

# EIR

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## From the Associate Editor

Our *Feature* dossier on Dick Cheney's lies, reviews the vast accumulation of evidence, going back to Sept. 11, 2001, that the Vice President lied, repeatedly, to get the United States into war against Iraq. This was no "intelligence misassessment," as Administration officials now feebly claim; the lies are numerous and they are on the public record, as Jeffrey Steinberg documents. This article—the first in a series—is already circulating widely in pre-publication copies, and I urge our readers to make sure it gets to all their political networks. (You can download it from [www.larouchepub.com](http://www.larouchepub.com) and e-mail it out, with attribution to *EIR*.)

As Lyndon LaRouche insists, Cheney's departure from the Administration is the prerequisite to any positive change in national or international politics. The onrushing economic-financial breakdown crisis requires U.S. leadership—it can't be dealt with from Europe or Asia alone—and that means, Cheney has to go.

Our second leading story is on the fast-sinking automotive industry, with LaRouche's series of memos to and about Ford Motor Co. Chairman Bill Ford. LaRouche's open letter to Ford has been posted on several websites internationally, notably those dedicated to maglev technology. Clearly, if the U.S. machine-tool capability that is currently invested in the auto sector is to be preserved, as it must be, then retooling to maglev production and other advanced industrial/infrastructural requirements (not more SUVs!) is essential. As LaRouche mentions in his *Editorial*, this magazine will have a lot more to say on these issues in the future, as we shape the battle by trade unionists and industrialists, to rebuild the economy on a firm foundation. Marsha Freeman's discussion of how "The U.S. Auto Industry Never Just Produced Cars," is the first in a series on how industry can be quickly retooled.

Note our exclusive interviews with Syria's Ambassador to the United States, Dr. Imad Moustapha, and with Germany's new Minister of Consumer Protection, Food, and Agriculture, Horst Seehofer. You will also find an interview by Lyndon LaRouche with Iranian television, and excerpts from one he gave to the Chinese *People's Daily*, which has now been published in its online edition.

*Note to subscribers:* No *EIR* was issued on Dec. 2.



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EIRNS/Stuart Lewis

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# Yes, Dick, You Are a Liar

by Jeffrey Steinberg

Vice President Dick Cheney spent the second half of November ranting against Administration critics who dared accuse him of lying the United States into a disastrous war with Iraq. Speaking on Nov. 21 at the American Enterprise Institute, Cheney snarled that anyone making such accusations is “reprehensible” and practically guilty of high treason. His scheduled 90-minute appearance at the primo neo-con think-tank in Washington, where his wife Lynne is a resident fellow, lasted a total of 19 minutes. Cheney came, he ranted, and he departed, without taking a single question.

The Vice President is a man with something to hide. The simple truth is: Cheney did lie, repeatedly, to bludgeon the U.S. Congress into approving an unnecessary and disastrous invasion and occupation of Iraq. According to several eyewitness accounts, Cheney personally lied to scores of members of the U.S. Senate, claiming that the White House had rock-solid proof that Saddam Hussein was close to building a nuclear bomb, and that war was the only option. No such evidence existed—and Cheney knew it.

Cheney’s favorite Iraqi liar, Dr. Ahmed Chalabi of the Iraqi National Congress (INC), now a deputy prime minister, all but gloated over his and Cheney’s war-by-deception scam in an infamous Feb. 19, 2004 interview with the *Daily Telegraph*. Confronted on the piles of INC-fabricated intelligence that helped lead the United States to war in Iraq, Chalabi shrugged his shoulders, and said, “We are heroes in error. As far as we’re concerned, we’ve been entirely successful. That tyrant Saddam is gone and the Americans are in Baghdad. What was said before is not important.”

Not so. Now, despite Cheney’s campaign of obstruction, the Senate Select Committee on Intelligence (SSCI) is scheduled to produce a Phase II report on the role of policymakers, starting with the Vice President, in the so-called “intelligence failures” leading up to the Iraq invasion. No doubt, there were some significant intelligence failures—notably, failures of nerve by senior intelligence community bureaucrats, to resist

White House pressure to “spin” the intelligence to justify invasion. But the overriding factor in the rush to war was a campaign of lies by Cheney, and by what Col. Lawrence Wilkerson (USA-ret.), former Secretary of State Colin Powell’s former chief of staff, dubbed the “Cheney-Rumsfeld Cabal.”

In a *Los Angeles Times* op-ed on Oct. 25, 2005, Colonel Wilkerson declared: “In President Bush’s first term, some of the most important decisions about U.S. national security—including vital decisions about postwar Iraq—were made by a secretive, little-known cabal. It was made up of a very small group of people led by Vice President Dick Cheney and Defense Secretary Donald Rumsfeld. . . . Its insular and secret workings were efficient and swift—not unlike the decision-making one would associate more with a dictatorship than a democracy. . . . But the secret process was ultimately a failure. It produced a series of disastrous decisions and virtually ensured that the agencies charged with implementing them would not or could not execute them well. . . . It’s a disaster. Given the choice, I’d choose a frustrating bureaucracy over an efficient cabal every time.”

While the SSCI probe is expected to take months, and a parallel investigation by the Pentagon’s Inspector General into the role of former Undersecretary of Defense for Policy Douglas Feith in intelligence fakery is not expected to be completed until March, there are already public caches full of “smoking guns,” proving that the Cheney-Rumsfeld Cabal wittingly lied America into the Iraq War. And many of those lies had already been refuted by the U.S. intelligence community before the first bombs dropped on Baghdad on March 19, 2003.

### Saddam and al-Qaeda

Senate Democrats have demanded that the White House provide the SSCI with the text of a Sept. 21, 2001 President’s Daily Briefing (PDB), and a more in-depth CIA analysis de-

livered to the White House shortly afterwards, dealing with the alleged links between Saddam Hussein and Osama bin Laden. The White House has refused.

Why? One of Dick Cheney's favorite arguments for invading Iraq and overthrowing Saddam was that Iraq was behind the 9/11 attacks on New York and Washington. And according to news accounts, the Sept. 21, 2001 PDB made clear that there was no evidence of any Saddam/al-Qaeda ties. In fact, the intelligence estimate presented to President Bush, Cheney, and other top national security officials on Sept. 21, was that Saddam was an arch enemy of al-Qaeda, and had spied on it.

Despite this, and the more in-depth CIA study on why the Saddam/al-Qaeda ties were bogus, Cheney and company kept on lying that Saddam was behind 9/11.

Now, Lynne Cheney has brought the White House deception campaign to a new low. Appearing on Nov. 28 on National Public Radio, she launched into an hysterical defense of "her man," claiming that "Dick never said" that there were any links between Saddam Hussein and the 9/11 attacks! Nothing could be further from the truth.

The Sept. 21, 2001 PDB came in response to demands from the White House for all available evidence of a Saddam link to the authors of the 9/11 attack. Five days before the PDB was delivered, President Bush had convened a War Cabinet meeting at Camp David, where the planned attack on Afghanistan was finalized. At that meeting, Deputy Defense Secretary Paul Wolfowitz, speaking for the Cheney-Rumsfeld Cabal, had called for an invasion of Iraq, claiming that Saddam was at the center of global terror and should be America's first target. The next day, President Bush signed a secret order, authorizing the military campaign against Afghanistan, but also ordering the Pentagon and CIA to begin plans for future action against Iraq.

On Sept. 19, the Defense Policy Board (DPB), a Pentagon advisory panel then chaired by neo-con Richard Perle, and populated by a collection of like-minded war hawks, convened a closed-door session. Both Rumsfeld and Wolfowitz attended the meeting, which was addressed by INC head Ahmed Chalabi and Dr. Bernard Lewis, the octogenarian British intelligence Arab Bureau spook, who was a longtime booster of Chalabi. The topic was the need to overthrow Saddam Hussein in retaliation for 9/11. As the direct result of the session, one DPB member, former CIA Director R. James Woolsey, was dispatched on a mission to London, to round



EIRNS/Stuart Lewis

*Members of the LaRouche Youth Movement demonstrate in Washington on Nov. 17.*

up evidence that Saddam was behind the recent terror attacks, as well as the 1993 bombing of the World Trade Center. London was the headquarters of the INC.

## Atta in Prague

Shortly after Woolsey's first Defense Policy Board sojourn to London, the first news stories appeared, alleging that 9/11 plotter Mohammed Atta had been in the Czech capital, Prague, on April 8, 2001, meeting with Ahmed Khalil Ibrahim Samir al-Ani, the Second Secretary of the Iraqi Embassy and an officer in the Iraqi foreign intelligence service. The "Atta in Prague" urban legend would serve as Cheney's favorite "smoking gun" on the issue of Saddam's hand in 9/11.

The ostensible source of the information was an "Arab student," working undercover for Czech intelligence, who had spotted the two men in a restaurant. The "student" would later relocate to London, raising some speculation that he may have been part of the INC disinformation machine from the outset. Later versions of the story claimed that Czech intelligence had photographed the meeting, because al-Ani was under surveillance as the result of an earlier alleged terror plot against American targets in the Czech capital. One well-placed U.S. military intelligence source recently told *EIR* that Czech intelligence had indeed surveilled the meeting, but had later determined that the man with al-Ani was not Atta.

Despite conflicting evidence, showing that Atta was in the United States on the date of the alleged Prague meeting, Vice President Cheney was among the first Bush Administration officials to jump the gun and proclaim the Atta-Baghdad ties. On Dec. 9, 2001, in an appearance on "Meet the Press,"

Cheney declared, "It's been pretty well confirmed that [Atta] did go to Prague and he did meet with a senior official of the Iraqi intelligence service in Czechoslovakia last April, several months before the attack."

On April 30, 2002, FBI Director Robert Mueller gave a speech in San Francisco, in which he publicly refuted the Atta-in-Prague story, citing the FBI's detailed evidence that Atta was in Virginia Beach, Va. on that date. "We ran down literally hundreds of thousands of leads and checked every record we could get our hands on," he explained.

The FBI trashing of the Atta links to Iraq did nothing to deter Cheney. On another "Meet the Press" appearance on Sept. 8, 2003, the Vice President reiterated, "There has been reporting that suggests that there have been a number of contacts over the years. We've seen, in connection with the hijackers, of course, Mohammed Atta, who was the lead hijacker, did apparently travel to Prague on a number of occasions. And on at least one occasion, we have reporting that places him in Prague with a senior Iraqi intelligence official a few months before the attack on the World Trade Cen-

ter." Cheney went so far as to describe Iraq as "the geographic base of the terrorists who have had us under assault for many years, but most especially on 9/11."

### Cheney's Parallel Intelligence Stovepipe

To further counter the assessments of the official U.S. intelligence establishment that there were no Iraqi ties to the Sept. 11, 2001 attacks, in October 2001, the Cheney-Rumsfeld Cabal created a secret "Iraq intelligence unit" in the office of Undersecretary Feith, Wolfowitz's policy deputy. This Policy Counter-Terrorism Evaluations Group (PCTEG) initially consisted of two well-known neo-cons with no intelligence backgrounds: David Wurmser and Michael Maloof. They produced scores of reports, based on a combination of "cherry-picked" raw intelligence from the community's data base, and information gathered from outside sources, particularly from the Iraqi National Congress. Their reports claimed that the CIA, DIA, and other agencies had ignored "proof" of Saddam's role in the 9/11 attacks, and similar "proof" of Saddam's nuclear weapons and other

## The Fat Lady Sings

Out of the blue, six days after Thanksgiving, Lynne Cheney, the wife of the Vice President, launched into a bitter, last-ditch defense of her puppet-husband and his lies and crimes.

How desperate they must be, to bring her out now.

As a guest on National Public Radio's "Diane Rehm Show" Nov. 30, Mrs. Cheney said that her politics had come to resemble her husband's in the same way that people come to look like their pets. Or has pet Dick come to resemble her? In any case, resemblance there is: He lies, she lies. She told host Rehm that neither Cheney nor Bush had ever said that there were links between Iraq and al-Qaeda.

When a caller cited the statement of Colin Powell's aide, Col. Larry Wilkerson, that Cheney was the inspirer of the torture of prisoners by the United States, Lynne Cheney claimed never to have heard of Wilkerson and refused to answer. When host Rehm repeated the question in a gentler way ("Do you ever have doubts?"), Mrs. Cheney claimed that the question was offensive and refused to answer again.

In refusing to answer any questions about torture, Mrs. Cheney is saying that what goes on in her bedroom, is no one else's concern.

The same evening, at an event planned as a book chat at the National Archive in Washington, D.C., Mrs. Cheney startled her host, Archivist of the United States



AFPS/Kathleen T. Rhem

*Lynne Cheney is attempting to stop revelations of her husband's lies, with lies of her own.*

Allen Weinstein, by launching into an unprovoked tirade in behalf of the Iraq War. Weinstein asked the audience to take note that it had been Cheney who had introduced Iraq, not he. She went on to a series of attacks against her and her husband's opponents.

Is it a coincidence that Lynne Cheney has reportedly added a *bobcat* to the menagerie at the Naval Observatory (or the bunker beneath it), which already featured two huge dogs and the Vice President?

WMD programs. Wurmser would later serve as executive assistant to John Bolton, the State Department's top arms control official and a leading neo-con, and then move on to Cheney's office as the key Mideast aide, a post he still holds.

Rumsfeld and Wolfowitz kept the existence of the PCTEG secret for over a year, to conceal the fact that they had created a parallel intelligence organization, working behind the back of, and at cross-purposes with the official agencies, including the Pentagon's own Defense Intelligence Agency. On Oct. 24, 2002, Rumsfeld finally admitted that he had commissioned "a small team of defense officials outside regular intelligence channels to focus on unearthing details about Iraqi ties with al-Qaeda and other terrorist networks."

Chalabi/INC-generated disinformation was "stovepiped" to Feith's office and to senior staff in the Office of the Vice President. Even when the Chalabi fabrications were passed to the CIA and DIA for official vetting, they often appeared in Cheney speeches before the agencies did their work. More often than not, DIA and CIA detailed vetting efforts showed that the purported intelligence was fabricated, grossly exaggerated, or impossible to independently corroborate.

A most revealing handwritten note by Dick Cheney has recently surfaced on a PCTEG document from the period. It reads: "This is very good indeed. . . . Encouraging. . . . Not like the crap we are all so used to getting out of CIA."

The Feith stovepipe ultimately became a bone of contention between the Administration and the Congress—especially after it was learned that officials of the Office of Special Plans (OSP), an Iraq war planning cell in the Office of Near East and South Asia (NESA), had given power-point intelligence briefings to Cheney's Chief of Staff, I. Lewis "Scooter" Libby, and Deputy National Security Advisor Stephen Hadley behind the back of the CIA and DIA. NESA/OSP, which was housed in Feith's office, was headed by William Luti, a transplant from Cheney's staff, who boasted to colleagues that he reported "directly to Scooter." Luti has since returned to Cheney's office.

On Sept. 16, 2002, as Cheney was cranking up the agit-prop for an Iraq invasion, OSP briefers presented the "proof" of a Saddam/al-Qaeda connection—retreading the already-discredited Atta-in-Prague gibberish. What highlighted the briefing, however, was a diatribe against the CIA, for "flawed" intelligence gathering and analysis methods. It was not until July 8, 2004—16 months after the invasion of Iraq—that Sen. Carl Levin (D-Mich.), the ranking Democrat on the Senate Armed Services Committee, was able to get the Pentagon to declassify one of the three slides in question. It was headlined "Fundamental Problems With How Intelligence Community Is Assessing Information." The slide accused the intelligence community of applying too high a standard in vetting intelligence leads; and of overstating the frictions between "secularists and Islamists."

Following Rumsfeld's admission that he had created his own parallel intelligence and analysis team, the SSCI demanded that Feith submit a classified report, detailing the



New America Foundation/Sarah Brennan

*Col. Lawrence Wilkerson (ret.), former chief of staff of then-Secretary of State Colin Powell, is denouncing the "Cheney-Rumsfeld Cabal." Lynne Cheney says she never heard of him.*

findings of the unit. Feith stalled for months, but finally produced a 16-page memo, citing 50 itemized instances where the PCTEG had found intelligence citations of the Saddam/al-Qaeda links.

That Oct. 27, 2003 memo was not just passed to Senators Pat Roberts (R-Kan.) and Jay Rockefeller (D-W.Va.), the ranking members of the SSCI. It was promptly leaked to Stephen F. Hayes, a reporter for the neo-con *Weekly Standard*, who was, according to intelligence community sources, then working on a book on Saddam's alleged ties to the 9/11 attacks.

Hayes virtually supercopied the classified document, and published it in the Nov. 24, 2003 issue of the *Weekly Standard*, with annotated comments. The article was brashly titled "Case Closed," implying that there was no longer any question that the Saddam/al-Qaeda connection was real. Hayes began his story by summarizing the fractured fairy-tale case presented in the Feith memo: "Osama Bin Laden and Saddam Hussein had an operational relationship from the early 1990s to 2003 that involved training in explosives and weapons of mass destruction, logistical support for terrorist attacks, al Qaeda training camps and safe haven in Iraq, and Iraqi financial support for al Qaeda—perhaps even for Mohammed Atta—according to a top secret U.S. government memorandum obtained by THE WEEKLY STANDARD."

In a highly unusual move, the Department of Defense issued a News Release, responding to the Hayes article, which read in part: "News reports that the Defense Department recently confirmed new information with respect to contacts between al Qaeda and Iraq in a letter to the Senate Intelligence Committee are inaccurate." Directly citing the classified annex which had been leaked and published by Hayes, the News Release asserted that the document "was not an analysis of the substantive issue of the relationship between Iraq and

al Qaeda, and it drew no conclusions.”

Six weeks after the Hayes story hit the newsstands, and well after the Defense Department refutation, Dick Cheney gave an interview, on Jan. 9, 2004, to the *Rocky Mountain News*, in which he regurgitated the contents of the Feith memo, and commended Hayes and the *Weekly Standard* by name, for setting the record straight on the Saddam/al-Qaeda links. “One place you ought to go look is an article that Stephen Hayes did in the *Weekly Standard* a few weeks ago, that goes through and lays out in some detail, based on an assessment that was done by the Department of Defense and forwarded to the Senate Intelligence Committee. That’s your best source of information,” Cheney told the paper.

In testimony before the Senate Armed Services Committee on March 9, 2004, CIA Director George Tenet, in response to questioning from Sen. Carl Levin (D-Mich.) about the Jan. 9 Cheney interview, said, “Senator, we did not clear the [Feith] document. We did not agree with the way the data was characterized in that document.”

What’s more, on July 1, 2004, Director Tenet provided a more extensive written answer to Senator Levin’s question about the CIA’s assessment of the Atta/al-Ani meeting and the overall Iraqi role in the 9/11 attacks. On the Prague meeting, Tenet stated, “we are increasingly skeptical that such a meeting occurred. . . . In the absence of any credible information that the April 2001 meeting occurred, we assess that Atta would have been unlikely to undertake the substantial risk of contacting any Iraqi official as late as April 2001, with the plot already well along toward execution.” Several paragraphs later, Tenet also dismissed an Iraqi role in 9/11 (see box).

Cheney’s open embrace of the classified document leaked to the neo-con weekly had already triggered yet another firestorm. On Jan. 28, 2004, Citizens for Responsibility and Ethics in Washington, a watchdog group, wrote to President Bush, demanding an investigation into the Vice President by the White House Counsel. The letter pointed out that it is a crime to publicly confirm information illegally leaked. “Further,” the letter read, “the Counsel should investigate whether any damage to national security was done by Mr. Cheney’s statement.” To this date, no action has been taken on the demand.

On Feb. 12, 2004, Senator Levin wrote to the Vice President, demanding to know whether the statements attributed to him in the *Rocky Mountain News* interview were accurate.

## The Libby Draft

Another White House document demanded by the Senate intelligence panel but refused by Cheney, was the draft UN testimony for Secretary of State Colin Powell, written by Scooter Libby, Cheney’s chief of staff and chief national security aide until his indictment on Oct. 28, 2005 in the Valerie Plame Wilson case.

According to numerous news accounts, two separate

Libby drafts, totaling more than 90 pages, were tossed in the garbage by Powell, after he reviewed them with intelligence community analysts and senior officials, on the eve of his appearance at the UN Security Council on Feb. 5, 2003.

The Libby drafts contained allegations against Iraq that were not backed up by intelligence community data—including the allegations of Mohammed Atta’s Iraqi intelligence ties. Where did Libby get the bogus information? The answer to that question, sources report, has Cheney sweating bullets. It may be the “smoking gun” that proves that Cheney was running his own rogue disinformation operation, to fake the case for war.

Much of the evidence of Cheney’s conniving is fortunately available, because Secretary Powell had delegated his chief of staff, Colonel Wilkerson, to assemble and run the task force of intelligence community specialists, who would prepare the Feb. 5, 2003 UN Security Council testimony. In a series of news interviews, Wilkerson spelled out a chronology of skirmishes between his task force and the “Cabal.”

On Jan. 25, 2003, Scooter Libby and John Hannah, Libby’s deputy national security aide and a former vice president of the Washington Institute for Near East Policy (WINEP), the think tank of the American Israel Public Affairs Committee (AIPAC), delivered a briefing on their proposed UN testimony at the White House situation room.

According to a Sept. 29, 2003 account of that session in the *Washington Post*, by Dana Priest and Glenn Kessler: “On Jan. 25, with a stack of notebooks at his side, color-coded with the sources for the information, Libby laid out the potential case against Iraq to a packed White House situation room. ‘We read [their proposal to include Atta] and some of us said, Wow! Here we go again,’ said one official who helped draft the speech. ‘You write it. You take it out, and then it comes back again.’ . . . Other officials present said they felt that Libby’s presentation was over the top, that the wording was too aggressive and most of the material could not be used in a public forum. Much of it, in fact, unraveled when closely examined by intelligence analysts from other agencies and, in the end, was largely discarded. ‘After one day of hearing screams about who put this together and what are the sources, we essentially threw it out,’ one official present said.”

Four days after the Jan. 25 situation room session, Libby and Hannah presented Powell with a 48-page draft text. Powell turned it over to Wilkerson and instructed him to take it to the CIA headquarters and scrub it for accuracy. Within 48 hours, the document had been shown to be based almost exclusively on sources the intelligence community had trashed as unreliable.

Libby came back with a second draft, this one 45 pages, containing much of the same material. Soon, this draft, too, was in the trash can, after careful scrutiny by Wilkerson and the team of CIA and DIA analysts assembled to vet the speech. “We fought tooth and nail with other members of the administration to scrub it and get the crap out,” Wilkerson told *Gentle-*



## CIA Director Tenet: No Saddam Link to Atta

*This is the July 1, 2004 response of Director of Central Intelligence George Tenet to Sen. Carl Levin's question at the March 9, 2004 Armed Services Committee Hearing.*

**Q:** Director Tenet, do you believe it is likely that Sept. 11 hijacker Muhammad Atta and Iraqi Intelligence Service officer Ahmed al-Ani met in Prague in April 2001, or do you believe it is unlikely that the meeting took place?

**Tenet:** Although we cannot rule it out, we are increasingly skeptical that such a meeting occurred. The veracity of the single-threaded reporting on which the original account of the meeting was based has been questioned, and the Iraqi official with whom Atta was alleged to have met has denied ever having met Atta.

We have been able to corroborate only two visits by Atta to the Czech Republic: one in late 1994, when he passed through enroute to Syria; the other in June 2000, when, according to detainee reporting, he departed for the

United States from Prague because he thought a non-EU member country would be less likely to keep meticulous travel data.

In absence of any credible information that the April 2001 meeting occurred, we assess that Atta would have been unlikely to undertake the substantial risk of contacting any Iraqi official as late as April 2001, with the plot already well along toward execution.

It is likewise hard to conceive of any single ingredient crucial to the plot's success that could only be obtained from Iraq.

In our judgment, the Sept. 11 plot was complex in its orchestration but simple in its basic conception. We believe that the factors vital to success of the plot were all easily within al-Qaeda's means without resort to Iraqi expertise: shrewd selection of operatives, training in hijacking aircraft, a mastermind and pilots well-versed in the procedures and behavior needed to blend in with U.S. society, long experience in moving money to support operations, and the openness and tolerance of U.S. society as well as the ready availability of important information about targets, flight schools, and airport and airline security practices.

*men's Quarterly* on April 29, 2004.

In an interview with author James Bamford, Wilkerson added another tantalizing piece to the picture. Still describing Libby's efforts to shape the Powell testimony, the colonel complained, "It was all cartoon. The specious connection between al-Qaeda and Saddam Hussein, much of which I subsequently found came from the INC and from their sources, defectors and so forth, [regarding the] training in Iraq for terrorists. . . . No question in my mind that some of the sources that we were using were probably Israeli intelligence. That was one thing that was rarely revealed to us—if it was a foreign source."

By the time that Secretary of State Powell had settled on a final draft for his UN testimony, *sans* much of the "bullshit," the Cheney Cabalists were beside themselves over their failure to convince the Secretary to go with the Atta-Saddam links. On the morning of Feb. 5, 2003, as Secretary Powell was resting in a suite at the Waldorf Astoria, awaiting his UN Security Council appearance, a frantic Lewis Libby repeatedly phoned Colonel Wilkerson, to make one final pitch to get Powell to go with the "Saddam did 9/11" hoax. Wilkerson was already at the United Nations. In a Nov. 22, 2005 interview with Democracy Now's Amy Goodman, Wilkerson said, "I didn't take the call from the Vice President's chief of staff, Scooter Libby. I referred it to someone else." Nevertheless, Wilkerson did confirm that the purpose of the call was to press for inclusion of the bogus Saddam/al-Qaeda links.

### Curveball

In his Security Council testimony, Powell cited what he claimed as hard evidence that Saddam had developed mobile biological weapons labs, which were producing weapons that posed a grave threat to the region. Powell has since called that testimony the low point of his long career.

The sole source on the mobile labs was an Iraqi informant codenamed "Curveball," who was controlled by the German intelligence service, BND.

On Nov. 20, 2005, the *Los Angeles Times* published an exposé, based on interviews with five BND officials, revealing that the German government had warned repeatedly that "Curveball" was a fabricator and a drunk, his information highly suspect. Subsequently, German state radio and other German news outlets elaborated on the "Curveball" story, providing further details of repeated German intelligence warnings to the Americans that they increasingly viewed their source as thoroughly unreliable, and perhaps "crazy." The CIA later issued its own warnings that Curveball was yet another frontman for Chalabi's INC. As of 1996, the CIA had written off the INC as a collection of corrupt losers and fabricators.

The "Curveball" disinformation was another of Cheney's favorite fibs. Well after the Iraq invasion, and well after the CIA and the Defense Human Intelligence Service (Defense Humint) had concluded that "Curveball" was a liar, and that there was no evidence that Iraq had the so-called mobile bio-

weapon labs, Dick Cheney appeared on National Public Radio and declared: “We know, for example, that prior to our going in, that he had spent time and effort acquiring mobile biological weapons labs, and we’re quite confident he did, in fact, have such a program. We’ve found a couple of semi-trailers at this point which we believe were, in fact, part of that program. Now it’s not clear at this stage whether or not he used any of that to produce, or whether he was simply getting ready for the next war. That, in my mind, is a serious danger in the hands of a man like Saddam Hussein, and I would deem that conclusive evidence, if you will, that he did, in fact, have programs for weapons of mass destruction.”

Cheney’s love affair with “Curveball’s” fabrications was, at least partly, explained by the fact that Doug Feith’s spin machine alone had produced 75 intelligence reports, based exclusively on “Curveball’s” debriefings, which were passed into the hand of U.S. intelligence through Defense Humint, and were accessed by Feith’s cherry-pickers.

The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, otherwise known as the Silberman-Robb Commission, issued its final report to the President on March 31, 2005. The report contained a 31-page chapter dealing exclusively with “Curveball,” detailing the battles that took place within the intelligence community over the vetting of that source. Ultimately, both CIA and Defense Humint concurred with the BND that “Curveball” was a liar. But the Silberman-Robb Commission catalogued a string of failures by the relevant intelligence services to communicate to policymakers that they had issued a “burn notice” on “Curveball” until after the disastrous Powell UN appearance and the start of the war.

### Rendon Group’s Info Warfare

After the CIA’s mid-1990s dumping of Chalabi, the convicted bank swindler kept up his ties to such neo-con outposts as the American Enterprise Institute and the Jewish Institute for National Security Affairs (JINSA). When Bush-Cheney came into office in 2001, the Pentagon picked up the INC franchise, and gave a lucrative contract to a Beltway PR firm, The Rendon Group, to promote the overthrow of Saddam. The Rendon Group had literally created the INC back in 1992, on a secret CIA contract to begin covert operation to overthrow Saddam.

Under Bush-Cheney, the Rendon Group and INC ran a Pentagon-funded program, the Information Collection Program, through which Iraqi defectors were debriefed on Saddam regime crimes.

In December 2001, the INC promoted a defector, Saeed al-Haideri, who claimed to have worked at dozens of secret WMD sites in Iraq. A CIA polygraph exam exposed him as a liar. Yet, within weeks of submission of the CIA assessment, the *New York Times*’ Judith Miller and Australian Broadcasting Corporation’s Paul Moran were publishing “exclusive” stories based on interviews with al-Haideri. Cheney gave a series of speeches based on the Miller article.

On Sept. 8, 2002, as Cheney was gearing up the war drive, Miller wrote another “exclusive” INC-sourced story, claiming Iraq had purchased aluminum tubes that could only be used for centrifuges, a key component of a nuclear weapons program.

The State Department intelligence unit and the Department of Energy strenuously objected to the story. But based on Miller’s article, and already-discredited reports that Iraq was seeking to buy yellowcake uranium from Africa, Cheney et al. forced the war down the throat of Congress with images of “nuclear mushroom clouds.”

*This article is the first in a series of in-depth reports on Cheney’s lies, being developed by an EIR task force which includes Michele Steinberg, George Canning, Mark Bender, Scott Thompson, Carl Osgood, and Judy DeMarco, all of whom contributed to this first part.*

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## Documentation

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### Murtha: ‘Because They Say It, Doesn’t Make It So’

*National Public Radio aired an interview with Rep. John Murtha (D-Pa.) on Dec. 1. The following is the transcript.*

**Murtha:** We need to change direction. And the overwhelming calls I’m getting, the emotional response I’m getting—they are thirsting for a direction, a plan. The latest plan of the President’s is not a plan. It’s just the same thing. And when I visit the hospitals and see these troops that are so shot up, I realize that we need to change direction. That change of direction is what I’ve proposed.

**Q:** Congressman, you’re saying that the time has come, and that the U.S. should pull out fast. A number of your fellow Democrats, though, have some real problems with this. Congressman Steny Hoyer of Maryland said, “A precipitous withdrawal of American forces in Iraq could lead to disaster, spawning civil war, fostering a haven for terrorists.” It sounds like something you yourself wrote in an epilogue to your own book. About a year ago you said, “An untimely exit could rapidly devolve into a civil war.”

**Murtha:** I said 18 months ago that we either had to totally mobilize, or we had to get out. A year ago I said we can’t win this militarily. I’ve changed my mind, obviously. Because we’ve come to the point where our troops are the targets of the insurgency. There’s four plans that I’ve seen, and three of them are not good; one is the President’s plan, that’s “Stay the Course.” That’s not a plan. Two, is that you mobilize

completely. If you mobilize, you'd have to have a draft. And we're not about to have a draft, even though I'm for it. The other [plan] is advisors that are with the troops. Now, when you look at the rosy scenario that the President tries to portray, none of those things are accurate—you can sit here in your air-conditioned office, and you can say, stay the course, but, let me tell you something. Those troops out in the field are the ones that are suffering.

**Q:** If the U.S. were to do what you're saying they should, and pull troops out within six months, what's the scenario that you see happening there? Would it be civil war, and, doesn't that matter?

**Murtha:** Let me tell you something. That's up to them. We're caught in the middle of a civil war right now. The military has completed its mission. It's done its duty. It's up to the Iraqis to settle this themselves. We can't let them decide how long we stay. And it's not a decision made by the military commanders, either. These decisions are made by the United States Congress and by the President of the United States. We sent them to war, and we can only speak for them. Military commanders talk to me all the time, privately, and what they're saying privately is not what they're saying publicly.

**Q:** Why do you think that is? Why do you think there's—

**Murtha:** Why do you think? It's because they fired [Army Chief of Staff Eric] Shinseki, that's why it is.

**Q:** You're talking about General Shinseki, who had called for 200,000 troops that would be needed to stabilize Iraq.

**Murtha:** Exactly. And of course they had way too few. I am convinced that all you do is kill more Americans if you leave us in there.

**Q:** There is a political process under way in Iraq, though, and one of your colleagues on the Senate side, Democrat Joe Lieberman of Connecticut, thinks that Iraq is actually within reach of a watershed transformation. That this is a prime moment of opportunity, and that U.S. forces are part of that opportunity.

**Murtha:** Secretary [Robert] McNamara thought the same thing in 1963. He said that this will be over in two years. Lyndon Johnson said over and over again, how well it was going. He said how many people had been taken care of, how many had been educated in the Vietnam War. We're hearing the same thing now. Just because they say it does not make it so.

**Q:** When you've gone to Iraq—you were there most recently this past Summer—what do commanders tell you?

**Murtha:** They tell me they don't have enough troops.

**Q:** Not enough troops. Have any of them actually said, it's time to pull out; we think we're done here and we've got

to come home right now?

**Murtha:** Well, I'll put it this way. I wouldn't say what they've said, because they know who I've met with. But I've certainly got the message from retired people from all over the country, and this is not up to the military commanders. Military commanders are afraid to say anything. You don't get it. The military commanders are afraid because they'll be fired.

**Q:** Have they told you that?

**Murtha:** Have they told me that? Isn't it evident?

**Q:** Well, I'm asking based on the tenor of those conversations that you've had.

**Murtha:** Let me just tell you something. Even sergeants are telling me that the officers are afraid to say anything. There's no question about it.

**Q:** If they are telling you though, that they need more troops, that doesn't to me sound like a message of it's time to withdraw.

**Murtha:** They want more troops to do the mission that they are given to do. Like protect against the Syrian border.

**Q:** Have they asked for those troops?

**Murtha:** I don't know.

**Q:** I mean, the President has said if the Generals need more troops, all they have to do is ask.

**Murtha:** Yeah, well, there's a lot of things they've said over there that turned out not to be true. For instance, they said the troops were adequately prepared when they went into Iraq. They said there'd be no insurgency. They said there wasn't an insurgency at all. I mean, you go back and look at some of the things they've said, and you find obvious errors and omissions. And either someone is misinforming the President, or he's not listening to the advice.

**Q:** Given the positions that the President has staked out, on the War in Iraq, and U.S. troop presence there, do you see any way he could change what he's been saying, which is that we're there until complete victory is achieved?

**Murtha:** We're going to be out of there—there'll be very few troops left there by the end of the year.

**Q:** You believe that?

**Murtha:** I believe that.

**Q:** And how would he explain that, then?

**Murtha:** That's up to him how he's going to explain it.

**Q:** And is the idea that you would expect to see them home by the time of the elections in 2006?

**Murtha:** I think that could very well be the watershed date.

## LAROCHE OPEN LETTER TO BILL FORD

# Reorganizing the U.S. Auto Industry

*The following is Lyndon LaRouche's Nov. 23 public letter to Ford Motor Company Chairman and CEO Bill Ford.*

RE: Reorganizing the Auto Industry

Dear Chairman Ford:

I not only wish to express my hearty agreement with the statement of Nov. 22, 2005, which you delivered to the National Press Club, but to indicate the emergency measures which are both feasible and necessary. These are measures which our government must undertake as essential measures of assistance, to prevent a looming catastrophe for the economic future of a U.S.A. which remains, despite everything, still today, the pivot and hope of a general economic recovery for a crisis-wracked world at large.

The views I express here are the same which I address to relevant members of the U.S. Congress and others on this and related subjects. Putting this on the public record, with you, in this way, should be helpful to those leading members of the Congress who share my own and your expressed concern on this matter.

To wit:

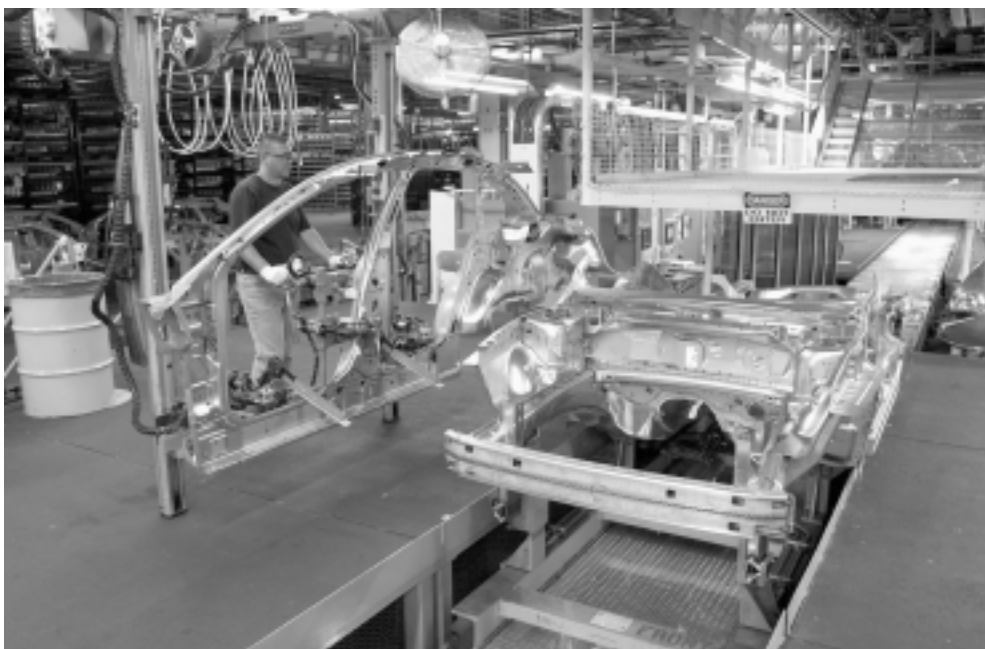
Since the shift in outlook of our most influential circles which occurred over the course of the 1964-81 interval, we have shifted from being the greatest productive machine the world had ever known, to the ruin of a post-industrial utopian "service economy." This is apparent to us, if we calculate as I and my associates have done, and present an animated view of year-by-year downshifts in physical characteristics of our nation's economy, county by county, during the course of the recent decades.

As your statement implies, the U.S. automobile industry is essentially the major component of the machine-tool-design capability of our republic as a whole, complemented chiefly by a kindred role of the machine-tool-design component of

the aerospace sector. If we dismember that specific capability, we become a Third World-like relic of our former selves. Economic devastation will sweep every part of the nation's communities, which would be directly and indirectly affected by such a ruinous development.

This industry is not made by automobiles; it, among other things, makes automobiles. It can produce almost anything which we might rely upon the existing auto industry to produce, such as a new mass-transportation grid, including magnetic-levitation grids, crucial elements of urgently needed new power-generation installations, essential components required for rebuilding the nation's ruined and depleted water-management systems. Essentially one-half of a competent design of a modern economy depends upon basic economic infrastructure. That is the ration which distinguishes us from the highly vulnerable industrial sectors of the economies of the Asian countries such as China and India today, where national income, at current export prices, is insufficient to meet the needs of the lower 80% of family-income brackets of those nations today.

Now, the process of transforming our nation from the world's leading agro-industrial power into a depleted, bankrupt "services economy" of today, has reached the point that we are a bankrupt nation. Only those powers of national sovereignty embedded in our Constitutional system, enable us to avoid imminent national bankruptcy; but, this can not be continued much longer under present trends. We require a general reorganization in bankruptcy of an otherwise hopelessly bankrupt present Federal Reserve System, as virtually all of the world has a similar or worse predicament. We require a method of mobilizing a recovery which looks back to what worked to make us, once again, the world's greatest economic power ever, under programs such as those of President Franklin Roosevelt's Harry Hopkins and Harold Ickes.



*A Ford assembly line in Chicago. The U.S. automobile industry is the major component of the machine-tool-design capability of the country as a whole, and can be retooled to produce almost anything.*

Wieck Media Services

The required stimulus for a U.S. economy under the recovery measures which a reorganization of the Federal Reserve requires, will be a concentration on basic economic infrastructure by government, coupled with the revival of the private sector through contracts and credit to private vendors in participating support of those programs at the Federal and state levels. The national-security urgency of rationalizing a national air-rail system of functional reunification of our territory, is merely an apt illustration of the way in which the capacity of the automobile industry must be diversified, a full utilization of its machine-tool-vectored capacity as a whole, within a new division of labor in respect to the industry's net product.

This requires a core remedy built around an Act of Congress which enlists a sufficient part of the existing potential of the industry to maintain existing machine-tool developmental potential and present community employment to maintain the capacity of the industry intact, while diversifying its product in ways which are both consistent with the national interest and represent an adaptation to the reduction of the domestic market for automobiles manufactured by U.S. firms.

We have ruined our nation and its economy with the recent four decades of drift downward into what is termed, euphemistically, a "services economy" today; but, we remain, with all our ruinous faults, the nation on whose exemplary leadership the world depends, politically, for a recovery from the immediate threat of a general financial-monetary breakdown-crisis of the present world monetary-financial system at large.

You struck the right note on the subject of recent economic history. We need the right implementation that implies. That is not merely an option; it is presently the only economic option our nation actually has available. The U.S. Senate and

related institutions will need support on the matter of feasibility of the required reforms in national mission-orientation. A widened dialogue on the implied substance of the issues is timely.

This will require an act of Congress, probably emanating from the relevant committee of the U.S. Senate, to create the authority providing the needed cover for the reorganization of the existing automotive industry to that effect.

Under such an act, the existing industries, and their associated key machine-tool associates, would enjoy federally supported means for orderly reorientation without loss of any essential productive elements. A special facility, established under Federal law, would be needed to provide a protective cover for this, while creating the programs of expanded categories of activities, beyond the existing industries' present marketing missions, in mass transport and other fields.

You and your associates have the experience needed to craft relevant proposals defining the primary opportunities for relevant technological forms of market diversification based the industries' existing machine-tool-design potentials.

This Federal provision must include the orientation of establishing the U.S.A. as once again the technological leader which we encourage and assist other nations to match and emulate. Science and its indispensable partner, machine-tool design, must become once again the exemplary standard of U.S. industrial performance. That must be the mission of the Federal provision for this reform.

Sincerely yours,  
Lyndon H. LaRouche, Jr.

cc: U.S. Senate

# Auto and World Economic Revival

by Lyndon H. LaRouche, Jr.

Nov. 24, 2005

On the subject of my letter to Chairman Bill Ford, there is clearly much more to the matter than I stated there. What I stated is valid as far as the subject there goes, but the continuing success of what I propose depends upon the assumption that certain other measures, of broader implications, are taken in support of what I outline in that letter. I identify several among the crucial such points here.

1. The implementation of what I outline as the diversification of the application of the auto industry's capacity, implies the adoption of a general policy of integrated development of the nation's public air, rail, or maglev transport, and waterborne inland and foreign transport.

2. It implies a rebuilding of the nation's power grid, with heavy emphasis on high-temperature gas-cooled nuclear-fission reactors (of approximately the Jülich type), and the shift of highway-vehicular and air-flight power to generation of hydrogen-based fuels regionally/locally, where petroleum-based fuels are employed today.

3. It anticipates a return to emphasis on adoption of targets of high standards for physical-economic output, per capita and per square kilometer, for each county of the United States.

4. It requires a return to a "fair trade" marketing policy in domestic trade, and import-export tariff- and quota-regulation in foreign trade and public transportation of passengers and freight.

5. This implies a set of emergency and continuing reforms of the international monetary-financial system, based on a) a return to an international fixed-exchange-rate, carefully regulated system; b) this means a reversal of a "free trade" policy, back to a global "fair trade" policy, consistent with low-cost long-term credit for physical capital improvements over spans of a quarter- to a half-century physical-investment-depreciation cycles in both domestic and foreign affairs.

6. Special attention must be given to the crucial ratio of physical output and standard of household consumption per capita and per square kilometer for the entirety of the population and territory of each sovereign national economy. This means that nations with relatively higher average national values of this type must feed the technological upgrading of economies downstream, and that more advanced economies must specialize in exports and related practices which have

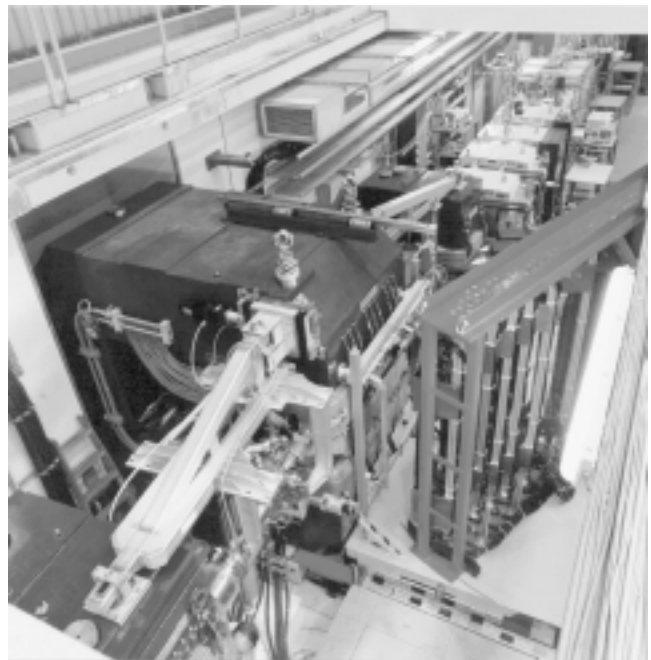


Transrapid

*Maglev technology will be an essential part of a general policy of integrated development of the nation's transportation system.*

the effect of upgrading the physical standards of living and physical-productive output per capita and per square kilometer of downstream nations. This will be fostered largely through the creation of long-term credit for physical-capital improvements at simple interest rates of between 1 and 2%.

7. Since nearly all leading national banking systems are currently bankrupt, and since the present international monetary-financial system is hopelessly bankrupt under any attempted continuation of current policies, the crucial immediate issue is keeping essential banking institutions functioning, even in a state of bankruptcy, to such effect that the

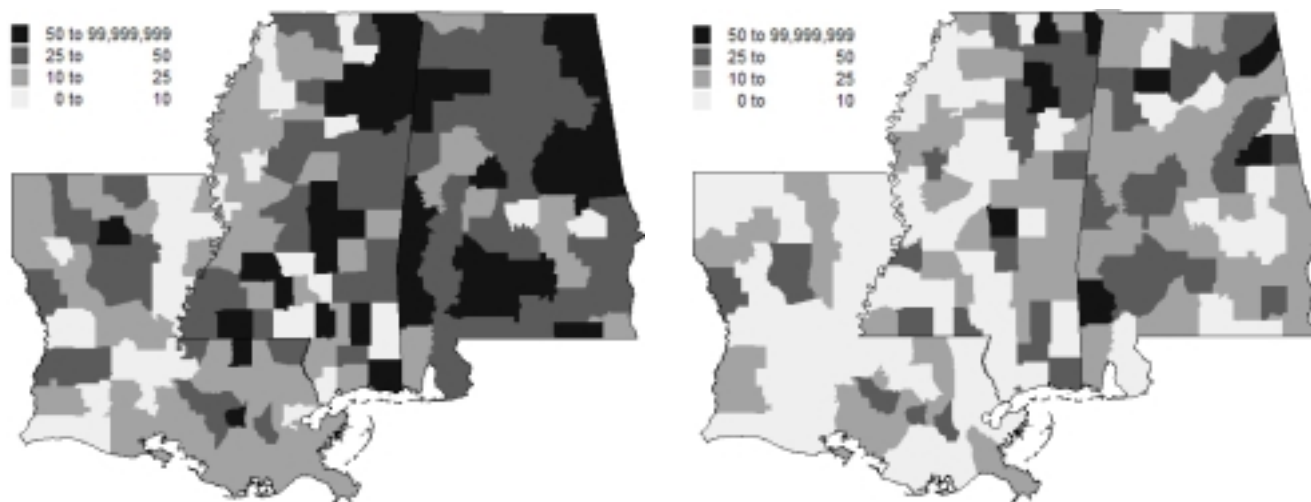


www.fz-juelich.de

*A nuclear research facility at Germany's Jülich Research Center. The Jülich high-temperature gas-cooled reactor design typifies the model required to rebuild the U.S. power grid.*

## Manufacturing Employment Decline, by County, 1975 and 2000

(Percent of Total Workforce Engaged in Manufacturing: Louisiana, Mississippi, Alabama)



Source: EIR 2005, Map by MapInfo.

*A successful national strategy will require high standards of physical-economic output, per capita and per square kilometer, for each county of the United States. Here we see the county-by-county destruction of the physical economy of the three states hardest hit by Hurricane Katrina. The decline in manufacturing employment was replaced by a growth in the service sector, as is the case nationally. (See animations at [www.larouchepub.com/animations](http://www.larouchepub.com/animations).)*

resolution of bankrupted institutions' honorable debts occurs over the span of some reasonable horizon, and that worthless claims, such as financial-derivatives speculation, are debrided as uncollectible gambling debts.

### First Discussion of the List

There may be strong, even violent objections to certain crucial elements of this catalogue; but, objections must be placed as a much lower priority than avoidance of the presently impending threat of a general breakdown-crisis of the entire present world system.

Essentially, this means what was already implicit in the design of the original Bretton Woods system: the replacement of the British East India Company's neo-Venetian model of globally hegemonic financier-oligarchical system, by the form of capital-credit system represented by the American System of political-economy. The doctrine of the abysmally failed model of "free trade, services economy" system, has proven itself a calamitous failure, where the Bretton Woods design was a success. Reorganization in bankruptcy must be nothing other than removing the disease, in favor of promotion of healthy tissue.

The great strategic issue, globally, of this moment, is whether we shall all go quickly to Hell under a system in which national governments, if they are permitted to exist, are merely lackeys of international financier oligarchies, or international monetary-financial and related credit systems shall be an equitable, and durable, arrangement among per-

fectly sovereign nation-states, that for more than two generations yet to come. The financier-oligarchical model which was provoked into being by the 1964-67 rampage of Britain's first Harold Wilson government, has been a catastrophe, where the postwar Bretton Woods system, with all the errors of practice imposed upon it, was relatively a triumph. The conclusion should be obvious.

### Second Discussion of the List

Obviously, the attempt to implement all of the essential features of that list of needed reforms, must take into account the factor of "political ripeness." Some elements are susceptible of more or less immediate, and also urgent, action. Of others, new developments must be experienced before we find readiness to implement such measures. All elements are essential, but yet, like the components of a functioning assembly, they may be crafted separately. The span of lapsed time available for completing all essential measures is limited by real factors we can not willfully control; but, there is some latitude for a piecemeal implementation, on the condition that we see the intended final result as the adopted perspective within which each step of reform occurs.

The key point to be emphasized, is the need to build confidence in this approach. By saving the United States' vital machine-tool sector, on which the life of our economy as a whole depends, we build support and confidence for other, related steps to be taken, as the experience of the Franklin Roosevelt Presidency illustrates the point.

### What Bill Ford Said, And EIR's Analysis

*We excerpt here the remarks made Nov. 22, 2005 by Ford Motor Co. chairman and CEO Bill Ford at the National Press Club in Washington, D.C. Interspersed with Ford's remarks (printed here as prepared for delivery) are comments by the staff of EIR, which appear in italics.*

**Ford:** . . . As you may know, Business Roundtable focusses on issues that affect the economic well-being of the nation. Today, I'm here to talk about the energy challenges facing our country and how we must rise to those and other manufacturing challenges through American innovation.

It's difficult to conceive of any issue that touches more of our lives than energy. It drives our mobility, our appliances, and our choices about how far we can live from our jobs. It affects our environment, our national security, and our household budgets. . . .

When I became CEO, I decided to invest in new products that were more fuel efficient. I believed back then that the days of cheap gasoline were numbered. That led to the creation of the world's first hybrid-electric SUV, the Ford Escape, and inspired our decision to build up to 250,000 hybrids a year by 2010. . . .

I believe that as an American company, we have the responsibility to the nation to take these steps. Not just because they will help our bottom line, although they ultimately will, but because it's where our future lies. And if we want to succeed as a company and as an industry we must drive innovation into everything we do: into technology, into safety, into design, and into real-world solutions for environmental issues, like the impact of energy usage on our world.

This is not a new prescription for success, but the urgency couldn't be any greater. Innovation is always what's made American manufacturing the envy of the world, the engine of ideas, the means by which our nation protects its freedom.

Consider my own company's history. Innovation is what made Ford a leader—from the Model T, to the assembly line, the \$5-a-day wage, flathead V-8, seatbelts and passenger-side air bags. Innovation is what created the great Lincoln Continentals, the '49 Ford, the T-Bird, the Mustang, and the best-selling trucks the world has ever seen. It's also what helped us play a vital role in Detroit's Arsenal of Democracy.



Ford Motor Co.

As you may know, Ford applied its manufacturing prowess to the construction of the B-24 Liberator Bomber at our Willow Run facility.

*The rapid conversion of the automobile industry to airplane production, at and beyond the frontiers of existing technology, during Roosevelt's war mobilization, sheds light on what is the only practicable solution to the industry's problems today, as Lyndon LaRouche presents it in his accompanying open letter to Chairman Ford and supporting memoranda.*

*While we need not suspend civilian passenger-car production today as we did during World War II, yet we must recognize that such production will not continue at sufficient levels to employ even the existing, stripped-down automotive labor-force and plant. Yet auto (with aerospace) constitutes the heart of our vital machine-tool design capability. Losing it would consign us to virtual Third World status, as LaRouche has often noted.*

*But at the same time, we urgently need large-scale maglev (magnetic levitation) and high-speed rail systems for freight and passenger transport, upgraded water-management and water-borne transport systems, and vast arrays of power-generation systems. After Hurricane Katrina, beyond simply rebuilding destroyed housing and other buildings, the water-transport, water-management, and port infrastructure which connected the North American heartland with world commerce through the Mississippi River and the Gulf ports, must be rebuilt, and in part replaced. As with the planes and tanks of World War II, an upgraded U.S. automotive industry has an absolutely irreplaceable role in the production of these high-technology systems of the immediate future, and beyond.—EIR*

**Ford:** Beyond the auto industry, going back to our nation's founding, innovation has been the driver behind America's leadership. For nearly a hundred years, from 1850 to World War II, innovation was largely driven by entrepreneurs sensing needs and proposing solutions. The Cold War era ushered in a new dynamic to American innovation: the collaboration between government and business. Look at all that partnership has spurred: the polio vaccine, the Internet, GPS systems, cell phones. The list goes on.

Now, more than ever, with the competitive pressures of globalization, America needs to respond to the economic challenges of our time. This is not the moment to stop investing and concede our competitive edge in vital parts of the economy. Just the opposite—we must take the lead and show the world that there is only one, true innovative manufacturing giant. And it has three distinct initials: U.S.A.

As I said, that's a mandate that we must heed in the domestic auto industry. It's at the core of my decision-making. If we don't get in front on the challenge, if we don't adapt to a





Courtesy of Ford

*The vast Ford River Rouge complex in Dearborn, Michigan, played a vital role in the World War II mobilization, and could be retooled today for producing transportation and power infrastructure, or whatever is needed.*

changing market and shifts in consumer demand, then, like any business, we deserve to suffer the consequences. However, if we innovate and take the necessary steps, we will succeed as we always have, with the might of America behind us. That's what we've done throughout American history, through the ups and downs of war and tough economic cycles. Our government must view the challenges of this era through the same lens and stand by American workers, and American industry, as it always has. . . .

*Under our system, the American System of political economy, only the Federal government bears the ultimate responsibility for the development of all of the people and all of the land area. A core competence of the Federal government is therefore to ensure the creation and expansion of essential national infrastructure, regardless of which parts of that infrastructure are to be owned by regulated private utilities, and which owned by units of local, state, or Federal government.*

*Throughout our history, great projects of national infrastructure have been funded, directly or in effect, by low-cost credit issued and directed by the Federal government to that purpose. We must return to that tradition now, under a Federally reorganized financial system which will make it possible to do so.—EIR*

**Ford:** The fact that American auto-making has been a powerful engine for jobs, research, and economic development has not been lost on other nations. They see the great potential. That's why they are investing collaboratively with their domestic auto companies to expand into markets such

as ours. Take Japan, for example, where the social costs of labor, such as health care and pensions, are spread across the entire population. The government there has actively helped fund advanced technologies that would offer their businesses a competitive advantage in the future. The hybrid batteries are an example of that. Nearly a decade ago, the government offered subsidies to their domestic auto suppliers to build hybrid batteries, which are one of the most expensive components of today's hybrid vehicles. That gave them a head-start. Today these batteries are in high demand and in short supply. We need to develop the capabilities to build these batteries here in the U.S.—or we will find ourselves increasingly hostage to foreign components. . . .

Like all new inventions, the first few years of any new product are the most cost-intensive and the least profitable. It takes time to roll out your products in sufficient volume to recover your costs. And it becomes harder and harder to make those long-term investments alone. Just as other countries have found manufactur-

ing important enough to make a priority, this country should as well. It ultimately means more jobs, more tax revenue, and a position of strength and leadership in the world. Japan recognizes what's at stake. So does South Korea. And China. And others are getting in line. They're obviously onto something.

There are some who shrug their shoulders at all this. They say American manufacturing is yesterday's news and that we should rely squarely on the service sector. They say it's okay to be a consumer society and to leave the production to other parts of the world. They say that the only thing that matters is that we get our goods as cheaply as possible; that we shouldn't worry about the collateral damage.

Well, I'm not convinced.

*Precisely. Indeed, it is past time to admit that the "post-industrial services economy" has been a cruel hoax. Every so-called "reform" in economic and related policy for the past 30 years, has been purely for the worse. It is long past time to abandon that failed experiment at last, and return to American System policies like those of Franklin Roosevelt, under which we recovered from the Depression of the 1930s, led in defeating world fascism, and then inaugurated the greatest sustained period of growth in the history of the participating nations, led by the United States.—EIR*

**Ford:** I believe that with the right investments, America and the American manufacturing sector can win. It can maintain its leadership stature in the world. And we can reduce our dependence on foreign oil. All at the same time. But we can't



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*A Ford Mustang assembly line. Tens of thousands of auto workers are being thrown out of work, due to the foolish “post-industrial” shift into the service sector.*

get there alone.

Today, I want to talk about several measures America can take in the short run that I believe will bear fruit for years to come.

First and foremost, we all know that research and development is the lifeblood of manufacturing. But as I said, it’s costly and the payoffs are longer-term. That’s why I urge Congress to invest in America and dramatically increase the R&D tax credit to more directly support companies working on advanced vehicles, components, and fuel technologies. Technologies like hybrids, ethanol, hydrogen, and clean diesel. This investment would help build a supply base right here in America for critically needed energy saving fuels.

Second, I’m sure you’ve read about the turmoil that global competitors have thrust upon domestic auto suppliers. Part of the problem, as you know, is the simple fact that there are too many plants with old technology that’s becoming more obsolete with each passing day. That’s especially true in light of advanced technologies that are created outside our borders.

I believe there is an opportunity here to convert some of our industry’s existing plants so we can build advanced technological vehicles and components. I urge Congress to consider tax incentives to help American manufacturers convert existing—but outmoded—plants into high-tech facilities.

*Absolutely right. LaRouche addresses the forms in which this high-technology reconversion is practicable, in the accompanying letter and memoranda.—EIR*

**Ford:** Third, converting facilities is only part of the equation. We also need to invest in the American workers who build the products with training programs and incentives to upgrade worker skills. That will help us move into the future while preserving American jobs.

Fourth, building advanced fuel vehicles is essential. But

getting Americans into them is equally important. We need to reduce our dependence on foreign oil. Hybrids and ethanol vehicles are the most practical ways to do that right now—not in the distant future. But hybrids are still more expensive to make than pure gasoline-powered cars. The 2005 Energy Act provides up to \$3,600 in tax credits for Americans who buy hybrids. For example, beginning January 1st, our Ford Escape and Mercury Mariner hybrids will be eligible for those consumer tax credits. By encouraging consumer support for a promising new technology, our government is supporting innovation and investing in our nation’s future. We should look for other ways to encourage Americans to buy fuel-saving vehicles. . . .

Fifth, I spoke earlier about our ethanol program. The 2005 Energy Act encourages the use of ethanol, in particular the higher-content E-85 fuel. It’s a great, innovative first step, but it’s only a first step.

The U.S. auto industry has produced more than 5 million flexible fuel vehicles—but there are only 500 such fuel pumps in America. So while we’re building vehicles that can handle ethanol, Americans have few places to go and fill up their tank. If we’re serious about reducing our dependence on foreign oil, we need to get serious about making ethanol available to customers. . . .

Sixth and finally, in September I wrote President Bush a letter suggesting he convene a group of automakers, suppliers, fuel providers and government agencies to address America’s energy challenges. Later today, I’m meeting with members of his Administration to discuss this idea further. Because now, more than ever, I believe we must take action. If we put our heads together, and keep in mind our shared interest in America’s future, I’m confident that we can innovate our way toward the right solutions.

*This would seem to complement Sen. Hillary Clinton’s (D-N.Y.) proposal to President Bush that he convene a national “automotive summit,” which EIR supports.—EIR*

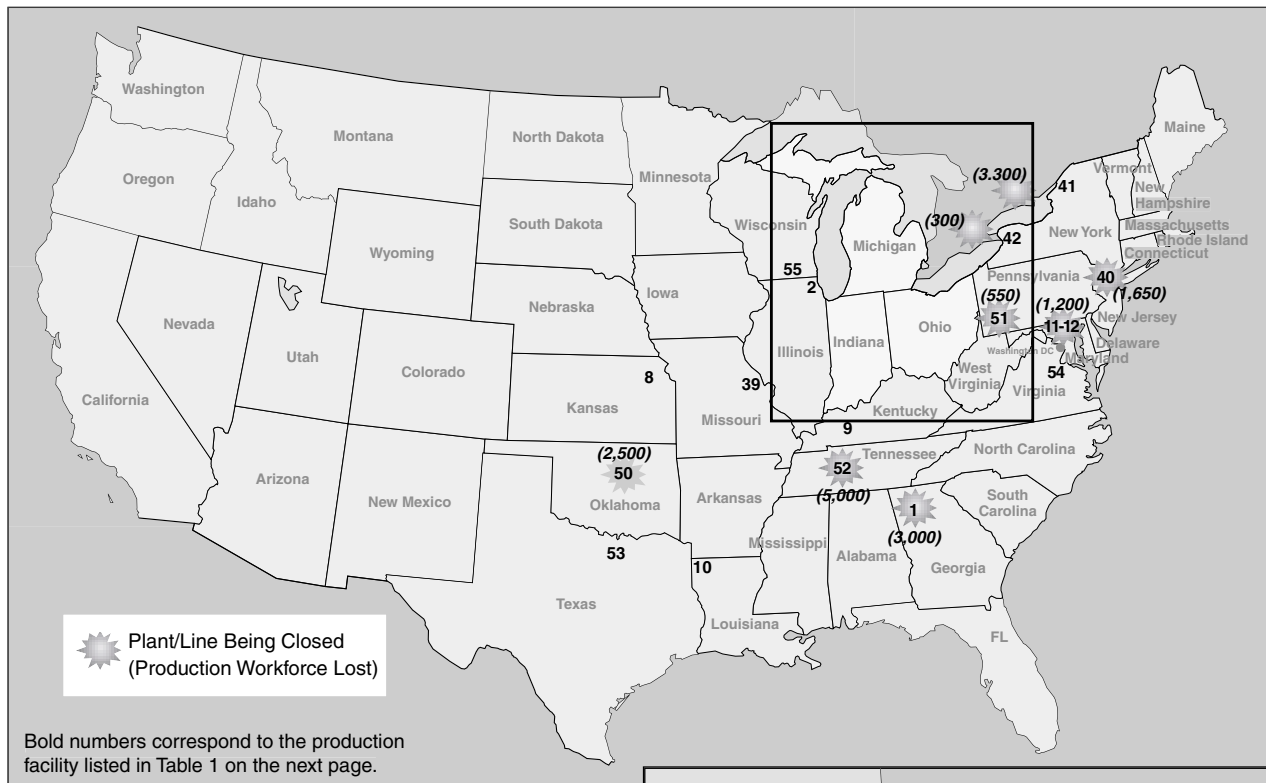
**Ford:** Let me conclude by saying this: Nothing I spoke about today is a partisan issue. It’s not Democratic or Republican, red state or blue state. If we make the right investments today, in the right innovations, our country will benefit for generations to come.

This Thanksgiving weekend, as you’re driving to visit family and friends, think about the mobility we all take for granted. We all depend on an energy supply that is increasingly scarce and expensive and a world beyond our borders that is filled with unrest. We should all pause and think about what we need to do as a nation to face and overcome these challenges—and to be thankful for all the blessings that we enjoy.

Thank you, happy Thanksgiving, and I’m glad to take a few questions.

FIGURE 1

## Critical Auto Capacity To Be Saved: GM Capacity Shutdowns 2005-2008



### 'Third World' Economy?

The map of North America shows the prospect resulting from just one company's auto-cannibalization—unless the industry is saved by the kind of emergency action LaRouche outlines in his open letter and memo.

If the announced shutdowns are carried out, GM will have eliminated one-third of its North American capacity since 2000, when it produced 6.2 million vehicles. It will have eliminated 30% of its production workforce of 2000, and 85% of its 520,000-strong production workforce of 1978! As for its white-collar employees, it will have fired 40% of them since 2000.

Of the 30,000 production workers GM's CEO Rick Wagoner announced on Nov. 14 he will fire, 26,400 are in the United States, the rest in Canada. **Table 1**, page 20, lists GM facilities by state.

In an even shorter time-frame, GM's former subsidiary and major parts maker, Delphi Automotive, threatens to fire 12,500-24,000 (or 35-70%) of its production workforce of 35,000, and to close at least 10 of its 23 U.S. production plants. And Ford Motor was scheduled, before William Ford's Nov. 22 speech, to make a January 2006 announcement of a similar drastic cannibalization.

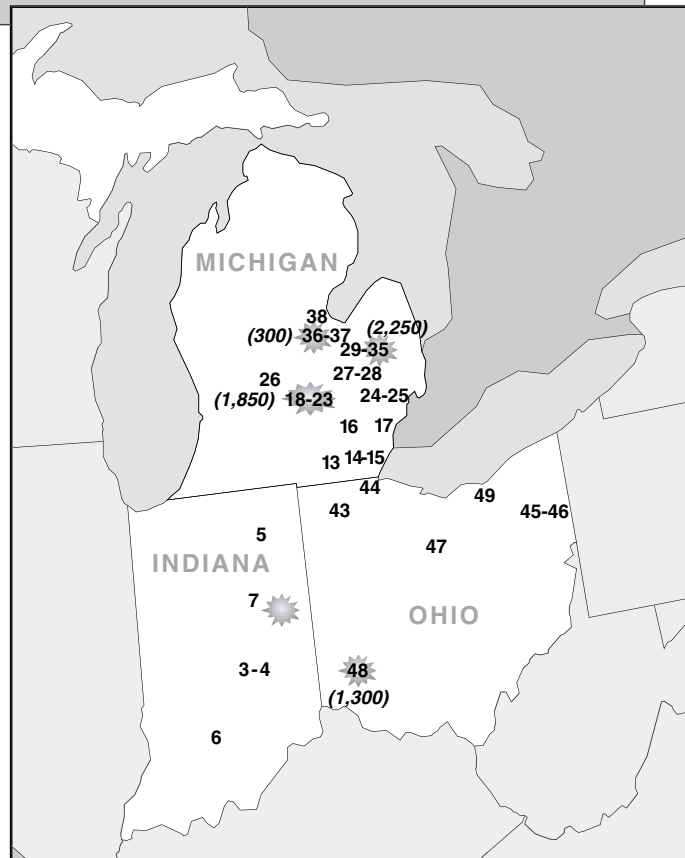


TABLE 1

**GM Production Facilities, 2005**

No.	State	City	Type of Facility	Hourly Workers	Salaried Workers	Plant Square Feet (Millions)
1	<b>Georgia</b>	Doraville	Assembly	2,856	220	3.6
2	<b>Illinois</b>	LaGrange	Electro-Motive	823	769	1.3
3	<b>Indiana</b>	Indianapolis	Transmission	2,500	1,300	3.5
4		Indianapolis	Metal Center	1,473	159	2.1
5		Fort Wayne	Assembly	2,716	184	2.5
6		Bedford	Foundry (PT)**	747	133	0.9
7		Marion	Metal Center	1,442	172	2.1
8	<b>Kansas</b>	Fairfax	Assembly	2,650	200	2.5
9	<b>Kentucky</b>	Bowling Green	Assembly	1,014	116	1.0
10	<b>Louisiana</b>	Shreveport	Assembly	3,000	200	3.1
11	<b>Maryland</b>	Baltimore *	Assembly	883	120	3.0
12		Baltimore	Transmission (PT)	376	68	0.4
13	<b>Michigan</b>	Ypsilanti—Willow Run	Transmission(PT)	3,419	338	4.8
14		Romulus	Engine (PT)	1,800	225	2.1
15		Romulus	Transmission (PT)	390	30	0.4
16		Livonia	Engine (PT)	344	88	1.0
17		Detroit/Hamtramck	Assembly	2,500	220	3.5
18		Lansing	Car Assembly—Body	2,170	349	2.6
19		Lansing	Car Assembly—Chassis	2,442	0	4.1
20		Lansing	Assembly	336	62	1.0
21		Lansing—Delta Twnshp	Assembly	130	16	0.6
22		Lansing—Grand River	Assembly	1,303	185	2.0
23		Lansing	Metal Center	1,514	144	1.7
24		Warren	Technical Center—Engineering	2,400	16,000	10.0
25		Warren	Transmission (PT)	1,200	200	2.1
26		Grand Rapids	Metal Center	2,199	245	2.0
27		Pontiac	Assembly	5,200	257	2.9
28		Pontiac	Metal Center	1,945	228	3.7
29		Orion	Assembly	2,078	179	4.0
30		Grand Blanc	Metal Center	1,330	80	1.7
31		Flint	Metal Center	2,000	215	1.9
32		Flint	Tool & Die Metal Fabricating	334	31	0.3
33		Flint	Truck Assembly	3,320	294	3.7
34		Flint—South	Engine (PT)	608	93	0.7
35		Flint—North	Power Train	2,262	360	n/a
36		Saginaw	Malleable Iron (PT)	292	41	0.3
37		Saginaw	Metal Casting (PT)	1,728	227	1.9
38		Bay City	Power Train	837	120	1.0
39	<b>Missouri</b>	Wentzville	Assembly	2,101	188	3.7
40	<b>New Jersey</b>	Linden	Assembly	1,654	88	2.6
41	<b>New York</b>	Massena	Power Train	462	91	0.9
42		Tonawanda	Engine	2,415	343	3.1
43	<b>Ohio</b>	Defiance	Foundry (PT)	2,174	296	2.0
44		Toledo	Transmission (PT)	3,185	273	1.8
45		Lordstown	Assembly	3,408	273	3.6
46		Lordstown	Metal Center	1,661	191	2.2
47		Mansfield	Metal Center	2,300	230	2.1
48		Moraine	Assembly	3,821	344	4.1
49		Parma	Metal Center	2,130	222	2.3
50	<b>Oklahoma</b>	Oklahoma City	Assembly	2,534	200	3.9
51	<b>Pennsylvania</b>	Pittsburgh	Metal Fabricating	541	72	0.8
52	<b>Tennessee</b>	Spring Hill	Assembly	5,067	709	5.2
53	<b>Texas</b>	Arlington	Assembly	2,634	195	3.8
54	<b>Virginia</b>	Fredericksburg	Power Train	219	29	0.3
55	<b>Wisconsin</b>	Janesville	Assembly	3,600	300	4.8

\*This Baltimore facility was closed as of April 2005.  
 Sources: General Motors, Inc. data; EIR.

\*\*Power Train

# The U.S. Auto Industry Never Just Produced Cars

by Marsha Freeman

There is a widespread misconception that the automobile industry in the United States is now in the throes of collapse because there is too much manufacturing capacity for the number of cars people can buy, and that there is nothing else that can be done with the auto industry's factories and machine-tool shops. Nothing could be further from the auto industry's own history.

Today, when dozens of manufacturing plants are being shuttered, and tens of thousands of skilled auto and machine-tool workers are losing their jobs, this manufacturing capacity, which is a national economic asset, must be converted to produce the rail, advanced mass transit, energy, and other infrastructure systems that Lyndon LaRouche has proposed. It has been done in the past. It must be done now.

Henry Ford, who created the system of mass production that made automobiles available and affordable for a large part of the nation's population, was born on a farm in Michigan, two years before the end of the Civil War. Henry Ford hated labor-intensive farming. So the first experimental wheeled, motorized vehicle he developed in 1907, two years before his famous Model T car, was the tractor, or "automotive plow." Ford began mass producing tractors during the First World War, and the company remained a major producer of tractors through the early 1960s.

In the 1930s, General Motors, established its Electro-Motive Division, producing diesel-powered locomotives and trains, contributing to the expansion of the nation's rail system. Later, the engines would be used in submarines and destroyers.

President Franklin Roosevelt's mobilization, to make the United States the "arsenal of democracy" during the Second World War, challenged the automobile industry to transform itself into a major supplier of high-technology war materiel.

The last automobiles rolled off the assembly lines in 1942, as the industry joined the full-scale war-production drive. Walter Reuther, president of the United Auto Workers union, and an expert tool-and-die maker, convinced the Roosevelt Administration that the auto industry should be retooled, pointing out that converting a plant to produce airplanes would take six months, while building a new plant would take 18. Over the course of three years of war production, the auto industry built 27,000 complete planes, 455,522 airplane engines, 255,518 propellers, plus steel helmets, small-arms

ammunition, and other items.

The challenge to the auto and machine-tool industries and their skilled workers, was that all of these had to be built to much higher tolerances and greater reliability than automobiles, which, despite the skeptics, the industry magnificently accomplished.

## The Auto Industry in Space

At the start of the Space Age, Chrysler Corporation was the prime contractor for the Redstone rocket, a derivative of the World War II German V-2 rocket, which it built for NASA at its missile plant in Michigan. Chrysler also built the Jupiter Intermediate Range Ballistic Missile there, and during the Korean War, built Army tanks at an unused manufacturing plant in Michoud, La., near New Orleans.

That plant was completely retooled by Chrysler in the early 1960s, two thousand workers were hired and trained, and there they built the first stage of the Saturn V rocket that took Apollo astronauts to the Moon.

In the 1950s, Ford established its Aeronautics Division, developing tracking and radar both for the Air Force, and for NASA's Scout rocket and Mercury manned spacecraft. The Ford Instrument Company built the guidance systems for the Jupiter and Redstone rockets. In the 1950s, Ford Aerospace and Communications built commercial communications satellites.

General Motors bought Hughes Aircraft in 1985, and combined it with Delco to create GM Hughes Electronics, which worked on aircraft and spacecraft. In 1992, GM purchased General Dynamics Missile Systems, producing communications satellites.

The space program would not have been possible without the machine tool, manufacturing, and research and development capabilities of the Midwest, centered around the mass-production auto industry. In addition to Chrysler and Ford, McDonnell Douglas in St. Louis built the Mercury spacecraft; a B.F. Goodrich engineer in Akron, Ohio designed the first high-altitude pressure suit; and Cincinnati Testing and Research Lab built the heat shield for the Mercury space capsule.

Auto parts supplier TRW produces components for the aerospace industry. Automobile tire producer Goodrich Corp. in Troy, Ohio made the tires, brake assemblies, wheels, and landing gear for the Space Shuttle. In its huge Canton, Ohio



National Archives

*In 1942, the U.S. auto industry stopped manufacturing cars, and joined the war production drive, producing military vehicles, tanks, 27,000 airplanes, and numerous other items. Later, auto and related industries also made the space program possible. Here, workers construct bombers at a converted auto plant in Willow Run, Michigan, in 1942.*

research facility, the Timken Company designed the precision ball bearings that are on the Spirit and Opportunity rovers that are now exploring Mars.

### Tomorrow's Transport: Maglev

The most natural application of the auto industry's capacity is to other vehicles with an internal combustion engine and usually, wheels. These include aircraft, rockets, spacecraft engines, trains, trucks, tractors, construction equipment, and so on.

In addition to the rebuilding and expansion of America's decrepit freight-rail and passenger systems, a new technology on the horizon will be even a greater challenge.

Magnetically levitated transport, or electromagnetic flight, is the future of transportation. So far, commercial maglev systems are only in operation in Shanghai, China, and in Nagoya, Japan. Maglev vehicles replace wheel-on-rail trains, using magnetic systems for levitation and propulsion. Without friction, maglev vehicles can safely and quietly attain speeds of 300 miles per hour, or more.

The maglev vehicle itself most resembles an airplane, not a train, in everything from materials to its aerodynamic design. It is likely that, as in the German Transrapid design, the passenger vehicles would be manufactured in the currently underutilized aircraft/machine-tool industry.

But the other major components include magnetic and

electrical/electronic components, which would be well suited for production by auto-parts producers, when one considers the array of components in a car today that are electronic.

### Tomorrow's Energy: Advanced Nuclear

The U.S. nuclear industry has not built a new power plant in this country for 30 years. Much of our manufacturing capability has disappeared, and new reactors today would have to depend upon imports for large components, such as reactor-pressure vessels. Without the construction of hundreds of new nuclear plants in the United States over the next decade or so, there will be no possibility for rebuilding our industrial expansion. The increasingly idle auto industry can be key.

We must start building nuclear power plants in the United States immediately, using standardized advanced light-water reactors, which are passively safe, more economical and efficient, are faster to build, and require less maintenance than the 1970s generation now in use. (see *EIR*, June 17, 2005). Although none has been

built in the United States, the Nuclear Regulatory Commission has approved and certified the Westinghouse AP1000 design, and will soon certify the General Electric ESBWR. The new generation of GE reactors has been built in less than 48 months in Japan.

These advanced light-water reactors should be ordered immediately by U.S. utilities. The first place to start building them is at "brownfield" sites where there is already an operating reactor, and where the site had been prepared for additional units in the 1970s, which were abandoned. At the same time, dozens more sites should be prepared for hundreds of new plants. To supply them, we must set up, virtually from scratch, assembly-line manufacturing plants. Pumps, piping, electronic controls, and other nuclear plant components can be produced in upgraded auto parts factories.

During its 30-year nuclear hiatus, the United States has fallen decades behind in development of the more advanced, so-called fourth-generation reactor designs, such as the high-temperature gas-cooled pebble-bed reactors. Today, only South Africa and China are developing prototype reactors using this critical technology.

The in-depth research and development capabilities of the auto industry, along with a national crash development program, are needed to not only "save" the auto industry, but to recreate the U.S. economy, and finally deploy technologies such as maglev and advanced nuclear power.

# Hedge Fund Looting Is Fueling Hyperinflation

by Mike Billington

Over the past few years, hedge funds and private equity groups have taken an increasingly dominant equity position in a large number of major corporations, especially in the United States and Europe. Recent reports demonstrate that the holders of virtually unregulated masses of speculative capital are using their increased corporate power to loot these corporations, extracting short-term payoffs for their clientele (who, by law, come only from the super-rich) at the expense of corporate investment in real production, while also loading up these corporations with unnecessary future debt. This is indeed the nature of the beast, or, as Trevor Prichard, a director at Standard and Poor's, admitted to the *Financial Times* on Nov. 27, "Private equity groups are doing what they are designed to do—make money for their investors."

Economist Lyndon LaRouche describes it more truthfully: "A hedge fund comes in. It closes in on a corporation, threatens to use 'shareholder value' as a weapon, to force the corporation to gorge out more dividends—just like an ant with a heavy foot on an aphid. Then they go on to the next one. These corporations are victims. This is criminal, but it is allowed!"

According to the Nov. 28 *Wall Street Journal*, the companies in the S&P's 500-stock index will be paying out more than \$500 billion in dividends and share buy-backs this year—an increase of more than 30% over 2004. The *Journal* acknowledges that the funds are the "driving force" behind much of this huge increase in dividends, pointing to the Carl Ichan & Co. hedge fund, which used its equity clout in Blockbuster and Time Warner to force higher dividend payments. The *Journal* also acknowledges that this diversion of funds from investments in future business expansion "could have major ramifications for investors, corporations, and the economy as a whole." It publishes a chart from S&P showing corporate profits exploding since 2003, but corporate capital spending collapsing in the same time period, except for a slight gain in the past year.

## Leveraged Recapitalization and Mergers

Hedge funds are also using a trick which is well known to American homeowners, encouraged by Mr. Alan "irrational exuberance" Greenspan in order to keep the consumer spending boom going. Despite the collapse of productive employ-

ment, and of the incomes of families in the lower 80% of income brackets, families are encouraged to refinance their homes, extracting the paid-in capital to pay off charge cards, while piling up their mortgage debt as a burden for the future.

Equity funds are doing the same thing with their targetted corporations. By gaining control of a corporation, refinancing the corporate debt at the current lower rates, and extracting the "profits" as dividends, European private equity houses have "skimmed" (as the *Financial Times* called it) \$14 billion so far this year from companies they already own, and they expect to top \$17.5 billion by year end.

Another ramification of the looting process was reported in a Nov. 28 Reuters interview with Piero Novelli, the head of global mergers and acquisitions for UBS, Switzerland's largest bank. Mergers and Acquisitions (M&As) have grown by 56% in Europe this year, and by 34% in the United States, to nearly \$1 billion on both sides of the Atlantic. "Hedge funds are the major discontinuity in corporate Europe," said Novelli, "which is making deals happen that were never feasible. These funds are able to exert pressure to push through deals. When news of a deal is leaked, within a few days these funds could own 20 to 25% of the shareholder register, and by the end of the deal, they could even sometimes own as much as 60%." As has always been the case with M&As, the process provides huge profits for the brokers and the shareholders (who are now increasingly hedge fund speculators) by *shutting down* production—just one form of the way shareholders profit from the destruction of the real economy.

*Handelsblatt*, the leading German financial newspaper, reported on Dec. 1 that we have reached the point at which even the leading German corporations are being targetted for takeover by groups of hedge funds and private equity funds, including Siemens, MAN Group, Linde Group, and Daimler-Chrysler.

## Hyperinflation

"This relates to something going on which we've been missing," LaRouche commented on Nov. 28, in a discussion of the role of hedge funds in the looting of corporations. "The U.S. raised the interest rates—prime interest rate—and leveraged up dividends by this hedge fund process, to draw money into the U.S. from Europe. So, therefore, if you look back,

you'll find that the price of the dollar dropped relative to the euro for a while, going up towards \$1.30 per euro, or 'teuro,' as its called. [The German word *teuer* means expensive.] Then it went down to about \$1.15 or something like that, because this money was being sucked out of Europe by this high-dividend and high-interest-rate policy of the United States, of the outgoing Greenspan. But now, the Europeans—London—are going to raise the prime interest rate a quarter of a percent. So, you'll pull the plug the other way.

"Now, this is getting very close to the kind of back-and-forth tug of war, which leads to hyperinflationary explosions of all kinds, in Technicolor—and even with some colors that are otherwise not known to exist. This question of the interest-

rate wars, and dividend wars: People don't have any assets, but by selling their aunt and uncle, and calling it a 'dividend,' they try to leverage something out of the hedge-fund market. The hedge-funds are being boosted by this. The hedge-fund grabs hold of a corporation; it forces it by so-called 'shareholder value,' to spill dividends out. The stock goes up a little bit, the fund makes a profit—and then they drop it, and go on and do something else.

"This is what's going on. This is *extremely* dangerous. This is really hyperinflationary stuff. We seem to be missing it, because people are looking at the effect of the reporting: 'Oh! The interest rate is up! Is that good or bad, or whatever?' This is a *process*, while they're looking for a *thing*."

## Bernanke Begins Warming Up the Hypercopters

On Nov. 10, the Federal Reserve put a discreet bombshell on its website, announcing its intent to "cease publishing" the "M3" money supply figures. The announcement, buried in the statistical section, gave no reason for the move. However, Nov. 22 articles in both the *New York Post* and Bloomberg said the Fed asserted cost-cutting as the reason. Bloomberg's Caroline Baum said that the Fed determined it could save itself \$500,000 a year and save depository institutions \$1 million a year by discontinuing the publication of M3.

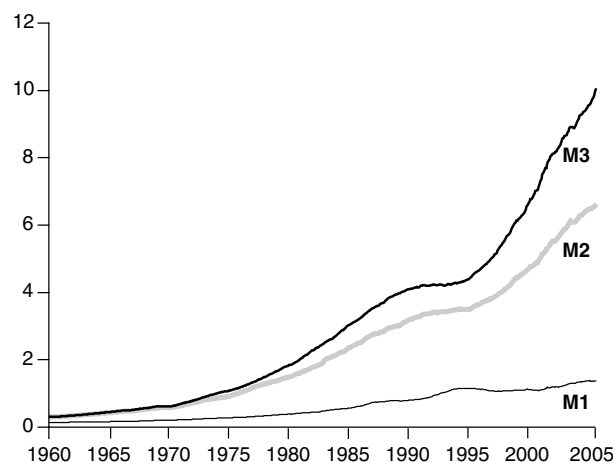
Before we start laughing too hard, a word about M3. The Fed measures the money supply in three broad categories, named M1, M2, and M3. M1 consists of currency, travellers' checks, and most ordinary deposits—basically cash and cash-equivalents. M2 includes M1, plus savings deposits, small-time deposits, and retail money-market funds—basically M1 plus money that is not immediately available, but relatively easy to get. M3, the broadest measure, includes M1 and M2, plus institutional money-market funds, large-denomination time deposits, repurchase agreements, and eurodollars—basically M2 plus large institutional and less fungible funds.

As of October 2005, M1 stood at \$1.37 trillion, and M2 stood at \$6.63 trillion. For the first time ever, M3 broke the \$10 trillion level, ending the month at \$10.06 trillion. Over the past year, M1 has grown at a 0.6% annual rate, compared to 4.0% for M2 and 7.3% for M3. M3 has doubled in the last ten years.

To understand what the Fed is doing, go back three years. On Nov. 19, 2002, Sir Alan Greenspan gave a speech at the Council on Foreign Relations in Washington, in

### Pumping Up the Bubble U.S. Money Supply, 1960-Oct. 2005

(By Month, \$ Trillions)



Source: Federal Reserve

which he promised that the Fed would, if necessary, bail out the financial system through its "unlimited power to create money." On Nov. 21, 2002, then-Fed Gov. Ben Bernanke told the National Economic Club that the Fed, with its ability to produce "as many U.S. dollars as it wishes, at essentially no cost," stood firmly behind the speculative bubble. Bernanke, now the incoming Fed Chairman, cited Milton Friedman's comment about dropping money from helicopters.

The idea that the Fed would stop tracking M3 during the worst financial storm in history, is ludicrous. The Fed is dropping the reporting of M3 because it is planning to do precisely what Lord Greenspan and Benny Bubbles said it would do: Drop money by the helicopter load, to try to keep the central banking system afloat.—*John Hoefle*



# Replacing Maastricht Depends on Germany

by Rainer Apel

The first “State of Germany” address delivered on Nov. 30 by the new German Chancellor, Christian Democrat Angela Merkel, lacked any substantive reference to the reality of the global economic depression and related political aspects. It did reflect, however, the increasing crisis of the European Union, which has erupted over the non-decision of the member governments on the EU common budget. That adds a third deep crisis to the other two crises that keep Europe paralyzed: the growing resistance to the defunct Maastricht budgeting control system, and the failure of the European Constitution project. The latter also has to do with the building resentments against the Maastricht-related effects of budget cuts on the broader population.

The British-led rotating half-year chairmanship of the EU, which ends on Dec. 31, is viewed as a disaster. British Prime Minister Tony Blair tried every trick in the book to let the budget debate fail, because it included a cancellation timetable for the special EU “British rebate.” Even longtime allies of Britain in the European Union, including Poland as the leading among the 10 new Eastern European members of the EU, have begun to attack Blair’s policy course harshly. And, in a very indicative shift, the Prime Minister of Luxembourg, Jean-Claude Juncker, traditionally in the pro-British camp of financial and monetary policies, has surfaced as a leading, even daily, critic of Blair in Europe’s west, charging him with incompetence and sabotage.

Juncker met with Chancellor Merkel, and he voiced hopes that she would intervene now, to lead the EU out of its growing paralysis. In terms of EU finances, Germany is crucial, because it is the single largest contributor of funds, representing 26% of the total EU budget. Blair’s anti-EU tactics have discredited the British reputation so much that for the first time in many years, the doors are wide open in Europe for a meaningful initiative coming from the Germans.

The first big problem that the new German government must solve, is the fact that the Maastricht system is defunct; it needs urgent replacement. Any loyalty to the system that goes beyond the usual lip-service that sometime in 2007, the German budget would become compatible with the Maastricht rules again, would lead straight to disaster. The new German government has shown a sane impulse, declaring that in 2006, it will have no alternative but to give priority to new investments over budget consolidation. The measures that the

government has announced are quite insufficient, because the proposed 6 billion euros of investments annually will not make a big difference. But the announcement itself, that investments do have priority, has provoked the hard-line monetarists into loud protests. And on Nov. 17, the international rating agency Standard & Poor’s issued a warning to the new German government that if it delayed deep new budget cuts, it would be punished by the financial markets.

## Central Bank and the Neo-Cons Worried

That same day, Axel Weber, governor of the German central bank (Bundesbank), issued a statement saying that the Grand Coalition was on the wrong track. The coalition’s intent to borrow massively in 2006, for the beginning phase of its 25 billion euro investment program, and to defer the Maastricht criteria until 2007, was the wrong signal to the “markets,” Weber said. If the coalition government intended to evoke Article 115 of the German constitution (for periods of “grave imbalances of the economy”), as a way to justify this additional borrowing—instead of cutting budgets and proceeding with “reforms,” Weber stated, the new German government was ill-advised.

And on Nov. 21, the day before Merkel was sworn in as Chancellor, Weber presented the new monthly report by the Bundesbank to the press and intensified his attacks on the government. “If the deficit [in 2006] is above the 3% GDP mark [as set by Maastricht] again, an escalation of the deficit procedure is required,” stated the Bundesbank, and it called on the Brussels EU Commission to speed up the sanctions process provided by the Maastricht Doctrine. These sanctions, according to experts, would impose a fine of more than 10 billion euros on Germany. The Bundesbank argued that sanctions were all the more urgent because continued German neglect of the Maastricht criteria would set a negative precedent for further erosion of the system.

And just hours before Chancellor Merkel’s state of the union address, Jeffrey Gedmin, head of the Berlin Aspen Institute and a leading spokesman of the “political platoon” of the American neo-cons in Germany, stated that there was too much Social Democracy in Merkel’s government; therefore, he would give her no more than two years to last in office.

Such aggressive music from the monetarists and neo-cons against the new German government indicates that the Grand Coalition does have a potential that scares the financial market speculators. That potential is largely untapped, so far, but it is there.

How to fill this vacuum will be discussed at a strategic seminar of *EIR*, featuring Lyndon LaRouche, in Berlin on Dec. 6-7. The seminar occurs as labor unionists from productive industrial firms which management and shareholders want to shut down, have begun a mobilization not only in defense of their jobs, but also for the reindustrialization of Berlin.



## Not the Austerity Coalition That Financiers Had Planned

*Germany's new Minister of Consumer Protection, Food, and Agriculture, Horst Seehofer, is a member of the Bavaria-based Christian Social Union, and a deputy regional chairman of the party. He was Minister of Health in the government of Chancellor Helmut Kohl, and has criticized Chancellor Angela Merkel's plans for radically reforming the health service. He was interviewed at the Tutzing Evangelical Academy Political Club meeting in Bavaria, on Nov. 12, by Elisabeth Hellenbroich and Hartmut Cramer. He came to the Bavaria meeting just after the successfully concluded negotiations on the Grand Coalition in Berlin.*

**EIR:** This morning you said that during the negotiations for the coalition, a “new honesty” prevailed. You said that you now expect the coalition to hold together and be successful. How do you see its chances for the future?

**Seehofer:** The Grand Coalition has the opportunity to work together, to face the huge challenges that have preoccupied us for years now, to improve economic fundamentals on a long-term basis, afford secure social conditions for our citizens, and combine competency on the economic front, with social responsibility. The heart of the matter is to assure and improve our people's living conditions, wherever possible.

**EIR:** You also stated that, while negotiating the Coalition, the “Great Illusion” had been swept aside that the current crisis could be overcome solely by so-called “restructuring measures,” which were better defined as drastic austerity, as in Brüning's Emergency Decrees. It seems that now, the coalition partners have understood that simple budget cutting is *not* the solution, but that investments have to be made, notably in research and development. What have the negotiations accomplished in this regard?

**Seehofer:** We've broken through the so-called “mainstream” economic thinking, and there is now a sense that in order to have first-class social benefits, you have to have a first-class economy. And that cannot be achieved only by budget-cutting and austerity, but rather through a dynamic, innovative economic and financial policy.

The current agreement is comprised of a package of measures, from tax write-offs for companies that invest in Germany and create jobs here, to vigorous rehabilitation of buildings, to defining private homes as “workplaces of the future,”

as well as tax write-offs for craftsmen's bills. In particular, there is the major theme of education and research, where the effort—and that includes the financial effort—will be massively increased.

What this comes down to, is that we have finally got free of the mistaken view that “If we take down social benefits, the economy will take off.” Instead, we say: “We must indeed have reforms, but they must be flanked by forceful, innovative, and dynamic economic measures.”

**EIR:** There is talk of a 25 billion euro investment program. Are there concrete projects, notably infrastructure projects?

**Seehofer:** Well, for example, Germany's entire transport infrastructure must be greatly improved, on the order of several billion euros. I would mention, since we are now speaking in Bavaria, the Transrapid stretch between Munich and its airport. And for the coming two years, until we get around to the major corporate tax reform, we could grant a 30% tax write-off to all medium-sized firms that invest, and I mean that actually do something. Such things will encourage people to show some gumption in Germany.

**EIR:** You're known as the “social conscience” or “rebel” of your party, but also of Germany. Will you continue to act so, now that you're a Federal Minister?

**Seehofer:** Have no fear!

**EIR:** And for what principles will you stand?

**Seehofer:** First, in the negotiations, we have finally broken with the erroneous doctrine that “As long as we cut social benefits enough, there will automatically be growth and jobs.” The reference today is threefold: save, reform, and invest.

Second, one has to go about savings fairly. I'm very pleased to be able to report that the coalition is agreed that there will be no pension cuts. It's been clearly agreed upon, despite attempts to do precisely that. Retired people have had to accept sacrifices for years, and there have been years when pensions were not increased at all. One can't cut pensions on top of that.

That is a fundamental point on the “savings” issue. Or the fact that we will give extra support to families with children from now on. For example, there is a “Child Bonus” for fami-

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*In the [coalition] negotiations, we have finally broken with the erroneous doctrine that “As long as we cut social benefits enough, there will automatically be growth and jobs.” The reference today is threefold: save, reform, and invest.*

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lies who agree to complement the statutory pension scheme with a private scheme. There is a parental allowance, paid in the first year following a child’s birth: Women will receive up to 1,800 euros monthly in the form of a parental allowance, with which they can either hire home help, or take care of the child themselves during the first year. These are *reform measures*.

Another point involves keeping people longer in the workforce, but that cannot be brought in overnight. When older people have little chance to find a job, to compel them to remain in the workforce longer would amount to cutting their pensions, since if they retire earlier, they draw less pension. The idea is to extend the retirement age, from the year 2012 on, up until 2035. And there will also be an employment program for people 50 and over, with which we will attempt to bring older people back into the labor force. We must put an end to the “youth cult,” which says that everyone over 50 is done for.

I’m in favor of such reforms, because they are fair. One might of course disagree with the social impact of raising VAT [the Value Added sales tax]. But I see no way around it. At the conference, I explained that there are very few options for cuts in the federal budget. No one wants to cut pensions or child allowances, and so there is hardly any other way to bring down the deficit by cuts, so dire is the present condition of public finances.

In raising taxes, one has to make sure that it’s done as fairly as possible. We have done so by leaving the VAT as is for foodstuffs and daily necessities, that is, at 7%, and part of the income from the VAT hike will be used to cut [employee] unemployment insurance contributions. Finally, really big earners will pay 3% more in taxes. Yes, these are burdens, but I think that we’ve taken care that is being done somewhat fairly.

**EIR:** At the conference, you explained that in this budget, for the first time, debt will be twice as high as investment, which of course goes against the Constitution. In our proposal, it’s not an issue of piling on debt, rather of productive credit generation to have the State create credit, for example State bonds, which would only be granted for *productive* investment. Do you see that as a way out of the budget problem, so as to foster further investment?

**Seehofer:** This morning, I spoke, quite deliberately, of 42

billion euros net indebtedness, and 20 billion euros investment. Were there investments of 50 billion euros, there would be nothing wrong with a net indebtedness of 40 billion. But when we use credit to pay for consumption, social benefits, and civil servants’ wages, which is what those figures express—that spells danger.

We have got to restore the State’s ability to act. Loans are taken out for *investment purposes* in the private sector, and nothing speaks against it, from the economic standpoint. But we’ve gone way beyond that. We’ve created, in the present, some maneuvering room for redistribution through indebtedness, that will take the form of future tax hikes. Current tax hikes correspond to past indebtedness; the next generation will have to accept tax hikes for current indebtedness—but we don’t want to go on like this. Debts today spell taxes tomorrow. Through debt, one generation creates maneuvering room, that it would not otherwise have. But the next generation will have to pick up the tab.

The only area where one can responsibly run up debt, is for investments, the financing of which stretches over one or more generations, in transport schemes, universities, hospitals. But one must not cover the cost of social services and the wage bill through debt. The private sector wouldn’t do so—or whenever it does, bankruptcy looms.

**EIR:** That was what my question aimed at. We were thinking of the great German economist Wilhelm Lautenbach, who in the early 1930s, in an attempt to head off the Nazi Party, proposed gigantic public investment in infrastructure. Lautenbach explained at the time, that not only would economic growth be fostered thereby, but the entire economy’s productivity would rise, and millions of useful jobs would be created. This is not the same as running up debt, but means creating value by investing into the future, rather than using credit to finance consumption or the wage bill.

**Seehofer:** I couldn’t agree more! That’s why the Minister President of Lower Saxony, Christian Wulff, brought with him to the Coalition negotiations, the official gazette with Brüning’s Emergency Decrees, and he read them out to us, so that everyone might see how dire, how desperate the impact on the country is, when one wrecks the State by slashing expenditure to the bone. That is why we “will not slash to the bone,” but have rather adopted the threefold plan: save, reform, invest.

## Kirchner Positions Himself To Do Battle With the IMF

by Cynthia R. Rush

Argentine President Néstor Kirchner stunned world financial centers on Nov. 28, when he took the bold step of asking his Finance Minister, Roberto Lavagna, to resign. Rumors of a possible Lavagna departure had intensified after the Oct. 23 midterm elections, in which Kirchner's Victory Front coalition won a resounding national showing. But few believed that Kirchner would actually replace Lavagna, the "respected" economist who was supposedly the "mastermind" of the country's economic recovery.

The decision to remove Lavagna was not an impetuous one. As the global financial breakdown accelerates, Kirchner understands that he must position himself to do battle with the International Monetary Fund (IMF), which still insists that the Argentine leader swallow its free-market insanity as a condition for any new agreement. The IMF depended on Lavagna to "rein in" the President, whom they label a "populist," because he won't accept its dictates.

Kirchner's defiance—he has even hinted he might consider writing down the \$9 billion that the IMF insists Argentina still owes the Fund—and his insistence on defending his country's interests and right to reindustrialize, has enraged the speculators, vulture funds, and free-market fundamentalists who had visions of finishing off the looting job they started in the 1990s.

They were shocked when Kirchner's Chief of Staff Alberto Fernández confirmed Lavagna's resignation at the very end of the Nov. 28 press conference called to announce the names of the new Foreign, Defense, and Social Development Ministers. Even more distressing to them was Kirchner's choice of economist Felisa Miceli, president of the state-owned Banco de la Nación, to replace Lavagna.

She's a "nobody," the international financial dailies screamed. She doesn't have the "influence" and political clout

that the "respected" Lavagna has. She won't be tough on fiscal policy. Without Lavagna's "moderating influence" in the cabinet, they bellowed, Argentina is headed straight for disaster, moving further "left" toward Venezuela's President Hugo Chávez. Lavagna was the "voice of reason" in the face of this "madness," cried one distraught University of California economist.

On the contrary. The Argentine President is moving astutely in a global environment shaped by the fierce political battle now shaking Washington, in the center of which is statesman Lyndon LaRouche's "Get Cheney" offensive, and the aggressive organizing of the LaRouche Youth Movement in the U.S. Congress. In the "post-Cheney" climate defined by LaRouche's intervention, important sectors of institutional Washington are now demanding the Vice President's head.

LaRouche emphasizes that this battle in the United States is making world history, right now. Developments in Argentina are significant because they intersect this fight. Like many other foreign leaders, Néstor Kirchner has picked up the smell of impending change in the U.S. Capitol. But he doesn't underestimate the fact that the financial oligarchs behind an increasingly desperate and cornered Cheney, will try to inflict as much damage on their perceived enemies for as long as they can cling to power.

Cheney's neo-con lobby is still smarting from the defeat it suffered at the Nov. 4-5 Summit of the Americas, where Kirchner and Brazil's President Lula da Silva teamed up to oppose the Free Trade Area of the Americas (FTAA). Before delivering a stinging denunciation of IMF policy to the heads of state attending the Summit's opening session Nov. 5, Kirchner also personally warned George Bush that Argentina would leave the IMF, should the Fund continue to demand austerity conditionalities as the basis for any new agreement.

## Setting a Trap for the ‘Napoleon Bonapartes’

As LaRouche notes, the Argentine President is positioning himself to let today’s fascist “Napoleon Bonapartes” make the mistakes. International bankers infuriated by Kirchner’s boldness will come barging in with outrageous demands, and Kirchner will undoubtedly go with his best option which is to say “no.” That “no” will gain the sympathy of the entire hemisphere, and therein lies the trap that will ensnare the attackers, LaRouche pointed out. Kirchner is now lining up his assets, to avoid any disruption to his nation’s functioning from that anticipated attack.

The Argentine leader has repeatedly stated since the Oct. 23 elections, that his Victory Front’s solid national showing gives him the mandate to aggressively tackle his policy agenda to rebuild the country. He is moving intelligently to consolidate his *own team* of trusted allies who share his “heterodox” policy outlook. This is a far different situation from May of 2003, when Kirchner came into office with only 22% of the vote and felt compelled to keep Lavagna on as Finance Minister, despite policy differences, and Lavagna’s allegiance to outgoing President, and Kirchner’s political enemy, Eduardo Duhalde.

Since Oct. 23, Kirchner has escalated his campaign in defense of the general welfare, placing special emphasis on a “proactive” role for the state in directing economic development and ensuring equal opportunity for all. In a Nov. 29 speech at the Presidential Palace, the *Casa Rosada*, Kirchner reiterated his “commitment to continue deepening change in Argentina, and to continue tackling the most pressing issues. We know we represent only one moment in history, a brief moment in history,” he said. “We are going to be able to provide the answers that this brief moment in history demands.”

When Lavagna provocatively used his Nov. 22 address to the 53rd annual convention of the Argentine Construction Chamber to counter this optimistic outlook, with the pointed admonition that “the state’s ability to act in certain sectors shouldn’t be overestimated,” he sealed his fate. His attack on construction executives for engaging in “cartelization” to raise the costs of public works projects and reap bigger profits, angered the President, who saw it as undisguised attack on his close political ally, Planning Minister Julio De Vido. De Vido’s infrastructure development program is a central feature in Kirchner’s reindustrialization plan.

As the President underscored in his own later address to the same conference, “it is crucial to understand that public works are central to any country; these are not unproductive public expenditures, as some ‘statisticians’ like to say.” The best way to fight inflation, he added, is to have healthy, productive investment in infrastructure.

Unlike Lavagna, Felisa Miceli agrees completely with Kirchner’s strategy for lightening the country’s foreign debt load, and believes that the country cannot be “corsetted” by IMF policy. As president since 2003 of the state-owned

Banco de la Nación, as well as a 1983-87 stint as head of the public Banco de la Provincia, Miceli has a strong appreciation for the state’s pivotal role in directing economic development and defending the general welfare. The IMF had targetted both these institutions for privatization.

Her appointment also intersects a spirited debate inside the Argentine Industrial Union (UIA) on the need for a national development bank, whose long-term, low-interest credits could help rebuild national industry, and provide the corresponding benefits to the population of more jobs, better training, and higher living standards. The UIA has generally tended to be supportive of Kirchner’s economic policies.

## Whither Brazil?

Just two days after firing Lavagna, Kirchner was on a plane to Puerto Iguazú in Brazil, on a mission to win over President Lula da Silva to his audacious strategy, on the 20th anniversary of the 1985 integration agreement between the two nations.

Economic giant Brazil poses a real challenge to Kirchner, because President Lula da Silva’s pragmatic backing for the destructive IMF policies enforced by his Finance Minister Antonio Palocci, has prevented the two nations from consolidating a firm alliance. Not wanting to ruffle the IMF’s feathers, Lula has failed to support Kirchner in his battle with the Fund, thus provoking tensions between the two countries.

But the brawl occurring inside Brazil over Palocci’s policies, which was playing out while Kirchner was preparing his cabinet changes, has created new openings. Opposition to Palocci became so intense during the first weeks of November, that he was rumored to be on his way out. Although he got a reprieve when Lula caved in to the ultimatum from Wall Street’s representatives to keep his policies in place, the issue is far from settled. Lula, the former trade union organizer, does care about his population, as reflected in the report that he is reading a biography of Franklin Delano Roosevelt, and wants to use the São Francisco River diversion project to develop Brazil’s impoverished Northeast just as FDR’s Tennessee Valley Authority did for that poor region of the U.S.

This is what Kirchner appealed to in his upbeat and very personal speech in Puerto Iguazú, and in remarks emphasizing that Brazil and Argentina must continue to work decisively together as a team, the way they had done at the Summit of the Americas, to serve as the crucial axis for South American integration. The issue of Argentina’s upcoming “hard negotiations” with the IMF was on the official agenda, but what came out of the two Presidents’ private meeting is not yet known. But, Point 4 of the final communique issued from the meeting states:

“Presidents Lula and Kirchner will jointly defend the position, regarding multilateral credit institutions, that the imposition of conditions which affect the ability of Governments to promote policies of growth, dignified work, and social inclusion, must be avoided.”



# What Is Behind the Neo-Con Offensive Against Syria?

*Dr. Moustapha, Ph.D., is the Ambassador of Syria to the United States. Jeffrey Steinberg interviewed him in Washington on Nov. 17.*

**EIR:** How do you assess the Bush Administration's policy toward your country at this time?

**Moustapha:** The more problems they get here on the internal, domestic front, the more they want to divert attention to an "external" enemy. They are becoming almost obsessed by Syria. Hardly a day passes, without one of the top Bush Administration officials making a statement about Syria. And I think this is an indication of how desperate they are to divert attention to an external crisis. And it's becoming sometimes extraordinary and amazing!

Let me give you just an example, and you will understand how they have lost their focus: Two weeks ago, a Syrian opposition leader came to Washington, D.C. He met with [National Security Advisor Stephen] Hadley, and he instigated the U.S. administration against Syria, just like [Iraq's Ahmed] Chalabi used to do. He went back to Syria. He was arrested by the Syrian police. He was told what sort of laws he had broken, and what the charges against him were, according to Syrian law. He then met with his attorney. He will be released on bail, and then he will face trial. He might be sentenced—the maximum penalty for his charges is something like three years in prison—or he might be considered innocent and released by the court. This happened.

Yet, Secretary Rice went to Bahrain, and she made a speech about this guy. Why, when simultaneously, she has in her own country, *hundreds*—hundreds—of political detainees in Guantanamo Bay, without knowing their charges, without ever meeting their attorneys, without even understanding how long they will remain in Guantanamo Bay? Some of them were already discharged—they stayed there for two years, and they were never told why they were imprisoned in Guantanamo Bay. So, she can sleep comfortably, with the fact that she has them in Guantanamo Bay, while she is upset because the Syrian law is being legally applied to a Syrian citizen within the proper judicial channels!

And, having said this, she does not even consider the situation in Iraq, where political detainees are being tortured, and where political assassinations are taking place on a semi-daily basis, and where their corpses are dumped in the streets.

And then, she's awfully absurd, with one person who has broken the law in Syria, and who is being tried according to the proper judicial framework.

So, what I'm trying to say is, this is just an example of how this administration has become obsessed by Syria.

Now, if you go back a little bit earlier, and you see the United States Ambassador to the United Nations comments on Syria, John Bolton, you will understand the ideological and doctrinal hatred they have for Syria. It has nothing to do with what Syria is doing, or what Syria has done, at all! Actually, it has only to do with only one thing: how they ideologically regard Syria. And when you see how the Mehlis report [on the assassination of former Lebanese Prime Minister Rafik Hariri] has been politically used against Syria, how John Bolton suddenly has become the firm believer in the United Nations, you can believe that this is preposterous! For years, he has ridiculed the United Nations, and has said the United Nations' sole legitimacy is that the United States is a part of it. And suddenly, he's become a strong advocate of the United Nations!

Having said this, he forgets that there is a stockpile of United Nations Security Council resolutions, demanding Israel's withdrawal from the occupied Arab territories, including the Syrian Golan, and he *absolutely* ignores these United Nations resolutions. This tells you a lot about the double standards of these people.

**EIR:** A number of critics of the Bush Administration here in Washington, specifically former National Security Council official Flynt Leverett and journalist Seymour Hersh, are both basically saying that the Bush Administration has a policy of "regime change on the cheap" against Syria, and they trace this policy back, long before the supposed incidents that have now brought this all on—the Hariri assassination and other things. Do you share that view, that that's what Washington is pursuing, and it's a long-standing policy?

**Moustapha:** Definitely, I agree with this. I have read many articles in your *Executive Intelligence Review* about the Clean Break<sup>1</sup> document, and this is a strong indicator of how these

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1. "A Clean Break: A New Strategy for Securing the Realm," was issued in 1996 by the Institute for Advanced Strategic and Political Studies in Jerusalem, to shape the policies of Benjamin Netanyahu's new Israeli government.



State Department Photo

*Secretary of State Condoleezza Rice announces the nomination of John Bolton as U.S. Ambassador to the United Nations, March 7, 2005. Their “ideological and doctrinal hatred” for Syria, said Dr. Moustapha, “has nothing to do with what Syria is doing,” but is purely ideological.*

policies were developed, and put in place years ahead of all of these mentioned incidents. They had an objective concerning the Palestinians, the Iraqis, and the Syrians, and they are moving forward with their objectives.

And yes, what Seymour Hersh and Flynt Leverett have pointed out, correctly, is that this administration is dogmatic in its approach to Syria. Even when Syria tries to show goodwill and to engage this administration, trying to show this administration that it's both in our interest and your interest to engage and work together towards any problems that you might consider—they refuse! Because, they're not looking for solutions. They are looking for means of implementing their ideology. And of redrawing the map of the Middle East, according to their ideology.

**EIR:** I'm sure you have had a chance to read the Mehlis report. I wonder if you want to comment on how you evaluate it.

**Moustapha:** This report is a catastrophic legal document. It starts by admitting that the Mehlis Commission will need months to years, in order to be able to build a file that can be submitted to a court of justice. And then, it states the long-established legal rules, that all are innocent until proven guilty. But once they mention these two things, then they start page after page of listing rumors, tell-tales, innuendoes, gossip—political statements—trying to incriminate Syria.

I think the only reason [UN investigator Detlev] Mehlis released his report at that early stage, and tried to implicate Syria in the assassination of Hariri, is to present a gift to

John Bolton and Company, and the United Nations Security Council, so that they can precipitate a United Nations Security Council resolution, that might impose sanctions on Syria, or might harm Syria, or damage Syria. And they wouldn't care at all, if this Mehlis Commission continued its investigations for a couple of years, or three, four, five years—nobody knows how long—and then after a very long period of time, Mehlis might come out with a result, saying, “You know what? I don't think Syria was involved in this crowd,” or “I have failed to reveal the truth about this assassination”—but who will care?

What the United States wanted was, to use this present Mehlis report, full of gossip and innuendo, without a single shred of hard-core evidence that can be accepted in a court of law, to pass a resolution that will harm and damage Syria and the Syrian people. Now, this is very similar to what has happened in Iraq. They were leveling accusations about Iraq's WMDs, and they passed resolutions and they invaded Iraq, and today, everybody knows that those accusations were untrue and false—but who gives a damn? Nobody cares.

**EIR:** I mentioned to you earlier, that the results of the Labor Party elections in Israel, with the election of Mr. Peretz as the new party chairman, have prompted some people here in Washington—not in the administration, unfortunately, but other people—to take up the question of revisiting a comprehensive approach to solving the Middle East problem, that would, again, put the question of Israel-Syria negotiations on the Golan Heights and other issues, back on the table. Do you see any prospect of that?

**Moustapha:** Well, it's too early to change right now. . . . Everybody knows that Sharon is adamantly against the resumption of peace talks with Syria. He's doing everything possible to undermine the peace talks with the Palestinians.

We, in Syria, repeat our strategic position toward Israel: We want to engage Israel in peace negotiations. We want to regain our occupied Golan, which is a part of Syria. And we want to establish peaceful, normal relations with Israel. But, in order to do this, we need to be engaged in negotiations. The Sharon government in Israel has categorically refused and rebuffed every Syrian initiative to re-engage with Israel.

So, at least we can see that today, there is a new political reality in Israel. This potentially might lead to a change in the Israeli government. We are very hopeful, that if this happens, then Israel will end up with a new leadership, that firmly believes that the only exit strategy for Israel, and its neighbors, from this ongoing cycle of violence and counter-violence, and instability in our region, is to sit with all Israel's Arab neighbors and reach a comprehensive [exchange] of views to have a peace agreement.

So, my comment would be: Let us wait and see, let us be hopeful and optimistic. But also, we have to be realistic, as well.

The authors included U.S. neo-cons Richard Perle, Douglas Feith, David Wurmser, and Meyrav Wurmser. For excerpts, see *EIR*, Sept. 20, 2002.



U.S. Navy photo by Photographer's Mate 1st Class Shane T. McCoy

*A foreign combatant being held at the U.S. base at Guantanamo Bay, Cuba. Secretary Rice is not concerned with the fact that such prisoners have been held for two years without any charges being filed against them, says Dr. Moustapha, yet "she is upset because the Syrian law is being legally applied to a Syrian citizen within the proper judicial channels!"*

**EIR:** I noticed a number of statements from senior Israeli military officials, several weeks ago, when the real fury of regime-change talk in Washington was building up. I don't recall whether it was the Defense Minister or some Israeli military intelligence official, who warned about jumping into a kind of American regime-change attempt in Syria, saying that it was not necessarily in the interests of the region for that to happen. Do you recall that?

**Moustapha:** I don't want to discuss in particular what various Israeli politicians or military leaders comment on Syria. But, what I want to say is, in a way, we are just like every country in the world, we have some wise men and some extremist hardliners. Now, the extremist hardliners were actually encouraging the United States administration to become more intransigent against Syria.

Any Israeli that has a certain amount of wisdom and logic, would see that more instability in the region would only have a detrimental effect on everybody else, *including* Israel itself. So, they are not stupid. And they understand that Syria has a government that has been advocating a peaceful solution to a number of these crises, and they think that their hardline government is encouraging another hardline government in Washington, D.C., to cause more chaos and instability in the region, and this is not useful even to Israel itself. What Israel needs is, a peaceful settlement, not more violence and chaos and instability.

What sort of a twist in the logic is this, that is prevailing in Tel Aviv and Washington, today? I think the guy who sold them the concept of "constructive chaos" has been very cunning, but he is misleading them, and he will cause catastrophes to all parties—in the Middle East, and also here

in the United States.

**EIR:** I don't know if you saw, that I wrote a piece a few weeks back, that the doctrine of the neo-conservatives is really one of perpetual war, and permanent revolution [*EIR*, Sept. 23]. And that, ironically Cheney and these right-wing neo-conservatives are preaching a kind of revolutionary doctrine that was associated with some of the early Bolshevik revolutionaries.

**Moustapha:** Trotskyites, yes?

**EIR:** Yes, exactly.

**Moustapha:** Actually, I remember one of the icons of the neo-conservative movement, Michael Ledeen, once said that "great wars bring great peace." And that he thinks that war is the culmination of human achievement.

**EIR:** Exactly.

**Moustapha:** This twisted ideology—I'm saddened to have to admit—is prevailing among neo-conservative circles, and this is

dangerous! This is dangerous to America. But it's also dangerous to my country, because in the world's unique power, if such ideologues penetrate the administration and become influential within the inner circles of this administration, then this will have very bad omens for the whole world.

**EIR:** Well, obviously, one of the leading neo-conservative ideologues, who was the chief of staff and the chief national security advisor to the Vice President, [I. Lewis "Scooter" Libby], has now been criminally indicted and forced to resign. And I think that there are indications that the American people, also, are starting to see the tremendous problems that have been caused by this neo-con apparatus. And we're hopeful that we're going to see regime-change developments here in the United States—under our Constitutional procedures. But as you know, we're looking for a further shake-out within the Bush Administration, which hopefully will be a starting point for a whole new policy-direction—particularly towards the Middle East region.

**Moustapha:** As a foreign diplomat, I'm not going to comment on what's happening with the American administration. I'm only hopeful that the American people will realize the gravity of the ideology of those neo-conservatives, and they will do their best to rid America of such a dangerous ideology, because it only leads to war, death, and destruction.

**EIR:** On that note, I want to thank you very much for your time. And hopefully we'll be seeing some of these positive developments.

**Moustapha:** Whenever you want, whenever you want. I wish you the best of luck and success.



# The Big Holes In the Mehlis Report

by Muriel Mirak-Weissbach

The principal tool, in the ongoing campaign against Syria, is the so-called Mehlis Report, which was drafted by Detlev Mehlis, head of the UN commission mandated to investigate the assassination of former Lebanese Prime Minister Rafiq Hariri. Its first report was released on Oct. 19, and a second is expected on Dec. 15.

The report states that “there is converging evidence pointing at both Lebanese and Syrian involvement in this terrorist act.” Referring to the Syrian intelligence presence in Lebanon for many years, and “Given the infiltration of Lebanese institutions and society by those Syrian and Lebanese intelligence services working in tandem, it would be difficult to envisage a scenario whereby such a complex assassination plot could have been carried out without their knowledge.” In conclusion: “It is the Commission’s conclusion that, after having interviewed witnesses and suspects in the Syrian Arab Republic, and establishing that many leads point directly towards Syrian security officials as being involved with the assassination, it is incumbent upon Syria to clarify a considerable part of the unresolved questions.”

Such security officials are named in the initial version of the report, which was later redacted. They are Lebanese security and intelligence officials, as well as leading Syrians; the latter include Maher Assad and Assef Shawkat, respectively the brother and brother-in-law of President Bashar al-Assad. Among the officials named are Gen. Hassan Khalil, former head of Syrian military intelligence; Rostum Ghazali, chief of Syrian intelligence in Lebanon; and Jamea Jamea, deputy of Ghazali and chief of Syrian military intelligence in Beirut. Among the Lebanese named are chiefs of various intelligence units: Gen. Mustafa Hamdan, commander of the presidential Guard Brigade; Gen. Raymond Azar, former head of military intelligence; Gen. Jamil al-Sayyed, head of the Lebanese Sécurité Générale; Gen. Ali al-Hajj, former head of intelligence; as well as former Member of Parliament Nasser Kandil. Several have since been arrested, and five (not yet named) are scheduled to be interrogated by Mehlis.

## Fallacy of Composition

The report represents a fallacy of composition: It moves from the hypothesis, that Syria “must” be involved, given its position in Lebanon. A further assumption is that Hariri and Syrian President Bashar al-Assad were in conflict regarding the latter’s intention to promote the extension of Lebanese President Emile Lahoud’s term in office, which Hariri report-

edly opposed. A meeting between the two in Damascus on Aug. 26, 2004 is cited; and two diametrically opposite reports on the meeting were provided by witnesses heard by the commission. The version provided by Hariri associates, that Assad had threatened Hariri, is taken as accurate.

Most damning is the fact that Mehlis based his accusations against Syria largely on the testimony provided by two witnesses who later were shown to have lied. One was Zuhir Ibn Mohamed Said Saddik, who claimed to be a former Syrian security official. His story was that the decision to kill Hariri had been made between July and December 2004, in a series of meetings in Lebanon in which he participated, along with four senior Lebanese officials and seven senior Syrian officials. Saddik signed a confession on Sept. 26, 2005, and was arrested Oct. 13. “The fact that Mr. Saddik implicates himself in the assassination, which ultimately led to his arrest, adds to his credibility,” the report concluded.

However, it was soon revealed that the purported Saddik was really a person named Safi; that he had never been a security officer, but rather a soldier, who had deserted; and, that he was wanted both in Syria and Lebanon for a number of crimes. He had reportedly risen from rags to riches, suddenly becoming the owner of several villas, and travelled to the United States.

A second witness, not named in the report, who also claimed to have worked for Syrian intelligence, testified that planning meetings for the assassination took place in Syria, and that he “had close contact with high ranked Syrian officers posted in Lebanon.” He named Azar, Hamdan, Ghazali, Kandil, and al-Hajj as active plotters.

On Nov. 28, this witness appeared at a press conference in Damascus, with a completely different story to tell. The man, Husam Taher Husam al-Kurdi, told the press that he had lied to Mehlis, and had been contacted by Hariri’s son, Saad, who had offered him millions, if he would testify against the Syrians. On Syrian TV, he said he had testified against the brother and brother-in-law of President Bashar al-Assad under duress.

On Nov. 28, the head of Syria’s own investigation demanded that Mehlis revise his report after al-Kurdi’s recantation. The Syrian government responded that “no party or individual with any ties to the Syrian government played a role in the heinous assassination of . . . Hariri.”

Where the truth lies is not easy to ascertain. Circles in Lebanon have cried foul, charging that both witnesses were the tools of a Syrian intelligence plot, to discredit the Mehlis Commission. Whatever the truth, it is clear that the Mehlis Report has been based largely on the testimony of two individuals who gave false testimony.

Most importantly, the Mehlis investigation ignores the existence of the “Clean Break” doctrine, a blueprint for regime change in Iraq, Lebanon, and Syria, which had been drafted by the neo-conservative group around Dick Cheney in 1996. If Mehlis has posed the question “Cui bono?” at all, he has supplied a simplistic answer.

# Peru's Fujimori Could Upset the Apple Cart

by Sara Madueño

The unexpected arrival of former Peruvian President Alberto Fujimori in Chile on Nov. 6, announcing his intention to run in Peru's April 2006 Presidential elections after five years of exile in Japan, immediately overturned Peruvian politics, and could have far-reaching repercussions on politics throughout South America, should Fujimori center his campaign on not only his successful battle against narco-terrorism in the 1990s, but also his Aug. 31, 2000 call for a highly industrialized United States of South America, at long last without poverty.

Peru urgently needs a program that defends its sovereignty, and economic and political integration, both national and continental—a program which encourages the development of the physical economy through construction of great infrastructure works, as Lyndon LaRouche advocates.

Fujimori's ouster in November 2000 occurred immediately following the first-ever South American Summit, held in Brasilia Aug. 31 and Sept. 1, 2000, where he proposed the creation of a United States of South America. Until the Brasilia summit, Fujimori had enjoyed sufficient favor in Washington, to withstand mounting pressure from George Soros's drug lobby. In July 2000, Fujimori had just begun his third Presidential term, following elections which Washington had approved. Fujimori, a pragmatic liberal, had kept the bankers happy, by faithfully accepting the dictates of the International Monetary Fund (IMF). But his proposal to form a United States of South America, and to forge a unified South American economic-political bloc built upon new large infrastructure projects, turned him into a dangerous political figure in the eyes of financier establishment. Threatened with jail by the interim government that the Organization of American States was hatching to replace him, Fujimori resigned as President in November 2000.

Fujimori has returned to the continent at one of the most heated moments of confrontation in recent times between imperial globalist interests and the South American republics, as was seen in the Summit of the Americas in Mar de Plata, Argentina on this Nov. 4-5 (see *EIR*, Nov. 18). There, the globalist agenda to impose a Free Trade Agreement of the Americas (FTAA) upon the continent was halted, under the courageous leadership of Argentine President Kirchner.

Fujimori's decision to be a candidate in the 2006 Peruvian Presidential elections, not only surprised everyone in Peru, but stopped cold the quasi-pornographic spectacle presented

by Peruvian politicians, fighting amongst themselves for the blessings of the international banks, to replace George Soros's puppet Alejandro Toledo. Electoral polls two months ago found that the exiled Fujimori was garnering 30%, and that without Fujimori as candidate, his votes would be distributed between the candidate of National Unity, and the left-synarchist Ollanta Humala, whose synarchist philosophy and ancestry has been extensively documented by *EIR*.

## Can Fujimori Stop the Fascists?

Fujimori's enemies were so destabilized by his potential to overturn the political apple cart, that he was detained by Chilean authorities, pending a decision on the extradition request which the Peruvian government announced it would file against him, to face charges cooked up to keep him from ever returning to politics.

As things stand, the electoral line-up in Peru is, to say the least, pathetic. All the leading Presidential candidates have fallen over each other to ingratiate themselves with international banking interests. This lack of leadership is being exploited by Ollanta Humala and his fascist Peruvian Nationalist Party. Humala has cunningly presented himself as a critic of IMF policies, of the FTAA, and of globalism, although his primary proposal is to legalize coca cultivation, the old dream of Wall Street and the drug-trafficking mafia. The incendiary populism and revanchist demagoguery of this Peruvian Hitler, is winning him a dizzying growth of political support, and several analysts are predicting that he will win.

Were Humala to become President of Peru, following the probable victory in Bolivia's December 2005 Presidential elections of Evo Morales, who also promises to legalize coca cultivation, then chaos, and possible outright disintegration of nations, could spread across the Andean region, creating a situation which would suit U.S. Vice President Dick Cheney perfectly, as he and his faction are seeking any pretext for intervention into the region. This desire was made manifest at the Fifth Military Conference of Regional Security, held in Quito, Ecuador on Nov. 15-16, by U.S. Southern Command chief Gen. Bantz J. Craddock, who pressed for the adoption of a doctrine of "cooperative regional sovereignty," on the pretext of "working together to close off security gaps and to counteract the multinational threats that affect us all." After the invasion and occupation of Iraq, who doubts that this means anything less than military intervention?

Given the lack of any serious national leadership in Peru, only Fujimori, who already enjoys the support of one-fourth of the Peruvian electorate, could stop Humala. But that option has a condition: that the former Peruvian head of state put forward a programmatic proposal that would defend economic sovereignty and continental integration against free trade.

Fujimori's battle to return to Peru is essentially political, and not a legal matter, something which his supporters, thus far, foolishly fail to understand.

# LaRouche to Chinese Daily: Humanity Depends on Eurasian Development

*On Nov. 22, one day after President Bush concluded his visit to China, the government-controlled People's Daily published on its English-language website an interview with U.S. economist and statesman Lyndon LaRouche, published under eight subtopics. While LaRouche is by no means unknown to the readers of People's Daily (his economic and political comments are referred to regularly in its columns), this was perhaps the most sweeping exposé of his thinking and his activity yet to appear in a mainland Chinese publication. People's Daily has not currently translated the interview into Chinese, but others have translated excerpts.*

*The interview was based on a two-hour interview which LaRouche had at his home in Virginia on May 8, 2005, with People's Daily Washington, D.C. correspondent Yong Tang, who had previously interviewed him for shorter pieces on issues of economics and U.S. politics. The interview ranged over the whole gamut of LaRouche's activity, including a lengthy section, where he was able to talk about his fight with the "secret government" apparatus after his success in getting President Reagan to adopt the Strategic Defense Initiative, the political machinations that led to his subsequent incarceration on trumped up "conspiracy" charges during the Administration of George H.W. Bush, and LaRouche's creation of a growing youth movement to carry forward his ideas to the next generation. It also dealt with the role of U.S. intelligence in creating the network of Osama bin Laden during the Afghanistan War against the Soviet Union and the new "great game" being perpetrated by Cheney and Rumsfeld in Central Asia today. While it has not yet been published in Chinese, it proved to be the most popular news item of the day, ranking number one in number of "hits" on the People's Daily-Online site. The interview begins with LaRouche's observations on the unraveling of the international financial system, which was underlined by the People's Daily headline, "Global financial crisis is coming."*

**Q:** Your most recent forecast is that the global financial situation is on the verge of collapse?

**LaRouche:** It's already happening. Because the whole system has been insane since 1971-72. We had the Bretton Woods system which was built by American President Roosevelt. It was a fixed-exchange-rate system with a gold denomination, a reserve system. Despite the attempt to sabotage the system, it worked. It was the basis for the recovery of the

United States and Europe in the post-war period. And they destroyed it.

**Q:** In the 1970s?

**LaRouche:** First, in 1964, America started the war in Indo-China. That was the first mistake. The United States began to move in the wrong direction economically in 1964-65. By 1967, it was obvious we had made a turning point in technology. In 1971-72, with the Nixon decision on the monetary system, we entered a new monetary system which was a failure from the beginning. Now what happened is that because of our long-term capital investment in infrastructure and other things, we had a lot of technology, a lot of economic power built into the U.S. economy.

But today, we Americans have been exhausted. Our infrastructure has not been replaced. We have not replaced our power stations. Our railroad system is dead. Our economy is dead, in whole parts. Our people don't have the skills they had 20 or 30 years ago. They've lost it. So we are disintegrating. Europe is disintegrating. We are a lost nation. We are a failure. Europe is a failure, in general. So the world economy has failed. We have a tremendous amount of financial debt that we can never pay.

**Q:** You mean—

**LaRouche:** Outstanding financial credits.

**Q:** You mean current account deficit?

**LaRouche:** More than that. The world economy is about \$50 trillion a year in debt. We have hundreds of trillions of dollars of debt. We can never pay this debt. Because of the inflation of the debt, especially since 1987, the build-up of the financial derivatives speculation is so great. First of all, physically we are breaking down. We are at a point where, to maintain our economy physically, we would have to make large-scale investments. We have to replace the infrastructure. We are losing our water systems. We're losing our power systems. We're losing our transportation systems. We're losing our health-care systems. All these physical things on which the prosperity of the economy had depended are now worn out. They're gone. And we have tremendous debts. Our rate of production is collapsing. And therefore, we are at a point where the system is going through a systemic collapse. This is the biggest collapse in modern history, it is now occurring.

And the idiots just deny it. They just deny it. If you admit you would have a problem then—

**Q:** It sounds too horrible.

**LaRouche:** It's collective insanity, mass insanity. It's cultural insanity. It's how whole empires disappear. You say, this is a powerful empire and suddenly it collapses. How could this powerful empire collapse? It didn't collapse because of external reasons, it collapsed because of internal reasons. And that's what's happening now with the United States and Europe. It's the internal characteristics of the problem which are the cause of the collapse, not something external. Human beings naturally tend to be creative. If you have a good system, they will work, they will make improvements, they will survive. *But*, if they adopt an idea which is a bad idea, they can destroy themselves, as ancient Greece did, as Rome destroyed itself. So you have a self-destructive policy. We have an insane policy. We are destroying ourselves. Europe is destroying itself.

*In the interview, LaRouche was also asked about his role in the development of President Reagan's Strategic Defense Initiative (SDI), and his rationale for developing such a program. The Soviet refusal to take up Reagan's offer led to, as LaRouche warned it would, the economic collapse of the Soviet Union.*

**LaRouche:** I was involved within a back-channel function with President Reagan. I had had this idea about how to get out of this ballistic-missile problem, to work our way out by a new policy of defense. And I thought that with the Brezhnev period, it was possible that if the United States made a certain offer, the Soviet Union might accept it. And that is, instead of having a nuclear missile barrage, we could have a system under which we would cooperate to develop systems that would be able to prevent nuclear-barrage attacks. If we cooperate, we will share the technology and use the technology for other purposes rather than military, as well. I thought the Soviet Union had an economic crisis internally, an economic crisis that was building.

**Q:** How did you know that?

**LaRouche:** Because the Soviet economy in the military was very successful, because they used science. But the Soviet economy in the civilian sector was terrible because they didn't use science. The typical case in the Soviet Union was the fact



*LaRouche pointed out that China—unlike Europe and the United States—is developing advanced mass transport systems, such as magnetically levitated rail. Shown here is a billboard on the maglev from Shanghai to its airport; this is the world's only commercially functioning maglev.*

that you bring in a new machine tool but they wouldn't use it. They want the old machine tool. So there was this opposition to technological progress. And the Soviet bureaucracy in industry was very stupid. They were very bureaucratic.

If the Soviet Union could stimulate the economic development to break the failure of the private sector, it could have developed quite successfully based on using science for the economy in the way they were using it for the military. And if the U.S.S.R. and the U.S.A. cooperated, we could do that. We could bring nations together by cooperation about this idea, a technology-driver to improve the economy of all nations by technology, making technology available. Then we could bring about peace on the basis of the interest in common technology. So I was engaged in this. President Reagan was interested in my idea. So I became then a back-channel with the Soviet government under President Reagan. I was just a private individual, but I was working both ways. I would meet with the Soviet representatives, I would meet with the U.S. representatives, and we would talk. It was exploratory, just to see whether agreement was possible.

So in 1982 and 1983, I had this discussion with the Soviet government officials. And one day they came in and said, "Andropov says no." This was in February of 1983. I said, "You've got to change that. If they continue with the present military policy, the Soviet system will collapse for economic reasons within five years. Then, the next month, Reagan made the speech that made the offer. I told the Soviet government officials if Reagan makes the speech, and makes the offer, and you reject it, Soviet collapse is what will happen. Reagan

made the offer publicly, and the Soviets rejected it. Andropov didn't even negotiate. Soviet officials tried to talk to him. They said, "Talk with Reagan. He made an offer. Talk with him." "Nyet!" And they knew better. Okay, I won't make any more suggestions. And that was it. And so that's how it happened. The facts were clear to anyone who looked at the situation. And the Soviet collapse did happen then.

*At the time of the interview, the GM crisis was just breaking, so the conversation turned to LaRouche's warnings of the serious consequences a failure of GM would have on U.S. manufacturing capabilities as a whole.*

**Q:** According to your system, you pay much more attention to the real economy than the virtual economy. And you also said that the American auto industry will die soon. Why do you think the American auto industry is going to collapse?

**LaRouche:** Because the management of it is insane. We are producing too many automobiles.

**Q:** Producing too many?

**LaRouche:** Even worse than that. In order to produce too many for this industry, we have set up a credit system which is insane in the auto industry. The people who are running the auto industry are insane, absolutely incompetent and insane. They're only interested in money. The key thing is here. What you have in Europe and in the United States, in particular.

You have a section of the economy which is called the machine-tool sector. These are the people who make the machines that make the machines. You have, for example in Japan, a sector which has that kind of capability too, a machine-tool sector. Japan's economic power, apart from whatever else it did, was from the machine-tool sector, the science machine-tool sector, which they adopted under the Meiji reforms which were designed by the United States in the late 1870s. So you had Henry Carey's friend, Peshine Smith, who was sent to Japan from the United States to advise Japan, and that's how Japan's industrial revolution occurred in 1877-79. So this was realized later, when Japan developed a machine-tool industry, and they got into the auto industry and so forth. And Japan's machine-tool technology is very good. They're very advanced in this. On the outside Japan is very sick, but inside Japan, the old Japan, the industrial Japan, has a very good section in the machine-tool sector. Now the machine-tool sector is the key to developing any modern economy. The machine-tool sector is a small percentile of the total labor force. But it is the part of the labor force which actually develops the economy.

So, in the United States, we too have a small group of people who can make a completely new product within a year. Make all the tools and make the new product, design it and everything. So therefore, the small number of machine-tool people are the basis of the employment of the whole labor force in that industry. The U.S. machine-tool industry has two

sectors: One is in the military sector, which is largely the Air Force, like Boeing. These have machine-tool capabilities for the aircraft industry. They are largely now concentrated in the military sector. The civilian sector is dead in that area. The military sector is the whole sector.

If we shut down the auto industry, which is threatened now, we don't have a machine-tool sector. If we don't have a machine-tool sector, we don't have an economy. And the same thing is true with Europe.

The same is even true for a developing country, as in China. The key thing for China's long-term economic development is the machine-tool sector. The machine-tool sector is science driven. It's a science driver. The machine-tool sector turns science into machine tools and designs. Machine-tool designs make the industry, make the productivity. So without this strategic factor of the machine-tool sector, you cannot really have a self-sufficient modern economy. The auto industry is junk. It's over-built. There are too many automobiles. But the auto industry can make locomotives. They can make rail systems. They can make all kinds of things, different kinds of things which are needed very much by society.

So if you diversify the production from just automobiles or concentration on automobiles to different kinds of things, things that are needed now, you've got a healthy industry again. So my concern is to diversify it, have the government put it into reorganization. Keep the people employed, but change the assignment. Because we have to build a railroad system again for the United States. We have to build dams. We have to build power stations. We have a lot of things to do. And the machine-tool sector is the means to do it.

*LaRouche's international renown has, in most recent years, been most closely connected to his proposal for establishing a New Bretton Woods system, an idea for which he is often cited in the Chinese press. In response to a question on how a New Bretton Woods would function, LaRouche elaborated on the American System of political-economy.*

**LaRouche:** Now, in the American model, our policy is that money has no intrinsic value. Money is given value properly by government, and the government protects that currency by managing, managing prices and so forth, to prevent the currency from becoming crazy. Now, the basis for development is capital. You need long-term investment, you build a power plant, like the Three Gorges Dam, it's a long-term investment. It's going to take many years to get the value out of the Three Gorges Dam, but it's essential. So a tremendous amount of investment goes into Three Gorges. Now you have to write on 30-year, 50-year investment before you have to start replenishing it, rebuilding it. So therefore you have to have investment.

But what happens if your prices go wild, go up and down? Then you can't make long-term investments. Just the rate of borrowing costs, if borrowing costs fluctuate wildly, you can't

make long-term investment. Because long-term investment is generally 2% interest per year, maybe 3%. But if the prices fluctuate, then the interest rates go up, borrowing costs go up. If the borrowing costs go up, if the currency fluctuates in value, then international cooperation and development end. So therefore, you must have a financial system which has a fixed exchange rate over the long term. The borrowing costs among countries must be cheap. There must be guarantees to prevent the system from going wild. Then you could do it. We could get out of any mess by sufficient long-term investment in things that countries need. Long-term projects. Which means that we employ enough people so that we are producing more than we are consuming. We should make long-term investments in infrastructure. And we would survive just fine. Whenever we did that in the United States, we did well. Roosevelt rebuilt the U.S. economy. Hitler would have ruled the world if Roosevelt had not been American President. Roosevelt saved the U.S. economy. And without Roosevelt, Hitler would have been dictator of the world. So it was the right thing to do, because we had the power which enabled the victory over the Nazis during World War II.

As a matter of fact, we should go back to the American system, away from the British system. So my proposal is essentially what Franklin Roosevelt did at the end of the Second World War. At that time, the United States was the only country that had a stable currency. We used the U.S. dollar in the Bretton Woods system to set up a fixed-exchange system for the world. And under this fixed-exchange-rate system in the first 20 years after the Second World War, there was a great rebuilding of Europe and other parts of the world, with economic growth during that period. Then, starting from London, the British faction and their friends in the United States began to destroy the American system with the first Harold Wilson government in 1964-65. So we destroyed the Bretton Woods System, which Nixon did in 1971-72. And when that happened, we went crazy. And all of our economic problems came out of this change from 1964-65, the change of the monetary system from the Bretton Woods system of Roosevelt to this floating-exchange-rate system.

*Tang asked LaRouche what formal role he was now playing in U.S. politics, after having run as a Presidential candidate so many times.*

**LaRouche:** I'm just the head of my own association. But that's the way it functions. You become a recognized political figure of the institutions of government. And you're recognized as being a part of the Presidential system. So technically, I'm a part of the Presidential system. I've run officially and been qualified as a candidate. I've run as a candidate. I influence politics. I consult with people in all kinds of layers in politics. I consult with international people. I advise my government on various kinds of things, when it's willing, from time to time. So I'm a part of the system of government

of the United States, in this capacity. That's the way our system works.

Particularly with the Presidential system, in which you become a permanent part of the actual government, without you actually holding any office. But you become, by common understanding, a part of the system. And I'm a part of the system of government of the United States.

*Time and again, the interview would return to the problems of China and of Asia. Yong Tang asked LaRouche's view of the tremendous influx of foreign direct investment coming into China over the last few years, spurring its present economic growth.*

**LaRouche:** The problem is that the countries of Asia which are, in a sense, beginning to move up in a certain way, are caught in a world which is destroying itself. China, as I say, doesn't really have the independent economic development it requires. It has development which it has brought into China, which is useful. But it is not entirely China development. It's foreign development coming into China. Foreign technology coming into China. But what about the generation of technology within China by China? The country must have its own independent development.

Yes, bringing in outside development is good. Yes, you do that. You'd be foolish not to. But you must develop your own internal development—at least for the long term. And the problem is that the situation with India and China and the countries of Southeast Asia: They could not develop on their own if Europe and the United States collapse.

*There was also a good deal of discussion on the question of culture in Asia. Tang asked LaRouche what he meant when he said that he was intent on saving a Western civilization that was dying? And what importance would this have for China?*

**LaRouche:** Well, because, actually, the history of Europe contains a very important element for all humanity. It starts with Egypt, actually. Egypt, probably from about 8000 B.C., emerged as a product of a certain kind of culture which had existed as an international maritime culture, world maritime culture. Remember, you go back 20,000 years, and the northern hemisphere was dominated by big glaciations in which glaciers ran accumulations of hundreds of feet. In that period the oceans were 400 feet lower than they are today, so that the coastal areas then are 400 feet possibly below the sea level today on our coast. The development of river populations, as in China, for example, came later. River populations developed out of maritime populations which are sea-going populations, which, after the melting of the glaciers, came up the rivers and began to move up the big thick parts of the rivers, and to get settlements along the side of the rivers. So you have the river development, which is the second phase; the first were the oceans.

Now, one of the developments was the Nile. The Nile at that time was a big river because Africa, during this period of the glaciers, was wet. North Africa was very wet. It had vast, vast rains. The desert is now a new phenomenon of the recent 10,000 years, like in the Middle East. So in that period, the mouth of the Nile was one of the big entry points for the settlement of maritime culture. So the culture of Europe came out of Egypt, out of this development in Egypt of a special culture which is based on a maritime culture, based on astronomy and astrophysics. So this culture went through various kinds of crises, but it had a continuity, as we see in the pyramids, the late pyramids of over 5,000 years ago.

So this culture then created Greek culture. The Greek culture of Thales of Miletus, the culture of the Pythagoreans, the culture of Plato, all came out of this. In this concept, there came the concept of man, of science, what became modern science, it started there. The idea of the nation-state as a nation of a people as opposed to a nation of conquered peoples, came then. So the important thing in European civilization is this thread of development, which actually started out of Egypt, on the effect on Greece, on Greek culture, of this idea of the nation-state, of the nation-state of all the people.

We didn't realize such a civilization, such a state, until the 15th Century in Europe. But the idea of getting such a state was an important idea, the idea of science, the idea of this was of importance for European civilization. What has happened is, the opposition to this has always tried to destroy this, to corrupt it. We have the Roman Empire and so forth which are efforts to destroy this kind of thing. So therefore, what the world needs is a system of nation-states, it needs a system of sovereign nation-states. Asia needs that. All parts of the world need that. So therefore, what we have in European civilization is the idea of the sovereign nation-state. These ideas which are traced from Egypt into Greece are very important to humanity as a whole.

Look at China, for example, the question of how to rebuild China as a nation-state after what the British had done. It was the same thing. It was this idea. Sun Yat-sen was offshore Chinese, educated in Hawaii, became the hero of China, of China's struggle, and had these ideas. These ideas were very influential among offshore Chinese at first, and then they spread back into the mainland. It was the idea of organizing a Chinese revolution, a Chinese republic.

So it is in that sense, that these ideas, which come from this European experience, are one of the precious assets of all humanity. Therefore, the important thing is not just the nations as such. The important thing is to save these ideas for humanity. Take the case of China today. What are we going to do about the many poor people in China? The very large part of the population of China is poor. How do we realize a solution to this problem with the aid of science? These ideas are very important. It's important to get cooperation around such ideas among nations to solve this problem. Therefore, that's the importance of Europe. It's not just

Europe as an area, it's these ideas, the idea of mankind, the idea of a nation-state.

*Toward the close of the interview, LaRouche underlined the importance of resolving the cultural issues posed as a prerequisite for implementing an economic development policy for Eurasia. In his concluding comments, which were somewhat abbreviated in the published on-line interview, he was quite explicit on this point.*

**LaRouche:** All of humanity is going to depend upon the success of this. We have the long history of mankind. The problem of the challenge of Asian culture has to be yet solved. We have to solve the problem of bringing equity into Eurasian culture. That will be the future of mankind.

We have to make a change. Otherwise we're going to have wars, troubles forever. We have to change. We have to go to a new kind of conception of mankind. It's not a new one really, but it's a realization of one. And what happens in China, what happens with India—to me this conflict and difference in culture between China and India is typical of all of Asia. This difference in culture, if you can bridge this difference, practically, and bring the other nations of Asia into it, together with Europe, now we have something worldwide, we have something which is good for the future.

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# Cairo Meeting for Iraq Reconciliation

by Muriel Mirak-Weissbach

The Arab League, which represents 22 Arab nations, sponsored a meeting in Cairo Nov. 20-23, which brought together 21 groups from Iraq, representing different political, ethnic, and religious-sectarian factions. Among the political leaders present (aside from the Iraqi government officials), were President Hosni Mubarak, Syrian Foreign Minister al-Shara'a, Saudi Foreign Minister Prince Saud al-Faisal, and Algerian Foreign Minister Dr. Mohammed Bedajoui, as a representative of President Bouteflika. Iran was also invited, and was represented by Foreign Minister Mottaki. In addition to the Arab League, which sponsored the event, there was support from the Organization of Islamic Conference, the European Union, and the United Nations.

The aim of the meeting was to lay the groundwork for a reconciliation conference, to take place in Baghdad in late February or early March.

The participants included all major forces in Iraq, from the Shi'ite and Kurdish political movements that dominate Iraq's government under occupation, to the Sunnis, who have constituted the backbone of the political and military resistance, both to the occupation government and the foreign military presence. Thus, alongside representatives from the (Shi'ite) Supreme Council for the Islamic Revolution in Iraq (SCIRI), leading Kurdish politicians, and the movement of Shi'ite militia leader Moqtadar al-Sadr, there were also Sunni organizations, including from the Ba'athist camp, albeit under a different name.

According to leaks by the London-based Arabic daily *Al Hayat*, the meeting's final declaration stated: "We demand the withdrawal of foreign forces in accordance with a timetable, and the establishment of a national and immediate program for rebuilding the armed forces . . . that will allow them to guard Iraq's borders and get control of the security situation." On the violent conflict raging in the country, the communiqué stated: "Though resistance is a legitimate right for all people, terrorism does not represent resistance. Therefore, we condemn terrorism and acts of violence, killing and kidnapping, targeting Iraqi citizens and humanitarian, civil, government institutions, national resources, and houses of worship." The text also called for "an immediate end to arbitrary raids and arrests without a documented judicial order," the freeing of "innocent detainees," and an investigation of "allegations of torture of prisoners."

## A Regional Initiative

It was largely on the initiative of the Egyptian and Saudi governments that the Arab League effort was launched. Egyptian President Hosni Mubarak travelled to Saudi Arabia to discuss the Iraq crisis, at a time when Saudi representatives, led by Foreign Minister Saud Al-Faisal, were broadcasting the warning in Washington and worldwide that, unless the U.S. policy in Iraq were altered, the country would be plunged into civil war, and then partition and regional chaos. On Oct. 3, Prince Saud called for a meeting of all Iraqi factions to meet in Iraq under the auspices of the Arab League, to reach consensus on the constitution. He made the proposal in Jeddah, at a meeting of the Arab League's Arab committee on Iraq.

The Jeddah meeting resolved to send Arab League General Secretary Amr Moussa to Iraq, to prepare the reconciliation conference. That occurred soon thereafter, and plans were made for the preparatory meeting in Cairo. Significantly, in the process the Arab League initiated contacts with Iran, and in a meeting between Amr Moussa and Iranian Foreign Minister Mottaki on Nov. 3, it was confirmed that Iran, a key neighbor of Iraq, would fully cooperate in the reconciliation effort. Mottaki travelled to Saudi Arabia to consolidate efforts.

## LaRouche: 'A Messy Process'

In discussions on Nov. 28, *EIR* founder Lyndon H. LaRouche, Jr., explained that the Cairo meeting and related developments are manifestations of a larger, very messy and complicated process. It must not be romanticized, he said. The problem is that the inertia of some factors on the ground, coupled with inertia from other factors internationally, is relentlessly pushing Iraq towards a dead end. Movements which have little or nothing else in common, are nonetheless forced to look for the possibility of some way of getting out, because otherwise, nobody's going to win. Revenge killings, vendettas, are going on in Iraq, part of the drift of inertia. But, from the standpoint of large forces, like the mass-based Sunni organizations, the sooner the vendettas are stopped, the better the chances of survival. Bringing Iran into negotiations is also a positive step.

No one wants a mess there, but no one has a solution, LaRouche said. It's a touchy situation. The principal basis of these current developments, is that all intelligent people, whatever their other commitments, do want to keep an option open. They don't want to lose the option; in a lousy situation, you want the option to "trade up." So no one really wants to lose the option, even if no two agree, positively, on what it is they do want.

It's all good, all positive, but don't romanticize it, LaRouche stressed. Everything will depend, not on what happens outside the United States, but on what happens in the United States. It opens the possibility of a better option, but it won't work unless the United States picks up the option.



# Free the United States From the Grip Of Imperialism and British Economics

*Lyndon LaRouche gave this interview on Nov. 22, to Saeed Behbahani from a Vienna, Virginia-based Iranian TV station, "Rang-A-Rang TV." Mr. Behbahani estimates that the interview, translated into Farsi, will have more than 1 million viewers. (See [www.rangarangtv.com](http://www.rangarangtv.com) for satellite frequencies and coverage.)*

**Q:** First of all, I would like you to introduce yourself, in your own way, because you are a very well-known person around the world, I think, particularly in Europe, Germany, and here in the United States. But some of the people in the Middle East, particularly in my country, Iran—although there are so many Iranians here in the United States, well-educated, well-off economically, but still they don't know a lot about what's going on here. So, I would like *you* to introduce yourself, and tell us a little more about yourself.

**LaRouche:** Well, of course, I'm an economist. I'm very successful at forecasting. I don't believe in what is usually taught as economics, I think it's a brand of incompetence—it's not the American System. I'm an advocate of the American System, not the British System, which most people swallow. And I've been quite successful as a long-range forecaster.

I've had the distinction, of course—though I've been cautious to make only a few forecasts—to be right. If you make too many forecasts, you're going to be wrong! Only make forecasts when you know what you're talking about. One rule.

The United States economy, and the world economy, has undergone a fundamental change in character, several times during the postwar period, since World War II. First was the death of Franklin Roosevelt, in which Roosevelt's intention for the postwar world was scrapped entirely by Harry Truman, the President, under the influence of Winston Churchill and people like that. From my view, returning as a soldier from overseas to the United States, from Roosevelt to Truman, I felt we were betrayed. And we were.

However, the problems in the economy did not hit hard until about the time of the Vietnam War and afterward. And this coincided with when the British decided to crash the Bretton Woods system, the postwar system, and by crashing the pound, which occurred between 1964 and 1967. The crashing of the pound caused a crashing of the dollar, a chain-reaction. And then, with Nixon coming in, he collapsed the world monetary system, and went to a floating-exchange-rate

system—which is a British system, it's not the American System.

As a result of that, physically, the U.S. economy has been deteriorating at an accelerating rate since 1971-72, as a result of a change in the world economic system. And the world has been going down, too. You have countries, which have thought they have benefitted, like China and India, but if you look at these countries, you find many poor people in these countries. Seventy percent of the population of India is desperately poor. China: many desperately poor.

There are cultural differences between China and India, but this is still an Asian problem. The Asian populations are characterized by a special kind of colonialism, in which a small part of the population may be relatively normal in their standard of living, by their culture, but a great part is not—they're still the poor, they're the underclass.

Whereas in European civilization and the Americas, despite our problems, we still have a cultural tradition of an essential quality of the people, that we don't have cattle, we don't have masters and cattle. We may have poor, but we don't have masters and cattle. Asian culture is still victimized by the fact that the great mass of the population is in this situation.

Now, what's happened, is, we've exploited the poor countries, which have productive potential, like China, India, and so forth, and we've shipped our production to them, and shut down our production here. This has happened in Europe; it's happened more conspicuously in the United States. We have ruined the countries of South and Central America. Africa, southern Africa, is a disaster area. *We did it.* It's our crime.

We've now come to the end of the system. The system in its present form is going to finish, it's finished now. There is an attempt, which is what was happening under Bush—this Bush Presidency, especially, more conspicuously Cheney—a wild tendency, which has tended toward dictatorship. And the Middle East problems are part of this drive toward a world globalized dictatorship by some people, like the Blair government in Britain, and others. And that's the danger.

Now, what I've been concentrating on, which is of relevance, is to try to free my country of the grip of this monster. And I think we've had some success so far. And by my fighting continually, I've encouraged other people to fight, and we have now, leading circles in the United States, who are now

fighting to change the system. We do not have a solution agreed upon, yet, but we're moving against what is a non-solution.

For example, the proposal by John Murtha, who is a very important Congressman, because of his background, in particular—very credible—his proposal for *disengagement* from the conflict with the people of Iraq. Not to withdraw from Iraq, but to stay in the area; to stay there, in order to protect the nation, until Iraq can put itself back together as a nation—that's good.

But we still have not solved our economic problems. And if we don't solve our economic problems, all kinds of disasters are probable. And that's what I'm fighting against, that's what I'm worried about.

I think we're having some success. It's not a success, like success in winning a prize, or something. It's merely the opportunity, to have a chance to make changes which will put the world back in shape. The United States has a special responsibility, because of our history, to correct our affairs, and to become again a leader in organizing the world to straighten this mess out.

And the great problem that we face, the first problem, is, we're going from a European civilization as such—we're now moving toward *Eurasian* civilization. And what we see in the Middle East is part of this process, of trying to pass from a European advanced civilization, into the integration of Asia into parity, in terms of development, where we can think of *eliminating* the 70% poor factor, which is characteristic of Asia. Or, worse, in Africa, of course. That's our situation.

**Q:** You started from the history, from after the Second World War, and then you came to George Bush II—because, we believe that this Bush family is like a dynasty in the United States: The inauguration was like, he put on the crown, things like that. It was something unusual. And particularly, nowadays, there are many things around his staff, such as Cheney, and the other people. Do you believe that everything is because of this particular government, or that this is like dominoes—it started from somewhere, and it still continues?

**LaRouche:** No, Bush is not that important. The Bush family—the grandfather of the current President, is the first significant Bush, Prescott Bush; he was a protégé of Averell Harriman. He worked with Averell Harriman, and he was the man who, for Harriman, moved money to support Hitler from



EIRNS/Juliana Jones

*Lyndon LaRouche (left), being interviewed by Iranian journalist Saeed Behbahani on Nov. 22. LaRouche stressed that imperial forces centered in London, with allies in the United States and elsewhere, are attempting to destroy the nation-state, in favor of world empire.*

New York City, when the Nazi Party was going bankrupt at the end of 1932, after the loss of an election, and the party was going bankrupt. Averell Harriman was a partner of Montagu Norman, who was the head of the Bank of England. Montagu Norman was the backer of Hitler, the financial backer.

**Q:** Money-wise, yes.

**LaRouche:** Money-wise, and policy. They wanted a dictatorship. They wanted a war. They wanted Germany to become a power, but to attack the Soviet Union. And the problem came up for them, when Germany decided to go west first, rather than east first. And at that point, the people who had backed Hitler, from the United States and Britain, began to get worried. So, the British came to the United States.

Well, that's Prescott Bush. Harriman was a very evil fellow—he's dead now, but he was part of this kind of financial Anglo—, very close to the Churchill family. And he was called a "Democrat" but he's much more of a fascist.

So, this Bush family—the father was brilliant, Prescott Bush, but evil; the son George, the former President, "41," was dumb, and evil. He had a large staff of people around him—Brent Scowcroft, for example, is typical of people who were advisors, and they controlled the idiot, that is, the former President. Therefore, he listened to them, but he made a lot of mistakes, but they would advise him. So he had good advisors, in terms of skill.

The younger son, the current President, is not just dumb,

he's mentally ill. And he's only a puppet for Cheney. But Cheney himself is only a controller, for groups of international bankers, like George Shultz. The whole Bush Administration, this administration, was created by George Shultz, for a group of financial interests, including London and so forth.

So, what you've got here, is you've got a financial oligarchy, which is international, which is the same oligarchy that was behind Hitler. And some of them turned against Hitler, when Hitler went westward rather than eastward. But when Roosevelt died, this crowd came into power again, under Truman. Truman was a stooge for them: We began to go in a new direction, a stupid direction.

But we kept the economy for a while. Eisenhower saved us. The Eisenhower Presidency saved us, from worse than what happened. But then, Eisenhower left office. You look at Eisenhower's policy both as President, and you look at it after he was President: He had a large group of people, and he was working as a real ex-President, who was working for the country, but in a secondary position. You look at his policies on the Middle East, for example, when he was President, and after he was President. Well, these are not bad policies, but he was not the real controller of the situation.

Kennedy began to move in that direction, and they killed him. Because they wanted to move in a certain direction. So, we've been moving in a downward direction ever since.

Now, the Bushes. Bush is a fool. Bush, the father, began to play funny games against me, and I fought back, and as a result he lost the nomination for President—because he got into a fight with me—and Reagan won.

**Q:** At the time you nominated yourself for the Presidency?

**LaRouche:** Yes, this was in that period, yes. And we got into a big fight in New Hampshire [in 1980]. I was a Democratic candidate; he was a Republican. But his campaign decided to attack me. I told him, "Stop it!" He wouldn't stop it—so, I just unloaded the information about him, and he lost the election!

**Q:** And then he became, eventually, the President.

**LaRouche:** Yes, but that's ten years later. And he was in for a full term, but he became discredited.

Now, what he did as President—the one thing he did almost right: The British and the French wanted to make a real mess in Europe, by preventing the reunification of Germany. And Bush, under advice of many of his advisors, said, "no." And, some people wanted to go in and occupy Iraq. Bush, under the influence of his advisors, said, "No. We finished our job. We get out." So, he seems sane compared to his son's administration. Not good; he's stupid and dumb, but his administration was not stupid.

The son is a mental case. He should not have been elected to anything. He does not have the mind for it. But the danger is, the family wanted a son to become President, and George W. is the son. And they wanted, even though they knew he was mentally ill and so forth, they wanted their first-born son

to become a President!

He became, not the President: He became the puppet-President! He's more or less controlled. Cheney meets with him virtually every day. Cheney is the immediate controller. There's a group of women that control him—he's not his own self. So, he's a mental case.

But my concern, right now, is, to get rid of Cheney. Cheney is the representative of the dangerous evil. Without Cheney, and with eliminating certain people who should be eliminated—they committed crimes—I think we might try to control the Bush Presidency, so that it would move in the right direction, or would not prevent us from moving in the right direction.

**Q:** Okay, I have a question here. If things are as you say . . . why did the people of America vote for George Bush a second time?

**LaRouche:** Well, you know, democracy is exaggerated. Because, you had an idea of democracy which is like that of ancient Greece, when Greece destroyed itself. The Democratic Party of Greece, destroyed Greece: Here was Athens, the leading power which had defeated the Persian Empire—which was not really the Persian Empire, it was the Babylonian Empire, right? And, at that point, the Babylonian priesthood, which really ran the Persian Empire; that is, Babylon collapsed, and, at a certain point, the Babylonian priesthood brought in the Medes, and then they brought in the Persians and said, "You run the government as a dynasty." But behind the scenes, behind the dynasty, was the power of the priesthood, the Babylonian priesthood.

So, they corrupted Greece, and Greece destroyed itself. So, that's the kind of situation we have today, still. What runs this government? What runs the governments of Europe? The world is run by a financial system, a group of financial interests, which were traditionally based in Venice, and they're still partly based in Venetian bankers. The British Empire was a creation of these bankers.

In the United States, we have a fight between the national tendencies, which are in our Constitution; but you have what's represented by Wall Street, [which] represents largely foreign bankers, foreign financial interests. And the problem we've had, repeatedly, because, initially we were an isolated, small country—not small in size, but small in numbers—we've always had the problem of struggling to assert ourselves against control, foreign control, which was largely by foreign bankers, foreign financial interests. And since 1763, those big financial interests were centered in London. So, we've been fighting against the British Empire, essentially.

So, we've had Presidents who were skunks: For example, Jackson was a skunk; Van Buren was a skunk; Polk was a skunk; the ancestor of Barbara Bush, Pierce was a skunk; Buchanan was a skunk.

Lincoln was great. We've had a few great Presidents. But, in our country, it's been a struggle for the independence of



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*The Nuclear Technology/Research Center in Esfahan is Iran's largest nuclear research center. To protect itself as a sovereign nation-state, LaRouche said, Iran must develop its industry and agriculture. To acquire infrastructure, such as water systems, it needs development. And for this it should use nuclear power.*

our system, as defined by our Constitution, and then foreign powers.

Now, what tends to happen, is, a President is stuck in on us, who is not really—he's national, that is, he's an American citizen, but he's not really the President: He's a puppet of powerful financial interests, which people here call "Wall Street"; it's actually London and Wall Street. So, that's the power problem. And Bush is a—Bush is stupid. I mean, there was no reason to make him President. If you were serious about the country—that is, George Bush I—you wouldn't make him President, if you wanted a real President, if you wanted an independent country! You want an intelligent President, like Roosevelt, or like Lincoln: You want someone who can represent the country, its spirit, its ideas, its tradition. They don't represent that!

**Q:** Okay. If I believed these things that you said, if you become the President, what would you do to change all these, you know, the system, or the conspiracy behind all these things.

**LaRouche:** Well, you know, I also have a conspiracy.

**Q:** [laughs] Uh-huh, okay!

**LaRouche:** I'm 83 years old. I probably would be the best President the United States has had in a hundred years.

**Q:** How?

**LaRouche:** Well, first of all: The United States has a constitutional system, which the world would benefit from. Not as a U.S. empire, but as a model. For example, we had the Bretton Woods system, under [Franklin] Roosevelt who established

it. That's *our* system, the so-called American System—not the British System. Our interest, as a nation, is to create a new order on this planet of sovereign nation-states. That means two things, right now: It means going to a Eurasian world, not a European world. That is, we have large nations, like China, India, so forth. These nations are nations. They're not developed properly; they're not developed adequately. But we have to have a long-term agreement about their development, as Roosevelt intended at the end of the war. We have other Asian nations. You have the Middle East situation. These are not really nation-states. They really never got their freedom from the Ottoman Empire. Because, immediately, Sykes-Picot came in, at the end of the First World War, and began to play games with the whole Arab world, and the world around it.

Now, this area has a right to develop its own nations. These nations have the right to develop. You have this ugly thing in Israel and Palestine. *It's ugly*. It's wrong. We need a world, in which we have nation-states which are developing as *sovereign entities*—not as colonies, but as sovereign entities. Because, otherwise, you can not have peace and prosperity in the world; you can't have empire.

And the interest of the United States has always been, first of all, in the Americas, to have a system of sovereign nation-states, which would enter into long-term cooperation in the common interest. We need that now. Now, that means, you've got to take continental Eurasia, essentially, and unite it, in the way the cooperation is coming from Germany to various countries in Asia, like China, India, into Iran, and so forth. This is the direction we must go in.

This means that we have to include Russia in this, as a key pivot. Because Russia is not a European nation; it's not

an Asian nation: It's a Eurasian nation. It has been a Eurasian nation ever since the—oh, almost a thousand years.

So therefore, we have to integrate Asia, Eurasia, as an area of development among respectively sovereign nation-states. That's the interest of the United States. Why? To have a world in which we can live. We can't have an empire. But we must have a world in which we can live! A world which is not going to war, constantly.

We also have the worst financial crisis, the worst mismanagement in the past 40 years, the world's ever seen. We have to go back to industry, to agricultural development, to technological development, to ideas, and things of that sort. So—

**Q:** I have another perspective, because my perspective says to me, that after the Second World War, because of the victory of the United States, so automatically the United States becomes like a hero. So, everybody cheers for them. That's after these—you would see lots of coups in many countries like Iran, by Mossadegh, you know—and these things happen also in South America. And, to me, these things, this is like a process—you can not stop it, you can not change it. It's just going, it keeps going.

**LaRouche:** No, it's an imperial—

**Q:** You see, because the result of that—how do you define these things happening in France, right now? These people, poor people came out, because of these things.

**LaRouche:** No, look, France is essentially a very efficient dictatorship. This is a legacy of—despite de Gaulle and a few great people in France's history—but, since the French Revolution and Napoleon, the Napoleonic tendency is a characteristic of France. We make a joke: We say, "France has more policemen than citizens."

Now, you have a tendency in France, in dealing with the Algerians—now these are the *pieds noirs*, the Algerians who left after the Algerian War. They went into France, they typified the former French Empire, the French colonies. Many people from the French colonies had the right, under de Gaulle, to go into the main part of France, the main body of France. They went there. They went there with the promises that they were going to be given the means of development and so forth. What they constitute, were the Algerians as a hard core of this whole group. They have never received what was promised to them.

Now, somebody wanted to play games in France. France is an effective police-state. The policemen run it, and police agencies of many kinds of run it! So, one faction in the police decided to stir up trouble in France, for the purpose of changing the policies of France in a certain direction—and Sarkozy represents that.

But there are people on the *other* side, who are not Sarkozy, who also wanted to play this game. So, what they did is, they took what is a politically stable situation in these areas of Paris, for example, and other cities, in which these

people who would come from Africa—largely Africa, Algerians and others, who were sitting there, very poor, 60% youth unemployment! Under terrible conditions, they've never had what was promised to them!

**Q:** Yes, discriminated and—.

**LaRouche:** All right, so now, somebody decides to make a fuss about that—so they hit them! They hit them with a few atrocities and provocations, and they explode!

Before, the way it would happen normally in France, they would keep each section separate—and they would maintain peace and quiet. Each section would have its own—.

**Q:** Because, before then, by the time you're talking about, the Communist Party was there. And after this, there is no Communist Party there, so the mosque, or religion trying to substitute these activities—

**LaRouche:** This religious thing is a Venetian trick. It's a trick with religion. Look at the history of Europe. You go, for example, the Roman Empire did that. The Roman Empire was an empire of the religions. They turned religion into an imperial force, so you would play each religion with a Roman cult.

Then you had the Crusades: The Crusades were Venetian controlled, but it was a Venetian-controlled alliance with the Normans, the Norman chivalry: From about 1000 A.D. on, until the collapse of the system in the 14th Century, they ran crusades! So, you take the fight—take the case of Frederick II Hohenstauffen, who was in a sense the Emperor at that time. He had a fight with the Church. The Church was controlled by the Venetians, controlled by the Venetians and the Norman chivalry. They were running crusades. They wanted to run more crusades in the Middle East. Now, previously in this period, you had the great Caliphate of Baghdad, and the Caliphate in its original form, of al-Mamoun, Haroun al-Rashid and so forth, was the center of culture of the world. Iran in that period, was integral: You had great figures, great scientific thinkers, Iranian thinkers—this was a single movement, a cultural movement, the great Islamic movement, the Islamic Renaissance. They moved to destroy that: They used Turkish and other forces to destroy it.

**Q:** Hmm, Usman, yes.

**LaRouche:** Yes. So this game goes on!

Now, what we had, for example, we had a Renaissance in the 15th Century, which established the modern nation-state in Europe, based on scientific progress, typified, led by Nicholas of Cusa—that sort of thing. What happened is, the Venetians started religious warfare: They controlled the Spanish, so the Spanish—Torquemada, the Grand Inquisitor of Spain, who was a Venetian agent, started religious warfare in Spain. Now, Spain had been a country of Islam, Jewish, and Christian. And it was a peaceful country! The peace of religions existed. One of the great cultural centers of the world in that

period—they destroyed it! What? With religious warfare. In the beginning, at first, they didn't expel the Islamic population, but they expelled the Jews in 1492. And that began a whole chain-reaction: From Torquemada in 1492 to Hitler is a direct line in European history.

We had, in Europe, from 1492 to 1648, religious warfare, with the Habsburgs being steered by Venice against the various Protestant states, and you had a butchery beyond belief! We stopped it in 1648, with the Treaty of Westphalia. And the law of Europe was, Treaty of Westphalia: no religious warfare; peace of religions.

All right. Now we come to the period of the recent 40 years, and you get this British tendency, in our country, which, with people like Samuel P. Huntington, and Brzezinski, and so forth, and people around them, start religious warfare, as a policy: the clash of civilizations!

**Q:** Which I believe in that—I think Huntington, somehow—I don't 100% believe in that; I was against that in the beginning—but it seems to be happening!

**LaRouche:** He always believed in it. This guy's a pig. I know him. He and Brzezinski and Kissinger come from the same thing. They're all evil. And this is—this is a method. This is a fascist method, it's the method the Roman Empire used.

**Q:** Yes, because if you look at the President—the President of United States has been to China, and the first thing he did is, he went to the church! So, how do you explain that?

**LaRouche:** Well, he's an idiot! I mean—the man's an idiot.

**Q:** Oh!

**LaRouche:** No, there is, of course—among the nations that are targeted for destruction is China. Therefore, everything can be done, to find in China something to stir up, as an internal problem.

Look: China's going to have a problem. China has 70% poor. It has some billionaires (which, of course, they did not have many before). But, China has a propensity for a tradition of gambling. And so, they approached business as gambling.

They don't really have independence, because what they've done, is they've used the cheap labor as a way of getting contracts from abroad, and they process as the middle processors of production for many things, in many parts of the world. They really don't control their production. What they do, is, they receive a contract to produce something, a concession to produce something. They produce it, then it goes out, and it's changed again, and becomes a foreign product. So, the Chinese are actually caught in the cheap-labor market. Their ability to do this, has depended upon cheap labor: that is, they do not receive an income which is sufficient to cover the cost of their entire population.

It's like India: India is prosperous in one way, but it does not receive enough for its exports to pay for the 70% of India's

poor, which is the reason why the change in the recent election.

This is the kind of problem we're having: We're headed for an attempt to destroy the nation-state in the world, by an imperial force which is centered in London, of Venetian tradition. And it has people in the United States and other parts of the world, who agree with that objective. You'll find people attacking the 1648 Treaty of Westphalia, saying, "No! We can't go back to the Treaty of Westphalia. We've got to abandon the Treaty of Westphalia." Well, that's religious warfare!

We shut down the nation-state, we have to have globalization. With globalization, it's impossible to maintain capital formation for the development of—. If you insist that everybody produce at the cheapest price, on a global scale, you *can not* have capital accumulation! If you can't have investment in productive capital, if you can not raise the level of productivity and education of your people, how can you have development?

So therefore, you have to have a system, which is sovereign nation-states, which have the right to protect their economic development—by tariff agreements with other nations. And therefore, they can build up industry, build up the agriculture, build up the development of the population as a whole!

For example, like Iran: You have a population which has a high level of culture, by traditional standards. But you have many poor, *very* poor. And that has not been remedied. You have an area, in which many areas are dry and arid, could be developed, but they're very poor. The poverty of the Iranian people is an internal danger, because it's a vulnerability to explosions of the effects of poverty on a people that are poorly educated.

You know, like the thing of Persian carpets, where you had certain parts, where you had children were being beaten by their parents and others, to work in these looms! Beating a child, to work in a loom as child labor, does not produce a happy result in terms of the population. It produces anger, poverty, desperation. And the objective of any country, is to be able to develop its people, to find the means for its young to be educated, not used as child labor, to raise the standard of living, to raise the life-expectancy—.

**Q:** But how? How are we to do that?

**LaRouche:** Protect! By protection. By the right to protection and cooperation in technology. For example: Basic economic infrastructure. Water, for example. Can Iran have enough water? Of course, it can have enough water! But it requires development to get the water systems. Can it have enough power? Of course it can have power! It can have nuclear power! It can use the oil for a different kind of purpose, for a product, for a raw material for a product.

It has neighbors. It can be part of a system, part of the Asian system, Southwest Asia. Because, Iran, Transcaucasia,

Turkey, and the Arab world are all one niche. They're different nations and so forth, but they all have this common interest, that this region be developed.

The key thing, is *water*. Water management, number one. A simple one. Transportation. Development of agriculture, development of higher-technology agriculture. General education of the entire population, to bring it up to a higher level of consciousness, and morality. And enjoying the fact that you have neighbors who are developing. I mean, when you have a country that you can go to, a neighboring country, and they have a different development than yours, but they're developing! Then you have something in common: development!

**Q:** Okay. If they become developed, then how do these multinational companies, you know, get benefits out of that?

**LaRouche:** Well, I'm not worried about them, because, first of all—

**Q:** I'm not worried either, but—I bring it as a question.

**LaRouche:** No, they're all bankrupt now. The system is totally bankrupt. This system is not going to go on. It's totally—

**Q:** You believe in that?

**LaRouche:** I know it! I know this system is finished. It's hopelessly bankrupt.

Now, the question is, production was not really based on the large corporation. The large corporation was a controller of production. Now, General Motors is a funny case—General Motors and Ford. Right now, I'm trying to defend this industry, not the management—I would fire the entire management of General Motors, because they're all incompetent. Get rid of them.

I could put in the machine-tool people who work inside General Motors. They could run the thing better. We don't need so many cars. We do need some railroads; we do need some other things, that the tool capability of these industries can build! There's no problem of changing product from an automobile to something else: You keep the same people working in the same cities and towns, use the same facilities, but you have a different mission.

For example: If the United States government were to give a group of these automobile companies, which have a machine-tool capability which is precious for the world—there are very few parts of the world that have this kind of thing, that kind of machine-tool capability. Japan has something like that; there used to be something like that in Russia, in the military sector; Germany has something. But there are very few parts of the world that really design completely new products of the modern type. Like the export of the maglev system to China: typical of German technology.

Well, we have technological potential, still, if they don't destroy it. It's concentrated largely in the automobile indus-

try, and the aircraft industry. We have people whom I'm now associated with, in the labor movement, who could take a factory area and design a new type of car, a new type of nuclear plant, a new type of locomotive, railway locomotive—all kinds of systems of that type!—they could produce that within a year. New products. And you would employ the same labor force, that is now producing automobiles, and produce fewer automobiles, and produce more of these other things.

This would mean the government would have to provide the credit, to back up this operation, and these companies would grow! And we would have a better economy. Now, what you need, for example, in the case of Iran, for example, is the ability to have capital formation for 25- to 50-year perspective development projects. You think in generations: 25 years to bring a child to young adulthood. So, you have two generations, 50 years. We can change the world in 50 years. It means we have to develop a *current generation* coming up, and change our orientation and think, as the Chinese do, in two generations.

In two generations we can change the world. If you look at some of the changes we've made in successful periods in the past in European civilizations, in two generations we can change the world.

**Q:** Okay, what kind of tools are you going to use to do these things?

**LaRouche:** You will invent them. You will make them. We have science which will show us how to do it. We already have the tools. For example, you take the way a typical—

**Q:** No, no, I mean—when I said “tools,” not tools, real tools, but you need something, because *people*—we are working with the people outside, and people outside, you know, they take time. They're *built* like that. How're you going to change the society?

**LaRouche:** Ah! The change is the leadership. True leadership is leadership that goes to a people, opens their eyes where the eyes are dark, and makes the eyes bright—

**Q:** Hmm.

**LaRouche:** And gives them hope. And says, “Your government is committed to help you do this. Here are some of the changes we're proposing. Here are some of the things we plan to do. If you want to do this, you have our support as a government.” And you'll find that poor people who are desperate, *angry*, because they feel there's no future for them—they're *crushed*, hmm? And you tell them that you love them!

**Q:** Hmm!

**LaRouche:** Leadership is largely love with the people! And they know it—it's just, they know it.



U.S. Army/Spc. Chad D. Wilkerson

*American soldiers detain two Iraqis in Baghdad. LaRouche emphasized that U.S. troops should not completely leave Iraq yet, but they must be disengaged from the population, and go into a reserve area. "We should not try to police the people of Iraq! That's the mistake."*

**Q:** Okay! So, to make this story short, what do you see, about this situation for American policy. I mean, the war, are they going to draw back all the troops from Iraq? Or are they going to continue? How do you see that? Are they going to attack more countries, like Syria, Iran, or—?

**LaRouche:** I think we can stop that. We will not stop it, if we keep Cheney in there.

**Q:** Because, my last interview was with Mr. Webster Tarpley. And Mr. Tarpley believes that they're going to attack, because they have no other choice. And, what is it?

**LaRouche:** It's not true, it's not true. They do have choices.

I know him, he's not—I know him very well, he's not always that sharp.

What we're doing right now: You saw—you had a vote, 98 of 100 Senators voted against torture, against Cheney! In the House of Representatives, on the provocation of a member of the House, [Rep. John] Murtha, 403 to 3 votes, for Murtha's policy: Murtha's policy is correct. I agree with it. It's what I proposed before: U.S. troops must be disengaged from the Iraqi population. They don't leave the area, but they go into a reserve area. Because, the problem is, we just can't leave the country. We've got to let the Iraq nation build up its own security. But, we should not try to police the people of Iraq! That's the mistake! And particularly, we should not imprison them. We should not torture them. We should not run these provocations. They're angry!

So therefore, if we pull back, take certain areas of Iraq, desert areas—we build up our bases there, we're there. If somebody tries to attack Iraq, we'll help defend the country. But, we tell the Iraqis, "It's your country. We're not an empire, it's your country. You put yourselves in order."

Now, they're beginning to do that, you know, this thing about calling back some of the old military back into service—very good idea; that should have been done in the first place. Normally, when you occupy a country, you take its establishment, its military, and you say, "Now, you've surrendered, but now this is your country. You've got to rebuild your country—and we'll leave!"

All right, now: If we win this fight, this fight, sort of concentrated on the figure of Cheney, and Blair in London—these two figures, these are the Anglo-American bastards—in that case, then we have a new perspective. Right now, the mood in the Congress, in the Senate and in the House of Representatives, is *overwhelmingly* for a process of disengagement from an occupation. Not abandoning the country, but to pull our troops out. *We are not to police the Iraqi people.* We may act in a friendly way, but we are not going to sit there, day by day, next to the Iraqis and shoot back and forth with the Iraqi people who are enraged. They're enraged, in particular, by the fact that U.S. forces are *torturing people*. That torture is a provocation.

There are other problems. We can not solve all the problems of Iraq. We do not have a magic solution. The people of Iraq have their own *internal* problems which are now exploded as a result of this war, and this occupation. We can not solve that problem. We can be a friendly force, hoping that they solve the problem. We must adopt that policy now. And withdraw from engagement of trying to be policemen inside Iraq. We're not policemen.

**Q:** Okay, the last question, about my own country, Iran: You know Michael Ledeen is trying to do something—you know, they have the American enterprises, they talk about the feder-



alism, and all the separatists in Iran go into that—because, the federalism to me, has its own meaning, to me: Half of the Earth's population lives under federalism. But each of these countries has their own culture and rules, although they are under federalism; but, the federalism which is used in the United States, is different than the federalism which is used in India.

**LaRouche:** Yes.

**Q:** So, this Ledeen, and this group, the radical right group—you know, Ledeen knows me—I don't know how, but he had a fight with me, physically, he wanted to break my hand at one point, I have a video I can show you some time.

But the only question I was asking him was the simple question: How did you get the people to believe you? Because of the past relationship between America and Iran, the Shah's regime, and coups in Iran—what do you do? The only answer from him, was to come and jump on me, and it was, you know—he hit me.

**LaRouche:** Well, Ledeen is not an American—he's of American origin. He is a Venetian. He's a Nazi.

**Q:** But he's a Jew.

**LaRouche:** So what?

**Q:** So he's a Nazi Jew?

**LaRouche:** Look, what he's in, he is part of, with the American Enterprise Institute as the cover for it here, he's a part of the Nazi International. What happened at the end of the war: Remember, the Dulles brothers were Nazis. But then the war came, and Hitler was going westward instead of eastward. But he was a negotiator, and he was always very close to his Nazi friends. Now, at the close of the war, starting in Italy, where Mussolini was in retreat—I had a friend of mine who was—in that period, who was the OSS boss for Italy, the Office of Special Services, and he was in charge of these operations in Italy against these guys, against Mussolini. At the close of the war, Allen Dulles moved in, got my friend out, and put in James Angleton. Now, what Dulles did, was to absorb a large part of the Nazi apparatus under the U.S. and British—we have them in Mexico, we have them in South America, still today.

It exists. For example, you had the Strategy of Tension in Italy, during the early 1970s, which Ledeen was part of. This was Licio Gelli, for example, who was a part of this—a younger man then, who was a young Nazi in the Salò Republic service, at the time he was picked up by Dulles and company. These people constitute, formally, the Nazi International today. Ledeen is part of it.

Now, take the case you talk about, Jewish Nazis? There's nothing inconsistent with that: How about Jabotinsky? Jabotinsky was a British agent, recruited out of this Colonel Zubatov crowd in Russia, which was actually a British asset inside the Russian secret police; along with Parvus, so-called Alex-

ander Helphand. He then went to France; he was part of the French-based operation controlled by the British. He went to Turkey, as part of the Young Turk operation, he was the editor of the *Jeune Turquie* magazine. Jabotinsky, Vladimir Ze'ev Jabotinsky, then went to Italy. While he was in Italy, under the sponsorship of his old friend of Mussolini. He had not been originally a friend of Mussolini, he was a friend of Volpi di Misurata, the banker. So, he was brought in as a collaborator, because Volpi di Misurata had been a part of the Young Turk operation for the British: he was a Venetian banker, who was a key figure behind the Mussolini power, inside Italy. So, Jabotinsky went into Italy, and had a Fascist organization, sponsored by Mussolini. During this period, Jabotinsky wrote twice to Adolf Hitler, trying to get an alliance with Hitler. Hitler turned him down, seriously. Hmm?

So, if you understand the situation, that there is no such thing as a real, simple Jewish interest: There's a Jewish interest which is united, and defined by, what Hitler did to the Jews. So, this now becomes an umbrella in which you get this particular mystique.

I've known people, involved in this, who were opposed to this: For example, I've known Nahum Goldmann, I knew him in the last part of his life. I knew some of his friends—and they were opposed to this. But, from 1967 on, this fanaticism—. And then you had, those in Israel, said, "Hey, what've we done? What've we done? We've been stupid! What've we done? We started a war with all these people! We shouldn't be having a war." But then, before that could be changed, then you had the Likud come to power, and it was the Jabotinskyites who came to power. And so, they are played—they are not their own ministers, they are instruments of a policy, and they're used by the same people that used Hitler.

Ledeen is part of it. Ledeen is a fascist. He's a *completely* intellectual, witting fascist. He's a part of international right-wing terrorism. Forget the fact that he was born Jewish! Forget it—it's irrelevant. He's a pig!

**Q:** Hmmm! Okay. Well, thank you very much, sir, and I highly appreciate you for letting us have the interview with you. I appreciate that. I hope we have the opportunity to come back to you, in the future, and talk again.

**LaRouche:** Absolutely, absolutely. Any time.

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# An 'Axis for Peace' Against the Neo-Cons

by Christine Bierre

About 150 diplomats, politicians, military figures, journalists, and artists, coming from 37 countries, notably the Arab world, the United States, Ibero-America, and Eurasia, assembled at a conference organized in Brussels on Nov. 17-18 by Réseau Voltaire (the Voltaire Network), under the title of "Axis for Peace."

The conference was called to denounce what its organizers called the "war outlook which is gradually imposing itself in international relations," with the "unilateral rearming of the United States," the unjustified attacks on Afghanistan and Iraq, and "open threats against Syria and Iran." Only the "principles of international mediation and peaceful coexistence offer an alternative to this 'rise of danger,'" states the conference program, which, invoking the spirit of the Hague conferences (1899 and 1907), and the Bandung Conference of 1955, called for all enemies of war to meet in order to "assess contemporary forms of conflict and interference, and shape a relevant and efficient discourse in favor of peace."

The conference issued a declaration which calls for protecting natural resources from financial predators, and rejects the use of "Islamic terror" to promote a clash of civilizations. It further denounces the "military coalition [which] has launched unbridled exploitation of the world's resources and energy reserves. Fuelled by neo-conservatives, it has increased its attacks, practicing all forms of interference, from forcing changes in regimes to colonial style expansionism. . . . To justify their thirst for conquest, they form terrorist groups with the aim of manipulating them, to create pretexts for military action, propagate theories of an international Muslim plot, and fuel conflicts between civilizations."

The document appeals to permanent members of the UN Security Council "to enforce the respect of sovereignty of nations, which forms the basis of international law and constitutes a precondition for the development of democracy in its genuine form."

Among those who participated or were scheduled to participate in the conference: former UN Secretary General Boutros Boutros

Ghali; Arab League Secretary Amr Moussa; three-time Lebanese Prime Minister Selim al-Hoss; Israeli Knesset representative and longstanding collaborator of the late Palestinian leader Yasser Arafat, Ahmed Tibi; former chief of staff of the Ecuador Army, Gen. René Vargas Pazzos; president of the Center of Strategic Studies of the Havana Higher Institute for International Studies, Enrique Román Hernández; member of the High Council of the Hugo Chávez Bolivarian movement, Jhanette Madriz Sotil; Gen. Vinod Saigal (ret.) of India; Lebanese historian Youssef El Ashkar; Gen. Leonid Ivashov, of the joint chief of staff of the Russian Army; founding member of the Arab National Congress Subhi Toma; French humorist Dieudonné Mbala Mbala; and Ray McGovern, a former CIA analyst and currently a member of Veteran Intelligence Professionals for Sanity (VIPS). Some of these people were unable to attend, due to pressure from the Bush Administration and its international allies. The French authorities were not particularly helpful, and French consulates did what they could to block extension of visas to some of the international participants.

International media outlets that worked in tandem with the organizers of the conference included al-Jazeera, *Gulf News*, *Russia Today*, Tele Sur, the Iranian IRIB News, Dubai TV, and the American Free Press.

## LaRouche Forces Intervene

Helga Zepp-LaRouche, chairwoman of the Civil Rights Solidarity Party (BüSo) in Germany, Jacques Cheminade, president of LaRouche-allied Solidarity and Progress Party in France, and Christine Bierre, editor-in-chief of the French newspaper *Nouvelle Solidarité* (who also represented *EIR*), were among the participants. Mrs. LaRouche, wife of the



Axis for Peace/Thierry Monasse

At the Axis for Peace conference in Brussels on Nov. 18 (left to right): Helga Zepp-LaRouche, Gen. René Vargas Pazzos (ret.), Thierry Meyssan of "Réseau Voltaire," James Petras, Russia's Gen. Leonid Ivashov, and India's Gen. Vinod Saigal (ret.).

American economist and Democratic Party figure Lyndon H. LaRouche, spoke at one of the plenary sessions, communicating optimism to the participants by briefing them on the fight in the United States to oust Dick Cheney (most participants were unaware of these developments, due to press blackouts). Cheminade intervened in a round table discussion, emphasizing the need to defend cultural sovereignty, denouncing particularly the Congress for Cultural Freedom created by the CIA after the war, ostensibly to fight Communism, but actually to destroy Classical culture as the basis for the nation-state. (See speeches, below.)

In response to a question from *EIR* about the recent Summit of the Americas in Mar del Plata, Argentina, General Vargas Passos said that he supported those movements which aim at Ibero-American integration. "In Mar del Plata, we saw that the idea of integration, as a means to oppose re-colonization, is on its way. The people and the governments came together on this idea, something that had never occurred before. . . . It was really a success. I hope that the President of the United States assimilated this lesson and has seen that there is a different reality in South America. We want peace, we want to be friends of the United States. We know that it is an extraordinary market to trade with, but we want to do it with people who respect us, who think that our raw materials must be managed by ourselves and then sold to the rest of the world."

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Helga Zepp-LaRouche

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## Getting Cheney Out Is the Key to Peace

*Mrs. LaRouche is the chairwoman of the Civil Rights Movement Solidarity party (BüSo) in Germany, and the founder of the Schiller Institute.*

What kind of balance of forces in the world could bring back equilibrium and guarantee the application of international law?

I think everybody will agree, that the absolute precondition to return to international law, is a change of U.S. policy from inside the United States. And there, I want to say emphatically, I am much more optimistic than most speakers who have spoken so far. Because there is an absolute revolt going on in Washington, where in the Senate and in the House of Representatives, a bipartisan coalition has emerged against the policies of Vice President Cheney and the neo-conservatives.

This is extremely important, because it's a simple fact: The entire world can be for peace, but if the neo-conservatives remain in power, there will be war. The problem is their stated intention to stay on their course in order to remove all "rogue states," in particular Iran, Syria, and North Korea. In reality, they want to continue on a war path, until all independent nation-states are removed and their global empire is established. And this means that the strategic situation could very quickly degenerate into global asymmetric warfare, throwing the world rapidly into a new dark age.

### Seismic Shifts

The good news is, however, that there is a seismic change going on in the United States. If you are not fully aware of it, blame the media, most of which are trying very hard not to cover the full dimension of these changes, or to dilute the picture by misrepresenting the story. Last week, on Tuesday, Nov. 7, the same day the Republicans lost in the state [gubernatorial] elections in New Jersey and Virginia, and [Arnold] Schwarzenegger lost all propositions in California, Sen. Harry Reid, the Senate's Minority Leader, and two of his colleagues, held a press conference announcing the opening of phase two of the Senate Select Committee on Intelligence investigation of the lies and manipulations used to lure the United States into the war against Iraq.

Senator Reid stated: "There is a dark cloud hanging over the White House. The Vice President is sadly in the middle of that storm. The manipulation of intelligence to sell the war against Iraq: Vice President Cheney is involved in that. The White House energy policy of putting big oil ahead of the American consumer: Vice President Cheney is behind that. Leaking classified information to discredit White House critics: The Vice President is behind that. Halliburton's contracting abuse, the list goes on, and it goes on."

On Nov. 8, Republican National Committee Chairman Ken Mehlman, in a conference call with reporters and activists from around the country, attacked Senator Reid for his remarks that Cheney was at the center of corruption and policy failures, and accused Reid of "having a Lyndon LaRouche moment." The fascinating thing is that, in this way, the Republicans blew the story about the Reid press conference to an even wider audience, while they had been desperately trying to block it from the media.

What did Mehlman mean when he said that Senator Reid had his "LaRouche moment"? Was Mehlman paranoid? What Mehlmann referred to is that the reason there is a storm in Washington to get Cheney out of office, is Mr. LaRouche's personal leadership role.

Yesterday, on Wednesday, Nov. 16, there was a large delegation of about 80 UAW trade unionists and elected officials, and about 100 members of the LaRouche Youth Movement meeting with 40 Senators and Congressmen, and with a larger number of Congressional offices, on the need to save the American auto sector, and to get Cheney out of office.

These two issues are absolutely connected: The only hope to save close to 1 million jobs in the auto industry, in GM, Delphi, Ford, and Visteon, is to go back to the policies of Franklin D. Roosevelt and his New Deal, and this will only happen if there is a bipartisan coalition among Democrats and traditional Republicans. And this is exactly the combination which has come together against the policies of the neo-conservatives, as was shown in the 98-0 vote against torture in the Senate, in a direct rebuttal of Cheney.

Senator [Pat] Roberts made a commitment, that phase two of the Senate Select Committee on Intelligence would focus on the central role of Vice President Cheney and his office, in fraudulently leading the nation to war and creating a parallel government, directly under his control. Congressman [John] Murtha, a very respected expert on military affairs who has been in the Congress for 31 years, led the charge against the entire defense legislation of the White House, and proposed a bill for an orderly withdrawal from Iraq, which found almost unanimous support from both Democrats and Republicans in the Congress. The attempted countermove by the neo-conservatives, to put a resolution for an “immediate withdrawal” up for vote, introduced by Duncan Hunter, was recognized as a stunt and a sham by the White House to discredit Murtha, and was voted down 403-3!

The fact that people like [Sen. John] McCain or [former CIA Director] Stansfield Turner now have such a clear position on the issue of torture is definitely related to the in-depth investigation of this issue, conducted by the LaRouche movement, tracing the neo-conservative tradition back from Leo Strauss, to Carl Schmitt, Alexandre Kojève, Nietzsche, Joseph de Maistre, and the Inquisition in Spain in the 16th Century, hailing torture as a legitimate means of political control. The three printings of the “Children of Satan” pamphlets, exposing this, were distributed in several million copies inside the United States, and internationally. To get Cheney out now is the crucial issue, if civilization is to be saved.

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Jacques Cheminade

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## Destroying Culture Destroys Nations

*Jacques Cheminade, a French Presidential candidate in 2007 and a collaborator of Lyndon LaRouche, spoke on the panel on national sovereignty in the cultural domain. We publish here extracts of his speech. Sharing the podium with him was French humorist Dieudonné Mbala Mbala, who in the last couple of years, has been demonized and even taken to court,*

*for having dared to humorously question the cultural and political hegemony enjoyed by extreme forms of Zionism, simply because these currents are protected by the Bush Administration's neo-conservatives. Cheminade and Dieudonné agreed on the fact that there is more liberty in Israel's parliament than in the Paris political scene. Participants in the round table also vigorously protested against the same violation of freedom of speech in France, when it comes to historiography on the former U.S.S.R., totally dominated today by neo-conservative intellectuals such as Stephane Courtois.*

Philippe Pétain, Minister of War after the events of February 1934, visited the gap of 44 kilometers in the French fortifications, between Montmédy and Sedan. The most vulnerable place in our deployment against a Nazi military offensive had not been prepared for war. Pétain's judgment was that that sector was “not dangerous.” Nothing was done to ensure the defense of our national territory . . . and the debacle ensued.

Today, the question of national sovereignty poses itself in the same way in the cultural domain, and we are showing the same kind of suspicious non-preparedness as France in the thirties.

Indeed, the sub-culture, the counterculture is flooding us, destroying the very concept of the nation-state, and of national sovereignty, threatening to create today the same effects produced yesterday by Guderian's tanks. . . .

This is why my intervention here is a call to rise up, addressed to France but also to all other developed countries, including the United States of America, as well as to those countries and peoples of the world, humiliated and offended by a conception which reduces human beings to their animal qualities, their desire to possess, to dominate, and to “have” as opposed to “to be.”

A call to rise up against what, against whom? We know that today power has been kidnapped in Washington, by a handful of neo-conservatives, proponents of preventive war, of permanent war, of constant intimidation against anything that opposes their plans, including by torture and violation of the nuclear weapons taboo. . . .

### The Battle for the Mind

However, we understand less well that the war against the human mind—what Dr. William Sargant called, without scruples, “the battle for the mind,” or that which Dr. Sidney Gottlieb worked on during the MK-Ultra project—is a more fundamental stake.

Let us see what Gen. Paul Vallely (ret.), former commander of the 7th Group of Psychological Operations of the American Army, expressed openly about the liberticide policy of his group, the group against which Eisenhower had warned in his farewell speech of 1961, calling it the “military-industrial complex.”

General Vallely wrote: “Strategic MindWar must begin the moment war is considered to be inevitable. . . . To this

end, MindWar must be strategic in emphasis, with tactical applications playing a reinforcing, supplementary role. In its strategic context, MindWar must reach out to friends, enemies, and neutrals alike across the globe, neither through primitive 'battlefield' leaflets and loudspeakers of PSYOPS [psychological operations], nor through the weak, imprecise, and narrow effort of psychotronics, but through the media possessed by the United States which have the capabilities to reach virtually all people on the face of the Earth. These media are, of course the *electronic* media, television and radio. State-of-the-art developments in satellite communication, video recording techniques, and laser and optical transmission of broadcasts, make possible a penetration of the minds of the world such as would have been inconceivable just a few years ago."

General Valley is not an isolated individual, practicing out-of-the-ordinary methods. It's around his group of special operations that the complicity which made 9/11 possible, occurred; . . . that false "proofs" concerning the weapons of mass destruction purportedly held by Saddam Hussein, were concocted. William J. Luti, Lewis Libby, David Addington, Douglas Feith, and Stephen Cambone, within the Office of Special Plans of the Pentagon; the Non-Proliferation Bureau at the State Department, then under the orders of John Bolton; and the Iraqi National Congress of Ahmed Chalabi: that was the machine for fabricating proofs. It's this same group that slandered France's stance on the Iraq War. The name of Michael Ledeen which just emerged in this context, is particularly revealing: He was the author of a 1972 of book entitled *Universal Fascism*.

### The Congress for Cultural Freedom

While Vice President Cheney is the protector and godfather of those men, one must look much farther . . . to the Congress for Cultural Freedom, launched in Berlin, and based in Paris starting in 1950. With its twin organization, the American Committee for the Freedom of Culture, this operation was sponsored by American intelligence, in principle, to counter the cultural warfare of the "Soviet Communists." Frances Stonor Saunders exposed this operation in her remarkable book *Who Is Leading the Dance? The CIA and the Cultural War* (Granta Books, 1999; Denoël, 2003 editions). Our movement, the International Caucus of Labor Committees, the Schiller Institute, and Solidarité et Progrès, denounced it in "The Children of Satan, Synarchy and the Strategy of Tension, and the Beastmen of the Cheney Administration."

This was a cultural initiative aimed at the masses, based on the idea of destroying national cultures in order to impose a counterculture, eliminating all ties between emotion and reason, flattering instincts and bestial desire among human beings and weakening the limit of tolerance towards that which is intolerable. It was a mental preparation for a fascist policy. It is historically established that this operation was

financed by the CIA, thanks to the counterpart funds of the Marshall Plan, a sum of nearly \$200 billion per year. One should note that it was Averell Harriman who controlled those funds, distributed by Frank Wisner; the same Averell Harriman who, during the '30s, organized conferences on eugenics and racial selection, in New York, with German "experts."

Why speak about all this today? Because their operation of cultural deformation has reached its climax: A society of immediate gains, of exclusion, of social control, and of triage, corresponds to an existentialist sub-culture of degradation and derision, going from Star' Ac or Koh-Lânta to the indecent fooling around of Jan Fabré at the Avignon Festival, a Jan Fabré who writes: "The vitality that I am searching for is sometimes close to that of the animal."

Jean Jaurès wrote in 1901: "Every human individual has the right to full growth. He has the right to demand from humanity all that can confirm its development. He has the right to work, to produce, to create without any category of human being submitting his work to usury or to a yoke." Echoing that, we must respond that in order to avoid this "end of history" of the Fukuyamas and his "universal fascist" friends, we must look with the eyes of the future, in order to be loyal to those who changed their lives and improved the world in the past. The fall of Dick Cheney and his allies, which we hope will come soon and for which we still have to fight, will eliminate any excuse we have not to act.

### EIR SPECIAL REPORTS

## Peace through Development in Africa's Great Lakes Region: Proceedings of A Seminar in Walluf, Germany

The 148-page report incorporates the proceedings of a seminar addressed by Lyndon LaRouche and sponsored by EIR, the Schiller Institute, and the Forum for Peace and Democracy, in Walluf, Germany on April 26-27, 1997. An extensive appendix details infrastructure projects which would spur the development of Africa.

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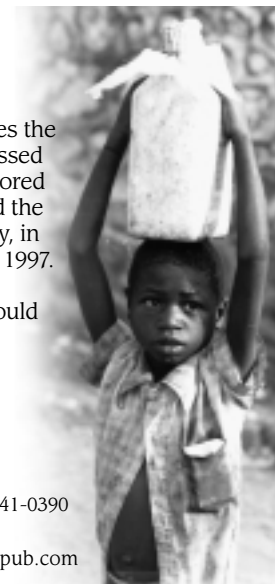
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## DeLay's Filthy Congressional Machine Is Under Legal Attack

by EIR Staff

The Justice Department is reportedly investigating three Congressmen, a Senator, and at least 17 current and former Congressional aides in its probe of Jack Abramoff, the currently indicted professional lobbyist who served as the moneybags for the political machine known as DeLay, Inc. Thus reports the Nov. 25 *Wall Street Journal*, citing lawyers as its source. With DeLay's former spokesman, Michael Scanlon, now co-operating, under a plea agreement with Federal prosecutors, Reps. Tom DeLay (R-Tex.), Robert Ney (R-Ohio), and John Doolittle (R-Calif), and Sen. Conrad Burns (R-Mont.), and apparently many other Congressmen, are now under investigation.

Each of these four named suspects was reportedly forced by the Justice Department to agree to extend the five-year statute of limitations (an infamous Abramoff-arranged golfing trip to Scotland was in 2000), by signing waivers. The 17 staffers, most of whom went on to be part of the Tom DeLay-Abramoff "K Street" lobbying and organized muscle apparatus, include five of DeLay's former aides. Within the Administration, only David Safavian (former head of procurement at the White House) and former Deputy Secretary of Interior Steven Griles have been named by prosecutors—so far.

There are reportedly 35-40 government lawyers and investigators working on the case.

### Scanlon Turns

Thus, although the case against DeLay himself, for illegally laundering campaign funds, continues to be held up, while the former House Majority Leader seeks to have it thrown out of court, the network upon which he and his financial backers have depended, is on its way to being dismantled. Crucial in this shift was the indictment of Abramoff, in a case of loan fraud, and the plea bargain struck by his associate Michael Scanlon.

Scanlon, under investigation for his role as the junior partner in Abramoff's schemes to loot casino-owning Indian tribes of around \$100 million, reached his plea agreement on Nov. 17. Scanlon pled guilty to charges of fraud against Indian tribes and bribing government officials, and made a bargain for lenience in exchange for helping the prosecutors to fry bigger fish.

Failure to give any prosecutors or probers whatever they ask for could mean many years of additional prison time for Scanlon. The DOJ plea document states: "The defendant agrees to fully cooperate in this *and any other case or investigation* with attorneys for the United States of America, and *federal and state law enforcement agencies* by providing truthful and complete information, evidence and testimony, if required, *concerning any matter*" (emphasis added).

The plea agreement describes a general pattern of criminal activity by Abramoff and Scanlon, but focusses in particular on two flagrant cases, the defrauding of the Tigua Indians in Texas, and the bloody takeover of the SunCruz company in Florida.

Using casino money, Abramoff and Scanlon secretly paid Ralph Reed and his "Christian" political networks to campaign successfully to shut the Tigua casino, then the pair got millions from the Tiguas, under various false pretenses, for Scanlon to campaign to open the same casino. Congressman Ney took part in the scheme, and got large donations from conspirators. Abramoff and his partners took over the SunCruz floating casino company, in a scheme for which Abramoff has been indicted, and for which Scanlon arranged Ney's connivance, a scheme in which the whole DeLay machine took part. When the former SunCruz owner was killed gangland-style, Scanlon told newsmen that Abramoff hadn't done it. But a mafia man, paid by the company under Abramoff/Scanlon, has been indicted for the murder.

Although the plea agreement features Congressman Ney

(referred to only as “Representative #1”), the drama comes from the potential for snaring the vast array of corrupt figures intersecting Scanlon and his cronies in what has been known as “DeLay, Inc.”—the political slime machine combining Tom DeLay, lobbyists, the Bush-Cheney Administration, and the worst of Wall Street.

Michael Scanlon went from the official Congressional staff of Tom DeLay to nominally private partnership with Abramoff, a de facto arm of the DeLay apparatus. Similarly, Enron Corp. paid DeLay and his associates to promote Enron’s privatization schemes; and for this purpose Enron funded DeLay’s chief of staff, Ed Buckham, for Buckham to set up a nominally private lobbying company, Alexander Strategy Group, another de facto arm of the DeLay group. DeLay himself, and his Congressional staff members, are implicated in all the scams and money hocus pocus of Abramoff, Scanlon, Buckham, and others, with DeLay’s staffers rotating into being privately employed in partnership with the schemers.

The explosive potential of testimony from Scanlon, or possibly Abramoff, extends beyond the “60 or so Congressmen” now rumored to be in the Scanlon prosecutors’ sights.

Take Enron, for example, with thousands of years of jail time awaiting those who looted California and other victims. The political arrangements for running the Enron scheme were made by a team extending from DeLay to Vice President Dick Cheney, to Bush advisor Karl Rove, to Abramoff/Scanlon’s secret partner Ralph Reed.

Take the Dick Cheney “outing” of Valerie Plame. Susan Ralston, who managed money-laundering for Abramoff/Scanlon, afterwards ran the office of Karl Rove during the scheming to “out” Plame. Ralston coordinated her management of Rove’s communications, by consultation with Abramoff/Scanlon secret partner Grover Norquist, the strategist of Tom DeLay’s relations to the Washington lobbying community.

## Ohio Indictment

Hitting DeLay from another angle, was the Oct. 28 indictment of another of his henchmen, Ohio fundraiser and political lobbyist Tom Noe. Noe was charged with three counts of illegally laundering money into the 2004 Bush-Cheney campaign, the which was reportedly used, in concert with DeLay, Inc. religious right operatives, to help run voter suppression and other operations that helped deliver Ohio to Bush in the Presidential election.

The indictment “is just the tip of the iceberg” for rare-coin dealer Noe, said FBI agent Ted Wasky on Oct. 27. Noe, who is under multiple investigations by Federal and state authorities, is charged with what one Justice Department official described as “one of the most blatant and excessive criminal campaign finance schemes we have encountered.” Still pending is the case of the \$13 million missing from two rare-coin funds that Noe managed with the Ohio Bureau of Workers’ Compensation, which invested \$50 million with him in 1998.

## Meanwhile, in Texas

As to the case against DeLay himself, that is moving slowly through the courts, with a decision pending on DeLay’s motion to dismiss. DeLay’s attempt to have the judge rule in early December was rebuffed.

Ironically, DeLay has to face the fact that he in effect brought his indictment on himself. In a stunning proof of the “Ibykus Principle” set forth in Friedrich Schiller’s celebrated poem “The Cranes of Ibykus,” Tom DeLay, according to a Nov. 11 article in the *Washington Post*, brought about his own felony indictment, by telling the prosecutor that he knew about, and approved, the 2002 corporate money transfers of his Texas political action committee to the Republican National Committee, and the RNC’s plan to launder and return the corporate money as RNC political “contributions” to seven GOP legislature candidates. Before DeLay’s conversation with Travis County Prosecutor Ronnie Earle, he had been kept distant from the conspiracy charged, as well as the money laundering by everyone indicted, or even interviewed, at DeLay’s Texans for a Republican Majority Political Action Committee (TRMPAC).

The *Washington Post* story was based on four independent sources who were part of plea discussions between Earle and the operatives of TRMPAC.

The criminal issue is: It is illegal under Texas law, for corporations to contribute to state legislature campaigns. TRMPAC raised \$190,000 in corporate money in Texas, and wrote a check in that amount to the Republican National Committee in Washington, D.C., and sent it in September 2002, along with a list of seven GOP legislative candidates. The RNC then put it in a different account, and sent \$190,000 back to those seven candidates.

DeLay met with Prosecutor Earle on Aug. 17, in a pre-emptive effort to avoid any charges that might force him to resign his House Majority Leader post under new Congressional ethics rules. DeLay, according to the *Washington Post*, was relaxed and garrulous as he told Earle that he was generally aware of a plan to shift the money between Texas and Washington and get the same amount back; that this deal happened; and that he knew beforehand that it was going to happen. Asked how he knew, DeLay said his longtime political aide James W. Ellis told him so, and DeLay told him, “Fine.” DeLay added that he knew it was corporate money, but he thought that was legal. Earle’s meeting with DeLay was transcribed, with DeLay’s consent.

Having nailed down DeLay’s involvement, Earle moved to indict, thus accelerating the process of dismantling the entire DeLay, Inc. dirty money machine, upon which Vice President Cheney, among others, has depended to push through their outrageous foreign and economic policies, and crush all opposition. True to form, Cheney has continued to support DeLay, and is scheduled to appear at a fundraiser for the embattled Congressman on Dec. 5. Support from a loser like Cheney does not make DeLay’s future look any brighter.

# It Didn't Start With Joe McCarthy

by Edward Spannaus

Lyndon LaRouche has often characterized the Truman Presidency as a turning-point in U.S. history, a right-wing shift following the death of President Franklin D. Roosevelt, in which the synarchist bankers set out to dismantle Roosevelt's achievements and his vision. The witch-hunt launched by Wisconsin Rep. Joe McCarthy in 1950, with his "I have a list" speech, actually began under Truman.

In his Nov. 16, 2005 webcast, LaRouche described it this way, in answer to a question from a Congressman: "I was one of the guys who was angered by Truman and McCarthy, Joe McCarthy. And I stuck my neck out, in a bunch of cases where McCarthy was running a raid, because in 1948 I knew that this thing was *gone*. Already, when I came back from military service to the United States, I saw it was a different country. It had been destroyed by Truman and what Truman represented. This was no longer my country, this was a piece of filth. . . . In 1948, it reached a point, we were *morally destroyed*, 80% of our people were morally destroyed. They had submitted to Trumanism. McCarthy was not even then a problem. The problem was *Truman!* And the magic word to say, is 'Truman!'"

Today, we hear Vice President Dick Cheney branding Rep. John Murtha (D-Pa.), a veteran of 37 years of military service, as a coward, because of his call for a U.S. troop withdrawal from Iraq. This calls to mind the tyranny of Trumanism and McCarthyism—and also recalls the role of U.S. military institutions in crushing this hideous phenomeon, during the mid-1950s.

In that context, we present here a brief history of the Truman-McCarthy assault on the Constitution.

## Truman and Churchill

The purpose of the witch-hunt was not to root out "Communism"—which was never a credible threat to the nation in the post-war period. The intent was to eradicate the Roosevelt legacy, by terrifying the population, and cynically conflating the New Deal with Soviet Communism. Crucial to this project was Winston Churchill's March 1946 Fulton, Missouri speech, which turned on its head FDR's vision of an anti-imperial and anti-colonial post-war world, by proclaiming "a special relationship between the British Commonwealth and Empire and the United States," against their wartime ally, the Soviet Union.

In the Summer and Fall of 1946, in the campaigns for the 1946 midterm elections, many Republican candidates

campaigns on opposition to the New Deal, combined with anti-Communism, with some of the more unscrupulous among them claiming that New Deal liberalism was nothing but a form of Communism. Harry Truman was already so unpopular by this time, that he didn't even campaign, and wasn't asked to—sort of like George W. Bush today. Truman's response to the attacks on his Administration, was, cynically, to out-do the Republicans with his zealous displays of opposition to Communism.

After the elections, Truman sought to seize the reins of the anti-Communism campaign, with his establishment of the Federal Loyalty Board program, covering Federal employees, in March 1947. More than anything else in this period, Truman's Loyalty Campaign was responsible for the reign of terror—and the general retreat from politics—which held sway in the United States in the late '40s and early '50s, and which was only alleviated when President Dwight D. Eisenhower took decisive steps to do so in 1954.

The Federal Loyalty Boards became the model for state and local governments, and even private institutions, which created their own loyalty programs—with equal disregard for due process. There were no rules of evidence. Gossip or innuendo, or association with someone who was associated with someone who was suspected of sympathies to a Communist-front organization, was enough to cause someone to lose their job and be blacklisted from getting another one. Many of those who were fired from their jobs were never told what the accusations against them were, much less who or what was the source of the adverse information.

Truman's Justice Department initiated the breaking-up and driving underground of the Communist Party and its sympathizers, with the Smith Act prosecutions of top CPUSA leaders that began in 1948. Top CP leaders, and then the second-string and others, were sent to prison or went underground. Industrial unions deemed to be under CP control or influence were driven out of the Congress of Industrial Organizations (CIO) in 1949.

And Truman appointees to the U.S. Supreme Court ensured that the highest court upheld the Smith Act convictions in June 1951, in a climate of hysteria which was fed by the outbreak of the Korean War.

## Enter Joe McCarthy

All of this, except for some of the Supreme Court's ratification of the Truman witch-hunt, took place *before* Sen.





Library of Congress

*Sen. Joseph McCarthy's (R-Wisc.) anti-Communist rampage was intended to eradicate the legacy of President Franklin D. Roosevelt, by terrifying the American population and conflating the New Deal with Soviet Communism.*

Joseph McCarthy of Wisconsin lent his name to the phenomenon of "Trumanism."

On Feb. 9, 1950, McCarthy gave a speech in Wheeling, West Virginia, in which he claimed to have a list of 205 State Department employees who were known to be members of the Communist Party, "who nevertheless are still working and shaping the policy of the State Department." Two days later, in Reno, Nevada, McCarthy claimed to know of 57 CPUSA members or loyalists; by that evening, the number was down to four.

The lists that McCarthy claimed to be using, all came from Truman Administration security and loyalty investigations. Immediately after the war, the State Department had opened 225 loyalty cases, all involving employees of wartime agencies which were absorbed into the State Department after the war, including the Office of Strategic Services—the predecessor of the CIA. In August 1946, there were 205 employees from other agencies in the State Department, who had been screened, but for whom there was insufficient grounds for termination, according to information provided to Congressional committees. In March 1948, fifty-seven of those listed were still on the job. The numbers "205" and "57" which McCarthy bandied about, were the product of 1945-48 Truman Administration investigations, carried out years before McCarthy was advised to develop an interest in the subject.

Father Edmund Walsh, the right-wing Dean of the School of Foreign Service at Georgetown University, proposed to McCarthy, at a dinner meeting in January 1950, that he take up the issue of Communists in government, as a means of reinvigorating his political career, which was heading downhill fast. This was in the wake of the announcement of the Soviet Union's explosion of an atomic bomb, and of the perjury conviction of former State Department official, and president

of the Carnegie Endowment for International Peace, Alger Hiss. McCarthy was assured that he would get the backing, and a stream of leaked information, from the FBI and the Justice Department's internal security apparatus.

Prior to this, McCarthy was known as the "Pepsi-Cola Kid," for taking large payments from the soft-drink company on whose behalf he had waged a vigorous fight against the Federal sugar-rationing program. Not the least of the ironies of his subsequent career, is that McCarthy was first elected to the U.S. Senate in 1946 with the support of Communist-influenced unions in Wisconsin, angry at the incumbent Robert LaFollette's criticisms of the Soviet Union.

For the next couple of years, the clownish and often drunk McCarthy travelled around the country, naming "Communists" in the State Department and in other agencies of the government, and ruining lives, families, and careers. His targets even included Gen. George C. Marshall, whom McCarthy charged with "implementing the will of Stalin."

In the 1952 elections, McCarthy came in at the bottom of the Republican ticket, getting the fewest votes of any of the six statewide Republican candidates. With the reorganization of the Senate in January 1953, McCarthy was given the chairmanship of the Committee on Government Operations, and he took the chair of its Permanent Subcommittee on Investigations, which had broad authority to probe government agencies. At the recommendation of the hard-core right-wing crowd in New York, he named as the subcommittee's chief counsel Roy Cohn, the 25-year-old son of a New York State judge well-connected into the mob and the Democratic Party. Cohn had made a name for himself as an assistant Federal prosecutor in the Smith Act prosecutions of leading Communist Party figures, and after that, in the Rosenberg atomic-espionage trial. At Cohn's insistence, McCarthy created a new position, that of "chief consultant," for Cohn's intimate friend, the wealthy playboy G. David Schine.

Before long, Cohn was actually controlling the subcommittee's activities, often overriding McCarthy's decisions. Its first investigation was of the Voice of America; after that one flopped, the committee went after the State Department's Overseas Library Program. This provided the pretext for Cohn and Schine to go romping through Europe, seeking out "Communist books" in U.S.-sponsored libraries, resulting in bouts of book-burning by frightened librarians, followed by circus-like hearings in Washington.

The McCarthy-Cohn team tried briefly to take on the CIA in the Summer of 1953, but they were forced to back off, because of President Eisenhower's support of the agency in refusing McCarthy's demands. Finally, they settled on the U.S. Army—which was to be their undoing.

## **Eisenhower and the Army**

The downfall of McCarthy was pretty much only a matter of time, after Eisenhower was elected President in November 1952. Ike hated McCarthy, not the least for what McCarthy

had done to George Marshall. But Ike's policy, rightly or wrongly, was never to take McCarthy on publicly; as he often said, "I will not get in the gutter with that guy."

But as McCarthy and Cohn rampaged, Eisenhower came under increasing pressure to do something, from friends and relatives, and also from business and industrial circles, who believed that McCarthy was damaging the United States abroad, and was distracting the country from urgent domestic problems. Philip Reed, chairman of General Electric, told Eisenhower that McCarthy was seen as "a potential Hitler," and he urged that the impression abroad of "abject appeasement" must be corrected. Paul Hoffman, head of Studebaker, said that Ike had to show that he was in charge, and pointed out that "McCarthyism has passed far beyond being merely a nuisance and has now become a deadly menace."

Nevertheless, Eisenhower still equivocated, despite his railing in private against McCarthy, whom he considered, among other things, to be a tool of Texas oil interests.

The beginning of the end commenced in mid-January 1954, when a group of Ike's closest advisors heard from Army Counsel John Adams, that McCarthy was threatening to subpoena and interrogate members of the Army's Loyalty and Security Appeals Board. But that wasn't all. The subpoena threats were accompanied by demands from Roy Cohn for preferential treatment for Cohn's plaything David Schine, who had been inducted into the Army a few months earlier. Adams was urged to compile a detailed account of the demands coming from Cohn and McCarthy.

For the Army, the last straw was McCarthy's browbeating and humiliation of a decorated World War II hero, Gen. Ralph Zwicker, at a hearing held on Feb. 18 in New York City—typically, a one-man hearing, with McCarthy the only Senator in attendance. (The ostensible issue was the promotion of a suspected Communist, Irving Peress, a dentist in the Army Reserves who had been called to active duty in 1952.) McCarthy accused General Zwicker of protecting Communists, as being "of the same character as the man he is protecting," and called him "not fit to wear the uniform."

McCarthy had now antagonized the Army, veterans, and many of his allies in the news media. More importantly, this got Eisenhower moving; the President began working to strip McCarthy of his power to run a one-man committee investigation, to get Roy Cohn fired, and, on Feb. 24, he directed Army Secretary Stevens to get his documentation on Cohn and Schine ready for publication.

On March 3, Ike held a press conference, in which he praised General Zwicker, demanded that members of the Executive branch be accorded respect and courtesy in appearances before Congress, and put the onus for ensuring such fairness of treatment upon the Republicans in the Congress. McCarthy, anticipating a direct attack by Ike, had prepared a bitter rebuttal, ridiculing and insulting the President, which he issued almost intact.

On March 9, acting on behalf of Eisenhower, Sen. Charles



Harry S. Truman Library

*Gen. Dwight D. Eisenhower (left) with President Harry Truman in Brussels, on July 15, 1945, while the President was en route to the Potsdam Conference. When Eisenhower became President, he moved—slowly at first—to dismantle Truman's witch-hunt apparatus, and to strip Joe McCarthy of his power.*

Potter of Michigan made an official request to Defense Secretary Charles Wilson for the Schine report. "That ought to get the ball rolling to get rid of Cohn," White House press secretary James Hagerty wrote in his diary.

Potter, a Republican who had previously given support to McCarthy, had lost both legs in World War II, and was offended by McCarthy's treatment of General Zwicker. Later that same day, the Schine report in hand, Potter went to McCarthy and demanded that Cohn be fired; McCarthy belligerently refused.

That wasn't all that happened that day. Sen. Ralph Flanders (R-Vt.) took to the Senate floor and delivered a devastating attack on McCarthy. Flanders, 73 years old, and an engineer by profession, poked at McCarthy with incisive humor, and concluded by describing McCarthy's role in the global battle against Communism. "He dons his war paint. He goes into his war dance. He emits war whoops. He goes forth to battle, and proudly returns with the scalp of a pink dentist."

Later that day, Flanders received a letter of congratulations from the President. "I think America needs to hear more Republican voices like yours," Ike wrote.

Third, CBS Television's weekly news documentary "See It Now," anchored by Edward R. Murrow, was devoted to McCarthy. Six months earlier, Murrow had presented a program called "The Case Against Lt. Milo Radulovich," concerning an Air Force Reserve officer, a victim of the loyalty program, who had been dismissed from the service based on hearsay reports about his relatives engaging in such activities as attending a civil rights rally for the great singer Paul Robeson.

After that broadcast, one of Murrow's reporters was approached by Don Surine, a former FBI agent on McCarthy's staff, who intimated that Murrow had been on the Soviet payroll two decades earlier. At that point, Murrow began to prepare his direct attack on McCarthy. The program, as broadcast on March 9, was composed almost entirely of McCarthy's own words, captured on film clips from hearings and speeches.

Murrow concluded, by noting that "the line between investigating and persecuting is a very fine one, and the junior Senator from Wisconsin has stepped over it repeatedly." He continued: "We must not confuse dissent with disloyalty. We must remember always that accusation is not proof and that conviction depends upon evidence and due process of law. We will not walk in fear, one of another. We will not be driven by fear into an age of unreason, if we dig deep in our history and our doctrine, and remember that we are not descended from fearful men—not from men who feared to write, to speak, to associate, and to defend causes that were, for the moment, unpopular.

"This is no time for men who oppose Senator McCarthy's methods to keep silent, or for those who approve. We can deny our heritage and our history, but we cannot escape responsibility for the result. There is no way for a citizen of a republic to abdicate his responsibilities. As a nation, we have come into our full inheritance at a tender age. We proclaim ourselves, as indeed we are, the defenders of freedom, wherever it continues to exist in the world, but we cannot defend freedom abroad by deserting it at home.

"The actions of the junior Senator from Wisconsin have caused alarm and dismay amongst our allies abroad, and given considerable comfort to our enemies. And whose fault is that? Not really his. He didn't create this situation of fear; he merely exploited it—and rather successfully. Cassius was right, 'The fault, dear Brutus, is not in our stars, but in ourselves.' "

## The Tide Turns

The reaction was instantaneous, and overwhelmingly positive toward Murrow's presentation—in telegrams and letters to CBS, and in editorial commentary.

Two days later, on orders from the White House, the Adams Chronology, as the Schine report was known, was released to all members of McCarthy's Senate subcommittee, whence it quickly made its way into the press.

The Adams Chronology, even toned down, cited 48 instances of pressure being put on Army officials by McCarthy and Cohn, to attempt to secure preferential treatment for Schine, including regarding Schine's postings, and demands for frequent passes for Schine, not only weekends but weeknights, even during basic training. It also showed Cohn threatening to "wreck the Army," if his petulant demands for Schine's company were not granted.

The next week, on March 16, McCarthy was forced to step down from the Investigations Subcommittee, and the

subcommittee decided to investigate the charges in the Adams Chronology. The famous "Army-McCarthy hearings" commenced in late April, with Boston lawyer Joseph Welch as counsel for the Army.

The hearings were televised, as Ike wanted them to be, anticipating that McCarthy would prove himself to be his own worst enemy. The incident which is riveted in the nation's memory, came as a result of McCarthy's attacks on a young lawyer in Welch's Boston law firm, who had once belonged to the National Lawyers Guild, labelled "subversive" by the House Un-American Activities Committee. When McCarthy accused Welch of bringing a Communist lawyer to Washington, Welch told McCarthy, "Until this moment, I think I never really gauged your cruelty or your recklessness." When McCarthy persisted, Welch delivered the words for which he will be long remembered: "Have you no sense of decency, sir, at long last? Have you left no sense of decency?"

With this, the dam broke. Republicans all over the country now viewed McCarthy as a liability for the party and for their electoral chances. GOP officials told the White House that the party would go down in defeat in the next elections, unless Republicans repudiated McCarthy.

On June 10, the same day that McCarthy himself took the stand in the hearings, Senator Flanders introduced a resolution charging McCarthy with being "in contempt" of the Senate, and seeking to remove McCarthy permanently from the chairmanship of the Government Operations Committee and any subcommittee.

The hearings dragged on until June 17, by which time McCarthy, increasingly paranoid, and drinking even more heavily, was thoroughly discredited and isolated.

Before returning to Boston, Welch was invited to the White House, to receive Ike's personal compliments for a job well done.

## Supreme Court Rulings

As to the broader climate of fear and hysteria to which McCarthy had lent his name, this also was coming to an end. Just as the Truman-shaped Supreme Court had propped up the unconstitutional legal edifice of Trumanism/McCarthyism, it was the Eisenhower court, after Ike's appointment of Earl Warren in 1953, and William Brennan in 1956, that dismantled that structure.

In a series of rulings during 1956 and 1957, the high court threw out state sedition laws that were on the books in 33 states; it affirmed the right to assert the Fifth Amendment privilege against self-incrimination, and that an assertion of the privilege could not be used as a confession of guilt; it cut back the Federal loyalty program; it threw out a number of Smith Act convictions, and, finally, it threw out a contempt-of-Congress conviction, thereby curtailing the powers of Congressional committees to conduct investigations that strayed far beyond legitimate oversight or law-making.

## Revive the Spirit of FDR's Foreign Policy

*Erika Herbrig worked for many years at the Potsdam Treaty Museum in Cecilienhof Palace, in Potsdam, Germany. Birgitta Gründler, Thomas Rottmair, and Robin Högl of the LaRouche Youth Movement interviewed her for Neue Solidarität, the weekly of the Civil Rights Movement Solidarity party (BüSo), published on Nov. 16. It has been translated from German. Here are excerpts.*

**Herbrig:** The Cecilienhof was a kind of seismograph, since we detected here, in the midst of the Cold War, changes in the population and in politics. There I learned to treasure Franklin Roosevelt's foreign policy, and I am happy that the Schiller Institute and the BüSo are now making it better understood, so that people can see that there exists not just American imperialism, but also a quite different tradition. I discovered this during my work at the Cecilienhof, and I support Mr. LaRouche in his efforts to return to the conceptions of the Roosevelt era. It is a matter of survival, to understand and revive this tendency.

In 2005, we have had a series of commemorations of the events of 60 years ago. But I think that the Crimea Conference, in Yalta on Feb. 4-11, 1945, did not nearly get its due in these commemorations.

President Roosevelt, in his last great speech, on March 1, 1945, to both Houses of the American Congress, reported on the success of the Crimea Conference. This speech can be rightly considered as his political testament. . . .

Roosevelt said:

"I come from the Crimean Conference with a firm belief that we have made a good start on the road to a world of peace.

"There were two main purposes in this Crimean Conference. . . .

"The second purpose was to continue to build the foundation for an international accord which would bring order and security after the chaos of the war and would give some assurance of lasting peace among the nations of the world. In that goal, toward that goal, a tremendous stride was made. . . .

"When we met at Yalta, in addition to laying our strategic and tactical plans for the complete, final military victory over Germany, there were other problems of vital political consequence.

"For instance, there were the problems of occupational control of Germany after victory, the complete destruction of her military power, and the assurance that neither the Nazis

nor Prussian militarism could again be revived to threaten the peace and civilization of the world. . . .

"Days were spent in discussing these momentous matters. We argued freely and frankly across the table. But at the end, on every point, unanimous agreement was reached. And more important even than the agreement of words, I may say we achieved a unity of thought and a way of getting along together.

"Of course we know that it was Hitler's hope and German warlords' that we would not agree, that some slight crack might appear in the solid wall of Allied unity, a crack that would give him and his fellow gangsters one last hope of escaping their just doom. That is the objective for which his propaganda machine has been working for many months.

"But Hitler has failed.

"Never before have the major Allies been more closely united, not only in their war aims, but also in their peace aims. And they are determined to continue to be united to be united with each other and with all peace-loving nations so that the ideal of lasting peace will become a reality. . . .

"The conference in the Crimea was a turning point, I hope, in our history, and therefore in the history of the world. It will soon be presented to the Senate and the American people, a great decision which will determine the fate of the United States, and I think therefore of the world, for generations to come.

"There can be no middle ground here. We shall have to take the responsibility for world collaboration, or we shall have to bear the responsibility for another world conflict. . . .

"I think the Crimean Conference was a successful effort by the three leading nations to find a common ground of peace. It spells, it ought to spell, the end of the system of unilateral action, and exclusive alliances, and spheres of influence, and balances of power, and all the other expedients that have been tried for centuries, and have always failed.

"We propose to substitute for all these a universal organization in which all peace-loving nations will finally have a chance to join; and I am confident that the Congress and the American people will accept the results of this conference as the beginning of a permanent structure of peace upon which we can begin to build, under God, that better world in which our children and grandchildren, yours and mine, the children and grandchildren of the whole world, must live and can live. . . ."

**Q:** Politics and history is, for many people today, something dead, although it was made by living people who thought differently about it. Is this distinction the crucial point we are looking at?

**Herbrig:** Yes, that is exactly what I want to focus on. When Roosevelt died quite suddenly on April 12, 1945, and on the same day, President Truman stepped into his new position as the most powerful man in the world, the world changed.

It has often been said that Truman was poorly informed

about Roosevelt's foreign policy and goals; and it was not until the first day that he took office, that Admiral King, Secretary of State Stettinius, and Defense Minister Stimson first informed him about the Manhattan Project.

Who was this Truman really? He was not some insignificant manufacturer from the Midwest, who had no idea about anything. In the Cecilienhof Museum there is a facsimile of a well-known American newspaper, in which, in an interview on the day after the fascist attack on the Soviet Union, in reply to a question from a journalist about how the U.S.A. should respond, Truman answered: "If we see that Germany is winning, we ought to help Russia, and if Russia is winning, we ought to help Germany, and that way let them kill as many as possible. . . ."<sup>1</sup> It is well known, that Truman said this in June 1941, as a Senator. Thus, he had been orienting himself in that way politically for a few years.

**Q:** Truman was thus the representative of geopolitics, which Roosevelt, in his speech to Congress of March 1, 1945, rejected, when he called for "the end of the system of unilateral action, and exclusive alliances, and spheres of influence, and balances of power. . . ."

**Herbrig:** One can hardly imagine a worse change, from such an effective approach. With Truman, there also came the geopolitical approach to the Cold War.

I have read the so-called *Potsdam Papers*, which contain letters and statements, etc., including the telegram that Truman received, when the first atomic bomb test in New Mexico was successful. His reaction was: "Now I have a club for the bones of the Russian boys!" [back-translated—ed.] That was Truman's first reaction to the news. That was so characteristic of him!

But you can also read in *Neue Solidarität*, a multi-part series on "America's Moral Decline Under Truman," by Stuart Rosenblatt.<sup>2</sup> He shows how Stimson, who was 79 years old during the Potsdam Conference, had already, at the age of 50, at the end of the First World War, played a reactionary role.

During the conference, Defense Secretary Stimson presented to Truman a statement, in which he proposed a different foreign policy. From that moment on, West Germany would be built up as a bulwark against the East, and, in accordance with London's 1947 recommendations, the step-wise partition of Germany was set into motion.

**Q:** In this connection, LaRouche has pointed to the role of the Congress for Cultural Freedom. The same sophistry was produced in the American population and in the West, that



*Erika Herbrig is shown here while she was working at the Cecilienhof, where the Potsdam Conference took place. She gained a deep appreciation of President Franklin D. Roosevelt, and a dislike of his successor, Harry Truman.*

led to the self-destruction of Classical Greece. Through sophistry, words are given a different meaning. Words like *freedom* and *democracy* have quite a different meaning for Roosevelt than for Truman.

**Herbrig:** Yes, and this was coherent with the changes in the Cabinet. It is striking to me that [Edward] Stettinius wanted, although he was no longer Secretary of State, to take part in the conference, since he had long years of experience under Roosevelt. But Truman wouldn't let him. He took James Burns instead, who had been recently appointed as Secretary of State. A lawyer! There was a completely different mode of thought, a striking difference, between Roosevelt and Truman.

I studied ancient history, and it is astonishing how much they already knew—for example, that "democracy is a whore," it can be bought. Today this has become a slogan again. But what lies behind it, when the politicians talk about democracy? What does it mean, when a George W. Bush talks about democracy? He wants to bring Iraq freedom and democracy—but what does that mean?

**Q:** Roosevelt's policy was based upon the American Constitution, on the idea that man is a cognitive being, that solutions can always be sought in the realm of ideas; while Truman represented the imperial idea of power, control, and imposing one's will. How in the world did he get to be Vice President?

**Herbrig:** Roosevelt faced domestic political problems. The first was a strong so-called fascist fifth column in the U.S.A., which openly sympathized with Hitler. He also had opponents, particularly in the Republican Party, but also in his own Democratic Party.

Roosevelt campaigned in the 1944 election for the fourth time. . . . Naturally, his enemies went after him. The issue

1. *New York Times*, June 24, 1941. The end of the quote reads: ". . . although I don't want to see Hitler victorious under any circumstance. Neither of them thinks anything of their pledged word"—ed.

2. See Stuart Rosenblatt, " 'Our Luck Stopped Here': How Trumanism Overturned Roosevelt's World," *EIR*, Aug. 16, 2002.

here was the post-war order: Roosevelt wanted his life's work to be continued without fail, with the founding of the United Nations and the reorganization of Germany and Europe after the war. Therefore, he had to at least stabilize the Democratic Party, to prevent a split during the election, which would have prevented him from achieving a new term.

The fate of the whole world, and of generations yet to come, hung on the direction of post-war policy. Roosevelt wanted no waffling. He wanted to take the responsibility for a peaceful future, and he knew the political conditions for that—"or we shall have to bear the responsibility for another world conflict. . ."—and so, he went personally to Truman—I know this from Truman's memoirs—and offered him the chance to campaign to become Vice President in 1945.

Roosevelt was forced, by inner-party conflicts, to drop his Vice President, Henry Wallace, who next to him was the most important New Deal Democrat, and to bring in the reactionary Truman, in November 1944. The 1944 election must have been very hard for him, since Roosevelt was conscious of his own importance and his political views, as distinct from this fifth column, which wanted to spread its influence everywhere and turn the world fascist.

But he died too soon to achieve his goal. It pleased me, at the Cecilienhof Museum, when many Americans, during the Kennedy years, would say, "We are Roosevelt supporters," and "Roosevelt must have been assassinated. A politician doesn't just die by coincidence, a time that is so opportune for his enemies." (Maybe you also know, that Elliott Roosevelt, his son, who was a doctor, was with him at the conference in Tehran, but not at Yalta.)

Naturally, Roosevelt was also slandered and his views were bowdlerized. The policy of *splendid isolation* had been put forward to stop Roosevelt, who, already in the 1930s, was attempting to build an anti-fascist alliance. It was said that he was a warmonger, who overestimated Hitler and fascism; and later, that he was a dreamer, who made policy by the fireside, in the so-called Fireside Chats—you know about them, don't you? Later, they turned their spears the other way, accusing him of having ignored the warnings of a coming Japanese attack against the U.S.A.

Finding his way through this jungle was not very easy for Roosevelt. What should he have done? He found himself in a situation similar to that of Stalin, who also did not heed warnings. Perhaps one cannot directly compare them, but neither statesman could simply declare war on another great power, on the basis of reports from the secret service or the military.

Then came Dec. 7, 1941, the attack on Pearl Harbor, and the mood turned abruptly. From this point on, the first steps were taken toward forming an alliance against Hitler. But it took two years.

**Q:** What were his ideas about the United Nations and the reorganization of Europe?

**Herbrig:** How deep Roosevelt's conviction was, that a broader agreement between East and West were possible, became clear during his talks with Stalin during the Tehran Conference at the beginning of December 1943. It was a bit surprising—or perhaps not really—that Roosevelt, at Stalin's invitation, stayed, along with his delegation, at the Soviet Embassy in Tehran. Churchill had also invited him, but apparently Roosevelt trusted the Soviet secret services more than he did the British, to shield him from publicity, and above all from the fascist spy agencies.

And so, the private talks between Roosevelt and Stalin took place. In these, he said, as far as I can recall from the protocols of the Soviet and American delegations in Tehran: "Marshal, there is no reason why, after the war, we should not be able to work together further. Our states have no common borders. We represent two equally strong, young peoples, who have the future ahead of them, and we both will have great tasks to solve after the war. You will first have to rebuild the destroyed western regions of your country and the industry of Siberia, while I will soon have to release several million boys from the Army, create jobs for them, and convert the gigantic wartime industry to a peacetime industry. We have no reason to fear any crises. We could deliver to you powerful industrial equipment for decades, and you could pay us back with raw materials and semi-finished goods. And furthermore, we have the great task to fulfill, to free the poor nations of the Third World from fear and worry about want, misery, hunger, and so forth." [back-translated—ed.]

**Q:** The legacy of the British Empire!

**Herbrig:** These are prescient words, and they show that President Roosevelt was not infected with any kind of anti-communist or anti-Soviet ideology. . . . He was on the same line as the well-known German poet Thomas Mann, who also in the '30s, as an immigrant to the U.S.A., said the prescient words: "Anti-communism is the most basic stupidity of the 20th Century."

Now decades have passed. The enemy image of socialism or the Soviet Union no longer exists. How important would it be now, to revive this aspect of President Roosevelt, which seemingly has been consigned to oblivion. There have been some good beginnings. The BüSo reported about a meeting between Federal Chancellor Schröder and President Putin, about European-wide transportation and other progressive agreements, such as the Eurasian Land-Bridge, connections with China, etc. These are all harbingers of hope for, finally, a peaceful future.

**Q:** Roosevelt's observation, that there is no reason why America and Russia should not continue to work together during the post-war period, as they did during wartime, is an idea that inspires us in the BüSo, and as Mr. LaRouche aptly says, America has a genuine interest in a strong, stable Eurasia.

**Herbrig:** That is the main reason that the Yalta Conference, has, unjustly in my opinion, been left half-forgotten. The same is true of the founding meeting of the United Nations in San Francisco.

But, in my view, Truman was a low-brow little politician, who wanted to quickly install himself in his new role as the most important man in the world, and so forth—already a sign of the times of the Cold War—and who was put in place immediately after the death of Roosevelt. . . .

**Q:** You say that it's hardly possible to imagine a more striking break in policy, than that which occurred with the death of Roosevelt on April 12, 1945.

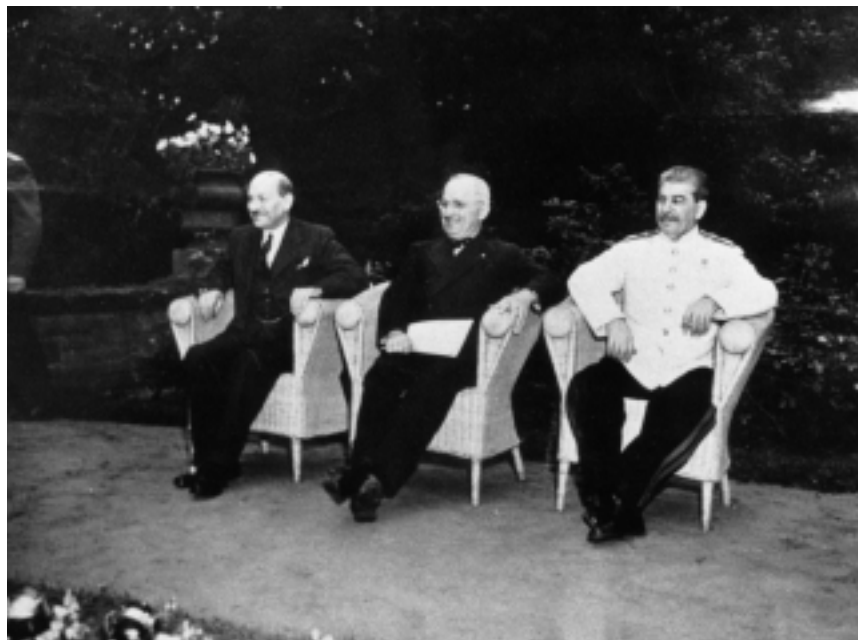
**Herbrig:** Roosevelt knew very well, that Churchill was a Communist-hater of the first rank, and indeed that this was mainly on geopolitical-imperialist grounds.

**Q:** —and also an America-hater, in fact!

**Herbrig:** Yes, Roosevelt was perfectly clear about that. I have read, in the memoirs of the Soviet ambassador in London, Maisky, who had been ambassador in London since around 1933, about a meeting with Churchill in 1934 (although I cannot say whether this discussion took place before or after the death of Hindenburg, after which Hitler assumed total power). In any case, Maisky explained how Churchill was thinking about Germany, at this point in time. If England were threatened by Germany, Churchill said, then he would go down to "the Devil in Hell, and make an alliance, in order to save Great Britain" [back-translated—ed.]. Maisky let Stalin know that he [Churchill] could be trusted on this point. Churchill had already been the Queen's Admiral in the First World War, when he was seized by fear for the future of Great Britain. One could only find him an honest partner, in an alliance to save Great Britain. But it was therefore also quite clear, that such an alliance would only last, until England was saved.

**Q:** Churchill was also not keen on having a Roosevelt era after the Second World War. The East-West scenario after the Second World War also reminds one of Great Britain's typical "divide and conquer" games. And the fascist fifth column in the U.S.A. worked directly against Roosevelt. The Dulles family was running the show.

**Herbrig:** Oh, yes! John Foster Dulles, his brother Allen Dulles, and his sister Eleanor, who sat in Switzerland and directed the activities of the secret service.



Library of Congress

*Left to right: Clement Atlee, Harry Truman, and Josef Stalin at the Potsdam Conference, July 1945. Frau Herbrig considers the Truman Administration to have been a turning point in history, repudiating the legacy of the Roosevelt Presidency.*

This so-called fascist fifth column existed in many countries. There were outright fascist organizations in Holland, for example, and in England there was a well-known fascist leader, Sir Oswald Mosley. Churchill was against such people, as long as they could pose a danger to Great Britain.

**Q:** Roosevelt wanted a post-war order in which the concept of empire, as well as fascism, would become impossible. As we have often explained, he understood the mechanism of state credit policy, whereby money can be generated in the service of the general welfare.

We, as civil rights advocates, want not only to document this history, but to use and expand upon Roosevelt's work. Mr. LaRouche makes it very clear, that this is a question of a method which one can master. It is also just such a paradigm-shift that we are working to bring about. Young people can no longer imagine that industrial policy has anything to do with peace. Full employment, in the eyes of the young generation, is something that is no longer possible. They can well imagine that a third world war could occur, but peaceful development seems unimaginable. . . .

It is our goal to drive out such pessimism. Therefore, we thank you kindly for your persistent efforts to study Roosevelt's ideas and to spread them. These are tremendously important in the domestic policy of the U.S.A., in order to free the U.S.A. from its imperial decline; as well as in its foreign policy, since the outcome of the struggle in the U.S.A. will certainly determine the fate of the world, once again.

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## Editorial

### *Bill Ford's Message on Auto*

If we allow the U.S. auto-manufacturing industry to be destroyed, the U.S.A. becomes a virtual "Third World" nation overnight.

1. The nation's machine-tool-design capability, most of which is tied up in the U.S. auto-manufacturing firms, is lost.

2. The loss of employment of that machine-tool design segment of that part of the labor-force, means many times that number of employees out of jobs, with no other place to go.

3. The loss of auto plants means an economic disaster, approaching ghost-town proportions, for what are already highly vulnerable entire towns, counties, and cities, even states of the union throughout many parts of the country. This could set off a chain-reaction collapse much, much worse than President Herbert Hoover's foolish reaction to the 1929 crash, a Hoover program which cut the U.S. economy in half over the 1930-March 1933 interval.

Cutting back on automobile manufacturers' plants and payrolls is not a sane alternative. As Ford Chairman Bill Ford emphasized in his recent statement, the answer is to diversify the product line. The key to any sane approach is to accept the reduction in the number of automobiles produced by U.S. auto-makers, but to replace that work immediately with a switch to other categories of technologically very high-grade products which the auto industry's machine-tool capacity is uniquely qualified to design and produce. Members of the U.S. Congress are already focussing attention on urgently needed mass-transit systems, power-generation and distribution systems, and other urgent needs of the nation. These would not be make-work projects, but are the new production needed to prevent the United States from continuing to collapse physically into third-world conditions throughout most of the nation.

Action, by the U.S. Federal government and others, is urgently needed, to prevent an across-the-board collapse of not only the U.S. auto industry, but the counties, towns, cities, and states, and their people, which would be pulled under by failing to act now with the reforms needed to save the industry by switching to a new com-

ination of high-technology machine-tool-design products. But, the problems do not end there.

Right now, the threat from the new Federal Reserve Chairman, is to unleash an orgy of hyperinflationary electronic printing-press money, which is already causing sane bankers and others around the world to think about what happened with hyperinflation in Germany in 1923. We are on the edge of what could easily become the biggest global financial collapse in history, unless our government changes its ways very soon. Bernanke does not seem to have any clue to the answers for that rather immediate danger.

We must keep the doors of the banks open, even some very big banks with very big financial-derivatives problems. The Federal government could do what is necessary on that account; but it could not do that successfully for very long without some very big investment in physical production of basic economic infrastructure including the public power and mass transportation fields, which will stimulate the new lines of machine-tool-designed products which will revive the high-grade manufacturing sector of the economy to true better-than-breakeven levels of employment and output once more.

There is much more to this problem than preventing a collapse of U.S. automakers' manufacturing from kicking the U.S. economy downstairs toward becoming a Third World society. Many of us, inside the U.S. Congress and in other relevant positions, are more and more aware of the need for early large-scale action to halt the collapse and turn the nation's economy back in an upward direction. The case of the effects of Katrina, as on Louisiana, is just one large example of the need for a new, upward-looking turn in our nation's economic policy-shaping.

During the coming weeks and months, *EIR* will be doing its part in backing up the efforts of mass education and economic policy-shaping which are urgently needed now to save the nation, and much more, from a looming catastrophe which threatens to be bigger than almost any man in the street might imagine. We can win; but, to win, we must think again, as we used to think in times past.

—Lyndon H. LaRouche, Jr., Nov. 26, 2005