schroeder—"even refuses to support a UN-mandated operation, one can only read that as de facto support for Saddam Hussein."

"We, however, never asked Gerhard Schroeder for his support," Perle continued. "He said he's not going to that party? He hasn't even got an invitation. The situation would be different if German support were crucial. It isn't. It is not of great importance to us."

If Germany, which will become a rotating member of the UN Security Council next February, voted against an Iraq intervention, "it would be a catastrophe for the German-American relations... it would be very serious. It would be such a severe disappointment, that I would be surprised if it would pass without a controversy," Perle said.

In a move that is certainly not unrelated, Jeffrey Gedmin, director of the Berlin branch of the Aspen Institute, attacked Germany and the European Union for their policy of dialogue with Iran, in an exclusive interview with *IRNA*, the Iranian news agency.

Finally, a report in the *New York Times* Dec. 16 drew great attention from the German media: namely, a story saying that some people at the Pentagon are considering using select foreign media and journalists, to get their home countries to support U.S. policies around the war on terrorism and other matters. The *Times* reports that the propaganda scenario is highly controversial, and that some at the Pentagon oppose it.

Blackmail Pressure on Blairs over 'Cheriegate' Grows

The blackmail pressure is growing against British Prime Minister Tony Blair and his wife Cherie over "Cheriegate," while Rupert Murdoch rushes to their defense.

The London *Guardian* Dec. 18, citing the *Mirror*, reported the explosive news that the Blairs had dinner with David Yelland, editor of the leading Murdoch *Sun* tabloid, the evening before the *Sun* published transcripts of discussions between fraudster Peter Foster and his mother. The *Sun* has admitted the dinner took place, but insists that no discussion took place about these transcripts. The *Guardian* wrote that Blair's 10 Downing Street is saying that it is "absurd" to allege that "Downing Street would be involved in what may have been an illegal phone tap."

Last week, as we reported, a London insider told *EIR* that Blair may face "criminal action" at some point, for having done exactly that, authorizing an illegal phone tap.

The *Guardian* concludes: "The *Sun* has been broadly sympathetic to Mr. Blair, since Rupert Murdoch decided to back him, in 1997. Last Wednesday, on the morning of the Downing Street [Blair-Yelland] dinner, an editorial in the *Sun* lambasted the *Mirror* and the *Daily Mail*."

At issue in Cheriegate is the fact that Cherie Blair apparently used convicted con-man Peter Forster as her go-between in advantageous real-estate deals, and then lied about it.

Meanwhile, the latest *Mail on Sunday*, the paper which launched "Cheriegate," has published statements from a convicted drug-dealer in Foster's native Australia, that Foster's early career was built on the basis of money from drug-money-related money-laundering, and that this must have been known to the secret services before Foster got anywhere near Cherie Blair.

If Latest Labor Mediation Fails, Germany Will Face Huge Public-Sector Strike in January

If the latest labor mediation effort fails, Germany will face its biggest public-sector strike in 26 years, by mid-January. (For background, see [ECONOMICS DIGEST](#).) If the mediators convene by the set deadline, Dec. 28 (which is not even certain) and work out a compromise acceptable to both sides in that labor conflict within 10 days, an agreement should be possible by Jan. 6.

If the mediation fails, also after those 10 days, the united services union "ver.di" will hold a strike vote Jan. 14-17, and nationwide strikes will be launched, as the union announced Dec. 20: first the cultural sector employees on Jan. 19 and then, from Jan. 20 on, urban sanitation workers, urban transport workers, health-sector employees, firemen, and so on.

Because the budget-cutting policy of the national government under Chancellor Schroeder—the leading employer in the public sector—is at the center of the controversy, a strike would also have backing from other unions. Michael Sommer, national chairman of the German Labor Federation, has reiterated DGB's support for "ver.di" in this conflict.

On Dec. 17, labor strikes hammered Germany, bringing flights to a standstill as firemen's walkouts blocked takeoffs from

Frankfurt Airport—Germany's biggest—as well as from Munich, Cologne, Duesseldorf, Berlin, Hamburg, and Hanover.

Although the protest action lasted only for between two and three hours, during which it was joined also by air controllers, hundreds of flights had to be called off. Landing aircraft were not hit by the strike.

In interviews, Frank Bsirske, national chairman of the 2.7-million-member public-sector labor union "ver.di," warned that if the deadline for a wage agreement expired due to the public-sector employers' refusal to discuss anything above a "zero increase," strikes would be massively increased, bringing a good part of the public sector in Germany to a standstill. Bsirske added that the public sector workers are fed up with reiterated government calls for solidarity with austerity policies at the expense of the lower-income sections of the population.

Germany's Banking Center Slides into Financial Crisis

Frankfurt, the banking center of Germany, has slid into a financial crisis in many ways as bad as that of Berlin, or even worse, according to the *Frankfurter Allgemeine Zeitung* Dec. 21.

"Unexpected" drastic drops in tax revenues this year imply that in 2003, the city will be faced with an additional budget hole of 364 million euros. Even if the situation does not get worse, total additional budget deficits will amount to 1.8 billion euros over the next four years. It is the worst financial crisis in the city since the end of the war, in 1945.

Of 54,000 firms, only 8,000 still pay taxes, and their number is shrinking steadily, which shows up in the decline of revenues from the trade tax—from 1.3 billion in 2000, to only 695 million expected in 2003. The city has sold public property, totalling about 4 billion euros over the past 10 years, but this has not prevented Frankfurt from running a per-capita public debt that can now compete with Berlin's.

The situation of Frankfurt, the biggest city in the state of Hesse, is a hot issue in the ongoing state election campaign, and the candidates on the Lyndon LaRouche-affiliated BueSo list will make that a prominent focus until Election Day, Feb. 2.

France Deploys More Forces into Ivory Coast, and Expands Rules of Engagement

Another 150 troops have joined the 1,000 French force already in the civil-war-torn Ivory Coast, manning checkpoints across its central belt. Their assignment was the protection of French citizens, and "monitoring" the poorly kept ceasefire between the government and the rebels in the north. A French Army spokesman said of the new rules: "We can shoot if we are directly set upon, or prevented from carrying out our mission, or if people carry out abuses in our presence."

There have been demonstrations in rebel-held areas against the French, accusing them of siding with the government, and of becoming an "imperial occupation force."

By the end of last week, according to Dec. 21 press coverage from *AP* and *BBC*, French troops had prevented the rebels' advance on Abidjan as the UN Security Council intervened to condemn the rebels' resort to arms.

The AP wire states, "With so much at stake for the region if Ivory Coast falls into chaos, the French decided to take up their largest military role in years in their former colonial empire."

Russia and Central Asia News Digest

Russian Meeting on Morality and Economics Is Addressed by Patriarch

The Seventh World Russian Sobor (the old word for a Council, a gathering of leading Russian figures) was held in Moscow Dec. 16-17 at the Church of Christ the Savior. The official theme was morality and economic policy, "Faith and Labor: Spiritual and Cultural Traditions and the Economic Future of Russia." Orthodox Patriarch Aleksii II of Moscow and All Russia addressed the opening session, which *Izvestia* announced under the headline, "World Russian Sobor To Discuss Threats from Globalization." Member of Parliament Sergei Glazyev took part in the Sobor, according to an announcement on his website. An array of official figures, businessmen, economists and other scientists, and Church and cultural leaders spoke.

On the first day, the conference heard from Academician Dmitri S. Lvov, head of the Economics Division of the Russian Academy of Sciences. As he has often done, Academician Lvov warned of demographic disaster in Russia, saying that the young and middle-aged populations, including the "New Russians" who had seemingly benefitted from the 1990s looting of the country, are dying at faster rates than previous generations.

According to a report from *RIA Novosti*, Academician Lvov focussed on unjust wage levels and the stratification of Russian society. Between 1991 and 2001, he said, a small, well-off stratum saw its income increase by 150%, while all other layers of the population experienced declines of between 2% and 12%. As a result, "we have two Russias"—the first comprising 85% of the population of the Russian Federation, but having only 7% of the national wealth, and the second consisting of 15% of Russians, in whose hands 85% of the national wealth is concentrated.

As he had said at June 2001 State Duma hearings (where Lvov's intervention occasioned Lyndon LaRouche's major article, "On the Subject of Primitive Accumulation," published later that summer), Lvov again argued at this conference that "two-thirds of Russia's revenues were earned from the country's natural resources given to man by God and which had to belong to everybody." Therefore, the assets obtained by Russian oligarchs, essentially free of charge, should be assessed in order to close the gap.

Lvov also proposed to at least triple wage levels in Russia, presenting figures that showed that for one dollar of wages an American produces \$1.74 of the U.S. GDP, while a Russian for one dollar of wages produces \$4.75 of the Russian GDP.

Glazyev To Write Legislation for Patriotic-Orthodox Alliance

As reported in *EIW* of Dec. 2 ([INDEPTH article: "Will Glazyev Lead Russia Out of Crisis?"](#)), steps are being taken to broaden the Popular Patriotic Union of Russia (NPSR) beyond its Communist Party core, into other layers of the population. It was announced Dec. 13 that agreement was reached between the NPSR and the Russian Union of Orthodox Citizens, after a meeting between their respective leaders, Gennadi Zyuganov and Valentin Lebedev, to launch certain joint political actions. The first action, *Interfax* reported, was a prayer rally in support of teaching the fundamentals of Orthodox culture in Russian schools.

Next, the two organizations will introduce a bill in the State Duma, on social partnership between Church and State. The bill has been drafted by the economist Sergei Glazyev, who was elected to the Duma on the NPSR slate and is also co-chairman of the Union of Orthodox Citizens.

They plan actions in favor of reunification of Belarus with Russia, and in early 2003 will jointly convene an international conference on the fight against terrorism, inviting "politicians of various views, and leading experts."

Chinese and Russian General Staff Officers Hold Consultations

Officers of the Chinese and Russian Armed Forces' general staffs held their sixth round of regular consultations in Beijing Dec. 16. Xiong Guangkai, deputy chief of the general staff of the Chinese People's Liberation Army, and Yury Baluyevsky, first deputy chief of general staff of Russia, led the consultations, after which Baluyevsky also met Defense Minister Chi Haotian and the new Chief of General Staff, Liang Guanglie.

Liang stated that the Presidential summit between Jiang and Putin had "injected new vitality into bilateral ties." Baluyevsky noted that the Presidents' joint statement "expressed the principle that the two peoples should be friends forever and never become enemies." The sides discussed regional and international security, terrorism, and other issues, including cooperation between the two countries' Armed Forces. Chi Haotian gave a high-level assessment of the consultations, and spoke of the deepening bilateral military relations of the two countries.

Foreign Minister Ivanov Stops in the Philippines

Russian Foreign Minister Igor Ivanov held talks with Philippines Foreign Secretary Blas Ople on Dec. 16, then met with President Gloria Arroyo-Macapagal in the afternoon. Discussion of the cooperation against terrorism was to be a central topic. Ivanov was en route to Washington and Tokyo. Ivanov's deputy Aleksandr Losyukov told *Interfax*, before Ivanov's departure from Moscow, that cooperation between Russia and the Philippines could take the form of an agreement on fighting international terrorism. "In this area we have a fairly wide field of interests, and we expect an active exchange of information," he said.

Ivanov flew to Japan Dec. 17, to prepare a state visit for President Vladimir Putin for Jan. 9-10, and then continued on to Washington to meet with Secretary of State Colin Powell, and take part in a "Quartet" diplomatic consultation on the Middle East (the Quartet involves the U.S., Russia, the European Union, and the UN).

MIDEAST NEWS DIGEST

Christian Zionist Ally—Benny Elon—Knew in Advance of Threat to Rabin

The Israeli newspaper *Ha'aretz* reported on Dec. 18 that Yigal Amir, the assassin of the late Israeli Prime Minister Yitzhak Rabin, testified in court that he told Rabbi Benny Elon, the chairman of Israel's fascist Moledet Party, *that Rabin needed to be murdered*. As *EIW* reported in the feature article on the International Christian Embassy in Jerusalem (see *EIW*, No. 36,) Benny Alon played a major role in turning the Christian Coalition's Unity with Israel event in Washington, D.C. in October 2002 into a "Nuremberg Rally" for the Clash of Civilizations.

Amir was testifying as a defense witness for Avishai Raviv, the Shin Beth informant who is accused of not preventing the assassination of Rabin. Amir testified that he did not tell Raviv that he was going to kill Rabin, but only told him and Elon that Rabin *had to be murdered*, and had to be eliminated.

Benny Elon denied the charge, declaring, "I don't know what is going on in Amir's twisted mind. Seven years ago he assassinated the Prime Minister, and today he's trying to perform character assassination." It is well known that Elon had contact with Amir, a fact which was recently reported in *EIR*. Elon had been a minister in Ariel Sharon's government until he resigned several months ago.

In the trial, Amir referred to his attack against Rabin as an "act of preventative intervention" which is very similar to the "targetted liquidation" being used by the Israeli military against Palestinians.

U.S. Claims Iraq Document Is a 'Material Breach,' But Will Not Abandon UN Security Council Venue

The United States will continue to work with "allies, the UN Security Council, and the inspectors," but finds Iraq in "further material breach" of UN resolutions on disarmament as a result of Iraq's recently delivered document on its weapons programs. This was the policy announced by Secretary of State Colin Powell at a State Department press conference Dec. 19. In the question period, Powell said, "We are doing everything we can to avoid war," and told the press that they are "making too much" of the term "Material Breach." Powell's statement was harsh—referring to Iraq's "brazen disregard," for the UN and a "totally false" report, but somewhat anti-climactic, after the weeks of hype and speculation, and outright propaganda from the chickenhawks that military action would come immediately following the Iraq declaration.

Policy statements were given throughout the day in the form of press conferences from Powell, the UN officials, Hans Blix of UNMOVIC, and Mohammed El-Baradei of the IAEA, Russian Ambassador to the UN Lavrov, Iraqi Science Advisor Amir Al-Saadi, Iraq's Deputy Permanent Representative to the UN Mohammed Salman, the French UN Ambassador, and the British UN Ambassador.

In their briefing to the Security Council, Blix and El-Baradei said that there was "little new" in the declaration, but El-Baradei emphasized that there was great progress made in the inspections on the ground. They answered questions from the individual member countries.

In press statements after the briefing, there were some extremely strong points of protest. Russia's Ambassador to the UN, Sergei Lavrov, said that only the Security Council, not an individual country, can declare a security breach; he also said that he had never seen a bit of concrete evidence that Iraq has weapons of mass destruction, and warned the U.S. that this is "not a poker game," where countries can hold their information secret and "bluff" their way through. The French Ambassador said that the Iraqi report was inadequate, but he also insisted that only the Security Council can make a determination of material breach.

Syrian Ambassador Mikhail Wehbe said that Syria does not accept the document as provided to them in redacted form; he said his government considers "that procedure is against the—and in flagrant contradiction and violation to 1441 Resolution."

Amir Al-Saadi, Iraqi Science Adviser, speaking from Baghdad exposed that, of course, Blix and El-Baradei would say that the declaration was incomplete, because they had not yet even seen the Arabic translation. Saadi said, "...The new part, which is written in Arabic, requires translation, and it's not just straightforward translation, it's technical translation, which requires time and accuracy. And that has not, as far as we know, has not been completed." Even Colin Powell had to admit that what Saadi is saying is the true, i.e., that he himself is not familiar with "material in the annexes." Mohammed Salman, Iraq's Deputy Permanent Representative to the UN in New York, said that "Iraq is not in a material breach," the charges are baseless because, he charged, the United States' true aim "is not disarmament, but to change the legitimate government of Iraq."

Needless to say, Iran-Contra war criminal John Negroponte, U.S. Ambassador to the UN, was a utopian sewer-mouth on Iraq, saying they had abused "their last chance." But it was Powell who actually enunciated the policy.

Egyptian Foreign Minister Says Iraq Is Fully Cooperating

According to an *Egyptian State Information Service* report of Dec. 15, Egypt's Foreign Minister Maher has declared that Iraq is fully cooperating with UN weapons inspectors. The Egyptian information service also reported the following:

"With the UN inspection operations entering their third week, Chief of the UNMOVIC Hans Blix asked Iraq to hand over a list of the names of Iraqi scientists connected with Iraq's armament program. Under UN Resolution 1441, the inspectors have the right to question any Iraqi official that is in connection with the armament program either inside Iraq or outside." The names Blix reportedly requested are of "Iraqi scientists who were involved in the Iraqi program for the development of weapons of mass destruction and ballistic missiles. Blix asked Amir Al Saady, the Iraqi Presidential adviser, to respond to U.S. pressures."

The item concluded: "Reports say the U.S. Administration plans to grant Iraqi scientists political asylum in return for giving information about the Iraqi program for developing weapons of mass destruction."

This note comes on the heels of reports in the *Washington Post*, and remarks by Defense Secretary Donald Rumsfeld in Qatar, that the way to prove Iraq has WMDs, is to recruit defectors among scientists.

The idea of targetting Iraqi scientists for defection or kidnapping has been promoted by the Perle-Wolfowitz cabal for months, and has also been peddled by some of their existing defectors, such as nuclear scientist Dr. Hamza, who has testified many times before the U.S. Senate in the last year, and who works closely with Wolfowitz et al. This kidnapping plan was already introduced as legislation by Senators Joe Biden (D-Del) and Arlen Specter (R-Penna), and passed by the Senate on Nov. 20 (the last day of the lame-duck session) as a way of forcing it to become White House policy, the same way the "regime change" bill worked in 1998. However, the scientists' defection act did not pass the House, and may come up in January 2003.

Iraqi Opposition Conference Hardly a Success

According to wire service accounts of last weekend's Iraqi opposition conclave in London, the event was hardly the success that Paul Wolfowitz and the other war party factionalists in the Bush Administration and the Blair government had hoped for. Despite the factional warfare among the rival Iraqi oppositionists that dominated the several-day event, and continues to dog the anti-Saddam Iraqis, the Pentagon now is authorized to dole out the remaining \$92 million allocated by Congress under the Iraq Liberation Act of 1998, after the State Department refused to approve any further money for the Ahmed Chalabi-run Iraqi National Congress, because they were not accounting for the money they spent. The conference had to be extended by a day, because the feuding groups could not come to an agreement.

According to a European source, Bush's Special Envoy to the Iraqi Opposition, Zalmay Khalilzad, came to the conference with a pre-written list of "leaders," but found sharp opposition.

Eventually, a "leadership body" of 50 representatives out of the 300 attendees was formed, amid continued intense squabbles over who would be represented. The count given by *AP* is that there are 16 seats for Shiite Muslims; 10 for Kurds; four each for the Iraqi National Accord, and the Iraqi National Congress (Chalabi), four for the Constitutional Monarchy Movement (CMM), two for Sunni Muslims who are independent, and 10 for other independents. It was reported that pro-consul Khalilzad actually stormed out of the meeting on Monday, after it became clear that resistance to his diktats was not silenced, and that the session, held in a "posh London hotel with tight security," had to be extended for another day.

According to a *Reuters* account, the conference split into two camps: what is called the Group of Four (SCIRI, the two Kurdish groups KDP, PUK, and former Ba'ath Party officials), vs. Chalabi's Iraqi National Congress and the monarchists.

Jabotinskyite Warmongers Invoke 'End Times' Theology Against Palestinian State

Two terrorist-linked right-wing organizations, the Zionist Organization of America and the Americans for a Safe Israel, each took out a full-page ad in the Moonie-owned *Washington Times* to accuse President George W. Bush of violating Biblical law if he pursues the peaceful "two-state" solution in the Middle East, resulting in the creation of a Palestinian state.

The title of the ZOA ad is, "President Bush, Creating a Palestinian Arab State Means Creating a New Terrorist State." Its subtitle is: "Iraq, Syria, and Libya were Given Sovereignty. That Didn't Turn Them into Peace-Loving Nations." The ad displays Israelis burying a coffin with an Israeli flag on it, which is very significant because the Israeli right wing that set up the assassination of pro-peace Israeli Prime Minister Yitzak Rabin in 1995, would frequently hold anti-Rabin demonstrations carrying a coffin with an Israeli flag, symbolizing both a death threat against Rabin, and the accusation that Rabin's peace stance was burying the state of Israel.

Major signers of this ad include: Jeane J. Kirkpatrick, former U.S. Ambassador to the UN, a neo-con icon at the American Enterprise Institute; Morton A. Klein, National President, ZOA; William J. Bennett, former U.S. Secretary of Education; Alan Keyes, former Assistant Secretary for International Organizational Affairs; "Christian Zionists" Gary Bauer, president, American Values; Leon Leby, past chairman, Conference of Presidents of Major American-Jewish Organizations, and the Rev. "Diamond Pat" Robertson, chairman of the Christian Broadcasting Network.

The AFSI ad states to the President that: "The 'Road Map' you propose would create two states west of the Jordan River. Under such an arrangement, the following among the Holy Places in the lands the Bible calls Judea and Samaria would become like Bethlehem. It then quotes Hebrew Scripture to lay Israeli claim to Hebron, Beit-El, and Shiloh, which the ad claims are Israeli as "derived explicitly from God's Covenant with the Jews ... [including] The whole land of Canaan," as *Eretz Yisroel* of today had been referred to in Genesis.

Among the 20-odd signers of this ad are: Herbert Zweibon, Chairman, AFSI; "Christian Zionist" Gary Bauer, president of American Values; William Donohue, president of the Catholic League for Religious and Civil Rights; Dr. James M. Hutchins, president of Christian Friends of Israel; Dr. David Allen Lewis, Christians United for Israel; Dr. Elwood McQuaid, editor-in-chief, Friends of Israel, the leading Christian Zionist in Washington; E.E. "Ed" McAteer, president of the politically powerful Religious Round Table; and, again, Pat Robertson.

Syrian President Assad Opposes Iraq War

Syria's President Bashar Assad spoke out against a war on Iraq in an interview with the *Times* of London, published Dec. 13. "The consequences are not going to be contained within Iraq," he said. "The entire region will enter into the unknown." Far from eliminating terrorism, the war would merely "create fertile soil for terrorism." He fears the U.S. will do anything to go to war: "Even before the return of the inspectors, the U.S. was trying to obstruct the return of the inspectors and this is evidence that what they really want is to launch a strike against Iraq." He challenged the right of the U.S. to determine who is a danger in the region. "We are a better judge of this because we live in the region. It is not logical that others should decide that something is or isn't a problem for the region. I think the bigger problem is that any country should interfere in the internal affairs of another." He said Syria voted for the Iraq UN Security Council resolution in an effort to prevent a war.

The *Times* ran a front-page leader for the interview with the lying headline, "Syrian Leader Defends Suicide Bomber on Eve of Visit to London." What Assad actually said was that young Palestinians became suicide bombers because of the hopelessness created by the oppression of the occupation, which anyone can also read in any Israeli daily press commentary. He also said that his government has been cooperating with the U.S. in anti-al-Qaeda efforts.

Assad will soon visit London, where he will meet Prime Minister Tony Blair and the Queen.

Israeli Cabinet Votes, Again, To Bar Arafat from Bethlehem

The Israeli Cabinet voted on Sunday, Dec. 15, to bar Yasser Arafat once again from visiting Bethlehem for the Christmas celebrations, an unnamed Israeli government source told *AP*. The Palestinian Authority denounced the decision in no uncertain terms. "The Israeli decision," said Palestinian spokesman Nabil Abu Rdeneh, "is a violation of their promises to the American Administration, the Vatican, and the Pope. All excuses they give are lies and are rejected."

Quoting official sources in the government of Ariel Sharon, the *Jerusalem Post* reported that the Israeli Cabinet is also verging on a consensus that the expulsion of the Palestinian Authority President is now a necessity. The sources claim that once Arafat is out of the way, Sharon will be prepared to talk to a new Palestinian leadership. This official claims that it was made clear to Arafat, that after some "mega-terror" attack, he will find himself facing soldiers with orders to either expel or shoot him.

More Clergy Voice Opposition to Iraq War on Religious Grounds

The chief German Catholic Military Bishop denounced President Bush's war talk as irresponsible and un-Christian. Interviewed in the Sunday, Dec. 15 edition of *Welt am Sonntag*, Walter Mixa (he has attacked the war build-up before) said he prefers the idea of "just peace" to that of "just war." Retaliation, either to a military or a terrorist attack, is profoundly un-Christian and must not be permitted in a democracy, Mixa said:

"The Second Vatican Council in its constitution *Gaudium et Spes* denounced present-day warfare, with its high-technology potentials of extinction, as absolutely immoral."

As far as the talk about a war on Iraq is concerned, Mixa said that he has heard, too, the news about Bush's threats with prompt nuclear retaliation to potential Iraqi biological or chemical attacks. "I consider this talk by the American President as provocative and dangerous ... with such threatening talk, which pronounces the respective position of power, the enemy is just provoked unnecessarily. Actually, an upward spiral of violence is being created by that, which will then lead to a terrible explosion. With that, any commitment to conciliation and to mutual respect of religions and cultures is being extinguished. From a political viewpoint, such an approach is irresponsible."

Canadian Peace-Keepers Could Go to West Bank

In a Dec. 19 interview, reported in the *National Post*, Canada's Prime Minister Jean Chretien suggested Canadians could be sent to keep peace in the West Bank, as Canadian peacekeepers did for 30 years on the island of Cyprus, without a peace agreement. "Peace needs to come there [the Middle East]," said Chretien. That requires a secure Israel with a safe border and an independent Palestine. "If they can't come to peace," the international community could enter as it did in Cyprus, to stop "the Turks killing Greeks and the Greeks killing Turks," a deployment which included building a wall, he noted.

Chretien's statement may reflect a broader discussion with other nations, as the *National Post* reports that a senior Canadian diplomat (unnamed) said earlier last week that talks are underway on the possibility of sending an international peacekeeping force to the West Bank and Gaza Strip.

The *National Post* story featured Royal Military College of Canada Professor Sean Maloney's flip-out over Chretien's proposal. Maloney called the idea of sending troops in without a peace accord "completely insane.... It would be another Bosnia," with all sides gunning for the peacekeepers. "How do you coerce a country with nuclear weapons? How do you

coerce groups like Hezbollah or Hamas?"

Asia News Digest

Pan-Asia Railway Expansion Set for New Year

China will start construction of the Yunnan Province section of the Pan-Asia railway in 2003, it was announced at the Second China-ASEAN Business Council Meeting, held Dec. 16-17 in Kunming, the capital of Yunnan.

China's Ministry of Railways and the government of Yunnan Province have submitted to the national State Development Planning Commission a proposal for construction of the 212-kilometer section of the railway. The Chinese railroad will connect the cities of Yuxi and Mengzi.

Yunnan is very rugged, and therefore construction will be an engineering feat. Other railroads exist, connecting Kunming to the coast, and to Chongqing on the Yangtze.

'Silk Road' More Than 5,000 Years of History

East-West exchanges along the "Silk Road" began at least 5,000 years ago, Chinese archaeologists stated at a conference in Xi'an, China. Professor Li Shuicheng of Beijing University reported that examination of a group of mace heads found in northwest China showed that they were at least 3,000-5,000 years old, and were extremely similar to those used ceremonially by kings of Ancient Egypt. The oldest date back 5,500 years. The report appeared in the China *People's Daily* of Dec. 18.

"Many experts shared the view that the mace heads were not a product of ancient Chinese civilization, but were transported from the West," Prof. Li said. They are made of stone, jade, or bronze, and have shapes and functions "surprisingly similar" to those of Ancient Egypt.

The Silk Road has generally been considered to be about 2,000 years old. Other East-West exchanges, through Mongolia and Central Asia to Europe, date back to the Bronze Age, 3,000-4,000 years ago, according to other Chinese scholars.

"Cultural influence is mutual and the earliest date for East-West exchanges might surpass our imagination," said Wang Hui, deputy director of Gansu Provincial Archaeological Institute.

Let the Truth Be Told About Afghanistan

In every war, the first casualty is truth. It was never so evident as in Afghanistan in recent days. The Bush Administration has convinced Americans, who really do not want to know the truth anyway, that the war in Afghanistan is over. The "good guys" have won and Afghanistan is now better than ever. The fact is, Washington is dishing out a pack of lies wrapped as a Christmas gift to Americans.

The Taliban militia, under attack from B-52 bombers, fled Kabul, but did not altogether vanish. They are very much there in southern Afghanistan, nourished by the Pushtun warlords, funded by vast poppy fields and various U.S. agencies, including the CIA. These warlords, led by such luminary "jihadis" as Gulbuddin Hekmatyar, Ismail Khan of Herat, Padshah Khan Zadrani of Paktia, Hazrat Ali of Nangarhar, Abdur Rashid Dostum and Atta Mohammad of Northern Afghanistan, amongst others, are all preparing for fresh battles against each other in their pursuit to take over what is left

of Afghanistan.

In Kabul, where the U.S.-backed President Hamid Karzai's writ runs only during the daytime hours, the Panjshiri Tajiks, led by Vice President and Defense Minister Gen. Fahimi, have captured the land and buildings in the true spirit of carpetbaggers. Panjshiri Tajiks, who have pledged their allegiance to the Northern Alliance leaders, pay no attention to President Karzai, who is simply a pawn in their hands.

Despite occasional outbursts against the warlords, particularly in presence of Western scribes, Karzai and his American benefactors know that even the nominal survival of the Afghan President depends upon the goodwill of the Panjshiri Tajiks. Most of the important Ministries belong to the Northern Alliance: Defense, Interior, Education, Security, External Affairs, Reconstruction and other important portfolios. Warlords not only rule the provinces, the central government consists mostly of warlords.

In addition, the NGOs, foreign and domestic, have swamped Kabul and other major cities. Though people have started building their houses here and there, there are no visible signs of reconstruction. The donors shy away from investing seriously and the promises of donations largely remain illusory. President Karzai has rightly blamed the international community for spending \$1.3 billion through NGOs, which the latter use for posh offices, expensive cars, inflated salaries, etc., without any visible results. Meanwhile, reports of robbery, drunkenness, and bomb explosions fill the air of Kabul.

Outside Kabul, things resemble the Wild West. The regional authorities are totally in the hands of warlords allied mostly with the Northern Alliance. Ismail Khan rules the southwest; the east is in the hands of Hazrat Ali and his band. Commander Atta and Dostum rule the north. Other warlords, some of whom are allied with Northern Alliance, dominate the south. Gul Agha Sherzai dominates Kandahar, once the bastion of Taliban power, and it is not in his interest to finish warlordism.

Meanwhile, across the border in Pakistan, the dregs of the "Afghansis," dreaded and abandoned by the authorities of their Arab homelands, are continuing their drug-running, gun-smuggling plots and plans to "recapture" Afghanistan with the help of Pakistani Inter-Services Intelligence (ISI) officers, Pakistani Army regulars, and the mullahs from Pakistani schools (madrassas). Yet Washington is telling the Americans that everything is going according to plan, and that there is nothing not under the control of the U.S. military.

It is evident that there are not many takers of this Washington propaganda, even among its newfound friends in India and Russia. President Vladimir Putin, prior to his recent trip to China and India (he also stopped at Kyrgyzstan on his way back home), gave the formal nod to set up a military air base in Kyrgyzstan close to the capital city of Bishkek. India has already set up an air base near the Tajikistan-Afghanistan border.

Both Russia and India are convinced that the United States, with its attention and interest focussed elsewhere, will abandon Afghanistan again as it did in 1989, handing control over to Pakistan, its staunchest ally in the war against terrorism. Both Russia and India believe that with American blessings, Pakistan will once again set out to establish a pro-Pakistan, anti-Russia, anti-India government in Kabul. Hence, the preemptive moves by Delhi and Moscow.

What all this means is that the rebuilding of Afghanistan was a cruel hoax; peace in our time in Afghanistan is a lie; and many Afghans who are freezing and starving to death now, will continue to do so till the bloodbath begins again.

U.S. Forces Under Almost Daily Attack in Afghanistan

On Dec. 19, Dan Plesch, senior research fellow at Britain's Royal United Services Institute for Defence Studies, warned in

the London *Guardian* that U.S. forces in eastern Afghanistan are under almost daily attack.

U.S. forces have suffered a lot of setbacks during 2002 in Afghanistan, Plesch wrote. Since mid-September, U.S. forces based around Khost in eastern Afghanistan have been increased to more than 2,000, from just a few hundred.

U.S.-led attacks have been "ineffective, suffered outright defeat, or resulted in disaster," Plesch wrote. The troops are kept inside their bases by almost daily assault by missiles and machine guns.

Even the highly publicized "Operation Anaconda" last March was a disaster: Instead of crushing al-Qaeda forces, "it was the U.S. Army that was ambushed" after its plans were betrayed by the supposedly cooperating Afghan militias. Months later, the 82nd Airborne was brought in—instead of being kept available for use in Iraq, noted Plesch, and in recent months has been used to run brutal, and largely ineffective, house-to-house searches for al-Qaeda in Afghanistan.

"U.S. strategy appears to be limited to continuing to pay local warlords to keep the peace, but these efforts have not even been enough to get control of the opium crop," Plesch wrote. A new 82nd Airborne brigade is to arrive in Afghanistan this month, and in 2003, German and Dutch forces will be stationed in Kabul. The U.S. is now considering setting up a dozen new bases around Afghanistan. However, these bases will be very vulnerable to continued attack, Plesch concluded.

New al-Qaeda Being Trained in Eastern Afghanistan

Further evidence of the failure of the U.S. Afghanistan campaign in the war on terrorism was revealed with the latest report by the United Nations group monitoring al-Qaeda, which says the group remains a "potent global force" with new "foot soldiers" being trained in camps in eastern Afghanistan.

Over a year after the U.S.-led war began against the Taliban in Afghanistan, now there is evidence of "the apparent activation of new, albeit simple, training camps in eastern Afghanistan" for al-Qaeda. The camps are "small, discreet" and mobile. "Volunteers are making their way to these camps, swelling the numbers of would-be al-Qaeda activists and the longer-term capabilities of the network," the UN report said.

There are also reports of training camps coming from the area of Peshawar, near the Pakistan-Afghanistan border. Pakistani intelligence officials said last week that suicide squads are being trained in Pakistan by al-Qaeda operatives.

Aid to Afghanistan Has Never Arrived

In November, Western aid agencies released the horrifying figures that the Afghan population has gotten far less economic aid than any other nation recently involved in military conflict. The people of Bosnia, Kosovo, Rwanda, and East Timor all received an annual average of \$250 per person in postwar aid; Afghanistan, torn by 20 years of war, got a fraction of that—only \$75 per person in 2002, and has been promised a pathetic \$42 per person a year in the next four years. Food supplies have been destroyed by four years of severe drought; now, yet another winter is beginning.

The "aid" farce continues. Afghanistan had been promised \$5 billion in aid by 20 industrialized countries at a meeting in Tokyo last year; it got about \$1.5 billion. There was just another such aid meeting in Norway, and about \$1.2 billion was pledged for 2003. What will materialize, is another question.

Health care for mothers and children is especially horrendous. Almost half the deaths among Afghan women of childbearing age, 15-49, resulted from complications of pregnancy or childbirth, according to a study by CARE. The death rate of reproductive Afghan women is almost 200 times higher than in the United States.

In mid-November, the anniversary of the liberation of Kabul from the Taliban, students demonstrated over the dire conditions at the university. When riots broke out, at least six students were killed when police opened fire.

Crises Hit Gloria Arroyo Government in Philippines

The Philippines government of President Gloria Arroyo-Macapagal has been hit with several political crises. With the IMF breathing down its neck to increase tax collections and raise taxes on the poor (they even want to tax "texting," the phone-message system used across the Philippines!), Arroyo-Macapagal followed the Bush path by firing the messenger—her top economic adviser, National Economic and Development Authority (NEDA) Director Dante Canlas—on Dec. 14, along with two of his assistants. She also switched to another overall economic plan, but neither the old nor the new approaches reality.

Also, Hernando Perez, the Justice Minister, was indicted on charges of obstruction of justice, in regard to accusations that he extorting \$2 million from Congressman Mark Jimenez. Arroyo-Macapagal had given Perez a 30-day leave to clear himself at the end of November, but he will now certainly resign.

As to Congressman Jimenez, he has just lost bail on his appeal of extradition to the U.S., where he is wanted on charges of illegal campaign contributions to Clinton Democrats in 1996, while he was working in the United States. He has now agreed to return to the U.S. and turn himself in.

Sources in Manila report that coup rumors—most tracing back to the usual source of Fidel Ramos and his U.S. backers—are heating up, as Arroyo-Macapagal looks increasingly unable to win the 2004 election. Look out for another phony "people's power" movement to put another oligarchical puppet in place before the election.

Invitation to Taiwan President Chen Cancelled

The Indonesian Government has intervened to cancel the invitation to Taiwan President Chen Shuibian from the Sultan of Yogyakarta, according to the *Jakarta Post*. President Chen was initially scheduled to arrive in Indonesia with a large trade delegation on Dec. 15, at the invitation of Yogyakarta Governor Sri Sultan Hamengkubuwono X (the Sultan of Yogyakarta, who historically plays a leading role in Indonesian politics and society). The invitation may have been a challenge to the Jakarta government, since it clearly could damage the Indonesia-China relationship, at a time when China is playing an increasingly important role in Indonesia's development.

Indonesian Minister for Foreign Affairs Hassan Wirayuda intervened publicly, saying that Jakarta would not receive the Taiwanese President. "We rejected the visit and denied the entry of the official should he insist on coming to Indonesia," Hassan told the *Jakarta Post*. "I think (Taiwan is) fully aware that it will be very embarrassing should their President be denied entry by our authorities, so they have to postpone the plan," the Minister said. He stressed that Indonesia adheres to the One-China policy and does not acknowledge Taiwan as an independent state. China also made its objections to Chen's planned visit public.

Chen then cancelled the trip. There have been calls from some circles in Taiwan for a cut in economic relations with Indonesia in response. Foreign Minister Hassan responded that investment and trade relations are based on business criteria, and should not be affected by the incident.

INDEPTH COVERAGE

Links to articles from *Executive Intelligence Review**.

*Requires Adobe Reader®.

Feature:

Hungary in Crisis: LaRouche Offers New Bretton Woods

by Elisabeth Hellenbroich

Economist and U.S. Presidential pre-candidate Lyndon LaRouche's Dec. 11-13 visit to Hungary was organized around two strategic events: A conference at the Finance Ministry, 'The World Economy in Crisis: Need for a New Bretton Woods,' was held on Dec. 12, organized by the Hungarian Academy of Sciences' Committee on Finance, whose chairman is the well-known economist Prof. Be'la Csiko's-Nagy.

Economics:

'NEO-COLBERTISM' OR DECADENCE

Italy Offers EU an Initiative for Infrastructure Development

by Claudio Celani

On the eve of the Dec. 12-13 Copenhagen summit of the European Union, the fight inside the EU, on whether to change the strict free-trade policies embodied in the Maastricht Treaty, took on a new dimension, involving the issue of the enlargement of the EU.

Argentina Crisis Now Hits IMF, World Bank

by Cynthia R. Rush

After almost a year of torturous negotiations with the International Monetary Fund, during which it has largely complied with Fund austerity demands, the Argentine government of President Eduardo Duhalde has finally put its foot down.

Malaysia Demands Japan Regain Economic Lead

by Michael Billington

Malaysian Prime Minister Dr. Mahathir bin Mohamad spoke in Tokyo on Dec. 12, at the 'Seminar on the 20th Anniversary of the Look East Policy,' which refers to Malaysia's policy of learning from the Japanese model of economic development.

International:

Australia:

Frantic Crown Launches New Attacks on LaRouche

by Allen Douglas

Acting for the Queen's Privy Council, the B'nai B'rith Anti-Defamation Commission Inc. of Australia (ADC) has made a submission to the Australian Parliament, demanding that the Citizens Electoral Council (CEC), LaRouche's co-thinkers in Australia, be 'de-registered' as a federal political party.

Documents Show Israeli Hand in Phony Al-Qaeda, Hezbollah, and Hamas

This document was provided to EIR following three press conferences given by Col. Rashid Abu Shbak, head of the Palestinian Preventive Security agency in the Gaza Strip, on Dec. 6, 8, and 10.

Hindu Hard-Liners Win Big in India's Gujarat

by Ramtanu Maitra

The lopsided victory of the ruling Bharatiya Janata Party (BJP) in the Dec. 12 state assembly elections in Gujarat, has given mixed signals to the near-future political scene in India. The elections, held under the shadow of widespread anti-Muslim riots, which left at least 1,000 dead last spring, polarized the state population.

Israel Elections: Sharon May Sink in Likud Money Scandals

by Dean Andromidas

Speaking of 'adding hope to the United States' Middle East agenda' in Washington on Dec. 12, Secretary of State Colin Powell announced a new \$29 million program aimed at promoting 'democracy' and open economic policies throughout the region.

'New Silk Road' Party Wins Korean Presidency

by Kathy Wolfe

Millennium Democratic Party (MDP) candidate Roh Moo-hyun was elected President of South Korea Dec. 19, in a narrow but decisive 49 to 46% vote, against opposition Grand National Party (GNP) chief Lee Hoi-chang, a victory for the New Silk Road and Eurasian Land-Bridge.

(also on this link...)

Korea and World Peace

This statement was issued on Dec. 15 by Lyndon H. LaRouche, Jr.'s Presidential pre-candidate political committee, LaRouche in 2004.

Challenges Ahead for Korean Foreign Policy

by Dr. Kim Sang-woo

The article excerpted here first appeared in the Korea Times on Dec. 16. Dr. Kim is Professor of International Relations at Kyung Hee University.

National:

'Southern Strategy' Sinking, With Gore and Lott's Careers

by Nancy Spannaus and Jeff Steinberg

The fall of 'Ole Miss' cheerleader Sen. Trent Lott (R-Miss.), from his perch of power on Capitol Hill as Senate Majority Leader, is just the most dramatic indication that both parties' shift to the political 'Southern Strategy' which took off in the late 1960s, is about to come to a screeching halt.

Black State Legislators Hear LaRouche Spokesmen

by Rochelle Ascher

Debra Freeman, national spokesman for the LaRouche in 2004 Presidential Campaign, was the lead speaker at the 'International Day' AIDS forum, sponsored as part of the 26th annual conference of the National Black Caucus of State Legislators (NBCSL), on Dec. 9-13 in Indianapolis.

This Week in History

December 23- 9, 1776

This week we focus our attention on Commander-in-Chief George Washington's bold move to cross the Delaware River, on Christmas Day 1776, a move which reversed the sagging spirits of the American forces and population after a long string of defeats in the Revolutionary War. This action reflects the quality of leadership which characterized Washington, Abraham Lincoln, and Franklin D. Roosevelt, and which is being demonstrated only by Lyndon LaRouche, in the crucial crisis we face today.

The situation of the American colonists was desperate, as we indicated in our last week's column on the *Crisis* paper of Tom Paine. On top of the string of defeats, and the retreat down New Jersey, were the threat that a large portion of the Army, which was made up of colonial militiamen who had enlisted for short periods of time, was about to go home; the

enticement of an amnesty which had been offered by the British Commander Cornwallis; and the miserable condition, in terms of supplies, of the Continental Army itself.

Washington, then 43, was faced with the need both to defend Philadelphia, the seat of Congress, and to remoralize his forces. Having retreated across the Delaware River, the border between Delaware and Pennsylvania on one side, and New Jersey on the other, he decided to launch a counterattack back across the Delaware River into New Jersey, to ambush the British troops which were settling in for the winter. Washington's plan called for attacking all the British posts on the Delaware, but it ended up that several divisions didn't make it, leaving the major engagement to occur at Trenton.

One reason Washington was able to do this, was that he had commandeered all the boats along the Pennsylvania side of the river, denying them to the British who had wanted to cross over into Pennsylvania, and making them available for his bold plan. In addition, he had received reinforcements from the North.

It was a daring plan, which hardly could have been popular with Washington's ill-clad Army. It called for one column to cross the river above Trenton, on the night of Dec. 25, march south, and storm the British troops' winter quarters in Trenton. These troops, 2,400 in all, were to be led by General Washington himself.

According to the testimony of John Marshall, in his biography of General Washington, "The cold on the night of the 25th was very severe. Snow, mingled with hail and rain, fell in great quantities, and so much ice was made in the river" that it was impossible to keep the original schedule Washington had devised. Thus, while the General's contingent was supposed to cross the river starting at 12 midnight, and meet the body of Pennsylvania militia coming up from the South at 5:00 a.m., Washington's troops couldn't get across the Delaware until 3:00 or 4:00 a.m..

When Washington's troops arrived at the Trenton garrison at 8:00 a.m., they immediately attacked. When the British troops, largely Hessian (German) mercenaries who were commanded by a Colonel Rahl, recovered from their surprise sufficiently to muster a defense, Colonel Rahl was mortally wounded, and his troops thrown into confusion. The British were surrounded, and about 1,000 were taken prisoners of war.

General Washington took his prisoners, and some military stores, and went back across the Delaware, where he reconnoitered until deciding, at a later date, to launch a new offensive up into New Jersey, ultimately establishing a winter headquarters in western New Jersey.

Washington's aggressive and unexpected action had effectively flanked the British enemy, in large part because they believed that no such action was possible. He had restored morale with a minimal loss (two to four men), and signalled his intention to be satisfied with nothing less than victory.

Biographer Marshall, later the Supreme Court Chief Justice, describes the turning point this way:

"Nothing could surpass the astonishment of the British commander at this unexpected display of vigour on the part of the American General. His condition, and that of his country, had been thought desperate. He had been deserted by all the troops having a legal right to leave him; and, to render his situation completely ruinous, nearly two-thirds of the continental soldiers still remaining with him, would be entitled to their discharge on the first day of January. There appeared to be no probability of prevailing on them to continue longer in the service, and the recruiting business was absolutely at an end. The spirits of a large proportion of the people were sunk to the lowest point of depression. New Jersey appeared to be completely subdued; and some of the best judges of the public sentiment were of opinion that immense numbers in Pennsylvania, also, were determined not to permit the sixty days allowed in the proclamation of Lord and Sir William Howe, to elapse, without availing themselves of the pardon it proffered. Instead of offensive operations,

the total dispersion of the small remnant of the American army was to be expected, since it would be rendered too feeble by the discharge of those engaged only until the last day of December, to attempt, any longer, the defence of the Delaware, which would by that time, in all probability, be passable on the ice. While every appearance supported these opinions, and the British General, without being sanguine, might well consider the war as approaching its termination, this bold and fortunate enterprise announced to him, that he was contending with an adversary who could never cease to be formidable while [there existed] the possibility of resistance."

Later, after being forced to surrender at Yorktown, General Cornwallis apparently told the victorious General Washington that he considered the successful Trenton attack to have been the "brightest garlands for your Excellency."

Indeed, Washington's Crossing of the Delaware, and subsequent victory, remain a shining example today, to those serious about winning the battle for the New American Revolution, and restoring the republican values of the first.

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