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From the Associate Editor

Our cover story this week is quite an unusual one. We present almost no charts, graphs, or statistics to document the onset of a “hyperinflationary shock wave”: The idea is rather to present a *concept*, which will be quite new to almost all readers. Lyndon LaRouche lays it out in a series of memoranda, and EIR staff have worked up a first-approximation graphic illustration. In future issues, and the animations on our website (www.larouchepub.com/animations), we will provide additional pedagogical material.

The crucial issue now, as Jeffrey Steinberg writes in *National*, is how the Congress will respond to the challenge posed by the onset of hyperinflation—this, at a time when the Executive branch is unwilling, incapable, and uninterested in coping with the situation. There are leading individuals in Congress and other policymaking circles who know what kind of financial-monetary “hurricane” is coming fast upon us, but so far, they have not acted as LaRouche keeps telling them they must. Time is running short.

In *Economics*, we have assembled an extensive picture of the infrastructure weaknesses in the U.S. economy, as revealed by Hurricane Katrina—along with proposals on how reconstruction must proceed. See especially our interviews with U.S. and other experts.

LaRouche’s dialogue with the Senate and other interlocutors at his Sept. 16 webcast, which we began in last week’s issue, continues this week, leading with a question on oil prices and speculation.

Please note that LaRouche will conduct a new webcast on Oct. 12, from Washington, D.C., starting at 1:00 p.m. Eastern Time. Under the theme “Rediscovering America,” this Columbus Day address will begin with a replay of LaRouche’s historic intervention on Oct. 12, 1988, when he held a press conference in the Kempinski Hotel in Berlin, during which he forecast the reunification of Germany, and outlined a perspective for East-West economic cooperation. LaRouche will then survey the current strategic crisis, and what must be done to prevent the disaster threatened by Vice President Dick Cheney’s Permanent Revolution/Permanent War policy, which was able to take hold in the wake of the rejection of LaRouche’s 1988 proposals.

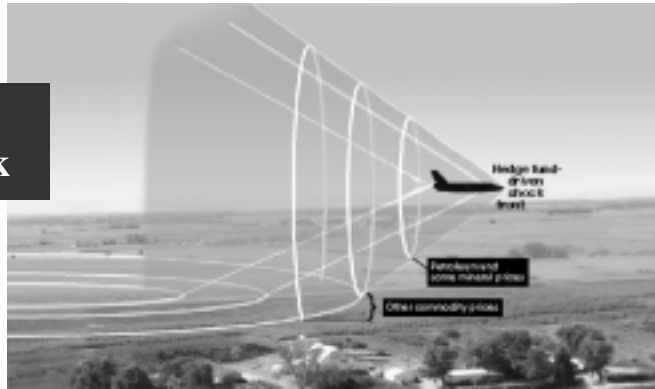
The webcast will be broadcast live on www.larouchepac.com and www.larouchepub.com, and e-mail questions will be accepted.

Susan Welsh

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Documentation: Rep. Charles Rangel (D-N.Y.) and former Sen. Max Cleland (D-Ga.) speak at the Sept. 15 hearing; and remarks by Hon. Charles Freeman, the former U.S. Ambassador to Saudi Arabia, to the conference of the National Council on U.S.-Arab Relations.

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A New Orleans native, LaGrange has been Executive Director and CEO of the Port of New Orleans since 2001. He was Executive Director of the Mississippi State Port Authority at Gulfport from 1999-2001, and of the Port of South Louisiana in 1997.

33 Michael Parker

A five-term U.S. Representative from Mississippi, 1989-99, Parker served as Assistant Secretary of the Army for Civil Works (chief of the U.S. Army Corps of Engineers) from October 2001 until March 2002, when he was forced to resign for his public criticism of significant cuts to the Corps budget for economic infrastructure.

43 Alwin Nijhuis

A senior advisor for the Netherlands Ministry of Transport, Public Works, and Water Management, Nijhuis spoke to *EIR* about the experience of a nation, many of whose cities are below sea-level, but which has the infrastructure in place to cope with the killer storms of the North Sea.

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Hyperinflationary Patterns: Inflation Runs Wild

by Lyndon H. LaRouche, Jr.

The world is presently gripped by a hyperinflationary wave-front of a Riemannian type. The situation is already comparable, at its primary-commodities “spear point,” to Germany during the second half of 1923, with the other categories, such as consumer prices generally, on the way to being driven to overtake the effects seen currently in the domain of primary commodities being led, as a pack, by wild-eyed petroleum-price speculation.

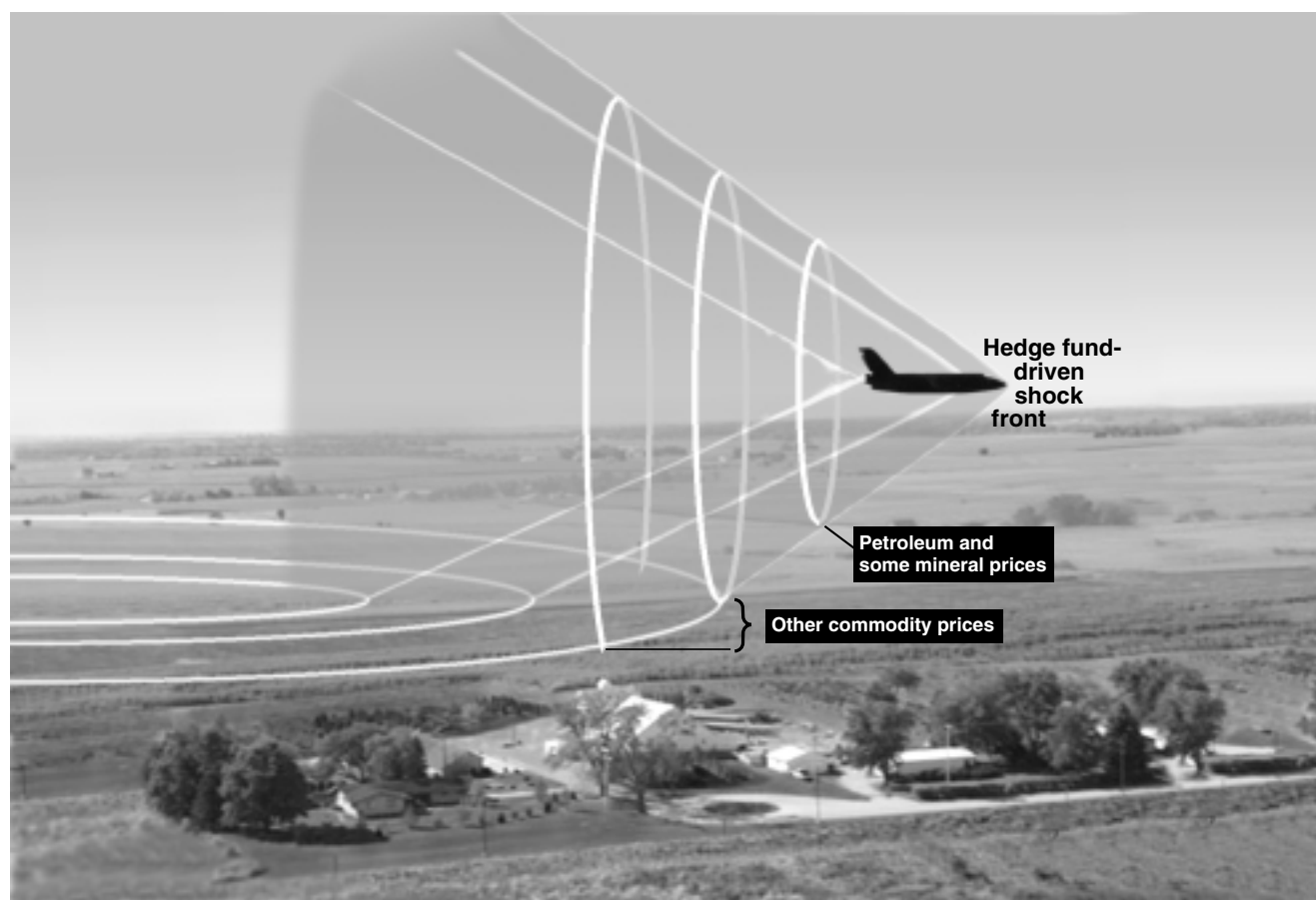
Think of the way in which a “sonic boom” moves across the landscape, with its point running ahead and the effects on the ground coming up afterwards as the conical front of the wave moves onward. Think of a shaped-charge detonation “seen” from the “inside.”

From that standpoint, the system as a whole is already in a state comparable to some point in the second half of 1923 Weimar Germany. We must estimate the general shape of that monetary-financial-economic “sonic boom” front’s movements, slightly understating the actual effects for the sake of not stumbling into accidental overestimations which might impair the credibility of our warnings. However, consider the hyperinflationary explosion fully on, in ways comparable to the second half of 1923.

Beyond that broad-brush, historical view of the matter, there are significant differences in detail which we must recognize.

The leading edge of this rising hyperinflationary panic is the hedge-fund crisis centered in hot spots such as the Cayman Islands (where Satan spends his weekends visiting his closest human relatives, and their money). In the attempt to bail out of the Spring bubble’s collapse, the hedge-fund money focussed on hyperinflationary gambles in primary materials, led by the control over petroleum markets. The attempt to turn vast masses of newly generated fictitious liquidity into apparent profits in commodities, that at rates sufficient to stave off the inevitable collapse of their monetary-financial system, a shock-wave-front-line acceleration of primary materials rise, led by petroleum prices, moved like an accelerating supersonic vehicle across and above the landscape below, sending shattering shocks to the

LaRouche-Riemann Conical Shock Wave Model of Hyperinflation



The present hedge-fund driven hyperinflation is comparable to a sonic boom moving across the landscape. At the tip of the cone, where the shock front forms, is the speculative bubble in hedge funds and related derivatives, orders of magnitude larger in monetary value than the physical economy. The commodity price inflation, led by petroleum and certain minerals, is dragged along in the opening conical tail. Prices of other commodities and consumer goods lag behind in time and are diffused as they spread out in the conical opening. As in the Gauss-Riemann representation of the complex domain, visible or empirically determinable measures (in this case prices) are actually being determined in the non-visible, complex domain. A Riemann-type shock front forms at the cone-shaped boundary layer where the rate of increase of out-of-control speculation confronts the declining rate of real physical economic growth.

land-based economy as the trailing edge of the cone touched land below.

Thus, the rate of inflationary rise of prices of petroleum and related primary commodities now, is the rate which is already in the process of striking commodities on the land below the passing of the hedge-fund-drive hyperinflationary shock-point.

That is the gist of the way in which you must think about this situation. What is hitting in the petroleum-price domain is the current trend of onrush of prices of all commodities in general. Do not commit the blunder of measuring price-changes from the ground up; the rate of change on the ground-level is actually the rate of change expressed as oil-price inflation.

The conical function [the graphic above] is a simulation of a higher-order actual process; but, the general effect of a

conical function is correct, nonetheless.

There are several ways in which this could be refined. All proceed from the fact that it is the rate of acceleration of the price-inflation at the nose-sector (the apparent point of the cone) that is the determinant of the rate of hyperinflation. The actual hyperinflation is generated in the financial-derivatives sector prior to the oil-price-zoom effect (an area of high turbulence in at the front of the tip of the first commodity-transaction (e.g., petroleum).

The characteristic which defines the hyperinflationary rate is the rate of acceleration relative to the normal price-commodity turnover in the economy. Hence the relationship of increase of speed, measured in "Mach-number"-like increments, to the "speed of sound," the resonant rate of commodity turnover in the base-economy relative to petroleum primary commodities.

Government Can Control Today's Hyperinflation

This is an excerpt from an interview given by Lyndon LaRouche to talk show host Jeff Rense of Genesis Communications Network, on the evening of Sept. 21.

Rense: What are your latest observations on the scene in our nation's capital?

LaRouche: Well, I think you have now got a rate of inflation, which is hyperinflationary. We're in a world situation which is like Germany in 1923. And you just look at the rate at which prices are rising, and you realize that this is not going to go on too much longer. We're near the end of the game.

Rense: How can it go on any longer? I mean—look, as you know, Lyndon, you've been saying this for many, many years, before anyone else I can remember, that the day of accounting is coming soon. These people continue to create money out of virtual cyberspace, with a few keystrokes on a computer. Not a care *in the world*, about trying to consider a way to pay it back, balance the budget, or any of the other old clichés we like to talk about.

LaRouche: Yes, well, there's a certain amount of madness. I think you can say that the people who are running the world right now, are insane. They don't care much about anything, they're just running things. They're hysterical. Cheney is in deep trouble, physically, as you know. He's got some physical problems, there—surgical problems.

Rense: It's said that he may have had a heart transplant a year ago. I don't know. But the man does seem to be invisible most of the time, that's for sure.

LaRouche: The man's—he's dangerous. He's not too bright. He's vicious—he's only a tool. He's only a tool. You've got a financial crowd that's running the world, which is, in my view, clinically insane. The President of the United States, I've said, he's a mental case. And this thing is rolling along. It's largely negligence on the part of a lot of people who should have known better.

Right now, you've got, in the Congress and elsewhere, you've got people who are out of the ether—especially in the Senate—who are beginning to move. But, I just hope that we're moving in time.

We're on the edge—as I said, we're on the edge of something like 1923 in Germany, in terms of economy. Just look at the price of petroleum. Look at what's happening. Look at

other prices which are related to it. There's no shortage of petroleum—we've got a glut—

Rense: Thank you!

LaRouche: We've had a glut for a long time.

Rense: Thank you for saying that. All too true. This whole thing—I don't know if you feel one way or the other about the “peak oil” argument, but I don't buy it for a second. In fact, Cornell University, the Geology Department, and others, have suggested that we have a process on this planet wherein oil is being manufactured all the time by the Earth. We don't understand it. In one tract of land, 900 square miles off (ironically enough) Louisiana, out in the Gulf, there is more oil, says Cornell University Geology, than has ever been used since mankind began using petroleum as an energy base! That's how much oil is in *one* location.

LaRouche: Yes! Well, right now, in terms of oil available, petroleum available, there's a world glut. It's not just what's in the Earth, which of course is there, but in the amount that's being *produced* is a glut.

Shocks in Unsound Economies

by Lyndon H. LaRouche, Jr.

A memorandum to associates, Sept. 23, 2005:

The principles of “economic shock-waves” which we have employed in our association, date from the second half of the 1970s, a discussion which occurred under the topic of my discoveries in the science of physical economy a quarter-century earlier. This discussion reached “critical mass” in a meeting held in a Bronx location among Uwe Henke, Chuck Stevens, and Steve Bardwell, in preparations for an invitation to an immediate Soviet science event.

At this meeting, I emphasized that the party to visit Moscow should be prepared by study of Riemann's 1860 “shock wave” paper, on my assumption that relevant Soviet non-classified literature would contain material of value bearing upon thermonuclear isentropic compression. I emphasized that such materials from the domain of physical science would be of implicit collateral value in our polishing of the program of LaRouche-Riemann quarterly U.S. economic forecasting which we were in the processing of launching, as a joint Labor Committees/Fusion Energy Foundation project, from our New York offices at that time.

This mission to Moscow, etc., was successful on that account.

What we're seeing here is simply international financial interests, which are a cartel, which control the world's petroleum supplies, are rigging the prices.

Rense: The vampires.

LaRouche: Worse! Worse. And the price is going up, because the system is at an end. Look at the Spring: In the Spring, you had hedge funds, which made a big gamble, and they lost. They were trying to bail out—and they're still trying to bail out—a lot of the hedge funds went under. Some survived. Those who survived, are trying to survive through their control over petroleum and other things. They're driving up the price to try to bail out their financial system, which is bankrupt.

It won't work! It won't work—

Rense: Utterly bankrupt. I agree. It won't work—no chance.

By the way—excuse me one second: Had you been elected President, and you were in the White House right now, and this oil gouge was being perpetrated against the American people, which in fact is what it is, you know, and

many people listening know, you could have picked up a pen, signed one piece of paper, *freezing* the price of oil and gasoline, in the national interest, immediately.

LaRouche: Yes, sure! I would have done it. I've proposed it.

We have two things we've got to—you know, you can't manage everything by government decree, even international decrees. But there are some things, within certain limits, you can manage things. In this case, we have two things that we have to manage right now: We have to manage the price of petroleum, because we made ourselves dependent upon it. We can not allow a small group of people to drive the price up the way they're driving it up, now. About \$40 a barrel is pure swindle; it's pure theft.

Rense: Yep.

LaRouche: Because they control the market.

The other thing I've got to worry about, is the supply and price of food. You may notice that the price of food is zooming.

Rense: Well, of course!

This study of Riemannian isentropic compression was premised on both the general features of Riemann's dynamic method, and on the specific example of Riemann's 1860 "Über die Fortpflanzung ebener Luftwellen von endlicher Schwingungsweite" ["On the Propagation of Plane Air Waves of Finite Amplitude"]. On this account, that Riemann paper was translated into English, by Parpart and Bardwell, for the Fusion Energy Foundation, and was, otherwise, an integral part of the internal work of the Labor Committees on both economics and the rudiments of application of Riemannian physics to relevant classes of phenomena in general.

This occurred in the interval I was already leading our work in setting forth the case for what was to be later introduced by me to the Reagan Administration, where it assumed the form of what President Reagan named a "Strategic Defense Initiative." The fact, that the visit to Moscow had identified material in the open Soviet science literature indicating the existence of relevant Soviet scientific capabilities, was a crucial consideration in the making of my proffer of what became known as "SDI" to relevant representatives of President Reagan.

It should be readily recognized, among those with relevant training in physical science, that the phenomena which Riemann predicts for sonic-wave "fronts" in the referenced 1860 paper, represent a general principle, derived from the concept of Dirichlet's Principle of applicable physical science, including my speciality, the science of physical economy.

The following consideration is especially noteworthy.

In both the present case, as in 1923 Germany, a hyperinflationary explosion was building up over an extended period. In this case, the origin of the condition which caused this chain-reaction-like present explosion of primary commodities and other prices has been building up since the mid-1990s, with the subsumed points of inflection of 1997-1998. Ironically, the measures used to control the aftermath of the LCTM hedge-fund crisis, actually created the preconditions for the explosion which has now occurred, that in a manner similar to the way a building-up explosion of prices was contained until approximately the middle of 1923, when the explosion of the wild hyperinflation then occurred. A condition of "overload" was approached, akin to the discomfort of the supersonic aircraft (or would-be supersonic aircraft) as it approaches the relevant boundary-condition of the process.

Thus, this present hyperinflationary outburst has been building up since the immediate aftermath of October 1987, when the U.S. economy slipped into the implicitly hyperinflationary mode launched under Alan Greenspan's assumption of the post of Federal Reserve Chairman: a point in the process comparable to approximately May-June 1923 in Germany has already been reached. The attempt to bail out the hedge funds has triggered the shift from contained hyperinflation to explosive hyperinflation, a critical, uncontrollable phase of the present system, a phase comparable to a Riemann shock-front has been entered. Without a sudden change in the system, as Riemann's work implies, the world economy is now doomed to an early and ugly, chain-reaction collapse.

LaRouche: We're in, now, a hyperinflationary spin, which is like Germany, 1923.

Rense: The price of everything is exploding, and watch what happens in three to six months, folks, when gasoline goes to \$5 and \$6 a gallon, diesel fuel keeps apace, and the truckers, of course, who bring everything to every store in this country, will be forced to pass along their costs to you and I. This is an inflation of a different stripe, Lyndon, but it is hyperinflation.

LaRouche: It's like 1923 Germany: The rate of increase of price, now, is on the same kind of curve that Germany experienced in the second half of 1923. It's already happening, now.

Now, we can control it. Governments could control it. The will to control it exists among many governments in the world. There's no problem about the price of oil. We have friends in the Middle East and so forth, who would be perfectly willing to cooperate with us, because they know that stability for them and everybody else depends on cooperation. They offered to do so.

It is the United Kingdom and the United States government, which have refused to cooperate in controlling this price. And the two things I said we should control, we can't control everything with government, but we must control the price of petroleum, and we must ensure stability and price of food supplies. Those two things, we *must do, now*. . .

LaRouche PAC Testimony

Put a Lid on Prices; Re-Regulate Energy

This testimony was presented by Marcia Merry Baker of the LaRouche Political Action Committee, for the record, at the hearing of the U.S. Senate Committee on Commerce, Science, and Transportation, Sept. 21, on energy pricing.

To Honorable Senators Ted Stevens, Chairman, and Daniel K. Inouye, Co-Chairman, and Members of the Committee:

There are now various Congressional initiatives coming forth, addressing certain aspects of the out-of-control energy prices: Senator Byron Dorgan's "Windfall Profits Rebate Act of 2005"; Sen. Carl Levin's "Hurricane Katrina Emergency Temporary Energy Prices Freeze Act of 2005"; and the many anti-price gouging measures. Going in the right direction, what is needed now from the Senate is a commitment to *full-scale re-instatement of traditional regulation of energy, and*

also of transportation, given the nature of the crisis now at hand.

Information-gathering at the Sept. 21 hearing is useful and important, but the urgent necessity for Senate action is self-evident given events in these three, interrelated areas:

1. The current energy price swings and hyperinflation are an inherent part of the deregulated, speculation-serving energy sector, not an aberration. No mere tut-tut proscriptions against malpractice by multinationals will help.

2. Out-of-control energy and commodity prices and profiteering are, in turn, an inherent part of the disintegration process of the international financial system, teetering as it is on bubbles of speculation in derivatives, home mortgage financials, deficit-import dependence, unpayable debts, etc. This epic crisis cannot be ignored. It must be addressed in a way to restore economy-building national interest policies.

3. Rebuilding after the catastrophic impact of Katrina, given the anti-infrastructure stance and criminal negligence of the Executive Branch which led up to vulnerability in the Gulf Coast, requires stable, fair energy prices. Period.

In our following testimony, we include summary information in these three areas, which we can also make available to the Committee in more depth, including animations of the economic processes involved.

To develop these concepts, we include excerpts from two recent webcasts in Washington, D.C., given by Lyndon LaRouche, to address the policy shift and Senate leadership required. The immediate action perspective is straightforward: Cap the prices.

'Put A Lid on Prices'

On Sept. 3, Lyndon LaRouche conferred with government, infrastructure, and constituency leaders on an international webcast, "Pulling the Nation Together Now!" (archived on www.larouchepac.com):

"... Now, we had a case out nearby here, of \$6 a gallon for gasoline. And you have people standing by the side of the road and laughing at Hummers. But that's not the only part of the story. We can not allow a speculative exploitation, which is now going on in the world market, to drive up the price of petroleum products on which this nation and other nations depend, to floating prices. We're going to put a lid on it. We're going to put a lid on it in the United States, and we're going to go to Europeans and others, and we're going to put a lid on it.

"We're going to talk to people overseas—we're going to *put a lid on the cost of petroleum products*. We're going to *stop* this inflation: Because this inflation is purely based on speculation. And the speculators are going to have to take bath!

"We're going to have a price of energy, which enables this nation to function. We're now coming into a Winter season—months ahead? Yes.—But we're coming into it now! How do you like it, with no heating, in the northern part? How do

you like it, the fact that we're shutting down electrical systems, power systems in entire regions of the country now, for lack of petroleum products, because we made ourselves dependent upon it? No!

"We organize the flow of what we need in so-called energy supplies, and we regulate the price, put a cap on it, and we work with other nations to keep that price, a lid on it!"

Some of the key aspects backing up the necessity for re-regulating prices are the following, in the areas of the structure of the energy industry—oil production, refining, distribution, and the mythical "markets."

Table 1 documents how just the top five oil companies—Royal Dutch Shell, ExxonMobil, BP, Chevron-Texaco, and ConocoPhillips—dominate half or more of each of these markets, control domestic production, refinery capacity, and the supply and price of gasoline charged to retail gas stations.

Therefore, under these circumstances, when a "market-excuse" is given to justify gas and oil price run-ups—namely such citations as, "the effect of the Iraq War," or "hostile OPEC action," or now, "Katrina Storm Damage"—no matter how partially true, the larger truth, from the vantage point of the responsibility of government to provide for energy security, is that the entire system of energy provision is in the hands of predator cartels, which must be brought under control.

Take the bottleneck of refining. In 1981, according to the Department of Energy, the U.S. had 324 refineries, with a refining capacity of 17.99 million barrels per day (bpd). In January 2005, after a massive campaign of shutdown, it had only 148 refineries with a capacity of 17.12 million bpd. The last time a new major refinery was built in the lower 48 states was in 1976, in Louisiana. In a June 2004 investigative report, "Campaign of Inaction: the Federal Trade Commission's Refusal to Protect Consumers from Consolidation, Cutbacks, and Manipulation in America's Oil and Gasoline Markets," Sen. Ron Wyden (D-Ore.) showed that as a result of the record merger and acquisition binge in the refinery industry, 922,465 barrels per day of refinery capacity were taken out of production since 1995. Production would have tumbled further, but for increased efficiencies in refining conversion and thus output at some refineries.

Senator Wyden's report concluded, "The oil industry and its allies would have the public believe that insufficient refining capacity, restrictive environmental standards, growing gasoline demand, and OPEC production cutbacks are the primary reason for the current oil and gas supply problem. However, the record shows . . . that major oil companies pursued efforts to curtail refinery capacity as a strategy for improving profit margins."

Wyden included as documentation an internal document

TABLE 1
Top Five Companies, 2003

	Domestic Oil Production Market Share	Domestic Oil Refinery Capacity Market Share	Domestic Retail Gasoline Market Share
BP	12.7%	9.0%	12.7%
Chevron-Texaco	9.8%	6.4%	8.3%
ConocoPhillips	7.4%	13.0%	13.0%
ExxonMobil	10.6%	10.8%	13.7%
Royal Dutch Shell	7.2%	8.3%	14.0%
Total Top 5	47.7%	47.5%	61.8%

Sources: Public Citizen; U.S. Department of Energy, Energy Information Administration; *EIR*.

obtained from Chevron Oil, dated Nov. 30, 1995, which asserts, "A senior energy analyst at the recent API [American Petroleum Institute] convention warned that if the U.S. petroleum industry doesn't reduce its refining capacity it will never see any increase in refining [profit] margins."

A new frenzy of mergers adds to the menace. This year, Y2005, is the busiest for energy-industry deals since 2001, with about \$100 billion of takeovers announced so far. The total, including pipelines, utilities, and coal producers, is more than the full-year total in 2002, 2003 or 2004, and if the pace continues, will be nearing 1999, when \$200 billion of energy industry consolidations occurred. The period 1998 to 2000 was the biggest span in history for energy mega-mergers, including the mega-deal of Exxon Corp. acquiring Mobil Corp. for about \$79 billion. This August, Chevron acquired Unocal for \$17.8 bil, and other mergers are under way.

'Paper Oil'

"Paper oil" is the well-known term to describe the fact that for every barrel of petroleum pumped somewhere, shipped, and refined, there are nearly 600 "paper barrels" worth of trades on the speculative commodity markets.

The financial interests behind the oil cartel dominate the two institutions where the world oil price is set: the London-based International Petroleum Exchange (IPE), and the New York Mercantile Exchange (NYMEX). The way this works, is that the trading companies that trade oil derivatives, push up the world oil price, through long positions and other manipulations, called "updrafting the market." The futures market determines the real world price. Most European oil contracts are based on the marker price of Brent Crude, which in turn is determined by the IPE. Speculators purchase futures contracts on the IPE and NYMEX exchanges; each single contract is a bet on 1,000 barrels of oil. More than 100 million of these oil derivatives contracts were traded on these exchanges in 2004, representing 100 billion barrels of oil. On the IPE, there are 570 derivatives contracts on Brent crude oil—"paper barrels of oil"—traded each year, for each physical barrel of oil pro-



EIRNS/Bonnie James

Rising gas prices in the aftermath of Hurricane Katrina. Lyndon LaRouche has called for putting a lid on the price of petroleum products, to block speculative exploitation.

duced in the North Sea.

Consider the IPE, which was created in 1980: Today, it is run by a Knight of the British Empire and former Royal Dutch/Shell official, Sir Robert Reid, and has a board which includes Lord Fraser of Carmyllie, representatives of Goldman Sachs, Morgan Stanley, BNP Paribas, Crédit Lyonnais, and French oil giant Total. Its parent holding company includes the Chicago Board of Trade's Richard Sandor (a former banker with Banque Indosuez and Drexel Burnham Lambert), and Jean-Marc Forneri, a banker who was a partner at Demachy Worms & Cie., the infamous synarchist Banque Worms. The biggest oil derivatives traders, which run IPE trading, include Barclays Capital, Bear Stearns International, J.P. Morgan Securities, Deutsche Futures London, BP Oil International, and Shell International Trading—the key components of the oligarchy's world oil cartel.

For two full years before Katrina hit on Aug. 29, speculation drove up the price of gasoline by 83%, from \$1.05 per gallon (Aug. 28, 2003), to \$1.93 on Aug. 26, 2005; and crude oil by more than double, from \$31.50 per barrel on Aug. 28, 2003, to \$66.13 on Aug. 26, 2005. After Katrina hit, they drove it higher. When Hurricane Rita hit Florida, they drove the price to \$67.39 a barrel. The oil cartel uses the NYMEX and IPE price as a floor, and drives the wholesale price above that, and the retail price even higher, with gas prices at \$3.25 per gallon at the pump.

The German Economics Minister Wolfgang Clement recently estimated that, at present, \$18 per barrel of oil is attributable to speculation. On Sept. 2, when German Chancellor Gerhard Schroeder announced his commitment for Germany to come to America's aid by oil and gas shipments, his spokesman Thomas Steg stressed that there must be collaboration between countries now, to crack down on energy companies

to keep prices stable.

But in opposition to this principle, are the reports that Vice President Cheney turned down international offers of gasoline after Katrina! On Sept. 10, a Washington-based Mideast specialist provided details to EIR News Service, of how, on the eve of Katrina, the world was awash in crude petroleum, and Persian Gulf individuals proffered aid to the United States. Saudi Arabia and Kuwait have significant spare refinery capacity, and massive reserves of refined petroleum products. These countries refuse to disclose the total amount of their reserves of refined petroleum, but they have been building up their stockpiles for the past 15 years, so they are quite substantial. One source estimated that were Saudi Arabia to load four supertankers with refined petroleum products and deliver them to the United States in special sales, the price of oil would fall 40%.

Dick Cheney ruled out accepting these offers.

Context: Financial, Monetary Crisis

The runaway energy prices are best understood in terms of the overall end-phase crisis we have entered, of the disintegration of the international financial system itself. Increasingly over the past three decades, the divergence of volumes of debts, deficits, and financial valuations of all kinds (stocks, derivatives, mortgages, etc.) as against the decline in condition and activity of physical economic input and output (manufacturing, agriculture, infrastructure) has widened to the point of financial blow-out and economic breakdown. The other way to say it, as many commentators finally admit, is that financial bubbles of home mortgage securities, hedge fund bets of all kinds, etc., are now beginning to burst.

From this strategic vantage point, LaRouche addressed what must be done, in a webcast, Sept. 16, "The Great Change of 2005" (archived on www.larouchepac.com):

"People say, 'Is this a depression?' You know, there are some people who are really idiots. You tell them there's a depression going on, and they say, 'Yeah, but how's the market doing today?' 'Yeah, the market's doing fine, look at those derivatives.' What you're seeing as market expansion, is entirely financial derivatives. Now, financial derivatives are the equivalent to an economy, of cancer to a human being. 'I'm better than ever. The doctor says the cancer is growing!' That's what it is.

"But what this also means, is that the ratio of financial obligations outstanding, is so great, there is no possibility of an ordinary solution in bankruptcy court. Take, for example, right now: Let's take the case of the airlines. What we have, for example, in the oil price scandal: Probably \$40 out of the going-toward-\$80, now, of oil, is pure swindle. It's speculation, and it's run on behalf of the financial interests in the South, which concentrated the oil traffic in the Gulf area, to be near to George Bush, and the Carlyle Group. So, the United States economic operations, in respect to petroleum, have been concentrated to the advantage of the Bush family and related interests. That's where the speculation is.

“There was no shortage of petroleum! There was a superabundance of petroleum! The ports were *clogged* with petroleum. There is no oil shortage! And producing more oil from the reserves, is not going to solve the oil price crisis: It’s purely speculative! It’s speculators out manipulating the market, to rip people off at the pump by more than \$40 a barrel.

“What is this being done for? For two reasons: First of all, because George Bush’s friends love to steal. For example, it didn’t occur to them what they could do, in the case of New Orleans, for example, until they discovered how to steal! And the way to steal, is to send Halliburton in there. Which is what they’re doing. The same Halliburton, the same Bechtel crowd which pulled the swindle in Iraq! They fire the military engineers, fire the capabilities that we used to have, to deal with these situations; you bring in a private company, which boondoggles. Charges all prices, off record, unregulated. The Congress is not allowed to have hearings, which actually get into who’s doing what for whom, in terms of these areas.

“They do the same thing with the oil price scandal: Someone says, ‘Let’s regulate it. This is out of control, this is not justified by supply and demand or any such consideration.’ Schröder, the Chancellor of Germany, said in Gleneagles, ‘Let’s regulate it.’ Who turned it down? The British and the United States. Why? To steal! What were they doing? Well, they were not just stealing: You recall the derivatives crisis which hit in the Spring. You will find that a lot of hedge funds went belly-up, as a result of that struggle. The whole system is ready to blow. So, bailing out their system, the hedge-fund system, is crucial for the people who run the system. How are they going to bail the system out? They’re going to have to steal. *Well, \$40 a barrel rip-off, off the top of the price, on oil, is a very good rip-off*, for people who desperately need profit to keep from going bankrupt.

Defend the General Welfare!

“We must also act in terms of defending the General Welfare. We need airlines! We’re going to have to put the thing into government receivership, and reorganize the system, recognizing it has been torn down by speculation. By looting! We’ve got to put the thing back. We’ve got to rebuild the rail transport system. We’ve got to have a rational relationship between high-speed rail transport, and air transport. We’ve got to do a lot of things in this direction.

“We’ve got to go into a large investment, Roosevelt-style, but larger, into re-creating industries that are lost! But the problem in trying to re-create industries that are lost, is that we don’t have the skilled labor force we have lost—through government and related policies—over the period since the 1970s, especially 1977. Under Carter, which is really under Brzezinski, we went into deregulation. We used to have a policy in the United States, even in the post-Roosevelt period, initially—a ‘fair trade’ policy.

“A fair trade policy meant, that you would arrange all the mechanisms of government—tariff regulations, all kinds of

regulations—in order to ensure that if somebody is doing something, in the private sector, which is useful to the United States, useful to the people of the United States, we want them to stay in business. We don’t want to go around the world, trying to find some cheap labor to replace them! We want to keep the farms, the industries, and so forth, *here*. We want our basic economic infrastructure solid.

“So, therefore, what we do, is, we set up a system of tariffs, and similar kinds of devices, to ensure that an honest industry, which is producing an honest product, is going to have the fair costs of its production paid. By setting the prices at that level. And it’s going to be able to get credit, to be able to meet those obligations of production and so forth. To improve itself, to be more productive and so forth.

“So, we had a protectionist policy, which is called a ‘fair trade’ policy! We wanted to have, not big corporations gobbling people up, not stockholders who are fleeing from one corporate stock to the other every day; but, people who are committed in the long term to building an industry in a community. Within a state. People who are building for the future. We wanted private entrepreneurs, closely held companies, people who were production oriented: The machine-tool end of the thing, especially. This was our strength. This was the strength that Roosevelt used to make us the greatest economic power the world had ever seen, as we entered into World War II.

“We have to do it again. We can do it, again!

“But, we have to recognize that that’s the problem! We have to recognize that the switch to a service economy was a piece of clinical insanity! We have to recognize that free trade is a piece of clinical insanity! We have to recognize that globalization is imperialism. We have to say, ‘These things come to an end!’ ”

After Katrina

Given that we now face a huge natural disaster made into a horrible catastrophe, by the negligence and inaction of the Executive Branch on infrastructure maintenance generally, as well as in the case of the immediate epic storm, it is even more urgent for the Senate to rise to its unique advise-and-consent role, and initiate a long overdue shift to an economy-building policy. This is not a partisan question, but a matter of national public interest of the most profound and urgent kind.

WEEKLY INTERNET
AUDIO TALK SHOW
The LaRouche Show
EVERY SATURDAY
3:00-4:00 p.m. Eastern Time
<http://www.larouchepub.com/radio>

LaRouche's Dialogue With The Senate Continues

In last week's EIR, we published Lyndon LaRouche's opening remarks to a Sept. 16 webcast in Washington, D.C., on the theme of "Revolutionary Transformation After Hurricane Katrina," and the first question from the audience, which was on how the U.S. Senate should proceed to rebuild after the hurricane. Here, we continue with the dialogue, which was moderated by LaRouche's spokeswoman, Debra Hanania Freeman. The video of the webcast and a transcript are available at www.larouchepac.com.

Oil Prices and Speculation

Freeman: Lyn, This question comes from the Democratic leadership of the Senate. It's on the question of the price of oil. The question is as follows:

"Mr. LaRouche, on the one hand, we're always told that the price of oil is largely determined by some peculiar combination of the gods of OPEC and the gods of supply and demand. With the refining capacity of the United States almost completely concentrated in the area that got hit by Hurricane Katrina, it did seem obvious that we were going to suffer some temporary disruption, without outside help. And indeed, it was the case that overnight, the price of gasoline, for instance, shot up by almost \$1 in most places. By and large, people accepted it as a result of what had happened down in the Gulf. Some state governments tried to alleviate the crisis by temporarily repealing gasoline taxes, but we all know that they can't afford to do that. And the fact is, that as policymakers here in Washington, we decided that we needed to take a closer look.

"Every member of Congress is well aware of the fact that Saudi Arabia, Kuwait, and several other countries as well, offered the United States refined oil if we needed it. Additionally, in a world that is presumably ruled by supply and demand, we know that demand is largely down. A service economy just doesn't use as much energy. At the same time, supply is way up. So up, in fact, that some people say that we are

literally drowning in oil. Now, I know that this sharply challenges the assertions of some environmentalists, who say that we're facing a big shortage, but I'm going by what the numbers I'm given tell me. Okay, with all of this said, what exactly is going on? Who or what is actually controlling the price of oil, and how specifically should the Senate respond to it?"

LaRouche: Supply and demand is something for sick children to believe in. It does not exist. It's a theory which applies on planets that don't exist, but not this planet.

What is going on, essentially, is stealing. And the stealing is being done by the friends of George Shultz, who created the Bush Administration. He begat George, Jr. According to the story, he had him out there and said, "I think you've the makings of a President." And then George, Jr. went out—and he was a drunk and a drug-user and whatnot, a no-brainer all the way—and he went back to a religious fellow who told him, "Ah, you're a Christian!" and he had an instant conversion! He took a bath in no water, and suddenly he became a Christian! Why? Because somebody told him he's going to be President, and you've got to now pretend you're a Christian. And we see by his behavior, he's no Christian. He thinks he's talking to God. That's somebody else he's talking to! It's the other guy.

The point is, what's the practical situation here? Again, we're in a wartime situation, tantamount to war. Now, we don't want to kill somebody. We want to do precisely the opposite, but we're in a situation tantamount to war. What do we do?

We know that the price of oil is rigged. If the President of the United States—put me in the Presidency of the United States for two days, or three days—I'll meet with the governments of the world, I'll meet with the oil-producing nations, I'll meet with the government of Germany, other governments. I guarantee you, I'll have an agreement on control of the price of oil, overnight! Because we have the oil. We have the petroleum. We control it, this consort of governments. We



EIRNS/Stuart Lewis

Lyndon LaRouche addresses the Washington, D.C. audience on Sept. 16. "Most of the serious Republicans," he said, "more and more know that Bush and Cheney are disasters, and know that they're being pushed to the edge of a Watergate proceeding, as they were against Nixon, because we have to get rid of this problem, in order to have a government again."

have the supply, and if we're determined to have the supply delivered at a fair price, it will be delivered at a fair price. It's a political question! It's not an economic question. The effects are economic, but it's political. These guys are stealing! And they're stealing with the aid, the accomplice is the President and Vice President of the United States. The Carlyle Group has got its pockets deep in this stealing.

Look, you had a switch in the country, in terms of banking, which occurred over a period of time, the Southern Strategy, the Southern Orientation, which became big around Nixon. And the Southern Orientation was to move finances—and look at the structure of banking in the United States, banking and related finances. It shifted from the Northern states, from a New York-centered basis, into a Southern orientation. Initially it started with the cheap labor markets of the South. They began moving industries down to the South, to cheap labor markets in the woods. Runaway shops, they were called then, back in the 1940s and '50s. Runaway shops.

Then, they began to move in other directions. Now the Carlyle Group was a part of the creation of this, of the moving of a concentration of banks from the New York-centered banking system to a Gulf-centered orientation.

Why? Because there's not as much cold weather there. People work cheaper. They virtually shut down the state of Michigan. They shut down western Ohio, they shut down Ohio. They shut western Pennsylvania. They shut down Indiana. They're shutting down Illinois. Look around the country: It's being shut down. I could show you, we have charts on this, county by county in the United States, which we're de-

veloping animations of, to show you exactly how the United States has been destroyed, and is being destroyed, by these policy decisions of these financial interests, with the complicity of people in government such as the Bush Administration.

Therefore, this is our problem. And we've set the taxes wrong. We've set interstate regulation wrong. We've done things wrong, and we have to restore them now. And that's the power of government, but it takes guts to do it! Internationally, the oil price, we could control it. I guarantee you, we have the access to governments abroad, who as a concert of governments would agree in a flash, to join the United States in regulation of oil in terms of supply, as if on a war-time basis, to make sure that everybody gets it at a fair price. And the speculators will just have to take a bath. We may find some water for them.

Now, another thing we've got, which is a similar situation, which is not as obvious yet, but we're on the verge of it—it's happening right now—is food! Its supply and its price. Food! Now some people around the Congress have said this, and asked about this, as on the 3rd [of September]. Food!

The United States government has to guarantee, use its power, to ensure that the food supplies of the American people are maintained at a fair price. Adequate supply and fair price. That is in jeopardy now. It's already in jeopardy on price. Look at the changes in food prices. Look at the incomes of people. Our problem is not poverty. Our problem is that people are being ruined, starved to death, crushed. We've got to save the airline system. We've going to have to put the airline system under regulation, to save it. because we need it. All

these kinds of things. This is where the problem lies.

Don't get taken in by the so-called financial advisors, by these spin sessions that they go through. It's all garbage! There is no such thing as supply and demand. We know this doesn't work. Somebody says it and makes it a token of religious belief. Well, give that to our friend down here in Virginia, down below here. He sells that kind of stuff, including assassinations on demand. But that's the problem. We don't have a supply-and-demand problem. We have a stealing problem, and we have to protect the vital interests of the United States and other nations from that, and if I were President, I guarantee you, in about three days, I could get this thing through.

Paying for Reconstruction

Freeman: I'm going to ask you another question from the Senate, and then I'll start alternating with some of those kinds of questions and questions from people here. This is also from the Democratic leadership. It says,

"Mr. LaRouche, we right now are faced with a number of very large costs. First and foremost, the cost of the war in Iraq. We have that cost, and we have to consider it. We have now the cost of Hurricane Katrina and its aftermath. On top of that, this week also brought along the bankruptcy of Delta Airlines and Northwest Airlines, presenting us with a whole new problem. Of immediate concern in the Delta/Northwest situation, which is a question that we first had to address a few months into the late Winter, we have to deal with the question of the pensions that are owed those workers. The fact is that the pension funds of these two corporations are grossly underfunded. Some people believe that now is the time to turn to the PBGC, the Pension Benefit Guaranty Corporation, but their mandate was never to be the piggy bank of last resort, and it itself is right now grossly underfunded. These are the problems we have to contend with.

"Now, right now, there is no question about what is the *right* thing to do. We have men and women concentrated in Iraq. We have to pay for that. We can't leave them there without what they need. Similarly, in the aftermath of Hurricane Katrina, there is no question as to what the United States should do, there is no question as to what's right. On the question of these bankruptcies, certainly the pensions should be honored. These workers deserve to be paid. So we know what's right, but it's not at all clear to me how the hell we are supposed to do all of this. Where's the money supposed to come from, at a time when the deficit is already way beyond what any of us are comfortable with?"

LaRouche: Well, we're going to have to take a page out of the book of Franklin Roosevelt. You cannot deal with these issues one by one. That's the problem. When you try to deal with each one, then you find the other problems eat you. So, what you're going to have to do is this. You're going to have to recognize that the present banking system of the United States and of the world is hopelessly bankrupt. That's a fact!

Don't wait for it to happen. That is the condition that exists right now! There is not a major bank in the United States which is not actually bankrupt, and I can prove it. Get me into the bank and I'll show it to you. It's hopelessly bankrupt. You don't need me! Bob Rubin will show it to you, if you give him the power. He knows it. There are other people, economists in the United States, who know that! This system is totally bankrupt.

I'll give you one example. The housing bubble! The mortgage-based securities bubble can blow out the entire U.S. system, right now. So, we have to say, instead of, "When is the bankruptcy coming? Is it going to come?"—*It's here!* It's being papered over by fakery. I've seen this before in my days as a consultant. I used to get called into these situations of virtually bankrupt firms, and they had been bankrupt for a long time, and they were postponing it by various methods, and they were getting themselves at the point where the word was jail, jail, jail! Doing all kinds of tricks to avoid the inevitable. They were bankrupt, and the best thing when you're bankrupt is to go bankrupt! At least you get honest and legal, if you haven't stolen anything. Eh?

Now, the banks are bankrupt. Fact! Not debatable really, by people who know. And if you know Bob Rubin, he might tell you. He's a very cautious guy, but he probably knows it pretty well. I know it, so he must know it. We know that, so therefore, what do we have to do? Because other countries are bankrupt too. Italy is bankrupt, France is bankrupt, Germany is bankrupt. Who isn't? Japan is bankrupt, hopelessly bankrupt! What are you going to do? The system is bankrupt! The International Monetary Fund system is bankrupt. Why? For the reasons we indicated. Financial derivatives. We're talking about financial derivatives on the order of magnitude of uncounted quadrillions! We're talking about a world economy on the basis of less than a hundred trillion, with obligations in the order of quadrillions and many of these are short-term obligations! The system is bankrupt!

Now, what we're going to do, what we have to do, is we're going to have to declare that all financial derivatives are nullified, because they're side bets; they're gamblers' side bets. They're not an investment in production. They're not an investment in producing anything, they're gamblers' side bets. So, we put the gamblers out of business. "Okay, you guys settle your own accounts among yourselves, your side bets; you sidebets go off and settle your own with one another. We have nothing to do with it." We're going to have to put the whole thing into bankruptcy. We're going to have to put the IMF into bankruptcy. We're going to have to put the Federal Reserve system into bankruptcy. Why? Because, what we have to do, we have to put the entire banking system into reorganization, under Federal reorganization.

Now, this means in our history something very simple. It means we're going to some form of national banking, in which the power of the Federal government, under the Constitution, to create credit, through the consent of the House of Represen-

tatives, the power to create credit will be used, as Roosevelt used it. We'll put the whole thing into bankruptcy, where the first purpose is to make sure of the continuity of essential operations, and the continuity of the functioning of the institution. The banker is going to sit there, he's going to still do what he does, because we've got to keep the flow of things going.

Now, our basic problem, from the standpoint of reorganizing in bankruptcy, is, we've got to start creating more production than we have costs. That is, we've got to bring the level of productive employment up to the point that we are operating on a current basis above breakeven. Now, when you're operating above breakeven, you can get by with a lot of things and manage a lot of things, especially if you're government. But if you're not operating above breakeven, sooner or later, the whole thing's going to crash. So the Federal government is going to have to put this system into bankruptcy reorganization, devise immediately emergency bankruptcy legislation, covering bankruptcy, because we are not going to lose essential productive facilities, or essential things. We must have them. So therefore, we put them into bankruptcy reorganization. We may force suspension of payment of many accounts, but it will be in a regulated way. We've done it before. We do it again.

Then we're going to have to do this. Since we don't have the amount of skilled labor for industry and agriculture we require, we're going to have to do what was done by Roosevelt with things like the CCC, WPA, and so forth. We're going to have to take people who do not have genuine production skills, and we're going to have to find forms of employment which are productive, intrinsically, in which they can be assimilated into a role as productive parts of society, and by doing that, we will then get the economy growing.

Now, the place we can do that, which is the place where government can competently do the job, is basic economic infrastructure. Let's take the case of the airlines. We need an air transport system. We need an air transport system, we need a rail transport system for passengers and freight both. We need a national system, so why not build it? We intervene *immediately* to make sure there is no dislocation of the airlines. We can help that greatly by putting a cap on the petroleum prices, which we can do by agreement with other governments. We can put a firm cap on it.

We can, if the Congress has a clear perspective, we can create programs of public works, or investment in basic economic infrastructure. The reason for this is, in many states and localities, you have state agencies, local agencies, which have on the drawing boards, proved, worked-out plans for infrastructure. For example, you cannot get safe drinking water out of a faucet west of the Mississippi, virtually. You have to pay for it in terms of little bottles or something like that, at high prices. One of the big industries is making fresh water out of cesspools and whatnot. Well, they call it purified water, we don't know what it was before it was purified.

All right, we don't have that. Our sewer systems are break-



FDR Library

The Works Progress Administration (WPA), during the Roosevelt Administration, put people to work, many of whom lacked skills, as our people do today. "We're going to have to find forms of employment which are productive, intrinsically, in which they can be assimilated into a role as productive parts of society, and by doing that, we will then get the economy growing."

ing down. Our power systems are breaking down. We have a shortage of power. The power systems we have are breaking down, of old age and similar kinds of things. We don't have a mass transit system that works. So we can start to build these things that we need, with large-scale projects which do normally fit in with government operations on the city, state, county, and local level.

We can organize the funding mechanisms to do it. We're familiar with this, we know how to do this. So, take things that have to be done, make a package of enough of the things that have to be done, so that we're bringing the work activity of the population above current operating breakeven levels. Now we have a prospect for the future.

Now we attack these problems from that standpoint.

I support Charlie Rangel on the question of a draft. It makes sense. There are many reasons for it, and he knows them all. Katrina—we're going to have to do it. We don't want Halliburton or that crowd in there, because we know they'll just steal. What I want is a Corps of Engineers program.

Put it back under the Corps of Engineers. Use the military Corps of Engineers, as we used to, for these kinds of projects; that any contracting that is done will be contracted through the Corps of Engineers, under proper approval. We'll get some people employed, back to work, building institutions, Corps-style. Their priorities are the right ones, the emergency priorities.

On the airlines, we have to put them under protection, and we have to say the pensions are going to be paid by the airlines. We're going to make sure that happens. Well, if you get the oil price down, you have a fighting chance of doing it. We're going to orient away from a highway-based system, because I don't think there's any sense in building highways to use them as parking lots, which is what we're doing at rush hours these days. The rush hours get longer and longer. We need a high-speed rail transport system back for the United States. We need a reliable air transport system. We need a rational relationship between rail transport for inter-city—high-speed rail transport as inter-city travel, by having the high-speed rail travel integrated with air travel. Longer-range travel should be by air. Shorter-range travel, medium-range, should be inter-city [rail]. We have to build a national transport system of the type we used to think about.

So, if we do that, then we have a solution. If we try to go at this piecemeal—we may have to in the short term—but it's not going to work in the short term. Short-term measures are not going to solve the problem. It's just going to get bigger and bigger and bigger, because the problem is getting bigger and bigger all the time, at geometric rates. Therefore, what we need to do is understand we have to go back, go into a general reorganization at a time that the entire planet has to go into a general reorganization, a general financial reorganization of bankruptcy. And we can build our way out of it. We can use—I mean, this is bigger than Roosevelt faced. The problems are much more severe than Roosevelt faced, but we can do it! And we need to start recognizing that now, and get started.

The key thing in this is, get some momentum going, of political support and popular support for going in this direction. If you get the political and popular support for going in this direction, you will find that it will take off. We have a population whose lower 80%—in the United States—has been demoralized by what has happened to them in the past period. Look at the turning away from political parties. Why? The lower 80% is disgusted and demoralized. They don't believe it. The poor, especially, don't believe it at all! The poor say, just drop me some money, don't bother bothering me with politics. I just want your money. So therefore, we have to go through a process of spiritual regeneration of the nation, by moving in a certain direction which we advertise clearly, taking the emergency measures upfront that we have to take, and can take, and use that momentum to go on to the other things that have to be done. It'll work! It *has* to work, because we have no other choice.

A Movement Based on Ideas

Mark Sweazy, president of UAW Local 969 in Columbus, Ohio:

This tee-shirt, Lyn, did not get to you yet, but this tee-shirt was made and states, "The United Autoworkers Proposing a Workable Solution to Congress in Defense of General Motors," and on the back is the resolution passed by the City Council of Columbus, Ohio.



Mark Sweazy

My only question would be probably the same question that everybody in this room may have, or everybody listening to this webcast may have, is that, Lyn, your direction is superb. You're keyed, you're focussed, you're definitely headed in the right direction. There's so many people in this country that are not, it's amazing. But my question would be, what can we honestly do to wake up a comatose government? What can we honestly do to wake up a Congress that apparently doesn't see the same need? What can we do, as sons and daughters of this nation, less than a Boston Tea Party, that will open the eyes of those that control our destiny? And I thank you again. God bless.

LaRouche: What we need, you see, and any politician who thinks about it and who's experienced will tell you that, we need a movement. You need more than just a grass-roots movement. They tend to be protest movements, but as you understand from your experience, that an effective popular-based movement is a movement of ideas, like the movement which built this country, and led the American Revolution. They were people, from all walks of life, who were organized around ideas, not protests as such. Yes protests, you can protest all you want, but if you've got an idea that people can work with, that you can organize around. . . . So it's an organizing process that's needed.

The problem we have is we have so many demoralized people. My experience is that—and probably yours too, because you're younger, but of similar experience—is the demoralization of the American people from what they were, say, in the 1950s and 1960s, and what they are today. The lower 80% of family-income brackets are politically demoralized in a way beyond belief.

And the demoralization comes in several forms. It comes in forms of mass media influence. You look at the so-called entertainment. All you have to do is look at a sampling of television or similar kinds of entertainment. You can't find a drama which is a drama! You can't find anything that is intellectually stimulating, that suggests a population which believes in ideas. They believe in slogans, but they don't understand ideas. They don't debate ideas. They don't think through and discuss ideas. They don't ask questions: How does this work? How are we going to work this out? They

don't get into those kinds of arguments.

You know, in the old days, in the trade unions, they used to get into those kinds of arguments, particularly when it came to contract negotiation time. People talked about, how is it going to work? How is it going to work? How's the industry going to work? Because they were just thinking about what they as employees, union employees, were doing. They were thinking about what the industry's going to do; what's good for the industry. This is our bread-and-butter! This is our community! What are we going to do? And they would debate these ideas. "No, that's no damn good," that kind of thing was going on, but it was a discussion of ideas! And people have given up essentially on ideas. We've become like Ancient Greece at its worst, Ancient Athens at its worse. We've become total Sophists. We think about slogans, bite-sized slogans, words, this kind of thing. We don't think about ideas. And when somebody comes up with an idea, they're buffaloed. They don't know what it means!

So what we have to do, is try to get ideas across. I concentrate on this stuff all the time, trying to get people to come up, get up, get up, raise your intellectual level, get up! And they could do it. We're doing it. We're going it. The problem is, how do we get it going fast enough? We're in a period where people are changing.

Look, the contempt for George Bush—George Bush is an object of pity. People don't know if they pity him or hate him the more, because he's obviously stupid and psychotic. And I'm not saying psychotic loosely. This guy has got a real brain problem! You look at his eyes, you look at his body language, look at the way he speaks. He doesn't even know what the words mean that are coming out of his mouth! He's living in a completely different universe than the rest of the human race is. Cheney is a complete sociopath. Pathological guy you wouldn't want in your neighborhood!

But the people are afraid. And they're gradually coming out of the ether, slowly coming out of the ether. The problem is, it's slow getting people in the population to move again, to move around ideas. That's what our problem is. But that's what we're doing. That's what you're doing! That's our instinct. That's the only thing that's going to work, because you can't depend upon the politicians if they don't have a base. If they don't think the people behind them are going to support them. They run in an election with a good idea, and they get slaughtered in the next election. Why? Because the people aren't paying attention to reality.

Shake Up the Democratic Party

Freeman: I'm going to take another question from the Senate, and then we're going to come back to the audience here.

Lyn, this is a question from the Democratic Senate campaign committee. "Mr. LaRouche, I'm becoming increasingly aware of the fact that we deal with two different worlds, one inside the Beltway and one out. Candidly speaking, I can

say that a growing number of us here on Capitol Hill agree that Bush and Cheney may simply have to go. Mike Brown, the head of FEMA, may have found that his head was the first to roll, but the fact of the matter is that what he recounted in an interview that ran in yesterday's *New York Times* makes clear that although he was unquestionably unsuited and unqualified for the position he held, he knew enough to know that he needed help. He recounts in that interview a series of phone calls made, to Chertoff, to Andy Card, and finally, because he is an old crony of Bush's, to the President himself. Whether Brown intended to or not, his statements remove any remaining doubt that the President of the United States knew what was about to happen, knew what was happening, and did not care.

"But it's also the case that the removal of a President is a very serious proposition, and it's my view that organizing and educating the American citizen is as important as the specific articles in any bill of impeachment. Now, there are Republicans as well as Democrats who think that this Administration may have to step aside. In fact, for many of them, even more than for we Democrats, it's an existential issue. But it still is the case that the Democrats would have to take the lead.

"We right now have a national party chairman who conned some people into believing that he was the grass-roots guy, but he's doing a very bad job of mobilizing the grass roots. More than that, when I was back in my state, I realized that even our elected officials back home have very little comprehension of the mood or of the situation here in Washington, D.C. If we're going to do what has to be done in Washington, we really do need some division of labor. When we are tied up trying to make policy, it seems reasonable to me that we should be able to depend and expect the national party to organize and educate, and not simply to raise money, which is all they seem to be doing these days.

"My question to you is: What do you think about this? Do we require a shakeup in the national party apparatus? Do we require the same kind of reorganization that you are proposing for the financial system?"

LaRouche: Remember, Howard [Dean] was a compromise for the appointment to the national chair of the Democratic Party. He was not a choice, he was a compromise. And he was a compromise which was made at a time where the party organization was running way behind some of the people in the Congress.

The Congress was coming more and more to recognize, especially from the 7th of November on, what the problem was. We got the Congress up off the floor, the Democrats off the floor on the 7th and therefore, and by the time we had the actual inauguration process for the second term of Bush, we had Bush as a lame duck. We had established that. But the positive program required was not yet on the agenda of the Democrats. It should have been, but it got jammed up with the usual kind of party financial this and financial that, and so forth, where people were trying to say, "Where's the money

first, and then we develop the politics,” whereas in a time of crisis, you have to develop the politics first, and then you may get the money. Because when times are easy, people give easily. When times are hard, they give only when it’s important for them. And therefore, to raise money sufficient to—I think people waste money in most of the party organizing, from my experience, because of what our experience is. We get a lot done with very little money. They get very little done with a lot of money. It just shows that there’s something wrong in their operation.

So, we have a situation where, as you would express this, when you get into Washington now, in the Senate, around key committees in the House, they’re very clear in terms of a general sense of direction, and also, it’s true, we see very clear signs of a bipartisan tendency in the Senate, and things in that direction also in the House. But you don’t see that clearly understood out in the boondocks.

And you’re right, the problem is the lack of coordination between the leadership which is emerging in the national center around these issues, and what is not happening out in the boondocks. And that’s because the Democratic Party doesn’t function. It’s not functioning! Of course, the Republican Party is jammed up by an internal quarrel about this thing, because most of the serious Republicans more and more know that Bush and Cheney are disasters, and know that they’re being pushed to the edge of a Watergate proceeding, as they were against Nixon, because we have to get rid of this problem, in order to have a government again. And the reason we got rid of Nixon was not because he committed crimes, but because we had to get rid of him to have a government! Even Gerry Ford, who was not the fastest car on the block, you know, actually held the country together because he wasn’t Nixon. It’s that simple. He was looked at as Mr. Nice Guy. So, we’re in a similar situation.

Now, the problem here is one of organizing. I think, however, that you’ll find the organizing potential is tremendous. There’s a certain amount of intimidation when a thug, Dick Cheney, and his apparatus, resort to active measures and dirty tricks, as they’re doing now, to try to discourage people from doing things they would otherwise tend to do. The dirty tricks operation is not only national. The dirty tricks by the Bush/Cheney Administration—especially Cheney—is now overt and it’s international. The government of India has been targetted with dirty tricks by this Administration. Other governments around the world are targetted by dirty tricks from the United States government, all as a part of this operation. And people are frightened. It’s a question of leadership. We do have to get more leadership, and I think that the very fact you asked the question and you asked it here, will help the process. We do have to have party organization.

You don’t have to go through the national chair. If you want party organization, and the national chair is jammed up with a guy who’s a fundraiser, period, you don’t sit back and complain and cry about it. You want to replace him? Replace

him. If you don’t want to replace him, okay. Then find and build another channel. It’s easy.

We’ve had in the Democratic Party—we’ve had campaign committees, all kinds of committees, many times before. We often bypass the national chair, in terms of organizing. Don’t sit back and complain that the national chair is a dead end. It is! So what? That’s no excuse. You’re going to sit down and die? You’re going to blame Howard Dean for it? The point is to decide you’re not going to sit down and die. And we have all kinds of committee organizing. We could organize. I’m doing some of it. Others are doing some of it. You put together some of the capabilities that we have out there, and put them together, and you have a campaign team which can run under various kinds of colors, which we can throw together overnight. You don’t need a lot of money at this point. You need some, but you don’t need money to try to buy ideas, buy influence with people who need help. You have to give them the ideas and the sense of organization, the sense that they’re not alone, and they’ll respond to it.

This is a time for organizing, like in the old days of labor organizing, when it was tough, and you got your head bashed in as a labor organizer. People sent you out as a new organizer, out to the worst place to organize, and you got your head bashed in, because they’d had their heads bashed in, and you had to get them to listen. So we’re in that kind of situation, where you have to organize that way, the way the trade-union movement organized in the better days. It’s “Get out there and organize.” Organize the local politicians, get ’em on. Educate them. Give them a sense that there’s a national organization shaping up around what is coming out of the Democratic leadership and, to some degree, bipartisan leadership, in the Congress. They’ll respond, but don’t sit back and cry. Organize.

Our Machine-Tool Capability

State Rep. Perry Clark (D-Kentucky): . . . I really have

a couple of comments more than a question. My questions have really been answered. I appreciate the history lesson you gave this morning here, Lyn. It’s better than I got in high school and it’s better than I got in college. And, I’m sure it’s better than most of the kids get nowadays.

This week I happened to be at Kentucky D. Village, which was part of the Franklin Roosevelt TVA program. And, you know, hardly anybody younger than I, understood that that was a Franklin Roosevelt project? And that was a project done by the Federal government that made that area of the country a wonderful place to live and to be. They tamed it for nature and they tamed it for humans. And it made rural electrification.



Perry Clark

It was a wonderful thing and they didn't even understand this anymore.

I went to a union meeting. There were more people than there are here. In Kentucky. There were speaker after speaker, and top leaders of the Democratic Party, in the state. And they said the same trite garbage and people just applauded! "We're for good jobs. We're going to get health care under control. We want to get living wages." No details! No subjects. Well, they had Perry to speak last. [laughter] The man who spoke before me, there were about six or eight, probably. Several of them were very long, some very short. I tend to be very short, most of the time. I got up and I said, "I don't believe everything's been said. We do have real problems." And I addressed the same thing that you said this morning. I had two questions and I actually believe I do have the answer, but I brought them up there. Where do the dollars come from, for reconstruction of the infrastructure? In the United States it is failing tremendously throughout most of Kentucky, throughout California, throughout most of the Midwest, we see this. I want to get more and more talk about the infrastructure, because Katrina has put a focus on that.

And the other thing is, where do we really get the machine-tool capability and the workers to do the reconstruction that we need to do? Because I understand that we better save the auto industry right now, because they are the largest machine capabilities left in the United States. With that, that is more of a comment than a question. I appreciate what you do. We're trying to organize around Kentucky. We're getting better and better. Thank you very much for having me here.

LaRouche: I'll just take the opportunity to make two brief comments. First, on infrastructure. We could do that. This is the Federal program. We have to do also, remember two things. You have to organize on two levels. You have to have an overall Federal program, which ensures that the United States is operating above breakeven, in terms of counter-to-counter operations. Secondly, you have to apportion this in such a way that you ensure that the states are each solvent. In other words, the states can not go into debt. Therefore, your program has to be to allocate programs in such a way that you bring the states into a state of balance, and so forth.

On the question of the machine tool, you've got Mark [Sweazy] here. You see, machine-tool capability is a funny thing. Now, I know what they do generally in the auto industry and the airline industry. But the power of the machine-tool sector: It's a relatively small number of people, on whom the jobs of many people depend. In other words, you may have a handful of machine-tool workers who actually are the key to thousands of jobs in that industry. Because they are the ones that give the technology, which enables those industries to compete in the marketplace, in terms of product quality, not just price.

So, therefore, the machine-tool industry is crucial. How good the machine-tool industry is, depends upon how ad-

vanced the technologies are that you are putting into it. Now, you can take any people that are machine-tool skilled operators, in terms of developers, and they can generally learn very quickly to do almost anything that you bring into the shop as technology. The higher the level and the higher the rate of introduction of technologies through the machine-tool sector medium, the greater the rate of gain in productivity at the point of production in general. So, therefore, high-gain machine-tool operations, as opposed to one of a lower gain, are the key. We have to rapidly transform, as Roosevelt did in some cases—take masses of people, who have limited skills for the job, breaking them in for the job by machine-tool design of the crafting of the job, the way the job is broken down, the production job is broken down, so that people with relatively little skills can be transformed into people who produce a product which contains a high level of technology and skill in it. And, that's what we need. You need those two things: You need to apportion across the states to make sure that we are not only getting breakeven for the nation as a whole. You have to think crucially of breakeven for the states, because a state can not go into debt. It has to operate on a budget.

Secondly, we must think of it in terms of *high-gain* machine-tool operations, not routine machine-tool operations. We've got to bring new technologies into play rapidly! And at a high rate, with the notion that we have to train people who have very low skill levels to actually produce the products that go into the high-gain machine-tool product.

The Guns of August

Freeman: The next question is from a Democratic member of the House of Representatives. "Mr. LaRouche, just prior to the crisis caused by Hurricane Katrina, you had issued a statement that was very well received all over the country, called 'The Guns of August.' Hurricane Katrina may have bought us a little bit of time, but the saber-rattling against Iran and the renewed threat of domestic terrorism seems to be back on the agenda. In the buildup to increased hostility toward the nation of Iran, I think the least we can expect is a massive increase in the price of oil, and perhaps, that is something that this Administration desires. My question to you is in two parts.

"Number one, do you think that the Administration does in fact desire an increase in the price of oil to help their friends in the oil industry? And, number two, what are your thoughts now, in mid-September, on the guns of August?"

LaRouche: Well, first of all, "The Guns of August" is what I talked about here. August was the opening of the window of opportunity for launching the war that Cheney had called for in his instructions to STRATCOM. So, it's there. It was there from that time on. And, August has a peculiarity in terms of the way the world is organized in launching wars. It's still on the table. We jammed it up, in some degree, by advertising this. Because, what I was saying was known to be

true in some significant quarters. Nobody was going to say it. I verified the fact that this was on, with qualified people. But, no one was going to say it. So, I looked at myself, and I said, "You just got elected to say it." So, I said it. It still stands. It was not a prediction of a sort of thing. It was saying, "As of August we have to expect this danger." *It is still active.*

It was the discussion of Sharon, in the United Nations meeting in New York. This was raised. Israel is prepared to go to war against Iran under pressure from the United States government to do so. That's the current situation. We have jammed it up, but, it is still there. The monster is still there. It has not been turned loose. We may have delayed it somewhat. But the monster is still there.

Now, on this question of oil. I covered that before. The oil price is not the oil multitis as such. The oil multitis are a financial vehicle. Every barrel of oil that goes on paper as being sold, is sold many times before it actually gets to an end product delivery. What is involved here is not oil. It's the use of petroleum as a medium of emptying your pocket. In other words, the oil multitis don't benefit from this. The oil multitis are astonished at what is happening on the markets. They are not wanting it! The bankers are running it! The credit derivatives people are running it. The hedge funds are running it. It's being run by George Bush's cronies, his father's cronies. You don't have a problem with the oil multitis: You have a problem with Wall Street! You have a problem with the guys who shudder when my name is mentioned, because they know that Wall Street hates me more than anyone else. That's what the problem is. And, I think very simply, just stop. Don't say oil multitis. Number one: Never say oil multitis, because you've got the wrong target. Protesting against oil multitis will get you no place. It will get you a higher price of oil. If you want to get a lower price of oil, say what I say. That is, Bush's financial friends in Wall Street, who took a bath on their gamble in hedge funds in the Spring, and are still trying to bail out; and they found out this ripoff is the way in which to rip off the American people, and other people in Europe and so forth, to get some money to cover the fact that they're about to go into bankruptcy. That's what's going on.

It's pure stealing from your pocket, by the banking interests, the financial interests associated with the Bush Administration. It's just like the same thing with Halliburton. Here you have Katrina, a disaster in Louisiana. Bush and Cheney are willing to do nothing about it. They knew about it days before it happened. Cheney was informed three days before it happened, what was going to happen, explicitly! The knowledge of what was going to happen was there on Aug. 2. There are outstanding reports that gave you the basis for knowing it. This is no surprise. We're expecting three more hurricanes of that quality, of Force 3 or above, between now and November! This is no surprise. What it was going to do was no surprise. Everyone knew. The President was briefed! Two to three days before it happened, he was briefed personally! And, he went off on his tricycle race. Cheney was on vacation to be away when the crap struck, hoping that it would go

away. And when they surfaced after it had struck, nobody would pay any attention to them. Then, what do they do? Cheney and company go around to George Shultz's friends and say, "Halliburton must steal." So, what they planned for the New Orleans area, for Louisiana in general, is a ripoff by Halliburton! Of the type of ripoff that is occurring in Iraq, through the Iraq War. Same thing.

So, if you say the right, magic, words, that Cheney and his friends at Wall Street are doing the stealing, that the people in the Gulf area, associated with Bush, are stealing, that the hedge-fund people are stealing, that it is the friends of Alan Greenspan who are stealing, now *those* magic words may get you some results.

Freeman: Okay, now a question from the audience. Former Senator Joe Neal of Nevada?

The Greenspan Phenomenon

State Sen. Joe Neal: If I look kind of groggy it's because of that red-eye special from the West Coast. Lyn, first of all, let me thank you for all the work that you have done and the statements that you have made in reference to the recent crisis we had that got brought on by Katrina. And, I would just like to ask my question to make a comment about a person that some of you probably heard about, Demonte Love.



Joe Neal

Demonte Love rescued a 5-year-old, three 2-year-olds, a 14-month-old from the Katrina flood. Why this is significant, is because Demonte Love was only 6 years old. And, that situation seems to demonstrate the fact that a 6-year-old demonstrated more leadership than the President of the United States.

Lyn, I think that you have touched upon the question that I am about to ask. What I wanted to ask is, a question in relationship to the derivatives that you spoke about this morning and ask, is there any relationship that exists between the derivatives and the bankruptcy limitation law that was passed by Congress, that affected every individual in this country that might have to file bankruptcy?

LaRouche: No. Because, this is the Greenspan phenomenon. Again, you have to get people to think historically. They don't think historically, because, you don't understand how institutions are crafted, what kind of life they take on. You don't follow the changes in institutions, who makes the changes, and things of that sort.

The financial derivatives operation existed in the 1980s. We had some people who went to jail for financial derivatives at that time. Then we had the '87 stock market collapse, in October. At that time Paul Volcker was head of the Federal Reserve system, and Alan Greenspan was coming in. And, Alan Greenspan said, in effect, "Don't do anything till I get

there. I've got a solution." What he came in with was, essentially, financial derivatives. In other words, the legalization of what would be considered a gambling side bet. You've heard about Las Vegas, for example. So, a gambling side bet was now made a negotiable asset, recognized, as such, within the system. It's as though the gambling house said, We're not making enough profit, we're going to make it on side bets, occurring in our premises. Now, they are taking responsibility for the negotiability of the side-bet contracts. And what we've gotten into—a system—we went through bubbles. We went through a George H.W. (that "H." should be "Bubble") Bush Bubble. And that collapsed. . . . And so George Bush went out. He blamed me, personally, for it. But, he went out for that reason. George H.W. Bubbles.

Then, we went through the Y2K bubble. The IT bubble. That blew out. Other bubbles began to blow out. So, by the time that Gore was trying to become President—or failed to try to become President, I think is a fairer description of that campaign he ran—the whole system was gone already, in 1999-2000. It was already gone. So, when Bush came in, he was already a loser. Now, remember what I said in January of 2001. I said two things. First of all, the system is already collapsing. Bush will not be able to handle it, because, among other things, he is stupid. And, therefore, his government will not be able to cope with this problem. And, therefore, you've got to look soon for the Hermann Göring solution. As Adolf Hitler was appointed on the 30th of January by Hindenburg and three weeks later, while people were saying, "Hitler's a joke, he's going to be out of here soon. He's been discredited," Hermann Göring went to work and set fire to the Reichstag. And then with the former sponsor of Prof. Leo Strauss of Chicago University, the mother of the neo-cons, through a special law, Hitler was made a dictator. I said, this is what we are looking at, a situation where a failed economic system, which can not be handled by the existing political management, is going to bring on a condition where the bankers move in, in this case the Bank for International Settlements, Hjalmar Schacht, and that crowd, is going to move in. Prescott Bush, for example, moved in! The grandfather of this President, moved in! Moved the money, to Hitler! To bail out his Nazi Party in time for Hitler to be nominated by Hindenburg, as Chancellor. Huh? The sickness in this society.

All right, these guys exist. I know they exist. I know who they are. That they will pull a Hermann Göring-style terrorist



Bush Family Values

operation soon! It happened on Sept. 11. This is where we are. They got us on the basis of Sept. 11, they got us into the Iraq War. By fakery, pure fakery, and lies, all the way through. They never intended to win that war! They intended to keep it going. They said we were going to win right away. Nobody believed it. They said, we are winning. Nobody believed it. It's still there. It's worse than ever. It's now a full-scale civil war which is insoluble under present conditions. And, now they want to go to another war, on Syria. On Iran. On North Korea. They intend China as a target, in the long term. They are threatening India. They've got a muscle on Pakistan. Central Asia is a mess. We have special operations running around the world. Other wars are coming. Other crises are coming. We are now on the road, we have been on the road, to dictatorship, imperial dictatorship, as a conspiracy between the liberal imperialists of London and the friends—remember, Cheney is a personal friend of the crowd of the Blair government. So is the wife, Lynne Cheney, who got him some business contracts, back in the time, in between President and Vice President. This is what we are up against. I said we are up against it; we are up against it.

We have a President who doesn't function, because he is put in there because he doesn't function. The man is a psychotic! The man is a functional psychotic. I mean, what does it take for people to recognize a psychotic? You got a nut, a loose nut, in the neighborhood! You've got a member of the family that you want to lock up at night, so you can sleep in safety. People don't recognize it. You have a psychotic as President. He doesn't know what the words mean that are

coming out of his mouth most of the time. It's obvious. Watch him on television. He doesn't know what the words mean! He's the guy who is standing there, he saw the words coming out of his mouth: "Gee! Where'd that come from?" They come from the teleprompter, of course. This guy is that kind. You have this kind of situation.

We have a revolutionary situation. My answer is we have a Constitution. The Constitution, as I said at the beginning, tonight: We have a tradition, a constitutional tradition. We have the best in the world, in terms of constitutional tradition, constitutional law. This [John] Roberts doesn't understand what it is. But I do. And therefore, we have to use law. It took us thousands of years to get from Ancient Greece in the struggle for this kind of law. To get a constitution, the type we have, and the only one in the world which has these qualifications, and this tradition behind it. The question is: Are we going to use this Constitution to prevent dictatorship? And some people say, why don't we do some things more radically and more quickly? Well, we shouldn't. Because, the thing we always have to worry about, we have to worry about constitutionality. Because, if we, in the interests of short cuts, destroy the constitutional form of our government, we have *nothing* to protect us.

'Right To Work' Laws

Freeman: Ron Kominsky, are you here? Do you want to ask your question? Lyn, this is a question from Ron Kominsky, who represents the International Laborers Union. He says, "First, I'd like to thank you for what you do." So would I, actually. "And second of all, I work in Omaha, Nebraska, which is a 'right to work' state. I'd like to know what you think of the Right to Work law. How do you think we can get rid of it? And, if you can't get rid of it, how do you organize unions in states that have this law?"

LaRouche: Well, the right to organize, and the right to work, in the sense of the right to organize, are actually a part of our constitutional system. What I mean by that is this. We have a Constitution which has a certain intention. Now, you can tell a guy is no good, or shouldn't be a judge, if he tells you the Preamble is sort of an introduction to the Constitution and doesn't mean anything. The Preamble of the Constitution is the highest constitutional law of our system. The defense of the General Welfare is the highest standard of law of the constitutional system of the government of the United States. That is ideological. That is political, but that's the law! And, nobody should be a Federal judge, especially a Supreme Court judge, unless they agree with that. Because they are incapable of rendering a competent decision. Maybe, between a cat and a dog, they might be able to come up with a decision, a Solomon's decision. But, a constitutional decision? No.

So, therefore, under this constitutional intention, of our Constitution—and our Constitution is very carefully crafted. There were compromises built into it. But, when our Constitution is looked at as part of a continuation of the Declaration of Independence, and the pursuit of happiness and what that

means *against Locke*, our Constitution, our Declaration of Independence, was an anti-Locke constitution. Our Constitution says, there is no such thing as shareholder value, as a constitutional principle. That's Locke! That's what was in the Preamble of the Constitution of the Confederacy, the slaveholder's constitution.

All right, now, therefore, we have made laws which are reforms. These reforms have been made on the basis of the General Welfare, as under Roosevelt. These, in a sense, are not in the Constitution, but they are the reflection of the Constitution, in response to the reality of the problem, or the situation, or the opportunity. And, therefore, they become, in effect, constitutional.

Now, the right to organize is implicitly, a constitutional issue, and was understood in that sense early on in the history of our republic. The right to organize labor, for example, when we first had unions as such in the United States, in the 1920s. The right to organize. The obligation that employers recognize the right of their employees to organize. And that there should be a reasonable negotiation between employers and employees under those circumstances. This is not in the Constitution, but it is implicitly a concept which flows from the Constitution, and it would be a violation of the Constitution to deny it. Therefore, judgment, contrary to whatever Roberts thinks, says the right to organize is sacrosanct. And the so-called "right to work" laws, which are nothing but an extension of the Confederacy/slaveholder/Locke tradition, are actually unconstitutional.

Freeman: One thing that I do want to say for those of you who are listening over the Internet: When Mr. LaRouche answered the question from the Democratic Senate Campaign Committee, he said you don't need a lot of money. But we do. We need a lot because we don't have any. Part of what we have been able to do in the United States, is something that has been accomplished by the force of a Youth Movement, that Mr. LaRouche put together, in the period leading up to the last Presidential campaign. That Youth Movement has really performed magnificently, not only in achieving certain political goals, but actually in asserting the fact that this nation actually does have a future. But, they really do need support. We need resources, both to support that Youth Movement, and to continue to produce the material, that is really so important to transforming this nation. So, I would really urge those of you, who are listening—and all of you who are sending in these notes of appreciation for this webcast, I'd ask you to actually show your appreciation, by making financial contributions to support this movement.

The next question is submitted from a member of the Midwest LYM, from Paige. Paige, where are you? Do you want to ask the question, or do you want me to read it for you?

The U.S. and the Middle East

Paige's question is this. "Lyn, I'm still not sure as to how the government of the United States would actually go about reestablishing working states in Iraq and Afghanistan, which,

of course, have become absolutely dismal failures. And, also to reestablish stability in the Middle East at large. Even if Cheney and Bush are removed, the fact remains that this region of the world is very unstable and is now hostile to the United States. So, what's the proper course of action that would have to take place?"

LaRouche: I'll take this personally. Quite literally. I have, at present, a large degree of credibility throughout that part of the world. If you look at the press in the Arab press, of all the states, Saudi Arabia's, etc., etc., my name is probably more frequently cited than Bush's. Or Cheney. Because it is recognized there and these are states, each with different characteristics, that I am right. And I am saying what has to be said.

Now, a practical point of that, in response to the question, is that, if I were given the authority to represent the United States with a proper kind of authority to deal with the Iraq situation, I know I could achieve a solution that would get our troops out fairly soon. Whereas, the present approach will lead to a worse and worse civil war, inside Iraq. And will spread perpetual warfare into the entire region. And, one of the immediate targets is Syria. If you blow up Syria, which some people are trying to do now, if you worsen the situation in the region, you will have an impossible situation. But, as of now, if I had the authority given to me right now, to deal with the Iraq situation with anyone I chose to deal with in the Iraq situation, with those powers, then I know a solution would be forthcoming. Because my intention, and the intention of any sane person, is to get our troops out of there now. But, we have to do it in the right way. We can not leave a worse mess than we have already created there. So, therefore, we have to have them, Iraqi people themselves, not with this fake Constitution they've got, but the Iraqi people themselves say what they are willing to do to guarantee their own stability as a sovereign nation-state. And, whatever they agree to do, we sign onto, pull our troops into reserve areas, and prepare to evacuate.

Use the Roosevelt Model

Freeman: We have a question from Rep. Juanita Walton from Missouri.

State Rep. Juanita Walton: . . . My question basically deals with our business community and seeing what's happening in terms of our businesses not succeeding, and failing, and jobs that are not there because these businesses are failing. And our President giving all the big contracts to his friends, in terms of Halliburton and other companies. And they're making all the money. And so, why is it that our businesses aren't saying anything?



Juanita Walton

LaRouche: Well, it's a multiple question, really. It goes

in many directions. Let's take the case of, first of all, of what we have to do in the Gulf coastal states, which are affected immediately by this crisis.

First of all, my view, is, what has to be brought in, is you have to use a standard military Corps of Engineers approach. Now, that approach involves the military Corps of Engineers reaching out into communities to get local talent, and so forth, to participate in the programs they're in, like building a water system, whatever it is, they actually work with entities, private entities, which work with them. They are responsible for the project. They are responsible for the design, its competence, whatnot. But, they hire people. And, therefore what you would want to do is essentially have them do a classical Corps of Engineers job.

Now, if you look at the problems of that area, as apart from abstract things. First of all, certain things have to be done immediately. We have to unjam the Mississippi, otherwise nothing is going to work. They know how to do that. We have to make some fundamental changes. We're going to have to uplift that land. We do have to actually go back, not necessarily put up the houses of prostitution back in business in New Orleans, but that is an area which had a character, family ties, and so forth. We have to bring it up so it goes back to *them*, as their areas, and so forth. It has to be functional, economically functional. So, therefore, what you have is a number of major projects which are largely heavy industry, heavy construction, projects, on which the rebuilding of the area depends.

You have relief projects, emergency projects, and so forth. That also can be handled under that program. My program, of course, was to immediately get—which Harry Reid of the Senate, got onto right away, pulled out and said, this is what we have. Take military bases. I know how the military works. Take military bases. We've got them in Mississippi, we've got them in Louisiana, we've got them elsewhere, use them. And instead of trying to move the things into New Orleans, right now, which is impossible because of the disease danger. We want to keep the families together. See, you move them into the nearest bases. Now you bring the medical care and the supplies into the bases. You get people in there, like social workers, to make sure the families are kept together, that lost members of the families are found, that sort of thing. You keep them temporarily in this base, while you are trying to rebuild the thing back at home.

We don't really want to ship people to Washington, D.C. and Chicago, etc. We want them in nearby areas to reconstitute the state of Louisiana. And, we want to use the people that are there, but we have to recognize that, in addition, the problem here, apart from what George Bush didn't do, or Cheney didn't do, and what they did do, all of which is bad, the problem is we had let this area go to Hell over a period of more than a quarter-century. And, it's traceable: I mean, we've got the maps; we've got the records—it went to Hell! We don't need gambling casinos! To Hell with gambling! What we need is real things.

What we have to do is what we did in World War II, is

take an approach: We have an emergency. The project was not only Roosevelt's project to get the war done. The problem was to rebuild the people. And, we did rebuild the people, over the course of the 1930s and 1940s and beyond. We rebuilt people! And, that's what our purpose is. We don't want to take people back to status quo ante. Many of these people were living under conditions they shouldn't live under in the first place. We want to set a process in motion which is somewhat more like what they thought they were going to get at about 30 years ago.

Therefore, in this case, our *intention*, and our *instruments*, are crucial. First of all, we want an indifferent agency, in terms of politics, the Corps of Engineers, to do a job. We want them to employ people and phase people in, who come from the area, who therefore are going to go back, and as quickly as possible, begin to get settled lives. We want to keep families together. We want to rebuild neighborhoods.

Now, we're going to have to tear down a lot of houses! They're too filthy and polluted to put people in there. So, we're going to have a big building project, and that is going to have to be funded. Well, we can create a fund for that. We can create new housing. We just wipe off the debts on the old stuff—just wipe it off! And create new ones. And then move the people back in, who want to move back in into these improved neighborhoods.

And the people of the United States will be happy that we do that. They'll be happy because, if it happened to them, we would do it for them. I don't think we have a problem there.

The problem was having a government, which has a heart.

The Role of Ibero-America

State Sen. Dan Brady of Cleveland, Ohio:

Mr. LaRouche, this is the first time I've attended any of the conferences of this organization. So, I'm sorry if I don't feel familiar enough to call you "Lyn." But, you've covered a lot of ground and you've, at least to me, said a lot of things that were very thought-provoking, and across a wide range of issues. But, since I can't ask you 30 questions at once, I just want to try to focus on one thing, that I think hasn't been mentioned very much, yet: How do you see the South American governments, particularly of Brazil and Argentina? What are the consequences, and what role do you expect that they could or may play in the immediate future? And, what circumstances do they find themselves in, now—in some cases, with new leadership? And, very interestingly, I think, what is your analysis of the Venezuelan government, in its position, and the consequences of its new leadership in the world economy?

LaRouche: Well, you've got two things here, to con-



Dan Brady

sider—politically.

First of all, let's take the case of Chávez of Venezuela, which comes up significantly. Now, Chávez recently, during the visit by the Spanish government, to that area, participated in something that was very good: a meeting between the Presidents of Colombia and Venezuela, which in itself was kind of a miracle. And a meeting including Brazil.

Brazil is tied to Mercosur, which is the organization of Argentina, Brazil, Paraguay, and so forth, which is very important to us, the United States, if we're in our right mind. Because, our long-term interest in this area has to be that—it has been, ever since John Quincy Adams laid down the policy, and even before—even when the famous Poinsett from the Carolinas was involved in Mexico: Our policy was the promotion of the Americas as safe from interference from the British and from the Habsburg interests, which were our enemies—and their enemies, too—to develop these as a system of republics. But, at the same time, we did not demand that these governments which we would cooperate with, would participate on the basis of conforming, internally, to our standards. The first standard was our relationship to these countries, as opposed to our demanding, say, regime change, or something, in these countries.

So, in respect to Venezuela, we don't want to bother with regime change. We don't want to bother with regime change in any of these countries. Because, that is negative, in terms of its effect. What you do, is you go on things that you have to your advantage.

Now, I have a certain amount of contact with, shall we say, military institutions and so forth, in South and Central America. I know their history. Some of them are patriotic; some of them belong to the Pinochet variety, which is not exactly my friends.

But, we have now presently, an immediate situation, where the Moon organization has moved in, together with the British monarchy, into a large area of Brazil, on the Brazil-Paraguay border; and has set up an operation which is intended to destroy the sovereignty of those nations. And to destroy, immediately, the Mercosur organization. There is now a base, which is not really the Paraguayan people's base, but in Paraguay, which is one of the centers for this operation, in which Cheney and Rumsfeld, both, are deeply involved. There is an attempt to organize operations out of these bases, to destroy the nation-states of Paraguay, Bolivia, Brazil, and so forth. And of course, Argentina's on the list as well.

We have a failed state, which we created in Ecuador—and George Shultz was a key part of it. We have destroyed the government of Ecuador. We have ruined Mexico, since 1982, with what we did then—and I was involved in fighting against it, unsuccessfully.

So therefore, we have to be concerned, as the United States, in a system of cooperation in the Americas, north to south. We have to have proper relations, and cooperation with these countries, not on the basis of agreeing or not agreeing

Northern South America: Great Waterway and Highway Projects



During a meeting in Venezuela on March 29, Colombian President Alvaro Uribe Vélez briefed his colleagues from Venezuela, Colombia, Brazil, and Spain, on development projects which could make the continent flourish. This map shows a few of them.

with their regimes, but on the basis of the long-term relationship with the nation and its people as such.

Now, we did have a corps of diplomats who knew how to do that. We used to have diplomats—we still have some of them, with that kind of skill, who know how to go into a country, where you're dealing with a government, which in a sense, has adversarial qualities. But, because of that, you don't seek regime change, or war, with those countries. Rather, being smart, you try to craft the long-range circumstances, such as the evolution of those relationships, and those nations

will go in a certain direction. And you do it by diplomacy and economics, not by armtwisting. Sometimes, you'll armtwist, on a specific issue. But the point is, you have to have, especially from a power like the United States, you must always be very careful, about showing sensitivity and respect for a nation which is a weaker power. You must not bully it. You must find smarter ways of dealing with the problem.

We have, in the case of the President of Argentina, a very valuable person, at this time. We have the Rio organization, which is valuable. There's no reason we can't have decent relationships with Venezuela, productive for the long term—and the best way, is to have good relations. If we think there's something wrong with that government, the best way to deal with it, is to have some good relations with it, which are productive for all concerned. And it shouldn't be too hard to do that.

But the point is, in the coming period, if we get out of this mess, the center of the world is going to be the development of Eurasia; which is going to be largely based on the relationship of Europe to Asia, in terms of the long-term, 50-year perspective on development there. With the development of natural resources, within the Eurasian land-mass.

Outside that, you have the Americas, as the second biggest area—our area. We have to be—while we participate with Asia, and Eurasia, our concentration

must be the Americas. Because, there are things like developing the natural resources of the hemisphere, which have to be developed in a coordinated way, over a long-term period for the benefit of all concerned. Fair prices, fair relations, all this sort of thing.

Then we have to, together, between Eurasia and the Americas, we have to, we have to deal with justice for Africa: That's my perspective. And, for example, take the case of Brazil: Brazil has a historic—remember, Brazil repealed slavery, I believe it was in the 1880s. It was one of the last parts of

the world to repeal formal chattel slavery. The slaves came largely from Africa. If you look at the map, Brazil, of course, is close to Africa. And Brazil has a very strong orientation toward Africa. So that, if you have these three areas—Africa, the African Shield, the Eurasian Shield, and the Americas—then you have a set of relations for the long term. It's a dynamic situation, not a mechanical, or mechanistic relationship.

So, I'm very optimistic about what can be done. I personally have some good relations with people, influential circles in most of these countries. And therefore, I'm very optimistic. But, what it needs is, we need to have some *good diplomacy*. Not of the type we too often have, these days. Good diplomacy can do miracles.

Particularly, we've got an election coming up in Mexico. What's happened recently, has been a terrible mistake. We have a particular problem with our border problem. Now, we could deal with that, but not with the present idiocy. We have a problem—we destroyed Mexico in 1982. That is, we destroyed the internal development. We said, "Now, we're going to use it for cheap labor." Then, on our side, we said, "We can get cheap labor, through Mexico, from Central America and Mexico, into the United States—we'll bring it in legally, but then, we'll also encourage its coming in, illegally." We mix this up with the drug trafficking. And on the borders of the United States, people who are desperately trying to get out of extreme poverty in Mexico, into the United States, find the way to get the money to get in, is by being involved by being a mule on a drug deal. And it's happening all the time.

So, we think we have a border problem, but we created it. Because we did not develop—we did not allow Mexico to develop its water management systems in Northern Mexico. We have never involved ourselves, so far, in developing the rail systems, the power systems, the water-management systems which are required for the development of Mexico as a place of investment, in itself, in which we cooperate. That's an example.

In fact, the way that we can convince the nations of South and Central America that we're on the right course, is by changing our relationship to Mexico. If our relationship to Mexico becomes one of cooperation in the constructive development of Mexico internally, and the fact that we have a large Hispanic-speaking-origin population, the largest minority in our country—which means we have an internal interest in good relations with these countries—then we can do something. But, we need to have the conception to go with it.

Patriot and World Citizen

Freeman: In the course of Mr. LaRouche's remarks, he mentioned that his wife, Helga Zepp-LaRouche, is running for Chancellor of Germany. I just should note that normally, when we hold an international webcast, we're deluged with questions, from especially the Youth Movement in Europe.

But I suspect that today, they are out campaigning, because that election is, in fact, this Sunday. And they have been working very hard for Helga's candidacy, and Helga's candidacy has in many respects, completely reshaped the German election campaign. So, before I take the last question, I really would like to convey our best wishes to Helga, and good luck this Sunday.

We have more questions than can possibly be asked here. What we normally do, after one of these webcasts, is we do submit the questions to Lyn. He does answer as many of them as he can. Those of you who are elected officials, or labor leaders, you'll obviously have the opportunity to ask Lyn the questions in a different forum in just a little bit; and I suppose the same is true of the members of the Youth Movement who are here, from around the country.

I will take one last question, from a member of the Youth Movement in Mexico City. Lyn, this is a question from Abraham, and his question is this:

"Lyn, sometimes, one can understand some principles, and one can try to develop them. But one still sometimes has, perhaps, not insecurities, but weaknesses. In that sense, I suppose our mission is to survive, even when we're not intervening directly. But, what I really want to ask you, is, how can you make something that you know is true, part of your everyday life?"

LaRouche: It's fairly simple: I think we're doing it.

I've been international in my orientation for a very long time, since, really—it began when I was in military service overseas during the late war, that we refer to, from which I returned in 1946. And I became involved in the hope of a certain development of India, its independence, and also, the United States' cooperation with its development, as a new, independent nation. Which the people of India at that time, very much desired.

I had contact with many of the leading political forces in Calcutta during that period, and have been involved mentally, intellectually, with the causes of the Third World, and similar kinds of things, ever since.

Now, I think, as Schiller defined this, I think of myself as a world-citizen and a patriot at the same time. Which is what I think we must all do. I think there are very few people who are more concerned, say, for example, with Mexico, from the United States, than I am. I have a real passion about Mexico, because former President López Portillo and I had a big fight with Kissinger and Company, back in 1982, when Mexico was raped by the United States. And I still go back to that fight—it's unsettled, I'm determined to correct the errors that were made since then.

I have similar relations, for example, not only with Mexico, but with particularly Peru; with people in Colombia; with the plight, the threats to Venezuela now—I'm very concerned that correct relations be developed and maintained between the United States and Venezuela. I think it's urgent for the

security of the hemisphere. I'm concerned, very much, with Brazil; I'm concerned with Argentina. I'm concerned by the plight of people in Paraguay.

And the people in Mexico have to be generous. Our youth have to be generous. Stop thinking about yourself. Don't be like a *cacique*. Think about other countries.

Now, for all the states of the Americas, Mexico is very important. People in Central and South America look to Mexico as one of the parameters, because of its proximity to the United States, for what is U.S. policy toward the hemisphere, toward them. And what Mexico thinks about its relationship to the United States, and what Mexico says, because of its proximity in relationship to the United States, historically, is extremely important.

So, you, as a Mexican, in Mexico City, you must think of yourself in those terms: not in terms of this internal, local affair—don't think like a *cacique*. Think in terms of Mexico as a whole. Think in terms of Mexico's relationship as being a neighbor of the United States, to other parts of the hemisphere.

Look at the crisis we have in Brazil right now, a terrible crisis! The President of Brazil is in trouble! There's virtually no government, because of what's been done to him. There's a threat, from my enemies, to the existence of Brazil, which is a target right now. There's a threat to the existence of Paraguay, in this operation. There are constant threats to Argentina. There's a threat to the existence of Ecuador. There's a threat—not quite as serious a threat, but a threat to Peru. A threat to Bolivia—an immediate threat to Bolivia.

We have to be concerned about—I'm concerned about these things! If you're in Mexico, as a Mexican, you have to think about these things, and think about *how* you think about them! And avoid the *cacique* mentality.

The way that the Spanish were able to control Mexico, was through the *cacique* system: of people who were so concerned about their local concerns, that they lost passion for the nation as a whole. And the same thing is true, in terms of Mexico toward other parts of Ibero-America: That passion for the state of affairs, of *all* of Ibero-America, is the power in Mexico to be a better Mexican. To be a better Mexican patriot. And that's what my answer would be.

Abhor the *cacique* tradition in Mexico. The idea of localism, "my local this, my local that." Think of the Mexican nation, as a unified nation, whose capital is Mexico City. It is the voice of Mexico City, that is heard throughout the hemisphere, not the local areas. The voice of Mexico City, as a political capital of one of the states in the Americas. That state and that voice is important. It has an effect on the morale, the attitude, the outlook, of every state of the Americas. That's what you should think about.

Freeman: During the course of today's broadcast, we have gotten countless proposals that people have submitted from all over the United States, and internationally, suggest-

ing that Lyn become a member of the United States Senate; proposing that Lyn accept a Cabinet-level post directing the reconstruction of the states that were affected by Hurricane Katrina. While I know all those proposals are well-intentioned, what I'd like to just convey to those listeners, is that Mr. LaRouche already has a job. And I'd ask all of you here, to join me now, in thanking him for doing that job so well. [extended applause]

Do you want to say anything, before we close?

LaRouche: Well, bless you all! We're going to do what we can. This is not the end of the process.

Remember one thing, Oct. 12 is the conclusion of this present series of webcasts. On Oct. 12, I shall cause to be replayed a videotape of a press conference which I gave in Berlin, on Oct. 12, 1988, in which I set forth the immediate prospect for the breakup of the Soviet system, as something which was about to happen; which I said would happen soon, in Poland, and then would spread to other parts of Eastern Europe, and eventually to the Soviet Union itself. It happened.

And George [H.W.] Bush and Company got me out of the way, quick. Which they were already on the way to do.

What they did, with the dissolution of the Soviet system, the Comecon and the Soviet Union, is, the conditions of life in every part of Europe today are far worse, than they were on Oct. 12, 1988. The conditions in Eastern Europe, in every state, they got their freedom—to vote, their freedom to power. But, they have no power over their situation. And what they got, is worse conditions by far, worse social conditions, worse economic conditions otherwise, than then. They have political freedom, to be slaves, by choice.

And the former Soviet Union itself? Again, it's a broken wreck compared to what it was before.

The state of the world, including the United States, is far worse today, than it was before. Oh, there's some development in China. There's some development in India. But you have 70% of the population of India lives in extreme poverty, and it lives in extreme poverty because the prices which it gets for what it delivers to the United States, are so low, there's not enough for the 70% of the very poor. A similar situation exists in China. *The world is a hell-pot, much worse than it was, both in condition and in prospects, than Oct. 12, 1988.*

So, the end of this series will be—this present series, there will be another one, of course—will be on Oct. 12, when I shall deliver a webcast, which will begin with a replaying on the Internet, of a press conference I gave in Berlin at the hotel there, on Oct. 12, then.

And, you may enjoy it. [ovation]

Freeman: We've got a lot of work for you guys to do, between now and Oct. 12! If you haven't already done so, pick up literature at the tables outside. Thank you for participating, and have a productive week.

In a 'New TVA,' Housing May Be the Biggest Project Needed

by Paul Gallagher

A million Americans among those displaced from their homes by Hurricane Katrina, currently have no homes to return to in Mississippi, Louisiana, and Alabama—the nation's highest-poverty states, in which both the value of the homes destroyed, and the household income and wealth of those who lost them, were very far below what the overheated U.S. housing bubble has been demanding for new homes. The Gulf Coast region could become relatively depopulated, its poorer evacuees driven to relocate elsewhere and stranded for years in "temporary housing," unless there is a large, and rapid, Federal-state investment in the "resettlement" of those Americans in their home states. The investment must be made—and it could be the largest single demand of a "Marshall Plan" or "New TVA" for the Gulf states.

In an indication of this, the "Project Pelican" bipartisan Katrina recovery and reconstruction legislation introduced Sept. 23 by Louisiana Senators Mary Landrieu (D) and David Vitter (R), includes requested authorization for \$50 billion in Community Development Block Grants (CDBG)—its largest single element. It also would give mortgage relief to tens of thousands of families who now have "mortgages without homes," and will need additional mortgages for new homes. The White House, for Fiscal 2006, had been trying to eliminate the entire CDBG program of the Housing and Urban Development Department (HUD), which aids in rehabilitating neighborhood infrastructure, reconstructing public buildings, multi-family dwellings, etc. The "Pelican" sponsors ask for an entirely new revenue source for reconstruction—a 40-50% state share of royalties (Federal taxes) from oil and gas recovery in the Gulf, using state land and infrastructure.

On Sept. 20 the Enterprise Foundation, a national housing advocacy and assistance organization headquartered in Maryland, estimated that \$33 billion in Federal grants—HUD disaster recovery grants—will be required to enable displaced

households, with state and local governments, to replace the housing destroyed and damaged by Katrina. This *does not include* costs of the temporary housing arrangements now being made by many private and public agencies, and which



United States Geological Survey

A Biloxi, Mississippi district after it was levelled by Katrina in September. As much as one-quarter of all housing units in the Louisiana/Mississippi/Alabama region may have been destroyed or damaged by Katrina. The greatest Federal infrastructure effort could be the one required to ensure that 500,000 displaced persons can return and live.

were not made in a timely manner by the Bush Administration. An official of the National Association of Housing and Redevelopment Officials (NAHRO) essentially agreed with this estimation. And the spending will be required during 2006; building new homes and apartments is not a multi-year process, and if stretched out, the displaced households simply will not return.

The problem is politically intense for two reasons. First, because the White House has been trying to eliminate both the long-standing CDBG program and the venerable Section 8 housing assistance for low-income families. At a Congressional hearing on Sept. 15, all witnesses agreed that instead, the Section 8 program also must be drastically expanded—NAHRO called for Congress to “immediately authorize and fund at least 50,000 emergency Section 8 vouchers,” and lift the 20% limit of the cost of housing they can fund.

Secondly, the Bush Administration completely failed to act, in advance or rapidly after the storm hit, to create temporary housing in and near the affected states—in particular, using military bases and military assets. Even by Sept. 20, with 300,000–400,000 Alabama, Mississippi, and Louisiana families displaced, there were only 26,000 temporary housing “units” in those states—7,500 of them on cruise ships, and only 220 on the neglected military bases. Hundreds of thousands of people are jammed into hotels and motels, or the homes of friends, family, or Good Samaritans, and scattered all over the country. Now it is too late, and FEMA efforts to order mobile homes and small “manufactured homes” are running at only a few thousand per month. The displaced persons will need emergency vouchers to stay where they are, and everything depends on the pace of rebuilding of new, *affordable* neighborhoods in the disaster counties.

In 30–40 of those counties, estimates range from 300,000–450,000 homes destroyed completely, and an equal number damaged. The Enterprise Foundation, in a thorough analysis, found that half of those homes were occupied by households or individuals with incomes of below \$35,000, and one-third by people with incomes of \$20,000 or less. The homes had a median market value of \$79,000 in Mississippi, and \$95,000 in Louisiana and Alabama, only 35–40% of the national median home price.

If new homes can be built and bought for \$100,000 or so each, then even with private insurance and other resources of families taken into account, tens of billions of Federal disaster grants and mortgage relief will be needed to bring the displaced families back. If not, the warning is given by the “FEMA City” trailer park built near Punta Gorda, Florida, after a 2003 hurricane: Its residents, many of low income, have been unable to buy or rent the new, more expensive homes which have replaced their destroyed neighborhoods, so they have been stuck in “FEMA City,” and now have to move away.

An equally important factor, is that the rapid and large-scale construction of new homes, made affordable by Federal

action, is a very large potential source of new employment for members of the displaced families themselves, bringing them back to the areas from which they’ve been driven out.

The Senate has already voted \$3.5 billion in six-month housing vouchers for families while they are displaced; the House has legislation pending for 50,000 emergency housing vouchers. These address the temporary housing problem; the real rebuilding, must be a large part of a “new Marshall Plan” for the Gulf region.

Gulf Coast Ports and Rail Must Be Rebuilt

by Mary Jane Freeman

Sixteen days before Hurricane Katrina hit the Gulf Coast states, Mississippi’s Port of Gulfport announced that it had set an annual tonnage-shipped record in 2005, thus securing its position as the “3rd busiest container port” on the U.S. Gulf of Mexico. Then Katrina hit on Aug. 29, and five days later, on Sept. 3, the port’s executive director Don Allee sent an e-mail: “We took a direct hit. . . . Our east pier facilities have basically been gutted. Total loss of dry cargo facilities ([for] forest products, aluminum, paper). [They] are nowhere to be found.” He found port materials strewn three to four miles away in the next town.

Although not yet one of the top 40 U.S. ports measured by throughput of commodities, Gulfport’s mid-August milestone, moving to become a bigger port, came as a result of a \$250 million port improvement plan begun in 2004. Gulfport was one of the worst-hit ports along the Gulf Coast, but by no means the only one. The Port of New Orleans, the fifth-largest bulk cargo U.S. port, took a big hit; only by marshalling state and Federal resources has it been restored to 20% of its pre-storm capacity (see accompanying interview).

Core infrastructure of the coastal area has been severely disrupted, and will take months to repair and be made operable. Rail lines have been displaced or submerged; stretches of highways made impassable; bridges torn out; hospitals and schools levelled.

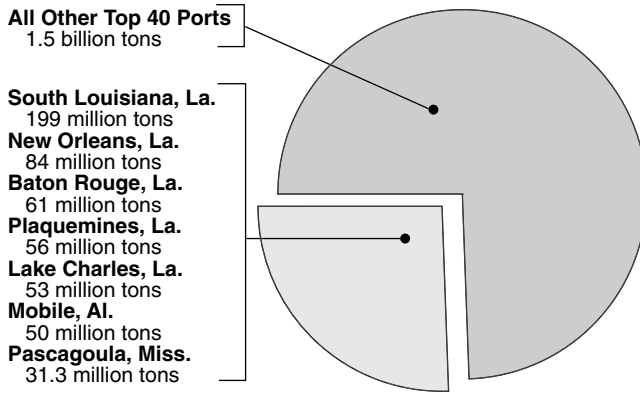
The ports, and the region’s infrastructure for rails and roads form a critical nexus facilitating the movement of goods into and out of America. The shoot-up in diesel fuel costs to a new record of \$2.898 per gallon, as of mid-September, compounds the cost to fix the critical transport links.

In Mississippi, the ports of Gulfport, Biloxi, and Pascagoula were severely damaged. Louisiana’s Port of New Orleans had a preliminary damage estimate of \$1.6 billion. The Port of Mobile in Alabama had the least damage, and

FIGURE 1

Gulf Coast Ports Shipped 26% of U.S. Imports and Exports in 2003

(Tons)



Sources: U.S. Army Corps of Engineers; EIR.

although no monetary estimate is available yet, it is operating at only 80% of pre-storm capability, while shipments are curtailed because of overall infrastructure and economic disarray and disruption in the region. Limited operations have begun at most Gulf Coast ports, but estimates are that it will be three to six months, and in some cases a year, before full operations can be restored.

As of 2003, more than 25% of all U.S. imports and exports, by tonnage, were shipped through the major ports located in Alabama, Mississippi, and Louisiana (see **Figure 1**). The nation's top 40 ports, by tonnage shipped, had a throughput of more than 2 billion tons. Of those 40 ports, the seven in these three Gulf Coast states handled over 535 million tons that year. Each of these ports had embarked on upgrade and

expansion projects in the last five years.

Shipments of U.S. commodities such as grain, poultry, and coal for export, get to the ports via rail, truck, or barge. But Katrina crippled these modes of transport too. Of the six Class I railroads serving the region, four were damaged by Katrina, two of them significantly. CSX railroad's 110 miles of mainline track on the coast between New Orleans and Mobile, Ala. will take months to restore at a cost of at least \$250 million. Its yard in Louisiana was under water. Six miles of Norfolk Southern's (NS) track, washed from atop a rail bridge into New Orleans, required nine cranes on barges to lift the track out of water and back onto the bridge; while another nine miles of its track, running into the city, were washed out and need extensive repairs.

Amtrak's CEO David Gunn said of passenger rail service, "Rail lines and facilities are pretty badly beaten up." Most Amtrak routes run on tracks owned by freight railroads. Damage assessments continue, as service remains curtailed in the three Gulf Coast states.

But Amtrak service to these states was already limited, as passenger rail miles, nationally, went from 65,842 in 1967, to 22,453 by 2004, a 66% loss. You see the loss to these states in particular on the rail maps, **Figures 2a** and **2b**. Yet, ironically, Amtrak, which the Bush Administration seeks to bankrupt, pre-staged two trains in Lafayette, La. to aid in evacuation of New Orleans residents after Katrina hit. Its services were only used for one trip.

Ship and barge access to the Mississippi River, impaired by Katrina, has slowly resumed because of the combined efforts of the Army Corps of Engineers, the U.S. Coast Guard, and other Federal agencies. These agencies' removing debris (such as sunken vessels), dredging, and restoring aids to navigation have made the river available for some traffic. But the three-week river closure and damage to barges from the storm, before the Fall harvest, bodes ill. "There's going to

FIGURE 2a

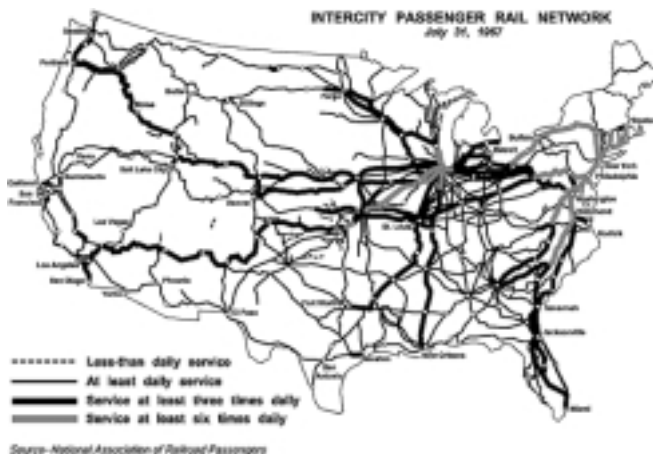


FIGURE 2b



be a big impact,” a University of Minnesota farm extension specialist said. “We’re losing three weeks of shipping out of the Gulf. [Now with] lost barges, we’ve got grain backed up with the disruption of rail service in the entire Gulf Coast area.” These realities have already led to a 43% hike in river freight charges, from a pre-Katrina \$23 a ton to \$33 a ton.

To avoid future hobbling of our food, fuel, commodities supply chain, and commerce in general, infrastructure redundancy must be built back into our economic backbone. Upgrading the interface between U.S. inland waterways, ports, and the rails requires full Federal funding of the U.S. Army Corps of Engineers and the Marine Transportation System to ensure critical dredging and intermodal connector projects, and the upgrading of our inland waterways, locks, and dams.

Since the halt of the post-Civil War plans for Reconstruction of the South, and with the 1960s post-industrial turn away from a production-based economy to one of consumerism, more and more the Gulf Coast region was left to poverty. Now in the aftermath of Katrina, the nation has the great task of building its future infrastructure.

Interview: Gary P. LaGrange

‘Category 5 Levees Should Have Been Built’

Gary P. LaGrange, a New Orleans native, has been Executive Director and CEO of the Port of New Orleans since 2001. Previously, he was the Executive Director of the Mississippi State Port Authority at Gulfport from 1999-2001, and of the Port of South Louisiana in 1997. In each of these positions, he initiated state-of-the-art capital improvement projects, upgrading these Gulf Coast ports. LaGrange was interviewed by Mary Jane Freeman on Sept. 14.

EIR: *EIR* has promoted infrastructure development for 30 years. Unlike a recent *New York Times* op-ed complaining that too much money is available to the U.S. Army Corps, *EIR* has called for fully funding the Corps to ensure that it can do the job.

LaGrange: God bless you. Tell that to OMB!

EIR: What is the extent of damage, the state of ongoing repair; and more important, what projects were planned that should have been done, and how should the nation be thinking about what needs to be done at the ports in the Gulf Coast?

LaGrange: Well, first and foremost, was that years and years ago, models were done, time and again. It was just a question of dodging the bullet for all these years and waiting for the

mother-lode to come. What should have been done, is Category 5 levees should have been built, first and foremost. Had that happened, chances are that *none* of this would have happened. That not being the case, we have a heck of a rebuilding effort on our hands, which is probably going to cost a heck of a lot more than the levees would have cost in the first place. We [the Port of New Orleans], as a result of this storm Katrina, the damages that we have—we’ve sent in a very pre-preliminary report to Congress which shows a \$1.7-plus billion need for building the port back to where it was.

Starting Sept. 15, engineering surveyors, three different teams, will split the port into three, to get an expeditious assessment of the actual damage. It will be a week-long survey of damages, destruction assessment, and also stolen, lost, or pilfered items that are missing. . . .

EIR: What are the projects that were on the drawing boards?

LaGrange: Well, there is a project that was authorized before I was even shavin’, and I’m 59 years old. That is the Inner Harbor Lock on our Inner Harbor. It is a \$700 million project. When that lock is complete, the significance of that is that all of our businesses on the Inner Harbor will be able to lock through into the Mississippi River and not have to use the MRGO [Mississippi River Gulf Outlet] ever again.

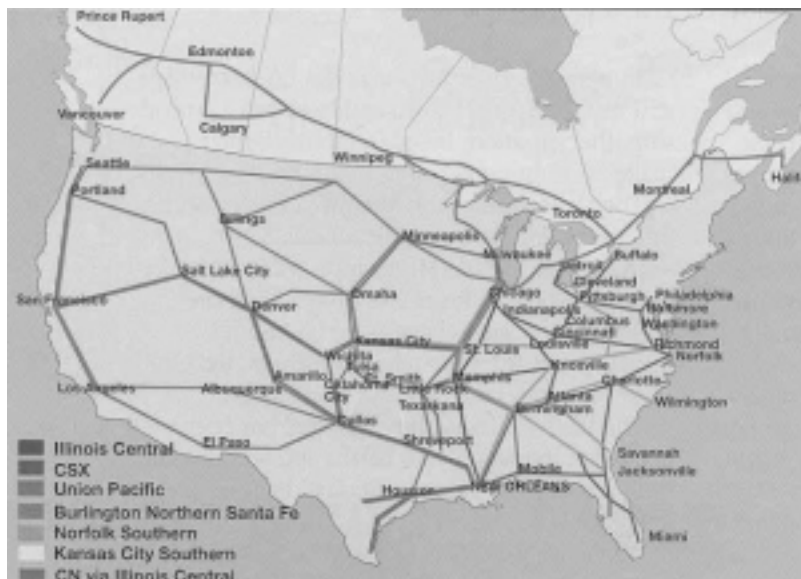
The advantage is that the Mississippi River Gulf Outlet requires a lot of maintenance and a lot of dredging to keep it open. So that is dollars saved. Why would we not take the \$25 million, or whatever million dollars a year, that they are putting into dredging and maintaining the MRGO, and escalate the funding and financing for the lock? That would be a *huge* step in the right direction. Because every year we have to face the same old thing: The administration zeros out the project. Then we march back into Washington, spend an infinite number of hours before the House and Senate energy and water subcommittees, before all the other sundry committees—finance, appropriations—meeting again with General Strock. Over, and over, endlessly, like the way of the cross. It is never-ending. . . .

It is ridiculous. It is the damnest thing I’ve ever seen. Now they take \$60 million that is appropriated for the Olmsted Lock and Dam, and they zero the Inner Harbor lock and dam out. And then what do they do? They add \$30 million. They take our money and put it on Olmsted. I want to tell you, I was a young port director and I testified for Olmsted 20-some odd years ago. Well, it still isn’t built, and neither is ours.

EIR: Right, and Olmsted should have been built about 10 years ago—

LaGrange: Of course. General Strock—and I love General Strock—he tells me, “Gary, what they’re doing is a new philosophy. The Corps is trying to get a better image, trying to get a few finishes. So in order to do that, we’re gonna have to rob your money and other projects to finish the ones that are closer to being finished.”

That isn’t helping me, you know.



In contrast to the sparse remaining railroad infrastructure of the surrounding states and most of the country, New Orleans has six major rail heads (five shown on this map). These rail heads have been very seriously damaged by Hurricane Katrina and neglect of the city's storm defenses.

EIR: You have to make capital investments in infrastructure so that you create the margin of efficiency.

LaGrange: Right. I couldn't agree with you more. By the way, of that \$1.7 billion in our pre-preliminary estimate, \$600 million of that was for the Inner Harbor lock. So that is how significant it is for the port. It was the number-two public works project of the Army Corps in the country. For the life of us, we can't figure out why it isn't anymore.

EIR: Was that one that had a big environmental lawsuit against it?

LaGrange: There was an environmental lawsuit against it, and we won.

EIR: So the \$600 million in your \$1.7, is that for damage done?

LaGrange: No, that is to finish the project, to get it done. It is authorized. Funds have been appropriated. Construction started in 2002. They are trying to build it by funding \$25 million a year. Yet, every year the administration zeros it out. We wind up with maybe a compromise of \$11, 12, 13 million a year. Well, at that rate it is going to take 50 years—50 more years.

EIR: Yes, and all the up-river locks will have rotted by then, because they won't have repaired or replaced them either. What else needs to be done at the port?

LaGrange: We need to shore up the damages. We have some substantial damage to the lower area of our port, the down-river portion. Our port is divided into basically two areas, up-river and down-river, and then the CBD area. The latter is primarily our cruise ship area.

The down-river area, which constitutes 30% of our port activities, is really devastated. It was inundated with seven to eight feet of water, some wind damage, and so on. We've got the largest container carrier in the world located down there, Maersk. We've got to take care of them. New Orleans Cold Storage is down there. That is the second-largest exporter of chickens in the United States, to Russia and the Ukraine. They have 5 million pounds of chickens rotting down there. So that needs to be rebuilt. . . .

Our container facilities uptown, the new sophisticated \$120 million Napoleon container terminal, had minimal damage—only damage to the cranes and to the buildings, the transit sheds, moderate wind damage. So that is the part of the port that is up and running a lot quicker.

EIR: Ok. What kind of rail infrastructure do you have coming into the port, and is it sufficient?

LaGrange: We have more rail heads, trunk line one rail heads, than any other port in America. We have six. They go out like spokes in a wheel. So we call ourselves America's most intermodal port. The reason for that lies in large part, of course, in the Louisiana Purchase, 201 years ago. The reason Thomas Jefferson bought the real estate from Napoleon to begin with, was to gain access to the port of New Orleans. The port serves 62% of the consumer-spending public of America. Why? Because it is on the Mississippi River, and it and its tributaries are 15,000 miles long, and basically span into 33 states. That said, that is exactly why the railroads came in here, and are located here, because it is the gateway to America for the most part.

EIR: Are your rail connections functioning at this time?

LaGrange: No, they are very beat up from the hurricane. Unfortunately, I don't have a good handle on how bad they are. I couldn't begin to tell you if it is going to take a month, three months, six months for them to build back.

EIR: Any other projects that should be thought about for the port?

LaGrange: A lot of the Asian cargoes are requesting more space here New Orleans, as they have other places on the ports of the East Coast. So we are going to build. We were ramping up to build a new \$100-plus million Napoleon phase-2 container terminal, which would give us a capacity of about 750,000 containers in the port. Now we are not, historically, a container port. We are a break-bulk operation. We are the largest steel, rubber, plywood and wood products, coffee, London metal exchange-certified precious metals handler in the United States.

'We've Had 40 Years of Total Disregard For the Future—And We're Paying for It'

Michael Parker has been a five-term U.S. Representative from Mississippi, 1989-99; and served as Assistant Secretary of the Army for Civil Works (chief of the U.S. Army Corps of Engineers) from October 2001 until March 2002. President George W. Bush asked Parker to resign as Army Corps chief because of Parker's public criticism of significant cuts Bush was making to the Army Corps budget for economic infrastructure. Parker was interviewed on Sept. 21 by Richard Freeman, about the disastrous impact of Hurricane Katrina on infrastructure, and the principles for reconstruction.



EIR: You've just returned from Mississippi. What does the post-Katrina situation look like?

Parker: It's very much worse than [other areas]. . . . The fact of the matter is, Mississippi's got much more devastation, even though they had less loss of life. And to give you an example: In Hurricane Andrew, which was one of the largest hurricanes—largest as far as debris—in our recorded history, there were 17 million cubic yards of debris. This time, it's going to be over 80 million yards. So, it's going to be four or five times larger than any other hurricane we've ever had in terms of debris. And Mississippi is just devastated, because it just took away so much of the business on the coast, especially from the gaming industry, which makes up 15-20% of the income of the state, now. So, that is a *devastating* blow to any state, especially one with one of the lowest per capita incomes of any state in the country. It's devastating. . . .

But one of the things it did show, I think more than anything else, was the lack of preparedness we have as a nation. . . . And especially after four years, after 9/11, you would have thought we would be more prepared. But, it just goes to show that the Department of Homeland Security does not have its act together. And that's got to be reviewed, now.

What is interesting, though, is that, in actuality, this is the type of thing where the government has a direct interest. And I think, for the first time, people are learning some things. I mean, our parents and grandparents knew it. But all of a sudden, this generation is learning some things that it has never

known before, and that is, that there's a direct correlation between standard of living and infrastructure. And one of the things that the government is charged with—we've become such a short-term, instant gratification society—that is our elected officials are supposed to be charged with the responsibility of looking to the future, and providing for the security of the nation.

And one of the ways you do that, is, to put in place things, that are not for your generation, but for future generations. The infrastructure that we have in place today, is a gift that we've been given from our parents and grandparents. The infrastructure that we build and maintain—it's not for us; it's for our children and grandchildren.

But politicians would rather pass a prescription drug bill, which does no one any good, and nobody likes it, and it is extremely expensive; rather than taking that same money, and putting it in infrastructure that would pay dividends for years to come. A lot of people have said, "Well, what could President Bush have done?" President Bush could not have done anything to prevent this. He's going to be judged, as far as what he does for infrastructure in another five to ten years from now. Because you're not judged for what you do—you can't be judged now, because he's only been in office for four and a half years. The infrastructure that you put into place, these are projects that are not short-term. You don't just go and build them in a year, two years. These are long-term projects. And they take 5, 10, 15, 20 years to put into place. So, he's going to be judged later.

What we're receiving, is 40 years of total disregard for the future—and we're paying the price. All debt is going to be repaid. It's kind of like going to buy a car, and you borrow the money. Either you're going to pay the notes, or they're going to come and repossess it. But either way, the debt's going to be satisfied. And we're in the same situation in this: We didn't pay the notes.

EIR: We have written in our magazine, that, actually starting in the mid-'60s, America started to have a paradigm shift from a producer society to a consumer society. And what got lost, is the infrastructure; because people say, "It's not on the balance sheet, therefore, we don't suffer a loss."

Parker: It is on the balance sheet. The problem is, we've decided that we liked the idea of utilizing—you've got current assets and long-term assets—things for the short term, and



USACE Photograph/Adrien Lamarre

"There is a direct correlation between standard of living and infrastructure," said Parker. Instead, "we've become such a short-term, instant gratification society. . . . The infrastructure that we build and maintain—it's not for us; it's for our children and grandchildren." Shown here is a military tow on the Tennessee-Tombigbee Waterway.

you forget about those long-term assets that you have to put in place, and the investment that you have to make. The balance sheet stays the same.

And, if you looked at the bottom line, you'd say, "Well, we've invested all this money!" But, what kind of assets did we use? And, if you looked at a P&L [profit and loss statement], that's what's interesting, because all of these things that we've invested in are really not assets, they're actually just expenses.

EIR: Rather than making investments for capital account, for investment account.

Parker: That's right.

EIR: On the Mississippi River, the Army Corps of Engineers was building a vital flood protection system during the '30s, '40s, and '50s. And aside from what's happened now in New Orleans—which is extremely important, critical—the lower Mississippi River system itself did not suffer overflowing. The Tenn-Tom [Tennessee Tombigbee waterway] was another river system that was built. The states of Mississippi and Alabama were asking for it to be built in the '50s. It was put off, and finally built later. It's quite valuable. What's the history that you look at? What's the outlook that you look at, some of the projects you think were worthwhile?

Parker: Well, I'll give you an example: If you turn around and you look in Brownsville, Texas—and everybody's talking about all the poor in New Orleans, and it's true, the poor in New Orleans suffered, greatly—but let's look at Brownsville, Texas: You have got the Rio Grande river coming down; you have a thing called *resacas*, which is the Spanish term for ox-

bow lakes, they're a natural phenomenon. Through the years, that's been built up over there, and silted in. It hasn't been maintained, because you had more and more people live there. And the water used to come in and flush it out, but now you got all these buildings. And if you look down there, you've got 200,000 people in Brownsville and a million right across the river in Matamoros [Mexico], so you got a very large group of people, the vast majority very poor.

Those *resacas* are utilized for flood control, for water storage, that type of thing. If you had a hurricane—and right now, I'm worried about it [Hurricane Rita] going over to Brownsville: Because, if you had a direct hit going into Brownsville, or if it went to the south of Brownsville so that the hard right-edge would hit them, you could have the same type of flooding that you've got in New Orleans.

And you say, "Well, what could solve that?" You need to go in, and re-create those *resacas*. Go in, and dig them out, have the water storage, be able to have the flood control. We're not talking about something that's going to cost tremendous amounts of money. Over a period of 10 years, they could be done; the total cost would probably be \$20-25 million. But you would do it slowly; each year you would do a little.

EIR: Have the *resacas* deteriorated?

Parker: They deteriorated; but we haven't been able to get the government to put money in it. I'm just telling you of another area, where there's a problem.

If we don't do this type of project—and there are projects like this all over the country—if we don't do that, and then we have a disaster hit Brownsville, we're going to have to

Critical Ready-To-Go Waterways Infrastructure Projects



Sources: U.S. Army Corps of Engineers; Waterways Council, Inc.; *EIR*.

come and spend, just untold amounts of money to get it resolved! It makes no common sense. Evidently, people have gotten so smart, they've gotten stupid—I don't know.

EIR: You're familiar with NAFTA. One of the things about NAFTA, is simply to move goods. You have cities on both sides of the U.S.-Mexican border, and the only thing that the supporters of NAFTA have been concerned about is to build bridges, so that the goods can get from one side to the other. But there are all sorts of fundamental infrastructure not built, as you just mentioned with Brownsville. These questions are

not being addressed.

Parker: If the Corps of Engineers were funded at a full capability level—which right now would be about \$6.5 billion a year—you say, "Well, that's a lot of money." It is a lot of money. But when you look at what we spent, \$2 billion a day—say the burn rate is *\$2 billion a day*? Well, I've got news for you. You could fund the Corps a *long* time, on that. And especially since they've been funded \$2 billion a year (every year) *less* than they should have. You could make a *tremendous* difference in infrastructure.

And it's the same way on the highway program: We've

got all these entitlement programs, which have not been successful, have not served the purpose that had been envisioned for them, and then we fuss about the money we're going to put in the highway bill, in infrastructure. Now, granted, there's pork in there to some degree—there are “projects” out there. But, on the whole, the highway bill is necessary for this country.

And people forget, when you say, “at what point did it change?”: In the '50s, we had the national interstate highway program—

EIR: Under Eisenhower, right.

Parker: It was put together, and Eisenhower sold it as a defense concept. You know, it was the interstate defense system [National Defense Highway System], to be used in time of war—I have to tell you, and even with that, we had an interstate in Alaska, and also in Hawaii. But that doesn't matter. That helped this country, as far as being able to move the standard of living, to keep it moving forward. It is necessary that we understand that there is a *direct correlation* between standard of living and infrastructure, and what you invest. And if you do not invest, your standard of living can not be maintained.

And what happens when a society can not maintain its standard of living? All you have to do, is look at New Orleans: Within 72 hours, you can move from modern city, to a Third World country, because infrastructure failed. That's all you have to do: Just look at New Orleans. That's what happens when infrastructure can't be maintained. You will have chaos in society.

EIR: You used the \$6.5 billion figure: How did you determine that? Is that just full capability?

Parker: That's full capability. When I was ASACW, Assistant Secretary of the Army for Civil Works—which is head of the Corps—that's what I went to OMB [Office of Management and Budget], and that's what I asked for: “I want \$6.4 billion.”

EIR: In 2002, at a Congressional hearing, they asked you about the Army Corps budget, and you said, “Well, this may be utopian, I think, but this is what I think we should do.” You asked for 150% of the budget proposed. Well, you got hung from a tree. And your forced resignation was done, I think, very publicly, both against you, but also as a warning: “If anyone else tries it, this is what's going to happen.”

Parker: I think it sent a message to everybody. Look, I don't fault the President for doing it. And the reason I don't, is because he's Commander-in-Chief; he's the President of the United States. I was serving at his pleasure. If he didn't like what I was doing, he should let me go. I have no problem with that.

EIR: But, you had projects in mind. If I remember, one of

them was for Mississippi. What were some of the projects you had in mind?

Parker: From the standpoint of getting involved in individual projects, to me it makes more sense to look at it nationally. We have had cities in the “Upper Miss” that have flooded.

EIR: Right, the '93 flood, north of Cairo, Illinois.

Parker: They have done everything that everybody's asked them to do. They've done everything EPA asked them to do. They've done everything that the Corps has asked them to do: And now, it comes time to do what's necessary to protect them, and we can't get the money for that! I was talking to Collin Peterson from Minnesota, who's a member of Congress, and said, “Collin, have you been able to do anything?” And he said, “No! Can't get it—” and they need \$15 million—\$15 *million*, and can't get it!

People do not understand. I had a news thing on CNN the other day with a commentator, and I was trying to talk about the budget, and its effects. And he just cut me off, saying, “There are not ten people in the country, who understand the budget. They don't care.” And I'm thinking—and I *wanted* to say to him, “Well, that's why we're in the mess we're in.” Because, it doesn't matter what you have as policy. If you don't *fund* the policy, it doesn't exist. And the fact of the matter is, is that, if you don't put money in the right areas—I don't care what your intentions are—nothing positive is going to happen. It's *hard* to get people to understand that.

EIR: We looked at about 40-50 projects which are authorized for the Corps and not appropriated. . . .

Parker: We actually have about \$40 *billion* worth of projects that have been authorized and not funded. . . . There are some projects that should not be funded, I understand there are some that should.

EIR: Like which ones?

Parker: If we had put in place a surge-protection barrier, where the Lake Pontchartrain goes out into open water. If we'd have put that in—it was deemed at the time too expensive and the environmentalists hated it—if we'd have put that in place, you wouldn't have had the surge. Remember, what I have been told—and they're going to do a forensic study of this whole thing—but what I've been told, is that when the surge came in, that's not when the levees were breached. *It's when it came back*. So, the surge came in. When it came back is when it went over and killed the levee.

EIR: Okay, so it goes from Lake Borgne, into Ponchartrain—

Parker: Then it goes into Maurepas, and it goes up that way. And then it comes back. And that's when it was breached. I have now talked to some guys who have seen some of the levees and some of the structures that were in place. You look at the structure, and it looks like water kept coming over,

beating down, weakening the other side, and then when it came back, it blew it over.

EIR: Now, one of the proposals that's been on the table is to build this sea-gate at the eastern end of Lake Pontchartrain, and then have it close when you know there's a storm coming.

Parker: As surge protection. You would close it when you had a surge.

EIR: When did people start talking about that?

Parker: It was done in the early '70s; they did a study. It was recommended by the Corps; the local sponsors felt it was a really good thing to do. I wasn't around then, but I understand that the environmentalists threw a fit. And the sponsors couldn't afford to fight all this.

The environmentalists, you know, their hands are not clean in this thing. They have created all kinds of problems, any time you wanted to do anything. And now, they're sheepishly saying, "Oh, no! That's not what we meant to do." Well, they can say that all day long: They've been a hindrance on everything. Because the Corps knows it's going to get sued every time it turns around. I mean, they're used to it. It doesn't matter what they do; the environmentalists won't come around.

But, the fact of the matter is, is that what seemed so expensive at the time, now pales in comparison to where we are—*pales* in comparison.

EIR: Are you saying that the sea-gate was actually part of a plan, back—?

Parker: Well, there were several different plans. You had SELA, the Southeast Louisiana plan. It was really after Hurricane Betsy in '65, that's when a lot of the work started being done. When Betsy came in, then members of Congress starting going to the Corps, and saying, "Give us some ideas of things that can be done for protection." Because Betsy was *devastating* to New Orleans. They didn't have the type of flooding that you had this time, but it was still devastating. And they said, "we need something." And the Corps engineers started looking at different models, and different things, and they came up with different concepts of what could be done.

EIR: Do you know who I could talk to, who might know about this? The other day Bennett Johnston, the former Senator from Louisiana, said that he wants to try and revive a policy for flood protection for New Orleans, but I haven't been able to locate people who might know the old plans.

Parker: Well, Bennett came after that period of time; Bennett was in the late '70s. We're talking 40 years ago! Bud Schuster came after that. I'm talking about these old bulls that were around here. And they fought for it: I'm telling you, they understood. But the longer we've gone, the fewer people thought long term. It's all short-term stuff, now. Nobody thinks long term.

EIR: Let me ask you about this: I went back and I got two editorials. On the one hand, you had tremendous defense from people when you were fired, or asked to resign. On the other side, you seem to have forced, I guess you would call it a "left-right coalition." Because the *New York Times* and the *Wall Street Journal* both went after you. The *Wall Street Journal*, wrote an editorial March 11, 2002, titled "Martyr for Pork." And they cited—on your situation—[Mississippi Republican Sen.] Trent Lott speaking favorably; they cited [Alabama Republican Rep.] Sonny Callahan, and they cited Jim Oberstar, Minnesota Democrat, who at the time said, "It's one of the darkest hours in the 226 years of the Corps." Then they say—this is the *Wall Street Journal*—"forgive us if we interrupt this patriotic funeral music with a few facts. The Army Corps is not fighting and dying in Afghanistan." And it said, that the key thing, is to take the money from these projects and use it for the fight on terrorism.

Parker: Would they say that now?

Now, let me ask you a question. Three weeks ago—three weeks ago, my son proposed to his fiancée in New Orleans. You could have walked up to anybody in New Orleans and talked about the Corps of Engineers, and pork, and they would agree with the *Wall Street Journal* and *New York Times*. "Pork. That's all it is. Building all this stuff, just a waste of taxpayers' money."

Move forward one week: Walk up to *anybody* in New Orleans—I don't care who it is. I don't care if it's the most uneducated person you ever met, or an engineer, or a law professor at Tulane—and look at them and say, "Do you believe flood protection and levee protection is pork?" And this city is full of water. I guarantee you, that you wouldn't find one person that would say, "It's pork."

What I find interesting: All of a sudden, everything else is pork, but now *this* is not pork. So, if they want to be honest with themselves, they need to say, "Maybe we've been looking at this wrong way."

EIR: Let me just take it from the other side, because this is the *New York Times*, in a 2002 article called, "Touching the Untouchable Corps." which talks about that you were fired for asking for "too much money." And then, they quoted leading "advocacy organizations," American Rivers, Environmental Defense Fund, and Earth Justice!

Parker: Oh, amen! And as long as I've got Trent Lott and Jim Oberstar and Sonny Callahan that say I'm right, and I've got these environmentalist groups saying I'm wrong, then I must be correct. I'm not worried.

EIR: A transportation expert in Washington, D.C. told us that when he was studying back in the '60s, with cost-benefit analysis, first you looked at the benefit of what you were going to produce, and then you figured out what the cost was for making it. He said, this has been stood on its head, where now you won't build anything, unless you can get the cost down.

Parker: Well, first of all, you don't do any cost-benefit analysis on environmental projects. They're not allowed, when it comes down to building these projects, whether it be highways, bridges. One of the reasons they're so expensive, is not because the Federal agencies want to do it that way. They've been told by Congress to do it that way: "You *will* follow these guidelines. You *will* put all these rules and regulations in place." And it costs a lot of money to do that.

I'll give you an example: We had a situation on the Coast, after Katrina, in New Orleans, where a regulator comes up, from the Corps, to a contractor, saying, "You're using the wrong tickets." This is for debris removal. Every time that you have a load, they have to keep tabs of that load. And there's certain information that's required to be put on. And the guy said, "You have to have Corps tickets." And the guy said, "I tried to get Corps tickets. Y'all don't have any. Give me your tickets!"

The Corps guy said, "We don't have any—they're in St. Louis."

The contractor said, "Well, my ticket is exactly the same as yours. My company's name's at the top of it. Yours has got the Corps at the top of it, but it has the same information."

The Corps guy said, "If you don't have Corps tickets, we're shutting your job down." This was down in Louisiana. What's interesting is, this guy had to send an airplane to St. Louis, from Florida, to pick up the tickets to bring it to him, so he wouldn't shut down hundreds of subcontractors who were removing debris! All because of the ticket.

Now look: Those regulations were not put in place by the Corps. Awh! We had a situation in New York, after 9/11, where—and I won't get into any names—we were trying to remove debris, and the Corps was instrumental in putting together everything to remove the debris. We needed another pier, to bring the barges in, and put the stuff in to take it to Fresh Kill [the landfill designated for 9/11 debris]. And we needed to do a dredging, to dredge it so the barge could get in there and they could put the material in. And there was a guy from the EPA, who said, "We may need to have an environmental impact study" which would take six months. And the question was then posed to him, "Do you want to have a news conference, so that *you* can tell everybody you want to have a six-month stay?" He said, "Well, maybe we don't."

EIR: If you had the funding, what would be some of the projects you would build? We think the Corps budget should be increased ten times.

Parker: No. They can't. They couldn't handle it. They don't have the capability. . . . The Corps doesn't build anything. It contracts. It's one of the largest contracting units of the Federal government. What happens is, and I mean, there is always the case that you can go too far, and create just as much harm, as not doing it the correct way.

Just as when you build a bridge, you build in a systematic way, you build projects the same way, taking into consider-

ation everything: They consider all the benefits, all the environmental, the sociological, the cultural side. You have to look at it from a holistic standpoint, and you have to be *very* methodical when you do it.

What needs to be done, is, you fund the Corps at their capability level, which right now is about \$6.5 billion—and these projects are not short term, they're long-term. And you have it just the way you do the highways. One reason the interstate highway system has been so effective is: They've got 5-year plans, 10-year plans, 15-year plans, 20-year plans; 25-year plans and 50-year plans! I mean, they've got all these plans out in the future. The difference is, they've got a funding source, because of the taxes on gasoline and everything, the excise taxes. They have a *fund*.

We don't have that. The water system in this country, with the Corps, is at the whim of Congress, "what we're going to let you have." And if anything good comes out of this, I'm hoping that people will say, "We need to have a plan in place. We fund the Corps at their capability level, and they have 5-, 10-, 15-, 20-year plans in place. They have an operations and maintenance budget that is large enough to make sure we take care of the locks and dams."

We have got a *tremendous* problem with dams in this country, and it's going to come back to bite us. The *Washington Post* had an article saying, New Orleans was not the most dangerous situation we've got in the country. Sacramento is. Well, that's interesting, because, Sacramento has got *tremendous* problems there, that need to be addressed.

And, you have to understand, the Corps does nothing by itself. Normally, the Corps has sponsors out there, which have a vested interest, and they pay part of the money! Local participation.

EIR: We looked at some of the projects on the waterways in the recent spending bills, and they were able to get work on a few locks and dams, I think four on the Upper Mississippi, two on the Illinois, into the Water Resources Development Act for this year—

Parker: Which is an authorization, not an appropriation. Now, there's a long way between saying, "yeah, we're going to do that," and getting it funded.

EIR: But there are a series of projects, on the Ohio River, for example—

Parker: And the majority of the water that comes down the Mississippi comes from the Ohio.

EIR: These projects are still sitting there. And they got moved back. The OMB says, "Well, the way we're going to do it is this: We give every project this cost-benefit ratio. Those that have the highest ratio, get the money, because we want to make sure projects are completed. We don't want to do them partially." I called and asked the OMB, "Okay, well, what happens with projects that show a positive cost-benefit

ratio, but are not the highest, and are essential?" The person said to me, "We've got projects that are 3.5 benefit to cost, but they are not going to get funded, because they weren't the highest."

Parker: Yeah, but why? Why is that the case? It's because OMB has been instrumental in keeping the Corps underfunded. I mean, the one person down there who is the problem is a guy named Gary Waxman. And Bob Woodward asked me, he said, "Give me names." I said, "Gary Waxman, OMB."

If you want to know the person who had more to do with the problems we've got in this country in water, talk to Gary Waxman. Get him to tell, *why* he has done so many things to thwart projects that are needed in this country.

EIR: If you had the money for these projects, and you had the all resources to let out the contracts—

Parker: You would not see the difference in another one or two years, but starting in five, eight, ten years, you'd start seeing a difference. And if you were consistent at it, in 20 years, you would see a *massive* change.

I'm going to give you something from the standpoint of *my* feeling about trade: To maintain the standard of living of the people of the United States—and I understand, any time a culture falls, a society falls, it falls because the standard of living of the people can't be maintained. Go through history, and look at every society.

In this country, when we were formed, we basically told England, "You're taking all of our assets. You're not leaving us what we need, to have a standard of living for a lot of people the way it needs to be done. We don't have the freedom we should have. Therefore, we are going to change." And we did. To maintain the standard of living, you must be able to have the infrastructure in place to have that standard of living.

And let's talk about trade. . . . There was a time, when, on the average, we had to double trade every 20 years to maintain our standard of living. Well, to be on track to double trade, you have to be able to move that trade. And since we are a society where most of our trade on the import side comes over water, and also since we're a society where a lot of trade has to go into the interior of the country, we utilize water. It's the cheapest way to move large amounts of goods.

Basically, 35% of all our trade comes through Long Beach and Los Angeles Harbors. And it's put on trucks and rail and it goes from there out through the country. So, if you walk into a Wal-Mart, you can pretty much rest assured, that 35% of the stuff in there came through L.A. and Long Beach.

Well, to do that, you've got to invest in infrastructure to *move* that trade. And if you have to do it on water, you have to have the ports, and you have to have the facilities, and you have to have the terminals, and you have to have the equipment to make that work; and you have to have a tie-in to the road system and the rail system in this country to make it work: Look how we have underfunded our harbors and ports. Just look at it!

What does that do? That creates a situation where there's going to come a time, when we *need* the trade, but we don't have the facilities in order to move it, either in or out. When that occurs, then the standard of living of the people will decrease. And when that happens, you have political chaos.

EIR: It was very clear in 2002 that [then-OMB Director] Mitch Daniels just blew up when you said, "Fund the Corps at \$6.4 billion." And he was going to make sure, because his whole system would "come apart," if he allowed this to go through.

Parker: Internally, I did everything that I could, trying to explain to people: There's no difference in the way OMB is looking at things—there's no difference, now, between what the Democrats did, and what the Republicans did—I see no difference. Neither one is making the right decisions.

And I was going to say, this transcends party, it's non-political. OMB is the only constant thing we've got in our government. . . . They've become more and more powerful over a period of time, and they've made the decision that they know best what this country needs. And elected officials be damned. . . .

See, I'm one of these people that believe this: I believe that you can not make a decision unless you have the right information. I believe there's a place for OMB! A lot of people don't think I think that—but I do! . . .

EIR: Did you talk with any of these fellows? I saw one example where you walked into Daniels' office with two different—

Parker: Pieces of steel. What I did was, I was trying—I wasn't doing well verbally [laughs]. So, I said, "Maybe if he saw what this is." So, I instructed the Corps, "I need a piece of steel that has been in the water, on a lock that we're replacing. I want a piece of that steel. And I want a brand new piece of steel." And I had these two pieces of steel. One of them was an inch and a quarter thick, or an inch thick; and the other was *falling* apart!

And I laid them on Mitch's desk, and I said, "These two pieces of steel are the same type steel, exactly. This one's been in the water 35 years, should have been replaced 10 years ago. And this one is brand new." I said: "Mitch, it doesn't matter whether a terrorist blows up this lock, or if it falls down because it won't work, we haven't maintained it. Either way, it doesn't work! At least with a terrorist, we got somebody to blame! If we don't maintain it, the only people we can blame is ourselves. Do you understand?"

He got furious.

EIR: Do you think that there was an emphasis that shifted, for example in FEMA, away from the type of preparedness that we used to have for natural events, to focus on terrorism?

Parker: I'm going to tell you something that I believe: The career people at FEMA, and people that I've worked with

there, are sharp. And if you'll notice, a lot of the career people have left FEMA. And you have to ask, Why? . . . And if you talk to the career people, who are very talented—and say, “Why did you leave?” Almost universally, I think they'll tell you: “I couldn't stand it any more. I couldn't stand, and take it in an agency which had so much potential, and was just being inept.”

EIR: But, do you think some of this emphasis on terrorism excluded infrastructure?

Parker: I think you have to have both of them, now. I think they're both vital. They both have to be done. Both of them.

EIR: Do you think FEMA acted quickly enough?

Parker: No.

I don't think our Federal government did. I don't think state and local governments did.

EIR: Do you think an approach like Roosevelt's would be workable? Do you think a Marshall Plan would be workable? In other words, something that didn't just give out vouchers to people, and said, “find housing.”

Parker: If you turn around and you expect the government to do all of this, you're going to be *sorely* disappointed. The government has got to bring in the private sector, and create the entities to make this thing happen. The private sector is the only force we have in the country, that is strong enough, vital enough, robust enough, and can cut through the red tape enough to make things happen. But, you *have* to allow the private sector to do, what it has to do.

EIR: Would you move to do a more accelerated pace of the infrastructure which should have been done for the last 40 years?

Parker: Of course. The first thing I would do, is take the model that was used after the earthquake in San Francisco, where a *tremendous* amount of damage was done to the infrastructure. Instead of creating a housing czar, like they're talking about doing in FEMA, I would create the same type of situation on infrastructure that we had in San Francisco, and just transport it over to the Gulf Coast. . . . They built everything back much faster than everybody anticipated: The Corps of Engineers handled all the contracts.

Basically, they turned around and put incentives in place for the private sector to build these things faster. To move things, they cut through a lot of the red tape, put waivers on a lot of different regulations, and just *did it*.

EIR: Because they had to rebuild portions of the highway.

Parker: Oh, they had massive portions! Bridges and everything else. . . . Then they turned around and did all the contracting. Put all the contracts in place to make it happen. The same thing needs to be done on the Gulf Coast—exactly.

EIR: Railroads: We've looked at the question of electrifying our railroads—having electric locomotives, instead of electric-petroleum hybrids. They're much faster and cut down on petroleum use. What do you think about the rail situation in the country?

Parker: I think it has deteriorated over a period of time, also. The only area of the country where it's truly robust, is on the Eastern Seaboard, because you move so many people up and down the Eastern Seaboard.

EIR: Would you take some of those projects, and start to try to move them forward?

Parker: Yes. And I like [Indiana Republican Rep. Mike] Pence's idea of getting rid of the prescription drug bill. I like him. He said, just roll it back, get rid of it.

EIR: And then use these funds, for these things?

Parker: For infrastructure. He was talking about using it for New Orleans.

EIR: Who else is talking about infrastructure, in a way that you think is useful?

Parker: Right now, nobody is—yet. They really haven't focussed on it. And one of the reasons I'm focussed on it, is because, I paid a heckuva price to talk about it. I haven't talked about it in three years! I have a consulting business, where I work with clients around the country, to talk about infrastructure. And I work with them on trying to get infrastructure put in place. But I haven't said anything in three years, and the *reason* I haven't said anything, because, it would have all been sour grapes. Now, all of a sudden, people want to talk.

EIR: How did you get interested in this?

Parker: Number one, I've been in business all my life. . . . I have to maintain my infrastructure to provide for my employees. And through the years, I've had businesses, and I've had to invest money in things that I really didn't want to spend the money on! I mean, because, I could just put a new water system into my business—nobody could see it. They still had water. They didn't know I'd spent all that money, but I did! And there's no difference in maintaining your business, than in maintaining this country: It's still assets, your long-term assets, that you have to take care of.

And so, when I got into Congress, the first committee I was on, was Transportation and Infrastructure. At that time, it was called the Public Works Committee. And then, I was moved to the Corporations Committee, and I sat on the Energy and Water Subcommittee for Corporations. Since that was where I was put, that's where I started putting my emphasis—and I started learning about it.

The sad thing is, very few people in Congress understand water, and how vital it is. And what I always felt was, in the last 100 years, we have fought a lot of wars over oil and

energy. I think in the next 100 years, we're going to wind up fighting wars over water. And, internally in this country, water is going to be a real problem. We had a water problem out West. We always have. Mark Twain said, "Whisky's for drinking, water's for fighting." Well, that same problem that we had out West, which is historical in nature, we now have on the Eastern Seaboard. And Atlanta's a perfect example.

And we're going to have internal dissension, in this country, because of water. And we're going to *international* dissension, because of water. . . .

EIR: If you had the ability to do something now, what would you recommend be done, for example?

Parker: I would fully fund the Corps at its capability. I would *publicly* make a point of having the whole water question be totally nonpartisan. And I don't know how you make people understand that it needs to be nonpartisan. It *used* to be nonpartisan. The Public Works Committee used to be the most nonpartisan committee—

EIR: Really? Even into early '90s?

Parker. Oh, yes—even into the early '90s. Over a period of time. It was still nonpartisan in the late '80s and early '90s, and then just began to change.

But infrastructure is not a partisan issue. These are investments that we make. And it should be looked at the same way, that you sit down and have a professional look at your accounting, or your legal situation. You have professionals that sit down and say: "Okay, these are things that need to be done. These are the negatives if we don't do them. These are the benefits that are there." And we need to restructure how we determine what is needed.

If you look at the Tenn-Tom [Tennessee-Tombigbee River Waterway, from the Ohio River to the Port of Mobile]: They don't give anything to Tenn-Tom, but a lot of the stuff that comes down Tenn-Tom is very high-tech in nature. It's not heavy, but it's high-tech. And so, the value is very great—the weight is not great. But you can't move it on the roads, it's too large.

I'll give you an example: They don't give anything to NASA, because they go by *tonnage*. This is NASA stuff and different types of technology, which goes down the Tenn-Tom. So you can have a very expensive, high-tech thing being boated down, and it gets *nothing*, even though it probably employed more people, and is more expensive. And you can take a lot of rocks, and OMB gives them more value than they do the high-tech stuff.

EIR: Why hasn't Tenn-Tom been used more? It looks like the tonnage didn't increase as much as—

Parker: It hasn't increased as much as it should have. And one of the reasons is, we haven't done what we needed to do, as far as making it increase. It's not something, you just build it and it's going to occur. You have to work at this stuff to

make it happen. And then, a lot of the stuff is being done now, because we're getting more automobile plants in Alabama and Mississippi; and a lot of the stuff that is being utilized for those plants is coming up, and they'll dock, turn around, and take stuff, take it over to the plant, and they do it in this "real-time" inventory stuff. So, they're putting cars together over in Alabama. They'll come up on the Tenn-Tom, to get the stuff over there.

EIR: So, if there were more manufacturing for example, you might have—

Parker: That's the whole purpose of it. I mean, you don't build because you want to go out there and look at it. You build it so the thing can be used.

But it's not done overnight.

EIR: Exactly. What about Sacramento?

Parker: They need to do the funding for Sacramento. Look: There are problems all over this country! We can talk about different areas—there are problems everywhere.

EIR: Because they have to have a levee system that works.

Parker: They've got to have a lot of things that work, out there. But you've got to look at it from a holistic standpoint. You've got to address *every* problem. You've got to do it in conjunction, *none of this* is separate. None of it stays separate.

I argued that the '27 flood, in 1927, is what helped deepen the Depression. Everybody wants to talk about Wall Street. I think Wall Street occurred, partially because of the '27 flood.

But all of this, this is national in scope. It is not—I can take you to any area, and show you a specific problem. That's not how we need to look at it. This is a national problem, it has national implications, and when we have a catastrophe occur, like in New Orleans, it *really* becomes national at that point. And, people that are in the Midwest, who think they're removed from this situation in New Orleans, they haven't seen what's going to happen to soybean prices, and corn, and everything else: Because, the largest granary elevator in the world, is in New Orleans. . . .

EIR: So, do you think it's possible to direct the Congress and the White House to start to think on these terms?

Parker: It will continue to change. It is my *hope* that Congress will start paying attention to infrastructure, the way it should.

EIR: And the Bush Administration? Bush-Cheney?

Parker: I've always thought they should.

EIR: Are you disappointed that they haven't?

Parker: I'm disappointed that every Administration since the '60s, has not paid attention to what's going on.

See, I don't consider it difficult—I don't understand why



EIRNS/James Duree, Jr.

"If you go to L.A. and you look at the port system and Alameda corridor, and the road system, and how it all ties in: How do you get goods to the port and from the port? This system that goes up is all interconnected!" So you can't say one aspect of the system is not paying its way, added Parker. The railroad along the Alameda Corridor is shown here.

people have a hard time understanding it. I think it's just asinine that people wouldn't, just basically understand it. But, that may come from my life-experience. I just can not understand why they don't understand that this is one of our primary responsibilities.

EIR: Did you ever read Alexander Hamilton?

Parker: I've read some things about Alexander Hamilton.

EIR: His *Report on Manufactures* is terrific. He wrote this in 1791, and it's sort of like a survey of manufactures, but he uses the term "internal improvements," which is the term they used for infrastructure then. And his argument was—and this is something LaRouche is saying—you make this infrastructure investment, this will increase the level of industry and commerce, so that it increases your tax base. But, if you look at the increased economic activity, that activity will bring revenues that *more* than pays for—

Parker: They're all interconnected. All of this is interconnected: If you go to L.A. and you look at the port system and Alameda corridor, and the road system, and how it all ties in: How do you get goods to the port and from the port? This system that goes up is all interconnected!

Railroads: The port can't exist without the railroad! Trucking can't exist without the port! The railroads can't exist without the port—I mean, they're all interconnected. You can't say, "Well, this is not paying its way." The fact of the matter is, if it's not there, the others pay its way. There's a difference here. . . .

One of the things that I pushed for, was waterproofing all the pumps, and even if I'd have started on it the day I went

in, or the day the President got elected, you wouldn't have them "dunk."

EIR: What do you do when you waterproof them?

Parker: You build it so that the water can't get into the pumping system itself. You have a separate power supply, with generators, with a separate fuel supply so that you can run the dad-gum things. So, even though water's rising up around it, it's still pumping water out.

EIR: How much would it have cost to have done that?

Parker: Millions and millions and millions of dollars.

EIR: Did you try to push for it?

Parker: That was part of the whole thing. I mean, they've been trying to do that for years—long before me! . . . This is part of the total package. I don't know—"you can't do this." So, then you've got pumps under water, with no power, and you can't run them. They're not doing anybody any good. You don't have to be a rocket scientist to—

EIR: So, in a certain sense, it's an indictment of the country for the last 40 years, of not having forethought.

Parker: I blame everybody: I blame government officials. I blame Democrats and Republicans. I blame the people of this country for allowing it to happen and for electing people that are so shortsighted. I blame myself for not being better at trying to convince people. I blame the environmentalists, for putting limitations in place, knowing full well that we can protect the environment *and* have an infrastructure that works.

Everybody is at fault in this thing. Everybody.

How the Netherlands Prepared for A 10,000-Year Disastrous Flood

by Richard Freeman and Nina Ogden

In February 1953, a powerful storm surge from the North Sea created a disaster in the southwest provinces of Zeeland, principally, and South Holland, secondarily, in the Netherlands. There were 1,835 people killed, and 70,000 evacuated; 10,000 head of livestock drowned, and 4,500 buildings were destroyed. Within three weeks, a commission was functioning, which formulated a far-ranging plan for flood protection. The Netherlands government acted boldly and decisively to implement this plan, known as the Delta Works, during the next decades.

The Delta Works plan serves as a working model to show what can be done when a government acts in a determined fashion, using technologically innovative ideas. It represents thinking big and acting with foresight. During the same time interval, from 1954-97, when the Delta Works was completed, the United States implemented some important flood protection plans in New Orleans, Louisiana, and elsewhere. But some plans were blocked by a combination of environmentalists and fierce budget-cutters, and other plans did not make it past the drawing board. America might look to the Netherlands for a sense of what can be accomplished, including in the near future, after Hurricane Katrina.

A Dutch government website proclaims, "The history of the Netherlands has been determined by the struggle against water." Water changed the physical topology of Netherlands. As one account of Netherlands history reports, "The 12th century . . . was characterized by a series of heavy sea surges that greatly altered the shape of the coast." In 1287, it is reported, a storm killed 50,000 people, and created the Zuiderzee in the northwest, giving Amsterdam direct access to the sea.

Today, approximately half of the Netherlands lies below sea level. In addition, the low-lying Netherlands is the delta which receives the flow from several of Europe's mighty rivers, including the Rhine from Germany, the river Meuse, Lake Usselmeer, and other water bodies. In broad terms, this topography is similar to the way in which southern Louisiana is the delta for the Mississippi River.

The Dutch are acutely aware of that fact that their survival depends on wise water management and flood protection—without which they would be washed away. Historically, the Dutch have built a series of dikes and canals, and they have fortified dunes and pumped out water (one of the primary

functions of the windmill). In the 1930s, the Netherlands completed the Zuiderzee works, which blocked the former South Sea (Zuiderzee) from the North Sea. The nation has also reclaimed from the sea, tens of thousands of hectares of land, called polders, which are now used for agriculture and other purposes.

The 1953 storm and flood, disclosing holes and weaknesses in the flood protection system, was greeted by renewed determination to go to a higher level of technology: the Delta Works plan. This has 13 components, one of which is the strikingly original Maeslant storm barrier (as explained in the accompanying interview). The Netherlands has made significant advances in its ongoing "struggle against the water." The United States would do well to draw upon the best of the Netherlands' method.

Interview: Alwin Nijhuis

Alwin Nijhuis is a senior advisor for the Netherlands Ministry of Transport, Public Works, and Water Management. He was interviewed by telephone in The Hague by Richard Freeman and Nina Ogden on Sept. 20.

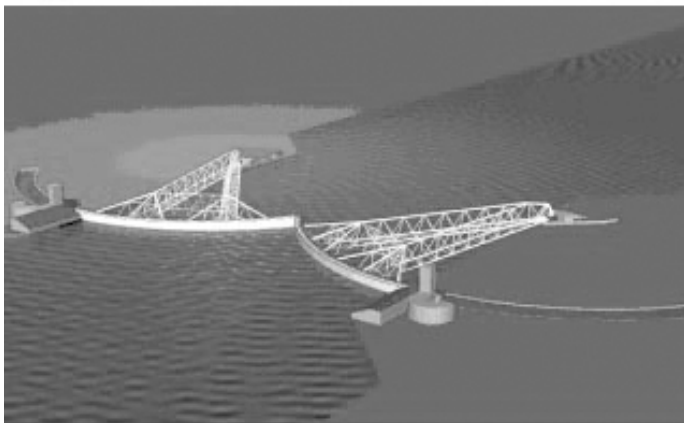
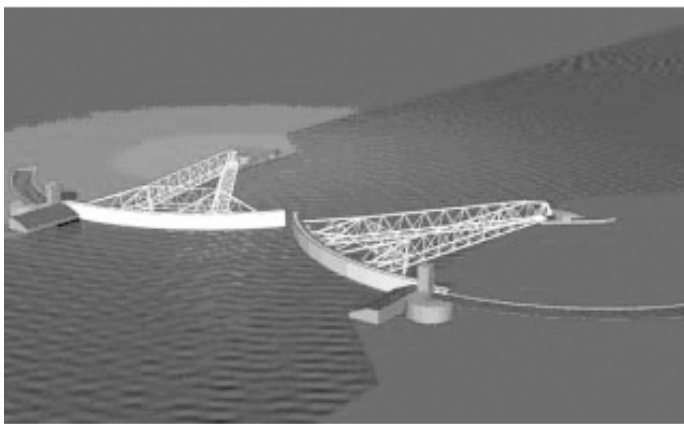
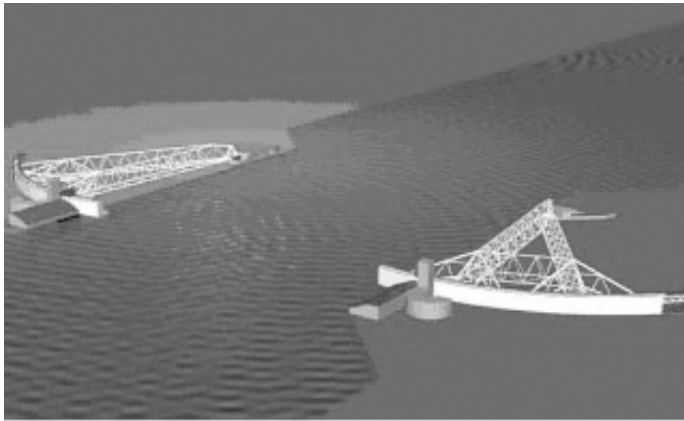
EIR: We read that the Netherlands and the United States are conferring on flood control matters.

Nijhuis: Yes, this memorandum of understanding or memorandum of agreement has been finalized, after lots of international meetings, such as the world water forum in Kyoto in March 2003. We met there General Flowers of the U.S. Army Corps of Engineers, and we understand that our countries are very similar in the case of delta problems. We have made an agreement to exchange our experiences on the issue.

EIR: Where will these exchanges take place?

Nijhuis: In the month of November there are several people coming from the U.S. Army Corps of Engineers to the Netherlands. . . . We are also planning a visit of Netherlands experts, my colleagues, coming to the United States in October of this year.

EIR: You had said that five of your colleagues are in New



www.keringhuis.nl

In 1997, after six years of construction, the Netherlands opened one of the world's most daringly innovative flood control infrastructures: the Maeslant Barrier, a movable storm surge barrier, that does not prevent the passage of ships.

Most storm surge barriers are constructed to be settled and immovably fixed at some point in the sea. The Maeslant Barrier remains open most of the time, to allow freight-laden vessels to travel, via the New Waterway, into and out of Rotterdam, one of the world's most heavily trafficked ports. At the approach of a storm, the gates swing closed to provide excellent protection.

This requires great engineering ingenuity. On each of the two banks of the waterway, a separate gate sits in its own dock. At the approach of the storm, a mechanism moves each of the immense 210-meter (689-foot) gates, which are hollow, out into the waterway. The gates are arched. Once the gates meet, the cavities are filled with water, and the gates sink to the bottom, sealing off the 360-meter (1,181-foot) waterway opening. The photograph shows the closed gates. The very strong gates rise more than 5 meters (16.4 feet) above water level to intercept the storm surge. Advanced engineering is used to prevent the gates from oscillating with the water current. Once the high water is passed, the gates are returned to their docks.

The Maeslant Barrier is controlled by a computer, with a decision and support system. The computer calculates the expected water levels in Rotterdam, Dordrecht, and Spijkenisse on the basis of water and weather forecasts. If the water level is expected to rise 3 meters above NAP (the New Amsterdam Level, that is, the mean sea level), the barrier is closed. Although fully automated, the system is monitored carefully by specialists. (See animation at www.larouchepub.com or www.keringhuis.nl/engels/maeslantkering/body.html.)

Orleans helping with the flood cleanup.

Nijhuis: Yes, they called this afternoon and they are doing a lot of work, 24 hours a day, I would say, working three [mobile] pumps. It is very difficult, and very hard to do so, but they have a lot of experience with flooding in Poland, in Germany, but also in Africa and Southeast Asia. So they have lots of experience to deal with areas which have been flooded, and have to be de-watered [drained]. They have been in the United States for a week so far.

EIR: According to various documents that you have pro-

vided to us, in the Netherlands, you have a 2,000-year history struggling with flood waters. Then, after the flood of 1953 you launched the Delta Works, which is comprised of 13 different principal works. Could you tell us about this ambitious program?

Nijhuis: For the whole water works, there was a lot of planning before 1953 because there had been ideas in the Netherlands to deal with flooding over centuries. We had floods in 1916, so we had made plans then to shorten the coastline of the Netherlands, and carry out parts of those plans, like the Three Island plans in the southwestern part of

the Netherlands. When the Second World War came, these plans had disappeared as a leading priority. After the Second World War, people were again working on these plans, but . . . our priorities were to rebuild the Netherlands, to renew the Netherlands, so we had to renew the cities, to rebuild the agriculture sector, and so on. The plans to renew the water management in the southwestern part of the Netherlands were not the top priority.

But these 1,800 dead people from the 1953 storm made the problem very clear: that we have to deal with flooding in the southwestern part. Original plans from early in the 19th Century were discussed. Soon we adopted the Delta Act, which became law, so we made arrangements, appointments, and the Dutch people have to pay for it in order to live safely.

EIR: I'm sure they wanted to pay for it.

Nijhuis: Because of ages and centuries of fighting against water, we learn in first grade, in primary school, that we have to deal with water. We are living below sea level. So, everyone in the Netherlands knows that we have a problem with water. We can fight against water, but also water is our friend—because of the economy, and so that everyone can ice skate in the wintertime and swim in the summer.

EIR: What year did you pass the Delta Act?

Nijhuis: The Delta Act was passed in 1954, and included plans for these works. The first delta project was started and finished in 1956, and the last one was in 1997. I would say we are living in safety, but we can't guarantee 100% safety.

EIR: What is the Oosterscheldt barrier and how does it work?

Nijhuis: There is a shelf dam; it's like the other dams, but it was initially to be built as a completely closed dam. . . . This would have meant that the tidal water would disappear and fresh water would enter, so the whole agricultural and fishery industries would disappear, and the economics of this area would change. During the 1970s, the environmental issue came up, and we discussed it, [so instead of a closed dam], this dam was made half open. With its 56 doors, we can close the dam in case of a super storm. There is a computer system, which we call the decision system. When there is an expectation of high water, and a very big storm . . . then there is a warning system, and the doors of the dam are closed.

EIR: How long does it take to close?

Nijhuis: I would say roughly . . . about two and a half hours to close the dam. But there are problems in closing them when the electricity is down. In this case, we do it manually, and it takes a little longer.

EIR: Hurricane Katrina made landfall on the Louisiana coast on Aug. 29, but it was already known that on Aug. 25, the hurricane had already struck Florida and killed six people.



Henri Cormont/Courtesy of Alwin Nijhuis

Alwin Nijhuis in what he described as an old Dutch fisherman's boat.

Then it went back out into the Gulf of Mexico, and by Aug. 27, it was gathering force, becoming what we call a Category 2 hurricane on its way to a Category 4. I would imagine, that if you had had a 48-hour warning, you would have been able to give the instructions, and your whole works would close, and block the incoming water?

Nijhuis: Let me first explain that we don't have hurricanes on the North Sea. We have something different—because we have high-pressure and low-pressure areas from the north, and with our weather forecast you can see these things happen. Our system is made so that we can close the gates in this dam rapidly, and on time, but we can't guarantee that it is completely safe. So you have to deal with risk every time.

EIR: There is a risk, but since these projects started to be built in 1956, you haven't had any more fatal tragedies?

Nijhuis: No, no tragedies. We have closed the gates 26 times since the shelf barrier was finished in 1986, and normally we close the dam once a year for maintenance checks, to maintain the doors, and so on. So there were 26 warnings to close these dams in time, and, I'd say, it's safety first. We are going from the point of view of prevention, so the design levels have been built to combat a super storm that maybe . . . can happen once in 10,000 years.

EIR: We've seen this phrase that you build for the 10,000-year storm. How was that idea developed?

Nijhuis: For the coastline in the Netherlands, we have a design level, that's very technical . . . for a storm that might happen once in 10,000 years, that we will be flooded. For our rivers, the dikes along the rivers, such a flood has happened once in 1,250 years. In the 10,000-year scenario, the risk to the coast, is very, very much greater than when it happens on the river. The coastal problem is much, much, much greater because everyone—60% of the Netherlands—is below sea level and, I would say, most of the people—60% of the people—live in the western part of the Netherlands because of

its economic centers like Rotterdam and Amsterdam, the great harbors. Everyone wants to live in the western part.

EIR: Are Delta Works projects around Amsterdam and Rotterdam?

Nijhuis: Yes. One of the largest storm barriers is near Rotterdam in South Holland [the Maeslant Barrier]. Its two arms are housed in docks, so there is no way, in a normal situation, that it impedes shipping and port activities. . . . Its design level is for a 10,000-year flood. When the water reaches above the normal 3 meters above sea level, then these doors close. Each door . . . has an arched arm which you can compare to the Eiffel Tower in Paris. It is like two Eiffel Towers lying along the riverside. When this storm situation happens, there are no ships entering because . . . it's a very extreme situation where there is no normal traffic possible on sea and on the rivers.

EIR: Can you tell us about the arms?

Nijhuis: The height of the doors is 22 meters and the length of each retaining wall or arm is 210 meters.

EIR: I know that the topography in New Orleans is not exactly the same; the land is very muddy because it is a delta area that goes into the Gulf of Mexico. But would it be possible to build a similar system in New Orleans? Has anyone thought of that?

Nijhuis: I will repeat what my colleagues in the U.S. Army Corps of Engineers have said. There are plans to close the [Mississippi] river to Lake Pontchartrain, and this lake has a little river to the Gulf of Mexico. You can close this area through a construction which is very similar to what we do in the Netherlands near Rotterdam [the Maeslant Barrier]. There are plans by the U.S. Corps of Army Engineers to make such a barrier.

That will also be discussed [in October] and this will be a memorandum of our agreement, so we can exchange our experiences and our conceptions with our colleagues in the United States. Then we can discuss what can we learn from you in the United States, and what the U.S. Corps of Army Engineers can learn from the Netherlands, how they built their conceptions. So, I can not say that these barriers will be a solution for the Americans, but the ideas behind this conception can help U.S. Army Corps of Engineers to construct a barrier near Lake Pontchartrain.

EIR: One thing that seems very interesting about this whole plan is that there is a certain automatic decision that takes place. You saw that in Hurricane Katrina, one of the big problems was that the chain of command fell apart, and people didn't know what to do. But it looks like, both in terms of the way the barriers work and also other things, you don't have to wait to talk to the President.

Nijhuis: I think the American situation is completely different in the chain of command. . . . You are talking now with

The Netherlands



Source: Wikipedia.map

The North Sea has periodically surged against the extensive coastline, throughout the nation's history. In the February 1953 catastrophe, a North Sea storm overwhelmed the dikes and other defense systems of the province of Zeeland and, secondarily, the province of South Holland. Both provinces are located in the country's southwest. The Dutch government set up the Delta Work plan initially to protect Zeeland from future floods, and the plan was later extended to other provinces.

me, a person in the Ministry of Transport, Public Works, and Water Management. But we are not responsible for the evacuation plan; that is up to the mayors of the Dutch cities. So, when there is a big disaster, such as you have in New Orleans, or like the tsunami in Southeast Asia earlier this year, and as we had in 1953, there is a chain of command. But you have to deal with evacuation plans: You can make them as good as they can be, and you can discuss them regularly, but when a disaster happens, you will have to deal with several problems, such as the digital systems, the telephones, the television, and so on, and that's also the case in Holland.

But when you make your plans for prevention—like the design level of the dikes and of the dunes and of the great barriers—you have to make them very solid. And when a disaster happens, we will have evacuation plans, but because lots of people are working and living in the western part of the Netherlands, we also have these problems to deal with after a disaster. And hopefully, the chain of command will be working.

EIR: In addition to the storm barriers, how does your flood protection system work?

Nijhuis: The difference between the United States and the Netherlands is that we have made compartments within the polders [reclaimed land] and within the dikes, so when a disaster happens, like the flooding in 1953, the first polder fills up, and then there is another dike. Then, when this dike is flooded, then the second compartment—these little polders are like compartments—is filled. So that is completely different from the United States. We have the safety, because our land has been built up for centuries, during the last thousand years, and made by polders. When you see a chart or a map of our country, you see all these little polders, and they are working; they are still functioning like compartments, and that is possibly a safety chain. If the whole western part of the Netherlands is filled up at once . . . I would say, first save the polders and then go to the eastern parts of the Netherlands.

EIR: So the polders are reclaimed land from the sea, and act sort of like little reservoirs.

Nijhuis: Yes, you can say a polder is functioning then as a reservoir. When you are living in that polder . . . it could possibly be a big problem to escape. . . .

EIR: So there are houses on the polders?

Nijhuis: Of course, there are complete cities in such polders. But were a disaster to happen, the whole western part of the Netherlands would fill up at once. The deepest polders are, I would say . . . about 7 meters below sea level. . . . If it were very stormy and very disastrous, and in the unlikely case that the storm barriers were insufficient, the other polders can be filled up. At least the highest part of the Netherlands in the eastern area is above sea level, so these areas would not be affected by this flooding.

EIR: Do people live on the deepest polders?

Nijhuis: Yes, in the city of Rotterdam there is one area complete with lots of houses, which is 7 1/2 meters below sea level. Our new policy is not to build in the deepest polders, and when you have to build there, to take precautions and measures to build floating houses.

EIR: You have floating houses?

Nijhuis: Yes. You have this also in America, as in the ports of Seattle and Vancouver. So, it's not a new idea, floating houses.

EIR: You have reclaimed thousands and thousands of hectares of land to make them fertile for agriculture and also to live on. Can you say something about that?

Nijhuis: During the last thousand years, there were some



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An aerial view of the the Maeslant Barrier.

monks living in polders whose monasteries had been flooded, and so they built the first dikes and they placed their monasteries on high areas. I would say that they built little mountains to build their houses and their monasteries on. Then they said to each other: "Let's make dikes"—and this was the first of public participation—"Let's face it together, let's work together, let's make dikes."

When you have to deal with three monasteries, you can build three dikes between these three monasteries like a triangle, and then in the middle, you can pump the water away, you can de-water this area. So that is the first idea of how to build a polder; and then you have to maintain this polder, and you have to make arrangements. So these people, a thousand years ago, had to work within these polders, and they have to pay to maintain these dikes and these polders.

That was first done in the Middle Ages, I would say, and now the system is the same, because everyone in the Netherlands has to pay for the legislation of water management. . . . So you have to pay for the water quality, but you also have to pay for safety against flooding. And with this money, the water board, the people who manage the water systems, can build the dikes and take measures like building the big barriers.

EIR: And through this process, you have been able to reclaim land that would otherwise be under the sea?

Nijhuis: Yes, and we reclaimed this land mostly for agricultural use, and also for safety. Because when there is lots of water around the city, you have a problem when there is a storm, because the houses are flooded, and so on. So they reclaimed land for agricultural use, but also for the safety of the cities. When you see our informational booklet, you can see this land reclamation, and how many lakes over centuries have been filled up, and have been reclaimed. They are now are serving as agricultural areas.

The Congress Must Tackle Hyperinflationary Blowout

by Jeffrey Steinberg

Whether they like it or not, whether they are ready to face the music or not, sometime very soon, the 535 men and women who make up the United States Senate and House of Representatives are going to be called upon to deal with the worst global financial and monetary shock collapse in modern times. Under the best of circumstances, such Senate-led action will occur under vastly improved conditions at the White House—the removal from office, by some combination of impeachment, resignation due to medical problems, or Republican Party patriotic intervention—of Vice President Dick Cheney and President George W. Bush. If the total financial and monetary meltdown occurs prior to that, as is far more likely, the burden on the Members of the Senate and House will be all that much greater.

Lyndon LaRouche noted frankly, in a Sept. 23 interview, that “this kind of emergency action, we must admit, is contrary to the inclinations of the Congress and most key Congressional advisors. But the survival of this nation and the majority of human beings on this planet depends on the willingness of at least some leaders of the Senate and the House to face this tough nut. Survival sometimes depends on the courageous action of a relatively small handful of individuals in leading positions.”

LaRouche added, “The Greeks could not prevent the Peloponnesian War from erupting for the same reason that Members of Congress, at this time, refuse to consider the alternatives to disaster, even though the alternatives have been clearly spelled out. Throughout history, we have seen nations self-destruct because their leaders accepted prevailing moods, and refused to take the kinds of necessary steps to lead their people to safety.”

Some among leading circles in the U.S. Senate—both Democrats and Republicans—have some inkling of this

looming financial and monetary shock-front crisis and the grave challenge to their leadership that this poses. The former U.S. Secretary of the Treasury, Robert Rubin, has addressed a series of closed-door sessions of House and Senate Democrats this year, and has spoken bluntly about the dangers to the financial superstructure posed by the Bush Administration’s reckless policies. During his tenure as Secretary of the Treasury, both Rubin and then-President Bill Clinton had spoken about the need for a “new global financial architecture,” an effort that was killed by the “Clintongate” counterattack by the Wall Street right wing, typified by the *Wall Street Journal* and Richard Mellon Scaife.

‘Nothing To Fear. . .’

What’s more, since the beginning of 2005, leading Democratic Party political economist LaRouche has circulated a series of policy memos, addressed directly to the U.S. Senate, identifying the unfolding crisis and spelling out concrete bankruptcy reorganization and economic recovery measures that can and must be taken to lead the world, safely, back to the principles of American System statecraft, last seen during the Presidency of Franklin Delano Roosevelt.

In an Aug. 27, 2005 statement, “Freak-Out at Jackson Hole,” LaRouche had warned, explicitly, about the hyperinflationary shock-front, detailed in this week’s *EIR* cover-story. He wrote: “The world markets as a whole are gripped now by what has been an accelerating global hyperinflation with certain mathematical-functional similarities to what happened in Germany during the Summer and Autumn of 1923. This threat is immediate, and worsening at an accelerating rate; but, fortunately, the challenge is manageable, on condition that certain essential emergency reforms are made quickly. As Franklin Roosevelt once said, famously, ‘We

have nothing as much to fear as fear itself”—or, if not fear, the kind of mass-delusions exhibited by the maenads of Jackson Hole.”

The Unfolding Crisis

The sequence of LaRouche memos to the U.S. Senate tracked the accelerating crisis from approximately February 2005. At that time, a relatively insignificant news story in a European financial daily led LaRouche to conclude that General Motors, the U.S. auto giant, was headed for bankruptcy, as the result of \$60 billion in near-term corporate bond obligations that could not be met. LaRouche understood that GM would be forced to roll over those bonds as steep risk premiums, placing the company at the door of bankruptcy court. A GM bankruptcy, LaRouche understood, would wreak havoc on what remains of the productive sector of the U.S. economy, and trigger certain far-more-devastating shocks to the global financial system.

On April 15, LaRouche wrote the first of a series of policy papers, “Emergency Action by the Senate,” spelling out the urgent stop-gap measures that Congress could enact, to prevent the take-down of GM and the vital machine-tool capacities within the U.S. auto manufacturing sector.

That April 15 memo, however, began with a clear statement on the actual global scope of the crisis: “An increasing number and variety of relevant specialists have been joining an international chorus which is warning, in effect, that an ongoing, systemic economic collapse of the world’s presently reigning, monetary-financial order, has now entered its terminal phase. As some leading voices in government, and relevant others, have indicated, since September 1998, the world has entered a period of historic crisis, when the time has come that nations must act in support of a common interest, to create a new financial architecture for the world at large.”

One month later, on May 14, 2005, as the GM crisis was unraveling—just as he had warned—LaRouche wrote another memo to Congress: “On the Subject of Strategic Bankruptcy,” in which he was even more explicit about the unprecedented character of the unfolding crisis. “A rising series of political earthquakes is now shaking the world,” he wrote. “Now what will happen, very soon, will stagger your imagination. The world as you thought you knew it, the day before yesterday, is no longer the same world today. Things you had thought would work, no longer work.”

LaRouche offered a frank snapshot of the crisis, and a definition of what he called “strategic bankruptcy.”

“Now, already,” he wrote, “you witness the converging impact of, on the one side, pensions hit by spreading bankruptcies of major airlines, with, on the other side, the onrushing threats from the financial collapse in the auto industry. These, and related developments,” he continued, “create a specter of already global, epidemic bankruptcy with which existing U.S. government practices are essentially incompetent to deal. This situation requires the immediate institution of new gov-



EIRNS/Stuart Lewis

Senate Minority Leader Harry Reid (D-Nev.) is going to have to join other Senators and Congressmen in taking the emergency action that is required in this time of crisis, in a case where the Executive branch is dysfunctional—indeed, insane.

ernmental mechanisms for managing what must be fairly described as a condition of *strategic bankruptcies*, bankruptcies with which presently existing mechanisms of government are essentially incompetent to deal.”

The May 14 LaRouche memo was written at a moment when two bond rating agencies, Standard & Poors and Fitch, were downgrading General Motors’ corporate bonds to junk status, on May 5 and May 24, respectively. The second downgrading triggered a mandatory institutional sell-off of GM bonds, and unleashed a string of hedge-fund bankruptcies that would soon rock the unregulated derivatives markets. Several well-informed sources told *EIR* that an estimated 40% of hedge-fund assets were wiped out in the GM and related derivatives shakeout, which extended into June.

The period between mid-June and mid-July was identified, by LaRouche and others, as a next inflection point in the disintegration of the entire post-Bretton Woods floating-exchange-rate system. At that time, hedge-fund investors would have the opportunity to get out. Such a withdrawal of funds, on top of the May-June derivatives losses, driven by the GM crisis among other events, would have been the next shock to the system.

Why LaRouche Opposes The Roberts Nomination

On the eve of the Sept. 22 Senate Judiciary Committee vote on President Bush's nomination of John Roberts for Chief Justice of the U.S. Supreme Court, Lyndon LaRouche declared that Roberts was unqualified for the job, because he opposes the fundamental principle of the general welfare, which is enshrined in the Preamble of the U.S. Constitution. Speaking on a radio talk show Sept. 20, LaRouche laid out his argument as follows:

Roberts does not believe in the Constitution. The Constitution's intention is stated in the Preamble of the Constitution. The center of that, is the General Welfare policy—to promote the General Welfare.

Now, this crowd in the majority in the Supreme Court has not agreed with that. We've had the so-called "shareholder value" policy, which has dominated the Supreme Court. That is against our Constitution! This is as bad as

we had back before Lincoln.

So, Roberts represents a tendency—and he's made it very clear—which you might call the "Confederacy tendency," because that's where he stands in terms of law. He should not be in the Supreme Court. We can not have a majority of the Supreme Court, in a time of crisis, which is not prepared to defend the rights of the American people, as provided under our Constitution. And this is the problem. We came in with this mess that's going on, many fights, and the push was, to push Roberts in, to sneak him in, and hope that we do nothing about it.

[Senate Minority Leader Harry] Reid has recognized, and some others, that we have to fight this question. They're coming from behind. I'm supporting them fully on this thing—I agree with them totally. We have to raise this issue: Whether we win or lose, we must take a stand and say, "We're going to defend the Preamble of the Constitution on which this nation was founded." The Preamble of the Constitution is the *intention* of the Constitution! It is not an introduction to the Constitution. It is the *fundamental law* of the Constitution. And the right, to protect the General Welfare is the *essence* of the Constitution.

LaRouche, during this period, urged Congress to take a series of emergency measures, including oversight probes into the activities of pension funds, hedge funds, etc. He revived his proposal, from 1992, for regulation of the hedge-funds and derivatives markets.

The June-July explosion was averted by a major move by speculators into the energy market—just as Vice President Dick Cheney was launching his all-out drive for a confrontation with Iran, in which the United States would launch extensive bombing attacks against purported secret nuclear weapons sites in Iran. The Cheney plan also included the first-ever use of nuclear weapons in a preemptive attack. To date, that Cheney effort to launch permanent war in Southwest Asia has been averted, largely through LaRouche's widely circulated preemptive warning against "Cheney's Guns of August." The Cheney provocations provided a cover for a massive speculative assault on oil prices, which continues to this day, as a leading, visible expression of the derivatives-driven hyperinflationary explosion.

Congress Revisited

The hyperinflationary process was already advancing when Hurricane Katrina hit New Orleans at the end of August, crashing many delusions about America's "Potemkin Village" infrastructure. The impact of the crisis drove leaders in the U.S. Senate to forge bipartisan alliances to deal with the tragedy, and underscored the pathetic bungling of the Bush Administration. A Republican revolt against Bush and Cheney was accelerated by the Administration's callous failures

in dealing with Katrina.

In the early days of September, Vice President Cheney returned to Washington, to crush the Senate revolt, with even more venom than his earlier coup d'état attempt, via the so-called "nuclear option," to eliminate the Senate as a check and balance against unbridled Executive Branch dictatorship.

The Cheney post-Labor Day fit has finally put to rest any remaining Congressional delusions that problems can be solved through an end-run around the White House. The Anglo-American Synarchist financier circles who stand behind Dick Cheney are fully aware that their global financial system is finished. Their "solution" is to provoke permanent wars, impose Hitlerian dictatorships—starting in Washington, D.C.—and direct their own bankruptcy reorganization, in which they land on top, through some form of global central bank scheme, along the lines of proposals by George Soros, Robert Mundell, and George Shultz.

These bankers hate Lyndon LaRouche because he is the only leading figure alive today who has posed a concrete alternative to such a bankers' dictatorship, under permanent war conditions. LaRouche's detailed plans for a New Bretton Woods System, beginning with a bankruptcy reorganization, directed by sovereign governments, and his in-depth plans for global reconstruction, would work, and usher in a period of unprecedented global prosperity and peace.

Hyperinflation and war, or a prosperous planet: This is the issue that the U.S. Congress, particularly the U.S. Senate, must face—in the immediate days and weeks ahead. There is no longer time to dodge the issue.

How To End 'The Wrong War at the Wrong Time'

by Michele Steinberg

"The Iraq adventure was the wrong war, at the wrong time, waged with extraordinary incompetence by the civilian leadership. . . . Success as defined by our civilian leadership three years ago is out of reach," stated Gen. Joseph P. Hoar (USMC, ret.), the former head of the U.S. Central Command (CENTCOM), at an "informal," *bipartisan* Congressional hearing called on Sept. 15 by Congresswoman Lynn Woolsey (D-Calif.), on defining an exit strategy from Iraq.

"[T]here is still the possibility that a stable pro-Western Iraq can take its place in the community of nations," Hoar added, but, this could *only* happen in the context of a "paradigm-shift [in Washington] that places a major political figure in charge, one who can guide U.S. policy through ratification of the Constitution," and other major developments in Iraq.

The Woolsey hearing was informal, not by choice, but because her repeated requests to the House Armed Services Committee and to the House International Relations Committee had been turned down, and blocked by the Republicans. But, as the death toll rises for American troops to nearly 2,000 young men and women soldiers, and to uncounted tens of thousands for Iraqis, Woolsey, who was the first in Congress to call on President Bush to withdraw American troops from Iraq, put together a panel of experts to open the discussion of an exit strategy.

It was a panel that is fully qualified to help shape a way out of the Bush/Cheney "perpetual war." Included were former Sen. Max Cleland (D-Ga.), a Vietnam War hero; General Hoar; Ambassador David Mack, vice president of the Middle East Institute and former Ambassador to the United Arab Republic and Deputy Assistant Secretary of State for Near Eastern Affairs; Anas Shallal, an Iraqi American and Sunni Muslim, founder of Iraqi Americans for Peaceful Alternatives; Dr. Ken Katzman, senior Middle East analyst for the Congressional Research Service, who is also a former CIA officer, with expertise on Iraq and Iran; and Prof. Antonia Chaves, a visiting professor of International Politics and Law at Tufts University's Fletcher School of Law and Diplomacy.

And while Cheney can use threats to control the schedule of House and Senate committees, these cannot silence some Republicans.

One such courageous Republican is Rep. Walter Jones, of North Carolina, the "very conservative" (by his own de-



Former Sen. Max Cleland (D-Ga.), a Vietnam War veteran, told the congressional hearing that "the war in Iraq is beginning to look a lot like Vietnam. . . . I can't stand by silently while thousands of American soldiers risk their lives—again—for a no-win, no-end war."

scription) Congressman, who sponsored a bipartisan bill in the House for withdrawing troops from Iraq. Jones attended the Woolsey hearing, where he was applauded by the other House members for his courage.

Some days earlier, on Sept. 12, at the annual policy-makers' conference of the National Council on U.S.-Arab Relations, former U.S. Ambassador to Saudi Arabia Chas Freeman, who had served under Republican Presidents Richard Nixon and George H.W. Bush, decried the lack of discussion in Washington, and told the opposition to "speak out," in order to restore democracy—in Washington (see *Documentation*).

Break the Silence on Capitol Hill

The Woolsey hearing indicates that more and more policymakers now see that the Iraq war was intended to be a "no win" war—by design.

It is a point that Lyndon LaRouche, founder of *EIR* and 2004 Democratic Presidential primary candidate, had made back in 2002, when Dick Cheney authored the imperial "pre-emptive war" doctrine, known as the National Defense Strategy document. Already, in 2002, LaRouche had called for Cheney to be impeached for violating the Constitutional powers of Congress, around the Iraq War buildup. Then, again, in late July 2005, LaRouche warned again about the perpetual war danger, spotlighting the fact that Cheney has given the order for a war plan against Iran, using nuclear weapons.

In his opening statement, Cleland said, "I agree with my distinguished former colleague and Vietnam veteran, U.S. Senator Chuck Hagel, that the war in Iraq is beginning to look a lot like Vietnam. . . . Now, I am seeing this movie all over again. I can't stand by silently while thousands of American soldiers risk their lives—again—for a no-win, no-end war."

And, General Hoar, while praising the U.S. Armed Forces, who “continue to serve with courage and determination at great personal sacrifice,” painted a grim picture of what the United States has done in Iraq, under the “planning” of the Pentagon civilians. Hoar says that Iraq is now a “budding civil war” which the U.S. cannot win “by killing Iraqis. Were this possible, the over 25,000 Iraqis killed already might have been enough.”

Moreover, Hoar added, “The invasion of Iraq has created a force of thousands of Jihadists in Iraq where none existed over two years ago.” There is a slim chance, that if the Bush Administration completely overthrows the policy it has had since the invasion, that Iraq can be saved—but only by returning to the American System. Hoar proposed: “Developmental projects should put everyone to work who wishes to be employed. Our country has apparently forgotten the CCC [Civilian Conservation Corps] of the 1930s, in which tens of thousands of unemployed Americans were put to work on public works projects. Construction of sewers, roads, bridges, and buildings are all possible with skilled and semi-skilled Iraqi workers.”

But the time has come for more than just “opposing,” said Representative Woolsey in her opening remarks: With less than 40% of Americans supporting Bush’s handling of the Iraq War, and about 50% favoring a withdrawal of troops, the obligation of those elected officials opposing the war, is to “break the silence on Capitol Hill,” and to put forward policy proposals that will bring peace.

But, under the Bush/Cheney regime, that is almost impossible, noted Rep. Marcy Kaptur (D-Ohio), who reported that she had met, just a day earlier, with Syrian Ambassador to the United States Dr. Imad Moustafa, and found out that the Administration is not meeting with our Arab ambassadors. “There is a communications blackout,” she exclaimed. This is all the more dangerous since Syria knows it is targeted by the Bush Administration.

One hopeful sign is that Representative Kaptur announced that after nine months of work, she has succeeded in a plan to bring in four Arab ambassadors—from Egypt, Jordan, Syria, and Lebanon—who will brief the Democratic Congressmen on their views of what is happening in that region.

The LaRouche Doctrine

But for all its outstanding content, the Woolsey hearing comes up short on a solution—which has, in fact, been there all along, since LaRouche issued, in Spring 2004, his peace plan, “The LaRouche Doctrine.”

In that, LaRouche laid out how *only* if the United States engaged in a full dialogue over *development* of the region, especially through water projects, with Iraq, and all of its surrounding neighbors, could there be a solution. The only way out, LaRouche emphasizes, is the application of the principles of the Treaty of Westphalia, that ended the Thirty Years’ War, in 1648. Based on the Westphalia concept of

seeking to further “the advantage of the other,” a new peace can be born. Again, on Sept. 16, one day after the Woolsey hearings, LaRouche offered his services to meet with the leaders of the nations of Southwest Asia to apply those principles. It is a solution that can work—and it’s the only one on the table.

Documentation

We Pay *More* for Young People To Die, Than To Live

The following exchange between Rep. Charlie Rangel (D-N.Y.), who served in the Korean War, and former Sen. Max Cleland (D-Ga.), who served in the Vietnam War, occurred during the Sept. 15 hearing convened by Rep. Lynn Woolsey (D-Calif.) on finding an exit strategy for Iraq.

Rangel: . . . [W]hat supprises me is that there’s no outrage in this country for the young men and women that are there, the 1,800 that have died . . . over 12,000 that are wounded. And the fact that they come from the inner cities and the rural areas, and the Pentagon says with great pride that we are *increasing the bonuses from \$10- to \$20-, and \$20- to \$30-, and now \$40,000* because these people “*want to fight*.”

Now it just seems to me that since they come from the area of the highest unemployment, that if indeed the President was sincere in bringing liberty and freedom throughout the world, and especially in the Middle East, the sacrifice should be made by a broader cross-section of Americans, who believe that that is our mandate. Whether it’s a draft, or whether the President can make an appeal to the children of the CEOs or the Pentagon or the Congress, where everyone would believe that this is a mandate.

But it just seems to me that, when the President says we’re going to stay there until we *win*, and not one day longer—and the whole world knows that we cannot find a military victory, it bothers me that the country is willing to use other people’s children to wait to see what happens politically, and what happens diplomatically. . . .

[T]he taking of life—unlawfully and immorally—when it’s not in defense of you or your country, is probably one of the greatest sins that could possibly be committed. And this would include the tens of thousands of Iraqis, that have committed *no wrong*.

And so, Senator [Cleland], it seems to me that we could really end this war overnight, if we had a draft in this country, where *everybody* had to serve, and everyone had to be placed in harm’s way while we go through this diplomatic procedure.

I'd like to get your views on it, because you and I know, that whatever your motivation was to join the military, your job is not political, it is to kill or be killed. So therefore, they are the patriots, but we are the people that are placing them there.

Cleland: . . . You pointed out something that has bothered me, and that is that now *we're paying more money for young men and women to die, than to live*. I think we have to be very careful about that. I happen to believe in the concept of the citizen soldier, which is why I volunteered for Vietnam, and why I was in ROTC, and those kind of things. There was a draft over our heads in my generation, but I figured it was my responsibility to take my place in the line. It was a moral choice to do that, and a tough choice. And, I paid a price for it.

That draft does not hang over the heads of the young men and women of this generation. I have often wondered about, where's the anger, where's the passion out there, when their young friends, most of whom, that I have come across, are just good young men and women who would like an opportunity, and see the military as that. . . .

Fifty percent of all the casualties come from rural America. *Fifty percent of the casualties in Iraq come from rural America*—part of our country that probably has the least opportunity for jobs and investment in higher education. So, there is a disproportionate sharing . . . and we're seeing the American military, and the civilian leadership at the Pentagon want to pay more and more for people to "re-up." I understand that a Special Forces sergeant will get \$130,000 to re-up. That's moving very closely to a mercenary force—kind of an American foreign legion! You have the total disconnect—and it's all volunteer, and they're paid big money to go wherever we send them, for whatever cause. . . .

That's not America. That's not the American military; that's not the American way. We should examine this at another time, because there is a powerful disconnect here, between the sacrifice that is being made now, and those who are getting the tax breaks. Those who are getting the most tax breaks are not sending their young men and women to war in Iraq. . . .

And, I happen to think, and one of the reasons I'm here for plugging an exit strategy, that it is immoral, *immoral*, and violates the right to life for these young men and women, to send [them] into combat, without a strategy to win, and without a strategy to get out. And it is immoral, and that's exactly where we are. The President calls that, "staying the course." I call it, immoral. . . .

I supported, believe it or not, the concept of moving to an all-volunteer force, at the end of the Vietnam War, in '73, when President Nixon could not go to the Congress and re-up it, because the draft had been so abused. I knew it was. . . . So, I supported the concept of the all-volunteer force because, [among other things], you will limit the power of any future President or Congress, to commit this country and its troops to an open-ended war, because sooner or later, you're going to run out of people, and that's exactly what we're facing now.

There is no way we can maintain the occupation of Iraq at the current level. There's no way we can "stay the course." We're throwing in almost everybody that is able-bodied in the Guard and Reserve, and now we realize we need the National Guard down in . . . Alabama, Mississippi, Louisiana. So, we have committed our Reserves, and our bottom-line defenses, all in this so-called war in Iraq; but that's not where the terrorists are! They're using that as a training ground, to go in to other places. The al-Qaeda is morphing into 60 different countries. . . . In the Guard, recruiting is down 43%. . . . Reserves, now they are going into the *inactive* Reserves . . . people who are 50 and 60 years old; they're sending them to Iraq! This is insane. . . .

[T]here was no strategy to win. There was a strategy to take out Saddam Hussein, and a strategy to occupy the oil fields. That's the only strategy that there was. Let the 25 million people just go, fire the [Iraqi] Army, disband every element of the social structure in Iraq. Now, we're living in the mess that we created. That is generating more terrorism, that is creating more insurgents. . . .

[Our soldiers] are attacked by people they don't even know. There's not even a name for them. We just call them "insurgents," and that's whoever blows me up—today. And then, what blows you up—an "IED." You know, the Army, just like the Marine Corps, comes up with all kinds of nomenclatures—if it happens, it must have a nomenclature. "IED," improvised explosive device. What in the world is that? In Georgia, we call that a homemade bomb. So, here's the biggest, most-strike, capability the United States has ever maintained, and we're bogged down in Baghdad, and in Iraq, with people we don't even know, attacking us with weapons that our youngsters can't even hardly name.

Now, that is immoral. Anybody that wants to talk about "right to life," I argue that those young men and women out there have a right to life, and one of the ways that we can maintain that, is to have an exit strategy that brings them home.

'Speak Out' and Restore Life to Our Democracy

On Sept. 12, extraordinary commentary was given by two of Washington's most accomplished diplomats in the Arab and Islamic world, Hon. Charles Freeman, the former U.S. Ambassador to Saudi Arabia, and Dr. John Duke Anthony, president and CEO of the National Council of U.S.-Arab Relations, who spoke at the closing panel of 14th annual conference of the Council, entitled "Restoring Arab-U.S. Trust in a Time of Turbulence and Reforms." Both speakers spelled out a time of tragedy for the United States, in which the present Adminis-

tration has failed the American people abroad, with its adventurous policies, and at home, as demonstrated by the devastation of the Gulf Coast by Hurricane Katrina.

The day also saw, for once, the link between foreign policy and domestic concerns made vividly, as Dr. Anthony took note of the increase of poverty in America since last year, of the rise in homelessness, and in the neglect of the elderly poor. He asked if it is not indeed arrogant, for the United States to demand “democracy” from Arab states, while demonstrating a neglect of its own people that is rarely seen in Arab family culture.

We excerpt below the speech by Ambassador Freeman, and will be covering more of the important speeches from the conference, when transcripts become available.

Chas Freeman

Once again, I have been honored by the National Council on U.S.-Arab Relations and stand before you to offer a few thoughts on where we—Americans and Arabs—are, and where we may go from here. I speak for myself alone, not for any organization with which I am affiliated. I speak because I believe U.S.-Arab relations matter greatly to my country and because, unlike many in Washington, I do not believe in diplomacy-free foreign policy and have a healthy regard for what is now derided as “reality-based analysis.”

Our relations with the Arabs and with Muslims generally are at a historic nadir. All of us, Americans or Arabs, who are present want to do something about this. But what? We must start with an honest appraisal of where we are.

My country’s tragically misguided lurch into militarism after 9/11 has already cost us more on the broader international stage than anyone could have imagined. In the span of a single Presidential term of office, four years, we have forfeited the international esteem that once undergirded our global influence. We have lost the admiring deference to our leadership of allies and friends alike, without gaining the respect of our enemies and adversaries. Once seen as the reliable champion of a generous and just international order based on the rule of law, the United States is now widely viewed as an inveterately selfish spoiler in international organizations and a scofflaw in international affairs. Once seen as the last, best hope of humankind, the United States is now, according to many polls, more feared than admired in a lengthening list of countries. We are much the weaker for all of this.

Nowhere is this dismaying reversal in foreign views of my country more advanced than in the Arab and Islamic worlds. The mutual estrangement of Arabs and Americans is driven by the consequences of ill-considered U.S. policies in Iraq, the Holy Land, Afghanistan, and at home. It is exacerbated by hypocrisy, irresponsible passivity, and an absence of forceful leadership on the Arab side. Adverse trends in



EIRNS/Stuart Lewis

Amb. Chas Freeman:
“Our relations with the Arabs and with Muslims generally are at a historic nadir. All of us, Americans or Arabs, who are present want to do something about this. But what?”

American-Arab relations in turn poison American relationships with the broader world of Islam. Different policies and approaches on both sides will be needed to regain the enormous amount of common ground we have lost. More artful and articulate explanations for policies that are fundamentally mistaken will not do the trick.

The Occupation of Iraq

The Anglo-American invasion and occupation of Iraq has cost my country its international reputation, many lives, and hundreds of billions of borrowed dollars. It is severely eroding both the structure and the professional competence of our army. It has destroyed the Iraqi state and destabilized and desecularized Iraqi politics, while expanding the regional power and influence of Iran. It has catalyzed violent struggles, verging on civil war, between Iraqi Arabs and Kurds, between Arab Sunnis and Shi’as, and among Shi’i factions. It has generated at least three separate but loosely coordinated insurgencies in Iraq. The occupation, which seemed like the solution, has become the problem.

Our occupation in Iraq is drawing youth from throughout the Islamic world into attacks on Americans, by some estimates multiplying our enemies ten-fold. By a process of Darwinian natural selection administered by the very competent officers and men of the U.S. Army and Marines, we are creating an ever fitter cadre of enemies, expert in urban warfare, bomb building, and the military choreography of the ambush. We have transformed Iraq from a reliable supplier of oil to the U.S. and other markets, into an unreliable one. The Iraq conflict and its side effects have contributed to raising energy prices to levels that are beginning to take a serious toll on our economy.

Our inability to prevail on the battlefield in Iraq has underscored the limits of our military power and emboldened our enemies. Now Hurricane Katrina has shown how little we have learned about how to deal with the consequences of

large-scale traumatic events. The suffering of New Orleans has earned us the pity of the world and the scorn of our enemies. It invites renewed attempts by extremists to mount spectacularly deadly attacks on our homeland.

I suspect that many, if not most leaders in the Arab world would privately agree with the very negative assessment of American intervention in Iraq that I have just given. Some, I know, have spoken candidly to our President about Iraq, Israel, and the parlous state of American relations with the broader Islamic world. Candor, not fawning evasion and the hypocritical concealment of sincere differences of opinion, is the mark of true friendship. And it is in that spirit that I say to our Arab friends here today, if you do not express your views and advocate your own interests, do not be surprised if they are insouciantly ignored and trampled upon. . . .

It is particularly important that our Arab friends speak candidly to us about Iraq and Iran. The best outcome still possible in Iraq, it now seems, is a Shi'a-dominated state with a largely autonomous southern region heavily influenced by Iran, and a Kurdish region independent in all but name. Such an Iraq may or may not contain U.S. garrisons and bases. The United States has not clarified its intentions. No one has demanded that it do so.

Some of the same people who neo-conned the United States into invading Iraq are now arguing for an attack on Iran as a means of ensuring that it does not eventually acquire nuclear weapons. If these outcomes in Iraq and courses of action against Iran would serve the interests of the Arabs, then Arabs need only remain silent. If they would not serve Arab interests, as I believe they would not serve the interests of the United States, then Arabs must speak out to help the United States and the international community come up with alternatives to them that would better serve our interests, or suffer the consequences.

In Iraq, the problem is not now—if it ever was—weapons of mass destruction, bad government, or even terrorism; it is the occupation. The occupation generates the very phenomena it was intended to cure. In that respect, the Anglo-American occupation of Iraq has come to have much in common with the Israeli occupation of Palestinian lands. In Iraq, as in Palestine, ending the occupation is the prerequisite for reversing the growth of terrorism and restoring peace.

The Israeli-Palestinian Conflict

Not long ago, many Arabs took obvious pleasure in seeing a few thousand Israeli settlers in Gaza suffer the same sense of powerlessness and dispossession that hundreds of thousands of Palestinians have experienced over the years. It is all too easy to forget that the Israeli withdrawal was unilaterally imposed by the Israeli military on Israelis and Palestinians alike. It was not agreed with the Palestinians as part of a peace process and it has no clear implications for any other part of the occupied territories. It seems likely, in fact, that the people of Gaza have exchanged occupation by Israeli colonists and

soldiers not for freedom, but for a state of siege, in which their access to the outside world will continue to be controlled and perhaps severely restricted by their Israeli neighbors. . . .

As long as the United States continues unconditionally to provide the subsidies and political protection that make the Israeli occupation and the high-handed and self-defeating policies it engenders possible . . . neither Palestinians nor Israelis will have personal security . . . [and] Israel will not find the acceptance by its Arab neighbors that was offered at Beirut in 2002. Moreover, the violent confrontation could at any moment, as it did in the past, spread its murder and mayhem well beyond the region. . . .

The extremism and terrorism bred by the continuing injustices and crimes against humanity in the Holy Land thus continue to take their toll in places as remote from the Holy Land as Britain, Thailand, Nigeria, Indonesia, India, Pakistan, and Afghanistan.

In Afghanistan, an American-led military operation to apprehend the perpetrators of 9/11 and to punish those Afghan Salafis who had given them shelter, has now taken on a seemingly eternal life of its own. No one can now say when or what might allow the United States to disengage from combat against the once discredited but now resurgent Taliban. As in Iraq and Israel, the occupation is becoming the cause of the very problems it was meant to resolve. If one recalls that the objective of al-Qaeda and its extremist ilk has been to drive the United States and the West from the Dar al-Islam so that they can seize control of it, the growing antipathy to the American presence is sobering.

Systemic Breakdown in American Democracy

Finally, a couple of necessary observations about the American home front. I have recited a daunting list of policy challenges. . . . We have a political system premised on the notion of competition between two parties an adversary process in which one party criticizes and proposes alternatives to the policies of the other. This system has clearly broken down. Patriotism is confused with silent acquiescence in the policies proposed by our leaders. Policies that should be the subject of active debate are accepted without a word of protest by a gullible public. Those who know better say nothing, even when they can see the country being led into disaster. The opposition party not only does not oppose, it does not propose alternatives, either because it has no ideas or because it lacks confidence in those it has been too timid to advance. This is not just a political problem; it is a systemic breakdown in American democracy.

What can and must be done in these circumstances? None of you would be here at this late hour of the day if you did not care deeply about the issues I have been discussing. I appeal to you. Those of you who are Arabs, lend us your ideas for how to lead ourselves out of the dilemmas we now face. Those of you who are American, speak out. Reaffirm your patriotism by restoring life to our democracy!

GERMAN ELECTION

Upset for Neo-Con Merkel; Increase for LaRouche Vote

by Rainer Apel

German neo-cons received a big shock when the Sept. 18 election for national parliament did not give them the expected mandate for forming the new government. With only 35.2% of the vote, the opposition Christian Democrats (CDU) of neo-con candidate for Chancellor, Angela Merkel, came in well below the 40-42% they had envisaged. Even if the 9.8% of the Free Democrats (FDP), Merkel's preferred choice as coalition partner, were added—a "black-yellow" coalition (black for CDU, yellow for FDP)—this would only bring the total up to 45% of the vote, and would not enable her to deliver the "regime change" which the Bush-leaning Merkel wanted. She and the other leaders of the CDU had rather long faces, by the time the election result was in. The fact that the trend was going against Merkel, had been observed by pollsters before the election, but had been ignored by the CDU, because its leadership is composed of utopians too arrogant to pay any attention to what the voters really think.

By contrast, the incumbent Chancellor, Gerhard Schröder, and his Social Democrats (SPD) were jubilant after the vote count, because with their election result of 34.3%, they had improved considerably from the 27-28% which had been forecast for them only three weeks before. That pro-SPD trend had been noted before the election, as well, and Schröder had even declared one week before the election that a result above the 34% range was possible.

But, even with the 8.1% of the Green Party added to the SPD vote, this would still not provide a majority for a continuation of Schröder's "red-green" alliance (red for SPD, green for the Green party). Such an alliance would total only 42.4%

of the vote, not enough for a government majority. Nevertheless, Schröder announced a claim on the chancellorship, on the grounds that the electorate had voiced deep discontent with the over-ambitious Merkel, and that the improvement of his SPD by 7%, over the last three weeks of the campaign, showed a process of rapidly increasing support for his policies.

Schröder's view is complicated by the fact that the election-night vote totals are not the final result: There is to be a delayed election in the Dresden-I district on Oct. 2, and the outcome of that vote will show whether Schröder's interpretation is correct. The Dresden vote could improve the SPD's national standing, which is now three parliamentary seats less than that of the CDU.

BüSo Advances

The preliminary result of Sept. 18 was welcomed by Helga Zepp-LaRouche, candidate for Chancellor of the LaRouche movement's party, the Civil Rights Movement Solidarity (BüSo), which gained twice as many votes as it had in the last election three years ago. The party ran in 7 out of 16 German states, including the city-state of Berlin, Germany's capital. In Dresden, the state capital of Saxony, the BüSo is firmly committed to do everything possible to win that district for its candidate there, Katarzyna (Kasia) Kruczkowski, on Oct. 2. To achieve that goal, a special intervention force of 60 LaRouche Youth activists have gone into the Dresden region.

Of the BüSo's party votes (German voters have two votes: one for the party, one for the direct candidate) that were tallied



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Merkel and her backers, intent on undermining the role of the state as defender of the common good, thought they had the election tied up, but her lead crumbled. In June, she stated that Germans “are not entitled to democracy and the German model of general welfare for all eternity.”

by late on election night, about 40% were won in the eastern state of Saxony, alone, which is a stronghold of the BüSo. Of the direct candidate BüSo votes, more than 50% were in Saxony, while another 25% of BüSo’s direct candidate votes were in Berlin. Direct candidates of the BüSo received between 0.8% and 1.8% in numerous districts, with results solidly above 1%, particularly in districts in Berlin, Saxony, and in the southeastern region of Bavaria. Although the percentages remain small, in Germany’s tightly controlled political system, the growth shows that the BüSo’s message is getting through. A strong showing in Dresden will have national impact.

“The good aspect of the election result of Sept. 18 is that the neo-conservative policy of Mrs. Merkel, [her nominee for Finance Minister, Paul] Kirchhof et al., was clearly rejected,” Zepp-LaRouche said in a Sept. 19 statement. “But a real solution to the problems which we are faced with in Germany, has not yet been provided by this election result.”

Pointing to the crucial vote in Dresden on Oct. 2, Zepp-LaRouche said: “If you, the voters of Dresden, want to make a real impact on world politics, then give your direct-candidate vote to BüSo candidate Kasia Kruczkowski. Because, she stands for the alliance with the real America, in the tradition of the American Revolution, the opposition to Bush and Cheney, and for a New Bretton Woods System.”

“Kasia would, as a BüSo member of the Bundestag [national parliament] support Chancellor Schröder, but do so with her mandate: for establishment of a new just world economic order, for the activation of the Stability Law of 1967, and for state generation of credit for productive full



Bundesbildstelle

Chancellor Schröder, shown here on election night, is claiming that he, and not his opponent, Angela Merkel, will form the next German government. He has addressed the oil price speculation issue, but has not mentioned the collapsing world financial system.

employment.”

The Zepp-LaRouche statement addressed the crucial “shoe-string” role, which the BüSo campaign has played for Germany, because no other political party spoke about the huge global financial meltdown crisis, nor was there much mention of the world outside Germany by candidates of the establishment’s parties. Schröder has repeatedly addressed the oil price speculation issue, but not really indicated what he would do about it, in concrete terms. Apart from that, Schröder also hasn’t talked much about the world outside Germany, during the entire election campaign.

Election Closely Watched from Abroad

By contrast, the world abroad did watch the developments in Germany rather closely, because Germany, the economic powerhouse of Europe, is crucial—both for productive investors, but unfortunately also for speculators who hope to make profits here. Financial circles, in particular, watched German developments, as shown by a Sept. 14 pre-election assessment, in the international Bloomberg newsletter, which voiced discontent with Merkel. Under the headline, “Kirchhof Radicalism Takes German Poll to the Wire,” Bloomberg columnist Matthew Lynn wrote that until very recently, Merkel’s designated finance minister and his radical ideas had seemed to be unstoppable on their way to chancellorship of Germany. “And now? A ballot that seemed like a sure thing for the CDU is set to go down to the wire. At the very least, Kirchhof’s proposals have dashed CDU hopes of ruling with a majority.

“That may also end up costing billions for the global investors who piled into Germany on the near-certainty that a new CDU-led government would bring about the pro-business, free-market change the country needs to revive its flagging economy.

“The lesson: there is nothing wrong with having radical economic policies. . . . There is, however, no point in bothering the electorate with them. Politicians do better with bland promises during the campaign, followed up with bold action after the election. Money has poured into Germany since the elections were called. . . . The bet was that market-friendly measures would be pushed through by a triumphant CDU-led government. . . . If Merkel finds herself negotiating a coalition with the SPD next week, she’ll only have herself to blame for endorsing Kirchhof. And it will be a long time before any Western European politician mentions a flat tax with an election looming,” the Bloomberg commentary concluded. Kirchhof resigned from Merkel’s team, the day after the election disaster.

And, because Merkel categorically rejected any idea of a Grand Coalition with the SPD, be it with or without Schröder, it was taken as almost certain in the international and German press, that Merkel would be moved to the side, soon. Her only chance to stay in the game, was a risky intrigue to grab for the chancellorship virtually at the last minute.

Can the Faltering Merkel Be Installed?

That intrigue would be an attempt to get Merkel elected on the basis of a dirty deal between her “black-yellow” camp and the Greens, in what might even turn into a formal coalition agreement—the “Jamaica Coalition,” as it is called in Germany, because it would include the three colors of the Jamaica state flag. Taking the Green vote away from Schröder, would indeed make it impossible for him to get re-elected by the parliament (in Germany, the parliament elects the Chancellor). What has added much to the ridicule in the German media of Merkel, after that weird “Jamaica” scenario was first mooted on Sept. 20, seems to be that a certain radical faction among the hedge funds and other financial speculators—those who also talked Merkel into nominating Kirchhof—have convinced Merkel that this would be the right thing to work for. Indicative of the fact that a conspiracy is on to push this scenario through, were statements by prominent CDUers, from Sept. 21 on, that a “Jamaica” option would be the ideal way to secure Merkel the election as Chancellor.

The conspiracy’s timetable is this: Shortly after the Oct. 2 vote in the Dresden-I district, the newly elected parliament would be convened, likely one or two weeks before Oct. 18, the constitutional deadline of 30 days after the election. By no later than mid-October, Merkel would be voted in, if not by the required absolute majority of parliament members in the first two rounds of voting, then in the third round, which only requires a relative majority of votes. By the end of October, Merkel would launch her radical budget-cutting program, the infamous “100-Days-Program,” and thereby please the financial speculators. She would do so, then, even if she still had no formal coalition with the Greens fully negotiated.

This is a very high-risk scenario, though: Unlike Schröder, who does have the full support of his SPD, Merkel does not control her own party, since there is a lot of resistance



EIRNS/Wolfgang Lillge

The day after the Sept. 18 election, Zepp-LaRouche stated that Germany and the world are being threatened with a collapse of the financial system, and emphasized that neo-con plans to launch new wars to postpone the crisis, would only make matters worse.

not only against her policy in general, but especially resistance against the “Jamaica” option. In the CDU, there is a lot of support for a Grand Coalition with Schröder’s SPD, and there are also currents inside the FDP that are in favor of an FDP coalition with the SPD. A similar situation exists in the Green Party, where strong currents categorically oppose Merkel. Therefore, Merkel runs a very high risk, if she depends on the third round of voting in the parliament. There Schröder could suddenly announce his candidacy for re-election by the parliament, which could occur then even if by a few votes over Merkel, thanks to these FDP and CDU swing-over votes.

But such a scenario could be up-ended by a foreign policy crisis, another huge U.S. hurricane disaster, or a big banking or hedge fund collapse—all of which would tilt the preferences not only of the German population, but also of the establishment institutions, in favor of Schröder. Even among many Merkel supporters, his leadership qualities are generally viewed as superior to hers. The LaRouche movement advises Schröder not to wait for such things to happen, but to take leadership right away, addressing those crisis

issues that expose the Merkel's incompetence, and thus making sure that none of the last-minute scenarios spun out for her chancellorship would have the slightest chance of succeeding. After all, Schröder still is Chancellor, and he will be, until another politician is elected. The best way for Schröder to stay in office, would be an endorsement of a New Bretton Woods financial system reform, along with a categorical denunciation of financial speculators. This would be a signal that Germany is on the side of the anti-Bush forces in the United States. The Dresden campaign of the BüSo for its candidate there, Kasia Kruczkowski, during the critical period until Oct. 2, will be crucial to crush Merkel's dreams, once and for all.

Helga Zepp-LaRouche

We Must Have an All-Out Dresden Election Effort

Civil Rights Movement Solidarity (BüSo) National Chairwoman Helga Zepp-LaRouche issued the following statement Sept. 19, calling for an all-out mobilization by the BüSo to win the Dresden-I district part of the Sept. 18 national parliamentary election, which had to be postponed to Oct. 2.

The good aspect of the election result of Sept. 18 is that the neo-conservative policy of Mrs. Merkel, [her nominee for finance minister, Paul] Kirchhof, et al. was clearly rejected. But a real solution to the problems which we face in Germany, has not yet been provided by this election result.

For, during the coming weeks, we are facing challenges which will shake up the entire planet. We are being threatened with an imminent collapse of the global financial system, which would cause catastrophic consequences for the real economy. The ongoing, desperate attempts of the financial institutions to postpone this collapse by every trick possible, only makes things worse. That includes the plans of the neo-cons to draw the world into new wars, which would imply the end of civilization.

Whether a decline into a new Dark Age can be prevented, will decisively depend on the outcome of the embittered fight in the U.S.A., which is currently being fought between the reasonable forces in the Senate, and the war-mongering neo-conservatives around Vice President Cheney.

Therefore, it is crucial that the new German government cooperate with the anti-Cheney opposition of the Democrats and moderate Republicans in the United States. Because the only chance to prevent a decline into chaos, is to replace the bankrupt world financial system with a new financial architec-



EIRNS/James Rea

BüSo candidate Kasia Kruczkowski, organizing in Dresden. She is running for the national parliament, in a special election in that city on Oct. 2, which could determine the shape of the nation's new coalition government.

ture, a New Bretton Woods system. For that to happen, Germany, as the most important economic factor of Europe, plays a crucial role, as the future partner of a reformed U.S. government.

The only chance Germany has, is if the institutional powers in this country acknowledge that only the cooperation of the future government with a post-Bush/Cheney Administration in the U.S.A. can lead to a new policy. The BüSo is the party in Germany, which has a direct relationship to these positive forces in the U.S.A., because my husband, Lyndon LaRouche, is seen among many as the conceptual leader of this opposition.

If you, the voters of Dresden, want to make a real impact on world politics, then give your direct-candidate vote to BüSo candidate Kasia Kruczkowski. Because she stands for the alliance with the real America, in the tradition of the American Revolution, the opposition to Bush and Cheney, and for a New Bretton Woods system.

If you want to do something efficient, to preserve the peace and to overcome the economic crisis, and to replace the policy of the Agenda 2010 and Hartz IV [anti-growth austerity policies] with a new financial system, then vote Kasia Kruczkowski.

Kasia would, as a BüSo member of the Bundestag [the German parliament], support Chancellor Schröder, but do so with her mandate: for establishing a new just world economic order, for the activation of the Stability Law of 1967, and for state generation of credit for productive full employment.

Do not vote for the lesser evil, this time. Vote according to your conscience. Think how you can positively change world politics with your vote. Make an impact that will change world history!

You disliked the way things developed in the new German states, after 1989? Then help to change that, now.

When Might Makes Right: A New Legal Philosophy

by Elke Fimmen

Elke Fimmen is chairman of the Civil Rights Movement Solidarity party (BüSo) for Bavaria. This article appeared first in the weekly Neue Solidarität on Sept. 14, prior to the Sept. 18 Federal election.

In recent weeks, the shift in the CDU/CSU [Christian Democratic Union/Christian Social Union] from a party with a commitment to the Christian image of man, to a radical, neo-conservative mob, has come out in the open. The legal thinking that lies behind this shift is well-illustrated by a book by Germany's former President, Roman Herzog. Its title is *Wie der Ruck gelingt* (*Making the Shift*), and it has been serialized, since Aug. 31, in that neo-liberal daily, the *Frankfurter Allgemeine Zeitung*.

As Federal President, Herzog gave the official signal in 1997 with his so-called "Ruck" or "Shift It!" speech, in which he said that the "hoary old" structures in Germany should be swept away and be replaced by the allegedly "changed realities" of a "globalized" world. From Friedrich von Savigny (1779-1861) to the Nazis' "Lawyer Laureate" Carl Schmitt, German legal scholars have attempted to spin a philosophy of law and of the State such as would serve to legitimize the Powers That Be, and the "Zeitgeist."

In his latest little opus, Herzog expresses his distaste for those Germans who refuse to watch their living standard be wrecked, and instead insist that the general-welfare state (*Sozialstaat*) is essential. They are still the majority, and they vote for governments that pledge to uphold it. Herzog claims that Germans "shy away from all risk" because that there are too many older people relative to the general population. The elderly, he writes, are "in a word, less prepared and less willing to admit of reforms, at this point in time when the need for ever-swifter, ever-more decisive changes in social life is manifest." Were youth in the majority, he says, the problem could be dealt with at a stroke.



Roman Herzog

What options are there then, to "right the balance" in the relationship, so that "society become sufficiently flexible"? One solution might be to take away the right to vote from older people, or else introduce "family voting rights."¹ Herzog does acknowledge that this might amount to "deviating" from a fundamental constitutional right, viz., that the entire citizenry enjoy a general, and equal, right to vote.

According to Herzog, there is another option to that same end: One could cut back so drastically on the prerogatives of a government elected by the majority, that whatever said government might decide would not make the slightest difference. As Herzog writes: "One could approach the problem the other way round, and cut back on the area where the democratic principle of the majority takes effect, substantially reducing, relative to those it now enjoys, the State's prerogatives vis-à-vis society. Thereupon, many decisions—as has been the case for the economy—will be taken solely by those who actively intervene and bear the brunt of the economic risks entailed by shaping society." The essential demand of "political liberals" is of course: "As much of the State as one needs, but as much of Freedom (or Society) as can be." That slogan, he writes, should be uttered "perhaps for the last time, as a political program"! How delightfully frank of the Honorable Mr. Herzog to acknowledge that this would be the very last time that one would need to put forward such a "political program" at all. Because as he sees it, elections will, in the future, have become quite superfluous.

The potential for a political and social system to survive, according to Herzog, is the greatest when it rests upon "simple principles" that can be "understood, believed in, and followed by the masses." Herzog argues in favor of a State undergoing something like "biological evolution," where the ability to survive is crucial.

Let us, therefore, turn to examine just where Herzog acquired that outlook. The former President, it so happens, was the closest associate of Prof. Theodor Maunz, a constitutional lawyer and authoritative commentator on the Constitution, who nonetheless has become rather controversial since 1993. From 1933 to 1945, Maunz taught at the University at Freiburg, where he wielded considerable influence, and notably busied himself with the legal position of the police in the Third Reich. Alongside Carl Schmitt and other legal scholars, he was amongst those who strove, through their writings, to lend the Reich legitimacy. Despite heavy protest from the French Occupation Forces, precisely on account of those war-time activities, as early as 1948 we find him back on the job, indeed, sitting on the Committee that drafted the German Constitution. From 1952 until he became Professor Emeritus, Maunz was professor at the Ludwig-Maximilian University at Munich. He became Minister of Culture for Bavaria (1957-

1. This amazing proposal, which has been put forward by CDU and SPD politicians, would allow parents with young children to cast two votes—one for themselves, and one for each under-age child in the family!

64), but, owing to his activities on behalf of the Third Reich, was finally compelled to resign.

Until the very day of his death in 1993, he continued to be one of the country's most prominent constitutional scholars, and in that capacity worked closely with Roman Herzog, who, with others such as [Bavarian governor] Edmund Stoiber, praised and honored him to the skies. (Paul Kirchhof, Angela Merkel's proposed finance minister, also studied law at Freiburg and Munich, and graduated from the latter university in 1968.) How embarrassing then that it emerged only after his death that Theodor Maunz had been in the very inner circle of advisors around Dr. Gerhard Frey, who today leads the neo-Nazi National Democratic Party-linked far-right German People's Union (DVU), and publishes the right-wing paper *Nationalzeitung*. And it further emerged that Maunz had been writing—though anonymously—for the latter newspaper!

Building New Structures

Since 2003, Roman Herzog has led the "Konvent für Deutschland," a Committee that sees its task as fostering "the ability to reform," and that intends to have Germany's system of political decision-making overseen, on an ongoing basis, by so-called "experts" independent of elected government. The Konvent numbers amongst its acolytes people like the business consultant Roland Berger, ex-chairman of the BDI (Association of German Industry), Olaf Henkel, Prof. Manfred Pohl, responsible for cultural issues and chairman of Deutsche Bank's historical institute. And Otto, Count von Lambsdorff of the Free Democratic Party, the Trilateral Commission's chairman for Europe. Since the Bretton Woods system was destroyed in 1971, the Trilaterals have been greatly concerned to prevent orderly reorganization of the world financial system, while intervening to smooth the path for authoritarian regimes, and destroying living standards worldwide.

Otto Lambsdorff is also amongst the leading figures of the Mount Pelerin society, and an outspoken opponent of all state intervention in the public interest. Very recently, he declared, alongside CDU ideologue Meinhard Miegel and former Bundesbank Chairman Hans Tietmeyer, that former Chancellor Konrad Adenauer's general-welfare laws were the root of our problem today. It was Tietmeyer, Kirchhof, and Herzog who, in the year 2000, tidied up the more obscure corners of the CDU's finances.

Their idea is to wreck the "old" structures, and hack out a path to the new. Amongst their purported achievements: the CDU's candidate for Chancellor, Angela Merkel. On June 16, 2005, Miss Merkel, speaking on the occasion of the CDU's 60th anniversary, stated that Germans "are not entitled to democracy and the social market economy to all eternity."

On Sept. 18, our citizens will, one hopes, sharply beg to differ.

Documentation: North Korea

Joint Statement From Six-Way Nuclear Talks

These are excerpts from the text of a joint statement issued after the six-nation talks on North Korea's nuclear-weapons program on Sept. 19. The full statement appeared in Yonhap News of Beijing.

For the cause of peace and stability on the Korean Peninsula and in Northeast Asia at large, the six parties held in a spirit of mutual respect and equality serious and practical talks concerning the denuclearization of the Korean Peninsula . . . and agreed . . . to the following:

1. The six parties unanimously reaffirmed that the goal of the six-party talks is the verifiable denuclearization of the Korean Peninsula in a peaceful manner.

The Democratic People's Republic of Korea [North Korea] committed to abandoning all nuclear weapons and existing nuclear programs and returning at an early date to the treaty on the nonproliferation of nuclear weapons (NPT) and to IAEA safeguards.

The United States affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK. . . . The DPRK stated that it has the right to peaceful uses of nuclear energy. The other parties expressed their respect and agreed to discuss at an appropriate time the . . . provision of light-water reactors to the DPRK.

2. The six parties undertook, in their relations, to abide by the purposes and principles of the Charter of the United Nations. . . . The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations. . . .

3. The six parties undertook to promote economic cooperation in the fields of energy, trade and investment. . . . China, Japan, the Republic of Korea (ROK), Russia and the United States stated their willingness to provide energy assistance to the DPRK. The ROK reaffirmed its proposal . . . concerning the provision of 2 million kilowatts of electric power to the DPRK.

4. Committed to joint efforts for lasting peace and stability in Northeast Asia, the directly related parties will negotiate a permanent peace regime on the Korean peninsula

5. The six parties agreed to take coordinated steps to implement the aforementioned consensus in a phased manner in line with the principle of "commitment for commitment, action for action."

6. The six parties agreed to hold the fifth round of the six party talks in Beijing in early November 2005. . . .

Law vs. Brute Force: The Fight Over Iran's Nuclear Program

by Muriel Mirak-Weissbach

Leading figures in the U.S. Administration, and among its international allies, have been priming an international crisis as a pretext for military action in Iran—the war plan of Vice President Dick Cheney. The immediate focus of U.S. Secretary of State Condoleezza Rice and newly appointed Ambassador to the United Nations John Bolton, is to have the International Atomic Energy Agency (IAEA) refer the issue of Iran's nuclear program to the UN Security Council.

Rice used her speech to the UN General Assembly to reiterate the laundry list of accusations against Tehran, alleging that the country's nuclear energy program was a cover for a weapons program. Israeli Foreign Minister Silvan Shalom added fuel to the fire, in a speech to a New York meeting of Jewish organizations, alleging that the Islamic Republic would have the knowledge required to build a bomb “within six months.” On that account, he urged action. Mossad chief Meyer Dagan, accompanying Prime Minister Sharon to the UN, held meetings with U.S. government officials, lobbying for more energetic action to stop Tehran.

This coordinated campaign was timed to coincide with preparations for the IAEA Board of Governors meeting, which opened in Vienna on Sept. 19. A draft resolution, recommending referral of the issue to the Security Council, was reportedly circulating on Sept. 20, officially on the initiative of the European Union. The draft, “inspired” by the United States and United Kingdom, called for referral, to address “Iran's many failures and breaches of its obligations to comply with its NPT [Non-Proliferation Treaty] safeguards Agreement. . . .” According to a leaked copy of the resolution, it demanded that Iran implement transparency measures, going beyond the special protocol Iran signed; that it “re-establish full and sustained suspension of all enrichment-related and reprocessing activity”; “reconsider the construction” of a heavy water research reactor; and “ratify and implement the additional protocol.”

But heavy opposition killed the draft. Not only have the members of the Non-Aligned Movement, led by India, lined up behind Iran, but so have Russia and China, both veto-wielding members of the Security Council. In a meeting with Chinese President Hu Jintao in New York, prior to the General Assembly opening, President Bush failed to clinch any agreement in going after Iran. And Russian President Putin, al-

though agreeing with the White House that Iran should not become a nuclear weapons power, stood by Moscow's commitment to Iran's peaceful nuclear power program, in which it is cooperating.

Speaking in San Francisco on Sept. 20, Russian Foreign Minister Sergei Lavrov went a step further, saying, “While Iran is cooperating with the IAEA, while it is not enriching uranium and observing a moratorium, while IAEA inspectors are working in the country, it would be counter-productive to report this question to the UN Security Council. It will lead to an unnecessary politicizing of the situation.” Lavrov continued, “Iran is not violating its obligations and its actions do not threaten the non-proliferation regime.”

On Sept. 22, after hefty debate in Vienna, the European Union had to withdraw its original draft, and replace it with a much watered down text, which merely “requests” that IAEA director Mohamad ElBaradei report on Iran's program “to the IAEA board [of governors] which will address the timing and content” in a report of its own. The Security Council is not mentioned at all. Germany's ambassador to the IAEA, Herbert Honsowitz, was quoted saying, “The EU has withdrawn its request to send Iran's case to the Security Council.”

Western diplomats, speaking on condition of anonymity, said that the backdown had come as a result of energetic opposition by Russia and China.

On the Right Side of the Law

What has challenged the war drive, is the fact that Iran has effectively argued before the international community, that it, indeed, is not violating any agreements. As President Mahmoud Ahmadinejad developed the case in his speech to the UN General Assembly on Sept. 17, it is those who are launching accusations from Washington, who are actually in violation of the Non-Proliferation Treaty. Their violations of the NPT, he said, included the refusal to accept nuclear disarmament, as prescribed in Article 6, and the “denial of access of NPT member states to peaceful nuclear material, equipment, and technology,” specifically the full nuclear fuel cycle, as guaranteed in Article 4 of the NPT. He also charged that the United State violated the NPT by its doctrine of preemptive nuclear strikes, and by developing a new generation of nuclear weapons.



UN Photo

Iran's President Mahmoud Ahmadinejad at the UN: The real violators of the Nuclear Non-Proliferation Treaty, he said, are those who refuse to accept nuclear disarmament, and who deny NPT member states access to the full nuclear fuel cycle.

If a “nuclear apartheid system” were imposed by powerful states, Ahmadinejad said, this would divide the world into “bright and dark nations in the future.” To remedy this situation, he proposed constructive international cooperation, in the spirit of a “collective covenant.”

First, the UN should set up an ad hoc committee to report on mechanisms and strategies for nuclear disarmament, and to see how materials for nuclear weapons were transferred to Israel. Second, it should move to set up a nuclear weapons free zone in the Middle East. The General Assembly should ask the IAEA to report on violations of Article 4 of the NPT, which guarantees access to the fuel cycle. Ahmadinejad stressed the need for countries to have the complete fuel cycle, so as not to be dependent on others for fuel. He said nuclear-fuel delivery contracts have been non-binding, with no legal guarantees, a problem which should be solved. The ad hoc committee should revitalize the NPT and prevent “nuclear apartheid.”

Furthermore, said the Iranian President, since there are no technological differences among different countries’ nuclear cycle programs, as a confidence-building measure, Iran was calling for a partnership of the private and public sector of other nations to cooperate with Iran’s enrichment program. Finally, he reiterated Iran’s willingness to negotiate with other IAEA members.

The Iranian leader’s remarks were expanded in a press conference and many single media interviews. In remarks to U.S. media directors, Ahmadinejad said nuclear disarmament and non-proliferation are the most important chapters of the NPT. He indirectly referred to Cheney’s “Guns of August” war plans, by saying, “A country, which possesses the biggest

nuclear arsenal, embarks on proliferation of nuclear weapons in defiance of the safeguards and *threatens to use them against others*, is not competent to comment on peaceful use of nuclear know-how by other states” (emphasis added). These countries, he said, should be brought under IAEA supervision.

Ahmadinejad’s speeches and accompanying remarks laid down the gauntlet to the war party. The reactions were predictably hysterical, carefully avoiding the issue. For example, British Foreign Secretary Straw said, the speech had been “disappointing and unhelpful,” although he added quickly, the crisis “will not be solved by military means.” French Foreign Minister Douste-Bazy said that what he had heard convinced him that a referral to the UN Security Council “remains on the agenda.” State Department Undersecretary Nicholas Burns said: “One would have hoped that he might have chosen a speech with more humility, a speech with a greater inclination to compromise. He was quite defiant.”

No one went into the merits of his speech, preferring to focus on the “tone.” And for good reason: None of those pushing for referral has a legal leg to stand on. Were the merits of the case to be thrashed out, this would become clear, and the thrust of the propaganda campaign could be undercut. Were the implications of the recent agreement on North Korea’s nuclear program to be developed and applied to this case, an utterly different approach must be adopted.

This, however, is unlikely to occur, given the commitment by Cheney et al. for confrontation and conflict. As the pressure increases from Washington, Iran will respond in kind. Asked in a CNN interview by a hostile Christiane Amanpour, what Iran would do if the Security Council imposed sanctions, whether it would undertake countermeasures, leave the NPT, or use oil as a weapon, Ahmadinejad replied, “Any intelligent human being should use all resources to defend freedom.” Later, Ali Larijani, the new head of the Supreme National Security Council in Iran, said that although Tehran did “not want the path to become more difficult,” if the IAEA chose to “use the language of force,” or to “talk to us in the language of humiliation, threat, or introduce the so-called trigger mechanism, or take it to the UN Security Council,” then Iran would rethink its stance on the matter.

Larijani also said that Iran could shape its oil trade and other economic relations on the basis of its prospective partners’ attitudes towards Iran’s right to nuclear technology.

Significantly, both Ahmadinejad and Larijani made references to the fight Iran waged to nationalize its oil industry in the 1950s. At that time, in 1953, the British recruited the United States to a plot to overthrow the democratically elected government of Iran’s then-Prime Minister, Mohammad Mosaddegh, who had led the drive for nationalization. Clearly, Tehran knows what is at stake, now as then: national sovereignty, independence, and the right to technological development.

Editorial

The Insanity Factor

“Bush’s Booz Crisis” read the wire put out by the *National Enquirer* on Sept. 23, but in this case, there is reason to take it seriously. This is not your typical “Man Bites Dog” story, but a reflection of the fact that the already insane President has apparently begun to lose control, under the stress of the wave of unpopularity which is slamming him from all sides. He just can’t handle reality.

The President’s disconnect from what’s going on around him is already legendary, of course. From his absorption in the children’s book *My Pet Goat* during the crisis on 9/11, to his obsession with riding a dirt bike in the midst of major international conferences, and the nation’s worst natural disaster ever, Hurricane Katrina, George W. Bush has provided overwhelming proof that he is “out to lunch.” He has enraged the families of the poor victims of Katrina, as much as the families of soldiers dying in Iraq, by his inappropriate smirks, wisecracks, and lectures.

As Lyndon LaRouche put it recently, after the President went on a made-for-TV movie set of New Orleans in order to address the nation about the crisis, the President often appears not to understand a word of what he himself is saying, much less to perceive the impact of his government’s policies on the world as a whole.

True, all of this bizarre behavior by Bush is grist for the comedians’ mills. But wait a minute! There are some very serious implications to the fact that the most powerful nation in the world, is being ruled by a lunatic.

Put bluntly: President Bush’s insanity is the greatest threat to world peace. And if the U.S. Congress, Republicans definitely included, does not take action soon to remove him—and his evil, sociopathic Vice President—from office, there is a virtual certainty that he will “lead” the entire world into a New Dark Age.

Right now, the lunatic George W. Bush is the individual who has ultimate control over the world’s largest nuclear-armed power. If he can’t comprehend the necessity for deploying the military in time to save lives in New Orleans, or the need to give up tax breaks for his friends in order to repair the nation’s premier port, why would you think that he would understand the con-

sequences of launching a “little” nuclear bombing of Iran? After all, this is the President who will still claim, and believe, that the United States is “winning” in Iraq. He just doesn’t understand what is going on around him.

There are some indications that the leadership of the Democratic Party in the Congress has begun to understand the gravity of the situation, where a President is insane. Internationally, as well, the rage against the imperial posture of the Bush Administration is beginning to turn into the realization that the President may not actually be capable of registering the reality of the situations he’s created. So far, however, no prominent individual, other than statesman LaRouche, has been willing to straightforwardly state this truth.

As LaRouche has emphasized repeatedly over recent days, there is not much time left for this situation to be tolerated, before potentially irreparable damage is done. It’s one thing for a President who’s *non compos mentis* to have the power to pick Supreme Court nominees—something Bush is clearly incompetent to do. It’s another if he gives the go-ahead for launching the next imperial war, which has the potential of detonating a full-scale nuclear confrontation, as well as bloody irregular warfare everywhere in the world.

Bush has to be removed from office, along with the evil Svengali who gives him his imperial marching orders, Dick Cheney. That means that Republicans, in particular, have to face up to a situation similar to that which they confronted under Nixon: They have to desert their President, in order for the nation to survive. There is no question but that many sane Republicans understand this necessity, but they are dragging their feet. That’s understandable, but very dangerous.

Democrats, and just plain citizens, can help move along the process, by sticking to the subject. The issue is not some particular crime by this President, but the fact that *he is nuts*. Yes, the American people share culpability in letting him be elected, but we have to deal with the consequences of this hideous mistake now. Tell the truth about the President’s insanity, and Cheney’s venality, and encourage your Congressmen to take action now. To hold back at this point, would be insane.