

# EIR

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Israel 'at the Gates of Moscow'

LaRouche's 'Operation Juárez' Returns to Mexico

German Expert: Crash Today Will Be Worse Than 1930s

## LaRouche Acts in Crisis



# EIR

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## From the Associate Editor

On the eve of his July 20 webcast, which we feature in this issue, Lyndon LaRouche wrote a memorandum, “The Chamberlains of Democracy,” which introduces the webcast’s principal themes in a highly condensed way. He was responding to a reported suggestion, that the present threshold of a third world war has a closer resemblance to the outbreak of World War I than World War II. He rejected the idea as “not only false, but dangerously misleading.”

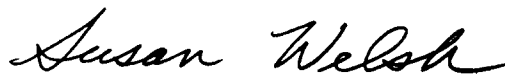
“First of all,” he wrote, “the common objective of the Anglo-Dutch Liberals and French Synarchists in launching both the first and second of the three world wars now being considered, was to eliminate the American System from the equation of global strategy. In both cases, the British regime was forced to accept rescue by U.S. military power, however reluctantly. This time, the purpose of the waves of warfare is the destruction of the essential elements of modern civilization.”

In other words, we are facing a totally new kind of warfare.

And today, “the spirit of Neville Chamberlain, or worse, the fellow-travellers of the frankly fascist (i.e., Synarchist) Felix Rohatyn and his ilk, stalk the political leadership of the U.S. Federal government. This time, unless we reverse the recent moral collapse spreading through much of the U.S. Congress, a general dark age throughout the planet were virtually inevitable for the early future. The fascist circles of Felix Rohatyn can not win, but, unless we defeat them now, everyone, including them, will lose.”

In the webcast, LaRouche develops these themes in detail, while showing that even now, solutions do exist to escape such a catastrophe. Don’t miss the last question, from a Youth Movement organizer in Washington: “Our message to the Congress seems to be, in no particular order: Impeach Cheney, dump Rohatyn, and support LaRouche’s economic reconstruction plan. Is that about right?” How would you answer that question? LaRouche’s reply will surprise you—and shows why he is such an outstanding leader.

**Correction:** In our issue of June 30, I wrote in this space that Felix Rohatyn’s mentor, André Meyer, was the father of the late Katharine Graham, publisher of the *Washington Post*. This was incorrect, and I regret the confusion.



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EIRNS/Stuart Lewis

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JULY 20TH WASHINGTON WEBCAST

## LaRouche Acts in Crisis

**Debra Freeman:** Good afternoon. On behalf of LaRouche PAC, I'd like to welcome all of you to today's event. My name is Debra Freeman and as some you know, I serve as Lyndon LaRouche's national spokeswoman and as his representative here in Washington, D.C.

There probably is no more timely occasion than this for Mr. LaRouche to address this audience, and in fact the nationwide and international audience that is listening. I'd like to remind people that it was approximately a month ago, on June 22, that Mr. LaRouche wrote an editorial that appeared in the weekly magazine *Executive Intelligence Review*. The title of that editorial, was "Time Is Running Out." And in that editorial, Mr. LaRouche made an attempt to prepare both the population and our elected representatives for what was coming. So that, in fact, they could take action.

The recommended action was not designed to stop the impending collapse. There really isn't anything that can do that. But it was designed so that those in a position of responsibility could take the necessary action to mitigate the suffering that that collapse would cause the American people, and at the same time, to make sure that we preserved our capability to build out of that collapse.

At the time that that warning was issued, although it was taken seriously by many here in Washington and around the world, it was, as is often the case, taken also as a somewhat metaphorical statement. And many people responded, by saying that, yes, indeed, these were very difficult times and we were dealing with a strategic situation that could, in fact, be referred to as a crisis. But to say that, in fact, we were on the brink of World War III, that we were on the brink of not only a financial crisis but a strategic crisis of enormous dimension, well, the response was that that was "just Lyn trying to make a point."

Well, here we are, less than four weeks later, and once again, I'm in a position where I can take the podium and say,

unequivocally, that "LaRouche was right."

Now, I wish I could bring you a whole series of items that would represent good news, but, in fact, I can't. And, if one were to base his state of mind on the current behavior of this government and the current behavior of the United States Congress, well, you'd really not be a happy person at all. Because, in fact, point after point, when this Congress has had the ability to take action, they have not. And I think that what we saw this week, with the Senate's unanimous passage of a resolution supporting the barbarity that is currently being carried out by the government of Israel, we see that very often we should be grateful when they don't do anything, because, when they do something, it is all too often the wrong thing.

Many people will say to those of us who represent Mr. LaRouche: "You know, I think that what LaRouche is saying is true. I think he's right. I wish your group was bigger, or had greater resources . . . because I just don't know if you can win." And then they look at you, and they say, "Do you really think you can win?" And, you know, it's a fair question to ask, I suppose. And the answer, if one answers honestly, is that: Yes, we can win. But, that in fact, based on the manner in which they assess things, the odds of winning are not necessarily that good.

But there actually is an element of good news in there, and that is, that while we have no guarantee of victory in this situation, we've got a shot at it. Our enemies cannot say that.

The one thing we can say, with absolute certainty—and for those of you who are familiar with this organization and familiar, in particular, with Mr. LaRouche, it is very rare that we issue guarantees. But the one thing that I am prepared to absolutely guarantee, is that our enemies, the enemies of this nation and the enemies of humanity, absolutely cannot win. And under those circumstances, the wise thing to do, as well as the moral thing to do, is to take the shot that we have, at preserving this nation, and preserving this nation as a leader



EIRNS/Stuart Lewis

*"We're talking about something worse" than World Wars I and II, LaRouche said at the July 20 webcast. "We're talking about the danger of a general disintegration of global civilization."*

of a drive toward progress.

Mr. LaRouche is one of the few people who is prepared to actually stand at the helm of such a movement. And in fact, that is precisely what he has done, week-in week-out, despite the less-than-courageous actions by some of the people whom we are seeking to assist.

That is the backdrop of today's event. That is, in part, the message that the LaRouche Youth Movement has spread throughout the city during the first three days of the week, and which they will continue to spread throughout this city, into today and tomorrow. It is also the message, along with what Mr. LaRouche says today, that will be carried across the United States.

And now that I'm certain that there's no longer a line outside, without further ado, I'd like to introduce Lyndon LaRouche.

**Lyndon LaRouche:** Oh, thank you. Thank you. Thank you very much.

An Israeli friend of mine, who is well-known in Israel and outside of Israel as a leading strategic thinker, had a discussion with my wife in the past 24 hours, on the situation in the Middle East. And he said, in his opinion, from the standpoint of Israeli interests, that what is going on now would not be continued much longer, in terms of Israeli aggression in the Middle East. *Unless*, he said, unless this is a strategic move, by other sources which are now pushing for an immediate

response to an impending, general economic collapse of the world economic-monetary system.

In point of fact, the world economic-financial system, and much of the political system at the same time, is presently in the process of collapse. And for that reason, because there's a correlation between what's going on in Southwest Asia, what's going on in India, what was going on in the context of the G-8 summit in St. Petersburg, in Russia, *we're on the verge of a condition tantamount to the Guns of August of 1914 and 1939. Now.* We're not looking at a war of the type, we would class as World War I or World War II. We're talking about something *worse*, not less dangerous. *We're talking about the danger of a general disintegration of global civilization.* And it all is tied together with the present economic situation.

This being the case, and the facts to this effect having been presented to leading circles in the U.S. Congress and elsewhere, the U.S. Senate in particular: *Why has the Congress behaved like a bunch of braying asses?* And being a braying ass does not qualify you as a Democrat! But they seem to have thought they were.

It's because they're Baby-Boomers. Now, a Baby-Boomer is not exactly a generation. And I shall speak to you today as being nigh on to 84 years of age, and therefore have a corresponding experience of life which is probably richer than most people of my age-group, because I was active in certain ways as a youngster. I lived through the 1920s, through

a generation of my parents and older people, who were better called *de-generates*: Because they were corrupt. This was the age of Coolidge, and the age of Wilson. Our society was immensely corrupt.

But when the time came, and when the Hoover Administration had led the U.S. economy *down by one-half* in physical condition, over the period from 1929, the end of '29 to the end of February of 1933, we had a President, who fortunately was not assassinated, though many in the Democratic Party leadership of that time *wanted* him assassinated! And even planned to do it. But didn't succeed, because an honest general and some other people, a Marine general, blew the whistle on it, and they couldn't pull off the coup d'état, to do a Nazi-style coup inside the United States. We were fortunate to have a President Roosevelt, who led this nation, to save the world from what otherwise would have been inevitably a Hitler dictatorship, worldwide. A Hitler dictatorship *conceived* by leading banking interests, financial interests, which are the same interests behind Felix Rohatyn and similar forces in the world today.

So, we are facing today, *exactly* the same evil, that we faced in the form of Adolf Hitler, and Mussolini, and so forth. And we are facing it at the hands of the descendants of *exactly* the same circles of financiers, and other circles, which were behind Hitler then, circles *inside* the United States, *inside* France, *inside* the Netherlands, *inside* Britain, as well as *inside* Spain, Italy, and inside Germany. The same thing, the same crowd, with the same ultimate objectives.

## The World Was Bankrupt

Now, I lived through these experiences. I lived through the moment that Franklin Roosevelt died. And I came back to the United States from military service abroad, in the Spring of 1946. The country had changed. The passing of Roosevelt had meant a moral degeneration of our country. I saw my friends, who had been heroes in warfare, who had been courageous, turned into stinking cowards under the Truman Administration, and what it represented. Because Truman was on the *opposite side* from Roosevelt! And did everything he could to destroy the life's work of Franklin Roosevelt, at the moment that Roosevelt died!

But they couldn't get rid of one thing: The whole world was bankrupt, and only the United States, as Roosevelt had led it to recovery, was capable of providing the basis for a recovery of the world economy. And so, until the middle of the 1960s, the Bretton Woods system, and some of the other essential economic intentions for the domestic United States and abroad, were carried through. So we had a period of recovery of much of the world, over a period of 20 years, even after Roosevelt had died. And that continued until about the beginning of the war in Indo-China, which was made possible by the assassination of a President of the United States, Kennedy, who was one of a series of targets of assassination and similar things, like President Charles de Gaulle of France,



President Harry S. Truman in Belgium, July 1945, on his way to the Potsdam Conference in Germany. From the moment that Franklin Roosevelt died, Truman "did everything he could to destroy the life's work" of Roosevelt, LaRouche said. "He betrayed the United States."

was a target of assassination by the same forces, the *Nazi* forces, *the same force, exactly as behind Felix Rohatyn in the United States and abroad, today!*

So, we had the Indo-China War. It was a demoralization of our population, to be in such a war. This was the *worst* kind of war to be involved in, *long* wars! It has been called a dark age war, as it was called Armageddon, later. It had many of those characteristics of the kind of war *you never fight*, if you can avoid it, unless it's forced on you. You never seek it out. You never try to fight it. You never declare it. You may declare against it, but you never declare it. Not if you're human. Not if you're sane. Not if you're moral.

As you wouldn't have started this war in Iraq. If you had been sane, you wouldn't have done it. If you had been moral, you wouldn't have done it. There was never a reason. It was based on lies! And it's still based on lies—by a President who is not called a criminal, because he's insane. And I mean it: *He is insane*. He's a puppet, but a dangerous puppet, a malicious puppet. We lived through this. I lived through these things before.

## A History Lesson

The object here, and I'll give you two lessons today, which I give in other locations, but I'll give them here in this context. One is a history lesson; the other which is crucial, is an economics lesson. Something that no one in the Congress apparently seems to understand is, the basic principles of economy. They don't! You would have to say, if they're innocent, it's because they're stupid, when it comes to economics, because, what they're allowing, what they're doing is stupid. And I'll make that clear.

All right, in the history of the thing: Remember what we are, as I know it from my experience, and people from my same age-group know. We saved the planet. We saved the planet from Hitler and what that meant. Oh, other people did it, too, but without us, without our President Roosevelt, and without our support for that effort, you wouldn't have had the period of growth and peace and so forth, that we had, relatively speaking, in recent times. We'd have been living under Nazism or its aftermath.

But, what happened was, not only did Truman betray the United States—and he betrayed the United States, because we knew what the interest was of the United States at the time the war ended. We knew that. What did this bum do? This stinking bum. What did he do?

Now, before the war had ended, the Emperor Hirohito of Japan had extended a negotiation to the United States and other nations for a peace treaty, or an armistice. He had processed it through the diplomatic channels into the foreign office of the Vatican, the Secretary of State of the Vatican. And into the office of a special part of the Secretariat of State of the Vatican, which was the Extraordinary Affairs group, then headed by a Monsignor Montini, who later became Pope Paul VI. The conditions for the surrender were arranged, with the United States *while Franklin Roosevelt lived*. Hmm?

I had a friend of mine who was the head of OSS in Italy at that time, who was a personal observer of the details of that negotiation. This friend of mine was also a friend of General Donovan, the head of OSS. Both were attached to the Roosevelt tradition. So, the facts are known. The facts of this case have been verified by the Vatican, more recently, to a member of that friend's family.

What did Truman do?

Japan was defeated! Its situation was hopeless! All that was left was the main island, and you couldn't get a ship in or out of the main island, because the United States Air Force, Navy, and Army had the thing so securely blockaded, that Japan had to surrender.

But now, Truman became President. Why didn't the United States offer to honor the agreement of armistice with the Emperor of Japan, which would have ended the war? Because, Truman said, "No. We don't honor the agreement." And why didn't he? Because Truman, working with people in Britain and elsewhere, knowing that we had nuclear weapons—Truman didn't know about this until he became President. We had two prototype nuclear weapons, one a uranium bomb, one a plutonium

bomb. These were laboratory devices, not production-line devices. So, we dropped one on Hiroshima, another on Nagasaki, which were civilian cities, civilian populations: *Why?*

## Roosevelt vs. Churchill

We had a defeated enemy, Japan, whose head of state was prepared to surrender! We postponed the surrender in order to bombard two Japanese cities with nuclear bombs, the only two we had. We'd had a third one, but used it as a prototype for testing in Los Alamos. Why did we do that?

Because: The Truman policy was directly opposite to Roosevelt's! Roosevelt's policy, as he said to Churchill during the war, and said to others, "When this war ends, Winston, we're not going to have your British system any more on this planet. We're going to have the American system. And that means, that those colonial nations are going to be freed! We're going to help them develop." He said that repeatedly. He said it in a visit to Morocco, where he laid out the details of the plan for Africa, while he was there.

What happened? Truman not only dropped the bombs on Hiroshima and Nagasaki—on a defeated enemy, unnecessarily!—he saved not one American life by that effort! None! He would have saved American lives by giving the armistice terms, presenting them earlier, because attrition did kill some people. So therefore, you stop a war as soon as you can. Because simply keeping the war going will mean more people



Russell: Library of Congress

"Bertrand Russell was probably the most evil man of the 20th Century." His infamous support for a nuclear first strike ("preventive nuclear bombardment") against the Soviet Union was published in *The Bulletin of the Atomic Scientists*, Oct. 1, 1946. If war were to take place soon, before Russia gains nuclear weapons, Russell wrote, America would surely win, "and American victory would no doubt lead to a world government under the hegemony of the United States—a result which, for my part, I should welcome with enthusiasm." And if Russia didn't welcome this world government, Russell stated, "there will be war sooner or later: it is therefore wise to use any degree of pressure that may be necessary."



will die, even if you don't make any new attacks.

What did Truman do? Well, Indo-China had been liberated—by whom? Well, by people from the OSS, and by Ho Chi Minh, who was a collaborator of the United States. What did we do? Well, the British requested, and Truman allowed: We had Japanese prisoners of war, in camps, in Indo-China. The orders were to release these people from the camps, give them back their weapons, and have them occupy Indo-China all over again—which had been liberated by forces associated with the U.S. OSS forces. We did the same kind of thing in Indonesia, which also had struggled for its liberation. The Dutch went in there with allies, and butchered the resistance to recolonization. Recolonization was on the agenda, this was the Truman policy.

So, what happened? Well, as a result of this, Truman was committed to a policy crafted by Bertrand Russell. Bertrand Russell was probably the most evil man of the 20th Century. He was the one who devised a policy of using nuclear bombardment, preventive nuclear bombardment, as a way of causing the Soviet Union and other nations to give up national sovereignty—i.e., globalization—and to submit to world government.

### An Economics Lesson

That was the Truman plan: Recolonize, loot, suppress, lie, kill! Betray everything he dared to betray. That's what he did.

We did something else. In this process, we formed a series of organizations, presumably to "fight Communism." Presumably. But what did they actually do? They targetted the section of the population born approximately between 1945 and 1957. This section of the population which was targetted, were families whose children would probably go to universities and become the leaders of society, the upper crust of society, once they came into maturity. Not the whole generation, but the generation of the upper 20% of family-income brackets, the future upper 20%, which became later known as the 68ers. The people who, in 1968, massed on the streets, and took their clothes off to demonstrate their sincerity—hmm?—and had all kinds of things they did; smoked everything, did everything, and so forth; and decided that people who worked for a living in blue collars, blue shirts, were no good; that farmers were no good; scientists were no good; technology was no good, and scientific and technological progress were no good. And having to work was lousy. This is called the Baby-Boomer.

These people were called the "Golden Generation"—which I used to refer to as the "Golden De-Generation": known for its brass! Right?

So, what happened is, we have a generation which is now between 50 and 67 years of age, from this particular stratum or influenced by this stratum, which has created a culture called the "Golden Generation" culture, or the Baby-Boomer culture, or "we don't fight; we kill, but we don't fight." We got a victim, we kill him. We don't fight. If he's got a gun, we



EIRNS/Philip Ulanowsky

*Baby Boomers today in leadership positions, 30 years ago glorified the destruction of industry, technology, science, and workers, and worshipped the all-natural Sun. This is the Sun Day celebration in New York, May 1978. "That isn't a day of worship," LaRouche said. "That's a day of devilry."*

don't fight.

What we have done, if you look at the figures on what's happened sociologically to our country, since the beginning or the middle of the Vietnam War, when the 68ers moved, we moved *against* infrastructure development, on which our economy depends. Fifty percent of a healthy economy depends upon basic economic infrastructure, power, water, so forth, municipal care, these kinds of things—50%. Most of this investment is in the form of investments in facilities or institutions, which have a half-life of 25 years, and a full life of 50 years or more. The kinds of things that are wearing out and breaking down and failing, today, in the United States, because we haven't repaired them; we haven't fixed them or replaced them during the past 40-odd years. And it was the Baby-Boomers that did it. They are the ones that came in with the "Green Revolution," with Sun Day—and that isn't a day of worship. That's a day of devilry.

So we have destroyed our economy deliberately. What we've done is, we've destroyed the kind of economy and the kind of society, an egalitarian society, which we had, and fought for, under Franklin Roosevelt, to get it back. After a lot of bum Presidents, like Teddy Roosevelt and Woodrow Wilson, who were Ku Klux Klan types, and they obviously are not egalitarians, are they? And people like Coolidge. And people like Hoover, who was personally not a bad guy, but he was an instrument of a bad policy, and he did rotten things accordingly.

We were being destroyed; we got our country back. Under Roosevelt and a group of people around him, who inspired our people who were being oppressed and immiserated—and I saw it—and who had done something else. We were a stinking population still in the '30s, I can tell you, I was there. I was in schools, I was in college and so forth, and I saw it.

## Reaction to Pearl Harbor

I was on the streets of New York on Dec. 7, 1941, a Sunday morning. And I was going over to a business appointment from the streets of New York to a hotel, where the relevant meeting was occurring. I got there. There was a strange mood in the hotel lobby. I couldn't understand it. And then I heard: Pearl Harbor had been struck.

Now, how did our people react? How did my generation react to that bombardment, to that news? You couldn't keep them from volunteering! There was no good news. There was no easy promise of victory. This was Hell!

But, in fact, for the alliance of the United States, the United Kingdom, *and* the Soviet Union, but for that alliance, you'd be living under Hitler, or an after-Hitler period, today. Those were the odds. We, in the United States, were the gut that saved humanity. And it was people of my generation reacting to '41, *and to Franklin Roosevelt*, that mobilized and turned the world around and saved humanity from what would have been otherwise inevitable Nazi terror, and occupation of the planet, and whatever came after Hitler. And it is *exactly that*, that is being betrayed, and it is *exactly that*, which is the purpose: That betrayal, *is the purpose of the policies* under which the Baby-Boomer generation, which now dominates the Congress, and dominates other leading institutions of society, was raised.

And you find, the fact of the matter that I have to deal with, and you have to deal with in life, you find that over the process since these events, since the events of 1968 to 1971 and beyond, that people who used to work for a living, and trade unionists, or farmers and so forth, who had pride, over the course of that period of the 1970s, began to lose their pride. They began to lose their sense that they were important people whose voice was important in shaping the policies of government. You saw a period, in the '70s and into the '80s, in which the typical person, who was in a Democratic Party organization as the popular part, began to drift away from parties. There's a separation of the political population; the

majority of the population was *separated* from the idea that government *was theirs*. That *they* owned the government—not completely, but had a voice in the government. It was what *they* said were their interests, which were their interests, or had to be heard as such.

Now, they don't believe that any more. The problem we have in the population, is the Golden Generation, so-called, generally 50 to 65 years of age, which runs most of the institutions, as a group, with their ideology, and says, "We make policy." Look what's happening right now to this Senate that wouldn't do a damned thing for the country! They said, "We want our riches. We're going for the upper class." What do you mean by the "upper class"? The upper 20% of family-income brackets. We're orienting, we're going to the right wing! We don't want to hear about the lower 80% of the population! We want the lower 80% of the population to be grateful for the fact that we're there! But don't come up to us, and ask us to do something for you. Don't ask us to listen to you. Don't ask us to remedy the evils that are done, with your consent, to us, to our communities.

And that's the cultural change. That's what we're up against.

## Our Cultural Problem

Now, I'm not saying that these people, of Golden Generation so-called, or the "Brassy Generation," are evil. I'm saying, they're corrupted. They're sophists! They have the same kind of mental disease that Greece had in Athens, that led Athens under Pericles, which had been at that point the leading civilization of the Mediterranean region of that time, and led it into an *act of murder*, on the island of Melos: a Nazi-like murder, which was the beginning of the total corruption of Greece, and led to the Peloponnesian War, which was the *end* of the hegemony of Greek civilization at that time.

We in the United States, the Athens of America, we have allowed the generation, just the way it was done in ancient Greece, in Athens before the Peloponnesian War, we allowed the young generation, people being raised to become adults, to rise at the time of their maturity, when they reached about the age of 20 and so forth, to be the "Golden Generation" of Pericles, of the "Golden Age" of Pericles: which was the *doom* of Greece!

We created a Golden Generation among us: the Baby-Boomer generation, the upper 20% of family-income brackets that bought into this deal.

And the way this was done, was by a very evil organization, led formally in the United States by Sidney Hook, a personal enemy of mine. Or the American Family Foundation, another evil institution. Large think-tanks, influential institutions, evil institutions, the corruption of our universities, the corruption of our campuses; the destruction of competent education; the brainwashing of people in all categories of education. This is what was done to us.

We have become the Athens of America, self-doomed:



CIA

*Under the guise of anti-communism, the CIA bankrolled the Congress for Cultural Freedom to attack all aspects of Classical culture, and produce a postwar generation of dummies. Here, LaRouche-hater Sidney Hook speaks at the opening session of a Congress for Cultural Freedom conference in Berlin, Germany, June 26-29, 1950.*

### *Because of the Golden Generation!*

Now, the only way you're going to get this thing solved, is in part through an upsurge of the masses of people who do not wait for "permission" for the voice of the lower 80% of our family income-brackets to speak of their rights, to speak of their interests, to speak of the interests of their generation, the coming generation, their children, their grandchildren.

And the second thing, we have to find *among* the Golden Generation, people such as Bill Clinton and others, who are decent human beings personally, and have good intentions, though they have the taint and corruption of being part of their generation: We have to get them to treat their generation as a disease, and set out to cure that disease, instead of adapting to it. The tendency of the Baby-Boomer is, they will not share anything except their diseases, especially their mental diseases. And that's what they do. And we want Bill Clinton to reform. And to become a prophet of what *has* to be done, rather than what he wants to adapt to. I know that'll take a lot of guts on his part. I think he's got the guts to do it, under the right circumstances, with the right kind of support from people immediately around him.

### **How To Save the Nation**

But that's our problem. We *can* save the nation. We *can* save civilization. There's no guarantee that it will work, but it's the only shot we have! Just as on Pearl Harbor Day, 1941: *It's the only shot we have.* It's either fight that war, or give up. And give up everything we live for. And give up the future of our people. We're going to fight, because *we have to fight*, because we have *no alternative but to fight*. Not because we seek war, but because it has been forced upon us: a fight to

save civilization.

Now, as you know, most people aren't civilized. That's a problem. And this comes through economics.

The basic problem—that's why I'm turning to economics here, today, not just economics as a subject per se, but economics as moral issue, an issue of personal morality, which most people lack. They don't know what personal morality is, in terms of economics. They don't know what the difference is, between man and an ape. That's the problem.

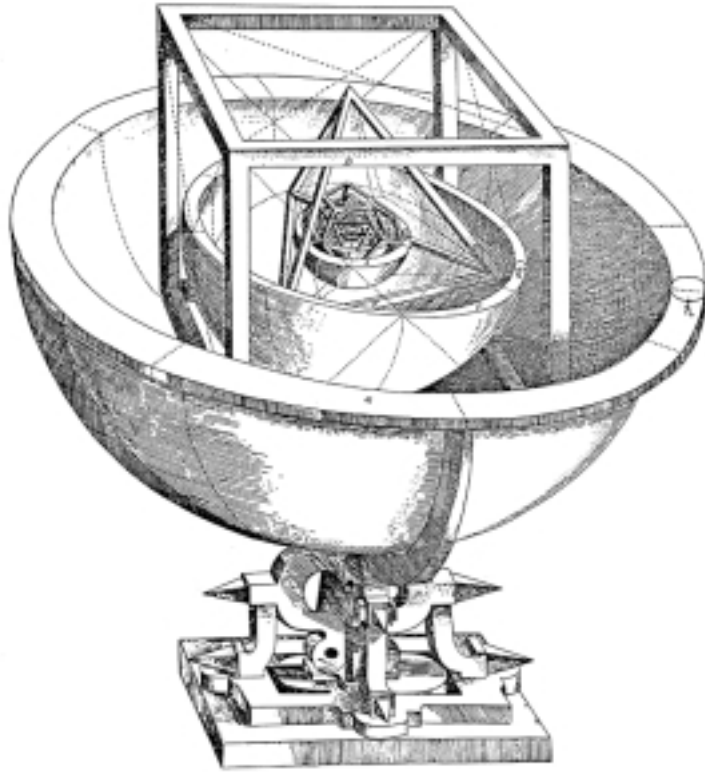
Every species of animal has a general limitation on its population-density. The limitation is relative. It's relative to the conditions under which the animal lives, or the animal species lives. But it has a limit. Man does not. If man were a higher ape, our population on this planet would never have exceeded several million individuals at any one time. We now have over 6 billion. How did that happen? And the greatest part of this growth in population, the rate of growth, and improvement in condition of life of the average human being on the planet, miserable as it is in some parts, has occurred since the beginning of the 15th Century, with the Golden Renaissance. And it began in Europe.

So, in European civilization, in the 15th Century, there was a beginning of change, where the life-expectancy and size of the population, the conquest of disease, the improvement of powers of man in production and so forth, and improvements in statecraft in the organization of society, all began there, that is, in a significant stage. We now have over 6 billion people. And that involves some problems, some challenges we can meet, so that's not the problem. But we have 6 billion people! Why do we have 6 billion people? Because we're not apes—much as many members of our Congress seem to believe they are. What's the difference in economics, and it's an issue which is central to my work in economics in particular? It's called creativity.

Now, people use the word creativity loosely. I mean, if a guy learns how to unzip his fly, it's called creativity. This is not what I mean. If he can't unzip his fly, that may be a lack of creativity, but that's a different kind of problem. And if he knows when to do it, and when not to do it, that's also very important.

### **Universal Principles**

Now, it's the discovery of a universal principle: In the first instance, we think of universal principles as universal *physical* principles. And one of the paradigms for this is Johannes Kepler's unique discovery of the principle of universal gravitation. And nobody else but Johannes Kepler made it, hmm? What is this difference? It's that mankind, the human mind, is capable of discovering universal physical principles in the universe, which no animal could do. We transmit these discoveries, if we're decent about it; we transmit the reenactment of these same discoveries to other human beings, who can reenact this discovery, because they, too, are human! We concentrate on educating our populations, so they are pre-



Engraving from Kepler's *Mysterium Cosmographicum*

*Creativity distinguishes human beings from animals, the ability to discover universal physical principles, "which no animal can do." Kepler is one of the paradigms of such creativity, LaRouche said, with his unique discovery of the principle of universal gravitation.*

*Here, Kepler's geometric ordering of the planetary orbits, which fit into a nesting of the Platonic solids, each solid having an inscribed and circumscribed sphere. At the center is the circumscribed sphere, which defines the orbit of Mercury; next are the octahedron, icosahedron, dodecahedron (of which the insphere is Earth and the circumsphere is Mars), tetrahedron, and cube.*

pared to go through the experience of reenacting these kinds of discoveries. To some degree, this is limited to professions. But it spills over from one profession to the population more generally.

And this is creativity.

Creativity also occurs in a different form. It occurs in the form of Classical art, true Classical art. Not Classical because it's ancient, or Classical because it's habitual. But because it has the same principle in it, as the discovery of a universal physical principle such as gravitation. For example: We concentrate in the Youth Movement on things like the Bach *Jesu, meine Freude* motet, because, in order to perform this competently—and that takes some help from people who are masters of it—in order to perform it competently, you have to do something—except you don't sing the notes. You have to do something much more: You have to understand how to integrate the performance of the voices in such a way, that



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*Although they may try, chimpanzees can't sing Bach.*

the intention of Bach comes forth. This means that you can not simply read a score, note by note. "I sing my note. I know my note. I sing my note!" A monkey can do that. But monkeys can't do Bach, just can't do it—some try, but they can't.

Because, in Classical art, you have the same thing: You have social processes, social relations, such as Classical polyphony, the singing of it. The same kind of processes which you use for physical scientific discoveries, are

now applied *to social relations*. This includes not only music, as in the Bach tradition, it also includes natural law, the formation of law; all the other kinds of things we do, to impart and share the potentialities of the human mind, *as unique*, as different from the apes, in our social life. Creativity.

Now, let's stick to Kepler, his discovery of gravitation. Now, the usual explanation is nonsense. What Kepler discovered was the basis for the Leibniz calculus: That is, that the principle of gravitation, the way it functioned, as Kepler measured this very precisely, is a constant rate of change in motion within the orbit. That is, the elliptical orbit does not determine the motion, the motion determines the elliptical orbit. Now, what Kepler emphasized is this particular characteristic, a principle of the universe.

Now, as others understood after him, such as Einstein in the 1950s when he commented on this thing in some detail, is that the principle of gravitation is universal: It exists as a

universal, in the universe, as an acting universal. So that the universe is therefore finite. Because there is nothing outside the reach of gravitation. There are other principles, which, like the principle of gravitation, are universal. And to the extent they are determined to be validly universal, we know that they reach as far as the universe does, at all times. And the universe is *finite* in respect to these principles. This, man discovers.

## Discoveries of the Human Mind

Therefore, these kinds of principles and the discovery by the human mind—something no animal can do—are what define the human being. And the just society, particularly modern society with our access to things, a just society does two things: First of all, it demands that every child be brought into this world, and developed with the ability, which is natural to them: with the development of the ability to understand and recognize universal principles, both physical principles and principles of Classical artistic composition. In this way, scientific progress is necessary for us, not merely because we need it materially to meet human needs. Scientific and Classical artistic progress is necessary because *we need it for our souls' sake*. We need to be human.

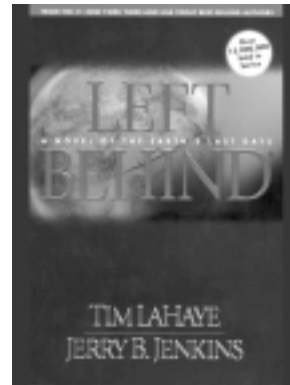
And we need to be human, in the sense that what we discover, that we transfer to people after us, when we die, lives on. So that, our brief life, our brief mortal life, is a moment in eternity, which lives in eternity, *because our living life participates in the universe, for all time*.

And, it's this perception, this understanding of oneself, and what it is to be human, which defines a moral society. Which is the willingness to die if necessary, for one's nation, in order to perpetuate these values for future generations of humanity, and also to honor the previous generations which have given us these gifts to share. We require technological progress, scientific progress, *not* merely to become richer, or more powerful, though we need that. We need scientific and technological progress and cultural progress, *because we need to be immortal*, as no animal can be. We need to participate in the discovery and application of universal physical principles and artistic principles that no animal could do. *And when we find our motivation and our morality, in that, we are morally invincible*.

## Immortality of the Individual

And what happened with the Baby-Boomer generation, is many of them will pretend to be Christians. I laugh: "Go tell God."

Because, they are *not* committed to anything! Typical: Look at your gaping audience of stupid creatures, these Tweeners. You see these films, these television programs of these masses of Tweeners, with a couple of old fakers on the platform, going through fundamentalism, like Tim LaHaye's fools. Dupes! They call themselves Christians? They love Jews so much, they're going to go out and kill them? Like



"Pretend Christians" like fundamentalist preacher Tim LaHaye and his popular "Left Behind" book series, support Zionism because they need to have Jews in the Holy Land in order to fulfill their ideological scheme of getting "raptured" into Heaven. The only problem for the Jews in this scheme, is that if they don't all convert to Christianity in LaHaye's version of the End Times, they'll all be killed, including some of the converts!

"This is fakery," LaRouche said, not Christianity.

Pictured are Drs. Tim LaHaye and his wife, Beverly, and one of his books.

Tim LaHaye? Hmm? They are Christians?

No! This is fakery.

But there is something real. There is the reality of the importance of recognizing the nature of the immortality of the individual, as distinct from the animals. And that the motive in life, is to serve that sense of immortality in an efficient way. And to honor those who have gone before us, as immortal for us, as we must commit ourselves to future generations of all humanity.

Because there are no human races: There's only one human race. All human beings, of whatever background, have biologically approximately the same potential for creativity. It's just a question of what happens to them, and how they develop. And whether we help them develop, or not. So therefore, that should be our motive.

Therefore, when you face a situation like this, the threat of war—and we are facing a threat of war, worse than anything we could imagine from World War I or II. That's what we face, now. We face *global asymmetric warfare*: We're facing a form of Hell which no man knows.

## Rohatyn Is a Nazi

But you have the force of evil, and Felix Rohatyn is *evil*. Some people say, "You shouldn't call him a Nazi." Why not? He is. "Well, he doesn't like it." Well, tell him to wash! Wash himself for a change.

No, the problem is, Felix is really evil. He's not evil in the sense that he stole a tart. He's evil in the sense that he's made himself immortally, intrinsically evil. Because, he's dedicated to the destruction of humanity. And he represents a group of people—*just exactly like that behind Hitler! Exactly the same!*—which has a conception that they want a



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*The privatized warfare plan of Felix Rohatyn and the Cheney crowd would replace the control of the military by governments with private armies—like Halliburton. “We had a proposal like that before,” LaRouche said. “It started the late part of the mid-1940s. It was called the international Waffen SS: Where the bankers behind the Nazi system were going to replace the Wehrmacht finally and totally with an international SS.” Here, SS storm troopers on parade in Nazi Germany.*

planet with less than a billion people on it. They want the elimination of the nation-state. They want globalization, controlled by these financier interests: *the same thing that the Hitler movement was for*, the same thing the people behind Hitler were for: Return to the Crusades.

Remember, look at the history of this thing. Charlemagne develops a world order, in collaboration with the Islamic culture of the Arab Baghdad Caliphate. In collaboration with Jews who were the mediation, largely, in the work between Haroun al-Rashid of Baghdad and Charlemagne. These forces moved to destroy what Charlemagne was trying to build. And they took a bunch of gangsters, who were called the Norman chivalry, working for Venetian usurers, and they set up a system called the Crusades. And they killed everybody: Muslims, Jews, everyone. And destroyed society, destroyed civilization.

What Rohatyn represents is a process, a movement, which has continued to exist in the Venetian tradition, since that time, which has moved in and is determined to create what is called a globalized world order, a globalized world order, in which much of society is destroyed, in which most nation-states which presently exist, disappear from the planet, in which the population is down to, say, three-quarters of a billion people, or less, in a fairly short order, and in which the world is run by syndicates of bankers.

Privatized warfare: What happened? For example, the case of Halliburton—what is Halliburton? And Rohatyn and George Shultz, and the Cheney crowd, Rumsfeld crowd, are all for this. *Destroy the control of the military by governments. Turn military functions over to private armies—like Halli-*

## HALLIBURTON

*The name of the privatized army today?*

*burton. Destroy the regular military, and let private armies, controlled by syndicates of financier power, run the world by force! We had a proposal like that; it started the late part of the mid-1940s. It was called the international Waffen SS: Where the bankers behind the Nazi system were going to replace the Wehrmacht, finally and totally, with an international SS, the international Waffen SS. Which is what Michael Le-deen represents in his proposals today.*

This is the kind of thing we’re dealing with. This is the enemy of civilization. We must destroy it.

### Generalized Irregular Warfare

Now, what happened? Israel did not start this current war—yes, there’s a war situation that’s been going on there in the region of Southwest Asia for a long time—*Cheney did! And Bush did!* Cheney didn’t dream it up. They’re the instruments which are used to launch it. The Israeli generals, the Israeli leaders, the senior ones, know this is crap! They know what the Israeli government and others are saying about this situation, is crap! The Hezbollah is not going to puffed away in a short period of time. We’re looking at generalized irregular warfare, throughout the entire region.

There is no solution in Iraq! Iraq will not be solved for a long time to come. The United States has made an unholy mess of Iraq which can not be repaired for a some time to come. Afghanistan, which we went into first, is now *far worse, far more menacing, than it ever was before!* We have the spread of chaos, throughout the world, bloody chaos! You’re looking at something like the beginning, the onset of a new dark age.

And some people wish to bring it on! This is what my Israeli friend said. He said there’s no likelihood that anybody would be involved in extending this war, which is being conducted nominally by Israel now, but which actually, Israel is doing *under orders*, from Cheney and company, and Bush—not on their own volition. That’s why they’re shutting up! They’re shutting up about the facts. They know the facts! They know the situation is hopeless. They know what, apart

from all the propaganda, they know what the forces are involved in, in southern Lebanon. They know the correlation of forces in the Middle East.

*This is insane!*

It is absolutely *insane* for Israel to be involved in that kind of war! It means the destruction of Israel and everything around it—in a fairly short order. Why do they do it? They're doing it, because they're being pressured to do it. And the pressure comes nominally through stupid Bush, who's a psychotic, and Cheney, who is a sociopath. But it's coming from higher levels, typified by the bankers who are associated with Felix Rohatyn.

## Turning Point

And therefore, we're at a point, where the problem we have with the Senate is *sophistry*. And the sophistry problem is what I've described: It's the Baby-Boomer generation, the Golden Generation-type of sophistry. And therefore, they don't accept reality! They reject reality! Because they assume that their *will*—hmm? The *Will*! Like Hitler: *the Will*! As at a Nuremberg rally: The *Will*! The All-Powerful *Will*, will do everything for us. "It is our *Will*, that it will happen. Therefore it'll happen." "We *Will*—we have *agreed*, that this will happen." "We in the Senate have *agreed*!" "We in the House have *agreed* (except for a few holdouts). There, it will happen. Because we have *agreed*!" "Heil Hitler!"

What's the difference? The act of the *Will*! The Triumph of *Will*. "I believe! I don't care what the truth is, *I believe*. I don't care what you say, *I believe*!" Like a fundamentalist rally: "I believe!" They're worshipping Satan; "I believe Christ." "Why do you believe in Satan, then? Why do you serve Satan?"

They say, "I'm all for the Jews."

Why?

"Because we're going to kill 'em." Tim LaHaye: When we get in power, we're going to give 'em one chance. You either become a Christian now, or we shoot you! Or something else!

The most vicious anti-Semites on this planets are called Zionists, like Tim LaHaye.

No, this is the problem: We don't have rationality. And we who fight for the tradition of the lower 80% of the population, we find ourselves outnumbered by the upper 20%. We produce—"Oh, you just produce. We are the ones who get the pensions. We get the golden parachutes. We are the important people."

"What do you do?"

"Oh, we take the money."

That's what you're dealing with!

So, the problem here, essentially is, these poor fellows, these Baby-Boomers, because they're sophists, do not believe in the soul. They may have thought they *sold* it for something or another, or it went out with garbage, went out with the bag full of garbage. They don't believe that they have an

immortality, they don't believe that they're accountable to past and future generations. They don't believe that their pleasure and what they get, physically, is not the end of life. Animals get that—you want to become an animal? Okay, become an animal! Take your citizenship card, tear it up. "I'm not a citizen any more, I'm an animal." Turn yourself in to the Animal Rescue League.

## Take Moral Responsibility

If you're a human being, then you have a moral responsibility, which is innate in the fact that you're a human being. And as you say in religion, you're out to save your soul! That's what you do things for. You don't have to be religious, in the formal sense of being a member of this or that religion: You have to know *that's what essential*. You do it *because it's the right thing to do*! You risk your life because it's the *right thing to do*. You take the pain, because it's the right thing to do. You take the risk, because it's the right thing to do.

How the devil do you think we got this far, in the United States? How do you think we got through Hitler, and got through the other problems we've had, except by people who took that? And who concentrated on trying to inspire and encourage other people to do likewise. It was always a minority of the total population that was the fighting edge of mankind, and everything good that happened. But much of the rest of mankind would follow along, and take the benefit, and say, "Hey, this is good, I gotta be something like that, myself."

So, this is inspiring people to understand, and find their morality—and I admit, it's very difficult to get a Baby-Boomer to accept morality, because they have a completely different agenda. But you have a few people like Bill Clinton and others, who are worth saving, and should be saved, and must be saved. In the sense, that these people are Baby-Boomers who can face up to the reality of their guilt, and do have a higher sense of morality, a commitment to do something for their future while they're still alive; something for the future of mankind, while they're still alive. And face the reality of the challenge and the risks we face, in doing that.

And that's what is lacking.

## The System Is About To Come Down

And thus, what's happened is you've come to a point, a watershed: We're at a point, where by approximately September, not precisely—forecasting is not predicting, it's not predicting something's going to happen in a mechanical statistical way—but approximately September, as it stands now, you can expect the whole system to come down. The way it's going now, it's finished. And most people in high places around the world, who are in this area, would tend to agree with me. "Yeah, you're right. You're probably right. This is what we're worried about."

We're getting that in Russia, we're getting it in Europe, and so forth. All these financial circles are saying, "It can't go on like this. The system is about to come down." And it'll

probably come down about September—plus or minus, who knows? There can be changes.

Then, that's the war situation. We're up at the point where you must estimate: We have to be prepared for the expectation that the system will come down in September. Maybe it won't, maybe it will. Maybe it'll come down later. If there's a change for the better, it might not come down. I could fix it, I could fix this thing. If I were President of the United States, I could deal with it. This jerk couldn't, of course.

But that's where we stand. Therefore: The enemy knows that, too. The people behind this stupid jerk, Felix Rohatyn know it, too. They know that approximately that time, they've got to figure the system will come down then. Their issue is, they want to get control of the world through chaos, *by the time the crash occurs*. To make sure that no Franklin Roosevelt, or his like, would intervene, as Roosevelt intervened in early March of 1933, to respond to a general crash of the world system, with initiatives from the United States, which, in fact, could save the world from Hell.

And that's what the issue is. And that's what my Israeli friend's problem was, in what he said: That, if the war is coming soon, if the breakdown of the system is coming soon, then, what is happening with the United States pushing Israel into a war which the Israeli leaders, at least all the sane ones, know is an *insane* project, well, then that's almost inevitable. We've got to stop it.

But we'll only stop it, by making clear what the issue is. This is not an "Israeli" issue. This is an issue of Felix Rohatyn and what he represents, the people behind poor, stupid Bush, and Cheney. They're the ones who are pushing this war. They're pushing Israel on a *suicide mission* for the greater glory of Cheney, and Felix Rohatyn! And we've got to stop it.

And therefore, we need people in the Congress and elsewhere, who have the *guts* to give up this sophistry of theirs, and face the facts about the economy and about the system. And be prepared to join us, and do what is necessary.

*I know what to do to deal with this financial crisis.* I know exactly what to do. And that's what I'm prepared to see done. *I need their permission to do it.*

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## Dialogue With LaRouche

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**Freeman:** Lyn, the first question actually comes from someone who directs one of the progressive think tanks here in Washington. And he says, "Mr. LaRouche, I was familiar with your organization long before I came to Washington to try to affect national policy. In fact, although I was never prepared to fully commit, I was on the fringes of your organization during a good portion of my college years."

He says, "Back then, you were harshly critical of people like George McGovern and Gene McCarthy. Yet, today, it does in fact seem that they are both counted among your friends.

"My question is, has your view of that period changed? Or have you simply decided to put differences aside for the sake of the greater good? I ask the question not simply out of personal interest, but I ask it, because it seems to me that if there is any way that we are going to make it through the current period, that people are going to have to take what are minor differences and put them aside, in the interest of a greater national interest."

### The 68er Takeover of the Democratic Party

**LaRouche:** Well, in that period of time, I was right, but I also did not disregard the personal merit of people like Gene McCarthy and McGovern. But they were wrong in their policy. Because, they were, in a sense, trying to adapt to the Democratic Party. Gene, less so; George, more so. But trying to adapt to the Democratic Party framework. Now, Gene was going outside the party, largely, in his Presidential campaign. So it's a different case, and he was blocked out, quite successfully in a sense. But his position was clear. And at that time, I had no real disagreement with Gene McCarthy.

But, what I saw, was the Democratic Party was headed toward Hell. It was headed toward Hell, especially in the post-Kennedy period, by trying to adapt to the 68er phenomenon. And I knew what the 68er phenomenon was.

For example, I wrote a short paper, in June of 1968, having just observed the events, among others, at Columbia University during the spring. And the paper was entitled, "New Left, Local Control, and Fascism." Because, what I saw, in the second demonstration of the uprising at Columbia University and similar locations, I saw what was called the "Mathematics," or "RYM II": I saw fascism as nakedly out there, in terms of the 68er generation. The first strike at Columbia, was of one character. But then, what happened, is the people behind the Congress for Cultural Freedom moved in, corrupted and brought in other elements, and they staged a second strike of no purpose, which had a spirit of violence, and I watched what they were doing! And I said, "This is fascism! This is exactly what we saw on the streets of Berlin, in the relevant period in the early 1930s."

So, I wrote this thing on fascism. And at that point, the point I recognized in the Democratic Party, we saw that in the 68ers generally. The 68er movement was essentially, sociologically, and intellectually *a fascist movement*.

Now, McGovern got in on the idea of trying to deal with certain tendencies in the party, and regrouped the tendencies, and regroupment of forces around issues. I was opposed to that. Because, here we had the greatest financial crisis since the Depression, had just struck, in '71. I had just dealt with the thing—I'd forecast this thing. I knew it! I understood its implications. And McGovern was adapting to these layers, on a sort of a coalition within the Democratic Party, which I knew was a loser.

And the most important thing at that time, was to fight these tendencies! Not to say, "Let's try to build a coalition





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Left: George McGovern. Right: Sen. Eugene McCarthy on the Presidential campaign trail in 1968.

*In answer to a question about his past criticism of McCarthy and McGovern, LaRouche said that he “did not disregard the personal merit of people like Gene McCarthy and McGovern. But they were wrong in their policy. Because, they were, in a sense, trying to adapt to the Democratic Party—Gene, less so, George more so. Now, Gene was going outside the party, largely, in his Presidential campaign. So it’s a different case, and he was blocked out. . . . And at that time, I had no real disagreement with Gene McCarthy.”*

around them.” Don’t try to build ourselves into a corrupt organization! Because, what this country needs now, is leadership *away* from this direction. And you’re not going to give leadership worth anything, against this direction, which we’d gone into, unless you *oppose* this. So, I opposed it.

McGovern, I respected, as a person. But he was on the wrong tactic. And that’s what the problem was.

That’s often the case in life. You’ve got somebody who’s a decent fellow, wants to win the right war, but he’s got the wrong general. And he’s fighting the wrong war, not the war he thinks he’s fighting. But he’s compromising with forces which are going to lead to his destruction.

Look what happened in France, in 1940: The French were under the leadership of a fascist government. The fascist government wanted the German army to conquer France, the problem was that the French army, the French military was more powerful than the German military. So therefore, the only way they could get the German military to conquer France is by treason inside the French command. The treason inside the French command let the German military come through, in a known area; just as in the First World War, and come through and outflank the French forces, and put corrupt generals in the command of certain divisions, move the good troops in the wrong place, and the bad troops in the wrong place. So, you put poor troops where the fight was going to

be on, and you put the troops who were capable of fighting in places where the conflict was going to be less. And you kept the door *wide open*, for this flanking maneuver by the Wehrmacht. And the Wehrmacht came in with a flanking maneuver, and a fifth column inside the French government.

So therefore, in these kinds of situations, you have to think about winning the war. And when you run a campaign, you run a campaign to win the war.

See, people will say to me, “Well, why don’t you just try to not make so much—be so stiff in the Democratic Party?” “Why do you demand that they listen to you, so much? Why don’t you just quietly accept and work your way in there, and be accepted?”

I say: “Bullshit! I know what to do, and you don’t! Now, c’mon! You’re supposed to have brains, you’re supposed to recognize that I’m right, and you’re wrong. C’mon, wise up!”

### **First of All: Rohatyn Is a Nazi**

**Freeman:** Lyn, you’ll recognize who the question is from, when I ask it. He currently is a university professor, but he was in Washington not too long ago.

He says, “Mr. LaRouche, I have a couple of questions or points of clarification about your recent statements regarding the infrastructure policy that Felix Rohatyn has proposed. Let me preface my questions by saying that I locked horns with

Mr. Rohatyn over questions of economic policy back during the first Clinton Administration, and it was a very unpleasant encounter. My question, though, is this: Is your disagreement with Rohatyn's infrastructure proposal actually based on the proposal itself, or by what you believe is behind the proposal?

"The second part of my question is related, but a little bit different, and I think I know the answer to it, but I would still would like to hear it from you. Because some have taken your recent statements as supporting an argument that the government has to do it all, essentially as a transformation to what's commonly referred to as a command economy, if you will. However, my distinct recollection was that during Ron Brown's service as Secretary of Commerce, when Ron worked to put together a public-private consortium for reconstruction in the Balkans, and also for the construction of nuclear energy facilities in China, you were generally supportive of those efforts. I'd like you to explain a little bit more, some of the way these issues are posed."

**LaRouche:** Well, my opposition to Rohatyn is twofold. First of all, he's a Nazi. It's that simple. And his infrastructure policy for the United States is that. Now, there's a book which was written by a gentleman from Massachusetts, called *The Confessions of an Economic Hit Man*, which describes exactly Rohatyn's policy, in these confessions, and describes them as the policies of people like George Shultz and company.

Now, the question is, is what do we mean by infrastructure? What Rohatyn does, is he preys upon people who don't really understand economics in principle. They may understand something *about* economics, but they don't understand how an economic *system* works.

First of all, the typical training in economics—even among people who I respect as doing good work in economics—is they think in terms of statistical mechanics of monetary procedures, and things attached to it. They don't think of a dynamic system. And social processes are dynamic systems, like living systems. They are not statistical mechanic systems. Therefore, you can not argue the merits of something by itself, on the basis of, is this a good product or not? In the case of the economic hit men, the point was that many of the projects that were put in were based on good ideas of infrastructure as such, but the way the thing was structured was such that the very idea of having this dam or having this other project, was being used to indebt the country, to *wreck* it, and to conquer it, and ruin it, which was done to various countries in South and Central America, Asia, and so forth. And it's typical. So, therefore, you have to think about *how* the whole process is done.

Now, in government control, under our system, there's a certain element of it that has to be government controlled. Unlike European systems, which are not really civilized, the American System is based on a principle in the Constitution that the Federal government, with the consent of the Congress, has the power to utter currency. *No other agency has the*

*power to utter currency.* Thus, under the U.S. Constitution, when followed—and the U.S. Constitution is not merely a code of law, it is the definition of a system of economy, and was designed as such, as a *system of economy*, not as some kind of a legal partnership agreement or something. Therefore, the U.S. government has the *unique power over the utterance and management of its currency.*

That means that the Congress votes up a bill, which authorizes the Federal government, through the Department of the Treasury, to utter currency. Now, this utterance of currency may occur simply as a simple, direct utterance of currency as greenbacks on the street. Or it may occur simply as the transfer of Federal credit, through various banking institutions and other special institutions, to *fund projects* with Federal credit, such as large-scale infrastructure projects in particular. Or also, to provide credit to private enterprises which the government feels are in the vital interest of the nation.

We're now in a period in which the whole banking system, European and American banking system, is hopelessly bankrupt. There is no possible way that the banking system as it presently operates, could continue to operate on its own. Therefore, what is needed right now, is: *The Federal government must take the Federal Reserve System into receivership in bankruptcy.* Because the Federal Reserve System as representing its constituent elements, including its private elements, is now hopelessly bankrupt. Therefore, we are faced with a situation in which we must protect the stability of U.S. society and the U.S. economy, and the financial system as such. Therefore, the Federal government must put the Federal Reserve System into bankruptcy, into receivership.

Now in Europe, that can't be done, because in Europe, the governments are subject to control by private banking interests called independent central banking systems. European economics, what is called Keynesian economics included, is nothing but a remnant of a feudal society, in which private interests—as typified by ancient Venetian cartels, or by the Lombard League, which went down in the Dark Ages, the 13th Century—these institutions *have the power to regulate government*, and to dictate terms to government. And the government obeys, usually. There are exceptions, of course, but generally, that's the case.

In the U.S. Constitution, the banking system must submit to the government in the matter of the government's authority, which is Constitutional in respect to currency and Federal credit, and regulation of the banking system. Now, we have a situation where the private banking system is hopelessly bankrupt. There is no way this private banking system, as it presently exists, could continue to exist much longer. It's ready to blow, in a hyperinflationary explosion, which you see reflected in part in the hyperinflation in primary materials such as petroleum, metals, and so forth. It's gone! Finished. Over.

So therefore, if we're going to save the economy, save the nation, prevent chaos, the Federal government must now act

to put the Federal Reserve System in bankruptcy receivership, and take control and *management of it, under law*, to prevent chaos. Because we're going to have freeze this, freeze that, cut that out, do this, and so forth. We must keep the level of employment and production up. We can not allow anything to break down that's essential, and that becomes the primary responsibility of the Federal government.

Now, this is always implicit. It was implicit from the beginning of our nation. The idea of the Hamiltonian system, is that the Federal government is responsible, through the Treasury Department and through its obligation to the Congress, to regulate the currency and to manage its utterance, and the creation of Federal credit, which can be converted into currency through the banking system. That we must have an objective where we decide what are the goals of the nation. What has to be done to the nation as a dynamic system to keep the nation together?

### A Breakdown in Basic Economic Infrastructure

The basic problem we have yet, in the United States, is we have a breakdown in our basic economic infrastructure. Since approximately 1970, 1971, actually since about 1969, we've had a breakdown in the maintenance of the essential, basic economy, basic infrastructure. River systems; power systems; everything is broken down. Health-care systems, all are broken down. It's not the health-care system that has failed, it's the government, that has deliberately sabotaged the process, and broken the thing down, since the Nixon Administration was responsible for putting through the HMO legislation.

So therefore, we have to fix things that have been broken by neglect or otherwise, over the past period. We must have a functional economy. We must have health care for our people. We must have education. We must have combat against disease. We must have water management. Without these things, the private economy doesn't work.

Now, the infrastructure portion of the economy is about 50% of the total economy, if we calculate it in terms of requirements. Therefore, the Federal government has to follow somewhat like a Kennedy policy, John F. Kennedy policy. Which is the last time the U.S. government was moving in this kind of direction, was under Kennedy: Where he challenged the steel bosses, who subsequently rewarded him by shutting down the steel industry. So therefore, we have to have the public sector driving the economy with things like space projects. You know, we got ten cents back on every penny we spent on NASA, in terms of technologies spilling over with benefits into the economy in general. So therefore, we have to take those kinds of things, including education, which is related to that, we have to push these things that will drive the economic potential of the nation higher. We emphasize particularly the machine-tool sector, which is the driver for all technological progress in industry and agricul-



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*"We must look at the percentage of our population which is being thrown into the wastebasket, especially young people who are being destroyed. . . . We must get them integrated into the process and back into the productive system."*

ture, and other things. So, these things must be priorities.

We must, then, find people who are entrepreneurs in the private sector; we must promote their activity, by which they can prove to a reasonable bunch of people in the locality that they're competent. We will get them credit and give them a chance to succeed, because we need to have them succeed. We need to shift this economy back from a so-called service-economy orientation, to a productive-economy orientation. We have a vast amount of people who are becoming useless people—we don't count them, we write them off the lists. They're *nowhere near* a productive job, they're nowhere near the kind of employment and careers, where they could survive and raise a family into their later years.

So therefore, these kinds of objectives have to be our primary objectives.

So therefore, the idea of command economy, this is gobbledygook which is spread by people, like people from—Sidney Hook's friends, for example—the Congress of Cul-

tural Freedom, or the Congress for Cultural Obscenity.

This is what the problem is. And therefore, what you have to understand is that infrastructure is the territory of the nation as a whole, *the improvement of the territory of the nation as a whole*: which means water systems, water projects, power systems, everything. It means we need a high-technology orientation. You can calculate it at about 50% of the total annual expenditure of the United States government on current account; capital account may be larger.

Then we must promote, also, a reversal of the trend *away* from productive employment into a so-called services economy. We must look at the percentage of our population which is being thrown into the wastebasket; especially young people, who are being destroyed, thrown into the wastebasket. We must get them integrated into the process, and back into the productive system. We must educate them, we must give them job opportunities.

And this has to be an integrated policy. The freedom comes in the expression of creativity. That the object of wise government will give bright young people of promise and commitment, every possible chance to succeed. And we'll create the opportunities for them to succeed.

So, our country is not a free-trade society—hopefully not! Our economy is a land of opportunity for everyone. And the private sector is essentially the primary land of opportunity, where people are able to express their freedom in life, by doing good for society, and are encouraged to do so. And have a future and have honor, in which the people who do this work in the private sector find that the necessary infrastructure is next door, waiting for them, to support the local industry.

So, the problem is, people do not understand this. And therefore what they do is, they get taken in by people like Rohatyn, who is a complete swindler and liar. Rohatyn doesn't know *anything* about economy. He's a loan shark. That's essentially what he is. He's an organized-crime loan shark—that's his career profile. And he lies. And he works for an organization which created the Nazi system, which is still the same organization; the personnel have changed through attrition over the years, but he's still a Nazi, he's part of a Nazi system. You want him? You want him in our society, running our society? You want him taking away the functions of government and taking them over, and saying who lives and dies, according to what his private holdings decide?

That's fascism!



Stuart Lewis

*New York City was swindled by Felix Rohatyn and his Big MAC backers, so now there is an infrastructure emergency, with a general breakdown in water and power facilities. Here, the aftermath of a water main break in downtown New York, at 23rd Street and Broadway.*

## Rohatyn's Big MAC Swindle

**Freeman:** Okay, Lyn, the next question is from a Democratic Senator. He says, "Mr. LaRouche, I don't know if your D.C. audience is aware of it, but right now, about one-third of the City of New York is in a state of shutdown. Basically, the current heat wave has led to a severe overload of the city's energy grid. The problem is not simply expressed as rolling brown-outs, as have occurred in the past, but fires are currently breaking out along power lines that are ancient, decayed, and overloaded. The resultant damage will not be easily repaired.

"While I'm principally concerned with my home state, I suspect that this is not a unique circumstance. In fact, I need only read reports of the continued problems in New Orleans, to be convinced that much of what you say about the current infrastructure crisis in the United States is true.

"My question is this: While I understand your overall position, that broader questions of the organization of the financial system have to be addressed, why not simply go with a straightforward, basic infrastructure bill, and just pose that to both Democrats and Republicans, since it seems very hard to deny the nature of the problem? They probably are more likely to agree with that, than they are prepared to take on larger questions of global finance."

**LaRouche:** Well, I wouldn't be opposed to such emergency legislation, but it won't work in the long run unless you do something else as well. The problem, the way that New York got into the mess, which Rohatyn made worse—and really worse, because he's a thug, he stole, or his crowd stole—is, New York had a certain character going into the

World War II period. And coming out of the World War II period, there was a process immediately, which started with Levittown—is that you had a city which was decaying, in many aspects, in whole regions where the housing and so forth had been decaying.

Remember: New York had been the leading industrial city of the United States! And this was destroyed in the post-war period. Now, in the earlier period, New York, with all its faults, had been built up on the basis of its role *as chiefly an industrial power*, an industrial state! Not as a commercial state. Not as a financial community. But as an industrial state.

So, you saw the breakdown in several ways. First of all, you had the failure to *renew urban infrastructure*. Secondly, you had a destruction of the industrial character of the region. And then you had, of course, a complication: The tax revenue base structure was corrupt as Hell! Because the financier interests of the city pulled a vast swindle. An associate of mine and I did some work on this, of going back to the history of titles, of land titles, of property titles and mortgages in New York City. We went through this thing: New York real estate was a bubble, *a vast swindle*. And the people who lived in New York were paying for that swindle. So, the people who should have been taxed, on the basis of the swindle they were pulling, were not taxed. The renewal which should have occurred was not made. The industrial renewal which should have occurred was not made.

So therefore, as I said before, Rohatyn got in there. In testimony I gave before a New York City Council meeting, I said, “You guys have got to wake up. The city is going to revolt against you. You’re making promises, and you’re not delivering. Conditions are becoming worse, and you’re not correcting them. You’re making policies and proposals on the basis of things that you say will be good, but you don’t back it up. So therefore, the people of New York are subjected to promises, but no performance! And you’re going to face a crisis very soon as a result of this.” And they faced a crisis. But instead of fixing the crisis, they did the *worst possible thing*: They went Rohatyn’s way. They should have gone exactly the opposite way.

And you look at the way Victor Gotbaum operated, and the way other things operated in Big MAC—it was a *pure swindle*! The people of New York City were swindled! The State of New York was swindled. The government of New York City was swindled, by Felix Rohatyn and his backers.

Now today, therefore, we have we have two problems: Yes, you have an emergency. It’s like a forest fire emergency, as you described. I’m not surprised. We’re going to have this in many parts of the country. We have a general breakdown of power facilities and many other things—water facilities. Look, take the New York City municipal water system: How about that? Look down in the drains, look down in the piping: What’s coming through? Think back to the day when you could turn the faucet on, and get drinkable water out of the faucet. Look around the country for places where you can still

get drinkable water out of the faucet, if you don’t mind a worm or two.

So the point is, yes, emergency legislation, if you can get it through, get it through, because you have to make the repairs. But the repairs are the relatively shorter-term problem. Now, you have to find out how you’re going to pay for sustaining the repairs.

Therefore, you have to build a system. The problem here is a generic one for the nation. We have been going to a post-industrial society. Look at the ratio of people, what they are employed in. Look at the lack of capital investment per capita. Look at the breakdown in levels of technology per capita. There is no way this United States economy can function as it’s functioning. It has been *destroyed* by the 68ers! It has been destroyed by post-industrial ideology, and its application, and by financial swindles. We’re going to have to rebuild it *like it used to be—or better*.

And therefore, what you need is a 30- to 50-year kind of investment program, which is going to bring the factors into balance. The factors which expend what must be expended to maintain the population, and meet needs. But also, which will generate the income, which enables—from the private consumption and expenditure and public consumption, the money will be there, the support will be there, in terms of generated income to enable us to keep these projects going.

The mistake is when you come in with an approval, “I’m going to give you this nice thing in this city.” Who is going to pay for it? “Well, we’ll give you a loan.” But who is going to repay the loan, with the interest on it? Where is the industry, where is the income, that’s going to supply the support of this loan, of this debt?

So therefore, in the short-term, yes, it’s right to have the debt. It must be fixed, for human reasons. But, you must also think at the same time, of another category of action, a larger one, which creates the structure under which the continued financing of this process is generated through expansion of production and employment in that region.

**Freeman:** Once again, for those of you are listening via the Internet, you are listening to an address broadcast from Washington D.C., by the international economist and statesman, Lyndon LaRouche.

I’d like to, before I ask the next question, recognize a new audience for today’s webcast. It is my understanding that this webcast is being broadcast at the San Simon University in Cochabamba, Bolivia. This is a public university, and one of the three most important universities in the nation of Bolivia. As far as I know, we have never had a formal audience for one of these webcasts in that country, and therefore, I’d like to welcome them to the network that listens to and participates in these events internationally.

### **What Happened to the Democratic Party?**

Okay, the next question is from a Democratic consultant. He says, “Lyn, I probably should be better able to answer this



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*A Democratic Party consultant asked LaRouche what happened—why the Democrats fell apart after their fight to stop the privatization of Social Security. In brief, LaRouche replied, Felix Rohatyn “moved in.” Here, Democratic Senators at the FDR Memorial during the Social Security battle in February 2005: (From left) Harry Reid (Nev.), Charles Schumer (N.Y.), Jim Jeffords, (Ind-Vt.), Patty Murray (Wash.), and Jon Corzine (N.J.)*

question than you, but the fact is, that having spent a lot of sleepless nights trying to do just that, I failed.

“My question is this: Beginning with Barbara Boxer’s support of the Ohio delegation’s efforts to protect the vote, up through the vote to defeat the nuclear option and to stop the privatization of Social Security, I could say without reservation, that I was proud to call myself a Democrat. But somehow, things really started to fall apart around the time that the Senate was considering the Alito nomination. And today, we seem to be right back where we were the day after John Kerry prematurely conceded the Presidential election to George Bush. Some could argue that we’re actually in worse shape than then, because we actually proved during the Social Security fight, that we could win a fight, despite having a minority of votes in the Senate.

“My question is really a very simple one: What happened?”

**LaRouche:** Well, what happened, essentially, was Felix Rohatyn. On May 1 of last year, at the time I was proposing the follow-up to the then-ongoing fight to save Social Security, Felix Rohatyn had moved in. And we found that when I was warning of the auto crisis, that the Federal government had to act immediately to save not only the auto industry, but to save the U.S. economy, the Democrats were shifting away from me on that. “Well, well, well, it sounds a little leftist to us, you know?” Where was this coming from? It was coming from Felix Rohatyn. And, of course, Senators like Senator Dodd and a few others of that type in the Senate. So therefore, these guys being what they are, backed away. And they backed away more and more. They began to look at the pro-

posal for dealing with the auto crisis as well, a good thing to be on record as supporting, but not a life-and-death issue, a gut issue for the nation, of immediate urgency. And therefore, they backed more and more away.

Now, when we went into Nancy Pelosi’s address at Harvard University, there was still a commitment to a technological-driver orientation of the Democratic Party, particularly from the Senate, but elsewhere in the House. By mid-February, the time the Alito nomination issue was up, that had been dropped. A complete back-off on all of the issues. The Democratic Party had gone over, in certain large parts, to the Felix Rohatyn crowd, the Nazis, to put a plain name on it.

So, people have to reckon with their conscience on this one.

Now, You know how these things work. People belong to certain religious denominations, certain Freemasonic clubs, and other things of that type, and they depend upon this for their re-election, or whatever, and pressures on the family, pressures on this kind of circle. And over Christmas/New Year’s year-end, they got beaten up, back home, by the local boys working them over, in a coordinated way, and said, “Felix Rohatyn says this. Felix Rohatyn says this. This guy says this. This guy says this.”

You know Lieberman was against it. We know Dodd was against it. And the sabotage was going on. Howard Dean was against it. Howard Dean was very unhappy with what we were doing. And Howard Dean, and George Soros, and Felix Rohatyn are pretty much the same thing. And Dean is the leader of the Democratic campaign organization, which was a big mistake anyway! I mean, a guy who has a nervous breakdown in public, in the middle of a Presidential campaign, is not the desirable leader of a national political party! But, such is life.

So it’s that simple.

Now, the point is, people think there’s a certain “go along to get along” policy in the Senate, in particular, the Democratic Party in particular. And therefore, when a bunch of people get together and say, “Well, this is our club. And yeah, well, he has some ideas, interesting ideas, yeah. We maybe can use them two years from now, after the next Presidential election. But no, no, let’s not get too hot on this thing. You know, Felix doesn’t like it. We want to keep party unity. We want to keep unity, cooperation with certain Republicans, and so forth. C’mom. Let’s—‘go along to get along!’ ”

Go to Hell, to get to Hell!

Look, the only way you can deal with this in history, the *only* way: You’ve got to realize there’s one value which comes above all other values, and that is *truth*! Stop lying! Stop saying you believe in something, and then vote against it! Stop saying, “Yes, I agree with you, but we had to do this.” “Well, I know the guy was innocent, but we had to send him to the electric chair, because I didn’t want a quarrel among the family.” Hmm? That’s the state of the thing!

*It’s moral rotteness!* And the problem is *sophistry*! The

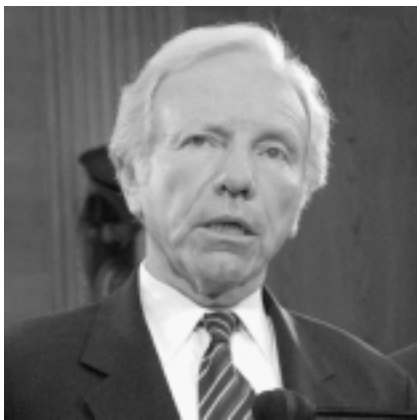


EIRNS/Dan Sturman

*Democratic Party saboteurs: (Clockwise from upper left) Felix Rohatyn, George Soros, Howard Dean, Christopher Dodd, Joe Lieberman. "People think there's a certain 'go along to get along' policy in the Senate, in the Democratic Party. . . ." The only way to deal with this in history, LaRouche said, is to realize that there's one value above all others, "and that is truth! Stop lying."*



EIRNS/Stuart Lewis



EIRNS/Stuart Lewis



U.S. Navy/Photographer's Mate 1st Class Shawn P. Eklund



DeanForAmerica/John Pettit

Baby-Boomer generation, especially those who are educated in this upper 20%, the Ivy League-influenced modalities of the Congress for Cultural Freedom: That's the *rot* in our society! That's the Delphic curse in our society, which corrupts—you know, as they say, "Fish stinks from the head." From the upper 20% of the population.

### The Trouble With Truman

**Freeman:** The next question is from one of the national directors of MoveOn.

"Mr. LaRouche, first—although this is certainly not the position of MoveOn—I'd like to personally commend you—indeed, to thank you—for everything you've done, especially since the convention in Boston. Taking note of what you did there, and what you did afterward, I decided to pursue a better understanding of your ideas. And since then, I've engaged in a lively and perhaps at times contentious dialogue with your representative. She's usually very patient about answering my questions, but there is one thing that I've noticed in your recent statements that I've not had the opportunity to ask, and this regards your view of what occurred in the United States in the post-World War II period. I happen to agree with you that we suffered a terrible loss when Franklin Delano Roosevelt died. But I'd like you to say more about why you have

such a negative view of Harry Truman, whom most Democrats hold in such very high regard."

**LaRouche:** Well, you know, of course, I answered this in part today, earlier, on Truman. I would also say that some people are, maybe not by intention but otherwise strongly attached to their habitual diseases. And the belief that Truman is a great Democrat is a typical sophist rumor, which has the quality of being a disease. This guy was a real bum! And what I said the other day, on the [June] 9th, you know: When they took one smell of him, when they totalled up the score, they said, "Git! You git! You stink!"

And they got him out. You know, being the Democratic Party, they got him out of there in a discreet way: "Go home." They let him wander the streets of New York for a while, and express his opinions on his daily walks. He's jauntily walking up and down the street, up towards Central Park, along Sixth Avenue and similar kinds of places. But he stunk! And his daughter didn't sing too well, either

So, it's just a fact of life. It's nothing. Just the fact that people revere something. You know, look at obesity in the U.S. population: Why do people become obese? Well, sometimes there are medical reasons. Sometimes, it's because of their habits, and they won't give up the habits. Or they live in the wrong neighborhood. Or they eat in the wrong joints.

Or they don't have enough money to buy a decent diet, and therefore they try to get the energy to go along by taking fatty foods of the type that we're stuffing into our children these days. The cheap foods which are flavored to attract children and make them expand, so they get a wide view of life.

So, this is the case of Truman. I have no apology for what I say about Truman, it's factually true: The guy's a bum. I could also talk about some other bums in the Presidency. Well, take—you got two guys—you got Teddy Roosevelt, who is not only the nephew of the head of the Confederate intelligence service, but was trained by him, and acted accordingly as President. You had Woodrow Wilson, who was a life-long supporter of the Ku Klux Klan, and who, from the White House itself, *launched the mass organizing of the Klan, again*, during the World War I period and during the 1920s. He's a no-goodnik!

Coolidge shut up, because he had the sense not to let people know what he was saying. Hoover was not a bad guy, but he was under the control of the people who owned him. And therefore he was a house servant of Andrew Mellon. He was not an independent figure as President.

And Truman was a bum, too. And Carter didn't know what the Presidency was, but he was President. Nixon was no good, but many of the people around him were worse. Reagan had a good side to him, but he also had a susceptible side to him. George H.W. Bush, of course, being the son of the guy who helped put Hitler into power, is not the greatest authority on morals and American interests. And his son is an idiot, which he came by honestly.

Clinton is a great guy, personally. I didn't like many of the things he did—I thought they were mistakes, but he's a great guy, personally. And I hope we can find a great guy, who also will not make many mistakes, as the next President.

## Time for a Third Party?

**Freeman:** After this question, I will actually start to entertain some questions from the audience.

This is a question that came in from a senior staffer to a Democratic Congressman, who also serves on the staff of the Progressive Caucus. She says: "Mr. LaRouche, I am extremely distressed by the unanimous passage of the resolution in support of Israel, and by what I also expect will be overwhelming support for that same measure in the House of Representatives. While nobody would argue that a nation—Israel or any other—has a right to defend itself against terrorism, I can not abide by what is currently going on. The Israelis are bombing a sovereign nation, that has committed no crime against them. I also don't understand how destroying the Beirut airport will stop Hezbollah.

"In my mind, what's happening couldn't be clearer. The administration wanted to open up a new front in their global war, by bombing Iran, and they were turned back. For a while, they played around with the prospect of war against North Korea, but it seemed that there was no appetite for that. Now,

they've given Israel a green light to start a new war, which I expect will spread to Iran and Syria.

"I simply cannot believe that not a single Democratic U.S. Senator would stand up and simply say that. Up until this week, I was still fairly optimistic that the Democratic Party would do the right thing. But the fact is, that if they would stand silent, simply for fear of angering the Zionist Lobby prior to an electoral campaign, when they are going to ask them for money—well, I just don't know what to say.

"Right now, I'm seriously considering resigning my post, although I really need this job. My question to you is this: Is it too late for the Democratic Party? And, even though I know all of the problems that are contained in this idea, has the time come when we have to think about a third party option in the United States?"

**LaRouche:** Well, there is obviously a case for a prospective change in the composition somewhat of the party alignments, in two ways. First of all, parties sometimes are exaggerated in their significance. They don't have airtight integrity, although they like to pretend they do. At least the leadership likes to control the membership, so they pretend that this is an airtight organization which is run from the top down. Some trade unions have the same problem. They sort of become a bureaucracy, which sits on the membership, rather than being a servant of the organization.

But, several things are obvious. First of all, United States policy should not be party policy. It should be United States policy. And parties should be instruments in the process of shaping that policy, not dictators of the policy, not one party, winner take all, as we had recently under the Bush Administration, particularly after the first midterm election. No, that's wrong. But, there are obviously, between certain Republicans and other Republicans, there is a deep gulf, moral and otherwise. And there are several subdivisions of that. There is a vast part of the U.S. population that has no attachment to any party. And some of these are large constituencies, which really don't have any strong attachment to any party. Although they may meddle with a bunch of them, they don't trust any of them.

So therefore, the time has come for a realignment of politics. And because of the nature of things, it means that it probably will have to be an evolution which functions in terms of some rescrambling of the structure of the two leading parties. I think we could have the fascist Republicans could go off in one direction, the fascist Democrats could go off in another direction, the honest Republicans and Democrats could go off in another direction, and somehow in that process, and with the process of election of representatives at the state level, we can make something out of this mess.

But the problem here, essentially, is to have a principled policy. When you're running something like a campaign for selling merchandise through public relations stunts, you don't get good politics. You have to start, and say, "Primarily, what is the interest of the nation? What overall, must we do now?





Sitio Oficial de Andrés Manuel López Obrador

*Mexican citizens rallying in support of Presidential candidate Andrés Manuel López Obrador, in his call for a recount of the July 2 vote. LaRouche said that he is sticking his snout in the situation now, because election fraud was created. American citizens must have a policy about Mexico, he said, because Mexican-Americans are the largest single designated minority in the United States. The illegal immigrants come here, he stressed, because of the lack of opportunity in Mexico, “created by a coup which was run by the United States government against President José López Portillo,” who drew the ire of the international financiers when he rallied Mexico in support of nationalization of the banks.*

What must we do in the world? What should be our policy about the world? How are we going to live in the world? What are we going to work with?” And start from that. And then, in that context, look at many of the regional and local issues.

### **The Mexican Elections and Immigration**

Let’s take for example, a concrete question: The question of the Mexico elections. Now, I did not stick my snout into the Presidential campaign in Mexico City, when I was in Monterrey. And I was very explicit about why I didn’t do that. Now, I stick my snout into the situation. Why? Because election fraud has been created. We have in the United States a very large Mexican-American population—many citizens, many non-citizens; many legal, some illegal, millions of illegals, too. Now, the illegals from Mexico, as Mexicans, largely come from sections of Mexico, which are suffering from the lack of opportunity created by a coup, which was run by the United States government against President López Portillo, at the end of López Portillo’s tenure as President.

So therefore, we have now got the largest single designated minority in the United States, is Mexican-Americans—of all these categories, citizens and non-citizens. The largest single group. We have across the border, we have the same population, largely from northern Mexico, the agricultural regions of the northern states of Mexico, which are now being hit by this, and Mexico as a whole is being hit by this. And what happens to us, in the United States, is with the insanity of these right-wing bills, these border bills, combined with producing a fascist-like turmoil and instability in Mexico below the border, what is going to happen inside the United States?

Therefore, we as American citizens must have a policy about Mexico. It’s not a party policy, though the parties should take a position on this. Other groups should take a position.

We have the strongest reaction on this in the state of California, where we have a significant responsibility, in the Democratic Party. And where there is a large concentration of

Mexican-American citizens and non-citizens, legals and illegals, all there. And many of them are the same *families* that are represented in northern Mexico! You want to have a crisis in northern Mexico? With a crisis already here in the United States, in terms of the living conditions of the people in the lower 80% of the family-income brackets? With a racist atmosphere being built up around this border bill, by the Bush Administration? You want that?

Democratic Party: you want that? You want the largest single minority—now you’ve estranged the African-American minority totally! They’re going over the Republicans, for the money being offered.

You want the whole United States torn apart, from the inside, because you’re *negligent* on this issue? Because the Bush Administration has played a role in taking a guy who has fascist credentials, Calderón, that is, of the Synarchist International, an organization that was brought into Mexico from Nazi headquarters in Berlin! And which is a part of the same faction that went into Chile and the Operation Condor in the Southern Cone under the benefit of Felix Rohatyn, George Shultz, and Henry Kissinger. You want that?

So, these are the kinds of problems that come up, which distinguish the men from the boys. The parties have to face up to the sociological reality of the conditions of life which threaten the great majority of our population. And large parts of the population which are called minority population, as this affects relations with other nations, especially neighboring nations, is of crucial importance! And when a party fails to step up to the line, on these kinds of issues, we have to—for example, we have to bring, if possible, unity. And this is where the Democratic Party *should* be acting: We have to bring unity among the African-American, so-called, and the Hispanic-American—the two largest minorities in the United States, as indicated minorities—together around the party, not for particularist issues, but for the issue of the benefit of the nation as a whole. The key thing with these groups, which are treated as minority groups, is that they are citizens of the United States, or would like to become citizens of the United States. And therefore, our willingness to enable them *to participate*, in an efficient way in shaping national policy, is a test of whether we’re going to have a nation or not, whether we’re going to have a republic any more.

So, the key thing is we have to have the question about: What is the best way to represent our functional interests as a republic? And let the parties develop around those ideas. Let the differences which may occur around them, let them be expressed. But let them be expressed with the view that we go into the functions of government, and we fight out and develop a unified policy for the nation on these issues.

## Take Action That Is Effective

**Freeman:** We do have some more institutional questions, but I’m going to start mixing in now questions from people who are here with us, and also some of the questions that are



EIRNS/Stuart Lewis

*Nevada State Senator Joe Neal asked LaRouche about the “will to act.” The ability to fight, the ability to function in action,” LaRouche said, depends upon something much more than just having an opinion. . . . Having a reasoned knowledge of what you should do, is worth a great deal.”*

coming in via the Internet, so that if people wish to submit questions and have not done so already, you still have time to do that.

Lyn, there’s a question from Sen. [Joe] Neal of Nevada. He says, “Lyn, at these meetings, you always add to my education. Please enhance my education by responding to the following question. Your expression of will seems to rule out action. Is it not true that independence of thought is hampered without the will to act?”

**LaRouche:** Well, I certainly am disposed to action, as I think you know. I get myself in a lot of trouble because I don’t just think, I act. I recommend that to people who have the courage to take that position. It’s most gratifying, though sometimes physically painful. You see, the problem, people become weak. You ask what makes cowards of people. Anyone who has been in military service, for example—and I was in a very minor position in the training cadre for a period of time in my military service—you ask the question as you look at the people you’ve got, whom you’re supposedly training, people you’re associated with, and you say, “What’s going to happen when this well-known substance hits the fan? Which guy is going to go in which direction?” And when you’re even in a training situation, you’re thinking in those directions. You’ve got some troops you’re supposed to train, they’ve been brought in in baskets, practically, from various parts of the country. You line them up on the company’s feet and you say, “We’ve just lost World War II,” you know. And so you think in terms, are you training people to become part of an effective, functioning unit where one person in the unit can trust another, and have confidence in one another, and how do you structure this thing to make it work that way? It comes to you automatically, if you think about it. Simple kinds of duties, simple kinds of things, of the most routine type. When you have an organized situation, an organized function, that’s

what comes up. How are the various people in the association going to function?

So, the ability to fight, the ability to function in action, depends upon something more than just having an opinion. Having an opinion isn't worth much. Having a reasoned knowledge of what you should do, is worth a great deal, because if you think of immortality, as I emphasized it here today, if you think of the difference between you and an ape, then you are inherently immortal, because you are in the process, even in the time of your mortal span of life, you are in the process, hopefully, of contributing something and perpetuating, at least, and adding to the store of knowledge which will determine the improvement of the condition of humanity in times to come. And therefore, what is important to you is ideas which correspond to that mission, and you'll stake your life on that, because you couldn't live with yourself if you didn't do it. This is having a conscience. Without that, you really don't have a conscience. If you are ashamed of doing this, or ashamed of doing that, that's not a conscience. A conscience is a commitment to a sense of principle of what you're willing to spend your life for, either over a longer term or the very short term, sometimes.

So, that's the issue. And thus, the function of education is to really give the individual a sense of what it is they should be willing to die for, either by the expenditure of the span of their mortal life, if it comes in a peaceful way, or if you are confronted with something where you must choose to act or not to act, are you going to defend your immortal soul? And that gives you the maximum capacity to act, and also the maximum capacity to act with constraint, not to do something which goes against your morals. To do good, but not to abuse the power to act, by doing something wrong, to anybody or just by negligence.

## Who Really Runs the Federal Reserve?

**Freeman:** I'll take another question from the audience, and then I'm going to go back and entertain a couple of institutional questions. I'd like to call Joe Joseph, who is president of UAW local 1970 in Detroit, Michigan, up to the microphone.

**Joseph:** Hi, thank you. My question, Lyn, is about the Federal Reserve, plain and simple. Who is really running it, how is it run, and who does it take off the hook when it goes into receivership?

**LaRouche:** Well, first of all, I look at it this way, because there are many things about it. It was snuck in as an attempt to introduce a European parliamentary form of government into the United States, and it was done by the combined efforts of two Presidencies, in particular, though others were involved: the two Presidents Teddy Roosevelt and Woodrow Wilson, and it was done under Wilson, initially, but it was done with the impetus supplied by Teddy Roosevelt, both of whom are two pro-Confederacy pigs, racist pigs, and not exactly good citizens of the United States.

In a sense, it is tolerable in some degree, but it's not tolerable the way it's being run now. What it represents essentially is a group of leading banking institutions, directly, and other institutions are tied to them. The stock market, for example, is very closely tied to them right now. So, these institutions form a body. It's a private body, largely, with some government restraints, some government individuals involved. But it tries to function as a control over the U.S. government. It tries to function like a European independent central bank, like the European Central Bank, which has no government. There is no government. There's no nation. It's a group of nations which are run by a private bank, the European Central Bank, the ECB. It's a swindle.

It's part of the process of globalization, and the Fed tries to act that way. This is why I endorsed [Henry Paulson], although I wasn't exactly enthusiastic about his appointment as the new Treasury Secretary, but the idea of reinforcing the position of the Treasurer of the United States as an authority *above* the Federal Reserve chairman, was a step in the right direction, institutionally. Because under our Constitution, the existence of debt of the United States—and it is the debt of the United States which is one of the key factors here in this system, in the Federal Reserve System—this is a responsibility of the constitutional authority of the Federal government, with the consent of the House of Representatives, essentially.

So therefore, what has to be done with the Fed—it's bankrupt now, because all of the major banks inside the Federal Reserve System are directly or indirectly bankrupt, and hopelessly bankrupt! Now therefore, acting as President of the United States, I've got to save the U.S. economy. I've got to defend the U.S. dollar. For example, if some idiot comes up with the idea of devaluing the dollar, say dropping it to 80% of its present value, you know what that will do to the world system? It will immediately blow out the world financial banking system. One of the most stupid ideas anyone could think of. So therefore, as President of the United States, I would have to be able to say, "We in the United States are going to defend the current value of the dollar at parity, at current parity. That's the policy of the United States." That statement, made by a President who knows what he's doing, and who can convince others that he really *does* know what he's doing, will be sufficient to stabilize the world system or provide the levers with which to do it.

Now, what does that mean? Inside this Federal Reserve System, in dollar denomination, I've got the biggest mass of bankrupt paper you've ever conceived of. Most of it is financial derivatives, and different kinds, like credit derivatives, largely created by Alan Greenspan. Eh? So therefore, I simply say, well, financial derivatives are not covered by us. They're not debts of the normal kind. We didn't incur these debts. People issued financial derivatives, gambling on our money! We're not responsible for you gamblers! Who had no control over you! You didn't *allow* us to have any control over you;

therefore, we're not responsible for you! Forget your credit derivatives-related obligations. They're gone, buddy! Ahhh! Now you can start to breathe.

We are also going to immediately issue, through the power of the Federal government with the consent of a willing Congress—and the citizens of this country, will they please help make the Congress willing?—we're going to issue a series of long-term credits, authorized by the House of Representatives, for large-scale infrastructure projects like the recovery program we proposed on the auto industry. We're going to put up the credit to take these facilities, productive facilities, and do similar kinds of things in infrastructure, and we're going to expand productive employment in the United States, to the degree that the actual income, the genuine income, of the United States is going to be increased. It's not only going to be increased in total amount, it's also going to be increased per capita. Because when we take people and shift them from non-employment, or employment in unskilled services, and put them back into manufacturing, or agriculture, good agriculture, now what we're doing is we're increasing the total income per capita at a high rate. National income. Therefore, we now have larger tax revenue, in just the normal process of the tax rate! Communities which are shutting down, now begin to be able to finance some of their own activities, like schools and hospitals and normal things of that sort.

So our job is to have a project to increase the total production of the United States, using infrastructure as the starting point, because if you build infrastructure, you issue contracts to private contractors, to do this and that and so forth. You have subsidiary private industries that come in on this thing, so suddenly you have a multiplier factor. You increase the total product, and now you also increase the tax revenue income base, to sustain local community, state activity as well as Federal. So now your rate of income, as against your rate of current operating costs, is dropped back into balance. All you have to do is increase the level of production in the United States, per capita, in the right form of capital-intensity and technology, and suddenly you are above breakeven, where presently we're operating at a substantial ongoing loss.

So therefore, if I do that then, I can defy the world, and say, look, we'll not only honor this dollar and defend this dollar, we're going to make the dollar the strongest in the world, so you'd better hold onto it. And we're going to bring you in on the goodies, by coming into long-term agreements among nations, which will give *you* a share of the benefit of this kind of recovery, which you can't do under *your* Constitution, but which we can do under ours. You work with us, you get part of the pie.

So that's the way you have to operate. You need that kind of vision. It's not a fantasy. This is the way that economy really works. When our system of economy, when the American System of Political Economy, works the way it was in-

tended, this is what we can do under modern circumstances. And that's what we need. And Joe, you know what we can do! We can just take these plants they were stealing, closing down, and just what we could generate out of that sector, of the extended automobile sector, is enough to give an impetus for going over from a loss economy to a growing economy. And all we need is the Federal credit and the rules and the laws to make it work.

## Why Is the DLC Coming Back Into Prominence?

**Freeman:** Lyn, the next question is from a Democratic member of the House of Representatives, who is also a member of the Congressional Black Caucus. He says: "Mr. LaRouche, the Democratic Leadership Council's policy of triangulation, or of 'two Republican parties,' seriously damaged Bill Clinton's Presidency. The continued failures of Democrats to clearly differentiate themselves from the Republicans on questions of foreign policy, and to stand up and fight as well for an economic bill of rights, led to several other defeats, most notably John Kerry's defeat as a Presidential candidate. But, when George Bush made the mistake of trying to privatize Social Security, leaders of the Democratic Party locked ranks, stood before the FDR statue and made clear that they would not allow this. The message that they delivered, went beyond simply the issue of Social Security. It seemed that what they were actually saying is that the Democratic Party was reasserting itself as the party of FDR. At that time, I don't know how many people actually believed that the Democrats would prevail, given the fact that the Republicans had a majority in both Houses, but in fact, they did prevail. My view at the time, was that if nothing else had been accomplished, the DLC and this idea of two Republican parties had once and for all been discredited and put to rest.

"However, in the last few months, the DLC has come back, and has come back strong, and they are exerting enormous influence in shaping the approach of the upcoming national elections. What do you think accounts for their ability to come back, when they were so significantly discredited, and why has no one spoken out against it?"

**LaRouche:** Well, there was some dirty work on the inside. It happened to Clinton, as you referred to in the question. We saw that, I saw that personally. I saw it coming. I can give you a list of some of the names I know, on the inside of the Democratic Party, on the inside of the U.S. Presidency at the time, who were responsible for this. Just think about the people who publicly urged Clinton to resign, so that Al Gore could become President. Who these guys were. And look at them today.

Let's take another side to this thing. There are people in the DLC who have controlling interests in it from the beginning, whose personal roots are in organized crime, or were in organized crime. Eh? And those who were not in what is

called organized crime, but which *should* have been called organized crime, like George Soros and Felix Rohatyn. So you have a type of mentality, which historically we associate with an organized crime mentality, and these guys operate in the Democratic Party the way an organized crime boss in New York City in the old days, operates in his ward. And they make threats, just as Rohatyn makes threats, just as Soros makes threats, just as Al Gore made the biggest ass in the world of himself in Southwest Asia against Malaysia, against the Prime Minister of Malaysia, on a visit there. He should have been fired! He should have been impeached for that performance! It was a disgrace to the human race; he should have been impeached from the human race for doing that, let alone the Democratic Party, let alone the U.S. Presidency.

So that's where the problem lies. When you're living in a neighborhood, and your family is faced with threats from organized crime—and that's the way these guys operate! Steinhart, Rohatyn and company, Soros and company, how do you think they operate? With bait and switch! If you're nice to me, I'll smile at you. If you're not, I'll kill ya! And there are various ways to kill you. I'll kill your career. I've got something on you. I can cause a Federal prosecution against you. I can cause an impeachment. I got something on members of your family. I control the people in your church. This and that and so forth. That's how it works.

So you have to have the guts of a soldier to stand up against these kind of guys. And when they're coming to get you, you meet with the other people who they're coming to get, and you develop a battle plan. You see, we did that! Remember what happened after the defeat in the election in 2000, and then again the defeat in 2004. In both cases, I responded. At the end of November in 2000, I responded, and we got something going. It was later destroyed. I warned what was going to happen exactly, and it did happen, didn't it? I said before Bush was inaugurated, because Bush is stupid and the economy had already begun to collapse, that the Bush Administration would collapse, and therefore you would have to look for something like what happened in Germany, when Hermann Göring set fire to the Reichstag, in order to create the condition under which Hitler was given dictatorial powers. And Hitler didn't give up the dictatorial powers until the day he killed himself. And I said we had to expect that. Then we had 9/11.

Now, how did *that* happen? You think it was a bunch of "A-rabs" did that? Eh? Or do you think that something like the Kennedy assassination had happened? Or a similar kind of thing? Or what was done in Bombay, or Mumbai, just a couple of weeks ago. A major terrorist incident comparable, maybe not in scale, but comparable in type and backing, to what happened on 9/11 in New York City! It was done as a strategic move; a global strategic terrorist action was run in Mumbai, and it was run against Russia and the Shanghai Cooperation Organization, as well as India. And it was run as an integral part of what the Israelis were being induced to do,

under Cheney's backing and other backing, in the case of what is going on now in Southwest Asia. Strategic move!

We are now on the verge of going into something like World War II, but of a different form, and worse! Because the system is more vulnerable today than it was then. Assymetric warfare spreading globally. You want it? You can have it, if we don't stop this thing in Southwest Asia and don't stop what Bush and Cheney are doing now! It's not the Israelis. The Israelis are being pushed! They're being demanded they do it! And they know it's stupid, but the United States is behind them, and pushing them from behind, and that's the only reason they're doing it. And that, of course, is the reason why the cowardly Senate voted up endorsement for what Israel's being pushed into doing.

So, the point is, in this kind of situation, you have to understand the situation. You have to understand what you fight for, what you should fight for, and fight for it. You're up against something like the DLC, and say—look, as I will say here and now and as I've said before, I don't *like* those guys! They're no damn good! What do we need them for?

## The Evil, Malthusian Mind

**Freeman:** Lyn, the next question has come in a variety of forms, by about a dozen people who have submitted questions via the Internet, so I'm just going to kind of summarize the questions and let you deal with it. The question has to do with the fact that, in your recent paper, you say that the Anglo-Dutch bankers have the intention of decreasing the world's population to less than 1 billion people. The question is, why would they do that, and how does this benefit them to reduce the world's population to this level? And also, how exactly do they intend to do that?

**LaRouche:** You have in northern Europe, in the area which is Dutch in its provenance, you have the Flemish and the Dutch, which is essentially the same population, next door to each other—one inside Belgium, one inside the Netherlands. Now, let's look at the profile of the life expectancy on both sides of the border, among what is essentially the same cultural population. If you're 70 years of age, and get the sniffles inside Dutch territory, you're dead! You look at the profile, by age group, of the Dutch population, above 70, you're likely dead. You look at the Flemish population next door—the same population, the same essential culture—plenty of people over 100 and in their 90s. On the Dutch side—[slices hand across throat]. If you have an accident or an illness in the Dutch medical system, you have two levels. You have the actual emergency case, additional care—surgery and so forth—then you're given into care. If you're given into care, and you're over 70, good-bye! Now, that gives you some idea, if the Dutch will do that to themselves, their own people, what are you saying about the Anglo-Dutch crowd?

Now the Dutch have this significance. Of course, people are people. Remember, these are Dutch. They have the same culture on both sides of the border, essentially. Essentially,



*"Population purification" wasn't invented by the Nazis, LaRouche said. The American financial oligarchy "introduced euthanasia to European civilisation. . . . The German euthanasia program came from the United States, from the Harrimans and company. It was practiced in South Carolina and Virginia, earlier. . . ." Here, the elite eugenicists pose at the Third International Congress of Eugenics, in New York City, Aug. 22, 1932.*

the same morality on both sides of the border. So the same population, the same culture on one side of the border has medical care for people up through their 100s, and a significant number in their 90s. On the other side of the border, empty, empty. So therefore, it's from the top, isn't it? It's not from the people, it's from their government. That's what the difference is.

Now, what's the Dutch government? Well, the guys who created Felix Rohatyn, out of mud or some less noble material, Meyer and company, the Worms family, were the connection of the Synarchist International based in Paris, into Royal Dutch Shell of Deterding. Now, Deterding was one of the major funders of Adolf Hitler. Dutch! Power in the Dutch Royal Family. Deterding and company were also tied to the British royal family, through institutions such as the Bank of Scotland, which is the British Royal Family's private bank, and similar institutions of the London system. So, what you have is you have a triangle, which historically goes back to the days of Napoleon Bonaparte, to the time when Napoleon was defeated, in which the Banque de France, which was created by Napoleon, together with the Dutch and the British banking system, the Anglo-Dutch Liberal banking system, formed a triangle of power, of imperial implications. This is what we fought against in defending our United States. This is what we fought against in the American Revolution.

Now, this crowd wants an empire. Now, it's very difficult to maintain an empire with intelligent people as victims. You want people to be stupid. Now, the first thing you want to do,

is you want to kill off people who are too smart, because they're troublesome, they're trouble-makers. "Kill 'em! Imprison 'em!" That's what they did with me. "Get him out of the way. Too dangerous." Now, you also take some other steps: Make 'em stupid. How do you make them stupid? Well, don't give them intelligent employment. Eliminate technological progress; limit technological progress to know-how, to repeat and carry out certain recipes, formulas like recipes, but don't have scientific thinking. Eliminate Classical culture, because Classical culture breeds a high quality of intellect, where popular music destroys it, for example. Eh? Don't educate them much. Give them menial labor to do.

Now, what does that mean? That means that if you reduce the intellectual level, the skill level of the population in general, you lower the productive potential of the population and of the society. We now have over 6 billion people on this planet. If you go to a post-industrial orientation, you can't maintain a population of 6 billion people. If you do what they're doing now, the trend that's going now, you're going to reduce the world's population potential to between a half-billion and three-quarters of a billion people. That's a fair estimate. And you do that in a fair share of time. Therefore, if you know these are your policies, you know that you're going to have to reduce the population. If you want *your* population to be significant as a factor in the empire you're creating, together with your accomplices, then you want to manage your population the way you manage a herd of cattle. Seventy, buddy? You're out! Lame, sick, incurable illness?

You're out! Serious accident? You're out! You *purify* the population. Population purification, in anticipation of a general collapse. That's the mentality you're dealing with!

People don't know that this is what you're dealing with. This is the enemy! Read the stuff. Know it. Even the American financial oligarchy, they have the same ideas! Who introduced euthanasia to European civilization? It wasn't Germany. The German euthanasia program came from the United States, from the Harrimans and company! It was practiced in South Carolina and Virginia and so forth, earlier, here!

This is the mentality of what we're up against. We're up against the most evil people of importance on this planet today. And we have many of them right here, as well as in the Netherlands. And if you want to see it, all you have to do is look at the facts. Look at health care, look at the HMO system. What do you think it is? It's a population-reduction system! And the rate of population reduction under HMO is about to increase savagely. Don't we know that? It's already ongoing. What about pensions? Useless bums getting high salaries at General Motors, who are not qualified to wind a watch, let alone run a corporation! Look at the golden parachutes they get after a few years of disservice to the corporation! What about the guy who's worked for the airlines or General Motors or something else, what happened to *his* pension? The guy who produced, who thought he had a pension, who thought he had a health-care plan. What happened to it? It was taken away. Why? Well, they have this important guy who needs a golden parachute! And you guys, we don't need you anymore. So, you know what you can do! You can go off and die. You don't have health care? Oh, you may die. So what? It's not important, is it? You don't have a job anymore, do you? No reason to live, do you?

No, people have to learn the lesson, and stop covering their eyes when they're looking at pure evil. Some of it's abroad. We have a lot of it right here. Some of it even in the leadership of the Democratic Party.

## How Retooling Industry Can Be Done

**Freeman:** I'd like to call on someone from here in the audience. Tony Currington, who's the vice president of UAW Local 696 in Dayton, Ohio. Do you want to ask your question, or do you want me to read it? Oh, you want me to read it? Okay. It says, "Lyn, you've spoken many times on the subject of retooling the American automotive workforce. My question is this: Could you please explain how the government, precisely, should intervene to make this a real possibility, and then the reciprocating effects of this massive undertaking?"

**LaRouche:** Well, what I probably would do is, I'd probably have the government—in this case, a corporation—take in these idle capacities as integral parts. We know that we can have one big cost saving. We can eliminate most of the management, because they don't do anything! Without going into detail—I could give you technical details and so forth, but these guys are nothing but parasites. They're overlords,

and they're in there for a short term. They're not building anything! Look at the deterioration in the relative quality of GM, Ford, and other products, relative to their competitors. The technological improvement is not there. They're not mission-oriented! They haven't been mission-oriented since 1990! They gave up the mission orientation, when they went to computer design as opposed to machine-tool design, *real* machine-tool design, *original* machine-tool design.

Now, we have a lot of things which are high-gain tasks. We have labor force in cities, towns, where the town as a whole depends upon these industries. So, the point is to keep these things in place where they are, because every one of them—and look at this by going through the list of what their potentials are—every one of them has a potential, as a part of building things the United States actually needs. So we're not merely trying to restore and maintain the U.S. economy, where we have a productive labor force as opposed to people who have no training whatsoever, but we also are going to create new products which are better and more useful for the United States, than the kind of automobiles they were producing!

For example, fixing the locks and dams and so forth of the river systems is high gain. Shifting over into high rates of developing high-temperature gas-cooled nuclear reactors, in which these kinds of capabilities can be mastered. Building a national rail system again, in modern technology. Eh? These plants have the ability, within a year or so, to start making things which are relevant to these kinds of projects, for which some of the designs already exist. So therefore, if the government takes over, we keep the jobs, but we produce new things. We don't need as many automobiles. We've had too many. If we had a mass transit system—if you look at the traffic jam around any part of the United States, you see what the lack of mass transit does. You see the way the cities are organized. They're getting too big! And the traffic jams, the inefficiencies of the cities, are too big! They should be smaller! And more diversified. Less emphasis on a single product.

So therefore, we build up that sort of thing, and in that way, we actually increase the productivity per capita of the whole U.S. population. Producing automobiles at ridiculous prices relative to the way they've been doing—giving away this and giving away that—not overproducing automobiles, but shifting automobile capacity, especially its machine-tool capacity, into these categories, means automatically, immediately, an increase in the productive powers of labor in the United States, and improving the economy. And by shifting this to the kinds of products which will be beneficial to the entire economy, we increase the productivity of the labor force.

Now, you don't need the management, because all you have to do is have some responsible people who represent the corporation which was created to take over these entities, and you can find among the people who are working in the plant, that is, the actual plant managers, plant manager types, the



Army Corps of Engineers

*We need to restore and maintain our infrastructure, LaRouche said, such as repairing locks and dams, and other high gain tasks, as well as creating new useful products for the United States—railroads, nuclear plants, and so on. Here, a gate lifter positions a temporary gate in place for a Quad Cities, Ill. lock, as part of a repair program. a temporary gate in place.*

product manager, design manager, you put *them* in charge of the plant, because that's what they're going to do! They're going to come up with these ideas. Wherever you have good machine-tool operatives, senior machine-tool design operatives, in the automobile industry, you have people who are innately innovative. If you have a system of communication and government participation, to fight out what the projects will be and where they'll occur, you'll find design engineers can do the job. Maybe it can be done better, but it will be good enough, which means you start to move the population into new categories, a new expansion of technology.

Then we can do something else. We have a lot of youth, who are being destroyed. We've got to move these youth out of the places they live, because what's happened is, the place they live has become a disease in itself. They're being raised in a disease. If you move them out as we did with the CCCs—you move them out of there, as AmeriCorps represents the potential for doing that. And move them for a period of a year or two, into development, and special projects, where they're going to be educated, where they're going to get some of the rot out of their system, from the old 'hood, eh? Get the rot out of the system.

And they will amount to something, on their own.

So, now you take a section of the population, which is a cost factor, and a waste, and a human obscenity, and you move these young people into an area where they can become part of the future of the nation. And have a future of their own. And make the nation richer by their being employed in things which are useful to the nation as a whole.

And you don't need these guys with their golden para-

chutes. I would suggest a cast-iron, or a concrete, parachute would be better.

### What Role for the Banks?

**Freeman:** We have another question, Lyn, from the House of Representatives, from a Democratic member of the House. "Mr. LaRouche. Although there was some early opposition to some of FDR's programs to get the United States out of the Depression, ultimately, FDR prevailed because of two things: one, certainly he did organize the support of the vast majority of the American people; but second, he actually was able to employ cooperation from industrialists, and, to a certain degree, from some bankers. Can we actually launch a reconstruction effort in the United States, without the cooperation of the American banks? And I ask you this very specifically, because of your criticism of Felix Rohatyn."

**LaRouche:** Well, the first way to improve the United States economy is get rid of Felix Rohatyn. Ship him back to Paris, where he can be the parasite he loves to be.

These guys are no damned good. NDG—No Damned Good.

You don't need them. There are enough people in the banking area, as professionals, as bankers, who know enough about what they do, that they can do the job that needs to be done.

Now, first of all, the banks are going to be closed *down*. They are dead. They are dead things sucking on the blood of the living. Now, I'm on the side of the living, not the dead things, the NDG, no good dead things, right? We don't need them. No one can convince me we need any of them. It's a



disease! I do not need diseases! My body does not require diseases. I'm old enough! I don't require any new diseases—or even some of the old ones.

So, therefore, what we need is a Federal banking system, which is based on salvaging some of the most talented bankers we have in the system, who are personally talented, and giving them a mission, to work with the government, to take banks which are otherwise going to go “bang,” out totally. Take these banks, with all the assets, the deposits, all the things associated with it, and keep them functioning—under government protection, until they can stand on their own feet. And the Federal money will be funneled in a large way, the Federal credit will be funneled through these banking institutions, to where it has to go.

Look, we have to maintain a supply of credit to communities, both private and public. We have to maintain the level of functioning of essential institutions. We have to keep the level of employment in the country, up above breakeven. This we will do with the cooperation of the Federal government, and the banking system, largely, because the banking system will be responsible also to make sure that states, and localities, also have a program of credit coming in through there, to keep these communities functioning. We can not have a disintegration of the United States, in part or whole.

So, we need bankers for that. Felix Rohatyn is simply a predator. You want to see what his predators do—. Now, the difference between Felix and his predecessors, the people behind the Nazis, in the 1920s and the 1930s and 1940s: These guys commanded technological competence. The people associated with Felix Rohatyn do not have technological competence. They belong to the post-industrial society. They are the epitome of it. You want to keep them out of it, no matter how much money they might have had, and I don't think that Felix has much honest income, to lend to anyone. You take away the dishonest income, I don't think there's much to lend.

So, therefore, you don't want them, because they're useless, at best. And if you turn them loose, they're criminal. You see what they're doing. You see what they do in various parts of the world. There is no rational reason, honest reason, for any Democrat to defend Felix Rohatyn. There's no intelligent and honest Democrat, who could make a rational case for justifying Felix Rohatyn in the system.

### Why Wasn't Rove Indicted?

**Freeman:** The next question is from a Washington, D.C. journalist, and syndicated columnist. He says, “Mr. LaRouche, you made no public comment regarding the Fitzgerald decision not to indict Karl Rove. However, recently published statements by Mr. [Robert] Novak leave little doubt that Karl Rove did exactly what we suspected that he did, in leaking Valerie Plame's name to the press. Why do you think the decision was made not to indict him, and how harmful do you think this is, in terms of the overall drive to undermine Cheney's influence in this Administration?”

**LaRouche:** Oh, the basic responsibility for what should have been done on Rove, is that of the Democratic Party. The Democratic Party became almost a fellow-traveller of the Bush Administration. And that happened with the Alito nomination issue, fight, in February of this past year. And the rate of the degeneration of the Democratic Party in terms of behavior, in terms of morals and practice, and timidity, and plain, sheer gutlessness, has created a wide-open situation, where there was no significant pressure on Rove any more. And because some of the right wing in the Democratic Party, typified by the Down, Lousy, and Cheating, the DLC, where this thing became such a factor, that wanted to reach an accommodation with the Bush White House.

You had an offer from that side, from Texas, from a well-known law firm down there, which is associated with George H.W. Bush, and they thought they could have a manageable deal with the White House, and the Democrats thought they could buy into it.

However, I think that the damage should be not be exaggerated. Fitzgerald has crafted a case which, from my understanding, he intended to prosecute *after* the November election, on the idea that his office should not be involved in a situation where this case would be a factor going into the mid-term election, but to deal with it afterward.

I think in a sense that still stands. I think what Joe Wilson is doing, Ambassador Joe Wilson and his wife are doing, it makes sense. It's probably what they should do. But let's not exaggerate the significance of Fitzgerald's apparently letting Rove off the hook—let's not exaggerate that, after taking note that probably the Democratic Party's weakness, and moral weakness, was a factor in there.

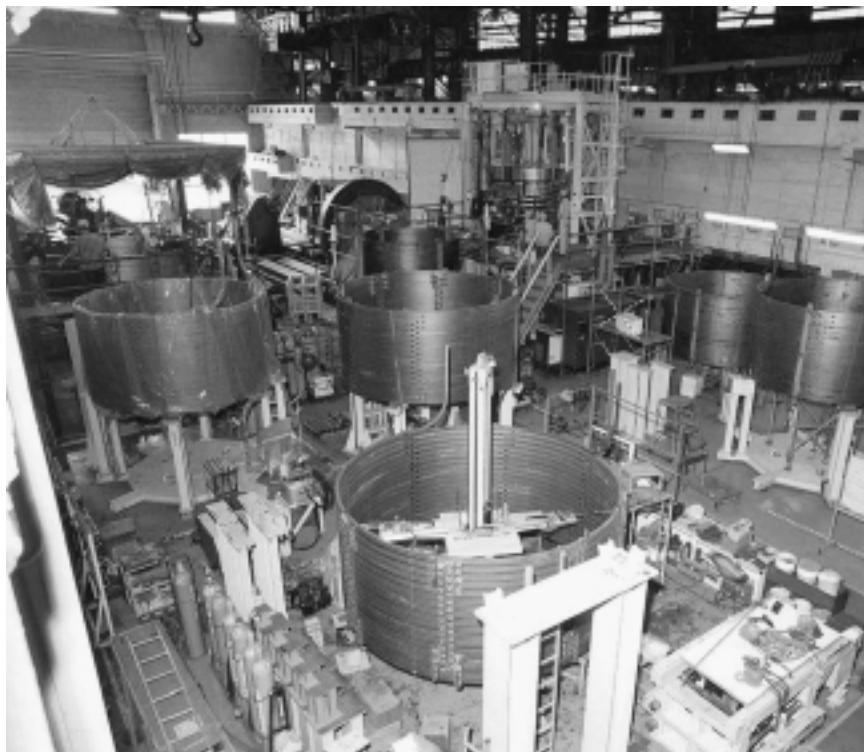
The thing isn't done yet. And besides, in the meantime, if we don't get rid of Rohatyn from the Democratic Party, and from the government, we're not going to have an election. It doesn't mean a damn thing. And the Fitzgerald trial of Libby doesn't mean a damn thing, if the Democratic Party continues to play footsie with Rohatyn, and people like him. It doesn't mean a thing—we're going to lose the country anyway.

### Beyond the Petroleum Economy

**Freeman:** Okay, just a couple more questions. One is from an international guest, and the other is from the LaRouche Youth Movement.

This question is from Mr. Larry Fajuko, from the Center for Political Leadership and Communications Research in Lagos. He says, “Mr. LaRouche, what will be the fate of the oil-producing nations, and of OPEC, over the next ten years, especially with increasing inflation, and political instability in the emerging democracies in Africa?”

**LaRouche:** The day in which petroleum continues to be the primary source of power, among nations, is coming to a close. Now this doesn't mean that the use of petroleum, as such, has come to a close. It means that—apart from the fact that the present rise in the price of petroleum product is the



ITER

*"We must go to the point of changing our conception of chemistry, in going to what might be called an isotope economy, . . . and we can do that best, economically, with thermonuclear fusion. Therefore, we must proceed fairly rapidly toward thermonuclear fusion." Here, construction of a research module for the International Thermonuclear Experimental Reactor (ITER), at Toshiba of Japan.*

result of speculation by people like the friends of Rohatyn; if you don't like high gas prices, gas Rohatyn instead! The reality is, there is no hope for this planet in the medium term, without a full-gain shift to nuclear power, as the primary and rapidly expanding principal source of power on this planet, for various kinds of uses, including industrial applications.

One benchmark of that is that people are brainwashed into believing that by counting calories, you can compare different sources of power. To understand and define power, you have to go to your chemistry manuals. And you have to take the level at which certain kinds of reactions, such as simple chemical reactions, nuclear reactions, or atomic reactions, occur.

Now, we're in a period where we need a high gain, at fairly low cost, of desalination and processing of water, in order to meet the primary requirements of consumable water by populations. Probably 20% of the world's consumption of fresh water depends upon fossil water sources. As you see in the United States, in the Ogallala Aquifer case, we're losing large, principal amounts of fossil, or semi-fossil, stocks of water. We're turning the West into a dustbowl, by the way we use water.

Now there's plenty of water on the planet! The question is, you have to process it. And you have to process it at an acceptable price for mass use. That means along our coasts,

in particular, we should build many nuclear power plants, particularly of the high-temperature gas-cooled reactor type. These plants, if you go into the 800 megawatt class, it will also be useful for turning water, such as salt water, into fuel. The Great Lakes, other areas, can produce carbon-based fuel, methane essentially. Or methane-like fuels, or methane-related fuels. And reduce these—which are more efficient than natural gas otherwise, because natural gas contains many other things—and more efficient than petroleum. We should be powering our planes by methane, or synthetic methane.

So, therefore, in order to meet simply the requirement on a global scale, of even simple things, like freshwater supplies for human consumption, and producing fuels to replace the diminishing (at economical prices) sources of fuels, we require high-temperature gas-cooled reactors.

Now, we at the same time are going into shift over the next quarter-century, to a thermonuclear fusion economy. Already, one of the biggest parts of our economy, which is shown in the medical, health-application area, is isotope

management. That is, isotope variables of elements play a crucial part in dealing with cancer drugs and things like that. But we're using a lot of these. We're using a great amount of it. What is going to happen as we go further, with a growing world population demanding raw materials, finished raw materials, to sustain human life? We're going to shift into an isotope economy, from a simple atomic economy. That is, we're going to be using isotopes in new ways, to make new kinds of products, which are needed to meet a growing demand. Because actually the Biosphere, in which all of the things that we normally consume, from which they are extracted, is finite. It's large, but it's finite. It's a major and growing part of the planet. But we are using up the richest lodes of certain kinds of atomic elements and so forth; we're using these up more rapidly than they can be replenished by natural means. Therefore, we must go to the point of changing our conception of chemistry, in going to what might be called an isotope economy, in terms of energy, and we can do that best, economically, with thermonuclear fusion. Therefore, we must proceed fairly rapidly toward thermonuclear fusion.

Now, this means, contrary to President Bush's stupid ideas about Iran, that every nation has the right and obligation to become qualified in these technologies, because they're going to have to apply them. They have to be qualified to

administer them, and to use them. And that should be our purpose.

Now, what we will do, therefore, is we will develop petroleum resources, but instead of shipping petroleum around the world, as a raw fuel, we're going to—if we're intelligent—we're going to use it as a production feedstock for chemical production, producing plastics and other things in places where they are extracted. These will then be shipped, if they're shipped, as a higher-value-per-ton product, to various parts of the world, thus reducing the cost factor in moving this stuff around the world. And also, in relieving the pressure on the high rates of consumption of petroleum as a simple fuel.

So, that's our project. So, in the case of Nigeria, there should be an orientation toward both a combination of nuclear power development, *and* the development of petroleum with the view of getting a high-technology petroleum industry, based where the petroleum is, to produce products which are based on petroleum as a raw-material stock. And that will be our future. For the next tens years or so, that is what we should be doing.

## A Challenge to the Youth Movement

**Freeman:** Okay, Lyn, the final question comes from several members of the Washington, D.C. LaRouche Youth Movement. I mean, you have to admit that these guys have their work cut out for them.

(I have to say, when a Member of Congress submits a question saying: Why is it that no Members of Congress are standing up and speaking out against the Democratic Leadership Council?—you have to laugh. You have to take it with a certain amount of humor. Sometimes I think I should just walk around Capitol Hill with a mirror, and hold it up every now and then.)

The question is, “Okay, Lyn, from what you've said, as far as our work in Washington, D.C. is concerned, just to be clear: Our message to the Congress seems to be, in no particular order: Impeach Cheney, dump Rohatyn, and support LaRouche's economic reconstruction plan. Is that about right?

**LaRouche:** Well, let's not get off cheap! Now look, these are all tasks, but that's not enough. Because you have to think about: Somebody's going to get a job done; what's going to nourish their strength in doing it? All right.

Bach. Bach! To develop your soul. Because without a soul, you'll find that you may collapse easily. And also it makes you a more social human being, which is what you have to be. Particularly when you think of the background you come from. You think about your parents' generation—yuuuuh! You got a problem, buddy. You've got to deal with that.

Secondly, you have to have a scientific orientation, of the type I indicated.

Now, what we've done, we referred again to it today, this question about: What is creativity. Now, we're going to be

running a program out of Leesburg, in which we'll be doing more in the direction that you need, of showing you how to handle this concept of animations. (It's not “wipes.”)

The point is very simple: I give two functions. Let me give you a function, say; I use the case of Kepler's principle of gravitation, and take a subject like the Mars orbit, which is done by a number of our people, they've done this repeatedly, so you know that quite well.

Now, how did Kepler isolate, from that question, how did he isolate the idea of a universal principle of gravitation, which he, and he alone, discovered, originally? No one ever discovered it before him, or actually made a claim to an original discovery of it afterward, that was competent. What's the difference? An elliptical orbit doesn't explain anything, as you know. You've been through that, I presume. Because you have a rate of change of the vector, at every infinitesimal point in the orbit.

Now, you could have an estimate of another different orbit. You can compare the two. How can you compare an orbit conceived as functioning without gravitation as a principle, simply as some kind of pathway, and the orbit as actually generated, by the motion along the orbital pathway? Because what happens is, the two measurements you would make, would be two different curves, and you would find the answer lies between the two. Where does the answer come up? It comes up as an infinitesimal.

Now, how's an infinitesimal reflected? When you have two so-called linear, and simple, algebraic formulas, and somewhere between the two of them, the answer lies, and the answer lies with an infinitesimal. The infinitesimal is what? The infinitesimal in this case is gravity. Gravity is as big as the universe. It defines the finiteness of the universe, right?

But can you locate gravity at a point? No, you can't. You can locate the action of gravitation at a point, at an infinitesimal. So, gravitation doesn't exist as an ontological thing, at any point; it exists as something which is universal, which has an effect on every point. And at every point, it appears as an infinitesimal.

Now, how can you represent an infinitesimal in mathematics? You can't, except by a complex function. What does a complex function mean? It means that.

Now, what do you do—let's take towns and cities in the United States. We're trying to find out, what is the effect of a certain principle, which means a mode of action, like a technology, in that town or that county? Well, you study the case of having the two curves: one the curve of development, by using the simple kind of thing we do, with our county studies on animations; you compare the animation for one state, and another state. The other state is after the introduction of a principle to that county.

So, now you're looking for the effect of the introduction of an application of a *principle* to that county, or the result of *removing* that principle, as a principle of action in that county.



EIRNS/Stuart Lewis

*LaRouche in discussion with members of the LaRouche Youth Movement after the webcast. He responded to a question from the LYM about their Washington work: "First of all, improve your soul, by learning to sing better. . . . And improving your ability to cope with the specific kind of questions which any politically relevant person would raise with you." He stressed the LYM work with animations, especially analyzing the effect of the introduction of a principle of action.*

It will be reflected as a discontinuity, on a second-order curve, or a third-order curve. So, that's how, in analyzing in animations, in analyzing county-by-county, you can determine what is the effect which is caused by taking something out of a county, or adding something into it. In other words, what's the effect of going from an industrial economy, a high-agricultural economy, to a post-industrial economy in that county? What is the principle?

You look at the data, and the data will show that there's a discontinuity, either added, or being subtracted, at the point that change is made. It doesn't show itself as a *thing*, as a point. It shows itself as a change, a sudden change, in the direction of curvature. It shows itself as a discontinuity.

So, therefore, it's extremely important in your understanding, and arguing with people, and trying to explain to people what is happening to the U.S. economy, *how* we were degenerated, how we were deindustrialized, and what the effect of the deindustrialization was, what the effect of going to lower technology was, what the effect of greening the economy was. And looking therefore at those principles, what will be the predictable effect of putting the principles into application that should be there?

For example, what would be the effect of increasing the amount of the water in certain counties in the United States, like the Ogallala Aquifer, particularly in the southern part of the Ogallala area? What would be the effect? You want to know, for the purposes of economic policy, what the effect would be, and judge your priorities accordingly. So, how do you know that? You have to be familiar with making these kinds of studies, instead of just doing the simple kind of thing

that's generally done in the government operations, to locate, pinpointing, singularities. The singularities which, by adding or subtracting, effect certain changes in the economy.

So, therefore, you need to do your daily work, but when you're walking in with someone in Congress, or an official, somewhere here and so forth, and trying to explain something to them, it's important that you sharpen yourself. First of all, improve your soul, by learning to sing better. Bach, for example. And improving your ability to cope with the specific kind of questions which any politically relevant person would raise with you.

"What do you think is the effect of this, and what do you think would be the effect of that?" Therefore, familiarity with animations, which deal with this thing in this way, is very important. Because now you know how to think, in order to answer, or get the answer to those questions.

So, that is the thing that makes you feel *strong*. And when you feel strong, because you're learning to sing better, and you feel strong because your mind is improving, then you go out as a *stronger* person, rather than just going out and doing something.

**Freeman:** Okay, I think that brings today's event to a close. I would ask people as they exit to visit the literature table outside, and make sure that you're well-supplied with ammunition for this fight. It will definitely improve your soul, and probably, if you take enough literature, your body as well.

Otherwise, please join me once again, in thanking Lyn. [applause]

*The LYM close by singing one of the "Rohatyn Canons."*

## The Week of Action: LaRouche vs. Rohatyn

by Frank Mathis and Maria Channon,  
LaRouche Youth Movement

As the planet is being stricken with a worldwide Pericles' Athens syndrome, many among us take a linear, Euclidean approach to the events playing out around us. However, the ostensible build-up of "bad news," becomes less obscure, when one begins to understand the situation in the way that Lyndon LaRouche does. The method of identifying the underlying forces causing our Congress to leave their balls behind in the doctor's office (from which they received a relevant amount of Viagra instead), and the method of diagnosing every individual problem as a function of a superseding process of global disintegration, is the truthful, unique quality of problem-solving that LaRouche understands. This is the method he used to identify Felix Rohatyn, in his July 20 webcast (and previous webcasts), as not only a major culprit in the forced collapse of American industrial capacity, but how that action also reflects Rohatyn's Nazi roots.

During a Week of Action in Washington, D.C. on July 17-23, the LaRouche Youth Movement's (LYM's) task was to exterminate the political influence of this Nazi, who has slipped his way into the Democratic Party through the back door, causing a dangerous inaction in the Congress; a lack of response to LaRouche's Emergency Recovery Act; and a lack of movement to impeach Vice President Dick Cheney—not to mention an acceptance of the general world economic collapse. This mobilization will continue in the weeks ahead.

### Classical Music and Humor

The strategy for the week was for a group of 70 youth to hit all the institutional layers of Washington, D.C. The strategy worked, as we were everywhere in the city, creating a great

visibility of LaRouche's youth movement. This started on Monday, July 17, with two rallies: one at the Executive Office Building and a second at Farragut North Metro station. With a chorus of approximately 25 youth singing Classical motets and canons the entire time, we drew a lot of people to stop and listen to something beautiful, which most people have no access to in today's decadent culture. This is one of the frontiers of the Youth Movement's work, because, as LaRouche said in his closing remarks at the webcast (see *Feature*), it is necessary to develop the soul, to be human. He said that one's immortality comes from being truly creative and developing that creativity in others. This is what we're doing when we bring beautiful music to the streets: We're nourishing people's souls. One older lady, who reads LaRouche's literature, was moved by the singing, and came over to our chorus, after having a discussion with one of our organizers, to tell us that we, the youth, are going to be the ones to save the nation, and that we have a job to do. Among the Classical pieces we sang, some were canons whose words we had changed, to be relevant to the current strategic situation. One song went after Congress for being whores, because they will not protect the auto sector from Nazi Felix Rohatyn.

Using humor as another efficient way of getting people to reflect, we made signs and a banner with Rohatyn strategically located behind the ass of a donkey and set these up at all of the places where we organized, on the theme, "Rohatyn: He's After Your Ass!" One sign stated: "Felix Rohatyn: Nazi Penetrator of the Democratic Party." As we were marching with our banner, some people asked us to stop so they could take a picture of it. We would say to people: "Felix Rohatyn is positioning himself to influence the Democratic



EIRNS/Brian McAndrews

*A LaRouche Youth Movement rally during the week of action in Washington, D.C. on July 17. "We were everywhere in the city, creating a great visibility of LaRouche's youth movement."*

Party." We talked to one lady who had worked for Rohatyn; she said emphatically that he was not a good man. Another lady knew of him through her friends and said he was a pig. Another person who also reads LaRouche, came up to ask what LaRouche was thinking about the Lebanon situation.

### **Interventions Throughout the City**

Every Week of Action, we send almost 70 youth into Congress to kick ass. This week, we ran into many Congressmen in the halls, giving them literature, with a few laughing at the cartoon of Rohatyn. In one case, the Congressman put the person he was on the phone with on hold so he could hear a briefing from one of our organizers.

Our youth intervened on many events, including the National Energy summit and the Arab American Institute Summit. One forum we intervened on was completely impotent, discussing a bill on how to change bankruptcy laws so that health care and pensions could be protected, but saying nothing about how to actually save the auto industry itself. Attending were four Congressmen and a few speakers. We organized several of them, with most taking literature. Most people took literature on the way out, and one speaker was happy to be educated on the role of Rohatyn.

Another event we hit was the week-long NAACP conference, which focussed on a renewal of the Voting Rights Act. Through a few strategic interventions throughout the week, it had become apparent that the leading members of the NAACP had traded their principal human rights for an underling's concept of voting rights (the irony of an ever more expanding "freedom," while remaining under a feudal global financial

system!) This unfortunate characteristic was made strikingly obvious at the conference's end, when President Bush was "invited" to speak by the same NAACP which the President has ignored for the five previous years. But even as the President stood up in front of those underlings and lied about everything, the silently snickering underlings would applaud at the designated times. As Bush increasingly sped to an ending, so as to be quickly swept away, our LYM members saw it necessary to pull the underlings from under the behinds of the Administration. The LYM's gestures (interrupting Bush mid-lie) were not well received by those underlings who perceived us as tampering with their great opportunity. And even amid the disruption that occurred with that, the Determinator remained steadfast. Later, in a White House press briefing, White House spokesman Tony Snow snickered about members of "the Lyndon LaRouche whatever," in response to hearing about our intervention.

If there are people who are still wondering what has happened to their Democratic Party, LaRouche had an answer to just that question in his July 20 webcast: "Felix Rohatyn!" The Dems didn't listen when LaRouche warned them in March 2005, and after, about the upcoming crisis in the auto and machine-tool sector. They have stuck with a mentality of "go-along-to-get-along," or as LaRouche redefined it, "Go-to-Hell-to-get-to-Hell!" Our job, for the sake of the nation and its posterity, is to implement LaRouche's recovery program to "save the souls" of that relevant de-generation which is now running the United States (into the ground), and reestablish the moral infrastructure that will induce an opposite fate than that of Pericles' Athens.

## Israel at the Gates of Moscow

by Jeffrey Steinberg

On the weekend of June 17-18, 2006, Vice President Dick Cheney huddled with former Israeli Prime Minister and Likud Party head Benjamin Netanyahu, and former Israeli Cabinet minister Natan Sharansky, at a conference in Beaver Creek, Colorado, hosted by the American Enterprise Institute. While the precise contents of the discussions were never made public, Netanyahu loudly advertised that he would immediately fly back to Israel to meet with Prime Minister Ehud Olmert and his “ex-prime ministers” kitchen Cabinet group—which also includes Deputy Prime Minister Shimon Peres and former Labor Party Prime Minister Ehud Barak—to deliver the marching orders from Cheney.

Sharansky, for his part, traveled from Colorado to Washington, D.C. and Philadelphia, where he delivered a series of rants, at the Heritage Foundation and the Middle East Forum, sharply denouncing the Bush Administration for abandoning its commitment to “democracy” in the Middle East, a neo-con key-and-code phrase for violent preemptive “regime change” in Syria, Iran, Saudi Arabia, and Egypt, on the model of their 1996 blueprint for a Washington-Tel Aviv military domination of the region, “A Clean Break” (see *Documentation*, p. 46), Sharansky’s actions were immediately followed by a string of op-eds by such neo-con zealots as Richard Perle, Lawrence Kudlow, and Michael Rubin, all tearing into President Bush and Secretary of State Condoleezza Rice, for even paying lip service to a “diplomatic” solution to the so-called Iran crisis.

The Beaver Creek gathering was but one channel of communication from Washington to Tel Aviv, signaling that the time had arrived to blow up the entire Southwest Asia region, through a series of long-planned provocations. And, while Dick Cheney was the all-too-willing messenger for the call to arms, the decision to launch the present Israeli onslaught against Lebanon came from private financier circles, with much higher rank within the Synarchist Interna-

tional than the hooligan Vice President.

As Lyndon LaRouche put it: “This is Felix Rohatyn’s war,” referring to the former Lazard banker, who has played a pivotal role in the systematic dismantling of the United States high-technology industrial base for the past 30 years, and who counts Bush-Cheney Administration “godfather” George Shultz among his most intimate Synarchist collaborators.

A senior European financier seconded LaRouche’s assessment that the unfolding catastrophe in Southwest Asia is part of a global Synarchist insurgency, aimed at provoking a succession of no-win wars to cumulatively engulf the entire planet in a new Thirty Years’ War. “The Israeli invasion of Lebanon,” the source told *EIR*, “occurs at the same time that Afghanistan is collapsing into chaos, and Iraq is not far behind. Add to this the fact that the world financial system is tottering on the edge of collapse, and you have a situation that is unprecedented in modern times.” Factor in the recent series of bombings in Mumbai (Bombay), India; new destabilizations in Russia’s “Near Abroad,” extended into Central Europe; and eruptions of chaos in Brazil’s major cities, and the global pattern of provocations is crystal clear.

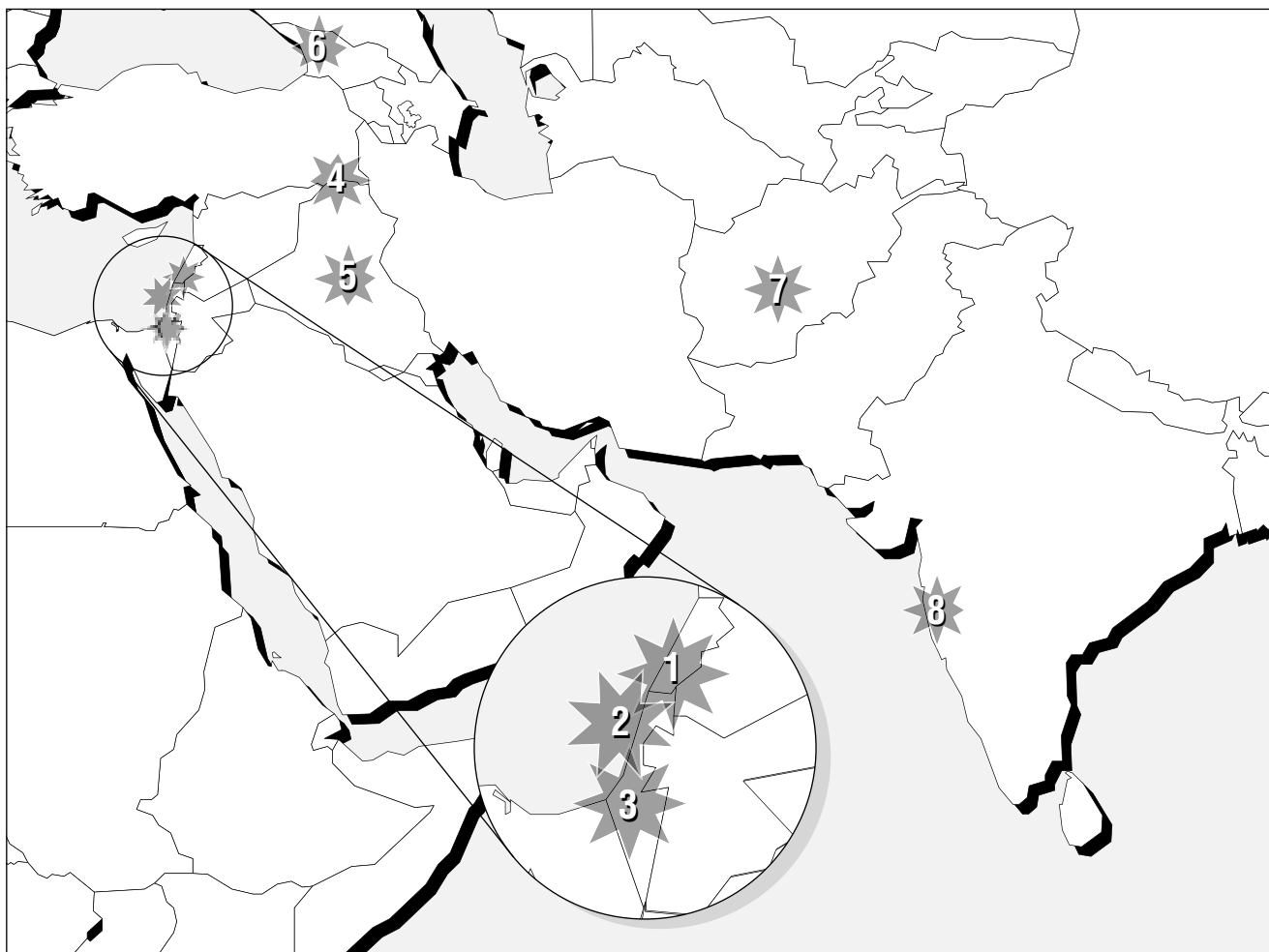
### An Israeli Suicide Mission

As LaRouche emphasized, the Israeli actions, ordered from Washington, do not serve the interests of any nation-state on the planet. They certainly do not serve the national interests of Israel, which has been unleashed like a marcher-lord state on a path of self-destruction.

One senior retired U.S. ambassador equated the Israeli incursion into Lebanon with the disastrous defeats that Napoleon and Hitler both suffered at the gates of Moscow. “Strategic overextension is suicidal,” the source commented, “and Israel is caught in just such an overextension.”

A second, senior retired U.S. military officer with decades

## The Synarchists' Arenas of Perpetual War



**1. Beirut, Lebanon:** Israeli bombings have virtually destroyed the basic transport and power infrastructure of the city, in addition to levelling certain neighborhoods.

**2. Lebanese-Israeli border:** Fierce fighting and rocket attacks are devastating the population of southern Lebanon, and keeping the population of northern Israel in bomb shelters. Hezbollah rockets have gone as far south as Haifa.

**3. Gaza, Palestine:** The population of over 1 million Palestinians in Gaza has been under constant Israeli military assault, essentially under siege, for months now. Deaths are soaring due to lack of medical care and food, as well as Israeli bombings and assassinations.

**4. Iraq-Turkish border:** PKK raids into Turkey, staged from northern Iraq, have led to Turkish threats of invasion.

**5. Baghdad, Iraq:** Sectarian violence has now

led to the killing of at least 100 persons a day, over the last two months, much of it in the U.S.-occupied capital.

**6. Abkhazia/South Ossetia:** Provocations by the Georgian Parliament, which has called for Russian troop withdrawal for this heavily Russian-populated region, and by unidentified armed gangs carrying out assassinations, have brought this area to the brink of armed conflict.

**7. Helmand Province, Afghanistan:** This province is the center of a Taliban resurgence which seized two towns on July 17, and is making the region ungovernable.

**8. Mumbai, India:** The highly sophisticated and coordinated rail bombings in this major city have shocked the nation, and led Prime Minister Singh to point to international terrorist networks, and specifically the British role in backing the relevant radical groups.



of experience in Southwest Asia, added that the Bush-Cheney Administration is trapped in its own delusions about Hezbollah. "They cannot allow themselves to accept the idea that Hezbollah is a genuine political movement, with a mass base of support." The source continued, "Now look for the chaos to spread, from Lebanon all across the Middle East. This is going to soon hit the Americas. This is akin to the Thirty Years' War."

On July 20, Col. Patrick Lang (USA-ret.), the former Defense Intelligence Officer for the Near East, told CNN's Wolf Blitzer that Israel's attack on Lebanon "doesn't make any sense to me. As you know, I've worked in all of these countries, and with the IDF, a lot, and studied it forever. And this just doesn't make any sense to me, what they're doing, because as this Israeli Air Force major said, it's impossible to go around in a kind of hunt for all of these rocket launchers everywhere. Hezbollah," he continued, "is a numerous, well organized, disciplined guerrilla army. They have reserves in depth of people among the Shia people of Lebanon. They've been organizing this ground for five or six years. There are all kinds of tank traps and ambush positions. All kinds of things like this.

"It's a murderous place to fight," he continued. "And the idea that you can root people like that out who are Islamic zealots, and cause them to quit and run away, with air power and artillery, and some small-scale operations, it's just—it's just not on." Lang told CNN that Israel can only stop Hezbollah's shelling of targets in Israel by "moving their gun line back. The only way to do that, in my opinion, is with ground troops. Now, I know the IDF does not want to occupy part of Lebanon again, but they've somehow gotten themselves in a position in which there may be no other choice. . . . The other part of this, which is to cause the Lebanese government to be something that it is not, a unified government that has an army that's a real army, instead of a symbol of national unity, who will act against Hezbollah, that's just not on. The Lebanese don't have that in them to do it."

### Synarchist Bankers' Desperation

From the standpoint of the private financier circles of London, Paris, and New York, who comprise the hard core of the international Synarchy, a global Thirty Years' War, such as is now being triggered by Israel's insane incursion into Lebanon, is just what the doctor ordered. For months, in anticipation of a collapse of their world financial system, major international financial institutions have been dumping soon-to-be-worthless financial paper and shifting their funds into hard commodities, triggering a hyperinflationary spiral in the prices of petroleum, gold, copper, and other crucial strategic raw materials, and bringing the entire post-Bretton Woods global financial system to the very brink of collapse.

At the same time—as the Nissan-Renault move on General Motors signals—these same financial circles, typified by Rohatyn and Lazard, are moving to consolidate control over

the major remaining industrial corporations of the West. They are out to create the same kinds of international industrial cartels now, that promoted Nazism and Fascism in the period from 1922-45. Furthermore, as Lyndon LaRouche emphasized in a June 20, these financiers intend to destroy the very foundations of the nation-state system. By creating international corporations, outside the legal jurisdictions of sovereign nations, and establishing their own vise-grip control over global industrial capacity and strategic commodities, they intend to impose, via globalization, a "final solution" to the hated nation-state system, especially the United States of the 1789 Constitution.

On July 14, one of the leading British Synarchist publications, the *Daily Telegraph*, published an extraordinarily candid piece by Economics Editor Edmund Conway, under the headline, "U.S. 'Could Be Going Bankrupt.'" Conway detailed a recent study commissioned by the Federal Reserve Bank of St. Louis and prepared by Prof. Laurence Kotlikoff, who wrote, "To paraphrase the Oxford English Dictionary [definition of "bankrupt"], is the United States at the end of its resources, exhausted, stripped bare, destitute, bereft, wanting in property, or wrecked in consequence of failure to pay its creditors?" His answer was "yes." Dr. Kotlikoff projected a U.S. Federal government fiscal gap of an unprecedented \$69.5 trillion, based on existing obligations to current and immediate future generations.

Under these circumstances, the hard-core Synarchist financiers see an historic opportunity to destroy the very foundations of the nation-state system, by triggering no-win wars across much of the planet.

It is in this context that a number of retired senior diplomats and intelligence officials interviewed by *EIR* concluded that the suicidal Israeli attack on Lebanon is a prelude to a much larger regional war, to be triggered by a long-awaited U.S. military attack on Iran, an attack promoted by Dick Cheney and one that formed the very heart of the neo-cons' decade-old "Clean Break" plan.

In what may go down as one of the biggest media gaffes in memory, in late June, *Time* magazine ran a cover story, proclaiming "The End of Cowboy Diplomacy." One former top intelligence official dismissed the idea that the Bush Administration had abandoned its Iran war plans as "wishful folly." "Cheney is biding his time—waiting for Condi Rice's diplomatic efforts to fail. Then he will have his war." Another retired U.S. ambassador, who served in the Persian Gulf for many years, was even more dismissive. "The so-called offer to Iran was tantamount to a demand for unconditional surrender, and it was never intended to secure a diplomatic solution." Commenting on Lyndon LaRouche's appraisal that the looming catastrophes could be the only thing that forces a fundamental change in policy axioms, the former ambassador noted that "LaRouche is right, but I hate to think that it comes down to a new global Great Depression and World War IV, before world leaders wise up."

# Report from Israel: Dangerous Delusions

by Dean Andromidas

It is a dangerous delusion to see the current Israeli-Lebanese conflict as simply a struggle between Israel and the Hezbollah. Israel is now fighting a two-front war that threatens to spread to Syria and Iran, based on a war plan pushed by Vice President Dick Cheney and his agent Benjamin Netanyahu, and brought into the government of Prime Minister Ehud Olmert. If not stopped, this war will prove to be far more dangerous and destructive to *both* Israel and Lebanon than the 1982 Israeli invasion of Lebanon. Unlike in 1982, when the U.S. at least made a pretense of mediating the conflict, the Bush Administration has given Israel full freedom of action to bomb Lebanon into the Stone Age. In effect, Bush promises to wipe out Hezbollah, no matter how many Israelis and Lebanese have to die.

As Secretary of State Condoleezza Rice stated, "This is not the time for a ceasefire." The mass murder of Lebanese, Palestinians, and Israelis continues.

Israel has hit thousands of targets in Lebanon, including roads, bridges, and electricity grids, causing over \$2 billion in damage. Hundreds of Lebanese civilians are being killed. The Israeli military has refused to let up on its military operations even to allow safe passage of foreigners, including European citizens. Some 500,000 Lebanese have become refugees in their own country. Meanwhile, brutal military operations in the Gaza Strip and the West Bank continue.

For the first time in 30 years, cities deep inside Israel have come under attack by hundreds of Katyusha rockets. Haifa, Israel's third largest city, its most important port, and base of the country's petrochemical industry, is under daily rocket attack. One such attack, targetting a strategic railway facility, killed eight workers. The entire northern part of Israel, home to more than two million people, has been all but paralyzed. About 250 factories have been closed down. The war is costing the Israeli economy hundreds of millions of dollars.

Even militarily, Israeli Defense Forces were caught completely by surprise when a state-of-the-art SAAR 5 missile boat was almost sunk by a Chinese-built C-802 anti-ship missile. The ship had its anti-missile defense system turned off at the time because Israeli intelligence had not known that this radar-guided missile was in Hezbollah's inventory.

## A Losing Proposition

The official aims of the Israel military operation are to destroy the "terrorist infrastructure" of Hezbollah, and pres-

sure the Lebanese government to disarm Hezbollah and to deploy the Lebanese army along the Israeli-Lebanon border. They are demanding that the Israeli prisoners be released unconditionally. All this is to be done without holding negotiations with Hezbollah or Syria. This is a delusion that much of the Israeli political/military establishment and population have so far accepted.

After a week of asymmetric warfare, Israel is already failing. Despite the thousands of tons of bombs dropped on Lebanon, Hezbollah rockets continue to fall on Israeli cities, and Hezbollah leader Sheik Hassan Nasrullah's face continues to be seen on TV screens throughout the Middle East over Hezbollah's Al-Manar Television station.

The Israeli Air Force's failure to put a dent into the 10,000 Katyusha rockets Hezbollah has in storage facilities, and failure to knock out the launching sites, presents the Israel Defense Force with the prospect of launching a major ground operation into southern Lebanon, an operation many in the senior echelon of the military would be loathe to carry out. Already Israeli cross-border raids by well-trained commando units are taking casualties, evidence that a broad invasion would be a repeat of the 1982 debacle. It was only six years ago, in May 2000, that the Barak government withdrew from occupying southern Lebanon, on the basis that it was a deadly quagmire.

## Leading Reserve General Speaks Out

The first week of the war has seen the sort of war hysteria that was seen just before the 1967 War and the 1982 Lebanon War, with the government having 80% approval rating. Despite censorship, some cracks are starting to show.

Israeli Maj. Gen. (ret) Uri Sagi, in an interview appearing in the Israeli daily *Ha'aretz*, opened the first crack within the military security establishment.

"Whoever says that we have all the time in the world at our disposal, is not telling the truth to himself and to Israel's citizens. How long will we be able to continue in this situation?" Sagi asked his interviewer Akiva Elder. "The Air Force's actions are important, but not enough to eliminate all of Hezbollah's infrastructure. To do that, would require a land operation, to which I strongly object." Sagi, who asserts that Israel will have to start negotiations with Lebanon and others, including Syria, continued, "Hezbollah is patient. They are racking up achievements, such as a strike on a large city such as Haifa and the continuing paralysis of a fifth of Israel's population. . . ." He went on to say that in a few weeks, international public opinion will turn against Israel, since it will be seen as bringing "about the downfall of the weak government there and causing chaos in Lebanon."

Sagi recalled how in 1992, during a similar crisis called "Operation Accountability," he had warned then-Chief of Staff Ehud Barak that an all-out attack on Beirut, which Barak was suggesting at the time, would backfire. The then-Prime Minister Yitzhak Rabin backed Sagi, de-escalated the situa-

tion, and established indirect contact with Hezbollah, which reduced the violence.

"Today the decision-makers think they know everything," Sagi said. "They live in the illusion that Israel can continue attacking as much as it wants, and that nothing will happen in the world. We are approaching the point of fully utilizing military might." He said that the idea of demanding that Lebanon impose its control over the south was also delusional. The involvement of international forces as peace keepers, which he supports, would only function with the cooperation from Arab countries, especially Egypt, Jordan, and Syria.

Pointing to the insanity of exposing the entire northern half of Israel to rocket attacks, Sagi said, "Instead of the army providing security to the public, it expects to get backing from the public. Excuse me, but I was taught that it should be exactly the opposite way around. We are not living in a time when Churchill promised the citizens of Britain blood, sweat, and tears. The people want to eat and enjoy, work and study. Not sit in shelters in reinforced rooms."

Sagi is not just another major general on the reserve list. He is a former ground commander, and was head of military intelligence. After he retired in 1995, he became Israel's secret negotiator with Syria. When Bill Clinton was U.S. President, he told then-U.S. Ambassador to Israel Dan Kurtzer that "hatred is not a policy," and that Israel had to open a channel to Syria. Although Kurtzer promised Sagi the backing of the Clinton Administration, the Syrian track ultimately failed because "the United States did not stand by its word to [Syrian President Hafez] Assad and Barak got cold feet at the last minute."

Sagi believes that coming to an understanding and eventually a peace agreement with Syria, including under the leadership of Bashar Assad, is key to coming to a positive arrangement in Lebanon, and through Lebanon, opening a window to Iran. He noted that Iran backed Syria's decision to attend the 1991 Madrid Peace conference. Opening these negotiations would have a positive impact on the conflict with the Palestinians, as well. He pointed out that under the peace negotiations sabotaged by Clinton and Barak, Syria had promised to close the offices of radical Palestinian organizations in Damascus.

### **Israelis Refusing To Serve**

In another crack, Israeli reserve Staff Sergeant Itzik Shabbat became Israel's first conscientious objector to the new Lebanon war. Shabbat, who is a TV producer and a veteran commander, announced he would not obey emergency call-up orders for reserve duty in the territories, to free up regular troops for the northern front.

"I know people will attack me and ask how could I not take part in this war when Qassams are falling on my hometown and Katyushas on the towns in the north," he told *Ha'aretz*. "In my opinion, only this type of opposition that I've chosen will put an end to the madness that is going on

now, and will shatter the false feeling that the entire home front supports this unnecessary war that is based on deceptive considerations. Someone has to be the first to break the silence and it will be me. It is a shame that my order was signed by another Sderot resident, Defense Minister Amir Peretz."

Shabbat is part of the movement "Courage to Refuse" which is comprised of hundreds of Israeli reserve officers and soldiers who signed the "Combatants letter," refusing to serve in the territories. That movement expanded to air force pilots, including a reserve air force brigadier general.

Shabbat's act of protest was joined by small sporadic peace demonstrations throughout Israel. More than 500 peace activists demonstrated on July 16 in Tel Aviv against the war. Many were blocked by the police from entering the area where the demonstration was planned to take place, and several were arrested.

"We have learned from history that military solutions don't bring anything other than death and destruction," said Abir Kobti, an activist in the Coalition of Women for Peace. "We are calling on the government to regain its composure, come down from the tree, and solve these problems with negotiations to save us from more deaths on both sides."

As the war lengthens, these movements will expand. It should be remembered that the organization Peace Now was founded by Israeli military officers in the aftermath of Ariel Sharon's 1982 Lebanon War. It is a bitter irony that Defense Minister Amir Peretz was one of its founders.

### **Warhawks in Cuckoo-Land**

Even more dangerous delusions are held by Dick Cheney's messenger in Israel, Benjamin 'Bibi' Netanyahu, who sold Olmert the idea of "reasserting Israel's deterrence" vis-a-vis Hezbollah, Hamas, Syria, and above all, Iran. For Bibi and his masters, Syria and Iran are the next targets. As leader of the opposition, Netanyahu is in constant consultation with the Israeli Prime Minister.

During a tour of northern Israel, Bibi blustered that Israel "should act as the United States did during the Cuban missile crisis. . . . Our goal should be to eliminate the source of fire. We don't want to leave Nasrallah with his finger on the trigger. We must continue the operation, even without international support." An expert publicist, Netanyahu knows how to choose his words. The image of the "Cuban missile crisis" is not missiles but the nuclear showdown between Washington and Moscow. For Netanyahu, the showdown will be with Iran whose nuclear ambitions he claims are an "existential" threat to Israel, but which would be folly for Israel to attack.

In the Knesset, Bibi raved in the spirit of warhawk Cheney: "We refuse to take this anymore. We refuse to take the murder of our citizens silently. Israel will win because the nation of Israel is united behind the army and the security wings. We are all looking straight into the eyes of the leader of murderers, head of the Hezbollah Hassan Nasrallah, and we're telling him: You sowed the wind, now reap the

storm. . . . Tehran is the inspirational source and chief engine of international Islamic terrorism, Hezbollah is its satellite, and Syria is its way-station.”

Unlike in Israel’s past conflicts, however, there is a growing realization that the power in Washington, the Bush Administration, itself poses a threat to Israel’s security. A senior Israeli military source told *EIR* of frustration at the Middle East policy of the U.S. Administration. The source said, “Listen, unlike the people in the Bush Administration, we have to live in this region.” He went on to say that the Lebanon-Israel situation has to be solved on a regional basis in cooperation with the international community. “Bush’s policy towards Syria doesn’t help, to say the least.”

Another military source, who did not want to be quoted on the record, lamented that with the Bush Administration’s current policy, neither the Hezbollah nor Hamas trust the United States. With its conduct of the Iraq war, it has become discredited.

Although he chose not to agree with LaRouche’s assessment that Vice President Dick Cheney was planning a broader war, and chaos, he said the assessment among many in his circle is that the policies of the Bush Administration have created such a mess that they feel they have no choice but to act militarily in the hope that an international intervention will stabilize the situation. Nonetheless he said, “We agree on one thing: things would have been a lot better if we had a different administration in Washington.”

## Report from Beirut: Nation in Jeopardy

by Muriel Mirak-Weissbach

Under the blows of Israeli aerial bombardments, beginning July 11, every major piece of Lebanese infrastructure has been destroyed: the Beirut airport and sea port, other sea ports, railways lines and stations, the Beirut-Damascus highway and other roads, telecommunications, electricity facilities, orphanages, hospitals, and food warehouses. According to Finance Minister Jihad Azour, \$2 billion worth of damage has been done by the Israeli bombings.

Lebanese Prime Minister Fuad Siniora, speaking to the diplomatic corps in Beirut, stated bluntly: “The country has been torn to shreds. Can the international community stand by while such callous retribution by the state of Israel is inflicted on us?” He went on: “Over half a million people have been displaced . . . hospitals are crippled . . . there are shortages of food and medical supplies. Homes, factories, and warehouses have been completely destroyed, UN facilities shelled, so have army barracks . . . a civil defense unit has

been wiped out and foreigners are being evacuated. . . . You want to support the government of Lebanon? Let me tell you . . . no government can survive on the ruins of a nation. I hope you will not let us down. We, the Lebanese, want life. We have chosen life. We refuse to die.”

Referring to U.S. and British statements supporting Israel, he said to the ambassadors, “Is this what the international community calls self defense? Is this the price we pay for aspiring to build our democratic institutions?”

Siniora criticized the lack of concrete action on calls for a ceasefire, saying that all the time taken in such discussions only serves “to give Israel the time to achieve what it believes it can achieve. Israel believes that if given more time, it would be able to break the back of Hezbollah. *I think that this is wrong.* Previous experiences worldwide have proven that such outcomes cannot be achieved this way.” (Emphasis added)

### What Is Hezbollah?

The only military force mounting a defense against the Israeli aggression is the Hezbollah, the Shi’ite political and social movement, whose military wing has mobilized in the south since 1982, when it was founded. The organization resisted the Israeli invasion of the country then, and continued armed resistance until the Israelis withdraw their occupying troops and proxies in 2000. It currently has 23 seats in the 128-seat parliament, and runs numerous social organizations, charities, schools, orphanages, etc. It maintains a defense capability, with rockets, missiles, and armed fighters, against Israel.

The intention of the Israelis, when they mounted their recent attack, was to drive the local population northwards, depopulating an area destined to become a buffer zone, to prevent Hezbollah from access to border positions, from which it could attack Israel. Some form of occupying military forces, be it the UN, NATO, or another, would then be deployed to secure the zone.

Events have shown that Israel vastly underestimated Hezbollah. First, there are the demographic-political facts: Eighty percent of the population in the south are Shi’ites, and the rest are also sympathetic to the Hezbollah, whom they see as defending the nation from foreign aggression. The only way to clear out the area, therefore, would be to annihilate the population.

Hezbollah can draw on the civilian population for what might be called reservists. As several Lebanese sources have told *EIR*, Hezbollah can mobilize 100,000 armed fighters literally overnight. One Lebanese political figure put it this way: “Hezbollah is your taxi-driver, he’s the man who sells you groceries, and so on.” By the same token, Israel cannot “eliminate” Hezbollah’s infrastructure because it is all over the country. In fact, on July 20, the Israelis dropped bombs weighing 23 tons on a building they believed to be the Hezbollah headquarters, hoping to kill its leader Sheikh Hassan Nasrul-

lah. It didn't work. Eyewitnesses in Beirut report that the Shi'ite quarter of Beirut, where many of Hezbollah's offices and facilities are located, has been literally razed to the ground. Yet, Hezbollah continues its military operations.

The Israelis also have poor intelligence on Hezbollah's military facilities and strength, as shown by Hezbollah's successful hit on Israel's ship. (See article on Israel). The *New York Times* and the *London Times* on July 19 and 20, reported that Tel Aviv had claimed it had destroyed 50% of Hezbollah's rockets, but "We're not seeing any large-scale destruction of Hezbollah rockets," a senior British official was quoted saying, "and we don't know where they are."

Lebanese sources have told *EIR* also that Hezbollah succeeded in breaking Israeli communications codes, thereby having prior information of military plans.

Several Lebanese, other Arab, and Iranian sources have reported to this news service that no matter what Israel deploys militarily, it will not (short of a nuclear attack, of course) succeed in achieving its declared aims of gaining the release of two Israeli soldiers held by Hezbollah, and disarming the movement. The release of the soldiers will occur only when Israel agrees to a prisoner exchange, to release many of the 2,000 Lebanese prisoners held in Israeli jails (out of a total of 10,000 Palestinian and Arab prisoners), they say.

If this goal is unattainable with the current military methods, Israel may hope to trigger conflict among pro- and anti-Hezbollah elements in the population. This scenario, mooted by one Lebanese political figure, appears unlikely. Although some political figures in the parliamentary majority, such as Telecommunications Minister Marwan Hamadi and others, have reportedly blamed Hezbollah for the conflict, and claimed they had been organized by Syria and Iran, the overwhelming majority of the population has rallied behind Hezbollah, and against the Israeli aggression. This includes Christians. The fact that Israel has started bombing Christian neighborhoods in Beirut, will certainly reinforce this trend.

Sources also recall that leader Nasrullah has been able to mobilize one million Lebanese to demonstrate more than once. Nasrullah, according to Egyptian sources, has become the number one hero in the Arab world today. Support demonstrations have been reported in Cairo, Amman, and other capitals which do not usually host such events.

It is expected that Hezbollah will continue to attack Israeli targets, and will not capitulate. Reports say that the United States "advised" Israel not to attack Syria or Iran, although this is not confirmed. Were Israel to attack Syria, that country would retaliate by opening a new front in the occupied Golan Heights. If Syria were attacked, Iran would express its solidarity, the sources emphasized.

## Lebanon's Secret Weapon

Whether coincidentally or not, on July 11, the very day that Israel mounted its attack, diplomatic circles in Beirut made known that Paris and Washington were blocking an initiative which Lebanese security services had prepared in

June, denouncing the Israeli Mossad for conducting assassinations on Lebanese sovereign territory, over a period of years. Beirut intended to present the dossier to the UN Security Council, and to request a resolution, or at least a statement from the body, which would denounce Israeli assassinations of figures in Lebanon, as a violation of international law. On June 17, Lebanese Prime Minister Siniora announced that Lebanon would file a complaint against Israel in that body for "acts of aggression." However, as reported by the Lebanese news outlet *Al-Manar*, and picked up by the German paper *Junge Welt*, the move was blocked by the United States and France.

The dossier which the Lebanese authorities have assembled, reportedly on the suggestion of the United States (!), indicates that the Israelis have had a consistent lack of respect for Lebanese national sovereignty. It says that Mossad chief Meir Dagan, personally recruited teams to conduct car bombings and assassinations in Lebanon. The cases cited by the dossier, according to *Junge Welt*, include the liquidation of Ali Hassan Diebs on Aug. 16, 1999, the killing of Jihad Ahmad Jibril (son of Ahmad Jibril, head of the PFLP), on May 20, 2002, the killing of Hezbollah politician Ali Saleh on Aug. 2, 2003, and the execution of Jihad leader Mahmoud Majzoub on May 26, 2006.

The dossier was backed up by Lebanese police actions which led to the arrest of two suspects. On June 13, a Lebanese Army statement was released which said: "The army arrested a terrorist cell working for Israel's Mossad, and its members admitted responsibility for the the May 26 attack that killed Mahmud al-Majzoub and his brother," and also "admitted taking part in the assassination of Hezbollah official Ali Saleh in 2003 and Ali Hassan Diebs in 1999, as well as the killing of Jihad Jibril in 2002."

According to a Lebanese source, Feltman had pressured the Lebanese government, threatening to "break off the U.S. love affair with Lebanon," and halt military and other financial aid, if Siniora went ahead with the complaint.

In the foreign ministry this was "regretted as the double standard policy of Western powers." The ministry stressed, "Beirut will insist on a meeting of the UNSC." According to Lebanese sources, Foreign Minister Fawzi Salloukh is committed to pursuing the case. He hopes that the UNSC will also focus on "the repeated non-stop violations of Lebanese air space by Israeli military planes and combat fighter planes, which were used in the planning of the terrorist activities against Lebanon." He referred to Defense Minister Elias Murr, who, based on the latest results of investigations, considers it "very probable" that Israeli military planes have participated in triggering car bombs by laser-detonating devices.

Finally, it is reported that President Lahoud wants to present the results of the investigation to the UN investigator Serge Brammertz, who is on the case of the murder of ex-Prime Minister Hariri. The implication is, of course, that the Israelis may have been behind that assassination, which set off a huge destabilization.

The entire affair of the dossier has been confirmed by authoritative Lebanese sources, who have added that, of the two individuals apprehended by the authorities, one is a Druze, who made the confessions and remains in custody, whereas the other is a Palestinian named al-Khatib, who has “disappeared,” or been made to “disappear.”

The UN Security Council has already capitulated to U.S.-British pressures, *not* to convoke an emergency session to address the Israeli attack, as demanded by the Lebanese. Nuhad Mahmoud, the Lebanese special envoy, protested the blocking. And Cesar Mayoral, Argentina’s UN Ambassador, said that the United States had objected to any statement, and that Britain opposed calling for a ceasefire.

Given this precedent, it would be naive to believe that the UNSC would seriously and officially take up the Lebanese dossier on the Mossad. However, there is no reason why the Lebanese should not act on the issue in another forum, and simply make that material public. Indeed, it could open an important political flank, in the Lebanese struggle “not to die,” but to survive as a people and a nation.

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## Interview: Dr. Tim Guldumann

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# Iran Does Not Want Escalation of War

*Dr. Guldumann is the former Swiss ambassador to Iran. He was interviewed by Muriel Mirak-Weissbach on July 21 in Germany.*

**EIR:** The U.S. and Israel have said that the current military operation in Lebanon is justified, to defend Israel from Hezbollah attacks, which both say have been planned, or ordered, by Syria and Iran. Is this true?

**Guldumann:** I heard that the U.S. Administration used the word for the Iranian role in these acts: “inspired” by Iran, which could mean different things. I think that it’s true that Hezbollah has been created by Iran, or by a very substantial Iranian participation in its creation and build-up; therefore, Iran has also its share of responsibility in the development. Moreover, although it is wrong to say that this was ordered by Syria or Tehran, it can be assumed that Hezbollah consulted Iran before going ahead, but given the nature of the Iranian regime, it remains open whom they have “consulted.”

**EIR:** If, as they say, Iran is behind the Hezbollah operations, why? What would Iran stand to gain in such a conflict? Does Iran want an escalation, or not?

**Guldumann:** Iran might support provocations against Israel. Iran hopes for a strengthening of the anti-Israeli attitude in the

region; however, Iran definitely does not want the escalation. Iran was among the very few (Switzerland is also among this tiny group) governments which were for a cease-fire, [as stated by] Minister of Foreign Affairs Mottaki in Damascus.

Interesting is that only the Speaker [of the Parliament] and the grandson of Khomeini made radical anti-Israeli statements. Ahmadinejad made—according to an Iranian newspaper of July 17—very interesting statements (which were totally overlooked!). Addressing the Zionist regime, he said: “Just as you founded the occupying regime on lies and conspiracy, you had better disintegrate it yourself. *If you apologize to the people of the region, the noble regional nations will disregard the past. The Zionists should lay the cornerstone for a positive and constructive exchange with the regional nations*, otherwise the fury of the world nations will rise, and they will investigate the crimes committed by the regime and its supporters. If you are unable to end such conspiracies, and can hardly manage to apologize for your aggressive moves, let the Palestinian people have a free election to decide their own fate.”

Of course, we know that there are some ambiguities in his vocabulary, but still, this could be good stuff. By the way, he also has watered down his point on the Holocaust, saying that we do not know how many had been killed, maybe more than 6 millions.

**EIR:** What is Iran’s real position in this Lebanon conflict?

**Guldumann:** Iran wants to be respected as a regional power and would like to be addressed as a fireman in the Near East. They could play not only a negative role, but also a positive one (as they did before in a moderating influence on Hezbollah after the Israeli withdrawal of 2000).



mfa.gov.ir

*Outgoing Swiss Ambassador to Tehran Tim Guldumann (right), at the end of his diplomatic mission, meeting with Iranian Foreign Minister Dr. Kamal Kharazmi, on June 8, 2004.*

# Barak Betrayed Clinton

by Jeffrey Steinberg

In an interview published July 18, 2006 in *Ha'aretz*, Maj. Gen. Uri Sagi (IDF-ret.) called for Israel to negotiate a peace agreement with Syria. Sagi has unique credentials to put forward this idea. After retiring from active-duty military service (he was the head of the IDF Intelligence Corp from 1991-95), Sagi was Israel's chief negotiator with Syria. In late 2000, following the collapse of the Camp David II talks between the United States, Israel, and the Palestinian Authority, Sagi engaged in detailed negotiations with then-Syrian President Hafez al-Assad. At the last moment, then-Prime Minister Ehud Barak backed out of the deal. General Sagi still believes that "Israel missed a rare opportunity," according to *Ha'aretz* reporter Akiva Eldar. "He wants to believe that the day is not far off when the younger Assad will finish the job, and even surpass his father. He is convinced that the key to Israel's long-term security problems lies with Syria; the options of neutralizing the actual Syrian threat, a road to an arrangement with Lebanon, and even opening a window through it to Iran, are all in Syria. He notes that the Iranians in 1991 gave Syria a green light to join the Madrid Conference and promised not to disrupt the negotiations with Barak."

"I don't want people to gather from my remarks that I think that the Syrians are real saints," Sagi explained, "but if you talk to them and convince the Americans to provide them with economic aid and perhaps to gently back off on Assad, regarding the Hariri assassination, Syria, with all its weaknesses, can be a stabilizing force in the region."

Col. Patrick Lang (USA-ret.) wrote on his website on July 17 about Sagi's account of the lost opportunity of 2000. "After his retirement from the IDF, Sagi was Israel's chief negotiator with the Syrians and, in my opinion, came very close to completing a deal with Hafez al-Assad that would have ended the Syrian confrontation with Israel. The elder Assad was very sick at the time. He knew he did not have much time left on earth. He was very concerned about the ultimate fate of his family in the context of American hostility, and continued de facto and de jure states of war with Israel. He knew well that the Saudis hoped and plotted for the day when Sunni Islam would be restored to supremacy in Syria. This obviously threatened the future of Assad dynastic rule in Syria. Syria's semi-alliance with Iran was a poor substitute for the long standing relationship which the country had enjoyed with the Soviet Union, but the Soviet Union was no more. In the end, as Sagi says in this interview, the Americans did not really want the deal, and Barak lacked the courage to go forward with this deal in the absence of American acceptance. Will history be kind and provide 'another bite at that apple?' Who knows?"

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## Documentation

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### 'Clean Break' Called For Invasion in 1996

*Here are excerpts from "A Clean Break: A New Strategy for Securing the Realm," the 1996 strategy for Israel's new Prime Minister, Likud party leader Benjamin Netanyahu, by a team led by U.S. neo-cons such as Richard Perle, and including other then-Bush Administration officials Douglas Feith and David Wurmser, and Hudson Institute official Meyrav Wurmser. The auspices were the Institute for Advanced Strategic and Political Studies in Jerusalem.*

... Israel has the opportunity to make a *clean break*; it can force a peace process and strategy based on an entirely *new intellectual foundation*, one that restores strategic initiative and provides the nation the room to engage every possible energy on rebuilding Zionism, the starting point of which must be economic reform. To secure the nation's streets and borders in the immediate future, Israel can:

- Work closely with Turkey and Jordan to contain, destabilize, and roll back some of [Israel's] most dangerous threats. This implies a clean break from the slogan "comprehensive peace"...

- Change the nature of its relations with the Palestinians, including upholding the *right of hot pursuit* for self-defense into all Palestinian areas and nurturing alternatives to Arafat's exclusive grip on Palestinian society.

Syria challenges Israel on Lebanese soil. An effective approach, and one with which America can sympathize, would be if Israel seized the strategic initiative along its northern borders by engaging Hezbollah, Syria, and Iran, as the principal agents of aggression in Lebanon, including by: ...

- [E]stablishing the precedent that Syrian territory is not immune to attacks emanating from Lebanon by Israeli proxy forces.

- Striking Syrian military targets in Lebanon, and should that prove insufficient, *striking at select targets in Syria proper*. ...

[A]bandon the slogan "comprehensive peace" and move to *contain* Syria, drawing attention to its weapons of mass destruction program, and rejecting "land for peace" deals on the Golan Heights. ...

[F]ocus on removing Saddam Hussein from power in Iraq—an important strategic objective in its own right—as a means of foiling Syria's regional ambitions. ...

First and foremost, Israel's efforts to secure its streets may require hot pursuit into Palestinian-controlled areas, a justifiable practice with which Americans can sympathize. ...

# Mexico: The Return of Operation Juárez

by Dennis Small

Two crucial strategic questions were posed by the giant 1.5 million-person demonstration in Mexico City's central plaza, the Zócalo, on Sunday, July 16—beyond the immediate issue of vote fraud in the Mexican Presidential election of July 2, as charged by candidate Andrés Manuel López Obrador.

First: Will Mexico end its 24-year little Dark Age of economic and political devastation, ever since Washington's de facto coup against the outgoing government of President José López Portillo in 1982, and return to its historic nationalist policies of rapid industrialization?

Second: Will the United States in turn come to its senses, and return to the policies of Abraham Lincoln and Franklin Delano Roosevelt—and John Quincy Adams before them—of aiding the sovereign economic growth of its nearest neighbor, as the keystone of a broader anti-colonial foreign policy? Will the government in Washington cease its dangerous efforts to impose on Mexico a government of the synarchist Felipe Calderón, whose banker-dictated free-market economic looting policies only guarantee chaos and misery inside Mexico, and further mass emigration of Mexico's economic refugees desperately fleeing to the United States?

Lyndon LaRouche was uncompromising in his formulation of this issue at his July 20 webcast (see *Feature*):

"Election fraud has been created. . . . What happens to us in the United States, if the insanity of these right-wing bills, these border bills, combined with producing a fascist-like turmoil and instability in Mexico below the border, what is going to happen inside the United States? . . . You want the whole United States torn apart, from the inside, because you're negligent on this issue? Because the Bush Administration has played a role in taking a guy who has fascist credentials, Calderón, that is, of the Synarchist International, an organization that was brought into Mexico from Nazi headquarters in Berlin and which is a part of the same faction that went into Chile and the Operation Condor in the Southern Cone under the benefit of—Felix Rohatyn, George Shultz, and Henry Kissinger. You want that?"

The key to understanding the issue addressed by LaRouche, lies in reflecting on *three* distinct historic moments involving the policies associated with the name *Benito Juárez*. We explain.

## Juárez, 1865

Benito Juárez was the President of Mexico who defeated the Synarchist-deployed French Habsburg invaders in the

late 1860s, with the aid of his friend and ally, Abraham Lincoln.

In early 1865, things were at their worst for Juárez and Mexico. Juárez had been driven out of Mexico City by the invading armies, taking only the nation's flag—and its sovereignty—with him in his Presidential carriage. His republican armies had suffered heavy defeats, leaving the country's most important cities under French rule. Habsburg Emperor Maximilian began to send messages to Juárez, urging him to make peace, and even offering him a post in the empire. Some of Juárez's allies, tired of a war they thought would never end, urged him to accept. Juárez refused, insisting on Maximilian's unconditional departure from Mexico.

It was at that point, in April 1865, that Juárez wrote a famous letter to his family, which began by referring to the U.S. Civil War: "I praise and applaud Mr. Lincoln's inflexibility, for his victory will be all the more beneficial, though it come later, than an earlier peace won by sacrificing humanity." He concluded by pledging: "It would appear that there is no option but to continue the struggle with what we have, with whatever we can, and as far as we can" (see article below).

Understandably, Benito Juárez has always been the Synarchists' worst nightmare in Mexico, especially in combination with Lincoln in the United States.

## Juárez, 1982

In May 1982, Lyndon LaRouche visited Mexico and met with his friend President José López Portillo, who asked his visitor what the Wall Street bankers and others intended for Mexico. LaRouche replied that they were out to destroy Mexico with financial warfare, by the Fall of that year—a forecast that was fully borne out.

At the request of nationalist circles around the Mexican head of state, for a policy to address this crisis, LaRouche published the book-length report *Operation Juárez* in August 1982, which called for reorganizing the pooled debts of South and Central America as a source of long-term, low-interest credit, for great infrastructure and other high-technology projects.

As LaRouche explained in a July 30, 2003 article, "My Unique Role in the Americas":

"That report was the manual guiding my part in the subsequent, August-October 1982 defense of Mexico, against the attack from specific alien forces. These were forces which were in fact descendants of the same Europe-based financier interest on whose behalf France's Napoleon III had deployed Habsburg Maximilian's Nazi-like occupation and looting of Mexico. . . . Those French troops left under U.S. orders. . . . That U.S. order led to the downfall of the tyrant Maximilian, and made possible the restoration of the legitimate government of President Benito Juárez. Those were the historical circumstances of the 1860s which I adopted as precedent for



the title of my August 1982 document *Operation Juárez*. . . . That *Operation Juárez* report reflects the essentials of my continuing policy for the Americas today.”

## Juárez, 2006

Addressing the 1.5 million Mexicans who overflowed Mexico City’s Zócalo on July 16, López Obrador delivered a speech which escalated the fight for a “vote by vote, polling station by polling station” recount of the Presidential elections, even as the Federal Electoral Tribunal is considering the massive documentation of fraud which his campaign has presented.

López Obrador outlined the movement’s next three steps:

1. Increase the encampments outside the country’s 300 electoral offices where the ballots are stored, not only to ensure that the ballots are not further tampered with, but as centers for organizing the population;

2. Carry out “peaceful civil resistance,” whose details will be decided by a citizens’ committee; and

- 3) Return to the Zócalo on July 30—this time with twice the number of participants.

López Obrador concluded his remarks, as he had many speeches during the campaign, with a promise which resonated historically, for friend and foe alike: “As President Juárez used to say, we are going to save Mexico, however possible, with whatever possible, and as far as possible.”

López Obrador faces a number of serious challenges in order to deliver on that pledge. For example, there are those within his own camp who, like some of Juárez’s allies, want to throw in the towel and strike a corrupt deal with Calderón and his Synarchist masters. Also, in order to fight through to victory, López Obrador is going to have to broaden the basis on which he is now mobilizing millions of Mexicans, from the limited issues of democracy and vote fraud, to the underlying economic policy questions which he himself raised on occasion during the Presidential campaign. For example, on June 1, he announced that, should he win the July 2 elections, he intended to renegotiate Mexico’s debt as President Néstor Kirchner did for Argentina.

The LaRouche Youth Movement (LYM) in Mexico has played a decisive role in bringing the underlying issues first posed by LaRouche in *Operation Juárez* in 1982, into the battle in Mexico today. For example, at the 1.5-million-person rally on July 16, a 35-40 person contingent of LaRouche organizers distributed 35,000 leaflets with LaRouche’s July 10 statement on Mexico (see last week’s *EIR*), and they briefed people that LaRouche is fighting around the world to defeat the enemies of Mexico: the same bankers who are also behind the attacks in India, and the escalation to war in the Middle East.

When one person would take a leaflet, frequently everyone around them would demand their own—“they were like piranhas!” one LYM organizer laughed. In several cases,

people began reading the leaflet aloud to clusters of people around them, for the benefit of the elderly and the illiterate.

The LYM carried a giant banner, measuring some 7 meters by 1.5 meters, which summarized their message. It was illustrated by the symbol of Calderón’s PAN party, with a big swastika in the middle, and read: “The Dog: Felipe Calderón. Its Owners: The Fascist Bankers. The Solution: LaRouche’s New Bretton Woods.”

# The Alliance Between Lincoln and Juárez

by David Ramonet and Rubén Cota Meza

It would appear that there is no option but to continue the struggle with what we have, with whatever we can, and as far as we can. Forward then! No one should lose heart.

—Benito Juárez, April 1865

When Benito Juárez was sworn in as President of Mexico in July 1861, remnants of the disbanded army of the ultramontane reaction—which, under the slogan of “religion and privileges” had launched the war against the Federal Constitution of 1857—were still active. When the President announced a few months later that his government would suspend payment on the foreign debt, primarily to British, French, and Spanish financiers, for the purpose of reorganizing finances and beginning the rebuilding of the country following four decades of intermittent wars, the representatives of the ultramontane reaction in Europe offered the Mexican crown to Maximilian of Habsburg.

## Foreign Invasion

The next year, the navies of France, England, and Spain arrived in Mexico to try to collect those debts. The French navy also came with the specific mission of overthrowing the constitutional government to pave the way for Maximilian’s arrival. Napoleon III offered financing to Maximilian for the adventure, with the promise of receiving the mines of Sonora and Baja California, among other things, in payment for services rendered.

On May 5, 1862, the French imperial army, led by General Laurencez, and its native ultramontane allies, launched their first assault on the Juárez government, and were defeated at Puebla.

The following year, with reinforcements and under a new commander, General Forey, the French seized the city of Puebla after a two-month siege. On May 31, 1863, with the

imperial army knocking at the doors of the capital, President Juárez led the closing ceremony at the National Congress, and then headed to the National Palace, where he watched the lowering of the Mexican flag over the Zócalo plaza, which was filled with people in anticipation of his farewell as President. After accepting the flag and singing the national anthem along with the crowd, he shouted, “Viva Mexico!” and thus began his famous black coach journey across the country, to safeguard the republic.

On June 7, 1863, the vanguard of the imperialist forces entered the Mexican capital, and on June 10, the army under the command of Forey and his ultramontane allies, who had pulled together their scattered forces, followed. The French established a regency to rule the country in the name of the Emperor. It was made up of Generals Juan Almonte and Mariano Salas, as well as Archbishop Pelagio Antonio de La-bastida y Dávalos. An Assembly of Notables was established, encompassing some 215 would-be aristocrats, to proclaim the Mexican empire.

Juárez installed his government in San Luis Potosí, and despite the circumstances, his political adversaries continued to criticize him for administrative minutiae. In the midst of this, he was also responsible for reforging the republic armies, which had fallen to the technical superiority of the occupying forces. After one year, he abandoned the city and moved to Saltillo, Coahuila, where he arrived on Jan. 9, 1864.

## Juárez Fights Back

The military reverses suffered were devastating, and some liberals, such as his former minister Manuel Doblado and Gen. González Ortega, governor of Zacatecas, pressured him to abandon the Presidency and to cede it to someone more “reasonable,” who could reach an understanding with the occupation army. Juárez responded resolutely that he had not the slightest intention of abandoning the fight, much less leaving the leadership to weaklings who believed that one could negotiate with globalization, and somehow come out ahead.

From Saltillo, Juárez moved to Monterrey, Nuevo León, but soon clashed with Gov. Santiago Vidaurri, against whom he had to use force; ultimately, Vidaurri went over to the imperial side and ended up in front of a firing squad. In April 1864, Juárez established himself in Monterrey.

In the meantime, in Europe, the Commission of Notables offered Maximilian of Habsburg what they didn’t have to offer. He and his wife, Carlotta Amalia, arrived in Veracruz on May 28, 1864, and shortly thereafter began to form their imperial court.

In truth, he was never able to put together a real government. He tried to win the support of the moderate liberals and managed to seduce some of them, but lost the support of conservatives as a result. The latter were only interested in preserving the colonial regime which, although splintered

over the previous 40 years, had still kept the peonage system intact.

From Monterrey, Juárez returned to Saltillo in mid-1864, and then went further north, toward Durango, with the imperial forces always nipping at his heels, and with some of his tired collaborators seeking a truce. In September, he headed to Chihuahua, arriving in October.

The imperial army routed the republican armies, forcing them to resort to guerrilla warfare, with the famed *chinacos* (an irregular peasant army, known for its red bandana “uniform”) attacking the imperial army by night and carrying out their regular chores during the day. The imperial forces could take the cities, but couldn’t keep them, and as soon as they left, the *chinacos* took them back again. In effect, the imperial army only occupied the soil on which it stood.

While Juárez was setting up in Chihuahua, Maximilian’s advisors drafted a decree under the assumption that Juárez’s Presidential term would end on Nov. 20, 1865, and therefore also end the *raison d’être* of resistance. That didn’t trouble Juárez at all; however, from among his own ranks, Vice President González Ortega emerged, now with the support of Juárez’s “friends” such as Guillermo Prieto, to insist that the President step down.

President Juárez took stronger measures. He issued two decrees. One was to extend the Presidential term until it were possible to hold elections, and the other to order the arrest of González Ortega should he return from the United States, where he had gone for medical reasons.

## Victory for Lincoln—and Juárez

By April 1865, however, the victory of Lincoln’s forces over the pro-slavery Confederacy, upon which the Mexican ultramontane forces and Emperor Napoleon III had based their hopes, was secure. From the beginning of Lincoln’s Presidency, Matías Romero had remained in Washington as the representative of Juárez’s government. From there, he had acted as a permanent intermediary between Lincoln and Juárez.

At this point, Juárez wrote the following to his family, which was transcribed by Ralph Roeder in his two-volume biography, *Juárez and His Mexico*:

“... I praise and applaud Mr. Lincoln’s inflexibility, for his victory will be all the more beneficial, though it come later, than an earlier peace won by sacrificing humanity. As my unforgettable Pepe would say, with our tenacious resistance and with time, we shall in the end bore through the French and with no need for foreign assistance, force them to abandon their iniquitous attempt to subjugate us. This is the greatest glory I wish for my nation. It is enough for us that the North destroys slavery and doesn’t recognize Maximilian’s empire. . . .

“Perhaps with his explicit declaration that he will not recognize Maximilian, Napoleon is contemplating a different

course in his interventionist policy toward Mexico. Yet even were he not doing so, the North's stance indicated in that declaration, combined with its victories, will cause great discouragement among the invaders and traitors to Mexico, if it hasn't already done so. They will naturally have to accept the fact that even were they to subjugate the entire Republic—a very difficult, if not impossible task—they will have gained little or nothing. For they stand before a colossus which, because of its great qualities and the principles of freedom it defends, won't hesitate to take up the defense of the oppressed and make the traitors and invaders disappear in a single blow. The enemy knows this very well, as does most of our Republic, and this quells the enthusiasm they felt in the early years of the intervention. It is my judgment that the end of their decadence is at hand, and the era of the people's reaction against their oppressors has begun."

However, Roeder writes, to rush the solution, Juárez was prepared to accept the material help of the neighbor, under his own terms:

"Should that Republic soon end its Civil War, and its government, acting as a friend and not a master, wish to lend us aid in the form of money or force, without demanding humiliating conditions, without our sacrificing one inch of our territory, without undermining our national dignity, we would accept it, and we have given confidential instructions to our minister to that effect. It would appear that there is no option but to continue the struggle with what we have, with whatever we can, and as far as we can. That is our duty: Time and perseverance shall help us. Forward then! No one should lose heart!"

In late 1865, Juárez moved to Paso del Norte (today, Ciudad Juárez), where he remained until mid-1866. In the interim, Napoleon III had received warnings from the Lincoln Administration, and had decided to withdraw his troops earlier than he had promised Maximilian. Once the imperial troops were withdrawn, the republican forces, which had begun to mop up the remnants of the ultramontane army, were able to start taking back territory. On June 10, Juárez returned to Chihuahua, and shortly thereafter, the United States fully recognized the republican government and sent its ambassador. In early 1867, all foreign troops left Mexico, leaving only the forcess of the traitors Miguel Miramón, Leonardo Márquez, and Tomás Mejía, with the support of the business class and their pretensions of being aristocrats, and the hierarchy of the Catholic Church—whom the owners of the PAN view as heroes to the present day.

Meanwhile, Juárez made his return trip to the capital. In February 1867, he was already in San Luis Potosí. Maximilian and his generals were holed up in Querétaro, where they held out until May 15. On May 24, Maximilian and his followers Miramón and Mejía were put on trial, and sentenced to death on June 15. At 7:00 in the morning on June 19, 1867, they were executed by firing squad at Cerro de las Campanas.

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## LaRouche on Argentine Radio

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# 'The Planet Requires A Moral Mobilization'

*The following telephone interview with Lyndon LaRouche was broadcast live on July 19, 2006, on Radio FM Cultura, in Cordoba, Argentina, on the eve of the July 20-21 summit of Mercosur (the Common Market of the South) in that city. The interviewer was Héctor Gómez.*

**Gómez:** We're glad to have Mr. Lyndon LaRouche with us today, and I would like to greet him. Good morning, Mr. LaRouche. You have the floor.

**LaRouche:** Good morning. Thank you very much.

**Gómez:** We'd like to ask our friend Lyndon LaRouche for his observations at this point regarding the overall direction of the meeting of Mercosur here in Cordoba, Argentina.

**LaRouche:** Well, it's extremely important that we have a process, hopefully, of continuing increased cooperation among the states of South America, which will give the countries of South America a way of negotiating conditions with respect to North America and other parts of the world. This is something I've been working for in this direction since the period of the Malvinas War, when I proposed what was called "Operation Juarez," which is a reorganization of the financial debts of the hemisphere, in order to promote long-term credits for infrastructure development. I very much support the success of Mercosur.

**Gómez:** Now we would like to ask how you see the crisis of the international financial system?

**LaRouche:** The international financial system, as a whole, is hopelessly bankrupt. You see a combination of hyperinflation in primary commodities and also collapses all around the economy. You see in Europe, as in the United States, you're seeing a degree of collapse of industry which is comparable to what South America experienced during the period after 1972. It will be very soon that a decision has to be made whether we go into the worst crisis since the Dark Ages in 14th-Century Europe, or whether we can take an area such as the Americas and put it into cooperation with a Eurasian development perspective. And using regional organizations of sovereign nation-states and their mutual credit for the development of the planet as a whole—some-what like what Franklin Delano Roosevelt did with the Bretton Woods System, but a more advanced situation, a more advanced crisis.

**Gómez:** It's important for Argentines, and people from Córdoba in particular, at this moment prior to the meeting of the Mercosur summit, to understand what the possibilities are to achieve a unity of the Americas, from Alaska to Tierra del Fuego, along the lines of John F. Kennedy's well-received proposal, the Alliance for Progress.

**LaRouche:** Well, this is possible. It means a change in the policy of the U.S. government. I think there are two sides to the crisis. First of all, we must get rid of the present policies of the government. They are destructive of other countries, they're destructive of the United States. We have to return to the policies of Roosevelt, as President Kennedy intended to do. Under those conditions and with a rapid increase of nuclear power and technologies generally, as in the case of Argentina, in the southern part of Argentina, which is an area of great potential expansion, which means riches for the whole continent. You have the rivers, the mineral resources, all the things necessary for a great expansion. And that would be a pivot, under the present policies of the government of Argentina, to help the entire South America to mobilize itself around the kind of cooperation which I think Mercosur represents.

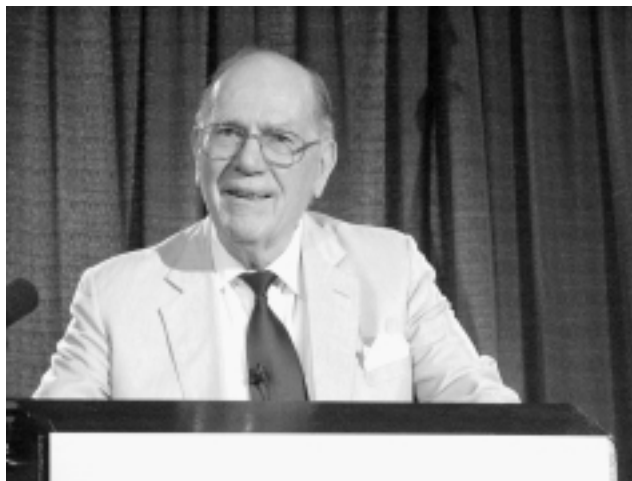
**Gómez:** The columnist Adrian Salbuchi is a regular participant in our daily analysis program. He is a business consultant, and in that capacity has written various books related to this discussion on the sovereign nation-state and the financial system, and I would like to invite him to dialogue with our friend Lyndon LaRouche.

**LaRouche:** Right.

**Salbuchi:** Good morning, Mr. LaRouche. I just have two questions I would like to ask you: When do you feel that we will see, on a worldwide basis, the collapse, or the possible collapse, of the United States dollar as a world currency? And what do you feel that the countries in Mercosur, who are meeting today in Córdoba, should do to prepare themselves for the shock?

**LaRouche:** The question is, in a sense, technical, because what this involves is a change in the principle, like constitutional principles of cooperation, for the present system, which is a very radical but necessary change. Remember that the present international financial monetary system is not only bankrupt, but it is more bankrupt than occurred during the 1920s and 1930s.

The use of financial derivatives under the former head of the U.S. Federal Reserve System has actually created a hyperinflationary growth in debt, while shrinking the actual productive level of the economy. As a result, the financial systems of both Europe and North America are hopelessly bankrupt. Which means that we have to create, by power of cooperation of sovereign governments—in a sense, the example would be, I say now the United States has to put the Federal Reserve System into government receivership for reorganization. The same is true of Western and Central



EIRNS/Stuart Lewis

*LaRouche: We must get rid of the present policies of the U.S. government, and return to the policies of Roosevelt, as President Kennedy intended to do.*

Europe. These systems are hopelessly bankrupt. No recovery under the present conditions and lines of agreement will work.

So, the solution is that governments, sovereign governments, place the entire international monetary system into bankruptcy, and organize it under the cooperation of sovereign governments. Now this means large-scale creation of credit of 25-50 years extension. It means 1-2% interest rates, maximum. And it means long-term tariff agreements among countries.

An example of that which applies to South America, and to North America as well: You have now between Germany, Russia and the Shanghai Cooperation Organization, long-term cooperation in capital formation—that is, physical capital. The tendency will be for these countries to cooperate in a natural way, because of the vast needs of populations such as China and India for raw materials, for example.

You have a somewhat similar situation in South America. There are tremendous natural resources. These have to be converted into the impetus for great growth. And Mercosur, in this case, is obviously a pilot vehicle for negotiating some of these long-term trade agreements, because if you put your eyes on the fact that most long-term investments are 25-50 years, and it's on the basis of the long-term investment in infrastructure and in developing natural resources, about 50% of the economy is going to be in that area. And economies which share the development of natural resources have a natural complementarity, which amounts to the common interests of the group of nations.

So I think that if you take the two situations—Eurasia and the Americas, and South America as a special part of the Americas—these are the keystones of the future civilization for the next 50 years to come. This requires understanding, it

requires fresh thinking. From my standpoint, the situation and opportunities are absolutely clear. All that is needed is the political will to do it.

**Salbuchi:** Thank you. Let me just ask you one further question, perhaps one last question. In view of the volatile situation which we're seeing in the Middle East right now, what are your views regarding the imminent initiation of a new petroleum, oil market based in Iran, which would not use U.S. dollars? And what would happen if China, which is potentially an ally of Iran, were to change its massive reserves into another currency, such as euros?

**LaRouche:** We don't really have a Middle East situation. We have a global situation, which has a special reflection in the Middle East. It is not the Israelis who are dictating the policies of the current Israeli government. This impetus, the whole global impetus, is coming from a group of financial interests who are known internationally as the Synarchist International. For example, the keystone of this is the French synarchists, the Dutch interests associated with the oil interests there, and the British interests represented by the Bank of Scotland, for whom, for example, the Bank Santander is merely an agent.

These bankers are going for a crisis. They are on top now. They are largely controlling governments, and they are causing willful chaos and potential world war, now. Obviously, a change in the ratio of the value of the Chinese currency to the dollar could be a trigger in the immediate collapse of the world financial system.

The control of the world petroleum market from the area of Iran is impossible. This is a myth. It could never work.

**Salbuchi:** Okay, okay. And talking about oil, what do you know—we have information here, but it's never actually been verified—that, as you know, Argentina's oil company YPF was privatized by Mr. Menem in the 90s, and is the property of Repsol, which is a Spanish oil company. However, we are all surprised, or many of us have been surprised, that Spain, not having a drop of oil, all of a sudden appears with a great huge oil company. And there's a lot of thought that, in actual fact, Repsol is sort of a facade for British Petroleum and other British oil interests, who wanted to keep Argentina's oil after we lost the Malvinas War.

**LaRouche:** I can answer that precisely. If you look at the Spanish banks, which are operating as predators throughout much of South America, like Bilbao and Santander, they are simply errand boys for the British Bank of Scotland. That is the bank of the British monarchy. Now, the British monarchy and the Bank of Scotland are tied to the Dutch interests. They are tied then to the Synarchist banks centered in France, which is typified by the case of Felix Rohatyn in the United States. This is the same axis which was behind Hitler—exactly the same financial apparatus. Hitler is gone. He was expended, but the monster that used him is still alive.

Their objective is what's called globalization: to denationalize all key natural resource assets, to denationalize all high-technology industries, and to create an international financial syndicate which effectively runs the world. The Malvinas War was the result of a fight by which the British were going to at least steal, or lock up the petroleum interests of what was then contested Argentine territory. But that was only a reflection of the larger policy.

So this issue about sovereign control of nations over their natural resources is a principle that must be reestablished. At the same time, we must recognize that there's a limited future for oil as a source of power for this world. It's becoming more scarce, it's more costly in physical terms, and we now have to shift into a nuclear age in power, in which petroleum will tend to be more and more a chemical feedstock.

You can see that in Mexico, for example. Mexico is producing less oil than it was under the former government of Lopez Portillo. The oil production could be brought back in about five to seven years, but that would be only a transition period. It is nuclear power upon which the future of humanity depends.

**Salbuchi:** One last question. I've been listening very attentively to all of what you're saying. We all agree, I think, that nation-states have power, but above nation-states, we have these financial and industrial cartels who really run the whole globalization show, or new world order show. Would we be correct in saying that they are planning organizations, you find them at the Royal Institute of International Affairs in London, at the Council on Foreign Relations in New York, the Trilateral Commission, and very importantly, at the Bilderberg Conference that just met in Ottawa, Canada?

**LaRouche:** Well, some of these organizations are only peripheral, in the sense that they represent fora for certain kinds of discussions, in which policy is discussed and through which the propaganda machine functions to put out what they recommend governments should do. The Bilderberg group is the much more significant organization. The Bilderberg organization was founded when the French Synarchists made an alliance with Deterding and company in the Royal Dutch Shell area, and this of course was tied to the Royal Bank of Scotland, which controls Santander, which raped part of South America. The Bilderberg group is not exactly a control group, but it's very important because it represented that Nazi, Prince Bernhard of the Netherlands, and Prince Philip of the British royal family.

This is significant because it is a medium of bringing together financial institutions which are the world's most powerful and most predatory financier interests. And at this time, it is that combination which is the core of the enemies of humanity.

**Gómez:** Finally, we would like to ask Mr. LaRouche, the friend of the unity of the Americas, of nation states, and of

Argentina, to close with a special message, not only for those listening to this show, but also to replay this message at various meetings which will be occurring around the summit of the presidents of Mercosur.

**LaRouche:** Yes. We are living through the most dangerous period since the 14th Century, the New Dark Ages. Despite all the horrible things that have happened since then, nothing compares except that to what we're facing today. The intention is to put the world's population under the control of bankers, not governments—very much like the 10th through 14th Centuries, under the Venetian bankers. I'm very familiar with these problems, because these guys are my personal enemies; and I'm theirs!

Now, we are at a time where the whole system is about to go out. What is needed then are two things: Unity of patriots of various countries to assert the power of sovereign government above bankers. We're not going to eat the bankers: they're probably not good to eat. But they must take orders from government. We must create an international monetary financial system which effectively is like the old Bretton Woods System, but with more emphasis on national banking and less on so-called independent central banking.

We also require a moral mobilization of the people. The lower 80% of the population in the Americas and in Europe have been deprived of much of the sovereignty they had previously. They're treated more and more like peasants. They're not consulted. And therefore we have to strengthen the development process within and among nations, not only for physical development but to affirm the mental and moral development of the people, of their sovereignty with respect to their own government. They must see the government as their own, representing their personality, their hopes, their aspirations.

Therefore, great development projects, including development projects across national borders, must go with the sense of giving the power back to government. But giving the power over governments to their own people, not to foreign financial power. We have to have a moral reawakening of the planet.

I'm happy to say that I've seen steps in that direction in cooperation during the recent two years in South America. The process is very encouraging. You have something similar in Asia, but different, with the Shanghai Cooperation Council, and its extension through Russia into Germany.

We have to make these trends, rapidly, the trends of the planet as a whole.

**Gómez:** I would like to thank our good friend Lyndon LaRouche for this communication, this effort you have brought to the people of Cordoba, and our listeners across the hemisphere. I'd like to sign off with a statement which I also used in a similar dialogue, to say to our friend Lyndon LaRouche, the friend of Argentina and the friend of the Americas: May God Save the Americas.

## LaRouche's Warning Circulates in Russia

*As a guest on the Radio Govorit Moskva (Moscow Speaking) program, "Direct Dialogue With Yuri Krupnov," July 14, Dr. Jonathan Tennenbaum presented the central idea from Lyndon LaRouche's statement on the oncoming strategic crisis, "The Strategic Significance of the Hit on India" (EIR, July 21). A transcript was posted several days later on the station's website, and further circulated by the AKS information agency and others, bringing LaRouche's warning to a wide audience in Russia.*

*Host Serafim Melentyev interviewed his regular guest on the call-in show, political analyst and Movement for Development leader Yuri Krupnov, together with Tennenbaum. Other highlights of their discussion included the potential improvement of Russian-American relations, as has happened in times of crisis in the past. Translated excerpts of the broadcast appear below.*

**Melentyev:** Good evening! You are listening to Direct Dialogue with Yuri Krupnov, Chairman of the Movement for Development. Today we have an unusual format, since also in the studio is Jonathan Tennenbaum, science advisor to Lyndon LaRouche, one of the leaders of the Democratic Party of the U.S.A.

Today's topic is "The deindustrialization of the country and the world, and problems of organizing industrial development." But first I would like to ask my guests a different question. There has been a serious deterioration of the situation in the Middle East. Israel is bombing Lebanon, and now Lebanon is counterattacking. President Mahmoud Ahmadi-nejad of Iran warned in an interview yesterday, that if Israel decides to attack Syria, Iran will take Syria's side and join the war. At the UN Security Council, U.S. Ambassador John Bolton blocked a resolution, which would have called on Israel to stop. Where do you think the situation in the Middle East could lead?

**Krupnov:** It is quite clear that it won't lead to anything good. But, in my view, the important thing is what all this means. What it means, is that the dominant tendency in the world today is the attempt by a small segment of humanity, which is sometimes termed the "Golden Billion," to fulfill its desire to flourish at the expense of the rest of mankind. But the flourishing is not doing very well. And your question really is on-topic for our discussion today, because the problem of deindustrialization is connected precisely with this, because either we together build and carry out world development, and then other problems will come up, involving nature,



EIRNS/James Rea

*Jonathan Tennenbaum (left) at EIR's June 27 Berlin seminar, with Dr. Cliff Kiracofe and Jeffrey Steinberg. Tennenbaum told his Russian radio audience: "Now we need to begin on a global scale, a new era of great infrastructure projects. This is the way out of the crisis. . . ."*

and the productive forces, and then there will be no time or energy for clashes and war; or, we really are trying to set up managed chaos, and go fishing for profit in muddy waters, but only for a very small number of people.

**Tennenbaum:** Yesterday evening, I spoke with LaRouche by phone, and he said that there is a major destabilization under way, and that what is now happening in the Near East, and what happened in India with the major terrorist attack in Mumbai, are a challenge to the whole world. What is happening is no accident. Many experts, including LaRouche, say that there will be big trouble for the dollar, even as early as September. The second question is, *cui bono*? Here, it is important to pay attention to the meeting between U.S. Vice President Dick Cheney and former Israeli Prime Minister Benjamin Netanyahu in Colorado; and I agree completely with Yuri Krupnov, that there are certain circles in the world, who want a crisis.

I would like to bring in one other aspect. This may come as a shock, but it has to be remembered that, in the 1930s, there were various fascist projects: Hitler, Mussolini, Franco, etc. And behind the fascists was a certain financial empire, a financial network of industry, banks, and those very "golden" circles. And it is important to understand, that that network never went out of existence. This helps in understanding where international terrorism comes from. And the attack on industry, which is taking place in Russia, Germany, and even the U.S.A., comes from that same force. It is extremely important to understand the question of sovereignty and the way in which the state can act: as Franklin Roosevelt said, in his time, in order to develop the economy. . . .

### **LaRouche's Transport Development Corridors**

**Caller Yuri:** I am a railroad worker. Yuri Vasilyevich [Krupnov], I have read your articles about the development

of Russia, including the development of the transport system. Considering that Russia began to come into existence in the first place as a transportation corridor—"the road from the Varangians to the Greeks"—what further development of transport, including rail, do you see?

**Krupnov:** Thank you for the question. Everybody knows that Russia has, first and foremost, an enormous area; one-seventh of the dry land in the world belongs to Russia. And transport infrastructure certainly is key to the development of the country. Today, unfortunately, with rates having climbed, and their not being subsidized, we have a situation where the rates have bankrupted the country. A simple example: It used to be, that you could fly from Vladivostok to Moscow for two-thirds of a monthly salary, but now you need three to four months' wages, in order to fly to Moscow. So we see that these rates—and the same goes for rail—unfortunately, are far from optimal for linking up the parts of our country. From that standpoint, without question, we need to modernize the Trans-Siberian railroad, and to create the Eurasian Land-Bridge, which was proposed by LaRouche and Tennenbaum already a long time ago. Here, Russia has a leading role to play.

We need to develop new transportation systems. The cable trolley-car transport system, for example. . . . The transport systems that we ought to design now and set up primarily in the countries of the "second world," are a product that would absolutely make us competitive on a world scale.

**Tennenbaum:** I was born in Chicago, a major transport hub in the U.S.A., where many railroads came together. And indeed, as in Russia, development in the U.S.A. always depended on the railroads. And now this concept of creating a Eurasian corridor is an extremely important objective, because the development of all countries, including the coun-

tries of the West, as well as Asia, Africa, and South America, depends on transport. And now we need to begin on a global scale, a new era of great infrastructure projects. This is the way out of the crisis, because such projects create demand for capital goods, which is very important for the development of industry, and for employment. And these corridors would make it possible to build new cities, industrial complexes, nuplexes, etc. And we need to look at this all at once.

**Krupnov:** I would like to add something. I remember ten years ago, Jonathan Tennenbaum drawing a picture, where he charted a rail line and then measured along it approximately a 50-kilometer zone, a zone of development, which would be impossible without the railroad. And these “transportation development corridors,” a term promoted by the Lyndon LaRouche group, are really the basis for many of our projects. “Our,” not in the sense that they are brand new, original ideas, although we do have some of those, but the important thing is that this is the principle that defines world leadership today. Because, without designing such “transportation development corridors,” there won’t be anything.

Now I shall go back for a moment to the question of the Middle East. The Lyndon LaRouche movement has an excellent project for a zone of production, based, in particular, on a system for water desalination, for the entire Middle East, for North Africa, etc. So, this is an interesting project, which indicates an entirely different pathway, not connected with clashes of civilizations, or age-old disputes, and where it is shown how, by solving the water problem (which is key in that region) it is possible to accelerate the development of the real economy.

## The American System and the General Welfare

**Caller Victor:** Good evening! First, I want to welcome the American guest. . . . No offense to our American participant, but I have doubts about the things we borrow from America, France, and the West in general; things like the Presidency or the way voting is done. In all these elections, you don’t have a well-considered choice of somebody, but some kind of guessing based on advertising, while almost none of the voters have any idea what they’re voting for.

**Tennenbaum:** I want to say, that you have to know and understand, that the U.S.A. is presently in a deep crisis. When people talk about the American System, you have to understand what it is: the so-called American System of political economy, which existed in the 19th Century, and was revived during Franklin Roosevelt’s Presidency. Lyndon LaRouche continues this American tradition (and the key figures for us are Abraham Lincoln, Alexander Hamilton, Franklin Delano Roosevelt), which means government investment in infrastructure, a strong private sector—but the most important thing (and this is stated in the U.S. Constitution), is for the government to be responsible for the general welfare, for the development of the country. Investment in infrastructure, reg-

ulation of the financial system, etc., used to be known as the American System—as against the so-called British free-trade system.

Unfortunately, America today has departed from this traditional pathway and went off in the direction of the “bubble economy.” I agree that GDP is a poor indicator. Today, the U.S. produces less than half the amount of steel per capita that it did 20 years ago. Most of the so-called growth is the bubble: nothing but air. Now we have reached the end of the process. There are now several scenarios: chaos or fascism; or a new Roosevelt appears and launches development, which would make it possible to save real democracy, through development of the real economy. Because without developing the economy, without employment, without jobs that have a future, there will not be real democracy.

The G-8 summit is now starting, and it would be very good if your President were to say that globalization is unviable and that an entirely new organization of the world is needed.

**Krupnov:** I would like to make a confession: Until I met the Lyndon LaRouche group, and had the chance for creative interaction with them and the discussion of various questions, for me the U.S.A. was some homogenous body somewhere across the ocean. Now I understand something very well, and am prepared to back this up: that in every country there are different traditions, which are constantly in conflict. There is the Lincoln-Roosevelt-LaRouche tradition, and there are completely different traditions associated with speculative finance capital, which is the main opponent of industrial development. And it is wrong for Russia to get into abstract anti-Americanism, as if America means “bad,” any more than America means “good.” Either one is an abstraction that has nothing to do with reality.

It seems to me that it is very important to understand these traditions and the way they were opposed to each other, because the America of Lincoln, Roosevelt, and LaRouche is working America, what is called the “industrial backbone,” which creates excellent technologies, and it is impossible not to just love that America; it is impossible not to respect that America; we need to be friends with it, and to learn to work well and make high-quality things.

**Melentyev:** Listening to you, I want to say what I feel, what impression what you both are saying makes on me. I compare what Yuri Vasilyevich and Jonathan are saying, and I understand that really Yuri Vasilyevich is talking about Russia’s problems, and Jonathan is talking about those of the U.S.A.. But they are talking about the same thing. And Russia and the U.S.A., in the world system of today, have absolutely the same problems. And it seems to me that the development of both countries should go in the same direction, and that means: towards complex industries, highly skilled labor, top quality education, and an overall change in the conditions of life. And only such joint development can make Russia and the U.S.A. not only partners, but allies.



## It Will Take a Great Crisis To Get a New Bretton Woods

by Prof. Wilhelm Hankel

*Prof. Wilhelm Hankel gave this speech to EIR's Berlin seminar on June 27, which was on the need for a New Bretton Woods, and to counter the synarchist bankers' drive to plunge the world into a New Dark Age. Professor Hankel's speech has been translated from German, and subheads added. Frank Hahn was the moderator. Lyndon LaRouche's keynote address appeared in EIR on July 7; speeches by other participants appeared in that and subsequent issues, and are available at [www.larouchepub.com](http://www.larouchepub.com).*

**Frank Hahn:** I shall now introduce Professor Hankel, whom many of you know. Professor Hankel is the former head of the economics department of the Kreditanstalt für Wiederaufbau [KfW—Reconstruction Finance Agency], and is a leading figure of the generation of “reconstruction economists” in Germany. He represents the school of economic thought that stretches back to Friedrich List, and to Wilhelm Lautenbach, the school of National Economy, that we would defend against the forms of imperialism, now known as “globalization,” and that Mr. LaRouche has just discussed.

Professor Hankel was one of the architects of the Stability Laws implemented by Germany's then-Economics Minister Karl Schiller [1966-71], and is thus someone who really knows how our nations can be led out of the crisis, through productive state credits for investment into the real economy and into productive employment. It worked then, and it will work now. It was, I should add, Professor Hankel who on May 29 invited Mr. LaRouche to speak at his seminar at the Goethe University of Frankfurt.

**Professor Hankel:** Ladies and Gentlemen: Allow me to thank both the seminar's organizers and its participants, who have decided to attend despite the heat and the World Cup.

I've known Mr. LaRouche for many years now; although on occasion, we may differ in the reasons for the conclusions we draw, in the essentials we are nonetheless agreed. That became quite clear to all in the presentation made by Mr. LaRouche in Frankfurt, which was definitely food for thought.

### The ‘World Economy’ Does Not Exist!

Now, my first point: The term “world economy” is bandied about, but the fact is that there is no such thing. It is a phantom compared to what went down with Rome 1,500 years ago. The Roman Empire had established, for the known world, a legal and monetary order, and even regulations for weights and measures. Despite the huge volume of foreign trade, today's world economy is, in regulatory terms, a patchwork of zones, some strictly regulated, some much less so. Around the globe, these trends have unleashed a flight toward lawlessness: Wherever the least regulations prevail, precisely there you will find the “global players.” I shall give you two examples of the absurd and dangerous result.

For years now, the global players' representatives have sat about in Basel, purportedly formulating a binding international policy for the banking industry. These are known as “Basel I” and “Basel II.” But, next door in Liechtenstein, see how they play, disregarding all “prudent banking” rules, frolicking about in forbidden banking games.

Only very recently, the OECD drew up a list of five “Oases of Lawlessness”—a gross understatement. There are a great many more rogue states than that, some right here in Europe! I've spoken of Liechtenstein. But let's look at another odd little structure, the Duchy of Luxemburg. The Duchy used to live from the sale of postage stamps. Philatelists from the world over were terribly eager to purchase those stamps. But



EIRNS/James Rea

*Left to right: Lyndon LaRouche, moderator Frank Hahn, and economist Prof. Wilhelm Hankel, at EIR's Berlin seminar on June 27. Hankel's speech showed how the world's economy has become chaotic and anarchistic, and is heading for a crash—but viable solutions do exist.*

thanks to the European Union, Luxemburg can now issue banking licenses. As a result, there are heaps of firms that are nothing but a Post Box. By selling mechanisms to circumvent the law, 400,000 Luxemburg citizens, a tiny fraction of the continent's population, have the highest per-capita income in the EU.

What lies behind all this will take your breath away: the shift from lawfully structured political systems over to those that are, from a legal standpoint, destructured. That is the essence of today's chaotic, anarchistic world economy. Areas where the political system is destructured attract "global" banks and investors, to the great detriment of organized political systems. Not a stable state of affairs, you may agree.

### Critical Imbalances

Secondly, in this so-called world economy, we find a balance between two critical imbalances, that has existed for over 30 years. But for how much longer?

The first critical imbalance is that the source of liquidity stems from the deficit of the world's largest economy, the U.S. economy. Each dollar that turns up in the world economy in the form of reserves, investment, or deals, has its source in the U.S. current account deficit. The growing world economy has ever more need for liquidity, a need that, over the past 30 years, has been and can only be, covered by the widening U.S. deficit!

I clearly recall the point at which, early in the 1970s, that change occurred in the U.S. current account. The European banks of issue, including the Bundesbank, were up in arms over so irresponsible a deficit. Ladies and gentlemen, at the time, the U.S. deficit stood at \$8-12 billion per year. In the meantime, it has swelled several hundred times over: Add two zeroes after the figure 8! This gigantic deficit flows in the

form of dollars, into the so-called world economy. For how much longer?

This first critical imbalance leads to the next: The U.S.A., as the great and sole supplier of world currency, receives, for its financial "services," so to speak, what one could call interest-free long-term credit that allows it to import Japanese, Chinese, German, and other goods. For over a generation now, the U.S.A. has thus lived well beyond its actual means, importing far more than it exports, consuming far more than its GNP. The U.S.A. can absorb more goods domestically, whether for consumption or investment purposes, than it can actually produce, and that is where the deficit comes from. The interest-free, long-term credit afforded the U.S. population from abroad, has allowed that population to enjoy an unparalleled living standard, unparalleled at least, compared to the rest of the industrialized world and to the Third World.

Put another way, the U.S.A. has become a banker, financing its living standard by debt—which is how most bankers live, you know, on debt—and very nicely too.

The deficit of the U.S. economy does not, however, serve only to finance that country's well-being and expansion. It also serves—which is where the next critical imbalance comes in—the export business cycle in other international trading states. In the so-called world economy, there are three big exporters, viz., Japan, China, Germany, and the leading oil and gas producers, essentially the OPEC states and Russia. Add up their export surplus and you will find it tallies, fairly closely actually, with the U.S. deficit.

What do these four creditor groups intend to do with their surplus? Is it truly in the best interest of Japan, China, Germany, the OPEC countries, or Russia to strive for a current account surplus, simply to feed a U.S. consumer-craze, the



*"For over a generation now, the U.S.A. has lived well beyond its actual means, importing far more than it exports, consuming far more than its GNP." Here, shopping for diamonds.*

latter being covered neither by those consumers' own efforts, nor by their savings? Tension is rife, for no common denominator is to be found between those big export nations' motives, and those of the U.S.A.

### Japan's Dilemma

Perhaps drawing a lesson from World War II, Japan realized early on that its business opportunities close to home would be slight. After the war, owing to its appalling conduct in Asia, it was the object of intense hatred. Its strategy was therefore bent, not only on exporting to nations far, far afield, but on moving its production there too. In modern monetary history, Japan has probably been the largest capital exporter. Japanese automobiles in America, England, continental Europe, and all over the globe—and not just automobiles—building up a second market in addition to its domestic market. In a way, this was precisely the opposite approach to that taken by the European Common Market, the aim of which had been to create a market at its own front door.

Japan, though, is riding the tiger. To maintain the economy's export drive, it must head off revaluation of the yen, or at least, try to do so. But every time dollar-denominated assets are liquidated, every time dollars are sold, the yen shoots up. The poor, rich Japanese are thus compelled, willy-nilly, to pile up dollars, the only way to rein in a still-more hazardous revaluation of the yen. Thus Japan is and remains, after China, the world's second largest holder of dollar currency reserves.

In so doing, the Japanese have disregarded their domestic market, which is basically, what an export surplus boils down to. They do not yet seem to have realized that simple concept, though. Japanese business earns a great deal from exports. But, as the counterpart to the drawing in of accounts receivable, dollar reserves, and outstanding debt in bank notes, domestic consumption and investment have fallen by the wayside. In a country of 100 million people, that's something of an affront, that is put up with, I suppose, because democracy

is less developed there than in Europe or the U.S.A. Since World War II, Japan has known a single-party system, with iron political discipline. I ask, once more, for how long?

### How Long Will China's Policy Last?

China is different: Its export policy is the motor for modernization. It intends to rise up to the standards of its foreign markets. One can quite understand the Chinese approach, which is to press for the nation's progress through an export surplus, which means undervaluing its currency, and heading off revaluation. But here too, an enormous currency reserve is piling up, now reaching \$1 trillion.

That these two huge Pacific economies have opted for the U.S. dollar has stabilized that currency, and, more importantly, more than offset the failure of the "old" stabilizers, namely the Islamic states and Middle Eastern oil producers.

How long, though, can China carry on dealing with huge chunks of its national assets—and that includes currency reserves as dead capital—lying fallow? There are structural economic issues urgently to be addressed in China. Its decrepit infrastructure needs to be modernized; it must develop a social security system; and the huge variation in per-capita income from one region to the next must be evened out. Sooner, rather than later, this will mean shifting from export-led growth, to growth led by the domestic economy. Until now, the authoritarian Chinese leadership has given precedence to an export strategy, rather than building up the domestic economy. For how much longer can that policy hold? One can hardly imagine China's dollar reserves continuing to swell, world without end.

### Germany's Export Surplus

We turn now to the world's third largest exporter, Germany. What lies behind its unprecedented export surplus?

A glance backwards in German history: Before World War II, the German Reich's economy was, from a structural standpoint, balanced. While manufacturing lay essentially in the west, the east remained an agrarian and consumer economy. When the east was lost after the war, the West German industries in the Rhine and Ruhr areas, and on the Neckar and Main, lost most of their domestic market. They had to look elsewhere, and export to the rest of Europe and abroad. That is the origin of West Germany's export surplus.

Fifteen years have slipped by since reunification, which created a much vaster German domestic market. But the problems on the eastern side, the ex-G.D.R., have rather worsened, as it finds itself, yet again, pushed into the role of consuming industrial goods manufactured by the western side. This time around, though, the east is allowed to produce nothing at all! We have still not gotten around to developing an internal manufacturing structure for the east! Might it not be that Rhineland capitalism still looks askance on potential competition from the east?

Before the euro came into being, in those glorious sunny days of the D-Mark, Germany enjoyed, and I do mean en-

joyed, the fruits of its export surplus. The growing currency reserves of the Bundesbank, and the visibly better-equipped export firms, afforded the nation a *Wirtschaftswunder* [economic miracle]—full employment and a solid financial reserve against eventual crises. The Bundesbank's currency holdings, Europe's largest, allowed Germans to travel, and to enjoy their motorways, thanks to cheap gasoline. And the higher the DM shot, the cheaper it all became!

This equivalent formed the basis for Karl Schiller's approach to the crisis between 1967 and 1971: A country with currency reserves can afford to cut interest rates and finance domestic investment programs.

Before the euro, Germany's export surplus was the financial basis for a domestic growth-orientated policy. Which is why it then had far fewer unemployed than it does today.

What has become of the equivalent of the German export surplus today, on account of the euro? Aided by Mr. LaRouche's staff, I've undertaken some research—no easy thing, because the Statistical Office of the European Communities (Eurostat) is rather parsimonious, when it comes to publishing foreign trade data and balances. But this much we do know: The German surplus is almost entirely made up for by the deficit of our Eurozone partners, among which, only two still have a surplus: the Netherlands and Ireland.

Plainly, then what the Euro-System has meant for Germany is not only the relinquishing of its own currency and economic policy, which would be bad enough; it has meant that the equivalent of its export surplus is vanishing straight down the pit of the deficit run up by Spain, Portugal, France, Italy, and Greece. Germany is financing the red-hot trend toward inflation in the other European domestic economies. The latter consume to excess, but they have no income; they over-invest, but they have no savings. Germany is become the Eurozone's banker, financing a transfer of real capital from Germany to the so-called "underdeveloped" areas of Europe. Germany is not only the single largest contributor to the EU budget; it is financing the deficit nations among its Euro-currency partners, via a currency transfer that statistics are skillfully used to disguise. You now see why they are not so very keen to see you trawl through their statistics! In actual fact, owing to the Eurozone's deficit, the euro should be worth virtually nothing. But its value is stabilized by Germany's surplus, and is, temporarily, being held high.

As for the European Central Bank, it finances and disguises this internal imbalance: growing inflation in the deficit nations, and deflation in Germany and the Netherlands. For how much longer? For how much longer will the nations battered by the euro, on which altar they have sacrificed their prosperity, put up with this?

## Why the System Must Collapse

How stable is this "balance of the imbalance" in the global, world-economic, as in the regional, European framework?

Now, in the case of the monetary supply of the world



EIRNS/Daniel Buchmann

*While Germany has become "Europe's banker," its own industry is being "outsourced" and shut down, especially in the eastern part of the country. The situation is particularly extreme in the capital, Berlin, shown here.*

economy, through the U.S.A. being in deficit, one cannot specify the point in time, when such a system—it were more accurate to say non-system—collapses. But we can indicate the reason why it must collapse. Quite a fortune held, up to now, in dollars by non-Americans, corresponds to the debts of the U.S.A. It has shifted its center of gravity from the Near to the Far East. The oil producers in the Near East, out of justified concern that a blockade could threaten their dollar assets, have clearly pushed down their dollar holdings. This reduction would have led long ago to a stronger decline in the dollar exchange rate, if it had not been compensated for by the strengthened position of the dollar in the Far East.

And this applies not only to the leading economies of Asia. I had the opportunity in the last half year to work both in Indonesia and in Vietnam, and it was also possible for me to take a look at the data of the surrounding national economies and central banks. To all intents and purposes, today the Far Eastern region—grouped around its two growth-engines, Japan and China—is the decisive dollar stabilizer: a kind of Far Eastern Bretton Woods, but without any foundation or protection under international law. Not only the central banks hold dollars. I was astonished by the fact that, for example, in Vietnam, 90% of the private savings, the savings of common people, are held in the dollar.

However, there is an objective limit to this process of "dollarization" outside the U.S.A. It can be determined quite precisely. Indeed, an equally large pledging of American national wealth corresponds to the buildup of dollar wealth in the Far East and other parts of the world. Every dollar abroad is a mortgage on the capital stock of the U.S.A. As is known, every mortgage comes to an end when the lending limit reaches 100%. I would like to know—and this would be a valuable investigation, which perhaps can be undertaken with the help of LaRouche's staff members—how high this charge

against the capital stock of the U.S.A. already is today. At the latest, when a critical limit is reached, when the foreign asset-owner and holder comes to the understanding that the debtor is bankrupt; he is sold out, and at that point the holding of dollar assets will decline dramatically, and the U.S.A. will lose its credit and its potential to finance its current account deficit.

### **A U.S. Crash Cannot Be Contained**

Ladies and gentlemen, if it comes to that—and it will come to that sooner or later—an entirely altered scenario presents itself in the U.S.A. There is an attempt to support the dwindling creditworthiness of the U.S.A. and the dollar through rising interest rates. This reckoning can actually come out even for some time, for every “asset holder” (in order not to say speculator), accepts a bribe on his capital through higher interest. He will compensate for lack of security by higher yield return. However, rising interest rates mean the end of the previous growth tempo and the end of living on credit. Consumption and investments will fall. If the “banker” can no longer finance everything with foreign savings and dollar assets, then we have the crisis in the U.S.A.

And the trouble will not be limited to the land of the world “banker.” Even though there is no actual world economy, there is still its mutual integration and danger of contagion. If the U.S. market for European and Asian exports fails, then these regions and countries import the U.S. illness, as one might formerly the plague or cholera. The law of reaction applies: The seller (exporter) is infected with the illness of the customer (importer).

And there is still a second path, on which the crisis comes to the suppliers: the stock exchange. If it collapses in the U.S.A., due to rising interest rates, this does not remain without impact on the other world stock exchanges. They follow the leading stock exchange, as already occurred once, 77 years ago after “Black Friday” on the New York Stock Exchange, in October 1929. The U.S. crisis, when it erupts, is not containable; it is exported. The primary sufferers are our three world champion exporters: Japan, China, Germany, and with them the world regions dependent upon them: the Pacific area and the European Union.

For China, this crisis would still be the easiest to cope with, due to its large internal market, for China’s export rate is measured minimally in domestic product. That is not the case for Japan and Germany. The intensification of the crisis in Germany would present our prosperous partners in the Eurozone with the same problem as the U.S.A. They could no longer consume and invest via their relationships; for the friendly banker and net payer also fail for them. The collapse of the German export surplus position brings with it the collapse of the Euro-System.

And so, we would come finally to another scenario, as 77 years ago “Black Friday,” as is known, among all the world trading partners of the time, led after 1929 back to monetary

and fiscal nationalism: Obliteration of the world economy and the losses resulting for real income and quality of life were the actual price of the crisis. This time, the same course of the crisis would strike European integration and the Common Market to the core, for European integration lives on its regional “Super Banker,” Germany. Its failure would be the end of the EU, the Eurozone, and the European Central Bank. However, in view of the simultaneous world crisis due to the collapse of the U.S. dollar, no escape, no crisis-valve is in sight: Neither is the so-called world economy available, nor are the domestic markets of the old Western industrial nations, including Japan, in a position to make up for the failure in demand from Europe, as from the global system. The world crisis which emerges, would surpass that of the 1930s; the crash from today’s prosperity level would be greater than 77 years ago.

### **Catastrophe Is Not Inevitable**

In contrast to many in my profession, I say: The threat, which can no longer be ignored, to the Western living standard and attitude toward life, through a worldwide crisis, must not be seen and accepted as an inevitable catastrophe. Without fear of the crisis, there is neither a reversal of policy nor serious reform. I think Mr. LaRouche sees this similarly. Globalization has—except for some global players—brought the bulk of the world population more harm than benefit. If one analyzes it clinically and free from “self-lobbying” thought of advantage, one comes to the conclusion that it has worsened and not improved the imbalance between national economies, the macro-relationship. The allocation of resources, income, and wealth of humanity has moved in the wrong direction in the long years of the world economic disorder. The era of the “balance of the imbalance” has deepened the rift between rich and poor, as at no other time in human history.

Ladies and Gentlemen, the disparity between nations, their per-capita income and living conditions, was never so great as in the last years. That is the “success” of globalization. The world economy of today is just not what was written about it in the free-trade textbooks of the 19th Century. The prosperity machine described there has been transformed, by the character of globalization, for the majority of mankind, into an impoverishment machine. At the beginning of my lecture, our moderator had referred to Friedrich List. Rightly: for this German economist, until today unrecognized, made the extremely unfair and uneconomic characteristic trait of every unbridled “cosmopolitan” economy clear, a good 150 years ahead of his time and of his fellow economists. It is based upon the advantages of power, and oppresses economic development. The distinguishing feature of the economy would be its close connection to the people, to the area, and to the state-run superstructure. This knowledge is the core of economic science. List writes in the foreword to his book, *The National System of Political Economy*, which is still worth



National Archives

*Following “Black Friday,” the 1929 stock market crash, depositors lined up to withdraw their funds from As in the Great Depression, so today, “the U.S. crisis, when it erupts, is not containable; it is exported.”*

reading, that Adam Smith made people believe that the economy is governed as is natural science, by timeless and spaceless laws, which man must discover and obey.

However, the economy knows no eternal laws. It is a science bound to place, time, and morals. It is the foremost task of the economist, to make possible for his society—and not an imaginary world society—the optimum in fulfillment of demand and satisfaction of needs. The economist who says of himself, he is a “pure” and unpolitical scientist, has failed his profession. Economists are theoretically trained politicians. They must admit to their responsibility for the welfare of society, for the economist is the physician of society. For it and its people, he must develop the correct diagnoses and therapies. He cannot retreat into an ivory tower and say, “I evaluate everything abstractly and without consideration of the country, the time, the culture, and the people affected by my actions.”

Also Max Weber is thoroughly misunderstood, when he demands objectivity and value-neutrality from the pleadings of the economist. He does not mean the unpolitical economist, who avoids political opinion, but rather he, who openly and scientifically gives reasons for it, who does not pretend to do something for mankind, when it only concerns his own firm, his own purse, or his own clientele.

Already 150 years ago, List advanced a policy of state-ordered areas, which strives inwardly for an optimum for the population, and which in foreign relations with world economic partners, in free agreement as subject of an interna-

tional law respected on all sides, agrees with them concerning common goals and rules of the game.

This vision is still the counter-model to a world in which powerful, but undemocratic, institutions, themselves uncontrolled, dictate the laws and rules of the game over the heads of state to their constitutions and citizens. The Brussels EU Commission is not a state, but arrogates to itself the rights of 25 democratically constituted and legitimate member-states. Have these states established and gained their democracy through struggle, in order to lose it again in this manner, separated from the will of the people?

## Germany Must Govern Itself Again

Ladies and gentlemen, much too little has been said about this! Some time ago, Russian academics asked me, how it is, that, when they negotiate with German representatives over German-Russian treaties, they are referred again

and again to Brussels? The answer is simple: Our politicians have delegated national sovereignty to Brussels and have not understood at all, that by doing this, they not only relinquish our democratic rights, but rather the capacity to govern our nation. To restore it, before it is too late, is the silver bullet, in order to deal with the crisis, which otherwise threatens. Mr. LaRouche has described this route clearly enough.

Germany can and must govern itself once again. It has the means and the possibilities to do so, as well as the money that is necessary to finance the reforms now at issue. Every German Central Bank report of the last year shows it: The country possesses a huge surplus of disposable savings, which far exceeds that which at present is, in real terms, invested. The eternally repeated appeal, that the country must save, save, and save again, ignores the available facts and figures. Just read the German Central Bank report on the financing of the total national economy, which is issued every June. From these “June Synopses” of the last 12 years it emerges clearly, that the surplus of savings over investments has increased constantly, from year to year. The surplus in the last five years added up to about three-quarters of a trillion euros.

This money has not been used to create jobs; it has literally been lost in speculation on the international stock exchanges and banking centers. State financing of public investments or their financing via a central bank such as the KfW, or a bank system governed in this sense—all this is not a utopian demand. At any time, it would be a realistic policy, if the persons

in charge understood their trade and did not rely on unreal and combustible utopias. This road could be taken, if only one understood that Germany is not a poor nation, although to be sure it has a state which makes itself poor through its policy, and thus literally irresponsible!

Not only is there much to do in respect to the domestic economy. There is also much that can be done. The deficit lies not in the household, but rather in the failures of policy.

And secondly, it must be dealt with on a worldwide economic basis. The unlawful and lawless condition of the so-called world economy must be remedied. This means the creation of an international legal framework, which places the international market under the same law as the national market. That can be achieved in two ways. One could either reach an agreement under international law, that the participating nations reconcile their national laws with each other and indiscriminately apply them to citizens and foreigners—thus the same rules of competition, the same banking and bankruptcy laws for all market participants; and that also applies for the fixing of exchange rates.

### A New Bretton Woods

Or, on the other hand, one could find that way back, which Keynes had already in 1944 delineated with his Bretton Woods model. For the financing of the world economy one needs no national currency, of whatever kind—neither the

dollar, the yen, nor the euro—but rather an abstract unit of account. It belongs to the great failures of our profession, not to have made sufficiently clear to the public, wherein the difference lies between a circulating currency and an abstract clearing unit. Keynes had proposed at Bretton Woods a world unit of account for the world currency system, the “bancor.” Clever reformers seized upon this idea at the beginning of the 1970s for the accounts of the International Monetary Fund, under the name of “Special Drawing Rights.” They do not supplant circulating money like the euro, but rather represent the basis for the calculation of exchange rates and the settlement of accounts among central banks. This unit of account would make it possible to agree on fixed, quasi-metrical parities among currencies and to guarantee and to control them on this basis. It would be the end of all crisis-engendering currency speculation!

Ladies and Gentlemen, there is no alternative to a reliable, calculable, and controlled world monetary system. We must return there, in order to call a halt to the speculation in currencies, which is highly explosive and is driving the world economy into the abyss. For this, no world currency is required, and no living national currency, which exclusively and alone favors the nation that issues this money—at the expense of all others! We need “only” a unit of account on the level of central banks and the International Monetary Fund, which is accepted according to international law and respected by all states of the world economy.

Or, in order to express it in European terms: no euro, but rather its precursor, the ECU, which is not acquired in any purse. It didn’t disturb any European country, for it left to each its traditional currency, and the monetary freedom to be able to make the correct monetary policies for the welfare of its citizens. Nevertheless, it guaranteed that the European currencies remained convertible and clearable among each other on a fixed basis. They could even be devalued vis-à-vis the ECU.

Therefore, from the basket of proposals for a new world monetary system, there crystallizes the following: National monetary sovereignty must be reestablished, but embedded in a system of fixed exchange rates on the basis of an abstract clearing unit. With this, currency fluctuations would cease, and the so-called world economy—a witch’s kitchen of deregulation and lawlessness—would again become a legally controllable system. The world could count on stable and golden times once again.

However, one thing I cannot guarantee to you: that such a system will arise from the drawing board or from the lecture of an economist or politician. Unfortunately one still needs the crisis, to convince mankind of that which must be changed, urgently and without evasion. Thus, it will also be with the New Bretton Woods, which Mr. LaRouche and your humble servant strive for with united forces. To the well-being of all of humanity!

Thank you.

## If You Thought Adam Smith Was The Founding Father of America’s Economic Strength—

## Think Again.

READ

*Friedrich List: Outlines of  
American Political Economy*

“I confine my exertions solely to the refutation of the theory of Adam Smith and Co. the fundamental errors of which have not yet been understood so clearly as they ought to be. It is this theory, sir, which furnishes to the opponents of the American System the intellectual means of their opposition.”

—Friedrich List

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# Globalization vs. Economic Development: Views from Eastern Europe

*Here are the contributions from several individuals from Eastern European countries, to the EIR Berlin seminar on June 27. Jonathan Tennenbaum chaired the panel. The speakers are Dr. Zbigniew Kwiczak of Poland, Dr. Jan Carnogursky of Slovakia, and Dr. Stanislav Fischer and Dr. Tibor Vasko of the Czech Republic. Other speeches have been published in recent issues of EIR.*

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## Dr. Zbigniew Kwiczak

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For me, the principal question is how to implement the ideas of Mr. Lyndon LaRouche. That is the question: How long and where? But I won't talk about this in my speech. The idea of globalization and the ideology of new liberalism in the social-political and economic fields, are mainly aimed at the capital-holders' maximum profit increase. On the ideological level, capital's proprietors talk about the benefits of democracy, freedom, and complete happiness, only they don't mention that all this is for the few and chosen ones, who possess the required material and financial means. At the same time, speculators in reality don't guarantee economic growth and long-term prosperity to society. They don't recognize huge areas of poverty in Africa, Asia, South America, and other continents. Having enormous financial means and the media at their disposal, they wish to rule the world in the name of their egoistic goals.

Those speculators, as Lyndon LaRouche justly points out, are the cause of the crisis on the global scale. At the same time, the realization of such ideas means constraining many of the world's nations. The main objective of globalist ideologies is gaining control over the organization of the international system, and as Lyndon LaRouche rightly asserts, they attempt to destroy independent nations.

For speculative capital to function, it must create or have appropriate conditions, such as: gaining control over international financial trade, and economic and political organizations; ensuring uninhibited cash flow and mobility, such as rapid transfers to areas of greatest profit; weakening or depriving nations of many of their fundamental economic, financial, social, and political functions; gaining control over banks and financial institutions; having influence on entrepreneurship in order to maximize profit flow; limiting output and eliminating

competition, because in the great corporations, you haven't any mastery over civility; allocating investment in chosen areas of production, which are most favorable in terms of maximizing profit, as opposed to providing for social needs; choosing production and seizing markets from the viewpoint of profit; minimizing human labor costs, which we have seen being done very well in Poland, for example.

So, it is obvious that, as long as conditions for functioning of speculative capital exist, it will exist and expand its capabilities for expansion, with harm to development, and react to the threatening increase of crisis situations, which can end up in economic and social catastrophe on a global scale. Thus, it is essential to counteract the destructive activity of speculative capital on a local and global scale. What actions are to be taken to limit or eliminate such function of this capital?

Primarily, it is necessary to: inform wide circles of society about the dangers of the ideology of globalization and neo-liberals, who serve as instruments for harmful capital; prevent the existence and creation of conditions for the functioning and expansion of such capital; strengthen the state in its economic, financial, social, and political functions, which is the sole organization which is capable of preventing the expansion of speculative capital. A strong state, having at its disposal proper means and instruments, can invest in the society's interest, and participate in the creation of the Eurasian Land-Bridge. Strong state organisms may be interested in the details of the New Bretton Woods system. Speculative capital is not interested in this.

Thus, in my opinion, the ideas of Lyndon LaRouche can only be realized if the function of speculative capital is lim-



EIRNS/Chris Lewis

*Dr. Zbigniew Kwiczak emphasized that LaRouche's New Bretton Woods solution to the worldwide economic collapse cannot be implemented unless the conditions for the existence of speculative capital are eliminated, and the functions of the state are strengthened.*



ited, or eliminated, and if the roles and functions of the state are strengthened.

I want to say some words about our government, the Polish government's program. I think that this program is going in the right direction, coherent with the ideas we have been speaking about, because this program can only be realized by government. It means investment in the social sphere, in building, in infrastructure, and other goals, which are principal ones for society and for our nation. I think it will be realized by our government. I think our nation will have good results in the next year for our people. Thank you very much.

**Tennenbaum:** I think this was also an example of something that I'm observing occurring in Eastern European countries: There's a rethinking process going on, which I think is of very great importance actually, and which obviously is an important part of the international discussion. And I think in that line, I'd like to call Dr. Carnogursky, who is a former vice prime minister of Czechoslovakia.

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## Dr. Jan Carnogursky

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This seminar is mainly about economic issues, global economic issues. I would like to speak about the importance of Poland in global issues. You know, General de Gaulle said that the sword is the axis around which the Earth is turning. And to organize economic issues continentally, or even globally, geopolitical issues must be managed, somehow. And, yes, in European politics, the paradigmatic models of organizing continental European issues, had two models. One model was Russia with Germany, mainly against Britain; and another model was Russia against Germany, and practically the whole 20th Century was ruled by this second design.

We spoke about it with Mr. [Michael] Liebig yesterday. I would not say that the last wise German politician who understood the matter was Bismarck, not the last, but he was a wise German politician who understood, and said that "the enemy of Germany is not in the East." And, yes, I would not like people to suspect that I am from Poland; however, I speak only as a reader of historical literature. But Poland tried to escape from its position between Germany and Russia, by seeking friends and allies somewhere far away—either Napoleon's France, or Britain and France, or now, the United States. And as long as Poland does not have good relations with its neighbors, then organizing Europe, and starting from Europe going far away to Eurasia, is difficult. And that's why, for example, the gas pipeline under the Baltic Sea raises fears for some politicians, because some politicians in the West, and even in Poland, like Minister Sikorski some two or three months ago, supposed that it could be a turning point from this second design, of Russia against Germany, to the first design, Russia with Germany. And that's why they are criticizing this project.

And, yes, as we see at the present time, all the Polish



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*Dr. Jan Carnogursky, a former high-level official in post-Communist Czechoslovakia, and later Slovakia, said that European nations must replace manipulated geopolitical conflicts with good relations, to establish the basis for collaboration with Asia.*

governments of the last decades did not seek good relations, especially with Russia, and also some of them did not seek such relations with Germany. So, I see as the great challenge for organizing and managing the good position of Europe in global affairs, that Poland should seek, and should find good relations both with Russia and with Germany. And in this way, prepare conditions for organizing Europe first, and uniting Europe with Asia, and making Europe independent of especially British-American dependence. Thank you.

**Tennenbaum:** Okay I would like to come back to our guests from the Czech Republic. And I understand that Mr. Fischer—who is the Member of Parliament of Czechia and also brought the New Bretton Woods resolution into the political debate in his country—that he is going to introduce the next speaker, as his representative.

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## Dr. Stanislav Fischer

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Thank you Mr. Chairman, Professor LaRouche. It is great honor for us to be here. But I'm sorry to correct you. After six years in the Czech Parliament in the Chamber of Deputies, this is my second week as simply a retired scientist, a specialist in cosmic rays and solar-terrestrial relations.

But fortunately, I have the pleasure to introduce to you Prof. Tibor Vasko, who is in front of me. And he's a specialist in systems analysis, and he has a lot of experience in work in



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*Dr. Stanislav Fischer, an astrophysicist and former member of the Parliament of Czechia, brought the New Bretton Woods resolution into political debate in his country.*

international institutions abroad. And due to limited time, it will be better to give him the opportunity to present our contribution. So, thank you very much, and I am ready to have discussions with you, during the evening. Thank you.

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## Dr. Tibor Vasko

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Mr. Chairman, distinguished Professor LaRouche, thank you again for the invitation. And I would like to quote Mr. Churchill, Winston Churchill, who said that there are three difficult things in life. The first is to climb a wall when it is leaning toward you; the second is to kiss a girl when she is leaning away from you; and the third is making an after-dinner speech. And I think that I could extend that, to say that a before-dinner speech is equally difficult, especially if you have to talk after so many distinguished speakers, as is my case.

My background is engineering, and we were, with Stanislav, trespassing into your domain of economy recently. I studied the long waves of Kondratieff for several years, and even published a book about that, about 15-20 years ago almost. And we discovered quite a lot of things, which appeared to us as some kind of paradox. But now, listening to you, we find a certain explanation, so that now they do not seem so paradoxical to us.

I know that the great economist Ricardo said that “there is nothing which can contribute so much to the growth of a country as high profits.” And Ricardo was an economist when Karl Marx was a small boy. I think that now he must be turning in his grave, because what we observed, was that in the last two years, many big companies had very high profits, while the national economies of their nations were stagnating. To give you concrete numbers, big German corporations had, during the last two years, a 100% increase in profits, while the German economy grew 1-2%. The same was the case in Japan, 60%; France, I think, 50%; the U.S. only 30%. But again, the GNP of the U.S. was not growing as much as the profits of big corporations.

So, this is one explanation why taxes from profits are missing in budgets of these countries, and why they have to squeeze social programs, especially. And this is why there is a farewell to the welfare state.

So, the explanation is really simple: Globalization gave wings to the profits, and the wings are flying into the tax-free and tax-paradise-owned Cayman Islands and Bahamas, etc. Which is very close, from a national point of view, to almost criminal behavior. But, I’m not an economist, so I leave that judgment to the economists.

Related to this, was a second paradox, which we seem to have discovered in the work of two Israeli scientists: One is named Shimshon Bichler, the other is Jonathan Nitzan. If you are interested, I will give you the url address of their work. And they said that nowadays, there is only one type of capital,



EIRNS/James Rea

*Dr. Tibor Vasko pointed out the paradox of corporations claiming profits, while the GNP of industrialized countries is growing only a small amount. The result is the elimination of programs serving the general welfare.*

as opposed to before, when there were commercial, industrial, or investment capital, and financial capital. Now it seems to them that all capital is only financial. And that practically, in the present-day economy, capital is only a certain type of entitlement to pecuniary income from the assets. And when you continue this idea further, you come to the idea that in the modern period, in this type of economy, the profits don’t seem to be coming from production, but only from power: from power to reshape the trajectory of social reproduction as a whole. For the average man, I would say—as a non-economist, excuse me—that is power to cut more from the common pie.

This is why we are discovering in many countries, including our own, that the profits of energy companies are rising, to almost a record price, but at the same time they are increasing the price of energy and squeezing the population.

So, this is what seems to me quite interesting, and now very much more understandable, after we have listened to you.

And, I discovered the third paradox in one work of a French economist, Gérard Duménil, who studied the U.S. and its finances. And he, of course, noted that the U.S. owns a lot of assets in the world, shares, government bonds, loans, what have you. And the U.S. is getting quite an income from these assets. On the other hand, the world owns a lot of assets in the U.S.—again, shares, government bonds, by China and other countries, and loans. But the paradox seems to him, and to me, to be that the world owns twice as many assets in the U.S., as the U.S. owns in the world. Yet, the U.S. is commanding quite a lot of financial worth.

Now, this is contributing to the double-deficit of the U.S., because the U.S. owns twice as many assets in the world, which are in the form of shares. A share is not a deficit. But from the shares, you have to pay dividends, which then appear as a kind of deficit, and this will obviously grow in the future.

So these were a few things which we thought would be worth sharing with you, and I excuse my misuse of your patience.

**Lyndon LaRouche:** Oh-ho-ho, not at all! It’s great fun, great fun! Thank you.

# LPAC Submits Testimony to Senate: Save Agriculture, Dump Globalization

*This testimony, entitled, "Breakdown Phase of Globalization Now Grips Agriculture; Launch FDR-Style Emergency Measures for Economic Recovery," was prepared by EIR's Marcia Merry Baker, and submitted by the LaRouche Political Action Committee (LPAC) on July 20, 2006 to the Senate Agriculture, Nutrition, and Forestry Committee, to become part of the record of the Northeast Region, Farm Bill Field Hearing, July 21, in Harrisburg, Pennsylvania. The field hearings are being held in preparation for the drafting of the next five-year farm law.*

Dear Senator Saxby Chambliss, Chairman; Senator Tom Harkin, Minority Leader; and Committee Members:

Drafting the next five-year farm law comes at a time radically different from past periods of policy deliberation. We are now in a crisis context with two interrelated features: 1) *breakdown of the entire monetary financial system* itself—as seen in out-of-control hyperinflation and deficits, bursting of the home mortgage bubble, chain reactions of insolvencies and other manifestations; and 2) globalization in the extreme, to the point that financial interests behind the scenes—from Cargill/Monsanto, to Lazard/Macquarie and all the rest—constitute a fascist menace to the continued existence of the nation-state system.

What is required is Federal emergency action, for which



*A cotton field in Texas. Today's cotton price of 50¢ per pound to the farmer, is the same as it was in 1949.*

precedents exist. During the 1930s FDR period, bipartisan anti-Depression efforts succeeded in rebuilding the nation, under the General Welfare principle.

The Lyndon LaRouche Political Action Committee (LPAC) was formed exactly two years ago this month, in Boston, at the conclusion of the Democratic Party convention, to serve as a mobilization effort for bipartisan policy action. At a press conference then, LaRouche said, we would "draw the economic map of the nation" to make clear to people, who have been persisting in denial, that there is a takedown process under way in the physical economy. Now, we have reached an emergency stage.

On the manufacturing side—the heart of any modern nation—the U.S. auto/machine sector is being liquidated. In May this year, LPAC released the "Emergency Economic Recovery Act of 2006" (ERA), which is in mass circulation (available on [www.larouchepac.com](http://www.larouchepac.com)), spelling out action required to save and retool auto capacity, for a vast infrastructure-building drive, to lead a recovery in rejuvenating family-farm agriculture and the economy across the board. The ERA outlines the monetary/financial reform measures needed. Hundreds of leaders in the Northeast and across the country have signed a petition calling on Congress to take action.

LaRouche's evaluation is that the financial system itself may explode as of September. In his statement, "Emergency Legislation, Now!" of May 2, he defined the "Threat To Be Defeated":

"For a little less than two generations, about forty-two years, the presently leading circles of government and private enterprise in our national economy have been persuaded to adopt the delusion that a so-called 'post-industrial' orientation for our nation's economy is both an available, and even an inevitable long-term option. Under the influence of what has been this increasingly popular delusion, the independent agriculture, manufacturing, health-care system, and our republic's basic economic infrastructure generally, have been collapsing, per capita and per square kilometer, throughout virtually all of our national territory. . . ."

This, then, is the context in which the 2007 farm bill must be considered. We here provide your Committee with summary information on three points: 1) stopping globalization; 2) the "U.S. Emergency Economic Recovery Act of 2006"; and 3) key measures for an infrastructure-led recovery in agriculture.

## Stop Globalization

Over the last four decades, U.S. economic policy has shifted into financial “bubble economics” (speculative episodes of all kinds—Nasdaq, infotech, fiberoptic, derivatives, home mortgage securities, commodities, etc.), while the means of physical production have been downgraded to ever more cheap conditions—global sourcing for food, outsourcing of industry, and now outsourcing of services. At the same time, basic infrastructure—from bridges, to locks, dams, and water supplies—has not been repaired or replaced. This pattern prevails worldwide.

In the agriculture sector, look at manifestations of the takedown process: U.S. food import dependence, loss of family farms and farmland, reliance on ever-cheaper immigrant labor, and mass depopulation of our farm counties. North Dakota’s population growth is negative. Agriculture Department statistics document the fact that farmers’ receipts for their output, are way below their costs of production (**Figure 1**). At the same time, manufacturing has been drastically downsized.

Concentrations of industrial and farm output are being de-structured. Look at the entire nine-state region, from western New York and Pennsylvania, through to Missouri. Historically, this was the world’s center of auto production and heavy industry. At the same time, its high-tech farming, and regional food processing were significant national assets. But over the last 40 years, all this activity has declined, to the point of mass population loss from Michigan, Ohio, western Pennsylvania, etc. This map (**Figure 2**) shows the patterns of high loss of farmland over the past 30-year period in this region.

Now we are at the point of total loss of what’s left of the auto/machine tool capacity in this region. As of June 23, 47,000 auto-sector jobs are being eliminated through “buy-outs” from General Motors/Delphi. The auto workforce has already been cut by 240,000 (20%) since 2000. Of 50 auto plants targeted for shutdown nationally, 37 are in these 9 states. Over 75 million square feet of capacity is shutting down—more than in the last 30 years combined. Machine tools are being sold off at pennies on the dollar.

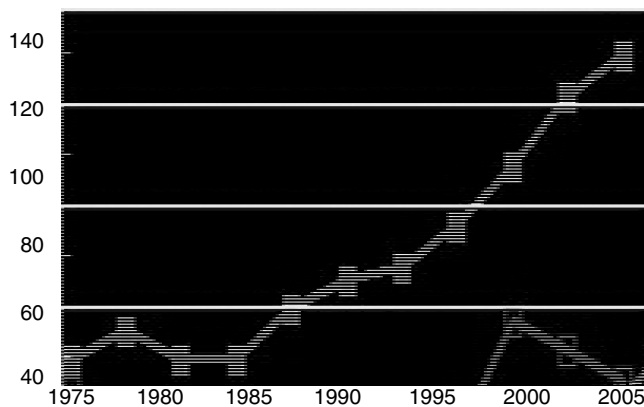
## Who Is Behind the Destruction?

A network of individuals and companies is operating internation-

FIGURE 1

### Prices Farmers Pay for Their Costs of Production Outpace Prices They Receive for Output

(Percent—1990-92 = 100)

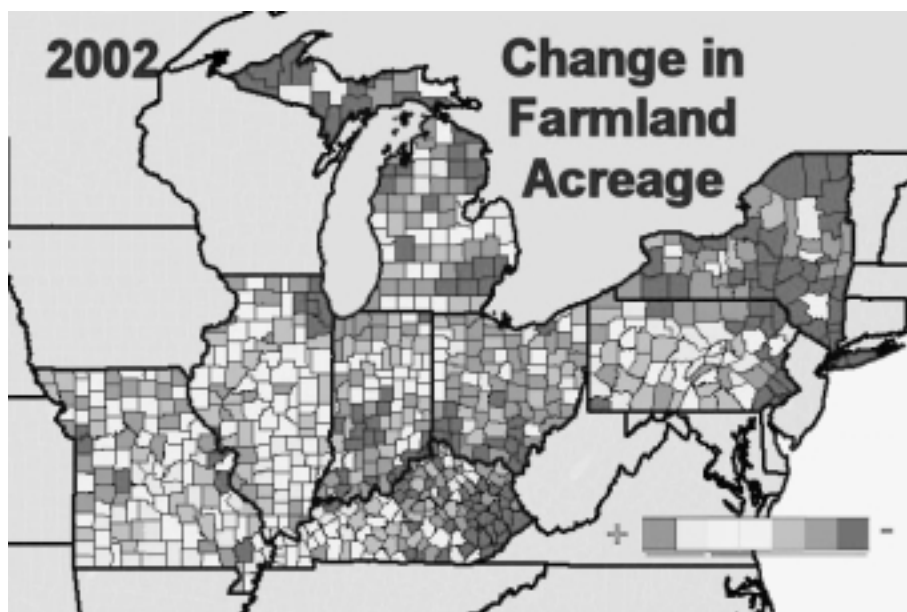


Sources: U.S. Department of Agriculture, National Agriculture Statistics Service.

*This graph shows the worsening of the price gap since 1991, when prices farmers must pay for their costs of production, began to rise faster than the prices received for their output, for all types of commodities. Today’s energy hyperinflation now dooms thousands of farm operations to shut down.*

FIGURE 2

### Decline of Upper Midwest Land in Farms, by County: 2002 Acreage in Farms, As a Percentage of 1969



Sources: U.S. Department of Agriculture; Census of Agriculture; EIRNS/Meghan Rouillard.

*The darkest tone shows a loss of 25% or more of farm land acreage, with most extensive areas of loss in New York State and northern Pennsylvania, eastern Kentucky, and upper Michigan.*



USDA/Bill Tarpenning

*Holstein cows in a milking parlor in Queen Anne's County, Maryland. Today's milk price to the farmer, in the range of \$12.90 per 100 pounds, is the same as it was in 1980.*

ally to acquire production assets and commodities, in the face of financial blowout, to stand as corporate trusts over and above nations, as their predecessors did in the 1920s and 1930s, backing Hitler and other fascists. World War II U.S. intelligence reports called these banker fascists by their own self-description, the "Synarchy." One of these figures, Felix Rohatyn, who connects back directly to these circles, is active in the industrial takedown today, along with such infamous entities as Lazard, Morgan Stanley, Goldman Sachs, Steve Miller, Kirk Kerkorian, and a swarm of others.

In agriculture, the names are well known, including Cargill/Monsanto, ADM, Bunge, Smithfield, and the rest.

This is the same crowd conducting a wholesale grab for public infrastructure, going under the cover-name of "PPPs"—public private partnerships, also under Felix Rohatyn's personal leadership. For example, a Lazard connection, Macquarie Infrastructure Group, now is part of the syndicate which bought the Chicago Skyway, Northern Indiana Toll Road, and many more choice public works.

These operations must be stopped. You can't "privatize" the General Welfare.

### **'Economic Recovery Act of 2006'**

The guidelines for Congressional action in the LPAC ERA call for a set of actions of the following kind, in brief: Put a halt to the plant shutdown and job eliminations in the auto sector; preserve the auto/machine-tool capacity and workforce through various precedents of Federal receivership powers. Secondly, bring about retooling of unused auto/machine tool capacity in auto to supply inputs for an array of needed public works projects from rail, to locks and dams, to power plants. Thirdly, launch major new infrastructure-building programs, creating millions of new jobs in the pro-

cess; expand the Army Corps of Engineers' approach to coordinate both large-scale projects, modern-day CCC programs.

At the same time, Federal emergency measures are needed, to counter chaos from a financial crash. These include stabilizing currencies, freezing unpayable and "unworthy" debts, and issuing low-interest credits to rev up the economy from the infrastructure-building drive.

### **Launch Infrastructure-Led, Farming Recovery**

In this context, family farming can revive and thrive. We sketch some of the Federal actions required, specific to agriculture:

- Put an end to the free-trade practices, imposed by globalist financial interests. Roll back NAFTA and the other pacts. Stop trying to resuscitate the dead WTO. Restore policy of domestic-produced food supplies, and pursue the

same principle in foreign policy, for mutual interest trade, and for infrastructure and food aid to Africa and other points of need.

- Re-establish floor prices for farm commodities, under the standing 1940s parity law principle, to restore equivalence of farm commodity prices received to prices the farmer pays. Resume anti-trust interventions to dismantle the globalist corporations.

- Launch infrastructure building throughout the farm regions, including: restore the rail grid; upgrade flood control, waterway systems and all other Army Corps installations; advance nuclear power, and initiate nuclear-power desalination projects for vast new water supplies; undertake the long-delayed water conveyance projects, such as the North American Water and Power Alliance.

### **Land Improvements; Upper Watershed Dams**

Among the thousands of "ready-to-go" projects is the backlog of authorized work on upper watershed dams, under the jurisdiction of the National Resource Conservation Service division of the Agriculture Department, in partnership with local entities in all 50 states. Over half of the 10,000 installations need work. This itself sets up demand for massive job creation and provision of inputs.

The combined impact of all these actions creates conditions to literally repopulate rural counties, and restore towns and states to solvency and growth. The Federal institutional framework already exists, it just needs to be expanded. For example, the AmeriCorps has programs such as the NCCC—National Civilian Community Corps, which can be scaled up to provide jobs, and do needed infrastructure work.

It sounds like a tall order, but the Senate is the institution that has unique power to initiate such emergency action.

# Macquarie Bank Takes The Low Road

by John Hoefle

The essence of the craft in magic, is to distract the audience with flashy movements and sounds, scantily clad females, and the like, to keep the audience occupied while the magician performs what are in reality rather mundane tricks. The magician is selling a fantasy, counting on the audience to believe the illusion rather than seeing through it to the trick behind.

The scam called privatization is one of these magician's tricks, in which something bought and paid for by the public is transferred to private hands, for the purpose of making the public pay through the nose to use it. One of the best examples of this is the conversion of roads that have been built for public use, with public tax dollars, into privately held toll roads, which then charge the public for using their own roads.

The argument is made that private companies can run and maintain the roads more cheaply than governments, and can put badly needed cash in public coffers, to the benefit of all involved. It is essentially the same argument Enron made about electricity—let the “free market” handle it. To refute this, one need go no farther than the local gas station, to see the benefits of “free market” pricing in the oil markets.

If you think they are unrelated, think again. The people who brought you the oil spot markets and futures markets, are the same people who brought you Enron and California-style electricity trading. Now they are after your roads and your water supplies. Behind the illusion, they are stealing you blind.

The leader in the growing market for road theft is Macquarie Bank of Australia, which owns parts of, or entire roads, airports, and other infrastructure in Europe, Africa, Asia, and North America. The projects in the United States include the showcase Dulles Greenway toll road, the Indiana Toll Road, and the Detroit-Windsor Tunnel.

With assets of \$80 billion, it is a relatively small bank, compared to the trillion-dollar behemoths now prevalent in the banking sector, but it is just the tip of a tentacle of the oligarchic banking octopus, set up to specialize in a specific kind of stealing.

## Macquarie's Dirty History

Macquarie Bank may be domiciled in Australia, but it is British to the core, founded in 1969, as Hill Samuel Australia, Ltd., an arm of the City of London's Hill Samuel & Co., which itself is part of the British Empire's colonial looting apparatus. Hill Samuel & Co. is a relatively new combination, as oligar-

chic banks go, formed in 1965, through the merger of M. Samuel & Co. and Philip Hill, Higginson, Erlanger. M. Samuel was the bank of the family of Marcus Samuel, better known as the founder of Shell Transport and Trading, the British side of Royal Dutch Shell. Philip Hill, Higginson, Erlanger, was itself the product of two mergers in the 1950s.

Royal Dutch Shell was created in 1907, when the Royal Dutch Petroleum Company and the Shell Transport and Trading Company merged their operations. The queen of the oil cartel, it is a major player in world geopolitics, having supported Nazi Germany under Henri Deterding, having worked with its bankers, Rothschild and Lazard, to restructure the oil markets in the 1970s through two devastating oil hoaxes, and having funded the creation of the environmental movement and other kookery as a battering ram against scientific progress. In Shell, the “S” is silent.

Philip Hill, Higginson, Erlanger is just as dirty. The driving force behind the firm was Kenneth Keith, (later, Sir Keith and then Lord Castleacre), who joined Philip Hill in 1946. Keith also joined the board of Eagle Star Insurance, which controlled Philip Hill. Among his fellow board members was Sir Kenneth Strong; Strong and Keith were, respectively, the number one and number two men in British intelligence immediately after World War II. Philip Hill acquired Higginson & Co. in 1951, and Erlanger circa 1959.

## Eagle Star

With Eagle Star, we see another aspect of British imperialism at work: organized crime and dope. *EIR's* blockbuster *Dope, Inc.*—required reading for any serious citizen—laid out the “dope” on the company: “Eagle Star is a sterling example of Canada's role in drugs, because it contains every element of the drug machine: the Bronfman family, which has spokes tying into the Zionist dirty money and terrorist apparatus; the top levels of British intelligence; and, the core of the opium trade, the HongShang itself.” The HongShang is the Hongkong and Shanghai Bank, now known as HSBC. About Keith, *Dope, Inc.* says, “Sir Kenneth Keith moves between the secret world of British intelligence and the opium politics of the Far East.”

Erlanger was no prize, either, being the bank of one Baron Emil Erlanger, of a family which got its start in oligarchic banking by working for Rothschild in Frankfurt, Germany. Baron Emil funded that British assault on the United States, known as the Confederacy, through the famous Erlanger Loan, backed by slave-grown Confederate cotton.

## The Slime Mold

Lyndon LaRouche identified the “Eagle Star Syndrome,” in a piece published in *EIR* in July 1998, identifying what he called the British-American-Canadian (BAC) establishment, whose operations are typified by the activities of Eagle Star. “Since no later than 1971,” he wrote, “the U.S. economy, like that of the world in general, has been looted with a rapacity

whose cumulative effect rivals the reputation of Genghis Khan.” Among the offshoots of this BAC apparatus is the press empire of Rupert Murdoch, the man who inflicted Fox News upon the world.

The BAC, the Synarchists of Lazard and Rothschild, Felix “the Fascist” Rohatyn, and the privateers of American banks like Goldman Sachs, are part of the international financial apparatus LaRouche has characterized as a “slime mold.” The names and faces may change, but one can always recognize them by their nature as parasites. The only road they should have is a one-way street right out of town.

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## Highway Robbery?

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# LaRouche: ‘Don’t Pay the Tolls!’

by Marcia Merry Baker

There is a frenzy of toll-road takeovers under way in the United States, and at the same time, a fury of resistance. Leading the charge for the infrastructure grab is Macquarie, and its Infrastructure & Specialized Funds Division. Its website (see next page), presents a global map of 95 of its holdings, giving listings by continent and country. Dozens more are under discussion for takeover, the latest being the Channel Tunnel (Chunnel).

The North American Macquarie holdings—in part or in full—include the Detroit-Windsor Tunnel, the South Bay Expressway, the Chicago Skyway, the Northern Indiana Toll Road, and many non-transportation installations.

While a few of these infrastructure projects—such as the Dulles Greenway Toll Road in Northern Virginia, were “built from scratch” by concessionaires who wangled government approval to collect decades of tolls—most of the Macquarie projects of all kinds, from water systems, to toll highways, originated as public works. In recent years, governments at all levels, hit by falling revenues because of the eroding economy, have been targetted by Macquarie and cohort companies internationally, to resort to selling their assets.

“Don’t pay the tolls,” was the reaction of Lyndon LaRouche in mid-July, when briefed on the extent of the rip-off. “This was paid for by the public. It’s public property, . . . no one should pay a toll on a privatized public highway.”

In line with LaRouche’s reaction, dozens of counties and state legislatures, plus political campaigns, are organizing resistance to Macquarie and cohorts. Foremost is the gubernatorial

campaign of Democrat Ted Strickland in Ohio. He is denouncing Republican contender Kenneth Blackwell for his call to sell off the Ohio Turnpike. Blackwell extols the prospect of making \$6 billion for the state. Strickland said that in biblical terms, this is the same as selling your birthright for a bowl of potage.

In a July 17 press release by the Strickland campaign, his Lieutenant Governor candidate, Lee Fisher, is quoted, “Selling off one of our state’s most valuable assets—that was built by Ohioans, and has been run by Ohioans—to a foreign company, and tying our hands for the next 99 years, is incredibly shortsighted. It’s just one more of Mr. Blackwell’s quick-fix, short-sighted political gimmicks.”

The next day, the Strickland campaign put out another release, titled, “Truth Be Told: Blackwell Turnpike Plan a Bad Deal for Ohioans.” This release reports on two cases demonstrating the thievery of selling toll roads. Commissioners in Harris County, Texas, recently reviewed and rejected a proposal to sell off an 83-mile toll road, which prospective buyers claimed could provide billions to the local government. By unanimous vote, the Commissioners decided the windfall cash wasn’t worth giving up their rights to keep the system public and retain control over tolls.

The release continues: “In 1999, Canada’s Ontario Province sold off its Highway 407 near Toronto to a Spanish consortium for 99 years, in exchange for \$3.1 billion. According to the *Toronto Star*, tolls have skyrocketed 203% at peak times since then, despite former Premier Mike Harris’ insistence that they would be capped.

“Finally, in April, Ontario threw up its hands and admitted defeat. After losing seven court challenges, the private highway operator ‘retains the right to raise tolls without government approval. . .’ (*Toronto Star*, April 1, 2006).”

## Rohatyn, the Pitchman

For over 20 years, the pitchman for these sales has been Felix Rohatyn, of Lazard banking interests. No longer referred to as “privatizations” (now a bad word, for reasons shown by the Ontario experience), the sales are called “PPPs”—public-private partnerships. Rohatyn pitches them as the new, alternative financing recourse of cash-strapped local governments: sell off the people’s infrastructure assets.

Meantime, Lazard Asset Management set up in February its own Lazard Global Listed Infrastructure group. Macquarie Bank Ltd., based in Australia (see previous article), operates three investment partnerships directly with Lazard: Macquarie Lazard Global Equities Fund, Macquarie Lazard Asia Pacific Share Trust, and Macquarie Lazard International Share Trust.

A flood of money is going into hard assets in utilities, transportation, and other basics, as the financial system itself further disintegrates in hyperinflation and insolvencies. Goldman Sachs, Morgan Stanley, and others are all gobbling up infrastructure as fast as they can get their hands on it.



Typical is the sudden announcement July 5, that Macquarie bought out Duquesne Light Holdings in Pittsburgh, Pennsylvania—a company famous during the decades of regulated electricity, for its early development of nuclear, as well as coal power. However, during the Enron mania, the company shed its generating capacity, and deconstructed into an electricity provider, and other functions. But the company

was never officially for sale. “We had no interest in selling,” said Morgan K. O’Brien, CEO of Duquesne Light. Then came the surprise notice, on July 5, that Macquarie Infrastructure Partners, a New York-based investment fund of Macquarie Bank Ltd., Australia, announced its deal to acquire Duquesne Light for \$1.59 billion, and will now have billing rights to 587,000 customers in western Pennsylvania.

**Infrastructure and specialized funds management**

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### Infrastructure and specialized funds management

As early as 1990 Macquarie recognized the potential of infrastructure as an emerging asset class that offers attractive long-term investment characteristics. Investment opportunities are increasingly available as global trends see ownership and provision of infrastructure services move from government to the private sector.

Today, Macquarie is a global leader in infrastructure acquisition, funding and management. As of March 31, 2006 Macquarie has 450 staff globally in its Infrastructure & Specialized Funds Division which manages listed and unlisted infrastructure fund vehicles on behalf of investors with total equity under management of over \$24 billion. These vehicles have invested in 95 infrastructure and specialized assets in 23 countries, encompassing a broad range of infrastructure sub-sectors.

**EUROPE**

- UK**
  - Anglia Road (see Media)
  - Birmingham Airport
  - Orkney Airport
  - Energy Power Resources (UK)
  - NH Renewable Energy™
  - NH AI Link
  - NH Toll
  - Midair
  - South East Water
  - Strom Fackel
  - Yates & West Utilities
  - Widley
- Italy**
  - Rome Airport
- Belgium**
  - Brussels Airport
- France**
  - Energy Power Resources Europe
  - Automobile Park (Paris-Rhône)
- Germany**
  - Vierow Tunnel
  - NH Renewable Energy
- Denmark**
  - Copenhagen Airport
- Portugal**
  - Teguc Overpass
- The Netherlands**
  - Europoort (Dordrecht)™
  - NH
- Poland**
  - Ony-Sow Container Terminal
- Sweden**
  - Arlanda Express
  - Energy Power Resources (Europe)

**AFRICA**

- South Africa**
  - Edmore Platinum Corridor
  - N2 Toll
  - NH Maputo Toll
- Tanzania**
  - Kilimanjaro Airport

**USA**

- Airports Service-Business
- Argonne™
- Detroit-Antwerp Tunnel
- Detroit Energy
- Dollar Gateway
- Iron Pipeline
- Indiana Toll Road™
- International Motor Tank Terminals™
- Michigan Elec. Transmission Co.
- Parking Company of America
- Skoway
- Strawberry Creek
- South Bay Expressway
- The Gas Company
- Texas Holdings™

**South Korea**

- Bokyeong Tunnel
- Chosun Expressway
- CJ CableNet
- New Gyeongju Expressway
- Donghae Circular Road
- Incheon Expressway
- Incheon Grand Bridge
- POSCO Power
- Seungui Shuttleway, Section 1
- Seungui Shuttleway, Section 2
- Maehyang Bridge
- Seoul-Churchon Expressway
- Seoul Subway 40
- SK Energy & Services™
- Songdo Tunnel
- Seoul Expressway
- Yongin Expressway

**Japan**

- Hakone Tunnel
- Bayshore Drive™

**China/Taiwan**

- Changsha Airport
- Taiwan Expressway

**Australia**

- Adelaide Airport
- Adelaide Waterworks
- Asia Pacific Transport
- Brookvale Australia
- Camper Dam
- Macq. Regional Facilities
- Electrolink SA
- Camper Dam Pipeline
- NH (Eastern Distributor)™
- NH
- NH
- Eastlink
- Midland
- Prospect Water
- Redmond Care Australia
- Sydney Airport
- Tasmanian
- United Energy Distribution
- Yardley Hill
- Zig Zag

**New Zealand**

- Electricity
- Private Utilities

**Footnotes:**

- ™ NH Renewable Energy also located in Germany
- ™ European Directories also located in Sweden, Finland, Austria, Czech Republic, Slovakia, Denmark and France
- ™ International Motor Tank Terminals also located in Canada

**Major infrastructure sectors include toll roads, airports and airport-related assets, telecommunications, water, rail, energy generation, transmission and distribution assets as well as water & wastewater and social infrastructure.**

The Macquarie website boasts of the global reach of its holdings. Most of these “assets” originated as government-funded public works projects. Resistance to the privatization of infrastructure is gathering force.



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## Editorial

### *Beyond Contempt*

“Right now, around the world, the United States is being held in contempt in most nations and among most people in the world. This contempt has been growing rapidly under the past two years of this administration. There was sympathy for the United States over what happened in New York and Washington, D.C. on Sept. 11, 2001. But the credit, the sympathy accumulated then, is now dissipating, with the economic crisis, and the threatened war in Iraq—the Mideast War—being the principal drain, which is making the United States be viewed increasingly as an object of contempt, not only in what Mr. Rumsfeld calls ‘Old Europe,’ but throughout most of the world as a whole. The United States presently is looked at as an imperial power. The nations of the world submit to it, not because they like it, but because they’re afraid of it—and they wish it would go away. That’s the attitude toward the United States as I know first hand from Europe, from Asia, and elsewhere. The United States is, today, the world’s most hated nation. And that is not good for our national security.”

It was on Jan. 28, 2003 that Lyndon LaRouche, then in the hot phase of his campaign for the Democratic Party nomination for President, uttered these words. He was presenting a “State of the Union” address to the American people, in which he presented the fundamental principles of the unique American System of economics and republicanism as the way out of such a crisis. To our nation’s, and the world’s, great detriment, neither the Administration, nor either political party, decided to listen.

Switch your focus now to today. Three and a half years later, the United States under Bush is not only viewed with contempt, but is *hated* with a passion that is growing day by day.

Take, for example, the testimony of a senior American diplomat who spoke with *EIR* about the escalating strategic crisis whose front end is the Israeli-Lebanese conflict. The diplomat noted that the United States is not just hated in the Muslim world, but increasingly in Asia as well. He pointed to the Asian response when the U.S. sat back quietly in the face of the recent Japanese statement that it would consider changing its Constitution to allow a preemptive strike against North Korea. He was

told that 45% of South Koreans responded to polling on that issue, by saying that they would *fight the invader*, if Japan attacked North Korea!

This kind of sentiment is echoed in the fact that the vast majority of Iraqis want the U.S. to leave—as well as the now-public declarations from the Lebanese Defense Minister and President that, in case of an Israeli ground invasion to “liberate” them from Hezbollah, the Lebanese Army would fight Israel.

To the Dick Cheneys and other Synarchist tools in the United States, this hostility simply feeds their determination to fight an unending war against the “enemy.” To American patriots, it should provoke an immediate, long-overdue decision to shift the policy matrix of the U.S. government, back to that of our historic roots, as last reflected in the Administrations of Franklin D. Roosevelt.

But why hasn’t this happened? Surely it’s not because the Democrats, and certain leading Republicans, lack the evidence that the Cheney-led foreign policy, and the Synarchist globalization drive, have brought disastrous results. That evidence is getting more dramatic by the day. Right now, it can be said with no exaggeration that the onrushing financial collapse is impelling the Synarchists to escalate their war and looting drives into a genocidal frenzy. We are headed toward absolute hell, with weeks or months.

Our job is to force our nation’s representatives to act, and act now. Right now, the Senate and Congress, particularly the Democrats, are panicked, and without a clue of what to do. They’re acting insane. Underneath, they are simply too cowardly to follow LaRouche’s lead—which is the only solution to the crisis—and what they want to do won’t work. They end up by simply hysterically denying the crisis.

It’s time that American patriots join LaRouche, and finally decide to fight. There will be no break from catastrophe unless LaRouche’s solutions are adopted, and there will be no adoption of LaRouche’s solutions without people summoning the courage to face reality, and to put their very lives on the line in fighting for LaRouche’s solution. We may not win, but we can look future generations in the eye, without the stain of contempt.