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LaRouche Keynotes Berlin Seminar on Economic Crisis
Congress Pressed To Implement Emergency Recovery Act
Argentina's Kirchner Defends Role of 'Activist State'

Synarchists Block the Way To a New Bretton Woods



EIR

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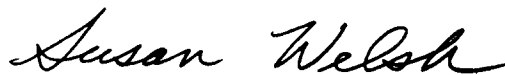
From the Associate Editor

We devote a substantial portion of this issue to *EIR*'s seminar in Berlin, on the necessity to defeat the Synarchists who are blocking the way to a New Bretton Woods system—a reorganization of the current bankrupt global financial-economic system, along the lines of what President Franklin D. Roosevelt devised before his untimely death in 1945. This week we publish Lyndon LaRouche's keynote speech, which was devoted in large measure to helping his European audience understand the evil nature of Synarchism, how it has infected their own history, and the contrary policies of Roosevelt and the American System of political-economy.

The speeches by Dr. Cliff Kiracofe, Jeffrey Steinberg, and Helga Zepp-LaRouche all flesh out this picture more fully. Kiracofe documents the rise of fascism in the United States during the 1930s, tracing the banking and other networks that backed Hitler and Mussolini, and that are still active today. Steinberg reviews *EIR*'s breakthrough material on Lazard Frères banker Felix Rohatyn and his mentor André Meyer, tracing Meyer's connections to the Synarchists of Vichy France, and discussing Rohatyn's role in subverting the Democratic Party today. Zepp-LaRouche adds a picture of the Lazard networks operating in Germany, notably in Berlin, where the fight is on between them and the LaRouche forces.

Other fascinating presentations were made by European experts, on different facets of the global economic crisis. We will publish these in future issues.

After the day-long seminar, Lyndon LaRouche turned his attention to the members of his youth movement who had assembled in Berlin for the event. On the following day, he addressed them "On the Subject of Truth"—a presentation which we also publish here. It is instructive for older readers to read these remarks as if "over the shoulders" of the young adults in attendance, thinking about how they would react (or how you would have reacted, when you were their age). Speaking to the generation that represents the future for all of us, LaRouche is handing his legacy to them, passing along the core principles of his method of thinking. And, as he says, the main point is to fight for the truth, no matter how difficult or unpopular that might be.



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LAROCHE KEYNOTES BERLIN SEMINAR

Confronting A World Crisis Without Parallel

by Rainer Apel

Had Franklin D. Roosevelt lived after 1945, his original design for a global system of post-war economic and social development would have been turned into reality. That Bretton Woods design, which Roosevelt agreed on with the Soviet Union and China in 1944, would have replaced the colonial structures of the Anglo-Dutch alliance and the French Synarchists, that had led to two world wars and other international catastrophes. The revitalization of this FDR impulse today, in the context of a New Bretton Woods, is what will lead the world out of its present crisis, which is without parallel in human history. The enemy that Roosevelt faced, is the enemy faced also today, by the Rooseveltian tradition, with the LaRouche movement as its main catalyst. Today, FDR's enemies must finally be defeated.

That was one of the crucial messages delivered by Lyndon H. LaRouche, Jr. at the international seminar held in Berlin by *EIR* on June 27. LaRouche's remarks sparked a lively discussion with the audience, composed of about 40 LaRouche activists (also from the United States, Denmark, and France) and 70 guests, including about 20 from countries outside Germany. Among the guests were senior politicians retired from important positions held in Poland, the Czech Republic, Slovakia, as well as scientists from Russia and the aforementioned countries, with some of them either giving presentations during the seminar, or taking part in the discussion.

The question of what the new world monetary system should look like, naturally was at the center of the debate, but LaRouche insisted in his keynote address (published below) that the problem could not be solved in a strictly technical sense, unless the historical-cultural dynamic that created the two sides of the conflict between pro-industrial Roosevelt and the monetarist Synarchists were properly understood. A big problem to understand, is the role played by the forces in U.S. politics and banking, which had been recruited by the European oligarchy, through



EIRNS/James Rea

Economist Prof. Wilhelm Hankel (right) described the world economy as a kind of patchwork, existing in a sphere of lawlessness and chaos. With him at the podium are Lyndon LaRouche (left) and moderator Frank Hahn.

the Synarchist movement, which emerged from the Anglo-Dutch alliance, plus a significant French oligarchical input, after the Treaty of Paris of 1763.

The main world outlook of Synarchism, which paved the way for the later fascism of the 20th Century, is that man is evil, no different from a beast; that it takes an oligarchy, or better an emperor, to keep men under control. That is a world outlook directly opposite to the image of man that the humanistic-republican tendency in world history has developed, from Plato through the American Revolution to the Rooseveltian New Deal and the LaRouche movement today.

LaRouche elaborated at various points of the Berlin discussion on the theme that man is fundamentally good, with the creative potential to solve all problems, the problem being mainly that such potential is corrupted and suppressed by a financier oligarchy. The New Bretton Woods, LaRouche outlined, will work only if based on a positive notion of man's potential; the guiding principle for the reorganization of global economics and scientific-cultural development, shall be the principle laid down in the Treaty of Westphalia in 1648, which put an end to the Thirty Years War: that each nation shall seek to enhance the "advantage of the other." Or, taking the example of impoverished sub-Saharan Africa, it should be granted generous long-term development credit, with the idea of development rather than of having that credit repaid.

The influence of the Synarchist faction in U.S. politics of today, notably Felix Rohatyn, with his influence on the U.S. Democrats, is the direct continuation of the Lazard-Banque Worms faction of Synarchist banking interests, whom Roosevelt was about to defeat, but who regained influence after his untimely death. Rohatyn's faction is an enemy of mankind, as much as it is an enemy of America and of LaRouche in

particular. The radical-ecologist Green movement in Germany is another facet of the same evil, LaRouche added.

The Synarchist Threat

The theme of Synarchism, especially the history of its fifth column in the United States, was elaborated at the seminar by Prof. Clifford Kiracofe, former senior staff member at the U.S. Senate Committee on Foreign Relations, and by Jeffrey Steinberg, the long-time leader of the LaRouche movement's intelligence staff. Wall Street banking interests were supportive of the rise of fascism in Europe, and they planned a coup d'état also against Franklin D. Roosevelt in 1934, which fortunately was crushed in time, Kiracofe said, but the opposition against Roosevelt's New Deal and his international policy continued to be a problem during subsequent years.

Ambassadorial cables from Berlin to Roosevelt already in 1933 exposed the pro-Hitler support of leading American families, from Ford to du Pont, from JP Morgan to Kuhn-Loeb. Other ambassadorial reports from Algiers during the world war, Steinberg added, exposed the control that Synarchists had not only over the Vichy occupation government of France, but also through penetration of the Free France movement of Gen. Charles de Gaulle. This was the fertile ground on which, after Roosevelt's death, the seeds for today's neo-conservative movement were sown.

Steinberg elaborated on the specific role of Rohatyn, in the destruction of U.S. industrial potential, after the collapse of the Bretton Woods system in 1971, a very specific role in the destruction of the former industrial region of New York City from 1975 on. But while he was speaking here in Berlin, Steinberg added, the LaRouche Youth Movement in the United States was just beginning the mass distribution of a new *EIR* exposé on the Rohatyn problem (see last week's



EIRNS/James Rea

Prof. Stanislav Menshikov (right) and moderator Jonathan Tennenbaum. Professor Menshikov outlined the policy shifts under way in Russia, as leaders attempt to deal with the bankruptcy of the current monetary system.

issue). Rohatyn may have control over the present leadership of the Democrats, but he has no backing among the grassroots of the party, nor of the U.S. population in general. He will be defeated, Steinberg said.

Global Economic Breakdown Crisis

The theme of the present global economic-financial crisis was dealt with in presentations by Prof. Wilhelm Hankel, a leading German economist who has known LaRouche for a number of years; by Thorsten Schulte, a younger-generation German investment banker; and by speakers from eastern Europe and Russia.

Hankel said that for him, the lawlessness and brutality of the present ailing world economic-financial system was the biggest problem to be solved, and it could be solved under international law, through an agreement that respected national sovereignty. At present, the export-oriented economies of Japan and China are keeping the highly indebted United States alive, through the unproductive transfer of their surpluses to Wall Street, and the economy of Germany is sustaining the European Union, through its export surplus. This is a balance of imbalances, which cannot survive for much longer, Hankel warned.

Schulte added a detailed picture of the excessive growth of U.S. indebtedness, with emphasis on derivatives and the housing mortgage bubble. With someone like Federal Reserve Chairman Ben Bernanke, who once said that at times of acute liquidity crisis, one could simply drop dollar bills from helicopters, a person is at the top of the U.S. Federal Reserve who will make things worse, Schulte said.

LaRouche likened the official Fed policy of devaluing the dollar by 20%, to the idiocy of the Bardi and Perruzzi bankers who triggered the crash of the middle of the 14th Century

and the New Dark Age that followed. What is required instead, he said, is that the U.S. government intervene against speculation, with investment and trade agreements over 25-year periods, to lead the United States out of the crisis, and with it, the rest of the world economy. The most recent developments around Germany's relations with Russia and other member countries of the Shanghai Cooperation Organization (SCO) are a step in the right direction, but these will work only, if the U.S.A joins in, with a changed global policy.

Prof. Stanislav Menshikov of Russia gave a detailed account of the SCO's development, the economic reassertion in Russia against globalization (strengthening of investments and of the national currency), and of the growing awareness among Russian government members of the need for global monetary system reform. Konstantin Cheremnykh from Russia, who like Menshikov has been in close

contact with LaRouche for years, also addressed the Russian situation, emphasizing President Vladimir Putin's May 10 direct reference to Franklin D. Roosevelt's policies.

The global economic picture was further filled out with presentations by speakers from Poland (Professor Gwizd), the Czech Republic (Parliamentarian Stanislav Fischer, and Prof. Ivan Blachko), Slovakia (former Deputy Prime Minister Dr. Jan Carnogursky), and Russia (Prof. Andrei Kobaykov of Moscow State University), all of them familiar with, and supportive of, LaRouche's ideas. Carnogursky addressed the challenge that is posed in recruiting Poland, so far a reluctant country, into an active, constructive role in cooperation with its neighbors Germany and Russia, since otherwise LaRouche's Eurasian Land-Bridge concept would be hindered.

Organizing by the LaRouche Movement

The direct role of the LaRouche movement as a catalyst of change in Europe, was addressed by Helga Zepp-LaRouche, chairwoman of the Civil Rights Movement Solidarity (BüSo) party in Germany, and by Jacques Cheminade, the pro-LaRouche Presidential candidate in France for the 2007 elections.

With German Chancellor Angela Merkel admitting just a few days ago the insolvency of Germany's economic system, Zepp-LaRouche said, it has become clear that the policies of the past 16 years, since reunification, have failed. And when John Kornblum, the chairman of the Lazard banking branch in Germany, a former U.S. ambassador to Germany, recently recommended the "Boston model" of deindustrialization for Berlin, this showed the emergence of the old Synarchist evil of Lazard in Germany.

Kornblum's Lazard has been involved in privatizations



EIRNS/James Rea

The LaRouche Youth Movement chorus performed to introduce the afternoon session of the seminar. LaRouche (in foreground) frequently underlined in the discussion the strategic importance of the LYM's work, including notably its mastery of Classical bel canto singing.

and industrial shutdown decisions in Berlin during recent years, which comes as no surprise, if one knows that in 1999, when the German branch of Lazard was established, it took over all the clients of Schröder Bank, which itself is the continuation of the Schröder Bank that supported Hitler's rise to power in 1933. The Schröder bankers were business partners of the Harrimans, who were part of the Wall Street cabal operating against Roosevelt.

Another case in point is Birgit Breuel, who in April 1991 took control of the Treuhand agency, which combined the former state-owned eastern German industry into a holding company, when Germany was reunified, and who replaced pro-industrial Treuhand head Karsten Rohwedder after his assassination. Breuel is the daughter of Hamburg-based banker Alwin Muenchmeyer, who joined with the Schröder Bank in 1969.

This is the network which has to be fought, and it is being fought by the BüSo, which has Daniel Buchmann of the LaRouche Youth as its leading candidate for the Berlin city-state election in September. Buchmann's campaign for the reindustrialization of Berlin, against the neo-feudalist designs for a deindustrialized Germany, must be supported and joined actively, Zepp-LaRouche said.

Buchman also spoke, presenting his election campaign as the one that says the things that nobody else dares saying openly, including the fact that John Kornblum once told Buchmann in a direct encounter that he thought Lyndon LaRouche was a "criminal" who deserved going to jail.

Cheminade gave an overview of how 14 years under

President François Mitterrand and another 12 years under President Jacques Chirac destroyed the industrial potential of France, with the current downsizing of the Arcelor steel company, with thousands of jobs axed, being just one prominent aspect of that. The present attempt to artificially reorganize French politics around the two Synarchist Presidential candidates, Segolene Royal and Nicolas Sarkozy, resembles the destabilization periods in France of 1930-31 and 1938-39, Cheminade said. The antidote to that is the rebuilding of the alliance between France and Germany, in cooperation with the Rooseveltian tendency in the U.S.A. The LaRouche Youth Movement is becoming increasingly a factor in international politics, in that process. His own Presidential candidacy, Cheminade said, will be one of telling the truth, and by doing so, creating the very miracles that will bring about a change in France.

As for such a revolutionary change, LaRouche in remarks at several points during the seminar, insisted that the problem of the anti-progress views of the Baby Boomer generation had to be attacked, because they are the ones that are ruining the future of the youth; they simply do not care about the young generation, but only about themselves and their own comfort zones.

LaRouche introduced another important aspect to the discussion, pointing to the fact that most people do not know what a real physical principle is; they usually think in terms of barren mathematical formulae, without being aware of what kind of creative human activity and scientific effort has been required to generate the knowledge that present-day societies are based upon. The problem becomes evident also, LaRouche said, when one looks at the need to supply sufficient raw materials to a future world population of, soon, 8 billion human beings. It does not work with just exploiting existing resources; new resources have to be created, through new technologies, including high-temperature nuclear power reactors and thermonuclear fusion.

The revitalization of the heritage of the great Russian scientist Vladimir Vernadsky will be vital for developing a future for China and other Eurasian nations, LaRouche said. At the end of the 19th and first half of the 20th Century, Vernadsky developed the concept of the Noösphere, referring to the human mind's creative role in generating new resources and transforming the Earth itself.

The speeches by LaRouche, Kiracofe, Steinberg, and Zepp-LaRouche appear below, along with remarks on June 28 by Lyndon LaRouche to the LaRouche Youth Movement. EIR will publish other presentations in future issues.

We Need a New Bretton Woods To Defeat the Evil of Globalization

Here is the keynote address of Lyndon LaRouche to the June 27 EIR seminar in Berlin.

In this period of time, we're in a world crisis without parallel. There's no comparison to this in European history, since the 14th Century New Dark Age, to what we're facing now. All the things since then, in terms of crises in European experience, have been less crucial than was the case in the 14th-Century New Dark Age.

But that New Dark Age is also a benchmark. Because, to understand the crisis we have today, and to understand how the solution must be designed, we must understand *why* a New Dark Age struck Europe in the 14th Century, to be prepared for the new dark age which is, right now, descending upon the entire world. There are solutions for this problem. But you have to understand the rules of the game, by which solutions work out.

So that, when people talk about "New Bretton Woods"—many people talk about it. But even the gentleman from Iran who recently wrote on this subject, and then asked, "Well, what do you mean by 'New Bretton Woods'?"—that is a very good question. Because, New Bretton Woods signifies that, at the end of World War II, the President of the United States, Franklin Roosevelt, established a monetary system, a fixed-exchange-rate monetary system, without which the world would not have recovered from the effects of World War II. This monetary system was crucial.

Now, the intention of the original Bretton Woods system, by Roosevelt, and the conduct of the Bretton Woods policy by his successor Truman, were *two opposite conceptions*, united by one common feature, a temporary, fixed-exchange-rate monetary system.

Roosevelt was an American; Truman was really not. He was born in the United States, but it was like a disease that infected us—he was not really a good American.

Roosevelt was committed to overturning the policies of the United States from the assassination of one President [McKinley]; the inauguration of Teddy Roosevelt; the inauguration of another fascist, Woodrow Wilson; the inauguration of fools—Coolidge was an evil fool; Hoover who was not a fool, but who was corrupt. So, the United States from 1901-1902 until 1933 was run by a policy entirely contrary to the Constitutional prescription of the United States.

When Roosevelt became President, in March of 1933,

early March, Hitler had already become a dictator in Germany. And it was known to Roosevelt that he had two problems on his hands: First of all, the preceding Presidencies of the United States since McKinley—who was shot in order to make Teddy Roosevelt President—until Roosevelt's inauguration, was rotten. It was evil. It was run from Europe, not from the United States. Roosevelt had to eliminate the system which had created the Depression in order to have an economic recovery. He also had to prepare for what he knew was then inevitable: some form of what became known as World War II.

The British Launched World War I

Because, it happened in the following way: You have to go back to the close of the 19th Century. At that point, the British monarchy decided to launch a new world war, under the then-Prince of Wales, who subsequently became King of England. By operations in France, including the assassination of a President of France, Sadi Carnot, the Dreyfus Affair, and other things, France became totally corrupted. The rot inside France, which had been there under Napoleon III, came to the fore. And the British struck an alliance with France, or certain forces in France, which became the basis for World War I, through the establishment of the Entente Cordiale with the people who represented the tradition of Napoleon I and Napoleon III.

In order to get the war going, they took a foolish Kaiser, Wilhelm II, who was a *fool*, a British fool, of British descent; and another fool, who was a successor of a great Russian Czar, and put in a fool, Nicholas II. And these three fools—Nicholas II of course was a nephew of the King of England, just as Wilhelm II of Germany was a nephew of the King of England—these fools launched world war! Which Germany would have won, except for the U.S. intervention to bail out the British and French.

They were not satisfied with that. So, immediately, they went into a plan, again from the British, which was organized around the naval power agreements and negotiations of the early 1920s. These early power negotiations were essentially, crucially—with Britain and Japan—against the United States. Now, Japan had been made into a modern nation by the United States, by its intervention. But Japan had been taken over by the British monarchy in the 1880s-1890s, and had launched what became known as the first series of Japan-



EIRNS/James Rea

In his keynote address on June 27, Lyndon LaRouche outlined the way out of “a world crisis without parallel,” by returning to the nation-building policies exemplified by President Franklin Roosevelt.

China wars, in 1894-1895. And at this point, it was an intervention of Japan, as a British puppet, a puppet of the British monarchy, which was out to work with the British to eliminate the influence of the United States in the Pacific, especially in China.

So, the British sponsored the Japan wars against China, and other wars, as part of this policy in the 1920s. As part of that policy, of course, there was the plan for Japan, and the British, together with other European naval powers, to conduct a naval attack on the naval forces of the United States, to eliminate the U.S. naval power in the world, and to restore British hegemony in naval power. This was the basis for the plan, at that time, where Japan was supposed to attack Pearl Harbor as part of its agreement—this is in the 1920s, early 1920s—to attack the United States’ base at Pearl Harbor. This was the issue.

Later, Japan ended up as the ally of Hitler, but for the same reason. Japan had become the perpetual enemy of the United States, from the 1890s, on the issue of U.S. influence in Asia, in favor of British influence. But Britain, under the influence of Roosevelt, decided *not* to support Hitler, whom they had supported up to that time—Hitler was put into power by these guys, including some guys in New York; including the grandfather of the present President of the United States, who was the guy who signed the order to move the money from a German bank to support Hitler’s party and keep it in place, so that Hitler could be made dictator of Germany, on behalf of the interests of the French Synarchists and the British Bank of England.

The Treason of the French Synarchists

But then, at a certain point, at the time—go back to 1940: The beaches at Dunkirk were the turning point which leads

up to modern history. Hitler had held back the tanks, the tank units at Dunkirk, to allow the British to escape. Now, why had Hitler done this favor for the British? Hitler held back the tanks, because he didn’t want to offend the British so much that the British could not *surrender*, as the French were about to do, and were doing, to Hitler.

The intention had been, which was the revised plan of the Nazis—the original plan was to go East first. Then the German High Command said, “That’s idiocy. You never go East and attack Russia, when you’ve got the British and French on your tail. Eliminate the British and French as a threat, *first*.” So, in the first case, with the help of the French Synarchists, inside the government of France, Germany was *allowed* to conquer France. Germany did not have the military capability of destroying France. *The door was opened by the French government!*; by the Synarchist bankers, who we’ll come to again, today, to understand what New Bretton Woods means.

So therefore, France became what it wished to be! A *puppet* of the Nazis! With some objections of some French, but France was essentially a puppet of the Nazi regime, as so-called “Occupied France.” But it was willingly occupied. It was like the prostitute who says, “I’m being raped,” while taking the money—in this case, paying for the privilege.

However, Roosevelt had intervened into British affairs and this had induced the famous statement by Churchill, that if the German forces should attempt to invade the United Kingdom, the British government would order the British fleet, including the fleet of the colonies, to go to the United States and operate under U.S. command. Now, this turning point in the war meant that the British were allied with the United States against Hitler, where up to that point the predominant leading forces in England had been *for* Hitler. And had been for the idea of surrendering to Hitler, in order to

attack the Soviet Union. That had been the plan.

So, what I've said is fact. But it's contrary to what is commonly taught, which indicates: *Don't believe the newspapers!* Don't try to do intelligence by interpreting breaking news in the newspapers, or on radio or television broadcasts. In a period of crisis, the newspapers are the biggest liars of all. Never trust them, and never say, "We must respond, we must interpret this." Anything the press tells you: Don't believe it. Treat the newspaper reports as diseases, and think like a physician: You've got a disease on your hands. Don't let the disease influence you, but identify the disease and control it, which means, control the newspaper editor, control the publisher. Because they all lie.

And this is particularly true today: Most of the things you get in the press, leading press today, are absolute lies. They're not meaningless, because even a lie tells you something about the liar. But you have to know it's a lie. Then you can identify the meaning, why did the liar lie? What is the purpose of the lie?

So, in intelligence—I'm pretty good at intelligence. I can tell you, if you want to be a good intelligence officer, pay very little attention to the press. You have a clinical department, called the garbage department, to say what's coming out in the garbage, to analyze that. It's like you want to find out what's going on in a plant, you look at what they throw away in the backyard, and then figure out what was going on at the plant. So, this is the situation.

FDR's Plan: To Eliminate Colonialism

Now, we come to a point, that at the end of the war, Roosevelt died. Roosevelt had a plan, an intention—which is why the United Nations was proposed by him—to eliminate colonialism and everything like it, internationally. And to use the power of the United States to break any government that tried to maintain a colonial system, by the power of the United States; to support struggles for independence by peoples of oppressed nations; and to assist them, with a new system, in being able to develop their economies to true sovereignty. This is based largely on a three-way agreement, among certain forces in China, with the agreement of the Soviet Union, and the United States. These were the three great powers at that time. China was not nominally a great power, but it's a great nation, inherently. And therefore, Roosevelt's conception was, that if you have the United States, China, and the Soviet Union in agreement on this order for the post-war world, and a program of post-Hitler recovery for the world, that you would create an order called the United Nations, under which these old nations and freed nations, would come together to establish a diplomatic vehicle for cooperation and economic development and other things.

Now, the day that Roosevelt died, that aspect of policy went out the window. And we had a virtual fascist, Truman, became President—and that's a story in itself, as to how he became President. At that point, Truman adopted a policy which was crafted by Bertrand Russell, from England, and the

policy was called "preventive nuclear war." Russell's policy, which was fully adopted by the United States under Truman—and it was adopted virtually the day that Roosevelt died!—was to launch a preventive, so-called, nuclear attack on the Soviet Union, to dictate to the Soviet Union submission to world government—not a system of nations, but world government—as a price for not being bombed perpetually by nuclear weapons.

This was the Bertrand Russell policy, as stated in September of 1946, when it was published. But it was the Truman policy, from the beginning.

Now, at the point that the war had ended, Japan had already negotiated surrender to the United States. The surrender had occurred through the Vatican, through the Foreign Office of the Vatican, through the Department of Extraordinary Affairs. It was done by a Monsignor [Montini] at the point, who later became Pope Paul VI. So, the conditions of surrender had already been reached with the United States, while Roosevelt was still President.

But when Truman became President, this was stopped. Why? Because the United States had, at that point, two remaining prototypes of a nuclear weapon, one uranium, one plutonium. These were laboratory prototypes. They were not production-line weapons systems. The United States dropped two, totally unnecessary, nuclear weapons on Hiroshima and Nagasaki, as part of the policy of *demonstrating* nuclear weapons; as part of the Bertrand Russell policy—the great pacifist: You know, if you kill everybody, you have peace—the Russell policy of permanent warfare, nuclear warfare, to establish world government, to eliminate the nation-state. That is, to establish what's called, today, "globalization." Elimination of the nation-state, world government under a concert of financier forces which eliminate sovereign government *as is being done, today*.

The Intention Is Called 'Globalization'

So that, many of the things that are happening, are not inevitable events today, something that happened because of a process, or some non-understandable process. Things that are happening today to nations, as to Germany, as to France, as to Italy, as to other parts of the world, these things are part of a long-term policy *with an intention behind it!* The intention is called *globalization*. The intention was first expressed in Europe, and in the United States, shortly after the death of President Franklin Roosevelt.

The generation that went to war, my generation, would not put up with the kinds of things that are happening today. It's only because my generation has been replaced in power, that a younger generation, now between 50 years of age and 65, or slightly older, is running the world. The generation comes from the upper 20% of family-income brackets of Europe and the United States. This generation is called the Baby Boomers. Or, in France, the less-complimentary name, "BoBos." A more accurate term: *Bourgeois Bohèmes*.

So this has been planned all along. At first, under the



FDR and Churchill at Yalta, February 1945. When Britain was threatened by Hitler, Churchill ordered the fleet to operate under U.S. command. "Now," said LaRouche, "this turning point in the war meant that the British were allied with the United States against Hitler, where up to that point the predominant leading forces in England had been for Hitler."

Bretton Woods system, it was kept alive. The colonies which had been liberated, or were about to be liberated, were suppressed, or absorbed in a new way, by France, by Britain, by the Dutch. The Dutch were particularly nasty at this business in Indonesia. Everyone was involved in the suppression of Indo-China, reconquering of Indo-China, which had already declared its independence through Ho Chi Minh, who had been Roosevelt-sponsored at the time. So, Europe was totally corrupt. The United States was totally corrupt, on this issue.

And we had an anti-Communist movement, which was absolutely insane! There was no reason for it; it was absolute insanity. But under this program, what did they do? They said, "You can not change the older generation," my generation, or the generation which was still older which was living then. "You can't change their ways, they still believe in the modern nation-state. They believe in scientific and technological progress. They believe in agriculture. They have these Roosevelt ideas, about opportunities, like health insurance for everyone—that sort of thing. These ideas must go—and this older generation is *embedded* with these beliefs, and these political and social values. We have to create a *new* generation to come to power, which will not go along to believe in these things."

So, from the beginning, from 1946 on, with the launching of a right-wing campaign of terror inside the United States and inside Europe, you had the beginning of a mobilization for a change in direction of society, which became the characteristic of the Baby-Boomer generation. Those who were born

between 1945 and approximately 1957—that generation. And this generation was directed to go into the leading universities, from which the leading layer of the next generation's leaders of society would come, whether in government, in business, in universities.

And you had a takeover of the universities, where the quality of the professors became poorer and poorer and poorer—even before this generation took over. Then, you had the great explosion of 1968, in Europe and in North America, simultaneously. And the values, the new values, the existentialist values expressed by certain kinds of fascists, the Frankfurt School fascists, the existentialists—they said, "Move over." And the demonstration, as you see in Germany, for example, the environmentalist movement, the Green movement was created as a result of this. Absolute insanity, using a program which had been developed by Hermann Göring in Germany as part of a cultural program, in the 1920s on, this program took over. And Germany was destroyed from within, largely, finally, in the 1960s already, was

destroyed, in part, by the Green movement against nuclear energy, and against technology generally.

Once the Soviet Union had collapsed, immediately, the next phase was, consolidate it. Who did it? The British monarchy and the French, Mitterrand, otherwise known as Napoleon IV, a British agent like Napoleon III.

So this was the process. In the United States, the same thing: the Kyoto demands, these reforms, so-called environmentalist reforms. A complete fraud! To shut down the world economy.

So, what you have, is you have a generation in power, which says you either support, or you have to go along with policies under which your own country is going to be destroyed. And your objective is to submit to a new system of things, called "globalization": You're no longer going to have industry. You're no longer going to have independent farming. You're now going to *submit*. To what? Or better said: To whom?

So, when you understand the crisis in the United States today, or attempt to understand the crisis in Europe, don't look at what are called the "important forces," because they're not important. No government of Europe is important. None! The former Comecon states are worse off than they were under Soviet direction. Every one of them, vastly worse! Germany has been in worse, and worse, and worse condition, ever since about the middle of the 1960s. Not as collapsed, immediately, but the process leading *toward* eventual collapse, was in progress. France became more and

more degenerate. De Gaulle made an effort to reverse that tendency. Again, it was taken away from him, after 1963, after the assassination of Kennedy. With the launching of the Vietnam War by the United States—this was the beginning of the end.

So that, by 1971-72, after the monetary system had already been wrecked, first by the British, by the Harold Wilson government in 1957; and then under [Lyndon] Johnson in 1968. The system was gone. We had a floating-exchange-rate system. The Bretton Woods system was destroyed. You look at the 1970s, where 1971-72 were the end of the Bretton Woods system, through 1981, the point that poor President Carter, who didn't know what he was doing, left office. Brzezinski did it, not Carter. Carter didn't understand a thing.

So, this group destroyed the United States, destroyed regulation. Destroyed everything in economic policy on which the achievement of Roosevelt had depended; destroyed everything which was in the Roosevelt policy, which is based on the U.S. Constitutional conception of government. And similar kinds of things reverberated in Europe—led by England, which was the worst of all these places—by Britain.

The Origin of the Problem

So, what we have today is this, is a culmination of that process. We've come to the point that the United States is not the source of the problem. The United States is the key symptom of the problem. The origin of the problem, which you see in the United States, is inside Europe. And you have a couple of people visiting today, who will give some reports bearing on that, from Jeff Steinberg and from Cliff Kiracofe [see below, for their presentations].

The source of this problem is essentially a connection between a phenomenon in France, called the Synarchist International, which essentially took over at the Versailles Treaty, in alliance with the British and Dutch. The alliance largely took the form, as you will hear today—I won't go into the details, but just to indicate the nature of the problem—took the form of the Synarchists associated with Lazard Frères, and particularly, specifically with André Meyer of France; leading Synarchist bankers who moved into an alliance with Royal Dutch Shell, and the Dutch royal family and the British royal family. This is the phenomenon today called the Bilderberg Society, which is not really a society, it's just a meeting of people who reflect this. They're not the controllers, there's no Bilderberg conspiracy. It's a completely different conspiracy. But the Bilderberg Society is one of the events which occurs periodically, as now, which is a reflection of what the problem is, of *who* the problem is. It's a problem centered in Europe, with strong tentacles inside the United States, which we know in the United States as the "Party of Treason," which is centered in bankers. Bankers such as the grandfather of the present President of the United States, who financed Hitler's coming back to power, together with the British and others. They're out to destroy the United States. And the immediate operation was to focus on the machine-tool capacity of the

United States, because, without the United States' machine-tool capacity, no recovery is possible.

There are two things to consider here: First of all, the objective is globalization. Europe is absolutely incapable of defending itself now. There is no force in Europe which will be *willing* to defend Europe, that is a capable force. France is bankrupt. Italy is worse than bankrupt. Germany is condemned to bankruptcy, as you see in Berlin, the destruction of the industrial potential of Berlin.

Germany could, you would say, survive. We've often talked about this. All you have to do, is have a system of state credit. You have a source of state credit, you can find by the proper investments, you can increase the economic output of Germany more rapidly than the cost of this credit. You just need the right program, largely based in infrastructure: Rebuild the machine-tool industry and so forth. But, what's not allowed, especially since Maastricht: Germany is not *allowed* to do that! Germany is *ordered* to destroy the industrial potential of Berlin, much below the level it was at the time of 1989.

So, unless Europe is willing to *break* the political bonds of slavery, within Europe, led by the Anglo-French-Dutch alliance, then there's no country in Western Europe or Central Europe which has the ability to survive. Poland is already virtually dead. The other countries of the former Comecon countries are virtually dead economically, or dying, rotted. Russia has been looted into weakness. It has some program for recovery, but it has no recovery yet. There's no hope, in Eurasia generally, for this kind of recovery. Yes, you have a recovery in China—but, *do* you have a recovery in China? No, you don't really have a recovery in China. Economic growth is occurring in some parts of China. Economic growth based largely on using U.S. product designs, with U.S. credit to produce products for the world market, especially the U.S. market. If the U.S. economy collapses, the Chinese economy collapses—and China has a social crisis as a result of it. Because you have a disparity between the rich and the poor in China, which is part of the foolish policy adopted by China. You don't have billionaires in a country with very poor people: That is *not* intelligent policy. You don't give tax-free bonuses to people who are just parasites, to become billionaires, while you have your countryside full of over a billion people who are extremely poor, with no real prospect for the future unless there's a change in their condition of life. Hmm?

Then look at India. India has a better situation than China, because India has greater inherent stability and less dependence upon the world market. India also has its own potential for growth. If India goes into the full-scale thorium high-temperature gas-cooled reactor program, which fits its requirement—which I've been recommending for years, as have others—then India could have a very rapid internal improvement in the basic infrastructure and power. So, India could undergo, under certain conditions, a significant recovery, and would have greater resistance to the political effects of a general collapse of the economy than China. China



EIRNS/Gene Schenk



EIRNS/Dan Sturman

Synarchist banker Felix Rohatyn, through Lazard Frères, ordered the shutdown of U.S. industry, to destroy the nation. This Delphi plant in Sandusky, Ohio, now closed, is to be replaced by a Honda dealership.

would be faced with an immediate social crisis, which would probably explode in some kind of violent crisis, under the present conditions.

So, there is no hope, looking at the rest of Asia; there is no hope, if the United States' economy were to collapse; there is no hope of rescue from Asia. Nor is there presently any political hope of rescue of world civilization from Western Europe. None.

The United States Must Change Its Policy

Therefore, you can't say, as many foolish people are saying, that if the United States goes under as this great imperial ogre, then we will be free of the United States' tyranny and we could find a solution, perhaps with our friends in Asia: Doesn't exist. It's a complete piece of foolishness. It's absolute nonsense.

Yes, the cooperation between, for example, Germany, Russia, and the countries of the Shanghai Cooperation Organization, is a model of what must happen; as a factor in a general economic recovery, it must happen. *But it will not work, unless the United States changes its policy.* And that's what I'm concerned with: getting the United States to change its policy, because otherwise, the rest of the world *doesn't have a chance of escaping a new dark age.* You find some government in Europe, which is prepared to overthrow these governments now, and establish a government committed to the kind of policies that Roosevelt represented in 1945? Or, policies that Germany represented back before the middle of the 1960s? And turn it back to those kinds of policies? No, none. None.

Because, Germany is controlled by something, also. It's

controlled by the evil, which is more resident here than in the United States. In the United States, evil is a European import, and always has been. In Europe, it's the oligarchy.

You know, Nicholas of Cusa, after the fall of Constantinople, and after a defeat against the Turkish Ottoman forces in the Balkans, made a policy, and said: The function of Europe must be to reach out across the oceans, to people living on the other side of the oceans, and establish alliances, in cooperation with them, to rebuild civilization along the lines upon which the great Renaissance had been launched.

As a result of Cusa's efforts, specifically, for example in the case of Christopher Columbus—Christopher Columbus read a copy of the will of Nicholas of Cusa. On the basis of reading the will of Nicholas of Cusa, Christopher Columbus, who was an experienced navigator, got in touch with the friends of Cusa in Italy, in an exchange in 1480, extensive correspondence, and planned the trans-Atlantic voyage of discovery to find the New World on the other side of the ocean, and knew it was there. He didn't have the right location, thought it was China and Japan, because the Venetians had lied about how far it was to walk to China.

But nonetheless, the discovery of the Americas was the result of the influence of Nicholas of Cusa, in the late part of the 15th Century, in prescribing these trans-Atlantic and other voyages, to meet the people on the other side of the world. And to establish collaboration with them, to overcome the great problem which threatened the integrity of the Renaissance.

So what happened as a result of that, is that the Europeans began to move, gradually, increasingly, across the ocean, into the Americas. We went through, from 1492, with the expul-

sion of the Jews from Spain, until 1648, the Treaty of Westphalia, you had a process of bloody, religious warfare throughout Europe. A policy of racism and murder, echoing the Crusades—the most evil thing since the Crusades. And therefore, people, more and more, left Europe, especially in the early 17th Century, left Europe, into the Americas, and established branches of European civilization in North and South America—with complications. But, the result was, in the 18th Century, the standard of living and productivity in the young United States, at the time of its adoption of its Constitution, was about twice the level of productivity and standard of living of people in England: twice. Why? Same culture. We were Europeans. We represented a European culture. We embodied European culture. But we embodied it, *free* of the burden of an oligarchy!

The Issue Is Liberty

And therefore, the idea was not democracy. Democracy is trash. Look at what happened in Greece: the Peloponnesian War. What caused the Peloponnesian War? Democracy! An evil philosophy called sophistry. Democracy is not the issue. The issue is liberty. The issue is individual liberty, the right to liberty; the right to a society in which liberty is defended and promoted; the right of the liberty of the minority against the majority. Not democracy. So, the idea of liberty, which is the idea on which the United States was founded, which its Constitution represents: This was the issue.

So, what we've represented all along since that time, and we have been in battle with what became an empire; Europe has been dominated predominantly by a rising empire, which is the Anglo-Dutch empire with a French connection, especially the Synarchist connection. The corruption we suffer in the United States has always come from Europe. And it's come from the British monarchy, the Dutch monarchy, and people like that. The alliance of the Synarchy with Royal Dutch Shell, and with the British monarchy, is simply the most recent phase of this process. The goal has always been to establish an empire, *empire*, *EMPIRE*. Globalization is nothing but an empire; it's a new form of empire. It's the elimination of the nation-state; it's the elimination of liberty; it's the elimination of the rights.

Now, who's doing it in the United States? Who's my enemy? Well, the most prominent, obvious enemy, is a fellow called Felix Rohatyn. Felix Rohatyn is a fascist. He was a protégé of the André Meyer, who was part of the organization which set up the deal with Royal Dutch Shell, which set up what became the Bilderberg Society, so-called. This is the power bloc.

Now, these bankers are a special type: They invest largely in gaining property, not just in money, because they know the money system is vulnerable. They want to have the property in their hand, under their control, at the time things break down. Their method is to destroy independent industries, which are not under their control, and to grab control of assets which are presently not under their control. And they have

orchestrated, this crowd—in the aftermath of '71-72, the change in the monetary system—has orchestrated step by step, each of the developments inside the United States, which have destroyed the U.S. political and economic system. And they're doing the same thing inside Europe, the same people. You look at André Meyer and his descendants, you look at the reports that Jeff [Steinberg] can refer to and others, on the question of exactly what the continuity of this is: It's the same enemy.

An Old Enemy: The Sophists

What is this enemy? It's an old one. Nothing original about it. It's an enemy we know from the Sophists who were responsible for the corruption of Athens, which led to the destruction of Greek civilization through the Peloponnesian War. And the policy is like the policies of Cheney toward Iraq, is pretty much the same thing, as the policies of Pericles and company, toward his victims, starting the Peloponnesian War. No difference. The policies, today, in the United States—the social policies, the so-called “liberal” policies today—are no different than the sophistry by which Greece destroyed itself, Athens destroyed itself, in the Peloponnesian War.

The heritage of ancient Rome, Imperial Rome: There's nothing good about Imperial Rome! A completely degenerate and evil culture, from the beginning! There's nothing good about Byzantium, it was evil from the beginning. Charlemagne was an attempt to establish a civilization of the Augustinian tradition, in cooperation with Muslims represented by the Caliphate of Baghdad, and with Jews who were a mediating portion, and playing a key role in the cooperation between Arab and Christian, in the case of Charlemagne and his immediate successors.

That was a period of hope. It probably saved civilization, in the sense of creating an impetus which we could turn to later to revive civilization.

But then, the Venetian crowd and the Crusaders came in. They were nothing but butchers, with their Crusades: Kill the Jews! Kill the Arabs! Great Crusades! Perpetual warfare! And they destroyed themselves in the 14th Century, in the collapse of the monetary system, which is about to happen now.

We're at a point, where the ratio of collapse of production per capita, the collapse of basic economic infrastructure, in Europe and in the Americas, especially in the United States, is so great, that we can no longer sustain the existing level of population, on the basis of the existing level of financial debt. It can not be done. There's no way that you can pay these debts, none. It is inevitable now, that the present financial system will become extinct in a very near period of time. It's finished.

However, from our experience with Roosevelt, the experience we had in reconstruction in the United States earlier, and reconstruction in Europe in the post-war period—from the end of the war, approximately, until the middle of the 1960s—that these methods are an example of what *will* work today.

We simply have to find, in the present situation, the method of applying these lessons of experience which are an immediate reference point, and applying these lessons of experience to the present situation.

We can put the entire international monetary system into bankruptcy! It's only a paper organization. It's only a creation of governments. The Federal Reserve System in the United States is totally bankrupt! All these banks are hopelessly bankrupt! There's nothing we can do with them, except put them into bankruptcy. It only takes one act by the government: The President and the Congress agree to put the Federal Reserve System into bankruptcy, into receivership; take the Federal Reserve System in—the whole thing is under control! Then you have to know how to manage the system that you've put into bankruptcy.

How do you do that? Very simply: large-scale infrastructure projects, with state credit at low interest rates. So, you build up basic economic infrastructure, you build up the industry, the development of industry, by building up the infrastructure. You build water systems, power systems, other kinds of systems which are in the public domain. And by building them up, you stimulate the market for private enterprise. As rapidly as you can develop the technology, you can expand. It was done in the post-war here, it was done in part in France, it was done in the United States.

So there's no problem, in putting a financial system through bankruptcy: After all, it is, as John Kenneth Galbraith said at one point, "It's only paper!" It is not real, it's only paper! It's worth nothing, except what government assigns to it as a value. So actually, the physical values are the important ones. So, in a crisis like this, you don't try to save the financial system. You try to have an *orderly* reorganization of the financial system. *Orderly*, which can only be done by governments.

Then, what you do, is, you must create state credit, and credit which is a byproduct of that, to launch immediately, large-scale programs of basic economic infrastructure, which are aimed to support an expansion of private production: agriculture, industry, and so forth. You change the orientation away from a greenie orientation, to what we used to have, prior to '68, back to a science-driven industrial-agricultural orientation. Change the character of universities, back to a production-oriented, science-oriented, physical-science-oriented objective, and start to produce, again, improved products which increase the productive powers of labor.

What Distinguishes Man from a Gorilla?

Now, one final point on this: The key reason why people don't understand what is, for me obvious, is because they don't understand, at least on the level of public policy, they don't understand the difference between man and a gorilla. All you have to do, is read any of these business reports and talk to any of the typical managers: They don't know the one factor that distinguishes man from a gorilla. Because, if man were, as the existentialists tell us he is—like the Frankfurt

School crowd, hmm?—if man were as that, man could not make a discovery of a scientific principle. No gorilla could do that. No lower form of life can do that. Only a human being, the individual human mind, is capable of developing a discovery of principle, such as universal gravitation, for example, as Kepler did.

European civilization's progress, above the level of stagnation which had existed previously, was based on the impact of the work of particularly Nicholas of Cusa in the launching of modern experimental scientific method. It's a result of the spread of that, and the development of culture, Classical culture and literature and so forth, on the same basis, in the ideas of Dante for example, that Europe began to move as a civilization which had a significantly higher standard of living than Asia. That was the real beginning. The roots were already there, but the number of people who had expressed these roots was limited, confined, by the prevalence of empires.

So, the key to economy, the key to the ability to rise from a few million individuals living on this planet at one time, to over 6 billion today, is the creative powers of the human mind. What has happened, as Aeschylus warned us in his famous *Prometheus* trilogy, particularly the second part, the one that's available, *Prometheus Bound*: The crime for which Prometheus was condemned to torture by the Olympian Zeus, otherwise known as Satan, was that man should not be allowed to know how to use fire. Man should not be allowed to discover universal physical principles and change the way man behaves, based on the power of the individual mind to do something no gorilla can do: Is change its culture, change the character of its culture by technological progress.

Everything that was done in the post-war period, for example: In the U.S. today, the typical person coming out of a scientific education doesn't know what a scientific principle is. And the problem is illustrated by the debates in the correspondence between Albert Einstein and his friend Max Born, in a book published of these letters between them, on this subject. The typical trained scientist today, does not know what a physical principle is; he knows a mathematical formula. The name of a physical principle for him, is simply a mathematical formula. He does not understand, from an experimental standpoint, how you construct the experiment which proves the principle, as a physical principle. And that the mathematics is never an accurate representation of principle. It is simply a symbolic reflection of the principle, the experimental principle itself. And it is the elaboration of that principle in its richer form, beyond the mathematical formula, which expresses creativity.

The same thing is true of poetry. Most of today's popular poetry is garbage. Today's popular music is garbage. There is no creativity expressed in it. Yes, there's innovation. But innovation, like pretending you're having sex with a monkey, is not really creativity.

It's the ability to discover a universal principle, to discover something which lies beyond the formal, "logical," so-called, form of expression, of description of things. *That* is



The Olympian Zeus, who punished Prometheus for giving fire to mankind, is the model for today's Synarchist oligarchy, which believes that, "Man should not be allowed to discover universal physical principles." Painting of "Zeus and Thetis" (1811), by Jean-Auguste-Dominique Ingres.

what drives society. That's what the difference is between man and a beast.

Now, if you look at it from that standpoint, there's a moral implication involved. Man is not evil. Man is not inherently wicked. Man is inherently good. But the inherent goodness of mankind, is expressed in that which makes man different than an ape. And that difference is the power of creativity, the power of the human being to discover universal principles of the universe, and to apply those principles to changing man's practice. This applies not only to practice in terms of man's mastery of nature, physical nature; it also concerns man's relationship to man, creative relationships of man. The characteristic of a society which can do that, since every society has a language which is more than just a language, it's a language-culture, it has to be done in terms of the language-culture. Because it's in terms of the language-culture that we communicate with each other. And it's the *ironies* of communication, not the literal statements, which define the meaning of a culture. It's the *ironies* of music, which define music, not the explicit notes of the score: How do you perform the thing, to make it work? And you won't get that, by reading the score. You have to know how to do that, as some of our young people have discovered, more and more.

So, the point is, man is essentially good. The idea that man is necessarily evil, is primarily evil, and has to be rescued from being man, is false! It's a fraud! Man is intrinsically good. The best living thing in this universe: *Man is good!*

But! Man can be corrupted. And he's corrupted, particularly, by the Olympian Zeus, the prototype of Satan, who says, "Man shall not discover principles, and apply these principles to the improvement of mankind's power to exist in the universe."

What we need as a driver, is not a system of accounting. When you're discussing economics, throw the accountants out of the room, because you won't get an economics discussion. When you want to discuss economics, you discuss creativity. You discuss how you balance physical actions, and coordinate them, in order to create an increase in the power of man to live, and the power of his ability to produce: creativity.

What is lost today, is, we've lost contact, especially under the influence of the Baby-Boomer reign, we've lost contact with the idea of creativity. Creativity is no longer a motive. The desire to get into a plant, and produce and innovate, is no longer there. The idea *to make money!* How to *take* money, not how to earn it, and how to account for taking the money—or not accounting for it—is the standard of performance.

So, the point is, man is necessarily good. The problem where we have evil, like the evil of Felix Rohatyn and his friends, is because we tolerate, in society, a standard of a conception of man which does not correspond to the natural goodness of man. And evil in humanity is simply a rejection, or flaunting, of the natural goodness of the human being. We teach people how to behave, how to obey orders, how to get rich—by stealing, preferably—not how to produce.

And the typical characteristic of the intrinsic *evil* of the Baby-Boomer generation, of the 68ers, is exactly this. They said, "We hate blue-collar workers. We hate farmers. We hate scientific and technological progress." That was the 68ers. That's what happened in Germany—it's called the Greenie movement. That's what destroyed Germany from within, especially. What destroys France from within. What is destroying the world from within.

We reject the goodness, that man expresses, in terms of Classical musical composition, great Classical poetry, great Classical drama, great Classical science. We reject those things! These things express the *goodness* of mankind, his natural goodness. And we introduce an artificial element of *evil*, and what might be called fairly, Satanic evil; of the idea of having a society in which people do not produce in factories and farms, do not create ideas in laboratories, do not improve the power of mankind over the universe. Do not progress with nuclear energy, immediately, on a mass scale, which is necessary to save humanity, now! Do not proceed to crash on thermonuclear fusion, which is desperately needed for man in the next generation, now.

So, man is not evil. What is evil is the culture we've imposed upon ourselves, as typified by the 68er culture.

Clifford A. Kiracofe, Jr.

The U.S.A.: Fascism Past and Present

Here is the prepared address by Dr. Clifford A. Kiracofe, Jr. to the June 21 New Bretton Woods Seminar hosted by EIR in Berlin. Kiracofe is a former senior professional staff member of the U.S. Senate Committee on Foreign Relations. Extemporaneous comments Dr. Kiracofe made as he delivered his address, are included.

I would like to try to give some historical context to the current political situation we find ourselves in, in the United States, and also to try to establish some linkages or relationships, in a historical context, between European Fascism, and fascism as it has evolved in the United States this past century.

I thank our hosts for inviting me to speak today in our fifth meeting at this fine venue. Colleagues who attended the last meeting in March will recall I spoke on the theme of “U.S. Imperialism and the Rise of the National Security State,” a project undertaken by the imperial faction in the United States for many decades now. Just as a quick aside, you might trace our imperial faction, to the 1898 war with Spain, as maybe a first real flowering of the some of the imperial faction’s activities. Today, I will present some background on fascism past and present in the United States.

In today’s political situation in the United States we are, in effect, confronting the same forces that attempted to impose overt fascist rule in the United States during the 1930s. This is a story that is not widely known in Europe, or even in the United States. Back then, beginning in 1933, for example, a cabal of Wall Street financiers and industrialists, who were enthusiastic supporters of Italian Fascism and the German National Socialism, plotted a coup d’état against President Franklin Roosevelt and our constitutional form of government.

My paper today considers briefly the following major points: first, the current international situation and United States imperial policy; second, the rise of fascism in United States politics; third, Wall Street’s attempted fascist *coup d’état* of 1934; fourth, Wall Street and European Fascism, particularly Synarchy; and fifth, contemporary American fascist ideology and the post-World War II era, that is to say, the “Conservative Movement” and “New Right” in the United States.

U.S. Imperialism Constrained

What is the current context of United States imperialism?
At the international level, we see the emerging multipolar



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Dr. Kiracofe exposed the efforts to establish a fascist movement in the United States in the 1930s.

environment developing. Russia is coming back from the trauma of the 1990s, China and India are rising, and Europe, despite its internal situation, remains nonetheless an international factor of undeniable importance.

We are not living in the so-called “unipolar world” fantasy of the American neo-conservatives and that part of the imperial faction influenced by such delusional policy ideas. We are living in an emerging multipolar international environment which does now, and will increasingly, place constraints on United States foreign policy, particularly as the extent of American internal economic and social weakness and vulnerability become apparent. External polling data, since 2003, shows a collapse of United States prestige worldwide as a result of the war on Iraq and other related factors.

The imperial faction has yet to adjust itself to international reality, and this impairs U.S. national security, in the short, medium, and long term. The imperial faction continues to attempt to consolidate a transnational oligarchy subservient to Washington, through such mechanisms as the Bilderberg Group, the Trilateral Commission, and the Davos Group, among others. Dollar-based globalization is another mechanism. But there is resistance as, for example, the Shanghai Cooperation Organization indicates, and certainly, there are additional calls for a New Bretton Woods to manage our international financial system.

Rather than orient United States diplomacy to play a constructive role in organizing the emerging multipolar world on Westphalian principles, the Bush White House, since 2001, has sought to impose its concept of unilateral global hegemony, with disastrous consequences.

Just this year alone, President Bush insulted China by his gross mishandling of the state visit of Chinese President Hu Jintao. No official state dinner was offered, and the White

House gave press credentials to a well-known Falun Gong activist, who then proceeded to insult the Chinese President. Vice President Dick Cheney followed up by insulting Russia during a major speech in Lithuania. As an additional follow-up, Secretary of State Condi Rice proceeded to insult Russia on its internal situation, and portrayed China as a “negative force” in Asia.

Given Iran’s powerful position inside Iraq and other factors, an orderly withdrawal of United States forces will require a regional arrangement supported by the major powers and the United Nations. The United States must eventually make arrangements with Iran in order to work out a regional settlement that would involve Iraq’s neighbors, namely Syria, Jordan, Saudi Arabia, and Kuwait. Such a regional solution necessarily must be coordinated with Russia, China, the EU, Japan, and the United Nations.

Gen. William Odom, a respected former director of the National Security Agency (NSA), recently said that the war in Iraq is the greatest strategic mistake in the history of the United States. I certainly agree with the general’s view, but would add that many of us were saying this publicly back in 2002, months before the United States launched the war. The ideologically driven imperial faction in control of United States policy would not listen to reason.

When a nation makes a strategic mistake, it pays a heavy price over an extended period of time.

The Vietnam War had many associated costs in addition to the unnecessary loss of blood and treasure. The United States was alienated from world opinion and from our European allies. But more than that, conditions were created for severe domestic economic consequences. These negative consequences arose directly from the massive costs of the war, added to the costs of President Johnson’s simultaneous massive domestic “Great Society” spending program. Our society was torn apart for years by the stress of an unjust and unnecessary war.

What were the negative economic consequences?

In one word: “stagflation.” From the late 1960s until the mid 1980s, the United States experienced inflation together with economic stagnation, or recession. The Nixon Administration did not solve the problem. The Ford Administration did not solve the problem. The Carter Administration did not solve the problem. The Reagan Administration, through a massive military spending program—we can call this “military Keynesianism”—was able to alter the situation somewhat by plunging the nation further into unnecessary debt. Finally, during the Clinton Administration, the United States had a positive economic recovery and performance that would have left our country in good shape, had not the Bush Administration undertaken a catastrophic foreign policy.

But, just in the last few weeks, we have started to see that old word “stagflation” coming back into the public discourse. We have increasing inflation together with a

slowed economy, under the general condition of “twin deficits,” meaning the ever-increasing domestic budget deficit and current account deficit.

Perhaps you did not notice that, in March of this year, the White House stopped making public the “M3” monetary statistic. This political move was, of course, undertaken to make more opaque the disintegrating United States economic situation, with implications for the dollar, by obscuring this significant measure of monetary inflation.

The Rise of Fascism in United States Politics

What is fascism? As one succinct definition has it: “Fascism is the open terrorist dictatorship of the most reactionary, most chauvinist, and most imperialist elements of finance capital.”¹

What are the main features of fascism? They include: the rise of a demagogic leader sponsored by a plutocratic oligarchy, the curtailment of civil liberties, the elimination of a free press, the emasculation of labor and the labor movement, and the destruction of intellectual and political opposition.²

How did this come about? Let’s take a look at the 1930s in the United States, the political situation then, which involved the rise of an American form of fascism, unfortunately.

Prof. Gaetano Salvemini, a famous anti-Fascist intellectual and member of the Italian Socialist Party, warned of a “new brand of fascism” in the United States. While teaching in exile at Harvard, during the 1930s, he pointed to what he called “fascism of corporate business enterprise in this country.”

Other voices in the 1930s, confronting the fascist challenge, were heard from members of President Roosevelt’s own Cabinet.

Harold Ickes (1874-1952), a Progressive Republican who served in Franklin Roosevelt’s Cabinet during the New Deal, forcefully condemned fascism in a speech to the American Civil Liberties Union on Dec. 8, 1937.³ He pointed to “the ability and willingness to turn the concentrated wealth of America against the welfare of America.” He said,

Let no one sleepily believe that our democratic form of government is necessarily secure for all time to come.

We have seen dictatorships in other lands reach out and

1. 13th Plenum of the Executive Committee of the Communist International, Moscow 1933.

2. For background see, Hans Rogger and Eugen Weber eds., *The European Right. A Historical Profile* (Berkeley: University of California Press, 1966) and Ernst Nolte, *Der Faschismus in seiner Epoche. Action française, italienischer Faschismus, Nationalsozialismus*, (Munich: 1965).

3. For valuable insight into the New Deal, see, *The Secret Diary of Harold L. Ickes. The First Thousand Days 1933-1936* (New York: Simon & Schuster, 1953).

destroy constitutional democracies, states combine not for protection but for aggression. We have discovered that Fascism has not been quarantined, but that it is capable of leaping wide oceans.

Well, what happened back in the 1930s? I would just interject, parenthetically, that this is a time when our current President's grandfather was quite active on Wall Street—that family was quite active on Wall Street.

As I said at the outset, in today's political situation in the United States we are, in effect, confronting the same forces that attempted to impose fascism in the United States during the 1930s. Back then, beginning in 1933, a cabal of Wall Street financiers and industrialists, who were enthusiastic supporters of International Fascism in Italy and Germany, and were well introduced to the higher circles of Europe, supported various movements of international Fascism in Germany, France, Italy, and England. Many of the American businessmen involved, were intimately involved in business arrangements with these very European financial and industrial circles. This cabal plotted a coup d'état against President Franklin Roosevelt and our Constitution. Let me recall the words of Ambassador William E. Dodd, Franklin Roosevelt's Ambassador to Germany. While here in our embassy, he watched American businessmen, one after the other, come to Germany in support of the Hitler regime. In 1937, he referred to the American section of the transnational fascist oligarchy of the era as follows:

A clique of U.S. industrialists is hell-bent to bring a fascist state to supplant our democratic government and is working closely with the fascist regime in Germany and Italy. I have had plenty of opportunity in my post in Berlin to witness how close some of our American ruling families are to the Nazi regime. They extended aid to help Fascism occupy the seat of power, and they are helping to keep it there.

Fortunately, the 1933-34 coup plot was foiled by President Roosevelt. But after Roosevelt's death, the cabal was able to continue its program for a fascist and imperial America during the Truman Administration, through the Cold War era, and down to today's White House and Congress.

Simply put, upon Franklin Roosevelt's election in 1932, the Wall Street cabal took a decision to use strategies and methods that had been used by Fascist circles in Europe, to gain influence and political power. The Wall Street cabal was well introduced into the higher circles in Europe that supported the various movements of International Fascism, and the Nazi movement, in Germany, France, Italy, and England, because many of the American businessmen involved in the Wall Street cabal were intimately involved in business arrangements with these European financial and

industrial circles.⁴

The strategies and methods of which I am speaking include the formation of action committees and mass movements, including violent organizations, which involved political as well as religious appeals to the middle and working classes. The elite circles involved in the Wall Street cabal established their own higher-level organizations to coordinate their own activities and the activities of the mass organizations which they caused to come into being.

Wall Street's Fascist 'Liberty League'

But let me explain a little bit more about some of the forces behind this business plot.

Let me comment briefly on the activities of the so-called "American Liberty League" (or simply "Liberty League") organization, a powerful elite organization that the Wall Street cabal formed in 1933 and 1934, and which operated until 1940. I will place particular emphasis on the relationship between the fascist U.S. organizations and their counterparts in Europe.

The Liberty League was interfaced with a variety of fascist organizations, specifically modelled on European Fascist organizations such as the French Croix de Feu.⁵ The financial and big business interests behind the Liberty League in the United States paralleled and worked with the Confederazione dell'Industria—Olivetti, Agnelli, and that cabal—that put Mussolini into power, and the Thyssen-Krupp-Voegeler-Flick network that put Hitler into power.

The formation of the "American Liberty League" was announced on Aug. 23, 1934. Its intent was to overturn the New Deal, President Franklin Roosevelt, and the Constitution. The leadership of the organization comprised prominent members of the Wall Street plutocracy and a number of prominent politicians, Democrat and Republican.

This American Liberty League was to impose a fascist form of government on the United States, by working behind the scenes to influence developments in high politics.

Among the key Wall Street and big business interests behind the Liberty League were the House of Morgan, the DuPonts, and the Kuhn Loeb investment-banking interests.

4. For background, see, Charles Higham, *Trading with the Enemy. The Nazi-American Money Plot 1933-1949* (New York: Barnes and Noble, 1983); William C. McNeill, *American Money and the Weimar Republic. Economics and Politics on the Eve of the Great Depression* (New York: Columbia University Press, 1986); Henry Ashby Turner, Jr., *German Big Business and the Rise of Hitler* (New York: Oxford, 1985); Joseph Borkin, *The Crime and Punishment of I.G. Farben* (New York: The Free Press, 1978); Richard Sasuly, *IG Farben* (New York: Boni Gaer, 1947); L. Wulfsohn et G. Wernle, *L'Evasion des Capitaux Allemands* (Paris: Société Anonyme d'Éditions, 1923); P.F. de Villemarest, *Les Sources Financières du Nazisme* (Cierrey, France: Editions CEI, 1984).

5. For background on the French Right see, Eugen Weber, "France," in Rogger and Weber, *op. cit.* pp. 71-127.

Representatives of industrial interests such as General Motors (controlled by DuPont interests), U.S. Steel (linked to the Morgan interests), and Remington Arms (controlled by DuPont) were also deeply involved. The publishing industry was represented by the Hearst interests.

Members of the Liberty League organization were part of the prior "Business Plot" of 1933-34 which had planned an armed coup d'état against President Roosevelt. The plot was exposed by the very U.S. Marine Corps general the Wall Street cabal thought they had recruited to lead the coup, Maj. Gen. Smedley Butler, the man they sought to impose as dictator on the United States. He played along with the plot, and then immediately revealed the plot to President Roosevelt, whom he greatly admired, and then exposed it publicly in newspaper interviews and during testimony before a special investigative committee in the United States House of Representatives, the McCormack-Dickstein Committee.⁶ The coup d'état was foiled.

Nonetheless, this organization continued to operate, publicly, and included very top leaders of both the Democratic Party and the Republican Party.

So now we can see a picture developing in our internal politics in the 1930s, involving top-level Democratic Party persons, including the chairman of the National Democratic Party himself, even Al Smith, former Democratic Party Presidential candidate, and top Republican Congressmen and Senators, aligning against the New Deal, and aligning behind fascism. So this is a penetration of both political parties, which I would like us to bear in mind.

The McCormack-Dickstein Committee was established to investigate the events of 1933-34 to determine to what extent an actual coup plot, had been in motion. The committee concluded there had been such a plot but specific information and testimony as to the Wall Street connection was suppressed. According to the Committee report:

In the last few weeks of the committee's official life it received evidence showing that certain persons had made an attempt to establish a fascist government in this country. There is no question that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient. This committee received evidence from Maj. Gen. Smedley D. Butler (retired), twice decorated by the Congress of the United States. He testified before the committee as to conversations with one Gerald C. MacGuire, in which the latter is alleged to have suggested the formation of a fascist army under the leadership of General Butler.

6. The members of the committee were: John W. McCormack (D-Mass.), Samuel Dickstein (D-N. Y.), Carl May Weideman (D-Mich.), Charles Kramer (D-Calif.), Thomas A. Jenkins (R-Ohio), James Willis Taylor (R-Tenn.), Ulysses Samuel Guyer (R-Kan.), Thomas W. Hardwick, Counsel.

MacGuire denied these allegations under oath, but your committee was able to verify all the pertinent statements made by General Butler, with the exception of the direct statement suggesting the creation of the organization. This, however, was corroborated in the correspondence of MacGuire with his principal, Robert Sterling Clark, of New York City, while MacGuire was abroad studying the various forms of veterans organizations of Fascist character.⁷



Robert Sterling Clark

The work of this committee later led to the formation of the U.S. House Un-American Activities Committee (HUAC) which was authorized to investigate subversive Communist and fascist activity in the United States. Congressman John McCormack later became Speaker of the House, 1961-71.

With respect to the Business Plot, certain features deserve scrutiny. MacGuire, a Wall Street bond salesman, was recruited by a circle of financiers to first collect information in Europe in 1933 about the methods of Fascist organizations, and then to be the intermediary between the Wall Street cabal and General Butler. MacGuire was employed as a bond salesman by Robert Sterling Clark (1877-1956), Yale graduate and heir to the Singer Sewing Machine fortune, and an art collector who lived in Paris. MacGuire had been active in the American Legion, a World War I veterans' organization established by the Morgan interests.

With Clark in the plot was Grayson Mallet-Prevost Murphy, head of a Wall Street brokerage house and director of Morgan-aligned companies.⁸ Murphy, a founder of the American Legion, became the treasurer of the Liberty League. Murphy, who was a graduate of West Point, had a prior record of international intrigue and was used by President Theodore Roosevelt for secret missions, particularly in Latin America.



Grayson Mallet-Prevost Murphy

7. U.S. House of Representatives, 74th Congress, 1st Session, The Special Committee on Un-American Activities Authorized to Investigate Nazi Propaganda and Certain Other Propaganda Activities.

8. He was a director of the Guaranty Trust Company, Anaconda Copper, Chile Copper, Goodyear Tire, Bethlehem Steel, and the New York Transportation Company. He was decorated with the Crown of Italy by the Italian Fascist regime.

The American Legion war veterans' organization was established in 1919. The National Commander of the American Legion in 1922-23, Col. Alvin Owsley (1888-1967), put the matter clearly when he said, "If ever needed, the American Legion stands ready to protect our country's institutions and ideals as the Fascisti dealt with the destructionists who menaced Italy. Do not forget that the Fascisti are to Italy what the American Legion is to the United States."⁹ In 1931, the National Commander of the American Legion, Ralph T. O'Neill, gave the Italian Ambassador to the United States, a copy of a resolution of the American Legion Executive Committee praising Mussolini as a great leader.



Col. Alvin Owsley

The president of the Liberty League was Jouett Shouse (1879-1968), a former member of the U.S. Congress from Kansas (1915-19), and President Woodrow Wilson's Assistant Secretary of the Treasury (1919-20). Shouse, a former chairman of the Democratic Party's National Executive Committee, was married to a daughter of the Boston merchant Filene family. The key members of the Liberty League itself were such business and financial personalities as: William Knudson of General Motors; Nathan L. Miller, counsel of U.S. Steel; Irene, Pierre, and Lamont DuPont¹⁰; Jacob Raskob of DuPont and General Motors, and the Hearst interests. Political personalities included former Gov. Al Smith of New York, the Democratic presidential candidate of 1928. Raskob was a former chairman of the Democratic Party National Committee.



Jouett Shouse

Closely associated with the activities of the Liberty League, and its satellite action organizations such as the "Crusaders," were influential members of the board of the American Jewish Committee: Irving Lehman, of Lehman Brothers; Lessing J. Rosenwald, chairman of Sears Roebuck; Roger W.

Strauss, director of Revere Copper and Brass; Louis Edward Kirstein, vice president of Filene's; Joseph M. Proskauer, who was a director of the American Liberty League; Henry Ittleson, who was president of the Commercial Investment Trust A.G. of Berlin; and Albert D. Lasker, who served on the Crusaders board.

The American Jewish Committee was founded in 1906 as a foreign-policy lobby group that focussed on human rights in Russia. Its publication *Commentary*, edited from 1960-95 by Norman Podhoretz, has been the leading vector for decades promoting so-called "neo-conservative" foreign policy and the destabilization of the Middle East.¹¹

As for the Crusaders organization I just mentioned, it was an anti-labor organization opposed to New Deal policies whose board included Albert D. Lasker, as just noted; James P. Warburg; and John W. Davis (1873-1955), legal counsel for the Morgan interests and U.S. Steel among others. Davis was the former Democratic Party Presidential candidate in 1924, and lost to Republican Calvin Coolidge. Prior to this he had served as the U.S. Ambassador at London, 1918-21.

Additional satellites of the Liberty League were: the Southern Committee to Uphold the Constitution, the Farmers' Independence Council, and the Sentinels of the Republic.

I want to give you a little flavor, just as an example, of the thinking of one of the participants in this business group, Mr. William Randolph Hearst, a well-known publishing magnate in our country, who owned hundreds of newspapers.

Hearst's involvement with the Liberty League is significant. The Hearst interests interfaced with the financial interests of West Coast financier A.P. Giannini's TransAmerica company, and Bank of America. This bank reportedly handled Mussolini's financial interests in the United States. The Hearst interests also interfaced with the British imperial interests of Sir Henry Deterding and his Royal Dutch Shell group, as well as with Lord Rothermere's interests in Canada.¹² Deterding and Rothermere provided financial support to Sir Oswald Moseley's Fascist movement in the United Kingdom. Deterding made use of the shipping company operated by Hypolite Worms to move Royal Dutch Shell oil around the world. The Lazard Frères Paris office handled Royal Dutch Shell business in France. Furthermore, it was the Lazard group that organized the Banque Worms in the late 1920s.

The Hearst interests controlled an important share of the Remington Arms Corporation of which the DuPont interests had the controlling share. Remington small arms were report-

9. As quoted in the *Journal of the National Education Association*. See the Owsley related website: <http://www.library.unt.edu/archives/Owsley/openingpage/index.htm>

10. Lamont (1880-1952), Irénée (1876-1963), and Pierre (1870-1954) DuPont were the sons of Lamont DuPont (1831-84) and Mary Belin (1839-1913), who was of Jewish ancestry. For background see, Leonard Mosely, *Blood Relations. The Rise and Fall of the duPonts of Delaware* (New York: Atheneum, 1980).

11. See President Bush's speeches to the American Jewish Committee: "President Attends the American Jewish Committee's Centennial Dinner," May 4, 2006 at <http://www.whitehouse.gov/news/releases/2006/05/20060504-15.html> and "Remarks By the President to the American Jewish Committee," May 3, 2001 at <http://www.whitehouse.gov/news/releases/2001/05/20010504.html>

12. On Deterding see, Glyn Roberts, *The Most Powerful Man in the World. The Life of Sir Henry Deterding* (New York: Covici Friede, 1938).



Library of Congress

William Randolph Hearst was part of the plot against President Franklin Roosevelt in 1933-34. He was the major publishing magnate in the United States in the 1930s, and spoke approvingly of the fascist parties in Italy and Germany.

edly to have been made available to 500,000 para-military forces operating in the service of the Business Plot which planned to seize Washington, D.C., the nation's capital, by force.

For clarity, let me illustrate press baron William Randolph Hearst's attitude toward European Fascism and National Socialism, a perspective also promoted by the Time-Life-Fortune publishing empire of Henry Luce. Let me quote Hearst, speaking in the 1930s:

The fascist party of Italy was organized to quell the disturbances and disorders of communism. The fascist party of Germany was organized for the same purpose. It was intended to and very likely did prevent Germany from going communist and cooperating with Soviet Russia. This is the great policy, the great achievement that makes the Hitler regime popular with the German people.¹³

That's probably the major publishing magnate in the United States during the 1930s. And if you just take a look at *Time* magazine during the similar period, you will note that Mr. Mussolini's picture appeared on the cover of *Time* magazine five times.

The "Business Plot" conspirators of 1933, with additional supporters, created the Liberty League in 1934. This time, the objective was to combat the New Deal and replace Roosevelt in the Presidential election of 1936 by getting behind a Republican opponent, which came to be Gov. Alf Landon of Kansas, a moderate, and ironically, himself, a mild supporter of the New Deal. Publicly, Landon—and the Republican Party—rejected Liberty League endorsement.

13. As quoted in George Seldes, *You Can't Do That* (1937), p. 222.

Moderate advisors of Landon, however, were pushed aside through Liberty League influence. One case in point was Prof. Andrew Cordier, who was advising Landon on foreign policy and international relations. A few years ago, a relative of mine, who was a friend of Cordier and one of his former students, told me the story of how the Liberty League intrigued against the professor. But Cordier went on to become Undersecretary of the United Nations in charge of the General Assembly and Related Affairs from 1946 to 1961. He then joined the faculty of Columbia University and rose to become its president.

As the 1936 election turned out, Roosevelt crushed Landon, although this did not stop the intrigues of the Liberty League network and its successors. For example, during the Truman Administration, Dean Acheson (1893-1971), an influential Washington, D.C. attorney, became Secretary of State under President Truman.¹⁴ Acheson had been a member of the American Liberty League.

Is it any coincidence today that Condi Rice praises Acheson and President Bush praises Truman? Certainly not. We can recall the close business connection between the Bush family and pro-Nazi financial and industrial circles in Germany, particularly the Thyssen interests.¹⁵

Wall Street and Synarchy

How did all this come about?

I mentioned the matter of "Synarchy" briefly at one of our earlier conferences here in Berlin. Let me just make a few brief comments today in that regard. Synarchy provided ideological orientation for Wall Street circles with respect to economic, political, and social organization.

For example, the American Liberty League itself promoted the social ideas of Dr. Alexis Carrel, French biologist and eugenicist associated with French Synarchist circles.¹⁶ He had written a number of best-selling books in the 1930s. Carrel's controlling ideas were clearly expressed in his book *Man, This Unknown (L'Homme cet Inconnu)*, in which he argued for mankind to follow the guidance of an elite class and to implement enforced eugenics for population management. It was Carrel who had first suggested the use of gas chambers for eugenic purposes on a mass basis. Carrel, in 1937, joined a well-funded French research institute called the Centre d'Études des Problèmes Humains (CEPH) operated by Jean Coutrot, an eminence of the French Synarchy who also had ties to the British Fabian Society via the

14. Acheson's father, Rev. Edward Campion Acheson, an Englishman, was an Anglican priest who served in Canada before immigrating to the United States and later becoming Bishop of Connecticut. His mother, Eleanor Gooderham, was the granddaughter of William Gooderham, a Canadian distillery magnate.

15. See, Kevin Phillips, *American Dynasty. Aristocracy, Fortune, and the Politics of Deceit in the House of Bush* (New York: Viking, 2004), *passim*.

16. Frederick Rudolph, "The American Liberty League, 1934-1940," *The American Historical Review*, Vol. 56, No. 1 (Oct. 1950), p. 28.

Huxleys and others.

I would note in passing that Carrel's ideas have influenced the ideology of contemporary Islamic terrorism via Sayyed Qutb of the Egyptian Muslim Brotherhood and Maulana Maududi of the Pakistani Jamaat-i-Islami.¹⁷

The word "Synarchy," and its associated ideology, was invented by the 19th-Century French occultist Alexandre St. Yves d'Alveydre (1842-1909), who headed the esoteric Martinist Order. Born in 1842, he adopted the outlook of leading European intellectuals of the extreme right, Joseph de Maistre, Louis de Bonald, and the mystical occultism of Fabre d'Olivet (1767-1825), Napoleon's personal occult advisor.

St. Yves created an extreme right ideology to oppose what he perceived to be "anarchy," particularly what he perceived to be anarchy among nations. He called his new ideology "Synarchy" and revealed it in quite some detail in his book *Mission des Souverains*, first published in 1882.

The economic dimension of Synarchy influenced the "corporatist" political ideologies and movements of the early 20th Century such as Fascism. Corporative ideology called for the organization of society with control held by the ruling oligarchic and plutocratic class. Labor was to be crushed and parliamentary government was to be eliminated.

St. Yves' vision for Europe, as outlined in Chapter XII of his book, called for organizing Europe through a regional (Europe-wide) council composed of corporative chambers of economists, financiers, and industrialists. At the national level, each country would have such a council of its own. Through this process, finance and industry would be concentrated, and become the main political power governing society, a society in which labor was to be coerced into submission.

After World War I, we find in Europe the establishment of a number of Fascist movements beginning with Mussolini in Italy in 1919, but then spreading to France, Italy, Spain, Portugal, and elsewhere. A remarkable feature of this political phenomenon was the spread of secret underground networks promoting Synarchy in order to create Fascist states and five Fascist regional blocs such as Pan-Europe, Pan-America, Pan-Eurasia, Pan-Asia, and a Fascist British Commonwealth.

One significant vector in all this was the esoteric Martinist Order, which penetrated many regular freemasonic lodges, creating a certain dangerous dissidence. The French Synarchists formed their secret political society in 1922 which was called the Mouvement Synarchique d'Empire, as the French police and intelligence services discovered over a decade later.¹⁸

This overall political phenomenon can be justly viewed as a continuation of the well-organized 19th-Century reaction

against progressive liberal fraternal organizations and political movements that fought for national unity, democracy, constitutionalism, and parliamentary government.¹⁹ One significant feature of 19th-Century European politics was the creation of what we can characterize as police states based to a large degree on the Napoleonic model. In the 20th Century, police states reemerge under republican guise.

Fascist Ideology: The U.S. 'Conservative Movement' and 'New Right'

Since 9/11, we can see an incipient police-state process developing more openly in the United States under the framework of a so-called "National Security State." But the foundations for this were prepared for a number of decades.

After World War II, the so-called "Conservative Movement" in the United States undertook the penetration of the Republican Party.²⁰ I would like to make it clear that the traditional Republican Party, as established by Abraham Lincoln, has nothing in common with the radical right-wing ideology of the pre-World War II Liberty League or the post-World War II "Conservative Movement" and "New Right."

Nonetheless, today's Republican Party is in the grip of the Wall Street-backed "Conservative Movement" and "New Right" linked to a mass political base of religious Fundamentalists committed to theocracy.²¹

The post-World War II "Conservative Movement" and "New Right" are nothing more than the pre-war Liberty League operation in a more sophisticated form. The Presidential candidacy of Barry Goldwater in 1960 opened the door to a penetration of the Republican Party by the "Conservative Movement." As I pointed out in my paper here this March, the Nixon Administration, influenced in particular by George Shultz and his circle, took a dramatic turn toward the erection of an imperial Presidency and National Security State.²²

Today, the Bush Administration, unfortunately, replicates the Nixon Administration, but is worse.²³

Radical Right ideology is promoted through the organized intellectual activity funded by a small group of private foundations backing a so-called "conservative" and "neo-conservative" ideology that is, in fact, similar to the European Fascist ideology of the 1920s and 1930s. These foundations include: the Bradley Foundation, the Koch Foundations, the Smith Richardson Foundation, and the Olin Foundation. As-

19. For background see, Frederick B. Artz, *Reaction and Revolution 1814-1832* (New York: Harpers, 1934).

20. For background see, George H. Nash, *The Conservative Intellectual Movement in the United States Since 1945* (New York: Basic Books, 1976) and Shadia Drury, *Leo Strauss and the American Right* (New York: St. Martin's Press, 1999).

21. See, Kevin Phillips, *American Theocracy* (New York: Viking, 2006).

22. Arthur M. Schlesinger, Jr., *The Imperial Presidency* (Boston: Houghton Mifflin, 1973).

23. See, John W. Dean, *Worse Than Watergate. The Secret Presidency of George W. Bush* (New York: Little Brown, 2004).

17. Rudolph Walter, "Die seltsamen Lehren des Doktor Carrel. Wie ein katholischer Arzt aus Frankreich zum Vordenker der radikalen Islamisten wurde," *Die Zeit*, 31.07.03, No. 32.

18. See, Geoffroy de Charnay [pseud.], *Synarchie. Panorama de 25 Années d'Activité Occulte* (Paris: Editions Médicis, 1946).

sociated “think tanks” would include the Heritage Foundation and the American Enterprise Institute, both of Washington, D.C. These organizations are, in essence, continuing the work of the American Liberty League.²⁴

The main intent, of either the American version of fascism, or the European version, is to increase the power and influence of international finance and big business in the internal politics of the United States, first by attacking state institutions and their proper role of oversight and regulation and, secondly by coercing labor. Promotion of the so-called “Chicago School” and “Austrian School” of economics is one method used in this program to promote oligarchic and plutocratic economic and political power. A significant consequence of this process for external policy is, of course, the promotion of an imperial foreign policy in the service of international finance and big business, and the promotion of so-called “globalization” to empower a certain transnational oligarchy.

Key features of the contemporary “New Right” and “neo-conservative” ideology in the United States are drawn from three main European sources: Italian nationalism and Fascism, French Integralism, and German National Socialism.

With respect to Italian nationalism and Fascism, we can see the influence of Michael Ledeen, a specialist on Italian political thought, who is a major neo-conservative thinker in the United States. neo-conservatives, who control our foreign policy, by the way, appear to incorporate elements of the nationalist thought of Enrico Corradini (1865-1931) together with the Fascist program of Benito Mussolini.²⁵ Most striking is the neo-conservative call for the United States to have a foreign policy of “national greatness,” which is precisely the formulation of Corradini that inspired two Italian imperial wars against Ethiopia. One can argue that, for the neo-conservatives, Iraq is Mussolini’s Ethiopia policy revisited.

The French integralism of Charles Maurras is paralleled in the American “New Right,” in both Protestant and Catholic manifestations. Maurras himself was linked to the Martinist Order through his friendship with its then Grand Master, Gérard Encausse (1865-1916), who was a follower of St. Yves d’Alveydre. The Christian Coalition organization which emerged in 1988, is but one example. In the last few years, we have seen a revival of the ideas of the integralist Catholic, Jean Ousset, himself a vector of Synarchy, and once the private secretary of Charles Maurras, and, some French colleagues inform me, that Mr. Ousset’s operations after World War II, were financed by the Banque Worms group.

With respect to German Fascism, we can see in the United States today the revival, over the last several decades, of the ideology of Carl Schmitt, the Nazi jurist. This ideology, many

believe, is directly responsible for the police-state stance taken by the neo-fascist “Federalist Society” of lawyers, established in the United States in 1982, who have worked inside and outside the Bush Administration to erect what they call the “Unitary Executive.” In Berlin today, I think we should be frank and say the Federalist Society for over two decades had been reviving the *Führerprinzip*.

I discussed the revival of Carl Schmitt’s foreign policy concepts by Paul Nitze, and others, here in March. These concepts include the concept of permanent “enmity” and “enemies,” and the necessity for “states of emergency.” Such ideas were derived in part from the writings of the Gustav Ratzenhofer (1842-1904), an Austrian General and Social Darwinist sociologist.²⁶

We can place the American Christian Right today within the context of the *Gleichschaltung* [Nazification of all institutions] of 1933 and the formation of the Protestant Reich Church. I would suggest that the 25 million hard-core fundamentalists forming President Bush’s “political base” in the United States—the 16 million Southern Baptists, in particular, and another 9 million Adventists and Pentacostalists, for example—parallel, although in a different form and in a different time, the German Reich Church.²⁷

In closing, I would like to suggest, with a sense of some urgency, that colleagues here make an effort in their research and writing to focus on comparative study of contemporary United States internal politics, and external policy, with that of International Fascism of the 1920s and 1930s.

Let me again quote Harold Ickes, the man who organized progressive Republican support for President Roosevelt and the New Deal. Being a Republican, I like to quote Mr. Ickes. In 1943, in the middle of World War II, he said:

We should never forget that, in an era of unrest, a demagogue even as fantastic as Hitler first appeared to be can develop at such a pace that, before we realize it, he is beyond our catching. There are men here, and in England and in France as well, who believe in their hearts that a dictatorship is more desirable than democratic self-government. . . . That type of American big business and concentrated wealth are not afraid of a dictatorship, even such a one as Hitler’s, is attested by recent shocking disclosures with respect to secret and intimate business alliances between them and German big business-alliances that deliberately strike at the common man.²⁸

24. For background information, see, RIGHT WEB at <http://rightweb.irc-online.org>

25. For background on the Right in Italy see, Salvatore Saladino, “Italy,” in Rogger and Weber, *op. cit.*, pp. 208-260.

26. For example, see, Gustav Ratzenhofer, *Wesen und Zweck der Politik* (Leipzig, 1893).

27. See the speech of Secretary of State Rice to the Southern Baptist Convention Annual Meeting, June 14, 2006. <http://www.state.gov/secretary/rm/2006/67896.htm>

28. Harold Ickes, *The Autobiography of a Curmudgeon*, Reynal & Hitchcock, (1943).

Jeffrey Steinberg

We Can Beat Rohatyn And the Synarchists

Jeffrey Steinberg, EIR Counterintelligence Editor, gave this speech to the Berlin seminar on June 27.

On July 27, 1944, the U.S. military attaché in Algiers sent a report back to Washington, discussing the fact that even though this Synarchist apparatus that Cliff [Kiracofe] (see above) discussed a few moments ago, was known to be at the heart of the most actively pro-Hitler grouping within the Vichy government, that, at the same time, there was growing evidence that the same Synarchist networks were also actively involved in penetrating the Free French movement of Charles de Gaulle, which had set up a government-in-exile in Algiers in North Africa. The report—I'll just read a few brief excerpts from it:

"Some of the oldest and formerly most faithful supporters of General de Gaulle are worried by what they call a tendency to let 'Synarchism' penetrate even the highest brackets of the Algiers Administration. It is believed that General de Gaulle, up until recently, opposed Synarchism, which is a strongly reactionary movement, financed by the *Haute Banque*. He has even ordered a confidential study to be made on the subject, a copy of which has been seen by American officers, but since its dissemination is not known, it was again reproduced. . . . Our source of information claims that while there is no direct evidence that General de Gaulle has had a change of heart in regard to this movement, some of the people around him are known to have recently become adherents to it. In this connection the Minister of War Diethelm, Colonel Passey and Commandant Pelabon are prominently mentioned."

And it goes on to discuss further investigations that de Gaulle had ordered into the Synarchist operations in North Africa.

Now, appended to this document, which we obtained by special arrangement during the mid-1980s, from the U.S. National Archives in Washington, D.C., is a secret appendix, which gives the name of about 80 individuals and institutions that were known to be at the very heart of the Synarchist apparatus. And about halfway down the first column, after going through the names of a number of very well-known people, associated both with the Vichy government *and* with the Banque Worms, we come upon the name, "Banque Lazard" and a specific individual, "André Meyer."

There was an extensive network of cooperation that existed during the 1940s, between American intelligence offi-



EIRNS/James Rea

Jeffrey Steinberg revealed the "smoking gun" in the case against Felix Rohatyn: the evidence of his central role in the takedown of U.S. industry.

cers from all of the major agencies: You had the Office of Strategic Services, you had the various military intelligence branches, the State Department had a very active intelligence service. And in most cases, there were close contacts established with various Resistance networks, including especially military Resistance networks that existed, including within the Vichy government itself. And so, a number of U.S. reports actually reflect joint efforts by American military and intelligence officers working with French counterparts, who were working at great risk. Because, they were obviously working, against, ostensibly, their own government.

Now, one of the reports that surfaced after the war, was a detailed study prepared by a French intelligence official further elaborating on the role of André Meyer within this overall Synarchist apparatus. I'll just, again, read a few quotes:

"When Von Ribbentrop came to Paris on Dec. 6, 1938 to sign a 'good neighbor pact' with Georges Bonnet, there was a dinner at the Quai d'Orsay that evening attended by Daniel Serruys of Lazard Bank. At that time Mr. André Meyer, new associate manager of Lazard Frères, had excellent relations with Georges Bonnet, Minister of Foreign Affairs of the Daladier government, and is said to have supported him at the time of Munich.

"The Lazard managers did not want to burn all their bridges with Germany because they still had friends in the German world of finance. Furthermore, the Lazard house in France was the official bank of Royal Dutch, a Dutch company with British capital. Furthermore, the president of Royal Dutch, Sir Henri Deterding, after having served England for a long time, had shown a certain sympathy for Hitler's Germany, and provided funds to the National Socialist Party without

breaking with the business world of the City of London. At the time of Munich, Deterding contributed to 'expediting' Mr. Chamberlain before Hitler in Godesberg in September 1938. Because of the position of Deterding, the directors of Lazard and especially André Meyer, had to adopt an attitude of expectation vis-à-vis Hitler, regardless of his anti-Semitism. It appears that they approved of Munich."

Now, many years later, towards the end of his life, André Meyer, who, for many years afterward, continued to be the managing director of Lazard bank, in 1940, left France and conveniently took up residence in New York, where Lazard also had a major banking operation. But, in an interview with the *New York Times*—I don't have the exact date of it, but shortly before he died—André Meyer was asked to characterize Felix Rohatyn. Rohatyn had been Meyer's protégé and had actually succeeded him as the managing director of Lazard Brothers. And Meyer, the leading wartime Synarchist in France, described Rohatyn in the following terms: He said, "In some respects, I consider him as my son."

Synarchist Penetration of the Democratic Party

Now, I started out by going through this particular element, of this Synarchist dossier taken from wartime U.S. military archives, because I know that for many people here in Europe, there's been an enormous amount of confusion and anxiety over what's been going on in the United States, particularly inside the Democratic Party, since particularly the beginning of this year. And there's no way to really understand that phenomenon, without understanding the role of Felix Rohatyn, in that process of disruption of the Democratic Party. And there's no way to understand the motives behind Rohatyn's activities, other than by understanding that he is the protégé of one of the leading figures in the Synarchy during the wartime period. And that, while Rohatyn is ostensibly a major figure in the Democratic Party and one of the major sources of Wall Street funding to Democratic candidates, whether for President or for other high office, there is absolutely no distinction between Rohatyn's outlook, André Meyer's outlook, and the outlook of the people that Cliff Kiracofe just described as being behind the fascist coup attempts against Franklin Roosevelt in the 1930s.

So what you've got, inside the Democratic Party in the United States, is a degree of penetration by the same Synarchist apparatus, that, while being actively involved as the leading Nazi collaborators in France, were also busily infiltrating and establishing their presence inside the leading anti-fascist movement in France, the Free French movement of General de Gaulle. They were doing all of these things, and at the time, U.S. intelligence had a spotlight on both, and there was not confusion about what this apparatus intended to do, who they were, and what the methods were that they used in order to penetrate every institution that was moving, in order to subvert them *all*, in the interests of a particular international financial oligarchy.

Now, it's interesting that this profile of André Meyer and Lazard, ostensibly a French institution, talked about the fact that Lazard was in the middle of the Anglo-Dutch oligarchy's operations of the 1920s, '30s, and '40s. In fact, the Lazard bank in Paris was the leading banking representative of Royal Dutch Shell. And in that capacity in the late 1920s, leading figures from the Lazard bank helped to establish another financial institution, a very closely allied financial institution, called the Banque Worms.

Now, prior to the founding of the Banque Worms in the 1920s, the Worms group was primarily involved in industry, and especially involved in shipping. The shipping company of Hippolyte Worms handled much of the oil shipments for Royal Dutch Shell, so that you had a very tightly knit network of Synarchists, ultimately reporting to this Anglo-Dutch financial oligarchy, but working through both Lazard and Banque Worms.

Now, the decision by the Roosevelt government, to maintain diplomatic relations with Vichy France, despite the known close ties to many people in the Vichy government with the Hitler regime in Germany, was a very complicated affair. The decision was based on the knowledge that there were extensive Resistance networks in France; it was based on the fact that there was a desire to have a certain close intelligence access, to the situation on the ground within continental Europe.

And in order to make this decision intelligible to the American people and to the world at large, in 1943, President Roosevelt commissioned a man named William Langer, an American historian who at that time was head of the Research and Analysis branch of the OSS, to prepare a study. He was given access to all of the American government files on Vichy France, on the Synarchy, and in 1947, he came out with a book called *Our Vichy Gamble*. And in the book, he laid out, I think very effectively, both the complexities of what the U.S. was trying to do, and a very detailed roadmap of all of the different elements inside Vichy France. And he was very much attuned to the Synarchy problem, and to the particular role of the Banque Worms group being at the heart of most of the pro-Hitler apparatus inside the Vichy government.

I'll just read you briefly from a couple of pages, where he discusses this. He's referring to Admiral Darlan, who was one of the top officials in Vichy France. He said: "Darlan's henchmen were not confined to the fleet. His policy of collaboration with Germany could count on more than enough eager supporters among French industrial and banking interests—in short, among those who even before the war had turned to Nazi Germany and had looked to Hitler as the savior of Europe from Communism. . . . These people were as good fascists as any in Europe. They dreaded the Popular Front like the plague and were convinced that they could prosper even under Hitler's iron rod. Many of them had long had extensive and intimate business relations with German interests and were still dreaming of a new system of 'synarchy,' which meant government of Europe on fascist

principles by an international brotherhood of financiers and industrialists.”

Then he quotes from a memo, dated Jan. 7, 1942, that was sent by U.S. Ambassador Biddle from London, again, describing the Synarchists: “This group should be regarded not as Frenchmen, any more than their corresponding members in Germany should be regarded as Germans, for the interests of both groups are so intermingled as to be indistinguishable; their whole interest is focused upon furtherance of their industrial and financial stakes.”

And then, going back to his own account, Langer spends several pages, literally giving name, rank, and serial number of all of the top officials of Banque Worms who were brought into the Vichy government. And then, at the end he says, “From this list it appears at once that practically every ministry or secretaryship touching economic affairs was in the hands of one or another of the Worms clique.” And he goes on from there.

So, this apparatus was very well known, and in fact, at the end of the war, with the liberation of France in 1944, almost all of the leading figures in Banque Worms were arrested. A number of them were sentenced to long jail terms. But as Lyn[don LaRouche] has discussed repeatedly, the world changed overnight, drastically for the worse, in mid-April 1945, when Franklin Roosevelt died. And with the death of Roosevelt and the accession of Harry Truman into power in the United States, the entire Synarchist apparatus got a second life.

By 1948, all of the leading Synarchists had been freed from jail in France, and not only let go, but the entire apparatus was in the process of being reconstructed under a renovated Anglo-American ownership. And, for example, the Banque Worms began hiring back a number of people who had been among the most visible pro-Nazis inside the Vichy government. A man named Georges Albertini, who had been a top official of the Labor Ministry under Vichy, was released from jail after four years of hard labor, and was hired immediately to take charge of what was called the “Labor Department” at Banque Worms. This was simply a funding mechanism that was set up, so that Banque Worms in France after the war became one of the major sources of funding for people otherwise known as to be part of the Congress for Cultural Freedom. And Albertini, for example, set up an Institute for Historical Studies, which became a major, Banque Worms-funded, Congress for Cultural Freedom propaganda outlet, producing all sorts of anti-Communist tracts, to create the proper scare climate, in the period of Trumanism and the emergence of the Cold War, after Roosevelt’s death.

The Case of Felix Rohatyn

Now, the case of Felix Rohatyn: As I said, since the beginning of this year, approximately February of 2006, we saw a very rapid and precipitous deterioration in the performance of the Democratic Party, particularly in the Senate. It began

with the fight to prevent the nomination of Samuel Alito to the U.S. Supreme Court—and it went downhill from there. People remember that, throughout 2005, the Democratic Party, particularly in the Senate, following the November 2004 election, had responded forcefully: had defeated the Bush Administration in its drive to privatize Social Security, and had taken a number of other steps that were generally speaking in a healthy direction, that reflected the growing influence of Lyn and our movement within the Democratic Party.

But there was one, glaring exception to that, which we now understand fully, and are in the process of taking care of, as a problem: People remember that in February of 2005, towards the end of the month, an article appeared here in Germany, in the *Frankfurter Allgemeine Zeitung*, which reported on the fact that the General Motors Corp. was facing in the range of \$60 billion in payouts in bonds that were going to be coming due during the year 2005. And because of the deteriorating situation within the company—General Motors used to have about a 50% share of all automobile sales in the United States; that steadily collapsed down to about 25%. It was clear, and the *FAZ* even made the point, that there would be very high-risk premiums for rolling over those General Motors bonds. In other words, they would have to be paying a much higher yield on those bonds, because people had less faith that the company was going to survive.

As soon as Lyn saw that article, he put out a series of warnings about the imminent danger of the bankruptcy of General Motors, and with it, the collapse of the entire automobile sector of the U.S. economy: Which we understood very well, Lyn understood perfectly well, was at the heart of the machine-tool design and production capacity, which is key to the industrial economy of the United States. In May of 2005, Lyn had written two memos, one of which was one the question of “Strategic Bankruptcy,” and he laid out a very clear perspective of exactly what kind of action Congress had to take, in order to assure that the U.S. did not lose this *vital* machine-tool capacity. Congress was inactive.

Democrats, whom we met with frequently, would acknowledge the problem, would occasionally even go out and give speeches paying lip service to the need to rebuild the country’s infrastructure and the importance of saving the automobile plants. Hillary Clinton, at one point, wrote a letter to George Bush, suggesting that the President convene a national emergency summit to save the auto sector. Beyond publicizing the fact that she sent out that letter, she really did nothing else; and knew perfectly well that she would not even receive a postcard in the mail from the White House acknowledging that they had even received the letter.

And here we are, a year later, and we see exactly how right Lyn was about the total destruction of the auto sector.

The Smoking Gun

Now, about a month ago, the newly installed management at Delphi—what was formerly the automobile-parts depart-

ment of General Motors—had admitted in Bankruptcy Court that they intended to shut down the *entirety* of their auto-parts production in the United States, that they would leave a token force of about 6,000 production workers in the U.S., but would have about 140,000 production workers scattered overseas—China, other parts of Asia—and that they would keep 9,000 white-collar jobs, corporate headquarters jobs, in the U.S.; and that was it.

We also found out that Delphi was actually auctioning off entire plants! Selling off indispensable machine-tool capacities for pennies on the dollar. And we also knew that, since the company had filed for bankruptcy protection of the courts, that this would be a completely illegal act on their part, unless they had gotten approval from the Bankruptcy Court to dispose of their physical assets in the United States. And we thought that it was absolutely inconceivable that any bankruptcy judge who was not literally bought-and-paid-for would be allowing, literally, Internet, eBay-type auctions of the *entire plants* of Delphi!

And we went to the Bankruptcy Court files—and we found a lot more than we bargained for: We not only found out that, indeed, the Bankruptcy Court judge *had*, in fact, authorized the sell-off at auction prices of two of the Delphi plants, with the idea that many more would follow after that; but the judge had basically said that these are considered to be “diminished assets,” because, in the corporate restructuring plan, Delphi said they’re going to stop producing anything in the United States!

So, these are going to be empty plants. They’re going to go completely underutilized. Why not sell them off, even if you only get pennies on the dollar?

Well, as we plunged deeper into the Bankruptcy Court files, literally going through thousands of pages of some of the most boring material you could imagine, we came upon something that really has transformed the political situation inside the U.S. We found the documents that showed that the *entire scheme* to outsource and globalize Delphi, and to do it under abuse of the U.S. bankruptcy laws in order to basically abandon the obligations to make pension and health-care payments to all of the Delphi workers—the whole deal had been structured by a company called Rohatyn Associates! The small consulting firm/brokerage house of Felix Rohatyn. And that the other companies that had been involved in this, were Rothschild, Inc., which is the major Rothschild banking operation in the U.S.; JPMorgan Chase, the bank that Cliff spoke about a little earlier this afternoon as being behind the fascist coup plot against Franklin Roosevelt; and a law firm named Kirkland & Ellis.

So, here we have the smoking gun. We literally have the document with Felix Rohatyn’s signature on it, indicating that he was the architect of the dismantling and outsourcing of Delphi. And of the takedown, in fact, of the entire auto industry: There’s a guy named Steve Miller, who was installed by Rohatyn and company, as the CEO of Delphi—and he already had a reputation for having destroyed the entirety of what was

left of the steel industry in the United States, through the exact same methods.

Fundamental Change in the Bankruptcy Law

All right. So now, we began peeling away further layers of the story. We had a staff meeting about a week and a half ago, back in Leesburg, and we pulled together various people who’ve been working on this whole deindustrialization crisis in the United States, from our Economics sector and from other sectors of Intelligence. And we had, for example, one person who had been closely following the situation in the steel industry; another person who had been tracking the take-down of the airlines industry; another person who began looking into the overall changes in U.S. bankruptcy law. And it turns out, that back during the 1970s, in particular during the Carter Administration—the Brzezinski/Trilateral Commission Carter Administration—that there had been a fundamental change in the bankruptcy law, that said, basically: If you’re the banks and brokerage houses that come in to finance a bankruptcy restructuring of a company, then you get to define the reorganization plan!

This was a *major violation* of what had been a bankruptcy law in the United States, that was consistent with the General Welfare notion. Previously, you had bankruptcy judges appointing trustees, whose job it was to protect the interest of the workers of the company, and to bring in new management to correct the policy mistakes that had been made by the previous managers that led them into the situation where they had to file for court protection. And companies were allowed to write off certain debts, in order to allow them to keep their doors open, and under new management and under restructuring, to protect whatever that business was, to keep the people working in those firms, gainfully employed.

The new law was a 180-degree reversal of that. And from 1978 on, beginning with the airline industry, then extending into the steel industry, then into the aerospace sector, and now, finally, the auto sector, we’ve had a pattern of the *exact same criminals*, always involving either Lazard Brothers, or Felix Rohatyn personally; always involving JP Morgan, always involving one of three or four major law firms; and usually the Rothschild American branch was also somehow or other involved in there, as well, in setting up these restructurings.

The consequence is, just to give a few examples:

The aerospace sector, which was at once both the heart of the space program, research in advanced aviation, a big component of our military sector, as well as the commercial airlines: Over the last 20 years, the aerospace sector went from having 900,000 production-line workers, to now having 550,000, a collapse of about 40%; and 60 million square feet of production space and machine-tool capacity have been literally shut down and sold off.

Steel sector: Fifty percent of the labor force laid off, factories not only shut down, but literally blown up, dismantled, so that they no longer even exist to be retooled and reopened.

Steel production in the U.S. in 1975 was 145 million tons; last year, it was 95 million, again, a drop of about 35% or so.

Auto: Since 2000—just in the last five and a half years—there have been 240,000 job losses, net job losses, in the U.S. auto sector. This is *net* losses, so it's not GM workers going to work for Toyota or Nissan, or one of the Japanese companies that's built some plants in the U.S. And by 2008, the number of auto jobs projected to be lost in the U.S., on top of the 240,000 lost in the last five and a half years, is an additional 300,000.

So: What does Felix Rohatyn represent? Is he a Democrat? Does he have anything to do with the Democratic Party of Franklin Roosevelt? Or is he more aligned with the Synarchist coup-plotters, who tried to assassinate and/or coup Roosevelt in the '30s? I think the answer's pretty obvious.

The Shultz/Rohatyn Collaboration

In fact, if you look at the career of Felix Rohatyn, particularly over the last 30 or so years, you'll find that the person he most persistently shows up in collaboration with, is George Shultz! The man who put together the current abomination called the Bush-Cheney Presidency. The Shultz-Rohatyn collaboration, in fact, goes back to what was the major topic of discussion this morning, during the keynote panel, namely, the takedown of the Bretton Woods system: It was Shultz, acting on behalf of the Anglo-Dutch financial interests, who was the individual who went to the Treasury Secretary under Richard Nixon, a man named John Connally, accompanied by Henry Kissinger and Paul Volcker, and announced that the Bretton Woods system was over, and that the U.S. would discontinue the currency pegged to the monetized value of gold; created the opening for exactly the speculative system that's followed from that.

The pilot projects that were designated, both in the United States and internationally, to demonstrate that the world was turning back towards Synarchist economics and Synarchist/fascist politics, were the project that Felix Rohatyn personally ran in New York City, under what was called the Municipal Assistance Corp., Big MAC, and the coup d'état in 1973 in Chile against Salvador Allende, which brought the fascist dictatorship of Pinochet into power.

The Shultz-Rohatyn team were deeply involved together, in the Chile coup. Shultz was a leading figure in the Nixon Administration; by that time he had become the Treasury Secretary, replacing Connally. And Felix Rohatyn was the leading outside director of ITT, the International Telephone & Telegraph Co., which bankrolled and put together the key elements of the coup. And of course, George Shultz became famous for ushering in the Chicago School of Economics into Chile. And if you go back and look at the descriptions that were provided by people like William Langer and Ambassador Biddle and others, who were closely tracking the Synarchy in Europe in the 1930s and '40s, you'll find that the authoritarian regime in Chile, run by a small group of bankers and industrialists, fit the Synarchist model to a "t."



EIRNS/Sharon Stevens

Rohatyn made a big mistake recently, with an appearance in Washington, where the LaRouche Youth Movement was there in force. Here, LYM organizer Maria Channon gives Democrats some advice on how to deal with the traitor.

In New York City, Rohatyn presided over the destruction of New York. Now, in the mid-1970s, New York City still represented one of the largest concentrations of industrial workers in the United States. People think about big Midwest cities like Detroit and Cleveland. But if you actually toured around New York City, still in the mid-1970s, although it was already beginning to slip away, you would find in some of the outer-lying boroughs, the Bronx, Queens, parts of Brooklyn, factories surrounded by dozens of small machine shops. This was the heart of the American *Mittelstand*. When Felix Rohatyn took over as the head of the Municipal Assistance Corp., Big MAC, there were 1.3 million manufacturing jobs *inside* the City of New York. By the time he was finished, that number was halved.

And along with that, some of New York City's municipal unions had been brought into a Synarchist pact: The AFSCME union, headed up by Victor Gotbaum, put billions of dollars of workers' pension money into Big MAC bonds. A number of other unions of municipal workers strongly resisted.

Rohatyn oversaw the shutdown of hospitals, the shutdown of bus lines; subway stations were mothballed and shut, whole parts of the city were red-lined because the bankruptcy reorga-

nization of New York City guaranteed that the bondholders would be paid first, before anything else. New York City was destroyed, through vicious austerity presided over by Rohatyn. And he brought Victor Gotbaum from the labor movement shamelessly in, as part of the operation.

This is a clinical case of what American intelligence analysts and their French collaborators referred to in the 1940s as the “left” side of the Synarchy.

And that’s the problem in the Democratic Party today: You have a Democratic Party that had been tilting back, under Lyn’s leadership, towards the FDR orientation. And at that point, Rohatyn went absolutely *berserk*, and began personally deploying, continuously, up to Capitol Hill, to do everything in his power to disrupt the efforts of the Democratic Party to come up with a Rooseveltian-LaRouchian policy-agenda for these mid-term elections. Rohatyn, the close friend of Shultz, was committed to the idea that if the Democratic Party was going to go in the direction that Lyn was leading it, then it was going to have to be destroyed from the inside.

The Fight for the Democratic Party

Now, happily, this is not something that is necessarily within Rohatyn’s power to pull off. And in fact, while he does have a certain kind of strength inside Washington, D.C., the Democratic Party—in fact—still remains the largest grassroots party in the United States. And I can assure you, that Rohatyn has very few relationships with Democrats at the county chairmen’s level, or at other grassroots levels around the United States—whereas, we do! When we began putting out the first pieces of the Rohatyn dossier back a couple of weeks ago—and that is without the picture that I presented today, of the systematic destruction of the entire industrial base of the United States, which is now at about a minute before midnight to being completed—even with the limited material that we had put together, Rohatyn’s signature on the documents basically structuring the bankruptcy of Delphi, a lot of people became *very* uncomfortable: Because, the biggest flaw in the Democratic Party right now, is cowardice! There are a lot of people who know better, and who were hoping that somehow or other, they could stick their heads in the sand, and avoid the showdown between Lyn and Rohatyn.

Well, as of today, as of probably about an hour ago, the new issue of *EIR* [June 30], with Lyn’s lead editorial, scolding the Democrats in the harshest of terms, laying out this entire picture of Rohatyn and the Synarchy, both from the historical documents that I referenced and quoted from here, as well as the profile of what’s gone on under Rohatyn’s supervision in the last 30 years, is already saturating Capitol Hill. By the end of this week, thousands of copies of that *EIR* will have gotten into the hands of every member of Congress, and of state legislators and labor leaders all over the country.

And this is going to create a very difficult predicament for Mr. Rohatyn, because he’s going to have a very hard time, explaining away U.S. government documents, from the Na-

tional Archive! “This André Meyer name, do you know this guy? Listed as a leading international Synarchist. By whom? Not by some European networks, but by the U.S. Army military attaché in Algiers. How’re you going to explain that away?” We’re not going to let him get away with it: Rohatyn made one mistake, of making a public appearance in Washington, several months back. And not only was the LYM [LaRouche Youth Movement] there in force, but [*EIR* Economics Editor] Paul Gallagher confronted him directly, on the question of Lyn’s call for an FDR-style approach to put out billions of dollars, hundreds of billions, trillions of dollars, in government credits for vitally needed infrastructure projects and job-creation. And Rohatyn’s comment was, “We’re not going to do it that way, this time. That was all that Roosevelt had at his disposal. Now we have private banks, we have bond markets, we have all of these new mechanisms.”

And in a discussion with some other Democrats in which he was a little bit more blunt, when he was at the meeting, back in 1998 where President Clinton talked about the need for a new global financial architecture, up at the Council on Foreign Relations, in that meeting, Rohatyn got up and basically said: Look, back in 1944, governments controlled credit. Now, capital is in the hands of primarily private, and mostly offshore financial institutions—not even central banks. Therefore, Rohatyn announced on behalf of the Synarchy, that this time around, if there’s going to be a new, reorganized global financial system, then, the Synarchist bankers are going to control it. And it’s not going to have anything to do with government credit.

So, he’s even on record himself, putting himself squarely in the Synarchist camp. And we’re going to use the historical record of this to finish him off.

I had a discussion with Lyn the other day, about some of the developments around Lyn’s own legislative proposal, which people have seen in the “U.S. Economic Recovery Act of 2006,” and we were talking about what the next step was, in getting that legislation introduced and passed through the Congress. And Lyn’s comment was, “The critical first step is getting out this material, and finishing off Rohatyn politically.” In other words, you’ve got to flush the poison out of the Democratic Party as the necessary first step, to being able to get people to do what needs to be done. And in some cases, there are some people who, freed of the terror that Rohatyn represents, will do that.

So, that’s where we stand: We’re actually, today, at a launching moment, a point of embarkation of a campaign which I expect *very shortly* will result in the complete political destruction of Rohatyn, and with that, a major transformation in the political situation inside the United States, and thus, around the world, to put Lyn in the driver’s seat in the Democratic Party, to move us back into the Roosevelt paradigm, but with a number of corrections and advances over even what Roosevelt accomplished in the 1930s.

Thank you.

The Key to History: Discover a Principle

Here are Lyndon LaRouche's remarks following Jeffrey Steinberg's presentation, in the afternoon panel of EIR's Berlin Seminar, June 27.

I would just add one theme, on this thing. What has to be emphasized is something which I referred to earlier, and I'll just pick up and put it into focus here, at this time. Because we have some other interventions that are going to occur today, and Helga has something which is quite relevant to what has just been presented, from a standpoint, not, shall we say, local, but with particular emphasis on the Berlin campaign going on there now.

The problem with history is what you're faced with here. You're looking at a typical case, in which what people think their experience and knowledge is, is one thing, and what they believe happened, is something completely different. The only way you understand history is by beginning to study it, not as a collection of facts, because a collection of facts is simply sophistry. You present the facts; everybody glues the facts together with different cement in a different organization, and comes to a different conclusion. The question—to avoid sophistry—is, not what are the facts? Because a dog, by sniffing at rear-ends knows what the facts are, but he doesn't become anything more than a dog by doing so! Human beings have a similar accomplishment when they try to imitate a dog.

The question is *principle*. You know, the great discovery, as an example of principle, the great discovery in modern history, modern science, was: You had a case of Brahe, Tycho Brahe, who demonstrated the importance of collecting facts about astronomy . . . but he came up with the wrong conclusion, because he didn't know what the principle was. Then, by working on the work of Brahe, and going further as an astronomer, Johannes Kepler, a more refined investigator, reorganized the entire approach, to discover what is the principle that caused the phenomenon. Now, idiots think that what he discovered was the elliptical character of the orbits, and that's what the idiots believe. But an ellipse is simply a thing you can draw on a blackboard. You can take it, with a couple of pins and string, and you can draw it.

Well, that's not what moves the planets. The elliptical orbit is a product of a principle of action. In other words, the action is not determined by an ellipse, the ellipse is a product of the principle of action. What is the principle of action that forms this elliptical orbit, which is not a regular orbit? There's

no way you could simulate it as a regular orbit with pins and string. It can not be done. What is the action of principle in the universe? A principle as big as the universe, which produces an actually *infinitesimal* rate of change at every point of motion in the orbit? A principle! A universal principle, that defines a universe which is finite—hmm? A finite universe! Which is self-bounded, not externally bounded, but self-bounded.

That's the difference. That's what we mean by a principle.

Now, all scientific method, and particularly in European history since the time of the study of *Sphaerics* by the Pythagoreans, and people like Thales and Plato, has always been the same. Discover a principle.

The Orbit of European History

Now, we have a history. Let's look at this orbit of European history, and look at the events we've just been discussing, *in the orbit of European history*. What is the complete orbit of human history to date? The orbit starts with the emergence of Classical Greece, under Egyptian influence, about 700 B.C. Nobody knows anything, really, about real history before that time. We know a lot of facts; we can determine from astronomical studies certain other facts. But the principles of *human behavior, known factually, determined as principles factually*—we only begin to understand that about 700 B.C. on, in the emergence under Egyptian influence of the Greeks, who were pretty crude and stupid people then; in Ionia and in southern Italy, Magna Graecia, in Athens.

From that time on, what is the *motion of history, up to the present time*? Well, Greece was destroyed. How was it destroyed? It was destroyed by the Congress for Cultural Freedom. It was destroyed by the Frankfurt School of existentialism—or, its predecessors, called sophistry. It was destroyed by the Cult of Delphi, the Apollo Cult, as exposed by Aeschylus in his *Prometheus* trilogy. They went to the people and they did the same thing that was done to people in Europe and the United States, today. They went to them and they said, "sophistry."

They started with the little kiddies. And they tried to get rid of [Franklin] Roosevelt, by *destroying the minds* of the members of the generation born between 1945 and about 1957, by *destroying their minds and their morals*. How? By working on them, specifically on the layer, which by economic and social circumstances would be going into universities in the 1960s, and would be the 68ers! And the 68ers, after this conditioning—the destruction of art, the destruction of Classical music, the destruction of science, the destruction of morals—was manifest by the 68ers, who said: "Get rid of the workers! We don't like blue-collar people! Get rid of the farmers. We don't like science! Get rid of nuclear energy. Get rid of science! Get rid of Classical art."

And others who didn't agree with that, but because they were the same generation, said, "Well, we have to respect the opinion of our peers." The same thing that happened in

Athens, in the 50 years preceding the Peloponnesian War!

Now, what did we get as a result of that? We got the Roman Empire later! The Roman Empire contributed *absolutely nothing* to European culture—except syphilis and similar kinds of things. It was succeeded by the Byzantine Empire, which was the result of an abortion; it was a lousy birth.

You had the attempt to establish civilization again, by various forces, repeatedly, repeatedly. European culture didn't die. The legacy of Greece didn't die. It kept surging forth as a minority force, again and again, in unexpected places in history. The Christian Church was almost destroyed by Constantine, who said, "You could become legalized, if you let me appoint the bishops." In other words, he declared himself Pope.

So, you had the emergence of the Augustinian movement, as a reaction against this *corruption* under Constantine. And the Augustinian movement was chased. It went into Spain; Isidore of Seville. It went into, where? of all places, Ireland. Can you imagine a Christian in Ireland? It's a very difficult thing to conceive of. They're always killing each other, and beating each other up all the time—that's not a good, Christian civilization. But, from Ionia and so forth, they did another miraculous thing: They Christianized Saxons! This is a very difficult thing—but they succeeded! Not only that, but they helped to Christianize—Frenchmen: Now, that's a miracle! When you see a Frenchman, today, you realize what a miracle that is! You can hardly find a Christian in the bishops of the Christian Church in France. They usually are the Napoleonic Church or the Church of Louis XIV, some foolish thing like that.

But then, you had this emergence in France around Charlemagne, through the Augustinian influence, of this great effort to civilize humanity. And Charlemagne reached out—not only tried to build a system in Europe, which remained until approximately about the 800s, but reached out to the Baghdad Caliphate, and reached out to bring the Jews into a role in both Islamic society *and* in Augustinian Christian society. And after his death, this was crushed, step by step.

We had a new system. What was the new system? Well, whereas Charlemagne had worked with the Baghdad Caliphate, which was the leading area of culture and science of that time, working with Jews between the two, to build an ecumenical peace among Christians, Jews, and Muslims, as a new order of peace. Again, the Venetians came in, and took power, took power from the Byzantine Empire which had collapsed of its own rottenness. And they allied with a bunch of Danes and so forth, who were really terrible people! These were people who had fled Saxony, and hated everybody, and they were basically thieves. And they went around on ships of various kinds, and went out killing people, robbing, stealing. And somebody decided to make them an organized-crime organization, rather than this independent criminal organization, and they organized them and they became known as the Normans: the Norman chivalry.

The Norman chivalry was employed by the Venetian

whores, to conduct religious warfare: various Crusades. Every Crusade was a crime against humanity! The Crusades were the prototype for fascism! The prototype for what is happening today. Integralism in so-called Christian Church and other things is a manifestation of *fascism*, the same *bestiality and degeneracy, in the name of Christianity*! If you want to commit a crime, give it the name of God. God may not like it, but you do it anyway.

So, out of this, then we had a collapse of this crazy civilization, a collapse based on the ideas of banking and finance which are popular in Europe today. The monetarist system. And Europe has never freed itself from the monetarist system. There have been some efforts to do so, but never, in net effect today, it has never been freed.

So then, you get another phase: You get religious warfare coming out of the Renaissance, after the Renaissance. In 1648, that's defeated, under the influence of Mazarin, and with the continued effort of Jean-Baptiste Colbert. That's destroyed, by Louis XIV, with his crazy Fronde friends, who get him into quarrels with the Dutch, and drown France in perpetual religious warfare.

And this system of religious warfare leads into 1763, when the British East India Company, as the Anglo-Dutch Liberal system establishes imperial power, taking over North America (that is, Canada), and taking over India and other things.

So, this corruption has never ended, except that the United States has been created. And what do they do? They try to corrupt that and destroy that.

The Principle of Creativity

So what you're seeing here, is a principle involved, as I said earlier this morning: The principle involved, is, mankind is inherently good, naturally good. But if mankind *denies* the goodness within it, then it becomes bad, becomes evil. And denying the sacredness of mankind and the *distinction of mankind from the beast*, which is explicitly creativity, creativity of the type that Plato defended—and Aristotle tried to destroy, and Euclid tried to destroy; and the Romans tried to destroy! The idea of keeping a thing where you have an *elite*, an *oligarchy* in control, like the financier-oligarchy; and they use the doctrine that "people are bad." They use the doctrine of "original sin," that, "People are bad; therefore they have to have people to control them"—called dictators, or kings, or emperors, especially emperors of that type. *And that is evil!*

When the great imperial authority comes on, to try to control people, to prevent *people*, who are inherently good at birth, to prevent them from realizing the humanity which is in them, and imposing *obedience* upon them!—instead of a voluntary impulse to do good. Every child is born with a voluntary impulse to be good. Well, I don't know—it probably happens before they're born. Actually, because we know, when you're a six-month-old preemie, you survive these days, medically. You realize that the little thing in the womb is

hearing all the gossip and yelling and so forth, the parents are making around them. And so you have to wonder about what the bad behavior of the parents, and the hearing of the child sitting in the womb, has on the emotional life of the child, even before it's born! I mean, pretty obviously, a six-month preemie is a fully functional personality, a human personality. It's been proven. Six-month preemies who live, all turn out to be just about as good as those who are born after full term at nine months. That means that this little creature in there is wise to you guys!

So, this creature is good. It's born good. It is born innocent, *and good*. And we allow society to corrupt it, and that's what evil is.

And the essential corruption is to create a society in which you suppress the creativity, *in the sense of a search for truth*. And the greatest crime, is *to lie*, because you want to keep on good terms with a circle of friends. Or you want to keep on good terms with a lawyer, or, on good terms with some authority. Or you want to apply for a job; or you want to be accepted in a certain circle. You want a professorship at a certain university. *You lie!* You commit a crime against yourself and against humanity! *You lie!* You don't tell the truth, you say "it's for a good cause," *but you're lying*. And there's your corruption.

And that's what happens, when you say, "I am going to be obedient, I'm going to submit." Then you decide to be successful. You have to be one of the beaters, rather than the beaten. And when you try to be "successful" in that way, which is called sophistry, *you become a bastard*—which no honest parent would want to acknowledge.

And that's what the lesson is. That's where these fascists and similar things come from. Where evil comes from: *It's denial of the difference between man and a beast*. Man has a creative potential which no beast manifests. But I know—and Jonathan [Tennenbaum] has also discovered painfully, from his efforts in this direction—I know, that what most people think they know today about science: *They know nothing about science*. They know how to recite. They know how to perform, like a trained seal, *but they don't know what thinking is*.

They don't recognize what Kepler recognized: That there are principles in the universe, universal principles, which are as extensive as the universe, and that only mankind is capable of knowing those principles.

And therefore, just in the same way, violation of those principles has penalties. The history of mankind is, as far as we know it, for nearly 3,000 years, is, mankind had a potential but somehow lost it, by corruption. Corruption typified by sophistry. Typified by the typical way people behave in Germany, as in the United States, today! You got a stinking collection of sophists! It's hard to find an honest man on any street, or in any precinct in the United States or Germany—not to even speak about France!

This is the problem. The problem is essentially corruption. And the solution is, to do what? Is to affirm goodness. To

affirm goodness is to worry about the next generation. It's not only about our generation. Think about our grandchildren, and think about their grandchildren: And live our lives, now, today, to bring about a future for our grandchildren, and for their grandchildren. And bring about a future which is based on the discovery of principles.

For today: What's the great principle? We need two things, most of all, in terms of science: We must have an immediate explosion—not of nuclear bombs, but of nuclear power plants. Without that, we're not going to be able to deal with the water problems of the planet. We're not going to deal with the pollution of the planet, none of these things.

If we don't develop thermonuclear fusion power as a general source, within a quarter-century, the raw materials crisis which we're facing as you have a population of over 6 billion people, is going to struggle to find the use of the natural resources needed to bring their standard of living, up to what ours is, at the best, in Europe and the United States today! They have a right to that! And we can't give them that, because the raw materials of a high quality, relative to our needs today, are being used up! They're finite resources which exist within the Biosphere. And they're being used up.

We have to be able to *replace* these chemical resources! We can, with thermonuclear fusion technology. We must, therefore, develop that technique, and we must do it in the next quarter-century, because time is running out.

If we don't have a mass use of nuclear power today, we won't have fresh water for people! Drinkable fresh water. We're running out of fresh-water resources, we're using them up. We can generate it.

So, when someone says you've got to show respect for a Greenie, you say, "Why?" If they are denying people the nuclear power development for the human race, denying the development of thermonuclear fusion power, they're condemning people to death. They're not good people. They don't have democratic rights. People have their liberties.

This is the kind of issue, the sense that there are *principles in nature*, as they affect the human being, as they affect human society as we know it for the past 3,000 years, approximately. There are certain *principles* in history. And what we have to do when we see a phenomenon, like the type just being described now, this phenomenon of fascism, modern fascism and where it comes from—there's a *principle* involved here! It's not a question of who is connected to whom, who whispered in whose ear. It's a principle running through the current of history. And therefore, we have to do something now, which has not been done in schools or universities for a long time.

I know. I was at a university once; a couple times, actually. And the education was essentially incompetent! Immoral! Degraded! And I hated it. Because it was immoral, degraded, and false. And we have to give people a correct understanding of the processes of history, in terms of *principles*, extending back through at least all of European civilization, extending back for at least 3,000 years.

Stop the Synarchist Takeover in Berlin

Helga Zepp-LaRouche is the chairwoman of the Civil Rights Movement Solidarity (BüSo) party in Germany. Here is her speech to the Berlin seminar; it has been translated from German.

I want to address an observation by our Chancellor, which she made a couple of weeks ago, and which has created considerable excitement. Specifically, she said that Germany is a readjustment-case. That is just another way of saying that Germany is bankrupt. And therefore a huge torrent of voices arose, which said, "No, you cannot say that!" The other position was then put forward: "Yes, yes, this is a case of insolvency." I would prefer to believe, that Mrs. Merkel, who is actually an "Ossie" [from former East Germany] knows such insolvency cases quite well, and that she has thus asserted what I have said many times, namely, that the global financial system today is just as bankrupt as East Germany was in October/November 1989. And how true that is, has been underscored once again this morning in the various presentations.

Now we must naturally ask: Why is Germany a readjustment-case? Why is Germany bankrupt? And so one cannot avoid the issue of who were in the governments of the last years. Who were the leading banking houses, the leading people, who are responsible for the weaknesses in the financial system? And I want to briefly cast a glance at just that.

The Lazard Frères Role

But, first of all, there is the fact that we are here in Berlin and are conducting a Berlin election campaign, with the goal of reindustrializing Berlin as the first step in the reindustrialization of Germany. Thus, one comes to certain stumbling blocks: The first is, that there are several powers in this city, including not only the mayor, but also the leading senior partner of Lazard Frères in Germany, former U.S. Ambassador John Kornblum, who, just as Rohatyn was Ambassador in Paris, was the Ambassador in Berlin. Now, these two people are linked more closely than one might think at first.

We have begun to look carefully at Mr. Kornblum, because he had certain definite ideas for Berlin; he had given an interview, a while ago, to the newsletter *Berlin-Box*, in which he proposed that Berlin follow the model of Boston from the last 30 years. That model is a kind of Boston version of New York's Big MAC, and it then functioned under the idea of

urban renewal. At that time there was a group of Boston bankers called The Vault, which in German is called *Der Tresor*. Yes, that's what they're called, those who proposed to deindustrialize Boston, to revamp the workers' areas of the city, and instead erect banks, insurance companies, media companies, and universities in Boston—which they have done, with the result that many inexpensive houses for working people have been demolished, and in their place now stand speculative properties for offices and service industries.

If you look at the development of Boston, then you can establish the fact that the same thing has happened there over the last 15 years, as in Berlin, where we also have about half a million unemployed, very poor people. And for them, Mr. Kornblum naturally has no sympathy. In another interview he said: "Therefore, the people who criticize this development, who criticize globalization, they are the Losers—and we are with the Winners!" A sweetie pie of the first order.

Another project links Rohatyn and Kornblum. They began in the year 2000 a Mayors' Initiative, which aimed at creating a worldwide network of mayors—indeed, because they are of the opinion that in the globalized world the sovereign nation-state has lost its usefulness, and instead the role of the cities is much more important, and above all, the close collaboration of mayors in the cities. Now we certainly have one such mayor in Berlin, and also top managers, who could work together on the privatization of infrastructure, the privatization of industry, and then you wouldn't need government any more, the state could fall by the wayside, since the mayors, the bankers, and the managers have taken care of everything!

We are really only at the beginning of the investigation—I would like my observation to be understood as an inspiration for many more people, to cooperate in these investigations, because this has an unbelievable dimension. But let's take one case of what Lazard Frères has previously done in Berlin. They are well known for their specialty in so-called mergers and acquisitions.

Our mayoral candidate Daniel Buchmann, in the course of his election campaign, recently visited striking workers from Case and New Holland (CNH), who have been striking here in Berlin already for a week. This firm, in the '90s, had taken over the earlier, traditional machine-tool firm Orenstein & Koppel, a takeover for which, naturally, Goldman Sachs, Crédit Suisse, and Lazard Frères were the advisors. Now this story is interesting because in the year 2001, the Berlin Senate had supported this takeover with about 70 million euros annually, with the promise that CNH would keep its production in Berlin. But then the management of CNH decided in 2005, that it would now relocate production to Italy, at which point the workers began a weeks-long strike, until they soon accepted a settlement, because, as is known, striking workers do not have unlimited financial means to be able to carry through such a strike.

Now, if you look at who is the international chairman of



EIRNS/Simon Jensen

Helga Zepp-LaRouche and Lyndon LaRouche in Berlin on June 28. Mrs. LaRouche laid out the importance of the fight to reindustrialize Germany's capital city, after the Synarchist takedown that followed reunification.

CNH, it is a certain Jean-Pierre Rosseau, who sits on the board of a company called Euraseo, where once again, the chairman of the advisory board is a certain Michel David-Weill, that is, the former head of Lazard Frères. Euraseo is in practice the most important player in the three combined banking houses of Lazard in Paris, London, and New York. We have in view an unparalleled takeover—one could almost say robbery—of Germany by these locusts; for example, the German and French Telecoms are continually selling off parts of themselves, such as AWB, but also medium-sized industrial enterprises, villas, and social properties are being actually dismantled in a flash in this way, so that practically nothing of Germany will survive, if a halt is not called.

The Treuhand Precedent

But naturally this development, which has now in a certain way arrived at an end-phase, began much, much earlier, if you look at the development after 1989, and especially after 1991, when Berlin, above all, and the new federal states, were taken apart. That is an interesting case study, which has contributed to this development. So let's look back again to the 8th of March 1990. Then, the last People's Assembly of the G.D.R. [East Germany] decided on the establishment of the Treuhand, with the explicit purpose of preserving the people's property.

But already under the government of Lothar de Maziere, there was no longer any talk about safeguarding the people's property, but privatization and reorganization were going ahead, as written in the Law Sheet of June 22, 1990. Then the

resistance within the population grew, since everything was in such great chaos. Therefore, in August 1990, they appointed Detlev Karsten Rohwedder, who had a very good reputation, because he was the "savior" of Hoesch AG, and then had led Hoesch AG in the Ruhr region out of the red, into the black; he also had a reputation as someone who understood something about physical economy, and was also sensible in respect to the social effects of such transformations. But he was, up until then, in a minority faction on the board of the Treuhand. The opposing position was held by Birgit Breuel, who stood for direct privatization, while Rohwedder came more and more to the idea that it would not work to privatize the whole industry of the former G.D.R., but that it was necessary first to reorganize, and then to privatize, with the idea of preserving as many jobs as possible, and at the same time creating new jobs.

Now, Birgit Breuel had acquired a certain reputation as Lower Saxony Economics Minister, where she had put through an absolutely brutal campaign of de-statification and de-bureaucratization. And she immediately put Rohwedder under pressure, and also made her own press declarations, so that the Treuhand at that time spoke with two tongues.

Rohwedder not only came under pressure as a result of this opposition on the Treuhand board, but through international consulting firms, American and British investment bankers, who accused him of stopping foreign investment. But criticism also came from the CDU [Christian Democratic Union]—Biedenkopf, for example, and also Geissler, who reproached him for his failures. Then, as is known, Rohwedder was shot on April 1, 1991.

"Just in time," a week before, a huge campaign had been started about a supposed connection between the Stasi [East German secret service] and the RAF [Red Army Faction, a terrorist gang], which was exposed a short time later as a total media hoax, but which totally dominated the climate in the media during the period of the Rohwedder murder. Everyone said that the Stasi was behind it. And therefore, naturally, the investigation was guided onto a certain track. A short time later, this hoax disappeared from sight. It was clear that it had been badly overblown by two *Monitor* journalists.

But what remained was the idea that there was a third generation of the RAF. Now, the "third generation of the RAF" is a phantom. No one has ever seen it, there is no proof of whether it exists or not, but it has been held responsible. Thus it happened, that in the Rohwedder case there were

unbelievable holes in his security screen, and no results from the search for his killers.

Still, the notable thing about Rohwedder's death is that, if one considers *cui bono*?, one comes to the hypothesis which John Perkins wrote about in his book *The Economic Hit Men*: that is, that Rohwedder, just like Herrhausen, was an advocate of the Third World, of the workers' interests, of social issues. This *cui bono* actually leads to other areas, because the beneficiaries were, without question, the international financial circles, who had the motive for doing away with this man. At least, that is a question which one could have, and it is really remarkable that the investigative authorities have never raised it.

In any case, the leaf turned for the international investors at the moment Birgit Breuel became Rohwedder's successor. She began with an unparalleled economic "clean sweep" in the new federal states, but also in Berlin. One can argue whether, with the downfall of the G.D.R., the claim of the citizens of the G.D.R. to their life's achievements also was lost. But in my opinion—and that is open to debate—an unparalleled crime against humanity was carried out in the new federal states, where people were thrown out into the cold overnight, because basically the people had built up these enterprises. They were, it's true, part of the system, but one cannot simply throw them away!

The only ones who profited from that, were the international financial sharks, who really made unbelievable profits, since the Treuhand then was the largest industrial holding company in the world. This was no small thing.

Birgit Breuel and the Schröders

Now, just as a question—I don't believe that this matter has now been fully clarified. But let us now look at, who was this Birgit Breuel? Her father was Alwin Münchmeyer, a private banker from Hamburg, who in the 1930s took over the bank of a Jewish family, named Rappold, who had to emigrate. There were a lot of people then who took over Jewish property. In 1969, Münchmeyer merged with Schröder Bank and the Hengst and Co. Bank, and in this way the Schröder Münchmeyer Hengst & Co. Bank came into existence, now suddenly united, but maintaining the historical continuity of the Schröder Bank.

It is, so to speak, a very traditional bank, because the head of Schröder Bank was a certain Baron Rudolf von Schröder, who was also the vice president of the Hamburg-America Line, which today is Hapag-Lloyd, and then came the daughter of the American investment bank Brown Brothers Harriman. This was the bank of Prescott Bush, the grandfather of the current U.S. President George W. (We have documented all these things which I mentioned in *George Bush: The Unauthorized Biography* [EIR, 1992]). We have not only received no complaints from George Bush (nor from George W. Bush) but, if you saw the election special which President Clinton produced for his 1992 election campaign, a two-hour election special, then you saw this *Unauthorized Biography* lying on

the table. We actually only researched and published this, in order to catch the old Bush, and to substantially contribute so that Clinton won in this way. And in a certain way it was a thank-you, that he put the book on the table. All the "records" exist, all the documents exist, which we have published, which was the reason why a complaint never followed.

Now, to Rudolf von Schröder: He was an intimate of Averell Harriman, the co-owner of the Hamburg-America Line, who played a leading role in the American eugenics movement, had intensive relations with the National Socialists, and very much admired, of all things, the race theory of the Nazis, since eugenics encompassed the idea of breeding men. And he also found the Aryan concepts very interesting—according to documents from the time of the Second World War, and also from the U.S. government, with a focus on the Hamburg-America-Line, which was well known to have financed the National Socialists, and therefore, naturally, the enemy.

Another family member was Kurt von Schröder, the co-director of Thyssen-Huette, of whom it is known that he directly financed Hitler. And Kurt von Schröder was, together with Hjalmar Schacht, actually instrumental in helping Hitler come to power. It is therefore interesting, that Lazard Frères, when its German branch was founded in 1999, took over a large part of the customer base of Schröder Münchmeyer Hengst & Co. Bank, which was taken over on their side by Lloyds Bank. And Lazard Frères then remained the chief coordinator for privatizations, and further mergers and acquisitions.

Now back to Breuel. After Breuel took over the Treuhand in 1991, more and more banks took over the business of privatizations: Goldman Sachs, SG Warburg, Crédit Suisse First Boston, JP Morgan, Merrill Lynch, etc. And through the Treuhand, this whole market of mergers and acquisitions, and therefore the mergers and acquisition business, was first opened in Germany, in a form which had never existed before. And at the time, these banks made enormous profits, while the poor people became ever poorer.

The Danger of a New Fascism

Now, a new phase has been reached, with an unparalleled "financial locust" attack on Germany. And the question is, naturally, why no one from the various parties in the Bundestag will do anything to prevent the total rip-off of Germany? We have defined, in the case of the United States and the takedown of the auto sector, the role of Rohatyn very clearly. It is totally clear: There are Senators, there are Congressmen, who love money from Rohatyn more than the defense of their constituents. For that, there is a good word: namely, corruption!

And I really have the horrible suspicion, which is worth confirming, that we in Germany and Berlin have a very similar situation. Presently, Germany is being destroyed. And what these people intend, is not only to make profits, but they have an ideological idea of neo-feudalism, to completely tear down the social state, as it has been crystallized since the 15th Cen-

tury, and originated in Germany through the Bismarck reforms 130 years ago. And when the soccer fever in Germany fades away on the 9th or 10th of July, people will rub their eyes, and see that during the four weeks they've been in fantasy-land, an unparalleled attack has been under way on their living standards, on the institutions of the social state, and on the health system, and that the rich have become richer in the meantime, and the living standards of the poor have been reduced.

Therefore, what stands before us, what we're looking at, is the danger of a new fascism. And these bankers and these interests are just the instruments. This is really nothing new, because already in 1972, Lyndon LaRouche conducted a debate with the economist Abba Lerner, and in this debate Abba Lerner was so challenged that he said: If we get the people to accept the policies of Hjalmar Schacht—i.e., the most brutal destruction of living standards, which finally led to concentration camps and the destruction of labor in them—then we don't need a Hitler any more. And as a result, a leading person in the Council of Cultural Freedom, Sidney Hook, who had followed this, dropped his mask and said: If LaRouche got Abba Lerner to say such things, which are taboo, then we must make sure that we never again conduct a debate with LaRouche on matters of content—the discussion will be limited, it will be confined to slanders—but a debate, that is too dangerous for us.

The Battle in Berlin

The reason these things are extremely important is: We must know where the enemy lies. And we must expose the international proponents of this new fascist danger. We will reach, within a very short period of time, a turning-point in the financial crisis, at which point the oligarchy, the Synarchist oligarchy, already has plans which they have made ready: They want the central banks, the European Central Bank, the Berlin banks, and the businesses to take over in Berlin, the which will naturally be a massive attack on the living standards and lives of the population.

Over the next weeks and months, we must do everything to promote the alternative, which Lyndon LaRouche has brought to the agenda, specifically a New Bretton Woods. And I would like to ask all of you not only to sign this call for a New Bretton Woods, not only to organize for it, but to help us to make an example here in Berlin, by chasing the anti-industrialization grouping out of the temple. I would like to invite you to support the mayoral campaign of our candidate Daniel Buchmann, because Berlin must become the gateway to the Eurasian Land-Bridge. And it must become a symbol of hope, so that we actually create, over the next 50 years, a totally different world order, in which each man and woman on this planet has the right and possibility for a life worthy of a human being.

Therefore, support Daniel Buchmann!

Lyndon H. LaRouche, Jr.

An Address to the Youth Movement: On the Subject of Truth

Lyndon LaRouche spoke to members of the LaRouche Youth Movement in Berlin on June 28. This is a transcript of his opening remarks.

On the Subject of Truth. *Nur die Wahrheit.*

The ability to think, and the commitment to an efficient conception of truth, are interdependent concepts. If you are not committed to truth, then you can not really think.

Now, let's take a case of truth. If you believe in Euclidean geometry, you can not tell the truth. Because Euclidean geometry is a fraud. It was a development out of sophistry, as most of you know by now, which occurred about a half-century after the death of Plato. All of the important aspects of subject matter in Euclid's *Thirteen Books of Elements*, except for a few minor things, which are really not crucial, were all matters of discoveries which had been made previously, more than 50 years earlier than Euclid putatively wrote. But the differ-

ence is that Euclid committed a fraud, and whereas the original discoveries had been made on the basis of what is called *Sphaerics*, as typified by the work of Pythagoreans and Plato, and so forth, Euclid introduced a completely fraudulent assumption. We call it the Babylonian real estate dealer's conceptions of the universe: a flat-Earth mentality. And you can picture these guys, they have flat heads, sawed-off tops of their heads. They have flat-Earth thinking.

So, if you believe that there are self-evident elements in the universe, which you can assume without proof, because you say they are self-evident, and these things happen to turn out to all correspond to a real estate dealer's conception of a flat-Earth geometry, then you are not telling the truth. Because you're saying something is true, which you say at the same time has no proof. It is self-evident.

Now, you will find that most systematic liars—who try to

be systematic, as opposed just to arbitrary liars—but systematic liars, all base their systems on those assumptions. “Is it not true. . . ?” “Do we not agree, that it’s true. . . ?”

Now, this, carried to an extreme, is called sophistry, in which you no longer have any fixed conception of truth, as Euclid prescribes, but you simply say: “Well, all my friends say. . . . People I respect say. . . . All the press seems to agree. . . . Everything I see in the news agrees. . . .” And this is not something like Euclidean geometry, which is fixed, with a fixed set of assumptions for all times, but rather it’s one you make up as you go along. This is called really advanced sophistry.

And so, Euclid is an example of sophistry.

But the more extreme form of sophistry is that which took over from Athens—it was called democracy. Now, democracy is a name for a form of systematic wild-eyed lying. You say: “Well, the majority has to be right. We don’t go by truth, we go by, are our views consistent, or acceptable, to a majority around us? Or a majority of the group we belong to. Or the clique we belong to. Or the faction we belong to.” And therefore, the majority opinion, which is accepted or tolerated by a majority, or an apparent majority, or at least the loudest voices or whatever, or the ones that snarl the most, or the guy who has the most money—this becomes the standard of truthfulness, which is a form of lying.

Lying Is Not Good for You

Now, the problem is, that lying is not good for you, for the person who does it, because it destroys your mental capacities. It destroys that in you which distinguishes you from an ape, and you begin to ape and monkey around with your neighbors, because you no longer have the standard of truth. You no longer are truly human. You were born human, but your human qualities, you’ve thrown away, you’ve sold them for whatever, or you’ve traded them off for baseball cards. So now you no longer are capable of discovering the truth. Because you’ve destroyed the faculty which is essential—a very sensitive faculty, which is essential for discovering the truth.

And that’s the problem. That’s the problem with society. That’s the problem that you have as young people, in dealing with this society. You assume that the upper 20% of income-brackets of Baby Boomers lie all the time—they don’t know how to do anything else. Because they are in a completely sophisticated society.

What is the upper 20%—in Germany, or in the United States, or worse, in France? (It has a more severe form in France, because it has more policemen to enforce it. The French have more policemen than they have people. You don’t count the policemen as people). Well, the Baby Boomer generation was based on the basis of sophistry. Here we came out of the war. We had defeated fascism. We had defeated this under the ideas of Roosevelt, and suddenly we go in the opposite direction. We now accept a fascist program, and say

fascism was not bad; it was not fascism that was bad, it was Hitler. Hitler was bad. We got rid of Hitler. Now we could go back to fascism. And they did!

But the point is, those of us who had been born earlier, who had become adults before or during the course of the war, couldn’t be really convinced of that. We could not sincerely lie. People would say, “Well, I go along, don’t bring me into this, don’t involve me; I don’t want to get in trouble.” But they really didn’t believe it. They still believed in technological progress. They believed in housing, they believed in improving income, they believed in improved health care, better communities, all these kinds of things. It was characteristic of my generation. They believed in this. And therefore, even though they would lie like hell, because they were afraid of the right wing, or afraid of the FBI, as they used to say in the U.S., they’d only go so far with lying, not all the way.

So, what happened is, the people who were running society said: “Okay, we’re going to fix that. Give us a generation. We’ll fix this. We’re going to take all the people who look as though they’re going to be part of the upper stratum of society socially, and start out with infancy, from about the time they’re born.”

“Okay, this guy is probably going to go to university, he’s probably going to become something of significance, or influence, or we may throw him away because he fails. But if he lives up to the standard we mean for this person, he’s going to go to a university, and he’s going to eventually, in about 30 years, he’s going to be part of the influential strata. He’ll be a university professor, a politician, or an up-and-coming specialist in some area. He’ll be in the upper 20% of family-income brackets in the country.”

And the same thing was done in Germany. The same thing was done in France. The same thing was done in a sense in Italy, because you can never keep track of Italians; it’s a very unstable population for this purpose.

So, the result was that you had a generation which came into maturity about 1968, and you look at the 68ers, the actual 68ers! Now there was protest in that, but the dominant characteristic of the 68ers, as a generation, in Berlin or elsewhere: They were crazy and immoral. But, why were they crazy and immoral? Because they had been trained, carefully selected, in their education, the cultural influences on them, to turn them into pigs. Really, pigs in the real sense.

So, what do they say? They say, “Well, society’s bad. We have our opinions, we want to express our own opinions. We don’t like blue-collar workers. We don’t like farmers. We don’t like to have to wear clothes. We like to smoke this, we like to suck this, and all these kinds of things.” And that became the standard of the generation.

Now, that generation is the upper 20%, which was cultivated, meaningfully, under the influence of—like, the whole rock thing. Rock concerts, rock music, and similar kinds of things. All part of this, of degeneration! A systematic degeneration of a whole generation. It’s called the *de*-generation. You

know, my grandfather's generation was the A generation; my father's generation was the B generation; we were the wartime generation—we saw the world. We became known as the see-see generation. Then we had our children, the *D-generation*. And what happened is, you had people who were blue-collar, farmer, essentially oriented in society, the lower 80% of income brackets, or social influence, and they were sort of, more and more, left out of the picture, as you see today, especially since the middle of the 1970s—essentially left out of the picture. And the upper 20%, the insiders, the “golden generation”—or the golden *de-generation*—took over society, especially from 1985, 1987, especially after 1990, they took over. And Clinton's election coincides with that. This is the point: You look at the way it went in this period, from 1986 to 1994; it's about the time that the Baby Boomer generation, so-called, took over.

The De-Generation Takeover

Now, what was the characteristic of the Baby Boomer generation? They lied all the time. They were Sophists, modelled upon two things. First of all, they were modelled upon sophistry as practiced by ancient Greece, the thing that destroyed Greece from inside. Secondly, they were modelled on existentialism as such, which is an extreme form of sophistry, typified by . . . two Nazis, who happened to be Jewish: Theodor Adorno and Hannah Arendt. They both wished to apply for membership in the Nazi Party. They were advised by their friends in Frankfurt not to do it: They said, “Your birth certificate does not give you a good career opportunity as a Nazi. They won't take you.”

You had the thing of Jabotinsky, for example, who's slightly older. Jabotinsky applied *twice* for an alliance with Adolf Hitler, personally, and was rejected twice. He assumed that Hitler was not really an anti-Semite; that it was just some queer characters in the Nazi Party who had this sentiment. So, he was actually intending to be a Nazi.

So, Hannah Arendt, and Adorno, and other people from this group went to the United States, by way of England, or directly. They were pigs there. And they became the role models, together with Martin Heidegger, who was an actual Nazi Party member—they became the role models in Germany, for the cultural transformation in Germany, in the post-war period. This is the model from 1986 on. Especially, this is the Willy Brandt model.

Willy Brandt was a piece of garbage that nobody wanted to touch. I mean, that's actually it. He worked for all sides, as while he was in Sweden. He was born an illegitimate child. And he had certain affairs. He fled to Sweden, and he began working for everybody. And nobody trusted him. He was working for all sides. So, he came back to Germany after the war, and he came back as a piece of garbage into Berlin. Nobody wanted to touch this guy, because his record was so filthy.

Guess what? The occupying powers made Willy Brandt

the sub-Mayor of Berlin, and then promoted him to Mayor of Berlin, and programmed him to become the Chancellor of Germany. So, in 1975, approximately, or actually 1965, they dumped the Erhard government, following the dumping of the earlier government, the Christian Democratic CDU government, and coalition, and they moved into the Kiesinger Administration, which was intended only as a self-destructing Grand Coalition, as a transition to, officially, under U.S. orders and British orders, to bring Brandt in as a rising figure in Germany. And they intended to make him the Chancellor at that time. And the destruction of the culture of Germany, with his arrival in the position of Chancellor—the laws, the destruction of education, the destruction of Classical culture generally, the destruction of scientific culture. It didn't go as far as it went in the United States or Britain, because there was a certain resistance, because of the post-war period of reconstruction in Germany. But it went pretty far, and it went far, fast.

Greenie Stormtroopers

And this produced, in the 1980s, in particular, a more violent kind of Greenie movement than you saw in other parts of Europe. You had a violent Greenie movement—the French are given to violence, so the French movement was violent enough already. But the real violence was here, in Germany. The Greenies were virtually Nazis. They were operating with Stormtrooper tactics, and quasi-military tactics, ready to actually conduct a physical revolution in Germany, in the 1980s. Violence beyond belief.

In the meantime, in '81 and '82, the Social Democratic Party (SPD) had decided it was going to go out of the government, accept losing the power of government, let the CDU come in, under the coalition change. And the SPD accepted going out of control of the Chancellorship, and out of the Parliament, into the wilderness, to mate with the Greenies. And so you had a Green-SPD coalition. And this actually destroyed Germany, to the present day.

Recently, with the severe economic crisis, you had the Schröder government, which was a complicated government, but it was a Red-Green coalition. And you had the Greenies themselves, who were fakes—that's why they destroyed the agricultural department. And then you had a section of the SPD, which was almost as green as the Greenies. So, therefore, when the crisis came—the economic crisis came, a few years ago, around the Hartz IV decision—a situation developed in which the SPD coalition government could do nothing, because [Environmental Minister Jürgen] Trittin and company would not allow anything to be instituted which would actually lead toward an economic recovery in Germany. No measures. So, therefore, a pure austerity policy was introduced, because of the Green character of the Red-Green coalition, which is why Schröder decided to throw the situation open for new elections, because with his own party government, his own coalition government, he



EIRNS/James Rea

LaRouche told members of the Youth Movement in Berlin that the problem they have as young people dealing with a sophisticated society is that the Baby Boomers, especially the upper 20% of income brackets, "lie all the time—they don't know how to do anything else."

could not govern.

Now, you still have a government here, a coalition government, which can not govern. It can pretend to govern, but it can't govern. So Germany is essentially ungovernable; Italy is ungovernable, but they like it that way. Germany is ungovernable, and people aren't too happy about it, because nothing can be done that's any good for the population.

So, as a result of this introduction of sophistry, which took somewhat different forms, as I've indicated, in different countries, because different countries have different specific historical characteristics, but overall, the effect was the same thing: The Congress for Cultural Freedom destroyed the culture. And the first casualty of the culture, was the very idea of truth. And therefore, Classical art went. Science went. Commitment to scientific and technological progress went. The idea of the general welfare of the total population, went. "No, I've got a plan, or I've got a special variety of snail, and I love that snail. I think there should be more of them. I think people should get out of the way, and make room for my favorite snail."

So, *meine Schnecken*, eh? *Schnooken* and *Schnecken*

So, anyway, this is what you're dealing with, you're dealing with a culture which has been the effect of this conditioning, which was the intention at the end of the war by the people who took over, to destroy civilization. Because actually, they wanted to get back to something, a utopia, which is something like the Middle Ages. Something before the 15th Century, a modern parody of something before the 15th Century.

Two Categories of Lies

And you have two categories of important lies that you run into on this. One, you've got people who can not tell the truth. They just are incapable of telling the truth. Not because they're forced to lie, but they just couldn't tell the truth if their life depended upon it. It's not in them. It's been taken out of them. They're so corrupted, they can't tell the truth.

And then you have the oppressive characteristic of the situation, which will not *allow* criteria of truth to be introduced into policy.

People say, "Well, things are getting better." Why are they getting better? And they'll say: "You know, there are little problems here and there, but things are getting better. You know, the market is going up. Oh, it's going down temporarily, but it's going to go up. Free trade is the *only* way we're going to make it! It may be destroying us, totally. We're eliminating our industry, we're eliminating our agriculture, we're eliminating education, we're eliminating health care, but this is going to go better, because of that! Because we now have *free trade*."

Sell yourself—it's a free-trade market.

So therefore, the problem that you face, and you're faced with in the population, is that you come into a big frustration, because you find out what you're up against, on any issue, the opposition seems to you to be insane. They say insane things, because they're expected to say them. They don't *care* what the truth is; no matter how much evidence you present, they don't *care*.

And when you try to adapt to them, and say, “How can we be successful?”—by trying to appeal to people who will not accept truth, you run into a pressure for *you* to adapt, to be successful, by being a whore! This is what they want, this is what we’ll give them! And that’s how political movements, that’s why the youth movements in general, have failed in this period.

Now, you have your own experience of this, as a result of the Baby Boomers. The Baby Boomers do not believe in the future. Because if you don’t believe in the truth, you can’t believe in the future. If you believe in building society, with agriculture, with industry, with technology, then you believe in the future. Or, if you believe you should do that, you still believe in the future, even if it’s not allowed. But if you’ve given up the idea of scientific and technological progress, if you’ve given up the idea of sanity, in favor of rock music, and wiggle-wiggle as a matter of self-entertainment, then you’ve lost even the intention.

You get the typical marriage patterns among Baby Boomers. “Well, why did you get divorced?” “Well, you know—I needed a change.”

Then you get the complications about: Who are my parents? Which is which? Is it the girlfriend before, or is it the boyfriend there, or is it the first marriage, or the second marriage, the third one? Or is this something that happened at a hotel by accident? Or while passing through a railroad station, or something? Where did I come from? Wasn’t I an accident, really? Wasn’t I a momentary impulse, which they regretted after I got born?

So, you have the problem in your generation, of a very poor sense of identity, in one sense, if you accept parental authority, because you know your parents don’t give a damn about you, as a generation, especially the upper 20%. They don’t give a damn. They want to get their parents out of the way as soon as possible. They want to push them off. “C’mon, we want our retirement funds, and you guys are living, and there won’t be enough money in the pot for us, when we retire.”

The characteristic of the Baby Boomer, especially the upper 20%, is they don’t believe in a future. They believe that history ends the day they die. And therefore, what loyalty do they have to you?—You’re the future. They don’t believe in the future—only to the extent that you’re useful, or consoling, or a toy to play with, which is a hell of a family relationship, I must say. But that’s what it is.

So, you’re stuck with this situation, where you have to have a value, which is independent of the kind of dominant values of the society you’re living in. Otherwise, you can’t make it. Because everything you try to attach yourself to, as security, doesn’t exist. It’s here today, gone tomorrow. And thus, you have to have a sense of truth.

Truth in Music

Now, this comes up in the music. . . . It comes up in Classical music; it comes up in no other form of music. Any other

form of music, forget it. It’s not music. It’s something that’s left over from what the chimpanzees abandoned. If you don’t believe that, look at a television program when this stuff is going on. Looks like something the chimpanzees threw away, you know. And they picked it up, and discovered it, and adopted it. Because there’s no element of truth involved in it.

Now, truth, here in music, just like the question of truth in mathematics, is why Euclid is a liar; the Euclidean system is a lie. The same thing happens in music. People say, “I sing the notes.” Oh, you do? You don’t sing the voice, huh? They look at counterpoint, and they say, “What’s that? It’s nothing. It’s a mechanical formula.” This note, or this note, they’re in a certain relationship. “Oh, it’s a triad! It’s triads!”

So, they assume the relations among notes, chords—remember the thing about jazz, and other degenerate music? It’s all based on what? Chords. What’s a chord? A chord is a collection of notes, arranged in a certain configuration. Is that music? Well, let’s do it, let’s take some chords, make chords up. Let’s put them in a certain arrangement. Is that music? It’s something—it’s what they call Tin Pan Alley. Bang, bang, bang.

Now, what’s music?

Music is human voices singing. What’s music is counterpoint. As you may have observed, the population of young people singing is composed of different kinds of specific qualities of voices, general, specific qualities, and some categories of voices. The voice comes with a certain amount of limited range, limited characteristics. Or just the characteristics, the general characteristics, of, you know, sopranos and tenors proliferate more. I don’t know, maybe somehow they breed more frequently or something. We get more sopranos and tenors, than baritones, basses, and altos! That’s one of the big problems in doing choruses, you know. You don’t have enough singers with “bass motives.”

This becomes a problem, for example, specifically in the *Jesu, meine Freude*. In certain passages, to get an enunciation—you also get it in the Mozart *Ave Verum Corpus*—that the bass at a certain point, in certain parts, is a very necessary part. What we do is, we extend baritones, we push baritones down into the basement, and call them basses. We call them our “home bass,” home plate, but we don’t have a real bass. But Mozart wrote that thing to include a real bass voice. And a bass voice specifically is different than an extended baritone. It has different qualities. And therefore, you want a bass quality of voice at certain points in these things. What you have to do then, if you have baritones faking it out as basses, in the *Jesu, meine Freude*, you need more of them. Because by getting more of them, you can synthesize the effect of bass voices, but you don’t actually have bass voices.

It really doesn’t work, but it sort of passes.

So, you have the natural human music, based on the characteristic of the differentiation, and specific qualities of voices, in the human population. Therefore, if you want music

which is universal, you have to compose it for the universe of the chest of voices, and this idea of the chest of voices was clearly established in the Florentine school of *bel canto* voice-training, where the idea of the chest of voices was the crucial experimental drive leading into Bach, from the Florentine school, and also the Belgian school of the same period.

So, now you want to make music with a chorus of voices. So, what you do, is—let's do the same thing you do in drama, because you want drama. So now, you want some action. You want, not a story—though you may have that kind of music—but not so much a story, which is what you get with *opera seria*, or grand opera. You want just a thematic statement. And the typification, of course, is the Bach motets. It's very simply, an idea, as you see with the *Jesu, meine Freude*. It's a very specific idea. You have this poor Lutheran hymn, which came along, as celebrating the escape from mass murder of religious warfare. And then what Bach did: He took the Apostle Paul, and got him in on the act, by being invoked, and created a tension of development of an idea, within the *Jesu*, and extended it.

It's fun, huh? Really fun. That's why I picked this for developing the choral work in the Youth Movement, exactly for that reason, because of this inherent potential in this particular motet. Other motets are also useful, because they show you how the motet method is developed by Bach, but this one is very special.

And this has a very specific challenge in it: Because what you want to get is this absolute voice transparency. You don't want to just have noises, and voices conflicting with voices, clashing with voices. So therefore, you work on the basis that a voice has a characteristic. A voice may be complex at a certain point; you may have a different combination of voices carrying a certain voice, a contrapuntal voice.

And therefore, now, you try to get the human race compacted, within the singing of this motet, by taking the universality of the natural voice qualities of the population.

So, now you're going to produce something which, for the population, is going to be the mirror of the population, presented to itself with this idea.

Now, the key things then become—ideas. And here's where most failures occur in something like the *Jesu, meine Freude*. Or, more simply expressed, in terms of the *Ave Verum Corpus*, which presents the same problem in a much simpler form. Because it simply is a development as a series of Lydian intervals. But the key thing in music is, you get to a point which takes you beyond the printed score. It's not a configuration of notes you're singing, but you're getting to an irony, which comes out as an apparent dissonance. But, in the hands of a great composer like Bach, the dissonance is never intended to be a dissonance. It's a transformation. And therefore, going through an unexpected transformation, but a lawful one, is the notion of an idea in music. And for the simplest demonstration of that, take the *Ave Verum Corpus*, which I

think you've worked on a little bit. Because you've got the simplest way of getting the tension, and this is where the basses become rather important in this thing, to get the extreme tension in that.

Getting the 'Idea' of a Composition

But then you realize that the music, as you walk away from it, from a good performance, you find out you don't replay the entire composition in your head as the idea of the composition. Now you have a pivotal idea about certain ironies, certain transitions. And these transitions form the idea. You can get an instant recall of the entire composition, from certain features of the composition. And you can find the necessity for the role of each voice in the singing of the composition, within this idea, or two or three ideas which combine as one idea.

Each of these ideas involves a singularity. What might appear to be a dissonance, because of the way in which it's resolved by the composer, is not a dissonance.

Now, this means that you are going to have to adjust the way you sing, to compensate for this. You're going to have to somewhat flatten; you're going to have to decide what the relative dynamics of voices are; how they lead into each other; how they lead out of the transition. Which means you're going to darken or brighten certain aspects; increase the volume of certain voices; lower the volume of other voices, in order to get this progress, this sense of dynamics. Because the objective is to walk away from the performance, and be able to put the whole composition into your mind, as a single idea, in such a way that the entire composition comes back to you as an extension of this single idea. That is, the whole composition now has a unique identity, different than any other composition.

You can get Jean-Sebastian to do that, with some Bach cello works, in which this is exactly what happens. The same voicing problem comes in, in the same way. How do you get the characteristic of the entire composition, its entire identity? How do you remember the composition? How can you, without a score in front of you, perform that composition? You have to *remember* the unity of the composition, otherwise you make a mess of it. And these transitions are what you remember, because you're always working from one transition to another transition, and they're interdependent, so you get an idea, on reflection of the composition, which is all these transitions become combined.

Therefore, you are able to remember the entire composition because you think of it in these terms. Where if you think of it note by note, and you try to play it, perform it by memory, you'll make a mess of it, at best, either because you forget parts, you miss parts, or you just don't get how it works, so the thing is disjointed.

It's like the question of the "*Trotz*" in the *Jesu, meine Freude*. The middle voices have to carry this thing, so it's not

a mess. But it does represent this tumult, the actual tumult. Otherwise it doesn't work. Otherwise it's "why, why, why?" But it's very clear. And when the performance is right, this becomes exactly clear, why this is so important. And you get a tension between the different qualities of voices, which is an *expansion* of the entire work in that, the concluding part. It's expanded: the affirmation.

And this is a question of truth.

Now, how do you come to this? You have to come to a sense of truth. And if you try to say, "Well, how are we going to interpret this?" And you try to have a discussion of "How should we interpret this?" you're going to make a mess of it. Because there *is* a right answer.

Composition As a Unity of Idea

Let's take the case of a performance by András Schiff. Now Schiff, when he performs Beethoven or something else, will *vary* his performance significantly, from each occasion. But he does, and he doesn't. Sometimes, usually, from my experience, it's enhanced. That the memory of the previous performance now is reflected in an enhanced version of the performance, a better performance, a better insight into the composition. This is done because the musician has a sense of the way in which the composition is organized as a unity of idea. Each composition is an idea unto itself; it's a unique idea. Otherwise it's not worth doing. Why not do another one instead?

And so, therefore, you have to come to an idea of what the *truth* is. What is the *true idea* in this composition? Not what is *an* idea. What is the truth? What is the idea on which the entire composition hangs?

Well, that you can work out for yourself—I just pose it to you. But this is crucial. And this is the importance of music. This is the importance of the choral work in music. The political, scientific importance.

See, if you're simply trying to better your performance, with the same work from time to time, you will eventually get bored. Can't we sing something else? But why do you want to leave something you haven't learned to sing yet? You've just been practicing trying to get to the point you can actually perform the work. Why leave it?

"But I'm bored. There's nothing new here."

Ah! You have not discovered the truth of the composition, yet. You have not reduced the composition, as a participant in the performance, and stepped outside the performance, to see your role as a participant in the performance, in respect to this question of *the quest for a clear idea*. And when you're dealing with someone like Bach, you know there is a clear idea. And if you're paying close attention, you'll recognize there's a clear idea.

So, the truth lies in what is the *idea* which this composition represents. Not as a description of an idea. "Well, I think he means to say he felt such-and-such a way on such-and-such

a day." No, I mean a real idea, as in a scientific principle—the same thing as a scientific principle. It's truth.

Then you get into politics. You get into science—it's the same thing.

Most people who study science today, don't know anything about science. Those who graduate with honors, in many universities today, don't know anything about the subject they studied. They know how to perform, like a performing seal, or a trained puppet. They know how to dance, Signor—"Signor Contini." They know how to dance.

But, they don't *know the idea*: For example, take the case of gravitation. I suppose you gravitated to gravitation somewhere in your activities here: the discovery of gravitation, by Kepler. How many people do you think, who studied physics, know what Kepler did? . . . So, the point is, there's no truth in it. There's no truth in their education. They've learned to accept a mathematical formulation, as a *plausible* explanation of something called gravitation. But what they believe in, is a mathematical formula, which is not accurate. It's never accurate. It's an approximation.

So, a mathematical formula is *never* a proof. It's an example, an illustration, of a principle. It's a mnemonic device. But it's not a proof. It's not the principle itself. The principle lies in the act of discovering the principle.

The Universal Physical Principle of Gravitation

For example, what is gravitation? I've said this before. Let's use it again here: What is gravitation?

Well, it's a universal physical principle. There's no part of the universe in which this is not functioning. So, the universe is therefore finite. If gravitation exists everywhere in the universe, if I know the principle of gravitation, this illustrates the way in which the universe is actually finite. Also, it's not bounded, which is Einstein's argument. There's nothing outside the universe, which is finite. It's self-bounded.

It's bounded by what? It's bounded by certain things like universal gravitation, which are universal principles; they're everywhere. Now, how do you experience that in a particular case? It comes out as an infinitesimal. You can never make it a discrete magnitude. Gravitation is never discrete, because it's universal. It acts universally. Therefore, you can not locate it within a small interval. But you can not deny its efficiency in any interval.

So, that's what we mean by a principle. Something that is universal, which is as big as the universe, by its nature, and the proof of it has to be the proof that it's as big as the universe. Not by measuring the universe, but by knowing that necessarily, that's the case.

For example, how do you know that a monkey and a man are not the same thing? In some cases, I admit, there is reasonable doubt. But in principle, no. How do you know that?

Because there's something that every human being im-



EIRNS/Brian McAndrews

LaRouche Youth Movement members singing in Washington, D.C., with Matt Ogden conducting. "Always look for the truth," LaRouche told the LYM in Berlin, whether in music, science, or history. "If you are not committed to truth, then you can not really think."

plicitly can do, which no gorilla, or no monkey, can do—which Friedrich Engels couldn't do either, when he tried to monkey around with man; the ability to do what Euclid denies you the right to do.

In Euclid, you're told you have to deduce everything within the limits of pre-assumed definitions, axioms, and postulates. And you must prove everything deductively, *in the small*. Starting from the infinitesimal, in the sense of the small; the particularized infinitesimal. You must deduce from the element, the universe as a whole, by building up the universe as a whole, as from single elements. Like a real estate dealer trying to take over the world, parcel by parcel.

So, therefore, in Euclid, you are lying, because you deny the existence of universal principles. You also deny the difference between man and monkey.

This is called reductionism, philosophical reductionism, which is a form of lying. And you have two forms of lying. You have consistent liars, and you have inconsistent liars. And Baby Boomers tend to be inconsistent liars. And ones who are the formalists tend to be consistent liars, who believe in Euclid.

I've had this—as I've said this—I had this with these scientists in the Fusion Energy Foundation. The biggest fight we had inside the Foundation, among scientists, was on this issue. The good thing about it was, many of these people were actually creative scientists, physicists. In the laboratory, and their related work, they made genuine discoveries of princi-

ple, quite competently. However, when they went before a peer-review committee, as in a university, or an international committee, a peer review of their report, they would suddenly cringe, and turn into Euclideans. They would try to prove everything at the blackboard, in terms a mathematician would accept. And the mathematician was purely reductionist.

So therefore, they would produce competent experimental results, but their proof was dubious. Because they didn't believe in what they had accomplished, when they got to the blackboard. Because they believed there was a higher Babylonian god, sitting up there, on the peer review committee, and this god was telling them what was acceptable. "You, down here, are doing experiments, you're making your thing work. Yes, that's nice. But that's not real! Because God says 'no'!" That's what you're dealing with.

So, this question of truth, and its relationship as it's expressed in terms of principles, in both music, as in choral work, and in physical science, are the same thing. The human mind is capable of recognizing universal principles. No other species of living creature can do that. No creature can change its own behavior by discovering a universal principle, and thus changing humanity's relationship to the universe, increasing man's power in the universe.

And this is the most important thing. This is what is denied. This is the whole history of the decay of European civilization, with the influence of the idea of worship of the Olympian Zeus, or the worship of the influence of the Cult of

Apollo. This was the basis for the introduction of sophistry, into Greek culture, which caused Greek culture to destroy itself in the Peloponnesian War. The denial of the ability of the human being to discover the truth—which doesn't mean the last truth, the final truth, the everything truth: It means the ability to discover and test and determine what is truthful, and what is not.

And as long as you maintain your discipline, and reinforce your discipline, to accept nothing which does not stand the test of truth, as anti-Euclidean, for example, whether it's in music, or whether it's in physical science, or in society generally; if you give that up, and engage in sophistry, "Well, I have to go along, because other people say it's right." Once you do that, whether it's a clique, or general public opinion, because you read it in a book someplace, or whatever; if you allow yourself to be corrupted, by submitting to these external authorities, who present you no *proof* of truthfulness, but only the assertion of it, then you're stuck in sophistry. And if you become habituated to living that way, and reacting that way, you no longer react critically. You no longer look for the truth. You look to the back of the book for the answer. And you pass the examination by looking in the back of the book. Or looking it up on the Internet, and writing out what you found on the Internet, as your answer.

You fake it! Lying!

Adapting to Authority Based on a Lie

And that's the problem we have with the Baby Boomer generation. They make an infinite lie about humanity. Because they accept what they were conditioned to, this upper 20%. They accept the conditioning, which is induced in 1945-46 on, in them. That, they're going to universities, they're going to run the world, they're going to be the *golden* generation, based in sophistry; who explode and take their clothes off, and throw their minds away in 1968. And they are now running most of the world.

And you are told, you have to adapt to this, to their authority. Their authority is based on a lie. And it doesn't mean they're corrupt, in the sense of being primarily corrupt—they're corrupt because they feel they have to adapt to other people who are corrupt.

"If you want to be successful in this society, you have to learn that!" "If you want to get ahead, you have to learn! If you want to influence the political process, you have to learn. . . . If you want to be accepted in the political process, you have to learn. . . . If you want to get a job, you have to learn. . . . If you want to get a good job, you have to learn. . . . If you want to survive, you have to learn. . . . If you want to have a satisfactory sex life, you have to learn. . . ." You're not enjoying your relationship—you're *performing*.

It's the age-old complaint of women. "Men expect us to perform." It makes for hellish-bad social relations, I must say!

And here's another lie, right? It's the great lie of the feminists: "We refuse to perform."

So, that's what I mean by lying, and truth, that sort of thing. It's putting it simply, but locate this question in the daily practice you engage in. Always check yourself, as to, are you really—do you have the truth, or the idea of truth, in mind?

You start daily with the music. That's easy, because as a social task, it's a unifying social task, and therefore if you're trying to find out what is the pivotal idea that makes a composition hang together, as a single composition, one idea: Now you're discovering how a universal principle works. You can say: What is the *truth* about *Jesu, meine Freude*? What is the truth about Mozart's *Ave Verum Corpus*? Reduce it to a single idea. Tell me what the truth is about this piece. Where does the truth lie? How do you remember this thing? How do you remember the whole composition, with a single act of thought? How can you give a name to a composition, where the name does not embrace all the details of the composition?

Reciting the given name, naming the baby, so to speak, without knowing what kind of a baby it is, the name of the object should contain all the parts, implicitly, that it contains, in the name itself.

What is the *uniqueness* of the composition?

Or, take a group of compositions, which are unique in themselves, but are related in a unique way; the same thing. What are all the Bach motets, for example? How are they different, and how do they belong to the same genre? Well, just think about working it out one day. Let's go through it.

This is the question of truth. It's a perfect example of that.

The same thing, with the physical sciences, what we've done there. You just take the starting point, in physical geometry, in *Sphaerics*, and build up all the conceptions of physical science, by sticking to the idea of *Sphaerics*, which is the original source of European science. If you stick to that original source, rather than hopping around like a little freshly hatched toad, or something, then you are capable of thinking scientifically. Because you see the relationship with the problems in physical geometry, like the doubling of the cube, for example, which is a crucial task in the whole process.

Once you see that, now you think about everything in that way. But you keep an open mind. You're ready to expand your view of what this implies. Now, you have truth.

As I said yesterday [in the EIR Seminar], all history has to be reduced to a single history, in particular, European history. You start from about 700 B.C., with the emergence of the Greek culture, from the Dark Age, and you can take the entire history of mankind, the European history in particular, up to the present time. It's one continuous fabric, completely comprehensible. And if you understand that, you understand how to deal with this civilization, what's buried inside European culture. You understand it. Truth. Always look for the truth.

And that's my message for the day.

DEMAND EMERGENCY ECONOMIC PLAN

Congress Held Accountable By LaRouche PAC Drive

by Marcia Merry-Baker

This year, the annual U.S. Congressional recess for the Fourth of July will be no break from politics, but instead, the occasion for still more pressure on Congress to initiate urgent emergency economic measures—the focus of an organizing drive by the Lyndon LaRouche Political Action Committee (LPAC) and bipartisan collaborators throughout the nation. Leading the charge are activists with the LaRouche Youth Movement (LYM), whose mobilization ranges from street organizing, to phone-call campaigns, to regional tours—for example, to west Texas and the Ohio Valley states, to engage citizens in forcing Federal action. In the course of this activity, the Democratic Party is gaining new life, as are whole ranks of traditional, anti-Cheney Republicans.

In May, LPAC released its “Economic Recovery Act of 2006,” a 26-page mass circulation document, with 500,000 now in print. This pamphlet provides need-to-know information in three critical areas: 1) the scope of the current liquidation process of the auto/machine-tool sector, the heart of what remains of the U.S. industrial base; 2) principles and precedents for the emergency legislation Congress must pass to save manufacturing capacity, and launch an infrastructure building-based recovery, creating millions of new jobs; and 3) the profile of those deliberately destroying the auto and manufacturing capacity, namely networks centered on Felix Rohatyn and Lazard Frères, of international financial interests backing the Democratic Leadership Council (DLC), and in league with George Shultz’s coterie of Republican globalists.

LPAC has just released 50,000 copies of documentation of this last point, titled, *Who Is Bankrupting America? Felix Rohatyn’s ‘al-Qaeda’ Destroyed American Industry* (see last week’s *EIR* for the full text), on top of 150,000 copies of a previous LPAC White Paper entitled, “Rohatyn: The French Nazi Connection.”

Ask Congress: ‘What Will You Do?’

Dozens of state, local, and labor leaders have signed a public statement demanding Congressional action. At the same time, new announcements of the shutdown of auto plants and the sell-off of machinery occur almost daily.

In this context, most Congressional offices on Capitol Hill and in home districts, cannot deny that there is a crisis. The question becomes: What will you do? The LPAC/LYM activity is focussed on getting Congressional action before the August recess. A LYM centralized “war room” has been established to crossfire home district demands for Congressional action, with what the Capitol Hill offices are or are not doing.

Among the channels of local pressure for action are Congressional Districts whose constituents are represented by state legislatures still in session before June 30, the end of the state fiscal year. Michigan, the world center for auto production capacity, is now ground-zero for auto takedown. Michigan revenues and essential government services are in crisis. In Lansing, state legislative offices were briefed intensively on June 28, by LYM members going in-depth on questions ranging from, “Where will the money come from for retooling auto and infrastructure-building?” to “Why isn’t ethanol a solution to the high price of gas at the pump?”

Ohio River Valley Tour

In the Ohio River Valley, part of the Upper Midwest auto sector, there was special opportunity for organizing for emergency Congressional action in late June, when six “public comment” sessions were held by the Army Corps of Engineers in the six states along the Ohio River, on the new Corps proposals for how to rebuild the aged locks and dams on this system. (See the testimony presented by LPAC, following this

article.) An LPAC tour through Indiana and Ohio mobilized to get the word out among labor, legislative leaders, and local activists, about the June 28 and 29 meetings in Evansville, Indiana and Covington, Kentucky (across the Ohio River from Cincinnati, Ohio). Over 20 Ohio River Congressional Districts were put on notice to take action now, before it is too late.

Whereas, the previous four Corps of Engineers public meetings drew next to no participation (18 in Pennsylvania; 4 in Ohio; 2 in Illinois, and a few in West Virginia), in Evansville, 50 attended. Three LPAC spokesmen testified at the meeting, and also the next night at Covington (15 attending), stressing the importance of going ahead with Corps infrastructure projects as part of the same effort for retooling auto/machine-tool capacity to rebuild the national economy, and in fact, to rebuild the military around Army Corps of Engineers functions.

LPAC representative John Morris, who led off the session's comments, briefed the gathering on the contents of the LaRouche Economic Recovery Act. He said, "We can talk about technology all day; it's useful, but, without the political fight, the answer will always be, 'No money.' We are obliged to broaden the discussion here into what's happening in the national economy as a whole."

Steve Jeffrey, part of the LaRouche Youth Movement, received appreciative laughs for noting that it's good of the Corps to take a long-term perspective (2010 to 2070) for keeping the Ohio navigation channel going, because "a lot of people in my generation are wondering whether or not we're going to have a future. Usually this long-term planning doesn't go on!" LYM member Bill Roberts testified on how long-term capital budgeting can pay for infrastructure projects.

Building trades leaders pointed out later, the importance of the LPAC Economic Recovery perspective, for rebuilding "production" capacity, not just to build public works. They said that it's been seven years since they worked on any new production project.

Ohio State Rep. Catherine L. Barrett (D-32, Cincinnati) attended the Kentucky meeting. In her state alone, six auto plants are in line for shutdown. Thousands of jobs are being eliminated at Delphi, the bankrupt parts-supplier to General Motors. In August 2005, Barrett sponsored a resolution in the Ohio legislature, calling on Congress to save the auto sector, and to redeploy it into infrastructure building.

At a hearing Oct. 19, 2005, in Columbus, Barrett testified, "At the same time that we have an auto crisis, we also have a collapse of our infrastructure throughout the country. Here in Ohio, bridges and sewage systems need repair, roads are in need of help, our hospitals and schools need assistance. We also have a crisis with our inland water system, with the locks and dams on the Ohio River in poor repair. . . ." Barrett has held public hearings in Columbus and Cincinnati on the auto crisis.

Congress: 'Pay Attention!'

In West Texas, the last week of June, LPAC activists likewise toured, meeting with area students, farm leaders, and local activists on the need for bipartisan action to force Congressional action before the August recess. LYM leaders Natalie Lovegren and Stephanie Nelson stirred things up among Lubbock-based ranchers—traditionally Republican—and with students at Texas Tech, some of whom had the same first reaction, "Thank God you're here!"

This area is severely hit by water shortages from aquifer depletion and drought, low farm commodity prices, and the general economic depression. At one meeting, a farm-radio show host reported in depth on the crisis-condition of agriculture, and the disastrous impact of the cartel globalization policies.

Whether in Texas, or the Ohio Valley, or anywhere else across the United States, all this motion and demand for action, is being played back into Congress. Speaking on a June 24 radio broadcast, LYM member Scott Mooney described the war-room function set up by the youth.

"We have a whole base of contacts with the LaRouche movement, seeing that this movement's been organizing since the late 1960s in the United States. . . . So, we're making calls out to our entire contact base, on a massive level, and having them contact their Congressperson, arrange for meetings with the LaRouche Youth Movement, arrange for their Congressman or a representative to attend a webcast that Mr. LaRouche is holding July 20, maybe a week and a half before Congress goes out of session.

"And so, the main idea is to get this legislation pushed through, to get Dick Cheney impeached. And of course a big part of that is restructuring the Democratic Party. . . ."

Revive the FDR Legacy

Mooney noted that the influence of Felix Rohatyn and other financiers must be broken, and the legacy of Franklin Roosevelt revived. In some parts of the country, the process required to make this happen is increasingly evident.

In Los Angeles on June 25, LYM member and L.A. County Democratic Party Central Committee member Creighton Jones was among the honorees at the Franklin and Eleanor Roosevelt 2006 Democrat of the Year Awards ceremony. "Cody" Jones, recipient for the 43rd Assembly District, was described in the official program of the event, "Creighton Jones is inspired by Lyndon LaRouche's idea of reviving Franklin Roosevelt's commitment to the General Welfare through the optimistic policy of global development and poverty eradication." Jones is "a co-founder of the Franklin Delano Roosevelt Legacy Democratic Club—which continues to recruit young activists into the Democratic Party."

The issue of FDR shaped the proceedings of this awards night, from which activists are now mapping out plans to get a sponsor for LaRouche's Emergency Act from among the large number of Democratic Congressmen who represent constituents in southern California.

Rebuild All of Ohio's Locks and Dams

The following document was submitted to the U.S. Army Corps of Engineers (USACE), Pittsburgh District, by the Lyndon LaRouche Political Action Committee, on June 29, 2006, for the official public comment period on their new report on the Ohio River Mainstem System Study. The report was released in May 2006, by the Great Lakes and Ohio River Division of the USACE. This document was prepared by Marcia Merry Baker.

Congressional Go-Ahead for Ohio River Lock and Dam Upgrades Is a Key Part of National Economic Emergency Measures

The release of the Ohio River Mainstem System Study (ORMSS) this May, provides a critical opportunity for focusing not only on the necessity for Congress to immediately back the fullscale modernization of the 19 outdated locks and dams on the Ohio River, but also, for Congress to initiate other long-overdue infrastructure repair and replacement pro-

grams—throughout the entire waterway system, from ports to levees, in addition to power, water supply, hospitals, and other essentials. In turn, this requires immediate Congressional emergency intervention to call a halt to the liquidation process now under way in our auto/machine-tool sector, in which the last bastion of U.S. industrial capacity is centered, and without which, we have no existence as a nation.

The June 23 announcement of the wholesale elimination of 47,000 auto worker jobs through “buy-outs” in GM/Delphi, dramatizes the overall radical industrial downsizing under way, in which the auto workforce has already been cut by 240,000 (20%) since 2000. There are announced shutdowns of 67 auto plants to be completed by 2008, which if not stopped, means 75 million square feet of capacity will be lost—more than in the past 30 years combined. Machine tools are literally being sold off for pennies on the dollar.

How Congress must act to stop this, and restore infrastructure- and industry-building policies, is outlined in the “U.S. Economic Recovery Act of 2006” (ERA), released in May by the Lyndon LaRouche Political Action Committee, and now in mass circulation. (It is provided as an appendix to this statement). In brief, what’s required is:

1. Halt the liquidation under way of the auto/machine-tool capacity and workforce; preserve and retool it through Federal receivership precedents, while re-establishing industrial activity;
2. Launch major infrastructure repair and construction projects;
3. Expand the Army Corps of Engineers approach to coordinate both largescale projects, modern-day CCC programs, and to rebuild the U.S. military itself.

Your ORMSS report summarizes the importance of the

Aging Locks and Dam on the Ohio River at Emsworth, Pennsylvania. Shown here are the first locks and dam on the Ohio River below its origin at Pittsburgh. The Emsworth L&D were built in the 1920s, and are a testament to the Corps’ ability to maintain structures well beyond their design life. However, the dangers and likelihood of sudden structural failure are great. Emsworth is officially considered in an “exigent condition.” The ORMSS report states, “There are two major concerns with the physical condition of the lock walls at EDM (Emsworth, Dashields, and Montgomery): 1) concrete deterioration below concrete overlays placed during rehabilitations in the 1980s, and 2) questionable remaining effectiveness of metal anchors installed during those rehabilitations to make these walls stable. . . .”

The Emsworth main lock chamber, like that of the next two locks and dams downriver at Dashields and Montgomery, is 600’×110’ instead of the modern standard of 1,200’×110’, and the auxiliary lock is only 360’×56’. Standard tows of 15 barges must be broken down to transit these chambers. When the auxiliary lock must be used, only five barges at a time can proceed.



U.S. Army Corps of Engineers/Margaret Luzier

FIGURE 1

Ohio River—Central to Inland Waterways

Source: Adapted from U.S. Army Corps of Engineers.

The mainstem of the Ohio River (thick band) is shown on this U.S. Army Corps of Engineers map of navigable inland rivers and waterways. It runs 981 miles from Pittsburgh, Pennsylvania, westward through six states, to Cairo, Illinois, where it joins the Mississippi River. The Ohio System also includes navigable channels on seven tributary rivers: Allegheny, Monongahela, Kanawha, Big Sandy, Kentucky, Green, Tennessee and Cumberland. The Ohio mainstem navigation channel is now subject to unexpected closure, because of aging locks and dams. One such episode occurred Aug. 9, 2004—shown on the map with a black square—which shut river traffic for ten days until repair was made. For the Ohio System overall—that is, including all the locks and dams on tributaries—45% are over 50 years old.

Ohio River in the U.S. inland waterway system. As the main artery in the Ohio River Basin, home to 31.5 million people, it serves an entire network including the navigable tributaries of the Allegheny, Monongahela, Kanawha, Big Sandy, Kentucky, Green, Tennessee, and Cumberland Rivers. At present, its cargo flow is over 50% coal, but in a revitalized regional economy, both the diversity and size of the water-borne freight would rise.

The proper functioning of all the navigation installations in the Great Lakes/Ohio Basins District, along with that of the Missouri/Mississippi Basins, is critical to the inland navigation of the entire continent of North America. Historically, this extensive waterways network, along with the region's ample mineral and fossil fuel deposits, were the resources—natural and man-made—contributing to the rise of the most productive industrial complex in the world: the Upper Midwest states, and Ontario, home to steel, auto, all types of heavy industry and machine-tool capacity, and most importantly, a population of skilled workers and high-tech farmers. The Upper Midwest region was home to the world's first, and most extensive, nuclear power grid.

Now all this is being dismantled. There is net population loss from dozens of counties and cities throughout the Mid-West; Joblessness and poverty are spreading. We can

and must force a policy shift, and restore a functioning economy.

Build the Projects, Expand Corps' Role

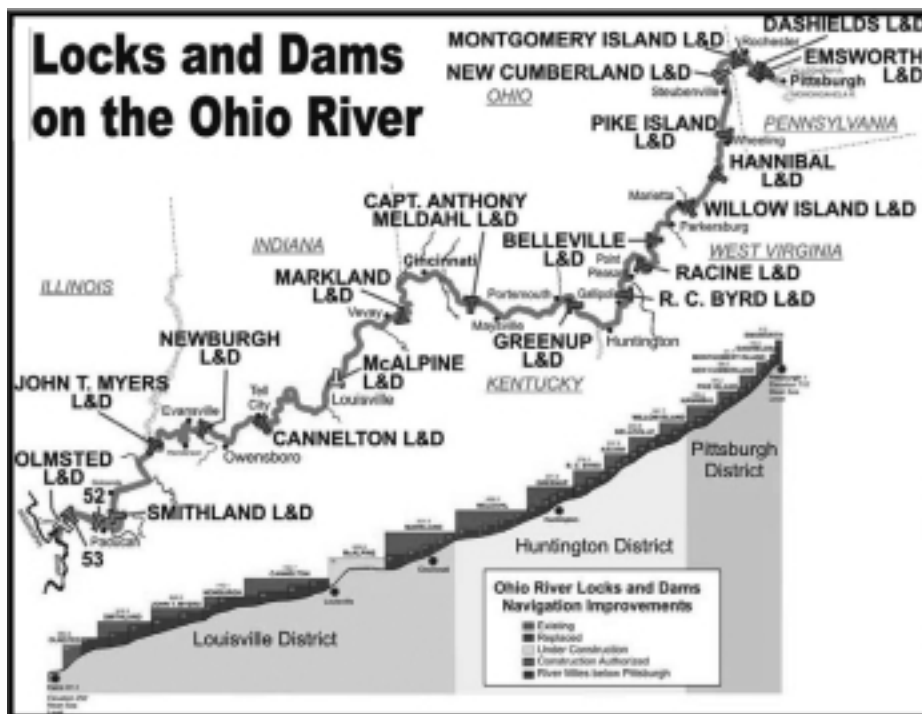
In the section of the ERA entitled, "The Concrete Action Required," LaRouche states, "The . . . elements of the automotive industry scheduled for discard must be taken over immediately by the U.S. Federal government. Their essential productive personnel and present facilities must be promptly assigned to suitable categories of work consonant with the special capabilities of a modern, machine-tool-design-driven engineering and manufacturing function.

"The following list [of five infrastructure areas] is exemplary:

"1. Ocean ports and inland waterways of transportation. This indicates an associated role of these adopted industrial capacities, and the U.S. Corps of Engineers.

"The enlargement of the U.S. Corps of military engineers, together with its complements in the National Guard organizations of the states, should be a leading, greatly expanded element of the proposed reforms. This should anticipate the needed role of organizations paralleling the intention of the CCC program of the 1930s, for the cooption of youth who may be taken out of tracks of social desperation into educa-

FIGURE 2

Ohio River Mainstem Profile

Source: U.S. Army Corps of Engineers.

This Army Corps of Engineers schematic shows the map and elevation profile of the 19 locks and dams of the 981-mile-long Ohio River. Most of these locks are between 25 and 50 years old; three of them are in the range of 80 years old—the first three below Pittsburgh: Emsworth (see photo), Dashiels and Montgomery. Significant replacement construction is under way only at the McAlpine L&D, and at the Olmsted L&D; but due to underfunding, the work pace is slow.

In 1996, the Army Corps began a study of what investment plan is required to provide reliable navigation on the Ohio River until 2070. This report was released in May 2006, for public comment, titled *Ohio River Mainstem System Study*. Alternative plans for long-range maintenance and operations, replacements, and traffic volumes were looked at, including “ecosystem restoration.”

What stands out is the fact that lock and dam replacements and upgrades are long overdue. As the ORMSS report says, “Performance of the system’s aging infrastructure will continue to deteriorate in the future without aggressive maintenance or lock modernization.”

This Army Corps of Engineers report is available, with color versions of the graphics shown here, at www.lrl.usace.army.mil/ormss.

tional and related programs of development leading them toward a fruitful future as citizens with prospects of healthy families of their own.

“The depletion and other wrecking of the engineering and other national-security functions of our military services redouble the importance of the natural civilian functions of a military Corps of Engineers in today’s world, at home, and at large.

“The prime example is the complex of river systems feeding, chiefly, into the Mississippi, between the Rocky and Allegheny mountains, from the Canadian border to the Gulf of Mexico.”

This situates the importance of action on the Ohio mainstem locks and dams—according to the Corps’ maximum program for what it calls in the ORMSS report, “Lock Modernization Alternative.”

The additional four categories for concrete action identified in the LaRouche Economic Recovery Act of 2006 are: new freshwater supply sources, including use of desalination; nuclear power, and high-tech coal electricity; high-speed rail; and space and aeronautics.

Mass Job Creation

Mass numbers of productive jobs can be created directly in this building-process, and indirectly through the revived industrial supply lines, by going full-tilt on the Ohio River mainstem projects, plus those on its six main tributaries, and doing likewise on the other long-overdue work on the inland waterways:

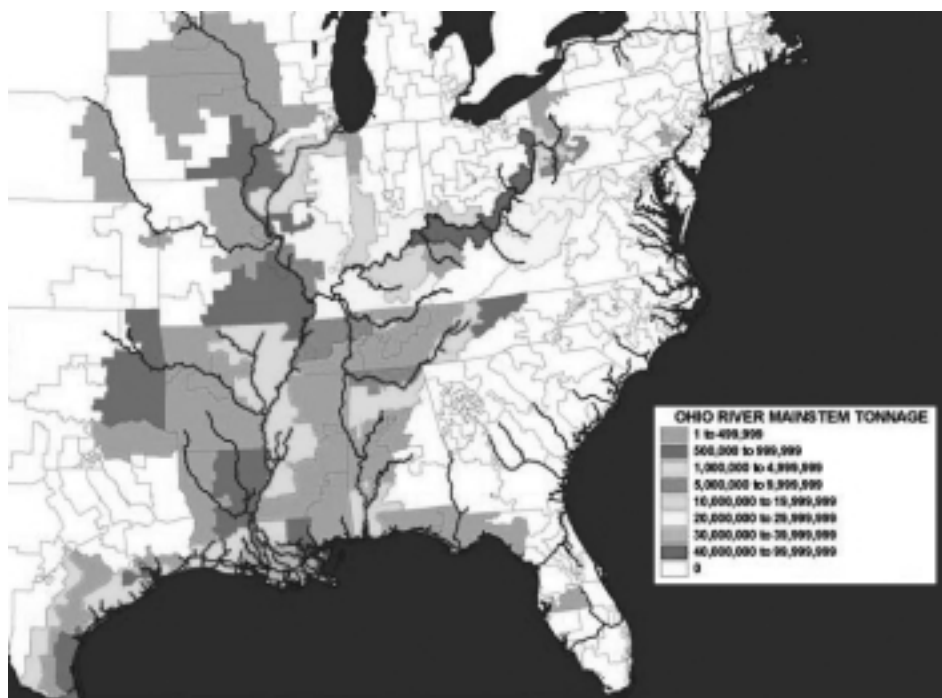
- Upgrading the 39 locks and dams on the Upper Mississippi/Illinois;
- Carrying out all work needed on all aspects of the Missouri/Mississippi Basin,
- Especially providing the most secure flood control systems possible for New Orleans—including delta creation, sea-gates, and all possible related developments.

The institutional framework is already in place to enlist youth

in this drive. For example, the AmeriCorps coordinates tens of thousands of youth in “intern” functions, which can be adapted to the rebuilding programs. In particular, there is AmeriCorp’s NCCC sub-group, the National Civilian Community Conservation Corps. It was first enacted in 1990, and then set up under AmeriCorps in 1994, by retired military leaders.

The youth involved in the NCCC, ages 18 to 24, have consistently conducted high-level service, from drought relief to fire-fighting. This program can be scaled up from its current “demonstration” level of only 1,100 to dozens of thousands. Some of these brigades could have a role in the river basin

FIGURE 3

Ohio River Traffic Tonnage, by Congressional District

Source: U.S. Army Corps of Engineers.

The map shows any tonnage, for Congressional Districts, that travels at least a portion of the Ohio River. The darkest tone, indicating the heaviest tonnage, appears in CDs along the riverside of Ohio, West Virginia, and Kentucky, where many coal-fired electrical generator plants are sited. Over 60% of the tonnage carried on the Ohio River is coal. However, the geographic pattern is extensive throughout the central and Gulf states, of areas with tonnage of coal and other goods carried on the Ohio River. This map, in color, is available at www.lrl.usace.army.mil/orms.

improvements, learning alongside the skilled construction trades and engineers, and implementing landscaping, and site-work.

Look at the job parameters involved in the Ohio River projects alone. If required improvements on all the Ohio River locks and dams are undertaken at full-speed, there is a construction trades workforce implied of 20,000 directly, and thousands more jobs involved indirectly throughout the supply channels for concrete, fittings, and services of all kinds. Then start multiplying these job categories, if all the work is revved up on the Monongahela, Allegheny, Big Sandy, Green, Kanawha, and Tennessee, and Cumberland tributaries.

Change in Thinking

The critical requirement for all this, is a change in thinking. What's needed is a return to the traditional nation-serving approach that developed the waterways, rail networks, and all aspects of the infrastructure base to begin with, creating *population potential* by man-made improvements in the re-

source base. This is the principle of the founding mission of the Army Corps of Engineers, and is what has characterized all historical periods of U.S. domestic improvements, especially those carried out in the 1930s anti-Depression programs under Franklin Delano Roosevelt.

It was not until the recent decades of so-called post-industrialism, and globalization, that the neglect of essential infrastructure came to be tolerated and rationalized. The result is that today, large parts of the nation's transportation and other physical structures are at the point of threat of breakdown, as the Corps rightly stresses in the case of EMD—the Emsworth, Dashields, and Montgomery locks, now 80 years old.

Especially insidious is the subversion of institutions, to condone such obvious physical economic decline. In that category is the National Academy of Science, which resorted to pseudo-science methodology in order to oppose the upgrading of the locks and dams of the Upper Mississippi/Illinois. Likewise, the Ohio River Foundation ad-

vances concerns over fraudulent “environmental” issues, to oppose infrastructure. Individuals associated with these operations are either wittingly, or unwittingly, associated with international financial networks acting deliberately against U.S. interests.

In contrast, there is a growing demand that Congress act immediately on the crisis. Dozens of resolutions to this effect have been filed and passed in cities and states throughout the Ohio/Great Lakes Basin over the past 13 months, including in Cleveland, Detroit, Buffalo, and others. We supply your office with copies of these.

On Oct. 13, 2005, the Louisville City Council passed a resolution specifically warning Congress of the “disaster with incalculable chain-reaction consequences,” if the “economic anchors” of auto and machine-tool capacity were lost. Instead, the Louisville resolution said, “one of the key options is Federal capital investment in diversification of the productive potential of the automotive and machine-tool industries into a broader mix of production . . . [to supply] economic infrastructure [including] water management systems. . . .”

It Was Cheney Behind Iraq Disinformation

by Michele Steinberg

The manipulation of the intelligence given to the U.S. Congress and the American population to get the war in Iraq, could be summed up with three words, “The Vice President,” stated Col. Lawrence Wilkerson (ret.), to a packed hearing room at the U.S. Senate on June 26. As Wilkerson made the statement, in response to a question from Republican Congressman Walter Jones of North Carolina, total silence fell over the hearing room, broken only by Representative Jones’ next question to a panel of former Bush-Cheney Administration officials.

Wilkerson, who left the State Department in January 2006, almost three years after the Iraq War began, had been the Chief of Staff to Colin Powell for 16 years, including all four years while Powell was Secretary of State, and was testifying to a hearing sponsored by the Senate Democratic Policy Committee, chaired by Sen. Byron Dorgan (D-N.D.) (<http://democrats.senate.gov>).

In the public interest, *EIR* provides below, a key excerpt of the written testimony submitted by Wilkerson, which focusses on one of the most important moments in the run-up to the Iraq War—the testimony by Powell to the UN Security Council.

Overall, the hearing, entitled “An Oversight Hearing on Pre-War Intelligence Relating to Iraq,” was an institutional indictment of the Bush Administration, with Cheney’s office at the center of it. It was the hearing that rightfully should have already occurred before the Senate Judiciary Committee, and not just before the Senate Democrats. But, it was notable that Representative Jones, one of the co-sponsors along with Ron Paul (R-Tex.), Neil Abercrombie (D-Hi.), and Dennis Kucinich (D-Ohio), of the bipartisan bill in the House to withdraw troops from Iraq, had asked—and had been welcomed—to participate.

The witnesses were Wilkerson; Paul Pillar, former National Intelligence Officer for the Near East and South Asia; Carl Ford, former Assistant Secretary of State for Intelligence and Research (INR); Wayne White, former Deputy Director, Office of Analysis for the Near East and South Asia, State Department, INR. A second panel featured other experts on the Iraq situation: Rod Barton, former Senior Advisor to the Iraq Survey Group, who testified on the search for the non-existent WMDs; Michael Smith, defense correspondent, *Sunday Times* of London, who testified on the “Downing Street

Memo,” whereby Bush and Blair met in April 2002, and discussed the war against Iraq as an already-decided policy; and Joseph Cirincione, senior vice president, Center for American Progress, who had been a co-author of a study for the Carnegie Endowment for Peace, which concluded that there *were no WMD* in Iraq—long before the Administration admitted it.

Wilkerson’s testimony was a meticulous and very valuable elaboration of the statements that he had made in previous interviews about the hoked-up dossier that was prepared by Cheney’s office for the UN—but this hearing took place on the premises of the U.S. Senate.

In a conversation with members of the LaRouche Youth Movement after the hearing, Wilkerson responded to their question, “When did you realize that Cheney was the center of this?” He said he realized the extent of the problem when Cheney was actively sabotaging Powell’s efforts to reach a diplomatic solution to the Iraq WMD question, especially when Cheney gave the infamous “Iraq nuclear threat” speech to the 103rd gathering of the VFW (in August 2002). He also said that he had learned that Cheney had an intelligence unit in his office that outranked other intelligence agencies.

Who Gave the Neo-Cons the Power?

But it was Representative Jones who asked the \$64,000 question: Who gave the neo-conservatives the power to overpower all the intelligence professionals?

Jones gave what attendees described as the most passionate speech they had seen about the misinformation given to Congress about the Iraq War, stating:

“I have actually met with Mr. Pillar, Mr. Wilkerson and eight other individuals, from General Zinni, to [General] Battiste, to General Neubold, to Karen Kwiatkowski, to Sam Gardner, to James Bamford. These men know that my heart has ached ever since I found out that maybe the intelligence that we were given [in] the House to vote for the resolution was flawed, and possibly manipulated.

“I’ve taken it on myself, to write every family in America” that lost a soldier in Iraq, he continued. “And when you count the extended families, I have sent over 8,000 letters. I say that to you and this distinguished group, because my heart has ached ever since I have questioned whether my vote was justified based on fact. . . .

“What has troubled me so greatly is. . . . I will make reference very briefly to General Neubold, who I’ve met with, and he wrote an article for *Time* magazine in April of 2006 which says why Iraq was a mistake. And this was not co-authored, this was in his name, Lt. Gen. Greg Neubold, who actually gave up a third star—he was a two-star Marine general, and he gave up a third star, because he could not longer stay at the Department of Defense. He was part of J-3. . . .

“And I think, the American people quite frankly, are perplexed, and Colonel Wilkerson, since you identified yourself . . . as a Republican, I will go to you first. How did the 4-5 neo-conservatives who were put into policy positions in the Department of Defense, how were they able to take credible,

or at least the best information, and somewhat, it seems like—correct me if I’m wrong—it seems like they rewrote the intelligence. And, I guess my point is, since you were there with Secretary Powell, in meetings at the time. I don’t know *how*, unless someone wanted them to have that authority, that they themselves could have so much influence, and the history of these individuals is that they tried to get President Clinton to go into Iraq. . . .

“My question is this, to all four of you who would like to answer, maybe it’s a very simple question. I apologize if its been asked before. But what perplexes me is how in the world could professionals—I’m not criticizing anybody here at this table—but how could the professionals see what was happening and nobody speak out?

“So where along the way how did these people so early on get so much power that they had more influence than those in the Administration to make decisions than you the professionals. . . ?”

Wilkerson replied, “As a Republican, I’m somewhat embarrassed by the fact that you’re the only member of my party here. But I understand it. I’d answer you with two words. . . . Let me put the article in there and make it three. The Vice President.”

Wilkerson Testimony

Cheney Insisted: Iraq Has WMD

Here are excerpts of the testimony of Col. Lawrence Wilkerson (ret.) to the Senate Democratic Policy Committee on June 26:

But toward the end of 2002, as we moved inexorably toward a second war with Iraq, this glue had begun to produce less of a bond. In fact, at the State Department we began to realize that America might be in this particular war alone, or virtually alone, were it to occur. On Nov. 8, the 15-0 vote in the UN Security Council for Resolution 1441 was a heady moment of international accord, but that accord was to dissipate swiftly just a few months later.

It was at this time that I personally became very interested in the intelligence picture we were being given by DCI [Director of Central Intelligence] Tenet and the documents his groups were producing (i.e., his DCI assets and his CIA assets), as well as the use of that intelligence by Administration personnel. I was made doubly aware of what sort of effects these efforts were having by the fact that even as Secretary Powell was trying to create a diplomatic pathway forward, Vice President Cheney was undermining him by giving speeches—such as the one at the 103rd National Convention



EIRNS/Dan Sturman

In testimony to the Senate Democratic Policy Committee hearing on the distortion of intelligence prior to the Iraq War, Col. Lawrence Wilkerson (ret.) said, “The Vice President was using portions of the intelligence documents in ways that the documents themselves did not seem to support.”

of the VFW [Veterans of Foreign Wars]—that virtually denied the possibilities for such a pathway. In doing so, the Vice President was using portions of the intelligence documents in ways that the documents themselves did not seem to support, or at least not strongly. Others in the Administration were participating in this distortion. The most startling example was the President’s State of the Union Address on Jan. 28, 2003, which included the now-infamous statement about uranium and Niger. The Secretary of State and I, and a host of others in the Administration, knew that Iraq’s alleged attempt to acquire uranium from Niger, as that attempt was then reported, was highly improbable. Moreover, when statements such as “we don’t want the smoking gun to be a mushroom cloud” were made, for example by the National Security Advisor, Dr. Rice, we grew concerned at the State Department because our own intelligence people told us they doubted Iraq’s nuclear program was even active.

I became concerned enough that I had a group of scientists visit me in my office at State, scientists who were former members of UNSCOM inspection teams or otherwise very experienced in the history and specifics of Iraq’s weapons programs. They told me that it was their belief Saddam Hussein was waiting for the international focus on his regime to relax, for sanctions to be lifted, and for key countries to resume normal trade relations with Iraq. At that time, Saddam intended to resume his pursuit of weapons of mass destruc-

tion, including a nuclear capability, but that at present he had virtually nothing in the way of WMD except perhaps outsourced research programs in the Sudan and in Syria, such programs chiefly aimed at keeping warm his chemical and biological weapons research capability. This group of scientists marshalled arguments that were quite convincing. I began to have serious doubts about what we would find were we to invade Iraq and search for weapons of mass destruction.

Then, on Jan. 29, 2003, the Secretary of State came through the door that adjoined our two offices and handed me a 48-page script describing Iraq's WMD programs. He had received the script from the Vice President's office earlier that day. As he handed the script to me, he instructed me to form a task force and be prepared to relocate to CIA headquarters at Langley the next day. He wanted me to prepare him to present the case against Iraq at the UNSC just seven days later. He informed me that the next day I would be receiving two similar scripts in addition to the one on WMD, a script on Iraq's involvement in terrorist activities and another on Iraq's human rights violations.

The Presentation at the UNSC

I immediately went to work drafting a work schedule, and determining the composition of my task force. I was aided in this effort by the NSC staff who provided me Will Toby from Bob Joseph's non-proliferation office and John Hannah from the Vice President's office. The remainder of my task force I selected from State Department assets, and the next day the entire task force relocated to Langley where DCI Tenet and DDCI [Deputy DCI] McLaughlin put themselves and their people and facilities at our disposal. The task force located in the National Intelligence Council's spaces, and used DCI Tenet's Conference Room for rehearsals and discussions. DDCI McLaughlin stayed with us almost on a round-the-clock basis, as did several NIO's and CIA analysts. Through the DCI, we also had access to the DIA [Defense Intelligence Agency], the NSA [National Security Agency], the NRO [National Reconnaissance Office], the NGA [National Geospatial-Intelligence Agency], and all other elements of the intelligence community, including State Department's INR [Intelligence and Research] (Here our contact was direct, without going through the DCI).

The task force got directly to work. The first thing we did was begin to move through the 48-page script on WMD, attempting to verify what we were reading, by going to the sources Hannah gave us as we read through the paragraphs. After a few hours of growing frustration, we realized that the 48-page document provided by the Vice President's office was not going to work. It was not sourced like a normal intelligence community document, and therefore every line had to be run down and checked against the source citations provided by Hannah. These ranged from newspaper articles to intelligence reports. Checking each source, line by line, was simply impossible in the short time we had to prepare the presenta-

tion. I turned to DCI Tenet in some frustration, and said that what we were attempting was simply not going to work. Without hesitation, DCI Tenet agreed and said we should use the October 2002 NIE [National Intelligence Estimate] on Iraq's WMD. I agreed and we began work again, after losing more than a precious half-day, this time using the NIE.

As we worked on the WMD portion of the Secretary's presentation over the next two days, we received a 25-page document on Iraq's ties to terrorism, as well as a shorter document on Iraq's human rights violations. We would eventually work to incorporate these documents in the presentation, leaving the latter almost intact as received and cutting the former to slightly over seven pages. What we eliminated from the document on Iraq's ties to terrorism was almost a genealogy of terrorism that made little sense and provided no substantive evidence of Iraqi terrorist contacts, other than Saddam Hussein's payments to the families of deceased Palestinian terrorists. The heart of what we kept in that portion of the presentation was Abu Musab al-Zarqawi's presence in Iraq and what that purported, and the alleged contacts between Iraq and al-Qaeda with regard to chemical and biological weapons training (this latter having been gleaned from the interrogation of captured terrorist Ibn al-Sheikh al-Libi).

Over the next few days, principally at Langley and for two days and nights in New York, we built the UNSC presentation, and Secretary Powell rehearsed its delivery. These rehearsals were initially in the DCI Conference Room at Langley. Always present were the Secretary, the DCI, the DDCI, key intelligence analysts hand-picked by the DCI and DDCI, myself and members of my task force, and, on several occasions, deputy national security advisor Steve Hadley, national security advisor Dr. Rice, OVP [Office of Vice President] chief of staff I. Lewis Libby, and others from the White House, as well as deputy Secretary of State Richard Armitage. In New York, we conducted two major rehearsals at the USUN Mission, the last one a full dress rehearsal. At these two, the DCI and the DDCI were present, along with the Secretary and myself, and a few others.

In the rehearsal and discussion sessions at Langley, the give-and-take was mostly the Secretary of State trying to eliminate unsubstantiated and/or unhelpful material, and others from the White House trying to keep that material in, or add more. One such incident occurred several times, and the final time it occurred provided an example of the Secretary's growing frustration. Repeatedly, the OVP or NCS [National Clandestine Service] staff personnel tried to insert into the presentation the alleged meeting in Prague between al-Qaeda operative and 9/11 hijacker Mohamed Atta and Iraqi intelligence personnel. Repeatedly, Secretary Powell eliminated it, based on the DCI's refusal to corroborate it. Finally, at one of the last Langley rehearsals, Secretary Powell was stopped in mid-presentation by deputy national security advisor Steve Hadley and asked what had happened to the paragraph describing the meeting in Prague. Secretary Powell fixed Hadley

with a firm stare and said with some pique, “We took it out, Steve—and it’s staying out.”

But the most dramatic moment for me during this intense preparation period—and there were quite a few dramatic moments—came during the dress rehearsal in New York. The Secretary had just finished running rapidly through what was a full hour-plus presentation, and he turned to DCI Tenet and asked him if he stood by everything the Secretary had just said. The DCI responded in the affirmative and remarked that, if anything in the presentation were inaccurate, he would have to take it before his own oversight committees in the Congress—and that would be a daunting task. The Secretary commented that Mr. Tenet would indeed have to stand by his words because he would be “in camera” with the Secretary in the morning at the UNSC.

My own reaction after seeing the full, formal presentation at the UNSC the next morning was that the presentation was not very convincing. It was the man who was giving it—Colin Powell—that gave it its credibility. So much of what was presented could have been interpreted in different ways. In short, it was a compilation of circumstantial evidence, and not a very convincing compilation at that. My feeling at that moment was that I had failed the Secretary because I had not put together a very powerful presentation.

Moreover, as time passed and I departed the State Department in January 2005, I discovered two very disturbing developments. First, I began hearing from reputable sources that the DIA had dissented on the results of Ibn al-Sheikh al-Libi’s interrogation, the first dissent occurring around the time of the interrogation (which occurred outside the U.S. and under conditions of torture or near-torture), and the second dissent occurring about the time of the UNSC presentation, in early February 2003. This was disturbing because no such dissent was ever made known to me during the preparations for the February 5, 2003, UNSC presentation, nor to the best of my knowledge to Secretary Powell. Al-Libi’s forced testimony was of course crucial to the Secretary’s assertions in the presentation that al-Qaeda had substantive links with Baghdad.

The second development was even more disturbing and involved Iraq’s alleged mobile biological laboratories. Word reached me that the multiple, independent sources we had been given for the existence of these labs were in fact only one source, that that one source was an informant called “Curveball,” and that there were very serious doubts as to this source’s reliability; furthermore, that these doubts had been made known to DCI Tenet and to DDCI McLaughlin prior to Secretary Powell’s presentation at the UNSC. It is now public knowledge that the chief of the CIA’s European Division, Tyler Drumheller, has expressed as much. Since I never heard the name “Curveball” during the preparations for the Secretary’s UNSC presentation, let alone the doubt as to his reliability, I was quite disturbed by these revelations. Secretary Powell was not told of Curveball, nor the unreliability of any sources, during our preparations either.

Cheney’s Halliburton Paradigm for Fraud

by Carl Osgood

The evidence that the Office of the Vice President was directly involved in arranging government contracts with his former company, Halliburton, is now undeniable: A new report issued by Rep. Henry Waxman (Calif.), the ranking Democrat on the House Government Reform Committee, “Dollars, Not Sense: Government Contracting Under the Bush Administration,” documents that Halliburton, the company run by Dick Cheney before he appointed himself Vice President, is, in fact, the paradigm for the wholesale privatizing, by government contract, of entire chunks of what are properly the activities of the U.S. government itself.

Just days before Waxman’s report was released in June, Judicial Watch released e-mails from the U.S. Army Corps of Engineers, that it had acquired through a Freedom of Information Act lawsuit, showing that the oil reconstruction contract (known as RIO, for Restore Iraqi Oil) that Halliburton was awarded just before the U.S. invasion of Iraq, was coordinated with the Office of the Vice President, contrary to the assertions of Cheney himself, as well as numerous other Bush Administration and Pentagon officials.

Reinforcing the case against Cheney, was an April 2003 episode of the CBS-TV program “60 Minutes,” in which the chief counsel of the Army Corps of Engineers attempted to deflect repeated questions about the role of Cheney in awarding the RIO contract to Halliburton.

According to the Waxman report, Federal contracting grew from \$203 billion a year in 2000 to \$377.5 billion in 2005, an increase of 86%. “Under President Bush,” the report says, “the federal government is now spending nearly 40 cents of every discretionary dollar on contracts with private companies, a record level.” Nearly half the growth in discretionary spending during this period was accounted for by the growth in contracting. The Pentagon, not surprisingly, accounted for most of this growth: \$133.5 billion spent on contracts in 2000, rose to \$270 billion in 2005. The top five contractors in 2005 accounted for \$80 billion, or 21% of all Federal procurement spending, with Lockheed Martin at the top of the heap, at \$25 billion. The fastest growing contractor, however, is Dick Cheney’s Halliburton, which raked in \$763 million in 2000, to nearly \$6 billion in 2005, an increase of an astounding 672% over the five years. Abuse of the contracting process also climbed, with

an even faster rate of growth of non-competitive contracts, which grew 115%, from \$67.5 billion in 2000 to \$145 billion in 2005.

The cost to the taxpayers for this windfall, which benefits a relatively small segment of the private sector, has been enormous as well. The report identifies 118 contracts, collectively worth \$745.5 billion, issued over the five-year period, that have experienced significant surcharges, wasteful spending, or mismanagement. The report identifies three major contracting “binges” since 2001: Iraq reconstruction, homeland security, and Hurricane Katrina. “Each initiative has been characterized by extensive waste, fraud, abuse, and mismanagement in contract spending,” the report says.

Use of Non-Competitive Contracts Zooms

The growth in the use of non-competitive contracts is just one indicator of the mismanagement of contracts under the Bush Administration, but it is a major indicator of the paradigm. Federal acquisition law provides for exemptions from competitive sourcing requirements under certain circumstances, such as an emergency, or if there is only one source for the required service. Under the Bush Administration, however, the growth of such contracts has been faster than the overall growth of contracts, rising from 33% of Federal contract dollars in 2000, to 38% in 2005.

According to the report, Hurricane Katrina provides a case study of how the exemptions have been stretched to the breaking point. In the immediate aftermath of the storm, it made sense to award contracts non-competitively in order to meet urgent needs. In the month after Katrina, 51% of contract dollars awarded by the Federal Emergency Management Agency were awarded non-competitively. One would expect that that percentage would decline after that; however, in October of 2005, that percentage zoomed up to 93%, and was still at 57% in December.

So far, prosecutions of those involved in this corruption have resulted in 13 convictions, guilty pleas, or indictments of various government officials, and employees of Halliburton. The most famous case, so far, is that of former Rep. Randy “Duke” Cunningham (R-Calif.) who pleaded guilty last November, to accepting \$2.4 million in bribes from two military contractors. The Special Inspector General for Iraq Reconstruction, Stuart Bowen, reports that there are 70 corruption investigations underway in Iraq, 23 of which involve allegations of contract fraud, overcharging, product substitution, or false claims. Another 50 cases have been brought by whistleblowers under the False Claims Act, alleging fraud by contractors operating in Iraq. One of those cases has resulted in a conviction, but the Department of Justice is blocking the remaining cases from going forward by delaying the decision whether or not to participate in these cases. Hurricane Katrina has opened up an even bigger can of worms, with a reported 785 cases of criminal activity, including procurement fraud and abuse, currently under investigation

Cheney and Halliburton’s Iraq Oil Contract

In 2004, Judicial Watch had uncovered a March 5, 2003 e-mail from an Army Corps of Engineers official in Kuwait reporting that then-Deputy Secretary of Defense Paul Wolfowitz and Undersecretary for Policy Doug Feith had approved execution of Halliburton’s RIO contract; that Feith had approved it contingent on informing the White House, and that, “We anticipate no issue, since action has been coordinated with VP’s office.” E-mails in the latest release suggest that Corps of Engineers officials lied about the involvement of Cheney’s office after the contract became public.

On April 22, 2003, CBS’s “60 Minutes” taped an interview with Robert Anderson, chief counsel of the Army Corps of Engineers, in which he was asked repeatedly about the role of Cheney in the awarding of the RIO contract to Halliburton. Carol Sanders, who was the chief of public affairs at Corps headquarters, reported in an e-mail the next day to the Assistant Secretary of the Army for Civil Works, that Anderson “asked that we get a note to the Office of the Vice President that during the 60 Minutes interviews, he was asked several times about the connection to the Vice President and he kept reiterating that the decision was made by career civil servants.” The assistant secretary (whose name is redacted in the documents) replied that he had forwarded Sanders’ message to Dana Perino, a White House official who then forwarded it to Jennifer Millerwise, Cheney’s press secretary.

The Waxman report, in fact, documents numerous cases in which decisions by career contracting officials were overridden by political appointees. In the case of the RIO contract, a Defense Department official in Feith’s office by the name of Michael Mobbs (who also was associated with policy on the treatment of detainees at Guantanamo Bay, Cuba), decided in November of 2002, that Halliburton should be awarded a task order—a decision made after consulting with Cheney’s then-chief of staff Lewis Libby. That task order gave Halliburton the inside track on getting the RIO contract when that was awarded in February of 2003. A career attorney with the Army Material Command objected to the task order because it was outside the scope of the logistics contract. Mobbs overruled the attorney, but the Government Accountability Office later found that the lawyer’s position was correct and that the work “should have been awarded using competitive procedures.”

Nor was the career Army lawyer the only official steam-rolled on the way to giving Halliburton the RIO contract. Bunnatine Greenhouse, the chief contracting official at the Army Corps of Engineers also objected numerous times, because of the contract’s five-year duration, the magnitude of changes Halliburton proposed to the contract, and her observation that the line between Halliburton and government officials had “become so blurred that a perception of a conflict of interest existed.” Greenhouse was not only overruled, she was removed from her position and reassigned to a lower-level position with no contracting responsibilities.

A 'Perfect Storm' of Health-Care Collapse

by Patricia Salisbury

At a conference on the health-care situation along the U.S.-Mexican border, held in Washington, D.C. on June 22, speaker after speaker, many of them doctors and community and public health workers, presented data from studies and their daily medical practice that showed staggering rates of disease, particularly tuberculosis, diabetes, and obesity, among the 12 million people living on both sides of the U.S.-Mexican border.

The conference was convened by the Texas Medical Association, the Border Health Caucus, and U.S Rep. Silvestre Reyes (D-Tex.) to deal with medical and health problems so extreme that they approximate those of Third World countries. Members of Congress from the four border states participated, including Reyes, Rep. Solomon Ortiz (D-Tex.), Rep. Lloyd Doggett (D-Tex.), Sen. Kay Bailey Hutchison (R-Tex.) Rep. Bob Filner (D-Calif.), Rep. Raul Grijalva (D-Ariz.), and Sen. Jeff Bingaman (D-N.M.). Doggett noted that he expected the conference to be the first in an annual series that will draw participation from doctors, lawmakers, and other health policy experts from across the southwestern United States.

The situation on the border was summed up by speaker Manuel de la Rosa, Regional Dean of Texas Tech Health Science Center, who reported that, with regard to health infrastructure and personnel, there is less of everything on the border except disease and poverty. "If you live on the border, he said, "you will be less healthy than if you live somewhere else in the United States, period."

Data amassed by the U.S.-Mexico Border Health Commission and presented at the conference showed that if the 24 U.S. counties along the border were made the 51st state, that border state would be: second in the incidence of tuberculosis, third in deaths due to hepatitis, fifth in diabetes-related deaths, 50th in insurance coverage for adults and children, and 51st in the number of health-care professionals. The incidence of tu-

berculosis on the border is double that of the U.S. national rate. Three of the ten poorest counties in the United States are located in the border area, and approximately 432,000 people live in 1,200 *colonias* (slums) in Texas and New Mexico, which are unincorporated communities with substandard housing and unsafe public drinking water or wastewater systems, obvious breeding grounds for infectious and other diseases. This situation has been characterized by medical professionals and others as constituting a "perfect storm" of health problems.

Unprepared for Emergencies

According to Dr. Manny Alvarez, president of the Border Health Caucus, one of the three key policy issues the BHC wanted to inform members of Congress about, was the lack of ability to cope with either a major natural disaster or terrorist threat. From a public health perspective, he said, there are not enough doctors and nurses to help out; in fact, there are not enough medical schools graduating doctors to keep up with the growth in population. Several of the speakers pointed out that the medical professionals in the area are uniquely dependent on reimbursement from Medicare, Medicaid, and other government programs which grossly underestimate the cost of care, making the recruitment of doctors to the area almost impossible.

While many desperate, band-aid type solutions were put forward at the conference, the only mention of Rep. John Conyers' (D-Mich.) proposed legislation for universal single-payer health care (HR 676), which would begin to address many of the border region problems, came in a question posed by *EIR's* reporter. A lack of boldness and optimism among the attendees was also exhibited when a speech by Mark McClellan, Bush's Administrator of the Centers for Medicare and Medicaid, touting the supposed accomplishments of the Administration in the health field, went largely unchallenged.

The U.S.-Mexican Border Region



‘LAZARD FACTOR’ AT WORK

Massive ‘Worker Buyouts’ Show Auto Shrinkage Accelerating

by Paul Gallagher

The revelation in *EIR*’s June 9 issue, that the whole Delphi Corporation strategic bankruptcy/outsourcing was planned by Felix Rohatyn, has begun to sink in on Capitol Hill, among those concerned with the disappearance of American industry and the auto crisis in particular. Members of Congress who had been decrying Delphi CEO Steve Miller’s wholesale shutdown and “export” of the biggest U.S. autoparts maker, tearing up its union contracts in bankruptcy court, are confronting the fact that an influential “Democratic Party” power broker devised the strategy and reached for Miller to execute it. *EIR* on June 30 exposed Rohatyn as the heir to a legacy of explicitly fascist bankers in Europe—Lazard Brothers and Banque Worms. It also exposed him as the central planner of *deindustrialization* in the United States, corporation by bankrupt corporation and union by union, for 30 years. The issue of Rohatyn/Lazard’s influence and policy was brought up dramatically by the LaRouche Youth Movement, to the consternation of members of the Senate Manufacturing Caucus, at a forum of that Caucus on June 28.

The Manufacturing Caucus meeting had a manifest problem of whistling past the graveyard. It discussed reviving manufacturing industries in the United States, without mentioning any action against the collapse of the nation’s most important industrial sector, auto, under the blows of globalization. This brought on the intervention at the Caucus meeting by the Youth Movement of Lyndon LaRouche, who has proposed for over a year, immediate and practical Congressional action to protect and retool auto capacity for infrastructure projects. It is the only emergency intervention that can stop the industry’s sudden, drastic shrinkage and the auctioning off of its vital machine-tool capabilities.

The accelerating rate of the auto collapse is clearly shown by the sweep of the major automakers’ “retirement buyout”

programs. These massive buyouts are leading to the much faster than expected closure of nearly 70 major auto plants, announced for shutdown or sell-off by GM, Ford, Delphi, and Ford’s spun-off parts producer Visteon.

While Congress sleeps, the buyouts are sweeping out 70,000 auto workers—over 25% of those four companies’ production workforces—*during just a few months of this year*. The shocking impact of the GM- and Ford-financed “buyouts” drumming workers out of the auto industry, became clear in the last week of June. Some 70,000 GM, Delphi, Ford, and Visteon production workers are retiring early by the end of this year at the latest.

This total workforce loss is virtually equal to the 75,000 jobs which *EIR* calculated would be directly eliminated by three years of plant closures threatened by those four companies as of April, when *EIR* first mapped and tabulated the 67 major plant closings. And in fact, the vast majority of the buyouts are being taken by workers in those targeted plants.

So unless Congress acts, fast, to take and use those plants, the globalized auto companies will have shrivelled the industry, by as much as they had announced they would by the end of 2008—but done it in just a few months!

The dismal details are these:

- GM announced that its buyout program, which ended June 23, netted 35,000 United Auto Workers (UAW) and International Union of Electrical Workers (IUE) members;
- Ford has projected that approximately 11,000 of its production employees are accepting a buyout offer which runs until July 15;
- Delphi announced that the first phase of its (paid by GM) buyout plan, also ended June 23, booted out 12,600 UAW members;
- Delphi expects to rid itself of 10,000 more UAW and

IUE members by its second-phase (GM-financed) buyout, which lasts through July 31, and which extends to IUE members and to younger workers than the first, with anywhere from 17 years down to only 26 months experience.

In order to make sure of this last target being reached or exceeded, Delphi Packard (the company's electrical division) announced on June 26 that it intended to reduce the workforce in four Ohio electrical-parts plants which are "staying open," by 2,767 out of 3,800 production workers.

GM is reported to have spent at least \$3.8 billion so far—the amount it is taking as a charge (loss) in the second and third quarters of this year—on these cash buyouts. With that, it bought the agreement, in effect, of the UAW to GM's and Delphi's plant closings, which violate the UAW's contract; and took the leadership of the UAW out of the fight to keep the plants open. Ford is now doing the same, with both Visteon and Ford employees. With New York bankruptcy court judge Robert Drain's June 29 approval of all the buyout programs, the outrageous objectives of Rohatyn's and Miller's "total globalization" plan for Delphi are essentially achieved, reversible *only by Congressional intervention*. Some 50-60,000 GM and Delphi workers will be gone, and in most of the cases of plants the managements had targetted for closure, half or more of the workforce is disappearing "overnight." By the Fall, Delphi could be what Rohatyn and Miller planned—a globalized company with 150,000 or more employees abroad and in Mexico, and fewer than 15,000 in the United States, with a growing number of those 15,000 working at half the prevailing union wage in the auto industry.

Wall Street has been celebrating GM's claim that it will now immediately "save \$3 billion a year" in wage costs; but in fact, it is shrinking so rapidly (28% of its production workforce eliminated in one quarter!) that the situation of its huge debt, which is still growing, is deteriorating even further. Both GM's and Ford's debt ratings were downgraded again by the rating agencies in the last ten days of June, the same period the rapid workforce shrinkages were announced. GM had lost its main bank-syndicate unsecured credit line of about \$6 billion, and had to restore a smaller one by securing it with assets, an unheard-of development for the top automaker. And William Ford III, following the leak of Ford's plans to try to move another 30% of its auto assembly capacity to Mexico, was forced to publicly deny bankruptcy plans.

And in a sign of the downward plunge of the economy, Edmunds.com forecast on June 29 that total U.S. auto sales through June would be down 2% from the first-half of 2005 (which had been down from 2004), and that "Big Three" sales would be down 8%. It forecast sales for June alone in a much larger 8% drop from June 2005. The month-to-month fall from May, appears to be 4%. So the drop is accelerating, and it is not a function of the "Big Three" vs. Japanese and Korean producers. It is a drop in real purchasing power of American households across the board. Even GM and Ford officials have been quoted forecasting that the sales drops this Summer will be "brutal."

Lunatics Launch 'Steel Futures' Speculation

by Judy Feingold

You've seen the ever-wilder wild surges and gyrations in petroleum prices and those of other "primary commodities" such as precious and base metals, and even industrial chemicals and plastics. Now, prepare yourself for just the same thing to happen to steel prices, if some insane financiers get their way, and if they still have the time to pull it off before their system collapses.

In September 2005, Lyndon LaRouche described an on-going hyperinflationary shock wave, "already comparable, at its primary-commodities 'spear point,' to Germany during the second half of 1923" (*EIR*, Sept. 30). The immediate cause was the hedge funds' attempting to bail out of their losses through "hyperinflationary gambles in primary materials, led by the control over petroleum markets." Subsequent developments have amply confirmed this.

As part of the same explosive breakdown process, the hedge funds and financiers are trying to suck whole new areas into the whirlpool of commodities speculation, including, now, world steel production,

The creation of a futures market in steel, up until this present financial end-phase, has been problematic for the traditional futures exchanges. This is because steel, unlike corn or gold, has such a wide variety of production qualities, chemical compositions, and types of fabrication, as well a short shelf-life due to rust and other chemical processes, that it is resistant to the standardization needed to be a widely marketable futures market product. Now, however, steel futures trading has become the next hot topic, especially at the London Metal Exchange (LME), and soon, reports have it, at the New York Mercantile Exchange (NYMEX) as well.

In hopes of providing the pricing system to be used to develop and track prices for specific steel products, many data management companies have developed indices to determine the prices of each type of steel product used in the trading of futures contracts. Given the characteristics of steel production, this was no small feat. These companies have provided pricing indices on a few of the most plentifully produced steel products. One mover in this arena is World Steel Dynamics, which, along with American Metal Market, is developing a financial product called SteelBenchmarker, which, they say, is "designed to provide a reliable set of benchmark prices for use by participants in the steel industry" that will, "starting in late 2006 or 2007, become the underpinning for an extraordinary surge in the trading of financial instruments that permit the hedging of the steel price risk."

According to Tom Stundza of the Commodity Trader,

“The price of hot-rolled sheet in coil—the most common steel product—rose by 116% and then fell by 47% in the past 20 months” (up to September 2005). “So, the London Metals Exchange (LME) and the New York Mercantile Exchange (NYMEX), are revisiting the possibility of global trading in steel futures.” The Multi Commodity Exchange (MCX) of India, currently in contract with the LME in energy futures, began its steel futures trading on March 12, 2004. And the Shanghai Futures Exchange (SHFE), at the beginning of June 2006, announced that steel futures will be launched soon into their market.

In mid-May, the LME had already confirmed their choice of pricing companies, Platts and McGraw-Hill, to “create, manage, and promote prices and products in the area of price risk management in the steel market.” In LME’s 2005 financial statement, Chief Executive S.J.N. Heale writes, “And I am pleased to say the LME is seen as the preferred exchange for the introduction of steel futures contracts. Although our first choice for ensuring price convergence is through a physical delivery mechanism, the complex nature of steel resulted in the conclusion that the LME should not seek to introduce physically settled steel futures contracts, either on an in-warehouse basis or a delivered basis. As a consequence, the only contract design that could, in our opinion, work is a ‘cash settled’ contract using a reference price derived from physical transactions.”

For obvious reasons, steel producers, consumers, and traders alike oppose the idea. According to *Purchasing* magazine, “The LME steel futures plan has never been supported by the International Iron and Steel Institute, the trade association in Brussels representing almost all the world’s steel-makers.”

At the Steel Strategies Conference in New York on June 20, CEO Daniel DiMicco of Nucor, the largest of the U.S. mini-mills, said, “The folks who are going to make money off this aren’t in steel,” referring to speculators and other financiers. Rodney Mott, president and CEO of Stelco in Canada, agreed: futures trading in steel was unnecessary. Even Lakshmi N. Mittal, chair and CEO of Mittal Steel, said, “I don’t think we need a futures market for steel.”

In the past, neither the International Iron and Steel Institute, nor the American Iron and Steel Institute, the Steel Manufacturers Association, nor the Latin American Iron and Steel Institute have supported this swindle. And, on June 22 of this year, Bo Andersson, General Motors Vice President of Global Purchasing and Supply Chain, told an automotive industry seminar that he saw little need for steel future contracts to help GM hedge its exposure (a standard lying rationalization for futures markets), because, although it buys 10 million tons of steel a year, “Most of the stuff we buy. . . we have long-term contracts.”

Nevertheless, the charge toward a steel futures market barrels mindlessly ahead, a harbinger of the impending financial blowout.

Nuclear Power: The Key To Bolivian Development

by Luis Vásquez Medina

The economic development of Bolivia, the poorest nation in South America, is urgently necessary to bring peace and development to the entire South American continent. To bring about this South American great project, this country in the Andean highlands must acquire the most advanced science and technology. Bolivia must enter the age of nuclear energy now. Today, while there is sovereign discussion going on over what to do with its natural gas wealth, there is a particularly favorable opportunity for Bolivia to take this leap forward. The political formula in Bolivia today should be: *gas for nuclear power*.

Bolivia not only shares borders with the greatest number of South American countries, but contains the greatest mineral, energy, and freshwater reserves of the region. That is why it has been targetted by the international Synarchist banks, which have incessantly promoted regional geopolitical conflicts to facilitate their strategic objectives. Synarchist puppet Augusto Pinochet himself, in his book *The Geopolitics of Chile*, has indicated that in the long term, whether it wants to or not, Chile will have to try to seize control of those precious resources, especially the water and gas that can be found in the plateau of Titicaca, in southern Peru and in eastern Bolivia.

The solution to the shortage of power and water in northern Chile must also be the peaceful development of nuclear power. Although people are thinking along these lines in Chile right now, there is an absence of the political will to develop nuclear power. As of now, President Michelle Bachelet has indicated that, during her administration, Chile will not pursue anything that has to do with nuclear power.

The Titicaca Basin

Lake Titicaca is the largest reserve of fresh water in South America, at more than 8,290 square kilometers (3,200 square miles) in area. It is the highest lake in the world, at an altitude of 3,815 meters above sea level. It has an average depth at the present time of 275 meters, although it is drying up. Lake Titicaca straddles the Bolivia/Peru border, is also near Chile, and is part of a closed basin that includes the Desaguadero River, the only river that drains out of the lake and which connects it with Lake Poopó, and more to the south with the salt deposits of Coipasa and Uyuni. This whole system is land-locked, having no outlet to the sea, and is drying up because of evaporation. This whole basin, called TDPS (for

the initials of the lakes and rivers that comprise it), extends for some 140,000 kilometers, is inhabited by more than three and a half million people, and has the highest demographic density for a region that is at 3,500 meters elevation.

The large volume of water in Lake Titicaca, 930 cubic kilometers, offers a tremendous potential for hydraulic wealth, since 35 cubic meters per second flow out of it, into the Desaguadero River, despite the fact that this flow represents only 19% of the flow of the five leading tributaries of the lake. That so much more water flows into the lake than out of it, demonstrates the large amount of water that the lake loses through evaporation. The ratio between what the lake loses by evaporation and what flows from it into the Desaguadero River, is 20 to 1. The whole TDPS basin, in the recent past, was a vast interior sea, which is drying up rapidly. Fifty years ago, the salt field of Coipasa was semi-swampland. Today, the Uyuni is the largest salt deposit in the world.

The economy of the entire TDPS basin depends entirely on the vagaries of the weather: Agriculture and ranching in

the region depend on the rains. The tragic irony of the area is that when there is drought, there is hunger, even while living along the coast of the largest freshwater reserve on the continent. Recent history is a series of tragic famines, the result of droughts that have sometimes lasted 2-3 years. During the 1980-83 drought, anthropological research turned up indications of human sacrifice of children, carried out by the inhabitants of the region to ingratiate themselves with Mother Nature.

In the high plateaus of Titicaca, there is no possibility of generating hydroelectric power, because there are no waterfalls. Thus, the only economical source of power is nuclear. At the present time, electricity in the large cities of both Bolivia and Peru is very costly. Electricity is transported from far away, or generated at great expense in gas- or oil-burning thermo-electric plants.

In the Bolivian high plateau, which is made up of three departments—La Paz, Oruro, and Potosí—and on the Peruvian side, of Puno department, cheap water and electricity are urgently needed for development, which can only be achieved through nuclear power plants. Studies carried out in the early 1960s by the Council of Atomic Energy of Peru and the U.S. company General Electric, determined the feasibility of industrializing the entire region with the installation of a nuclear facility on the shores of Titicaca.

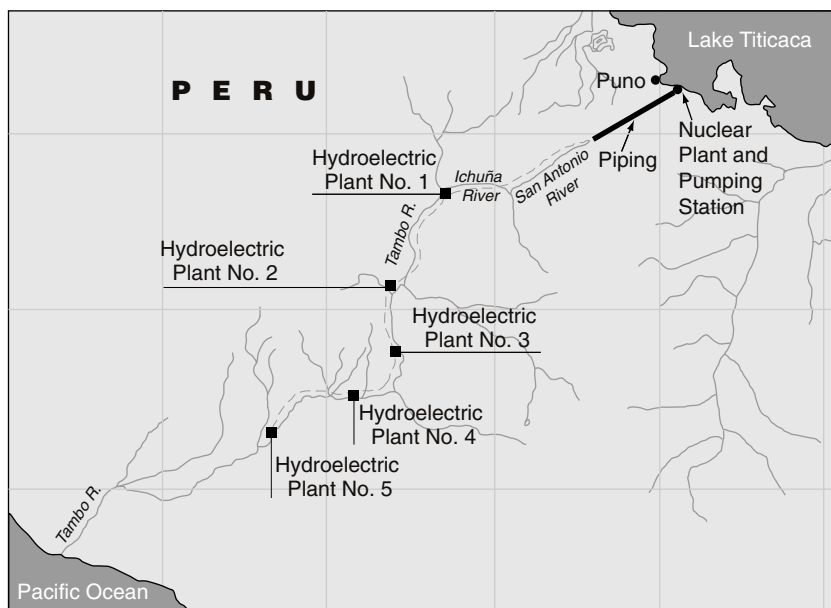
FIGURE 1
The South American Continent



FIGURE 2
The Lake Titicaca Basin



FIGURE 3

Lake Titicaca Nuclear and Hydroelectric Project**A Nuclear Plant at Titicaca**

In 1960, the Council of Atomic Energy of Peru publicized a feasibility study done by the International General Electric Company, regarding the possible installation of a boiling-water nuclear plant capable of producing 100,000 kilowatts, on the shore of Lake Titicaca. The project was intended to contribute to the economic development of important areas of the Peruvian and Bolivian republics. In the written presentation of the project, possible financing by the U.S. Eximbank was suggested: "The U.S. Atomic Energy Commission and the Export-Import Bank of Washington agree to conduct a joint effort regarding the construction of energy-generating atomic plants in nations, such as Peru and Bolivia, that have cooperation agreements with the United States." The team of GE scientists and engineers that came to Peru to carry out feasibility studies proved the technical feasibility of the project which, had it been realized, would have completely changed the economy of the entire region.

In its design, the project involved:

1. Installation of a 100,000-megawatt nuclear reactor near the city of Puno, on the banks of the lake on the Peruvian side, with which there would be sufficient energy for pumping 500 cubic meters of water per second across the western mountain range, and the electrification of the entire northern zone of the high plateau between Peru and Bolivia.

2. The second part of the project, on the Peruvian side, presupposed using the pumped water in a system of hydroelectric plants to generate more than 1,000 megawatts of electricity, and to irrigate southern Peru and the extreme northern part of Chile. The conclusion of the study unequivocally

states: "A preliminary investigation indicates that there would be no difficulty in building and operating a nuclear energy plant along the shore of Lake Titicaca, at an elevation of approximately 12,500 feet. The transport facilities for bringing the largest and heaviest parts of the plant from the coast to their installation site appear adequate. A nuclear energy plant is well adapted to operate in isolated locales, since it is not necessary to transport large quantities of fuel to keep the plant in operation. Based on the previous observations, it is concluded that the Lake Titicaca Project is viable from an engineering standpoint, and that there exist no serious obstacles to be found in the design, provisioning of equipment, and final construction of the project."

Gas for Nuclear Power

At the current time, income from Bolivian gas makes the construction of a modern, approximately 400,000-megawatt nuclear plant very feasible, which would make the industrialization of the entire Bo-

livian high plateau region possible, as well as the transport of water to the eastern region of Bolivia for irrigation. In addition to both Peru and Chile, Argentina and Brazil should also undoubtedly participate in the project, with their technology.

It should be remembered that the International Monetary Fund shut down the nuclear programs in all the countries of Ibero-America which, through continental cooperation, had been destined to enter into the nuclear age by the end of the 20th Century. Argentina transferred atomic technology to Peru where, with that cooperation, a 10-megawatt nuclear research reactor was built in Huarangal, north of Lima. This was to be the first phase in the construction of two nuclear plants, one in the north of the country and the second on the shore of Titicaca, before the end of the 20th Century.

At the moment when the international financial empire that prevented those advances is itself crumbling, it is time for our nations to once again take up these noble ideas of progress.

Lyndon LaRouche's June 15, 2006 videoconference with Mexico and Argentina discussed the need for nuclear power. See *EIR*, June 23. The video can be found, in English and Spanish, at www.larouchepub.com/spanish/audio/2006/15jun06MexArgEEUU.htm

First U.S. Nuclear License in 30 Years

by Marsha Freeman

After a two-and-a-half-year technical, economic, and environmental review by the Nuclear Regulatory Commission (NRC), on June 23, Louisiana Energy Services was issued a license to build and operate a new uranium-enrichment plant, the National Enrichment Facility, to be located in New Mexico. It is the first nuclear facility to be licensed in the U.S. in 30 years.

Low-enriched uranium is the fuel for America's 103 commercial nuclear power plants, but little of it is produced here. Nearly half of the fuel is imported from Russia, through the Department of Energy's post-Soviet "Megatons to Megawatts" program. To date, Russia has blended down bomb-grade highly enriched uranium from 10,748 warheads, creating 7,868 metric tons of nuclear power plant fuel. Fuel for U.S. nuclear plants is also imported from Europe, with less than 15% produced domestically.

For more than a decade, Louisiana Energy Services (LES) has been trying to obtain the go-ahead to build a uranium-enrichment gas-centrifuge factory. Now, with more than 30 new nuclear power plants under construction internationally, and the likelihood that utilities in the U.S. will be submitting applications to build plants here very soon, the need for additional enrichment and nuclear fuel fabrication facilities is critical.

LES is led by Europe's Urenco, with participation from Westinghouse, and nuclear electric utilities Duke Power, Entergy, and Exelon. Urenco's advanced gas-centrifuge enrichment technology, in use in Europe, will be used in the new facility. Utilities have already made contractual commitments worth \$3 billion to buy fuel from LES, before construction has even begun on the new plant.

The \$1.5 billion project is expected to begin construction outside the small town of Eunice, New Mexico as early as this August. Initial production of enriched uranium for fuel is slated for 2009, with full production to be reached in 2013, at a level of about one-fourth of today's demand.

Changed Political Winds

In 1990, Congress passed the Solar, Wind, Waste, and Geothermal Power Production Incentives Act. Making clear its anti-nuclear bias, the law amended the 1954 Atomic Energy Act, to require the licensing of uranium enrichment facil-

ities, and classified such a plant as a major Federal action. This meant that an Environmental Impact statement had to be prepared. Under the legislation, an adjudicatory hearing on the licensing for construction and operation of an enrichment plant is required.

This opened the door to so-called environmentalist "intervenor," who proceeded to claim that because the plant, then proposed to be built in Homer, Louisiana, would be near a black neighborhood, this constituted "environmental racism." When it became clear that LES was unlikely to win this political fight, it withdrew the application.

By 2003, when LES made its second submission to the NRC for a license, the political environment had substantially changed. Utility and industry consortia had begun to prepare to submit licensing applications to the NRC to build new nuclear power plants, and the regulatory body itself had spent a decade reforming its procedures. This was a tedious effort, designed to exorcise the onerous and unnecessary layers of impossible nuclear power plant "safety" requirements that were rushed into place after the 1979 Three Mile Island incident.

Although the two-and-a-half-year NRC review may seem excessive, the LES license procedure successfully tested a new NRC procedure, which combines the construction and operating licenses into one action. Previously, utilities that had obtained a construction license and built a plant, could find themselves without a license to operate the plant for years, as anti-nuclear activists kept them in court.

Shepherding LES and the NRC through the licensing hurdles was the bipartisan New Mexico delegation in Congress, led by Sen. Pete Domenici (R), chairman of the Energy and Natural Resources Committee. On June 23, when the license to LES was issued, Domenici pointed out that this was important not just for LES and New Mexico, but "for the renaissance of nuclear energy in this country."

Sen. Jeff Bingaman (D) stressed that "this will be one of the largest construction projects our state has ever seen. And the economic impact in southeastern New Mexico will be tremendous."

Echoing Senator Bingaman's sentiments, was the support of Lea County's entire state legislative delegation, two Chambers of Commerce, the superintendents of two local school systems, and the head of the Hispanic Workers' Council, in addition to the state's Federal representatives. Lea County has offered a \$1.8 billion industrial revenue bond to LES to pay for the construction of the new plant.

The National Enrichment Facility's combined construction and operating licensing process has been an important test case for the dozens of utility companies planning to embark on the process of obtaining NRC licenses to build new commercial power plants. Pleased with the results, LES president Jim Ferland said, "I think the industry will walk away from this . . . feeling quite comfortable."

ARGENTINA'S KIRCHNER SPEAKS OUT

Only the 'Activist State' Can Defend General Welfare

by Cynthia R. Rush

In a series of speeches over the past month, including during his trip to Spain, Argentine President Néstor Kirchner has forcefully identified the same fundamental point that American statesman Lyndon LaRouche has made repeatedly: Only the “activist state,” which promotes and supports industrial development and public investment in vital infrastructure, is capable of defending the General Welfare of the population.

The Argentine President's insistence on this point, combined with his leadership of the informal “Presidents' Club” of Ibero-American heads of state, has made him almost as unpopular as LaRouche among the financiers of the Synarchist International, who are becoming unhinged at his boldness in challenging their right to loot entire economies and populations. Finding intolerable his echo of the ideas of Franklin Delano Roosevelt, they have unleashed their Argentine and international assets to attack Kirchner as a megalomaniacal “authoritarian.”

What further unnerves these financial vultures is that Kirchner is naming names, going to the heart of the synarchist apparatus, which has dismantled Argentina's once-vibrant industrial capability over the past two decades—as has also occurred in other countries of South America's Southern Cone. This same apparatus has openly promoted the Nazi repression typified by the Operation Cóndor machine that kidnapped, tortured, and “disappeared” tens of thousands of people during the 1970s, to enforce the military dictatorships' neo-liberal economic policies.

Working through its so-called “Catholic” networks, which meshed with Argentina's own anti-Semitic “Catholic nationalism,” the French synarchy leadership had crucial input into these brutal governments, on both the military and economic fronts, as *EIR* will demonstrate in future articles. It

is noteworthy that to drive home his point, Kirchner has singled out the role of the private French utility company Suez, on whose international board of directors, until recently, sat Felix Rohatyn, agent of the Lazard Frères synarchist banking conglomerate. This is the same Rohatyn who helped overthrow Chilean President Salvador Allende in 1973, to install fascist dictator Augusto Pinochet, and whose Lazard Frères bank was hired by then-President Eduardo Duhalde in 2002 to “advise” Argentina on its debt negotiations with the vultures funds that had looted it.

The Argentine government kicked Suez out of the country earlier this year for failure to comply with the terms of its contract, which left hundreds of thousands of citizens—most of them poor—without the vital water and sanitation infrastructure that it had promised to build.

“The state must go where the market doesn't,” Kirchner told a group of executives and trade union leaders from the metallurgical sector during a June 28 speech at the Presidential Palace, or Casa Rosada. He warned that the private sector is unlikely to care for the poor and dispossessed, “because the private sector naturally seeks margins of profitability. . . . We had a private company here, Aguas de Suez, that made big profits and took them out of the country,” he explained. “To seek profit from water and sanitation, which are essential services for our brothers, represents a truly savage and unacceptable profit scheme.”

That, he said, is why he ousted Suez and replaced it with a the state-owned company AISA, to guarantee that citizens have access to water, which he described as “an inalienable right.” The issue “isn't whether we have statism,” he said in another speech in La Plata on June 28. “It's the fact that the state, the nation, the government belong to all Argentines,



presidencia.gov.ar

Argentine President Kirchner, here speaking on June 28 at La Plata, is under synarchist attack for his defense of the state policy of promoting the General Welfare, for Argentina and other nations.

and must take care of everyone.” That is why “I support an activist state,” he stressed.

Not Martínez de Hoz’s Argentina

Aside from Suez’s sordid record, Kirchner uses the case of British-trained José Martínez de Hoz, the Finance Minister of the 1976-83 military dictatorship, as the antithesis of what Argentina should be as a nation. “We don’t want an Argentina that looks like the Argentina of 1976, created through the project of that unmentionable Finance Minister,” he said.

De Hoz is a longtime fixture in the global synarchist financial machinery, who, like his pals David Rockefeller and Henry Kissinger, belongs to the Trilateral Commission. Contrary to his claim to being “just” a free-market economist, as Finance Minister he backed the brutal “unconventional” repression of Henry Kissinger’s Operation Cóndor, which in turn fueled the left-right conflict that became known as “the dirty war.” He wrote shamelessly in a November 1977 article in the daily *La Nación* that, “For some time now, the previously clear and defined dividing line among situations of ‘war’ and ‘peace’ have disappeared, leaving in their place an intermediate and conceptually confusing zone . . . of permanent conflict and unconventional military action . . . through forms of war far more merciless than anything known to date.”

The Argentine government is currently seeking to prosecute De Hoz in the case of the 1976-77 kidnapping of two businessmen, Federico and Miguél Ernesto Gutheim. On June 23, Human Rights Secretary Eduardo Luis Duhalde (no relation to former President Duhalde) filed suit in a Buenos Aires Federal Court to declare unconstitutional the pardon granted to De Hoz and other junta members by former President Carlos Menem in 1990, on grounds that “there was a unity in the State’s repressive actions and the implementation of economic policy” by De Hoz.

Charging that De Hoz is as guilty as the former heads of the military junta who were convicted in 1985, Duhalde argued that there was a “criminal enterprise among the members

of the Armed Forces and the members of the economic establishment of which Martínez de Hoz was a member.”

As Kirchner explained in his speech at the Casa Rosada, under De Hoz’s reign, “We even reached the extreme where some said there could be a country without national industry” or an internal market. “This is the view of neo-liberal economists . . . who think that to promote national industry” or job creation “is to promote the country’s destruction.” The government isn’t opposed to private investment, Kirchner underscored. But when it comes to protecting the poorer sectors of society, “the state must be present with its ‘social profit,’ to guarantee that our brothers don’t fall through the cracks of the social structure, but are rather incorporated into it.” Otherwise, you get the country that Martínez de Hoz and Menem created.

Where Is the United States?

Kirchner’s defiance of financial predators inside the country is also evident regionally, where he has emerged as the leader of the “Presidents’ Club,” which includes the heads of state of Bolivia, Brazil, Venezuela, Chile, and now possibly Peru. Although for varying reasons each of these Presidents has failed to replicate Kirchner’s decisiveness, they have moved as a group, albeit unevenly, under his political leadership in a way that has greatly alarmed the Bush-Cheney Administration. Under current conditions of global financial turbulence, and universal repudiation of the Bush Administration’s “democracy and free trade” agenda, there is considerable nervousness in Washington over what might come out of the Common Market of the South’s (Mercosur) Presidents’ summit, to be held on July 20-21 in Córdoba, Argentina. The Brazilian, Argentine, Uruguayan, Paraguayan, and Venezuelan Presidents will all attend.

Bolivia’s recent assertion of sovereignty over its hydrocarbons, and its announcement that it, too, will oust Suez from the country next month, has rattled the bankers. They are also worried that should PRD candidate Andrés Manuel López Obrador win Mexico’s July 2 Presidential elections, this could further disrupt their synarchist agenda for the region. The financiers were distressed when López Obrador’s top advisors recently told *The Washington Post* that the candidate’s program is a plan for a “Mexican New Deal,” modelled on what Franklin Delano Roosevelt (FDR) did in the U.S.

In his book *An Alternative Project for the Nation*, López Obrador particularly highlights the excellent relations that existed between FDR and Mexico’s nationalist President Lázaro Cárdenas, and notes that during his first 100 days in office, Roosevelt adopted a “whirlwind” of measures which “considerably increased the presence and influence of the public power in every aspect of U.S. life. . . .” One of Wall Street’s worst fears is that a Mexico governed by López Obrador might join forces with Mercosur on behalf of integration and industrial development.

In a June 22 speech before the Spanish Parliament, Kirchner identified the U.S. failure to offer any real leadership to

Ibero-America nations, in what was an appeal to the “other” United States of FDR and Lyndon LaRouche. “U.S. participation in the region is cold,” he stated. “We have no good integration discussions with them, because what they propose as integration is not auspicious for our region.” When Argentina faced its most difficult moments, he recalled, “we either had to overcome our problems ourselves,” or turn to countries like Spain which, during the height of the 2001-2000 financial crisis, offered “solidarity” and economic assistance. “In our judgment,” Kirchner said, the country “that should be carrying out that role in the region, isn’t doing it. So obviously we are going to seek other channels.”

During a joint June 22 press conference with Spanish President José Luis Rodríguez Zapatero, Kirchner spoke on behalf of the Presidents’ Club, reporting: “In all the conversations we’ve had, the different Latin American Presidents—President Lula, the Venezuelan President, the Presidents of Bolivia and Chile—have always expressed words of appreciation toward Spain and its President. . . . In the name of all of them, let me express our gratitude.”

In both this press conference and in the speech in Parliament, Kirchner argued that “certain sectors” that today characterize Ibero-American governments as “populist,” are really attempting “to slander the [principle] of self-determination of nations, and the search for justice, equality, and inclusion.” The reality, he said, is that “we are countries trying to rebuild ourselves.” It is essential, he noted, that people understand “what Bolivia is going through. After Haiti, it is the second poorest nation in the region. They’ve gone through the worst experiences.”

President Evo Morales is attempting to bring about a transformation, Kirchner said, which his long-suffering people demand. Although Spain may have concerns about the recent oil nationalization that affected some of its financial interests in Bolivia, he continued, through constructive dialogue, it will be possible for the two countries to reach integration and cooperation agreements.

Argentina is trying to play a positive role in this process, he explained, “to integrate Bolivia, not to leave it disintegrated.” As for Venezuela, he added, conflict around President Hugo Chávez is largely “encouraged by the United States, which tries to portray a supposed ‘little monster’ in everything he does.”

Argentine synarchists have responded to Kirchner by attempting to revive the “subversives” versus “the military” dynamic of the 1970s, which plunged the country into fratricidal conflict. When Kirchner spoke at the annual celebration of Army Day on May 29, and specifically denounced those leaders of the 1976-83 military junta “who killed their own brothers,” the Kissingerian snake Mariano Grondona, a *La Nación* columnist, accused him of hating the military. Grondona quoted the notorious 19th-Century French synarchist Alexandre Kojève, promoter of the fascist doctrine of “purgative violence,” to attack Kirchner.

Cheney and Netanyahu In New War Lunge

by Dean Andromidas

The dangerous escalation of the Israeli-Palestinian conflict has to be laid directly on the doorstep of Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld. As of this writing, and as *EIR* had warned June 30, Israeli Prime Minister Ehud Olmert has opted to follow Cheney and Rumsfeld and their agent in Israel, Likud Party chairman Benjamin Netanyahu, into a new regional war.

Israeli troops have entered the Gaza strip en masse for the first time since the withdrawal of Israeli settlements in Gaza last September. Olmert claims that the purpose is to free Israeli corporal Gilad Shalit, who is being held by Palestinian militants inside the Gaza Strip. The Israelis bombed the Gaza power station June 28, cutting off electricity for more than 1.3 million people. They have also destroyed two bridges in the ongoing operation.

Olmert is implementing the same “hostage release” policy that Cheney and Rumsfeld have used in Iraq, a refusal to hold negotiations with “terrorists,” which always ends with the death of the prisoners. This should surprise no one, because just ten days prior to this dangerous escalation, Netanyahu held a not-so-secret meeting with Cheney and Rumsfeld at an American Enterprise Institute conference in Beaver Creek, Colo. Within 24 hours of his return from the United States, Netanyahu conferred with Olmert, and no doubt briefed him on his discussions with Cheney, which focussed on Iran and the region.

Less than a month ago, Olmert was in Washington, where he also met with the infamous duo, and only two days before the attack, it was revealed that Rumsfeld himself would arrive in Israel in a few weeks, his first visit to the country since becoming Defense Secretary.

Hours before Olmert ordered the attack on Gaza, Israel’s mass-circulation daily *Yediot Ahronot* published an op-ed by Netanyahu, demanding that the government reestablish its “deterrence” by unleashing the full force of Israel’s military power, “making the enemy internalize the fact that we mean what we say.” If this is carried out, Netanyahu said, he promised to support the government.

After Olmert took this advice, Netanyahu’s fellow Likud Knesset (Parliament) member Yuval Steinitz, spoke in the Knesset in praise of the operation, saying, “The decision to exert military pressure on the Palestinians to solve the crisis and return the captive home is right and worthy.” Netanyahu

himself conferred again with Olmert, on the day the latter ordered troops into the Gaza Strip.

The Israeli soldier Shalit was captured when three teams of Palestinian militants attacked three Israeli military positions on the Israeli side of the fence surrounding the Gaza Strip. The Palestinians entered Israel through an 800-meter tunnel dug under the fence. After carrying out the attacks, killing two Israeli soldiers and taking Shalit prisoner, the Palestinians escaped by blowing a hole in the border fence.

The militants demanded the release of all Palestinian women prisoners and those under the age of 18, in return for Shalit. This was a classic and sophisticated commando operation aimed at a military target, not a random act of terror.

Prisoner exchanges like the one proposed have been conducted by the Israelis over the last three decades. The first was in 1968, when prisoners were released in response to the hijacking of an Israeli airliner. The last was in 2004, when former Prime Minister Ariel Sharon made a deal with the Hezbollah, releasing 400 Palestinian prisoners in return for a captured Israeli reserve officer, Colonel Tennenbaum, and the bodies of three soldiers killed by the Hezbollah.

Negotiation: The Only Real Option

The only exit from this crisis is to transform it into a opportunity to wage peace through a principled prisoner exchange, just as Israeli commentator Benziman Uzi wrote in the daily *Ha'aretz* on the day of the Gaza invasion. He asks of Olmert: "Will he deal with the crisis as an isolated issue, or will he strive to turn it into a lever for extensive dialogue with the Palestinian leadership?"

Only a few hours before the Israeli attack, the national dialogue among Palestinian factions including Hamas and Palestinian Authority President Abu Mazen's Fatah, announced that they had come to an agreement to accept the "Prisoners' Document," drafted by imprisoned Fatah leader Marwan Barghouti and leading Hamas prisoner Abdul Khaleq Natshe. That document calls for a two-state solution for resolving the conflict. The only difference is that Hamas has inserted a clause referring to the non-recognition of the legitimacy of the occupation. Although the document has not yet been signed, an official linked to the "national dialogue" revealed to the press that Fatah and Hamas will begin negotiating the formation of a unity government within the next two weeks. This development has the potential of opening the way for serious Israeli-Palestinian discussions.

Ha'aretz commentator Akiva Eldar wrote on the day of the attack that if Prime Minister Olmert were serious about wanting peace, he should "offer to trade Shalit for the signatories of the Prisoners' Document, Marwan Barghouti of Fatah and Abdul Khaleq Natshe of Hamas. Their release would be the decisive blow to Khaled Meshal (the Damascus-based Hamas hardliner), who is ready to fight Jewish children down to the last drop of Palestinian children's blood. There could

not be any clearer signal of Israeli intent to effect a real change in relations with the large Palestinian population that is also tired of fighting."

Similarly, Batya Melamed, writing in *Yediot Ahronot* under the headline "No Chance To Win War," calls for Israel to make a prisoner exchange. "Palestinian prisoners should be released—men and women, young and old, those with blood on their hands and those without. . . . Just let us avoid this war. It is doomed to failure from the start."

Unilateral March to War

Olmert is now pursuing the opposite policy, using this crisis to carry out a frontal assault on the political wing of Hamas and the Palestinian Authority. On June 29, Olmert ordered the arrest of 64 Hamas officials, including four Hamas-affiliated Cabinet ministers, and parliamentarians, a local mayor, and other civilian officials. Israeli government officials have threatened to assassinate Hamas Prime Minister Ismail Haniyeh, and Damascus-based Hamas leader Khaled Meshal. Palestinian officials denounced the arrests as a "declaration of war."

On the same day, Israeli Air Force jets flew low altitude flights over the palace of Syrian President Bashar Assad, creating sonic booms while the President was in residence. This provocation occurred just as Egyptian President Mubarak was requesting the aid of the Syrian President in seeking the release of the captive Israeli soldier. This move confirms Olmert's reckless arrogance, and will likely lead to the death of the Israeli captive.

Advising caution, the Israeli daily *Ha'aretz* warned Olmert that "experience has taught that such military measures have not been successful," and that a diplomatic approach must be followed.

Another hostage, an 18-year-old civilian settler held by another group of Palestinian militants on the West Bank, was executed after being held for a few days. In that case, the Israeli government refused even to acknowledge his kidnapping, despite public announcements by the militants.

Far more deafening than the bombs and artillery shells being fired by the Israeli military, is the response from both Washington and Western Europe. The Bush Administration has issued its usual statement, "Israel has the right to defend itself . . . avoid unnecessary harm to civilians . . . maintain restraint. . . ." This has been the policy since 2001, and has been responsible for the death of more than 1,000 Israelis and 3,000 Palestinians.

Cheney and Rumsfeld intend this escalation of violence between Israelis and Palestinians to spread more chaos in the region, and thus undermine the stability of Jordan and Egypt, and at the same time, undermine efforts by more sane elements in Washington to resolve the Iraq war and the Iran nuclear conflict.

The only hope to stop this march to disaster is the ouster of Cheney as soon as possible.

Berlin's Future As The Hub of Eurasia

Daniel Buchmann is the lead candidate of the Civil Rights Movement Solidarity party (BüSo) for the Berlin House of Deputies, which also makes him candidate for mayor. Parliamentary and borough elections will be held on Sept. 17. The BüSo is the party of the LaRouche movement in Germany, and its national chairwoman is Helga Zepp-LaRouche.

Dear Berliners,

Our city finds itself in the worst crisis since the end of the Second World War. Anyone who has observed the situation, especially since 1989, is astonished at the tempo with which economic devastation and social collapse have gripped us. For a country that claims to be civilized, the high unemployment figures; a state-mandated budget-cutting policy (better called austerity policy), which hits the lower 80% of income brackets and leaves the top 5% undisturbed; decrepit infrastructure; a state of emergency in health care, as well as drug traffic, throughout the city, and the schools and universities, is an absolutely dreadful situation—and a sure sign that this city and Germany as a whole, if they want to survive, must carry out an urgent and comprehensive change of direction. The established parties, from the PDS [the ex-communist Party of Democratic Socialism] to the CDU [Christian Democratic Union], are not inclined toward such “reforms.” Problems are just ignored and become worse. As for the left-wing and right-wing protest parties, they belong more in a Chamber of Horrors than in politics. Truly everybody knows, that under the conditions in which politics has been conducted up to now, there is no solution in sight. But we cannot wait until our self-infatuated politicians change their bad habits; the time has come that the voters themselves must change their own habits and realize that it is their own fate that is at stake, and that it is they who must change their ways of thinking, if they and their country want to be freed of this crisis.

The Crisis Since 1989

I would like to establish that the above-mentioned symptoms of crisis are by no means the result of natural developments, but rather the consequence of a deliberate demolition of the foundations of society. Since the Wall which divided Germany was no longer allowed to stand by the people in 1989, great ranting and raving could be heard from the governments of France and Great Britain, reminding one of Rumpelstiltskin from the Grimms' fairy tale. The notoriously



EIRNS/James Rea

Daniel Buchmann campaigns for mayor of Berlin. The sign reads, “Globalization is the new fascism.”

Germany-hating Margaret Thatcher and François Mitterrand got together with the international financial oligarchy to turn the historic moment into a social and economic disaster, and to prevent Germany from regaining its political-economic sovereignty.

To understand this, one has to look at why, on Nov. 30, 1989 the head of Deutsche Bank and Chancellor Helmut Kohl's most important advisor, Alfred Herrhausen, was murdered. Herrhausen had planned a development bank for the national economies of the Comecon countries, particularly Poland, on the model of the German Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency]. As in Lyndon LaRouche's program for the [Paris-Berlin-Vienna] “Productive Triangle,” he wanted to maintain and modernize the productive forces of Eastern Europe, rather than turning them over to the free market. In this way, the eastern contacts of the G.D.R.'s [East Germany's] enterprises could help set into motion an all-European economic miracle, with a key role for Germany.

Less than a week after Herrhausen's assassination, the French President made the blackmail demand that Germany must agree to give up its national currency, before France would vote in favor of German unity. This opened the way to the monstrous Maastricht Treaty, which dictated the introduction of the euro as a common currency for Europe. All the credit mechanisms were forbidden to Germany and the other members of the European Monetary Union, which today we so urgently need to make investments that would create new

jobs. It is high time to revoke the Maas-tricht Treaty and to reintroduce national currencies, with national productive credit-creation.

The Way Out: The Eurasian Land-Bridge

In 1991, Lyndon LaRouche and Helga Zepp-LaRouche announced the project of the Eurasian Land-Bridge. Its goal was the construction of Eurasian transport and development corridors, to bind together the population centers of East Asia with the raw materials-rich areas of Central and North Asia, and the industrial and technological capacities of Europe. From 1914 to 1989, it was politically impossible to join Europe and Asia together. Now finally an opportunity had opened up, to build upon the development of the Trans-Siberian Railroad, the pre-World-War-I Berlin-Baghdad Orient Express, and the thousand-year-old Silk Road.

Countless meetings were held [by the LaRouche movement] with politicians, academics, and businessmen. Studies were prepared and circulated in many languages. In 1996, a conference finally took place in Beijing on the Eurasian Land-Bridge, in which Helga Zepp-LaRouche participated. From this point on, the Eurasian Land-Bridge was the official policy of numerous Asian countries.

The Eurasian Perspective for Berlin

We have the arrogant and aggressive policies of the out-of-control Cheney-Bush Administration in the U.S.A. to thank, for the fact that the Asian nations have deepened their own cooperation to an extent that astonishes every European observer. In 2001, the Shanghai Cooperation Organization (SCO) was founded, with the participation of Russia, China, and four Central Asian nations. In June 2006, the heads of state and government of the SCO nations met in Shanghai, along with those of India, Iran, and Pakistan, in a circumstance in which the bankruptcy of the international financial and monetary system has more and more come to the center of attention.

For this reason, the American economist and statesman Lyndon LaRouche is very aptly perceived as the voice of the true America and the prophet of a new, just world economic order. LaRouche has long been demanding the ouster of the Cheney-Bush regime and the reorganization of the bankrupt world monetary and financial system.

LaRouche's proposal for construction of the Eurasian Land-Bridge across Russia and China, to India and Iran as



EIRNS/James Rea

The BüSo, joined by international members of the LaRouche Youth Movement, campaigning in Berlin. They are renowned throughout the city for singing Classical motets and canons. The banner reads, "Reindustrialization of Berlin—One Million New Jobs—Vote BüSo."

well as the Arab world, has long been known and respected. The understanding is maturing, that the long-term survival of all Asian nations can only be achieved by means of the Land-Bridge, and that this region has the greatest latent growth potential for the 21st Century.

Worldwide, there are hundreds of cities with millions of inhabitants, many in Asia, which have hardly any modern infrastructure whatsoever, which are smothered by garbage and sewage, which have no adequate housing for most of their residents, and where most people are able to consume food of only the most substandard quality. The great task of mankind will be to bring civilization and human dignity to these underdeveloped regions.

This will not be possible with the technologies of the 20th Century, such as oil-based fuels. The technologies of the future include hydrogen-based fuels and magnetic levitation, which could be introduced very quickly, as soon as the political will exists.

Even though our politicians are not aware of the full scope of these developments, they still do understand that Germany's ties to Russia and China must come to have particular significance. Germany is the only country which all three main corridors of the Land-Bridge traverse. Thus Germany is destined to be the hub of the Eurasian Land-Bridge. Berlin, in turn, is the hub of Germany. Here, then, is the starting-point from which to initiate a comprehensive reindustrialization of Berlin and the region—not as a goal in and of itself, but as a springboard to Eurasia.

Contrary to the stupid drivél of the typical '68er, machines

do not destroy jobs; worldwide and also here, there is a massive deficit in the production of industrial goods. In Germany's communities alone, there is an investment deficit in basic communal infrastructure of over 600 billion euros. Neither in roads nor in railways or bridges, are the necessary investments being made. Water supplies, electricity, schools, etc., are all in a miserable state of disrepair. Every year, due to mass unemployment and the lack of investment, we lose hundreds of billions in potential value-creation. In other countries, it often looks much, much worse.

To eliminate this deficit will require a great deal of human and machine labor. Berlin is one of the regions which would be capable of producing the necessary technologies, which humanity needs in the 21st Century in order to move ahead.

The Program for Berlin

The key to the reindustrialization of Berlin lies in its role as the turnstile and technology-producing center for the Eurasian Land-Bridge. The spark for a real upswing can be the construction of an intercontinental freight and passenger airport, which could be done at Sperenberg or Jüterbog. This airport would be linked to the center of Berlin by the Transrapid maglev, as has already been done before us in Shanghai.

In order to be successful, these projects, contrary to current regulations, should not be put out for bidding on a European-wide basis, but rather must be given to existing and yet-to-be created firms in Germany, and especially in the Berlin-Brandenburg region itself. In this way, the Berlin-Brandenburg region will be able to develop its productive forces and technology, which later will become the export powerhouse for Eurasia.

It should be noted that, in the time available, the Berlin-Brandenburg region does not have at its disposal the firms and capacities necessary to build up the Schönefeld Airport itself. The airport as it was originally constructed would only allow a displacement of jobs from Tempelhof and Tegel to Schönefeld. Neither the airport company nor the construction enterprises would create a single *new* productive job.

Revolutionary infrastructure technologies can be developed and produced in Berlin, tested and improved there, in order to offer these technologies to the world. Among these are the development of drive mechanisms and hydrogen fuel for autos; CargoCap (underground distribution of goods from central depots); as well as Transrapid and magnetic levitation techniques that are now only in the initial phases; a new system for supersonic flight, which today is still too expensive; space travel, etc.

Around these new industries, a supplier-industry will be built up, which will receive massive orders for machine tools. These too will point the way to brand new technologies: for example, the possibility of using lasers for work that is much more precise than previously used modalities. These develop-

ments will affect other areas such as medical technologies, the exploration and manufacture of new basic materials, etc.

Berlin's reindustrialization is the key to the creation of the national economic capacity that is necessary for all the functions of a modern society: to maintain and improve education, health, social services, culture, and basic infrastructure.

It is not possible to solve the budget crisis and unemployment by budget cuts and the laws of the free market. Debt reduction can only function through investment; jobs are only created through investment in new means of putting people to work. The state has the right and the duty to do this.

Therefore the old saws about the service or information economy, which have led to a situation in which Germany doesn't produce anything anymore, must be rejected.

A New Paradigm Is Needed

If you belong to the generation which, after all these years of political corruption and senseless television twaddle, has lost the belief in the possibility of such projects or of any kind of positive change, then I can assure you, that behind our ideas there is a movement of people between 18 and 25 years of age, who are too young to have heads of concrete, and too old to be playing pranks. In this society, which has lost the belief in the next generation, which lives in the here and now for the direct gratification of the senses, the only hope is that the youths and young adults, won't adapt to the collapse of the doomed fads of the '68ers, but will instead seek better ideals, from thinkers who have really brought mankind to a higher level.

Therefore, a whole array of young candidates are also campaigning with me on the BüSo slate for the Berlin House of Deputies and the borough councils. Our belief in the future does not derive from romantic sentimentality, but rather from the fact that we are dedicating our lives, not just to short-term changes, but also to achieve a durable renaissance of Classical culture and science.

We will only be able to reorganize the world financial system and create new jobs, when we go beyond the contemplation of our own navels. A humanist renaissance in politics, economics, culture, *and* science is the minimum that is necessary, for human civilization as a whole to free itself from the current "childhood diseases" of mankind, and to begin to take steps forward.

The '68er generation, having dominated the parties and politics for some time with their neo-liberal and green pipe-dreams, has fundamentally disqualified itself in the eyes of all those whose existence depends upon standing with both feet in the real world. It is time that people who know better, change their voting habits and give fresh ideas and fresh minds the chance to take their own future in hand.

Yours,
Daniel Buchmann

International Intelligence

Brazil Could Triple Uranium Output in 3 Years

This is the conclusion of the Brazilian Nuclear Industry (INB). With the opening of a new uranium mine at Santa Quitéria, in the state of Ceará within the next few months, Brazil's uranium production could jump from its current 400 tons to 1,200 tons a year, making Brazil the fifth largest uranium producer in the world, after Australia, Kazakhstan, Russia, and Canada.

With that production increase, Brazil will be able to supply not only the uranium needed for its two existing nuclear plants, and the third which was started and then stopped two decades ago, but the National Nuclear Energy Committee has reportedly proposed that Brazil could also begin exporting yellow cake, processed in its newly initiated uranium enrichment plant. *Gazeta Mercantil* argued in its June 22 editorial that such plans are too controversial to be adopted, given the international crisis over Iran's enrichment program, and domestic opposition from the environmentalists and austerity advocates. Any export of yellow cake would require approval by the International Atomic Energy Agency (IAEA).

The Brazilian Nuclear Program—a global review of where Brazil's nuclear industry stands and where it must go from here—is now in the hands of the executive branch, which is soon supposed to make final decisions, according to Brazilian news accounts. One of the big issues to be decided, is whether Brazil's already-begun third nuclear plant, Angra 3, will finally be finished, 20 years after its inception.

China and South Africa Sign Nuclear Agreements

A Chinese delegation led by Chinese Prime Minister Wen Jiabao and Foreign Minister Zhaoxing Li, signed agreements on nuclear energy cooperation while on an official visit to South Africa, according to the June 21 South African daily *Business Day*.

Tseliso Maqubela, chief director for nuclear power in the Minerals and Energy Department, said the agreement with China would "set a good framework for co-operation with a strategic partner. The agreement has a number of key points including . . . the mining of uranium [and] South Africa and China's joint development of nuclear reactors." He went on to say, "Another key point of the agreement will be the exchange of personnel between South Africa and their Chinese counterparts" in the nuclear field.

They also discussed cooperation in certain areas on the development of South Africa's Pebble Bed Modular Reactor (PBMR). China is developing its own high-temperature reactor (HTR) based on similar German-derived technology. Both countries have already signed a memorandum of understanding where there would be cooperation on certain key components of the PBMR and China's HTR.

On the question of the PBMR, South African President Thabo Mbeki said that "The two countries have been communicating with each other with regards to this, and I am quite certain that we will be able to develop a system of cooperation between the two countries to develop this system of technology."

EU-U.S.A. Declaration Challenges Russia

A declaration was issued after the June 21 talks in Vienna between U.S. President George Bush and Austrian Chancellor Wolfgang Schuessel, in his capacity as head of the European Union. Stating that the EU and the United States "attach great importance to our relationship with Russia," the declaration devolves into a laundry list of bad behavior attributed to Moscow: "We are concerned about some recent developments in Russia and the region and will work with Russia to promote energy security, the application of the rule of law, an independent judiciary, and full respect for human rights, including free and independent media and a vibrant civil society, and a resolution of frozen conflicts in the region."

The U.S.A. and EU evidently intend to push all of these boilerplate issues onto the agenda of the St. Petersburg Group of 8 summit in July. In addition, the declaration reportedly criticizes Russia's policies vis à vis sanctions against Iran, relations with the Hamas movement, and relations with President Alexander Lukashenko of Belarus.

Ivanov Sees Spread Of Nuclear Weapons

Russian Defense Minister Sergei Ivanov said at a press conference on June 30 that more countries than ever have the potential to develop nuclear weapons, and warned that individual states and terrorists had been partly successful in attempts to obtain sensitive technologies. He said that export controls in Russia had to be tightened, adding that Russia would ensure tough controls over the Bushehr nuclear power station it is building in Iran.

In addition to the official five nuclear powers, there are India, Pakistan, Israel, and North Korea, he said; and he thought another 20 countries had the potential to develop the bomb. Ivanov warned that about 25 states either had ballistic missile systems or would be able to build them in the foreseeable future. "The arsenal of delivery means for weapons of mass destruction is vast," he said, adding that some states, as well as certain organizations, primarily terrorist groups, "are attempting to gain access to sensitive technologies and products by any means, and sometimes they succeed in this."

Ivanov criticized U.S. media reports that Iranian missile specialists were trained at an aerospace university in southern Russia. "We checked this information and confirmed it was a hoax," he said. He said that it was a clear example of purposefully politicizing the issues of real cooperation, in the guise of efforts to combat the proliferation of weapons of mass destruction. "I have to say that unfortunately, the U.S. often considers high-tech ties with Russia, including cooperation in space research and civilian nuclear energy, exclusively through the prism of the Iranian problem," he said.

Editorial

Fascist Felix and the DLC

Investigations by the LaRouche Political Action Committee and *EIR* have determined, without a shadow of a doubt, that Felix Rohatyn is a fascist front-man for the Synarchist International, the group of bankers which brought us Hitler in the 1930s, and is eager to take global power today. No wonder then, that Felix's firms and colleagues are systematically taking down the productive capacity of the United States, serving as an authentic Fifth Column to destroy our nation.

How then can anyone who calls himself or herself a "Democrat," associate with Felix Rohatyn?

Not all Democrats embrace Felix, of course. As we pointed out in our June 16th issue, the "Democratic" group which most fervently promotes Rohatyn is the Democratic Leadership Council (DLC), the bastion of right-wing Democrats which was founded explicitly to "supersede" (read, destroy) the legacy of Franklin Delano Roosevelt in the party. The DLC has been paid well to carry out this anti-FDR campaign. As we documented in that issue, the very same right-wing neo-con foundations which launched the anti-Constitutional campaign known as "Clintongate," have been significant funders of the foundations which support the DLC. These are institutions such as the Harry and Lynde Bradley Foundation, which is one of the major supporters of the American Enterprise Institute and the Heritage Foundation—but finds it useful to promote similar ideas through alleged Democratic channels, such as the DLC.

Now it appears that Rohatyn himself, through the Felix and Elizabeth Rohatyn Foundation, is also a significant funder of the DLC.

According to 990-PF reports filed with the IRS, the Rohatyn Foundation gave grants totalling \$115,000 for the years 2001-04 to the Progressive Policy Institute (PPI), one of the two tax-exempt organizations which are closely related to the DLC. PPI publishes the DLC's magazine *Blueprint*, while the other leading foundation funding the DLC, the Third Way Foundation, solicits funds to promote DLC activities.

Don't let the apparently small amount of the contributions fool you. Rohatyn's financial support for the DLC amounts to his "blessing" upon that institution,

and is used by the DLC to attract a lot of other money. The DLC is getting Rohatyn's money because it is expected to do Rohatyn's fascist work!

Upon being briefed on this new, explicit link between Rohatyn and the DLC, Lyndon LaRouche emphasized that the campaign to politically destroy Felix has to escalate until he is finished. The DLC, which already is known for its organized crime taint, derived from the role of Michael Steinhardt, and others of its founders (including with money from Bill Buckley), is now exposed as a tool of the fascist deindustrializer Felix Rohatyn. Thus, any Democrat who is taking advice from the DLC, is being made a puppet for the very policies which are destroying the lower 80% of income-brackets in the United States.

The DLC says it's for "middle of the road" politics. In fact, it is insisting that the party move away from the policies of Franklin Delano Roosevelt, the very policies of government-directed credit, infrastructure-building, and support for improving the living standards of those who had become forgotten men and women under the Coolidge-Hoover Administrations, the policies which FDR implemented in order to make our nation strong enough to defeat fascism, and make ourselves the industrial hope of the world. Because it opposes FDR, the DLC tells "Democrats" to vote against the auto industry, against American manufacturing, against the American people.

American patriots cannot allow this subversion to continue. Under the current conditions of global financial and economic crisis, the *only* alternative to the imposition of global fascism (called globalization) is a return to the principles applied by FDR. Lyndon LaRouche has laid out precisely how to implement FDR's principles today. Felix Rohatyn has gone into an all-out campaign to try to block LaRouche's efforts, because they are the only approach which can stop his fascist global scheme.

The reality should be clear: There is no way to save the economy, and the people, of the United States unless Felix Rohatyn is politically destroyed. Break the Democrats' ties to fascist Felix now—before it's too late!