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LaRouche's 'Economic Recovery Act' on the Agenda  
Cheney in Preemptive Strike Against Baker Commission  
Without Leadership, India Drifts Dangerously

## Challenge to Democrats: 'The New Politics'



# EIR

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## From the Associate Editor

This past Summer, the Democratic Party was apparently doing its best to lose the November midterm election. Despite an incumbent Republican President with approval ratings of 30% or less; a senseless and unpopular war; the shutdown of industry; and the drowning of the American consumer in an ocean of debt, the Dems couldn't seem to "get it together." With a few courageous exceptions, they tried to "out-Bush Bush" on the so-called war on terrorism, equivocating about what they would do in Iraq; their "economic policy" revolved around such idiotic issues as ethanol (which uses more energy to make than it produces).

A month after the election, Democrats are still scratching their heads. "How did we do it?" Most of them knew (or if they didn't, the astute political consultant James Carville told them), that it was the youth vote that turned the tide. And almost everybody knows that "youth vote" means "LaRouche." As we document in this issue, the LaRouche Youth Movement (LYM), with forces limited in numbers but highly effective per capita, had a surprising, nonlinear effect on campuses and elsewhere. Lyndon LaRouche addresses this in "The New Politics," as does Debra Hanania-Freeman in her report from Capitol Hill; Anton Chaitkin in his analysis of the Pennsylvania fight over Lynne Cheney's "campus Gestapo"; and Michael Kirsch of the LYM in his overview of the mind-set and organizing methods that made this "mass effect" possible.

It is therefore now the perfect opportunity to finally implement LaRouche's "Economic Recovery Act of 2006," which is the subject of our *Feature*, including the text of draft legislation, ready for use by Congress immediately. With the crashing dollar, housing market, and auto industry, it is absolutely essential that the new year see a U.S. shift toward Hamiltonian banking policies, and an FDR-style infrastructure/industry buildup. The rest of the world depends on action by the United States, as our report from India dramatizes: Even a nation of 1 billion people won't act alone.

The urgency is heightened by Dick Cheney's determination to keep the Iraq War boiling, and to launch a preemptive strike against Iran. See *International* for Jeffrey Steinberg's analysis of the imminent danger, and our mobilization to stop it.

*Susan Welsh*

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# EIR Strategic Overview

JOHANNES KEPLER & THE DEMOCRATIC CHALLENGE

## The New Politics

by Lyndon H. LaRouche, Jr.

November 26, 2006

*A summary of some crucial recent changes in the social-political dynamics of the international situation.*

Even the leadership of the Democratic Party's national campaign organization is still bemused by its surprise at the way in which a landslide victory was won in the mid-term election's vote for the U.S. House of Representatives. That is the most crucial lesson which the Democratic Party's national organization, has yet to learn, for the sake of the future of both that party, and of our republic.

The lesson is, that, under relevant circumstances, what is otherwise viewed as an innovation in tactical method, may also be strategically decisive in conflict, whether in warfare, or as illustrated, in principle, by the contribution of a relatively small number of young adults, when they are deployed in a certain way, in producing a potentially decisive, strategic margin of victory in political conflicts such as the recent mid-term election-campaigns. The case in hand which illustrates that point, is the historically significant role of the LaRouche Youth Movement's (LYM's) strategic approach to LPAC (LaRouche Political Action Committee) tactics in the recent U.S. mid-term elections.

This case presents us with the opportunity to study the application of that same method, to the need to outflank the global strategic threat, today's threat of presently impending, generalized, global, physical as well as monetary-financial collapse, of not only the U.S. economy, but also the world's present, physical-economic systems.

The case illustrates the relevant meaning which must be assigned to today's use of the term "New Politics."

Looking, post-election, at both the Senate victory and the

actually landslide victory in the House of Representatives, certain Democratic Party circles were astonished by what the post-election audit showed. They are still wondering: How did an elite group of young adult members of my LPAC youth movement, turn the tide in sufficient key places to set off a marginal avalanche for victory among a crucial, relatively much larger stratum of voters in the 18-35 age-range?

The answer to that question is elementary, as I shall show over the course of this present report; but, like all valid, truly elementary discoveries of principle, the process of getting to the essential truth of a matter of principle is never really simple. As in what became, ultimately, the successful performance of a great contrapuntal choral work of Johann Sebastian Bach, the simplicity of the truth appears only after the sensuous actuality of the true principle has finally been discovered.

In several earlier reports, delivered in the U.S.A. and abroad, I have classified the method by which this was orchestrated as a "mass effect" set off by the well-crafted actions of a relatively small number of young adults. It was precisely the principle of "mass effect" which I had described and emphasized to a meeting of the same type of meeting of young adults, in Berlin on Nov. 3rd of this year, just days before that U.S. mid-term election. The implementation of my prescription of Nov. 3rd, was already in operation, at that time, inside the U.S. election-campaign.

It is most notable, in attempts to define that "mass effect," to contrast the relevant surge which erupted in the two to three weeks prior to the casting of the vote, with the absence of any comparable degree of surge reported in the 18-35 age-range as generated by the programs of the official Democratic Party organization.

This use of the term "mass effect," is interchangeable with



EIRNS/Will Medersky

*The LaRouche Youth Movement, an elite group of young adults, played the pivotal role in winning the Nov. 7 elections for the Democrats. Here the LYM are organizing at Union Station in Washington, D.C., after the election.*

the physical-science term, *dynamics*, a term introduced to European science by Gottfried Leibniz. This is a term which Leibniz derived, explicitly, from the Classical Greek *dynamis* which Leibniz adopted, explicitly from the usages of the Pythagoreans, Plato, et al. This usage is explicitly contrasted with the notion of mechanics, as “mechanics” is associated with the scientifically failed method of Descartes. It is contrasted to the currently popular, but usually failed, mechanistic-statistical method, as the latter is represented by the widely employed, intrinsically incompetent methods, which are commonly used for the failed practice of commonly accepted economic forecasting today.<sup>1</sup>

It is now time, the present time of an already onrushing, global financial-breakdown crisis, for bringing on a new, strategically crucial, tactical factor in politics, a certain kind of return to the political style of President Franklin D. Roosevelt. As in all history, principles reappear, but never in quite the same form as in earlier times of great changes. The essential fact of the present world situation, as much as that of the U.S.A. itself, is that we are presently already seized by an onrushing global crisis, a strategic economic and social crisis comparable to, but more menacing than that of the 1930s. There are certain other kinds of differences also to be taken into account, as I do, in due course, here.

The politics of all the leading parties of western and central Europe, and of the U.S.A., for example, have been a net

failure, by all physical-economic standards, in their influence over the direction of most of trans-Atlantic political history since the mid-1960s. The old politics of today’s yesterday, the customary political style, has shown itself to have been a catastrophic failure when applied to the realities of today’s crises. The surge of the 18-35 vote during the closing weeks of the recent election, is a crucially important, clinical example of what all relevant politics, the new politics, must be. For that, a *New Politics*, with its emphasis on *dynamics*, is now indispensable, as the pioneering role of the LPAC youth brigades has shown the way.

I explain.

## 1. Human vs. Statistical Behavior

The difference between the dynamic characteristics of the indicated surge of the 18-35 age-group, and other Democratic vote registered during the concluding weeks of the election-campaign, depended upon a fundamental, but, unfortunately, seldom-recognized fact of human sociology, a fact typified as it is expressed by, but not merely deducible from, the mere statistical results of that recent surge.

The defect which may be seen as the root-cause of that difference, is a popularized, crippled conception of the nature of the human individual and society, a misconception which is endemic to the mechanistic way of thinking about mankind, that which is encountered, for example, in customary sociological and related dogmas today. Although the use of the word, “creativity,” is often encountered, the ontological actu-

1. Competent long-range and related economic forecasting is modelled on the example provided by Johannes Kepler’s works for astronomy, as elaborated according to the notion of Leibnizian dynamics expressed by Bernhard Riemann’s approach to physical hypergeometries (e.g., physical tensors).



*The mid-Fifteenth Century, Italy-centered Renaissance represented a decisive shift toward unleashing an explosion of artistic and scientific creativity. Here, Renaissance artist Rafael's "School of Athens."*

ality of the process of human individual creativity is almost never identified in today's customary definitions and use of that term. The practical point at issue in the subject at hand, is that not only is human creativity, when properly defined, expressed as an experimentally knowable sovereign form of behavior by individuals; it also supplies the qualitative "energy," in the ontological sense of "motive power," of all great, positive changes in direction of development within social processes as such.

Usually, such manifestations of the human individual's innate creative potential, except as they occur, ordinarily, as expressions of individual behavior, are more clearly manifest in the form of actions whose historic significance is expressed in the form of massed social processes; in modern history, in these processes, such as the American Revolution which emerged over the 1763-1789 interval, the eruption is expressed chiefly in the form of a mass movement among strata of young adults in the 18-35 age-interval; it may then spread from that core of younger adults, to the social process on a

broader scale, as this is to be recognized in the effect radiated by my young associates during the successful mid-term campaign.

The principles expressed in such ways, reflect the essential distinction of man from beast.

In the usual reading of, for example, the primary teachings of the Hebrew tradition, Christianity, and Islam, the same conception of the distinction of man and woman from lower forms of life, is consonant with the definition presented in *Genesis* 1: 26-30. This statement is in accord with the historical and related evidence of the historical and like record of the absolute distinction of the characteristics of humanity from all other forms of life. The factor which distinguishes individual human behavior from the behavior of the beasts, is the quality of individual creativity associated with the generation of the discovery of a universal physical principle, or comparable principle of Classical modes of artistic composition.

In the case at hand, the role of the youth factor in the crucial locations of the recent mid-term election, it is the

typical way in which individual creativity is amplified in effect as an organized social process, which was decisive strategically for the net outcome of the election-process, as its lessons to be learned, as a whole.

The best reflection of modern science on this expression of the subject of creativity, is the example consistent with the discoveries of Academician V.I. Vernadsky's rigorous summation of the distinction of living processes from non-living: the Biosphere; and of man from the beasts: the Noösphere. The human creative powers, as typified by the discovery of universal physical principles, appear only in the behavior of the human individual as a living creature, but fail to appear as a factor of potential relative population-density within the bounds of behavioral potential of any other living species.

It is the expression of the individual mind's potential in the form of a coherent mass effect, which is the strategically decisive consideration in efforts to understand the historically crucial upsurges of the struggle for human progress and dignity during the more readily accessible span of approximately the recent three thousand years of European history. These crucial upsurges appear, most significantly, in the way in which revolutionary upsurges of the type which I associate with the indicated type of mass effects, define those crucial upward turning-points in that history, which must be our focus, again, in addressing the monstrously deadly global crises descending on the world at large today.

While some degree of expression of this creative potential is shown in individual cases of normal juveniles and young adults in our society, the combined effect of the prevalent training of the young, training them to rely, unfortunately, upon mechanistic methods of thought, instead of creative powers, dulls the creative potentials of the mind of most in our society; that has been the case, so far, in most of our present time.

For example: the conditioning imposed on the Baby Boomer generation of the upper twenty percentile of households during, and following the 1945-1956 interval, did extensive, and deep-going damage to the targetted individuals' use of this cognitive potential of their minds. The effect of this has been, that a diminishing percentile of that generation's Sophistry-ridden, upper twenty-percentile bracket, expresses the development of the degree of creative potential expressed in the behavior of the comparable strata of the earlier two generations.

Nonetheless, such creative potential can be fostered in the young, notably among the young-adult generation, as my own experience, and my study of this factor in history, has shown this to be true. However, happily, under what have been, historically, unusual circumstances of the type which Percy Shelley emphasized in the concluding pages of his *In Defence of Poetry*, in certain periods of history of cultures, such as the mid-Fifteenth-Century, Italy-centered Renaissance, or the Classical insurgency in Germany and elsewhere during the

1750-1789 interval, veritable mass explosions of the wider influence of Classical artistic and scientific creativity, do occur.<sup>2</sup> Shelley's *In Defence of Poetry* reflects his experience with the pre-1789 wave of cultural optimism associated with the radiating effects of the leadership shown by the collaborators Moses Mendelssohn and Gotthold Lessing.

It follows from this retrospective view of that history, that it were feasible to foster eruptions of periods of the increased, impassioned views respecting man and nature, matter we should recognize as a Renaissance. Those crucial, exceptional features of the recent Democratic Party victory, to which I point here, illustrate the case.

What was done by the LPAC's LYM in catalyzing the "18-35" surge among young Americans in crucial sections of the voting population, was to employ the dynamic method of organizing creatively, around ideas, in such a way that a relative handful of the population was able to evoke a mass effect, consistent with Shelley's principle—the *Renaissance principle*,—within significant regional clusters of the generation between 18 and 35. These ideas, so put into circulation in a dynamic way, led to the simple decision to go and vote your conscience.

What happened on that account, during the closing weeks of the run-up to election, was entirely a lawful, if, admittedly unusual development during recent decades. Not only can such accomplishments be deliberately fostered for the time immediately ahead; such developments are necessary to make possible the rather drastic improvements in government policy-shaping needed as a response to the presently onrushing, global monetary-financial and cultural crises,

## Two Sources of Dynamics

Modern European science owes its notable forms of systematic insights into this matter, chiefly, to two, respectively ancient and modern, well-known currents of thought. The *first* is associated prominently with the Pythagoreans and Plato; the *second*, the modern, with the exemplary influence of the Fifteenth-Century Cardinal Nicholas of Cusa, who is the founder of systemic forms of modern experimental science, as the results of this are typified by his followers Leonardo da Vinci, Johannes Kepler, Pierre de Fermat, Gottfried Leibniz, and the circles of Carl F. Gauss and Bernhard Riemann. The latter, is the precedent from which Vernadsky traced his own

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2. Consider my wife Helga's frequent reference to Friedrich Schiller's epoch-making judgment on the awful implications of the French Revolution's terror for history: *a great moment has found a little people*. The transformation of the leading trend in cultural optimism and powers of scientific and artistic conception, from the creative energy spread from the combined effects of the Classical Renaissance of Moses Mendelssohn, Gotthold Lessing, and the American Revolution of 1776-1789 which had energized the European civilization of that time, was superseded by the decadent Romanticism of the early Nineteenth Century, especially in the wake of the combined effects of Adolf Hitler's predecessor, Martinist Freemason Count Joseph de Maistre's concoction, Napoleon Bonaparte, and the 1814-1815 Congress of Vienna.





V.I. Vernadsky, the Russian scientist, was a leader in developing the modern dynamic method of science, as distinct from failed mechanistic-statistical, Cartesian-like methods. Here, Vernadsky on an expedition in 1910.

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*dynamic methods, as distinct from failed mechanistic-statistical, Cartesian-like methods.*

The contrary, irrational, but, recently, more popular trend in modern European culture, is traced, most significantly, to the influence of the “New Venetian” dogma of the Paolo Sarpi famous as the master of his house-lackey Galileo Galilei. Sarpi is the author of a modern *reductionist dogma* known as *empiricism*, from which crude forms of modern materialism, and also positivism and existentialism, are merely derived. This empiricist doctrine, from which the presently most popular teachings on the subject of sociology have been derived, not only rejected both the ancient and modern forms of science reflected in the work of Cusa, Leonardo, Kepler, et al., but it was also, ironically, at the same time, a change from the worst aspects of medieval European culture, in that it allowed for limited technological progress, although it banned the study of the actual processes through which experimentally validatable universal physical principles are generated, as by the methods of Brunelleschi, Cusa, Leonardo, Kepler, Fermat, Leibniz, Gauss, and Riemann, for example.

Unfortunately for many, most popularly taught modern sociology, political theory, and economic forecasting, at the university level, have been premised on the reductionist ideologies derived from the influence of Paolo Sarpi’s empiricism.

To illustrate the point which is relevant to the sociology of the recent Democratic victory, take Vernadsky’s mid-1930s definition of living processes, as *dynamic*, as an example. Vernadsky emphasized, that although the same range of atomic matter appears in both living and non-living processes, the way in which processes are organized in living processes, differs absolutely from the organization of the non-living processes. This defines the domain of living processes and their products as the *Biosphere*, a domain which is distinct from

the domain of non-living processes as such.<sup>3</sup>

Similarly, the way in which both non-living and living processes are organized in specifically human history, expresses characteristics, those of Vernadsky’s *Noösphere*, which do not exist in either the non-living domain or Biosphere as such. Moreover, the behavior of the domain of human history is of a higher order of anti-entropic development than either the non-living domain or Biosphere.<sup>4</sup>

The world has recently entered a new general phase of history, especially modern European history, in which the successful development of science and technology, when applied, in fostering both growth and longevity of populations, has now produced a situation in which the attempted conduct of *protracted* warfare as an instrument of policy, is no longer a policy of practice available to sane governments. It has also presented mankind with the urgent obligation to unleash the rule of nuclear fission, globally, as, for example, an indispensable means for economical production of power and means for urgently needed mass-desalination. We are also at the verge of the need to realize the extensive use of thermonuclear fusion, not only as a source of power, but as an instrument for management of the more broadly defined natural resources of the planet as a whole.<sup>5</sup>

As the old habits, which governments have generally acquired during recent decades, break down, and new challenges appear, politics must move away from the habits associated with the cultural and economic down-slide of trans-Atlantic society during the recent forty or so years. It is time for a new politics, defined by a new quality of emphasis on the role of individual scientific and Classical-artistic modes of creativity, a change which must be rooted in the development of the individual and coordinated creative potentials of our young-adult population.

## 2. The Old Politics

The “old politics,” as still practiced as a form of belief, even in the U.S.A. today, was based, predominantly, axiomatically, on the practice of the Olympian enemies of the fabled Prometheus, as the case is typified by the ancient dramatist Aeschylus in *Prometheus Bound*. Prometheus was condemned to perpetual torture by the virtual Satan of that drama,

3. Lyndon H. LaRouche, Jr. *Vernadsky & Dirichlet’s Principle*, June 3, 2005.

4. *Ibid.*

5. E.g., the concept of the “Eurasian economy,” the notion of a set of respectively sovereign nation-states, engaged in long-term development of their separate and combined economies, built, chiefly, around long-term treaty-agreements, under an echo of President Franklin Roosevelt’s Bretton Woods system of relatively fixed exchange-rates at low terms of simple interest. On this, see the 2006 proceedings of the first LPAC Berlin, Germany webcast conference. (See *EIR*, Sept. 15, 2006.



Feature Photo Service

*The “old politics” has been consistently based on the degradation of mankind to a beast, a policy that has continued to present-day cultural expressions such as the “Rocky Horror Picture Show” cult, shown here.*

the Olympian Zeus, for having informed mortal human beings of the use of fire, or, as we would say, nuclear fission as a power-source, today.

This tradition of keeping the human population in a relatively bestial state of a dumbed-down condition, kept almost like cattle in a field or barn, was the fated condition of most of humanity in known ancient, medieval, and even modern history. The Spanish, Portuguese, Dutch, British, and French backers of the slave-trade, up to the point of U.S. President Abraham Lincoln’s victory over the British backing of the Spanish monarchy’s Nineteenth-Century slave-trade, is a relatively extreme example of the policy of the pro-Satanic Olympian Zeus as depicted by Aeschylus. Notable are the death-sentences used to enforce the ban on literacy among the slaves in the London-backed Confederacy.

Even the break with Europe’s promotion of slavery in Africa and the Americas, a watershed of change defined by President Abraham Lincoln’s leadership in defeating imperial Lord Palmerston’s deployment in support of the slaveholders’

Confederacy and the proto-Nazi Emperor Maximilian in Mexico, did not necessarily free mankind from the implicit slavery to cultural decadence. This decadence continued to be expressed as the populist’s substitute of bestial leanings in desires, for the role of the creative powers of reason in improving man’s condition.

Those needed changes in conditions are brought about by changing man’s mind through emphasis on the development of the creative powers associated with the highest expressions, in history, of scientific and Classical-artistic revolutions in ideas. The old Satan, the Olympian Zeus of Aeschylus’ *Prometheus Bound*, still reigned within the bounds of most populist and related opinion. Men have been ruled by tyrants, because they failed to rule themselves in the only way possible, through abandoning a populism rooted in helotry, by making themselves the representatives of what I have termed, here, as a *New Politics*.

Sarpi’s empiricism, and that of his followers Galileo, Sir Francis Bacon, Thomas Hobbes, John Locke, Descartes, de Moivre, D’Alembert, Leonhard Euler, Lagrange, Laplace, Cauchy, et al., banned knowledge of actual universal physical principles, as their protagonist, Voltaire, sought to transform both physical science and art into the production of rubbish, such as the music of dead souls of Rameau and Fuchs. The canons of the empiricists, then as now, permitted, begrudgingly, a certain amount of intellectual pregnancy, on the condition that the seminal methods of intellectual reproduction were not only concealed, but virtually denied.

In modern European society, the outcome of the empiricists’ “Enlightenment” ban against public knowledge of the method of discovery of universal physical principles and Classical-artistic principles, was the promotion of various forms of “populist” paeans to the alleged virtues of popular ignorance of the lawful principles of discovery in physical science and of Classical artistic composition. The ideologies of “popular science” and “popular entertainments” today are often a reflection of the way in which modern Liberals and others promoted a cult of worship of popular ignorance: ignorance of the principles which are expressed as the functional distinction of human individuals from the lower forms of life.

The role of the U.S.-backed promotion of the pro-satanic Congress for Cultural Freedom (CCF) in post-Franklin Roosevelt Europe, and such expressions of that pro-satanic campaign as the U.S. backing of the existentialists of the circles of Heidegger, Adorno, Horkheimer, Arendt, et al., and the kindred promotion of Bertolt Brecht, are merely typical of this application of a U.S. adoption of the tradition of Anglo-

Dutch Liberal Europe, as a kind of policy of human cultural *neoteny* (or, *neotony*),<sup>6</sup> as I have described the intended role of induced *neoteny*, in a recent paper of mine.

This development typified by the virtually satanic role of the CCF in Europe, and a parallel program with the same intent directed against the population of the U.S.A., was designed by the relevant Anglophile currents within the U.S., in collaboration with Anglo-Dutch Liberal partners, to bestir the roots of the oligarchical legacies within “Old Europe,” to promote thus a new expression of Sophistry premised, like that of Pericles’ self-doomed Athens, on the presumed changelessness of the traditions in which the embedded oligarchical influences lurked, like dragon’s teeth, readied to rise and grip the nation, in the name of tradition, once again. To do this, reawaken the cultural “childhood diseases” of humanity, especially those lurking, ready to be quickened, within the infected soils of “Old Europe.”

### The Notion of ‘Old Europe’

What became our United States, with its anti-empiricist Declaration of Independence and Federal Constitution, was a creation of Europeans, who were instructed by prudence to establish a true republic, with the best traditions and ideas of Europe, at a relatively safe distance from “Old Europe” and its deeply ingrained rot of oligarchical traditions.

The primary impulse for this process of colonization of the Americas, came from what is classed as “The Golden Renaissance,” the birth of modern civilization in developments centered around the great ecumenical Council of Florence. The setbacks to the implementation of the design adopted in the setting of that Council, setbacks caused by the fall of Constantinople and Spain’s modern unleashing of religious warfare within Europe, by the revival of the medieval Inquisition, impelled relevant Europeans to beyond the troubled vicinity of the Mediterranean in search of locations in which to realize the principles which that Council represented.

The first proposal to that specific effect had been made by the relevant doctrine of the Cardinal Nicholas of Cusa who had also founded modern European science.

Cusa’s reaction to the aftermath of the fall of Constantinople, was a proposal to explore across the oceans, to build ties on which a future world order among peoples could be premised. The proposal by Cusa, who died in A.D. 1464,



EIRNS/Philip Ulanowsky

*European republicans were able to establish a true republic in the United States, at a relatively safe distance from “Old Europe.” Here, Helga Zepp-LaRouche holds up the Schiller Institute’s “Declaration of the Inalienable Rights of Man,” a 1985 document based on the U.S. Declaration of Independence.*

came to the attention of a Genoese Atlantic sea captain in the employ of Portugal, Christopher Columbus. Columbus’s correspondence with Cusa’s associate, the Italian scientist Paolo dal Pozzo Toscanelli, in correspondence circa 1480, amplified Columbus’s knowledge of Cusa’s work, and supplied Columbus with crucially important scientific assistance in preparing master navigator Columbus’s re-discovery of the continent across the Atlantic.

During this time, the influence of Cardinal Nicholas of Cusa’s works spread deeply and widely as leading ideas underlying the emergence of modern European civilization from the self-inflicted ruin of the previously reigning, *ultramontane* alliance of the Norman Crusaders and the Venetian financier-oligarchy, most emphatically, his defining the modern sovereign nation-state (*Concordantia Catholica*), modern experimental physical science (*De Docta Ignorantia*), and the ecumenical principle of peace among religions (*De Pace Fidei*) (the latter, the precedent for Cardinal Mazarin’s later role in crafting the 1648 Treaty of Westphalia). These developments, reenforced by the new form of commonwealth society, established by Louis XI of France and Henry VII of England, set the stage for the attempts, by the Massachusetts Bay commonwealth of the Winthrops and Mathers, the intent, as echoed by Sir Thomas More’s *Utopia*, for establishing new republics in the Americas, to plant the best ideas and traditions of Europe as a new form of commonwealth societies at a strategically discreet geographical distance.

These Fifteenth-Century developments define the concept of “Old Europe,” as distinct from the systemically differ-

6. A neo-logism (var. *neotony*), echoing a notion introduced by UNESCO’s Julian Huxley et al. The alternative is *neoteny*, both echoing the Classical Greek. Alternate connotations are the generation of the change, or, the state resulting from the change. I strain the two options, for the purpose of emphasizing the act of inducing the change.

ent species of society presented by modern Europe. It was the revival of such legacies of the medieval *ultramontane* system by echoes of the combination of feudal systems and Venetian financier-oligarchy, which implanted the curse of what had been “Old Europe” within the internally conflicted body of the new.

## The Crisis of Modern European Culture

The works of the great François Rabelais as echoed in Miguel Cervantes’ ridicule of the rotten moral and intellectual decadence of Habsburg Spain, are exemplary points of reference which help us to typify the internally conflicted outcome of the cultural warfare pitting the Fifteenth-Century Renaissance against the *new dark age* mentality launched, from Spain, by the evil Grand Inquisitor Tomás de Torquemada, a tradition of Hitler-like criminality launched, from Spain, during the same year as Columbus’s first voyage to the Americas, in 1492.

The London-connected Savoyard Count Joseph de Maistre defined the anti-Renaissance policies which have set the standard for vicious opposition to the heritage of the Fifteenth-Century “Golden Renaissance” in Europe since 1492, to the present day. This is a standard rooted in the precedent of a radical return, from 1492 onward, to the medieval, *ultramontane* alliance of Venetian financier-oligarchs and Norman chivalry, in their launching savage persecution of the Jews, and a return to that medieval Crusader warfare against Islam, a combination which has been the central feature of the traditional force of greatest evil within Europe itself to the present day. The entire interval from the expulsion of the Jews from Spain, in 1492, until the adoption of the 1648 Treaty of Westphalia, is the watershed from which European civilization, now implicitly of world-wide influence, has remained a division between the forces of modern civilization and the barbarous Venetian-Norman legacy, to the present day.

To understand the significance of this role by Torquemada, it is essential to study the writings, and outcome of the Martinist freemason, de Maistre, who promoted the pro-Satanic policies of Torquemada, as a juridical precedent for the mass-executions by the Jacobin Terror. It was de Maistre who personally tailored the new personality of General Bonaparte, remaking Napoleon as the forerunner of, and model for the crafting of the public personality of an Adolf Hitler whose anti-Semitic and kindred policies and practices are traced directly, by way of the Jacobin Terror and Napoleon, to Grand Inquisitor Torquemada, a tradition actively expressed still today by the presently active form of the fascist international, and not only the Synarchist, Pinochet-linked fascist gangs of Central and South America, but related, right-wing networks associated with members of the family of William F. Buckley, Jr.

Such has been the principal division of political trends stretching from western and central Europe into the Americas,



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*Napoleon Bonaparte epitomized the modern variety of fascism, which the European financial oligarchy has used to threaten the American tradition.*

and beyond, today. This was the division of Europe, in the time of Grand Inquisitor Torquemada, to the present day. It was this evil which pursued the European colonists across the Atlantic, and which is the principal force of evil operating, in concert with relevant Venetian-style financier-oligarchical interests, around the world today.

Thus, Columbus’s 1492 voyage does not represent the transport of such evil into the Americas. Rather, Columbus and Torquemada exemplify the conflict between the opposing forces of good and evil within Spain itself at that time. The drowning of modern Europe in the blood of the persisting conflict of the 1492-1648 interval, is key to understanding the conflict which has been the only true ocean of separation of the founding of our own constitutional republic from the pestilence of the oligarchical traditions which have yet to be uprooted, as a force of moral corruption, within, most notably, western and central Europe still today.

There are complications thus introduced also into what became our U.S.A., of course.

The February 1763 Peace of Paris, launched the open conflict which we may recall today as the struggle for political liberty from the imperialistic tyranny of the Anglo-Dutch Liberal East India Company of mastermind Lord Shelburne. As the core of the relevant history has been elaborated by my associates Allen Salisbury, Anton Chaitkin, and H. Graham Lowry,<sup>7</sup> the developments in London from February 1763 onward divided the most influential circles within the American English-speaking colonies between two factions, the one

7. Allen Salisbury, *The Civil War and the American System: America's Battle with Britain, 1860-1876* (New York: Campaigner Publications, 1978); Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman* (New York: New Benjamin Franklin House, 1985); H. Graham Lowry, *How The Nation Was Won: America's Untold Story* (Washington, D.C.: Executive Intelligence Review, 1987).

typified by the internationally renowned scientist and patriot Benjamin Franklin, and Franklin's opposition, typified, in New England territory, by the same faction as the former adversaries of the Winthrops and Mathers, the notorious assets of the British East India Company, the so-called Essex Junto. Traitor Aaron Burr, an agent of Lord Shelburne's Foreign Office controller Jeremy Bentham, typified the traitors-in-fact, who, through their descendants, and such additions as representatives of the Bonaparte family, continue to be the core of my own most impassioned of personal political enemies within the U.S.A. today.

The mobilization for victory of U.S. President Abraham Lincoln's U.S.A., over London's creation, the Confederacy, unleashed the U.S.A. as the world's leading nation-state and rising rival to the armed maritime power of the Anglo-Dutch Liberal financiers' British Empire. By the time of the Philadelphia Centennial of 1876, through 1879, the U.S. model of national economy had been spread as a leading influence into Germany, Russia, Japan, and elsewhere. For London, this spread of the American System of political-economy was a mortal threat to the imperial supremacy of British imperial maritime power.

So, with the 1890 ouster of Chancellor Bismarck in Germany, by the Kaiser's British uncle, Prince Edward Albert ("The Lord of the Isles"), and the case of Prince Edward's other, ill-fated nephew, Russia's Czar Nicholas II, a process was set into motion, over the period from the 1890 ouster of Bismarck through the death, on Sept. 14, 1901, through assassination, of the U.S. President and patriot, William McKinley, which brought the U.S. circles tied to two children of the Confederacy, Theodore Roosevelt, the nephew of the head of the London-based Confederate intelligence service, and Ku Klux Klan fanatic Woodrow Wilson, into the U.S. Presidency.

Excepting the cases of Presidents Taft and Harding, over the entire sweep of the early Twentieth Century, from the assassination of President McKinley, in 1901, until the inauguration of President Franklin D. Roosevelt, on March 4, 1933, U.S. policy was radically changed, from recognition of London as the center of our nation's principal adversary, to alliance with Britain's Edward VII et al., as supporters of Britain's imperial geopolitical warfare against the nations of the continent which had adopted the American System of political-economy as their model for development!

With the death of Franklin Roosevelt, on April 12, 1945, and the inauguration of his successor, a trend in a reverse direction, back toward the legacies of Theodore Roosevelt, Wilson, and Coolidge, occurred. Presidents Eisenhower and Kennedy were exceptions, as President Lyndon Johnson showed similar intentions, but with the inauguration of President Richard Nixon, London returned to occupy the saddle of U.S. economic and related doctrines, as under Theodore Roosevelt, Wilson, and Coolidge, earlier.

That division within European culture, is the indispens-

able key for understanding the situation, the existential threat, confronting the U.S.A. today.

## Today's Threat From Old Europe

As the comparison of the Presidency of Franklin Roosevelt with his referenced predecessors in office illustrates, the institutional legacy of the American Revolution and its Constitution, are a powerful, deeply embedded part of the American political tradition and character. An animal is, predominantly, culturally, born yesterday; a human being, a society, is chiefly a product of the intellectual history of its people, and therefore, the individual in the society inherits deeply embedded "germ material" which may spring forth, afresh, as with new-born life, within the society in which that legacy has seemed largely dormant over intervening generations.

That is what our foreign adversaries, especially those in Old Europe, fear from us today. The British oligarchy is especially sensitive to the remembered hurts it has endured at American hands over past centuries, and that oligarchy being divided from one another by what is allegedly a common language, Britain's spymasters and kindred ideologues are acutely aware of the danger to their system which our tradition represents, should we choose to free ourselves, as Presidents Washington, Lincoln, and Roosevelt did, and as President Eisenhower understood very well, from the grip of the corrupting influence of the intellectual shackles of Anglo-Dutch Liberalism.

A similar difficulty is met in other regions of Old Europe. In France, it is chiefly the Napoleonic legacy; in Germany, it is chiefly the oligarchical tradition of social castes. Italy is, in many ways, the closest to us from all of western and central Europe, and there are reasons for that.

However, we can, and must be more precise on this point. The key to the pervasive moral-political and other cultural corruption of western and central Europe today, is the fact that these governments have sold their birthright of freedom for a legendary bowl of pottage, the adoption of parliamentary systems under which governments are essentially, usually, as today, the lackeys of private financier interests in charge of central banking, and have no real sovereignty at all in matters touching those aspects of sovereignty which are ensnaked by the Liberal authority of privately-owned central banking systems in the Venetian financier-oligarchical tradition.

This oligarchical trace of potentially fatal flaw in the conception of sovereignty among those Europeans, is the most essential corruption, the virtual essence of Old Europe in the modern Europe of today.

Under the conditions in which misguided Europeans and others view Anglo-Dutch Liberalism as to be preferred to the customary constitutional culture of the U.S.A., the Europeans, in particular, are more readily the potential slaves of an Anglo-Dutch Liberal form of dictatorial system of economic and related forms of rape. They tend, on this account, to prefer to be raped by Britons, than search for the prospective plea-

tures of marriage to Americans. However, for our immediate attention here, the problem is, that they lack the engrained sense of moral authority, of the type which Franklin Roosevelt showed from March 4, 1933 onward, a quality of national sovereignty which is typically our own.

### 3. The New Monetary Policies

*It is my current estimate, that, given the present global conditions in progress now, were the mortgage-bubble-, and hedge-fund-driven rate of collapse of the U.S. dollar, to accelerate toward the presently probable 20-30% range in near-term relative depreciation, this would probably set off a chain-reaction disintegration of the existing world monetary-financial system, and a probably ensuing breakdown-crisis of the global, physical-economic system itself.*

*That is but one of several reasonably expected scenarios; but, all of those converge, similarly, on the same type of outcome, and within approximately the same time-frame.*

In that case, no part of the world would actually benefit from such a collapse of the U.S. dollar. All dollar-holders globally, would be caught up in the maelstrom, and the markets on which “low-price labor-market economies” depend, would be plunged into rapid and deep collapse, a collapse from which, at most, few existing such nations would emerge as intact sovereignties.

So-called economists, and related “experts” who do not recognize the set of circumstances which that case only typifies, who do not recognize their almost certain, early consequences, are behaving as worse than incompetents, as self-deluded, wishful fools.

The pivotal problem in dealing with the members of the Congress and their staffs, now, is the prevalent, fear-filled tendency to limit urgently needed reforms, wishfully to measures which must lead to the equivalent of a war lost in advance, a virtual war to be lost, chiefly, because people in positions of political power, were unwilling to do enough, soon enough, as if all at once, to save not only the U.S.A., but also the world at large, to save the world from an early plunge into not a mere economic depression, but a general, global breakdown-crisis of the type associated, in history, with “a new dark age.” In fact, we are presently threatened with a relatively immediate plunge into a global new dark age and a consequent catastrophic disintegration of civilization.

*Yet, nonetheless, objectively, were relevant political forces prepared to take timely action, soon enough, such a catastrophe could be avoided.*

I do not actually share the pessimistic view with which I have just opened this section of my report. I only report what my associates and I encounter, at least up to the present moment, as still prevalent among leading political and related circles in the U.S.A. I would, quite reasonably, hope to be able to improve that situation, soon, were I afforded the relevant opportunity to help in doing so.

Otherwise, meanwhile, there were absolutely no hope of an effective initiative from among the governments of western and central Europe at this time. Nonetheless, despite the eerie want of a sense of reality prevalent in most leading circles of western and central Europe, there is still reason to rely on the hope that the U.S. might rally itself to provide the initiatives on which the needed cooperation in survival of global civilization now depends.<sup>8</sup> A relevant U.S. initiative, must provide the matrix used to bring a crucial portion of the world’s national systems into the needed form of cooperation jointly needed by us all.

Therefore, despite the high-ranking doubters and pessimists of today’s world, there is an available way in which to

8. A particular U.S. President might be insane; but it were not probable that a majority of our elected members of the U.S. Congress would be stupid. Stubborn, cautious, a bit opportunistic, and so on? Yes. Stupid? No. The new crop of members just harvested give us reason for hope.



*There is every reason to be optimistic that the incoming Democratic Congressional leadership will be pushed to take the necessary measures to save the economy. Here, House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, celebrating on election night.*

avoid such a global calamity as that immediately threatening us. Still, the worrying fact remains, that, when we take the temper of the present ranks of leading political circles of the Trans-Atlantic community and beyond, it would appear, until now, that the existing remedies will not be adopted in time to prevent a general breakdown of civilization, world-wide. That is, essentially, the false, pessimistic opinion abroad, the prevalent opinion which we must change during the immediate interval ahead.

Thus, in relevant political circles, our efforts to induce governments, especially our own, to take useful actions to prevent the onrushing calamity, have been chiefly blocked, to the present date, by the prevalence of certain objections to even the mere idea of considering types of early actions on which the continued existence of civilization depends. To illustrate this situation, we hear, on the one hand: "Not while Bush is still President"; or, similarly, "Our political system can not work that way."

*In fact, of course, contrary to those and similar protests, our U.S. constitutional political system is the best existing design in the world today for taking precisely such kinds of actions, as the Administration of President Franklin Roosevelt demonstrates. Admittedly, the present crisis is far more severe than the economic problems faced in that President Roosevelt's time; but, the principles needed to succeed in setting back the present threat are consistent with the authentically constitutional precedents embodied, essentially, in the all-subsuming Preamble of that Constitution, as used successfully by that President Roosevelt.*

I have recently summarized my proposed response to such a development on the occasion of both the opening presentation, and reply to a relevant question, during the LPAC Washington, D.C. webcast of this just past October 31st. Subsequent reactions to that portion of that webcast, from official circles, and others, indicate the growing desire for further discussion of my proposed action as the U.S. Congress prepares for what might probably turn out to be a marathon session. I honor that implied desire, and will continue to do so in the period ahead, as now.

Before proceeding to a somewhat detailed map of the solution for this threatened crisis, *it should be emphasized at this point, that the methods employed by the LYM for the last phase of the recent mid-term elections, provide a foretaste of the approach which must be taken for the purpose of organizing the political forces needed to bring the urgently needed reforms into practice.*

*That much said, we most now, here, begin our outline of the immediate situation, with the issue of the definition of both money as such, and, also, debunk the notion of some asymptotic value intrinsic to a monetary process as such. Debunking today's stubbornly popular myths of the street and university classroom, is an indispensable precondition for making clear the nature of the measures which are both indispensable and sufficient for organizing the survival of civiliza-*

*tion from the currently oncoming menace of a breakdown-crisis of, not only the U.S. dollar, but, global civilization as a whole.*

*Those ruinous beliefs in such myths, are of a type which can be overcome only by the kind of dynamic method employed by the LYM, with notable successes, in critical times and places of the just recent mid-term election campaign.*

This brings us to the needed discussion of money.

### 3.1 What Is Money?

The existence of money has been a necessity for any modern economy until now; and, this will be true all the way to the foreseeable horizon of future civilized practice. So, by definition, money as such may have utility; but, contrary to popular academic and other myths, money never had, and will never have intrinsic value, in any form of modern civilized economy. That is the crucial point now immediately before us here.

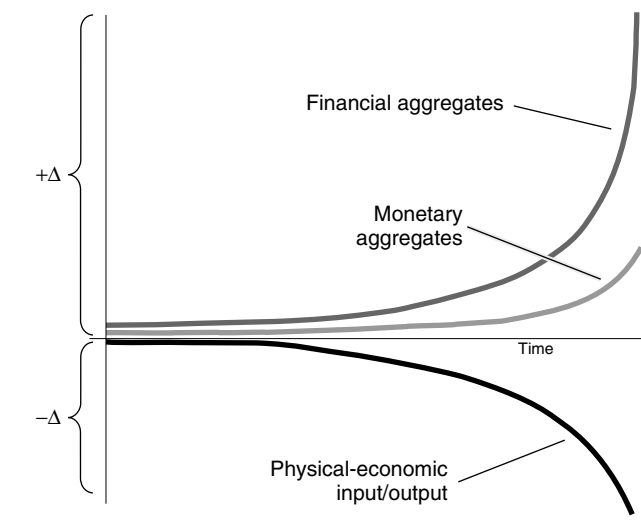
The principal source of confusion on this account, is widespread belief in the myth, as opposed to the reality of money. Any effective organization of the presently imperilled world economy will involve a crucial role by money and banking systems, a role which depends upon the view of money which I express here.

For example, widespread populist delusions proceed from the presumption that money has some intrinsic value, a value which could be determined in "a natural way," were the intervention into the economy by government to be removed. This is not merely a populist type of delusion; it were a deadly delusion for the U.S.A. itself, and civilization generally, in the setting of the presently onrushing crisis. *Money has no imputable intrinsic value. The value attributable to a currency is a socially determined value, a physical value, not a "natural" one. Karl Marx and those Anglo-Dutch Liberals who taught Marx to believe in the British system of political-economy, were, in fact, the dupes which their teachers intended them to become. The Anglo-Dutch Liberal doctrine of money, is merely a deluded belief induced in the believer, to the intended advantage of the system which crafts and spreads that delusion on behalf of its own, intended, predatory advantage.*

The actual, necessary role of money in a sane outcome of the presently onrushing world crisis, is a role, which, to many, would, at the least, appear to be much like those institutions of the U.S.A. prior to the radical changes in the U.S., monetary and economic systems effected, as a pattern, beginning 1971-1981. Therefore, before detailing any prescription for change in the present system, we must, first, sort out the axiomatic differences between myth and reality of modern money-systems. Since we must prescribe remedies in terms which provide for the function of money-systems within and among nations, we must first make clear the definitions of terms under which we should be operating.

Insofar as we are dealing, principally, with a certain conti-

## LaRouche's Typical Collapse Function



nuity within the ancient through modern evolution of European money-systems, concern for competent systematic treatments of this subject require that we begin our present argument by tracing the evolution of such systems, if only in outline, from the imperialistic role of the international loan-operations of a syndicate of financier interests organized, at the site of the Delphic temple of the Pythian Apollo, and the maritime operations which were coordinated, throughout much of the Mediterranean, by that center.

## The Ancient and Evil Use of Money

Since the early days of maritime-based financier systems of that type, such financier systems were coordinated with what was identified during that time as “the oligarchical model” of society. That model was based on the herding of a majority of the subject populations, herding of classes of the many by the few, as in Lycurgus’ Sparta. The many were treated in fashions akin to those designed for the virtual beasts of an estate, as the wicked Physiocrat Dr. François Quesnay defined the farmers on the landlord’s feudal estate as mere cattle. These were assessed by such Physiocrats, as cattle to whom no increase of the amount of product produced, over product consumed, was attributed. The economically efficient creative function of the individual human mind was not acknowledged by such heathen as Quesnay, Turgot, Adam Smith, Bentham, and their followers.

Similarly, the pro-satanic Bernard Mandeville, whose *The Fable of the Bees*, the virtual Devil’s Bible of the Mont Pelerin Society, Graham Lowry summed up: “. . . the interests of the state were nothing more than the aggregate fulfillment of its individuals’ hedonistic pleasures.”<sup>9</sup> Or, as I have

9. *Op. cit.*, p. 303.

summed up my own reading of Mandeville: he assumed that the distribution of the proceeds of wealth was being determined by evil little green men casting dice under the floorboards of the universe, devilish little creatures giggling satanically each time the cast of the dice rewarded evil, and ruined good: pretty much as the Mont Pelerin Society’s or American Enterprise Institute’s prescriptions work out in actuality in the U.S.A. today.

Each time a financial crash occurs, the outcome is nothing but a demonstration that the actual, *physical* value of the output of society has been cumulatively far, far less than the value imputed as monetary assets of the system. [See figure.] These discrepancies arise in sundry ways, but all to similar net effect. One typical way this occurs, is through profits on gambling debts, which, in the main, apparently increase the monetary obligations outstanding in society, while, usually, through correlated effects of what is called “primitive accumulation,” actually decreasing the net rate of generation of physical wealth per capita and per square kilometer of relevant territory.<sup>10</sup>

The most lunatic form of gambling today is the legalization of financial derivatives under Federal Reserve Chairman Alan Greenspan: which is nothing but an intrinsically hyperinflationary mode of “primitive accumulation.” These forms of “primitive accumulation” increase the mass of nominal financial assets, by collapsing the stock of valuable physical assets. “Hedge funds,” for example, using wild-eyed gambler’s leverage, vastly increase, temporarily, the nominal market valuation attributed to largely worthless financial assets, thus increasing vastly the obligations of society’s monetary system, while collapsing, and that quite savagely, the net physical value of the total product of that society. The official U.S. today, including Paulson and Bernanke, is still floundering in the quicksand-like monetarist lunacies concocted under the regime of the late Ayn Rand’s Federal Reserve Chairman, Alan “Bubbles” Greenspan.

Thus, without mass cancellation of what are, economically, intrinsically worthless claims premised on such nominal assets as financial derivatives in general, and “hedge fund” swindles in particular, no possible survival of the world’s present monetary-financial system could ever occur: hence, the most immediate threat of a plunge into a global new dark age.

The 1998 collapse of the GKO speculation, a collapse caused by the mathematical formula for generating hyperinflationary forms of “primitive accumulation,” then being used by the speculators, as by “hedge funds” now, is an example of the principle; the vast, hyperinflationary expansion of the

10. E.g., the aspect of the matters considered by Karl Marx’s Vol. III of his *Capital*, which poor confused Marx himself could never get straight: a typical result when a fool at the blackboard, or with his computer, assumes that playing with mere numbers could prove anything at all concerning the physical reality of values determined according to physical processes.



same type of bubble, over the intervening eight years, which has transformed the shadow of doom of August-October 1998 to the near certainty of a global monetary-financial meltdown now. Only by wiping the vast majority of the inherently fraudulent, financial-derivatives gamblers' nominal assets, "off the books," could the monetary-financial system as a whole be successfully reorganized to the effect of restoring real physical-economic growth per capita and per square kilometer.

This must be done. Otherwise a planet-wide collapse into a new dark age is the immediate future. However, it must be done according to principles of natural law, not arbitrarily; and it must be executed in a manner which keeps the essential functioning of the lawful American System of political-economy intact.

Looking back to original imperialistic maritime operations of the Delphi cult, we should quickly recognize that the Roman imperial, Byzantine, and medieval Venetian-Crusader systems, were prime examples of conceptions of money specific to imperialist types of monetary-financial systems, including the modern Anglo-Dutch Liberal system traditionally centered in the modern Bank of England under Hitler sponsor Montagu Norman of Brown Brothers relevance. This fact should suggest to us that there is nothing natural about the monetary-financial systems presented in the all-too-typical university classroom and textbook today.

A contemporary Jonathan Swift might recommend, that, as a matter of value, a graduate degree in customarily taught economics today has an impending market value of much less than nothing. In his suggested remedy, perhaps holders of such titles might be justly charged fines for holding onto the award of such degrees.

However, the more useful view of what I have just summarized here, is presented by pointing out that an entirely different, physically-scientifically sound alternative conception of money had been once established as a matter of knowledge. This was, and remains, the science of physical economy, as developed by Gottfried Leibniz over the course of the 1671-1714 interval, and as this same science of physical economy was the basis for the development of an American System of political-economy associated with the work of the U.S.A.'s first Treasury Secretary, Alexander Hamilton. This Leibniz-Hamilton system formed the basis for President Franklin Roosevelt's rescue of the U.S. economy in time to prevent Hitler's forces from becoming a world empire.

In our modern U.S. tradition, the difference between the two systems, the American System associated with such figures as Alexander Hamilton, Henry C. Carey, Abraham Lincoln, and Franklin D. Roosevelt, is the natural adversary of the Anglo-Dutch Liberal imperialism's "free trade" system. There is no congruence between the Anglo-Dutch Liberal ideology and that American System of political-economy which is implicit as the effect of the intent of the Preamble of the U.S. Federal Constitution. It is on that crucial point that the U.S.A., and only the U.S.A., provides humanity the pivot

of actual hope today, of a rescue of the presently imperilled world system of economy.

In that historic light, the obvious remedy might be, to return to the remedies adducible from the history of our Federal Constitution, as Franklin Roosevelt did.

### **3.2 Franklin Roosevelt's Remedy**

Look at what the successive U.S. Nixon, Ford, and Carter Administrations tore down over the interval 1970-1981, over the span from Nixon's shameless embrace of the charlatan Milton Friedman, through the savage pilot measures of "controlled disintegration" of the U.S. economy enacted under the direction and specifications of the Trilateral Commission. The entire system of monetary and international trade and investment stabilization, and the "fair trade" protectionist measures typical of the work of President Franklin Roosevelt's war-winning economic recovery, was junked within a span of approximately a single decade.

Prior to the devastating effects of the protracted U.S. war in Indo-China, the post-World War II U.S.A. enjoyed a span of net technological progress and real (physical) economic growth per capita and per square kilometer of our territory. From 1967-1968, the U.S. economy began a downward slide, which was accelerated by the catalytic effects, internationally, of the terrible British government under that wretched wrecker, Prime Minister Harold Wilson.

On this account, we must recognize the implications of outgoing U.S. President Dwight Eisenhower's warning against what he chose to name "a military-industrial complex." Contrary to much populist misreading of that President's warning, the actual threat to which his address referred, was not the use of military adventures for profit, but the way in which the Anglo-Dutch Liberal imperial interests, intended, by aid of their U.S. accomplices, to destroy the U.S. economy by inducing that U.S. to follow the foolish course of conducting ruinous warfare and attempted establishment of dictatorship: as we have seen this in not only the 1962 Cuban "missiles crisis" and the extended U.S. war in Indo-China, but in all of the principal measures of reform of the internal economy and international monetary system since the advent of the so-called "Sixty-Eighters" and the willful wrecking of the Bretton Woods system, and of the American System of "fair trade," over the 1970-1981 interval, and beyond.

The intention, as also in the fraudulent launching of the desert quagmire of killing spreading, since April 1975, throughout Southwest Asia, has been to induce the U.S.A. to destroy itself, to, thus, clear the way for world rule by a post-nation-state form of Anglo-Dutch Liberal neo-medieval utopianism called "globalization." That is what was intended; that is what has happened, as President Eisenhower's warning against the relevant "military-industrial complex" as it has operated under George P. Shultz's concoction, the Bush-Cheney Administration.



FDR Library

*FDR's emergency measures for bringing the U.S. economy out of disaster were informed by the principle of agapē, loving concern for all citizens, starting with those suffering the most. Here, FDR is shown at Warm Springs, the polio center he funded, greeting a child patient.*

Under a mentally sound President, and morally sound Vice-President, the follies of the presently spreading wars in Southwest Asia could not have been unleashed as they were. To achieve those results, an intellectually and morally corrupted Presidential administration was indispensable.

Prior to those 1967-1981 developments in the world market and the internal U.S. economy, the U.S. under Franklin Roosevelt had established an open-ended structure of protectionist measures. Malicious idiots have described these measures as, in effect, subsidizing the indolent at the expense of the energetic; those critics were either stupid, or were simply lying, as Liberals of predatory oligarchical inclinations and their demagogic actual, and would-be lackeys, are wont to do. Actually, the effort of these "protectionist" reforms was a system, indelibly consistent with the intent of our Federal Constitution, a system sometimes called "fair trade."

The protectionist system is actually a requirement embedded implicitly in the Preamble of the U.S. Federal Constitution. This Preamble is, itself, inherently, and not accidentally so, the expression of a most fundamental principle of natural law, termed *agapē* in the Classical Greek, and famous otherwise as the principle affirmed by the Apostle Paul in *I Corinthians* 13. It is also known as the fundamental principle of the 1648 Treaty of Westphalia: *the benefit of the other*, on which all civilized forms of modern European civilization,

including the principle of the sovereign nation-state, are premised.

*You wish to be an actual Christian, for example? Don't support a neo-con.*

The function of this principle of natural law, is not merely the protection of the individual's rights, but the obligation of society to give preference to those activities which are indispensable, or notably beneficial for the promotion of the general welfare, and the actually efficient promotion of human rights, as mankind's divine obligation, as implied in *Genesis* 1:26-30. Thus, the principle of immortality were embedded in our Constitutional law. It is in immortality, the legacy of what the living do to produce the future's outcome of their mortal lives, which is the foundation of all natural law.

We are a living part of a process of Creation, a Creation which is not a fixed thing, but a growing and developing universe, not a fixed order, or an eroding one. We are unique, in the respect that our individual wills, imbued with the powers of creativity, such as scientific and Classical-artistic creativity, natural

to the human individual alone, which provides the measure of the outcome, and therefore the nature of conformity with the guidance of natural law.

This means, for example, that labor is worth its hire, and investments which benefit society, are encouraged, while those which do not, are not. It means, in physical economy, that investments in infrastructure, which are necessary to promote the productivity of territory and labor, must be supported, even at the expense of investments and activities, such as speculative modes of acquiring financial profits, which are not.

*At the same time, as history demonstrates, there is no actual principle of nature which predetermines that trends of exchange under "free trade" conditions must converge on a desirable equilibrium in relative prices. In historical fact, the exact contrary effect has been the case.*

The system of fixed exchange-rates under the Bretton Woods system, and the use of tariff and congruent mechanisms to effect what we termed "fair trade" conditions, were the characteristics of the most successful organization of economy the world had ever known. The protectionist measures taken on that account, were the foundation of that success, just as the abandonment of those measures has resulted in a clear decline in physical productivity and standard of living per capita and square kilometer of the land-area of the counties and territory as a whole of the U.S.A., since no later

than 1977, up to the present date. The data crafted in the effort to suggest the contrary, have been simply, willfully faked lies by both government and relevant private institutions.

If the U.S. economy, for example, is to recover from what is otherwise the certainty of a general breakdown-crisis of our nation, we must greatly expand the productive and related investment per capita and per square kilometer of our total territory. This can not be done, without great help from public sources of credit. Such credit could not be provided, especially in consideration of the present national financial and related disasters, unless there were a reasonably assured ability to repay over the course of the coming quarter or half of a century (over a generation, or two, that is). This means that the channels of investment and production must be regulated to ensure stable values of currencies, stability of price-structures, and fungibility of incurred long-term obligations over the course of such lapses of time. That requires a fixed-exchange-rate system.

The result of such precautionary provisions, is a regulated fixed value of the U.S. dollar as an instrument of long-term, treaty-based credit in world markets. *Long-term* means the anticipation of settlements of accounts over spans of not less than a span of between a quarter and a half century. This can be done only through the assistance of U.S. Federal and related regulation.

Such required measures have the effect of setting a fixed absolute and relative financial valuation of the U.S. dollar.

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## 4. Creating the New Federal System

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The measures required to save the U.S.A. from a fatal economic/monetary-financial catastrophe, belong to two general classes. First, we consider the required actions by the U.S. government in the immediate interests of the nation. Second, we shall consider the most essential of the international measures.

The degradation of the physical productivity of the U.S. economy, per capita and per square kilometer, during the period since 1971-1972, and since 1977-1981, has been a product of two principal changes in national economic and related policies.

First, the elimination of the fixed-exchange-rate international monetary system established as the Bretton Woods system. This lowered the physical standard of income from employment in physical production of goods and related



Creative Commons/Dan Smith

*The first step required in saving the United States from economic catastrophe involves the Federal Reserve: Declare it bankrupt, and take it under protection, thus turning it into a de facto national bank. Here, the Fed headquarters in Washington, D.C.*

employment, while effecting net attrition and other reductions in investment in infrastructure and capital goods.

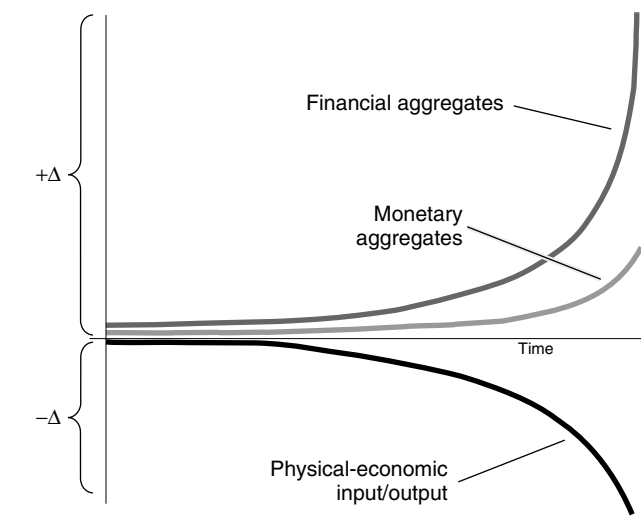
Second, this effect of the first measure was greatly aggravated by the intentional destruction of the system of so-called “protectionist” regulation associated with a “fair trade” policy, in favor of both a cheap labor policy and an accelerating decline in investment in standard of living, productivity-related capital intensity, and basic economic infrastructure.

The net effect of this, over the interval since 1971, has been a decline in net physical productivity, per capita and per square kilometer, in manufacturing, infrastructure, and high grade services, over the entire thirty-five-year interval: since 1971.

The nations of North America and western and central Europe, for example, no longer provide an average standard of living for the lower eighty percentile of family-income brackets, per capita and per square kilometer consonant with levels achieved during the 1960s. Our nation has been self-downgraded from a nation with the predominant characteristics of a republic, to a nation with the type of permanent poor lower eighty percentile, associated with the oligarchical model of a society ruled over by the upper three to twenty percentile.

The downward shift of employment in production of goods and provision of essential high-grade services since 1971-1981, has shifted employment world-wide, toward nations with ever poorer standards of living per capita and per square kilometer. The effect of the shift from developed economies, toward economies of poor people producing for the

## LaRouche's Typical Collapse Function



consumption of nations which used to produce for themselves, has been to lower the average productivity per capita and per square kilometer world-wide.

The result of these shifts over the 1971-2006 interval, is illustrated by the "Triple Curve" scheme replicated here [above]. As the net physical output, per capita, of the economies of the Americas and Europe continues, we have reached the critical threshold at which an onrushing chain-reaction collapse of the economies of the U.S.A. and western and central Europe, would collapse not only those regions themselves, but would collapse the exporting Asian and comparable poorer economies on which the stability of the latter economies depend.

The remedy is, stated in bare essentials, to reverse that trend of the recent thirty-five years, but, with the caveat, that we must not lower the rate of realized technological development in the nations of Asia and Africa.

The net effect of this thirty-five-year shift from the Bretton Woods system, toward a so-called "post-industrial," "globalized" system, has been the lowering of the net productive powers of labor, per capita and per square kilometer world-wide. We have now reached the trigger-point at which the characteristics of this trend to date would be expressed as a general, global breakdown-crisis of the planet as a whole.

Not only must we write off, and reverse the policy-shaping trends in the Americas and Europe over the past thirty-five years. We must recognize that, during these three and more decades, the world has changed technologically, such that without a massive reversal of the anti-nuclear-power and related zero-growth dogmas instituted during the 1970s and beyond, and without a commitment to accelerated progress toward the use of controlled thermonuclear technologies, the planet would not be capable of meeting the needs created

by relative depletion of some natural resources, nor meeting the rising expectations of a growing world population. We have, in particular, reached a point at which the combined development of the sovereign nation-states of Eurasia typifies the new quality of world economy which defines the challenge meeting the world as a whole today.

Therefore, in the U.S.A., as in Europe, we must reverse the policy-trends adopted during the interval since about 1968, while, at the same time, mobilizing to meet the reasonable expectations of development of the peoples of Asia, and also Africa, as well as Central and South America. We must launch the long-postponed Third Development Decade of the UNO, in tandem with the scientific and technological revolutions which are typified by the implications of unavoidable increased reliance of all nations on nuclear-fission and thermo-nuclear-fusion technologies now.<sup>11</sup>

### 4.1 The Role of the U.S.A.

The initiative for this reversal of a trend in folly is inevitably centered, as a responsibility, in our U.S.A. The reasons for that are principally twofold. Firstly, despite the developments of 1971-72 and their aftermath, the relics of the Bretton Woods system exist still, unavoidably, today, in the form of the presently inescapable implications of the U.S. Dollar's role as the International Monetary Fund system's nominal reserve currency. Secondly, the superiority of the U.S. constitutional system as an instrument for revival of a sickened world-market economy, is such that without an appropriate initiative from the U.S. government now, no recovery of the world from the presently onrushing, global breakdown-crisis would be possible within the span of a generation.

The subject of the needed emergency initiatives required to rescue the world as a whole from a presently onrushing threat of a global chain-reaction form of general breakdown-crisis, is properly assorted, for purpose of policy review, into two sections: the role of the U.S. government in proffering the needed initiatives for reorganization of the global, dollar-denominated monetary-financial system, and the international division of labor among nations required to carry that initiative forward into a programmatic approach to a general recovery.

*Thus, the first step required of our U.S.A.* is twofold. First: the U.S. government must find the general welfare of the nation to be imperilled, as it is already in fact, by the

11. What might have been considered the attempt to launch a Third Development Decade, occurred at the August 1976 Non-Aligned Conference at Colombo, Sri Lanka. Although a majority of the nations assembled for that event supported the resolution, by the short time of the Autumn meeting of the UNO in New York City, only one representative of the nations assembled at Colombo, the honorable Fred Wills of Guyana still upheld the resolution adopted scarcely a month earlier. Mrs. Gandhi and Mrs. Bandaranaike were toppled from power during this period, and Pakistan's Bhutto informed us that Henry A. Kissinger had promised to eliminate him, as happened soon after that.

national and global effects of an onrushing general collapse of the U.S. Federal Reserve System. Second: The U.S. government must take the Federal Reserve System, as a bankrupt in fact, into Federal bankruptcy protection, thus, in matter of fact, re-establishing a U.S. Constitutional, "Hamiltonian" form of national-banking system.

The mere possibility of preventing the kind of chain-reaction financial collapse which would probably destroy the U.S.A. as a functioning nation, requires putting the banks and related institutions of the U.S. under full protection as in a state of bankruptcy. The U.S. government must then treat the banks and related institutions so protected, in the manner required to ensure the maintenance of levels of present useful employment and functioning of essential public and private services in each and every county of the U.S.A.

Although regulatory protection of deposits and related matters on the account of these banks, is required, the clearly essential consideration, is the maintenance of the normal functioning of either the county economy, or an economy composed of a set of what are functionally closely related sets of counties.

Anyone who fails to recognize the vital interest of the nation and constituent communities in the protection of such banking functions, should be regarded as like a mental case, perhaps as an obsessed ideologue whose aberrant fantasies are more precious to him or her, than the welfare of the people and their nation. We must have a functioning banking system, which responds, under Federal protection, almost as if no condition of bankruptcy had existed.

To defend those functions of the banking institutions in the vital national interest, large masses of claims must be held, as if frozen, under supervision. Their claims to value are not automatically invalidated; they may, under suitable provisions of law covering each of a variety of cases, continue life as assets; but, their use as such assets were now regulated, pending the resolution of the processes of reorganization in bankruptcy.

In these cases, claims whose character is that of a form of gambling debts, or forms tantamount to proceeds of investments in gambling, are assigned the lowest priority. It would be impossible to save the banking system in a functioning condition, unless we neutralize the free mobility of the great mass of claims arising from transactions which have a quality of origin as something tantamount to proceeds of gambling. The management of such claims must be assisted by relevant adjustments of policies of taxation.

*The second step required* is the Federal utterance of monetary credit, as financial capital, for both direct investment and investment through either Federal states, or participating private banking and related institutions.

The primary objects of such uttering of Federal credit are three:

First, we must shift employment away from unskilled and semi-skilled forms of optional services employment, to pro-

ductive forms of employment, with specific, targetted goals for qualitatively productive upshifts in the composition of employment per county. This must be accomplished without lowering the level of employment; that must be done through in a manner tantamount to up-shifting employment from relatively non-productive, to physically productive. The object is to increase the useful physical output per capita and per square kilometer, in number of persons, in quality of level of skill, and per capita of population, and to conduct this reform in such a way as to improve the ratio of net productive to non-productive employment, and also increasing the net useful physical output, per capita and per square kilometer of territory within the territory as a whole.

Second, we must bring the level of physical output, per capita and per square kilometer, specifically up to levels which bring the nation up to higher than physical breakeven levels in respect to total production output, and, also, productivity per capita and per square kilometer of county or multi-county area.

Third, we must put a higher priority on technologically more progressive production, than less progressive, except when the specific production is necessary in itself. Preference is given, usually, to closely held local enterprises, which are the bulwark of local economic development, and support for essential public functions, in county or multi-county areas. The national object should to build up the production and fruitfulness of utilization of land-area in county and multi-county regions across the nation. We must, similarly, institute regulatory measures which curb and penalize excessively exuberant flights of capital investment from one firm to another.

The initial emphasis in stimulating economic recovery, will be focus on the matter of long-term improvements in basic economic infrastructure, under guidance of the respecting Federal and state governments. This signifies long-term investments by the Federal Government's power to create capitalized debt, and to assist the states in accomplishing similar ends, in effect.

The objective must be to promote the economic health and productivity of each and every local county of the U.S., and to treat such local development as the platform on which the edifice of specifically national achievement rests. We must return the nation, away from a world of supranational corporate fantasies, to the nation and its people.

On this account, we must return as much of the support of the infrastructure of the economy back to reliance on enhanced means promoted on behalf of the states and counties, away from the national account. To accomplish that, we must build up high-technology regional and local entrepreneurship wherever feasible. The included objective must be promotion of the role of local creative and related skilled leadership of closely held enterprises, represented in sufficient numbers and varieties in each area, to provide for meeting goals of local economic stability in the area. We must prefer technological

competition, where creativity is at home, to price-competition, where predatory financial adventures prevail. Large corporations should be viewed as instruments for realization of products in the national interest, which are reflections of the creative productive powers represented in local, relatively more closely held, smaller enterprises.

We must reverse the existing trends which destroy national economy internally through careening financial operations of globalization. We must uproot the attempted revival of the medieval, predatory lunacy of Norman Crusaders and Venetian financier-oligarchical predators alike.

This second step proceeds in parallel to, and interaction with *a third step*, emphasis on the leading role of development of essential economic infrastructure, either by Federal agencies, or by Federal cooperation with the states.

#### **4.2 Science As Profit**

This brings our attention back to the subject of the opening chapter of this present report. What is real profit to society, and how must it be generated, and protected, as an institution of practice?

During the weeks leading into the recent U.S. mid-term elections, the LYM was deployed, in a nationally coordinated mode, into selected areas of national Democratic Party campaigning. A “war room” operation, based in Leesburg, Virginia, was set up, composed of young veterans of the LYM’s earlier political-campaign “wars,” with specific areas of candidacies of individual Democratic nominees, or functionally related groups of nominees, as the assigned LYM mission within the national Democratic campaign-field as a whole.

Post-election audits conducted by known Democratic Party specialists in such matters, have shown that the “landslide”-like margins of elections to the House of Representatives, and certain Senate candidacies have produced what would have been an unexpected surge of Democratic support from both young adults in the 18-29 age-interval, and a larger surge among young adults in the 25-25 range. More significant, for our purposes, than that feature of the post-election survey, were reports of interviews with young voters who had been drawn into these rather sudden, landslide-like surges.

The most significant result of the surveys, was not merely that the LYM’s deployment had been an outstanding factor in the voter turnover, but, the manner in which that LYM deployment emphasizing mass effects, had catalyzed a gain far beyond anything associated with Howard Dean’s teams.

This correlated with the recent survey of newly elected Congressional Democrats assembled at the premises of Boston’s Harvard University. Generally, these winning candidates had been not promoted by Howard Dean’s campaign organization; but, they won their elections nonetheless. The characteristic met among these successful candidates was their national-interest mission-orientation, rather than political-career motivations.

It was the manner in which the LYM deployed, in its contributions to these effects, on which we must focus our attention here. The characteristic feature of the way in which the LYM deployed to produce what I have described, above, as a “mass effect.” Essentially, the LYM, as it has been developed during the course of its beginnings in my engagement with college youth during my Y-2000 Democratic Presidential candidacy, and my ensuing, Summer-Autumn support for Presidential nominee Senator John Kerry’s candidacy, had been my emphasis on fostering scientific-artistic creativity, as I have indicated at the beginning of this present report. The method for producing a “mass effect” in deployment, was premised upon the methods for fostering stimulation of the creative potentials within a population in the referenced age-ranges among young voters.

Those developments reflect what have been the constitutional commitments of my national and international philosophical association, especially the development and application, over about a half-century, of my original discoveries within the domain of a Leibnizian science of physical economy and, during more than forty years of successes in long-range economic forecasting.

The crucial factor in that successfully performed mission-assignment adopted by the LYM, points to the fact that true profit and creative scientific and related creativity are inseparable.

That said, as introduction to the following presentation, the case to be made in the attempt to define a physically sound scientific definition of the true margin of profit in economy, I now focus our attention on the relevance of that to the successful design and execution of a global recovery and growth of the world’s physical economy during the course of the coming half-century and more.

This is the consideration, the point of view, on which the design of our republic’s new Federal system of economic recovery must depend, if our attempt at this juncture is to become a successful one over the two generations now to come.

#### **What Is Creativity?**

The essential, natural distinction of man from beast is the power of the sovereign power of the individual human mind, to generate, and to replicate the act of discovery, and of use of ideas which fit the classification of discovery, by sovereign individuals, of fundamental principles of physical science and Classical modes of artistic composition, as the latter are typified by the discoveries of Johann Sebastian Bach and those who continued his discoveries. The most efficient typification of this can be reconstructed in the experience, by gifted adolescent and young adult students, by reliving, step by step the way in which Johannes Kepler presents his uniquely original discovery of universal gravitation, as reported in detail in his *The New Astronomy*. In fact, taking into account the work of such explicit followers



EIRNS/George Hollis

*Lyndon LaRouche, here with members of his youth movement, directed the specific flanking action that would lead to the mass turnout of young voters, who won the election.*

of Kepler as Gottfried Leibniz and Carl F. Gauss, Albert Einstein rightly emphasized that the essence of all competent modern physical science is expressed as the dynamic process of development linking the discoveries of Johannes Kepler and Bernhard Riemann.

In the bounds of the apparent infinitesimal as defined by Kepler's discovery of gravitation, expressed by the orbital correlation of Sun, Earth, and Mars, the alert student meets the challenge of recognizing the practical physical meaning of the concept of a principle, such as gravity, which is as big as the universe itself, but which is therefore expressed in each minutest instant as an apparent "infinitesimal," which is not a mathematical magnitude as such, but the expressed ontological actuality of the presence of the universal principle at each and every smallest conceivable interval of action.

The same notion of the infinitesimal as the shadow of an ontological actuality, is encountered in the well-tempered counterpoint of Bach, where the comma appears in the performance as gravitation is expressed, as ontologically efficient in the very small, as in Kepler.

In the intersection of the counterpoint of Bach, as in the adequate performance of his motet *Jesu, meine Freude*, for example, the same quality of the human mind registered in rediscovery of Kepler's discovery of gravitation occurs. The qualities of creative intellectual experience, are the ontological actuality of an event we rightly name human individual creativity. This expresses the quality of the individual human mind, which sets the human personality apart from, and above the beasts. This is the infinite/infinitesimal expression of the human mind which betrays the presence of the immortal soul

which lives when the mortal body has passed on. It is these acts, acts of science, acts of Classical forms of beauty, acts implicitly of love for past and future mankind, which set the human personality apart from, and absolutely above the beasts.

It is this quality of specifically human individual activity, which is the power through which true profit is generated within physical-economic processes. This is the state of mind, the state of personal satisfaction, which is the true happiness of the individual in society.

It is the sense of universality so defined, which distinguishes creative forms of human social activity from the Cartesianism of the individual lower forms of life-behavior. It is the treatment of those qualities of ideas which, like the proper singing of a Bach motet, impart a sense of the divine, of universality, to human individual and social action. That was the action which has astonished, and sometimes dismayed, even some among those Democrats who reflected on the role in which the LYM's deployment for "mass effect" contributed to the happier sides of the action expressed by the Democratic victory to which young citizens in the 18-35 interval contributed what is now registered as a unique quality of result.

It is the promotion of creativity, including scientific creativity, in this way, expressed in the cooperative activity of persons in society and in our economy, which is the hope for the future of our nation, and of our nation's potential contribution to the heartfelt well-being of all mankind today, It is the silent song of victory by which the singer knows that he or she is no mere beast.

# Inside the New Democratic Majority

by Debra Hanania-Freeman

The new U.S. Congress that will take the oath of office on Jan. 4 is of a decidedly different character than any of its recent predecessors. The difference lies not only in the fact that the Democrats will be the majority party for the first time in 12 years, but also in who makes up that new Democratic majority, and how they were elected.

It is no secret that Democratic National Committee Chairman Howard Dean did not see the midterm elections as a priority. Yes, it sounds crazy, but Dean's argument was that the *priority* was to build up the party's infrastructure and staff in all 50 states. Maybe Howard Dean really did us all a favor. It is undoubtedly true, as leading Democratic strategist James Carville insists, that with more competent leadership at the helm of the national party apparatus, the Democratic majority would be some 20-30 members stronger than it is currently.

But, it is also true that because Dean didn't see the midterm election as a priority, the DNC did not, for the most part, go out to recruit candidates. As such, the freshman Democrats are not acolytes of the Cult of the DNC; many of them are not even professional politicians in the usual sense, but are a product of the American people's deep and growing discontent with the policies of the Bush-Cheney Administration. A lot of them didn't necessarily expect to win against longtime, seemingly entrenched Republican incumbents. But, they ran anyway, because they thought they had to do something to stop the destruction wrought by this Administration's policies.

In the aftermath of the Democrats' overwhelming victory, there are a lot of people very willing to take the credit, with Howard Dean pushing his way to the front of the pack. A related grouping, with ties to both Dean and the international financiers' "inside man" Felix Rohatyn, are churning out a mass of disinformation, the intent of which is to foment a fight inside the Democratic Caucus. This crowd argues that the freshmen Democrats are "class warriors" who have come to Washington to take on the old "Clintonistas" and to smash "Rubinomics." Accordingly, they've spawned a group of economists mostly out of the AFL-CIO-dominated Economic Policy Institute, who present themselves as "economic populists," in opposition to former Treasury Secretary Robert Rubin's Hamilton Project.

Preposterous as their analysis may be, the problem is that,

if not dealt with early and decisively, they could set off a diversion that detracts from the immediate issues that this Congress must address in the face of the presently onrushing collapse of the global financial system and the U.S. economy. Not surprisingly, a closer investigation reveals that the money behind these so-called class warriors is none other than billionaire George Soros! But, that is part of another story.

## The Crucial Youth Vote

Carville presented a more competent, and more honest, analysis at the American Democracy Conference in Washington, D.C. recently. "The thing that reaches out and slaps you across the face," he said, "is the 18-30 year olds. I think we won them about 61 to 39. *Way, way* better than we did in any other age group. If you're a political party, you'd rather have [that age group] because they tend to be around longer."

Several nonpartisan post-election studies show that the critical margin of victory came as a result of a sudden surge in turnout of young voters in the last few weeks of the national campaign. What accounted for the surge? Professional strategists in both parties recognize that, in ways they still haven't quite figured out, the avalanche of young voters was set off by a relatively small, but elite group of members of Lyndon LaRouche's youth movement (LYM), who spent the six weeks prior to the election in a bold campaign, largely centered on college campuses, distributing about 750,000 LaRouche PAC pamphlets exposing the scandalous evidence of Lynne Cheney's efforts to suppress academic freedom at U.S. colleges and universities.

The mass effect catalyzed by the LYM resulted in the largest turnout of young voters—some 10 million or more—in over 20 years. And, although the increase in young voters was indeed six times higher in youth-dense districts where an actual effort was made to register young voters and bring them out to the polls, the pattern of increase runs as strongly in the West as in the East, the Midwest, and the South—a clear indication that the effect was truly a mass national phenomenon. In Wyoming and Arizona, where Republicans won election for the House and Senate, the Democrats would have won by 16 and 15 percentage points, respectively, if the elections had been conducted only among under-30s. In Montana, where Democrat Jon Tester won by 1 percentage point—fewer than 3,000 votes—his margin among under-30s, who were 17% of the electorate, was 12 full points.

The Nov. 7 elections constituted a proof-of-principle of what LaRouche has described as the "New Politics." The question everyone is asking, he writes, is "how did this group turn the tide in sufficient key places to set off an avalanche for victory among a crucial, much larger stratum of voters in the 18-35 age range?" LaRouche provides an in-depth answer to that question, along with the kind of strategic and conceptual guidance that Washington so urgently requires in this time of great crisis for our nation and the world.



## ECONOMIC RECOVERY ACT OF 2006

# Dollar Plunge, Fall of Housing, Auto, Demand Urgent Action

by Paul Gallagher

As the Federal Reserve-built U.S. housing bubble is disappearing, the dollar since Nov. 18 has begun a severe drop, which, if not stopped by national interventions, will accelerate to 20-25% or more, and rout the entire financial and monetary system and international trade. The simultaneous meltdown of the American household debt bubble (consumption) and shrinkage and threatened collapse of auto (the remaining center of U.S. industrial capacity) will require an urgent Federal intervention on the principles of President Franklin Roosevelt's actions to reverse the 1929-33 economic crash and Great Depression. Fortunately, there is now a Democratic majority in Congress which can reanimate that legacy of FDR. And there are Republicans who may act to save the small and mid-sized industrial, machine-tool, and technology firms from a housing-auto-dollar crash—firms which are the economic bedrock of their (and their Democratic colleagues') districts. A White House which insists on repeating the mantras of free trade and globalization can be overridden by the necessity of action—if not impeached for its war policies.

*EIR* is publishing (below) a Federal legislative draft, the Economic Recovery Act of 2006, which has been circulated in memorandum form throughout the two years of the 109th Congress, but not acted upon. The U.S. auto/auto supply industry has shrunk by 12% since Lyndon LaRouche, in March 2005, warned of coming auto bankruptcies and first issued a memorandum for "Urgent Action by the Senate." The Economic Recovery Act combines urgent Congressional action to save from unrecoverable collapse, America's most important industry—auto—with large-scale investments in new economic infrastructure, which can save the dollar if combined with emergency Federal bankruptcy reorganization of

the banking system. The Act's financing takes a step into such a reorganization.

A just-published *EIR* study of the housing bubble (see *EIR*, Nov. 18 and Dec. 1, 2006), made clear how hopelessly hooked the Federal Reserve-directed banking system is on that now-sinking 2001-2005 mortgage bubble. Combined with \$2.5 trillion in "leveraged" bank lending to hedge funds and private equity funds for corporate takeovers, this has produced a U.S. banking system whose asset books are as full of bad debt as the Japanese banks circa 1990—i.e., bankrupt. The dollar, which had been slowly ticking downward through the Fall, is now consequently sinking faster; the Federal Reserve now fears any rise in interest rates; and a new round of commodity-markets inflation is taking off. The full crisis picture, and needed government intervention, are in LaRouche's Nov. 16 webcast discussion, "Organizing Recovery from the Great Crash of 2007" (See *EIR*, Nov. 24, 2006).

### Mobilizing Out of a Crash

The dollar has fallen 13% during the year against the euro, but nearly 5% (from \$1.275/euro to \$1.335/euro) in the two weeks after Nov. 18, triggered by a series of much-worse-than-"expected" reports on starts, permits, and sales of new and existing homes. "Markets Rocked by Sharp Slide in Dollar" was a typical headline of the week of Nov. 18; and despite speeches by the housing bubble's author, Sir Alan Greenspan, and his faithful assistant Ben Bernanke, the worst in housing is still to come. The housing reports were followed by "unexpected" increases in reported mass layoffs and unemployment claims (from a level of 309,000 to 356,000 over those two



EIRNS/Paul Gallagher

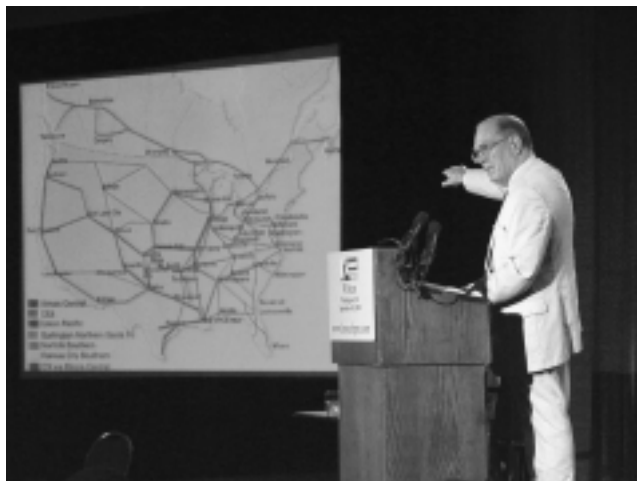
*The fate of this just-closed GM plant in Baltimore, and its machine-tool shops, must be averted for 65-70 plants representing underutilized and unutilized auto-production capacity. "There is capacity in virtually every plant" for infrastructure project production, autoworkers report.*

weeks), and then by reports of shrinking U.S. manufacturing activity in November and more cuts in auto production. The U.S. economy is falling fast.

No recovery is possible without mobilizing the auto industrial sector, which has been America's most important and most capable industry, and the center of machine-tool capacity and technological research and development in U.S. industry, for a century. The handful of largest automakers and suppliers alone this year has begun a process of closing down 65-70 assembly and production plants, with 75 million square feet of versatile production capability, and auctioning off their machine-tools around the "globalized" world economy, or scrapping them. Scores of mid-sized and smaller auto-parts suppliers, and hundreds of smaller machine shops, have been hit by shrinkage as a result.

The claim often advanced in Congress and elsewhere, that the U.S. auto industry is not shrinking, but merely *changing* as foreign makers and their supply contracts replace the "Big Three," would be foolish even if true; but it is patently false. The U.S. auto industrial sector employed 1,330,000 workers in July 2000, and 1,056,000 in October 2006, according to the Bureau of Labor Statistics—a 21% shrinkage. It has shrunk by 12% in the past 15 months alone; and that reflects only a part of the ongoing "buyout" disaster by which Ford, GM, and Delphi Corp. alone have been flushing more than 90,000 production workers out of the industry in little more than a year's time. Two-thirds of the shrinkage is among workforces of smaller and mid-sized suppliers of auto parts, systems, tools development, and research.

The auto industry's production is now rapidly shrinking, and moving to Mexico. The North American industry, including all domestic and "imported" makers, is at its lowest production since 1996. U.S. production will drop by 6.2% this



EIRNS/Stuart Lewis

*Economist and Democrat Lyndon LaRouche proposed the idea of retooling unutilized auto capacity for infrastructure-building, nearly two years ago. He discussed the example of a national high-speed rail network, at this Sept. 16, 2005 webcast.*

year, to the lowest level since 1993 (when there were 35 million fewer Americans); Canadian production will drop by 4.7%, and will be 16% below the level of 1999; but Mexican production will *rise* by 19.6% for the year.

The first bankruptcy among the "Big Three," warned of by LaRouche 18 months ago, is now looming close. Ford's mortgage-the-business \$18 billion borrowing, announced Nov. 28, is clearly a pre-bankruptcy step, and may hasten a death spiral of the company. Some \$17 billion of Ford's borrowing—hocking all its productive facilities and offices, stock in Volvo and Ford Credit, and intellectual property to borrow the money—will be spent on the buy-outs (\$7 billion) and plant closings (\$10 billion) to shrink the company through 2008 (in its current timetable). Ford is putting its plants in hock to borrow the costs of closing some of them down! This \$17 billion will consume nearly half of the total cash hoard of \$38 billion Ford said it expected to have by the end of this year, and consume \$10 billion of it by September 2007. The company fully expects to lose \$10-11 billion again in 2007, and has just announced its third round of production cuts this quarter.

Thus the entire industrial capacity of Ford, with all its machine-tool capabilities, which Congress could be using to build a new economic infrastructure, instead is taking a giant step toward scrap.

North American auto sales are falling by 4-5% a year; the industry cannot survive by stimulating more sales. The biggest sales drops in 2006 are taking place in the states hit hardest by the housing bubble collapse: California (auto sales down 16% for the year through October), Florida, Arizona, Colorado, and so on.

The Economic Recovery Act of 2006 gives the auto sector a new mission for its now-50% or more unutilized capacity:

producing the “bill of materials” for the public works projects to build a new national infrastructure, typified by the need for a nationwide grid of high-speed, electrified rail for both passenger travel and freight. The Act is modelled on the 1940 Defense Plants Corporation within FDR’s Reconstruction Finance Corporation (RFC); but the “retooling” by Congressional action of auto and machine tool capacity, is now not for war production, but for the factory-built elements of new transport, power and transmission, water, navigation, public health, and other infrastructure.

Let this machine-tool capability—the core of advances in the productive economy—disappear, LaRouche has warned, and the United States becomes a Third World nation industrially. The engine of productivity and potential recovery from an economic crash is being lost.

### **Recovery, vs. Free-Trade Chaos**

Dangerously, some economists have welcomed the sinking dollar and called for more, including those based in Washington at the influential International Institute for Economics (IIE), and the right-wing free-traders at the American Enterprise Institute (AEI). The IIE’s leading economists call for a full 20% additional drop of the dollar against, at least, all Asian currencies; they peer ahead after “a lag of two years” and claim to see U.S. exports then start to rise substantially. In reality, neither the exporting industries nor the economists would survive two years of the chaos that will follow such a plunge of the dollar; it would not be stoppable after a 20%

fall, and the dollar-based international financial and trading system would not survive it. And U.S. balance of trade deficits have consistently worsened during the period of the dollar’s gradual decline since 2001.

The free-trade “solution” is discredited in fact and in the judgement of most American citizens, as recent books by Democrats Sen. Byron Dorgan and Senator-elect Sherrod Brown have emphasized and documented.

The magic elixir of “free trade” and globalization has destroyed much of the physical economy of the United States. The antidote of fair trade, although a necessity, will not recover it. A revival of the economy’s technological level and productivity, through a new national infrastructure, is required; the issuance of Federal credits to this purpose will be on a scale of hundreds of billions annually. The infrastructure deficit is, very conservatively, measured in the trillions of such new investment.

But above all, the banking system, loaded with trillions in bad assets that are getting worse, needs bankruptcy reorganization on the principles FDR used in March 1933. The Economic Recovery Act creates an infrastructure corporation to receive new low-interest, special-purpose bonds from the Treasury. Thus it turns the Federal Reserve from its current preoccupation—hyperinflation of M3 money supply by short-term loans to this bankrupt banking system—to the purchase, instead, of large volumes of the Treasury’s new long-term infrastructure credits. This is a step toward that needed bankruptcy reorganization.

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# **Economic Recovery Act of 2006**

*This draft was prepared by LaRouche PAC, for submission to Congress.*

## **1. TITLE: THE ECONOMIC RECOVERY ACT OF 2006**

## **2. FINDINGS:**

### **CONGRESS FINDS THE FOLLOWING:**

A. Under the impact of “globalization,” there is a massive and ongoing loss in the machine-tool capabilities of the U.S. economy. This danger is centered in the accelerating “outsourcing” and shut-downs of plants in America’s most important and versatile machine-tool industry, the auto industry. Eighty million square feet of auto capacity being are closed and machinery auctioned off over 2006-08, more capacity lost than in the last 30 years combined. Sixty million square feet of

aerospace/defense capacity are closed and machinery auctioned off since 1990. U.S. consumption of machine tools is only 60% of the 1980 level; of that consumption, 60-70% are imported machine tools; much of this stock, in turn, is being destroyed or sold off overseas as plants are closed; machining vital to national security, including defense and aerospace production, has been and is being outsourced.

B. The machine-tool sector is the core of an industrial economy where scientific and technological ideas are turned into new economic reality. If the U.S. auto-manufacturing industry is destroyed, the U.S.A. becomes a virtual “Third World” nation overnight. The nation’s machine-tool design capability, most of which is tied up in the U.S. auto-manufacturing and

supply firms, is lost. The loss of the tool-making and closely related capabilities of that sector of industry would cause incalculable, chain-reaction consequences, within our nation, and also the world at large.

The loss of auto and auto-parts plants means an economic disaster, approaching ghost-town proportions, for entire towns, counties, and cities, even states of the union, which are already highly vulnerable.

The loss of employment of that machine-tool design segment of that part of the labor-force, means many times that number of skilled and unskilled employees out of jobs.

C. There were 250,000 net jobs lost in the automobile manufacturing/supply sector from 2000-05, leaving a total employment at end of 2005 of 1,090,000. During 2006, the shutdown/sell-off of 67 auto plants has been announced by major U.S. automakers and the biggest parts-supply companies alone, occurring and to occur in 2006-08, with the direct and indirect loss of another 250,000 net jobs occurring and to be expected in the auto sector.

D. Accepting the reduction in the number of automobiles produced by U.S. automakers, we must replace that work immediately with a switch to other categories of technologically very high-grade products which the auto industry's machine-tool capacity is uniquely qualified to design and produce. The alternative mission for this purpose is chiefly in the category of needed, new economic infrastructure.

E. The United States suffers a worsening crisis in its public infrastructure. This breakdown is clear: in the failure of water control, transportation infrastructure, and power infrastructure in the Gulf States during Hurricanes Katrina and Rita; in the long heat-blackouts of hundreds of thousands in major cities in Summer 2006 due to failure of obsolescent power distribution networks and inadequate power capacity; in the lack of refinery capacity and dependence on oil imports; in the spread of freshwater crises throughout the Western half of the country in the past decade.

The United States lacks railroad and mass transportation infrastructure, with shrinking air travel grids; its electric power infrastructure is falling behind under deregulation; it has lost fossil water and freshwater supplies for irrigation, and has inadequate drinking water supply in rural regions; its water control—especially upstream dams—and river navigation infrastructure are obsolescent; it has insufficient port and landside port-rail infrastructure; and insufficient hospital infrastructure for any serious public health crisis. This is given only a minimal estimate in the American Society of Civil Engineers' "infrastructure report



Howard R. Hollem/National Archives

*With Congressional creation of the Defense Plants Corporation in 1940 under FDR's Reconstruction Finance Corporation (RFC), auto plants produced the arsenal of democracy (here, B-24e Liberators at Willow Run). The ERA of 2006 retools them to produce the elements of transport, power, and other new infrastructure.*

card" which estimates the need for \$1.7 trillion in investments merely to repair and replace obsolescent and broken-down infrastructure.

1. Each \$1 billion of Federal funding invested in new, modern infrastructure creates approximately 50,000 jobs and \$6 billion in economic activity.
2. States, cities, transit authorities, airport authorities, and other entities have thousands of ready-to-go infrastructure projects, which will create long-term capital assets for the United States and which can help stimulate the nation's economy.

F. Action, by the U.S. Federal government and others, is urgently needed, to prevent an across-the-board collapse of not only the U.S. auto industry, but the counties, towns, cities, and states, and their people.

### 3. PURPOSES:

#### CONGRESS ADOPTS THE FOLLOWING PURPOSES

- A. To prevent the wholesale loss of the U.S. auto industrial sector, with its vital, large-scale, and versatile machine-tool capabilities and skilled workforce. Since it is rapidly being lost, Congress must act with speed and force.
- B. To reverse by Federal investments the neglect, decay, and deregulation of critical economic infrastructure of the United States; and to foster the building of projects of a new national infrastructure using 21st-Century

technologies of transport, power, navigation, water purification, and others.

- C. To preserve a national strategic machine-tool design and production capability and associated skilled workforce, from among auto industry plants otherwise being idled and discarded and their production outsourced by the automaking companies.
- D. To save skilled and industrial jobs, and to create new such jobs, by retooling these idle plants and capacity, to machine and produce the *bill of materials* for infrastructure projects in power, rail, transport, water management, and energy; to create many tens of thousands of semi-skilled and unskilled construction jobs indirectly, through the construction projects involved in the building of new infrastructure.
- E. Congress adopts for these purposes, the model of functioning of the Reconstruction Finance Corporation (RFC) and its amendment, the Defense Plant Corporation (DPC) Act of 1940, by which thousands of auto and other industrial plants were retooled for—at that time—defense production. Half of all auto industrial capacity was idle at the time of the creation of the Defense Plants Corporation in June 1940.

#### 4. TITLES:

**Title 1. Federal Infrastructure Plants Corporation.** A Federal public corporation is created, the Federal Infrastructure Plants Corporation, to assume control of, and operate—directly or by contract—the discarded and unused plant-and-equipment capacity of the automobile/auto supply sector; and other unused industrial facilities, military base, or shipyard facilities.

**Title 2. Infrastructure.** The Corporation shall fund and carry out, and may aid other public agencies or corporations and state or local government agencies in carrying out, projects of new, modern economic infrastructure including a) passenger and freight rail transportation, including regional and national high-speed rail corridors, magnetic-levitation trains on priority routes, and light-rail and mass transit systems; b) electric power production, including third- and fourth-generation nuclear power plants, and electric power distribution systems; c) freshwater purification and desalination infrastructure, d) modern water-control and water-management systems; e) ocean ports and inland navigation freight-transport systems; f) hospitals and public health infrastructure.

#### **Title 3. Powers.**

- A. The Corporation is authorized 1) to produce, acquire, and carry strategic machine tools and other industrial machinery needed to produce bill of materials for infrastructure projects; 2) to purchase and lease land,

to purchase, lease, build, and expand plants, and to purchase, and produce equipment, supplies, and machinery for the manufacture of bills of materials for new economic infrastructure; 3) to lease such plants to private corporations to engage in such manufacture; and 4) to engage in such manufacture itself.

- B. The Corporation may make loans to, or purchase the capital stock of any corporation for the purposes of Title 3A.
- C. The Corporation is further authorized to contract with state or local agencies wishing to use idled auto plants and machinery for infrastructure projects, subject to Title 3D; or to contract with firms wishing to lease auto plants and machinery for such contracts, subject to Title 3D; or to purchase auto product lines and auto-supply product lines where necessary to prevent loss of industrial employment to foreign producers.
- D. Contracting and Employment: The state, local agencies, or contractors are required 1) to maintain all plant facilities open and in repair, and at least maintain work levels, 2) to provide for preferential hiring of members of the pre-existing workforce who want to continue to work at the plant facilities, 3) to be subject to Davis-Bacon rules for Federal contracting, 4) to spend 90-95% of issued funds within two years of commencement of the project.

**Title 4. Engineering Survey of Plants and Facilities.** An engineering survey of these plants and other facilities shall be carried out by the U.S. Army Corps of Engineers (USACE) within six months of the enactment of this Act, to determine and plan for their potential employment in producing the bills of materials for modern infrastructure projects.

**Title 5. Board.** The Corporation's Board of Directors shall include the President; the Secretary of the Treasury; the Deputy Secretary of the Army for Civil Affairs; and the Secretaries of Transportation, Agriculture, Energy, Education, Labor, Housing and Urban Development, and Health and Human Services.

**Title 6. Funding of the Corporation.** The Corporation shall be provided a capital-budget stock by issuance of 2%-interest, long-term special-purpose bonds by the Treasury to the Corporation, for discounting at Federal Reserve banks. The corporation shall be under the authority of the Secretary of the Treasury.

- A. The authorization of issuance of credit from the Treasury, through issue of special-purpose bonds to this Corporation, is up to a limit of \$200 billion in each of Fiscal Years 2007 through Fiscal 2011; and \$300 billion in each of Fiscal Years 2012 through 2016.

# Key Questions on the Economic Recovery Act

## How large is the real deficit in economic infrastructure of the United States?

Very large, requiring hundreds of billions of dollars of public investments *annually* for an economic recovery based on raising the real productivity of our workforce and our population. The American Society of Civil Engineers' (ASCE) estimate of *\$1.7 trillion* in immediate infrastructure investments needed, is well known, but has not been acted upon. Clean water infrastructure is the largest need, at \$450 billion. The entire nation has only 100 miles of electrified railroad left; its power grid is falling below minimum reliable requirements; its community hospitals can't meet public health needs.

But this ASCE estimate, itself, is a *minimum*. It is not the real infrastructure deficit, because in many areas it calls, not for building a new national infrastructure, but for repairing the old. ASCE's estimated need for waterway and port navigation infrastructure—especially, lock-and-dam systems on the nation's rivers—is \$125 billion, and *does* involve a lot of new infrastructure projects, because these systems are so old and obsolete that hundreds of them need urgent replacement with modern technology. But for the nation's rail system, ASCE estimates \$60 billion in investments needed; this definitely does not involve building the new, high-speed, electrified railroad grid we need. That will require several hundred billion dollars in investments.

If our mission is to build a new national infrastructure to raise the technological level and productivity of our workforce, and the standards of our people, to 21st Century potentials, the infrastructure deficit is several times the ASCE's \$1.7 trillion figure.

## Where will Congress get the money for these large infrastructure investments?

The "government can't. . ." axioms of the era of unrestricted free trade and globalization, are discredited in the present collapse. Congress can think anew—of the proven methods of Federal credit issuance used for the Transcontinental Railroad and the industrial boom which followed the Civil War; for the great infrastructure projects of the FDR Presidency; and during the earlier era of Hamiltonian national banking, which first built up our new nation's infrastructure.

Congress can authorize the Treasury to issue long-term bonds at low interest directly to the Infrastructure Corporation. By discounting these bonds for capital at Federal Re-

serve banks, the Corporation causes the Federal Reserve to act in the manner of a National Bank, and the credits issued remain low-interest, and their value essentially at 100%. Congress can designate revenue sources to these bonds if it wishes.

But as FDR stressed when he introduced Lend-Lease at a press conference in December 1940, "Forget money. I want to get that dollar sign out of your minds." Even that credit issuance, for *purely military* production, for the British and Soviet war efforts, went to rebuild the industrial capacity, above all the productivity, of the American economy, FDR insisted. Most Lend-Lease credits (\$40 billion) were *never repaid in any form*. But the \$50 billion in credits issued through RFC were repaid in full.

## Are there revenue sources for the new Treasury bond issues of the Economic Recovery Act?

The Infrastructure Plants Corporation that the ERA creates will lease many industrial plants to contractors for infrastructure; and much of public infrastructure involves fees paid by its users. Thus, there are many income streams that Congress can dedicate, in amending this Act, to reserve funds that support the credits issued to the Corporation.

But the fundamental support of this bond-credit issuance is the increased productivity, and technological and scientific level given to the American workforce and the entire productive economy by this modern-infrastructure "driver." Studies ever since the 1960s Apollo Project have shown that such high-technology infrastructure investments generate about \$6 billion in direct and indirect income in the economy, for each \$1 billion spent on them by government. The steadily increasing future tax revenues generated by this infrastructural investment, give the Treasury the capacity to retire these bonds as a matter of policy—if they are issued as long-term, low-interest special-purpose bonds not subject to short-term market speculations. This is served by the financing method of the Economic Recovery Act.

## Will this Congressional action create new jobs?

If Congress authorizes issuing \$200 billion in credits immediately, this retooling and infrastructure-building mission can generate more than 5 million new skilled and semi-skilled jobs. Each \$1 billion in infrastructure investment can create more than 45,000 such jobs.

Hundreds of thousands of people have lost employment in the auto and auto-supply plants in just the last five years; and those plants—not only the ones now targeted for closure or sell-off by the manufacturers—are typically operating with a fraction of the workforce they once had.

But more: Regional, state, and local infrastructure rebuilding projects combine factory-built machinery and other elements of the new infrastructure, with large construction sites requiring semi-skilled and labor-intensive employment. For example, the replacement of the 19 obsolete locks and

dams on the Ohio River Mainstem system alone, would generate approximately 20,000 construction-site jobs for a several-year period. Or the necessary repair and rebuilding of large numbers of neglected, obsolete, at-risk dams among the nation's 10,000 "upstream" dams, alone could require the employment of 100,000 people, if done expeditiously.

### **What institutions will carry out the infrastructure projects?**

The U.S. Army Corps of Engineers (USACE) can serve as the lead engineering agency for these new infrastructure projects, in cooperation with Cabinet-level Departments of the Federal government such as Transportation, Agriculture, Energy, and Housing and Urban Development. Expansion of the Army Corps is needed as a key element of increasing the strength of the U.S. Armed Forces as a whole, and their capability for nation-building.

An institution like the 1930s Civilian Conservation Corps (CCC) could play an important role, in recruiting unemployed and underemployed workers, and young people, particularly from urban and poor rural areas, into these public works. Legislation which would do this, the Americorps Infrastructure Corps Act, was introduced in the 109th Congress.

### **What about the automobile manufacturers? Could this action by Congress save Ford from bankruptcy, for example?**

During the World War II mobilization, the auto manufacturers themselves, and other companies which bought or leased their plants, and the RFC's Defense Plants Corporation itself, all retooled and operated the auto plants for war production contracts. The same can be true in this mobilization to retool the closing and underutilized auto plants for the bill-of-materials of new infrastructure.

The major manufacturers will be able to rethink their offshoring, plant-closing policies, despite hedge-fund, equity-fund, and other shareholder demands, if they have the national vision to do so. As Lyndon LaRouche noted in 2005, after a statement by William Ford, III on the auto crisis, "The answer is to diversify the product line. The key to any sane approach is to accept the reduction in the number of automobiles produced by U.S. automakers, but to replace that work immediately with a switch to other categories of technologically very high-grade products which the auto industry's machine-tool capacity is uniquely qualified to design and produce."

### **What about other Democratic infrastructure proposals, like the current Kucinich-LaTourette bill, or the Rebuild America Act of 2003?**

These legislative initiatives were proposed as oases in the desert of almost complete neglect of our nation's economic infrastructure by Congress, over the past 15 years or so. But their proposed total investments, on the order of \$50 billion, are much too small to give the kick-start needed to recovery

for this collapsing physical economy. Immediately needed new investments in transmission systems alone for electric power—look at the mounting blackouts of recent years—are \$100 billion, says the Electric Power Research Institute (EPRI). And the nation's major electric power companies plan only a small fraction of that investment. Deregulation has contributed to a widespread neglect of these investments. This is a Federal mission requirement now.

The scope of just this one aspect of electric power investment alone, shows the magnitude of the jump-start needed to the U.S. industrial economy and its productivity. These other legislative proposals have compromised with the "no big spending" axioms of globalization and free trade.

### **Wouldn't returning to "fair trade" regulation be able to revive American industry?**

A return to the traditional fair trade policies characterizing the American System of economy, including even strong protection of domestic auto and other industrial production, is needed from the 110th Congress. It is an example of the reversal of globalized "free-trade" policy, needed to stop the collapse of industrial jobs devastating many states and regions.

But for the auto industry, fair trade measures cannot reverse the decline under way in auto sales and production in North America. And for the economy and the American workforce, it is not even desirable to do so.

For the economic recovery from this collapse, the machine-tool capabilities of the auto industrial sector have a unique role to play—not more auto production, but the design and tooling of the elements of a new, 21st Century economic infrastructure.

### **How does this compare with the "Infrastructure Commission" ideas coming from Felix Rohatyn?**

Rohatyn and his co-thinkers among bankers and some influential economic think-tanks, are proposing *privatization of existing infrastructure*, with almost no public investment in new infrastructure.

Rohatyn's proposed "National Infrastructure Commission" is a self-admitted scheme for putting a committee of bankers and their "experts" in position to approve or block all proposed infrastructure investments, including those by government.

This amounts to private looting of the public infrastructure the nation has already built, and an increase in its costs to the public. See the article following for details, and scandals.

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# Felix Rohatyn's PPP Swindles: The Mussolini Model for Infrastructure

by Marcia Merry Baker

In early November, the latest big-deal PPP (public-private partnership) in the United States was announced: Morgan Stanley won the bid for a 99-year lease, with full fee collection rights, on four Chicago municipal parking garages, in exchange for an up-front payment of \$563 million to the city. In Pennsylvania, home to the nation's first turnpike system, Gov. Ed Rendell (D) and others are floating the idea of gaining \$10-30 billion by granting a private concession to their public highways. New Jersey and Delaware have similar proposals. On Nov. 15, Indiana Gov. Mitch Daniels (R) was given an award by the National Council for Public Private Partnerships, for his leadership in selling off state assets, such as the \$3.85 billion sale of a 75-year private lease for the northern Indiana toll road, in June 2006.

These recent events headline the fact that a swarm of financial deal-makers are right now fanned out across the United States, making the pitch to local and state officials, and especially sub-agencies of all kinds (transportation, water, museums, parks, and social services facilities), that the only salvation for revenue-short governments, is to sell off public works to private interests. The momentum for this campaign, comes from the fact that the financial system is in an end-phase of speculative blowout. Powerful interests are in a search-and-grab mode for ready loot and political control.

Why would any lawmaker dare to fall for such an obvious flim-flam as the "PPP"? Apart from corruption and stupidity—Sen. George Allen (R-Va.) went so far as to create a Congressional PPP Caucus in 2005—most officeholders, like ordinary citizens, have not thought through how an economy works. They have not conceptualized that government has power to *create credit*, build infrastructure, foster economic activity, and *create a tax-revenue base* in the process.

Plus, most Boomer-age leaders are not even aware of the FDR precedents for how to handle a breakdown crisis. So they are vulnerable to the PPP pitch, that "private sourcing is the only way you can get the funds to have your infrastructure and keep your government functions going."

In direct opposition, the LaRouche Political Action Committee is circulating draft Federal legislation for an economic recovery. (See accompanying article; also available at [www.larouchepac.com](http://www.larouchepac.com).) As for succumbing to the inducement to sell public assets on the PPP flea market, Lyndon LaRouche

reminds officeholders: "These projects were built with public funds. They can not be privatized. And anyone who does it, is going to be accused of theft. . . ."

In reviewing the Midwest highway sell-offs this Summer, he added, "No one should pay tolls on privatized public highways. They shouldn't pay them. They should defy the tolls! This was paid for by the public. It's public property. You can not sell public property in this way. It is immoral. It is illegal. No one should pay a toll on a privatized public highway."

Several cases of such theft show up in the last 20 years of PPP episodes: especially, the 1990s "highway robbery" in Mexico; the current Cross City Tunnel scandal in Sydney, Australia; and the Dulles-Greenway toll road in Northern Virginia. Nonetheless, the United States itself is now a focus of financial predators, since it has been slower to go the PPP route than Europe, Australia, New Zealand, and certain other locations. As of Summer 2006, about half the 50 states have changed their laws, to permit private sell-offs of public assets. The rush is on.

## Rohatyn: Chief Thief

The chief thief is Felix Rohatyn, longtime Lazard, and now Lehman Brothers banker. He is personally culpable for deindustrialization and government-asset looting schemes, while at the same time, he presents himself as "Mr. Infrastructure." Heading up a sub-group of the Center for Strategic and International Studies, called the Commission on Public Infrastructure, founded in 2004, Rohatyn works a circuit of mayors and officials, proclaiming the glories of infrastructure, but stipulating that the only means governments have to finance projects must come from new, privatized arrangements—i.e., private investments and the *sine qua non*: private control.

Rohatyn wrote the book on PPPs—the infamous case of the Municipal Assistance Corporation in New York City. In 1975, Big MAC, as it was called, was authored by Rohatyn, on behalf of globalized private banking interests, and rammed through the City Council and Albany legislature over June to September, under threat of the City going bankrupt. The gist of the PPP was this: In the name of dealing with the City budget and revenue problems (caused by the national economic downshift to de-industrialization), Big MAC arranged





EIRNS/Dan Sturman

*Felix Rohatyn, now with Lehman Brothers, and formerly of Lazard investment bank, is leading the charge for the sell-off of public infrastructure to private interests. Highways are the most prominent target, but public works of all kinds are in line.*

new funding from bond sales, in exchange for the government agreeing to turn over all decisions on infrastructure and budget expenditures to a Big MAC private Financial Control Board. The Board immediately drastically downsized infrastructure of all kinds: hospitals, fire houses, water maintenance, etc., and remained in charge for years.

On March 27 of this year, Rohatyn announced a national Big MAC-style plan for U.S. infrastructure, at a National Press Club briefing for his Public Infrastructure Commission, which included his co-chairman, Warren Rudman.

On April 25-26, Rohatyn again promoted this at an "Infrastructure Crisis Conference" held in Washington, D.C., by the American Society of Civil Engineers. The *ASCE News* (May, Vol. 31, No. 5) wrote up his appearance with extreme understatement: "As chairman of the Municipal Assistance Corporation in the late 1970s, Rohatyn managed the negotiations that enabled New York City to weather a financial crisis. In his remarks he described a legislative proposal he has been developing that would create a national investment corporation for infrastructure. 'We can certainly finance it if we have the political will and it's properly constructed,' said Rohatyn, who is the president of Rohatyn Associates, LLC, of New York City. . . ."

In party politics terms, Rohatyn pushes his anti-nation plans on the Democratic side, and his Republican counterpart is George Shultz, former Secretary of State. For example, the two of them appeared together in 2004, at an Oct. 9 conference on, "The Privatization of National Security," held at Middlebury College, and sponsored by Shultz's Princeton Project on National Security. The two plugged the desirability of

privatizing government defense functions. Their common trait is that they are both against the very system of sovereign nation-states. They are the "Economic Hit Men" of the popular book of that title, by John Perkins (*Confessions of an Economic Hit Man*).

With the newly elected Congress, and similar shifts on the state level, the battle is now joined for how citizens and their representatives will act to reject the Rohatyn-Shultz menace, and instead act to preserve government sovereignty, by facing the economic-breakdown crisis head-on, and taking emergency measures to restore economic functioning and needed infrastructure growth.

This very issue showed up in the November Ohio gubernatorial race, for example. The hands-down winner, Ted Strickland (D), trounced incumbent Ken Blackwell (R)—not simply from voter revulsion at Bush-Cheney Republican Party local corruption—but expressly on the issue of Strickland opposing Blackwell's call for selling off the Ohio Turnpike. Blackwell spoke of gaining billions for the state budget. Strickland likened it to, "selling your birthright for a bowl of potage." There are others sounding the alarm.

We here summarize the scope of the PPP assault against nations, and give highlights of the opposition; plus provide a few of the most spectacular scandals. First however, look briefly at the nature of the threat and those behind it.

## Mussolini Model

In essence, the PPP recourse is the "Mussolini Model" for public works. The 1920s-30s "Il Duce" Benito Mussolini period was characterized by the most extreme privateering of bridges, ports, housing, and every kind of public works. Today's form is simply cloaked in such code phrases as, "PPPs," PPIs (Public Private Initiatives), or other jargon terms, put into use because "privatization" got such a bad name since the 1980s Margaret Thatcher period. The very latest lingo, is "P3s."

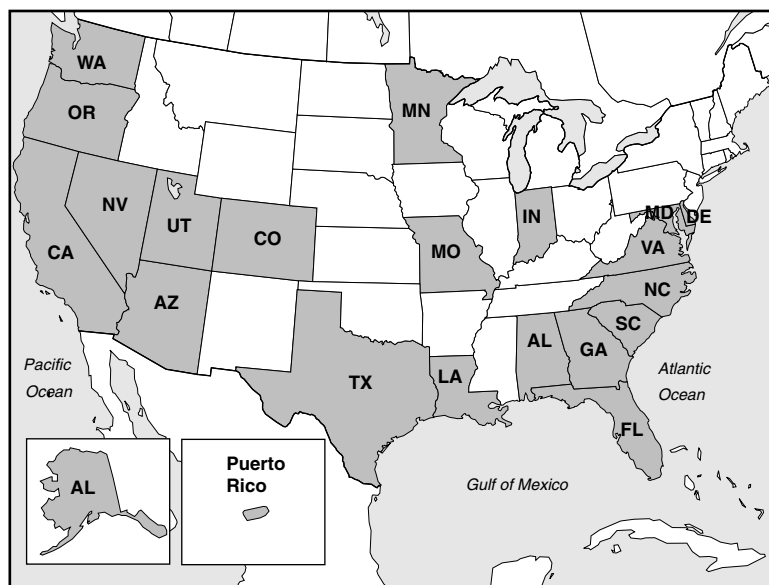
The major players in the buy-out schemes for government infrastructure internationally, are part of a small circle of banks, funds, and principal construction operations, including Morgan Stanley, Goldman Sachs, Lehman Bros., Lazard, and especially the leader of the pack, Macquarie Bank/Macquarie Infrastructure Group, based in Australia, but originating in London. Macquarie often partners with another big player, the Cintra Concesiones de Infraestructuras de Transporte S.A., of Spain. Macquarie/Cintra did this year's Indiana Toll Road PPP deal; also the 2005 Chicago Skyway; and Macquarie now has the Dulles Greenway in Northern Virginia, the third PPP owner in 11 years of the 15-mile private tollway.

In turn, the pedigree of this network goes back continuously, to some of the very same financial circles involved in the 1930s fascist "corporatist" economics in Europe behind Hitler and Mussolini, called at the time, "synarchist."

The asset-grab deals themselves, besides having different names, vary in particulars. But they are all thefts. The quickest

FIGURE 1

## States With 'Mussolini Laws' for Private Takeovers of Public Infrastructure, May 2006



Source: State law review on National Council of Public-Private Partnerships, ncppp.org.

rip-off is for the PPP outfit to gain the rights to fees and tolls from already-built infrastructure such as highways, bridges, water systems, and the like. These PPPs are politely praised as “mature” investment opportunities. Example: the sell-off of the Chicago Skyway to Macquarie/Cintra, finalized in January 2005, was for a 99-year lease, in exchange for \$1.82 billion. Goldman Sachs cadged \$9 million for advising on the deal.

The allure to governments—even ones that aren’t corrupt—is the prospect of ready cash for selling off “mature” public works. The Nov. 1 Chicago City Council vote was 37-to-8 to approve the Morgan Stanley parking garage buy-out deal. Alderman Ed Burke, chairman of the Finance Committee said, “We surely cannot hold up a transaction that will provide \$563 million.”

Then there are the PPP and PPI arrangements calling for joint funding of new projects, in which the privateer company puts up funds, and has control, but the government partner takes on debt for bond issuance, to fulfill its share of new funding. Example: The Trans-Texas Corridor Toll Road, announced by Gov. Rick Perry (R) in 2002. This June, the first contract was signed to construct a designated stretch of the highway, by a consortium that is 65% owned by Cintra, and 35% by a Texas firm, Zachry. The consortium gets a 50-year concession on the tolls for putting up \$1.3 billion to the first segment of the project.

The supposed allure of these deals, is that governments do not have to come up with the entire up-front funding for a

project. As for the fact that they won’t control the project, the government is supposed to regard this restriction as “freedom from risk” if anything goes wrong.

However, back in the real world, it’s clear that all the PPP-style projects—whether “mature,” new, or any other type—firstly, undercut government sovereignty. And secondly, when anything does go wrong, e.g., the revenue stream is low; the debt can’t be paid; the construction is faulty, the design needs to be changed, or some other clinker occurs; then the fallback is to dump the whole mess back onto the government anyway. There are notorious cases of governments being bilked repeatedly in PPP swindles.

### PPP Record: Highway Robbery

**Mexico.** In the 1990s, Mexico was subjected to the highway robbery treatment. *EIR*’s Mexico City correspondent Carlos Cota Meza reported in December 1997: “On Aug. 22, 1997, the government of Ernesto Zedillo announced that it was putting together a \$7.5 billion bailout fund, in order to re-nationalize 23 private highways and two bridges which were going belly-up. This is about half of the 43 private highways and nine

toll bridges built between 1987 and 1994, which, with great pomp and fanfare, the government had authorized and licensed as part of its sweeping privatization program.

“With its new bail-out move, the government bailed out not only the private construction and management companies involved, but also the national and international bond-holders on the money loaned to build these new toll roads—which is more significant. As the *New York Times* noted at the time: ‘The government is under direct pressure from banks which want their debts serviced and from companies which are losing money.’”

**Australia.** In Sydney Harbor, the new Cross City Tunnel has been “the most controversial infrastructure project in the world,” in the words of its own chief executive, Graham Mulligan, in September 2006. A PPP endeavor, the tunnel was built and operated privately, on a 40-year lease, to serve as a key link to the public roadway system. However, almost from the start, the high tolls have deterred motorists from using it. Then the high tolls were reinforced by government closures of alternative routes, designed to force motorists onto the tollway. In the ensuing scandal, these routes have been reopened. In response, the tunnel operator is demanding millions of dollars of government compensation for its lowered toll revenue. The dispute is now headed for the courts.

Next door, in the state of Victoria, where 16 PPP projects have been undertaken since 1999, a scandal erupted over a newly released national parliamentary report critical of PPPs, when it was revealed that 30 pages had been secretly deleted



www.dot.state.pa.us

*The Pennsylvania Turnpike is a 537-mile system, the longest in the nation, 100 miles longer than its nearest counterpart in Florida. In search of covering a \$1.7 billion shortfall in highway funding, Gov. Ed Rendell (D), State Rep. John Perzel (R), and others have raised the prospect of getting \$30 billion for selling a long-term Turnpike lease to Macquarie Infrastructure Fund, headquartered in Australia, but operating for an Anglo-Dutch financial network now engaged in sweeping privatizations.*

to make it less damning. The suppressed pages showed that the pattern in Victoria, is that the big PPP projects have been over-budget, completed late, and done without proper scrutiny. The deleted pages warned of the increasing state debt arising from PPPs. In particular, the Victoria government was paying dearly for transferring project risks to the private sector, when “experience has shown large components of this risk have reverted back to the Government” anyway.

### Today's PPP Push

Despite the scandals, there is a mad dash underway for PPP deals of all kinds.

In North America, highways and roadway links are in the forefront. There is talk of a new PPP cross-border link between Detroit and Windsor, Canada. On Nov. 19, Canadian Transport Minister Lawrence Cannon told a Toronto conference on public-private partnerships, “We are working closely with our partners to examine possible models for private sector involvement on both sides of the border” for a crossing over the Detroit River.

In Pennsylvania, following the Nov. 7 elections, Gov. Ed Rendell raised the possibility of selling a long-term lease to the 537-mile Pennsylvania Turnpike. First in line is the Macquarie Group. State Rep. Rick Geist (R) from Altoona, wants a PPP sale—for a 75-year lease—to be “House Bill 1” in January. The same discussion is proceeding in New Jersey, the second-oldest turnpike system in the nation.

In Delaware, the state faces a \$2.7 billion shortfall in its transportation funding. PPP proposals are popping up, for example to lease Interstate 95 to private operators. In November, the Delaware Secretary of Transportation, Ralph Reeb, was still resisting the notion: “It’s not clear to me that what they did in Chicago [the Skyway lease sale] would automatically work here.”

Internationally, there are major privatization drives. Water was the focus of a joint OECD and World Bank event on Nov. 30, titled “Global Forum on Sustainable Development,” at which developing-nation officials attended, alongside the leading synarchist privateer water companies Suez, Veolia, and Thames Water, in order to examine, as the OECD press notice said, “examples of countries such as Argentina, the Philippines, Russia, and China, where the number of public-private partnerships and projects in the water sector is increasing.”

In India, the Chamber of Commerce in Calcutta on Nov. 25 hosted Ian McCartney, British Minister for Trade, Investment and Foreign Affairs, who talked up the glories

of PPPs at a conference session titled, “Developing 21st Century Infrastructure.” McCartney said that the U.K. has led the world in the number of PPP projects; and that 70 nations are now seeking Britain’s advice on how to set up PPPs. The three main sectors for PPP ventures in Britain are transport, water, and environment and regeneration. In 2005, some 780 PPP projects worth 53 billion pounds sterling had been signed in the U.K., with another 26 billion pounds’ worth of projects in the pipeline. McCartney told reporters that there is a mood in West Bengal that is favorable to globalization, and that he saw auto components, agro-business, and ICT as ripe for pursuit.

### ‘Pawnbroker Mentality’

In opposition, many voices are sounding the alarm. On Nov. 20 in Mexico, when Andrés Manuel López Obrador gave a speech on being sworn in as the “legitimate” President of the nation, he announced that a new Truth Commission will be established, to document and expose how private global networks have robbed the nation, in privatizing raids on its banking sector and transportation systems.

In the United States, truckers’ associations have been the most outspoken. On Nov. 21, a representative of the Owner-Operator Independent Driver’s Association scored the PPP raids on highways. Appearing on the MSNBC-TV Show, “For Whom the Profit Tolls,” Rod Navsiger denounced the “pawnbroker mentality” that has gripped lawmakers who are falling for the PPP swindles. He pointed out that the consor-



*The Chicago Skyway. This 7.8-mile city-owned roadway, built in 1958 as a critical connector between southeast Chicago and area steel mills, was sold off—in the form of a 99-year lease—in January 2005, for \$1.82 billion, to Macquarie Infrastructure Group (based in Australia) and Cintra Concesiones de Infraestructuras de Transporte, S.A. (based in Spain), which operate on behalf of private Anglo-Dutch corporatist interests.*

tium which bought the Chicago Skyway in 2005, and this year the Northern Indiana Toll Road, is the team “Macquarie and Cintra—the Australians and the Spaniards—[who] are not a benevolent bunch.” Navsiger stressed that seeing to transportation is “inherently a government role.” The PPP privatizers are seeking “mature” infrastructure—pre-existing systems—to loot. The White House has been a “cheerleader” for theft. But there is “skepticism on Capitol Hill.” We can expect something decent from Rep. James Oberstar (D-Minn.), incoming head of the Transportation Committee.

In Canada, there is an outcry against the present wave of PPP public works schemes of all kinds. On Nov. 20, the Canadian Union of Public Employees issued a statement by their President Paul Moist, on a poll released that same day by the Canadian Council for Public-Private Partnerships (formed in 1993), claiming that nearly two-thirds of Canadians support private companies with government for public works and services. Moist said, “This poll leads Canadians down the garden path. It flags the infrastructure crisis and then promotes P3s as the ‘solution.’ . . . Canadians are being backed into a corner and told there’s no alternative to private sector financing and delivery. Canadians don’t want deals that are structured to prevent public scrutiny.

“It’s no surprise P3 pushers want to huddle behind the cloak of commercial confidentiality. When the facts do get out, P3s are revealed for the bad deals they are.”

The statement reports that, “In Ontario, health groups have gone to court to get basic financial information about a P3 hospital. In Vancouver, elected officials responsible for

the final decision on a \$2 billion rapid transit line were denied access to key documents underpinning the project.”

## **Globalization: ‘Awash in Money’**

Overriding all of this evidence, Rohatyn’s debater points are still repeated everywhere, though PPPs are clearly just a version of the old thug line, an “offer you can’t refuse”: 1) No other funding except private money is available to governments now, period; 2) Private control of infrastructure is beneficial, no matter what you may hear.

This was stressed, for example, at a big economics confab, “Back to the Economy: Confronting America’s Growth Challenges,” held in Washington, D.C. a week before the Nov. 7 elections, by the New America Foundation. Two reports were released on how to further growth, and a marathon list of 22 speakers addressed some 250 participants. The best part of the reports was

a recap of the American Society of Civil Engineers list of categories of U.S. infrastructure that need massive construction—locks and dams, bridges, schools, water and sewage treatment, and so on. Unfortunately, the reports’ proposals themselves devolved into the currently popular mish-mash of advocating ethanol projects and broadband availability.

However, on funding proposals, the straight Rohatyn line came out loud and clear. *EIR* asked the author of one of the reports—on “A Heartland Development Strategy”—why not use FDR-type Federal funding for large-scale infrastructure in the farmbelt? The reply from Sherle R. Schwenninger, Director of the Bernard L. Schwartz Fellows Program of the New America Foundation, was that there are new “financing packages” developed by Felix Rohatyn, that are a better way to take care of funding.

Bernard Schwartz, on the same panel, jumped in to underscore this. Former chairman and CEO of Loral Space & Communications, Ltd., he demurred that he is just a “mere businessman,” but one thing he knows for certain, Schwartz said, is that the world is “awash in money.” Because of the wonders of globalization, there is no problem with funding, as long as the right packaging is accepted.

Schwartz did the very same thing at the March Public Infrastructure Commission press conference by Felix Rohatyn, when *EIR* raised the question of FDR-style funding. Rohatyn replied that FDR methods are outmoded. Schwartz, again on the same panel, jumped in to stress that “new” methods for funding will take care of finance needs.

## British Push Puppet Cheney To Trigger Global Chaos

by Jeffrey Steinberg

Within hours of Air Force II returning to Washington from Saudi Arabia, *Executive Intelligence Review* issued a memorandum, "Behind Cheney's Trip to Riyadh." The document revealed that the Bush Administration has launched a new berserker "diplomatic" initiative, which, if successful, would likely trigger a new Hundred Years' War, starting in Southwest Asia, but soon engulfing much of the planet in chaos.

The Cheney scheme to promote a so-called "Sunni alliance" to counter Iran's growing Shi'ite dominance over the Persian Gulf and Eastern Mediterranean region, is the latest handiwork of a crew of outright British agents, who have employed the thuggish Vice President and his deadly wife, to wreck the United States from within, as a step towards undoing the entire nation-state system.

On the surface, the argument could credibly be made that the immediate target of the Cheney trip to Riyadh—the latest victim of a Cheney preemptive strike—was his long-time political rival *cum* arch-enemy, James Baker III. Cheney's push for a Sunni military alliance with Washington and Tel Aviv against Iran was, after all, kicked off literally moments before the Baker-Hamilton Iraq Study Group held its final meetings, before presenting its findings to the White House and the outgoing Congress on Dec. 6. Those findings were widely reported to include the call for a regional peace conference and the beginning of direct diplomatic talks among the United States, Iran, and Syria.

But the reality is different. By the time the Baker-Hamilton study group was seated around the conference table at the U.S. Institute for Peace in Washington, the "Ultimate Decider," President Bush, had already "decided." He shot off his mouth at the NATO summit in Riga, Latvia, declaring that the United States will not consider withdrawal from Iraq until "victory" has been achieved, and will not talk with Iran or Syria.

Moreover, State Department official Nicholas Burns had told reporters travelling with the President that the goal of the NATO summit in Riga, apart from the push for increased NATO troop deployments in Afghanistan, would be to forge closer security ties between NATO and the leading American allies in the Pacific Far East, and in the Persian Gulf and Eastern Mediterranean. In the case of the Persian Gulf, Burns singled out the Gulf Cooperation Council, the alliance of Sunni oil sheikhdoms, as the best vehicle for NATO extension. Qatar and Kuwait, two GCC members, have already been engaged in quiet talks with NATO, on increasing defense cooperation, according to one well-placed Arab source.

And on Nov. 29, Nawaf Obaid, an advisor to the Saudi government, penned a *Washington Post* op-ed, threatening that Saudi Arabia would intervene to arm the Sunni population in Iraq, were the United States to withdraw its troops. "To be sure," Obaid warned, "Saudi engagement in Iraq carries great risks—it could spark a regional war. So be it: The consequences of inaction are far worse."

### Fomenting Chaos

In point of fact, there never was a Bush Administration "policy review" on the Middle East. Senior Washington sources have reported that the United States is doing exactly what Jordan's King Abdallah II warned against on Nov. 26, in an appearance on CBS-TV: fomenting three civil wars in the region—in Lebanon, in the Palestinian territories, and in Iraq.

- In Lebanon, the U.S., in conjunction with Saudi Arabia, is covertly arming the Sunni Muslims, in preparation for a showdown with Hezbollah, the Shi'ite political movement whose militia defeated Israel's military invasion in the July 2006 Lebanese War.

According to one eyewitness account, truckloads of arms

are being distributed in Beirut after midnight every night. What's more, al-Qaeda elements, operating in northern Lebanon, are reportedly conduiting arms to the Lebanese Sunni—with the see-no-evil approval of Washington and Riyadh. Current events inside Lebanon are reminiscent of Henry Kissinger's mid-1970s orchestration of the first Lebanese Civil War, which began with a string of targeted assassinations, and was stoked by a massive clandestine infusion of weapons to all sides.

- In the Palestinian territories, the United States, in league with Jordan, is covertly arming and training Fatah militia factions, with the aim of orchestrating a showdown with Hamas. Furthermore, every effort at establishing a Palestinian national unity government, with Hamas and Fatah, has been shot down by the Bush Administration, giving Israel the green light to continue to withhold tax payments to the Palestinian Authority, thus creating a cauldron of poverty and rage. On Dec. 1, Palestinian Authority President Mahmoud Abbas announced that the unity talks had totally broken down, and that he could call early elections.

- In Iraq, the Bush Administration is fueling the downward spiral into full-scale civil war and ethnic cleansing—including an effort to induce Shia versus Shia fighting. Just hours before the scheduled meeting of President Bush with Iraq's Prime Minister Nouri al-Maliki in Amman, Jordan, on Nov. 29, the White House disclosed a classified memorandum by National Security Advisor Stephen Hadley, questioning the Iraqi Prime Minister's ability to deliver. The memo—which was “leaked” to the *New York Times* by a “senior administration official” who also briefed the author of the *Times* story, Michael Gordon—stated, in part: “His intentions seem good when he talks with Americans, and sensitive reporting suggests he is trying to stand up to the Shia hierarchy and force positive change. But the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action.”

The White House leak guaranteed that the Bush-Maliki meeting would be a fiasco. Reportedly, the President pressed the Iraqi Prime Minister to crack down on Shi'ite leader Muqtadr al-Sadr and his Mahdi Army, a preposterous demand, given that Sadr had delivered the decisive votes to get Maliki the Prime Ministership in the first place, and his militia is larger, more disciplined, and better armed than the official Iraqi Army. To further fuel Shia versus Shia communal violence, President Bush announced on Dec. 2 that he would be hosting Sayyed Abdul Aziz al-Hakim, the president of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), at the White House. There, he will reportedly press Hakim to turn his Badr Brigade against the Mahdi Army. Sheer madness!

### **Bernard Lewis's 'Wet Dream'**

While the hands and feet of this “three civil war” fiasco may be American, the authorship of the Armageddon drive is

distinctly British. It is no secret that Vice President Cheney operates under the influence of three notorious British agents: Dr. Bernard Lewis, Dr. Henry Kissinger, and George Shultz. For Lewis, the British Arab Bureau Zionist spook who originated the “Clash of Civilization” lunacy in 1990, a Sunni versus Shi'ite conflict in the Persian Gulf and Eastern Mediterranean region, would be the ultimate British imperial “wet dream.” Lewis has been Cheney's key “advisor” on Arab and Islamic affairs, frequently participating in private dinner seminars at the Vice Presidential Residence at the Naval Observatory.

*Washington Post* author Bob Woodward wrote in his latest book, *Denial*, that Cheney admitted to him that Henry Kissinger, the author of the Malthusian National Security Study Memorandum 200 (NSSM-200), has been his most frequent outside advisor on national security and foreign policy affairs—particularly Iraq. In May 1982, Kissinger boasted, at a public event at Chatham House, the London headquarters of the Royal Institute for International Affairs (RIIA), that he took his cue, as Nixon and Ford's National Security Advisor and Secretary of State, “from the British Foreign Office,” often working directly off Foreign Office draft documents. In the same speech, Kissinger waxed eloquent on the imperial virtues of Winston Churchill, while denouncing the “moralizing” of Franklin Roosevelt.

And while ground zero for the planned chaos is the Persian Gulf and Eastern Mediterranean, the primary target is not the oil patch: It is the United States. The Anglo-Dutch Liberal imperialist faction, the Venetian-modelled structure behind the antics of Lewis, Kissinger, and Shultz, is dedicated to a world empire, built on the rotting corpse of the nation-state system. To achieve that goal, the United States, itself, must be destroyed—internally through economic and social disintegration, and globally, through a string of horrific policy fiascos. That is what is behind the latest insanity from Bush and Cheney. They are the dupes in a high-stakes British game to destroy the United States once and for all.

For these oligarchs, the prospect of a United States surviving the Bush-Cheney Presidency, with its constitutional institutions intact, is unacceptable. They fear a revival of the American System, and understand that the resounding electoral defeat of Bush and Cheney on Nov. 7, was a mandate for impeachment, and a demand for fundamental changes in economic and national security policy.

Furthermore, they know that their vision of a one-world empire, led by an Anglo-Dutch-centered financier oligarchy, is unattainable, without a massive reduction in world population. They therefore welcome a new Hundred Years' War. They relish the prospect of global chaos, asymmetric warfare, and waves of disease and famine.

They do not seek an American giant, flexing its muscle while tugging on a British leash. They want the United States Constitutional ship to sink in the depths of the ocean. Why else would anyone have engineered George W. Bush and Dick Cheney into the White House?

# Behind the Cheney Trip to Riyadh

by Jeffrey Steinberg

*This memorandum was released on Nov. 27.*

A well-placed and highly reliable source has provided the following account of Vice President Dick Cheney's Nov. 25, 2006 visit to Saudi Arabia. The report coincides with other evidence of a scheme to induce the United States to self-destruct. While the source may have missed some elements of the picture emerging from the Cheney visit, the essential details appear to be accurate. As will be clear when you read below, all sane forces inside the United States and elsewhere must react to these latest Cheney actions in the most effective preemptive fashion.

The source reported:

1. The essential message delivered to Saudi Arabia's King Abdullah by Vice President Cheney was that there is no basis for dialogue with Iran. The U.S. position in the region has been weakened, and therefore a new security architecture must be established, particularly in the Persian Gulf, to contain and counter Iran's growing influence. Already, NATO has been in dialogue with Qatar and Kuwait, in pursuit of upgraded cooperation. Cheney proposed to establish a new regional balance of power, through a Sunni Arab alliance with Israel, to confront the Iranian threat. Cheney argued that to negotiate with Iran at this time would be tantamount to surrender. A new military organization will be built, involving the Gulf Cooperation Council states, Egypt and Jordan. NATO and the United States will be closely involved, and Israel will be a de facto participant. These moves led by Cheney obviously aim to preempt adoption by the Bush Administration of any recommendations from the Baker-Hamilton Iraq Study Group, to initiate diplomatic talks with Iran.

2. Cheney took the lead in proposing this new security architecture. There is, at this point, a consensus inside the Bush Administration to pursue this policy. When President Bush arrives later this week in Amman, Jordan, to meet with Iraq's Prime Minister al-Maliki, he may also hold secret talks with several senior Syrian officials. In that meeting, President Bush will bluntly offer Syria the opportunity to break its ties to Iran and join in the emerging Sunni Arab bloc.

3. The approach to Syria coincides with a major effort, within Lebanon, to force Michel Aoun to break his alliance with Hezbollah, in the wake of the assassination of Industry Minister Pierre Gemayel. Over the weekend, there was a meeting of leading Maronites, sponsored by Patriarch Sfair,



White House/David Bohrer

*Vice President Dick Cheney tries to sell the Brooklyn Bridge to King Abdullah in Riyadh on Nov. 25.*

aimed at tightening the pressure on Aoun to break with Hezbollah, and join a Sunni Arab, Christian, Druze coalition to counter Hezbollah's power. Were the Syrians to accept the Bush offer (highly unlikely), they would be expected to pressure Hezbollah to disarm, as a condition for negotiations to get the Golan Heights back from Israel.

4. Condi Rice's planned meeting with Mahmoud Abbas and Ehud Olmert is aimed at kick-starting the Israeli-Palestinian talks. But the key to the Israeli policy will be to complete the construction of the separation wall, and to build similar walls of separation along the border with Lebanon. The argument is that both Hamas and Hezbollah represent extensions of Iran's influence into the areas bordering on Israel, and they must be contained. The "peace" offer being put on the table will center on these walls of separation.

5. Iran is already aware of these Cheney-led initiatives. While Arab governments will assume that Iran will react and respond to the attempt to create this Sunni Arab-U.S.-Israel security architecture to confront Iran by playing for sectarian conflict in Iraq, Lebanon, and elsewhere, sources caution that Iran is taking a more sophisticated view. Recurring statements by President Ahmadinejad are calculated to instigate an Israeli attack on Iran's purported nuclear weapons sites. Iran anticipates some kind of attack on these sites—either by the United States or Israel. Iran would prefer an Israeli attack for several reasons. First, the U.S. has far more significant military capabilities to strike Iran than Israel does. Second, any Israeli attack on a Muslim country would trigger a revolt on the Arab streets. Iran carefully studied the response of the population throughout the Persian Gulf and Arab world to the Israeli attacks on Lebanon this Summer. They anticipate massive Arab support, across the sectarian Shi'ite-Sunni divide, for Iran, in the event of an Israeli strike.

## Can U.S.-Russian Relations Improve?

by Rachel Douglas

Russian media and expert commentary on the U.S. midterm elections outcome was generally dour, being laced with skepticism about how Democrats like incoming House International Affairs Chairman Tom Lantos (Calif.) will act toward Russia, and bitterness about the country's experience with the United States, NATO, and international financial institutions during the 1990s. An important exception appeared in *Expert* magazine of Nov. 20, under the headline "From Empire, to Global Condominium." Especially against the backdrop of concern over what the Bush Administration may do next in the Middle East, not to mention the anti-Russian rant of Republican Sen. Richard Lugar (Ind.) at the late November NATO summit in Riga, Latvia, the article by regular columnist Pavel Bykov revealed a different quality of discussion of potential U.S.-Russian relations, one which could become more significant in the period ahead.

Bykov wrote about the "Political Atlas of Our Time," a new rating of nations according to various criteria, designed by a team at the Moscow State Institute for International Relations (MGIMO, the "university for the Foreign Ministry") as a counter to the endless "democracy rankings," "transparency ratings," etc., generated by think-tanks around the world. Andrei Melvil of MGIMO presented the study in this same issue of *Expert*. "The Political Atlas of Our Time shows that there are only two countries whose chief concern is their world political influence," began Bykov. "They are the U.S.A. and Russia. Amid growing worldwide dangers, it would be logical for them to think about strategic partnership."

This point about the self-conception of leading circles in the United States and Russia has featured in Lyndon LaRouche's discussions with Russian academic and political circles for over a decade, and is especially well known from his 2001 essay, "The Vernadsky Strategy." Published in Russian in *Zavtra* newspaper at the time, and widely circulated on the Internet thereafter, LaRouche's essay says at the outset, that "there are only three present cases of national cultures which are capable of conceptualizing the initiation of global solutions for such current global problems as the presently accelerating collapse of the world's present financial system. Once again, these are the U.S.A., Russia, and the British monarchy."

Bykov proposed to think about a "real G-8," which would be the present Group of 8 industrialized countries, minus Canada and Italy, plus China and India. Of its members, he noted that Germany and France are functioning within Europe, and have surrendered elements of their sovereignty. Even China, he went on, is more of a regional power, than a global one. "Historically," Bykov wrote, "Russia and America are the ones that have emphasized sovereignty, and the possibility of playing an active role in international affairs—and this is something that unites them. They are also united by the fact that neither Russia, nor the U.S.A. will survive in its current form, without playing an active role on the international scene and facing up effectively to global challenges. . . . The world requires a new quality of relations between Russia and America."

### Signs of Change

Bykov chose to illustrate the potential for such a "new quality of relations," with comments made by Sen. Hillary Clinton (D-N.Y.), during her Oct. 31 foreign policy address to the New York Council on Foreign Relations. As Bykov presented it, "She called on China, Russia, and India to take part in creating new rules of the game, and to assume greater responsibility for ensuring global stability, rather than dumping everything on the U.S.A."

The remarks on which this precis is based were not in Senator Clinton's opening speech, but came at the end of a lengthy discussion, in reply to a question about the United Nations. She said that the UN cannot be effective, "if we don't have a better atmosphere in which to deal, particularly with China and Russia, on some of these intractable problems." Having criticized Russia and China on a number of issues, she said, "I think we need to try to create a new level of responsible leadership among nations that are now assuming greater roles in the world, like China, like Russia, like India. They need to be part of us creating a new set of rules to guide us by, and we're not there yet." An FNS transcript, showing the comments in their context, is posted at [www.cfr.org](http://www.cfr.org). This aspect of Senator Clinton's CFR appearance was picked up by a number of Russian news agencies, being seen as a signal of coming possible changes in policy.

Bykov also cited a *Los Angeles Times* article by Anatole Lieven, suggesting to let China oversee regional regulation of problems on the Korean Peninsula, and Thomas Friedman's recent *New York Times* call for effective "collectivism," involving China and Russia in dealing with Iran and North Korea. While noting that all of these commentaries were critical of Russia, Bykov made his point: "America has ripened to the point of reconsidering its 'imperial' status."

It is noteworthy that the same issue of *Expert* also featured the latest essay by Kremlin official Vladislav Surkov, in his current campaign to clarify the doctrine of "sovereign democracy."





## Peace in the Middle East Needs a Third Party

*On Nov. 16, Spanish Prime Minister José Luis Rodríguez Zapatero announced a new Middle East peace initiative. The plan was subsequently endorsed by French President Jacques Chirac and Italian Prime Minister Romano Prodi, and will be presented at the summit conference of the European Union in December.*

*The plan calls for an immediate cease-fire; formation of a national unity government by the Palestinians; an exchange of prisoners, including the Israeli soldiers captured in the war in Lebanon; talks between Israel's Prime Minister and the Palestinian President; and an international mission in Gaza to monitor a cease-fire. Zapatero also urged that a major international conference on Middle East peace should be held.*

*In many respects the Zapatero initiative reflects work being done at the Toledo International Center for Peace, based in Toledo, Spain. Among its directing staff can be found Shlomo Ben-Ami, former Foreign Minister of Israel, who is currently the Center's vice president. Another vice president is Nabil Shaath, former Foreign Minister of the Palestinian National Authority and former peace negotiator. One of the trustees is Miguel Moratinos, current Foreign Minister of Spain. Moratinos had been the European Union's chief envoy for the Middle East and is currently deeply involved in efforts to promote peace, not only between Israel and the Arab states, particularly the Palestinians, but also in the dispute with Iran over their nuclear program. The Center has been the venue for various forums which have brought together Israeli and Palestinian intellectuals and policymakers.*

*On Nov. 24, EIR's Dean Andromidas interviewed Mr. Ben-Ami on the Spanish initiative, and more broadly on the prospects for a Middle East peace. Former chairman of the School of History at Tel Aviv University, Ben-Ami later served as Israel's Ambassador to Spain. Elected to the Knesset in 1996 as a member of the Labor Party, he served as Public Security Minister in 1999, and then Foreign Minister under Ehud Barak. Ben-Ami was the main Israeli negotiator at the Camp David Summit in 2000, and headed the Israeli negotiation team at the Israeli-Palestinian talks at Taba in January 2001, immediately after the inauguration of President George W. Bush.*

**EIR:** On Nov. 16, Spanish Prime Minister José Luis

Rodríguez Zapatero presented a five-point peace initiative which he will present before the European Union's summit meeting in December. Could you comment on the prospects of such a peace plan?

**Ben-Ami:** Well, the idea of having a third party engaged in this negotiation between Israel and the Palestinians should be most welcome in my view, because I have come to the conclusion, for quite some time now, that there is no chance whatsoever for a bilateral, freely negotiated agreement between Israel and the Palestinians. I don't believe there is any solution to any of the problems in the Middle East that is bilateral. Not only Israel-Palestine, but take Iraq, or what have you. Whatever conflict in the Middle East you might like to tackle, it can't be done bilaterally. So this is most welcome.

The problem is that this initiative was born with some very fundamental flaws, and these are essentially the following: First, I do not believe that Europe alone can play the role of peacemaker in the Middle East, and things need to be coordinated in advance with America. I believe that the future of a peace deal between Israel and the Arabs lies in America and Europe being able to develop a common strategy in the region, or as common as possible a strategy in the Middle East. So this is one flaw.

And the second is the question of deploying international forces in Gaza. I don't see that this is feasible, and again, I should insist that I am very friendly to the idea of having international forces separating Israelis and Palestinians, but there is no chance whatsoever for this to happen without there being a clear framework of peace on the ground. Without a framework of peace, it would be sending them into an anarchic situation, and I don't see that any nation in the world will send its soldiers to Gaza if it is not done within the framework of an agreed peace map, as it were.

If you compare the Gaza situation with the one in Lebanon, you will get an idea of what I mean. United Nations Security Council Resolution 1701 accomplished the deployment of the international forces because Israel, the government of Lebanon, and indeed, Hezbollah, for their own reasons, accepted it. Furthermore, you have both an international framework that allows it, and a local framework that makes it possible. Otherwise nobody would have sent their soldiers to that place.

So these are two very fundamental flaws I see in this



*Ben-Ami charged that the Bush Administration has “abandoned altogether the culture of conflict resolution in favor of head-on military policies,” leading to “six wasted years in the Middle East.” Shown here is former Prime Minister Rabin and PLO Chairman Arafat, with President Clinton in 1993. Ben-Ami was the main Israeli negotiator at the Camp David Summit in 2000.*

initiative. Otherwise, I am for an international force, I am for an international conference. I don’t believe any kind of peace can be managed or negotiated without this kind of framework. But they should have fine-tuned the initiative.

**EIR:** We now have the very real problem of the Bush Administration. Their approach is far different than that of the Clinton Administration, to say the least. The government of Prime Minister Ehud Olmert seems to be taking its cue from the Bush Administration. Nonetheless, the recent U.S. midterm elections promise that there could be a change in policy. What do you see as the prospects for that?

**Ben-Ami:** You are absolutely right when you mention the divorce of the Bush Administration from Clinton’s legacy. They have abandoned altogether the culture of conflict resolution, in favor of head-on military policies. And this has been, in my view, six wasted years in the Middle East. And now everybody is “waiting for Godot”—they are waiting for the Baker-Hamilton report. I hope that the report will change the course of American policy in the region in a way that could also make a difference in terms of the Israeli-Arab dispute.

My sense is that the Baker-Hamilton report will not propose more military operations or a renewed military effort; otherwise, who needs them? If it is for that, the Pentagon can do very well without them. So I guess that what they will

be doing is proposing some sort of political outlet. And if indeed they do so, and they engage the Iranians, even selectively, on issues of common interest, and they understand that Syria is a major spoiler, and that the only way to neutralize it, is by engaging it both on the question of Iraq and on the question of the Golan Heights, then a new more promising horizon might open for the peoples of the region.

Syria will not accept being engaged only on matters of interest to America; otherwise, they wouldn’t have been the spoilers they are. I mean, they have an interest in a deal with Israel and in seeing the end of the American boycott. These are things they should be asked to pay for by stopping the assistance to the insurgents in Iraq, by disengaging from Hezbollah and from the radical Palestinian groups with their headquarters in Damascus, and by not meddling in Lebanon’s affairs. I therefore think that a change of course, if it takes place, will be most beneficial for the Arab-Israeli dispute;

because neither Mr. Olmert’s so far unconvincing leadership, nor the chaotic political set-up in the Palestinian territories, are conducive in any way to the resolution of the conflict. So far, we have seen leaders that do not have initiative, who don’t give a sense of direction and hope to their peoples. This is most disheartening and unfortunate.

**EIR:** We think that an impeachment process has to be initiated in the United States, because as long as Vice President Dick Cheney is there, we will continue to have problems. Cheney would like to see a U.S. military strike against Iran, or even sponsor an Israeli strike. Do you have anything to say on that?

**Ben-Ami:** Well, I think that this war of rhetoric between Israel and Iran, in a way, is a veil for hidden agendas. I mean, there is no real dispute pending between Israel and Iran. This is an artificial conflict in many ways. We don’t have common borders, we don’t confront each other on issues such as access to oil resources. Israel does not have any aspirations in the Gulf area, Iran’s natural strategic playground. Nor does Iran have territorial ambitions in the inner space of the Arab-Israeli dispute. In fact, there is much more in common between Israel and Iran than things that divide them. We had been allies of the Persians for many years. In fact, this was so, well into the Khomeini regime.

Israel, as you know, together with the Reagan Administration, supported Iran in the war against Iraq. So there is much of a common ground between these two countries. So how to explain, nonetheless, this war of rhetoric?

From the viewpoint of the Iranians, this is a way to divert attention and to mobilize the so-called Arab street against Israel, and away from the policy of the Arab leaders of rapprochement to the state of Israel. For the Iranians, an Arab-Israeli peace is seen as a threat, because the natural enemy of Iran is not Israel by any means. The real enemy is the Arab world, the Arab Sunni world. So, more than being the enemy of the State of Israel, Iran is the enemy of the Arab-Israeli peace process, which is why they consistently tried to derail it in recent years. By catering to the yearnings and expectations of the Muslim masses, Iran undermines the pro-American policies of the Arab rulers and their support for an Arab-Israeli peace.

What I want to say, is that in an Islamic sort of discourse, Iran gains a leadership position. But if the discourse is pan-Arab, Iran is the enemy. And this is one way to explain this Iranian strategy of “diverted mobilization.”

From the viewpoint of Israel, the exchange of threats with Iran serves the purpose of showing how Israel is the bastion of the West against the “wicked regimes” and the “rogue regimes” in the region, and in many ways, it helps create the sense that we cannot now make too many concessions to the Palestinians, because we have a far more formidable challenge which is not exclusively a threat to Israel, but is a challenge to the entire free world, and that is a nuclear Iran.

There were governments in the history of Israel that, when they did not have the political will or the political capacity to address the Israeli-Palestinian dispute, they preferred to dilute it into wider global issues. In the past, we had the war against communism, and then you had the war against terrorism, and now it is curbing Iran’s nuclear folly. Does this mean that Israel should accept a nuclear Iran? It doesn’t mean that, of course, but essentially these are the parameters, as it were, of this dispute.

So, what does America plan to do? Attacking Iran would be a folly, because you might not solve the problem hermetically; you might only enhance the determination of the Iranians to go nuclear. This is one. Second, is the fallout. I mean, these people can react, and they have all kinds of ways to react. You could have, in no time, a barrel of oil reaching \$200. There would be a severe, severe crisis in the region. It might even mobilize many in the Arab world against Israel and America because of the supposed double standard with regard to Israel. So I don’t see that happening. Frankly, I don’t see that America will commit this folly. Indeed you now have a new Secretary of Defense, who is on record as saying that this is not the way Iran should be dealt with.

I hope Israel doesn’t opt for a military response. In any

case, everybody would assume that if Israel attacks, this would have to be done in collaboration, or in complicity, with the Americans. A military solution is definitely not the right way.

The right way, in my view, is undermining Iran’s attempt at mobilizing the Arab world, by actively promoting the Arab-Israeli peace process. An Arab-Israeli peace should be the introduction to a regional initiative leading to the denuclearization of the Middle East. This, by the way, has always been Israel’s official policy. Israel has always said that it would not be the first to introduce nuclear arms into the region, and that it was ready to support a Middle East free of nuclear weapons. But this of course, only in the context of a regional peace, and the putting in place of a system of cooperation and security in the Middle East.

**EIR:** So, with the introduction of a third party, i.e., the United States, the differences between Iran and Israel can be easily bridged?

**Ben-Ami:** Well, I believe so. I believe that Iran would not conduct that kind of rhetorical war against Israel if she is involved in working relations with America. One of the tragedies of the last six years of the Bush Administration is that we have seen that our main ally doesn’t speak to our main enemies. In the past, this was not the case. Israel wouldn’t speak to Syria, but America would speak to Syria. And now, America doesn’t speak to Syria, doesn’t speak to Iran, and doesn’t speak to Hamas. It is reasonable to assume that a change in America’s policy in the region leading to negotiations with the spoilers in the region will have a positive effect on us.

**EIR:** The Oslo Accord posited the idea that economic cooperation, such as joint infrastructure projects, between Israel and the Palestinians was essential for success of any peace agreement. Would you agree?

**Ben-Ami:** Well, you are talking to a man who has always been very skeptical of the economic dimension of peace, and I will explain myself, and try to be as brief as I can. I do not believe the Arab-Israeli conflict can usher in a peace that is one of profound friendship and collaboration, one of economic integration, and a sort of incipient European Union. I don’t believe that. Why?

Because I don’t believe the Arab world wants it; and second, because many in Israel, first and foremost Mr. [Shimon] Peres, who was the father of this concept of a New Middle East, advanced these kinds of ideas because they really believe that if we develop the economic chapter, this will reduce the price of the political peace. They really believe that if the Arabs or the Palestinians have jobs or opportunity, infrastructure, and education, they will not insist on Jerusalem as the capital, or something like that. So, this was the rationale of the Peres initiative.

In 1997, four years into the Oslo accords, Mr. Peres was

still against the idea of a Palestinian state. I think that the Palestinians right now are not there. Nor are the Egyptians for that matter. They don't want to see Israel translate its military hegemony into economic leadership of the region. They might not mind modernization, but not at the hands of the Israelis. So I think we need to concentrate almost exclusively on the political deal.

I don't believe that our generation will see a warm peace with the Arab world, and let me tell you a secret: I personally can live with it happily. I don't need to sell and buy from the Egyptians. For me, the generation which fought the wars for Israel, it is enough that we don't have wars. It is enough that the Israeli-Egyptian front is calm. This is the most we can expect in this generation. If we bequeath to our children a Middle East that is free of the fear of war, it will be their task to develop friendship and cooperation. Let us make peace, and leave to our children the task of making love. To make peace, one does not have to build trust. Did the French build trust with the Algerians before they made peace with them? Did they have love relations before they made peace with the Germans? Friendship developed later.

I am afraid that some of us do not really appreciate sufficiently the level and degree of humiliation that the Arabs feel at the very existence of the state of Israel. Israel is the measure of the failure of the Arab world. Its vibrant democracy, its dynamic economy, its resourcefulness, high-tech, and educational institutions are a daily reminder of the incompetence of Arab leaders, and the failure of Arab societies in meeting the challenge of modernity.

Frankly, I don't believe today that there is ground for much economic cooperation. We need to concentrate on the political deal. The economic deal will come. It will come. Let us not insist too much on it now. This is not a process of lovemaking, this is a process of peacemaking. We are not about making love—we are about making peace. These projects are most welcome, but they will not be addressed by the parties in a credible way before a political deal is done. If you insist, you can take a lesson from the case of the European Union. It was only after Europe solved its endemic border disputes that very hesitant first steps towards economic cooperation started in the 1950s. In 1919, John Maynard Keynes preached, to no avail, to the leaders of Europe, that the future lay in economic cooperation (he wrote this in a booklet which he submitted to the leaders at the Versailles peace conference “The Economic Consequences of Peace”). He was a prophet whose generation was not yet ripe to assume his lesson.

We and the Arabs are in a dispute that is not only about land for peace; it is much more than that. It's about ethos, history, memory, religion. And I believe at some point we will address the issues of economic cooperation. But to me, frankly today, they are secondary. They will come, but only after the parties have separated into decent and dignified independent states.

## Ecuador's New President: 'Life Comes Before Debt'

by Valerie Rush

Rafael Correa, candidate of Alianza País, won the Ecuadoran Presidential run-off Nov. 26, defeating billionaire banana/coffee tycoon Alvaro Noboa by a substantial margin, and giving added impetus to the nationalist tide sweeping the continent. In one of his first victory statements to the press, the 43-year-old U.S.-trained economist declared that he identified his political philosophy with that of Kirchner, Lula, and Bachelet, the Presidents of Argentina, Brazil, and Chile respectively, all of them key players in the informal Presidents Club that has coalesced around the urgent task of unifying and integrating the continent. Correa stated that he viewed his electoral victory as one more proof that “Latin America is changing eras. . . . I think that [Kirchner, Lula, and Bachelet] represent the new progressive current in Latin America which is overcoming the sadly fateful liberal night that has laid waste to the subcontinent.”

Correa had a brief stint last year as Finance Minister of the present Palacio government, but was ousted after he enraged the country's creditors by pushing a new law through Congress that re-allocated surplus oil revenues earmarked for debt repayment, toward education, health, infrastructure, and R&D funding instead. He also backed the decision of the state oil company to annul an Occidental Petroleum contract, because of violations by that oil multinational, and has since pledged to renegotiate contracts with the other oil multinationals as well.

Correa's electoral victory is causing serious consternation on the part of international financial elites. Despite Ecuador's small size and reputation as the quintessential banana republic for much of its history, Correa has publicly targeted a crucial weakness of the moribund world monetary system, which is the illegitimacy of most of the Third World's foreign debt. Correa has pledged to scrutinize his country's debts to determine which are legitimate and which are not, and to renegotiate them from that sovereign standpoint.

Economist Alberto Acosta, who will be Correa's Finance Minister when the President-elect takes office on Jan. 15, told the press that if Ecuador finds itself forced to “suspend service on its obligations, it will do so.” Acosta said that Correa's unequivocal message to Ecuador's creditors is that “life comes before debt,” and that his first obligation is the general welfare of Ecuadorans. Acosta further suggested that other



rafaelcorrea.com

*Ecuadorean President-elect Rafael Correa (right) stated that his victory is one more proof that "Latin America is changing eras." Here Correa is shown with Argentine President Néstor Kirchner.*

"enormously indebted" underdeveloped nations should form an international court of debt arbitration, to determine what they have already paid and what their real obligations are, just as Ecuador will be doing with its own debt.

A Nov. 27 article in the *Wall Street Journal* presented the arrogant response of the international creditors: "Unlike Argentina, which renegotiated its debts after committing the biggest sovereign debt default in history in 2001, Ecuador isn't running out of money. Rather, Mr. Correa wants to renegotiate for what he considers moral reasons: He believes part of the \$3 billion debt service should be spent on the poor."

### **'Sign of Positive Change'**

The London mouthpiece *Financial Times* editorialized that "If recent Ecuadorean history is a guide," Correa is no more likely to last out his presidency than his predecessors of the past decade, since "presidential popularity has a tendency to collapse in Ecuador." The *New York Times* and *Washington Post* both greeted Correa's win with predictions of worsened instability.

In sharp contrast, Correa's electoral victory was greeted by Argentine President Néstor Kirchner "with great joy." In a personal letter to Correa, and also in his public congratulations, he expressed hope that the two could work closely together toward their common goal of continental unification. Kirchner also expressed his delight that Brazilian head of state Lula da Silva had been re-elected in that country, and that Hugo Chávez would likely be re-elected Venezuelan President on Dec. 3, "because this is the confirmation that Latin America is moving forward." President Lula also described Correa's election as "a sign of positive change in South America," and in a phone call to Correa Nov. 28, invited him to visit Brasilia as early as Dec. 7, just prior to the second Ibero-American Presidents' Summit in Cochabamba Dec. 8-9, which Correa will be attending along with outgoing Ecuadorian President Alfredo Palacio.

In a Nov. 29 address to a gathering of mayors from all of the member countries of Mercosur (South American Common Market), Argentina's Kirchner struck the tone of the Presidents Club, when he said: "Our region must regain its courage, its boldness. Those of us who represent it, must tell it like it is! . . . We believe we are at an inflection point, where we must connect action to reality. . . . [T]hanks to God, our nations are gradually generating a state of consciousness, through which we must collectively develop the tools that will allow us to acquire the power to carry out the profound change that our region needs."

Kirchner went on: "We must begin to unify that voice, so that we don't start taking steps backward. . . . We must realize that this region . . . can craft a different alternative, and with what we've already achieved, we can continue to reduce poverty, unemployment, indigence; we can reduce indebtedness in an important way; we've done it. We can become strong and solid, and can have independent policies, and *we shouldn't be afraid to be an independent voice, and say forcefully what we think and feel in each situation and at each moment.*"

The new "state of consciousness" of which Kirchner spoke took on new meaning after Nov. 7, when the electoral drubbing delivered to the Bush-Cheney Administration sent an unmistakable signal to political forces south of the border that U.S.-Ibero-American relations would change as well. Noboa, who reportedly has close ties with Rockefeller financial interests, had edged out frontrunner Correa in October's first-round election in Ecuador, but subsequently found his campaign funds frozen and his U.S. Republican allies fighting for their own political survival.

The free-trade pacts that Bush managed to get signed with Peru and Colombia were suddenly not worth the paper they were printed on, when it became evident that a Democratic-controlled U.S. Congress would not be approving those agreements any time soon. And the fraudulent election victory of Felipe Calderón of Mexico, hailed by international financial circles as proof that the "populist" tide in Latin America had petered out, is instead providing the fuel for a nationalist backlash in that country, led by Andrés Manuel López Obrador.

The recent re-election of President Lula in Brazil, and the likely re-election of Hugo Chávez in Venezuela, mean that the integrationist project of the Presidents Club is very much on the front burner. And with Correa now joining the Club, that project should escalate. Correa has already emphasized that Ecuador will no longer export crude oil for sale, but would take advantage of refining capabilities in nearby Venezuela and Chile, to "reach long-term mutually beneficial energy agreements." He has also said that he will seek Ecuador's entrance into Mercosur, "and hopefully we will be able to unify all the integrationist processes."

The next venue for moving that process may well be the Presidential summit in Cochabamba.

# Sudan's President Bashir Defends His Nation's Sovereignty

by Lawrence K. Freeman

"Sudan will not become the first nation of Africa to be re-colonialized," Sudanese President Omar al-Bashir told a multi-city video-conference with the news media on Nov. 27. In an unusual format Bashir, speaking from Khartoum, simultaneously addressed audiences in eight capital cities, including Beirut, Berlin, Cairo, London, Paris, Pretoria, Moscow, and Washington, and took questions, many of them hostile, for over an hour and half.

Leading up to this press briefing, had been weeks of speculation about what kind of military force would be deployed into the Darfur region of Sudan, under the pretext of stopping genocide. In fact, to all who understand the horrendous conditions under which hundreds of millions live in sub-Saharan Africa, the real genocidalists are the International Monetary Fund, and the Synarchist financiers who are looting the continent of its valuable natural resources, and radically reducing the population through the spread of famine, war, and disease.

The most precious commodity in Darfur, whose scarcity has been a constant factor in the conflict there for over a quarter of a century, is not oil, but *water*. And all the crocodile tears shed out of concern for the suffering in Darfur, have not led to an increase of one single drop of potable water for the farmers and herdsman fighting over access to water holes in this vast, arid, and desolate area.

## No Foreign Occupation

With the current mandate for the deployment of approximately 7,000 African Union (AU) troops set to expire at the end of the year,\* there has been a frantic effort to get the government of Sudan to agree to a deployment of more than 21,000 United Nations troops with a mandate, known as Chapter VII, which allows outside military intervention into Sudan, including potentially against the armed forces of Sudan. A key clause of UN Resolution 1706, which was adopted by the Security Council in August of this year, "invites" the government of Sudan to accept this UN military force. Bashir made it abundantly clear at this international press conference, and correctly so, that such a robust UN force would be tantamount to a foreign occupation. He told those assembled,

that he would not allow a "Bremer II" in Sudan—referring to the disastrous and deadly occupation of Iraq by Henry Kissinger's and George Shultz's stooge, Paul Bremer.

Instead, Bashir proposed that the UN apply a Chapter VIII mandate to dealing with Darfur. This allows the UN to assign a regional or continental force, funded and logistically supported by the UN itself. It is clear to any rational person familiar with the culture and conditions of Darfur, that only the AU, led and deployed by Africans, will be acceptable to all the contentious parties participating in this conflict.

Bashir has legitimate reason to be concerned about foreign forces deploying into Sudan. Members of the anti-Sudan lobby (who completely screwed up U.S. policy towards Sudan during the Presidency of Bill Clinton), such as Susan Rice and Anthony Lake, have, along with Congressman Donald Payne (D-N.J.), called on the Bush Administration to bomb the Port of Sudan. Other Washington, D.C. "think-tanks" have advocated the deployment of an advanced U.S. military team to operate inside Sudan in the so-called war on terrorism, but not under the control of the government of Sudan.

It appears that UN Resolution 1706 is dead. Andrew Natsios, U.S. special envoy to Sudan, implied that there was a "Plan B," but has so far failed to articulate any alternative, if in fact one exists. Any idea of deploying UN troops without the agreement of the Sudanese government would result in a new escalation of asymmetric warfare in the Horn of Africa. Natsios also made clear that a NATO deployment into Darfur is off the table, because of a shortage of NATO troops, which are bogged down in the war in Afghanistan. Precisely because the equivalent of a foreign invasion could lead to a conflagration, there are behind-the-scenes efforts by countries genuinely concerned about the Darfur crisis, to head off such a military invasion by trying to initiate a new UN resolution. Others directly involved are looking for a peace agreement to come out of discussions taking place in Addis Abeba, Ethiopia.

One month after the Darfur Peace Agreement, which was signed in May in Abuja, Nigeria, by only the Minni Minawi faction of the Sudan Liberation Movement, the pact quickly fell apart; the National Redemption Front was formed, consisting of the three opposing rebel groups: Sudan Liberation Movement/Army, Sudan Federal Democratic Alliance, and Justice and Equality Movement.

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\* It has just been announced that as a result of a meeting of the African Union in Abuja, an agreement with Sudan has been reached to extend the AU deployment for another six months until the end of June 2007.



EIRNS/Lawrence Freeman

*Sudanese President Omar Hassan al-Bashir gives a press briefing on Nov. 27, by video-conference.*

Those with intimate knowledge of the conflict and the area, know that it will take an AU force several times larger than the current 7,000 troops, to end the killing, because of the proliferation of rebel militias, and the out-of-control Janjaweed militia. And this must be accompanied by a policy of accelerated infrastructural economic development of the entire region.

### **It Is Not Simply About Darfur**

The conflict in Darfur is ugly and deadly, but, contrary to the naive and simplistic views of many of the supporters of the “save Darfur” campaign, this is not genocide by Arabs against Africans. As is the case throughout Africa, foreign powers outside of the continent orchestrate these deadly conflicts by supplying the various groups with weapons and material support. To find out who else is involved, examine the influence of the British and the French through their long historical relations with Chad, and the Central African Republic, which share the western border of the Darfur region of Sudan, along with Libya. These so-called rebel groups are manipulated, and used as tools of foreign financial interests for the evil purpose of destroying already weakened African nations. Their intention is to dismember Sudan by dividing the country into ethnic, racial, and religious separate entities, which will fight each other, allowing their real enemy, the financier and commodity cartels, to loot and destroy the nation.

It is precisely this colonial practice which aims to ensure that no African nation will ever achieve the true sovereign economic independence necessary to uplift its people from their current inhuman conditions of existence, which must be

overturned by international action, most emphatically led by what has traditionally been the world’s major anti-colonial power, the United States.

As Lyndon LaRouche commented on the Darfur crisis during his Oct. 31 webcast: “Yes, it *is* a problem, but it’s a problem which is *orchestrated*. You want to treat this thing, you want to solve it? You’re *not* going to solve it, not by those methods. You may think you have excellent intentions, but it’s not going to work. You don’t understand the area. And you have to understand this area, and not just by intelligence reports, you have to understand the *people*, you’ve got to understand the *history*. . . . You cannot be so attached to the idea of doing a humanistic act, that in the course of doing what is ostensibly with humanistic intention, becomes a contribution to a disaster, again. And that’s what the problem is.”

## **Save Rwanda and Africa**

*French Presidential candidate Jacques Cheminade issued the following statement on Nov. 27.*

Judge Bruguière’s report on the events in Rwanda in 1994 confirm what we have consistently said, here in France and in the U.S.A.

Paul Kagame directly organized the attack against Rwandan President Juvénal Habyarimana’s airplane, creating the conditions for the Hutu genocide.

Subsequently, Paul Kagame (now President of Rwanda) organized the massacre of Hutu refugees in the Democratic Republic of the Congo.

It is true that the Hutu genocide had been prepared well before 1994, especially through the Mille Collines radio programs, and that François Mitterrand’s government did next to nothing at the time to stop the disaster building up.

However, Ugandan President Yoweri Museveni and Paul Kagame themselves, with the help of Anglo-American intelligence agencies, counted on massacres of their own Tutsi people, as a pretext for taking power in Kigali.

The conclusion to be drawn from this horrendous situation is simple: The conditions for economic, social, and cultural development have to be recreated in Africa, to eliminate the bases on which religious wars and inter-ethnic massacres develop and spread.

After what we have done, or have failed to do, in Rwanda, we now have the duty, more than ever, to offer Africa a course of co-development and to defend it from looting, from whatever quarter.

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# International Intelligence

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## ***Mexico's Calderón Sworn In As Back-Door President***

In a harbinger of his near-certain inability to govern, Felipe Calderón held a spurious “swearing in” ceremony at one minute after midnight Dec. 1, at the Presidential residence, because he and his staff were unsure whether he would be able to enter the Congress the next day for the constitutionally required ceremony. No such midnight “swearing in” ceremony had ever occurred in Mexican history.

Calderón ultimately succeeded in meeting the formalities required by the Constitution, in name only. With military troops occupying the galleries, Calderón, surrounded by bodyguards, sneaked in through a back entrance. In a ceremony which lasted all of four minutes; he whipped on the Presidential sash, and then fled, with cries of “traitor” and “get out” ringing in his ears.

Meanwhile, Andrés Manuel López Obrador was leading more than 200,000 supporters in a rally in the Zócalo Plaza and march through downtown Mexico City. López Obrador warned that Calderón’s swearing-in amounted to a “coup d’état” by a “neofascist oligarchy.” We are “not rebels without a cause,” as the media likes to portray us, he warned. Somehow, he said, they forget that the Presidential election was *stolen!* “They have to understand once and for all, we are going to defend the democracy of this country.”

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## ***Ukraine Parliament Fires Pro-NATO ‘Orange’ Ministers***

Presaging a showdown with President Victor Yushchenko, the Ukrainian Parliament fired three Cabinet ministers, on request from Prime Minister Victor Yanukovich: Foreign Minister Borys Tarasyuk, Interior Minister Yuri Lutsenko, and Defense Minister Anatoly Hrytsenko. Tarasyuk was a key holdover from Yushchenko’s period as “Orange Revolution” victor (2004-05), and a chief advocate of Ukraine’s joining NATO. Yushchenko had managed to keep him in the government,

even as opposition parties dominated this year’s parliamentary election, ending in Victor Yanukovich becoming Prime Minister. Lutsenko was also an Orange Revolution organizer.

Tarasyuk’s undermining of Yanukovich came to a head at a Nov. 30 Cabinet meeting. Yanukovich read aloud a letter from Tarasyuk’s Foreign Ministry, informing him that it had cancelled the Prime Minister’s trip to Washington; the letter accused Yanukovich of failing to get Yushchenko’s approval of guidelines for the talks. Evidently Yanukovich was going to tell people in Washington, that Ukrainians overwhelmingly reject joining NATO. Telling Tarasyuk it was regrettable they had “failed to find an understanding how to work together over these three months,” Yanukovich announced he was formally sending a negative evaluation of Tarasyuk to the Supreme Rada (parliament), and asking for appropriate action.

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## ***Pakistani Foreign Minister ‘Stuns’ NATO Commanders***

Pakistan’s Foreign Minister advised NATO to include the Taliban in the government, not confront it, according to the *Daily Telegraph* of London on Nov. 29. While NATO commanders at Riga pledged to stay the course to restore peace and stability in Afghanistan, more sage advice came from Pakistan’s Foreign Minister Khurshid Ahmed Kasuri. Kasuri, in a private briefing to foreign ministers of some NATO member-states, told them that the Taliban are winning the war in Afghanistan and NATO is bound to fail. These remarks were made on the eve of NATO’s summit in Riga.

According to Ahmed Rashid, a veteran Pakistani journalist, Kasuri’s briefing “stunned” the Western ministers. One Western official told him: “Kasuri is basically asking NATO to surrender and to negotiate with the Taliban.”

But Kasuri repeated what Lt. Gen. Mohammad Jan Orakzai, Governor of Pakistan’s volatile Northwest Frontier Province, had stated publicly. He said on one occasion that the United States, Britain, and NATO

have already failed in Afghanistan. “Either it is a lack of understanding, or it is a lack of courage to admit their failure,” the general said. Orakzai had masterminded the “peace deal” between the Pakistani army and the heavily Talibanized Pushtun tribes. The “peace deal” was, however, a sham carried out to withdraw the Pakistani Army and leave the tribal areas in the hands of the armed Talibanized Pushtuns.

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## ***German Victim of Torture Sues U.S.A.***

Khalid El-Masri, the German victim of torture under the Bush-Cheney rendition policy, gave a press conference at the National Press Club in Washington, D.C., on Nov. 29, to discuss his lawsuit, and the five months of torture he underwent. El-Masri, who was accompanied by a representative of the American Civil Liberties Union and his German lawyer, was kidnapped in Macedonia in 2003, and held and tortured for five months in a secret prison in Afghanistan; he was finally given a visa by the State Department and allowed to enter the United States to attend a hearing on his case at the 4th Circuit Court of Appeals, on Nov. 28. He had been denied entry to the United States last December. El-Masri also gave a press conference in Richmond, Virginia, where the case was heard.

El-Masri’s civil suit was dismissed by the Federal Court in Alexandria in May, after the government asserted that the case could not be tried without disclosing “state secrets.” His lawyers point out that, since that time, President Bush himself has publicly acknowledged the existence of the secret prison network and the rendition program. El-Masri said that what he wants, above all, is an explanation of his rendition and an apology from the U.S. government.

El-Masri debunked any notion that his kidnapping was a case of mistaken identity—which was previously thought to be the case. Even after former CIA Director George Tenet and then-National Security Advisor Condoleezza Rice had been informed that El-Masri was innocent, he was still imprisoned for another several months.



## Without Leadership, India Drifts Dangerously

by Ramtanu Maitra

India's six percent-plus "impressive GDP growth rate" over the years has drawn much praise from the West, and its "success" has been attributed to the "magical impact" of free-market liberalization and globalization. What it really means, is that India's low-wage-earning labor has begun to replace a section of the high-wage-earning workforce of the West. In the process, India, a nation of 1 billion-plus people stricken with utter poverty, is becoming an economic "powerhouse"—exactly the way China became one, the Indian leaders claim.

However, a visit from one end of India to the other would make one realize that India's GDP growth is driven by only a fraction of its population. Much of the nation remains a picture of rural poverty and urban squalor. Rising social tension because of growing income disparity between a sea of poor and a decent number of middle class, is either not noticed, or ignored, by a callous and rudderless leadership that dots the entire nation. Notwithstanding the illusions of the elites, there are definite signals that some among the many hundreds of millions of poor may not watch the process with benign and dissociated neglect, but instead, could turn violent.

The poverty in India has been exacerbated by the fact that the investors, who are no longer "led" by the powerful and visionary, now invest in those parts of the country where the investment has the maximum potential—a relative term in the Indian context—to optimize profit. As a result, regional disparities are growing fast, involving hundreds of millions of people. Nearly all foreign investments in India go to its six most urban states, with 22 other less-developed states virtually ignored. This gap between cities and rural areas is keenly felt in the suburbs of India's cities, particularly New Delhi, the capital.

### Poverty Galore

The endless poverty is there for all to see; it is not hidden like it is in China. There is no escaping the fact that a handful of "skilled Indian workers," tied to Western workplaces through telecommunication, will not be able to pull the hundreds of millions out of the grinding poverty they endure. What is needed is leadership at every level, and the most dangerous aspect of India at the present time is that it does not have any.

Lack of leadership hits one square in the face, starting at the municipal level, all the way up to the highest offices in the North Block and South Block of India's capital. These powerful people have little real understanding of what it would take to make India a nation that cares for all of its people; indeed, they have little intent to achieve such a goal, in any case.

To begin with, it must be understood that a large number of people who are "considered" by Indian leaders not to be poor—a gamut that includes communists, socialists, traders, "casteists," agriculturalists, businessmen, and feudal landlords—are, in reality, abysmally poor. For instance, the minimum income required, as per the World Bank's earlier assessment, to live above the poverty line, for underdeveloped countries like India or China, is about \$1 per day or \$30 per month (1,410 rupees per month). But the Indian government's poverty line definition, is earning less than Rs. 10 per day, which translates to approximately Rs. 300 (about \$7) per month!

### Lies and Statistics!

As per the Government of India (GOI), the poverty line for the urban areas is Rs. 296 per month and for rural areas, Rs. 276 per month. According to the GOI, this amount will

buy food equivalent to 2,200 calories per day, medically sufficient to prevent death. This is an absurd lie—that amount of money could not buy even one meal for one person in the cities—never mind the rest of the family, and the other necessary expenditures of life. And yet, one finds Indian planners busy bringing down the number of poor using this blatant statistical fraud as a yardstick. In fact, there is no housing available in Delhi—and this includes the huge slums that litter the capital—where a family can get shelter for less than Rs. 2,000 per month.

In other words, 450 million Indians live below the poverty line according to the World Bank's old definition of \$1 per day per person, or \$365 per year; 700 million Indians live below the poverty line based on the World Bank's later definition of a minimum earning of \$2 per day per person, or \$730 per year, needed for minimum sustenance.

That is not to say that such a distortion was the creation of the present-day Indian leaders. The distortion existed all along, but it has become further distressing in the present light, since a handful of service-sector personnel, carrying out services for the West, have begun to earn significantly more. It is more distressing to note that by earning even twice the amount that puts the individual in the category of "not poor," does not allow him to have one square meal a day in the Indian cities! Less than 25% of all Indian families are left with any surplus at the end of the day to spend on things which are not absolutely essential.

The slogan of the present crop of Indian "leaders" in power is "India Rising," after the previous crop was kicked out of power because of the fraud of their campaign slogan, "India Shining." To say that the country is reaching "new heights" of success is almost criminal. To begin with, India possesses, as it always has, the potential to be a very powerful and economically sound nation. The opportunity to make that happen lies at the doorstep of India's leaders. Seventy-one percent of the population—742 million people—are below 35 years of age. In other words, India is not a graying nation; it is full of young people. It can be moved with a positive leadership.

But, look at the other figures as well. Almost 94% of India's children drop out of school before completion of the 12th grade. This is largely because of poverty and the lack of opportunities that await them once they get their high school diploma. The successful 6%, the so-called educated youth, go in for a regular college degree, which may not be very relevant in today's context for employment-generation. Seventy-three percent of those graduate from colleges with liberal arts degrees.

### **Dilapidated Infrastructure**

But the Indian leaders do not address these issues—at least openly. They are keen to show to the Western investors—and non-resident Indian investors based abroad—that India is rising and is ready to shine. However, it is not possible



*An international call center in India. The development of an export-oriented service economy will do nothing to make a dent in India's overwhelming poverty.*

to fool all of the people all of the time. While in China, the investors were given a "special place" in the economic process; in India, that is unlikely to happen. India's infrastructure is in an abysmal state. Massive shortfalls in power, water, jammed railroads and roads, and the dwindling number of educated youth threaten India's long-term future, in the hands of these visionless leaders.

India had always been a power-short nation. In the early 1960s, Dr. Homi Bhabha convinced the national leaders that India's economic future lay with development of nuclear power. Almost four decades later, India has very little to show in the production of nuclear power-based electricity, but its scientists and technicians, fighting the heavy odds set up by the nuclear weapons nations, have achieved a great deal of success in mastering the technology. Since the scientists and technicians do not decide on the commercial aspect of utilization of nuclear power, the contribution of nuclear power to India's power industry has been stymied.

India decided on a three-stage nuclear program back in the 1950s, when India's nuclear-power-generation program was set up. In the first stage, natural uranium (U-238) was used in pressurized heavy-water reactors (PHWRs). In the

second stage, the plutonium extracted from the used fuel of the PHWRs was scheduled to be used to run fast-breeder reactors (FBRs). The plutonium was used in the FBRs in 70% mixed oxide (MOX)-fuel to breed uranium-233 in a thorium-232 blanket around the core. In the final stage, the FBRs use thorium-232 and produce uranium-233 for use in the third-stage reactors.

As of now, India is by far the most committed nation as far as the use of thorium fuel is concerned, and the scientists of no other country have done as much neutron physics work vis-à-vis thorium as Indian nuclear scientists have. The positive results obtained in the neutron physics work have motivated Indian nuclear engineers with their current plans to use thorium-based fuels in more advanced reactors now under construction.

### Wasting India's Strengths

Instead of giving the program the necessary push to make this "indigenous" power source the anchor of India's development, the myopic leaders are now thinking seriously, and begging desperately, to get foreign reactors which do not exactly fit into the Indian mix. Moreover, the huge amount of money that would be spent in getting a handful of large commercial reactors would be good enough to fill in some gaps, but would not make a large impact.

First and foremost, it is important for the Indian leaders to understand why Dr. Bhabha started the program that he did, and why some of the best minds in India have spent their lifetimes to bring that program to fruition. For instance, it is not a national secret that most of India suffers an acute shortage of potable water. There are areas where people spend most of the day trying to procure water to keep themselves alive. A recent World Bank report said that, within the next 15 years, India's demand for water will exceed all its sources of supply.

The report, *India's Water Economy: Bracing for a Turbulent Future*, by John Briscoe, senior water advisor at the World Bank, examined the challenges facing India's water sector and concluded: "Unless water management practices are changed—and changed soon—India will face a severe water crisis within the next two decades." What Briscoe put in writing has long been said by Indian water experts, but the Indian "leaders" wrung their hands, brushing aside the obvious.

It is also not a national secret that only a handful of Indian rivers have surplus water. The water shortage is particularly evident in southern India, where the Indian peninsula catchment area is narrow, and rivers have a short west-to-east run. But, southern India, more than any part of the country, except perhaps the states of Punjab, Haryana, and Gujarat in the north and west, wants to develop and develop fast. The entire southern part of India is surrounded by seas, and it possesses fertile lands. But, the area survives on the brink of disaster because of lack of water.



This is where the importance of indigenous thorium reactors is to be understood fully. If there were visionaries in India today at the leadership level, they would have grabbed this opportunity with both hands. What India needs, and can develop in no time, are these small 25-50 MW thorium-fuelled reactors for providing power locally and for desalinating sea-water in bulk quantities. If the Indian leaders understood what is at stake, there would be plans to set up hundreds and hundreds of those reactors, dotting the sea coasts, stretching from Orissa in the east to Gujarat in the west. New Delhi must realize that no foreign manufacturer has any interest in developing these small reactors. But these small reactors, if put to work effectively, would boost India's economic capability once and for all.

Another area where India excelled in the past, and the reason why India is still on its own two feet, is its now much-neglected agricultural sector. Blessed with fertile land like no other country in the world, India is not only self-sufficient in food, but it has the ability to feed a billion others. But, to the visionless leaders of today, the agricultural sector is a



WHO/P. Viroit

*India's leaders are turning their backs on the poor, who number some 700 million out of a population of 1 billion, according to World Bank calculations. Indian bureaucrats use statistical fraud to paint a rosier picture.*

problem, because that is where the majority of the poor reside. These agricultural workers, lacking education and neglected to the extreme, remain bound to their land, scraping out means of survival. In the suburbs of metropolitan areas, some of these farmers get the opportunity to sell off their land to the housing developers, and a few of them thus move into a stable life. Otherwise, for most in India's agricultural sector, life is cruel and there exists little opportunity to improve their lot.

### For Whom the Bell Tolls

A spate of recent reports indicates that the situation in rural agricultural India is becoming desperate. Over the last five or six years, at least 950,000 farmers—nearly a million!—have committed suicide. Over 850 farmers have committed suicide in the southern state of Andhra Pradesh since May 2004, as government relief efforts prove inadequate. One observer pointed out that currently, seven to eight farmers commit suicide in Andhra Pradesh every day.

What are the reasons behind these mass suicides? Reports indicate that successive crop failures due to five years of drought, exacerbated by such factors as the increased cost of inputs, such as seeds and fertilizers, failure of bore wells, and accumulated debt, have led the farmers to end their lives.

There are no authentic figures on the exact number of farm suicides in Vidarbha, but the Vidarbha Jan Andolan Samiti (VJAS), a farmers' movement, puts the toll at 782, from June 1, 2005 to Aug. 26, 2006. And, in the last three months, there has been a suicide every eight hours.

In Maharashtra, and as well in Andhra Pradesh, the cotton growers are in deep financial trouble and many of them have

ended their lives. Agronomists point out that across the country, the average cost of cultivation of cotton is a little more than Rs. 16,000 (about \$360) per hectare. With an average productivity of 460 kg per hectare, it costs between Rs. 35 to Rs. 48 per kg to grow cotton. In Vidarbha, the cost of cultivation could go well beyond Rs. 20,000 per hectare, and if marketing cost is added, it exceeds Rs. 22,000.

Among the farmers who committed suicide in the past year, more than 50% were between 20 and 45 years of age (their most productive years), according to a study by the Sakal Newspapers Limited of the two districts, Amravati and Yavatmal, of Vidarbha. The Planning Commission's fact-finding mission members found out that nearly 2.8 million of the 3.2 million cotton farmers in Vidarbha are in default.

Of every Rs. 100 borrowed, approximately Rs. 80 goes back in to servicing of old loans. Most of these farmers do not get loans from the banks and instead borrow from loan sharks, who are protected by local- or state-level, politicians.

### China Model With a Nasty Twist

What is evident from the way India is being "led," and listening to what the leaders have to say, is that India is trying to become a variation of the "China Model" of economic development, but with a catch. The catch is that while China is scouring the entire world to get raw materials and energy to manufacture "things" that can be sold elsewhere, India is pushing to become a service-sector nation, trying to exploit (as long it lasts) the English-speaking capability of a section of its people. The Chinese manufacturing process necessarily requires modernization and expansion of its infrastructure. China has invested heavily in the transportation and power sectors.

China's push for a cheap-wage-based manufacturing sector, and the Indian leaders' unwillingness to look beyond a handful of English-speaking people as the country's asset, pose a long-term threat to India. Having kept its infrastructure obsolete, India's production costs for "things" are higher than China's. Already, Chinese goods are flooding the market, further weakening India's small and medium-scale manufacturers. It will not be long before Indian entrepreneurs, because of this lack of infrastructure, begin to head northward to set up their shops in China with the purpose of "exporting" to India.

While China still has a long way to go to develop the level of infrastructure (including water, education, and health



WHO/P. Viroit

*A scene in the city of Mumbai (formerly called Bombay) shows the conditions under which the vast majority of city-dwellers are forced to live.*

services) necessary to bring all Chinese citizens to the economic mainstream, Indian leaders took a short cut. Instead of focussing on developing the dilapidated infrastructure, they persisted with the service sector in an attempt to reach economic nirvana. Needless to say, these service-sector jobs do not need as much quality infrastructure as a full-fledged manufacturing economy does.

In other words, bereft of vision and a clarity of purpose to build a nation that is economically sound, Indian leaders have turned the focus to making the country a service-exporting nation. In this economic policymaking process, the leaders draw succor from two segments of the society. First, manufacturers: Successful Indian manufacturers, such as the Tatas and the Mittals, have gone abroad to buy fully functioning facilities that are short of capital. These industrial houses made their money in India and they are now investing abroad. That means they have accepted the government's policy not to develop the infrastructure necessary for building a flourishing



Press Information Bureau of India

*India's elites are lacking in the vision necessary to bring their vast nation into the 21st Century. Left to right: Prime Minister Dr. Manmohan Singh and Prime Minister Shri Atal Bihari Vajpayee.*

and productive manufacturing process. In other words, they have badly compromised.

The other group of supporters of this policy belongs to India's English-speaking middle class. With the "call centers" and other white-collar service-exporting jobs beginning to bring larger sums of money into their pockets, this group has de facto endorsed the government's visionless thrust to expand service jobs. Moreover, members of the middle class, with a little surplus money in hand, are getting addicted to consumption, and distancing themselves further from the poor—and from reality.

There is little doubt that the Indian leaders are now keen to show the "success" this model has achieved. In addition, the growth of computer software technology in India, for which the country is recognized worldwide, has come about not because this technology could be used effectively to "wipe the tears off of every Indian's eyes"—as one of India's greatest sons, Mahatma Gandhi, had aspired—but because it would generate a GDP growth and accrue foreign-exchange reserves, which would then allow India "some day" to deal with the poor. But, unlike China's, India's foreign-exchange reserves are small, and even these funds have been temporarily parked in India's profitable stock exchanges. They can vanish in no time. Lack of infrastructure has prevented India from attracting foreign direct investments the way China has done.

However, it is also becoming evident, at least to some Indians, that the foreign exchange earned by these IT companies, and the foreign direct investments that come from abroad, will not be able to make a serious dent in India's poverty-related problems. Although Prime Minister Manmohan Singh claimed that he expects about \$150 billion of foreign direct investment (FDI) to come in to alleviate India's infrastructural woes, no one believes him. India is now attracting only \$5 billion of FDI a year, and there is a good reason why foreign investors are not keen on putting money into

India's decrepit economic infrastructure. The investors have realized that India is not interested in developing the foundation of a flourishing manufacturing sector, but is merely catering to the service-exporting sector, to generate growth and earn foreign exchange quickly.

But the foreign exchange has begun to leave India's shores. For instance, the Tata industrial house, which produces 5 million tons of steel in India, is now ready to spend \$6.7 billion to buy Corus Steel of the United Kingdom, which produces more than three times annually what the Tatas produce. Similarly, Ranbaxy, and other Indian pharmaceutical companies, are buying up pharmaceutical manufacturers in Europe and North America for good reasons, but draining foreign-exchange reserves in the process. It is evident that New Delhi, having stymied these manufacturers at home by not building the infrastructure to support them, has made available to them large chunks of foreign-exchange reserves to allow them to expand their business globally.

### Social Tensions

These developments are indicative of the problems that were piled up by these leaders adopting an economic policy which has virtually no future for the poor. It is altogether another matter to make Indians believe that the poor will accept the new situation quietly. Already, anger against economic disparity has begun to show its fangs—although New Delhi prefers to ignore them. If the suicides of such a large number of farmers have not awakened the nation, Indian leaders feel they have little cause to worry about the rise of extremist forces in the most poverty-stricken areas of the country.

However, that could be a grave mistake for which generations to come may have to pay. Violent militant cells have been set up virtually all around India. New Delhi talks about them only when those militants carry out bloody actions, such as the explosion of bombs on the Mumbai railroad last July.

It is also ignored that some parts of India are reeling under Maoist-terrorist threats. The Indian Maoists, known in the 1960s as Naxalites, have proliferated. Throughout the virtually ungoverned state of Bihar and the jungles of Madhya Pradesh, Orissa, and Andhra Pradesh, Maoists have emerged as the "law." They have developed large dumps of arms, and intelligence reports suggest that they are not only working hand-in-glove with their Nepali counterparts, but have developed a close "business relationship" with the "mother of all terrorists"—the Tamil Tigers.

It is widely recognized that the Maoists in India have taken control of a huge swath of land running from the state of Bihar in the north all the way to the state of Tamil Nadu in the south, encompassing in the process highly underdeveloped areas of Jharkhand, Madhya Pradesh, Chhattisgarh, Orissa, and Andhra Pradesh. One common thread that runs through this massive stretch of land is: underdevelopment and poverty.

## A Rail Land-Bridge For Eurasian Freight

by Rainer Apel

Very encouraging news came in from Beijing on Nov. 21: The directors of the state-run railways of Germany, Russia, and China signed an agreement on a joint project to establish a rail freight route from China to Europe, via Russia. The agreement is a statement of intent; details have yet to be negotiated.

As German Railways' Hartmut Mehdorn put it, coordinated investments in the improvement of existing rail infrastructure and in cooperation with big Chinese sea ports like Shanghai and Hong Kong, are to create "a Trans-Siberian Land-Bridge between Asia and Europe," by the end of 2010. By 2011, 10 million standard 20-foot containers shall be transported between China and Europe, the entire route taking 12 days. Container ships from Shanghai to Hamburg now take 30 days.

Germany's share in the project is 2 billion euros, of which 1.2 billion alone will be invested in the construction—together with Russian and Chinese investments—of modern freight terminals along the entire route, to reduce loading-unloading time, so that the considerable delays which today create an obstacle to getting more freight on the Trans-Siberian Railroad, are removed.

The fact that three state-run railway companies are partners in this development project, allows optimism that it will be possible to overcome the many delays which designs for a grand railway cooperation among the leading powers on the Eurasian continent have seen over the past 16 years since the Iron Curtain came down. The crucial role of the state in such grand infrastructure projects was addressed by Russian Railways' Vladimir Yakunin at a conference on "Russia as Transport Corridor Between Europe and Asia-Pacific" in Irkutsk, on Sept. 21. There, Yakunin said that "these tasks cannot be solved without government involvement, and these [Eurasian] territories should not be dependent on commercial companies alone for their future development."

The first German-Russian agreement on cooperation in rail freight dates back to October 2003, when a memorandum of understanding was signed at the German-Russian Summit in Yekaterinburg. A joint venture for the development of container rail freight between East Asia-China and Russia-Europe was signed during the Hanover International Fair in April 2005. In May 2005, an experimental first freight train

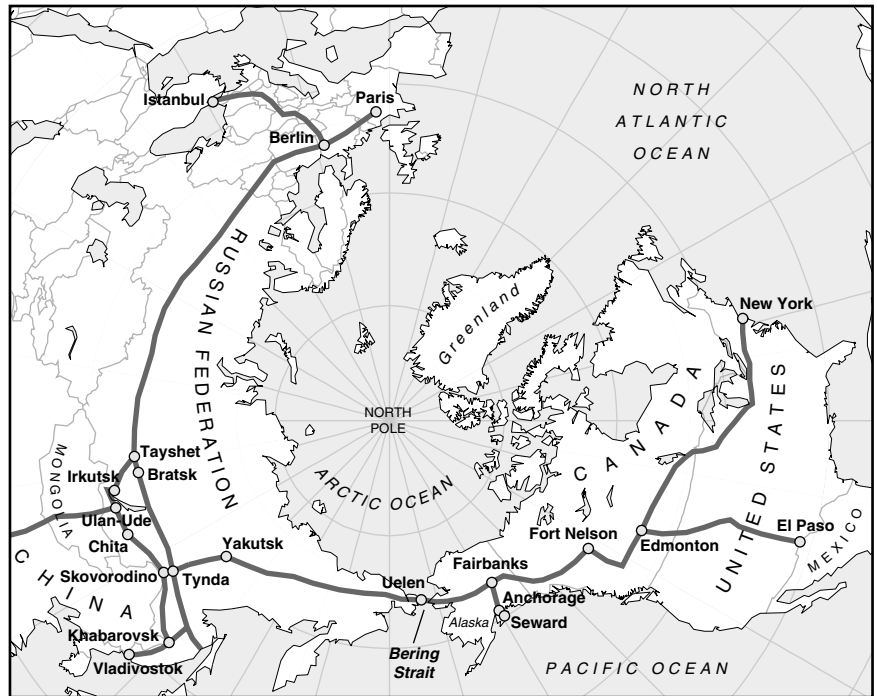
took 16 days to travel along the Trans-Siberian Railroad from Vladivostok to Moscow, and on to Dortmund in Germany. This included the time-consuming procedure of changing the track gauge from the broader Russian one (1,520 mm) to the European one (1,435 mm), at the Belarussian-Polish border, at Brest-Litovsk. Meanwhile, railway engineers have developed a technology to adjust the gauges while the trains are still moving, which helps to reduce delays. Once the entire Trans-Asian Railway grid is completed (see last week's *EIR*), through-transport of rail freight between the Pacific and the Atlantic will be possible in 12 days.

### What About Maglev?

All of that looks promising. However, it is only a first step toward the full realization of a Eurasian Land-Bridge in rail transport that meets the challenges of the 21st Century. The problem is that none of the railway companies, transport experts, and politicians involved has ever seriously discussed the technological leap into the era of maglev transport. Having a maglev freight route from China to Europe would remove the current problem of the different gauges and railway systems, and reduce travel time for freight trains to a mere 3-4 days, along the entire route.

A big chance for having such a project existed immediately after the fall of the Iron Curtain, when, also under the impact of Lyndon LaRouche's proposals for continental Eurasian scientific-industrial cooperation, Eurasian governments and transport experts were still thinking "big." Plans for a national maglev train grid existed in Germany, and there was huge interest in linking up to that, in other Eurasian countries. But under blackmail by the private banks of the Anglo-Dutch Liberal monetarist system, such maglev projects were scrapped, under the pretext of "costing too much." In the Summer of 1990, the then-Soviet government approached the European Commission with proposals to build a new European-Russian railroad, but the Europeans were uninterested. The pro-monetarist liberalizers and deregulators of the Russian "reform governments" that were in power after the collapse of the Soviet Union in August 1991, had no interest in any big industrial or infrastructure projects. Thus, already by the mid-1990s, all the promising discussions about infrastructure development projects had been strangled. A handful of experts were still continuing the

### Future Global Rail Connections, as Seen From North Pole



Redrawn from H.A. Cooper

*The Trans-Siberian Railroad stretches from Vladivostok to Moscow, but technological upgrades are needed to make freight transport cost-effective—including linking up to rail lines in western Europe.*

discussion, but with the perspective of "no big projects for decades to come."

### Boosting Infrastructure and Industry

The tripartite agreement just signed in Beijing can change the situation, also in respect to another aspect that is integral to the classical notion of "infrastructure development": the idea that building transport links gives a boost to industrial and urban development of remote regions—of which there are many, east of the Urals. As Russian Railways director Yakunin said at the Irkutsk meeting in September, the intervention of the state is crucial. It implies that the state steps in to create a long-term credit line at low interest, for such grand development projects, during a period of 25-50 years. State guarantees will allow issuing development loans over several decades, to get the necessary infrastructure built independently from any ups and downs on private capital markets.

This is a job for the governments of Eurasia, and the leaders of Germany, Russia, and China should convene as soon as possible, building on the fertile ground created by their railway directors with the Beijing agreement. There is a special role that Germany can play in 2007, when it chairs the G-8 world economic summit, which includes Russia.

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## Obituary

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# The Ugly Truth About Milton Friedman

by Nancy Spannaus

“Milton Friedman is a moral obscenity, but his popularity is even more obscene. Whether or not Americans continue to tolerate him will say a great deal about whether America has the moral fitness to survive.”

That was the challenge put forward by Lyndon LaRouche and a group of associates at *Executive Intelligence Review* back in July 1980, when they published *The Ugly Truth About Milton Friedman*, a 350-page book which documented for all with brains to think, that the Nobel Prize-winning economist was a fascist whose ideas had to be rejected in order for the nation to survive. Unfortunately, as the reams of adulatory prose which have been produced in praise of the just-deceased economist demonstrate, *EIR*'s efforts to inoculate the public against Friedman were not successful. The legacy of Milton Friedman remains to be extirpated.

Friedman has been an icon in the field of economics, and public economic policy, from at least the late 1940s, when he attended the founding meeting of the Mont Pelerin Society, and was “converted” from a New Deal accountant, to an anti-government monetarist. He has been a leading collaborator of every economic official involved in the successful tear-down of the U.S. physical economy over the last 60 years: Arthur Burns, George Shultz, Paul Volcker, and Alan Greenspan. He himself stayed out of government over this period—but did his dirty work all the same.

With the repudiation of the Bush Administration on Nov. 7, as well as the onrushing disintegration of the monetary system that Friedman-like policies has created, conditions are now more than ripe for the task *EIR* laid out in 1980, to be finally accomplished.

### Outright Fascist Economics

Milton Friedman loved to popularize his economic theories as “freedom to choose.” But in his academic work, and among his colleagues, there was widespread recognition that his monetarist theories were nothing less than fascist. Note the following statements.

First, there's William F. Buckley, Jr., well known for his own fascist sympathies, who, when asked about Friedman's ideas in 1971, said, “It is possible that Milton Friedman's policies suffer from the overriding disqualification that they

simply cannot get a sufficient exercise in democratic situations.” Translation: You need a dictatorship to implement the drastic cuts in consumption and living standards that Friedman's policies call for.

There was one country in which Friedman's policies did have enough time to take effect. That was Chile, in the wake of the 1973 coup by Gen. Augusto Pinochet. The Pinochet regime brought in an Economics Minister (Sergio de Castro) and Central Bank President (Pablo Barahona), who were both personally trained by Friedman at the University of Chicago. The regime which they imposed on Chile, which Friedman called “free trade,” immediately slashed wages and imports, and began exporting the nation's wealth, in the interest of paying debts. International econometric studies reported that, under this regimen, average caloric consumption in 1975 was reduced to less than 1,200 calories per day. This is a level below that necessary to sustain life, the equivalent of the Nazi concentration camps.

Officially, Friedman tried to distance himself from the Pinochet dictatorship. However, when travelling in Chile in early 1975, Friedman “chided the Chileans for not cutting their spending enough,” *Business Week* reported on June 2, 1975. The economist told the Ibero-American press that he hoped the Chileans would keep the program going. *Business Week* on Nov. 26, 1979 quoted Friedman saying that Chile “will be regarded as one of the economic miracles of the twentieth century.”

It was in the midst of the fascist strangulation of Chile, widely identified with Friedman's “Chicago Boys,” that the Nobel Committee decided to give the economics professor his Economics Prize. They justified it on the basis of his “Consumption analysis, monetary history and theory, and for his demonstration of the complexity of stabilization policy.” What a fancy description for economic genocide, equivalent to that of Hitler's Economics Minister, Hjalmar Schacht!

But it's not just the Chile example which gives away the fascist content of Friedman's economics. Friedman himself openly identified with the policies that were implemented by Schacht—just as did his “leftist” Keynesian opponents like Abba Lerner. “The object of such controls [on wages, prices, and credit] is the restriction of spending on the part of individuals,” Friedman wrote in his *Studies in the Quantity Theory of Money*. “Such a policy, if rigorously enforced, should restrain a rise in the price level. This policy appeared to have been successful in Nazi Germany.”

Such open discussion led the supply-side economist Arthur Laffer to respond to the question of whether Friedman was a fascist as follows: “You want to prove that Milton Friedman is a fascist? It's easy. Quote him.”

### A Swath of Destruction

Beginning in the early 1950s, Friedman was a force for destruction of the U.S. economy—and any other he could get his hands on. His economic instruction came under the





*As economist Arthur Laffer once said, "You want to prove that Milton Friedman is a fascist? It's easy. Quote him."*

Austrian school's Frank Knight at the University of Chicago, where Friedman held a chair in economics from 1946 until 1976. After that, he moved to the Hoover Institution, also the home of fellow monetarist and Pinochet-promoter, George P. Shultz.

Throughout the 1950s, Friedman began to worm his way into Washington policy circles, through his friend and advisor, Federal Reserve chief Arthur Burns. Eventually, he became a close advisor to three Republican Presidential campaigns, those of Barry Goldwater (1964), Richard Nixon (1968), and Ronald Reagan (1981). His theories of radical monetarism, budget-cutting, and free trade informed the policies of both the Nixon and Reagan Administrations.

Friedman was the one who urged Nixon to impose a money crunch in 1969, which threw the economy into recession, and ultimately set the conditions for taking the dollar off gold in 1971. The "free market" advocate Friedman certainly didn't bemoan the destruction of the Bretton Woods system. According to the Nobel Committee's press release on his nomination for the economic prize, he was one of the first

to recommend replacing the fixed-exchange-rate system of Bretton Woods.

Under the Reagan Administration, Friedman accepted a position on the Economic Policy Advisory Board, and vigorously pushed his agenda of reducing the Federal government's involvement in the economy, in a classic Adam Smith fashion. What that meant was that he insisted that there was no such thing as the "common good," but only a series of individual decisions, in which people should be "free to choose." Like Smith, and his close acolytes, Friedman took this ideology to its logical conclusion, advocating the elimination of restrictions on a wide variety of human vices, including the ingestion of mind-altering drugs. Like his colleague at Hoover, Shultz, he urged the legalization of marijuana, heroin, and the like. When told that such legalization was akin to permitting suicide, he avowed that the right to commit suicide was a "natural human right."

Strictly speaking, Friedman was a libertarian, who demanded the dismantling of all government interventions in favor of the general welfare of the population. The destructive effect of these ideas—in both monetary and physical-economic terms—were writ large in the Thatcher regime in Great Britain, and in the Begin government in Israel. The same can be said for the United States. To Friedman, it is a matter of moral indifference whether the result of cutting health care, or welfare, or even defense, leads to the death of the vulnerable in society. After all, he repeated constantly on his television shows, they were "free to choose."

### Learning the Lessons

As *EIR*'s 1980 book pointed out, it is crucial to keep in mind the fact that the monetarists of the "right," like Friedman, and those of the "left," like Keynesian Abba Lerner, ultimately follow the same methodology. By ignoring the fundamental dynamic of a successful economy—the application of human creativity through science and technological progress to the advancement of Potential Relative Population Density—and measuring the world by money (be it gold or paper), these classical Liberals dehumanize economics, and mankind itself. They are willing to sacrifice millions of human lives to save their monetarist systems and structures—and blame it on some abstract economic laws.

The American System of Economics, especially as last implemented by President Franklin Delano Roosevelt, knows better, and the time for its reassertion has long since arrived. With the collapse of the financial edifice that the monetarists have built, the question is once more going to come to the fore: Will it be the people using their governments to determine economic policies for the common good, or will it be the rich and powerful riding roughshod over everything, and everybody, in their path?

Milton Friedman won't be around to give us the wrong advice. But to give the right answer, in behalf of the general welfare, we had better recognize him as the moral obscenity he was.

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# Business Briefs

## Auto

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### SEC Chairman Discovers Axles of Evil at Ford

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U.S. Securities and Exchange Commission chairman Christopher Cox “is concerned about Ford Motor Co.’s business ties with terrorist states and their backers,” the Nov. 27 *Investment News* reported.

In letters dating back to July 5 between the SEC and Ford’s chief financial officer, Don Leclair, the SEC asked Ford if its “reputation and share value” were at risk because of its connections with Syria, Iran, and Sudan.

Cox asked if Syrian officials showed an interest in Ford dealerships, and if business volumes had notably changed in Syria over the last three years.

The investigation could further push Ford toward bankruptcy. Syria, Iran, and Sudan are not likely large Ford markets, but since Ford has just borrowed \$18 billion, and experienced a credit-rating downgrade on its unsecured debt, this type of investigation produces a cumulative effect of weakening the company. This unprecedented case shows that the SEC, far removed from its mission, is using terrorism as a threat to drive U.S. businesses out of certain countries.

Cox has blocked all attempts to regulate hedge funds or private equity funds—the actual purview of the SEC.

## UN Report

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### ‘Formal Banking’ Aids Afghan Opium Trade

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The UN Office on Drugs and Crime has issued a 210-page report, “The Afghan Drug Industry,” which is a damning indictment of international finance networks that operate under the noses of U.S. and NATO military forces there.

Chapter 6 of the UN report (which is available in full in pdf format at [www.undoc.org/pdf/Afghan\\_drugindustry\\_Nov6.pdf](http://www.undoc.org/pdf/Afghan_drugindustry_Nov6.pdf)) notes that the “informal financial transfer

system (*hawala*)” is “heavily reliant on formal banking channels in regional countries around Afghanistan.” From there, the bulk of Afghanistan’s heroin finds its way to western Europe, home of the oligarchy’s *fondi*.

Opium production accounts for one-third of Afghanistan’s total economic activity—a \$3.1 billion export value last year. And in the past year alone the crop rose by nearly 60% to 6,100 metric tons. Afghanistan’s harvest produces 90% of the world’s heroin.

The opium crop is raised mainly in the country’s southern (Helmand) and western (Ghor) regions, and covers 4% of its land-mass, roughly 25,800 square kilometers (9,961 square miles). (For comparison, the area of Massachusetts is 10,555 square miles.)

The UN report sees no prospect of eradicating opium production in Afghanistan for a generation. It makes the unastounding conclusion that a key problem is corruption. Its findings show “a probability of high-level (government) involvement” in the opium trade. The report presents a strong indictment of the Interior Ministry, which runs the country’s police. The underworld could not operate, says the report, without the support of the political “upperworld.”

The report names no names. And it states that “imposing stringent anti-money laundering standards too quickly on the re-emerging formal financial sector risks alienating the Afghan people from using banks.”

The report, released Nov. 28, is co-authored by the World Bank.

## Technology

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### China ‘Not Yet An Industrial Power’

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China is far from being a real industrial power, and must improve its “ability to innovate and develop our own technology” to change this, Prof. Liu Yingqiu, executive vice president of the Graduate Institute of the Chinese Academy of Social Sciences, said in an interview with *People’s Daily*, published Nov. 24.

“China has transformed itself from a large agricultural country into an industrial country. However, it isn’t an industrial power yet. Relatively speaking, China’s added output value is still low,” Liu said.

“Many people refer to China as the world’s factory, which isn’t accurate. China is only a processing plant. China still has a long way to go.”

Those factors on which China has depended for sustaining its economy in the recent period, are now weakening, Liu said. Among them, he said, “the amount of capital inflow and the marginal benefits of investment are dropping off.”

## Nuclear Fusion

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### Brazil To Create Lab And National Network

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The Brazilian government is creating a National Fusion Network (RNF) and a National Fusion Laboratory, to conduct research and development of nuclear fusion as a means of meeting its future energy needs.

Speaking Nov. 7 at an event organized by the Brazilian Physics Society, Science and Technology Minister Sergio Rezende announced this initiative, which will be overseen by Brazil’s National Nuclear Energy Commission (CNEN), and will initially incorporate 70 researchers and 14 national scientific institutions. The Physics Institutes of several universities, the National Institute for Space Research (INPE), and the Aeronautics Technological Institute are among the entities participating, the Brazilian media report.

In announcing this initiative, Minister Rezende emphasized that it will focus particularly on attracting youth, even though the starting budget is small—\$450,000.

Brazil also plans to expand its nuclear fission energy capacities. The state-owned energy research company EPE has just released its “National Energy Plan—2030,” which calls for building four nuclear reactors between now and 2030, each capable of generating 1,000 MW.

The plan also projects completing the Angra III nuclear reactor by 2015.

# Pennsylvania Squashes Campus Gestapo Project

by Anton Chaitkin

The crusade for fascism in colleges, publicly identified with rightist provocateur David Horowitz, but directed from the household of Vice President Dick Cheney, has been stopped cold in the state of Pennsylvania. Decisive actions by the state legislature, and by the voters, blocked the Cheneys' initiative in that state, which was considered the test case and showdown site for this national conflict.

The fight started in 2003, when the Bush-Cheney Administration, through various front groups, began pushing for Federal and state action to intimidate and silence dissent on college campuses. Under this pressure, in July 2005, the Republican majority in the Pennsylvania House of Representatives created the Select Committee on Academic Freedom in Higher Education.

## The Brawl Begins

The Committee held hearings where rightist agents alleged that abuses by teachers required the state to adopt a Goebbels-like, misnamed "Academic Freedom" code, with a potential purge of enemies of the Administration.

Testimony was presented by Anne Neal, president of the American Council for Trustees and Alumni (ACTA), whose chairman emeritus is Mrs. Lynne Cheney, the Vice President's wife. Neal claimed that colleges lack "diversity"—i.e., that conservative students complain that teachers are inappropriately criticizing the Administration and its policies, when they should stick to their subjects. "If they are teaching Medieval English literature, we expect them to be lecturing on Chaucer, not Condoleezza Rice," Neal huffed. She demanded legislative action: "In the face of years and years of inaction, I submit it is up to elected officials to make sure the academy puts up, or holds its peace."

David Horowitz, founder of the campus Gestapo, Students for Academic Freedom, testified for a crackdown on those who advocate "social justice," which he defined as "a generally recognized code for socialism." He claimed teachers are being hired because they are leftists, which violates state and Federal law. Horowitz made the issue plain: "Many professors seem to find it necessary to make speeches against the Bush Administration in classes whose subject matter is not American Presidents, the Administration of George Bush, or the war in Iraq." He cited an alleged complaint from a Temple University student: "The chairman of the history department, who is my advisor, told me during advising that, 'If Bush gets re-elected we will have a fascist country. . . .'" Logan Fisher, identified as "a student of Temple University" (actually an officer in David Horowitz's organization) complained about anti-Bush sentiment among teachers.

The Select Committee's ranking Democrat, Rep. Lawrence Curry (from Jenkintown, Pa.), blasted Horowitz as a liar, face-to-face in Committee hearings, and in Curry's meetings with teachers and unionists around the state. Curry attempted to interview students who had been cited by Horowitz and Cheney's ACTA as complaining about their teachers' political views, and found that these students "never materialized."

The question of whether the Committee would call for harsh laws against dissident teachers, was to be decided, at the latest, when the Committee was to file its final report, before the end of November 2006—around the time of the national elections. Meanwhile the rightist propaganda hitting college campuses was aimed at chilling the political environment and discouraging the youth vote.

## LYM Takes It to a Boil

In mid-October 2006, some three weeks before the national and state elections, the Lyndon LaRouche Political Action Committee (LPAC) suddenly raised the political temperature, releasing a pamphlet, "Is Joseph Goebbels on Your Campus?" which exposed the advocates for this crackdown as, in reality, a single fascist apparatus run from Washington. LaRouche Youth Movement (LYM) members distributed 750,000 of these pamphlets on campuses around the nation, including in Pennsylvania; the pamphlet was also widely distributed among Pennsylvania state legislators.\*

In the Nov. 7 election, Democrats swept back into power in the U.S. House of Representatives and Senate, after the LYM mobilization had greatly stirred up a decisively Democratic youth vote.

The national wave hit Pennsylvania, rolling over the Cheney-Horowitz apparatus. The Republican chairman of the Select Committee, Rep. Tom Stevenson, lost his seat in the primary, as did Rep. Gibson Armstrong, whom Horowitz had gotten to introduce the bill setting up the Committee. Another Republican Committee member lost in the general election, and a fourth Republican retired, leaving only three of the seven Republican Committee members now slated to return to the legislature in 2007.

All six Democrats on the Committee were reelected.

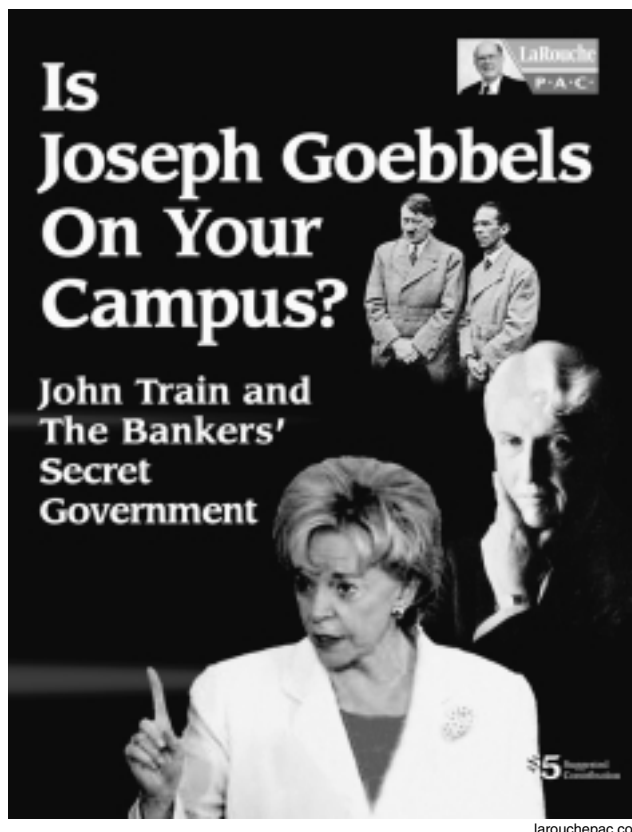
## Cheney Is Skunked

After these election results, the sobered Committee, including the defeated Republicans, voted *unanimously* on Nov. 21, to publish a final report concluding that the state's colleges had no problem with academic freedom that would need fixing by Horowitz's fascist methods. The Committee, still under a Republican majority, even deleted from the final report the entire, bogus testimony that had been given by the Cheney/Horowitz activists at the Committee's hearings.

The report declares, "Based on testimony provided at the four public hearings, the Select Committee came to a general consensus that legislation requiring the adoption of a uniform statewide academic freedom policy, which was referenced by several testifiers, was *not* necessary. . . . The Committee received testimony from each sector of public higher education and determined that academic freedom violations are rare."

On his website, FrontPage.com, Horowitz raged against what he called "the breathtaking audacity of the theft of the

\*The pamphlet definitively proved that "The Cheney faction and its financier sponsors, intent on a catastrophic war escalation and anti-Constitutional measures to retain power, have assembled a political dirty-tricks cartel, centered on the Vice President's wife, Lynne Cheney, and Wall Street operative John Train. Made up of nominally separate but absolutely interlocked groups, this cartel is attempting to impose a gestapo over American education that would wipe out resistance. . . . All of the supposedly separate pro-Cheney organizations deploy as a single entity, promoting one another's gang-up operations on targeted professors, students, and campus organizations that defy the policy agenda of the 'Conservative Revolution.' "



*An attempted takeover of colleges in Pennsylvania by the Cheney/Horowitz right-wing campus Gestapo, was stopped dead in its tracks, aided by the LaRouche Youth Movement, which distributed 750,000 pamphlets throughout the nation.*

report by the Democrats and the unions." He denounced the Republicans on the Committee as "spineless."

For three weeks after the election, the control over the Pennsylvania House of Representatives was undetermined due to slow counting of absentee ballots in some districts.

A dramatic decision came on Nov. 29.

In Chester County, officials finally declared that Democrat Barbara McIlvaine Smith had won the 156th district House seat, by a margin of only 23 out of 23,205 total votes. With this result—assuming it holds up against any potential recount or court challenge—Democrats have won a control of the lower house of the state legislature by a one-seat margin, 102-101.

Though the Republicans will still control the state Senate, the House turnover means that the project of Lynne Cheney, David Horowitz, et al. for fascism on campus has been squashed for now in Pennsylvania.

With a Democratic-controlled House, any new attempt by Cheney/Horowitz to introduce Gestapo legislative schemes would be blocked by an alert and seasoned team led by Rep. Lawrence Curry. Horowitz's nemesis, Curry, is now expected to become chairman of the House Committee on Higher Education.

# What Horowitz's Defeat Implies: In Crisis, Politics Must Be an Action on the Future

by Michael Kirsch, LaRouche Youth Movement

In the months leading up to the Nov. 7 midterm election, Lyndon LaRouche and the LaRouche Youth Movement (LYM) descended upon the election, from our continuing fight for the future of the nation against the enemies of the United States, including American Tory John Train, William F. Buckley, Dick Cheney, et al. We focussed on the higher level of that fight to save the nation, a responsibility which the Democratic Party refused to take; and as I demonstrate here, we made a discussion of *that* higher struggle, *subsume* and define the election.

The Democratic landslide, which was deemed impossible both by anyone who had followed the Party's performance throughout the Summer, and by all statistical accounts, demonstrated the effectiveness of LaRouche's method of political organizing. Then, on Nov. 21, with the unanimous voting down of David Horowitz's "Academic Freedom" bill in the Pennsylvania State Legislature, the leading test case for the entire ACTA-FIRE-Lynne Cheney/Train apparatus (see *EIR*, Oct. 13, 2006), LaRouche's method was vindicated again. Next, on Nov. 29, the Democrats of Pennsylvania took the House. As will be demonstrated below, the manifestations of these predicates reflect the mass effect created throughout the nation, by LaRouche and the LYM creating political ferment in exposing the Campus Gestapo. Therefore, as the continuing effects of LaRouche's and the LYM's organizing emit themselves, perhaps the most important aspect of the election is, that the Democratic Party must now ask, *What is the method of Lyndon LaRouche?*

## Dynamics vs. Mechanics

In the great statesman Leibniz's refutation of Descartes' rules of motion, he demonstrates, following Kepler's refutation of Ptolemy, Copernicus, and Brahe, that motion can not be understood in any of the formal predicates of the motion and the body itself, but must be understood in the unseen principle determining the space which the motion expresses. As Leibniz says in his 1692 refutation of Descartes, "In order to say that something is moving, we will require not only that it change its position with respect to other things, but also that there be within itself a *cause of change, force, an action.*"\*

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\* Michael Kirsch and Aaron Yule, "Experimental Metaphysics," *Dynamis*, October 2006, at [www.seattlelym.com](http://www.seattlelym.com).

Again, the cause must be located outside of the body and motion, in the principle organizing the relationships defining the sense-perceived object. Similarly, which was the central principle of the calculus, Leibniz uniquely discovered that the sense-perceived catenary can not be measured by an *a priori* simple description measured against an empty Euclidean-Cartesian space of  $x$  and  $y$  coordinates, but rather, that the catenary defines space by the physical principle expressed in its shape, which, as Leibniz discovered, embodied the paradox of physical action, leading to a new measurement for all ostensibly algebraic magnitudes.

The expression of a higher principle in politics is the same. How does one explain the recent election results? With the landslide for the Democrats which had seemed impossible months prior to the election, what was the determining factor causing the change in the organization of youth, professors, and citizens alike that created a *discussion* of ideas throughout the population? The Democrats must now discover the unseen principle that demonstrated itself in this election, and was the cause of what popular opinion determined "impossible."

To investigate this, take the negative first. How do you measure the effective magnitude of such a *discussion*? Do you take a poll, get a statistic of how many people agree with you, and then count up the votes?

Or even worse, do you explain the seemingly "impossible" occurrence as created by one singular political speech, a massive session of phone banking, or some mechanical push that causes all the dominoes to fall? In fact, it was not the sum of all the "robo-calls" which added up to an election victory, or any of the techniques of Howard Dean's amorphous "grass roots."

Is this your method of politics? Rather than this impotent approach, were you to tell the truth, and thus act upon the unseen power of the communication of ideas throughout the population, then, you could understand and measure the magnitude of effect of a discussion. Only if you introduce the truth to the American population, rather than navigating accepted popular opinion as a sophist, does the necessary method of LaRouche's "mass effect" become a power which can be wielded to effect change. Hence, the measurement of the discussion throughout the population, is found in the *cause* of the discussion.

LaRouche spoke of this during his post-election Nov. 16 webcast:

"It came, also, from a surge, a great surge of the population between the age of 25 and 35. That is what won the election! This was a part of the population which the Democratic campaign had done *nothing* to win over. The leading policy had been doing *nothing* to win them over.

"That's where we played a role. We pushed. And the youth pushed hard: *We won the election*. Because we sparked a reaction *in* the population by the methods we used, to create a mass effect. You have a few people with *ideas*, you produce a *mass effect*. . . . By mass effect: you spread *ideas*. You deploy in such a way as to spread *ideas* among the people! And the spreading of ideas among the people, when the ideas are attractive to them, causes them to have a better relationship to each other. And the people who develop this better relationship to each other in terms of ideas, *then* become influential in the entire community around them. And that's what happened!"

So, what is the *cause* of such a discussion of ideas? Keeping this question in your mind, review the following in-depth overview of the LYM organizing before the election.

## A Nationwide Discussion

In the weeks leading into the midterm election, 750,000 copies of the LPAC pamphlet, "Is Joseph Goebbels on Your Campus? John Train and the Bankers Secret Government," had been circulated by the LYM at an estimated 75 major universities and community colleges in 16 states, including California, Washington State, Oregon, Texas, Georgia, Ohio, Michigan, Missouri, Connecticut, Massachusetts, New York, New Jersey, Pennsylvania, Maryland, the District of Columbia, and Virginia, to name the main areas of concentration.

LYM organizers, taking the temperature reading of professors and youth, found the great illness of the "Campus Gestapo." We addressed what everyone was thinking, but was not willing to openly discuss, whether for fear of persecution, or a lack of understanding the truth of what was generating the conditions on their campus. Some reported examples:

- In California, a political science director admitted to calls to her office regularly from parents who were being affected by the Campus Gestapo operations.
- In Ohio, one professor honestly thought the LYM organizer inquiring about the Gestapo's operations on his campus, was bugged. Another admitted that professors are beginning to stick to the script when they teach. Another professor stated that the environment is worse than McCarthyism, and excitedly took a bundle of pamphlets to circulate to others.
- In Pennsylvania, a teacher who told us of the attacks on her coming from ACTA (Lynne Cheney's American Council of Trustees and Alumni), was thrilled that we are doing something, and took a DVD.

Students were unsure of what was causing the apolitical

environment on campus. Many indicated seeing professors being recorded, and other professors being pressured to conform to the Bush Administration line, or be fired. Students couldn't figure out why there hadn't been political discussion on the campus; others said, a lot of youth weren't voting. Most youth weren't excited about the Democratic strategy and hadn't even been thinking about the election.

- In Texas, many students admitted there should be more political activity, but couldn't put their finger on the problem. When briefed on the Campus Gestapo, they became empowered, and they could get other youth on campus to start thinking. At a different university, one youth, explaining how her friends were acting politically by disrupting an event on campus with Straussian neo-con William Kristol, was asked if she had thought about why only right-wingers are doing all the speaking events on campuses. This student recognized the effects of the Campus Gestapo, and took extra pamphlets to distribute.

While students and professors noted some of the effects of the Campus Gestapo, there was not a general discussion, but rather, an environment of suppressed political consciousness. With its action, the LYM generated a discussion throughout the country. On nearly all the campuses, every professor got a pamphlet either through another professor or the LYM distributions. Nationwide, our organizing created a forum for *real* political discussion.

## Professors and Youth Inspired To Act

The professors who had otherwise been silent, were excited by our flanking maneuver against the controllers of the Bush Administration, and felt empowered to intervene. Many excitedly took bundles to distribute to other faculty.

- In California, one professor invited us to distribute literature in his class. A teacher's assistant took extra to deliver to the professors' boxes.
- A political science director invited us to hold a forum, saying, "You are going to hit them hard!"
- In Washington, D.C. a professor walked with us back to his department. After unlocking the department after hours, he helped us distribute pamphlets to his co-workers' mailboxes. On a different campus, a professor encouraged us to distribute in his whole department.
- In Texas, secretaries, after getting briefed on the pamphlet, changed their minds about the rules regarding distribution, and allowed us to distribute through the whole department. A professor, upon seeing the LYM be denied access to distribution elsewhere, helped.

Non-linear effects occur when getting a discussion on campus through the initiation of powerful ideas. The interrelation of mass distributions of literature, students and professors taking extra pamphlets, organizing of students, speaking events on campus, articles published in campus newspapers, and meetings held with students and professors, generated a self-developing process subsuming any particular organizing

experience. The LYM didn't approach the nationwide organizing with a formula, but rather, fought with citizens of America for their future.

- On one California campus, after distributing 10,000 pamphlets on student desks, and students taking extra to distribute, one youth decided to invite the LYM to do a radio interview, radiating the potential of the discussion further. Another youth came up remarking, "What is this pamphlet? These things are everywhere, you guys are doing a great job; it's raining pamphlets! They are everywhere I go!"

- In Virginia, after we set up A-frames with pictures of "Big Sister" Lynne Cheney's face, youth gathered around the LYM's organizing table all day, which in turn caused everyone to be talking about them. One or two friends of one youth would come up to the table. Pretty soon there would be eight youth in discussion, organizing each other about the questions they would have. They would walk off together in discussion about the political situation; our organizing was a driver to stimulate discussion.

- In D.C., one youth told the LYM that she heard her classmates talking about the attacks on Lynne Cheney. Another student came up to the table, having already gotten the pamphlet from an early morning distribution on student desks: "I read it cover to cover." Another student reported being watched by Lynne Cheney by one of the many pictures of "Big Sister" Cheney that had been posted inside the bathroom stalls!

- In Ohio, a student reported to a LYM organizer that someone in his class announced, "If you are interested in politics, you should check out this group, Campus Watch." (William F. Buckley wouldn't be pleased.) In response to our organizing, campus newspapers covered our exposure of the Campus Gestapo's suppression of the vote.

- In Connecticut, some students had started up discussion and wrote articles about our pamphlet, simply from the effects of mass saturation of literature.

The cross-country organizing causes an intersection of real discussion. More important than being in any one place, is to be everywhere. One professor reported, "I've seen you guys all over the country, so what is this all about?" In Ohio, a student who was visiting from California met the LYM and reported that her roommates had all been talking about our pamphlet back home. One youth who'd read the pamphlet, came up to the LYM organizing table, only to discover that he had worked with the LYM to save the machine-tool sector earlier in the year!

People accustomed to "happy ending" movies and entertainment, may get a little queasy—but some citizens, confused about the Campus Gestapo, were enraged with our organizing. Others were shocked. Not everyone *agreed* with us. And that is *good*. We created a fight, a discussion. In today's "Nerf" society, where nobody gets hurt, conflict is not popular, but, for those interested in the truth of reality, it is *always* necessary.

## Locating the Cause

Consequently, we now return to the relevant subject of this inquiry. To comprehend the election results requires an ability to effectively measure the magnitude of the discussion of ideas.

Effects are measured and defined by what bounds and generates them; hence, we return to the earlier question: What unseen principle was the *cause* of the discussion of ideas in the population?

Look to the principle that LaRouche introduced into this midterm election, embedded in the mass organizing around the pamphlet, "Is Joseph Goebbels on Your Campus?" The pamphlet exposed the "Get LaRouche" Task Force of American Tory John Train, launched one month after, and subsequently sabotaging, President Ronald Reagan's 1983 announcement to the world that LaRouche's economic development policy, which Reagan called the Strategic Defense Initiative, was the new U.S. foreign policy—a treasonous attack by a fascist banker apparatus against America's and the world's future generations.

Today, the Train apparatus is targetting the youth of Americas campuses, to create a bankers' dictatorship as the financial system disintegrates. The development toward the future for young people is being squelched by a Gestapo. These are a majority of youth who readily admit, "We have no future." LaRouche ignited this principal concern of young people with the truth. What appeared to Democrats as an impractical approach, was, to the LYM, and to citizens who admit the horrible reality crushing living conditions today, the honest truth.

In the real universe—a universe determined by the decisions of humans, not one of an *a priori* set of rules—the truth is relevant to politics. If the Democratic Party accepts no underlying statistical axioms as to how political fights are supposed to be won, and instead addresses the human population's minds, the truth resonating throughout the nation will override the mechanical rules determining the limitations of action.

The success of the Goebbels pamphlet demonstrates that these *a priori* rules, for which only a Baby Boomer would fall, are in fact a fantasy, and a fraud. LaRouche is and will continue to be vindicated; the method of politics is to reveal the truth of the reality affecting the future of youth. The method of politics is not about winning elections; it is about the truth.

"We've proven it by the turnout by young people as voters, in the 18 to 25 group, and the 25 to 35 group: *It proves, that reposing inside the young people of America, the young adults of America, there is a core of young adults which does have an orientation toward the future, which will respond to the idea of a future.* Where the Baby Boomers in general have given up on the future, and have tried to cling to what they can salvage from their own past. That's what the problem is."—Lyndon LaRouche, Nov. 16, 2006 webcast

## The Gibberer In the 'Times'

by Lyndon H. LaRouche, Jr.

November 26, 2006

Is the *New York Times*' Louis Uchitelle operating on LSD? That is fair question after reading Uchitelle's Nov. 26th *New York Sunday Times Week in Review* feature, "Here Come the Economic Populists."

The Democratic Party has just won a crucial mid-term national election. It could have been a much greater victory had the Party organization really tried. As it was, not only did the Democratic faction and its partners carry the Senate by a very narrow margin, but gained a landslide victory in the House of Representatives.

The post-election studies now show, that the critical margin of these victories was won during the last few weeks preceding the polling; the crucial margin of that victory was a sudden surge of turnout of young voters of the 18-35 age-group, a surge which, in crucially significant degree, reflected my own LPAC (LaRouche Political Action Committee) youth mobilization. This was shown in a curious way by the connection between the youth turnout for Democrats and the LPAC's exposure of the scandalous evidence of Mrs. Lynne Cheney's efforts to suppress academic freedom, as Virginia's Webb Senate victory, for example, attests.

My own intensive warnings on the issues of the presently onrushing global collapse of the present world monetary-financial system were a significant factor, although of undetermined magnitude in these developments. My attention, like that of many other economists, was focussed momentarily on both the fruits of Mr. Alan Greenspan's bubbling follies, and the current threat of an early chain-reaction form of global collapse of the present world monetary-financial system. Putting silly things, like Mr. Uchitelle's rant, in a prominent place in the *New York Sunday Times*, is not notably helpful to the cause of humanity at this moment of global monetary-financial crisis in which the recent mid-term election has just occurred.

Mr. Uchitelle's shocking ignorance of even the rudiments of each and every aspect of the entire sweep of the history of modern political-economy since the crucial February 1763 Peace of Paris, was a certain, perverse kind of accomplishment in itself.

However, to be brief: With the death of President Franklin D. Roosevelt, the U.S.A. made certain significant and sudden shifts in post-war economic policy; however, we retained the rudiments of the Bretton Woods fixed-exchange-rate system until the 1967-68 monetary crises led by the United Kingdom's Prime Minister Harold Wilson. From 1970-1972 onward, with the adoption of the guidon of Professor Milton Friedman, the Bretton Woods system was shut down and then wrecked; at this point, the policies which Uchitelle now claims were authored by the 1993-2001 Clinton Administration, were introduced as the policies of the now recently deceased protégé of Arthur Burns, Professor Milton Friedman, and Mr. Friedman's ally George P. Shultz,

It might astonish the bewildered Mr. Uchitelle to learn that those policy-changes, already implicit in the wrecking done by the U.K.'s Harold Wilson government, have been continued from President Nixon's first administration to the present day. Every administration since that time, Republican and Democratic, has been equally guilty of the same folly for which the late Professor Friedman was most notable.

That policy, which has reigned over these decades, has now failed in a manner and degree far, far worse than the combined efforts of the administrations of Presidents Coolidge and Hoover. It is now, in a manner of speaking, time to reverse course, back to a seemingly forgotten state of sanity in economic policy.

The most crucial related matter of the moment, is the fact that the present Bush-Cheney Administration is not capable, intellectually, or emotionally, of making what should be seen as the urgently needed, obvious corrections. The critical fact, is that the general collapse of the present world monetary-financial system is ongoing, at a time when no nation of Eurasia is both prepared and qualified to lead that needed change in monetary policy which might do for the crisis-ridden world of today what Franklin Roosevelt did for a crisis-ridden world of 1933.

It is the acquired habits of decades, especially the recent four decades, which are now doing us in. The greatest danger, and the most important political issue of the moment, is the reluctance to part with those specific habits, the reluctance to turn to the kind of thinking which enabled a bankrupt U.S.A. to lead in making possible the defeat of Hitler and the launching of the 1945-1964 period of recovery.

This is, therefore, the nature of the crisis with which the continued existence of the present Bush-Cheney Administration threatens the welfare of our nation, and the world, during the weeks of the December-February sessions and related work of the U.S. Congress. How will that crisis of leadership be addressed; how will the crucial, needed changes be brought about in a timely way? Uchitelle's nonsensical, totally misinformed rant, is a far, far less than sensible contribution to the urgently needed dialogue.



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## To Combat Malaria, We Need DDT

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*A world expert on malaria and DDT explains why indoor spraying of house walls will save millions of lives. An interview with Donald R. Roberts.*

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Donald R. Roberts, Ph.D., an entomologist, is Professor of Tropical Public Health at the Uniformed Services University of the Health Sciences in Bethesda, Maryland. He has conducted field studies and published scientific articles on DDT for the past 40 years, in particular showing that DDT has a unique effect: it repels mosquitoes. His work was important in the Sept. 15 decision of the World Health Organization to support the use of DDT for the spraying of inside house walls to prevent the spread of malaria.



USUHS

*Dr. Roberts was interviewed Nov. 16 by Marjorie Mazel Hecht.*

**EIR:** Could you tell us about how you got into DDT, and especially your pioneering work with Indoor Residual Spraying, IRS.

**Roberts:** I became interested in the DDT issue in the very early days of my career as a medical entomologist, because DDT was, of course, the big topic during the 1960s. I was interested in it, but by and large I didn't have any feelings one way or the other in terms of DDT being bad for this or bad for that, or good for this or good for that. Eventually I became seriously interested in the whole issue as I worked in the field, in malaria control and malaria ecology. In those early years, we were like the young lawyer chasing ambulances. We were working in the Amazon Basin, and outbreaks were relatively

uncommon, because houses were sprayed with DDT. Anyway, whenever we would have an outbreak, we would take off to go and investigate it.

We quickly learned that we needed to get there before the spray teams. If we didn't, by the time we got there, the outbreak would be over.

**EIR:** That fast?

**Roberts:** That fast, instantaneous almost. I'm not saying that there would be no cases of malaria; I'm saying that there would be no malaria transmission taking place. So the generation of new cases would end at that point in time.

I was impressed by the chemical—not by anything in the literature, not by anything in the popular press, but by my experience. So, eventually, as the opportunity presented itself, I started conducting field experiments on how DDT actually functions. And the outcome of the research was that I discovered—to my total amazement, I might say—that it wasn't functioning by killing mosquitoes. It functioned as a repellent. It kept them out of houses.

I actually went into the state of a recluse scientist for a number of years, as I worked on the literature, because I couldn't put my findings into the context of anything that I had been taught, or had been told. And so, I worked with the literature for a number of years, and I discovered that there were many like me—many field researchers—and you could find their papers scattered throughout the literature, dating back to the very beginning of the use of DDT. And we were all saying the same thing: DDT was functioning in ways that aren't appreciated.



*Anti-malaria spraying in Guyana. Indoor residual spraying with DDT not only acts as an insecticide, killing the mosquitoes that land on walls, but also acts as a repellent that keeps mosquitoes from entering a sprayed house. Mosquitoes are repelled, whether or not they are resistant to DDT.*

So, one thing led to another, and I just stayed with it over the decades.

**EIR:** Much to the benefit of the world—especially now with the new World Health Organization decision to use indoor spraying of DDT for malaria control.

**Roberts:** Well, that's what we all hope for! It has been a very encouraging change. And I think it was a very courageous act on [WHO malaria head] Dr. Kochi's part to take that position, and to go public with it. The fight is not over, because, of course, his decision has just rallied the anti-DDT folks, and so it's turning into a rather grim struggle. But, you know, you have to decide according to your own value system, what is the relevance of human health versus what is the importance of speculative harms.

**EIR:** It's prejudice on the part of the anti-DDT folks, really—brainwashing.

**Roberts:** Brainwashing, exactly, and it's everywhere. It's in the schools. It's in zoos. It's everywhere. And to a very significant extent, it's all false.

**EIR:** And yet, when it's so engrained in people—the generations from the 70s on—it was drummed into them as a belief system, so it's very hard to shake it.

**Roberts:** It's not science. To be blunt, most people know very little about the science of DDT, or the science about malaria control. But they have very strong opinions—and very loud voices. And when you see them get angry, as you mount a defense of the use of DDT, you know that you're

dealing with a belief system, not science.

**EIR:** Like many environmental views that are based on fear. . . . To go back to your early work with IRS, what impressed me was the statistics you had compiled about Ibero-America, where you can see that the countries that stopped using DDT had enormous increases in the rates of malaria incidence, and those where DDT was still used, did not have malaria increases.

**Roberts:** Right. And where the use of DDT has been initiated or restarted, you find that malaria rates decline rather quickly, precipitously in fact.

**EIR:** On the question of resistance, can you take up a couple of the usual objections that environmentalists raise to DDT, such as why bother to spray with DDT, because mosquitoes have become resistant to it. Yet, what you discovered is that the mosquitoes are repelled even if they are resistant.

**Roberts:** I am a scientist, and the whole question about resistance and mechanisms of resistance is really important, and those lines of research should be pursued. But resistance to DDT, and there is evidence in the literature to back up my belief, is largely a product of use of DDT in agriculture.

There was a study carried out by Dr. Georgiou in Central America back in the 1970s, and he showed the distribution of resistance to DDT in malaria mosquitoes corresponds *precisely* with the geographical areas in which DDT was being heavily used in agriculture. Not only did he find that its distribution was determined by the use of DDT in agriculture, but he found that seasonality was influenced. In other words, the

proportion of mosquito populations and levels of resistance within a mosquito population varies by time of year, and that variance correlates with the time of the year that DDT is being used in agriculture.

So the basic mechanism that I'm talking about here is that when you put DDT on a wall, mosquitoes land on walls, and they become exposed to DDT on the wall, because they enter a house, and they enter a house because they want to bite a human being. The mosquito has an option. It can *not* enter the house, and if it doesn't enter the house, it stays away from the insecticide.

If you take the DDT and spread it broadly in the environment, the mosquito can't avoid it. The fact that DDT is a powerful repellent is irrelevant if it's everywhere; it can't be avoided.

Secondarily, DDT is a powerful contact irritant. But again, if you can't avoid it, it doesn't matter that it's an irritant. And of course, since it's sprayed everywhere in agriculture, it would wind up in pools of water, where the mosquito lays its eggs, and the selection for a resistance mechanism in those circumstances, is powerful. And so that is the basic mechanism of resistance selection that I'm talking about.

On the other hand, if you spray it inside houses, there are options; the mosquito can stay out of the house, and therefore there is no selection for resistance. But in addition, if it stays out of the house, it's not going to be transmitting disease.

**EIR:** And so when you spray the inside walls of a house, it repels all of the mosquitoes, whether they are resistant to DDT or not.

**Roberts:** The research that we have conducted up to this point in time suggests to us that toxic and repellent actions are entirely separate mechanisms of action. Toxicity is one mechanism of action and death is a contact response. The mosquito is not going to die unless it lands on a surface where the DDT is, and furthermore, you really do not get significant levels of mortality of mosquitoes unless they remain in contact with DDT for several minutes, on the order of 20 minutes.

**EIR:** Isn't it part of the behavior of mosquitoes that they rest on walls for that long?

**Roberts:** They rest. They rest before they take a blood meal, and they rest after they take a blood meal. That is part of their behavior.

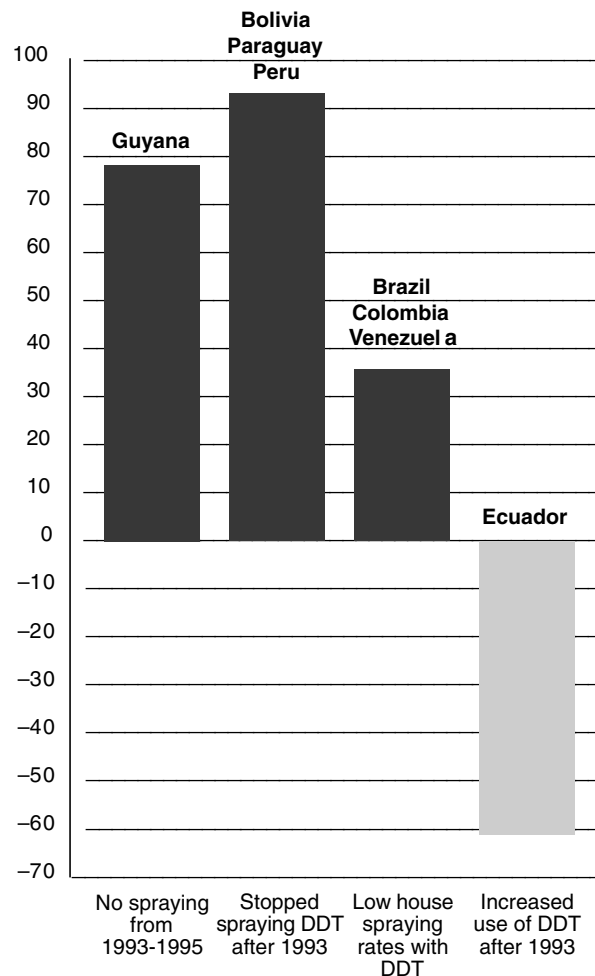
So, toxicity requires contact, the absorption of the chemical. Repellancy is entirely different. Repellancy is a vapor phase—no contact. The mosquitoes detect it, probably through receptors on the antennae; that's my best guess. They can detect molecules of DDT in the air, and the probabilities are that they can detect a gradient of molecules. And once they detect that gradient of molecules in air, they go in the opposite direction.

**EIR:** What do you mean by gradient?

FIGURE 1

## Increases in Malaria for Countries in South America, 1993-1995

(Percent Increase in Numbers of Malaria Cases)



Source: Adapted from D. Roberts et al., *Emerging Infectious Diseases*, July-September 1997, p. 300.

*When countries stopped spraying the inside walls of houses with DDT, the incidence of malaria soared. But when spraying was increased, there was a fast, dramatic drop in malaria cases.*

**Roberts:** Increasing numbers of molecules in air.

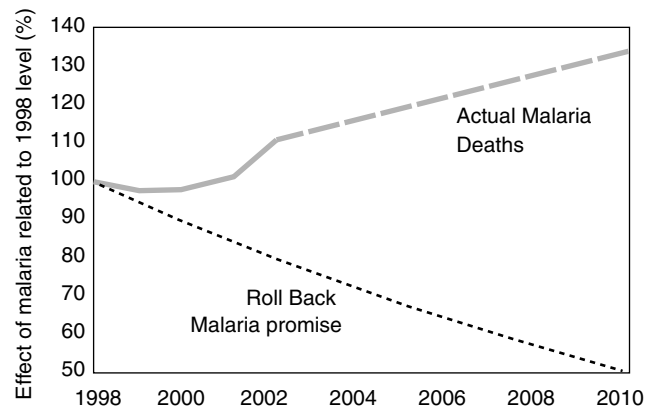
**EIR:** So, as they approach the wall, they sense they are getting closer to the DDT and they leave.

**Roberts:** Right. It's the same mechanism that you would use if you smelled smoke. Our sense of smell is acute enough that we can actually rely on it to direct us in a particular direction if we are smelling something. I think we're talking about a very similar kind of phenomenon here. The mosquito can detect a gradient of chemical and responds, "Whoa, I'm not going there."

FIGURE 2

## Malaria Deaths Since Roll Back Malaria Program, As Percentage of 1998 Level

(1998 = 100%)

Source: Adapted from the *British Medical Journal*, May 8, 2004.

*The Roll Back Malaria program, a partnership of the WHO and United Nations organizations, which has pointedly avoided any use of DDT, has been an abysmal failure. Since the RBM founding in 1998, deaths from malaria have steadily increased.*

**EIR:** I think that's been very important in the decision by the WHO to begin the indoor spraying with DDT.

**Roberts:** I certainly hope that it has been, because frankly, there's no other chemical like DDT. We know that—we've tested hundreds of chemicals.

**EIR:** What about the alternative pesticides that are promoted, the pyrethroids, for example, to which mosquitoes have become resistant?

**Roberts:** There is a growing problem of resistance to the pyrethroid insecticides. This problem is being taken very seriously by the World Health Organization. I know for a fact that there is great concern about it. The issue with the pyrethroids is that they're not used for public health programs alone; they are used extensively in agriculture, and so the resistance problem is not going to diminish; it's going to grow. And so there is a real need for new chemicals. There will be situations where pyrethroids have worked well in the past, but not in the future. At that point, what do they go to?

The environmentalists have mounted attacks on the organophosphates, so the organophosphates are not an optimal alternative. The environmentalists have mounted attacks on the carbamates, so the carbamates are not an optimal alternative. So what do you have other than pyrethroids?

**EIR:** I guess you have protection of mosquitoes at the expense of people.

**Roberts:** That is why we need DDT. Besides, none of these other chemicals function as a repellent. Some are contact

irritants, but none are strong spatial repellents like DDT.

**EIR:** The other issue people raise is, why not use bednets, and this amazes me because of the tiny number of people who now have bednets. I'm not against the use of bednets, but they don't do the job in the same way. What do you think?

**Roberts:** I'm not particularly eager to attack the use of bednets, because I think the bednets are useful and it's not constructive to attack them, but the problem with the bednets is the same problem you have with any personal protective measure. It's fundamental, it's basic: The problem with bednets is user compliance. People have got to be willing, and they've got to have the discipline to use the darn things every single night.

The other issue with bednets is that they provide protection primarily when you're beneath the net. And that's a limitation. People do not necessarily stay under their bednets during all the hours when the mosquitoes are out there biting. The bednet is an easy and popular answer to the malaria problem. Bednets are receiving such an enormous push right now. So many people, and so much big money is behind use of bednets. But all the hype, all the big money, is not going to overcome those fundamental issues.

There is a basic principle in occupational health: The least desirable of all preventive measures is the personal protective measure. That relates to the fact that people won't comply. And so, the big push right now in malaria control, the use of bednets, defies that fundamental principle of occupational preventive medicine.

**EIR:** Another question that's related in my view, and this is something that the anti-DDT people have said, is that "We can't do DDT, because it requires public health infrastructure." That boggles my mind. They are actually saying, we don't want to spend money on infrastructure; we don't have it, whereas we have the money for bednets. I don't get it.

**Roberts:** It's putting the cart in front of the horse. You must have infrastructure if you're going to control the disease—any disease. You've got to have people who know something about therapeutics, about the proper treatments. You've got to have people who know something about data collecting and surveillance, making a proper determination of whether one case is malaria and another case is some viral disease. You've got to be able to distinguish between these infections. All of that requires infrastructure. You've got to know how much disease you have, how big the burden might be, before you can evaluate whether or not your control methods are working to control disease.

**EIR:** I think a major problem is that there is no infrastructure in Africa. Here we've taken down our public health infrastructure too, but in Africa, it's abysmal.

**Roberts:** Yes, it's abysmal, but the policies that brought about the destruction of our malaria control programs around

the world were *wrong*, just flat wrong. And the people who were promoting those changes were deluded into thinking that what we need to do is empower the people to handle their own disease problems.

People can't handle their own disease problems. And you can't empower them to do so.

**EIR:** It seems to me that policy move was an excuse for genocide—deaths in the millions over the past few decades.

**Roberts:** It has certainly been a major global reversal in public health. No question in my mind about that. Hopefully, change is on the way. There's hope; perhaps that's all we have at the moment.

**EIR:** I have been following the news on various countries in Africa, and they do seem to be making a fight to get back to the use of DDT.

**Roberts:** And if it's not DDT, at least it's Indoor Residual Spraying. Because, quite frankly, I think the best of all worlds would be a combination of spraying the walls and the use of the bednets, ITNs [insecticide-treated nets]. We shouldn't exclude bednets; they should be used. But we should spray. The advantage of spraying is that a sprayed wall is the first cut. The mosquito has to get past that barrier first. If it gets past that barrier, and there are nets, maybe the nets will give the second line of defense.

**EIR:** What do you think it would take, having been in this field for a few decades now, to get public health back to where it should be?

**Roberts:** It takes a huge investment, and you can see there are signs that the investment is growing. That's a very hopeful change. Monies are being made available, probably not enough, but a lot more than we had before.

So, number one, it takes a huge investment, and number two, it takes investment in infrastructure. We've got to rebuild public health programs, and WHO capacities to direct house spraying programs. Additionally, we've got to stop saying "We're not going to do anything unless it's based on the community." We've got to get public health workers back into the field doing public health for the people. As opposed to saying, "No, no, we want the people to do all this."

**EIR:** That's just an excuse for not doing it.

**Roberts:** Exactly, it's a cop-out. If you look at the history of our efforts with dengue fever, you see a glowing example of this whole idea of community participation. Throughout the '70s and '80s, the catchwords, the hype, for dengue control, was community participation. It was an abysmal failure. There is no success.

**EIR:** In other fields that has certainly been the case, such as community control of education. . . .



Foto de Armando Waak/OPS

*On Sept. 15, the new head of WHO's malaria division, Dr. Arata Kochi (right), announced the decision to return to a science-based malaria policy, and permit the use of DDT for indoor house spraying. Dr. Kochi's courageous step overruled 30 years of anti-DDT prejudice at WHO.*

**Roberts:** We just need to go back to what history has shown us actually works. I have tremendous respect for the scientists of the 1940s and '50s, who were in there doing pioneer work in the field, on the ground, showing how they could go about controlling disease, and they did it. They were successful, and we have now a 30- to 40-year history of complete failure, rejecting everything that they did. And it's not as if they tried and they failed; they tried and they succeeded! And we've spent the last 30 years casting criticisms on what they did, saying, "No, we're doing it the right way, we're doing it a better way," and meanwhile disease is growing, and growing, and growing.

**EIR:** I think the words of Alexander King give a big clue as to what happened. He said, he was for DDT during World War II—he was a chemist in charge of DDT for Britain. And then, by 1960, when he founded the Club of Rome with its Malthusian outlook, he said in a memoir that he regretted his decision to back DDT, because it had allowed such population growth in the Third World: People weren't dying of malaria, and they could live and have children. I think that's behind a lot of the anti-DDT and other kinds of public health take-down: the idea that we don't need more people, and this is a good way to get rid of them.

**Roberts:** It certainly works! The disease and the dying is going on. Illness is high, deaths are high, and they just keep increasing. Malaria is pretty good at taking people out of the picture, so to speak.

The truth is, though, that does not solve population growth. If you're truly concerned about population growth, what you need to do is focus on making those people wealthier.

**EIR:** That is another way to look at it; people who have a



WHO Photo

*A typical malaria victim in 1950, before DDT was widely used. The child's spleen is enormously enlarged, one of the symptoms of malaria infection.*

higher standard of living tend to have fewer children, so they can raise them to have an even higher standard of living.

**Roberts:** They tend to produce fewer children. It's like the population growth that we see in Japan and Europe. Many countries are very concerned about their *lack* of population growth. You'll also find that these are rather wealthy countries.

So, I think the people who are against DDT because it prevents disease and death, and do so from the standpoint of controlling human population, are just terribly misled.

**EIR:** Unless they are the Bertrand Russell types, who advocated the use of disease as a killer.

**Roberts:** I've never been able to figure out the role of that ideology within this mix of issues. I know it's out there. I don't doubt that; I just don't know how big of an issue it is.

**EIR:** Any time I've questioned persons who are opposed to DDT, it turns out that they are Malthusians. They think that fewer people in the world would be better. There's no causality there, necessarily, but those two things usually go together. It's the same with nuclear energy and fusion. . . . They oppose it because it will lead to cheap energy and more industrialization.

**Roberts:** It's very sick, and it's wrong—it's wrong ethics and wrong thinking.

**EIR:** Can you talk a little about the book you are writing?

**Roberts:** This book is about DDT. It is written to build a solid foundation of science for dealing with the questions about DDT. In the book, we try to explain how DDT actually functions to control disease transmission, and how it is, in

fact, unique in the way that it functions. We explain that DDT is not a very toxic chemical, and try to put its persistence into perspective, in terms of compartmentalization, sequestration, and biodegradation.

There are lots of misunderstandings about DDT. There is a strong belief that DDT does not biodegrade; it does. It's readily biodegraded. It's biodegraded in the human body. It's biodegraded in the bodies of most living organisms. It's biodegraded by bacteria. It's biodegraded by fungi. White rot fungi can mineralize DDT. So it is ubiquitously degraded in the environment.

It is also degraded by light. It's chemically degraded. And so, when you start looking at all the mechanisms for breaking down DDT, what you really discover is that DDT is persistent, only to the extent that it is protected from all of these processes, by becoming tightly bound to organic particles in the soil, for example. In the process of compartmentalization, it becomes stored in fat. Basically DDT in a fat cell is not available for degradation. In addition, when it's in fat, DDT is not available to act against the living organism.

So, this whole concept that DDT is persistent, and that this persistence is a problem, is wrong. The fact is, the natural world is fully capable of dealing with DDT, because we are surrounded by chemicals like DDT. Degradation, sequestration, and compartmentalization are natural processes for dealing with DDT and other DDT-like chemicals. There are certain vitamins that are toxic, but they are essential to our survival. Some lipophilic chemicals will bioaccumulate, and the way nature handles such a chemical is to tuck it away in fat.

Basically that's the process of compartmentalization. If you were to take the process of sequestration and compartmentalization of DDT away, DDT would be degraded and disappear.

**EIR:** It seems to me, from looking at experiments reported in the DDT literature going back to the 1960s, that DDT in the animals it was given to, had a kind of protective effect. In other words, the dogs who were given very high doses of DDT, did a lot better than the control group. They got sick less and they lived longer. Did you deal with this at all?

**Roberts:** Well, let me give you one example. I don't know that I can say anything profound about it. By and large, within a living organism, DDT becomes a neutral factor. It's neither good, nor bad; it's just there. And because it's tucked away in fat, it's biologically inert. But there are systems for moving DDT out of fat, and getting rid of it, just as there are systems for moving any other lipophilic toxins out of fat and getting rid of them.

So none of this is new to nature. We are literally surrounded and immersed in an environment of lipophilic chemicals. Some are toxic, some are less so, and we deal with all of them. Some of them are essential to our survival. DDT is not essential to our survival, but there are certainly mechanisms for dealing with it in a natural way.

## The Malaria Cycle

There are three types of malaria, all caused by a genus of protozoans called *Plasmodium*, the most lethal being *Plasmodium falciparum*. In brief, the *plasmodium* is picked up by a biting female *Anopheles* mosquito, when she sucks the blood of a person with malaria. The plasmodia in the blood mate in the mosquito's stomach and produce hundreds or thousands of young plasmodia, which travel through the mosquito's body, including to the salivary glands. When the mosquito bites again, it injects young plasmodia (called sporozoites) into the human victim.

These plasmodia reach the human liver where they

reproduce, forming a new phase of plasmodia (merozoites), which enter the blood stream, burrow into red blood cells, reproduce, and in 48 hours, burst out to enter new blood cells, repeating the process in 48 hours.

When the number of merozoites reaches about 150 million in a 140-pound person, the victim has a typical malaria attack every 48 hours. As Dr. Gordon Edwards describes it, "When millions of red blood cells are simultaneously destroyed, the victim suffers a chill. As the cells are ruptured, toxins are released, resulting in alternating chills and fevers. If a large number of plasmodia invade the brain, death quickly follows."

The malaria cycle is most effectively stopped, when the *Anopheles* mosquito is prevented from biting people who already have malaria in their blood. This vastly reduces the incidence of new cases of malaria.

The example I was going to give you: You're familiar with the robin story, which Rachel Carson described. She stated that the robin was headed for extinction because of DDT. Well, a study of many aspects of the robin story was published in 2000, and another in 2003. DDT was used heavily in apple orchards. In fact, there was probably more DDT placed on apple orchards than any other commercial crop. And so, there are these orchards in Canada where DDT had been used until 1973. There was still a lot of DDT in the soil. If you test the robins that live in that orchard, they have higher levels of DDT than any other bird recorded. And you find high levels of DDT in the earthworms.

But if you compare the populations and reproductive success of robins in the orchard, with the robins in surrounding areas that have *no* DDT, you find that the robins are doing just as well, with the DDT, and in fact, the brood and clutch size of the robins in the orchard are actually higher than the brood and clutch size of robins in areas without DDT. The difference is not statistically significant, but they are higher.

So basically, what you find is that the DDT is there, but it causes no harm, and certainly does not affect reproduction.

**EIR:** I think that the robin story promoted by Rachel Carson is a complete lie, because there were plenty of robins in 1962 when she wrote her book, and later.

**Roberts:** It was a complete lie. What she focussed on was what happened on a Michigan State University campus in Ann Arbor, and so she made all those wild claims. There were studies done and published in 1973 by ornithologists on campus, and what they showed was that Carson's data were all wrong. They saw that there were just as many robins during the time that DDT was in use as before or after DDT use. And in fact the nesting populations of robins were higher during the DDT years than before or after. But the

anti-DDT people don't want to know that. . . .

**EIR:** Can you say a little more about your book?

**Roberts:** The goal of the book is to try to set the record straight on DDT. And, more important, to show how the use or non-use of DDT was a critical public health issue that had implications for the health of hundreds of millions of human beings. Hundreds of millions of people have been harmed by the environmentalist-activist campaign against DDT.

The outcome of the enormous propaganda machine has been to give over to the environmental organizations, like EPA [U.S. Environmental Protection Agency], UNEP [United Nations Environment Program], and many others around the world, authority, regulatory control over a critical public health issue, and they have no recognition of the public health consequences. They have authority; they assume no responsibility.

That's one of the points that we try to explain in the book—that the reason that people have been harmed is that the authority is resting in the wrong hands.

**EIR:** And people are continuing to be harmed until we change that situation.

**Roberts:** It should change. If there is any justice in the world, the authority over the public health insecticides will be taken away from the environmentalist organizations, and will be put in the hands of the people who have responsibility for public health—WHO, or CDC [Centers for Disease Control]. There should be change; whether or not there will be change is an open question.

**EIR:** It's a fight! When does your book come out?

**Roberts:** I'm working on the eagle story right now and to be fair, and to get the science right, is very difficult. I'm spending

a tremendous amount of time researching, as are my co-authors. I know more about eagles than I ever wanted to know. This is the last chapter I'm writing, and I hope to have it finished in the next two to three weeks.

**EIR:** One last question: For years the environmentalists have been trying to come up with reasons that DDT is "bad"—whether it's shrinking crocodile penises or hurting the development of Mexican-American children (the recent California study).<sup>1</sup> They are just trying to find *something*, but to my knowledge, they have never found anything in DDT harmful to human health. Can you comment on the University of California study on DDT and infant development?

**Roberts:** I think the California study falls into the same category as many of these studies. Basically it comes down to the existence of large data sets, and the numbers of large data sets are growing. We are dealing with statistical manipulations, looking for correlations with a large number of variables, and you set your probability for statistical significance at 5%, and well, one out of twenty columns of data is going to give you a significant result; that's 5%. And I think that's what is happening. There is some weak association, and with a large data set, it may give them a statistically significant finding, and they go with it.

Somebody else comes along, and has a different large data set, and they find that, no, it just doesn't work out that way. Those are the problems that we are dealing with: One study finds an association and another study doesn't. It is a search for something harmful from a chemical that we can detect in extremely small quantities. And it's often there, so it's a good target.

Occasionally somebody gets a hit, and they go to press with it. Through this process, we also run into the bias against negative results. If you do a study that duplicates the Eskenazi study [the University of California study of Mexican-American infants], and you find no association, your chances of getting that paper published are extremely small, because it's a negative result. That's a bias in the whole process of publishing scientific studies, and it's real. There's no figment of imagination here. If you've got a negative result, that result is just not very helpful.

If we had ten studies, and they all showed the same thing about developmental effects, you might reach the point that you can say, there's something real in this association. I'm talking about well-designed, well-performed scientific studies all showing the same result. Then you might say, well, let's look at it. Now, just because studies show a developmental effect, does that mean DDT is not good? In my opinion, it doesn't mean that at all. What you have to do is take a

look at what is harm versus benefit.

If you've got a population where you're losing 100,000 babies to malaria a year out of a population of 20 million or so, boy, you'd better have some serious, serious harm coming from the use of that chemical if using it will save 100,000 lives.

**EIR:** What the study showed was so inconclusive, that at a certain point of the infant's development, the child was one or two months behind. That's meaningless, really.

**Roberts:** It's particularly meaningless when you realize that it's very possible that even if there were an effect, it could disappear over the next two or three years of development.

**EIR:** And how many other things are so much more important in terms of a child's development?

**Roberts:** The true significance of that paper was not the science, in my opinion, but that the authors stepped over the line, and made the suggestion that the results of their study should be taken into consideration by those countries looking to use DDT for malaria control. In my opinion, the authors were over the line because they knew nothing about malaria or the benefits of DDT. For them to cross the line and say that those countries should look at their study results before making a decision to use DDT is, I think, unacceptable—scientifically and ethically unacceptable.

**EIR:** It's also unacceptable that it was picked up and ballyhooed everywhere, including in the science press with the same intent.

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1. Brenda Eskenazi, Ph.D. et al. "In Utero Exposure to Dichlorodiphenyl-trichloroethane (DDT) and Dichlorodiphenyldichloroethylene (DDE) and Neurodevelopment Among Young Mexican American Children," *Pediatrics*, Vol. 118, No. 1, July 2006.



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## Editorial

### *Britain's Deady Game: Religious War*

It's not only the arrogance of Dick Cheney, and the mule-headed insanity of George W. Bush that has prevented any change of policy by the Administration since the Nov. 7 elections. The overriding fact is, as Lyndon LaRouche has constantly stressed, that the *policy* of this Administration is being run from *outside* the United States, by oligarchical financial forces primarily located in Great Britain. It's not a Bush-Cheney policy, it's British!

There are a number of crucial elements which should convince even the most reluctant "conspiracy-theorists" of the truth of our charge.

First, ask yourself: what force in the world responds to crisis conditions by fomenting cultural/religious war? If you answer "Venice," you would not be wrong, but Venice today has, in effect, moved as a power to London, where it operates as a global financial and political power. Thus, the oligarchical center (Venice) which instigated the Thirty Years' War of 1618-48, in an attempt to save its empire, is no longer. Instead, the British Foreign Office, and associated tentacles, have picked up the job of pitting religion against religion, race against race—with the very same purpose.

Southwest Asia has been a favorite victim of these imperial powers for centuries, long before even the creation of the state of Israel. Wars within Islam, between Jews and Muslims, between Turks and Armenians—and many other variants—have all been furthered by sophisticated intelligence agencies, working for empires that didn't care how many people died, as long as their power was preserved.

Now, look at the policy in Southwest Asia today. What the Bush Administration is pursuing is *permanent warfare*, not stability. But can anyone really believe that this Administration, which has virtually driven out everyone with any competent understanding of the culture and the region, has come up with this policy? No. In effect, the Bush Administration is functioning as fall-guys for the British policy.

The just-concluded visit of Pope Benedict XVI to Turkey provides an instructive counterpoint to the Bush Administration policy. Here, a world leader who just a

few weeks earlier had been virtually declared anathema, and threatened with bodily harm in mass demonstrations by Muslims all around the world, was able, through his own persistent efforts for dialogue and peace, to make a breakthrough in peaceful relations between the Roman Catholic Church and Islam. What's obvious is that other forces in the West could have done the same—had they the same commitment. Instead, they are being steered toward provocation after provocation—and disaster.

Which brings us to the second crucial point, which buttresses our case. *The fact is that the current foreign policy of the our country is perfectly designed to destroy the United States.* And who wishes to destroy the United States? None other than those international financial forces who see it as a potential obstacle to their plan for permanent looting over the world—forces centered in Great Britain.

*EIR* has conducted a small survey among knowledgeable military-intelligence circles in Washington, D.C. as follows: Do you think, we asked, that there could have been any two individuals, besides Bush and Cheney, more effective in destroying the status, and power, of the United States in the world? The answer, you'll not be surprised to hear, was "no."

From their very selection as candidates for this nation's highest offices, Bush and Cheney have been primed to carry out roles assigned to them by leading enemies of the United States. They have destroyed our industry, they have destroyed trust in government, they have tried to rip up the Constitution, they have destroyed any respect that our nation, once beloved by all truly freedom-loving countries, has in the world.

We have now come to the end of the line. On the one side, this destructive process is about to enter a new phase, of financial and cultural disintegration. On the other, the American people have signalled the definite desire for a change of direction, with the election of Nov. 7. Thus it is *now* that American patriots have to gird their loins, and take up the battle to restore *American* sovereignty, by removing the tools of our own destruction.

Impeach Cheney and Bush—before it's too late.