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## From the Associate Editor

As we go to press, the fate of the United States, and indeed, the world, hangs in the balance. As Lyndon LaRouche put it in the conclusion of his Jan. 11 webcast address, which we reprint in full in this issue:

“What I’m thinking today, as I worry about what’s happening in the Senate today and tomorrow, will they capitulate and let this Alito pass? If they do, the existence of this nation is in jeopardy. *Everything hangs on it.* Often in the course of events, you come to a battlefield where you must win the war on that battlefield. That battlefield will not decide history as such, but the outcome of that battle will determine whether you *can* decide history or not.”

The crucial background for LaRouche’s evaluation of Alito is contained in the feature package in our last two issues: the philosophical roots of the Cheney-led drive for dictatorship in Hitler’s chief legal toady Carl Schmitt; the nature of the Federalist Society as a body dedicated to those Schmittian ideas; and the systematic takeover which members of that body, founded in 1982, have carried out within the Judiciary and the Executive branch.

Of course, LaRouche himself had identified the fascist thrust of this Administration back in 2001, when he presciently warned that, if John Ashcroft were confirmed as Attorney General, he would be a key participant in establishing a police state, à la Herman Göring after the Reichstag fire, and the powers of the Congress to check it would be destroyed. In effect, that happened, until the Senate began to come to life more recently, under LaRouche’s prodding.

Today, we face another such turning point, with higher stakes, as our coverage of Southwest Asia and the global financial disaster shows. Fortunately, the American people themselves are beginning to smell the stench of fascism, and evincing an “impeachment” mood. All they lack is the decisive leadership of our elected officials. EIR is doing its part; we count on you to do yours.

Nancy Spannaus



# EIRContents

## Cover This Week

*The U.S. Supreme Court is threatened with being turned into a Nazi 'people's court,' if Judge Sam Alito is confirmed. Shown here is the court of Nazi Judge Roland Freisler, presiding over the trial of those involved in the July 1944 assassination attempt against Hitler.*



Library of Congress

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LaRouche issued a sharp warning to the nation in his Jan. 11 webcast, stating at the outset: "As a great American patriot once said, 'These are times that try men's souls.' These are *grim* times. We have presently going on, in the Senate, a hearing of a man who *lies*: Sam Alito. The man's a liar. He's a member of the Federalist Society, which is a society assembled around the ideas and influence of a man, Carl Schmitt, who crafted the *Adolf Hitler Administration*. . . . And you have Senators who should have more guts, who are waffling, or being weak, in dealing with this fact. *There is no honest debate about bringing Adolf Hitler and his tradition into the government of the United States*!"

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**Correction:** In the Jan. 6, 2006 *EIR*, in "The Case of Baltimore: Deindustrialization Creates Death Zones," William Donald Schaefer was erroneously identified as Mayor of Baltimore when plans for Baltimore real estate development swindles were formulated in the mid-1950s by the Greater Baltimore Committee (Baltimore's 100 largest financial and other businesses). Schaefer's Mayoral term in fact ran from 1971-1986. In 1955, Schaefer was elected to the Baltimore City Council from the 5th District, and remained there until he became City Council President in 1967, where he served until he became Mayor. Under Mayor Schaefer, the initial, stalled redevelopment projects of the Greater Baltimore Committee, the Charles Center and Inner Harbor projects, were completed—the first of many more to come.

## LAROUCHE WEBCAST

# Senate Needs Guts To Defend Nation From Nazi Takeover

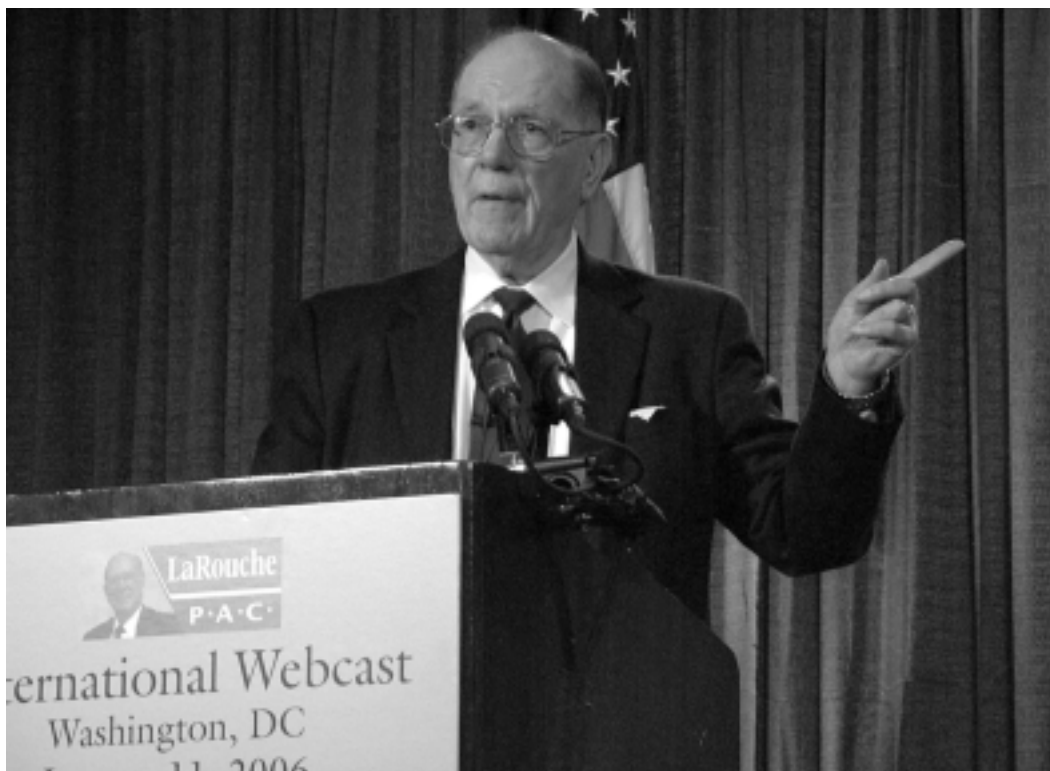
*This is a transcript of the international webcast by Lyndon H. LaRouche, Jr. on Jan. 11, 2006 in Washington, D.C., "Rebuild a Looted U.S. Economy." The dialogue with LaRouche appears after the main presentation. The animation on the decline of Baltimore, shown during the webcast, can be viewed at <http://www.larouchepac.com>, and a full audio/video of the webcast is also available at that site. The webcast was moderated by Debra Hanania Freeman.*

**Freeman:** Good afternoon. My name is Debra Freeman. I serve as Lyndon LaRouche's national spokeswoman and his representative here in Washington, D.C. And on behalf of the LaRouche Political Action Committee, I'd like to welcome all of you to today's event.

As you know, in addition to those of you who are gathered here in our nation's capital, this seminar is also being broadcast live over the internet. For those of you who are listening via the Worldwide Web, we welcome you as well. I think you know the normal format of these events. . . .

I think that today's event, without question, will have historic significance. It takes place at a time of incredible turbulence in this nation's capital. We are faced with a situation where we have an Administration, both a President and a Vice President, who seem to be desperately driving forward in what really is nothing less than the equivalent of an internal fascist coup, against Constitutional rule. As a result of Mr. LaRouche's efforts in particular, over a long period of time, the depth of understanding of what is at stake, is, I think, at a higher level than it has ever been. That understanding is enhanced by the recklessness of the Administration's behavior.

It also cannot go unmentioned that part of what undoubtedly drives this recklessness, is a global financial system, and a U.S. physical economy, that is disintegrating at a rapid rate. It's a problem which requires *immediate* emergency attention. It's a problem which Mr. LaRouche is prepared to solve. But it is also a problem that can only be adequately addressed once this drive toward an internal coup is



EIRNS/Stuart Lewis

*"These are grim times": The Senate needs to find the guts to stop Alito, a member of the Federalist Society from becoming a Supreme Court Justice, LaRouche said. The Federalist Society, organized around the ideas of Nazi jurist Carl Schmitt, already controls three of the nine Justices.*

stopped, and is stopped dead in its tracks.

Our seminar today also takes place, in the midst of a "Week of Action" by Mr. LaRouche's Youth Movement, by elected officials, and by trade union leaders, who are similarly coming into Washington in an effort to lend "critical advice" (if you will) to our elected representatives.

As I said, it's a period of *enormous* volatility. Things are happening very quickly. But it is also a period where I think we can make tremendous gains, and I don't think there has been any other time, when Lyndon LaRouche's voice has been heard more clearly in this nation's corridors of power. And that is, without question, a good thing.

There are certainly many more things that I can say, and there are probably more things that I will say when we get around to the Q&A. But, I know that all of you are very anxious to hear what Mr. LaRouche has for us today, as I know I am. So, really without any further delay, I'd like to ask you to join me in welcoming Lyndon LaRouche.

**LaRouche:** Thank you. Thank you, all.

As a great American patriot once said, "These are times that try men's souls." These are *grim* times. We have presently going on, in the Senate, a hearing of a man who *lies*: Sam Alito. The man's a liar. He's a member of the Federalist Society, which is a society assembled around the ideas and influence of a man, Carl Schmitt, who crafted the *Adolf Hitler administration*. Carl Schmitt, who lived in this country for some time, and influenced the formation of a Federalist Society, which now controls *four* of the nine Justices of the Su-

preme Court. And a fifth member of the Federalist Society, who, lying his head off up there on Capitol Hill, is about to be confirmed! And you would have five, out of nine Supreme Court Justices *prepared to endorse a fascist government in the United States!* And you have Senators who should have more guts, who are waffling, or being weak, in dealing with this fact. *There is no honest debate about bringing Adolf Hitler and his tradition into the government of the United States!*

Most of the American people are becoming extremely angry about this situation. But some people who at other times are leaders, in the moment of crisis, *when men's souls are tried, grim events grip them*, and for the sake of learning to get along with the enemy, they compromise. And then, they are compromised. And then, our system of government is compromised.

That is grim!

We also have a situation in Israel, which is extremely tricky and dangerous, and it involves Bush, but most specifically Cheney, Vice President Cheney. As you know, Ariel Sharon is very seriously ill, is crippled, and will probably never again participate in a government in Israel. Whether he will live or not, is also in question, given his condition. Or whether he's able to function at all, if he lives, is in question.

The threat is, that a Benjamin Netanyahu, who is one of the ugliest characters on the Israeli scene, of any significance, is in discussion with the circles of Vice President Cheney. And Vice President Cheney would like to have an attack on Syria, by Netanyahu. And if the Israeli forces in this strike

attack into Syria, were to occupy some territory, they would haul some evidence from the desert where the Israelis are holding it, which they created for this purpose, to try to “prove” that Saddam Hussein had had weapons of mass destruction, but had moved them into Syria. But this “evidence” would be moved into Syria by the Israelis from the Israeli desert, where it’s being housed in preparation for this operation.

That’s what’s going on.

We could have the entire region of Southwest Asia, blow up. And a lot more soldiers being killed suddenly, because of this complication—[more] U.S. soldiers—than there have been so far.

This is a *grim* situation, in which virtual *treason* by the Vice President of the United States, who is a known liar, threatens civilization, and our civilization here in particular.

We also have, as I shall address this here today, with one case, the problem of disease. We have a disease condition, as you shall learn today, in summary, in the City of Baltimore, but also elsewhere in the country, in which present policies of government are totally inadequate. These are grim conditions. The avian flu threat is typical of the reasons for fear, of these conditions.

Nearby, in Northern Virginia, there’s a county called Loudoun County. Loudoun County is ground zero for the greatest financial real-estate collapse in modern history. The entire international financial system, the mortgage part of the system, the mortgage-based securities—the mortgage-based part—has been ready to blow for some time. This is true in England. It’s true in large parts of the United States. It’s true in this particular county: The thing is *ripe to blow, at any time*. You have, out there, you have shacks which are priced at \$400,000 cheapest, \$600,000, the Hollywood-set-style shacks, put together not with nails but with tacks; put together with basically slave labor imported from Mexico and other places, to assemble these shacks. It has been a seller’s market, and you have actual shacks going up for a million dollars a crack. All kinds of wild speculation in mortgages. And the greatest concentration in the United States of that, is Loudoun County, the place where I reside: It is ground zero for the greatest financial explosion in modern history, with many other parts of the United States, and Europe—Spain, England, and so forth—involved.

And what’s going to happen to the people, if there’s a mass foreclosure on the mortgages, in a densely populated Loudoun County, now? Where people have virtually no equity, and are threatened with being dumped in the streets, their incomes cut off, and thrown into destitution, when they had been told they were “getting into the good life”?

What is the government going to do? Under this government? Look at what happened with Katrina, in Louisiana and the lower Mississippi. What will this government do?

These are grim times.

Now, in grim times, people tend to become desperate, and

frightened, and become incompetent, incapable of responding to the situation in a rational way. This has often happened in history. And there are certain people who have understood how to deal with this kind of problem.

One of them was a fellow called Boccaccio. He comes from Florence, the area of Florence. And the events that he refers to occurred during the period of the Black Death, a period of a great financial crisis, like the one threatening the world today, in which one-third of the population of Europe was wiped out. Half of the cities, these parishes, in Europe, were wiped out. And roving bands of mad people, went from place to place, looting, in great mobs—they were called the Flagellants; they would whip each other, and go out in mobs and loot—that’s the way they would live.

So, this happened—the Black Death. And Helga and I sat, one evening, back in the 1980s, on a hillside, across the Arno from Florence, in the same place that Boccaccio and his companions had sat, when he wrote the *Decameron*. And think of the content of the *Decameron*: Here they are, people who are outside the plague area, sitting on a hillside, looking across the River Arno, down into the city of Florence, where bodies are being dropped in the street, from this epidemic.

This kind of thing is potentially going to happen here, in a depression. And the case we refer to here, in the case of what’s happened in Baltimore, Maryland, is an example of how that can happen: These are grim times. And they require, what Boccaccio did—was to present this situation, with irony. Not with slapstick humor, but with irony. And the fact that people could see the irony of the situation, enabled him, with the aid of *Decameron*, to pick up the spirits of some of the people of that time. And they mustered the courage to go on to create what became known as the 15th-Century Renaissance, which was the beginning of modern European civilization.

So, sometimes when you face grim times, as now, you must reach deeply into your sense of humor, to lift people up to, in a sense, laugh at the ugliness of fate. And in laughing at such fate, to find the strength in yourself to see clearly what can be done, rather than whimpering, and whining, and screaming, about how awful the situation is.

You have another case, in François Rabelais, in the earlier part of the 16th Century: One of the great thinkers of our time is known as a humorist. But he was much more than a humorist: He was a priest, he belonged to several religious orders; he was a physician, by practice; he was a very learned man, one of the most learned men of his time. He ran about, in fear of death, because he was targeted by powerful forces at that time. And he wrote the *Gargantua and Pantagruel*—which people treat as a piece of ribaldry! But not! It’s actually a cartoon, on the character of the times in which he lived. And like Boccaccio with the *Decameron*, he portrayed accurately, the ridiculousness, the absurdity, the degeneracy of his times, but did it in such a way that he uplifted people, *to think*, and to use their minds. And he helped lay the basis for later positive developments in France.



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from an 1868 edition of Don Quijote (Cervantes)



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*The insight of great thinkers in history, like (from left) Giovanni Boccaccio, François Rabelais, Miguel Cervantes, and Jonathan Swift, helped change grim times in the past. "Sometimes when you face grim times, as now, you must reach deeply into your sense of humor, to lift people up to, in a sense, laugh at the ugliness of fate. And in laughing at such fate, to find the strength in yourself to see clearly what can be done. . . ."*

You have a third case, the case of Miguel Cervantes, in Spain. Spain, at the time he wrote his famous *Don Quixote*, was a terrible place—an aristocracy, a King who was insane and totally immoral, Philip II; and the Spanish people had degenerated from the high level of culture they had represented in the *middle* of the previous century. They had degenerated under the influence of the Inquisition, and under the influence of war, into becoming Sancho Panzas, who could do nothing for themselves, except stuff their guts!—and be ridiculous. You had an insane ruler, and an insane, immorally insane, people! And Cervantes wrote of that, and he wrote of it with humor and insight, and laid the basis of inspiration throughout Europe, that terrible conditions like this, can be dealt with, because you have a sense of humor and a higher sense about it, which is required today.

There's a fourth one I would refer to, similarly: Jonathan Swift. Now, Jonathan Swift is very important for us in the United States today, because he was the political leader of a faction in England, which was trying to save England from the threat represented by William of Orange and his heritage. He was part of that circle associated with the influence of Gottfried Leibniz, and actually the direct, personal influence of Gottfried Leibniz, the greatest scientist of that time. And they were trying to save England, over a question of the monarchical succession. And they lost.

But in this period, he wrote things like *Gulliver's Travels*, which is a study of the sociology of that time, which was very decadent, and very decadent times. And his humor, and the influence of Swift, was an important part of mobilizing people to build what became the United States, during the course of the century.

We've come to such a time.

## An Ironical Family History

Now, take a case—to get a sense of irony, take a look at my family history. My family came into what became the United States, in the second quarter of the 17th Century, between the time of the establishment of the Plymouth Colony in 1620 and the middle of that century. The family started—they were mostly English, and Quakers, and people such as people from the Netherlands; and they settled primarily—my family, that is, did—settled in two counties in Massachusetts: One, Bristol County which is in the south, which was a maritime area, a seagoing, seafaring area; and Essex County, which is in northern Massachusetts, which is, again, a seafaring area.

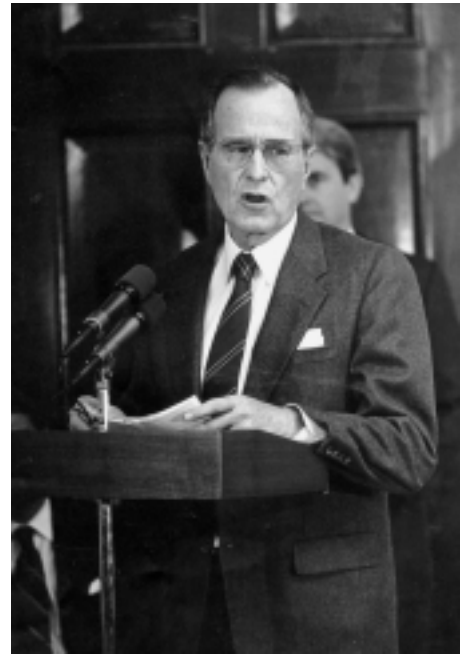
This family remained there, married there, lived there, but it sent elements into Connecticut, into Dutchess County, New York, and out to the center of Ohio, in the course of time. And then, in the middle of the 19th Century, we had immigrants from Scotland. I had a great grandfather who came here to join the First Rhode Island Cavalry, for the occasion of the Civil War. And his brother was quite a famous Scottish sea captain, and that family moved in. At about the same time, the Irish branch of my family moved into Essex County.

And the family pretty much was intermarried, among the same group of people, over all these centuries, to the present time.

And this is not atypical of the history of the people of the United States. That is, families that came here early on, in the 17th Century and early 18th Century. Because, the roads were poorer then, there was no rail transportation, certainly no air transport, unless you had some joy juice in your head—hmm? And therefore, marriage customs were such, that you would meet a family, and you'd approve someone, a boy or a girl



National Archives



EIRNS/Stuart Lewis

*All in the family: LaRouche's "family tree" is very diverse—including Lizzie Borden (left), Marilyn Monroe (center) . . . and George H.W. (right) and George W. Bush. "In terms of looking at the ironies of the history," LaRouche said of the latter two, "The fact that I have these two skunks in my family tree is something that enables us to look more clearly with perspective on what stands before us."*

from a certain family, and your family would sort of approve of this relationship, and that would lead to a marriage and the establishment, with the help of the relatives, of a family. And so, families tended to intermarry, not for purposes of incest—except in some cases, hmm? But, because that was the way things were. Those were the conditions of life.

And marriage then was a serious business. Today, it's a very frivolous business; you marry one person today, another person tomorrow, and so forth. And it really is not that serious. And you may have babies, but you're not quite sure who had them.

But, in those times, they took it more seriously. Mortality being what [it was], and the question of social security being a matter of families, families clung together, cooperated together, knew each other, and if they would find somebody beyond the second cousin range, they'd marry someone in that connection. And that's the way it worked.

So, in this period, you had a group from France, who had arrived in Quebec, who had arrived from France in the same period, in the second quarter of the 17th Century. And eventually, they came migrating down to Bristol County in Massachusetts, and they began intermarrying with the Scottish and the English and whatnot—the Quakers and whatnot. And then, you had, of course, as I said, the Irish who came in from Ireland in the middle of the 19th Century, and settled in Essex

County. And they also had connections through this. And that was the family.

Now, the family's kind of interesting: Some of them are famous—we had one of the great leaders of the anti-slavery movement, one of the Quaker leaders, people like that. But we also had some curious cases, which brings us to the point. We have, for example, in the family, you have Marilyn Monroe.

You also have—one of less gentle disposition—Lizzie Borden, the famous axe-murderer. You know:

Lizzie Borden, took an axe  
And gave her mother 40 whacks!  
And when she saw what she had done—  
*She gave her father forty-one!*

We also have Winston Churchill, who married into the family, or his parents married into the family; Rudyard Kipling, married into one branch of my family.

And then—last. Let me tell you . . . President George H.W. Bush and George W. Bush, Jr. *are members of my family!*

I unburden my soul!

But, there's a special part of this family—that the family was innocent, until the descendants of Franklin Pierce began



smelling around and sniffing around, for marriage's purpose. And the Sherman family, which is a branch of the family, from Connecticut, was "Pierced" many times! And they produced cousins, and they began marrying cousins with one another, and finally you get George H.W. Bush—who's a product of the Pierce family, and who marries a Pierce—hmm?

Well, his father, Prescott Bush, was evil. He was one of the people who helped finance Hitler's rise to power, from New York City. Not exactly a kindly recommendation. But he was bright. Then, you had George H.W. Bush, who was *not* bright—and who *was* evil, but who had some smart advisors, and he had at least enough intelligence to listen to them, once in a while—not all the time, but once in a while (if he could understand what they were saying!). But then you have this specimen now, George W. Bush, Jr., who is psychotic and evil—and doesn't have any intelligent advisors.

And this just shows you, that maybe there's something to those who say that inbreeding leads to degeneracy. But, whatever's going on, this family has got to stop, now!

But, that's the way, in times like this, in times that try men's souls, in grim times like these, you have to look at things like that, and see what is true—because, what I just said about the family history is all true! But in terms of looking at the *ironies* of the history. The fact that I have these two skunks in my family tree is something that enables us to look more clearly with perspective on what stands before us.

## The Republican Idea of the United States

The other side of this, the good side, is, that what those people brought into the United States, or what became the United States—they were *not* just refugees from Europe! Some refugees came, in good time, when the reputation of the freedom in America, as the only place to go to, attracted them. But the original settlers were not fleeing from Europe; they were inspired by the idea of building a nation in North America. A European nation, open to Europeans from various parts of Europe, who would build a true republic. The paradigm of this, originally, was, of course, the Massachusetts Bay Colony, and to a certain extent, the Plymouth Colony before it. That was the purpose: to build a better society, an idea which, for example, you have in Sir Thomas More, who wrote of these kinds of things.

The idea of going abroad from Europe to build a better society, was a project launched in the second half of the 15th Century, launched by Cardinal Nicholas of Cusa, who set up the program of international navigation, into the Pacific and the Atlantic, in order to engage people in other parts of the world, with the idea of building up a proper sovereign form of nation-state, by this civilization. So Sir Thomas More represented that; many people in Europe represented that. They saw the corruption in Europe, and people—not people of destitution—but people of courage, who believed in the equality of man, said, "Let's set up a society in North America—or societies in North America—where we can use the best ideas

of Europe, *free of the European burden of oligarchy*, of a ruling aristocracy, of a ruling elite."

This was characteristic of the Massachusetts Bay Colony. It became, to a certain degree, part of the Pennsylvania colony. At a later point, it became a part of the development of Virginia, in the 18th Century in particular, after people came from England, after the defeat of the English cause—and came *here*, to New York State, to Virginia, and elsewhere, to build up a republic. These were the ideas of the Winthrops who built Massachusetts. These were the ideas of the Mathers, including Cotton Mather, who produced Benjamin Franklin. These were the ideas of the leaders who created independent states in North America, admittedly under the King, but independent of the British Parliament. And attracted people from various parts of Europe.

The same intention existed in Quebec, another side of my family, which was shipped over by Colbert into Quebec, in the second quarter of the 17th Century, to build a society, in North America. That the characteristic—well, my Scottish ancestor—he was a bit of a drunk and a saber swinger, and a professional dragoon! But he came from Scotland, *to fight against slavery*, and joined the First Rhode Island Cavalry to fight against slavery! And made it his home here, in the fight against slavery. His brother was a sea captain, who came here, a Scottish sea captain, White Star Line, hmm? Took the first ship built in Bristol, in southern Massachusetts—in New London, Connecticut, rather. And took the first ship, steam ship built in that quarter, and took it down to Argentina. People who participated in building the nation—and that's our legacy.

The Irish came over in flight, but they became part of it—with the Condons and O'Gradys. Part of the same thing, in the same part.

The nation was built on a tradition, not of flight, not of poor people who were inferior to Europeans, but people who represented the best of the European citizenry: those who believed in a republic. Or something we call today, "a republic." We shared that. *And that is our strength.*

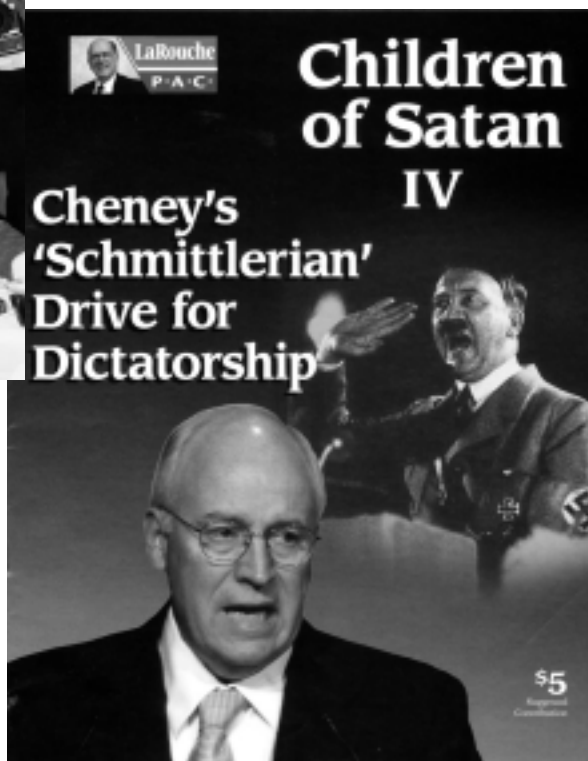
We, then, took in people, from Europe, who were the poor, who were in flight, who were destitute. We took them in, especially after the Civil War. Yes, and they became part of our tradition. But we are not just Europeans! We are a distillation largely of Europe, of those Europeans who believed that we must build, in this North America, we must build a *republic* which would be a symbol, a bastion, a leader, for establishing the same kind of freedom in other parts of the world. And that's what is *within us*, *which is our source of strength: a source of strength, which lies in families such as my own!* With all their shortcomings and their variations, and so forth. The idea that *we are a nation.*

The last time I really saw a surge of this, was during World War II, where there was awakened in the United States, despite the fact it was provoked by the Pearl Harbor attack, there was awakened the sense *that we had to save the world!*



EIRNS/Stuart Lewis

From Dick Cheney, to George Shultz, to Felix Rohatyn (above): "The issue is Hitler, and we can't have him here." "The enemy is a financier group," LaRouche said, "which does not believe in a republic, which believes that private banking syndicates, which create and control money, should enslave the entire human population to the will of this banking group."



*We did save the world!* We saved the world from Hitler—up to the point that *this* nominee for Justice of the Supreme Court, a man who advocates *Nazi ideas*—in a Supreme Court that already has people who have *Nazi ideas*!—threatens to destroy everything this nation has stood for, even before it was a republic, back at the time that my first ancestors came to these shores, in the second quarter of the 17th Century.

There's a continuity in our culture—which many of us sometimes lose sight of, or don't know well enough—of what is justice, what kind of a world we want, what kind of a system we want. And therefore, when we see these kinds of things, and come into bad times, into grim times as now, when the system is about to crash, the financial system of the world is about to go under, and there's no government yet in sight prepared to deal with it; when the threat of Nazism, or something which is a product of the same thing, threatens to take over, even the United States, in these grim times. We must draw in this country upon ourselves, and draw upon the deepest roots, across many families, and say, "Okay, we do have a couple of Bushes, but we also have a lot of strong trees."

## The Issue of Fascism

Now, let's just take, first briefly, this issue of fascism. The reason I'll deal with it briefly here, is because we've published some material in *EIR*, and a pamphlet which is on the streets, this *Children of Satan IV*, which does document a lot of this

material. There's no question, the Federalist Society is a pro-Nazi society. Justice Scalia is already a member of that. Other members of the Supreme Court are members of that. Bork, who was rejected by the influence of Ted Kennedy, was a part of that. And this Alito, is a *lying* part of it. He *is* a supporter. He joined the Federalist Society, which is a society of the *Hitler tradition*, with consciousness of what he was joining! And he says, he does one thing one day, has one client one day, and another client the other day—*bunk!* He *joined* the Federalist Society! Which is equivalent to Nazi society. It's like having a Nazi Party card. And the issue is not his opinion on law—*that's* the issue!

The issue here, the way it formed—. The Nazi Party didn't form itself, it didn't create itself. Somebody created it, as a tool, as an instrument of power, as many things have done. Like the Ku Klux Klan, which was created, as an instrument of power—it wasn't spontaneous at all!

It was created by what? It was created by people who opposed what we

consider our form of government. Europe, at that time, was dominated by a financier cabal—like today, Felix Rohatyn, an American immigrant, who was one of the people who put Pinochet into power in Chile. Pinochet is a Nazi. These guys, with Pinochet, and with the support of Henry Kissinger, ran Operation Condor, which was a death squad operation across the southern part of South America! The same people ran the death squad operation, under the nose of George H.W. Bush, when he was Vice President, in Central America! These are the people who have taken over the right wing in Mexico; and are trying to do various kinds of things like that there.

So, this is the enemy! The enemy is a financier group, which does not believe in a republic, which believes that private banking syndicates, which create and control money, should enslave the entire human population *to the will* of this banking group. They believe, as Felix Rohatyn has said—and has threatened me, personally, on this account! He said, "The world must now be run by syndicates of bankers, which are more powerful, and must remain more powerful than governments." Governments, if they were allowed to exist on this planet in the period of globalization, will be errand-boys for financial syndicates which are more powerful than governments. And they intend to keep them that way.

They intend to destroy us—for this purpose!

They need an arm, to enforce dictatorship, of *their* system, the system of Felix Rohatyn, the Big MAC system. And re-

member, that Felix Rohatyn was the key man on the financial side in *putting Pinochet, and what he represented, into power in Chile!* And he wants to do the same thing today. And some people think he's a Democrat.

But—George Shultz, the same thing. These kinds of people, who are behind Dick Cheney. Cheney's nothing! Cheney's a bum! A complete bum. He was a sulking thing on a high school campus. There's a girl there, later his wife. She's the "Campus Queen"! And he's a Lump. Their ways part, for a while. He goes to university—and he's dumped (which is one of the better things that sometimes happens). He goes out and tries to get a job as a lineman, and they won't let him get up a pole; they don't trust him up a pole. So, then, she comes along, and she decides she wants a stud—I guess she ran out of dogs, hmm? So, she takes him out, she marries the scum, sends him to college, gets him his job; gets him in with the British royal circles, which is the Liberal Imperialist crowd in London, makes the connections for him. And then he's picked up by these guys, and he's used! He's used in various stages of his life. He avoided the draft—scrupulously. He managed to get his wife pregnant, which is how he was able to avoid the draft. (I don't know how that happened. There's some speculation about what goes on in that bedroom. You know, this issue of torture, hmm? I think she chains him up at night, outside the house up there at the Naval Observatory.)

But, anyway, he's nothing! He's nothing! He's only a thug. He's like a mafia enforcer. But he works for people like Shultz and George Shultz's friends. And they *use* him.

The difficulty in getting him to resign, with his illnesses, with the things against him, is, they won't let him resign! They would let George W. Bush, Jr. go first, because Cheney's more important to them than the President. So, getting rid of this guy is tough! That's why the hearings are so tough on the question of the Alito case, right now, this week. Because the Republicans are scared. I said, "Times that try men's souls." And I see strong men—men and women I've regarded as strong men, in the Senate—*flinching!* When the issue is: Are you willing to defend this nation from a takeover by Nazism?

The issue is not opinion. *The issue is Hitler!*  
And we can't have him here.

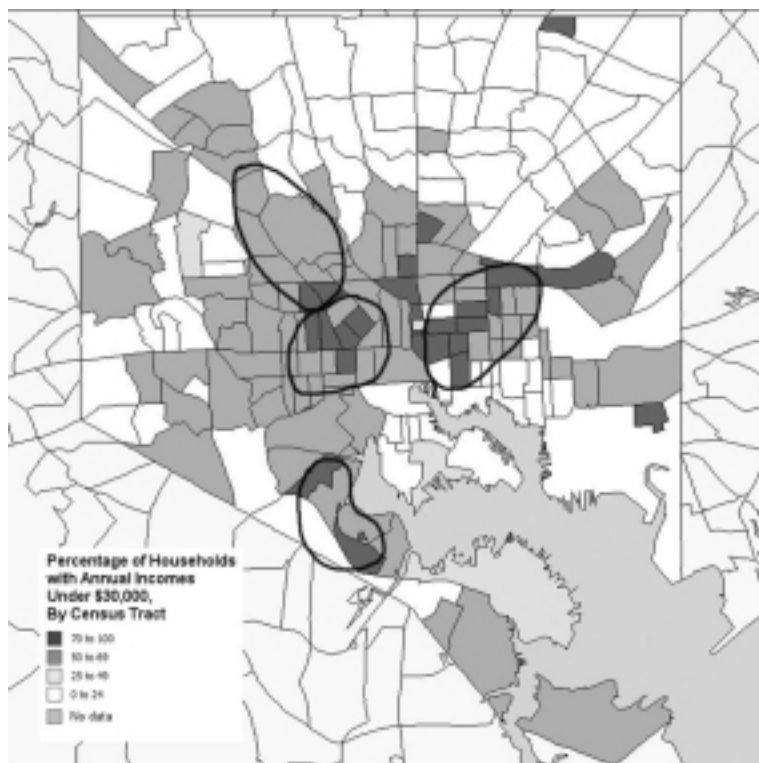
## Baltimore: Paradigm for Spread of Disease

Now, what I want to present now—We have a summary of a study we've done on a certain aspect of the city of Baltimore, which is not far from here. This was done on the basis of a

FIGURE 1

## Baltimore 'Death Zones'—Areas (Circled) of High Disease, Poverty, and Death Rates, Inside the City Borders

(Base Map Shows Percentages of Households with Annual Incomes Under \$30,000, by Census Tract, 2000)



Sources: EIR; U.S. Bureau of the Census.

Map produced by MapInfo

*In the 24 darkest census tracts, 70% of the households had an annual income under \$30,000 as of 2000. These tracts are core sub-sections of communities characterized by economic collapse, high disease and mortality rates, even measurable statistically as "excess deaths" compared to the national standard for current, age-adjusted death rates.*

number of factors, including some knowledge of the nature of the disease patterns in Baltimore; a disease pattern which is illustrative of what's happened to many parts of the United States. It typifies a problem which is not being efficiently addressed in the United States, today.

This is *grim*. The idea that a Nazi takeover of the United States, or followers of the Nazis taking over the United States *now, is the fight in the Senate, right now!* is grim.

This is also grim. So, let's present it. This is partly a video, and I'll comment on it afterward:

[The title of the animation is "From Industrial Powerhouse to Death Zones: A Case Study of Post-Industrial Decay. Illustrations include: U.S. Steel Production, 1860-2005; Baltimore: The Shrinking Job Base; Harford County, Baltimore County Depopulation; Baltimore Population Shrinks (over time); Baltimore, Excess Death Rates, 2000; Person-years



EIRNS/Stuart Lewis

*This neighborhood used to be housing for people who had respectable jobs and income enough to raise a family. Now it is typical of Baltimore's "Death Zones," areas of high disease, poverty, and death rates.*

Lost to Disease 2001-2004; Percent of Households Earning less than \$25,000/Year; Baltimore, 1970-2000: Industrial Employment vs Poverty.]

This may be somewhat difficult to follow, but I'll comment on it later.

This [photo of boarded-up, decrepit row houses] used to be housing areas for people who had an income, who had respectable jobs, who were raising families. This is a key part of it, the disease and death rate, in a certain part of Baltimore.

Now, what this represents, is this:

Overall, the picture is clear. There will be more detailed studies published soon on this. This is extremely important for people in the Congress and elsewhere, who have to deal with this problem. You may recall, back in the 1970s, we did a study, a projection of the increased death rates expected in the Sahel region of Africa, as a result of some policy changes which had occurred in 1971-72 internationally. All those things happened, including the locust infestation, which we

forecast. This was the first study of the type that we did as an organization.

Then, when the first report of HIV studies were clarified, at the beginning of the 1980s, we did a further study. And one particular study was important to us, because it was a key to some things in Africa—the HIV death rate in Africa, and the spread of the disease. We looked at two areas. One area, of course, was an area typical of that of San Francisco, where there was a high HIV rate. And also, we looked at a somewhat different area, south of Miami, in the Everglades region, of HIV death rates and infection rates, there.

Now, what the significance of that is, in this country, we were operating, up until the change in the law, we were operating under the Hill-Burton health-care policy. Then, under Nixon, at the beginning of the 1970s, we changed that, to what became the HMO system. Now, under the Hill-Burton system, we looked at health care, as something which was focussed county by county

of the United States, in terms of hospitals and similar institutions. Because, obviously, physicians are organized around hospitals and clinics and similar institutions. And therefore, by ensuring that we could deliver health care, hospital health care, or hospital-related health care—outpatient-type care—through hospitals and clinics, we assumed that if we provided the beds and facilities of the types required, county by county of the United States, with an improvement factor year after year, that we could apply the lessons of health care which we used in the U.S. military during World War II, where we had 16 to 17 million people under service, who had to be—needed health care! So, the U.S. military ran a health care system, for 16 to 17 million people and their dependents, wives, and so forth. We ran that, and we ran it very well.

But, we said, "Why can't we do the same thing, for the general population? It doesn't cost any more, because the prevention of loss, of doing this, more than pays for expanding the system to accommodate things." So, we ran a system up until the early Nixon years, in which year by year—and New York is a prime case of success—in other parts of the country gradually more or less, [had] improvements every year. Because, you would have money coming in from physicians, from health-care funds, and things of that sort—or government agencies. And they would make an annual budget, based on the anticipation of what they were going to do to care for the population, assuming that some people could pay for all or part of their care; some people could pay for none; some had various insurance programs, some had less; and it

**THE ANIMATIONS** in this section can be viewed at **[www.larouchepac.com](http://www.larouchepac.com)**

worked! New York City was a prime example of the success of Hill-Burton.

And then, under Nixon, they tore it down.

Now, in the old case, under Hill-Burton, you didn't go after the individual diseases by category. Yes, physicians treat diseases. But, you would look at—you would treat the population, not the disease. That's the difference. Your job in medicine is to treat the population, not the disease. Under HMO, you treat the disease, not the population. The disease walks in, and says, "I'm a disease. Treat me!"

But, the character of the thing, as physicians will tell you, that sometimes you find that people get an illness, and by going to a different area, that illness—they recover from it. If they stay in the same area, it's difficult to shake the illness. Because you don't have diseases, you have people. And you have groups of people, and they interact; and this interaction actually defines the way diseases function. And therefore, in care, you have to treat the population.

Now, what did we find in the case of HIV? In the San Francisco area, and in the Everglades area adjoining Miami, in Florida, you found a complex of various kinds of diseases and infestations interacting. And the population—as a doctor, Mark Whiteside, with whom we worked on this thing, documented from his work in this area—all the people in that area had the same diseases! The same infestations. So that, you would have an area where people would have the exposure to these diseases, and these infestations, and these conditions of life—like financially related conditions of life—and they would all have the same sickness. And they would all tend to transmit their sicknesses among one another. So, you would have a "blob."

In San Francisco, you had a "blob," where the HIV infection was interacting with other conditions, and facts, and diseases in the area. You had, in this area, this Everglades area, you had a blob. This is most clear in tropical disease areas, where the blob, normally, is most conspicuous.

You have boundary conditions. And it's not just the map, of say, the city of Baltimore—it's not a map, it's not certain streets, where on "this street," and "that street." It's the blob! Wherever this combination of disease and conditions of life exist, among a people, that defines the border of a blob. The blob moves, the borders move, it changes.

So that, in public health, and in other things related to that, in society, we have to deal with blobs. We have to treat blobs, not individual problems. And this study is based on that: That the city of Baltimore, which has turned into a post-industrial paradise, called Hell, has, in the middle of it, a blob, where people share, in and out of prison, share the same set of diseases! The same set of conditions. The same reduced life expectancy.

Now, obviously, from the standpoint of public policy, we have to treat the blob, not just the individual sickness. Under the Hill-Burton law, with that provision, we were tending by a natural way, to treat the blobs. The physicians, the institu-

tions, were reacting to the needs of the *patient*; and they would find patients with similar characteristics, in terms of disease and problems of this type. And they would recognize that people in that area had to be treated in a certain way, because they're part of what might be called "a blob."

When we went to HMO, we eliminated that! We went to a different approach—more and more. And we're now deliberately, as a matter of policy, *killing people, through the HMO policy.*

Now, this applies to many things, not just to illnesses as such. It applies to conditions of life; it applies to productivity.

For example, suppose you used to work as a factory worker, with some skill. Now, you're working as a waitress, or as a short-order cook in a restaurant. The fact that you have been downgraded, from a job at which you had a family income, into a job below family income, is not the extent of your problem. Your problem is defined if you live in a community, where this is characteristic of the community! Because, if the community is poor, everybody in the community will tend to be poor; everybody will suffer. We're not treating this problem.

We're losing mass transit, we're losing all kinds of things. And you look at a city like Baltimore: One of the primary, wealthiest cities in the United States! A great industrial center, with a great steel industry, with automobile manufacturing, with all kinds of things! One of the places you would prefer to live. Associated with great medical institutions, or one with great reputations. And look what's happened to it. It's been destroyed.

All over the country! Look at the state of Michigan! Detroit is virtually a ghost town—look at it! It's being destroyed. Look at western New York State; look at western Pennsylvania; look at the state of Ohio; look at Indiana! This whole complex used to be our steel center, our steel industries, our heavy industry. That gave us the equipment we needed for World War II. Look at the areas of California, that had a similar function, in terms of war production in World War II—look at the Kaiser Shipyards, this stuff is all gone. We have a blob!

Now, what we're doing, in terms of this, as to the perspective: We're conducting studies, which I started, which are based on examining these characteristics of populations, through every county of the United States. We're taking every county of the United States, and comparing them physically with the physical changes, year by year, over the past 40 years and longer, to see what the changes are, and to see the *patterns* of changes, which are going on in society. Because, in my view, the government, including the Federal government, must start to look at things in this way. And we have, with the use of modern computer technology—the computers aren't going to give us the answers, but the computers will give us the ability to show, what the data show us. In other words, the pattern of data will show us what is happening. And it's what is happening, that concerns us: How do we represent what is

happening? How do we show the characteristics of a certain process, under certain conditions? And we're doing that.

But, we're going to have to *change* as a nation. We're going to have to change the way we approach things, into looking at things in this way. To look at the changes, county by county, election district by election district, neighborhood by neighborhood, over a period of two generations or so. And try to understand lawfully, what the interactions are, within society, which determine this. We're going to have to take Baltimore, and we're going to have to save it. But Baltimore is only an aspect of a national problem of similar situations: We have to save the United States!

### Emergency Measures Required

Now: Go from that, to two other subjects I want to address in the remarks I'm presenting today. We can stop the crash. We can stop it cold. With our system of government, our Constitutional system, we can do that. But it's something that most people in government, today, wouldn't dare do.

Take the case of Loudoun County, which I referred to earlier. Loudoun County, ground zero for the biggest real-estate bubble explosion in modern history. What's going to happen when that bubble explodes? What's going to happen to the people who are holding the mortgages? What's going to happen to them? What's going to happen to the *economy*, which is affected by the condition of these people, and these foreclosures? Are we going to evict them? The banks are going to go bankrupt—are we going to watch the banks go shut? Are we going to see the deposits wiped out? We're going to see the communities wiped out?

Or, are we—as government—going to do something? To protect the people. *To promote and defend the general welfare* of the population as a whole!

Well, that's something very simple. The Federal government has to have the guts—and we're facing that situation *now*—that is coming up! That's why fascism is such a danger now, because, you're coming up to the point, that you have to go beyond what Franklin Roosevelt did. The only way you're going to save this country, from effects of which the housing bubble bursting is only one—something far worse than the last Depression, but we can deal with it, *if the will is there*. We have the law. We have the tradition. Roosevelt gave us the precedent, as to how we do this.

We simply have to say: The banks aren't closing. What do we do? We put the Federal Reserve System into government receivership. Because, the problem is, in the banking system, the banks are not clean, they're not honest. It is the major banks internationally, which are running the financial derivatives bubble—and we could never pay off the financial derivatives bubble. It can never be done! This situation, the financial situation of the banking system in this country, and other countries, *is unimaginable!* There're only a *few* of us, a relative few of us alive today, *who know how bad the situation is!* It's not "troublesome"; it's ready to go! The *whole system*



EIRNS/Stuart Lewis

*This is what the housing bubble looks like in Loudoun County, Virginia. What happens to the residents when the bubble bursts? If the Congress and the White House do not take the measures LaRouche specifies, there will be desperation and destitution, and a country that disintegrates. "If they don't support that action," putting the Federal Reserve into receivership, LaRouche said, "No country."*

is ready to go. Not a depression: a disintegration.

And there's only one thing you can do: The President of the United States, with the support of the Congress, has to put the Federal Reserve System itself, as an entity, into receivership, by the Federal government, which takes it over, for the duration, and manages it *as a national banking system!* That is, you don't privatize the individual banks, but, in a sense, you *nationalize* the Federal Reserve System. So, the Federal Reserve System, under the control of government, under the provision of our Constitution, concerning money—convert the Federal Reserve System into a National Bank, as the institution to conduct the receivership of the banking system.

That system now keeps the banks from closing their doors. Makes certain that essential things that banks do, will continue; that businesses in local communities will continue; that foreclosures will not mean evictions; that social stability will be maintained. The General Welfare will be maintained. And some people, like the admirers of Kirk Kerkorian, don't like that. Because, that's the *only* thing that can be done. That's what *I* intend to do, what *I* intend should be done. The minute the crack comes, the Federal government must act, and put the Federal Reserve System into national receivership. And put the banking systems, the private bank systems, under management, as private banking systems—management for financial reorganization, to get back on their feet again—under the Federal government.

*Without that measure*, in Loudoun County, and other parts of the nation, you have desperation and destitution. You have a country that disintegrates.

And the problem is—and this is where the "grim" comes in—the problem is, ask how many people in Washington, in

the Senate, let alone the White House, are willing to support that action?

If they don't support that action: No country.

Are they willing to defend the country? That's the only thing that'll work. It *will* work. Because, what we have to do at the same time, is, we have to make the economy work. Now, the economy hasn't worked for 40 years! We've been sucking it dead.

For example, most of our economy, about half of our economy, is basic economic infrastructure: This is water systems; this is large-scale capital; this is railway systems; power systems. Now, these things have a life-expectancy, physical life-expectancy, of 25 to 50 years, after which, if you haven't replenished them, they've worn out and you no longer have them.

What we've come to, after this period of time, we're about to *lose* our basic economic infrastructure: We've lost our railroads; we're about to lose an airline system; we're losing our power system; we're losing our water system. Where can you get safe drinking water out of a faucet, in places you could get safe drinking water out of a faucet 40 years ago? Hmm? We've lost it! Look at the medical care, look at the lost hospitals; look at the lost medical care, as the Baltimore case illustrates.

So, all of these things have to be repaired, and rebuilt. We have productive capabilities, not enough. But what I've proposed, in this case, is, we have one bill, which is a marker bill, one law; one recovery law. You go back and look at what Harry Hopkins did, and what Ickes did, and so forth under Roosevelt. Those are things we refer to, in understanding how to go at this kind of problem.

But, you go back to—one law: Let's take our transportation, national transportation capability. Not the individual automobile as such, not the highway as such. But, railroads, or their equivalent—the development of magnetic levitation systems—bring our airline system back into play. And also, develop our power systems. Maintain our river system, build our power systems. We're going to have to have a lot of nuclear power.

For example, the automobile industry has to be converted. Probably about one-third, or one-quarter of the present automobile manufacturing can be sustained, as an industry. The rest of the industry, which is largely machine-tool driven, will be used for other things, like building railroad systems, repairing our river transportation systems, building power systems—lots of power systems; we're in a power crisis. These kinds of things.

This kind of mobilization would be sufficient, by using the automobile industry, the aerospace industry as a core, in its machine-tool and related capability, to bring the level of production employment in the United States above break-even, if we include power. We're going to have to use nuclear power. I would prefer, a lot of production of 125- to 200-megawatt fission reactors, high-temperature gas-cooled reac-

tors, because these are needed not only for power. They're small, you can produce them quickly—or, more quickly—you can distribute them around the country, ship them around the country, after you've produced them, the pressure vessels and so forth, assembly. You can now build a power system!

Now, why would you want such a power system? Well, there are many reasons. Let's take one case: Ford and others are talking about changing the kind of automobile we manufacture in the United States, going to a hydrogen-fuel-based hybrid type of unit, a new kind of automobile. Now, if you're going to use hydrogen-based fuels, where are you going to get the fuel? Where are you going to get it locally? You're going to go away from, to a large degree, imported petroleum, as a way of transportation. You're now going to produce hydrogen-based fuels. How do you produce hydrogen-based fuels? Well, the best way, is to take a high-temperature gas-

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*“The President of the United States, with the support of the Congress, has to put the Federal Reserve System itself, as an entity, into receivership, by the Federal government, which takes it over, for the duration, and manages it as a national banking system. . . .”*

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cooled reactor, and generate hydrogen fuels from water, and other things. Now, you use these hydrogen-based fuels, you use them in vehicles, and use them in combination with hybrid types of vehicles. So, that takes care of your automobile industry.

But, you have other applications, many other applications of the same type. You convert the energy side of production in the economy, convert it from what we're doing now, burning oil—use the oil, largely more and more as a petrochemical resource, rather than a combustible resource; use it for plastics and other things we need; produce at the point where you extract the petroleum, *not* ship it all around the world at high cost for a lower grade product. But many other things—new trains.

So, we build up a new industry, with more energy. We have to have dense supplies. Every area has to have its development of hydrogen-based fuels, locally, for production. We produce new types of vehicles. We use the same technology for many other purposes.

## **A New Approach to Education**

This gets us started! Getting us started with what we can do now, on the basis of existing technological capability will



EIRNS/Stuart Lewis

*"We're going to have to have a new approach to scientific education, which prepares us, quickly, so the young generation coming up can quickly acquire the skills, the scientific and related skills needed to have a rapidly expanding increase in productive power in the society. . . . This means you've got to go against the anti-nuclear lobby." Here LaRouche talks with members of the LaRouche Youth Movement after the webcast.*

give us the ability to *expand the quality* of the labor force. And if you look at what we did, in the Christmas edition of *EIR*, on this question of the "Principle of 'Power,'" what we have to do, also, at the same time, is take the younger generation, especially the generation of 18 to 25, and a new approach to education of the type which is illustrated by the participation of some young people in producing the examples used in that particular article.

We're going to have to have a new approach to scientific education, which prepares us, quickly, so the young generation coming up can quickly acquire the skills, the scientific and related skills needed to have a rapidly expanding increase in productive power in the society. That's our solution.

This means you've got to go against the anti-nuclear lobby. Now, there's nothing wrong with using nuclear power. Using a match is dangerous. But, when you have power, power is dangerous. It has power, it can destroy you if you don't control it. Who is the master? The fire or you? So therefore, you have to control it. Well, we can do that! We've done that before. We can exact safe standards. But, it's a bogeyman.

But, we have to get away from this so-called services economy, in which you don't have the tax-revenue base needed to support the population; you don't have the kind of employment needed to enable a family to support itself; you don't have skills, you don't know what the world is like, you can't think clearly; your education stinks—and so forth.

And so that's what we have to do. We have to recognize,

it's going to take guts. Guts, number one, to make sure that we find enough Senators to make sure that Sam Alito is not confirmed. *No Hitler in the United States.*

Secondly, we have to realize, from comparing the effects of social conditions and disease conditions, under the pre-1970 standards, and post-1972 standards—as we see in the blob in Baltimore—we see what's wrong. We've got to change the way we think about society, and think about this thing that blobs illustrate. We have the computer technology—it exists. People *can* understand this material, as we have exhibited how you use that. You *can* find patterns, you can discover how to manage things, and how to plan things. We need that.

We need to stop the crash immediately, by having the guts, to put a bankrupt system through bankruptcy reorganization, as the case of the problem, or the challenge—or the H-bomb-like effect about to hit Loudoun County, and a lot of other parts of the real-estate business of the United States, and elsewhere—shows.

### **A Mission of Immortality**

We have to have a driver program. We have to have a mission for our economy, a mission for our people. We have to transform the world, we have to *lead* in transforming the world, not run the world ourselves, but lead in transforming it. Show it can be done! And we *can* do it. We can do, because, of what I referred to in this question of family: We have in



our culture, not necessarily every person, but we have it as a part of the American culture, this idea that the founders of this nation, back in the 17th Century, for example, and on, understood the kind of nation we wanted to build. We can deal with this.

We need a program, a mobilization of our economic resources, to ensure not only a high standard of living for all of our people, but we need a sense of immortality: You know, we all die, sooner or later. And some people try to say, "What am I getting out of life?" And they assume that the purpose of their life, somehow ends with the end of the life itself. Whereas real people don't think like that.

Real people, who understand what it is to be human, think about what their life means to people *who come after them*, to the world that comes after them. You know, like an old man in the old times, would take his grandson out and say, "I built that, for you! Make discoveries, for you! Build a better education, for you! So that I can die in peace, knowing that what's coming after me, for the next two generations, is secure!"

That's what it is to be human. We don't produce things because we're greedy, because we want more things. We produce things because we're human, and we have our own way of approaching the question of immortality. As it says in the Gospel: "When do you present your talent, that was given to you? When do you present it to the generations to come? When do you return the talent, that was entrusted to you by being a human being? And return it for society, for the benefit of society?" Do something *good*, because *it is good, to do!* Do something good for society.

We've lost that.

And that's why marriages are so unstable these days. That's why marital relations, or the facsimile thereof, are so unstable these days. Because, people aren't together in marriage because they're thinking about building a future. They're together for *ple-e-a-sure!*

"Why'd you divorce your husband?"

"He bored me"

"Every Wednesday."

So that, when we plan our work, we plan the work of our nation, we create an opportunity, for *us*, each as individuals, to participate in immortality: the immortality of giving something to humanity that comes after us, something we can only do, if we work together to do that! Therefore we enter into useful enterprises for mankind in the present, but we concentrate still more on the enterprises of benefit to generations yet to come. And when you think back about family, as I think about family, as I described it summarily here. A lot of people went into bringing me here to you, today. Over hundreds of years, and even longer! Just in the United States. Without all this family business, I wouldn't exist! I was their future:

And who will be mine?

Okay, thank you.

## Dialogue with LaRouche

### The Federalist Society = Children of Satan

**Freeman:** Well, for those who have not yet seen it, this is the *Children of Satan IV*, that is currently circulating in Washington, D.C. Actually, I was at the Senate Judiciary Committee hearings yesterday, and I have to say: It was kind of delightful, to see these Senators and their staff walking in and out, with these things in their pockets. If you actually look at the TV coverage, it's really great, 'cause you see some guy and he's walking out like this, and somebody asks him for something, and he reaches into his pocket to get it—and, waves around *Children of Satan IV!* . . .

In terms of the institutional questions that have been submitted, the questions fall into a series of categories, Lyn. We have a lot of questions on Mr. Rohatyn, that I'm going to ask you to answer. We also have a number of questions on the Alito hearings and some of the things that are going on around that. And then there are a large number of questions also, on some of the economic issues that you addressed.

I'd like to start, with some of the questions surrounding the confirmation of Mr. Alito. The first one comes from one of the Minority Counsel on the Senate Judiciary Committee. And he says:

"Mr. LaRouche, ultimately, if you have followed the process of the hearings over the course of the last two days, I'm sure you know very well that Minority Leader Reid submitted a memo to all of the Democrats who sit on the Committee, instructing us to focus on the question of Presidential authority and this principle that Alito has enunciated of the unitary executive. We have tried to do that in our questions, and if you have followed the process, Mr. Alito is simply not telling the truth."

He says, "What occurs to me, and certainly to some of my colleagues—and I'd be very interested in hearing your view on this—ultimately it does seem to come down to this question of the Federalist Society. Contrary to their name, everything that I've looked at would tend to indicate that there's nothing Federalist about them, and that in fact, they probably are an organization that, under different circumstances, could be considered seditious.

"My view—and I'm expressing it as my view, and not necessarily the view of the Senators whom I represent—but my view is that the question of membership in the Federalist Society, is, in and of itself, sufficient to disqualify someone for the Supreme bench. I'd really like to hear a little bit more about your view of this group, and how it is possible that they have managed to infiltrate our judiciary to the extent that they have."

**LaRouche:** Well, first of all, it's right. The Federalist

Society can be put in the same category, for purposes of this Congressional proceeding on confirmation, as a membership in the Ku Klux Klan.

Someone says, a member of the Ku Klux Klan: “How do you vote on civil rights?”

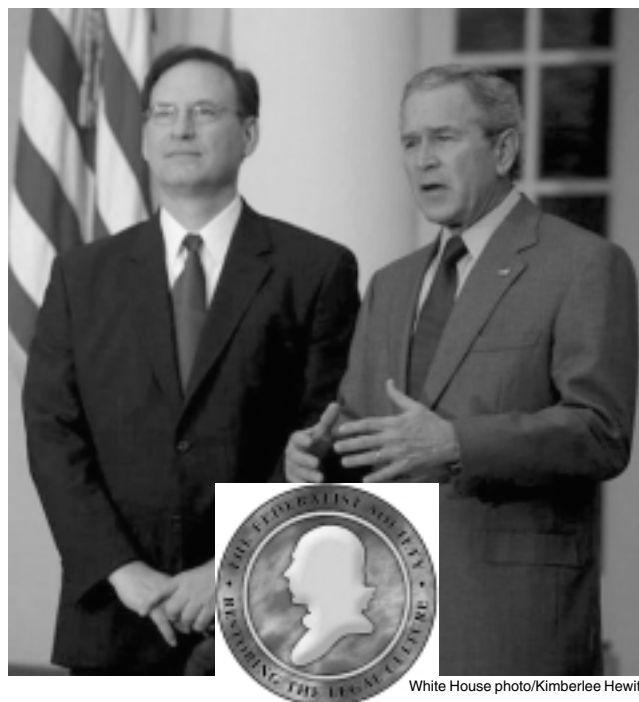
It’s no difference!

The key thing that has to be emphasized, is, the issue is Hitler. Now, Hitler didn’t create himself, that’s the interesting part about this. Hitler was created by an international cabal, which was a financial cabal, which was headed up at the time by the head of the Bank of England, Montagu Norman. But, Montagu Norman was working in tandem with the Napoleonic tradition in France, which is the fascist tendency in France. And the key typification of this, of course, the most famous one, is Lazard Frères of Paris! Which also has an office in the United States, and in London. The Lazard Frères is the key firm, involved, among the Synarchists of France, in the Hitler project! It was Lazard Frères, through the Banque Worms company, which, in the case of the Laval-run Nazi-occupied France, was a key part of the Nazi system. Lazard Frères was a key part of the concert of bankers who brought fascism, including Hitler, into power in Germany.

But fascism did not start in Germany. Fascism started in France. But it was created from Britain. It was created against the American Revolution. What they did, is: France was going to be the second country which would adopt a constitution, reflecting the American Revolution. And this was about 1782-1783. This was understood.

The British acted, under Lord Shelburne, and they had created an opposition to Franklin, in France, which later became what was known as the Martinist Freemasonic lodge. It was run from London. It included people like Cagliostro and Casanova, and more importantly, Count Joseph de Maistre. These people created the French Revolution, they organized the Jacobin Terror, they created Napoleon Bonaparte; Joseph de Maistre, personally, designed Napoleon Bonaparte, on the model of—the Grand Inquisitor of Spain, Torquemada. Napoleon, while apparently he was the enemy of Britain, nonetheless, did Britain’s work! Because Napoleon’s wars destroyed Continental Europe. And the hope of having a successful system of nation-states emerging on Europe, which had been the *intention* of Europeans, leading Europeans who supported the American Revolution, was lost, because of Napoleon’s wars. And the Napoleonic tradition exists in France today!

Yes, there’d been opposition to that in France. But the tradition—Mitterrand is in that tradition (now deceased). Napoleon III was in that tradition. Synarchism is in that tradition. Many leftist organizations are in that tradition: “Synarchism” meant simply a unity of the socialists and the anarchists. It was created by a Frenchman called Saint-Yves [d’Alveydre] of the Martinist Society. The Synarchist International, which was organized as an international of bankers, in the context



White House photo/Kimberlee Hewitt

Judge Samuel A. Alito and President Bush at the White House Jan. 9. “*The Federalist Society can be put in the same category, for purposes of this Congressional proceeding on confirmation, as a membership in the Ku Klux Klan,*” LaRouche said. “*We have to face facts—this Alito thing: The man lies. . . . And no Senator with perception and guts will endorse him.*”

of the Versailles Treaty at the end of World War I, is what organized fascism! These bankers. Hmm? And the Synarchist International is typified by Lazard Frères! It’s also typified by the head of the Bank of England; it’s typified by Brown Brothers Harriman, for whom the grandfather of the present President of the United States worked: Averell Harriman. Averell Harriman was a partner of Brown Brothers Harriman; Brown Brothers was the firm of Montagu Norman, who was the head of the Bank of England. It was Montagu Norman who organized support from the United States and elsewhere, from bankers in New York and elsewhere: *to put Hitler into power*. And the only reason some of these guys turned against Hitler, was they learned that Stalin and the German generals had cut a deal, that the Nazi attack would come on the *west* side first, before going to the east against the Soviet Union. At that point, many people broke with Hitler, because he was going *west*, not *east*—only later.

So, therefore, you have bankers who were part of the Roosevelt Administration, who were Roosevelt’s *enemies*, but who understood, we had to eliminate the Hitler threat. The minute Roosevelt was dead, they cheered, were happy to have a fool like Truman as President. And they *saved* the hard-core of the Nazi system!

Look, back in 1983, I had been part of a project—it was

my proposal, I proposed because some of the things I had run into, that the United States should have an institution for intelligence, comparable to West Point and Annapolis. That we needed, because some of the people we were getting out of universities, into the intelligence services were not really qualified; they didn't have the background they should have had. My view was, we should have a Classical education for intelligence officers, which would be used also for training diplomats and specialists in diplomacy. Because of the incompetence I kept running into in seeing what was coming out of our intelligence services.

So, for this reason, a number of friends of mine who were in the intelligence service, including Bill Casey, managed to have some documents declassified from the period between the two World Wars, for my use, so I could study this problem; and this included U.S. military intelligence documents, and also documents of the OSS which were pertinent to my concern. [The point was] to look at the history of these two wars, to see where we had failed, or where we had had the intelligence and had not effectively used it.

So, I was given access to this, so I know this thing pretty well. Including the case of the real story about the Billy Mitchell case and things like that.

So, this was the feature: We had a problem. Roosevelt saved the United States from guys who were just as bad as the Hitler supporters. Which included—Hoover was not bad personally, but Hoover worked for them. And Mellon. Andrew Mellon was as bad; Coolidge was as bad. Coolidge was not a good guy! You had Wilson: Wilson was a generational supporter of the Ku Klux Klan! The revival of the Ku Klux Klan in the United States, was done from the White House, by Woodrow Wilson! These are not good guys! Teddy Roosevelt was no good, either! Teddy Roosevelt was trained by his uncle, who was the head of the Confederacy intelligence service! He's no damned good—and he did much to destroy the world and destroy this country.

But, these are the kinds of problems we had to face, and we face it today: We have to understand, that the force is not simply a bunch of Nazis or Ku Klux Klanners. The Ku Klux Klan was created—it was an organization of *fools*, created to please somebody who wanted to play a game. Hitler was [part of] a pack of *fools*—not as foolish as the present crowd. Because they weren't quite as stupid then. But a pack of fools who were unleashed on civilization, along with Mussolini, and along with the French fascists; and along with Franco. It was unleashed to destroy society, a mob! A gang! Mobilized to destroy society.

Cheney is nothing! Cheney is a piece of crap! He's not really human. I mean—his wife should keep him chained up outside at night. He wouldn't travel so much, better for his health. Along with the two dogs, there. The "Navel" Observatory, when they see the bellybutton on the dog.

These guys are nothing but gangsters, who are used as

thugs, to attempt to destroy us. So, we focus too much—yes, Hitler was evil. Thoroughly evil. But he was not the author of evil: He did not make himself. He was a piece of junk! Like one of Pavlov's dogs, who snarled a lot, for an experimental purpose. And Hitler was a somewhat different purpose. But it was used for a purpose. You have to look at *who uses them*. Who organizes them? Who creates these movements?

What you have in the Federalist Society, is a case, directly, of *Carl Schmitt*. Carl Schmitt was the man who created Adolf Hitler! Not every phase of it, but Carl Schmitt was the guy who shaped the law! He had been a part of the legal staff of German military, during the 1920s. He shaped German law with this kind of provision. And then, it was *he* who used the case of Goering setting fire to the legislature, the Reichstag: Just as somebody set fire to New York City!—on Sept. 11th of 2001, in order to attempt to build a dictatorship in the United States, the way a dictatorship was created in Germany, by setting fire to the Reichstag! And this is what I *warned against* on Jan. 3, 2001, before Bush was inaugurated: That this would happen! *It did happen!*

I knew exactly what I was talking about. I did study those papers; I studied them carefully. I know how things work.

It may not have been Cheney that set fire to New York City on 9/11, but somebody behind him did it! And remember, who ran Iran-Contra. It wasn't just Bush. You had people behind him. You had an Islamic organization, created by Brzezinski and company for the Afghanistan War, with the Soviet Union. This organization was owned by whom? It was jointly owned by the British and the United States. You want to conduct a "dirty" in Islamic interests, ostensibly, in the United States? Who do you get to do it? People you can use. And you have to have somebody turning off the lights in certain areas, to let it happen.

We have that in the United States! We *had* something in the United States! It ought to be ripped out of it! We *have* Nazis in the United States, in high-level positions in institutions of our government. What do you think the torture crowd is?

All these things, they're all the same thing! These things should be ripped out! Angleton and what he represents should be *ripped out* of the United States' heritage. Allen Dulles should be ripped out of the American heritage. These guys were not *ours*. Angleton was not *ours*. The so-called left-wing terrorism in Italy, was run in part by Angleton! Run by these guys.

No. We have to face facts—this Alito thing: The man *lies*. *Sufficient reason* to say, "No!" And no Senator with perception and guts will endorse him!

Unless they're a coward.

## **Constitutional Line of Succession**

**Freeman:** Well, I think he wanted you to say that on the record. And now that you have, we can move on.

Lyn, the next question, similarly, is from a Democratic Senate office. The Senator is a member of the Senate Judiciary Committee. He says:

“Mr. LaRouche, as you know, we’ve seen a stunning pattern of leaks over the course of the last several weeks, that provide us with a clear window into how, in fact, this administration intended to overturn and disrupt the normal functioning of the Constitution and the three branches of government. The march from Executive Order 12333, to where we stand now, reminds one—at least reminds me—in a particularly chilling way, of the warnings that you issued in January of 2001, long before any of us thought that something like 9/11 was possible. I’m in possession now of declassified memos and other documents from the National Security Agency, that are, even from someone in my position rather startling, in terms of how, in fact, citizens of the United States have been treated. I’m also deeply disturbed, by a memo that the head of the NSA sent to members of that agency, instructing them that they were not to comply with requests from this body”—he means the United States Congress—“investigating what we consider to be abuses. Without any further investigation—and there will be further investigation by this Committee, and by others, as well—but, without any further investigation, it would seem that there are sufficient grounds to begin to draw up, joint Articles of Impeachment. And I’d like you to know that we are working in that direction.

“However, this also raises a very pertinent question that I’d really like you to comment more on, and that is, the line of succession, as it’s defined by the U.S. Constitution. We’re in a period of critical upheaval, and I believe that that upheaval is going to intensify, particularly as the Abramoff situation continues. We are in a situation where, in very short order, the entire leadership of both the House and the Senate—at least on the Republican side of the aisle—could change very significantly.

“I guess what I’m really getting at, and I know you’ve addressed this before, but it’s just not clear to me, how we would actually proceed: The line of succession is already defined. And I don’t understand exactly how we could intervene to change it. As it stands now, the question of what comes after the President and the Vice President, is the Speaker of the House of Representatives, and that, obviously, is not acceptable. Could you please talk about this, because we have to address it in the very short term?”

**LaRouche:** I concur.

Well, this does require some very serious consultation. And I should be, have been, talking more directly with a number of the key individuals involved—and I have been speaking with them indirectly, as people know. And they’re very much in touch with me. So, the messages and exchanges of views do pass back and forth.

But, in this case, there’s—just as our Youth Movement could explain to people—you get 15 to 25 people together, to

try to define the solution to a problem, it’s a far different matter than passing messages back and forth. It’s that vital interaction which is crucial, as in a good classroom—that vital interaction. And the passions that go with that, and the exchange of passions, and the freedom to express things passionately, to get it off your chest, clearly. And that’s what works, and that’s what’s missing.

I have to be involved more directly with some of the key people, because I know exactly what is in the mind of this kind of question. I think it is valid—it’s absolutely valid. It is the problem. I think it’s inherently soluble.

But the problem is this: The problem is, is—legalism, which ignores law.

Our law, as written, has an intention. Now, some people like to interpret all from the standpoint of positive law. But, there’re many kinds and degrees of positive law. And there’s also natural law. A question of this type has to start from natural law. And it has to be presented by a body of men and women, who *agree on a concept*, a natural law-based concept, which applies to this case; who, then, will, as was the case in the effort to get the Constitution adopted, as by Hamilton and others, you have to present the concept to the relevant people. This is a missionary discussion method, which our youth are well aware of—this is what we do all the time, in the youth organizing. We’re going through a process of development, a development of *ideas*. Not of words, not of definitions of *words*, but what does an idea *mean*? What do we mean by an idea?

And it’s difficult in these times, because the scientific education does not allow for ideas. You can take statistics. You have a statistical theory, of an explanation of something—that is not an idea. The discovery of the principle of gravitation by Kepler, is an example of an idea. The discovery of the principle of doubling the cube by construction, is an idea. These are the ideas, which were called *dynamis* in the Classical Greek, and these are called *powers* in the modern English, or *Kraft* by Leibniz, in German.

These kinds of ideas, because—you’re dealing with universal principles. What is *true*? What is true, is what is universal! But, the problem with something that’s universal, is, it exists *as the object of the universe*! It does not exist as a particular object *in* the universe. It’s an object of the universe: What is a universal principle?

Now, we have a very simple universal principle, which starts all modern civilized society: That principle is called in Greek *agapē* as in the mouth of Socrates in Plato’s *Republic*; as in *I Corinthians* 13, again, *agapē*. It’s called the General Welfare, the principle of the General Welfare, on which all modern civilized society is based. The principle of the General Welfare: That man and government exists, for what purpose? What’s the intention of the existence of man, and government? It’s to provide for the welfare, of future generations of mankind—according to what? According to the require-



Library of Congress



Carl Schmitt (top) and his creation, Adolf Hitler. Schmitt used the case of the Reichstag fire in 1933, which had been set up by Hitler's own Herman Göring, to justify Hitler's declaration of emergency dictatorial rule. "It may not have been Cheney that set fire to New York City on 9/11, but somebody behind him did it," LaRouche said.

ment of the *development of the character and quality of mankind*. And the improvement of the universe by virtue of the *existence of that mankind!*

The principle of the General Welfare, as expressed in summation in the Preamble of the Federal Constitution, is the fundamental law. Proceed from that, not from the so-called positive law, but from that. Don't try to get a positive law—don't try to get a legalistical word-chopping approach to this. You've got to get the concept: Do we believe that there should be a Hitler of the United States? What do I mean by saying that? I mean, that, if you have five judges on the Supreme Court, who are members of the Federalist Society, and joined it in good faith in believing what the Federalist Society stands for, *you can have a fascist dictatorship in the United States, decreed and approved of, by the Supreme Court!*

Therefore, Alito must be rejected. That simple.

Why? Because we're concerned with what? The General Welfare! We're concerned with the conditions that, already, we tolerated much too much! We tolerated the destruction of our society! We've been destroying the United States since 1994. We were corrupting it, when Roosevelt died, under Truman. I lived there—I saw this! I saw the betrayal of what we fought for in World War II, when I came back here, from service.

So therefore, the question is, our *mission* is, the United States is essential, as an institution for the world as a whole. We're essential because we represent what is best expressed by our Constitution, the intention of the Constitution: The promotion of the General Welfare. And by the struggle, like the Civil War, we went through to *defend* the principle of the General Welfare—to establish it, less imperfectly. This is what we must not give up! This is the *intention!*

Therefore, the Bill of Impeachment, the right of impeachment, goes to *this!* The preservation of this republic! Knowing that if these clowns get control of the republic, we don't *have* a republic! Therefore, a Bill of Impeachment is a *defense of the republic against an intolerable menace!* The highest grounds for impeachment. Not because somebody committed an offense, stole money or something like that. That's bad enough. That's worthy of impeachment. But, there's a higher standard for impeachment, also: It's when someone in high office, or some group of people in high office, *threatens the existence of the republic*, threatens its *purpose* of

existence. Threatens its purpose of existence, in respect to all humanity!

I can tell you, without the United States playing the kind of role it must play, *this planet is going into a Dark Age*, because there's no other place on this planet *except in the United States*, that we could pull off the initiation of saving this planet from Hell! Yes, other countries will do what they have to do, and it will be useful: But if we don't start it, they won't do it! This nation is needed for all humanity. And we must not allow this nation to be corrupted and destroyed, because somebody wants to do some pettifogging juggling with terms! Legalistic terms.

This guy Alito must be rejected! Because if we *don't* reject him, then *we aren't fit, to look in a mirror: We can't face ourselves any more. We have betrayed the nation!* Not that Scalia is not as bad—he is bad. He's already there. *But!* to have *five* Justices out of nine on the Supreme Court, fascists—that is more than we can tolerate. That's the time you fight! That's the time you draw the line.

And you really don't need to know the words as words. You have to understand a principle, the same way you understand a universal physical principle: The world needs this republic. It needs it, to function as it should. Without it, the whole world's going to Hell. These guys have no right to

exist. Their ideas are totally opposed to ours. The President's ideas are totally opposed to ours. The President has committed crimes—high crimes and misdemeanors. The Vice President is better at vice, than the President is: He's committed more.

Get rid of them, both!

Now, you've got to look out in the streets, as you know it. While some of these Senators are hesitant, because of the usual kinds of things, to do what should be done, and they should have told the guy, "Git!" They should have just have said, "Git!" "Don't waste our time. You git!"

Look at the people! Look at what I see in the people: The people *hate* this Administration! They *hate* the Bush-Cheney Administration! To the extent they understand it, they *hate* what Alito represents. The will of the people has implicitly spoken! They want to be rid of this! They *hate* this war, they don't want another war! They don't want any more of this stuff!

Are the politicians, the leaders, capable of standing up to the demands of the people? They say they're representatives of the people: Well, let them represent the people! In a matter of the people's concern.

What we have to discuss, is to craft a formulation, or a series of statements, which encompass the issues that I just mentioned. It can't be one person saying the words, and the other people supporting it. There has to be an understanding of what we're fighting for. This is like going to a declaration of war: It's like going to a declaration on which the fate of humanity depends. We can not make a mistake. If we are uncertain in our own minds of the cause we've undertaken, then we will flinch, and fail. We must be *clear* in our own heads.

So, some of us who *are* leaders, and I, must meet: *For the sake of this nation*. And the usual objections to having such a meeting, if they've got any guts, are by the boards.

## Felix Rohatyn, The Synarchy's Boy

**Freeman:** We have a series of questions, that kind of dance around this issue of Felix Rohatyn. The first is from a long-time friend and a consultant to the Democratic Party. He says, "Lyn, ultimately, if you ask me, the question of what happens to this country is not going to come down to the question of the Constitution vis-à-vis Presidential power. I believe, ultimately, that the Congress will do the right thing in this area. I think that it's all going to come down to the question of the economic policy agenda. My assessment, based on discussions with people in a position to know, is that Wall Street and the banks won't resist the dumping of this administration, if for no other reason than that they have been so incompetent in implementing Wall Street's policy. But, that doesn't mean that Wall Street and the bankers won't resist a challenge, ultimately, to their control. And, that's where the question of the future economic policy agenda comes in.

"Felix Rohatyn has worked to establish himself as the

counterpole to you, among Democrats. I think we got a good handle on how to deal with this, when his less astute buddy, Mr. Rudman, gave an interview a couple of weeks ago, where he outlined what the Rohatyn-Rudman plan really was. The two things that jumped out of it, from where I sit, is that, they talk about floating 50-year bonds for infrastructure construction. What they don't mention, is that those bonds are supposed to be paid back by the states and municipalities. The other thing that really did jump out at me as a stark contrast to what you're saying, and to, in fact, what Nancy Pelosi [House Minority Leader] stated in her introduction to the Innovation Agenda, is that Rudman says we don't need new infrastructure. All we need to do is fix the infrastructure we already have. Around Washington, what that really translates into is, 'stealing money.'

"My view is, that these are not shades of disagreement. That these are two views that are diametrically opposed to each other. Your view has largely been adopted in our party's Innovation Agenda. It seems that in Rudman's plan, or in Rohatyn's plan, there really is no science-driver, there is no new construction, there is no recovery, there's just an increase of the banks' control. I don't think it's a subtle point. But some people seem to. Could you comment some more on this? And comment on how to draw these guys further out into the open?"

**LaRouche:** What you have, is, you have almost a species that's not really human, in the case of Rohatyn. You know, by human, I mean a human purpose.

We have a human race. We know something about the human race. We know something about the conditions of life in the world. I deal with this, all the time. And, there is no efficient concern for humanity—I mean, people talk about "charity," "we'll give some money to this,"—it's like excusing their bad conscience. "We're going to help out here. We're going to help out there." How about changing—as I've talked about this Baltimore problem—how about changing the condition of life? You want to get some money to Baltimore poor? Or do you want to change the conditions of life which were intolerable for them? There is a difference. And the one is just—it's faking.

And, it's true. Rohatyn, you have to understand his mind. I understand his mind very well. Because I have studied these characters in history. And some of the things he has said, indirectly to me, and about me, make it very clear what he is thinking. Rohatyn is a protégé, now come up to second, third rank, whatever, in the system of international Synarchy. He is a product of the network of Lazard Frères. Lazard Frères and Hitler are the same thing. He happens to be Jewish. He may not like Hitler personally, but, he is that. His crowd is that. These are the people that gave us Hitler. These are the bankers. This is the mentality that gave us Hitler! For a purpose! They were not Hitler *supporters*. They were Hitler *users*!



EIRNS/Brian McAndrews

*"The people hate this Administration. . . . They hate the Bush-Cheney Administration. . . . They hate this war. . . . Are the politicians, the leaders, capable of standing up to the demands of the people?" LaRouche asked. Here, LaRouche Youth Movement organizers at an AFL-CIO rally in Washington, D.C.*

Take the case of Rohatyn, in particular: His character is shown in the case of his relationship to ITT and Hartford Insurance, on the question of Pinochet. This guy, presumably Jewish—presumably a Jewish refugee out of Galicia and Austria—comes to the United States and becomes a Nazi! What kind of a Jewish guy is this?

Now, in this case, he, knowingly, as a part of Geneen's ITT operation and the Hartford Insurance acquisition, is involved directly, in putting a Nazi, Pinochet, into power in Chile! And continuing that support, that relationship, with mass killings, including *Hitler-style genocide by Nazis*; who are second- and third-generation Nazis, who were exported by friends of Dulles, into the Americas, into Mexico, down into South America; where they turn up as second- and third-generation Nazi killers, like Licio Gelli in Italy, who was part of the Nazi apparatus. They turn up down there, *and they, as Nazis, reproduce Nazis under other names, in Chile, and in Argentina, Bolivia, and elsewhere!* They run genocide. They run death-squad operations! Hitler-style, death-squad operations—all with the blessing, of whom? Before the fact, and after the fact: Henry Kissinger, and our poor fellow here, Felix Rohatyn.

What kind of a mind does this? A Venetian banker. It's where it comes from.

Look! You had a system of government, it goes way back to Babylon, but the system of government is known to us,

before modern times: It was known as the *ultramontane* system, which was run by the Venetian bankers, together with the Norman chivalry. They ran the Crusades, and similar kinds of mass genocide—and that's what they were—the Crusades were nothing, but genocide. The genocide was done by the Normans, but it was ordered and directed by the Venetians, who collected the money on it.

This is the mentality. What you have in the Anglo-Dutch Liberal establishment bankers—what you have is a direct continuation of the Venetian families. As a matter of fact, the Venetian families in Venice, are still running it! So we have this Venetian phenomenon, of a predatory financial interest, which preys upon mankind, as a beast preys upon his victims. To them human beings are nothing. Human beings are matters of convenience. Human beings are a matter of *profit!* A matter of *usurious profit*. That's all they are interested in.

You have to understand them.

They're not human. They have broken from human morality. They have no loyalty to the human species. No regard for the General Welfare, quite the contrary: They *hate* the General Welfare!

These are the people, for example, take the case of the Lockean Constitution of the Confederacy: the Preamble to the Confederacy. The Preamble of the Confederacy effectively supports Locke. The support of the slave system is based on Locke. The pro-slavery attitude is an example of the same kind of mentality. You don't regard people as human: "You use them or kill them. Uh-huh—it's business! What're you talking about? It's business!"

And that's what you have to understand. He'll do anything for a buck. And he will hate anybody who interferes with his grabbing that buck that he thinks he can steal. It's that kind of thing. Think of him as a gangster. Our gangsters, our worst mobsters in the United States, are nothing but a cheap imitation of what Rohatyn represents.

## Why Did Rohatyn Destroy New York

**Freeman:** Okay, Lyn, that answer actually did cover a series of other questions that did come in on Rohatyn. But, there is one additional one that I'd like to have you answer. It comes, actually, from an office that represents New York.

And it says, "Mr. LaRouche, I have to admit that I was somewhat startled to learn that Mr. Rohatyn, through his position on the board of ITT, played a role in the Chilean coup. It



EIRNS/Philip Ulanowsky

*New York was essentially destroyed in the period of post-war suburban development, to the point that parts of the city looked like a wasteland. At left, a scene in Harlem; at right, a collapsed building in Midtown Manhattan. "[T]hey saw the chance to make a lot of money, by overturning the financial controls, stability controls of New York City. And they drove the city into bankruptcy. . . . [T]hen they brought in Rohatyn, as the arbiter of a group of bankers, who figured out how to really slaughter the pig. And they did."*

seems all the more ironic, given the fact that it was, in fact, that same Chilean model, that this administration held up in their attempt to steal the Social Security fund earlier this year. I think you've done an adequate job in various locations of identifying what you think motivates Mr. Rohatyn, and who he represents.

"What I'd like you to talk about, a little bit, is what Rohatyn did in his role as the intellectual author of the policy known as 'Big MAC.' It's brought up all the time in meetings on Capitol Hill, but I'm not sure anybody here really knows what it was, and what it did. Could you please discuss this?"

**LaRouche:** We had a problem, which started in a sense with World War II, with part of the regulations that were done to prevent inflation, under the conditions of World War II. One of these was rent control. And that was the defense of the population of the city. Now, the destruction of New York City started with places like Levittown, because instead of repairing New York City, as a functional city of industry and so forth, they began this process of post-war suburban development. Which, again, when the Eisenhower National Defense Highway System was put in, people then went to a much further degree of this suburbanization.

But New York City was essentially destroyed: Because it should have been repaired, it should have been maintained. The industries should have been maintained, they should have been transformed, of course, in a post-war mode. They weren't.

So, the time came when they saw the chance to make a lot of money, by overturning the financial controls, stability controls, of New York City. And they drove the city into bankruptcy. I saw it from the inside, I saw exactly what was going on. I saw how it worked. And, then they put the city up to the point of bankruptcy, then they brought in Rohatyn—who had gone through this other operation—and they brought in Rohatyn, as the arbiter of a group of bankers, who figured out how to really slaughter the pig. And they did.

It was a complete swindle. At that time, we were arguing this—I was involved in arguing with a number of people, there was a lot of agreement on what had to be done. But, at that point, when Rohatyn installed the Big MAC, I knew New York City, as we had known it, was doomed.

New York City, with all its faults, used to be a city, in which you could walk around and live a complete life, pretty much within the city. That was gone. That was destroyed. With all its faults, it could have been rebuilt, it could have been maintained.

You see what's happened now: Look at our life now. The standard of life for us Americans was: You ate dinner at home at night! You couldn't get there now. And you have to work three jobs, or two jobs, or whatever it is. You can't make a decent living, most people. The family life has been destroyed—and some people think that's good, because they figure that if the divorce rate would be increased, the people would meet each other more often. Or something, because



their purpose in life is pretty much gone.

Look at it! Look at what I see, in young people, 18 to 25 years of age, slightly older: Look at what I *see*, from my vantage point. Who's your mother? Who's your father? Is that actually your sister, your brother? What family do you come from? Which family were you thrown into, when the divorce happened, the separation happened? What kind of a community do you have? What kind of a social life do you have?

I find, with young people, that the only remedy, that is general, is, when they get on a project of the type that they do with me, they have an orientation toward a joint task-orientation, a mission, a scientific—.

The most important thing that these young guys do, is the choral work. Music is the key to social organization: Because it's this kind of social interaction in music, which defines an organization, defines it as healthy. If, at the same time, there's scientific progress and scientific development in their minds, they have it! If they are thrown back, without music, without science, into the streets: What do they have? They have a sense of existential insecurity, which is given to them by the society which is going no place.

They have parents who are now in the, say 55 to 65 age-group, which is running society generally, the Baby Boomer generation today. The parents don't think about the future. Because, they are going to retire soon! They're thinking about the comforts of retirement! They're thinking about not having to think about things that bother them! They hope that when the things that come around, that they fear—they'll be dead. Or, that somehow, they won't know it that it happened, when it does.

Now, your younger people—now, say, in the 18 to 25 range—what is their relationship to the parental generation which is, you know, 55 to 65, or perhaps a little bit younger? They have nothing in common! They don't hate each other necessarily (sometimes they do, I suppose). But they don't hate each other, they just *don't* have anything in common!

Young people, 18 to 25, are looking forward to 50 years into the future! And what kind of society is going to be there, 50 years in the future? The Baby Boomer generation, because of what it was subjected to, *does not* think in the future! They don't believe in the future! They believe in the "*Now Generation*"! Or the Now De-generation.

Therefore, there is the conflict.

So, the problem here is essentially of that nature: That we have not understood the importance of engineering society, including its physical structure, its organization, so forth, with the idea that we are going from one generation to another, with a span of three-plus generations, generally, as it represents the living. And, how do we organize that mass of people, so they are happy, in a meaningful sense of happiness? They have a sense of purpose in life, and if they are approaching the time of retirement and death, that they say, "I am leaving something good behind me"? And they look at the younger genera-

tion, and what they think of what the younger generation is going to do.

In the old days, for example, if you asked a child, who is five or six years old, or so forth, "What are you going to be when you grow up?" The child would often have an idea—it may not be the actual idea, but they have an idea! They had an idea of a future, an adult future, a purpose in life.

What's now? What's the relationship now? And that's a city, well organized—and New York, with all its faults, did have that: a sense of multi-generational society, in which you all had a sense that you were participating in a common destiny, and each person could look forward to something coming out of their life, out of their childhood, into adulthood, and something good that they were going to leave behind them after they are gone. And, a city is a way of doing that, a sense of community.

And that's what's been taken away: And that's what they did to New York City.

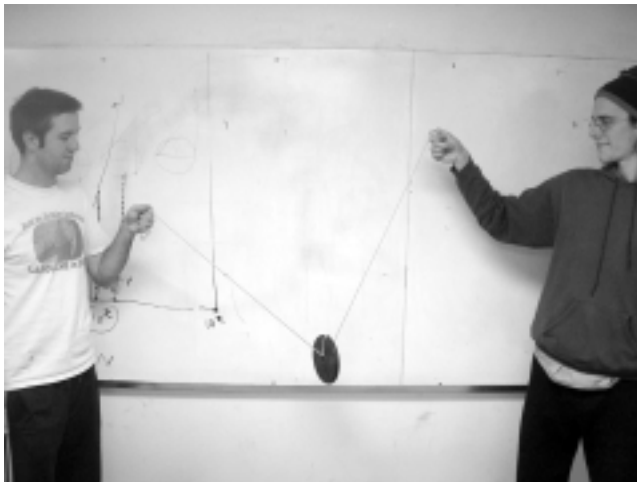
It's still there. New York City is still—morally, despite the high rents and so forth—morally is still a stronger part, morally of this country. Look at, for example, one thing: the reaction to 9/11. The population *in* New York City has, generally reacted *better* to 9/11, than most other parts of the country. Go up there, find out. It's true: Why? Because there is something left over from previous generations of a sense when life meant something, and a city was a place in which to live, rather than a place to park your butt.

## Using Computing in Science-Driver Economics

**Freeman:** This always happens: I'm getting more questions here, than I can deal with. A couple of things, for people who are submitting questions via the internet, I do intend to get to your questions—so you don't have to keep sending me nasty notes! Telling me you've asked the question three times. I will get to them; we'll group them together in some cases. We are giving a certain precedence to institutional questions obviously, because of the grave nature of the current crisis.

To members of the LaRouche Youth Movement, who are submitting questions both here and via the internet, many of those questions are of a more theoretical nature; I will also try to get to them during the body of today's broadcast, if we can. If we can not, you will have another opportunity to put those kinds of questions to Mr. LaRouche over the weekend. So, please be patient if we don't get to them today.

Lyn, this is a question from somebody, who is directly involved in the planning of next week's conference, here in Washington on the Democratic Innovation Agenda. He says, "Mr. LaRouche, at a recent policy meeting that we held, that was directed to plan next week's conference on the Innovation Agenda, an issue emerged that I think we need you to comment on. As we proceed on this project, the question of infrastructure building, and its relationship to preserving the automobile sector, and, in fact, the machine-tool sector as it relates to it, is becoming increasingly clear. That's especially clear



*LYM members demonstrating properties of a catenary. "The catenary principle is not something you can see," LaRouche said. "It's a transcendental function. And you cannot see transcendental functions. . . . But they are a something."*

in the question of infrastructure as it applies to transportation, energy production, water management, etc. Beyond that, there are other vital areas, which I guess can be roughly considered infrastructure construction, like school and hospital construction that also seem relatively clear, or at least, increasingly clear.

What's not clear, and what I'd really like you to comment on, is the question of the high-tech computer, aspect of all of this. You obviously have an uncommon handle on the utilization of computer technology, and its role in overall economic planning. But, there also does seem to be a difference, at least in your view, of how we deal with these two sectors. I agree that they are different. I see that. But, is there some reason why the overall expansion of our computer and software-design capability should not be pursued as part of the overall Innovation Agenda? Why are these not part of vital infrastructure?"

**LaRouche:** Well, the problem here is, essentially, that science went mad, in terms of what was typified by followers of Bertrand Russell, and his kind, during the course of the 20th Century. What's in the Christmas Special Edition of *EIR*, on this Max Born and Einstein debate, is highly relevant to this. We had some fakers who were kicked out of the University of Goettingen, for good reason—because of fakery. One was Prof. Norbert Wiener, the putative author of Information Theory, and the other was John von Neumann, who not only committed a fraud, but committed incompetence there, and he was fired for that reason. And, he's the inventor of so-called Artificial Intelligence and whatnot, and also some computer theory.

Now, what the conflict between Einstein and Born is, is key to this. And there are some things I would qualify on Einstein, as I have written about this—but Einstein essentially

is on the right side. He's a good guy. Born was a nice person, but he is no longer a good guy, as Einstein.

And what's happened is, you have a generation of people, who—. Remember—go back to a few things. Take the "programmed learning." Take the New Math, and programmed learning, and similar kinds of things which are offshoots of this same problem. Think of projects which came out of the so-called Cybernetics Project of the Josiah Macy, Jr. Foundation. All of these kinds of things were corruption, which were introduced, during the 1930s especially, but even earlier, during the Solvay Conferences of the 1920s. There was a general corruption of science, based in denying one thing, which is what I've focused upon with the youth" And, that is: *ideas*.

Now, the universe is run by universal physical principles, of which Kepler's discovery of universal gravitation is typical. Now, in the physical universe what is a universal physical principle? It's something which efficiently exists in the universe as a whole. Now, how can you see an object that fills up the universe as a whole? Where are its boundary conditions? You can't.

Now, in physical science, all discoveries, like the principle of gravitation, can not be seen as objects of the senses. What you can do, is that you can generate, as you do with machine-tool design—if you understand the concept of a principle, you find a way to express that, as a design. Now you demonstrate the effectiveness of the *idea*, by a machine-tool design—as we did with a number of these things in that edition, in which some of the young people did that. Like the case of—instead of trying to draw a catenoid, based on doing a parallel to a hanging chain, actually *construct and generate a catenary*. The catenary principle is not something you can see. It's a transcendental function. And, you can not see transcendental functions. They have the form of being zero, or everything. But they are a something.

So, once you have the idea and you demonstrate by construction that you can *generate* that effect—which is what a machine-tool designer does, if they are really good at it. Particularly in research, test-of-principle work: You actually say, "Does this principle work?" "Okay. How can you generate an effect, that shows that this principle works?" Now, you've proven it. That's called a proof of principle, a unique experiment.

The capability of doing and thinking in terms of unique experiments, which is science, *is this issue*. And, this is what is threatened by Information Theory, what is threatened by John von Neumann's crazy ideas, as in economics.

So therefore, to the extent that you see computer technology, as leading, as some of these computer firms say, to the idea: [dumbo voice] "Oh-h! We're going to learn to synthesize life!"—from non-living matter! We're going to synthesize life from non-living matter. You will never do it! You will never do it: It's a principle of the universe. You can not create a principle of the universe—you can discover it, but you can not create it.

"Well, we're going to do better than that! We're going to create a machine that can think!" Maybe we could substitute for George Bush, perhaps?

No. You will never do that. Because only life can generate life—a fundamental physical principle. Only cognition can generate cognition. The most important thing, in all human life, is the generation of cognition by cognition. Sometimes, this is called education. That is, you have an idea which is an idea of a universal principle, like gravity. I say, "There's gravity." And you say, "How did we discover gravity? What's gravity?" How do you get the child, or some other person, to understand what gravity is, as a principle? Cognition generates cognition.

Now, on top of that, it is only through the development and application of these kinds of ideas, which are ideas of principle, that humanity is able to increase the power of humanity *to exist*, as measurable in physical terms. Therefore, society depends upon supporting the ability of human beings, to generate and transmit *ideas*, which enable mankind *to increase man's power in the universe, power to exist*.

These ideas, of Information Theory, and of synthetic, Artificial Intelligence, these kinds of ideas, as reflected in statistical mathematical methods, or reflected by accountants in trying to explain an economy from an accounting standpoint—these things are deadening. Basic economic infrastructure is a part of the machine, by which we support a people in being able to develop, to discover and apply *ideas*: ideas of principle.

So, now, as I said, in the case of computer technology: With today's higher-speed computers and miniaturization, we can take, by sheer, brute force, we can take the data from every county of the United States, down to everything that we have data on. We can do correlation studies, of the type of this generation that we've done into some of our work. We can do studies which cause the data to leak out, and take a form which shows us how this thing is working. We can—for example, one of the most sophisticated cases, which I didn't mention before, in the case of this Baltimore study: How do you define the fact, that there's a very definite object—a definite object, a kind of a blob, which has boundary conditions within the city of Baltimore, so that on one side of the surface, the condition doesn't exist; on the other side, it does? How do you define that as an object? This is a problem in Riemannian physics, which is called the Dirichlet Principle problem, of defining objects in that way. This is very important to do. . .

How do you define objects of this type? And, this is what computers are good for: We can, actually, by this high-density generation of these kinds of patterns, these models, we can actually show what the data are telling us. And, by looking at this with insight, just the same way that Kepler looked at his massive data on observation of the orbit of the Earth and Mars with respect to the Sun, and was able to discover, and demonstrate a principle of universal gravity.

So, that's what we can do with computers. And, to improve computers for that purpose—fine. Just their pure number-crunching power, is used in this way. And the mathematics you use to organize it is essentially these Riemannian hypergeometries, that is what you use generally in these cases.

Anything in that direction is a part of infrastructure, as schools are a part of infrastructure. The educational process, all the things that are essential to promoting the development and application of the development of the mind of an individual: Because it is those minds' increase in power, on which progress of society depends. And, anything that is good for society in that way, is worth maintaining as infrastructure.

## Fair Trade, *Not* Free Trade

**Freeman:** The next question, Lyn, is from a senior Democratic Capitol Hill staffer, on the House side.

He says, "Mr. LaRouche, you've proposed that the Federal government launch a major infrastructure development project, involving high-speed rail, water management, energy, and other vital programs. Would you require, as many people up here are suggesting, that these projects be exclusively contracted out to American companies, including the materials needed for the project, such as steel, etc.? If you would include that as a requirement, how would you avoid instigating reactions from foreign countries, that could lead to a trade war and other actions, that would ultimately under-

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mine an American industrial recovery, since so much of the U.S. economy today relies on export earnings?"

**LaRouche:** I think it is not just a matter of hand-to-mouth kinds of agreements. What we need is this: We are going to have to create, first of all, a long-term agreement on a return to the original Bretton Woods system, or something very much like it. Now, remember, with that system the U.S. dollar was king. It was the only currency in the world that was worth anything. And so, Roosevelt used that to define the Bretton Woods system, which was a fixed-exchange-rate system of the post-war period.

Now, if you are going to have long-term investment, you must have a way of insuring that the cost of carrying of the investment, the financial cost, doesn't fluctuate wildly over time. Now, most of the important investments are those, which involve infrastructure and large capital ventures for production, in lives of 15 to 50 years, or longer. So, therefore, the issue is to insure that when we create credit, which we capitalize, in order to fund a large construction project, in infrastructure, or in production, that the cost of carrying that loan is not going to fluctuate wildly over the period of the life of that loan.

The way that we are going to have to do this, we are going to have to go back to the system that Roosevelt prescribed, but with some modifications. The principle remains the same, the form will be somewhat different. Then the U.S. dollar was the only currency worth using for anything but toilet paper. Therefore, the world system was based on the solidity of the dollar.

Today the situation is different. We are not going to create an international currency, because that doesn't work either. But, what we're going to do, is, we're going to create a fixed-exchange-rate system. And, it doesn't have to be the "right price." There is no such thing as the right price. There's a manageable price, or a price that's not manageable, but there is no right price in life. Money is only money. It is not real. It's a medium of exchange, and a medium of credit. It is not real. It's how you manage and use money, as a medium of exchange and credit, that counts. Money has no intrinsic value whatsoever. It's only paper, or less. These days of electronics, it's less. You can have billions of dollars represented by a simple glitch on the computer.

So therefore, what we are going to have to do is have a fixed-exchange-rate system, of a reasonable fixing of exchange rates, which can be adjustable under certain conditions. It's going to have to be global. And we are talking about largely a framework of loan-structure, not just the individual loans, but the combinations of loans—where you have Germany loaning to China, and vice versa; the United States is loaning to so and so, and vice versa. So therefore, you have a mesh, a back-and-forward mesh, of long term-credit agreements, in terms of different currencies.

So, the world will then run, on the basis of long-term credit agreements, in the form of treaty agreements, or nested

treaty agreements among nations. And the function of an international monetary system, that is a reformed one, back to the Bretton Woods model, is to organize the system so that these things are balanced, reasonably balanced into the future, and maintained. Because, we must have cheap credit, at 1-2%, in terms of simple interest—no compound interest—1-2% over the long term.

This has to be the basis of an international monetary system. These are loans that are going to be made for up to 25 to 50 years. And they will be nested loans, where you will package a whole group of loans, you'll bundle them together, and you create a monetary trade-credit agreement. And that's the way we are going to handle it.

Now, once you have that kind of structure, then you can handle these kinds of questions you raise, within that context. We are going to do something. We're going to proceed on what our interest is: We're going to go back to a protectionist economy. We have to go back to a *fair-trade economy*, not a *free-trade economy*. We are going to go back to *parity prices*. Because, we can not expect somebody to produce, at a price below the cost of the capital required to produce it. So therefore, you have to set prices at levels which compensate for the cost of production, including the capital investment needed to make the production. You have to build into the prices, the payments that have to be made to support infrastructure, as through tax collection, and similar kinds of mechanisms. So, you have to build in a reasonably good *fair-trade structure*, of the type that we did have, actually, in a sense, in the 1950s.

Now, you've got a system that works.

Now, then, everything comes on contract; it comes on agreements. You negotiate agreements. This is where you have good diplomats, who negotiate agreements on the minutiae of these kinds of things. We have got to have—in the United States, we've got to have a steel-producing industry and related industries, *back* in the United States again. That's our policy. So, we are going to do that. Now, we're not going to prevent other people from selling to us. We are going to say, "Yes, you can. This much, we're going to have to take ourselves. You can come in, and get in on the rest of it," under these complex of trade agreements. It works!

So, you don't have to treat every issue as something you have to bargain. You have to have an overall agreement, on tariff and trade, and fair trade, as opposed to free trade. You have a structured system. You have long-term agreements among nations, on credit, back and forth, over 15- to 25-year periods,—that's two generations. And, you manage, within that system, everything you do. And, what you depend upon is, you have good economic planning, good economic foresight. Each new condition comes along, you find a way to fit it in. You have good bureaucrats; you have good corporate executives; you have good diplomats—and they manage the thing. It's management: It's real management. You manage the thing, so that everyone has a fair shake. And, if they know they're in a system which gives them a fair shake, they will



EIRNS/Brian McAndrews

*“Music is the key to social organization: Because it’s this kind of social interaction in music which defines an organization, defines it as healthy. If at the same time, there’s scientific progress and scientific development in their minds, they have it!” Here the LYM chorus at a LaRouche webcast in January 2005.*

complain—but they won’t really complain, because it is better than the other way. Particularly, with memory of what has happened to us, recently: They will not want to go back to that!

### Choral Music To Uplift Deprived Youth

**Freeman:** We have a couple of more questions on these economic issues, and then we have a series of question on the current situation vis-à-vis Iran. This question was submitted by Ted Smith, who is interviewed in the *EIR* that concentrates on Baltimore project. He is a school teacher and the director of a community center in the center of the City of Baltimore.

He says, “Lyn, I am a Baltimore city school teacher. I direct a community center, and as I think you know, I was interviewed in the latest issue of *EIR*, on the conditions in the community. Most of the residents in the community that I serve, are largely undereducated, and they rarely have either the leisure, or the inclination, to read newspapers. It’s not a minor problem. Many of the principles that they need to master, in order to survive, exist to them as simply abstract concepts that they don’t have time for. My question is: By what principle can I begin to organize, in such an incredibly devastated community, to begin to build their own political and economic understanding, as well as to link them to political efforts overall?”

**LaRouche:** Well, I am rather optimistic about the possibility of doing something—but, it’s going to go slow. When you have people who are demoralized, who don’t have confidence in their own minds—remember, what you’ve got in

areas, like the blob, like the Baltimore blob: You’ve got people who have almost given up on life. They’ve given up on the idea that they are capable of doing much of anything. They think of themselves as almost like animals. The idea of intellectual activity is alien to them. They go for fads—they like this, they like that. You see it in their dance behavior, their other kinds of behavior: There’s no critical structure-building in this thing—there’s no idea-structure, no meaning to it in the sense of music.

What I think really works the best, is if you can get young people into actually singing, at an earlier age. Because the fact that they engage in organized choral singing under competent direction, even though the thing is crude and so forth at the beginning, *this* is the best way to get people out of the mess. You find people change when they sing. They work together. They understand this.

It’s not easy. It’s a lot of work, but it’s well worth doing! So, therefore I think you have to use the full repertoire of art, in the directed way, to try and to get the cognitive powers of the young person bestirred. And music has been proven over a long time, as the most effective way of doing this. And choral music, because it involves cooperation or a sense of group, a sense of relationship, a sense of achievement, a sense of failure in achievement, and overcoming a failure to come back to a relative achievement. And that’s the best way to do it.

But it’s a hard job, and it always has involved, in trying to bring people up in society—when you’ve got people who are deprived in society, to get them to come up to a higher

standard, than being a deprived person. It takes a good deal of patience. And it takes people who have a lot of love for the children they're helping. Then it works.

But there're no easy solutions. It's having small classes, not too large: 15, 25 at the most; small groups, working with them; gaining the trust of the young people; engaging them in things, that they find that they are actually learning to do something, they couldn't do before; mutual reinforcement, in terms of sense of mutual respect among them, for the fact that somebody is improving. A concern, expressed by the children for the fact that someone hasn't understood it, and they want that person to succeed in understanding this—that kind of thing.

So, it takes patience. And teaching is a very loving profession, when it's practiced properly with children. They have to think you love them. If they think you love them, in that way, you may get across to them. And, if you get across to some of them, they'll help you get across to others.

## The Threat of War Against Iran

**Freeman:** Lyn, this is a question, that comes from a friend here in Washington, who's been involved in the function of the Executive for quite some time, certainly during the eight years of the Clinton Administration. And it's on the current situation in the Middle East. We have a number of questions on Iran. We will get to them, in order.

He says: "Lyn, I find myself surprised to be saying this, but I find Ariel Sharon's recent removal from office to be a regrettable event. All indications that I have, are that the United States does, in fact, intend to make some kind of military move against the nation of Iran.

"This is a very troubling situation. And I have to say, that it is largely being provoked by what are seemingly insane and suicidal statements by Iran's current head of state, regarding the state of Israel. One can argue that the United States could not sustain such a military effort, but that also assumes a degree of rationality in the Executive Branch that I believe is currently absent.

"Our own government's actions aside, I'd like your view, on what it is that is driving the Iranians? And also your view on whether or not there is some configuration in the Middle East, some particular Middle East government or group of governments, that can somehow bring them into line, before we're faced with a disaster?"

**LaRouche:** I understand exactly the problem. For example, there's another aspect to this thing—and on the Sharon question, I, too, have the same reaction on Sharon. That Sharon is not nice—to say the least. But he is not quite as insane as some other people are. And certainly Sharon would not want, at this stage, to be a puppet of Cheney in an attack on Iran, nor would he want an attack on Syria—either one. Because, from Sharon's standpoint, Israel is presently a doomed state. The conditions of life, the future, just isn't there. And therefore, the conflict in this area, and immedi-

ately, the conflict between the Palestinians and the Israelis—which is highly differentiated, it's not a simple case—is the first problem. You have hatred motivating forces, and hatred against hatred. It's very difficult.

Now, Sharon at least understood that. And while he would do hateful things, he understood it. He was not recklessly irrational, in the extreme.

Bibi Netanyahu is a different question. And Bibi Netanyahu is very close to Jack Abramoff, in multiple ways, and to Cheney. Cheney and Abramoff are joined at the hip, and Netanyahu is joined to them. Maybe not at the hip, maybe at some other part of the anatomy, I don't know what.

Now: The calculated estimate of some people, with whom I tend to agree, is the following—before going to the Iran question: First of all, you have to look at the British angle on this. The operation in the region is not a U.S. operation alone; it's an *Anglo-American operation*. Now, the British are a relatively smaller power, they have a lot smaller population. About the same-sized people, but a smaller population. But the British are actually the top dog, in orchestrating this international crisis. This is primarily British, not American.

Cheney, for example—Mrs. Cheney—is very close to the British Liberal Imperialist establishment. It was she, who introduced her husband, Dick Cheney, into the British Liberal Imperialist establishment. The United States is now, under the present government, is largely discredited, partly because of the Iraq War. Therefore, you have Jack Straw,—who's not out of the Wizard of Oz, he actually is in Britain—who is operating—the British Foreign Office is operating, and they're playing games there!

In this situation (along with the famous cosmetics family), in this situation, you have negotiations where Cheney wants, and Cheney's crowd, wants a Middle East war. They want another one. They do not particularly like the idea of risking an Iran war, even though they're pressing in that direction. But they do think that a limited attack by Israel on Syria, is a feasible operation, to get a *new 9/11 effect*. And since there is equipment, which is in the control of the Israelis, which can pass for Arab equipment, being held in the desert of Israel, if a limited strike force from Israel were to go into Syria, and dragging this equipment along, they then could hold this equipment up, which they just dragged in, and say, "We just discovered it here in Syria. It was Saddam Hussein's weapons of mass destruction."

Now, that operation is the one I'm most concerned about, because that is actually a potential operation; it's very dangerous.

I'm also very concerned about some other things: I'm concerned about the President of France, who's acting like an ass, on this issue. And he's playing with the British in these matters, and you have an aspect of this which is a British-French operation against Germany, which is a complicated factor, too, in the situation. So, you have people in Europe behaving like fools.

Then you have a President of Iran, who belongs to a faction in Iran, who would be inclined, as he's shown at Mecca and other places, by making—by trying to provoke the Israelis into making an attack on Iran! No Israeli in his right mind wants to make an attack on Iran, at this point. But Bibi Netanyahu is not necessarily in his right mind; and there are some other people who are a little less so. But, what he's doing, is provoking an attack: Because, in a sense he has to estimate that the attack would have to be limited, and he would be prepared to accept the damage, in order to unite Iran as a fighting force in the region.

You have, also, people who are trying to play the Muslim Brotherhood card, that Henry Kissinger used to play with, in the region, against Syria! The so-called "regime change" in Syria, which is being orchestrated *through* the President of France, through the former official of Syria, Khaddam.

You have a stinking mess, with incalculable implications. It is not a simple case. It's no one thing. Yes, there's a danger of some outbreak with Iran. And it's correct to say that since the present administration of the United States is clinically *insane*, and since a government of Bibi Netanyahu would be clinically *insane*, all kinds of things are possible because checks and balances don't work among people who don't know what time it is! Or what planet they're operating on!

So, the problem here is the other way. My view of the problem, is this: you look at a problem and you try to deal with negatives. That is a mistake! That's bad policy. You must operate from the *positive* side. *Can you bring about a peaceful resolution* of the problems in Southwest Asia, sometimes called the Middle East? Can you do that? Can you come up with something, that will do that? That's your best way of dealing with the situation.

Maybe something can come out of the combination in Israel, that's coming out of Sharon's unfortunate situation. I don't know. There are dangers, they're real dangers. *But the danger comes from here!* The danger comes from here, not only because Chirac is behaving like an ass—and I happened to warn the Gaullists against promoting Chirac, back in the 1970s. Some French Gaullist generals were friends of mine, and I said, "Don't put this little boy in charge of the Gaullist party. It'll be a disaster in the future." And I was right, and they were wrong. He's now there. He's a little boy! And he's not up to playing big world politics. That's the problem.

Therefore, *our* problem—the fact that *we* don't have a government which can respond to this situation in a *positive* way, with *positive* solutions to real problems, to take these things off the agenda by putting other things on the agenda that are positive. It's not who can beat whom! It's not who can kill whom! That's not the way history is settled. It's by, how can you make peace! Not peace by crawling or cringing, but peace by constructive action that actually solves problems, that takes people who are pretty foul balls, and gets them to go along with it, because they have to say, "Hey, I must admit that's a good deal."



EIRNS/Stuart Lewis

*Dr. Alim Abdul Mohammad asked LaRouche at the webcast to comment on his statement that nuclear power was the "right of sovereign nations." LaRouche replied that it is the insanity of the United States and Britain that is threatening war and creating an incentive for nations to desire to have intimidating weapons.*

That's what we need in this situation. It's the lack of that. As long as we allow what's going on right now in the Senate, and not telling this fool Alito, "Git!"—we have lost an option for dealing with the situation in the so-called Middle East! If people thought the United States had a government, even a united Senate, that could say "Git!" to Alito, at least a majority to say "Git!" to Alito, then the world would respect us! Because there would be *something* in the United States that they could *trust*. My fear is, that the Senate will capitulate to Alito! Capitulate to his nomination. In that case, we will have lost trust! People say, "Ehhh, the United States. Big guy, huh!?" They take a Federalist Society clown and turn the country over to a bunch of Nazis. "Big country, huh!"

## Nuclear Weapons and Sovereignty

**Freeman:** We have another question on this topic from someone in the audience, of a slightly different nature. I'm presuming that he's in the room. Lyn often talks about the question of leadership. In introducing the questioner, I'd like to say that I myself, in terms of my own organizing—and I know that Lyn shares this view: This is an individual who has played a critical leadership role, both nationally and internationally, and we are fortunate to have him living here in Washington, D.C.

Ladies and gentlemen, please join me in welcoming Dr. Abdul Alim Mohammad.

**Q:** Thank you. Greetings. How are you?

I just wanted to ask a little question. I read recently in, I don't remember which edition of the *EIR*, but you said that the possession of nuclear power was the right of sovereign nations, and you put it forth as, in a sense, a principle of sovereignty. So, could you comment a little bit more on what

you meant by that? And then, by extension, how does that apply to the current situation vis-à-vis Iran and the threatened attacks there?

**LaRouche:** Well, Russia is absolutely correct in the way it's approaching this situation. You have an unstable government at present in Iran, which has—as we see with the attacks from Mecca on Israel, which are absolutely insane. I mean, for the President or head of a country to make such an attack, is absolutely insane. I mean, actually, millions of Jews were killed by the Nazis in Europe. It's a fact. The idea of going to a place of refuge, is a fact. The whole thing was a mess. You had leaders in Israel, after they won the '67 War, saying what kind of a mess have we made in the world, didn't we make a big mistake? Because the original thing was peace with the Arab world: which still has to be the objective.

Now, this question of nuclear capability. Again, the problem comes back, the essential problem we're facing is the insanity of the United States and Britain. That's exactly it. We are threatening war. We are creating an incentive for nations to desire to have intimidating weapons, and nuclear weaponry has a certain blackmail advantage, particularly small nuclear weapons, or relatively small ones. Now, Iran requires nuclear energy for development of its economy. It requires those technologies. It has a right to those technologies. We have a rule that says that the right to have access to nuclear weapons, however, must be limited to a certain number of countries who are already in the club. And some countries which are in the club must get out of it, and other countries must not be allowed to get into it. They can have nuclear power, but they can't have nuclear weapons.

The problem arises only because we're insane enough to create a situation, in which the desire for nuclear weapons comes up. The use of nuclear weapons by any country, on its own, as a voluntary action, would be an act of insanity; an act of criminality at this point. There's no need for it, there's no function. Warfare as defined, heretofore—particularly aggressive warfare, or reprisal warfare—is actually out of date, morally out of date. We have to be able to defend countries, countries can defend themselves against attack.

But, the problem is that Iran is under the threat of attack. Otherwise, what the Russians offered, and I think what the Europeans would tend to agree to, would be a perfectly rational solution.

We'll get back to this question about their access to knowledge of nuclear weapons technology; things like that can be done. But the point is, there's no rush! Unless there's a rush to war. Where's the rush to war come from? The rush to war comes from the British and the United States. So, we're creating the anomaly, and I think we just ought to stick to it.

The thing is very simple. Continue the negotiations. Say, in principle, they have a right to know the technology, they have a right. But *we have come to the end of the use of nuclear weapons!* The world has got to come to the end of the use of nuclear weapons. They have no effective military purpose,

on the planet at this time. The planet has changed. We're actually at a turning point. And therefore, there should be no problem, because a negotiation should be continuing, and their right to knowledge of this sort of stuff, it's their right.

The problem, then, is that we've created a situation in the region: We've created a situation, in which we've had a war against Islam, organized by Bernard Lewis of British intelligence, or the British Arab Bureau, and Henry Kissinger and other people, and have made this an issue of Islam.

And then, we've, what we did in Iraq, we've made a mess of the whole area. We have now taken a nation, Iraq, in which—it was not a perfect nation, by any means, I know! But it was a united nation, it had a sense of a unity, with some oppression of some minorities in it, that sort of thing, and some who were not minorities—but we've made a mess of the whole region. And the British are making a mess of the whole region.

I see no solution, except that the United States gets rid of George Bush and Cheney! And shows that we're a nation, and that we are going to make sure, that we have come to a set of rules of behavior, which are truly equitable. And then, the Iranian people themselves don't want a nuclear war, and they can take care of their own government. And once that's done, we can eliminate this whole question of who has a right to know what nuclear weapons technology is.

## Dialogue of Cultures in Alaska

**Freeman:** A number of the elected officials who are here, have submitted various questions for Lyn. You guys will have, obviously, the opportunity to ask those questions, as the second half of today's agenda proceeds. So, I'm just going to ask you to be patient with that.

I do want to entertain a couple of questions that have been submitted from members of the LaRouche Youth Movement, some of whom are here, and some of whom are not. There's a question that's been submitted by the Anchorage, Alaska, LaRouche Youth Movement—which I thought I'd ask, since they're so far away, that they never really get to ask their questions in person. This is a question on indigenous people and physical economic development. And, Ian asks,

“Lyn, in attempting a dialogue of civilizations between American patriots and Alaskan natives, I run into some really serious problems. First, there is little distinguishing between what we know as the American System and the system of usury, and this has to do with the history of the genocide against Indian tribes in the United States. That's an easy enough hurdle to overcome, when we discuss some of the people involved. But the bigger problem, which I have less of an idea of how to address, is a problem of culture, with an explicit opposition to physical economic development of the degree that we're proposing.

“These people were used, and partially enslaved, by Russian imperialists, and unfortunately, they fared little better under the United States with Gold Rushes and other things,





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*It was British policy, especially after 1763, LaRouche said, to orchestrate the slaughter of the Indians, and continuous wars. In the same spirit, Andrew Jackson (pictured here on his horse) committed genocide against the Cherokee nation, a literate group with its own government and a written language. Cherokee Sequoyah is shown with the written form of the Cherokee language, which he developed.*

including the Land Settlement Act of 1971, which applied shareholder values of the corporate type to their own tribal councils. When a subsistence lifestyle has become their identity, and they've already lost much of their identity and culture to these conditions, how should one approach these people with ideas like science-driven infrastructure projects, such as the maglev, the NAWAPA river extension program, all of which fundamentally challenge the deepest of their subsistence-identity axioms, that have already been so rudely stripped from them?

"Also, this subsistence mentality is used by the environmentalist movement up here in a very destructive way, and this is a second major factor in justifying in keeping these people in an impoverished way of living. I have trouble listening to these clueless Bobos, who brag about ANWR [Alaska National Wildlife Reserve], on their way into shopping at REI and other stores, for some new synthetic underpants. I find it nauseating. Please comment."

**LaRouche:** Well, you know, this is something the British started. The House of Morgan. A number of our people have done some work on this, which should be looked at. What was done with the so-called indigenous population of the American Indians. Look, take Andrew Jackson, President Andrew Jackson: What a fine fellow he was! One of the myths of the Democratic Party, is that he was fine. The Democratic Party was created by a Wall Street bunch of gangsters. And it underwent a positive evolution under President Roosevelt. That's the story! But before then, it was the worst thieves and traitors the United States had. It's just that the Republican Party began to go bad, as bad as the Democratic Party—we sort of switched roles. It's something.

The problem here, is that a fetish was made, by the British

in particular and their agents in the United States. Initially, this thing started, where the British and some of the French tried to hamper, and war against, the English colonies in North America, and they incited tribes, like the Iroquois and others, in order to conduct warfare, where the settlers had originally sought nothing but peaceful relations with them. The King Philip's War in Massachusetts is an example of this, where the British orchestrated a war against English settlers, who had nothing but good feeling and good intentions toward the people.

As a matter of fact, some of the Indians were not really Indians, they were Portuguese. Because the Portuguese had settled New England before the English colonists got there. As a matter of fact, the Mayflower stopped at Provincetown to ask the Portuguese on direc-

tions to their destination on the coast of North America. That's how they ended up at Plymouth Rock. And when they met the Indians, what they met was a tribe of people who had intermarried with the local Indian tribes, because you had Portuguese sailors staying over there, catching codfish, making salt on the sand, making barrels, and taking the salted codfish, which they had sun-dried and stuck in the barrels with salt, and about every two years, they would take a shipment of these casks of salt cod, and take it back to Europe. So, they had been there, and being gentlemen over there, they made acquaintance of some of the ladies, to revive the requisite entertainment they desired during these long two-year periods that they were on the coast of North America. So, the Indian tribe was actually a Portuguese tribe; and the reason they were able to talk with them, is because they spoke Portuguese.

But, in the process, the British policy—and especially after 1763—it was the British government and the British Foreign Office and its agents, who orchestrated most of the slaughters. Now, in the case of Andrew Jackson's slaughter of the Cherokees: Now, the Cherokees had developed as a literate nation with a written language. They were the first indigenous population of North America of that period, which had a written language. They had rapidly developed a written language, of their own—hmm?—based on their language, on studying English. They had their own government, everything. So, Andy Jackson came down there and destroyed them! Some were chased off into the area next to Oklahoma; others were chased down into the Everglades. And Andy Jackson committed a kind of genocide against the Cherokee nation. So you had that. But you had, also, these wars with the Sioux and so forth, which was orchestrated across the border from Canada by the British.

Now, what happened was, the idea was to use the cult of backwardness, of the Indian tribes—and they became more backward under these conditions, not less backward; for example, the Sioux had originally been in the area of Minnesota, around Pipestown, for example, which was one of their centers. It was called Pipestown, because they used the clay there to make their smoking pipes. And they were driven—by the British, they were driven westward, and were cultivated and transformed into a horse-riding culture, hunting down buffalo, bison. They had not done that before! Oh, they may have killed a bison or two up in the woods of northern Minnesota or something, but it was a transformation.

So the British *organized* these wars. And then they had their friends in New York City, the bankers who were London-controlled, and they were in it on the other side! So, you had the famous case of Custer's Last Stand, which is the logic of this conflict, engendered from both sides. An old British trick is, "Get them to fight each other, and we'll beat 'em both."

What was left, therefore, was a policy in Washington, under the New York financial interests, which then imposed upon the treaty lands, conditions of life and a doctrine of culture which is "Don't Change! Our Way of Life!"

Now, before that time, most people in most parts of the world, meeting a new culture and finding something interesting and profitable in it, would adopt it. For example, how did the Indians get the metal tomahawk? The British gave it to them. The British East India Company gave it to them, or the British India Company gave it to them. They gave them muskets, and they got them to deplete their land by hunting with muskets, instead of bows and arrows. And they began moving westward. They gave them traps, to trap for the Hudson Bay Company; this kind of thing.

So, what you had, you have a policy of brainwashing and degradation, an imposed self-degradation of these people, who should have been integrated with dignity into the United States. Some of them did. In Canada, for example, some of them were used as construction workers. In New York City—the skyscrapers in New York City were built by the Iroquois. Because the Iroquois tribe became skilled in terms of high-rise construction, high steel construction, and built a lot of the structures in New York City. That sort of thing.

In Canada, they were trained, they were educated in the Canadian schools, in more recent times. I saw them, one time I saw this thing at Moosonee, which is at the mouth of the Moose River, going into Hudson Bay area. I went down there on a kayak trip, shot a nice little rapid for myself when I was younger and friskier. And they all went to college.

But I saw them here in Moosonee, which is a dusty track. It's the end, where the Hudson Bay Company would service the Hudson Bay Indians and so forth, with their supplies, and where the goose hunters would go out there once a year. They would hunt the geese, and the black flies would hunt them. These people were just walking around in circles, around

these dusty streets, going nowhere, where some of them were off working on construction jobs. But, you saw a dismal situation, of people who are university-educated, or college-educated, with no sense of future, no sense of going anywhere, where some of the men had construction jobs and worked in various parts of Canada.

But systematically, governments did everything possible to bring this state about. In this case, in Alaska: Well, you're going to have to go at this the right way. You're going to have to say, that there are certain things that they will accept, and you use what they will accept, to get them to upgrade themselves. And you try to minimize the conflict. Because what was done with the so-called Eskimo, was what was done to the Indians, the same policy. The so-called indigenous tribes. And, if you want to find out where the dirt comes from, you go up to New York City, and go to the American Museum of Natural History on Central Park West: And you'll see the *whole dirty story* laid out there. And that's where Margaret Meade used to hang out. And she had a big staff, and at the top of the staff she had witch's horns, because she considered herself a witch. And I don't know that—I never heard a "b" pronounced like a "w."

### When the Nation's Existence Is at Stake. . .

**Jeffrey Steinberg:** Debbie had to step out of the room for a minute, so I have the pleasure, but slightly unfortunate pleasure, of reading the last question, of this afternoon's web-cast. This is from Seneca Jones, from Boston, Massachusetts. The question is:

"I went to the Lincoln Memorial and read a letter written by Lincoln. I read that he said, 'I want to save the Union and this is my focus. If saving the Union means freeing the slaves, I'll do it. If saving the Union means leaving them in bondage, I'll do it. If it means freeing half and leaving the other half in bondage, I'll do it.' What do you think he meant by this, and what will it take to save the Union today?"

**LaRouche:** That's Lincoln! And that's the observation of a man who had a keen mind. Because, we survive on the basis of institutions, not on the basis of contracts, on agreements. Slavery was reintroduced to the United States as a policy in the 1820s, because the United States was isolated, and the British were able to do it. The only institution on this planet, which could eliminate slavery, the practice of slavery—which was still going on in Brazil; the Spanish were doing it under British direction: *The British were conducting slavery in the United States, and don't let anybody tell you they weren't!* They ran the Spanish monarchy, and the famous *Amistad* case is an example of that. The Spanish were running the slave trade. The British didn't want to do it, because it wasn't profitable to them—so let the dumb Spanish do it.

And the only way to get rid of this thing, was to have a nation, which would get rid of it. That was Lincoln's policy. If we lost the Union, slavery would triumph interna-

tionally. If you kept the Union, it would not.

The immediate issue, is to save the Union: Because without the institutions of power that would provide freedom, there is no freedom. The idea that freedom is an individual thing, is a failure to understand the problem. Mankind, society, has two natures. On the one side, you have society as a whole, as a unit. On the other side, you have the individual. The power of the mind, the power of creativity of the human being, is unique to the individual person, not to the society. Freedom does not really exist inside the society; it exists inside the individual. *But*: The exercise of freedom requires the protection of society. And that's the issue: the protection of society.

If we had lost this republic, slavery would never have ended. That was the issue.

How do you get rid of it? How to hold a nation together, to create a result, that did get rid of it? And he did! He got rid of it. He always intended to get rid of it. But he had to take a pathway, that would lead to that victory. He had the same objective as Frederick Douglass, but the question for him, was to win: to win that war, and he had to win that war. And he did. And slavery ended. Because he understood that the institution of the United States—. Look, he said this in 1863, in the Gettysburg Address. Clearly. That if this nation were to disappear, were to be broken, there would be no hope for its replacement.

The hope of all mankind, was the existence of the United States. And fortunately, or unfortunately, *that is still true to the present day*: Without the United States functioning as it must function—but first, it must exist—there is no hope for civilized humanity on this planet today.

The problem lies largely in the other side, of thinking that the whole thing is a matter of individual impulse, of individual freedom. The problem is a matter of winning a war, winning a war for principle, and this republic is the only thing that stood between a world of slavery, then, and freedom. That was the situation.

*That is the cruelty of real life.* And therefore, when you have to fight a war, put your life at risk for war, that's what you have to remember.

What I'm thinking today, as I worry about what's happening in the Senate, today and tomorrow: *Will they capitulate and let this Alito pass? If they do, the existence of this nation is in jeopardy.* Everything hangs on it. Often, in the course of events, you come to a battlefield, where you must win the war on that battlefield. That battlefield will not decide history as such, but the outcome of that battle will determine whether you *can* decide history, or not.

**Freeman:** Okay, so let's go on, to win this battle! Please, join me, once again, in thanking Lyn, and then, let's go do our work. Okay?

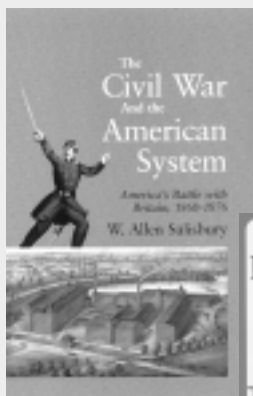
**LaRouche:** Thank you!

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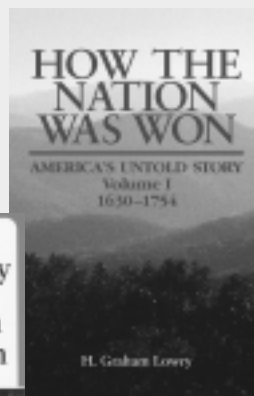
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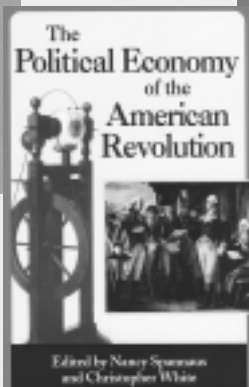
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## Those Financial ‘Good News’ Stories for 2005 Are Lies

by Lothar Komp

A tempestuous year has just drawn to an end on the money markets. In the spring of 2005, the downgrading of \$400 trillion worth of General Motors and Ford debt to junk bond status, unleashed a systemic imbalance in bond derivatives and hedgefunds. For months, the major central banks pumped in liquidity as discreetly, but as massively as possible, in hopes of heading off a chain reaction. Throughout the year 2005, raw materials prices rose across the board, to reach peaks that have not been seen for as much as 25 years.

“Good news,” some would claim: the so-called hedgefund industry, plying ever-new forms of financial derivatives, has not collapsed, nor has the huge, debt-driven property bubble in the U.S.A., Great Britain, and the European Continent burst. While the U.S. dollar, on which the entire world financial system depends, itself totally dependent on constant injections of foreign capital, seems to be holding the fort.

Here we are, though, in the year 2006. And the momentum in all the aforesaid, is a momentum headed for catastrophe. On Jan. 11, the head of the New York Federal Reserve, Timothy Geithner, more or less so acknowledged.

To date, the Federal Reserve, in the person of its Chairman Alan Greenspan, now about to step down, and his successor Ben Bernanke, has acted on the basis that a central bank need not be concerned with asset inflation. Whether it be a true bubble or not, they say, will come out in the wash; in other words, once it’s burst. And even if one acknowledges that it be a bubble, it would be foolish to attempt to prevent it by jacking up interest rates. The impact on the real economy, they contend, cannot be assessed, so why bother one’s head about it? Provided the so-called basic inflation rate remains low—and that’s what creative inflation statistics are about, eh?—everything comes up roses.

In his Jan. 11 speech to the New York Association of Business Economics, Geithner stated that in the future, the Federal Reserve will pay greater attention to fluctuations in the price of assets such as shares, bonds, and real property. Under certain circumstances, there may arise risks, that the Fed must deal with by changes in monetary policy. What Geithner did not say, is that the Federal Reserve has long since lost all control over asset inflation. As there already exists a gigantic bubble, raising the indicative interest rate significantly is out of the question.

### **Indebtedness of the World Economy**

Over the last five years alone, the price for dwellings in the world’s main industrial economies has shot up by over \$40 trillion, more than total worldwide GDP! Such “growth,” if that is the word, not only in absolute figures, but relative to GDP, is well beyond the stock market bubble which burst in 1929 and 2000. Worse still: unlike the stock market bubble, the real property bubble is entirely debt-financed. U.S. private households, by the end of the third quarter of 2005, were in debt to the tune of \$8,209 billion. Fresh mortgage indebtedness in the U.S.A., that was roughly \$200 billion throughout the 1980s and 1990s, crossed the threshold of \$1 trillion for the first time in 2005, and by the third quarter of 2005, had already reached a yearly rate of roughly \$1,107 billion.

By comparison, fresh debt incurred in Germany, a debt that the Liberals are wont to refer to as the grim albatross auguring the End of the World, seems almost negligible. U.S. private households and firms, that are not part of the financial sector, now run up \$2 trillion of fresh debt per annum, twice as much as during the Boom Days of the so-called New Economy. If one factors in the finance and public sector, U.S.

domestic indebtedness is growing at a rate of \$3 trillion annually.

These debts are the lever, used to maneuver both the finance-bubble, and the U.S. economy itself. A lever of scarce use, as ever-more fresh debt is run up, simply to produce the same effect. The long-term rates have, in the meantime, risen constantly. Which is why the U.S. Bond Market Association expects a 20% drop in issuance of mortgage-backed bonds. These are amongst the financial assets that the mortgage banks Fannie Mae and Freddie Mac have disposed of worldwide, to refinance the buyout of private U.S. households' mortgages.

The Hong Kong Shanghai Bank has just published a study, predicting a short sharp end to the U.S. property boom. In some areas, notably California and Washington D.C., houses are already 50% over-valued. Stagnation in property prices could have a very adverse effect on the U.S. economy.

In late December, this point was stressed by Paul McCully, managing director of the California-based PIMCO, one of the world's largest bond-trading firms. Referring to prospects for 2006, McCully referred to the now-common practice of Mortgage Equity Withdrawal (MEW), "which is Americans taking equity out of their homes by putting more debt on them." This, he said, was "turning the house into an ATM" [automated teller machine]. But, he said, the collapse of MEWs would occur, as the huge increase in property prices now comes to an end, "sufficient incomes to support the debt necessary to pay asking prices, particularly when mortgage interest rates rise." California has been especially hard hit, where, said McCully, over 80% of new mortgages over the last year have been exotic creatures—interest only, pay option, and negative amortization concoctions. And he continued: "When the American property market comes off the boil, maybe turning tepid, the world will feel the impact, not just American homeowners."

### **'Swarm of Locusts'**

Insofar as hedgefunds and their locust-like relatives, the Private Equity Funds (PEF), are concerned, a new "threat" looms. The worldwide campaign by the essentially U.S.-based Private Equity Funds, that have taken to gobbling up every small-and-medium German business they can, looting it to the bone, and then disposing of it again, has itself become a threat to the world financial system. What these PEFs do, is run up debt with the major banks, to finance their take-over bid. This debt, as one might expect, has become simply gigantic in the last couple of years alone.

According to the research agency Dealogic, private equity funds borrowed \$128.4 billion last year to fund European acquisitions, twice the volume of the year before. The word is out and about that many of these funds are so indebted, that they may shortly be facing payment difficulties, and bring the banks they have borrowed from down with them. London's *Financial Times* made a survey among top private equity fund managers in December, where 95% of the managers agreed

that the amount of debt used to finance leveraged buyouts had reached "dangerous and unsustainable levels." Jon Moulton, founder of the private equity fund Alchemy Partners, was quoted saying, "If there is any kind of a downward turn in the economy we will see a spectacular level of failure. The debt levels are without precedent." In Germany, Private Equity Funds have now invested into 5,500 firms, that employ over 638,000 persons.

Concerning derivatives and the hedge fund sector, yet another kind of speculative game was launched during 2005: so-called "Principal Protected Notes" (PPN). These PPN are derivatives contracts tracking the performance of groups of hedge funds. The idea is to allow "small investors" to participate in the alleged boom of the hedge fund "industry," as direct investments into hedge funds are restricted to super-wealthy or institutional investors. PPN contracts are a kind of "derivative derivatives," as the hedge funds themselves are massively involved in derivatives schemes.

On the finance markets, there is a feverish attempt to attract capital from small investors into the hedge funds and financial derivatives. To that purpose, new financial instruments have been introduced. While only the super-rich and institutional investors may directly play the hedge funds, where the bottom-line investment will generally be \$5 million, every Joe Blow can use what is now called Principal Protected Notes (PPN) and play the so-called hedge fund boom. PPNs are derivatives contracts, that involve betting on the success—or otherwise—of entire groups of hedge funds, while the latter bet on the success—or otherwise—of other financial assets. One could thus see PPNs as "derivative derivatives."

But even that will not suffice. In Great Britain, something else has popped up, so-called Funds of funds (FOF). The FOFs invest in hedge funds, and one need only have \$50,000 in hand to join the fray.

In Germany, where hedge funds were only legalized in 2004, one need invest but 124 Euros for starters, thanks to kind intercession by the Deutsche Bank's DWS Group, that has just set up two hedge funds to that very purpose. The only hitch, is that Deutsche Bank's own dealers may not be overly aware of what the funds might be up to.

In December 2005, Deutsche Bank made headlines, owing to the Ackermann trial and the property fund scandal. A brief month later, this January in London, a wet-behind-the-ears Deutsche Bank dealer may have unleashed bond derivatives losses in the area of 50 million Euros. Although the dealer himself has been fired, his superiors appear to have let him run wild. As it happens, bond derivatives involve such complex bets on bundles of outstanding debt that even the top brass scarcely understand how the thing works, nor can they possibly ascertain what the consequences might be at the end of the line. In terms of the world-wide game of Russian roulette with derivatives, bond derivatives are, so to speak, the big "growth area."

# Lincoln Financed the War by Taking On The British-Backed New York Banks

by Rochelle Ascher

*Editor's Note: The following article, which first appeared in the national newspaper The New Federalist in 1992, has a special relevance today, in the context of the discussion over the difference between sovereign national banking, and Synarchist-controlled central banking.*

When Lincoln entered office in March of 1861, civil war was only weeks away. Five southern states had seceded after the announcement of his victory, the rest followed in rapid succession.

Seven states had announced the formation of the "United States of the Confederacy" on Feb. 1, 1861. Confederate Vice President Alexander Stephens stated: "Our confederacy is founded upon the great truth that the Negro is not equal to the white man, that slavery is his natural and normal condition. This, our new government, is the first in the history of the world based on this great physical and moral truth."

The United States was bankrupt. President Jackson's dismantling of the Bank of the United States (National Bank), followed by President Polk's Independent Treasury Act of 1846, and the free trade treason of Presidents Pierce and Buchanan, had destroyed the U.S. economy. Lincoln had to wage war on two fronts—one against the free traders of New York and New England, and the other against their surrogates: the Confederate Army. And both "fronts" were run out of London!

Congress was out of session following Lincoln's inauguration, so Secretary of the Treasury Salmon P. Chase turned to the Associated Banks of New York, headed by James Gallatin for an immediate loan to the Treasury of \$150 million in specie (gold coin). Chase arranged to have the banks buy government bonds in three sets of \$50 million each at intervals of six days. The specie would return to the banks after it was paid out by the Treasury Department as salaries, materials purchases, etc. The Associated Banks would also have the right to market several million dollars worth of government refinancing bonds known as "7:30 bonds."

*The bottom line:* the Associated Banks intended to sell the U.S. debt overseas to the Rothschild and Baring banking houses.

U.S. historians say the reason for the Associated Banks' abrogation of their agreement with Chase and suspension of

specie payments to the government on Dec. 28, 1861 was the Trent Affair. As Allen Salisbury outlines<sup>1</sup>, the real reason was that Henry Carey and his Vespers Circle were engaged in furious letter-writing, negotiating, and lobbying efforts with the Congress and President Lincoln to have the policies of Alexander Hamilton adopted instead. The New York bankers were determined to stop this Lincoln plan.

## The Heart of the Matter

The fundamental turning point in U.S. history concerning restoration of the American System and defeating the British plan to balkanize and forever destroy the United States through its support of the Confederacy, centered on the issues of how to finance the government, and the civil war that was facing Lincoln in December 1861. Lincoln's policy was outlined in his Dec. 3 "Annual Address to Congress."

The significance of Lincoln's Dec. 3, 1861 speech to Congress cannot be overestimated—as the British were well aware. Lincoln had the opportunity as President to sign into law the economic policy he had worked for through the better part of his political life.

Lincoln's plan was presented by his Secretary of the Treasury, Chase—a free-trade liberal sweating and agonizing all the way through—and by Lincoln himself.

The measures included:

- a nationally regulated private banking system, which would issue cheap credit to build industry;
- the issuance of government legal tender paper currency (the greenbacks);
- the sale of long-term, low-interest bonds ("5:20s") to the general public and to the nationally chartered banks;
- the increase of tariffs until industry was running at full tilt (the Morrill Tariff);
- government construction of railroads into the middle South, promoting industrialism over the southern plantation system—what Carey called a "peace-winning program" to industrialize the South.

The nation's banks were intended to serve as both investors in the future wealth of the U.S. through the purchase of the 5:20 bonds (5% interest for 20 years); through the issuance

1. Allen Salisbury, *The Civil War and the American System*, pp. 33-34.

of long-term, low-interest loans to manufacturers, and by acting as a medium for the circulation of currency.

Henry Carey had proposed such a banking system to Henry Clay years earlier (this would have been under the jurisdiction of the Bank of the United States).

Carey also sent letters to Lincoln in the fall of 1861 preceding his historic December address with a copy of his pamphlet urging the construction of a North-South railroad to facilitate future attempts to industrialize the South. Carey wrote to Lincoln:

“If Henry Clay’s tariff views would have been carried out sooner there would have been no secession because the southern mineral region would long since have obtained control of the planting area. Some means must be found to enable these people of the hill country to profit of our present tariff. . . .”

And later:

“How much more firm and stable might the union have been, had there developed then a policy which would have filled the hill country of the South with free white men engaged in mining coal and ore, making iron and cloth, and building school houses and churches. . . .”<sup>2</sup>

### Reasserting the American System

This Dec. 3 speech by Lincoln was the emphatic declaration that the American System would be the guiding principle of his Administration. He urged Congress to consider the proposal by Carey to begin construction of a railroad system into North Carolina, Kentucky, and Tennessee, to enable development of mining and other industrial interests in these southern states.

Regarding financial policy, Lincoln stated: “The operations of the Treasury during the period which has elapsed since your adjournment have been conducted with signal success. The patriotism of the people has placed at the disposal of the government the large means demanded by the public exigencies. Much of the national loan has been taken by citizens of the industrial classes, whose confidence in their country’s faith, and zeal for their country’s deliverance from present peril have induced them to contribute to the support of the government the whole of their limited acquisitions. This fact imposes peculiar obligations to economy in disbursement and energy in action.”<sup>3</sup>

Lincoln spelled out his underlying republican philosophy and attacked the aristocratic British-allied bankers (this is the most famous section of his Dec. 3, 1861 Annual Address to Congress):

“Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and



National Archives

*In December 1861, the first year he was in office, Lincoln presented his economic plan, which included setting up a nationally regulated private banking system to issue cheap credit to build industry, and the increase of tariffs, until industry was running full tilt. He had to overcome the resistance of British-backed private financial interests.*

deserves much the higher consideration. Capital has its rights, which are as worthy of protection as any other rights. Nor is it denied that there is, and probably always will be, a relationship between capital and labor, producing mutual benefits. The error is in assuming that the whole labor of community exists within that relation. . . . In most of the southern States, a majority of the whole people of all colors are neither slaves nor masters; while in the northern a large majority are neither hirers nor hired. . . .

“Many independent men everywhere in these States, a few years back in their lives, were hired laborers. The prudent, penniless beginner in the world, labors for wages awhile, saves a surplus in which to buy tools or land for himself; then labors on his own account another while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all—gives hope to all and consequent energy, and progress, and improvement of condition to all. No men living are more worthy to be trusted than those who toil up from poverty—none less inclined to take, or touch, aught that they have not honestly earned. Let them beware of surrendering a political

2. Op. cit., pp. 224-42.

3. Abraham Lincoln, *Collected Works*,



LOCOMOTIVE BUILT BY MANCHESTER LOCOMOTIVE WORKS.

*Locomotives such as this represent the kind of infrastructure projects that Lincoln wanted built, since they were investments in the future wealth of the United States, through the issuance of long-term, low-interest loans by the nation's banks.*

power which they already possess, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burdens upon them till all of liberty shall be lost.”<sup>4</sup>

When Gallatin and the Associated Banks got wind of the new policy (even before Lincoln and Chase addressed Congress), they went berserk. They wrote to Chase, demanding the adoption of a stringent taxation policy.

On Dec. 28, 1861, the New York Associated Banks suspended specie payments to the government. They suspended payment of gold owed to their depositors, and stopped transferring to the government the gold which they had pledged for the purchase of government bonds. The banks of other cities immediately followed suit.

On Jan. 9, 1862, Gallatin headed a delegation of bankers who came to Washington to meet with Chase and those congressmen responsible for steering the Hamiltonian legislation through Congress. Gallatin presented the bankers’ “alternative”:

- the Treasury must deposit its gold in private banks, and let those banks pay the government’s suppliers with checks, keeping the gold on deposit for the investment use of the bankers;
- the government should sell high-interest bonds to these same banks, for them to resell to the European banking syndicate—that is, allowing them to sell an unlimited number of 7:30 bonds below par on the London market;
- the government should suspend the “Subtreasury” law by which the government gained control over the banks;
- the government should immediately cease the issuance of government legal tender; and of course,
- a great deal of the war should be financed by a tax on basic industry.

Gallatin was shown the door. One congressman, Samuel

Hooper (R-Mass.), commented that he would adopt no plan which called for “government shinning before Wall Street.”

## Economic Warfare

The British, when informed that Congress had dismissed the Gallatin plan, were furious. William Cullen Bryant, editor of the *New York Post* and head of the free-trade wing of the Republican Party, began a series of editorials attacking Lincoln’s financial policy, and *calling for direct taxation of industry to pay off the war debts*. After Congress passed the legislation, Bryant met with Lincoln, imploring him to veto the measure. Lincoln refused. From Britain, August Belmont, official U.S. agent of the British Rothschild bankers, and American Consul of the Hapsburgs’ Austrian Empire, then meeting with the Rothschilds and New York Republican boss Thurlow Weed, dispatched a plethora of protesting messages to Lincoln.

At a meeting arranged by the Rothschilds with British Prime Minister Henry Palmerston and Chancellor of the Exchequer William Gladstone, Belmont was questioned as to the state of the American nation’s defenses and the popular attitude toward Great Britain. Palmerston had the gall to say, “We do not like slavery, but we want cotton and we dislike your Morrill Tariff.” Belmont wrote to Lincoln’s Secretary of State William Seward:

“... The English government and people could not accept the North’s justification for fighting the Confederacy as long as this war is not carried on for the abolition of slavery in the southern states. Perhaps English sentiment could use the tonic of a reduction in the objectionable Morrill tariff? *Nothing else could contribute so effectively toward disproving widespread Southern assertions that the war was merely a contest between free trade and protection.*”<sup>5</sup>

While Lincoln fought the Eastern bankers over the na-

4. Op. cit., Vol. V, pp. 52-53. Dec. 3, 1861 Annual Message to Congress.

5. Salisbury, op. cit., p. 38.



tional banking system, the Treasury issued several hundreds of millions of new greenbacks. Philadelphia banker Jay Cooke was employed by Treasury Secretary Chase to become the sole agent for the 5:20 bonds. Several of Carey's associates, including Stephen Colwell, William Elder, and Samuel Wilkerson, prepared the propaganda Cooke utilized to sell the bonds. (Elder and Colwell were later appointed by Lincoln to posts in the Treasury Department; Elder as the official Treasury statistician and Colwell as an economist).

Banker Cooke sold small government bonds to the average citizen: with 2,500 subagents, Cooke sold over *\$1.3 billion worth of bonds to citizens between 1862 and 1865*. As Lincoln had argued in his Annual Address of 1861, the U.S. citizenry would finance the war.

The original bill authorizing the sale of the 5:20 bonds contained no provision for paying the interest on the bonds in gold. Thus, if the bill as it was prepared by Thaddeus Stevens' House Ways and Means Committee had passed the House, *it would have had the effect of severing the domestic economy of the United States from the British early in Lincoln's Administration*. The British pound sterling at the time was the gold-backed world reserve currency. By controlling the world's gold supply, the British ruled the world. But before the bill was passed, August Belmont and James Gallatin worked out a compromise with Republican Congressman Elbridge Spaulding which *allowed the bonds to be purchased with greenbacks, but their interest was to be paid in specie*.

This compromise was the first step in pegging the value of the U.S. greenback to gold, and allowed Belmont and other New York merchants engaged in the export-import trade to speculate in gold through the Associated Banks, and thus create fluctuations in the value of greenbacks as measured by the British gold standard.

President Lincoln pushed for his measures of control over the banking system, using more of his influence over Congress than on any other issue. The New England and New York bankers instructed their congressmen to defeat the bill. But Lincoln's prestige and authority won out—and he signed the National Currency Act on Feb. 25, 1863 and the National Banking Act on June 3, 1864.

To understand the significance of what Lincoln did, we first have to look at the state of banking in the United States on the eve of the Civil War.

The national banking system was in a state of anarchy. *There was no national currency*. Each bank issued its own notes. On Jan. 1, 1862, there were 1,496 banks in the United States, some 7,000 legitimate notes, and some 5,500 counterfeit notes! Only 253 banks had notes that had escaped alteration or limitation.

There was specie payment, i.e., payment of gold coin by a bank in exchange for a bank note, but as I mentioned, this was suspended by the Associated Banks at the outbreak of the war.

Banks had no one in the national government to answer to, only state banking inspectors, who were frequently bribed. Banks often had little capitalization or reserves, operating often solely on the "connections" of the bank's chairman. Banks promoting the most outrageous schemes and responsible to no one, were the order of the day. The large private banking houses, like the House of Morgan, used large credit lines from Europe to add to the chaos.

## Lincoln's Regulated Banking System

Richard Freeman in his article "The Economic Mobilization that Saved the Union, 1861-65," described the measures Lincoln took, in the footsteps of Alexander Hamilton, to create a sound national banking system out of this anarchy.<sup>6</sup> His steps were embodied in the Banking and Currency Acts of 1862, 1863, and 1864. We quote from Freeman's article below:

### *Step 1: Federal Supervision:*

As a provision of the Banking Act of 1863, commercial banks could be incorporated under federal charter, instead of the prevailing system of banks being incorporated under state charter. This meant the commercial banks would have to accept federal supervision exclusively. When many state banks refused to incorporate under federal charter, the Treasury Department under Lincoln's orders, announced a 10% tax on all bank notes issued by state banks. This forced the Associated Banks to join the national banking system, or pay a 10% tax on every transaction conducted outside the system. This made the issue of state bank notes so prohibitive in cost, and put these banks at such a disadvantage relative to federally chartered banks, that the number of state banks fell from 1,466 to 297, and the number of national banks rose to 1,634. Furthermore, the Office of the Comptroller of the Currency was established so that no national banking association could start business without his certification of authorization.

### *Step 2: Reserve Requirements and Capitalization:*

Regulations were imposed covering minimum capitalization, reserve requirements, the definition of bad debts, reports on financial condition, and identity of ownership and other elements of safety to depositors. Under the Banking Act of 1863, a minimum capitalization of \$5,000 was fixed for institutions in communities with less than 6,000 population; and of \$100,000 for larger cities. Half the authorized capital had to be paid in before the bank could open its doors. Every bank director had to be an American citizen, and three-quarters of a bank's directors had to be residents of the state in which the bank did business.

Each bank was limited in the interest rate it could charge by the strictures of its state's usury laws; or if none were in effect, then to 7%. If it were caught exceeding this limitation, it would forfeit the loan in question and would have to refund

6. Richard Freeman, "The Economic Mobilization that Saved the Union, 1861-1865," *New Solidarity*, March 16, 1984.



*Lincoln's plan included a call for the issuance of government legal tender paper currency (the greenbacks), which were first issued in 1862. This infusion of credit kept the Union Army going, and helped build the industrial infrastructure that led the Union to victory. By 1863, he had signed the National Currency Act, and the National Banking Act in 1864.*

to the victimized borrower twice what he had paid in interest. Banks could not hold real estate for more than 5 years aside from bank buildings.

#### *Step 3: Currency and the Greenback:*

There were to be two kinds of legal money: greenbacks and bank-issued notes.

##### *A. Bank-issued notes:*

Banks could only issue notes against U.S. government bonds, and notes could be issued up to only 90% of the value of the bonds. This meant that notes of banks, although individual in their issue, were secured uniformly against a measure of value: U.S. government bonds. A national bank had to deposit with the Treasury, bonds amounting to at least one-third of its capital. It would receive in return government-printed notes, which it could circulate as money. Thus, the banks *would have to lend the government* substantial sums for the war effort to qualify for federal charters, and a sound currency would be circulated to the public for an expanding economy.

In addition to the bond requirements, specie (gold) and lawful money reserves had to equal at least 15% of deposits and note issues for banks in most cities, and at least 25% of deposits and note issues for banks in the largest cities, which were called reserve cities. This meant that banks could not just issue bonds or take deposits freely, but had to secure them

with reserves of 15-25%, guaranteeing the safety of the banking system.

##### *B. Greenbacks:*

Under the Banking and Currency Acts of 1862 and 1863, a national currency, supplemental to the private bank note issues, was created by Lincoln, called the "greenback." During the war, \$450 million in greenbacks were issued. These were Treasury obligations and notes that circulated as common currency. As claims against the U.S. government, they could be used in all transactions. At the time of issue, greenbacks constituted almost one-half of the amount of currency in circulation. By creating \$450 million worth, Lincoln increased government spending by 300%!

This massive infusion of credit was needed to feed, house, and arm the Union Army and build the industrial infrastructure that would lead the Union to victory. The greenbacks became doubly necessary when speculators

such as J.P. Morgan acted to undercut the value of U.S. currency and refused to help market government debt. (During the war, Morgan sold such huge quantities of U.S. gold abroad, in an attempt to wreck the value of the U.S. currency, that several newspapers openly attacked him as a British-affiliated traitor!)

The greenbacks were attacked as needless instruments of inflation by the domestic and foreign enemies of the U.S. during the Civil War. This was ludicrous, especially since those who attacked the greenback, such as the House of Morgan, were the very people actively debauching the U.S. currency (since interest payments on the greenbacks were still pegged to gold), and manipulating prices by 50-70% in an attempt to defeat the republic. The opponents of the greenback were really the opponents of the national banking system that Lincoln was in the process of building.

Lincoln went further. He set up a "reserve requirement tree," in which smaller banks had to hold reserves in larger banks, and these larger banks had to hold reserves in still larger banks. By having the U.S. government regulate the nine or so top banks that, through this process, held two-thirds of the national bank deposits, Lincoln hoped to regulate the national banking system. Had Lincoln lived, it is likely that he would have superseded this arrangement with the creation of a Third National Bank of the United States.

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# Business Briefs

## Benefits

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### Pension Plans Going, After Boehner 'Reform'

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Two of the largest U.S. private defined-benefit pension plans have been frozen in the month since the Boehner pension bill—largely modelled on the Bush White House “pension reform” proposals—passed the House of Representatives.

IBM froze its plan on Jan. 6, meaning that the retirement pension benefits of 120,000 employees will stop “accruing”—i.e., growing with additional years of work; and newly hired employees will not get pension benefits. IBM announced on Jan. 6 that it will “replace” further pension accruals by increasing its matching employee contributions to a 401(k) plan—up to a maximum of 6% of the employees’ salary—but not until January 2008.

Two weeks before IBM’s move, Verizon froze its pension plan for 50,000 employees whom it calls “managers”—i.e., supervisors—leaving them with a 401(k).

IBM’s self-reported pension-plan deficit had been \$7.4 billion at the end of 2004, and the new pension legislation, if reconciled between the Houses and made law, will give it just four years to eliminate that deficit, as well as raising its insurance premiums to the Pension Benefit Guaranty Corporation. By freezing the plan, IBM claims it’s saving \$3 billion by the end of 2007.

## Regulation

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### Hearings Demanded After Sago Mine Disaster

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Democratic Representatives George Miller (Calif.) and Major Owens (N.Y.) on the House Education and the Workforce Committee posted a letter Jan. 4 to Committee Chair John Boehner (R-Ohio), demanding hearings on the Sago Mine explosion which killed 12 Jan. 2. The four-page letter lays

bare horrendous, Nazi-like willful neglect of safety that has been instituted by the Cheney-Bush Administration. They point out that Congress has held no hearings on mine worker safety, and only two “safety” hearings since 2001—and those were, the letter says, “to weaken the Occupational Safety and Health Administration’s (OSHA) enforcement.” Their letter pointed out that:

- From 2004 to 2005, Sago’s citations jumped from 68 to over 200, of which 96 were considered “significant and substantial.” Yet, “the 2005 violations by International Coal Group by the Department of Labor resulted in just a few thousand dollars of penalties. . . . The International Coal Group had revenues exceeding \$136 million in 2004.”

- “. . . next year’s Mine Safety and Health Administration (MSHA) budget include[s] a \$4.9 million cut. . . . Since 2001, MSHA staffing has been downsized by 170 positions.”

- During the Cheney-Bush Administration, the officials appointed to MSHA come out of the coal companies. . . . “[I]n April 2004 procedures were changed, such that the draft report and conclusion of professional investigators regarding a serious or fatal accident are now apparently subject to re-review by the Department of Labor’s political appointees to determine what action, if any, to take against the mining company.”

On Jan. 9, Rep. George Miller (D-Calif.) renewed his call for Congressional hearings into the cause of the explosion, and additionally requested that the Department of Labor turn over all documents related to the accident, its safety violations, inspections, and fines.

## Industry

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### Machine Tool Consumption Fell 2.5% in November

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This drop, for the third month in a row, of this critical industrial indicator, points to the

necessity of converting the auto industry to build large-scale infrastructure projects. According to a joint report by the American Machine Tool Distributors’ Association and the Association for Manufacturing Technology, U.S. machine tool consumption fell in November to \$245.04 million from \$251.36 in October, and was down 6.9% from November 2004. For the first 11 months of 2005, total orders were \$2.767 trillion, up 8.3% from January-November 2004—yet down some 30% from the level in 1997.

## Auto

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### GM’s VP Calls Wall Street Bankruptcy Talk ‘a Crock’

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There is no plan for GM to become bankrupt,” GM Vice President Robert Lutz told reporters Jan. 9 at the North American International Auto Show, according to Reuters, echoing GM CEO Rick Wagoner’s comments. Lutz attacked Standard & Poors analysts, and other Wall Streeters who are greedily attempting to force GM into bankruptcy. “I don’t care which junior analyst on Wall Street or two years out of Harvard Business School says—‘Oh, well, General Motors is inevitably headed for bankruptcy’—Well you know, our view of that is, that’s a crock. It’s not going to happen.”

Goldman Sachs’s response was that it believed a GM bankruptcy was “very unlikely any time soon,” raising its rating on GM to “in-line” from “underperform.” GM’s stock jumped almost 8%.

However, GM’s new CFO Fritz Henderson said the automaker is “moving pretty fast” to sell a controlling stake in its more lucrative GMAC finance unit, under threat of debt downgrade. Moody’s, copying S&P’s threat issued in December, threatened to downgrade GMAC deeper into “junk” status if the GMAC sale doesn’t go through. Wachovia Corp. is reportedly looking to join with private-equity firm Kohlberg Kravis Roberts & Co. to acquire a 51% stake in GMAC, as early as this month.

## Cheney and Netanyahu Pushing For War Against Syria

by Jeffrey Steinberg

An ever-more-desperate Dick Cheney is pulling out all the stops to install “Clean Break” hawk Benjamin “Bibi” Netanyahu as the next Israeli Prime Minister, to push for an immediate confrontation between Israel and Syria. Israeli sources report that Cheney, as of Jan. 11, had an emissary in Israel, exploring the means to put “Bibi” and the Likud back in power, despite collapsing Israeli popular support for the extreme rightwing policies of the neo-con faction that Netanyahu represents.

Part of Cheney’s growing desperation stems from the fact that the recent plea agreement between U.S. Justice Department prosecutors and super-lobbyist Jack Abramoff, threatens to bring down the entire political dirty-money empire of former House Majority Leader Tom DeLay (R-Tex.), which has been Cheney’s principal power base since coming in as Vice President and de facto head-of-state in January 2001. Cheney and DeLay were shown by a recent *EIR* exclusive story to be politically “joined at the hip” (see *EIR*, Dec. 30, 2005). The Vice President is so deeply implicated in the DeLay/Abramoff dirty-money machine that the legal defense funds of DeLay and Cheney’s ex-chief of staff Lewis Libby are headed by the same two Republican lobbyists, Wayne Berman and former Congressman Bill Paxon (R-NY).

But Israeli sources report, and Washington insiders confirm, that Netanyahu himself is so closely tied to Jack Abramoff that the fallout from Abramoff’s plea may bring him down as well, as the international web of money-laundering fronts, tax-exempt charities, and no-bid contractors put together by Abramoff unravels under U.S. prosecutors’ scrutiny.

### West Bank Story

The first published clue about the Netanyahu/Abramoff links actually surfaced last year, when *Newsweek* reporter

Michael Isikoff revealed on May 2, 2005 that one of Abramoff’s tax-exempt charities, Capital Athletic Foundation, had funnelled \$140,000 to a West Bank settlement, to finance the purchasing of security equipment, including “camouflage suits, sniper scopes, night-vision binoculars, a thermal imager, and other material.”

Funds for the Capital Athletic Foundation, ostensibly an Abramoff family charity dedicated to helping inner-city youth, came largely from Indian tribe clients of Abramoff.

The security gear was provided to the West Bank town of Beitar Illit, which Isikoff described as “a sprawling ultra-Orthodox outpost whose residents have occasionally tangled with their Palestinian neighbors.”

Beitar Illit is the home of Schmuel Ben-Zvi, a rightwing American who moved to the West Bank, and who was a close high school pal of Abramoff in Hollywood. The \$140,000 was paid to an Israeli group called Kollel Ohel Tiferet, which is not publicly registered in Israel.

While Ben-Zvi denied any links to the \$140,000 West Bank payoff, an exchange of emails between him and Abramoff told a different story. On receiving the money, Ben-Zvi wrote to Abramoff: “I feel like the tank commanders in the Yom Kippur war, who when hearing over the radio that reinforcements were coming, felt so great that they raised their seats higher out of the tank hatch and went forward.” To which Abramoff wrote back: “If only there were another dozen of you the dirty rats would be finished,” referring to the Palestinian neighbors of Beitar Illit.

When questions arose over what Israeli entity to pass the money to, Ben-Zvi proposed to write a letter to the Capital Athletic Foundation, on the letterhead of his Snipers Workshop, which he described as “an educational entity of sorts.”

Informed of the West Bank funding, Indian tribal lawyer Henry Buffalo told *Newsweek*, “This is almost like outer-

limits bizarre. The tribe would never have given money for this.”

FBI sources told *Newsweek*’s Isikoff that the bulk of the \$4 million listed as the Abramoff fund’s tax-exempt gifts went to a now-defunct Maryland yeshiva where Abramoff’s two sons went to school.

## Wiring Congress

Another contributor to the Capital Athletic Foundation was an Israeli telecom startup company, Foxcom, which kicked in \$50,000 to the Abramoff fund. Foxcom received a \$3-million contract to install wireless antenna systems at the U.S. Congress, in a deal pushed through by Abramoff crony Rep. Bob Ney (R-Ohio), chairman of the House Administration Committee. The *Washington Post* revealed on Oct. 18, 2005 that Foxcom had paid Abramoff \$280,000 in lobbying fees around the time they got the Congressional contract. An American company, LGC Wireless, which had lost the bid to Foxcom, went to the FBI and charged that the bidding process had been rigged by Ney.

*Newsweek* reported on Aug. 22, 2005 that U.S. officials had rushed to indict and arrest Abramoff on Aug. 11, because they feared he would flee to Israel, as two of his business partners had already done.

And still to be unravelled are the Abramoff connections to the Russian oil company Naftasib, which laundered \$1 million to another Abramoff “charity,” the U.S. Family Network, through a London law firm, James and Sarch, in 1998. Two top Naftasib executives, Marina Nevskaya and Alexander Koulakovsky, spent “quality time” with Tom DeLay in Moscow, shortly before the laundered payoff to Abramoff. The Russian “oil company” lists the Russian Ministry of Defense and Ministry of Interior as Naftasib’s two main clients. Some of the military equipment delivered to the West Bank settlement of Ben-Zvi came from Russia, hinting at Russian Mafia ties in the background of the Abramoff saga.

Senior Washington sources have cautioned that it would be a mistake to presume that the Abramoff money flow to Israel and Russia primarily went out of the United States. Abramoff’s takeover of the gambling cruise ship line Sun-Cruz gave him a perfect instrument for laundering millions of dollars a day through the offshore gambling tables.

## Syria War Diversion

The Cheney push to install Netanyahu as Israel’s next Prime Minister, replacing the now-incapacitated Ariel



EIRNS/Stuart Lewis

*Dick Cheney’s (right) power base, based on the political dirty-money empire of former House Majority Leader Tom DeLay, is on the verge of collapsing because of Jack Abramoff’s plea agreement. As a result, he is desperate to make “Clean Break” hawk Bibi Netanyahu (left) the next Israeli Prime Minister.*

Sharon, is, according to Israeli sources, part of Cheney’s desperate move to “change the subject” from his growing political problems in Washington.

Netanyahu is pledged, according to the Israeli sources, to a war with Syria, to divert attention, and to move ahead with the decade-old “Clean Break” scheme, drafted for Netanyahu in July 1996 by a group of American neo-con allies of Cheney. The “Clean Break” strategy paper was co-authored by Richard Perle, David Wurmser, Douglas Feith, and others, and called for the overthrow of the Saddam Hussein regime in Iraq, followed by similar “regime changes” in Syria, Iran, Saudi Arabia, and Egypt. David Wurmser, the single most vociferous advocate of “regime change” in Damascus, is now a senior Middle East policy aide to Cheney. He previously served under Doug Feith at the Pentagon, when Feith was Undersecretary of Defense for Policy in the first Bush-Cheney Administration.

Cheney’s war scheme against Syria also implicates Abramoff, according to a Jan. 11, 2006 story by Justin Raimondi, posted on antiwar.com. “One investigator, eager to obtain information about the neo-con-sponsored Reform Party of Syria, led by one Farid Ghadry, the Syrian version of Ahmed Chalabi” Raimondi wrote, “stumbled on the Abramoff connection: ‘When repeated calls to [Ghadry’s] organization went unanswered, I visited the Washington, D.C. headquarters of the RPS. Reform Party of Syria is in the office of super-Zionist lobbyist Jack Abramoff. Middle Gate Ventures, Abramoff’s political advisory company, partners with RPS.’”

# Iran Nuclear Crisis Must Not Lead To War

by Muriel Mirak-Weissbach

Events unfolding in Berlin and Washington on Jan. 12, around what was dubbed the Iranian nuclear crisis, had the undeniable smack of *déjà vu*, as accusations and counter-accusations thrown back and forth in a climate of brinkmanship, conjured up the specter of another Iraq-style crisis, which threatened to lead to military action. However, contrary to appearances, there *need not* be any mechanical repetition of the process that led to the United States' illegal war against Iraq in 2003: if rationality prevails, and the approach outlined by Lyndon LaRouche in his Jan. 11 webcast is adopted, the current flare-up over Iran's nuclear program could be extinguished without engaging in military conflict. Above all, Vice-President Dick Cheney, who desperately wants a war, has to be removed.

The new phase of the crisis was opened when the Iranian government restarted nuclear fuel research activities at Natanz. Under the supervision of inspectors from the International Atomic Energy Agency (IAEA), the seals on the facilities were broken on Jan. 10. That act triggered bellicose statements by the war lobby's leading protagonists, British Prime Minister Tony Blair and Vice President Dick Cheney, and disappointment from others, including the Russians.

Blair, speaking to Parliament, said the Iranian move would probably mean the issue would be referred to the UN Security Council. The British Prime Minister described the situation as "very serious indeed," adding, "I don't think there is any point in us hiding our deep dismay at what Iran has decided to do." In an interview with Fox Radio, Cheney said that "I think the next step will be probably to go before the UN Security Council, and probably the number one item on the agenda, would be the resolution that could be enforced by sanctions, were they to fail to comply with it."

## The Sanctions Question

A hastily convened meeting on Jan. 12 of the foreign ministers of the EU-3 (Great Britain, France, and Germany) reviewed the Iranian move, and concluded that talks with Iran that had been proceeding for two years, had now reached an "impasse." Accordingly, in their final statement, the EU-3 announced, "We believe the time has now come for the Security Council to become involved to reinforce the authority of IAEA Resolutions." The EU-3 stated that they would "be calling for an Extraordinary IAEA Board meeting with a view for it to take the necessary action to that end."

What this means concretely is that the IAEA should convene a meeting in Vienna, within the next weeks, according to one official privy to the talks, and should issue a letter to the UN Security Council, proposing that it be "seized" of the matter, as they say in diplomatic jargon. The UNSC, if it so agreed, would meet, and options would be discussed as to how to respond to the Iranian moves. From there, a wide range of options would be on the agenda: the UNSC could pass a resolution declaring Iran in "non-compliance" with former agreements with the IAEA and/or with UNSC resolutions, and could impose sanctions. These could be essentially symbolic sanctions, for example, reducing the number of diplomats in embassies, restricting travel of Iranian government representatives, or they could be substantial, that is, limiting trade with Iran.

The sanctions *per se*, whether nominal or substantial, would not have much of an effect on Iran. But, as German Deputy Foreign Minister Gernot Erler said on Jan. 11, any referral to the UNSC could trigger a process of escalation of tensions, in an almost automatic fashion. Erler said that referral to the UNSC should be prevented, because experience shows that "it is hard to calculate which way the development will go, then. Usually, there are demands implying sanctions, and that can lead to an escalation which runs out of control. That is the risk involved, as it was the case in the preparation of and the way toward the Iraq war, and that were, in addition to all other problems that we face in the extended region of the Middle East, not at all satisfying if the case developed this way." What Erler is pointing to, is the fact that once the Iraq issue had been taken to the UNSC, and relevant resolutions had been forced through, the US government used this to declare Iraq in violation of the same, and unilaterally, went to war.

## Desperate Negotiations

Although the EU-3 foreign ministers signed on to initiating the process leading to the UNSC, they are not all committed to sanctions.

A statement made by the chairman of the European Parliament's Foreign Relations Committee, Elmar Brok, is representative of the best European thinking on the issue. Brok, a Christian Democrat from Germany, said in an interview with German national radio on Jan. 13, that although this round of EU-Iranian talks had failed, there is no alternative to talks. Any escalation, for example, through UNSC sanctions against Iran, could lead to an explosion of crude oil prices, and sanctions would not be effective because Iran has the second-largest energy reserves of the world on its own territory, Brok warned. "Sanctions against Iran could well be sanctions against ourselves, then," Brok said, adding that since China just recently signed a 100-billion-dollar oil deal with Iran, this could also complicate the ongoing discussion about potential sanctions.

Brok also argued against a military response. Continuing talks is in the interest of Europe, Brok said, "because we have

to see the dangerous implications that military options would have. You have the problems in Iraq, which are there. In Iran, it would be much more difficult, and it isn't that easy, either, to launch a pre-emptive strike, like the one launched by the Israelis against Iraq at the beginning of the 1980s, when they smashed Saddam's nuclear plans with one single strike against a nuclear power plant. Iran has many different facilities—about 40, as is said—a large part of which lies underground, so that this is much more complicated. And the psychological ramifications in view of the Iran-Iraq situation, the situation in the Middle East because of Sharon's being incapacitated, and because of the elections among the Palestinians. All this naturally has to be seen in one and the same context. Because of that, it is such a complicated situation as you can hardly imagine."

UN General Secretary Kofi Annan entered the fray, seeking to prevent an escalation through the UNSC. Annan spoke for 40 minutes by phone with Ali Larijani, head of Iran's Supreme National Security Council, responsible for negotiations in the nuclear issue. Annan reported that he had advised Larijani that his government should "avoid any escalation, to exercise restraint, go back and give the negotiations a chance, and that the only viable solution is a negotiated one." Annan said that the Iranians were eager to pursue "serious and constructive negotiation, but within a time frame." He expressed his hope that the entire affair could be solved within the IAEA.

## Iran's Defense

Larijani also gave an interview to CNN on Jan. 12, in which he confirmed Iran's willingness to continue negotiations. He also referred to the Russian proposal for a joint enrichment facility on Russian territory, as worthy of consideration. Larijani's interview, which was curiously not transcribed, was a forceful defense of Iran's right to nuclear technology. Specifying that the decision to restart work at Natanz related solely to research, not to production, Iran's chief negotiator cited Article 3 of the IAEA charter and Article 4 of the NPT, which guarantee every country the right to the full nuclear cycle, and the duty of other countries to provide help. Larijani stated also that if a country were intent on producing nuclear weapons, it would not agree to IAEA surveillance, as Iran has.

As for the perspective for negotiations, he said that talks with Europe, which aim at guaranteeing that there is no diversion of enrichment, could reach an agreement, if the talks are "genuine," and spoke out in favor of continuing them. He insisted, however, that research was non-negotiable.

Asked about the Russian proposal for a joint enrichment facility on Russian soil, he answered that this proposal by Russia, "our neighbor and friend," was a good basis for negotiation, which would continue next month in Moscow. He stressed that Iran and Russia agreed that Iran had the right to enrichment. Thus, the idea of a joint plant is negotiable. By saying such a proposal could provide a solution "for a while," he seemed to indicate that Iran viewed it as a transitional

solution. He characterized it as a situation in which both sides could win.

A day after Larijani's interview, Iranian Foreign Minister Manouchehr Mottaki said that his "government will be obliged to end all of its voluntary measures if sent to the UN Security Council." This would not mean cutting off all cooperation, but rather "working to rule"—going through all the bureaucratic route for each inspection with the IAEA, instead of allowing spot checks, as has been the case under the "voluntary" cooperation regime.

## Complications

As LaRouche indicated again in his Jan. 11 webcast (See transcript, page 4), the potential for reaching even an interim solution between Iran and the rest of the international community is complicated primarily by the fact that there is a powerful international grouping, centered around the Cheney-Bush Administration and Blair, which is a *bona fide* threat to the security of Iran. This Anglo-American faction's commitment to further imperial wars feeds the desire of that faction in Iran that does want to get nuclear weapons. Add to this the provocative, irrational behavior of the "fly in the ointment," President Ahmedinejad, and controls on the situation are problematic indeed.

The solution thus lies in removing the threat of the use of nuclear weapons, and pre-emptive war, from the Anglo-American side. That will happen in Washington, or not at all.

### COVERUP EXPOSED!

## The Israeli Attack On the 'USS Liberty'



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## Murtha's Address to Virginia Town Meeting

*On Jan. 5, Rep. Jack Murtha (D-Pa.) addressed an overflowing town meeting in Arlington, Virginia, which was hosted by Rep. James Moran (D-Va.). Murtha's message was enthusiastically received, and a growing pro-impeachment mood was palpable in the crowd. Because the speech was not widely reported, we provide the transcript of Representative Murtha's opening statement here. Following a glowing introduction by Representative Moran, Murtha was greeted by a standing ovation. Subheads have been added.*

I want to make a couple of comments today, because I've found that every time I make a comment, I get rhetorical answers, and that's frustrating to me. And I said the other day on a program—and it was all about Iraq. . . . I said that because of the policy, because I disagreed with the policy, I wouldn't encourage people to enlist. So that's my personal opinion. Now, there's other people that have found ways to avoid going into the service, for one reason or another, and that's fine. That's a personal thing. So instead of that, talk about the problems of recruitment, which they had. Now they fell 6600 short in recruitment this year. They have the smallest army since 1941—they've been overdeployed over and over again—we have some people who have been deployed five times.

We have some that didn't have battle armor, which I discovered when I was over in Iraq. Some families had to buy battle armor for the troops. Now this greatest country in the world, is allowing our troops to go into combat without battle armor, without humvees, without armored humvees, without all these things they needed, with inadequate forces to go to peace. So, I was upset about it obviously, and for a long period of time, I have been trying to answer their problems with substantive answers, and requests and suggestions about what needs to be done.

The other thing is training. We have a well-trained force, there is no question about it, but GAO just recently said, we have 112,000, in an inappropriate MOS—that's a Military Occupation Specialty. 112,000! Now, what do you mean by that? In other words, you've got truck drivers doing jobs of MP work. We have people that are switched into other types of positions. We have four critical shortages. Those four shortages are intelligence, translators—it takes a long time to train any of them—and the special forces people, and demolitions experts. We are paying \$160,000 to recruit some people.

Now that's a problem they have, and they don't face it with substantive answers. They face it with rhetoric. "Murtha's hurting our recruiting" [a reference to Gen. Pace's remarks earlier that day about Murtha].

All this happened before I said anything. So, when they start to talk to me—I know what I'm talking about. And when I talk about problems, and not being able to meet the requirements—when you keep deploying people over and over again. What's happening in recruitment, is, the guys come home, the men and women come home, and they tell their brothers and sisters, "Don't go, we don't have a clear mission." And the mission has changed five or six times. And so nobody knows exactly what is happening.

### Iraq Is a Political Conflict

Now, to go to—Iraq itself has now become absolutely political. All the top military people have agreed with me: We can't win it militarily. So, my recommendation has been, that we redeploy as quickly as we can.

Now, for a number of reasons, I think we've become the enemy. And why have we become the enemy? For the very reason I talked about—inadequate training. For instance, at Abu Graib, we have people who should not have been in the prison, who weren't trained and weren't supervised in the prison. I'll give you an example. One fellow from western Pennsylvania, actually in my Congressional district, had a court order against him, that he was not allowed to see his family because he had abused his family. And he told the Army that, and they still put him in that position. And he was the leader in the group in Abu Graib. Now you know the damage that did to our forces. When the Arab countries, when the world, saw those unsupervised, untrained people.

Now, I've had troops tell me in the United States, they didn't have adequate radios to train on, before they went overseas. They went to Kuwait and had to open up the equipment and read the instructions about how to use it. Some of the units were at the lowest level of readiness before they left the States, because they didn't have the equipment to train on. Jim will tell you this. We have a \$50 billion backlog of equipment that needs to be repaired—ground equipment—in the United States! We need 52,000 radios; we have 27,000. So we're looking at the smallest army being redeployed—a very small percentage of people in this country making that sacrifice—you begin to see the problem I have when I make suggestions to them, and there's nothing being readied.

Eighteen months ago I said, you have to either mobilize, or you have to get out of Iraq. They paid no attention to me at that time at all. I said in several shows—and I don't usually go on shows, I usually try to do it behind the scenes. A year ago I said we can't win this militarily, and I got all kinds of criticism. It wasn't substantive criticism. It was criticism like I received when I made my statement on the floor. People got up and criticized me personally. Now, I



try not to take it personally, but it's hard when they don't answer it substantively.

## Soldiers Glad I Am Speaking Out

And so, when I get letters from the troops themselves—like one young soldier wrote to me and said, “I tell you, we don't have a clear mission. We don't know why we're in Iraq, I'm so disappointed, and I'm so proud of you speaking out.” Out of the 18,000 communications I got, 16,000 were favorable. The people were thirsty. This is not about me. This is about thirsting for a policy that makes sense. We have an open-ended policy right now, in Iraq, with no exit strategy.

Now, I've always said, when you go to war, you go to war only when it threatens our national security. And some people say to me: Well, you're just getting old, and you're worried about the troops losing their lives. Yeah, you're damn right I'm worried about the troops losing their lives! I want to save every single life I can save.

And there are times when we make sacrifices. WWII, we made sacrifices, because we needed to make those sacrifices. And it was well worth those sacrifices. And the families now don't feel that same thing. The mothers come to me, the wives come to me—I had two young women come to me, one was 23, one was 19. One had two children, the other didn't have any children. But their lives had been turned over completely. And they were so dedicated, that they went out to the hospital to tell the young wounded people how well-off they were, even though they hurt so badly.

Now, we've lost almost as many in Iraq as we lost at the Towers. Imagine what I'm saying. And if you add the 7,500 that have been seriously wounded—and I see them all the time. I've seen young people so disfigured that their wives can't look at them. It's heartbreaking to see the problems we have because of this continual rotation. One young woman said to me, she said, my husband—he's lying there—has been deployed in Iraq twice. He'd been deployed in Iraq twice, and he enlisted to fight for America. He didn't enlist to fight for Iraq. Now, they're starting to open up to me. When I used to go to the hospital, I had to drag things out of them. Now they're hearing what I'm saying, and they appreciate what I'm saying.

## We Have No Exit Strategy

One of the Generals was saying to me just the other day, how high the morale is. Well, that's what the Generals think. They're going to tell the Generals how good the morale is. Sure, I understand that. I can remember when I said to the Commandant of the Marine Corps when I first came to Congress, that the staff sergeant at Paris Island said that they wouldn't fight. We had some real problems in those days, with drug addiction and so forth during the early '70s, and the



[www.house.gov/murtha](http://www.house.gov/murtha)

*Rep. John Murtha (D-Pa.), the 30 year veteran of the Marines who shocked Washington by starting debate on the need to withdraw from Iraq, drew over 1,000 people at a town meeting in Northern Virginia. Here he is shown (left) in Kosova in 1999.*

Commandant said, this Murtha, he came in and he's trying to run the Marine Corps. I wasn't trying to run the Marine Corps; I just told them what I heard. He finally realized it was accurate. We got rid of 10,000 Marines the next year. The Army started to do the same thing, the Navy, so we then went to a volunteer Army, and it turned out to be good.

Now, very few people are making sacrifices, and this is the thing that worries me. We have to continue to speak out against an open-ended policy. Nation-building is not the answer. We can't police the world. And nation-building—for a military! The reason it doesn't work . . . you had two things happen at the same time that Abu Graib happened. You had Fallujah. We put 150,000 people outside their homes. Now, that does not make friends. And there's a guerrilla war, and what I've been saying over and over and over again—there was a terrorist attack which emanated in Afghanistan. And we went into Afghanistan, had every right, and the world was with us. Well, when we diverted ourselves to the insurgency—and the insurgency is what is in Iraq—only 750 to 1000 insurgents are foreign fighters. So they are Iraqis that are doing the fighting against our troops. The only thing that could unite the Iraqis is the United States occupation.

We were considered as liberators at first. And now we're occupiers. And 60-80% of the Iraqis say that they want us out of there, and 45% say it's justified to kill Americans. And the Defense Department's own polls indicate the same thing. It's time to let the Iraqis take over this effort. Let them solve their own problems like we did in the Revolutionary War. And our troops should be redeployed outside the borders.

# Schwarzenegger's State of the State: New Script, Same Puppet

by Harley Schlanger

The “new” Arnold Schwarzenegger was put on stage in Sacramento on Jan. 5, to deliver a State of the State address which represented a dramatic departure from the image he has cultivated over the last two years as a “fiscal conservative.” The arrogant bully, who had derided his Democratic opponents as “girlie men” who are “spending addicts” and “evil,” who had attacked teachers and state employees as “special interests,” and sneered at nurses, saying they did not like him because he had “kicked their butts,” appears to have adopted a new humble, even conciliatory attitude.

“I have absorbed my defeat. I have learned my lesson,” he said, referring to the results of the Nov. 8, 2005 special election, in which every ballot initiative he supported was rejected decisively by the voters.

He continued: “And the people, who always have the last word, sent a clear message—cut the warfare, cool the rhetoric, find common ground and fix the problems together. To my fellow Californians, I say, ‘Message received.’ ”

Is it possible, after two years of increasing belligerence, of threats and juvenile name-calling, of governing as a devotee of Friedmanite budget-slashing, that Arnold has morphed

into an advocate of true bipartisan cooperation and economic growth, fostered by government spending? Has he really gotten the message of the voters of California, who trashed his “reform” program overwhelmingly, and, according to polls, give him a favorable rating of only 30%?

## Arnold as the New Pat Brown?

The message Governor Schwarzenegger delivered that night did seem to represent a significant change. He proposed a \$222.6 billion infrastructure program, to overhaul and rebuild the state’s deteriorating transportation, water management, and power production systems, along with building new schools, hospitals, courtrooms, and prisons. The money to pay for this would come from \$68 billion in state bond issues, to be put before the voters in a series of special elections through 2014, plus some federal funds, allocations from the state budget, and a somewhat vague plan for funds from the private sector and user fees.

He motivated this huge public works proposal by correctly noting that the state’s infrastructure is aging, has been neglected, and is inadequate to handle projections of further



EIRNS/Leslie Páez

*After his approval rating dropped to 30%, California Governor Arnold Schwarzenegger, who had earlier derided opponents of his stringent austerity policies as girlie-men, has abruptly changed tactics, and is calling for a building program which is designed to loot the state. Shown here is a LaRouche Youth Movement rally at UCLA last December.*

rapid population growth. “Our systems are at a breaking point now,” he told the joint session of the legislature. “We’ll need more roads, more hospitals, more schools, more nurses, more teachers, more police and fire, more water, more energy, more ports. More, more, more.”

This proposal seems to call for the largest increase in government funding and involvement in the economy since Democratic Governor Pat Brown put forward an aggressive plan in the 1950s to complete and expand upon projects inaugurated by Franklin Roosevelt in the 1930s. It was the combination of FDR’s anti-Depression infrastructure projects, and Brown’s bold expansion of them after the 1957-8 recession, which made California the most productive state in agriculture and industry in the nation, paving the way for it to become the fifth largest economy in the world, were California an independent nation.

In his speech, Schwarzenegger cited Pat Brown as one of the former Governors who “addressed the needs of the people.” Some of the still-deluded members of the media, who remain star-struck and highly susceptible to the spin put out by his handlers, seem to have bought this, marveling at his alleged ability to adapt.

A closer reading shows this “transformation” is just more Hollywood hot air, designed to manipulate an electorate with a limited ability to discern the truth, to rope them into a new form of austerity modeled on Hitler’s infrastructure policies, not those of FDR.

### The Real Arnold: Still Shultz’s Puppet

In his first State of the State speech in 2004, Schwarzenegger called for major budget cuts, targetting health care, education, and human services. When pressed on the deadly implications of such cuts, he barely blinked, acknowledging that he was aware that these cuts will affect human lives, but that is too bad. He stuck to the script handed to him by his controller, George Shultz, carrying on about deficit spending caused by too much “fat,” and threatening to “blow up the boxes” of a bloated government bureaucracy.

Shultz, an old fascist who played a leading role in vetting the hapless George W. Bush as one who would be acceptable to the synarchist financial interests he has served throughout his career, played a similar role with Schwarzenegger. Working with technocrats from former Governor Pete Wilson’s staff—with Wilson himself playing a role—they chose Arnie as the ideal candidate to accelerate the looting of the state which had begun under Wilson’s electricity deregulation, which had given Enron and the other energy pirates a license to steal. According to Wilson, they backed Schwarzenegger because they believed he “had the stomach” to impose the brutal austerity which Wilson could not push through.

When Arnold failed to deliver, during 2004—his special austerity team had failed to find any “fat” to cut, without throwing millions of residents onto a human scrap heap, and his “Performance Review” team found no “boxes” they could “blow up,” without severely damaging the functioning of state



Larouche PAC

*When Arnie’s controller George Shultz set him up to push pension privatization in California back in 2004, LaRouche’s Political Action Committee put out this mass pamphlet which helped blow the plan out of the water, along with George Bush’s plan to privatize Social Security.*

government—they went to Phase II: Making 2005 the “Year of Reform.”

The Governor threatened the legislature, which had resisted his Phase I plans to “cut fat” and “blow up boxes,” that he would go over their heads, to a special election, if he were not given near-dictatorial power over the state budget. Though negotiations dragged on through the summer, legislative leaders finally rejected his demands. An arrogant Schwarzenegger then proceeded to place four initiatives on a special election ballot, including one which would give him unilateral power to cut spending.

His defeat in November 2005, in which the LaRouche Youth Movement played a leading role in rallying voters to understand the fascist nature of his so-called reforms, led to the current effort to retool him as a pro-infrastructure builder. This project has openly reunited the fascist team of Shultz and Lazard Frères synarchist Felix Rohatyn which, along with Henry Kissinger, was responsible for the bloody bankers dictatorship of General Augusto Pinochet in Chile.

### Shultz and Felix, Together Again

The program presented by the “new” Arnold—or Governor III, as some have dubbed him—received its first public

airing in an op-ed in the *Washington Post* on Dec. 13, 2005. Under the title “It’s Time to Rebuild America: A Plan for Spending More—and Wisely—on Our Decaying Infrastructure,” the piece was written by Felix Rohatyn and Warren Rudman, and presents a plan which would load states up with unpayable debt, to fund the kind of infrastructure plans pushed by Hitler, not FDR. Lyndon LaRouche dissected this plan in “A Tale of Two Bozos” (see *EIR*, Dec. 30, 2005), pointing to Rohatyn’s lead role in imposing a banker’s dictatorship on New York City with his “Big MAC” swindle as a precedent for this much more ambitious effort to save the bankrupt international financial system at the expense of the American people.

Schwarzenegger’s plan for California is a scaled-down version of Rohatyn’s national proposal. It would overload the state with debt in the form of bonds—if California, which along with Louisiana, has the lowest bond rating of any state—could sell them. With a momentary budget surplus due to “unexpected revenues” set to disappear, and the chronic budget shortfall due to return, payment for the interest and principle of these new bonds would take priority over health, education, social welfare, and even previously budgeted infrastructure programs, meaning the Governor would be empowered to cut the spending for them.

Thus, even though he lost the special election to give him special dictatorial powers over spending, this version of the

Rohatyn plan would give this power to Arnold through the back door!

Anticipating this kind of con job, Lyndon LaRouche warned Democrats not to fall for it, in answering a question from a California Democrat during his Nov. 16, 2005 webcast. Discussing the difference between a “credit system,” which issues credit by the federal government for infrastructure investment—as FDR did—and a “monetary system,” which monetizes debt to take over and dismantle productive enterprises for short-term gain, LaRouche cautioned that “states have no ability to assure the ability to repay the loans they take out.” The result of such a scam as the Shultz-Rohatyn plan being pushed by Arnold, would be that private interests would end up taking over, and operating projects built on state credit, while the states would have to impose brutal austerity to pay off the debt.

LaRouche proposed that instead, since the states cannot issue credit, “we have to create a system of credit, which is soluble. And it has to be created by the Federal government,” which “has to be largely the engineer of organizing credit for the states.” Since we cannot have bankrupt states, he continues, “we’ll allocate projects among states,” financed with credit from the federal government, “to make sure that there’s enough going around to keep all the states in fair condition.” But you cannot accomplish, with state bonds, he concludes, “the ostensible purpose of such a loan (i.e., necessary infrastructural development), without a revision of the entire Federal system, by putting the entire Federal Reserve System into bankruptcy.”

This is not what Shultz or Rohatyn, or their lackey Arnold, intend to do.

In further background investigation into Rohatyn, who is being promoted as a Democratic Party alternative to the failed economic policies of the Cheney-Bush regime, and as an alternative to LaRouche, researchers for LaRouche PAC found conclusive evidence that Rohatyn had been a crucial ally of Shultz and Kissinger in imposing the Nazi Operation Condor-run Pinochet dictatorship on Chile, through his role as a Board member of ITT (see “Children of Satan IV”, published by LaRouche PAC).

The Shultz-Rohatyn tag team which controls Schwarzenegger is deeply embedded in the Governor’s camp. Shultz is more than a kind of mentor to Schwarzenegger. He is the senior adviser of his economic team, as well as a long-time ally of Milton Friedman, whom Arnold cites as his hero. Friedman was also intimately involved in the coup in Chile, as his “Chicago boys” authored the fascist economic policies imposed by the Pinochet dictatorship. Shultz’s wife, Charlotte Maillard Shultz, was appointed the state chief of protocol by Arnold, from which position she works closely with his wife, Maria Shriver.

Shriver, a member of the Kennedy family, has another tie to Rohatyn. He has handled the Kennedy family trust for years, as their personal banker at Lazard Frères.

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### Incentives, but No Investments

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*The German government's new program lacks commitment to real state intervention*

At two days of sessions behind closed doors in a castle south of Berlin on Jan. 9-10, the German government put into final shape its four-year framework for a conjunctural incentives program. The program envisages government expenses of 25.1 billion euros for the period between now and the end of 2009, of which sum, however, only 4.3 billion will go into direct creation of jobs, through state investments in the transport infrastructure. A second area of direct state input is the plan to increase funds into research and development, by 6 billion euros over the next four years. The rest of the 25-billion program consists of incentives to small firms and crafts shops (5.6 billion), to families (5.5 billion) and to house owners (3.7 billion), with the appeal to them to use additional tax cuts for investments or modernization efforts of their own, and for employing more people.

The program instantly came under attack by the labor unions. Frank Bsirske, chairman of ver.di, Germany's second-largest labor union, said that the program will not have any positive effects on investments and employment, because it is too small in size, with less than 6 billion euros spent annually; it is a mix of too many small programs, with not a single of these creating investments which would have a directly positive effect; finally, the program does not involve any direct state intervention of a size big enough to create new jobs in significant numbers.

And indeed, if one takes a closer look at the program, one finds that in 2006, it will allocate only 3.77 billion

euros, which is rather absurd, because this current year was supposed to be the one being used by the government to provide a big incentive to the German economy, to launch a recovery. For 2007, when the program will allocate 6.1 billion, the government has already committed itself to return to the strict budgeting criteria of the European Union's Maastricht rules; and for 2008 and 2009, when the government wants to fully adhere to these budget-balancing rules, the program is scheduled to allocate more than 7.5 billion euros, for each year. Furthermore, a bit more than half of the program is to be funded by revenues from new privatizations of state-owned property—real estate, the highway grid, telecom, and other industrial assets.

Differing somewhat with this miniscule government effort, the ver.di union itself has called for a state-run program of investments, mostly in municipal infrastructure, but also in the education and science sector, in the range of up to 40 billion euros annually. Together with the metal workers union proposal for a similar program in the same range, to be funded not by privatizations but through long-term lower-interest loans issued by the state-owned Reconstruction bank (Kreditanstalt für Wiederaufbau), the German labor unions have made a step in the right direction. But even that is still far below requirements. With a real jobless rate twice as high as the officially-recorded 5 million, Germany needs to create an average of 1 million new jobs every year, to regain full employ-

ment after one decade. But no more than 50,000 new jobs, at most, can be achieved with the government's programs. The projected creation of 20,000-25,000 jobs, through the 1 billion euros that the government plans to invest each of the next four years in the transport infrastructure, is only relatively secured. Lay-offs announced by some of the leading industrial firms, banks, and insurance companies for the next two years alone, however, already imply an increase of unemployment by more than 110,000.

The grave economic problems of Germany can only be solved with a program of the kind that the LaRouche Movement is putting forward. Helga Zepp-LaRouche, chairwoman of the Civil Rights Movement Solidarity (BüSo) party, made this point explicitly in a mass leaflet stating "That Isn't Enough, Madam Chancellor!" (see *EIR*, Jan. 13), in which she called for state-run concentrated investments in infrastructure, industry, research and development in the range of 200 billion euros, annually. The funding, she insisted, shall be done through state-guaranteed long-term low-interest loans to productive firms of the economy, if the Maastricht budgeting rules are abolished, returning credit generation to Germany and the other member states of the EU. And, she added, Germany must return to its pre-2002 national currency, the d-mark.

The LaRouche Movement in Germany will campaign nationally with these demands and with its qualified critique of the government program, focussing on two important mayoral election campaigns: 1) in Leipzig, eastern Germany's second-largest city, after Berlin, which will vote on Feb. 5; and 2) in Wiesbaden, the second-largest city in the Rhine-Main region, after Frankfurt, which will vote on March 26.

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# News in Brief

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## ***France To Develop a New-Generation Reactor***

French President Jacques Chirac announced Jan. 6 that in addition to the third-generation nuclear reactor type, the European Pressurized Reactor (EPR), which will begin construction in 2007, France will develop a fourth-generation, “new, inherently safe reactor,” to be ready by 2020. Chirac said the development of such a reactor is urgent, because it will be far more efficient than even the EPR, the most modern type of fission reactor as of now.

Press reports the next day indicated that he meant a reactor based on high-temperature technology. France will present its project in the context of the new European Union energy policy, work on which was agreed to at the EU meeting of energy experts in Brussels on Jan. 4.

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## ***Germany Has A Pioneer Area Of Fusion Research***

The northeastern region of Germany around Greifswald not only will be the site where the North European Gas Pipeline will berth in 2010, but there are also a number of pioneer research programs in place there, for bio-technology and fusion technology development, the *Frankfurter Allgemeine Zeitung* reported Jan. 6.

The article prominently mentions the Stellarator project, or Wendelstein VII-X, which Germany is constructing at Greifswald, to begin the first high-powered microbeam testing in 2012. The 300 researchers and engineers there are working on a technology more complex than the Tokamak generation of present-day fusion reactor types, as used in the ITER (International Thermonuclear Experimental Reactor) being built in Cadarache, France. The Tokamak-generated plasma is like a “wild horse,” difficult to tame for industrial and commercial use in the future, the Greifswald team thinks. Their Stellarator type is expected to help solve the problems—and solved they must be, if fusion reactors are to go on the grid by 2050, the

scientists say.

The anti-nuclear power taboo, the debate on power generation, has been broken in Germany recently, after power blackouts hit some areas of the country. The article’s author, Christian Schwägerl, is the same person who also a few weeks back wrote on the re-industrialization of Berlin.

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## ***IMF Chief Rato Gives Brazil Marching Orders***

IMF Chief Rodrigo Rato ordered the restive Lula government that it had better “stay the course,” during his Jan. 10 visit to Brazil, according to IMF and Brazilian press accounts. He stated that the IMF will continue to play an important role as advisor to Brazil even though it no longer owes the IMF any money. He asserted that his presence at the ceremony to celebrate Brazil’s paying off its debt to the IMF, shows our close relations.

Leading Brazilians are saying, as Parana state governor Roberto Requião did in mid-December, that “Brazil hopes for a Kirchner,” referring to anti-IMF President Néstor Kirchner of Argentina, to come out of the October 2006 presidential elections. With Kirchner coming for a state visit on Jan. 18, Rato, the former Finance Minister under Spain’s Jose Aznar, came into Brazil before Kirchner’s visit.

Rato laid out the conditions the financial vultures expect Brazil to meet, if it wishes to receive the investment-grade rating its bankers’ faction keep telling the President is required to entice foreign investment: pass the law granting full Central Bank autonomy; ensure no slippage in the gigantic fiscal surpluses being channelled into debt payments; rip up labor regulations, as Spain did under his direction; reduce state “directed credit” [this is an attack on the national development bank, BNDES, and the few other remaining state credit programs]; eliminate Constitutional requirements that certain percentages of the budget must go to health care, social programs, and education.

Brazilian Economics Minister Antonio Palocci, under heavy fire from within the Lula government for pushing these same policies, took the opportunity to promise that

Brazil would, indeed, implement Rato’s demands.

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## ***Danger of Dictatorship Seen in the Philippines***

Reporter Neal Cruz, a regular columnist for the dominant newspaper in the Philippines, *The Inquirer*, on Jan. 9, finally broke through the black-out in the press (other than the LaRouche Society newsletter in Manila, Executive Alert) on the fact that the campaign by the friends of the neo-cons in Manila to dump the presidential system in favor of a parliamentary system, backed by the Heritage Foundation in Washington, is intended to establish a dictatorship. In the proposed parliamentary system, writes Cruz, “There is no balance of powers. The party in power runs the whole government like a dictator.” Cruz reviews the numerous illegalities involved in the drive by President Gloria Arroyo and former President Fidel Ramos to ram through a “charter change,” and exposes the effort to get a phoney debate going on the best way to do it.

With the Philippine Senate showing signs of resistance, the Arroyo government is now talking about a 5-million-strong petition drive, to force a plebiscite over the heads of the Senate.

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## ***Monetarist Economics Is Greatest Threat to Brazil***

The Governor of the state of Parana, Roberto Requião, a member of the Brazilian Democratic Movement Party (PMDB) party and collaborator of former National Economic and Social Development Bank chief Carlos Lessa, told a radio interviewer on Jan. 2 that the political corruption which obsesses the press is really an issue for the police and for the Congress. “It is a serious problem, but it is a small problem relative to the damage wreaked by Brazil’s economic policy,” he charged. The “extremely conservative and monetarist vision” created the economic stagnation the country is suffering.

Requião also revealed that, after four or five statewide meetings of the PMDB party

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to discuss the proposed economic platform drafted for the party under the direction of Lessa (see *EIR*, Oct. 14, 2005), the PMDB national leadership stopped convoking the meetings planned for the remaining states. Requistio, a potential Presidential candidate for the party, said he is not interested in running, unless the national debate over the needed changes in economic policies is revived. Without proposing changes, why run? he asked.

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## ***Is Cheney Set To Go 'For Health Reasons'?***

If Vice President Dick Cheney resigns under threat of impeachment, the stage has been set anew for "for reasons of health" to be the plausible official explanation.

When Cheney was rushed to the hospital well before Monday morning rush hour Jan. 9, the word was that he had simply suffered "shortness of breath."

But one medical expert told *EIR* that the symptoms Cheney was exhibiting implied heart or kidney failure. Associated Press reported that "Cheney's own doctors weren't talking". Other doctors were saying the official explanation made no sense.

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## ***Columnist: 'Give Bush The Nixon Treatment'***

In a Jan. 9 op-ed, "The Nixon Syndrome," *New York Times* columnist Bob Herbert says that President George Bush deserves the Nixon Treatment.

"Spying on the populace is a giant step toward totalitarianism," wrote Herbert. "Get rid of the checks and balances, and you've gotten rid of the United States as we've known it." Herbert said that Bush has "aligned himself with Richard Nixon, who had his own notion of the separation of powers. That notion was best expressed in Nixon's chilling comment: 'When the President does it, that means it is not illegal.'"

How did the institutions deal with Nixon? Herbert answered the question: "Nixon was out of control, so Congress and the courts stepped in. Threatened with im-

peachment, he resigned his office and left town. Checks and balances."

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## ***Bush on Abramoff: 'Never Met the Guy'***

Plea-copping lobbyist Jack Abramoff was a Bush-Cheney campaign "Pioneer," meaning he was responsible for kicking in more than \$100,000 for the purchase of the Presidency in 2000. Then when the Florida recount needed the right kind of cash, Abramoff funnelled in another \$5,000, reported *Roll Call* in 2003.

The Associated Press reported last year that Abramoff and his staff made "nearly 200" visits to the White House in Bush's first nine months in office.

But Scott McClellan, W's spin doctor, subtly put it this way[]: "The President does not know him, nor does the President recall ever meeting him."

The President's memory may yet be jogged. An 2002 *National Journal* article reported that Abramoff helped arrange a meeting with Bush for top Indian leaders. And an unidentified FBI agent investigating the Abramoff case told *Time* magazine last week, "The case is far from over."

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## ***Retired 4-Star General Says Rumsfeld 'Ruthless'***

Retired Gen. Edward C. Meyer, Army Chief of Staff from 1979 to 1983, said Jan. 6 that he doesn't know whether senior officers in the Army are *afraid* to speak out, as Rep. John Murtha (D-Penn.) has charged, "but they're certainly reluctant to." Meyer was answering a question from *EIR* after speaking at a Heritage Foundation event on the hollowing-out of the Army during times of military change. Another panel member at the event made the point that the late Army Chief of Staff Gen. Creighton Abrams, had admonished his fellow officers to "tell it like it is".

Meyer predicted that in the next year, "there's going to be more speaking out about what's going on, particularly when Rumsfeld leaves." He said Rumsfeld has

been "an obstacle" to such speaking out, "because he's ruthless."

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## ***Florida Supreme Court Outlaws School Vouchers***

Florida's Supreme Court ruled early this month for "high-quality system of free public schools," not vouchers. In a 5-2 ruling, the state's highest court struck down Gov. Jeb Bush's program which diverts tax monies from public to private schools, through the issuance of vouchers. Under Bush's voucher program, families with children in "failed schools" have obtained government money to pay for tuition at private schools, draining money, and students from public schools. The teachers union has been fighting vouchers in Florida since 1999.

The *New York Times* has reported that the Florida ruling cannot be appealed to the U.S. Supreme Court, since only state laws are involved, but it is likely that this ruling will have an impact in other states, where voucher programs have been challenged in court.

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## ***Is Mexican Oil Company To Be Privatized?***

Senator Manuel Bartlett, a nationalist within the Institutional Revolutionary Party (PRI), has sounded the alarm that the government of President Vicente Fox of the National Action Party, is trying to privatize the national oil company, Pemex, before leaving office at the end of the year, according to *La Jornada*, Jan. 4. On Jan. 3, the nationalist senator attacked draft legislation presented by PRI Sen. Genaro Borrego, which would permit 20% private ownership of Pemex. "This would begin the privatization of the national company. . . . Everything that they [the Fox government] proposes, every proposal is to privatize and open up the energy sector. . . . For five years, a clear majority has defended the nationalist thesis of the Constitution" requiring state ownership over oil, against the Fox offensive. "That is the goal of this government, and they are desperate because they are about to go."

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## Editorial

### Stop Hitler!

Do not buy into any of the media propaganda that the Alito nomination to the Supreme Court is a done deal. The forces associated with Lyndon LaRouche are committed to determining the outcome of this battle, and really only launched a full-scale mobilization with LaRouche's historic webcast, and with the first saturation deployments in Washington with the Children of Satan IV pamphlet. So this fight has just begun: it is tantamount to the fight to stop Hitler.

On Friday afternoon Jan. 13, Sen. Leahy (D-Vt.) declared that some Senator would exercise his or her right to put a hold on the Senate Judiciary Committee vote on the Alito nomination, which means that the vote will at least not take place—as Cheney hoped—before the Senate Democrats' caucus on Jan. 18. How long it is held up, will depend heavily on the environment which the LaRouche-led mobilization creates over the days ahead.

If Alito gets in, LaRouche warned Jan. 13, the Synarchist bankers who pull dumb-thug Cheney's strings, will make a direct move for dictatorship. We are in a period which parallels the period in German history from the Feb. 27, 1933 Reichstag fire through the Summer of 1934. This was the period in which the Hitler dictatorship was consolidated, and the first mass-killings of German citizens began. That is what the United States is facing. The Synarchist oligarchy wants to overturn the present rules of the game. People don't want to face this. They want to feel safe, but such safety doesn't exist.

The reality is, that the Senate Democrats on the Judiciary Committee blinked this week. They came back from vacation in what LaRouche described as a "parliamentary mindset." Yes, they concentrated in general on the right area, the overreach of Presidential power, rather than the hot-button issue of abortion. But they lost some of the edge that they had throughout much of 2005, and they subconsciously (or consciously) said to themselves, "What if they win and we made them angry?" There are, of course, leading Democrats who want to fight, and who looked to LaRouche's webcast of Jan. 11 for the marching orders. And LaRouche didn't let anyone down. So now, the job is to create the political climate, over the next days ahead, such that no

sane Democrat, or Republican, can avoid facing the cold, hard reality that the Alito fight is the fight to stop Hitler in America.

There is plenty of ammunition to nail Alito. He lied and evaded every pertinent question during his two days of testimony. Whenever he was asked about the "unitary executive" or the Federalist Society, he lied or dodged. "Unitary executive" is the same principle that was used to install Hitler as dictator. This is the kind of blunt language that has to be used. Only if he is jammed by this reality will he and the Cheneyacs crack. The simple truth is: We cannot allow the Supreme Court to coalesce around this *Führerprinzip* principle of law. That is the winning strategy. Carl Schmitt certified mass murder with his "legal" pronouncements, and Alito dodged admitting that he is an adherent to the same legal code.

This is a situation where the truth, and nothing but the truth, will work.

LaRouche has reiterated his assessment that we must keep our eyes on the British and the French, who have constituted a new Entente Cordiale, and are playing some very nasty games of their own. Remember, it was the French, under British sponsorship, who launched the Synarchy at the time of the French Revolution and the ascent of Napoleon Bonaparte. That same combination is once again out to wreck Germany, because Germany's destruction is a precondition for bringing about an end to the nation-state system—just as the wreckage of the U.S. is another precondition. This combination is key to the threat of a new blowup in Southwest Asia, in which Cheney and Bush are acting as (very dangerous) pawns.

The consequences of shirking a fight for *victory* over the Administration's insistence on appointing Federalist Society flunkey Alito to the Supreme Court, cannot be overestimated. We are looking at a turning point in history, similar to that in the United States in 1932-1933. At that point of global financial and political crisis, the United States chose Roosevelt, while Germany chose Hitler, and the battlelines of global politics were set for the next decade to come.

The outcome of the battle over Alito will have similar long-lasting repercussions. It's finally time to listen to LaRouche. Stop Hitler!