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LaRouche Dialogue With Ibero-American Trade Unions
Putin Calls for New Economic Architecture
Cheney's Drive for Civil War Succeeding in Gaza

Scandal Rocks British Crown and City's Bankers



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EIR

From the Managing Editor

Most of our readers have seen or heard something about the scandal breaking in Great Britain, concerning the British defense company BAE Systems, \$2 billion in payoffs to former Saudi Ambassador to Washington Prince Bandar Bin Sultan, and the oil-for-armaments deal between London and Riyadh, dating back to Margaret Thatcher's prime ministership. But as Jeffrey Steinberg reports, *EIR's* investigations show that the story is much, much bigger than anything the British or American media would have you believe.

We present this week the first salvo in what will be a continuing series of exposés of a scandal that goes to the very heart of the Anglo-Dutch Liberal financial oligarchy. This will allow us to break up the British imperial threat to civilization and the world. What we have here is a gigantic, off-the-books slush fund that can be used to fund every imaginable sort of dirty operation, including the clashes in Palestine, and the drive to turn Lebanon into a "failed state." See *International* for how these conflicts are being manipulated by Dick Cheney and the British.

On June 21, at his international webcast, Lyndon LaRouche will present his war plan to replace the Anglo-Dutch power structure with a four-power agreement of the United States, Russia, China, and India, to reorganize the bankrupt global monetary system, and build the Eurasian Land-Bridge. See *Economics* for Russian President Putin's call for a new global economic architecture—a sign that the Russians are ready for the initiative that LaRouche is putting forward.

This week, we feature a webcast discussion between LaRouche and trade union leaders from Mexico, Chile, and Argentina. The title of the event, organized in Mexico, was "Globalization Equals Fascism," and each unionist had a gripping tale to tell of how the globalizers are trying to destroy his or her country. In order to defeat this horror, they have naturally allied with LaRouche.

Don't miss three unique stories: our interview with Dr. Nils-Axel Mörner, who has proven that—contrary to Al Gore—the world sea level is *not* rising; LaRouche's discussion with Italian Sen. Lidia Brisca Menapace, during his recent visit to Rome; and a debate within the Israeli peace camp over a "one-state" or "two-state" solution to the Israeli-Palestinian conflict.



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Bandar and Thatcher, videograb from June 11 Panorama program. Design, Alan Yue.

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Scandal of the Century Rocks British Crown and the City

by Jeffrey Steinberg

On June 6, the British Broadcasting Corporation aired a sensational story, revealing that the British arms manufacturer BAE Systems, had paid more than \$2 billion in bribes to Saudi Arabia's national security chief and longtime Ambassador in Washington, Prince Bandar bin-Sultan, over a 22 year period. The BBC revelations were further detailed on June 11, in a one-hour Panorama TV documentary, provocatively titled "Princes, Planes and Pay-offs," which detailed a more than decade-long probe by the *Guardian*, BBC, and the British Serious Fraud Office (SFO), into the al-Yamamah arms contract, a nearly \$80 billion, 22-year long deal between BAE Systems and the Saudi government, in which British-made fighter jets and support services were provided to the Saudi Kingdom, beginning in 1985.

Every British government, from Margaret Thatcher, through John Major, to Tony Blair, has been thoroughly implicated in the BAE-Saudi scandal. In December 2006, Britain's Attorney General, Lord Goldsmith, ordered the SFO probe shut down, declaring that any further investigation would gravely jeopardize British national security. Prime Minister Blair fully backed his Attorney General, and is now scrambling to complete the fourth phase of the al-Yamamah deal before he leaves office next month.

The furor that followed the Goldsmith announcement triggered a number of international investigations into the BAE Systems scandal, including by the Swiss government and the OECD (Organization of Economic Cooperation and Development, the so-called "rich nations" club). More recently, the U.S. Department of Justice has reportedly opened a probe into money laundering and possible violations of the Foreign Corrupt Practices Act, on the part of the British and the Saudis. The estimated \$2 billion in cumulative payoffs to Prince Bandar, for his role in brokering the al-Yamamah deal, went through the Saudi government accounts at Riggs Bank in Washington, D.C., thus opening the U.S. jurisdiction.

While the various British investigations into the al-Yamamah (Arabic for "the dove") arms deal did unearth a vast network of front companies, offshore shells, and corrupt politicians, who benefitted richly from the deal, *EIR's* own preliminary investigation into the scandal has uncovered a far more significant story, one that will send shock waves through the City of London financial circles, as well as top figures within the British monarchy, who are all implicated in a far bigger scheme that goes to the very heart of the Venetian-modeled Anglo-Dutch Liberal system of global finance, which is now on its last legs.

Al-Yamamah

In 1985, the Kingdom of Saudi Arabia, in part frightened by the ongoing war between its neighbors Iran and Iraq, which had reached a highly destructive phase known as the "war of the cities," sought to purchase large numbers of advanced fighter jets to build up their Royal Air Force. Initially, the Saudis sought approval from the Reagan Administration to purchase American-made F-15 fighters. The Saudi F-15 deal required Congressional approval, and the America Israel Public Affairs Committee (AIPAC) waged a massive effort to kill the sale. According to several well-informed Washington sources, Howard Teicher, a senior official on the Reagan National Security Council (director of Near East and South Asia, 1982-1985; senior director, Politico-Military Affairs, 1986-1987), also played a pivotal role in the AIPAC effort, which ultimately succeeded in killing the deal. Teicher, according to the sources, withheld information from Reagan, stalling a Congressional vote until AIPAC had fully mobilized, and then convinced the President to withdraw the request, rather than face an embarrassing defeat in the Congress.

Other sources have offered a slightly different version of the failure of the F-15 deal, claiming that intelligence community estimates, since the mid-1970s, had warned of instability in the Persian Gulf, and that there were, therefore, other rea-



Videograb from June 11 Panorama program

BAE Systems was created in 1981, when Prime Minister Margaret Thatcher privatized the British arms industry. In 1985, Prince Bandar flew to London, to confer with Thatcher to arrange the purchase of fighter planes for the Saudi kingdom. There were widespread rumors that Bandar had been recruited by British Intelligence while attending the Royal Air Force College.

sons to question the advisability of the sales of advanced U.S. military technology to Saudi Arabia, particularly after the Khomeini Revolution in Iran.

Whatever the reason, the F-15 deal failed. The very next day, after the Reagan Administration threw in the towel, Prince Bandar, the Kingdom's de facto chief diplomat to Britain, the Soviet Union, and China, as well as the U.S.A., flew to London to meet with Prime Minister Margaret Thatcher. British arms sales did not require parliamentary approval, and the British government, in 1966, had created an agency, the Defence Export Services Organization (DESO), to hawk British arms around the globe. BAE Systems had been created in

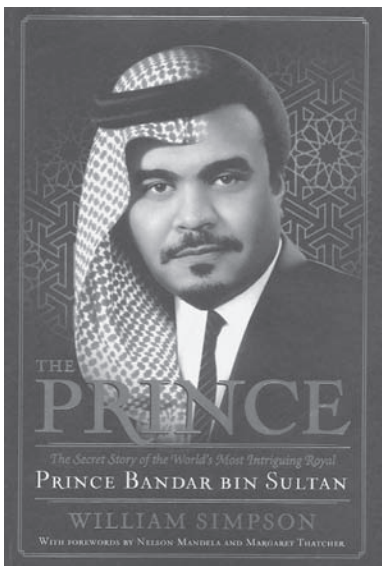
1981, when Thatcher privatized the British arms manufacturing industry, which had, only four years earlier, been nationalized under the Labour government. And BAE Systems, the largest arms manufacturer in Europe, dominates the British defense sector.

The Bandar trip to London to confer with Thatcher had been in the works for months. A Ministry of Defence briefing paper, prepared for the Thatcher-Bandar sessions, stated, "Since early 1984, intensive efforts have been made to sell Tornado and Hawk to the Saudis. When, in the Autumn of 1984, they seemed to be leaning towards French Mirage fighters, Mr. Heseltine paid an urgent visit to Saudi Arabia, carrying a letter from the Prime Minister to King Fahd. In December 1984, the Prime Minister started a series of important negotiations by meeting Prince Bandar, the son of Prince Sultan. . . . The Prime Minister met the King in Riyadh in April this year and in August the King wrote to her stating his decision to buy 48 Tornado IDS and 30 Hawk."

Thatcher also had every reason to feel confident that Bandar would be the perfect interlocutor between Saudi Arabia and Great Britain in the deal of the century. At age 16, several years after his father, Prince Sultan, had been named Minister of Defense of the Kingdom, the Prince was sent to England to study at the Royal Air Force College Cranwell, the elite officer's training school for future RAF pilots. At least one senior American intelligence official has reported widespread rumors that Bandar was recruited by MI6, the British Secret Intelligence Service, before he finished his RAF training. Other sources, intimately familiar with the goings-on at BAE Systems, report that the "private" aerospace giant has a sales force made up almost exclusively of "lads" recruited to MI6 before their hires.

Whether or not these reports are accurate, Bandar certainly is a serious Anglophile. The best accounts of his adventures in England appear in the 2006 book, *The Prince—The Secret Story of the World's Most Intriguing Royal* (HarperCollins, New York), by William Simpson, a Cranwell classmate, and still-intimate pal of the Prince. Simpson, who wrote the book with the full cooperation of Bandar, recounted his friend's intimate ties with every occupant of 10 Downing Street.

"In London," Simpson reported, "Bandar would breeze into Number Ten with uninhibited panache. From Margaret Thatcher to John Major to Tony Blair, Bandar's access was extraordinary." By Prince Bandar's own account to Simpson about al-Yamamah, "When we first made the agreement, we had no contract. It was a handshake between me and Mrs. Thatcher in Ten Downing Street." It was months before the final details of the al-Yamamah deal were finalized, and the contracts signed. But even before the ink had dried, Britain had provided the initial delivery of Tornado jets—from the inventory of the RAF.



In this authorized biography, Bandar's schoolchum William Simpson wrote, "In London, Bandar would breeze into Number Ten with uninhibited panache. From Margaret Thatcher to John Major to Tony Blair, Bandar's access was extraordinary".

By the time the formal Memorandum of Understanding was signed between the British and Saudi defense ministers on Sept. 25, 1985, the original order had been expanded to 72 Tornado fighter jets and 30 Hawk training aircraft, along with other equipment and services. There have been two subsequent deals, al-Yamamah II and III, and al-Yamamah IV, worth as much as \$40 billion in additional arms deliveries, is in the final stages.

Oil-For-Aircraft

The al-Yamamah deal was structured as a barter arrangement. While the Saudis did agree to pay cash for certain services and infrastructure construction under separate sub-contracts—and those cash payments went, in part, to “consulting fees” or bribes, including the \$2 billion to Prince Bandar’s accounts at Riggs Bank, and similar reported payments to the Chilean dictator Gen. Augusto Pinochet and the Dutch Royal Consort, Prince Bernhard—the essential contract involved the Saudi delivery of oil to Britain, in return for the fighter jets.

And here is where the story gets really interesting.

Saudi Arabia agreed to provide Britain with one tanker of oil per day, for the entire life of the al-Yamamah contracts. An oil tanker holds approximately 600,000 barrels of oil. BAE Systems began “official” delivery of the Tornado and Hawk planes to Saudi Arabia in 1989. BAE Systems now has approximately 5,000 employees inside Saudi Arabia, servicing the contract.

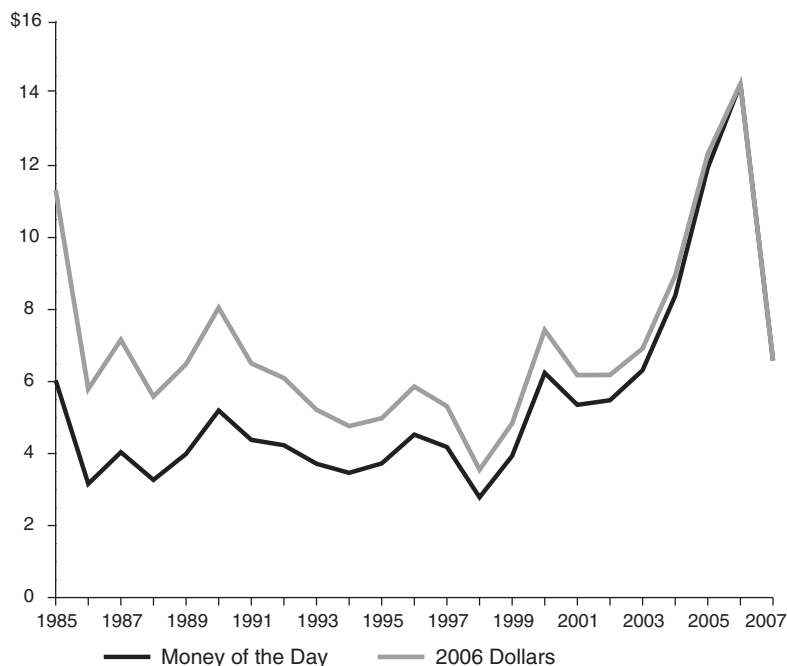
Is it possible to place a cash value on the oil deliveries to BAE Systems? According to sources familiar with the inner workings of al-Yamamah, much of the Saudi oil was sold on the international spot market at market value, through British Petroleum and Royal Dutch Shell.

EIR economist John Hoefle has done an in-depth charting of the financial features of the oil transactions, based on BP’s own daily tracking of world oil prices on the open market. Using BP’s average annual cost of a barrel of Saudi crude oil, Hoefle concluded that the total value of the oil sales, based on the value of the dollar at the time of delivery, was \$125 billion. In current U.S. dollar terms, that total soars to \$160 billion (see accompanying charts).

Based on the best available public records, the total sticker price on the military equipment and services provided by BAE Systems to Saudi Arabia, over the 22-year period to date, was approximately \$80 billion. And those figures

FIGURE 1

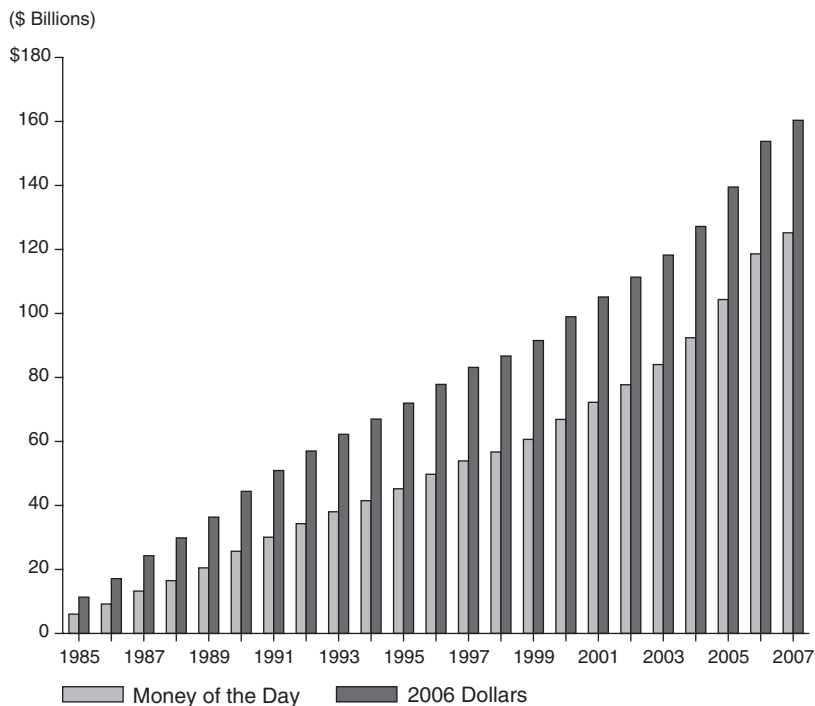
Annual Value of Saudi Payoff (in Oil) to BAE (\$ Billions)



Source: BP

FIGURE 2

Cumulative Value of Saudi Payoff to BAE (\$ Billions)

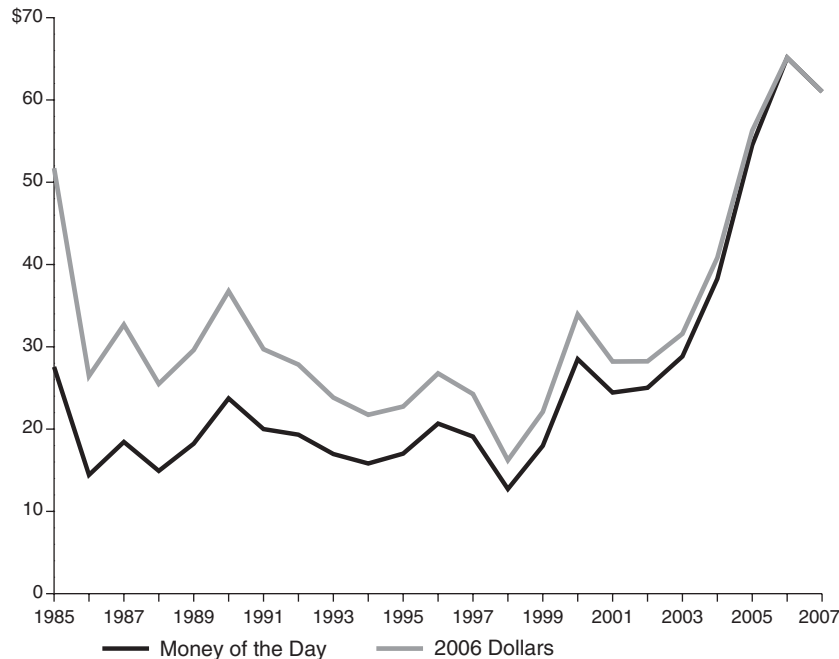


Source: BP

FIGURE 3

World Oil Price 1985-2007

(\$ per Barrel)



Source: BP

are inflated by billions of dollars in slush fund payouts. Indeed, the latest limited-damage scandal around al-Yamamah erupted in November 2006, when a Ministry of Defence document leaked out, providing the actual sticker price on the fighter jets. The figure confirmed the long-held suspicion that the prices of the jets had been jacked up by at least 40%.

BAE Systems, a crown jewel in the City of London financial/industrial structure, secured somewhere in the range of \$80 billion in net profit from the arrangement—in league with BP and Royal Dutch Shell! Where did that money go, and what kinds of activities were financed with it? The answer to those questions, sources emphasize, holds the key to the power of Anglo-Dutch finance in the world today.

Prince Bandar's biographer and friend William Simpson certainly provided an insight into the inner workings of the al-Yamamah project: "Although al-Yamamah constitutes a highly unconventional way of doing business, its lucrative spin-offs are the by-product of a wholly political objective: a Saudi political objective and a British political objective. Al-Yamamah is, first and foremost, a political contract. Negotiated at the height of the Cold War, its unique structure has enabled the Saudis to purchase weapons from around the globe to fund the fight against Communism. Al-Yamamah money can be found in the clandestine purchase of Russian ordnance used in the expulsion of Qaddafi's troops from Chad. It can also be traced to arms bought from Egypt and other countries, and sent to the Mujahideen in Afghanistan fighting the Soviet occupying forces."

In effect, Prince Bandar's biographer confirms that al-Yamamah is the biggest pool of clandestine cash in history—protected by Her Majesty's Official Secrets Act and the even more impenetrable finances of the City of London and the offshore, unregulated financial havens under British dominion.

The Saudi Side of the Street

For its part, the Saudi Royal Family did not exactly get ripped off in the al-Yamamah deal. When the contract was signed in 1985, according to sources familiar with the arrangement, Saudi Arabia got an exemption from the Organization of Petroleum Exporting Countries (OPEC). The barter deal with BAE Systems did not come under their OPEC production quota. In other words, Saudi Arabia got OPEC approval to produce 600,000 barrels a day, above the OPEC ceiling, to make the arms purchases.

According to the Energy Information Administration, a branch of the U.S. Department of Energy, over the life of the al-Yamamah program, the average cost of a Saudi barrel of crude oil, delivered to tankers, was under \$5 a barrel. At that price, the annual

cost to the Saudis for the 600,000 barrels per day was \$1.1 billion. Over the duration of the contract to date, the cost to the Saudis of the daily oil shipments was approximately \$24.6 billion. The commercial value, in current dollars, as noted above, was \$160 billion.

The Saudis have forged a crucial partnership with the Anglo-Dutch financial oligarchy, headquartered in the City of London, and protected by the British Crown. They have, in league with BAE Systems, Royal Dutch Shell, British Petroleum, and other City giants, established a private, offshore, hidden financial concentration that would have made the British East India Company managers of an earlier heyday of the British Empire, drool with envy.

At this moment, there is no way of calculating how much of that slush fund has been devoted to the clandestine wars and Anglo-American covert operations of the past two decades. Nor is it possible to estimate the multiplier effect of portions of those undisclosed, and unregulated funds having passed through the hedge funds of the Cayman Island, the Isle of Man, Gibraltar, Panama, and Switzerland.

What is clear, is that the BAE Systems scandal goes far beyond the \$2 billion that allegedly found its way into the pockets of Prince Bandar. It is a scandal that goes to the heart of the power of Anglo-Dutch finance.

There is much, much more to unearth, now that the door has been slightly opened into what already appears to be the swindle of the century.

LAROUCHE TO IBERO-AMERICAN TRADE UNION LEADERS

Globalization Equals Fascism: Organize a New Bretton Woods!

Led by U.S. Democratic Party leader Lyndon LaRouche and Mexican trade union leader Agustín Rodríguez, Secretary General of the Union of National Autonomous University of Mexico Workers (STUNAM), trade union leaders from Chile, Argentina, and Peru participated June 14 in an Internet video-conference, on the subject “Globalization Equals Fascism. We Need a New Bretton Woods, Now.”

Some 35 individual Spanish sites were logged on as the dialogue took place, the highest number yet reached for a LaRouche webcast.

This was no academic discussion. The STUNAM is in the midst of organizing a labor rebellion against Mexico’s Calderón government, demanding that the government revoke the March 30 law privatizing public workers’ pensions and health care, as unconstitutional and a step towards plans to eliminate all workers’ rights, in the name of “structural reforms” and “globalization.” Attempting to pick off weaker-kneed labor leaders by talk of possible concessions, the government delivered a formal “offer” to labor leaders, right before this “Second LaRouche-Rodríguez International Dialogue” was scheduled to begin. And, while 60 people, including various other trade union leaders and more than two dozen youth, were at that dialogue at the STUNAM headquarters, five other meetings mapping out local details of the fight were taking place at the same time in other parts of the building.

LaRouche and Rodríguez opened the dialogue, and fielded questions (see transcript). The other speakers then addressed the essential nature of the battle to re-establish state-run social security systems which can defend the public welfare. Most noted how important it is to participate in a continental discussion of this type, which gives them hope that misery can be overcome.

From Santiago, Chile, Yasmir Fariña, Vice President of the National Federation of Workers of the University of Chile (FENAFUCH), spoke with passion of the destruction which

the so-called “Chile model,” imposed under the Pinochet dictatorship but not yet overturned, has wreaked upon her country. From Lima, Peru, Carlos Gallardo, dean of the Association of Professors of Peru, reported that the teachers and professors in his country are on strike now, because, while the government claims it has no money for education, it is paying off the foreign debt even before it comes due.

Hugo Moyano, Secretary General of the Argentine Labor Federation (CGT), spoke by telephone from the city of Mar del Plata, where he was attending a meeting. Moyano’s participation is notable, given that he holds the same post in Argentina as does AFL-CIO president John Sweeney in the United States. He delivered a message of optimism, that Argentine workers had fought without success for years against the privatization of social security, but under the Néstor Kirchner government, that privatization is finally being reversed. And, he emphatically agreed with Mr. LaRouche, that Chilean dictator Augusto Pinochet had been an agent of Margaret Thatcher!

Moyano’s message of optimism was supported by Salvador Fernandez, Adjunct Secretary General of the Argentine social security workers union, APOPS.

The motivation to fight that is driving all those participating in the discussion was brought home in the answer to the last question, sent in from Germany. The question was whether it was not too harsh to compare globalization with fascism, which conjures up images of the Third Reich. Erik de León of the LaRouche Youth Movement in Mexico answered that they are asked the same question often on the streets in Mexico, by people who make the mistake of equating fascism with a person, Hitler, rather than facing the fact that it is a system, which has historical roots, and which kills people, by taking away even their means to eat.

Rodríguez added that the system of globalization “exterminates the weakest,” and therefore it is, indeed, similar to



Lyndon H. LaRouche, Jr. addresses the webcast videoconference of Ibero-American activists. "We are in one of the most exciting and dangerous periods of modern history," he told them. "The present world monetary-financial system will inevitably disappear, soon. The question is, what will replace it?"

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fascism. In closing the dialogue, he said, we await our Third Dialogue with Mr. LaRouche.

The moderator was Ronald Moncayo of *EIR* in Mexico. The following is a slightly abridged transcript of the first part of the conference. The English translation of Spanish-speakers is transcribed directly from the simultaneous translation. The dialogue is archived at www.larouchepub.com, in English and Spanish.

* * *

Moncayo: Good afternoon, I would like to welcome our auditoriums of people who are listening to this webcast around the entire planet. We're meeting again today to conduct a second dialogue between the American politician and economist Lyndon LaRouche and one of the most important labor leaders of Mexico, Engineer Agustín Rodríguez, who is the General Secretary of the Trade Union of Workers of the National Autonomous University of Mexico (STUNAM). From Mexico City, from the STUNAM auditorium, which has been called "The House of the People," we would like to welcome everybody from different institutions and audiences who are listening to this program.

Allow me to first announce how the program is going to proceed today. First of all, we will have a presentation by Mr. LaRouche. After that, we are going to have a presentation by Agustín Rodríguez—who is, I have been assured, about to arrive here in the auditorium in just another couple of minutes. And after that we will have a presentation from our special invited guest this afternoon, Yasmir Fariña of Chile. There are other groups who are watching the webcast, and will be talking to us, in particular from the auditorium of the CGT, the Argentine General Confederation of Workers, as well as other

Argentine trade union leaders, and very probably others who are listening in Lima, Peru, and also in other parts of the continent. We will announce this as we proceed in the course of this event.

In Mexico as well, there are other groups who are watching, where there are gatherings of different university and trade union leaders, at various universities, and in other meeting halls of the STUNAM itself, who are going to participate in this dialogue, which we have called, "Globalization Equals Fascism"; and we are calling also for a new international economic order along the lines that Lyndon LaRouche has proposed.

We are very happy that Mr. LaRouche is with us. He has just returned from an extremely successful trip, successful for all of humanity, for the establishment of a new international political geometry: He is returning from a trip to Russia, where he was invited by the Academy of Sciences, and also from Italy, where he spoke before a special committee of the Italian Senate, where he discussed the urgency of creating this new world economic order, in the face of the completely insane assault coming from the leadership in the United States, especially the entire crowd grouped around Dick Cheney, George Bush, and the economic hit men that work for these people in different countries around the world.

Among those who will participate in the second part of this dialogue, we will have the representative for Mr. LaRouche for Ibero-America, the economist Dennis Small. And here in the auditorium in Mexico City, we have a number of trade union representatives from the STUNAM, and, of course, members of the LaRouche Youth Movement here in Mexico.

So, Mr. LaRouche, greetings from Mexico City, and we're listening to you with great attention. Please proceed.

Lyndon LaRouche

Thank you, very much. As was just said, I have just recently returned from Europe, from what turned out to be an important discussion in Moscow, on the occasion of the birthday of a leading economist—his 80th birthday—and this involved also my presentation of interviews on television and elsewhere in other locations there in Moscow, which were of some significance.¹ That was followed by my actually three-day visit in Italy, where I addressed a special Defense Committee of the Senate on some of these issues, and also had a number of discussions of similar relevance.²

‘The Only Real Chance We Have’

The significance is this: We are in one of the most exciting and dangerous periods of modern history. The present world monetary-financial system will inevitably disappear, soon. The question is, what will replace it? That’s the issue. The international monetary system in its present form is hopelessly bankrupt. There’s no way it could be simply reformed: It must be, in a sense, replaced. So, what has to be done, essentially, is we have to create a new monetary system, and what I’ve proposed is this: that if the United States—and this is not impossible—if the United States should extend a proposal to Russia, to China, and to India, to co-sponsor the formation of a new international monetary-financial order, that could be done.

The problem is that most nations, such as those of Western and Central Europe, and other parts of the world, are not able to independently act in this way, to initiate. However, if you get the United States and Russia, which are two of the largest nations of the developed world, formerly developed world, and you combine that with China and India, which are the two Asian nations which represent the largest ration of the world’s population, then you have a combination which can provide a protective cover for joint action, together with the nations of South America, for example, and Europe and elsewhere. That’s the only real chance we have.

Now, it’s not impossible, that the United States could be induced to do that, even under present conditions. At present, we have, of course, Dick Cheney, who is highly vulnerable. And you had a recent development, since my return from Europe, which is the so-called BAE scandal, which involves someone known to some of you, Pinochet, who’s now gone, but his relics are there. Pinochet was a part of this scandal, and he, of course, was a fascist. He was sponsored by certain people in the United States, as well as from London, and he became in his last years of life, virtually a British agent, openly. But also, George Shultz in California, who was one of the sponsors in putting the Pinochet dictatorship into power, to-

gether with Felix Rohatyn, a banker of fascist proclivities, who was the key banker in this operation. And then, of course, Henry Kissinger functioned in support of that, in terms of his role as Secretary of State. So, this is the character.

Now, what’s happening is this: BAE represents essentially a British imperial institution, which has grabbed more and more power in various parts of the world, and has attempted to gain more and more control over the United States. What has happened now, is that Prince Bandar of Saudi Arabia, who has been a longstanding asset of these circles, has been exposed as part of this operation. We have now, an incalculable crisis worldwide, in progress. This is not a financial crisis, this is not a financial scandal as such. This is not a scandal in any ordinary sense: This is a crisis to see who is going to run the world. Is it going to be a group of nations? Or is it going to be the emerging new British Empire, or the reemergent British Empire, which really never went away? Which takes over from the United States, and establishes its world rule through globalization. And, for example, with BAE, which is an instrument for taking control of the military capabilities of the world, under a British imperial organization, a quasi-private organization, but an imperial organization.

Now, we’ve had recently in South America, some very interesting and positive developments. We’ve had, partly on the initiative of what has happened from Argentina, which was crucial in this, we’ve had a bringing together of the nations of South America, in what is not a consolidated but a very promising option. And it is part of the solution.

Therefore, what we have to do is this: The present world international monetary-financial system is bankrupt. There is no way it could be reformed on its own terms and survive. Any attempt to maintain this system, would mean a complete disintegration into a new dark age, comparable to what Europe experienced during the 14th Century, with the collapse of some of the Lombard banks in Italy at that time. That’s what happened.

Therefore, the solution is to establish a new international monetary-financial system. That can be done on the basis of the U.S. Constitution’s special provisions. Remember, the U.S. system is not a monetarist system. The U.S. system, constitutionally, is based on a credit system, based on the constitutional authority of the United States government over the utterance and control of its own money. In other parts of the world, countries’ financial systems have been controlled largely under the Anglo-Dutch Liberal system, in which this system, through its network of private banks, so-called central banks, actually dictates and controls governments.

So, you had an imperial world monetary-financial system, which has been traditionally centered on the British Empire essentially, ever since February 1763. Against that, the only system which is surviving of any great significance today, as the alternative, is the provisions of the U.S. Constitution, which establishes the U.S. dollar as a credit mechanism of the U.S. government. That is, under our system, when it’s operating—

1. See *EIR*, June 1, 2007.

2. See *EIR*, June 15, 2007.



Henry Kissinger with the late Chilean dictator Gen. Augusto Pinochet. LaRouche describes how the two are linked to the BAE Systems super-scandal now breaking into the news, which demonstrates the British imperial grab for world power.

and it has not always operated that way, obviously—under our system, we generate credit through a vote in the Congress, especially the House of Representatives. The President of the United States then acts upon that authority of this Federal law, to utter currency as credit against the United States itself.

Now, the chief function of this credit, is not just to print money. The function of this credit, is to supply capital funds for long-term capital investments, especially in the public sector, but spilling over into the private sector; in the public sector, largely large-scale infrastructure projects, for the states as well as the Federal government. This credit generally extends for a life period of 25 to 50 years, in terms of modern economy.

Therefore, we have a present world monetary-financial system which does not function. *However:* If the United States affirms its Constitution, and enters into agreement with three other sponsoring major countries, and other countries, then, we can create a new international monetary-financial system immediately, putting the entire *existing* system into bankruptcy reorganization, to maintain the continuity of essential functions, and to start a program of actual net economic growth, and development. The hard core of this over the long term would be long-term investment in basic economic infrastructure and development of the economies of various parts of the world. A cooperative set of treaty agreements, of 25 to 50 years' duration, to create capital formation, to bring the world up in the way that Roosevelt had intended had he lived at the end of the last war.

A Contest Between Two Systems

So that's what our option is. If we do that, we can get out of the present mess. If we do *not* make such a reform, there is no hope for civilization: Chaos would be inevitable. There's no part of the world that could withstand the chain-reaction

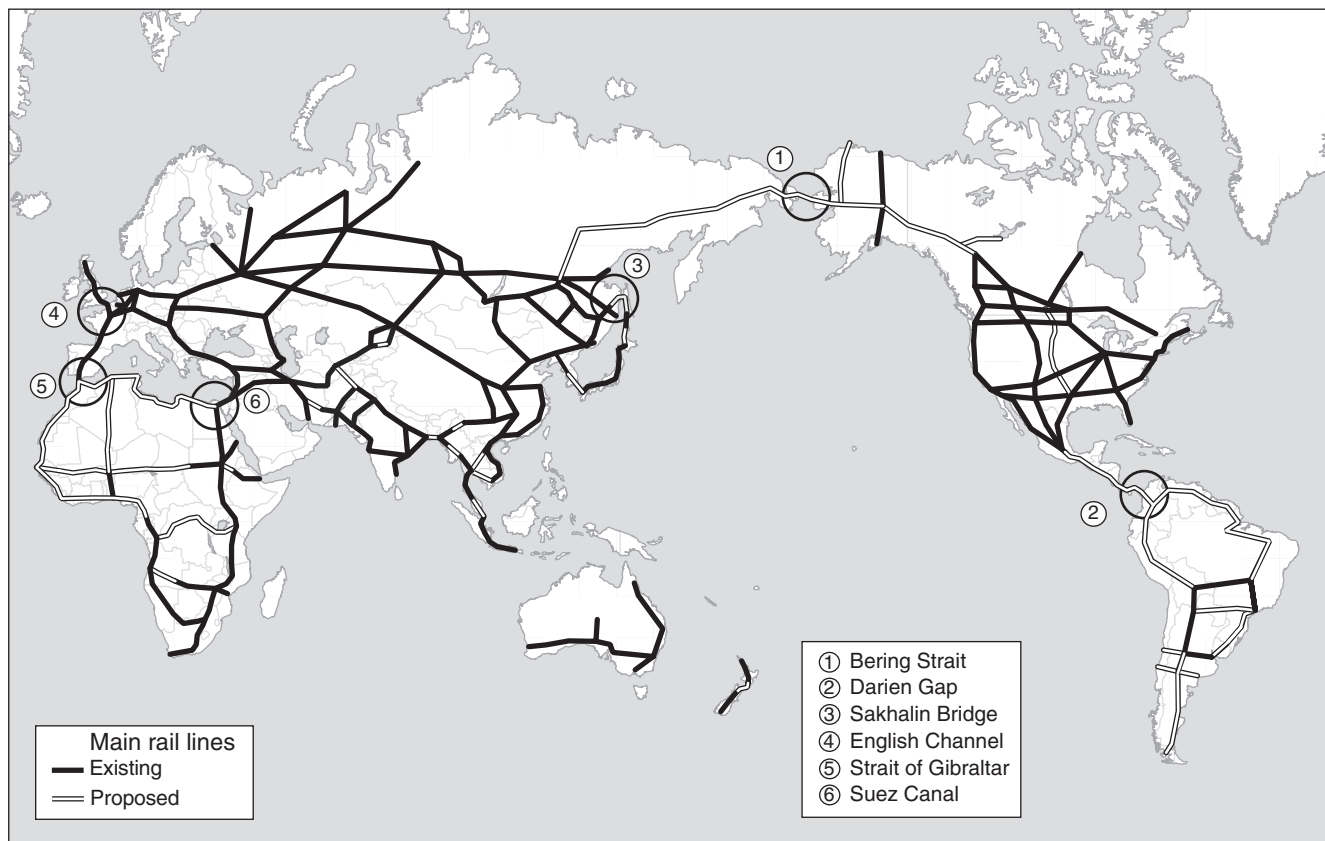
effects of a collapse of the U.S. economy, now. The collapse of the U.S. dollar would mean a collapse of all dollars, and claims *against* the dollar, in every part of the world. It would bankrupt China, it would bankrupt India, it would bankrupt Europe. So even at the present time, there's no way that the United States could collapse, and the rest of the world escape. Not possible. Therefore, the United States must be reformed, in the way consistent with its own Constitution, by offering cooperation with other countries, especially leading countries, to establish a new world system, a new version of the old Bretton Woods system, which would provide for recovery programs of 25- to 50-years of long-term investment throughout the world as a whole.

For example, you have the case in South America, where we have this Bank of the South, which has now emerged: a very positive development. Such a bank, if it were operating under the protection and assistance of such an international reform, would be capable of generating its own version of long-term credit internally, within South America, for obviously necessary projects. We have a fragile situation in South America, some very good agreements, but a lot of problems. And therefore we must resolve those problems by finding a common positive solution which brings people together about the options for good, that is, for benefits, as opposed to simply fighting each other, quarreling over differences. *And this is possible.* This is the situation we face now.

On the U.S. situation, the BAE crisis, the scandal involving the British arms industry, or the arms monopoly, this is not—as I said before—this is not simply a monetary crisis or a scandal. This is a contest between two systems: the human race, and the British Empire. What is involved here is an institution of the British monarchy, BAE, which is being used to take over the military affairs of the world, as a monopoly of military power. This is accompanied at the time, that we have coming out of the United States and Britain, a policy which is associated with the name of Dick Cheney, from the time he was formerly the Secretary of Defense and now as Vice President—the virtually acting President of the United States, today—this policy, which is supported by the familiar George Shultz, who is remembered for his backing of Pinochet, is called a “Revolution in Military Affairs.” The objective is to establish a world empire of military power. The empire would be based on eliminating the regular ground military forces, that is, *national* military forces, and replacing these with private armies, which would replace these forces. But at the same time, to control the planet through putting weapons in space which can drop missiles, from space, on any part of the world that the ruling authorities do not approve of. And using naval power in a diminishing role for the same effect.

We're looking at the threat of a world empire, a new British Empire, in fact, and what has happened with this crisis about BAE, is certain forces in Europe, including inside the United Kingdom, and in the United States, are now in a state of revolt against this threat of world empire. It is expressed

The World Land-Bridge



Source: *EIR*.

partly by the resistance from leading military figures in the United States, and elsewhere, against what is going on in Southwest Asia today. It is expressed in other ways, and it is expressed in the BAE scandal.

The blowing of the scandal, the identification of Prince Bandar of Saudi Arabia as a key figure in this international swindle, has blown open the whole issue. If Bandar goes down, then the whole system would tend to go down. And there are many people in the United States, and also some in the United Kingdom, as well as in Europe, who would welcome this immediately.

So, we're now at a point, where the old system has collapsed, a rotten system which has been in existence in this form since 1971, since the Summer of 1971. This system has now collapsed: There's no possibility that the present world monetary-financial system can continue to exist in its present form. The date on which it would die is uncertain, but the inevitability of its early death is absolutely certain. Therefore, we have to choose a new system. This is the case for the people in London and elsewhere, who are behind what the BAE scandal represents: Those who are looking for a one-world empire, for globalization. That's a new form of world empire.

We, on the other hand, have an option: If the United States

plays the role for which it was intended, at the time it was created as a Federal republic, and allies with nations around the world, to bring together a coalition of nations whose tradition is European, whose tradition in other cases is Eurasian, that is, like Russia—Russia is a Eurasian nation, not a European nation; it has European roots, but it also has Asian roots in its culture. Then you have the great Asian cultures, represented by China, India, and so forth, and other large countries of Asia. The objective on this planet should have been, for a long time, to find a way of bringing these three sectors of the world together in some form of cooperation: the European culture as represented in a sense by what the United States has achieved by freeing itself of oligarchical traditions. Russia is typical of the Eurasian group of nations, that is, who represent both Asian cultures and European cultures; and those Asian cultures, such as China, India, and so forth.

Challenges of the Future

If we can bring these great cultures together, in a program of recovery of the planet as a whole, the following is the case: We now have a project online, which has recently been boosted in Russia, a project which I've been supporting a long time, which is to build a tunnel, a railway tunnel from Siberia to



Transrapid

The maglev train from Shanghai to its airport is the only commercially functioning maglev in the world so far. But a system of cooperation among sovereign nation-states will be linked together largely by maglev or high-speed rail.

Alaska. Now, what this would do, would lead to a global change in the character of human relations on this planet. It would mean that we would have high-speed rail, or magnetic levitation transport systems, coming from Europe, into not just Alaska, but down through the entire Americas. We have intended this for a long time: to have a complete rail system, connecting the north of North America, to the southern tip of South America. By going through a similar way, through Southwest Asia, and across from Europe into Africa, we now would have a way, in the immediate future—not necessarily in my lifetime, but beyond—in which we can unite the major parts of this planet, together in a new form of economic cooperation, as sovereign nation-states, linked by high-speed rail transport, or magnetic levitation transport. We would then have changed the world from one dominated by sea power, to one dominated by the development on landed areas, or populated landed areas.

This great change now stands before us. We have new technologies, new fundamental technologies, like nuclear fis-

sion power, which is needed to deal with the water problems of much of the world, the freshwater problems. I'm for power, in general. We have the new technologies of thermonuclear fusion technologies, which are significant, because they provide new kinds of isotopes which we can manufacture in large degree, for various kinds of needs, as well as a source of power. We have the great projects of transportation and other kinds of great projects, to rebuild the planet as a whole, through a system of cooperation among sovereign nation-states, which are largely linked together by international high-speed rail or magnetic levitation routes, to take every part of the world—including the most remote parts of Africa, and desperate parts of Africa—to bring them together in a common world system, a system of sovereign nation-states.

And that's where we are today. And therefore, on the one hand, I'm optimistic as to what can be done, what must be done. I'm fearful of what will happen to humanity, if we don't do it. What we have in South America in particular, in the attempt to bring some cooperation among the states of the continent of South America, is extremely important, because it sets a model for nations which have completely different kinds of special problems: like the problems of Bolivia, are not the same as those of Brazil, but they're related. The problems of Colombia, the problems of Argentina, these are all different kinds of economies, with apparently conflicting interests. But they have an overriding common interest! And therefore, we have to take nations which have conflicting requirements, and bring them together around the idea of a common purpose, a common goal for mankind. And this Bank of the South operation, which has emerged in South America, is key. The nations of South America do have the right, the implicit right, to set up their own credit system, their own international banking arrangements among sovereign nations, to create large-scale credit, and to regulate their relations with one another, with the idea based on the Westphalian principle: that is, that each nation shall consider the welfare of the other nation, as its paramount concern. And if all nations look at that in this way, we don't have a problem in cooperation, with the Westphalian principle.

So, the time has come where we have the worst crisis in modern history; we have a crisis which goes probably worse than some of the problems of the dark ages of Europe. We're coming to the limit: We have a financial system which can not be saved. There's no way of functioning under the existing monetary-financial system of the world—can't do it! We have a crisis, where the system is threatened with coming down in various ways, the BAE crisis is typical of this. And on the other hand, we have the possibility, on the basis of experience and desires of people of conscience in many nations, to bring nations together around a new monetary system, more or less consistent with the intention of Franklin Roosevelt at the close of World War II, to build a new world monetary system, based on a credit system, rather than a predatory monetary system, or monetarist system.

We have specific projects and technologies, which are either developed or could be developed, which can address most of the problems. We can bring together the entirety of the planet on the basis of the same principle, celebrated in the Treaty of Westphalia in 1648: It's time to go back to that.

So, that's my message for the moment.

Moncayo: Thank you very much, Mr. LaRouche. I now introduce Agustín Rodríguez, the Secretary General of the Trade Union of Workers of the National Autonomous University of Mexico, and we greet him. He will speak about the problems that globalization has brought to Mexico—particularly, a law was approved in Mexico, privatizing the social security of state-sector workers [ISSSTE], and this law completely violates any concept of dignity that workers have. Agustín Rodríguez as a leader, both of the university trade union, but also as a component group of the UNT trade union confederation, has been carrying out a series of activities to denounce these violations of workers' rights, and the really anti-democratic nature of this fascist-type reform, which is being imposed in Mexico and across the continent today.

Eng. Agustín Rodríguez: Stop Social Security Privatization in Mexico

Thank you very much. Good afternoon. I've arrived slightly late to this conference and I'd like to apologize for that. But today was an important day for us, because of the demands which we have been making, the protests as the UNT, and more specifically as the STUNAM trade union, protests with regard to this new law which has been imposed recently on state-sector workers, and which totally changes the social and economic context that workers face, especially in terms of what they get for social security here in Mexico. Today, we got a response from the Labor Ministry of Mexico, a response to a document which we gave them eight days ago—we gave it to Javier Lozano, the Labor Minister of Mexico—in which we presented and we documented the violations of the Mexican Constitution which are implicit in the law which was approved on March 30th. And today, they answered us. And we have not yet analyzed it from a legal standpoint, and we're going to continue with our work.

Now, here, it's very important to turn to the subject of globalization. If economic globalization were good for all human beings, we would be seeing general benefits on a global scale. However, there's something about economic globalization, which is that the only thing that has happened as a result of it—and this is the case not only in Mexico, but just about in every country around the world—is it has increased the poverty of the citizens. It has also reduced the income levels of all workers, and that is something which has to be analyzed in



Eng. Agustín Rodríguez, Secretary General of the Union of National Autonomous University of Mexico Workers.

EIRNS

upcoming conferences and actions which we will be carrying out. Because it's not just a question of having a policy position opposed to the free market economic system, but rather, we're opposed to a policy which has been producing the impoverishment of millions of Mexicans.

Economic Crisis in Mexico

If we look at our situation here in Mexico, if we look back two Presidential terms ago, 12 years ago, we had 18 million Mexicans who were living in poverty. Today, 50 million Mexicans are poor—and of those 50 million, 20 million live in extreme poverty. At this moment in our country, there are many parts of the country where education is not available in an adequate way. There's no quality education for all the inhabitants of the country, even though there is a constitutional provision, a social provision of tremendous impact, which establishes that the state must provide obligatory and quality education for all Mexicans. But we don't have that! As a result of that economic system which has produced so much economic inequality, we find students who don't even have an adequate place to go to school for a basic education. And that is something which has been happening.

Another area of impact: Public education is not really supported, it is not given the support that it requires from the Federal Executive branch of government. Every year, we have to fight for them not to cut back the budget. This year, in the previous Presidential administration, the previous President, President Fox, achieved the impossible: He managed to get the general budget for education to *fall* by 0.2% compared to the previous Presidential term. And that gives you an idea of their concept.

Then, if we turn to the issue of food, consumption and food production in the agricultural sector, we have a tremendous deficit, a developmental deficit, as a result of the agreements which were reached through the North American Free Trade Accord (NAFTA). Who are the beneficiaries? It is not we Mexicans who are benefitting. It is the other side of the equa-

tion, because they are the ones who have tremendous economic capabilities for subsidizing their products, the products produced in their countryside and their agricultural sector, and they do so with millions of dollars. Here in Mexico, we just have a couple of million pesos for those subsidies. The United States is actually violating that NAFTA agreement, because it's prohibited to subsidize agriculture, yet the United States is doing this in a really cynical fashion. Because, what this does, is that it encourages inequality in the generation of free trade.

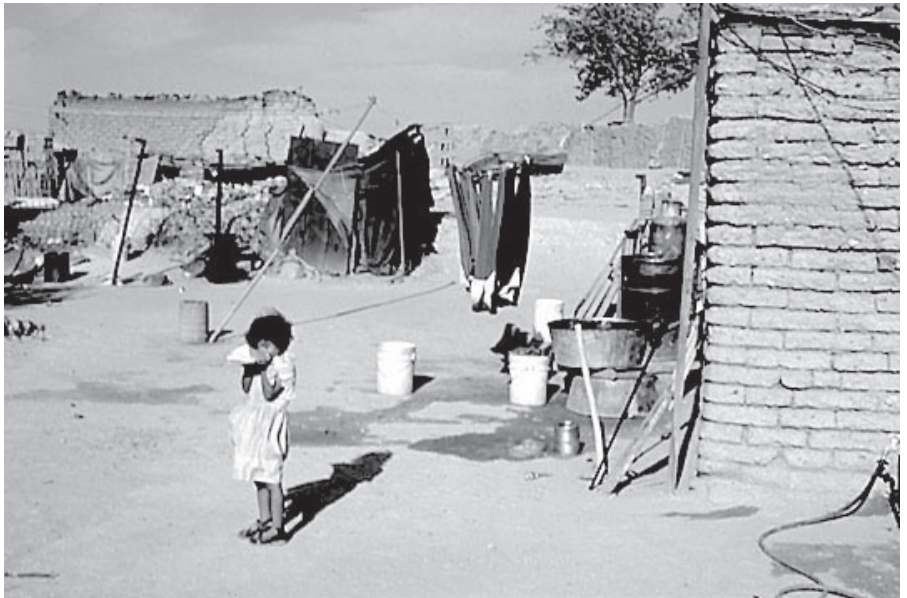
So therefore, there are a lot of agricultural products which enter Mexico from abroad. And what we produce here in Mexico just has to be thrown away. Because these products rot, because they are warehoused and no one buys these products, because they're more expensive than what is dumped from abroad. As a result, agricultural production in Mexico is not developing.

So there's no development of the countryside, and of agricultural products, and of food in Mexico. Then we find the other aspect of the economy, which I wanted to mention, which is the feedstocks for animals, which are in turn used for human consumption. Animals that consume transgenic agricultural products, some say this is generating diseases. This has not been proven; but what is a fact, is that we are facing a lot of diseases which we didn't have previously, and these are now developing, especially in countries such as Mexico, because of the consumption of feedstocks which are developed under this agricultural process of transgenic crops.

The Social Toll

Now, let me turn to the social aspect of this, which is the final point I want to mention: Social security in Mexico has functioned under a system, which has a name which says what it is; it's *social* in nature. Now, what's happening today, is that accounts are being individualized and privatized. We have a situation where medical services are being privatized, and this is a path to the free market economy, to a supply and demand system, for pensions and retirement funds, and for medical services.

We are convinced that the fight being waged by our trade union and others as well, is not a fight which will end today or tomorrow. It's a long-term battle which is not only part of the broader phase of the fight against this new law, the ISSSTE law which has been imposed, but it is part of a fight against what has been identified as "structural reforms" of the entire system. And those structural reforms are what are being



Rodríguez tells how NAFTA and globalization have destroyed living standards in Mexico, as shown by this "housing" for maquiladora workers on the border with the United States.

pushed in Mexico, to generate an even greater exploitation, along with a greater enrichment of the owners of capital. There is a proposed tax reform which is under way, and there's also a labor reform, which is being discussed.

On this labor reform: There is one article which the business layers really want to change. This is Article 35, which establishes the ways, the mechanisms by which businessmen can hire workers. The issue is the idea of hiring temporary workers, and hiring apprentices. That form of hiring, in the '60s and '70s, led to an enormous exploitation of the workers, such that, in 1971, we managed to reform that article, and we eliminated that form of exploitation, that kind of hiring of workers in Mexico.

Now they want to reopen that same issue. Why? To be able to create so-called "flexibility" in the hiring of workers which will eliminate social security, absolutely and completely—no benefits, collective contracts, or trade unions. Because, with this kind of temporary hiring, for three months, four months, and with such a large supply of unemployed labor, clearly today, they'll hire a worker and in three years, they'll hire the same guy all over again. And that will destroy any kind of social security, and any defense of the interests of workers.

There was a very good debate which we were involved in in the last legislature, and we were able to deal with in the Labor Committee in Congress, and we managed to ensure that that change did not go ahead in the last legislative session. But that's the nodal point, the central point of the legislation, because that would allow them to make any kind of hiring "flexible."

Even worse, the idea of hiring for apprenticeship, which

becomes a merit-based system, so that somebody comes and says, “I’m going to come here to work and learn, but I’m not going to be paid; or else, pay me just a little.” And this will lead to even further exploitation of workers. We’re totally opposed to this.

We have said, and we’re quite convinced, that the structural reforms that are being proposed, are being pushed, so that Mexican workers and Mexican society accept this as a condition, supposedly to be able to open up the country and create development. This is a fallacy. This is totally contrary to the interests of development of Mexicans, because it’s been shown that where these types of schemes have been applied, there has not been progress, there has not been any development, and there has not been any reduction in the social injustice gap, which the economic neo-liberal system has created. And that’s where we want all of these aspects to be rediscovered, reopened.

This is the path of lack of equity, lack of equilibrium, lack of development, lack of fair conditions. I’m convinced that the only way, the only formula to be able to develop the country—and this is not something which I’m inventing, but which has happened in developing-sector countries—is to protect, and always be very careful to maintain and promote, step by step, to protect your internal market. If you protect your internal market, you encourage employment, you take care of health, food, nutrition, education of the population. In this case, our internal market has been completely destroyed. It has been made subject, our entire economy, 70% of it, to foreign interests; it depends completely on what happens in foreign markets.

Now, these matters are not counterposed, because we can develop our foreign markets, because we do have to participate and encourage all the exports imaginable. But, we must defend the internal market, first and foremost. That’s what the United States does; that’s what France does; that’s what they do in many countries around the world. And that’s the key to the differences, the disagreements that we have. Those of us who are *not* in agreement with this oh-so-pragmatic formula of bringing goods in from abroad, imposing these products here in the country—they tell us that this is generosity, charity, goodness. Yeah, sure it is ... but only for the few.

Impoverishment of All But a Few

And so, just a simple exercise: Take a look at our country. Our country is on the verge of having the first trillionaire on a world scale. What does that mean, to have the first trillionaire? It means that we have tremendous poverty! I don’t want to compare ourselves, in the scheme of things, to countries in Africa, in terms of starvation, but there are parts of the country where that is happening. We’re not far from going into a situation with that kind of impact, if there’s no food production in the country, if there’s no generation of employment, if there are no dignified salaries, because only owners of capital have

decent incomes. So, in the final analysis, what we have here is something that can not be understood except in one way: Yes, there is wealth production—but, only a few benefit from it. And that’s why this neo-liberal economic model has to be reviewed, reformed to stop the generation of poverty and impoverishment which is going on.

This is something that we’ve been working on as a trade union, not just recently. We warned about this in 1985, when the imposition of this neo-liberal economic model began, and where we presented a diagnosis of what would happen if we did not act in time. That was 1985, during the period which was the supposedly Golden Age of the PRI government, which encouraged the imposition of this neo-liberal economic system. And everything which is happening, and which the two most recent governments have followed without question—they’re following the exact, same program. And we said back in 1985 in a full-page advertisement: “The destiny of Mexico is being lost, we have to change our course.” What is going to happen, when everything that we said there, is now happening in our country?

We diagnosed the situation back then. Unfortunately, in the trade union movement in general in Mexico, we have not yet found enough perception or sensibility, to be able to create a broad front with three or four central objectives, so that as a great trade union mass of people, we can carry it out. I’m completely convinced that the only people who can change the path of Mexico, are we, the organized workers of the country, those who generate the wealth; those who ensure that everything that exists in this country actually moves! And the same holds worldwide. And that’s the worker in the countryside, the worker in the factory, the worker at the universities, the worker in the schools, the worker in hospitals, the worker everywhere. We are the ones who can do it.

Unfortunately, in our country, we still have a situation, where there are comfortable postures held by some trade unionists, where, in exchange for three or four little bits of political power which are handed out, people make deals. We have not been able to create a broad movement in the left, where we have three or four currents in the trade union movement, or the cooperative movement, also with three or four groupings. We haven’t been able to do what we need.

But it doesn’t matter: In the final analysis, the demands of the workers are being felt. We have to get busy, we can not continue to have a situation of passivity, of comfort; because we have a crisis facing us in the short, medium, and long term. And as a trade union, the STUNAM, we are involved in this. We do not tire. This new law which has been imposed, they may have imposed it today and for tomorrow, but we are going to get it abrogated. We fought for this, in the ’70s and ’80s. We fought to make sure that workers had full labor rights. And with a Congress that was 90% in the hands of the PRI, we managed to transform Article 3, so we were able to modify the Constitution. Now, this is a secondary law, and I do think that



Government of Mexico

The late President José López Portillo raises the national flag in 1982, proclaiming the sovereignty of the republic and nationalizing the banks. Despite promises, he was not supported by the governments of Brazil and Argentina, and Mexico “went into the soup as a result of that.” He and LaRouche remained friends until López Portillo’s death in 2004.

we can get it cancelled, abrogated, so that the constitutional rights of workers are respected, rights which are today being violated by this new law.

If there are any comments, I’m available. Thank you very much, and we’ll open it up to conversation.

Moncayo: Okay, thank you very much, Engineer Rodríguez. After the presentations by Lyndon LaRouche and yourself, it’s clear enough that the world needs a new world economic and financial order, with the programmatic content along the lines of what Mr. LaRouche has proposed this morning.

What I would like to do now is to open the floor for a period of questions and answers, both from our international audience, and also from here in the auditorium in Mexico City. We see that more and more people, labor representatives and others are arriving. Along with Eng. Agustín Rodríguez, we see another important leader of the STUNAM, biologist Agustín Castillo, and also Erik de León, a representative of the LaRouche Youth Movement in Mexico City and in Mexico as a whole.

The Bank of the South

I have here the first question which comes to us from Bolivia:

“As all of you know, the Bank of the South is in the process of being created in South America. What are the main

obstacles that have to be overcome as South American nations, to bring this about?”

So, I would like to ask Mr. LaRouche to answer this question about the Bank of the South, and then we will ask Mr. Rodríguez to speak.

LaRouche: The Bank of the South is a real victory, but a limited victory. It’s an essential step, because it changes the character of the relations among the nations of South America. It’s not perfect yet. But it is a first step, a very important step in that direction.

Let me go back on this thing: Back in 1982, when I was standing with a great friend of mine, the President of Mexico, López Portillo, and we had at that point assurances from the governments of Brazil and Argentina, to support López Portillo in these efforts. And they, under great pressure, capitulated, and Mexico went into the soup as a result of that, in the Fall of that year. But the precedent was great. López Portillo is a hero. That has been lost somewhere in the shuffle, but he stood up with courage, and one should look at his address to the United Nations in October of that year, which is still available. And you see a statement of a patriot of his country, defending his country against the rapacity, which at this point was coming from the United Kingdom and the United States, in particular.

So, what this represents is a *line of resistance*, against the debt-prison condition of the nations of South and Central America. The very fact that this institution has been initiated,

actually with an action started from Argentina with the support of other countries—Brazil and Venezuela, and so forth—and other developments, are good developments. They do not answer the question, they pose it. And they bring together a group of nations, which are now in a process of discussion to try to understand the Westphalian principle: Can we in other parts of South America, understand the problems of Bolivia? Can we understand the problems from other parts of South America, in Peru? Can we understand the crisis which faces Ecuador, because of the recent history? Can we understand these things? Can we make the concern about the other, our primary concern? Knowing that if we *all* agree on that, we can establish a system.

So, you need a banking institution, a central credit institution, backed by the constitutional arrangements provided by each nation, to create a common institution, whose slogan should very well be the famous Westphalian slogan: “The Advantage of the Other,” that each of us cooperate to the advantage of the other.

Now, this requires an international arrangement, as Agustín has said. We in the United States have a special understanding—or some of us do, at least—of the problems of Mexico. I’m sort of close to Mexico in many ways. But, what we’re doing to the Mexican population—we drive it into desperation, we drive it across our border; we use it as cheap labor; we destroy Mexico in the process of doing that. Then, we blame Mexico for attacking the United States, by sending its cheap labor over to work for our companies here. It’s wrong!

The security of the United States, in past times, often depended upon the security of Mexico. Take the case of the Civil War: The British, supported by the French at that time, Bonaparte, overthrew the government of Mexico. This was an attack upon the United States! When the United States won the Civil War against the British puppet called the Confederacy, we acted. And Mexico regained its sovereignty.

We have always understood, since Secretary of State John Quincy Adams, before he was President, we’ve always understood, that the defense of the sovereignty of our neighbors, is an essential part of our security. And this is the same thing for the hemisphere: The conditions of life in Mexico imposed today, are a threat to the United States. They’re a threat to Mexico. You have similar kinds of attempts, which are being resisted, in South America! So, resisting these kinds of repressive, really, colonialist methods, is an essential part of the defense of each country on behalf of the other.

If we understand this, and if we understand that, as nations, this is the case, we can solve the problem. The other thing is a question of national sovereignty. If you do not have national sovereignty, you don’t have citizenship. You are simply a peasant, with no protection from the landlord. Because each of us—sometimes we have the same language, with slightly different dialect, but we have a different history, and among our ordinary people, there’s a different history. There-

fore, in order to govern, sovereignly, we must be able, in each case, to bring our people together in some kind of functioning relationship, where they can act *with a united, sovereign will*. We have to then, bring nations, which each have their sovereign will, as defined in part by their cultural history, and their specific history, together, to understand what their common interest is, as a group of nations.

And to me, we are approaching an understanding of that type. It may not be settled, but we’re approaching it in a discussion around the Bank of the South, which I think is extremely important.

And this ties in: If we understand that the success of the Bank of the South, in terms of its intention, in South America, is essential for Central America, for Mexico, and for the United States, and if we realize that we can only realize that by setting up a new international monetary system, which includes the Bank of the South as one of its key institutions, then we are on the road to victory.

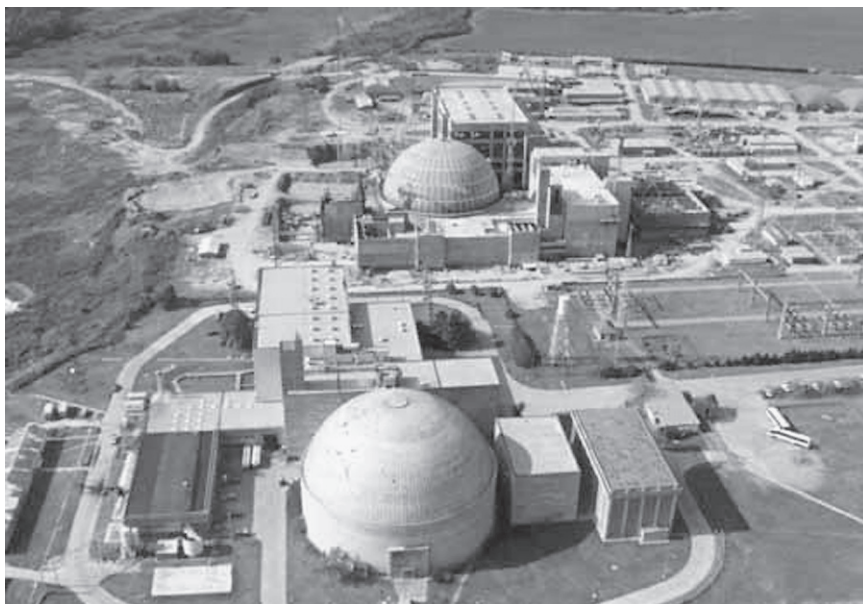
So, I think the Bank of the South should not be exaggerated, in the sense, don’t put too much blame on it for what must be done. But it is an indispensable institution, at this time, and it must be defended, and promoted, as an indispensable institution, with the intention that it should become an integral part of a new world monetary system as a whole, in which it represents its part of the world, and is part of the general concern for the welfare of the other.

Moncayo: Thank you very much, Mr. LaRouche.

Here in Mexico, from 1994 on, under the regime of Salinas that began at the beginning of that year, the Bank of Mexico was granted a supposed autonomy. It was no longer answerable to the Executive branch of government, and with that, the collapse of the internal market was aggravated by the lack of internal credit for production. The Bank of the South is, as Mr. LaRouche has explained to us, a fundamental pillar in the step towards creating credit for production.

I would like to ask Eng. Agustín Rodríguez if he would like to make any comments with regard to this question, which was asked from Bolivia by Mr. Ibáñez from La Paz.

Rodríguez: Well, I think it is important for there to be an alternative institution, to what we know is the World Bank, the Inter-American Development Bank, which is what has created an lot of impoverishment, because the credits which are issued, then create circumstances where it’s very difficult to repay these loans. And those loans, these credits—I don’t know of any country in Latin America which is not indebted. So, I think that it is important to build an alternative banking arrangement, with resources that could be used or where contributions could be made to it by all countries which want to have a different form of development. However, that’s only one part of the problem, the capital side of the equation, because the other part is to encourage and to create a formula or way of carrying out joint work, where Latin American countries, especially those which produce oil, where others pro-



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For Mexico, as for all the world, an economic recovery will mean long-term infrastructure projects in power systems, water, transportation, and social infrastructure such as schools and hospitals. Here, the Atucha nuclear power plant in Argentina.

duce agricultural products—that is to say, we could set up a Common Market which could lower the cost of living in the countries of Latin America.

That's something which has been discussed. It was discussed and presented at one point by Fidel Castro. It was also discussed by Hugo Chávez, and now also by the President of Bolivia, Evo Morales, and that's where we have to work. I think the idea of discussing a broad united front of trade exchange is necessary, because it's not just a question of banking. It's the other side, which allows us to create a front, which would allow us to renegotiate that enormous debt which all countries in Latin America have, and to encourage a different kind of economic development, completely different from the current form of development, which has only produced conditions, where the interests of capital have greater benefits than society in its totality.

Moncayo: Okay, thank you very much, Agustín.

We would also like to announce that we have here in the auditorium, the General Secretary of the trade union of the passenger transportation sector of Mexico, Clemente Estrada, and he's here to participate in this dialogue with us. I would like to announce that in a few moments, we will have greetings from the Secretary General of the General Trade Union Confederation of Argentina, the CGT. As you know, this is the most important trade union confederation in Argentina. And so we want to now turn to Argentina, which, after having won an important and unprecedented victory in social security, we need to emphasize the great progress being brought about towards the general welfare of the society, which is being pur-

sued by the government of Néstor Kirchner, and also coming from this important trade union base, which is the CGT.

Now, let's turn to some questions from the auditorium here in Mexico City.

Q: My name is Alfonso Flores. I'm a representative of the workers and my question is: What is the point of view of the new ISSSTE reform laws, in terms of handicapped people? What will happen to the handicapped? I would like to ask Agustín Rodríguez to please answer this question.

Moncayo: One minute, please. First, I'd like to ask if there are any additional questions from the auditorium here in Mexico City. If anyone would like to ask a question with regard to these two presentations which we've heard so far, please come forward. We have a member of the LaRouche Youth movement, who wants to ask a question.

Mexico's Role in Global Development

Q: My name is Carlos Jonas of the LaRouche Youth Movement. . . . I would like to ask Mr. LaRouche to present a perspective of how Mexico can participate in a more direct way in the reconstruction of the world through these great infrastructure development projects which have been proposed, including this idea of the tunnel going through the Bering Strait, since sometimes, it's hard for us to make the population understand how Mexico can participate in this worldwide economic reconstruction. Of course, without leaving aside dealing with all of the neo-liberal economic measures being proposed, but also in a parallel fashion, how can Mexico participate in the creation of these projects which, as far as I'm concerned, would resolve a large part of the poverty which the population of the world is facing today?

LaRouche: Well, the answer, of course, essentially, as I know it with respect to Mexico, is that what happened, beginning the Summer of 1982, was a process of willful massive destruction of Mexico and its people. This was accelerated. It was already begun then. It was begun under heavy pressure from the United States and from the United Kingdom. I fought against it. López Portillo and I got into great trouble for fighting against these forces. But the destruction, the systematic destruction of not only the welfare, in terms of incomes, of the people of Mexico, but the destruction of their capability, their productivity, their opportunities to produce, is such that you have permanent damage, which you would compare, for example, in U.S. history, with this situation in the United States after only four years or so under those before Franklin Roosevelt.

We had a problem in the 1930s of a population which had suffered great loss in productivity, in skills, in opportunities, in industries and so forth. We had to rebuild. Franklin Roosevelt rebuilt. In fact, we had a drop of the U.S. economy by about 30% from the time of the 1929 crash until the time that Roosevelt was inaugurated. These policies were not just caused then. They were caused by a longer period of measures over the whole period of the 1920s on. There were certain wars in Mexico and so forth, which had an effect on this, and also on the United States itself.

Therefore, we in the United States, under Roosevelt's policies, which are the traditional American Constitutional policies, we rebuilt the United States. We created the greatest economic machine the world had ever known, from the depths of poverty, over the period into 1945 and the end of Roosevelt's death. And Roosevelt had intended, had he lived, to develop the entire world on that basis, by converting the war machine we had built up to defeat Hitler, to use that to develop developing countries, and to give nations which had been colonial nations or semi-colonial nations, their freedom to develop their future, to create a community of sovereign nation-states on this planet.

Now, we face a situation in the Mexican population which has two components, two principal components, inside Mexico and inside the United States. This population is in grave danger, so therefore, what we would have to do is take a project like the anticipation of the completion of the Bering Strait Tunnel. We wouldn't simply wait until that tunnel is completed to start the operation. You would already build the adjuncts which are going to fit into it, to build up the entire network of operations from Alaska through Canada, into the United States and southward all the way to Tierra del Fuego. We have to now. So knowing that we're building an international system would be reason enough to build each component, not wait till one's completed before starting the next one.

What we would face, as a problem in Mexico—presuming that Mexico gets back its sovereignty, the sovereignty that existed on paper, at least existed in principle, at the time the attack on the López Portillo government occurred in 1982—we would have to rebuild, largely starting with infrastructure projects, long-term major infrastructure. This would mean high-speed transportation. This would mean water systems. This would mean power systems. These would have to be largely public institutions, because you don't have the private institutions which could do this on that scale. You would then use, as we did in the United States in the 1930s, for example, you would then take the poor population of Mexico, the agricultural, the rural population. You would have to have a protectionist policy, to protect the Mexican jobs, and protect the living standards by protectionist measures, which would prevent companies from dumping cheap products on Mexico to shut down their industries. You would have to have the institutions to rebuild the well-being of the Mexican people, especially the Mexican poor. You would have to have reforms in

education. These kinds of things were tried in the United States during that period, and we continued some of these things after the War had concluded. We did create an increase in productivity per capita, we did increase the standard of living inside the United States, *by these internal development measures*, not by foreign measures. And therefore, the same thing would apply here.

A Fifty-Year Perspective

We have to see the coming 50 years of the world, as a 50-year additional development program. We have to envisage along all the rights of ways of the great transportation systems, ground-based transportation systems, which are needed for this. We have to see all along these routes, we are developing the routes of development—protectionist routes of development, protection of national sovereignty, economic protection of national economic sovereignty—and thus build up the Mexican population, both that which is now working as virtual, almost slave labor, in the United States, and as slaves looking for employment as slaves on the south of the Mexican border with the United States. We have to change that. We have to move that in Mexico as well, but we have to be patient. We have to realize that we have desperately poor people throughout the hemisphere. We must understand the problem of developing a nation over several successive generations, to take the immediate situation, find remedies, improve things now, move upward, upward, upward, over three generations.

You know, when people came into the United States in the late 19th Century, early 20th Century, they came in from Europe. They came in in three generations—those who came in as cheap labor from Europe became the scientists, the physicians and so forth of our economy, not all of them, but many. We integrated the population of the United States. So then, under Roosevelt, we saw ourselves as one people, no matter what time, we came into the United States, we saw the United States as a place where there were no oligarchies. Or we had a few from England, but not real oligarchies as in Europe. And people were glad to be in the United States, *to be free of the burden of a European-style oligarchy, of the type that still dominates the continent of Europe and the United Kingdom today*.

And we have to have that attitude, of building the strong citizen, with a sense of citizenship, with a sense of a future over a three-generation or four-generation span. We have to have people who are struggling today, knowing that their grandchildren will prosper, and seeing their future in what they're contributing to their grandchildren, as we did then in the United States back in the 1920s and 1930s. And with that attitude, we are going to take the view of developing the entire hemisphere as a part of a global system.

Moncayo: Thank you very much, Mr. LaRouche. Before going on, I would like to ask Mr. Rodríguez if he has any comments on these ideas posed by previous speakers.

Rodríguez: Only on this question of the workers who are handicapped, the new law doesn't deal with this at all. Here, there's no delimitation, no reduction of benefits under the previous law. So, that's what I would say at the moment. I wouldn't want to say anything further, because I understand there are other presentations that need to be made.

Moncayo: Thank you, very much.

Now we are going to hear from Yasmir Fariña Morales. She is currently the Vice President of the FENAFUCH, the National Federation of University of Chile Employees. She has a very long history of fighting for social causes and for the defense of the interests of university workers, and workers in general in Chile. As you know, Chile was the first country where the policies of social security privatization were implemented. This was done by force, by violence under the Pinochet regime, and from that time to the present, we see some of the results. Please go right ahead.

Yasmir Fariña: Chile's Fight Against Social Security Privatization

I am speaking from Chile, and I want to speak about the damage caused by the privatization laws. I want to thank the Lyndon LaRouche organization and also congratulate Agustín Rodríguez for having undertaken this tremendous battle. We have been fighting for about ten years now in this university to expose the privatized social security pension system in Chile.

The pension system was changed during a dark period of our history, which began on Sept. 11, 1973 with a military coup. What was imposed in Chile at that time was an economic system, and political and social system of globalization and neoliberalism. Chile became the first country, the first laboratory for the neoliberal system, to an extreme. And today, we see how the concentration of economic power through the AFP system [Pension Fund Administrators, or the private pension funds—ed.], has made employment more precarious—that is, through “flexible” jobs. Young people don't have any future in the labor force. They are hired on a daily basis, for specific projects, and paid a daily stipend. People who reach a certain age are considered to be “too expensive,” not efficient enough, and their years of work are not recognized.

In this model, which has been imposed on us and which, unfortunately, in the four years of the *Concertación* (Coalition) government, we've been unable to change, 50% of the labor force does not pay into the system. This is a very significant number of people who, because of their low wages, will not be able to obtain any kind of a dignified pension when they retire. We find that this model doesn't permit people to



Courtesy of Yasmir Fariña

Yasmir Fariña is the Vice President of the National Federation of University of Chile Employees, and is a leader in the fight against privatization of essential services, including social security.

move freely to the “pay as you go” system. So we have become slaves to a system with no possibility of improving it, since the [government's] current proposed reform confers legitimacy on what was imposed on us under the dictatorship. So this is the brutality of neoliberalism imposed on us here in Chile.

We've reached the extreme of privatizing everything basic—electricity, communications, potable water, education. The state is less and less involved in financing public universities. Today, at our university, only 17% of our budget comes from the government, and the rest has to come from “self-financing”; that is, from outside sources. There are a whole number of private universities that have been created, where education has been commercialized, and the gap between the poor and the rich is more brutal day by day. As for public education today, students don't have access to it, and can't get into the public universities because the system is very bad.

Our public health system was also privatized. Today we



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Yasmir Fariña describes her speech as a “wakeup call” to Chilean President Michelle Bachelet (shown here). “We call on her to truly reform this neoliberal economic system.”

have tremendous technologies available in terms of communications and health, but it gets to only a very small minority of the population who have the economic resources to pay. The public health system is poor, indeed. It lacks the most basic things you can think of, and even health-care workers are being privatized as well. Things like nutrition and nursing are being outsourced to private companies. Auxiliary workers and guards are now employed by private companies as well.

Another aspect of this AFP system is that it opened up a market for a group of economists, who were progressive at the time, and who have sold all of these companies to the multinationals. Now the Chilean AFPs no longer belong to Chileans! They are owned by multinational companies, oligopolies, and the resources are being invested abroad with great risk to us, especially based on what Mr. LaRouche has just told us. We’re running a great risk with the investment of our pension funds outside the country. And even more serious is the draft legislation that our President, Michelle Bachelet, has sent to the Congress, increasing to 43% the percentage that pension funds are allowed to invest abroad. All of the losses are absorbed by the workers under this private pension system, but these companies have had the most incredibly high profits.

So, today, there is no real concern about protecting social security in Chile.

Public sector workers are among the first victims. Public workers under the old system who moved into this new privatized system, because they were forced to switch over—they were forced because the system’s leaders were named by the military, and they were forced by propaganda, told otherwise

they would lose their job—these people are finding that their pensions today are not even 30% of the wage they were earning. So, what they’re going to get is less than 30%. We have the specific case of architects, for example, who earn 1,600,000 pesos. Their pensions are less than 400,000. This is the situation for the middle class, or for the middle and lower-income levels of public employees, as is the case with auxiliary administrative workers, who earn 500,000, and whose pensions under the privatized system don’t exceed 92,000 pesos. It is shameful that we are exporting to the world a system which is impoverishing workers, and yet economic power is being concentrated in fewer and fewer hands.

Looting by Foreign Companies

Another thing which is of great concern to us is how Chile has been opening its market, importing foreign products. And this has forced numbers of large companies into bankruptcy. We had companies that employed thousands of people and yet today are bankrupt, and no longer exist. Our entire textile industry has disappeared. And in this process of exportation, we’re being robbed of all our natural resources. Our forests are being stripped; our seas, our agriculture are exporting raw materials, and what comes into Chile are finished products which are purchased by Chileans. Look at how they’re stealing our natural resources!

So this neoliberal economic system is not helping the Chilean population. The image presented of us abroad, is not what we are experiencing here in Chile. It is not what we have seen or know, when we try to get health care, when we talk to the trade union leaders and see the terribly impoverished conditions under which technicians, professionals, nurses and doctors, are trying to function; when at the state-run universities, professors get pensions that are 30% of what they were earning, and become poor, and current employees end up living in poverty, because a pension of 90,000 today in Chile is really miserable. And when we see how our national industries have been shutting down, we think the time has come when we have to denounce this internationally.

We have had a large number of seminars, and in this regard, I really want to thank the LaRouche organization for allowing us to present to the world the reality of Chile, which is otherwise hidden, and which the politicians themselves hide and cover up, and the government of the *Concertación* has not been able to improve this situation, to humanize it.

Drugs, Crime, Unemployment

We are today facing a reality which is really quite terrible, due to the introduction of drugs in the country. The drug problem among the poorest layers of the population in particular is striking, and there are no words to describe how a market has just sprung up in this sector of the population. People can’t imagine what we are living through. And then there’s the crime wave existing because of the large number of unemployed. There’s a large number of people who are of working

age, but who don't have jobs, and end up getting involved in criminal activity.

I would also like to say that we have been involved in these battles for a very long time, denouncing this fascist system which Pinochet left us under Decree 3,500, which is robbing our youth of their future. We despair of the fact that while there has been a proposed health-care reform, it doesn't focus on improving the quality of health care. Nor does the proposed educational reform improve the quality of public education. And today, we have a situation where students are occupying schools, and we can not allow people to be driven into poverty as far as education is concerned. Today, students from the Student Federation have occupied the main building at the University of Chile, because they have such huge debts that they can't get a decent education. The high cost of public education in Chile has created an intolerable situation. Professors have been forced to work at private universities to get a decent income.

So I think this has reached the breaking point in this country. They have privatized public transportation, and the state is refusing to take a responsible role in the area of public services, in public transportation. So, they've truly taken us to a situation which I would say is one of despair. We despair, when our colleagues have terrible pensions, when they can't get adequate health care they can afford. Today, anyone who doesn't have money doesn't have good health. Anyone who doesn't have money or doesn't go into debt, can not educate his children.

So, I think that Chile truly is not what people say about it abroad. It has grown significantly economically, but the wealth is concentrated in a political group, in an economic group, and unfortunately, they are the ones who control communications and are financing political campaigns in Chile. And I'm talking not only about the politicians of the *Concertación* group but also of the right wing. Today, the right wing in this country, seems more leftist than the parties of the *Concertación*. When some of the *Concertación* politicians come out and denounce these policies, and denounce how our raw materials are being stolen, without paying taxes, they are labeled as radicals who are against the *Concertación* even though they belong to it.

A Wake-Up Call

So, I would say this should be a wakeup call to our President, who is a Socialist and in whom we placed all our hopes as leaders who belong to the parties of the *Concertación*. We call on her to truly reform this neoliberal economic system, which today doesn't favor the great majority of our people, and which in the short term will lead us to the kind of social movements that we had in the past, that we do not wish to recall. We've had lots of strikes. We've had workers in the south who have gone out on strike, where people are facing a terrible crisis and have had to take to the streets. Less than a month ago, a worker from a forestry company died because the com-

pany refused to negotiate appropriately with the workers, so he was killed by law enforcement officers. This worker was in such despair that he went kind of crazy, and he was killed by the police.

Then we have the situation that our fishermen face as well. It's really dramatic how the oil companies, their ships have dumped their oil in the ocean and have contaminated the fish, the birds, the fauna and everything on which the fishermen depend to make a living. All of the fishermen are today without work. This is not known in the world. This is not known anywhere. Today, all reality, all communication of the reality of Chile has been blocked out, and you today have given us an important space and a significant opportunity to talk about this.

We asked President Bachelet, how is it possible that we have 157,000 state-sector workers who are about to go into retirement without adequate pensions? These are university professors, workers, engineers, lawyers, upper class, middle class, lower class, from all layers, who work for the public sector, and they deserve a more dignified solution, not with 30% of their income, because they have worked and contributed for 40 years to the old system, and then they were forcibly switched over under a de facto government into the privatized system which didn't recognize the *real value* of all of their earlier contributions, and which continued to deduct minimal contributions calculated on a base salary.

Today, [under the old system] we would have been able to hire young educated people, who are now unemployed but hoping for a job. But older people who still work in the state sector don't want to leave, and with good reason. Because they'll be 70 years old, like a good architect friend of mine, María Teresa, who I always use as an example. She worked for 11 years more than the cutoff retirement age of 60, and yet she retired with only 40% of her salary, after having contributed until she was 70 years old. So, I think we have to let our reality be known internationally, and our politicians have to put their hands on their hearts and say, "Okay, it's okay for the rich to make good money, but we also must show solidarity with our people."

We need a refounding of the social security system in Chile, which will allow our national companies to receive money from workers in order to grow, so that our natural resources are not stolen through international trade. Why should we have to buy furniture purchased abroad from Japan and Asian countries with wood coming from our forest? We can have a large national fishing industry of our own, where we can produce canned goods and export them.

We need to be able to produce our own goods internally, to provide dignified work with a decent salary for our people....

Moncayo: Excuse me, Yasmir, I would like to interrupt you briefly, and then continue with what you're saying about Chile during the discussion period.

We have on the phone line, the Secretary General of the CGT of Argentina, Mr. Hugo Moyano. The CGT is the most important labor institution in Argentina, of this ally country, and they have carried out a very important campaign and series of activities to reverse the privatization in social security and other areas. So I would like to ask Mr. Hugo Moyano to speak to us, to greet us and to also make brief remarks on what Mr. LaRouche and Mr. Agustín Rodríguez have been saying, and also Yasmir Fariña. So please proceed, Mr. Moyano.

Hugo Moyano: Labor's Success in Argentina

Thank you very much. I'm the Secretary General of the CGT of Argentina, and as you just correctly said, we had a campaign which began when social security was privatized. I've been involved in this for many years, because I'm a trucker, a teamster in Argentina, and from the beginning of the situation that was created with the privatization of social security, we rejected this. Because time showed us that workers were being harmed in a really significant way by this. And this meant not only the worker who is going to retire tomorrow, but the guy who is retired now, because the savings funds which allowed a certain level of pension to be available to retired workers, would be looted.

So, what we have achieved now, after many years of struggle, is we have gotten the government to see that this privatized system which has existed in the country for many years, was totally damaging to the workers. And this led to the modification of the law, which is what we were demanding. We didn't say that there shouldn't be private pension funds. We said that workers should actually have the option of deciding where their savings should be held: if they wanted the state to keep it, or if they wanted it to go into a private fund. That's all that we were asking for. And, fortunately, thank God, this has become a reality, and since then some 600-700,000 workers have, on a voluntary basis, moved back into the state pension system. So now there is a policy where this has been clarified for workers, so workers can see what real benefits they get, either from private pension funds or public pension funds.

So we've achieved a very important objective, and I think that we've managed to salvage the dignity of workers. I don't know whether what's happened in other parts of the world is the same as what was happening here in Argentina.

Here, in Argentina, we used to say, almost as a joke, that people could get divorced if they wanted to, but they couldn't change from a private pension fund to another one. So we said, at least let them have a choice. Don't force them, as unfortunately occurred under this perverse system of privatized social security that existed previously. So that they have a choice, they have an option. They can go to the private sector,

or the public one. They have a free choice. And that's what we have achieved.

And, I reiterate, this has made it possible for what I think is now a million workers to return to the state-run pension system for their retirement funds. . . .

I would like to add that, first, I agree with the remarks of the speaker who referred to Margaret Thatcher and Pinochet: I agree totally with what he said.

And I want to point out that the struggle which we waged for so long, was fundamentally against a destructive power, that of the reigning economic power, the evil economic models that were imposed on us in the decade of the '90s, whose fundamental weapon was the media.

It was hard to come out and contradict what the media was saying, through their spokesmen, who in many cases were journalists or government officials. It was very hard to think anything contrary, because you came off like an extra-terrestrial being. Because it was a whole wave and destructive tendency which neoliberalism was imposing on us, as I said, fundamentally with the lethal weapon of the way the media were used. That's why we had this fight. It was very hard, in many ways it was lonely, and it was against a very powerful enemy.

That's why what we have achieved is truly a very important step. And we say that we only wanted to be given the free choice. We didn't want to be forced, or for workers to be forced, to go to privatized funds. We wanted a free choice; let the worker decide. And that, thank God, we achieved.

But it doesn't end there, because in our country, even though there has been a very, very important change from the economic standpoint, the social standpoint, the political standpoint, there are still after-effects of neoliberalism, which in our country was really very strong. So much so that they practically sold off or handed over all of the state sector companies, which were the patrimony of the people, which the people had obtained through many generations of effort and sacrifice.

Moncayo: Thank you very much for your comments. We would like very much to ask you to stay on if you could for the second part of our discussion. Mr. LaRouche is going to have to leave. He will perhaps have some closing remarks to make, and then I would ask Mr. Agustín Rodríguez to also have some closing words.

Conclusion: No More Concessions to Evil!

LaRouche: The evil that we've been discussing today, so far, is an evil with which I'm quite familiar from a long period of struggle, especially since the developments and changes of 1971, where the United States went in the direction of Lon-



Press Archives/Government of Mendoza

Secretary General of Argentina's General Labor Confederation (CGT) Hugo Moyano (right) with Argentine President Néstor Kirchner. "After many years of struggle," Moyano said, "we have gotten the government to see that this privatized system which has existed in the country for many years was totally damaging to the workers."

don-directed fascism. And what I've heard today, on discussions of this and that, all are reflections of things I saw coming and happening 30 and 40 years ago. And the interesting thing is, now today we've discussed them, but as those of you who have spoken really know, you've been living through this kind of process for decades! You had a case, like the case of Pinochet: The *degradation* that Pinochet represented is not understood! Here's a man who was practically a prostitute for London! And he's featured as some kind of a military hero! Some kind of a figure for respect! Begging for favors and petty stealing through the Riggs Bank, which is essentially a part of what we're getting now with this BAE operation. He's essentially a lickspittle of the British Empire.

And you see this all over the place.

We have to have a sense of this. It's important to have it, because people have to realize, that what they have allowed to be done, what they have praised, what they have voted for in the United States and in other countries, this was evil. We had descriptions today of suffering of people in Mexico, in Chile, in Argentina, so far. But this has been going on, it's becoming worse. It was obvious to us at the beginning of this process in 1982, when the real wave of crushing of South America began. It was all there. It was there from 1971. It was clear! But people now are looking at something which has been going on for more than a generation—for most people, it's up to almost two generations of suffering of their adult life experience, and now we're looking at it.

This is not just an issue of making some improvements. This is an issue of saying, this kind of behavior—which we have addressed in part in a few remarks here and there today—

is typical of the world situation, but especially of the relations within the Americas. And we have put up with this! We have protested, but we have not treated this as what it is, as an evil! It's time for that sense of urgency, that we must make a fundamental change in the world system now. We can not make concessions to evil forever, because too many people will suffer if we don't change the system. The time has come where the system is coming down, and this is the time for us to put in our word for the changes which have been waiting too long to be brought on.

Moncayo: Thank you, Mr. LaRouche. We're really enthusiastic about the ideas you've presented, which we will carry on in the discussion which follows after you have to leave. Before asking Mr. Agustín Rodríguez to close this session, let me advise everyone that, in the coming hour, there will be presentations from various other gatherings. In Argentina, from the

APOPS (Union of Social Security Workers) who are meeting in an auditorium of the CGT, and we will hear from the Assistant Secretary General, Salvador Fernández, who will join us shortly. And in Lima, we will hear from the Dean of the Association of Professors of Peru, Carlos Gallardo, who is also following this webcast closely.

I would like to ask Mr. Agustín Rodríguez for closing remarks.

Rodríguez: Thank you very much: Only to thank Mr. LaRouche, and recognize his great willingness to have this kind of exchange of views, which in the final analysis, constructs a pathway to transform this economic model, which we have been enduring and suffering for so many long years.

It's important that the subject of social security be dealt with in more detail ahead, because the discussion and the fight is not going to end soon, and that we address this in terms of the experiences which people are going through in Chile, in Argentina, and elsewhere. And to look at the positive side of how we can construct an alternative proposal.

Here in Mexico, the model which is being imposed through the new ISSSTE law, has a very peculiar characteristic: It's being imposed upon workers, they are required to accept it. The aspect which the brother from the CGT of Argentina was referring to, where it was made optional or voluntary, is not happening here. Here it's required and enforced. That's the scheme under the current law, and that's what has forced us to create a great political movement.

So, Mr. LaRouche, we want to thank you very much. We will be in communication for further exchanges ahead.

President Putin Calls for New Economic Architecture

by William Jones and Rachel Douglas

It may not be the case that this year's St. Petersburg International Economic Forum, an annual gathering established by the Russian President at the beginning of his first term in office, was intended to upstage the June 6-8 Group of Eight meeting at Heiligendamm, Germany, but the contrast between the two meetings couldn't have been starker. The Heiligendamm summit did occasion President Vladimir Putin's move to outflank the Bush Administration's attempt to place missile defenses in Poland and the Czech Republic, with his surprise proposal for a joint facility in Azerbaijan, instead. And there were economic discussions of interest there, involving non-G-8 members such as China. But as far as the core question of the global economic crisis goes, the G-8 was a decidedly lackluster affair by comparison with St. Petersburg.

Putin chose the St. Petersburg Forum as the platform from which to call for a "new architecture of international economic relations." In that speech, Putin became the first head-of-state of a major power to address the global economic crisis in such terms, since President Bill Clinton declared, at the Council on Foreign Relations, in September 1998, that globalization had caused serious problems, particularly in Russia and Asia, and was forcing the issue of "adapting the international financial architecture to the 21st Century."

Putin made clear that the collapse of the U.S. dollar is no minor matter for Russia. Calling the IMF and the World Bank out-of-date, he said that, "the world financial system, essentially linked to one or two currencies and a limited number of financial centers, no longer reflects the current strategic requirements of the global economy. The fluctuations of these currencies have an adverse impact on the financial reserves of entire nations, and the development of some economic sectors worldwide."

Thus, the Russian President expressed the reality that American economist Lyndon LaRouche had talked about in his interview with Mikhail Khazin, which was aired on the Russian Orthodox Church's Spas TV channel May 18: "What happens to the Chinese assets, and economy, if the U.S. dollar collapses? Or take the Russian security investment [Stabilization Fund]. A sudden collapse of the dollar would mean a collapse in China. It would mean a crisis for the present government in Russia."

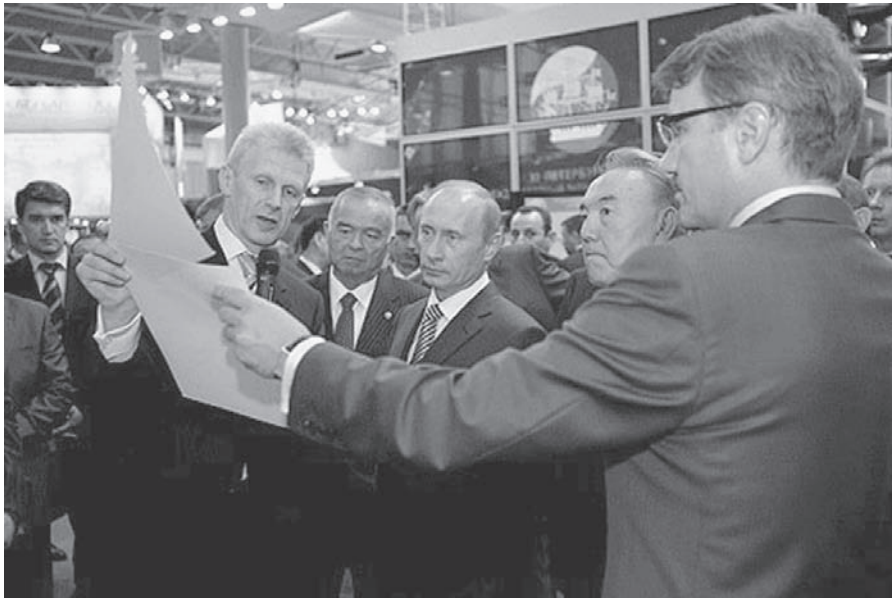
Presenting his ideas for alternatives, Putin spoke mainly in terms of currency diversification (i.e., moving out of the dollar) and the creation of regional economic institutions. He raised the possibility of denominating Russia's exports in the Russian ruble, which would be a dramatic step for one of the world's biggest oil producers and exporters.

Putin has raised the need for a "new architecture" in an atmosphere of growing general concern over the fragility of the present "bubble economy," and at a time when LaRouche's campaign for a move to a New Bretton Woods arrangement is gaining momentum.

Shifting Centers of Growth

In St. Petersburg were gathered almost 10,000 people from over 65 nations, including nine Presidents, four Premiers, 44 ministers, and 40 ambassadors, to discuss the economic future of the world. Speaking on June 10, the last day of the Forum, Putin drew the implicit contrast with Heiligendamm, from which he had just returned.

"The world is changing before our very eyes," Putin noted. "Countries that seemed hopelessly backward only yesterday are becoming the world's fastest growing economies today. Fifty years ago, the G-7 countries accounted for 60% of



President's Press & Information Office

Putin (center), in his address to the annual St. Petersburg International Economic Forum June 8-10, called for the establishment of a new international economic architecture, which should be oriented toward the common interests among nations.

"I am convinced that generalities about a just distribution of resources and investments can solve nothing," Putin said. "If we want to achieve stable development, a new architecture of international economic relations must be formed—relations built upon trust and mutually beneficial integration. Therefore, without forgetting about healthy competition, we should move towards the formation of common, mutually beneficial interests and ties."

"The new architecture of economic relations implies a principally new approach to the work of international organizations," Putin continued, opening up his attack on the IMF, the World Bank, and, especially, the World Trade Organization. The Presidential denunciation of the WTO as "archaic" and "unwieldy" made a striking contrast to the interventions of the remaining neo-liberals in the

the world's GDP, but today, this situation has been reversed, and 60% of the world's GDP is now produced outside the G-7 countries. The developing countries are more and more active in establishing niches for themselves, not just in the trade of goods, but also of services. New players, including in the high-technology and science-intensive sectors, are bringing greater competition to the market."

The forum also helped consolidate the moves the Russian President has been making to re-establish the economic strength of Russia after the many lost years of the disastrous "shock therapy" policy under former President Boris Yeltsin. More importantly, Putin has established close relations with the growing economy of China and with the Central Asia countries, to re-establish Russia as a main conduit of trade between Europe and Asia, reviving the great economic development perspective of Count Sergei Witte and Dmitri Mendeleev, the founders of industrial Russia.

This latest meeting was also timed to coincide with important Eurasian diplomacy, including the heads-of-state summit of the Commonwealth of Independent States, and the board meeting of the Shanghai Cooperation Organization, which then dovetailed into the Forum itself.

New Economic Architecture

In his speech, Putin called for the establishment of a new international economic architecture. Its fundamental principle, he said, needs to be an orientation toward common interests among nations. He fleshed this out, in terms of both his preliminary proposals in the financial area, and concrete ideas for collaboration on great infrastructure projects.

Russian cabinet, Finance Minister Alexei Kudrin and Economic Minister German Gref, who spent time in St. Petersburg lobbying the Georgian President Michael Saakashvili and the economics ministers of the Baltic countries to drop their objections to Russia's joining the WTO. According to *Moskovsky Komsomolets*, Gref even told the CIS leaders that the customs union for the CIS would be signed only after Russia, Kazakstan, and perhaps even the solidly anti-globalization Belarus join the WTO.

But Putin said, in a rather pointed understatement, "It has become increasingly apparent of late that the existing organizations are not always up to the measure in regulating global international relations and the global market. Organizations originally designed with only a small number of active players in mind sometimes look archaic, undemocratic, and unwieldy in today's conditions. They are far from taking into consideration the correlation of forces that has emerged in the world today. This means that the old decision-making methods do not always work. The World Trade Organization and the Doha Round of trade negotiations, which are proceeding with great difficulty, to put it mildly, provide a clear example in this respect."

As for the international financial organizations, i.e., the IMF and the World Bank, they "are also in need of serious restructuring and modernization," Putin said. "They were established at a time when the world looked very different, and are having difficulty adapting to the new situation of stable economic growth in the majority of developing countries and growing markets."

At that point, Putin laid out his concerns over the fluc-

tuation of the world's reserve currencies, and continued, "There is only one answer to this challenge: introduction of several world reserve currencies, and several financial centers. That is why it is today necessary to create prerequisites for the diversification of assets in the world financial system." He also suggested transforming the present fora for economic cooperation, like the SCO in Central Asia, into "free trade zones" as a more workable alternative to the WTO regime.

While the Putin proposals reflect the keen frustration felt over the failure of the world's governments to deal with the unfolding financial crisis, and could serve as a useful spur to a more general debate over the shape of a new financial system, they do not represent more than an attempt to plug a hole in the dam that is about to burst. The LaRouche proposal for a New Bretton Woods system, as he has outlined this on numerous occasions, and most recently on his visit to Moscow in May, requires a universal, not a regional, solution to the underlying problem. It requires most immediately the collaboration of the four major economic players—the United States, Russia, China, and India—in devising the fundamentals of a new international system with fixed exchange rates and a long-term commitment to infrastructure, industrial, and scientific development. With agreement between the four regarding the principles of such a system, the rest of the world can be readily brought in.

Eurasian Megaprojects

The Russian government has taken a major step toward substantiating a "new international economic architecture" based on "mutual benefit," with its revival of the proposal to build a tunnel between Russia and Alaska under the Bering Strait—the crowning "megaproject" of the Eurasian Land-Bridge. The Ministry of Economics co-sponsored the April 24 conference on the Bering Strait project, to which LaRouche was invited, and where his paper "The World's Map Changes: Mendeleyev Would Have Agreed" was presented (see *EIR*, May 4, 2007).

In his St. Petersburg speech, Putin discussed Eurasian cooperation in terms of relations within the CIS, noting the emergence of Kazakhstan, Turkmenistan, and Uzbekistan as international energy suppliers. He said that Russia's most recent energy policy decisions, including on building the Northwest Gas Pipeline and the Burgas-Alexandroupolis oil pipeline, will boost "the energy security of the entire Eurasian continent."

Putin also stressed transportation, saying: "We shall also initiate projects in the area of transport, telecommunications, and logistics. These are projects that effectively unite the countries of Europe and Asia. This means the modernization of existing international transport corridors and the creation of new ones, linking Europe with Central Asia and the Far East."

He reiterated his proposal for a second, upgraded Volga-

Don Canal, giving modern cargo vessels from the Caspian Sea littoral countries an outlet to the world's oceans, through the Black Sea. Putin told the audience to stand by for the next speaker, President Nursultan Nazarbayev of Kazakhstan, to present "his own vision of this problem." Nazarbayev proceeded to outline two megaprojects: a Caspian to Black Sea direct canal, and the long-discussed diversion of water from Siberian rivers to arid Central Asia.

Nazarbayev said that the "Eurasian Canal" from the Caspian Sea to the Black Sea would be 1,000 km shorter than the Volga-Don connection, RBC.ru reported. Russia's great Volga River flows into the Caspian, while the Don empties into the Sea of Azov at the top of the Black Sea. North of the river mouths, the two rivers bend close to each other, which is where the canal is.

Nazarbayev went through the engineering calculations, and some construction, done in the 1930s, for a canal through the Manychsk Depression, the bed of an ancient strait between the two seas, in southern Russia, north of the Caucasus Mountains. According to RBC.ru, the Southern Scientific Center of the Russian Academy of Sciences, as well as the hydro-technology center and the Transportation Projects Foundation of the International Congress of Industrialists and Entrepreneurs, have assessed the feasibility of reviving this scheme. The canal would be 650 km long and is estimated to cost 15 billion euros. Opponents of the project cite ecological threats, while its backers are looking for the project to define a development corridor to uplift the southern agrarian region, plus Dagestan, Chechnya, and the rest of the North Caucasus.

Nazarbayev also raised once again, as he did last September during talks with the leadership of Uzbekistan, a revival of the idea of diverting part of the flow of Siberian rivers into Central Asia and Kazakhstan. According to Novosti and Amitel information agencies, Nazarbayev recalled that the project was previously discussed for the purpose of supplying drinking water, but now there is also the question of restoring the dried-out Aral Sea. Amitel noted that Moscow Mayor Yuri Luzhkov called, in December 2002, for a revival of the Siberian rivers project, saying that Russia should sell water from the Ob (the westernmost of Siberia's three great river systems) to buyers in Central Asia and Kazakhstan. Academician Oleg Vasilyev supported Luzhkov, pointing out that the engineering studies had been done, before the plan was stopped in the 1980s.

Billions in New Business

The St. Petersburg Forum gave the lie to the idle threat of the lame duck British Prime Minister Tony Blair, who had "warned" Putin that British industries would shun Russia if it didn't continue to "reform"—especially in the wake of Moscow's cancellation of Royal Dutch Shell's Sakhalin II contract. The official reason for the cancellation was ecological violations, but Putin himself said recently that he welcomed

those violations, since the contract was a “colonial” piece of work to start with. The other British-based oil multi, BP, has the threat hanging over its head, that its Russian operation, TNK-BP, may lose the license to develop the giant Kovykta gas condensate field.

Nonetheless, the CEOs of both British petroleum giants were in St. Petersburg, along with a number of other British executives. The past winter’s session of the annual Russian Economic Forum in London, by contrast, had been a bust after the Kremlin advised Russian companies not to attend. The noisy, public anti-Russian campaign in Britain around the death of ex-spy Alexander Litvinenko continues to express a marked cooling of Moscow-London relations.

As is often the case, in between the speeches and the receptions, over \$13.5 billion in investment agreements were locked in, with \$7.5 billion worth of contracts between private companies, and an additional \$6 billion in private-and-state investments. During the conference, Russia announced it would purchase 22 airplanes from Boeing at a cost of \$3.5 billion. France’s PSA Peugeot-Citroën also signed a \$334 million deal to build an auto plant in Russia, and Sweden’s AB Volvo will invest \$334 million in a factory to produce 15,000 trucks a year.

China alone signed over \$2 billion worth of agreements with Russia. There has been a steady increase in Russo-Chinese trade since the establishment of a strategic partnership between Russia and China launched by President Putin and former Chinese President Jiang Zemin. This is slated to continue, with the launching this year of the Year of China in Russia, which will see another flurry of economic and cultural delegations from China to Russia during the course of the year.

The St. Petersburg Forum clearly indicates that the regional powers of Eurasia are intent on staking out their own path to development and are moving along it quite briskly. While the leaders at St. Petersburg were discussing the possibility of great projects, our political leaders in Washington were bogged down in a useless debate about how best to limit immigration, and fighting that old bugaboo, Al Gore’s “global warming.” While Big Al either did not accept the invitation extended to him to attend the St. Petersburg gathering or was discouraged from coming, it is unlikely that his Malthusian crusade would have gained much traction in the climate of progress being expressed in St. Petersburg.

But the proposals mooted by the Russian President in his speech to the forum deserve more serious attention from those in Washington responsible for the economic well-being of the American people. As the world economy teeters on the brink of a major financial collapse, the proposals put forward by Putin should signal the need to move promptly toward a New Bretton Woods architecture as outlined by economist and statesman Lyndon LaRouche. And that requires the involvement of the U.S.A.

Russia, Kazakstan Reach New Agreements

by Mary Burdman

Amidst the growing strategic tensions, Eurasian nations have been putting together increasingly effective agreements for better national security and stability over the recent weeks. These are war-avoidance policies, centered on developing nuclear energy, transport, and other cooperation in Eurasia. The Presidents of two Eurasian giants—Russia’s Vladimir Putin and Kazakstan’s Nursultan Nazarbayev—have held summits twice already this year. While a lot of attention is being paid to oil and gas pipelines, the two sides, with other regional nations, are actually working on more advanced technologies, which ultimately will be much more important than trade in hydrocarbons.

Since January 2006, the Russian government has been developing a comprehensive nuclear energy program, which embodies an international “crisis-avoidance” policy. Close cooperation with uranium-rich Kazakstan will make this program a near-term reality. The principle is to enable developing nations to acquire nuclear energy, while the controversial parts of the nuclear cycle, including nuclear enrichment, fuel reprocessing, and disposal of nuclear waste, will be carried out in joint centers, with international supervision. So “transparent” a program will counter attempts to generate crises about potential nuclear weapons programs—such as those of Iran and North Korea. This could both deprive the Cheneyacs of their “Axis of Evil” propaganda, and prevent them from denying to developing nations the clean and independent energy source they so urgently need.

Putin first announced this program on Jan. 25, 2006, to the Eurasian Economic Community meeting in St. Petersburg. On Oct. 3 of last year, Nazarbayev agreed that Kazakstan would participate in creating the International Uranium Enrichment Center in Angarsk, in eastern Siberia; and on Dec. 19, Russian Federal Atomic Energy Agency head Sergei Kiriienko announced that the Angarsk facility would be launched in January 2007, based on Russian-Kazak cooperation. This program was the key issue at the two Putin-Nazarbayev summits this year—on March 19 in Moscow, and May 10 in Astana. Uranium prospecting and mining will also be developed under international cooperation, to counter the danger of private conglomerates controlling and speculating on uranium supplies. Russia is working on such agreements with many nations, including China, Mongolia, Armenia, Ukraine, Japan, Myanmar, Morocco, Canada, and Australia, and has certainly proposed it to Iran.

“We are talking about a nuclear renaissance,” Sergei Shmatko, head of Russia’s state nuclear power company At-

The Caucasus and Central Asia



A new Eurasian rail line, linking the railways of Russia, Kazakhstan, Turkmenistan, and Iran, and providing access to Turkey and the Persian Gulf countries, is one of many "breakthrough projects" planned by the nations of the region shown on this map.

omstroyexport, said in an interview from Moscow, published June 7 in the *International Herald Tribune*. "We are certain we have a market. The world has no alternative but to develop nuclear energy." Atomstroyexport, already building seven nuclear plants outside Russia, including in China, India, Iran, and Bulgaria, hopes to win \$5-\$10 billion worth of contracts in the next two years, Shmatko said. Atomstroyexport has a new series of "mini-reactors," in the 300-600 mw range, specifically designed to be connected to the limited capacities of electricity grids in developing countries.

Russia is also working fast on building floating nuclear power plants. The *IHT* also quotes Russian First Deputy Prime Minister Sergei Ivanov on this technology: "We are, generally speaking, the absolute monopoly here. Nobody apart from us is able or knows how to build them." The foundation for the first plant was laid April 15 at Severodvinsk on the White Sea, and plans for further construction are already made. Potential sites include not only Russia's Far North and Far Northeast, but also on Russky Island, off Vladivostok, to supply the planned 2012 Asia-Pacific Economic Cooperation summit,

according to officials of Rosenergoatom, the state-run company which oversees nuclear plants.

There is also a big international demand. "Some 20 countries have shown interest in floating NPPs, including Indonesia and China," Itar-Tass quoted Rosenergoatom deputy general director Sergei Krysov on June 5. China could buy or jointly build a floating plant with Russia after 2010. "We hope that Western countries will be ready for contracts on cooperation in floating NPP projects after the prototype power unit is completed," Krysov said. A Rosenergoatom delegation visited Cape Verde, off the west coast of Africa, June 5-9 to discuss the technology. The "world's first floating nuclear power plant" was featured at the June 8-10 St. Petersburg International Economic Forum "Innovational Developments" exhibit.

Space and Nuclear

At their Astana meeting, Putin and Nazarbayev agreed to a "Plan for the Joint Actions of Russia and Kazakhstan" for 2007-08, which, Nazarbayev announced, "concerns nuclear power, energy, regional, and humanitarian cooperation." Naz-

arbayev told Putin that “oil and gas cooperation [with Russia] is strategically important. . . . Kazakhstan is committed to transporting most of its oil, if not all of it, across Russian territory.”

The two nations will work together in space, military-technical, nuclear energy, cross-border trade, and large-scale integration projects. The two sides are building a space complex at Baikonur, Baiterek, for Angara launch vehicles capable of putting 26 metric tons of payload into low-Earth orbits. The Russian space agency rents its current space center, Baikonur, from Kazakhstan. Itar-Tass also quoted a Kremlin source on financial cooperation, saying that the “initial steps were taken to implement the first projects of the Eurasian Development Bank, which was set up on the initiative of the presidents of the two countries in 2006. The Russian Vneshekonombank is actively cooperating with its Kazak partners.”

Finally, Putin and Nazarbayev oversaw the signing of a document on final agreement to build the Angarsk center, to come onstream in 2013.

Putin said that the two sides “consider this document the first step in the implementation of our initiative to create a global nuclear energy infrastructure.” The document was signed by Kiriyenko, head of the Russian Federal Agency of Nuclear Power, and Kazak Energy Minister Baktykozha Izumkhambetov. “With Kazakhstan we possess the entire technological chain—from producing uranium to achieving the final product, low-enriched uranium,” Kiriyenko said. Kazakhstan has 15% of the world’s uranium reserves, and wants to produce 15,000 tons of uranium by 2010, while Russia has 45% of the world’s uranium enrichment capabilities. Kiriyenko said that any country could join the project by signing a similar intergovernmental agreement. The Angarsk plant would be able to cover uranium needs over the next few years, and more such facilities could be built.

New Turkmenistan Opening

Immediately after the Astana meeting, Putin went to Ashgabat, capital of Turkmenistan, to meet the new President Gurbanguly Berdimukhammedov, who took office in February. On May 11, Putin announced that Turkmenistan is “Russia’s strategic partner,” and said that the two nations have “big plans for joint work.” The first priority is energy cooperation, but the two sides will also “deepen cooperation in the foreign policy sphere, [and] develop interaction to ensure security in the region and in the world,” their statement said. The next day, Nazarbayev joined the other two for an energy summit held in the Caspian Sea port of Turkmenbashi. It is perhaps ironic that this city, named for the title (leader of the Turkmen) of President Saparmurat Niyazov, who died in December 2006, was the site of a meeting which broke with tendencies which could be seen as xenophobic, and brought Turkmenistan into an important regional agreement. The three countries agreed May 12 to build a new gas pipeline along the Caspian Sea, and to upgrade the old facilities for transporting gas and oil from Central Asia via Russia, to Europe. Turkmenistan, strategically located on the east bank of the Caspian Sea, and bordering Iran, has some 22 trillion cubic meters of natural gas reserves, fifth-highest in the world.

The final agreement on the new project will be signed on Sept. 1; construction should begin in late 2008. Previously, on May 9, President Islam Karimov of Uzbekistan had signed the agreement on refurbishing the existing pipelines. The new pipeline will start in Turkmenistan, run up the Kazak Caspian coast and into Russia. Putin said in Turkmenbashi, that it will be possible to increase gas shipments by 12 billion cubic meters by 2012. Both Kazakhstan and Turkmenistan are also interested in the proposed Trans-Caspian pipeline project, via the Southern Caucasus.

Also on May 12, the Presidents of Poland, Azerbaijan, Georgia, Lithuania, and Ukraine, and the Deputy Energy Minister of Kazakhstan met in Krakow, Poland. The theme of this meeting was how to decrease energy “dependence” upon Russia. Nazarbayev had been invited as the principal guest, but sent a deputy, making his priorities clear. The Krakow meeting put out a resolution on energy security, which called for extending the Ukrainian-Polish Odessa-Brody oil pipeline to Gdansk and Plock in Poland, and other projects to set up a South Caucasus energy corridor which avoids transit through Russia. More will be discussed in Lithuania in October, but little more was accomplished.

Links to Eurasia

President Berdimukhammedov made another important proposal at Turkmenbashi, to build a proposed north-south rail link along the east coast of the Caspian Sea, which will become the first direct rail link between Turkmenistan to Kazakhstan. The most likely route would run 443 km from Turkmenbashi to Yeraliyevo, on the Kazak coast, which is already connected to Orenburg in Russia. Berdimukhammedov met Nazarbayev again, in Astana, on May 29, and the two Central Asian leaders also proposed to complete reconstruction of the existing Turkmenbashi-Astrakhan highway.

Both transport projects have big implications. Kazak Transport and Communications Minister Serik Akhmetov announced from Astana May 2 that his country is planning to develop a highway transport corridor to connect “West China to Western Europe.” Akmetov called it a “breakthrough project” designed “to make the most of the country’s transit potential,” which would reduce shipping time for China from 45 days by sea, to just 11 days by land.

The new rail line will also be a Eurasian link. Berdimukhammedov made clear. He said that the rail line could be extended south, “if the Iranian side is interested,” to Gorgan in northern Iran, thus “linking the railways of Russia, Kazakhstan, Turkmenistan, and Iran and providing access to Turkey and the Persian Gulf countries.” In 1996, Turkmenistan and Iran finished their first rail link, which was the historic first rail line from Central Asia to Southwest Asia, by connecting Mashad in northern Iran to Ashkabad. Kazakhstan already has a rail link to China—the famous Second Euro-Asian Continental Bridge—and is building a second, more advanced connection now. Iran is also finishing a rail link to Pakistan, which will be the first rail line between the Indian Subcontinent and the rest of Eurasia.

Bering Strait Project Featured in Russia

by Rachel Douglas

Forum International, a Moscow-based publication, has released a special issue on the project to link Eurasian and American infrastructure networks via a tunnel under the Bering Strait. The contents of the 80-page, color-illustrated magazine, which came out on June 6, are centered on the proceedings of the April 24 international conference on “Megaprojects of Russia’s East: An Intercontinental Eurasia-America Transport Link via the Bering Strait” (*EIR*, May 4 and 11, 2007). The transcripts and articles are provided in both Russian and English.

Forum International appeared as the G-8 summit opened in Heiligendamm, Germany, amid persistent reports that Russia would raise the Bering Strait rail-road-energy project there. The magazine’s opening spread is the text of an Appeal from the April 24 conference participants, addressed to the heads of state of Russia, the U.S.A., Canada, China, Korea, Japan, and the EU member countries, asking them to put the project on the G-8 agenda and to push ahead with funding for its feasibility studies.

Like the April 24 conference, this issue of *Forum International* has been sponsored by Council for the Study of Productive Forces, a Russian state research organization known by its Russian acronym, SOPS. It is a joint organization of the Russian Academy of Sciences and the Ministry of Economic Development and Trade, and is headed by Academician Alexander G. Granberg.

Included in this issue of *Forum International* is *EIR* founder Lyndon LaRouche’s contribution to the SOPS conference, titled “The World’s Political Map Changes: Mendeleyev Would Have Agreed.” It previously came out in *EIR* of May 4, 2007. LaRouche calls the Bering Strait project “the navel of a birth of a new world economy,” as against the “impulse towards new world wars.”

The theme of collaboration on great, mutually beneficial infrastructure projects as a means of war-avoidance runs throughout the special issue. It comes into focus in Schiller Institute founder Helga Zepp-LaRouche’s testimony to June 2001 Russian State Duma hearings on “Measures To Ensure the Development of Russia’s Economy Under Conditions of Global Financial Destabilization,” which is included in *Forum International*. Presenting the link between economic depressions and war, Zepp-LaRouche developed for her Russian audience, how the implementation of German economist Dr.



The cover of Forum International shows a photo of the Bering Strait as seen from space, with the prospective rail line between Alaska and Russia's Chukotka Region sketched in.

Wilhelm Lautenbach’s program for productive employment could have ended the Depression and prevented the Nazis’ rise to power, had it been adopted in 1931. The Eurasian Land-Bridge today, she concluded, gives the world’s people a vision of hope that the 21st Century will be better than the 20th.

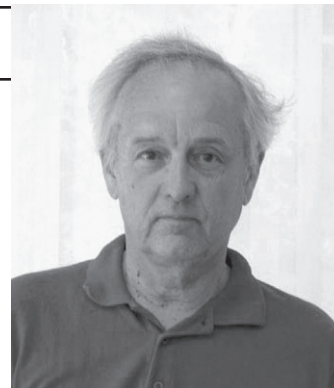
Former Alaska Gov. Walter J. Hickel’s April 24 speech is published in *Forum International* under the headline “Mega Projects Would Be an Alternative to War.”

Academician Granberg, in his contribution to the magazine, says that “multilateral infrastructure megaprojects are the only real alternative to confrontation, including military confrontation, between nations and peoples.” He calls the Bering Strait scheme “a project that may change the world, a project of joining creative energies, replacing missile defense systems with a territory of international cooperation.” Granberg is Russia’s leading expert on regional development in northern latitudes, such as those of Siberia and the Russian Far East. His call to complete the Bering Strait connection by 2027, made during recent Moscow festivities to mark Prof. Stanislav Menshikov’s 80th birthday, was published in the June 1, 2007 *EIR*.

Boris Lapidus, senior vice-president of the state-owned company Russian Railways, writing about the job-creating potential of the trans-Bering Strait railway, says in his article, “The mutual benefit for Russia, the EU, and the Asia-Pacific countries is the basis for cooperation in setting up transit corridors and makes it possible to combine national interests for the common good.”

Other contributors of articles and interviews in the special issue include board members of the non-profit Interhemispheric Bering Strait Rail and Tunnel Group, formed in 1991 to promote the project; Russian hydroelectric power executives who want to develop new capacities on Siberia’s rivers; and members of the governments of several eastern Russian regions.

Claim That Sea Level Is Rising Is a Total Fraud



Dr. Nils-Axel Mörner is the head of the Paleogeophysics and Geodynamics department at Stockholm University in Sweden. He is past president (1999-2003) of the INQUA Commission on Sea Level Changes and Coastal Evolution, and leader of the Maldives Sea Level Project. Dr. Mörner has been studying the sea level and its effects on coastal areas for some 35 years. He was interviewed by Gregory Murphy on June 6 for EIR.

EIR: I would like to start with a little bit about your background, and some of the commissions and research groups you've worked on.

Mörner: I am a sea-level specialist. There are many good sea-level people in the world, but let's put it this way: There's no one who's beaten me. I took my thesis in 1969, devoted to a large extent to the sea-level problem. From then on, I have launched most of the new theories, in the '70s, '80s, and '90s. I was the one who understood the problem of the gravitational potential surface, the theory that it changes with time. I'm the one who studied the rotation of the Earth, how it affected the redistribution of the oceans' masses. And so on. And then I was president of INQUA, an international fraternal association, their Commission on Sea-Level Changes and Coastal Evolution, from 1999 to 2003. And in order to do something intelligent there, we launched a special international sea-level research project in the Maldives, because that's the hottest spot on Earth for—there are so many variables interacting there, so it was interesting, and also people had claimed that the Maldives—about 1,200 small islands—were doomed to disappear in 50 years, or at most, 100 years. So that was a very important target.

Then I have had my own research institute at Stockholm University, which was devoted to something called paleogeophysics and geodynamics. It's primarily a research institute, but lots of students came, and I have several PhD theses at my institute, and lots of visiting professors and research scientists came to learn about sea level. Working in this field, I don't think there's a spot on the Earth I haven't been in! In the northmost, Greenland; and in Antarctica; and all around the Earth, and very much at the coasts. So I have primary data from so

many places, that when I'm speaking, I don't do it out of ignorance, but on the contrary, I know what I'm talking about. And I have interaction with other scientific branches, because it's very important to see the problems not just from one eye, but from many different aspects. Sometimes you dig up some very important thing in some geodesic paper which no other geologist would read. And you must have the time and the courage to go into the big questions, and I think I have done that.

The last ten years or so, of course, everything has been the discussion on sea level, which they say is drowning us; in the early '90s, I was in Washington giving a paper on how the sea level is *not* rising, as they said. That had some echoes around the world.

EIR: What is the real state of the sea-level rising?

Mörner: You have to look at that in a lot of different ways. That is what I have done in a lot of different papers, so we can confine ourselves to the short story here. One way is to look at the global picture, to try to find the essence of what is going on. And then we can see that the sea level was indeed rising, from, let us say, 1850 to 1930-40. And that rise had a rate in the order of 1 millimeter per year. Not more. 1.1 is the exact figure. And we can check that, because Holland is a subsiding area; it has been subsiding for many millions of years; and Sweden, after the last Ice Age, was uplifted. So if you balance those, there is only one solution, and it will be this figure.

That ended in 1940, and there had been no rise until 1970; and then we can come into the debate here on what is going on, and we have to go to satellite altimetry, and I will return to that. But before doing that: There's another way of checking it, because if the radius of the Earth increases, because sea level is rising, then immediately the Earth's rate of rotation would slow down. That is a physical law, right? You have it in figure-skating: when they rotate very fast, the arms are close to the body; and then when they increase the radius, by putting out their arms, they stop by themselves. So you can look at the rotation and the same comes up: Yes, it might be 1.1 mm per year, but absolutely not more. It could be less, because there could be other factors affecting the

Earth, but it certainly could not be more. Absolutely not! Again, it's a matter of physics.

So, we have this 1 mm per year up to 1930, by observation, and we have it by rotation recording. So we go with those two. They go up and down, but there's no trend in it; it was up until 1930, and then down again. There's no trend, *absolutely no trend*.

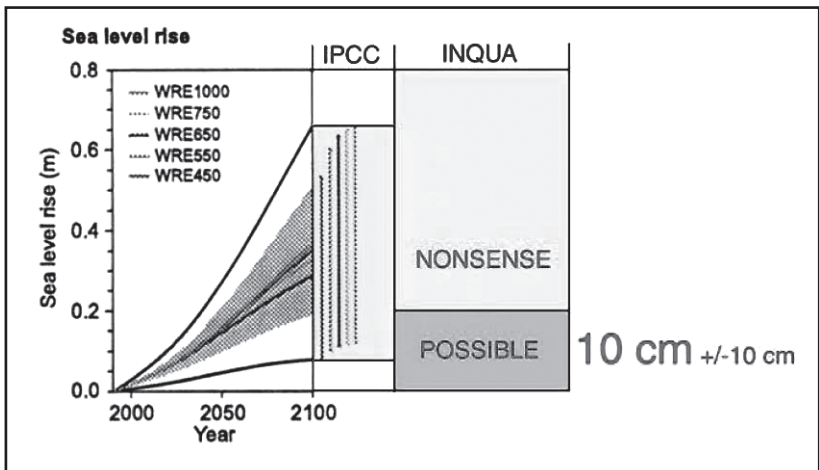
Another way of looking at what is going on is the tide gauge. Tide gauging is very complicated, because it gives different answers for wherever you are in the world. But we have to rely on geology when we interpret it. So, for example, those people in the IPCC [Intergovernmental Panel on Climate Change], choose Hong Kong, which has six tide gauges, and they choose the record of one, which gives 2.3 mm per year rise of sea level. Every geologist knows that that is a subsiding area. It's the compaction of sediment; it is the only record which you *shouldn't* use. And if that figure is correct, then Holland would not be subsiding, it would be uplifting. And that is just ridiculous. Not even ignorance could be responsible for a thing like that. So tide gauges, you have to treat very, very carefully.

Now, back to satellite altimetry, which shows the water, not just the coasts, but in the whole of the ocean. And you measure it by satellite. From 1992 to 2002, [the graph of the sea level] was a straight line, variability along a straight line, but absolutely no trend whatsoever. We could see those spikes: a very rapid rise, but then in half a year, they fall back again. But absolutely no trend, and to have a sea-level rise, you need a trend.

Then, in 2003, the same data set, which in their [IPCC's] publications, in their website, was a straight line—suddenly it changed, and showed a very strong line of uplift, 2.3 mm per year, the same as from the tide gauge. And that didn't look so nice. It looked as though they had recorded something; but they *hadn't* recorded anything. It was the original one which they had suddenly twisted up, because they entered a "correction factor," which they took from the tide gauge. So it was not a measured thing, but a figure introduced from outside. I accused them of this at the Academy of Sciences in Moscow—I said you have introduced factors from outside; it's not a measurement. It looks like it is measured from the satellite, but you don't say what really happened. And they answered, that we had to do it, because otherwise we would not have gotten any trend!

That is terrible! As a matter of fact, it is a falsification of the data set. Why? Because they know the answer. And there you come to the point: They "know" the answer; the rest of us, we are *searching* for the answer. Because we are field geologists; they are computer scientists. So all this talk that sea level is rising, this stems from the computer

Projected Sea-Level Rise in the Maldives



Source: Nils-Axel Möner.

Dr. Möner was president of the International Union for Quaternary Research's (INQUA) Commission on Sea-Level Changes and Coastal Evolution (1999-2003). Its research proved that the catastrophic predictions of the Intergovernmental Panel on Climate Change (IPCC), based on computer models of the effects of global warming, are "nonsense."

modeling, not from observations. The observations don't find it!

I have been the expert reviewer for the IPCC, both in 2000 and last year. The first time I read it, I was exceptionally surprised. First of all, it had 22 authors, but none of them—*none*—were sea-level specialists. They were given this mission, because they promised to answer the right thing. Again, it was a computer issue. This is the typical thing: The meteorological community works with computers, simple computers. Geologists don't do that! We go out in the field and observe, and then we can try to make a model with computerization; but it's not the first thing.

So there we are. Then we went to the Maldives. I traced a drop in sea level in the 1970s, and the fishermen told me, "Yes, you are correct, because we remember"—things in their sailing routes have changed, things in their harbor have changed. I worked in the lagoon, I drilled in the sea, I drilled in lakes, I looked at the shore morphology—so many different environments. Always the same thing: In about 1970, the sea fell about 20 cm, for reasons involving probably evaporation or something. Not a change in volume or something like that—it was a rapid thing. The new level, which has been stable, has not changed in the last 35 years. You can trace it so very, very carefully. No rise at all is the answer there.

Another famous place is the Tuvalu Islands, which are supposed to soon disappear because they've put out too much carbon dioxide. There we have a tide gauge record, a varigraph record, from 1978, so it's 30 years. And again, if you look there, *absolutely no trend*, no rise.

So, from where do they get this rise in the Tuvalu Islands?

Then we know that there was a Japanese pineapple industry which subtracted too much fresh water from the inland, and those islands have very little fresh water available from precipitation, rain. So, if you take out too much, you destroy the water magazine, and you bring sea water into the magazine, which is not nice. So they took out too much fresh water and in came salt water. And of course the local people were upset. But then it was much easier to say, “No, no! It’s the global sea level rising! It has nothing to do with our subtraction of fresh water.” So there you have it. This is a local industry which doesn’t pay.

You have Vanuatu, and also in the Pacific, north of New Zealand and Fiji—there is the island Tegua. They said they had to evacuate it, because the sea level was rising. But again, you look at the tide-gauge record: There is absolutely no signal that the sea level is rising. If anything, you could say that maybe the tide is lowering a little bit, but absolutely no rising.

And again, where do they get it from? They get it from their inspiration, their hopes, their computer models, but not from observation. Which is terrible.

We have Venice. Venice is well known, because that area is technically, because of the delta, slowly subsiding. The rate has been constant over time. A rising sea level would immediately accelerate the flooding. And it would be so simple to record it. And if you look at that 300-year record: In the 20th Century it was going up and down, around the subsidence rate. In 1970, you should have an acceleration, but instead, the rise almost finished. So it was the opposite.

If you go around the globe, you find no rise anywhere. But they need the rise, because if there is no rise, there is no death threat. They say there is nothing good to come from a sea-level rise, only problems, coastal problems. If you have a temperature rise, if it’s a problem in one area, it’s beneficial in another area. But sea level is the real “bad guy,” and therefore they have talked very much about it. But the real thing is, that it doesn’t exist in observational data, only in computer modeling.

EIR: I watched the documentary, “Doomsday Called Off,” that you were part of. And you were showing the physical tides in the Maldives, the tree that was there; and if there had been a sea-level rise, that tree would have been gone. And how the coral was built up on the beach in two different levels, showing two different levels of rise. The way you presented it



Courtesy of Nils-Axel Möner

A famous tree in the Maldives shows no evidence of having been swept away by rising sea levels, as would be predicted by the global warming swindlers. A group of Australian global-warming advocates came along and pulled the tree down, destroying the evidence that their “theory” was false.

was how geologists do a site survey to put their findings into context.

Mörner: I’ll tell you another thing: When I came to the Maldives, to our enormous surprise, one morning we were on an island, and I said, “This is something strange, the storm level has gone down; it has not gone up, it has gone *down*.” And then I started to check the level all around, and I asked the others in the group, “Do you see anything here on the beach?” And after awhile they found it too. And we had investigated, and we were sure, I said we cannot leave the Maldives and go home and say the sea level is not rising, it’s not respectful to the people. I have to say it to Maldivian television. So we made a very nice program for Maldivian television, but it was forbidden by the government! Because they thought that they would lose money. They accuse the West for putting out carbon dioxide, and therefore we have to pay for our damage and the flooding. So they wanted the flooding scenario to go on.

This tree, which I showed in the documentary, is interesting. This is a prison island, and when people left the island, from the ’50s, it was a marker for them, when they saw this tree alone out there, they said, “Ah, freedom!” They were allowed back. And there have been writings and talks about this. I knew that this tree was in that terrible position already in the 1950s. So the slightest rise, and it would have been gone.

I used it in my writings and for television. You know what happened? There came an Australian sea-level team, which was for the IPCC and against me. Then the students pulled

down the tree by hand! They destroyed the evidence. What kind of people are those? And we came to launch this film, “Doomsday Called Off,” right after, and the tree was still green. And I heard from the locals that they had seen the people who had pulled it down. So I put it up again, by hand, and made my TV program. I haven’t told anybody else, but this was the story.

They call themselves scientists, and they’re destroying evidence! A scientist should always be open for reinterpretation, but you can *never* destroy evidence. And they were being *watched*, thinking they were clever.

EIR: How does the IPCC get these small island nations so worked up about worrying that they’re going to be flooded tomorrow?

Mörner: Because they get support, they get money, so their idea is to attract money from the industrial countries. And they believe that if the story is not sustained, they will lose it. So, they *love* this story. But the local people in the Maldives—it would be terrible to raise children—why should they go to school, if in 50 years everything will be gone? The only thing you should do, is learn how to swim.

EIR: To take your example of Tuvalu, it seems to be more of a case of how the water management is going on, rather than the sea level rising.

Mörner: Yes, and it’s much better to blame something else. Then they can wash their hands and say, “It’s not our fault. It’s the U.S., they’re putting out too much carbon dioxide.”

EIR: Which is laughable, this idea that CO₂ is driving global warming.

Mörner: Precisely, that’s another thing.

And like this *State of Fear*, by Michael Crichton, when he talks about ice. Where is ice melting? Some Alpine glaciers are melting, others are advancing. Antarctic ice is certainly *not* melting; all the Antarctic records show *expansion* of ice. Greenland is the dark horse here for sure; the Arctic may be melting, but it doesn’t matter, because they’re already floating, and it has no effect. A glacier like Kilimanjaro, which is important, on the Equator, is *only* melting because of deforestation. At the foot of the Kilimanjaro, there was a rain forest; from the rain forest came moisture, from that came snow, and snow became ice. Now, they have cut down the rain forest, and instead of moisture, there comes heat; heat melts the ice, and there’s no more snow to generate the ice. So it’s a simple thing, but has nothing to do with temperature. It’s the misbehavior of the people around the mountain. So again, it’s like Tuvalu: We should say this deforestation, that’s the thing. But instead they say, “No, no, it’s the global warming!”

EIR: Here, over the last few days, there was a grouping that sent out a power-point presentation on melting glaciers, and

how this is going to raise sea level and create all kinds of problems.

Mörner: The only place that has that potential is Greenland, and Greenland east is not melting; Greenland west, the Disco Bay is melting, but it has been melting for 200 years, at least, and the rate of melting *decreased* in the last 50-100 years. So, that’s another falsification.

But more important, in 5,000 years, the whole of the Northern Hemisphere experienced warming, the Holocene Warm Optimum, and it was 2.5 degrees warmer than today. And still, no problem with Antarctica, or with Greenland; still, no higher sea level.

EIR: These scare stories are being used for political purposes.

Mörner: Yes. Again, this is for me, the line of demarcation between the meteorological community and us: They work with computers; we geologists work with observations, and the observations do not fit with these scenarios. So what should you change? We cannot change observations, so we have to change the scenarios!

Instead of doing this, they give an endless amount of money to the side which agrees with the IPCC. The European Community, which has gone far in this thing: If you want a grant for a research project in climatology, it is written into the document that there *must* be a focus on global warming. All the rest of us, we can never get a coin there, because we are not fulfilling the basic obligations. That is really bad, because then you start asking for the answer you want to get. That’s what dictatorships did, autocracies. They demanded that scientists produce what they wanted.

EIR: Increasingly science is going in this direction, including in the nuclear industry—it’s like playing computer games. It’s like the design of the Audi, which was done by computer, but not tested in reality, and it flipped over. They didn’t care about physical principles.

Mörner: You frighten a lot of scientists. If they say that climate is not changing, they lose their research grants. And some people cannot afford that; they become silent, or a few of us speak up, because we think that it’s for the honesty of science, that we have to do it.

EIR: In one of your papers, you mentioned how the expansion of sea level changed the Earth’s rotation into different modes—that was quite an eye-opener.

Mörner: Yes, but it is exceptionally hard to get these papers published also. The publishers compare it to IPCC’s modeling, and say, “Oh, this isn’t the IPCC.” Well, luckily it’s not! But you cannot say that.

EIR: What were you telling me the other day, about 22 authors being from Austria?

Mörner: Three of them were from Austria, where there is not

even a coast! The others were not specialists. So that's why, when I became president of the INQUA Commission on Sea-Level Change and Coastal Evolution, we made a research project, and we had this up for discussion at five international meetings. And all the true sea level specialists agreed on this figure, that in 100 years, we might have a rise of 10 cm, with an uncertainty of plus or minus 10 cm—that's not very much. And in recent years, I even improved it, by considering also that we're going into a cold phase in 40 years. That gives 5 cm rise, plus or minus a few centimeters. That's our best estimate. But that's very, very different from the IPCC statement.

Ours is just a continuation of the pattern of sea level going back in time. Then you have absolutely maximum figures, like when we had all the ice in the vanishing ice caps that happened to be too far south in latitude after the Ice Age. You couldn't have more melting than after the Ice Age. You reach up to 10 mm per year—that was the *super*-maximum: 1 meter in 100 years. Hudson Bay, in a very short period, melted away: it came up to 12 mm per year. But these are so exceptionally large, that we cannot be anywhere *near* it; but still people have been saying, 1 meter, 3 meters. It's not feasible! These are figures which are so large, that only when the ice caps were vanishing, did we have those types of rates. They are absolutely extreme. This frame is set by the maximum-maximum rate, and we have to be far, far lower. We are

basing ourselves on the observations—in the past, in the present, and then predicting it into the future, with the best of the “feet on the ground” data that we can get, not from the computer.

EIR: Isn't some of what people are talking about just shore-line erosion, as opposed to sea-level rise?

Mörner: Yes, and I have very nice pictures of it. If you have a coast, with some stability of the sea level, the waves make a kind of equilibrium profile—what they are transporting into the sea and what they are transporting onshore. If the sea rises a little, yes, it attacks, but the attack is not so vigorous. On the other hand, if the sea goes down, it is eating away at the old equilibrium level. There is a much larger redistribution of sand.

We had an island, where there was heavy erosion, everything was falling into the sea, trees and so on. But if you looked at what happened: The sand which disappeared there, if the sea level had gone up, that sand would have been placed higher, on top of the previous land. But it is being placed below the previous beach. We can see the previous beach, and it is 20-30 cm above the current beach. So this is erosion because the sea level *fell*, not because the sea level *rose*. And it is more common that erosion is caused by falling sea level, than by rising sea level.

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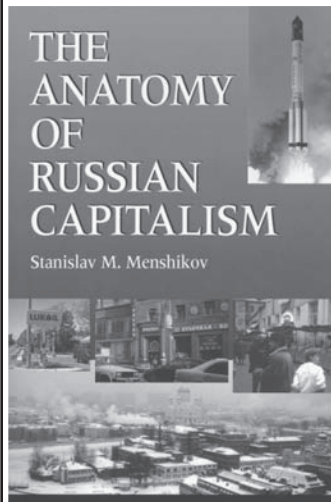
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Cheney Drive for Civil War Succeeding in Gaza Strip

by EIR Staff

The conflict between the Palestinian Fatah movement, headed by President Mahmoud Abbas, and Hamas, headed by Prime Minister Ismail Haniyeh, took a dangerous step closer to full-fledged civil war in the Gaza Strip on June 14. On May 17, the LaRouche Political Action Committee (LPAC) had warned about the bloody game towards civil war that was coming from an Anglo-American fascist circle, of which Dick Cheney is the best-known figure.

On the surface, the conflict looks like a power struggle to control an already starved-out and besieged area under the mercy of Israeli “Hell Fire” missiles; in reality, it is a product of the Dick Cheney-Elliott Abrams strategy of sowing civil wars throughout Southwest Asia. Cheney-Abrams, and their key ally, Israeli fascist Benjamin Netanyahu, have used as a pretext for the fighting, the victory of Hamas in the democratic elections of 2006. They have succeeded in using the manipulated unwillingness by Fatah and Mahmoud Abbas to concede or share power, to trigger this brutal civil war. The manipulation and pressure comes from the United States, the European Union, and Israel, which, with false promises of a peace deal between the Palestinians and Israel, have forced Fatah and Abbas to try to undermine and push Hamas out of the way.

The other arenas for civil war, or permanent war, in which Cheney and his British backers have shown remarkable success, are in Lebanon (see article, p. 40), and of course, Iraq. What must be emphasized, is that the resulting mayhem and chaos are the *desired result*, of a imperialist political faction which is bent on destroying the nation-state system, including by a direct war challenge to Russia and China—in favor of a globalized New Dark Age.

Palestinian Civil War

After days of street fighting to control Gaza, Abbas issued a decree June 14, sacking Haniyeh, in effect dissolving

the Hamas-led unity government. Abbas also declared a state of emergency. Tayeb Abdel Rahim, an aide to Abbas, said in Ramallah that an interim government would run the Palestinian Authority and hinted that new elections could be held. Hamas rejected the Palestinian President’s decision as “worthless.”

According to Al-Jazeera.net, Sami Abu Zuhri, a Hamas official, said: “Hamas rejects the Abbas decisions. In practical terms these decisions are worthless. Prime Minister Haniyeh remains the head of the government even if it was dissolved by the President.”

Abbas considers the Hamas fighters who have seized control of most of the Fatah-allied security headquarters in Gaza to be an “outlaw militia,” Abdel Rahim said. On June 14, Hamas said it had seized the last security bases occupied by forces loyal to Fatah in Gaza, leaving Hamas in almost total control.

“The President is determined to go back to the people as soon as the situation on the ground allows him to do so,” Abdel Rahim said. The next parliamentary elections are scheduled for 2010, and Presidential elections are set for 2009.

The Abrams Plan

The central role of Deputy National Security Advisor Elliott Abrams, a close ally of Dick Cheney, has been identified by *EIR* over recent months and years. On May 17, *EIR* reported that Abrams was working covertly to provoke armed confrontation between Hamas and Fatah. According to well-placed Washington and Egyptian sources, *EIR* wrote, Abrams is running a covert fund under the guise of “democracy promotion,” that is providing arms to Palestinian factions, to provoke Hamas-Fatah fighting.

The sources also told *EIR* that the same pattern of Abrams-



White House/David Bohrer

Behind the danger of full-fledged civil war in Gaza, stand the deadly duo of Dick Cheney and Elliott Abrams.

directed outside interference had been uncovered in January 2007, when civil war nearly erupted in Gaza. At that time, Saudi Arabia's King Abdullah intervened by sponsoring unity government talks in Mecca, that led to the formation of a Palestinian Authority Coalition government, including Hamas, Fatah, and independent ministers. Abrams' objective is to collapse this government, and get early elections to try to "diminish" the Hamas factor.

In reality, such a plan was a recipe for a civil war, and ran directly contrary to the widely recognized reality, including by the December 2006 Baker-Hamilton Report, that any successful diplomacy for peace in Southwest Asia required a just solution to the Palestinian crisis. With a civil war raging in the occupied Palestinian territories, the Israelis can continue to stonewall on any peace negotiations, or, worse, prepare for the Greater Israel permanent annexation of the West Bank and Gaza, which the heirs of the fascist Vladimir Jabotinsky, and murderers of Yitzhak Rabin, in that nation have long lusted for.

UN Blows the Whistle

A confidential report issued in May 2007, by Alvaro de Soto, the outgoing United Nations Special Coordinator for the Middle East Peace Process, personal representative of the UN Secretary General to the Palestine Liberation Organization and the Palestinian Authority, and envoy to the Quartet (the EU, Russia, the UN, and the United States), documents the Cheney Administration's long-term sabotage. The report was published in the London *Guardian* on June 13.

De Soto reports, first, that after the Hamas electoral vic-

tory in January 2006, he proposed a "common but differentiated approach" by the Quartet to the new reality; recognizing that the EU and U.S. had constraints in dealing with a movement they classified as terrorist, he said that some channel of dialogue should be encouraged, so as to further the process of evolution which had already been visible in Hamas. He also proposed that the Quartet speak out against Israel's "creation of facts on the ground" which would hinder the creation of a Palestinian state.

Instead, on Jan. 29, the Quartet acceded to a draft statement prepared by the United States, which demanded that non-violence, recognition of Israel, and acceptance of previous agreements with the Road Map be conditions for any assistance to the Palestinian government. From that time forward, if not before, the Quartet became basically irrelevant to the process.

The decision to go with the de facto sanctions, meant bleeding the Palestinians dry, since, as of February 2006, Israel stopped payment of tax revenues. De Soto goes on to explain how, though Hamas was open to a unity government, "the U.S. made it known that they wanted Hamas to be left alone to form its own government. We were told that the U.S. was against any 'blurring' of the line dividing Hamas from those Palestinian political forces committed to the two-state solution. Abbas soon made clear that Fatah members would not participate in a Hamas-led government."

De Soto writes that until the Mecca Agreement which the Saudis put together in January of 2007, "the U.S. clearly pushed for a confrontation between Fatah and Hamas—so much so that, a week before Mecca, the U.S. envoy declared twice in an envoys' meeting in Washington, how much 'I like this violence,' referring to the near-civil war that was erupting in Gaza in which civilians were being regularly killed and injured, because 'It means that other Palestinians are resisting Hamas.'"

Sykes-Picot Two?

From this history, it is more than obvious that the civil war now emerging has been instigated from *outside* the region, leaving the forces on the ground to play out their tragic roles. The Cheney-Abrams role is crystal clear, but in light of *EIR*'s recent uncovering of the role of the British-Saudi partnership, as reflected in our *Strategic Overview* in this issue, a re-evaluation is required.

In effect, the process of civil wars in Southwest Asia is playing out as a new version of the Sykes-Picot Treaty of 1916, by which Britain and France staked out their geopolitical claims to the region, including instigating the future conflicts. Today, once again, the British financier oligarchy is determining the environment, and calling the shots. And it will be the LaRouche-led war against this oligarchy, centered on the BAE exposé, that holds the promise of stopping the bloodshed.

Who or What Is Fatah al-Islami?

by Muriel Mirak-Weissbach

When the hitherto little-known Fatah al-Islami group unleashed irregular warfare in Lebanon a few weeks ago, *EIR* launched its own investigation as to its origins. All indications are that the creators of this operation are Vice President Dick Cheney and his long-term henchman, Elliott Abrams, working in cahoots with Prince Bandar bin-Sultan of Saudi Arabia.

It was investigative journalist Seymour Hersh who laid out the parameters in the March 5 *New Yorker*. According to his account, based on discreet interviews with U.S. political and military personnel, Cheney, Abrams, and Bandar conspired to redirect U.S. foreign policy, towards an unprincipled alliance with militant Sunni forces, like the Fatah al-Islami, to wage war against any and all Shi'ite forces in the region, key among them, Iran.

The plot was to organize Saudi funding for anti-Shi'a activities. As Vali Nasr, a senior fellow at the Council on Foreign Relations, told Hersh, "The Saudis have considerable financial means, and have deep relations with the Muslim Brotherhood and the Salafis," extremist Sunnis, who consider all Shi'ites to be apostates. Nasr compared the operation, correctly, with the late-1970s Saudi-U.S. operations in support of the mujahideen in Afghanistan, some of whom later became al-Qaeda.

Depending on whom you ask, the answer to the question, Who is Fatah al-Islami?, will vary. For the State Department, the Israelis, as well as complicit Lebanese political figures, the group is an extension of Syrian intelligence. However, this standard line is challenged by facts on the ground, specifically that, according to *EIR*'s sources in the region, the group has systematically been opposing the Syrian military.

In clashes in May, Syrian security killed four Fatah al-Islami militants who were trying to enter Iraq, and, in the conflict, lost five soldiers. Some Syrian soldiers are reportedly being treated in German hospitals for injuries sustained in these battles. Although the propaganda line has it that the terrorists entered Lebanon from Syria, implying Syrian compliance, the fact is the Syrian authorities are eager to be rid of the menace. On June 7, Fatah al-Islami leader Shahin Shahin told Reuters that the group planned to extend its attacks to "Greater Syria."

Active in Northern Lebanon

According to several qualified *EIR* sources from the region, the militias which were to become Fatah al-Islami, had been active in northern Lebanon years ago, in Dinneyeh, where they engaged in attacks against the Lebanese Army. Many of them were jailed, and later, through the good graces of Saad Hariri, son of murdered former Prime Minister Rafiq Hariri, were released. This was documented by the International Crisis Group in a report issued Dec. 5, 2005. Later, after the Lebanese elections in 2005, Hariri managed to get the parliament to grant amnesty to 22 of the militants, as part of a deal whereby Samir Geagea, the Christian militia warlord from the 1975-90 Civil War, was also released from prison. He said his intervention on behalf of the terrorists and multiple murderer Geagea, had been "humanitarian."

In 2006, the Dinneyeh group organized the demonstrations against the Danish Embassy, and other sites, to protest the infamous anti-Mohammad cartoons. In October-November of 2006, the Fatah al-Islami suddenly appeared out of nowhere, and had among its elements these Dinniyyeh types, i.e., elements that were protected by Sunni forces around Hariri in Lebanon. Hariri financed the group, providing funds for them to purchase apartments in Tripoli. They then entered the nearby Palestinian refugee camp at Nahr al-Bared, and set up shop. The Dinneyeh elements merged with militias from a splinter group called Fatah al-Intifada, and started calling themselves Fatah al-Islami.

Its profile shifted notably toward al-Qaeda. Its leader, Shaker Abssi, has had links to Abu Musab al-Zarqawi, known as the al-Qaeda leader in Iraq, who was reportedly killed in 2006 by U.S. forces. In 2002, Zarqawi and Abssi were sentenced to death *in absentia*, for having killed Lawrence Foley, an American diplomat, in Amman. Abssi spent three years in a Syrian jail, then fled to Lebanon. Abssi seems to have studied his role quite well; in an interview last March to the *New York Times*, Abssi claimed he had worked for the late Palestinian President Yasser Arafat as a pilot, and that he had also worked with Zarqawi. This information serves to bolster the line—spread by the pro-Cheney press—that the group is "Palestinian," and once associated with the Fatah of President Mahmoud Abbas. In reality, as confirmed by regional sources, the group is made up of fighters from Yemen, Jordan, Saudi Arabia, Lebanon, and elsewhere.

A Dangerous Gamble

The funding for the group was carried out apparently with the approval of the Sunni forces in the government and parliament. Journalist Alastair Crooke reported: "I was told that within 24 hours they were being offered weapons and money by people presenting themselves as representatives of the Lebanese government's interests—presumably to take on Hezbollah," the Shi'ite political group and militia led by Hassan Nasrullah.

Funds from Hariri's Saudi friends, especially Prince Bandar, flooded in. *EIR*'s sources report that the Fatah al-Islami forces, which had numbered from 50 to 200 when they first appeared last November, suddenly grew to hundreds more; they had piles of money, and were armed to the teeth. November 2006, it should be remembered, was the time that Cheney made his quick visit to Saudi Arabia, arranged by Bandar.

Problems arose for the Fatah al-Islami in March 2007, when Saudi King Abdullah and visiting Iranian President Mahmoud Ahmadinejad struck an historic agreement, to hinder any Shi'a-Sunni conflict in Lebanon (and elsewhere). All the religious leaders issued orders to the effect that sectarian conflict was forbidden, given that there was one God, and Mohammad was his prophet. At this point, Hariri reportedly cut off funding to Fatah al-Islami, whereupon the group retaliated by bombing sites in Beirut near his residence and that of the Mufti. The group also robbed a bank, the Bank al-Bahr al-Muttawasi which is owned by Hariri. After the bank robbery (which later prompted some calls for bank transparency to see if funds were being channelled to the group), the Lebanese internal security services, led by a Rafiq Hariri man named Wissam al-Hassam, moved—without consultation with the army—to attack the Fatah al-Islami, killing several. This was May 20, 2007. The group, in predictable retaliation, attacked the army, killing 27 and decapitating 7. This was the detonator for the government to order the army to attack the Nahr al-Bared Palestinian camp where the Fatah al-Islami terrorists had holed up.

Since then, the fighting has escalated, as reported widely in the media. At the same time, the U.S. government, which had already pledged \$1 billion to the Lebanese government in aid, since last Summer, began sending over planeloads of military equipment, weapons, and ammunition to help the Siniora government "fight terrorism." Why so many weapons? Three sources told *EIR*, independently and unprompted: This is to prepare for Phase II of the operation, which is civil war. That is, the Cheney scenario anticipates that, once the political pressures generated by the current conflict reach the point of creating a split in the army along sectarian lines (as in 1975-76), then the troops will be quite well equipped, for waging civil war.

The great danger now is that the continuing fighting will further fuel the intra-Palestinian conflict. The Hezbollah and its allies are calling for a negotiated solution with Fatah al-Islami (which they denounce), knowing what the Cheney scenario is. The Hariri majority and government say no, and seem determined to try to eliminate the group militarily, and in the process unleash civil conflict. Walid Jumblatt, the Druze leader and Hariri ally, has been fueling the conflict, with repeated provocations against Hezbollah, as allegedly controlled by Syria and Iran. Jumblatt, according to Hersh, met with Cheney last Autumn, to discuss ways and means of destabilizing the Syrian regime.

NATO's 'Mission' in Afghanistan Is Failing

by Ramtanu Maitra

NATO's efforts to bring peace and stability in Afghanistan, were the centerpiece of a June 14 meeting in Brussels of the organization's defense ministers. From all available reports, it is evident that NATO's Afghanistan mission is heading towards failure. If the rag-tag Afghan insurgents, some of whom are orthodox Islamists, can bring NATO to its knees, this relic of the "Cold War," which acts as the cat's paw of the Western powers, will surely meet its long overdue demise.

Last February, at a security meeting in Munich, the U.S. Secretary of Defense Robert Gates also expressed his apprehensions about NATO's failure. "Going forward," he said, "it is vitally important that the success Afghanistan has achieved not be allowed to slip away through neglect or lack of political will or resolve. All allies agree we need a comprehensive strategy—combining muscular military effort with effective support for governance, economic development, and counter-narcotics."

NATO's impending failure in Afghanistan is not so much a military issue, but rather, a failure to define what the mission is all about. One reason that NATO leadership misses the point is because Brussels is too often the tool of the neo-con permanent-war party in Washington, which is promoting a "clash of civilizations" policy. In this context, the EU and Brussels accepted the Bush-Cheney cabal's "war on terror" mantra, which is to wage a war of an indefinite period to "stabilize" Afghanistan; while annihilating the orthodox Islamists, known as the Taliban. There was little understanding then, and even now, that the process they have unleashed has created more mortal enemies than reliable friends.

Humanitarian Situation Worsened

On June 12, almost five and a half years after the Taliban were ousted from power militarily by the U.S. occupying forces and their Afghan allies, International Committee of the Red Cross (ICRC) director of operations Pierre Kraehenbuehl issued a statement saying that the humanitarian situation in Afghanistan "is worse now than it was a year ago. . . . Civilians suffer horribly from mounting threats to their security, such as increasing numbers of roadside bombs and suicide attacks, and regular aerial bombing raids. They also lack access to basic services. It is incredibly difficult for ordinary Afghans to lead a normal life."

The report also pointed out that the conflict pitting Afghan and international forces against the armed opposition



DOD/Sgt 1st Class Dexter D. Clouden

Five and a half years after the Taliban were ousted from power in Afghanistan, the humanitarian situation is horrific, and the Taliban are still very much in evidence. In this photo, U.S. forces patrol in Bagram.

has “significantly intensified” since last year in the South and East of the country, and is spreading to the North and West. The result has been a growing number of civilian casualties.

A report released in April 2007, by the New York-based Human Rights Watch, said insurgent bombings in Afghanistan doubled from 2005 to 2006, and estimated that some 700 civilians died in bombings and other attacks during that period. While the report said the Taliban militants are increasingly targeting specific groups of civilians, military operations by the Afghan government and international forces have caused many civilian casualties. It said those casualties did not appear to be intentional, but that there were many cases in which international forces failed to prevent harm to civilians.

Civilian Casualties

The civilian casualty issue is one of a number of issues that has darkened the image of the U.S. and NATO forces to the Afghan civilians. In early May, following the reported deaths of about 50 civilians in fighting between U.S.-led troops and “suspected” militants in western Afghanistan, President Hamid Karzai summoned foreign military commanders to tell them that his people’s patience was wearing thin. What was even more disturbing was the fact that the U.S.-led coalition of occupying forces tried to cover up the incident by claiming it had no reports of any civilian casualties, and had taken “every precaution to prevent injury to

innocent Afghan civilians.” But Afghan police who visited the area found that 51 civilians had been killed in the fighting, Herat provincial spokesman Akramudin Yawar said.

“The figures I have so far of the civilians killed in the three-day operation in Shindand is that 51 civilians were killed, including 18 women and a number of children. . . . I don’t have the exact figures for children,” Yawar told Agence France-Presse.

However, nothing much has changed since then. Although NATO said in January, that its biggest mistake in 2006 had been the killing of innocent people, reports continue to pour in about strafing of schoolhouses by NATO aircraft, and deaths of women and children in the southern Afghan provinces of Kandahar and Helmand, where the insurgents are strong and NATO and U.S.-led forces continue to seek a “military victory.”

Colonialists in Disguise?

The civilian deaths are not only unacceptable to the Afghans, but give credence to the view of some who say that Western forces do not care about Afghan lives when attacking the Taliban fighters. While the non-Muslim occupying forces have identified Muslims in general as the enemy, Afghans see the Western forces, as well as those from the earlier Soviet occupation, as children of old colonialist powers whose aims were to occupy foreign lands and set up empires. Therefore, it is written in Afghanistan’s stones that the occupying forces must be resisted at all costs and forever.

This hardening of relations between the Afghan civilians and the occupying forces, who posed as their “liberators” from the oppressive Dark Age forces known as the Taliban in 2001, is no longer debatable. Reto Stocker, head of the Committee of the Red Cross (ICRC), told the IRIN news agency in Kabul on June 14 that delivering humanitarian aid and monitoring the situation of civilians in Afghanistan has become increasingly difficult. “Up till late 2001, the ICRC had access to all conflict areas and was able to mediate in prisoner exchanges, the exchange of remains, and the delivery of humanitarian aid. . . . But now we do not have that access. . . . Afghans are daily faced with death, destruction, homelessness, and destitution,” Stocker said.

According to the ICRC, the hardening of views among the warring parties, and the intensification of the conflict have reduced the space in which humanitarian workers can operate. “There is a lack of will among different groups in the conflict

to try to seek dialogue, and it has become very difficult to negotiate,” Stocker added.

The Reluctant Warriors

It is widely acknowledged that most of the NATO member nations have sent their warriors to Afghanistan, primarily to please the Cheney-Bush Administration in Washington. In this situation, the two main allies of the NATO coalition, the United States and Britain, are at the forefront of the military action.

What, however, is not widely known, is the European Union’s reluctance to meet NATO’s requirements. NATO has repeatedly asked the EU for more civilian and humanitarian assistance in Afghanistan, particularly since both organizations claim that security cannot be attained without economic development and jobs. But the European Commission has refused.

“The Commission put its foot down largely because of opposition from some of the member states,” Daniel Keohane, a defense analyst at the Center for European Reform in London, said. These included Belgium, France, Greece, and Spain, EU diplomats said.

Moreover, the EU has no military budget, but rather relies on its 25 member states for funding. When it fields a mission, participating countries carry the costs. A similar situation prevails in NATO, which has 26 members. What this means is that the amount European countries collectively spend on defense—180 billion euros, or \$235 billion, a year—has to be divvied up between the EU and NATO, which are effectively competing for the same funds.

It is no secret that differing perspectives have further weakened NATO’s capability to effectively counter the insurgency and the deteriorating situation in Afghanistan. Consider the following incident: Last March, Italian journalist Daniele Mastrogiacomo was seized by the Taliban in Helmand province. NATO command was unwilling to strike any deal which would benefit the Taliban. But the Italian ambassador in Kabul approached President Karzai in Kabul, and made clear to him that if Mastrogiacomo were killed, it would be such a serious problem in Italy that Rome would be forced to pull out its 2,000 NATO troops from Afghanistan.

As a result, the Italian Embassy was allowed to carry out negotiations with the Taliban through back channels, and eventually a deal was worked out, whereby the Taliban agreed to swap the Italian journalist for five Taliban prisoners in the custody of the occupying forces. In addition, the Taliban were also apparently paid 20 million afghani (about US\$405,000) to sweeten the deal. According to reports, the Italian ambassador personally went to the prison where the Taliban were held and made sure they were released.

False ‘Victories’

In early May this year, with the advent of Spring in Afghanistan, NATO troops unleashed Operation Achilles in the

drug-and-insurgent-infested Helmand province in the South. Although reports issued by the occupying forces indicate that NATO forces have met with significant success, the reality is likely altogether different.

Take for instance Operation Baaz Tsuka, launched in December 2006, in the troubled districts of Panjwai and Zhari outside the City of Kandahar. The objective of the operation was to clear the Taliban fighters from the villages, which are strong bastions of Taliban power. Throughout its ten-year stay inside Afghanistan, the Red Army was never able take these villages.

In January 2007, NATO forces announced “victory.” But now the area is as thick with insurgents as ever. Earlier, in September, NATO’s Canadian troops launched a similar campaign in the same area, code-named Operation Medusa. What the NATO troops found to their dismay, is that the Taliban insurgents, who earlier would melt away when facing advancing troops, now held their ground and refused to budge. Within two weeks, NATO troops declared victory. But the launching of the Operation Baaz Tsuka three months later in the same area, indicates how ephemeral that “victory” was, if in fact, it had been a victory at all.

What actually happened is that, while NATO officials claimed they had broken the Taliban’s ability to fight and regroup, it was evident from reports in the Afghan press that the Taliban’s ability to strike in other provinces remained unaffected. As Medusa raged in one corner of the country, the Taliban mounted separate attacks in Farah and Khost provinces, each involving a hundred fighters. Furthermore, the insurgents were able to capture districts in Nimruz, Zabul, and Helmand provinces.

After the fighting in Panjwai eased, allowing journalists access to the area, the Toronto *Globe & Mail*’s Graeme Smith uncovered a story which reveals a great deal. Smith said he talked to local villagers, who described a situation which is sharply at odds with the version of events given to the media by NATO. The Afghans told Smith that the Taliban had taken up residence in the area at the invitation of many locals who sought their help in expelling corrupt and brutal police officials appointed by the Karzai government. The villagers described police shakedowns at checkpoints, and said that although they feared the Taliban’s swift and brutal justice, insurgents never stole property, making their rule preferable to the “random thievery and beatings meted out by the Afghan police.”

The head of the United Nations mission in southern Afghanistan, Talatbek Masadykov, supported the villagers’ claims, affirming that today’s police behave “like jihadi commanders in the past.” Masadykov estimated that perhaps half of the insurgents in the area are in fact local farmers who had taken up arms to free themselves from tyrannical authorities. Meanwhile, with the expulsion of the Taliban, “police in the area have resumed the abusive tactics that originally ignited local anger,” according to Smith.

In Memoriam

Chandrajit Yadav: A Life for Justice

by Helga Zepp-LaRouche

On May 25, 2007, our dear friend and ally Chandrajit Yadav died in New Delhi at the age of 80, as a result of a serious illness. The loss of this great man underscores once again, how absolutely precious and irreplaceable each human individual is, but especially if he elevated himself to such a high level of humanity as our dear Chandrajit.

Yadav was the former General Secretary of the Congress Party and Union Minister of the Indian government under Prime Minister Indira Gandhi, with whom we had written a 40-year development program for India, back in 1979, and our acquaintance with Chandrajit stems from this period. But we became better acquainted and real friends after our mutual friend, the former Minister K.R. Ganesh, had sent Chandrajit to a conference of the Schiller Institute, in Bad Schwalbach, in March of 2003, because Ganesh's own health did not permit the trip. Chandrajit was totally inspired by the idea of a new, just world economic order, which was developed at this conference, and was especially happy about the contributions of the LaRouche Youth Movement. In his speech, he said, among other things:

"Youth are by nature revolutionary, against the Establishment, and have their own view of things. Young people must go to work with confidence, conviction, and determination. We will not submit to the imperialism of Bush and Blair. We demand a better world. If you must make a sacrifice for freedom and independence, for which young people in former eras have given their life and blood... I call on the youth here, to resolve that we will enter the battle for a new world..." Yadav's passionate love for mankind moved the hearts of all the conference participants.

He insisted on organizing a follow-up conference only a few weeks later in Bangalore, in which

250 high-ranking politicians, scientists, and students participated. There followed a week of further meetings, seminars, and discussion within various institutions of the IT-city Bangalore. There we saw Chandrajit, so to speak, "at work," one of the best organizers in the tireless fight against poverty and the caste system in India, but also a man held in the highest respect, to whom all doors were open. He led the Indian Center for Social Justice (whose work we can study in Bangalore), for many years, up until his death.

Chandrajit participated in 2004 and 2005 in other conferences and seminars in Hesse and Berlin, and in 2003 undertook a six-week visit to the United States, where he interceded in many institutions for the ideas of Lyndon LaRouche, and demanded a dialogue among cultures. And exactly as in India and Germany, he especially inspired the youth with his agapic manner.

To lose such an extraordinary person as Chandrajit, is very painful, because the world is very much poorer without him. But to have come to know a personality like his, and to have been united with him in a close friendship, is a comforting thought. Because if it is possible to discover an affinity with a person from a different culture, and to fight so enthusiastically for the same ideals, then the universal character of mankind comes forth clearly, and the idea of the human family becomes palpable. Because he was, in the sense that Schiller meant it, a beautiful soul, who did with passion, what was necessary; the ideal good Samaritan, who, without thinking about himself, was always there for the poor and the weak, Chandrajit Yadav will live forever.



EIRNS

Chandrajit Yadav told a conference in Germany in March of 2003, "Youth are by nature revolutionary, against the Establishment. ... [They] demand a better world. ... I call on the youth here, to resolve that we will enter the battle for a new world. ..." Yadav is shown here with members of the LaRouche Youth Movement in Oakland, Calif., in September 2003.

Build Great Projects, Bring Peace With an International ‘New Deal’

Lyndon LaRouche was interviewed on June 6 at the Italian Senate building in Rome by Sen. Lidia Brisca Menapace of the Rifondazione Comunista party during a visit to the city June 4-6 (see the June 15 EIR for more on his visit). The Senate group of Menapace's party issued a news release on the dialogue, which was published June 13 in the Il Velino news-wire. Here is an edited transcript of the dialogue with Menapace, whose comments were translated from Italian by EIR.

Senator Menapace: First of all, I want to say, this [discussion] is to provide another voice from the United States. Because, generally the media in our country, report solely the voices which are in favor of the government in power. So, whoever makes a critique to the United States for something they're doing, is considered automatically anti-American. And that's why it's so important for us to establish a dialogue with somebody who, in Italy, although you're not, would be called "anti-American."

Lyndon LaRouche: Well, I'm hardly anti-American. I'm a very American person. I'm a figure of the institutions of the United States, and at present, on some things, like the issue of the war, and the issue of the current policy of the United States government, I think I have the support of the majority of the rank and file of the Democratic Party in the United States.

Menapace: And the same is true for me, because I have been criticized as anti-Italian, just because I criticized [former Prime Minister Silvio] Berlusconi, and I've been a partisan, a fighter as a partisan, so you cannot say that I don't love my country.

LaRouche: I think these are ways that people avoid the issue by using "anti-" this, "anti-" that, rather than trying to define what people are trying to say, affirmatively. For example, I think that the policies of my own government are not good for Italy, or for my own country! As a matter of fact, we are destroying our U.S. military, by order of our President—which is not exactly a pro-American action on his part. We are ruining the world economy, not just the United States, but the British and others are ruining the world economy. We have produced more suffering among the lower 80% of family-income brackets on both sides of the Atlantic in this period, than at

any time since the end of the war. So I don't think that any of the governments in power today, have much to say about being in favor of their own people. It's obvious that we have to make changes. Every government needs changes, not only in terms of particular governments, but in terms of international relations.

Menapace: I fully agree. And I would like to tell you what has impressed me most about what you said yesterday at the Defense Committee. . . . [It] was what you said about the connection between infrastructure development and human development, and military expenses; normally, they speak in terms of the opposite. You emphasized the civilian aspect connected to the military, and this is very important. And I also was impressed by what you said about nuclear power, because I'm one of the few people in the Italian left who think that it's wrong to just rule out nuclear power because the physics can be developed in such a way that it can be useful.

This is just a little note, which I made yesterday, as a former professor, that the question of the common good, which you referred to as going back to the Council of Florence. It actually goes back to earlier than that, to St. Thomas.

LaRouche: Hmm! The question there, was simply the issue of when the policy was adopted by nation-states, and institutions. We fought for that, it was an old fight. It was a fight from ancient Greece in fact—in Classical Greece, the same thing. But the question was winning, and at some point, we had won improvements in the standards of policies of governments, which changed the character of governments so that the people were actually represented, at least under constitutions. As in the commonwealth conception of policy.

On the war and power, the thing to me, probably as an old man, I see this as so ridiculous! You think about World War II: The United States, of course, with war going on in the East at the same time, the United States won World War II—by what? We were not the best soldiers—weren't the best trained; the Germans were much better trained than we were . . . but we had one thing which was the advantage: We had logistical capabilities that no other country in the world could match, and it was those logistical capabilities, which is the same thing as infrastructure, which we won the war with. Not by shooting, but by infrastructure.



EIRNS/Roger Moore

LaRouche (right) told Senator Menapace (left) that, “if we use the capabilities we have for economic development, as a weapon of cooperation, a weapon of achievement, a weapon of progress, we will succeed,” in finding solutions to the grave crises that face us today. Liliana Gorini of Movisol, the LaRouche movement in Italy (center), served as translator.

Menapace: Yes. There’s a French historian who says that Hitler was defeated, not only because of the superiority of the Allied military powers, but also because of the combined hate of the European people, but I think it was also that infrastructural superiority....

LaRouche: In a sense, also, it was the case even in the Soviet Union. The Soviet forces were enabled to survive against the German onslaught, only because of the logistical support sent to the Soviet Union by the United States. Trucks, matériel for tanks, the support to get into the northern ports by the tanker ships and other ships which were making the crossing through the North Sea. So, this element of logistics was crucial.

And it’s the same thing in society, today: How do people live? Without logistics, without power, without sanitation, without health care, without development of resources, you do not have productive powers of people.

Menapace: I also found interesting what you said yesterday, in the Defense Committee, on the long wars. It’s interesting, the fact that, after the Second World War, no army ever managed to win a war. For example, Vietnam, they didn’t manage to win; in Algeria, the French; even Israel, which is very well equipped, is not managing to win over the Palestinians. Bush father and son did not manage to win, practically, either in Iraq or in Afghanistan. And you were saying yesterday, that this is due to the fact that these are long wars. Isn’t it also the fact that there is a popular resistance, that a people who doesn’t want to be defeated will

not be defeated, even if it takes 30 years?

LaRouche: Well, it’s not just that. Long wars, under modern circumstances, come from the inability to resolve aggressive warfare. The long war is a result of starting a war that you can not win, and this is the same thing, in principle, that goes back to the question of ancient Athens, which engaged, beginning with the crimes against humanity against the island of Melos, in a long war among the Greek peoples. And Greece never came back from that, even though Greek culture had greatness in it. We benefit from the culture, but they don’t benefit much from it themselves.

The problem here is that, we ended a war under Roosevelt’s leadership, and under the influence of Churchill and company, the British, and because we had a President to replace Roosevelt—Truman, who was no good—we started what became known as the Cold War. There never was a reason for starting that conflict.

Also, we started the war, Truman did, by using two nuclear weapons, which were only prototypes—they were not regular weapons—we used the two nuclear weapons against a nation which was already ready to surrender, and against a civilian population of Hiroshima and Nagasaki. We then, at the same time, through Bertrand Russell, declared a policy of preventive nuclear warfare against the Soviet Union: This introduction of nuclear weapons under conditions where peace had just been established, created a situation in which no war which involved major-power interests could be won, because it could be won only with nuclear weapons.

Menapace: Can I say something about that? Actually, it's interesting that you said that, because the first article that I wrote, when I was 21, one of the first articles, was when there was the bombing of Nagasaki and Hiroshima, and I entitled my article, "This Makes You the Same as the Nazis." Because, what I was saying, is that this was a totally useless and unnecessary use of violence, and that it also established that war becomes outlawed, that there is no legal consideration for war. . . .

LaRouche: I think I'll tell you something, and probably you may not know, which may be useful to you in this connection: There was a man, who was later my friend, Max Corvo. Max Corvo, during the war, had actually helped in planning the operation in Sicily, because he was of Sicilian origin, and his family gave him the ideas on which to base the entire plan. Max Corvo, as a result of that, then became the director of OSS on the ground in Italy. That continued as long as Roosevelt lived. When Roosevelt died, things changed.

Now, what happened in the meantime, which is of interest: Max was also in touch with the Secretary for Extraordinary Affairs of the Vatican. And in this capacity, he was handling the appeal of the Japanese system, to negotiate peace. So, an agreement was struck, among the ambassadors of Japan, and implicitly the Emperor, that if the United States would acknowledge the Emperor as a negotiating partner for peace, that they were prepared to surrender to the United States. This was before Hiroshima and Nagasaki.

Now, Truman, when he became President, didn't know that these weapons existed, because a Vice President in those days didn't know anything. He wasn't supposed to. He was supposed to keep shut up, and replace the President. So, when he found out about it, under pressure from Churchill and company, the United States bombed Hiroshima and Nagasaki, in order to start the conflict as what Russell called preventive nuclear war against the Soviet Union. That was the reason.

Max was in the middle of this, and I knew the details because of that, which were later confirmed by sources in the Vatican, the Secretary of State. So, in terms of your experience, you realized what was going on when you were 21, writing this article about this, and here, one of the greatest frauds and swindles in all history since that time, was going on under your nose. . . .

Menapace: I would like to go back briefly to these two issues which impressed me from the Defense Committee: the question of nuclear power, and infrastructure, as related to the military.

LaRouche: The problem we have here is a general ignorance of physical science, and therefore people accept the idea that sunlight, or burning fuel—that the relationships among these things are alternative. And from a standpoint of physical science, this is an incompetent assumption. That the idea of energy, as measured in watts or other things, is false; that power is measured in terms of what we call "energy flux density,"

that is, the equivalent of the concentration of power per square kilometer, or per square centimeter, or cubic centimeter of volume. And therefore, when you go to higher density power, you are capable of making more efficient changes in nature, than you are when you use low-temperature power. And this is what the issue is.

That with fission power, there are certain things you can do in the universe, that you can not do with anything less powerful than fission power. To do other things, you have to have thermonuclear fusion power. So therefore, the key issue here, or the crucial issue on the planet, is two things: First of all, water; and secondly, the source of fuel. On water, as I mentioned yesterday, we have a crucial shortage of fresh water for human use. Therefore, we must have nuclear power, as the only efficient way to produce large amounts of fresh water for human use.

Secondly, we are hauling gasoline, or oil, all around the world, which is a very low-grade product at a very high price for transportation and speculation. With nuclear power, with an 800 mw power unit, we can produce hydrogen-based fuels which are more efficient and cleaner, than petroleum fuels. We can produce them locally with fission power. So therefore, we have a fuel whose waste is water, which is not exactly a pollutant.

Menapace: I fully agree on this. Actually, what I think we should do, is rethink completely the physics of the nucleus. For example, the fact that it shouldn't be a function of war, as it was at the time of Einstein and Oppenheimer, but it should be a function of peace and peaceful projects. And I think the best would be cold fusion, which would also reduce any possible risks.

LaRouche: Cold fusion is not really a power source. Cold fusion is a technology. It's of use.

Menapace: [Carlo] Rubia is working on this medium.

LaRouche: Yes, it's very useful to work on all these areas, but there are certain specifications you require for power. For example, one shouldn't overlook the importance of this work: We're now coming into a time, where we have been living for a long time on assuming that we draw raw materials out of the Earth. And in point of fact, we are now getting to a point, if we want to maintain a high standard of living for people, we have to look at how we make changes in chemistry, to provide the materials that are needed for a high standard of living, for *cheap* raw materials. Therefore, in these areas, all areas of experimentation are important. One may be useful for a source of power, another one may give us—for example, a byproduct of nuclear fission: One of the biggest uses today is nuclear radioactive isotopes for treating cancer and treating other kinds of problems.

So therefore, developing experimental methods for developing new kinds of isotopes and their use for all kinds of purposes, including medical purposes, is extremely impor-



Enel SpA

Menapace and LaRouche agreed that nuclear power must be developed for the common good of humanity. Shown here, a nuclear power plant at Montalto di Castro, which was shut down after the 1986 Chernobyl incident in Ukraine.

tant; for example, in China, we have 1.4 billion people; in India, we have 1 billion people. In both cases, 70 to 80% of these populations are very poor. We have similar conditions throughout Asia. We have terrible conditions in Africa. Without these technologies, we can not meet the requirements of the future generations of Asia or Africa, as well as in Europe.

So therefore, the broad development of technologies and scientific research and applications development in all of these areas, is necessary to give us what might be called a repertoire of options for dealing with problems. This should be coordinated by government, but it should not be limited to government.

Menapace: I'm very impressed by what you just said about the repertoire of options, because it is—I call it a “cocktail of technologies.” Because, the tendency here, I guess also in your country, is to say, “Only in this way can we solve this particular crisis.” And it's wrong to say that everything should be solved in only one way. There are many ways: For example, on the water crisis, there are ways to develop water, what you said about nuclear power; there are also ways, where you can save water, and where there is little, there are ways where you can save it, or recover it, or act such that you don't throw it away.

So, I think the cocktail of technologies, and a repertoire of practices would be important. And this is important not only in technologies, but also in politics. Because also there, in order to be really democratic, because otherwise the tendency is to say, “the only person who is right is that one,” and you stick to that one only.

LaRouche: The problem is, we have a breakdown in education worldwide, and we do not educate people scientifically, as we used to. The ration of qualified scientists—information theory is not science—but the development of a scientific cadre which is capable of actually dealing with this diversity of resources problem is what's lacking. We need to emphasize—of course, this is what I'm involved in, in these pilot educational programs, on the academic level and higher, among young people. And we have demonstrated what can be done to change the quality of education, and we should do it!

And we must produce a leading cadre of dedicated, young people, who are the future leading scientists of the world. After all, we're human beings, and the development of the quality of human beings in society determines what that society is going to become.

Menapace: What you did with the youth—teaching how not to become stupid.

LaRouche: Actually, what we do, is we go back to a Classical approach, which is based on ancient Greek traditions of the Pythagoreans and Plato and so forth. I take a number of areas, starting with the Pythagoreans and Plato and his associates, their contributions; then, we start again with the European Renaissance, which is centered here in Italy, which was centered around the Council of Florence. And here, you had the rebirth of science, under the direction of Nicholas of Cusa. And with the followers of Cusa, such as Leonardo da Vinci, and then, of course, Kepler: that all of modern science, all the achievements of modern science of distinction, are either a revival of the past by such people, or breakthroughs in science that *come* from these people: From Kepler through Einstein generally defines the scope of actual net progress of the quality of scientific education.

So, I put them in groups of five or six people. I give them an assignment: I gave one group, the first stage of Kepler's *New Astronomy*. They came up with a brilliant job. I gave a second group about the same size, the Second Book of Kepler on *The Harmony of the World*. We then went to how Gauss saw Ceres, the asteroid problem. We then will go to the Riemannian physics. And these groups of people do not simply study and learn: They go through the *experience of discovering*, independently of me. I structure the challenge; they provide the answers. . . .

. . . The point is, the essence is, the people who want to set up an education program have to ask themselves: Is there a fundamental difference between a chimpanzee and a human being? A chimpanzee is very good at imitation. Parrots can be taught to talk.

The key thing is, only a human being can discover a universal physical principle or an artistic compositional principle.

ple. And therefore, the key thing is the development of the bare creativity of the mind: a mind which is trained to be creative can learn anything. A mind which has learned much and is not trained to be creative, is only an imitation of a monkey.

Menapace: That's true. And it's manifold.

LaRouche: Yes! There are a few crucial principles which mankind has learned, as universal physical principles, typified by the discovery of gravitation by Kepler, a few principles which actually are the models for all kinds of knowledge. And if people learn that, they can learn less and know more.

Menapace: True.

I would like to ask, finally, the question of the connection—what you said at the Defense Committee—the connection between infrastructure and weapons, and war.

LaRouche: Well, first of all, you're talking about in warfare—going to basics—you're talking about the power to make war or peace. So, it's a question of developing the power of mankind, and using the power you developed in mankind to solve the problem of peace or the problem of war. The object of war, is to get it over with as soon as possible, if you have to fight it.

I've used the case often of Louis XI of France, who founded the first modern commonwealth state, and he bribed his enemies—and they were all enemies—the Spanish, the English, and so forth. He bribed his enemies to give his people peace, so that they could develop. And this was the most successful model of economy in modern times, the modern success, which was imitated in England under Henry VII. He bribed to avoid war, in order to give his people the benefit and prosperity of peace.

If you take the case of World War II, the ending of it: The United States, as I said yesterday, had created the greatest economy and most effective war machine in terms of material capability that the world had ever seen, and had done it from the depths of a depression. We came at the end of the war, with the greatest military power, the greatest economic power, the world had ever known in one nation. Roosevelt's intention was to use that power, by converting this war machine into the mechanisms of peaceful development, to transform the world by eliminating all colonies, by freeing all peoples, and giving them assistance to develop their nations. So, there's an interchangeability between the capability of warfare, and the capability of peace. But the capability used for warfare is wasteful, if you can avoid the war. But the same capability is used for peace.

We now have a situation, which is comparable, worldwide: The British are leading, presently, leading the world toward a new world war. The conflict with Russia today, which is coming out of Britain—not really the United States, the United States is an accomplice of this—*this is a great threat*

to all humanity, today, this new threat of war. It will be horrible, beyond anything anybody can imagine.

But at the same time, if we use the capabilities we have, for economic development, and use economic development as *a weapon of cooperation*, a weapon of achievement, a weapon of progress, we will succeed.

But, the point is, that the power to do either, is the same power. It's the same technology. And therefore, we must develop the technology, but we must have politicians who will use the technology as a power for peace. For example, what I referenced yesterday, in fact it probably may come in the G-8 meeting: But, Helga [Zepp-LaRouche] and I were involved, in various ways, in developing a program for the Bering Strait development. This is part of work that Helga worked on, back, now nearly 20 years ago, for a *global system* of railways, by running a new high-speed rail-type, or maglev-type system, throughout Eurasia, and crossing into North America through the Bering Strait, and then integrating all the Americas by rail; and then, at the same time, the intention was to move into Africa, by the same type of method. So that you would have a worldwide system of high-speed ground transportation, of rail or magnetic levitation, to develop the world as an integrated process.

Recently, I made a proposal at a Russian conference, by Russian scientists and others. That policy has now been adopted by Russia: President Putin has adopted it for sponsorship. The intention which I hear from Russia—I haven't gotten any other confirmation—but what I have from Russia, is that President Putin intends to present that proposal on the Bering Strait project at the G-8 meeting. That is an example of how you use, in a situation of war danger, a measure for great world peace.

Menapace: Like an international New Deal.

LaRouche: Yes, exactly. As a treaty organization.

Menapace: The question is the role Europe should play in this, because, I think I'm very supportive of the question of European unity from the standpoint of the common civilization, of a common culture, although it's impossible to decide in the European Parliament which language should be spoken. You have many languages.

Could Europe be an example of how you can use, put together all this multiplicity of cultures and languages, in a political cocktail or repertoire of options as you were mentioning? What do you think of this?

LaRouche: Well, we were close to that many times in Europe. The problem is, Europe has an oligarchical past, which people came to the Americas to get away from the oligarchical influence in Europe. And therefore, you have people of European origin in the United States who form one nation, and they do a fairly decent job of it, when they have a decent President.

But in Europe, it's more difficult, because the oligarchy

keeps coming in, the financier oligarchy, other oligarchical tendencies, and prevents, two things: They prevent the development of the people. It's like the *Prometheus Bound* of Aeschylus: that Zeus orders that Prometheus must not teach the people how to use fire. And therefore, a combination occurs, that we have mismanaged oligarchies which tend to control European countries, top down. And with the exception of a few great cultural periods, like the period of the culture in Germany, for example, toward the last part of the 18th Century, when you had people like Lessing and Mendelssohn, who started the great Classical Renaissance—this kind of thing. But generally, the problem in Europe has been, repeatedly, Europe has been crushed by the rise again of oligarchy, oligarchy, oligarchy, and particularly financier oligarchy.

What's lost in the process, as we know it in Italy—when you look at Italy, you take certain things around Florence, and you think about the history of Florence; you say, "This was the leadership of the world! What happened?" Then you take what happened in the opening of the 19th Century, of the development of science around [Enrico] Betti and so forth in Europe, in Italy; and how in Northern Italy, a great development occurred. Then you get the frustration, which I had repeatedly in Italy, about the failure to implement the plan of the Cassa del Mezzogiorno. So you have half of Italy left in great poverty, in deep poverty, and the other half is on the edge.

You look in Germany, you look in what happened after the end of the division of Germany: Under French and British orders, Germany looted its own East Germany, when it was absorbed, and destroyed its own industries.

And therefore, I'm very distrustful of any unification process in Europe, as long as these oligarchies, which have done this repeatedly, are still in control.

The other side of this, from my concern, is the development of the creative cultural power *of the people at all levels*. We, in the United States, know this, from our historical experience. After all, we're mostly Europeans, and we did this. So, if we did it, people in Europe can do it, and have done it in certain parts. The development of the creative powers of the individual person, which always occurs in terms of their own culture, and their own language, the development of their own language as an instrument of culture and development, reaching down to all levels of that population, is to me the primary concern. We have translators, we can use translators. But the most important thing, is to *engage our own people, in their own language*, in the experience of creativity.

Menapace: We Italians have been always subjects, concerning this oligarchical control you were talking about. We have been subjects of the Popes, of the Bourbons, of the Habsburgs; then later, Mussolini; and even today, where, on paper, we are citizens, we tend to be militants of parties which sometimes replace the oligarchy, function as an oligarchy. So, the latest development are these movements of citizens, which do not

depend on parties. For example, the citizens of Vicenza were fighting against the enlargement of the American airbase in Vicenza, or other such events. Another suggestion to defeat the oligarchy would be, if Europe proposes to reform the UN, because Europe is the continent where you have both victors and people who were defeated [in World War II].

LaRouche: My view is of this, is, great projects, like the project we're engaged in now. We have three, essentially, cultures in Eurasia, which extend to other parts of the world: We have European culture. We have an Eurasian culture, which Russia and the East, which is a Eurasian culture, not a particularly European culture. And we have Asian culture.

What I foresee, which is why the railway project is so important, is to engage in a 50-year cooperation among Asia, Eurasia, and Europe, but as a world effort, as a world policy: To create long-term credit for basic transformation of the conditions of life through infrastructure development, and through education, *to free the Asian poor* from the condition of being Asian poor. It will take 50 years to do this. If we commit ourselves to create treaty agreements on credit among nations for these large-scale projects, and have an equitable approach to distribution of the participation in these projects, I think we can recreate the cultural basis for political relations among nations, finally, on a rational basis.

But it will take us 50 years, and we have to realize, now, we are in an existential crisis of civilization, right now. We have to respond to that with some great project, to unify nations in a common effort. And out of that unity of a common effort, let naturally occur, what should occur.

Menapace: It's important to start now, if it has to take 50 years.

LaRouche: Absolutely. Especially at my age!

Menapace: Me, too!

LaRouche: We have to give the planet a new sense of mission, as a substitute for war.

Menapace: Ah, yes. Absolutely.

LaRouche: And, I think it can succeed, if the willingness is there.

Menapace: Yes, yes, certainly. I fully agree. I'm not scared by anything.

LaRouche: Good!

Menapace: I'm ready to go!

LaRouche: It's difficult to frighten older people.

Menapace: For sure. And also, ancient people. They don't get frightened so easily.

LaRouche: No, no. Thank you, Senator.

Menapace: Thank you, thank you very, very much.

Palestine/Israel: One State or Two?

Two well-known Israeli peace activists debated whether there should be two states or one state in Israel/Palestine, at an event May 8 in Tel Aviv, sponsored by the Israeli Peace Bloc (Gush Shalom). Speaking for the One-State solution was Dr. Ilan Pappé. Speaking for the Two-State solution was Uri Avnery.

Avnery, 83, is a former Knesset Member, former editor of the weekly *Haolam Haze*, and leader of Gush Shalom, the Israeli peace bloc. His personal story, like many of his generation, is a fascinating journey—emigrating from Germany in the 1930s, to the anti-British underground, to the Army, to full-time peace activism and election to the Knesset. Avnery was the first Israeli to meet with Yasser Arafat. His two books tell the story: *Israel Without Zionists: A Plea for Peace in the Middle East* (1968), and *My Friend, the Enemy* (1986). His contemporary writings can be found at www.gush-shalom.org.

Ilan Pappé was born in Israel in 1954, and is well known as a “New Historian” of Israel, who has revised the idyllic accounts of the state’s 1948 founding. His website www.ilanpappe.org chronicles how he became a “New Historian,” the fearful reactions to his views, and his political activities. Among his recent books are *The Ethnic Cleansing of Palestine* and *A History of Modern Palestine*. Pappé is a senior lecturer in political science at Haifa University and the academic director of the Research Institute for Peace at Givat Haviva. He will soon leave Israel to take a position in England at Exeter University.

The moderator, Prof. Zalman Amit, stated at the outset, “I would not be exaggerating in stating that the subject we discuss today is the most important and most difficult question facing people on the left side of the political spectrum, and those whom we could broadly call the people of the peace movement.”

The English translation was provided by Gush Shalom. The debate has been abbreviated here, and subheads have been added. A full transcript can be found at www.gush-shalom.org.



Gush Shalom

Under a banner that reads Gush Shalom (Israeli Peace Bloc) peace activists Uri Avnery (standing at podium) and Ilan Pappé debated the issue of one state or two states for Israel and Palestine, on May 8 in Tel Aviv. At right is the moderator, Prof. Zalman Amit.

Ilan Pappé Speaks for the One-State Solution

I would like to thank Gush Shalom for this event, for the initiative and the willingness to discuss such an important subject in such an open forum. I hope that this is just the beginning of discussing this subject, not a one-time event, since the subjects with which we will deal tonight are vital to us, and clearly a single evening would not be enough to thoroughly discuss them, reach personal and collective decisions, and develop our strategy as a peace camp. Whatever the differences between us, we all belong to the peace camp, the camp which believes in reconciliation between the Palestinian people and Israel, and we all want to work together to promote that cause.

Zionism was born out of impulses. Fair impulses, natural impulses, impulses which can be understood against the background of the period when this movement was born, the real-

ity of East and Central Europe at the end of the 19th Century.

The first impulse was the desire to try to confront the waves of anti-Semitic persecutions and harassment—and possibly also a premonition that there was even worse to come. Therefore, there started a search for a safe haven where European Jews could live without fear for their lives, property, and dignity.

The second impulse was influenced by “The Spring of the Peoples” in the mid-19th Century. The leaders of the Zionist Movement thought that it was possible to redefine Judaism as a nationality rather than only a religion. That, too, was an idea widely circulating at the time, and more than a few ethnic or religious groups re-defined themselves as nations. When the decision was taken—for reasons which there is no time to go into here—to implement these two impulses on the soil of Palestine, where nearly a million people already lived, this reply to impulses turned into a colonial project.

The moment it was decided that the only territory where

Jews could be assured of a safe haven, the only territory where a Jewish nation-state could be created, was in Palestine, this humanistic national movement turned into a colonial project. Its colonial character became all the more pronounced after the country was conquered by the British in the First World War.

As a colonial project, Zionism was not a big success story. When the British Mandate came to its end, no more than 6% of the territory of Palestine was in Jewish hands. Zionism also succeeded in bringing here only a relatively small number of Jewish immigrants. In 1948, Jews constituted no more than a third of the population of Palestine.

Therefore, as a colonial project, a project of settling and displacing another people, it was was not a success story. But the problem—and the source of the Palestinian tragedy—was that the leaders of Zionism did not want only to create a colonial project, they also wanted to create a democratic state. And why was it a Palestinian tragedy that Zionism at its early career wanted to be democratic? Because it still wants to be democratic. Because if you put together Zionist colonialism, Zionist nationalism, and the impulse for democracy, you get a need which still dictates political positions in Israel up to the present. . . .

It is the need to have an overlapping between the democratic majority and the Jewish majority. Every means is fair to ensure that there will be a Jewish majority, because without a Jewish majority we will not be a democracy. It is even permissible to expel Arabs in order to make us a democracy. Because the most important is to have here a majority of Jews. Because otherwise the project will not be a democratic project.

It is not surprising that not far from here, in the Red House on the seashore of Tel Aviv, 11 of the leaders of Zionism gathered in 1948, and decided that if you want to create a democratic state and also to complete the Zionist project, i.e., to take over as much as possible of the land of Palestine, and if you have no majority and you are only a third—then the only choice is to implement an ethnic cleansing, remove the Arab population from the territory you intend for a Jewish State.

Ethnic Cleansing

In March 1948, under the leadership of Ben Gurion, the Zionist leadership decided that in order to have a democratic Jewish state here, it was necessary to expel a million Palestinians. Immediately after the decision was taken, they embarked on a systematic expulsion of the Palestinians. Cruelly, they passed from from house to house, from village to village, from neighborhood to neighborhood. When they were done, nine months later, they left behind them 530 empty villages and 11 destroyed towns. Half the population of Palestine had been expelled from its homes, fields, and sources of livelihood—more than 80% of the population in the territory they conquered. Half of the cities and villages of Palestine were destroyed, and their ruins planted with forests or settled with Jews.

The Two-State Solution After ‘40 Bad Years’

The Israeli Peace Bloc’s debate on the subject of a one-state versus a two-state solution for Palestine/Israel is reproduced here to give readers a view of the region that is not generally reported in the Western press. Of special note is the discussion of the ethnic cleansing (of both Arabs and Jews) that occurred in 1948.

The debate comes on the 40th anniversary of the Six-Day War and the Occupation of the West Bank and Gaza that followed. Israeli Peace Bloc leader, the 83-year-old soldier and statesman Uri Avnery, recently commented, it’s been “40 Bad Years.”

With the Gaza Strip now blowing up into a manipulated civil war, it is more urgent now than ever that an Israeli-Palestinian peace agreement be reached. The debate excerpts here are published in the interest of furthering the chance of such an agreement.



“40 Years Occupation! 40 Years Despair!”: the poster for the week of protest against the occupation, June 5-12.



Rachel Avnery

Barbed war barricade at the Separation Wall being built at the town of Bil'in on the West Bank. Israeli peace activists join with Palestinians at a weekly demonstration here. Soldiers are waiting for the order to attack demonstrators with tear gas, water cannons, and rubber bullets, in March 2006.

This was the only way in which a demographic Jewish state could have been created—the kind of state which is the common rallying call of the Zionist consensus, from then until the present.

Had this act of the Zionist movement taken place now, no international body would have hesitated to label it a crime against humanity. The 11 Zionist leaders who took the decision were, indeed, criminals according to the criteria of international law. Sixty years later, it is a bit difficult to prosecute them, all the more, as none of them is among us any more.

The UN Partition Resolution of November 1947, and the attempts to effect a division of the land after the 1948 War were not based on the ideals of justice—i.e., there is justice and rights to the indigenous people, most of whom had been expelled, and there is justice to the new settlers. No. The basis for the impulse to effect a Two-State solution then, as at the basis of this impulse now, was the idea that the Zionist minotaur could be satisfied by letting the Jewish state have control over only part of Palestine—not the whole.

The UN had proposed giving 50% of Palestine to the Jews. For the Zionists, that was not enough and they took 80% of Palestine, and there was a feeling that that would be enough for them.

But we know that this territorial hunger did not end in 1948. When the historic opportunity came, 100% of Palestine came under the rule of the Jewish state.

But here the great Palestinian tragedy manifests itself once

again. Even after 100% of Palestine became the Jewish state, there was still a real impulse to create and preserve a democratic state. This is the background for the creation of a special kind of peace process, a peace process based on the assumption that the Zionist territorial hunger and democratic wishes can be assuaged by leaving part of Palestine—the West Bank and Gaza—out of Israeli control.

This gives a double profit: On the one hand, the demographic balance between Jews and Arabs is not disturbed; on the other hand, the Palestinians are imprisoned where they would no longer threaten the Zionist project.

But as we know, the situation on the ground became increasingly complicated. . . . Already, in the 1980s, the mantra of the Palestinian state beside the Israeli state—as a good solution to the conflict, or as a way to assuage the territorial hunger of the Zionist movement and preserve Israel as a Jewish state—this mantra was encountering increasing difficulties.

One factor was that the “facts on the ground” were steadily reducing the Palestinian territory, by creating and extending settlements. And from a different direction, there was the natural wish of the political movements to extend the ranks of those who supported the Two-State solution. Gradually, they found new partners, and these new partners gave new meanings to the term “A Palestinian State.” In fact, the connection gradually disappeared between the Two States idea on the one hand and the idea of solving the conflict on the other.

Two States as an ‘Umbrella’ for Occupation

Suddenly, the Two-State solution became a way of arranging some kind of separation between occupier and occupied, rather than a permanent solution which should have dealt with the crime committed by Israel in 1948, with the problems of the 20% of Palestinians inside Israel, and with the refugee population, which has steadily increased since 1948.

In the 1990s, and since the beginning of the present century, the Two-States idea has become common currency. The respectable list of its supporters finally came to include, among others, Ariel Sharon, Benjamin Netanyahu, and George W. Bush.

When your idea gains such adherents, that is far from a bad historical moment to rethink the entire idea. When the Two-States idea became the basis for the peace process, it gave an umbrella to the Israeli occupation to continue its operation without any apprehension. That was because official Israel, regardless of who was Prime Minister, was supposed to

be involved in a peace process—and you can't make criticism of a country which is involved in a peace process.

Under cover of the peace process—you can say, under the cover of the slogan of Two States for Two Peoples—the settlements were extended, and the harassment and oppression of the Palestinians were deepened. So far, that the “facts on the ground” have reduced to nothing, the area intended for the Palestinians. The Zionist racist and ethnic hunger got legitimacy to extend itself into nearly half of the West Bank.

It was impossible to remain unimpressed by the impressive presence of the peace camp in the demonstration in support of Ariel Sharon, at the time of the Gaza disengagement...

On the one hand, this formula makes it possible to continue the occupation by other means, in order to silence the outside criticism of the acts of the occupation. On the other hand, it enabled the state of Israel to create facts on the ground.

In any case, by 2007, you can admit: There is not a single stone visible, in what is now called the West Bank and Gaza Strip, which can serve in the construction of a Palestinian state.

How do you choose to look at this?

If the principle of justice be the basis for those who support the partition of this country, there is no formula more cynical than the Two-State solution, as it is now presented in the peace camp. Eighty percent of the country to the occupier, and 20% to the occupied. That is, 20% in the best and utopian case. More likely, no more than 10%, a dispersed and surrounded 10%, to the occupied.

Moreover, where in this solution do you find a solution for the refugee problem; where will those victims of the ethnic cleansing of 1948 return?

Where will their second and third generation return to, if indeed justice is the guiding principle?

On the other hand, if pragmatism and “realpolitik” be our guiding lights, and all that we wish is to assuage the Zionist state's territorial hunger with a demographic efficiency, why offer only 80%? If brute force alone is to determine the solution, God Almighty, there is no need today to offer the Palestinians even half a percent.... If we trust in the international and regional balance of forces as the decisive factor we would give the Palestinians a tiny piece of land, hermetically enclosed with barriers and walls. Because we are not guided by moral principles, we are pragmatic people.

It's true, there are Palestinians in Ramallah who are willing to rest content with that. We know there are, and they deserve to have their voice heard—but it is utterly unacceptable to silence the voices of the Palestinian majority in the refugee camps, in the diasporas, in the Occupied Territories, and among the internal refugees in Israel who want to be part of a state—not a state erected on 20% of the land, but of a future state which will include the whole of the country which was once Palestine. There will be neither reconciliation here, nor justice or a permanent solution, if we don't let these Palestin-

ians have a share in solving the questions referring to reconciliation and to defining the sovereignty, the identity and the future of this country.

Unlike many other groups in the Western world, and possibly against the historical logic of those who were the victims of a hundred years of Zionist disregard, these Palestinians, surprisingly, want to include, in defining the future state, a recognition of the right of the Jews living here to take part in that future....

Let's involve them. Let's respect their aspirations. Let's not say: “It's we who decide, we in Tel Aviv and Ramallah.” No. They decide, too.

Let's at least check the applicability of the idea. At least try out two ideas and give both a chance, the Two-States idea side by side with the One-State idea.

Let's give some respect to the new idea. The old idea, the idea of partition, we have tried for 60 years. The result was exile, occupation, oppression, discrimination. Peace it did not bring. Let's give something else a chance.

Let's not offer drafts of a democratic constitution which would be applicable only to Western Bak'ah [Arab town inside Israel] and say that we don't care about the future of Eastern Bak'ah [originally part of the same town, which is across the line in the West Bank]. Eastern Bak'ah could be imprisoned in an enclave, as far as we are concerned, or languish under a dictatorship. We want Western Bak'ah as part of the state of all its citizens, which we want Israel to become, but Eastern Bak'ah we will leave outside the fence, perhaps under a continuing occupation. How can we?

We have relations of blood, relations of blood and relations of common tragedy which cannot be divided. We are all in one political imbroglio.

The one who expelled and his sons and grandsons, and the one who was expelled with sons and grandsons and granddaughters, all of them together must take part in the negotiations on the future of the entire country.

Political Elites Incompetent and Corrupt

Our political elites are incompetent in the best case and corrupt in the worst, in all that pertains to finding a solution to the conflict. The elites which accompany us in the Western world and the Arab world are just as bad. When these elites masquerade as civil society, simply because there are some politicians who happen not to hold office at a certain moment, the Geneva bubble is floated, and the situation becomes even worse and peace even more far off.

We will find an alternative model. All of us, including the old settlers and the new—even those who got here yesterday—including the expellees with all their generations and those who were left after the expulsions. We will ask all of them what political structure fits all of them, which would include the principles of justice, reconciliation, and coexistence.

Let's offer them at least one more model, in addition to the one which failed. In Bil'in we are fighting shoulder to shoulder

der against the occupation—can we not live together with Bil'in [a Palestinian town] in the same state?...

In conclusion: in order for this dialogue to start and flourish, let's admit one more thing. Let's admit that the occupation which they are increasing daily, we—with all our important efforts—can't stop from here. The occupation is part of the same ideological infrastructure on which the ethnic cleansing of 1948 was built, for which the Arabs of Kufr Qassem were massacred [in 1956], for which lands are confiscated in both the Galilee and the West Bank, for which detentions and killings without trial are committed.

The most murderous manifestation of this ideology occurs now in Greater Jerusalem and the West Bank. In order to stop the extension of these war crimes, the extension of this criminal behavior, let's admit that we need external pressure on the State of Israel. Let's thank the associations of journalists, physicians, and academics who call for a boycott on Israel as long as this criminal policy continues. Let us use the help of civil society in order to make the State of Israel a pariah state, as long as this behavior continues. So that we here, everybody who belongs and who wants to belong to this country, could conduct a constructive and fruitful dialogue.

The aim should be to create a political structure which will once and for all absolve us from the need to live under a conflict, and make it possible to build a better future. Thank you.

Uri Avnery Speaks for the Two-State Solution

It is a great privilege to speak to such an audience, in which there are many veterans of the struggle for peace.

This is not a gladiatorial fight to the death in a Roman arena. Ilan Pappé and I are partners in the struggle against the occupation. I respect his courage. We are in a common struggle, but we have a sharp debate about the way to win it. What do we debate about?

We have no debate about the past. I am wholeheartedly willing to sign everything Ilan said on that. There can be no dispute that Zionism, which had implemented a historical project, had also caused a historical injustice to the Palestinian people. There can be no dispute that ethnic cleansing took place in 1948—though allow me to remark, in parenthesis, that the ethnic cleansing was on both sides, and that there was not a single Jew left residing in whatever territory was con-



Gush Shalom

Uri Avnery (left) at "The Ramallah Initiative," an Arab/Jewish peace meeting in Ramallah on the West Bank, Jan. 7, 2007. Representatives of 23 Palestinian, 22 Israeli, and 15 international organizations were present, despite the fact that the Israeli Army had invaded the center of Ramallah the day before, killing four people. The theme of the three-day conference was "a new hope," and participants agreed to set up an "Israeli-Palestinian International Coalition for Ending the Occupation."

quered by the Arab side.

Occupation is a despicable condition which must be terminated. There is certainly no debate about that. We might have no debate about the far future, either, about what we would like to see happening a hundred years from now...

We do have a debate about the foreseeable future. About the solution of the bleeding conflict, within a range of 20, 30, or 50 years. This is not a theoretical debate. You can't just say "Live and let live, each according to their beliefs, and let the Peace Movement live in peace." There can be no compromise between these alternatives, because each of them dictates a different strategy and different tactics. Not the day after tomorrow, not tomorrow, but here and now.

The difference is important. It is crucial. For example: Should we concentrate our efforts in the struggle for the Israeli public opinion, or give up the struggle inside the country and struggle abroad, instead?

I am an Israeli. I stand with both legs on the ground of the Israeli reality. I want to change this reality from one side to the other, but I want this state to exist.

Those who deny the existence of the state of Israel, as an entity expressing our Israeli identity, deny themselves the possibility of being active here. All their activity here is foredoomed to failure.

A person might despair and say that there is nothing to do, everything is lost, we have passed the point of no return. As Meron Benvenishti said many years ago, the situation is irre-

versible, we have nothing more to do in this state.

No Place for Despair

It happens that you sometimes despair. Each one of us had such moments. Despair destroys any chance of action. Despair must not be made into an ideology. I say: there is no place for despair, nothing is lost. Nothing is irreversible, except for life itself. There is no such thing as a point of no return.

I am 83 years old. In my lifetime, I have seen the rise of the Nazis and their fall, the peak of the Soviet Union's power and its sudden collapse. One day before the fall of the Berlin Wall, there was not a single German believing this would happen in his lifetime. The experts did not foresee it—none of them. Because there are subterranean currents which act below the surface, and which nobody sees in real time. That's why theoretical analyses come true so rarely.

Nothing is lost until the fighters raise their hands in surrender. Hands up is not a solution, nor is it moral. In our situation, a despairing person has three choices: (A) Emigration; (B) Internal Emigration, that is to sit at home and do nothing; or (C) Run away to an ideal world of messianic solutions. The third possibility is the most dangerous, because the situation is critical—especially to the Palestinians. There is no time for a solution which will be implemented in a hundred years. There is needed an urgent solution, a solution which could be implemented within a few years—even if it is not ideal.

I heard people say: Avnery is old, he sticks to old ideas and cannot absorb a new one. And I wonder: a new idea? The idea of a Single Joint State of Jews and Arabs was old when I was a boy. It flourished in the 1930s. Among others, it was inscribed on the banner of the movement whose headquarters we meet in today, Hakibbutz Ha'artzi Movement. But that idea went bankrupt, and it was the idea of the Two States which flourished in the new reality.

If I may make a personal remark: I am no historian. I have seen things with my own eyes, heard them with my own ears, felt them as they were happening. As a soldier in the 1948 War, as a newspaper editor for 40 years, as a Knesset Member for ten years, as an activist of Gush Shalom. I am in the thick of things, from different and changing points of view. I have my hand on the public pulse.

There are three basic questions about the One State Idea.



Gush Shalom

Since January 2005, Palestinians and Israelis have joined in protest marches from the town of Bil'in on the West Bank to the Separation Wall.

First: Is it possible at all?

Second: If it were possible, is it a good idea?

Third: Will it bring a just peace?

About the first question, my answer is clear and unequivocal: No, it is not possible.

Anybody who is rooted in the Israeli-Jewish public knows that this public's deepest aspiration—and here it is permissible to make a generalization—the far, far deepest aspiration is to maintain a state with a Jewish majority, a state where Jews will be masters of their fate. This takes precedence over any other wish and aspiration; it takes precedence even over wanting to have a Greater Israel.

You can talk of a Single State from the Mediterranean to the Jordan River, define it as bi-national or supra-national—whatever the term used, in practice it means the dismantling of the State of Israel, destruction of all that was built for five generations. This must be said out loud, without any evasions. That is exactly how the Jewish public sees it, and certainly also a large part of the Palestinian public. This means the dismantling of the State of Israel. I am a bit disturbed by the fact that these words are not said explicitly.

We want to change very many things in this country. We want to change its historical narrative, its commonly held definition as "Jewish and democratic." We want to end occupation outside and discrimination inside. We want to build a new framework in the relations between the state and its Arab-Palestinian citizens. But you cannot ignore the basic ethos of the vast majority of the citizens of Israel:

99.99% of the Jewish public do not want to dismantle the state.

There is an illusion that you can achieve this by outside pressure. Would outside pressure force this people to give up their state?... Short of a decisive military defeat on the battlefield, nothing will induce Israelis to give up their state. And if Israel is militarily defeated, our debate will become irrelevant anyway.

Palestinians Want a State of Their Own

The Palestinian People want a state of their own, too. This is needed in order to satisfy their most basic aspirations, the restoration of their national pride, and the healing of their trauma. Even the Hamas leaders with whom we spoke want it. Those who think otherwise engage in daydreams. There are Palestinians who speak of a single state, but for most of them this is simply a code word for the dismantling of Israel. And even they know it is a utopia.

There are those who delude themselves that if they speak of a bi-national state, that would frighten the Israelis so much that they will immediately consent to the creation of a Palestinian state at the side of Israel. But the result will be the opposite. This frightens the Israelis, that's true—and pushes them into the arms of the right wing. This arouses the sleeping dog of ethnic cleansing. About this I agree with Ilan: This dog is sleeping, but it is still there.

All over the world, the trend is opposite: not the creation of multi-national states but on the contrary, the division of states into national units....

There is no example in the world of two different peoples voluntarily agreeing to live in one state. There is no example in the world, except for Switzerland, of a really functioning bi-national or multi-national state. And the example of Switzerland, which has grown for hundreds of years in a unique process, is the exception which proves the rule.

After 120 years of conflict, after a fifth generation was born into this conflict on both sides, to move from total war to total peace in a Single Joint State, with a total renunciation of national independence? This is total illusion.

How is this supposed to be implemented in practice? Ilan did not talk about it....

If that was possible at all, how much time would it take? Two generations? Three generations? Four generations? Can anybody imagine how such a state would function in practice?... Inhabitants of Jenin and of Netanya together formulating a constitution for the state? The inhabitants of Hebron and the Hebron settlers serving side by side in the same army, the same police, obey the same laws? Is this realistic? This is not realistic today, nor would it be realistic tomorrow.

There are those who say: It already exists. Israel already rules one state from the sea to the river, you only need to change the regime. So, first of all: There is no such thing. There is an occupying state and an occupied territory. It is far easier to dismantle a settlement, to dismantle settlements, to

dismantle *all* the settlements—far easier than to force 6 million Jewish Israelis to dismantle their state.

Single State: Occupation by Other Means

No, the Single State would not come about. But let us ask ourselves—should it somehow be erected, would that be a good thing? My answer is: absolutely not.

Let's try to imagine this state—not as an ideal creation of the imagination, but as it might be in reality. In this state the Israelis will be dominant. They have an enormous dominance in nearly all spheres: standard of living, military power, level of education, technological capacity. Israeli per capita income is 25 times—25 times!—that of the Palestinians, \$20,000 per year compared to \$800 a year. In such a state the Palestinians will be “cutters of wood and hewers of water” for a long, long time.

It will be occupation by other means, a disguised occupation. It will not end the historical conflict, but just move it to a new stage. Would this solution bring about a just peace? In my view, exactly the opposite. This state would be a battlefield. Each side will try to take over a maximum of land. Bring in a maximum number of people. The Jews would fight by all possible means in order to prevent the Palestinians from gaining a majority and taking power. In practice, it would be an apartheid state. And if the Arabs do become a majority and seek to gain power democratically, there would start a struggle which might reach the scale of a civil war. A new version of 1948.

Also those who support this solution know that this struggle would last several generations, that a lot of blood might be shed and that there is no knowing the result. It is a utopia. In order to achieve it, you need to replace the people—perhaps the two peoples. To produce a new kind of human being. This is what the Communists tried to do, in the early years of the Soviet Union. Also the founders of the Kibbutz. Unfortunately, you can change many things, but humans don't change their basic nature.

Precisely a beautiful utopia can bring about terrible results. In the vision of “The Wolf lying down with the Sheep” there would be needed a new sheep every day. The Two-State solution is the only practical solution, the only one which is within the bounds of reality. It is ridiculous to say that this idea was defeated. In the most important sphere, the sphere of consciousness, it is growing ever stronger.

After the war of 1948, when we raised that banner, we were a small handful, which could be counted on the fingers of a single hand. Everybody denied the very existence of a Palestinian people. I remember how, in the 1960s, I was running around Washington, talking with people in the White House and the National Security Council. Nobody wanted to hear of it. Now, there is a worldwide consensus that this is the only solution: the United States, Russia, Europe, the Israeli public opinion, the Palestinian public opinion, the Arab League. You should grasp what this means: The entire Arab World now supports this solution. This has enormous impor-



Gush Shalom

Thousands of Jewish and Arab protestors marched in Tel Aviv and other Israeli cities June 9 to protest on the 40th anniversary of the Occupation. "Back to the 1967 Borders!", "Enough of the Occupation, Yes to Israeli-Palestinian Peace!", "Peace Negotiations Will Prevent War!", and "Arabs and Jews Refuse To Be Enemies" were some of the slogans. Shauki Hatib, head of the Monitoring Committee, political leadership of Israel's Arab citizens, was one of those who addressed the crowd. He spoke of how 40 years after the 1967 war, there is "loud talking of a new war, and there is also a rising tide of racist incitement against the Arab population in Israel.... But still, I am optimistic," Hatib said. "Yes, I am optimistic! The fact that we stand here together in Tel Aviv, thousands of Jews and thousands of Arabs together, united in the struggle against the occupation, is a good reason to be optimistic!"

tance for the future.

Why did it happen? Not because we are so clever and talented that we convinced the whole world. No. The internal logic of this solution is what conquered the world. True, some of the declared adherents are only paying lip service. It is quite possible that they use it to distract attention from their true purposes. Ariel Sharon and Ehud Olmert pretended to be supporters of this idea, while their true intention was to prevent the abolition of the occupation. But precisely the fact that such people need to resort to such a pretence, that they are now outwardly committed to it, exactly that proves that they realize it would be futile to go on fighting it. When all peoples, the whole world, recognize that this is the practical solution, it would finally be implemented.

The parameters are well known, and about them too there is a worldwide agreement.

1. A Palestinian State will be created, side by side with Israel.
2. The border between them will be based on the Green Line [pre-1967 border], possibly with agreed exchanges of territory.
3. Jerusalem will be the capital of both states.

4. There will be an agreed solution to the refugee problem—that an agreed number will return to Israel, and the others will be absorbed in the Palestinian State or in the present places of habitation, while getting generous compensation, for example, like what the Germans paid us.

I am not against asking the refugees. Let us put on the table the solution which will be agreed upon—a detailed, clear solution, so that each of the refugees would know the choices they could make—and ask them....

In my view the great majority of refugees, if you give them the compensation they truly deserve, the great majority would prefer to stay where they are. Because they have lived there for 60 years already, their sons and daughters got married there, they have opened businesses there.

I think there will remain a problem of some hundreds of thousands for whom a solution will have to be found, and I am in favor of us being full partners and finding a solution. I also don't think it would be so difficult. When everything else is solved and only the refugee problem is left on the table, the public will agree to a compromise. I think that in a country which already

has a million and quarter Arab Palestinian citizens—and I think it is good that there are—some addition will not make a big difference.

Regional Economic Partnership

5. There will be an economic partnership between the two states, in whose framework the Palestinian government will be able to defend the interests of the Palestinian people, unlike the present situation. The very existence of two states will to some degree diminish the gap in the imbalance between the two sides. This imbalance exists. We can complain about it, we can cry salty tears about it, but this imbalance exists—and we need to find a solution in the real existing world, not in an imaginary world which we would have liked to come into existence. We have to find a solution in the real world.

6. In the longer range, there should be a Middle-Eastern Union on the European model, which might eventually include also Turkey and Iran.

There are big obstacles. They are real. Real obstacles can be overcome. They are as nothing—I want to emphasize this—they are as nothing compared with the obstacles

on the way to a Single State. I would say that it is in the order of 1 to 1,000. Opting for the One State, since it is difficult to gain the Two States, is like being unable to beat a lightweight boxer and therefore choosing to contend with a heavyweight....

There can be no doubt that the One-State Idea gives its holders a moral satisfaction. Somebody told me: Okay, perhaps it is not realistic, but it is moral—this is where I want to stand. I respect this, but I say: this is a luxury we can't afford. When we deal with the fate of so many people, a moral position which is not realistic is immoral. It is important to repeat this: *a moral stance which is not realistic is immoral*. Because the final result of such a stance is to perpetuate the existing situation....

Arafat's 'Benelux' Vision

The first time that I met Arafat, during the Siege of Beirut, he talked of a "Benelux"-style solution....

Arafat meant a triangular alliance of Israel, Palestine, and Jordan, and possibly including Lebanon too. During our last meeting, he still talked of that.

This is, indeed, an important and worthy vision. But meanwhile, we have a patient lying in front of us, a severely wounded and bleeding patient. The most urgent thing is to stop the bleeding, to find a solution which is not ideal, which is real and can be implemented.... On the ground we see that reality is terrible, that it is even getting worse—if that is possible, and we know that it is always possible. We deal with all that every day.

But below the surface other things are happening.

There was a time when 99% of the Jewish-Israeli public denied the very existence of the Palestinian people—now, nobody speaks like that any more.... Now, according to all opinion polls, the great majority in Israel accepts this idea as part of the solution.

When we said that Israel should talk with the PLO, they said we were traitors. Afterwards, the government made an agreement with the PLO. Now we say that there should be talks with Hamas. I am sure that Israel is going to talk with Hamas, and that it will not even take too long before that happens....

Something is changing in this country. The changes in the depth of public opinion are vital on the way to the solution. I think we are winning, I think that the historical development is leading in our direction.

It is not easy, the obstacles are enormous. But I am not mindlessly optimistic. I am optimistic on the basis of reality. I think that we will get to the creation of a Palestinian state, side by side with Israel. And I think that Palestine will be a proud national state.

I know that for many people the word "national," the word "nationalism," are dirty words.... Anybody who ignores the enormous power of national feeling lives in an unreal world. Reality is nationalist.

National feeling is far too deep to be uprooted from people's hearts. It will not take a month, nor a year or two. It is a matter for centuries. Even in Europe, 60 years after European unification has started, look at what is happening in the football stadiums. See what happens when national feeling is hurt—even in Europe. Nationalism is an existing fact, which must be taken into consideration.

Ignoring the irrational element in politics is not a rational behavior. Irrationality exists. It is rational to take the irrational into account. We need to think how, despite this irrationality, we can reach a solution which can be lived with.

... Occupation will not end without peace. We have to see that in the most clear way possible: there is no way of putting an end to all this injustice, of ending the occupation, except in the framework of peace....

That is why it is so important to reach peace quickly. It is possible and realistic. Without achieving peace, the occupation will go on and on and on, and your plan will achieve the exact opposite of what you hope for.

... As I said, I am optimistic. I believe that the Two States Solution will be implemented. I think it is a solution for the foreseeable future.

In any case, I have promised myself to stay alive until it happens.

America's Untold Story

How the trans-Atlantic republican movement waged a continuous fight for freedom, beginning with John Winthrop's Massachusetts Bay Colony in 1630.

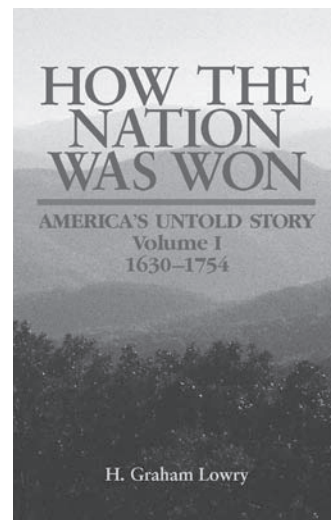
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LYM Organizes Congress for ‘The Impeachment Imperative’

by Nancy Spannaus

Former U.S. Rep. Major R. Owens (D) of New York called for Congress to move on “The Impeachment Imperative” now, arguing that “Progressive caution is our greatest enemy,” in a June 11 op-ed appearing in the *Huffington Post*. Owens’ call is being answered by the escalating efforts of the LaRouche Youth Movement, who are currently scouring Capitol Hill with “impeachment packets,” that document the growing support for immediate action against Vice President Dick Cheney for his “high crimes and misdemeanors,” especially as expressed in Rep. Dennis Kucinich’s (D-Ohio) impeachment resolution, H.R. 333.

The LaRouche Youth’s activity is providing not only the necessary sense of urgency to the Congress, but also the information that is otherwise being suppressed. For example, despite the fact that the chairs of the Progressive Caucus, Reps. Lynn Woolsey and Barbara Lee, both from California, had signed on to Kucinich’s bill last week, many members of that caucus, the largest Democratic caucus in the House of Representatives, did not know that this step had been taken! Even more important, are the reports that the LYM are delivering on Capitol Hill about the ferment in the base of the Democratic Party, as expressed in town meetings around the country, for the impeachment of both President Bush and Cheney.

The more enraged the U.S. population becomes about the inactivity of the Democratic Congress in getting out of Iraq, and getting rid of the criminals who started this insane war, the more pressure the Rohatyn wing of the Democratic Party appears to be putting on the Congress to prevent its action. There is ample indication that Congress *knows* that impeachable actions have been taken by Cheney and Bush, but refuses to take action beyond scheduling a series of hearings which will further document the case.

Lyndon LaRouche has warned that if the Democratic Party continues to turn its back on its political base, it is headed

for dissolution. The base wants Cheney impeached, and will punish those who refuse to act.

Owens Demands Action

In his June 11 statement, Owens called the Democrats’ effort to block new funds for the Iraq War and redeployment of troops, the “first front” in the battle to end Bush and Cheney’s “evil blunders.” But, since that effort has faltered, he demanded, “Energies must now be redirected and mobilized to open the second front: The Impeachment Imperative.” The veteran Congressman argued, “Opening the impeachment front is as important to winning the beach in Iraq as the launching of the Normandy invasion on D-Day was for WW2.” And, like Lyndon LaRouche’s May 23 rebuke of the Democratic leadership’s capitulation on the war supplemental bill, Owens insists, “Our refusal to use [impeachment] is a reckless blunder of omission.” Forget “timetable technicalities,” he said, “Let there be an impeachment, an indictment, even if there’s no time left for a Senate trial. Leave it to history to be the judge and jury.”

The fact is, as Owens says, the Democrats are totally divided on tactics on the war. He noted that the freshman Congressmen who voted no on the Bush war-extension funding bill in late May, “know how they got elected,” referring to the “New Politics” ushered in on Nov. 7, 2006, by a strong youth vote demanding an end to the war and an economic policy for the future. Congress’s conducting of oversight hearings is “laudable,” Owens continued, but they have little impact on voter consciousness, and run the risk of “producing a new apathy.” So, he argues, “Instead of encouraging a trivialization of the investigations, impeachment proceedings would” create a “serious event of national significance,” jolting the public and media into reality. “Impeachment would also command the priority attention of the best Republican minds...”



EIRNS/Joanne McAndrews<cm

Reps. Dennis Kucinich and Maxine Waters held a press conference at the Capitol June 13, to announce that the California Congresswoman had signed on to Kucinich's Resolution, H.R. 333, to impeach Vice President Cheney for "high crimes and misdemeanors."

No Question: Cheney Is Impeachable

As Owens' statement implies, there is little need for more investigation to prove that Cheney, and Bush, have committed impeachable offenses. This reality has been acknowledged by Republican and Democratic spokesmen alike, and redounds to the shame of the Democratic Congressmen who continue to dither. Exemplary are Rep. Jerrold Nadler (D-N.Y.) and Sen. Russ Feingold (D-Wisc.).

At a hearing June 7 held by a House Judiciary subcommittee—the first of a series on "The Constitution in Crisis"—subcommittee chairman Nadler, as well as Judiciary Committee chair Rep. John Conyers (D-Mich.), indicated their intention to subpoena the documents which the White House and the Justice Department have refused to hand over, without giving the committee any reason for their refusal.

Both Conyers and Nadler made it clear that they are investigating potential criminality by the administration in deliberately and intentionally violating the Foreign Intelligence Surveillance Act (FISA), which requires court approval for any domestic electronic surveillance. Nadler declared that he is concerned that, by withholding relevant documents, the administration "is covering up crimes they are committing in our name."

After the hearing, when Nadler was talking to reporters about potential crimes committed by administration officials, *EIR* asked him if these are not also impeachable offenses. Nadler said they are impeachable, but then hastened to clarify

that he is not seeking the impeachment of either Cheney or Bush!

Senator Feingold, who called for a censure of President Bush more than a year ago, was equally shameless during a meeting with a group of his constituents on June 12. Feingold said he thinks Bush and Cheney have committed "impeachable acts," but offered only lame excuses for not seeking impeachment. According to the *Monroe Times*, Feingold's answer was not well received by his constituents, who demanded action.

One woman told Feingold that Bush and Cheney need to go. "It's time to hold them accountable," she said, as she asked if Bush could be court martialed, since he is the Commander-in-Chief of the armed forces. Feingold replied, "I don't think so," as several people laughed. "It pains me to say that we shouldn't impeach them, because I think they've committed impeachable acts," the *Monroe Times* reported.

The Senator's excuse? "We don't have the votes for a conviction." Then he claimed the impeachment process would take too much time away from other pressing issues. Another woman in the audience gave the Senator a jolt of reality, saying she didn't care how much time an impeachment took, "I want my Constitution back, and if that means slowing things down for six months, I'm for it."

Some Take the Lead

Some Congressmen, under pressure from their constituents and the LYM, have decided to take the lead, however. At a joint press conference June 13 with Rep. Kucinich, Rep. Waters announced her co-sponsorship of Kucinich's resolution to impeach Cheney. Waters is the eighth co-sponsor of Kucinich's H.R. 333, and the fourth to sign on in the last week.

Waters declared, "Cheney is truly the poster child for what is wrong with this administration." He is the "poster child" for the preemptive strike on Iraq. He continues to weave a web of lies and misdirection on Iraq.

"Last November, Democrats got a message to bring our soldiers home," Waters said, redeploy the troops, and end this war. She said Democrats' constituents are disappointed that they have not done more. Waters told the press that she believes Cheney is guilty of "high crimes and misdemeanors." She warned that leaving Cheney in office will lead to war with Iran. It is important, Waters said, that we understand that this Vice President, and others, including Sen. [Joe] Lieberman (I-Conn.), will march us into war with Iran. And where does it go from there, Waters asked? Syria? "It is very important that people understand that we have the power to stop this march to war."

At the conclusion of the press conference, a dozen members of the LYM sang "Impeach Cheney" canons for the occasion. Six news cameras filmed the chorus, and a number of journalists interviewed the LYM members.

The list of H.R. 333 co-sponsors, all Democrats, in addition to Kucinich, is: Yvette Clarke (N.Y.); William L. Clay (Mo.); Barbara Lee; Janice Schakowsky (Ill.); Maxine Waters; Lynn Woolsey; Albert Wynn (Md.).

National News

VA Tech Panel Gets LPAC Briefing Book

At the third public hearing held by the Virginia Tech Review Panel at George Mason University in Virginia on June 11, LaRouche PAC representatives again highlighted the possible role of video game violence in the April 16 massacre.

Aside from the issue broached by LPAC, there were three “politically correct” topics up for discussion at the hearing: mental health and mental health treatment; restrictions on access to health records due to privacy laws; and gun control, largely taken up during the period reserved for public comment. The materially relevant subject of public access to shooter Seung Hui Cho’s medical and psychiatric records caused considerable frustration on the part of the commission members, with panelist Judge Diane Strickland saying she felt they were blindfolded and gagged in their investigation.

A briefing booked compiled by LPAC, entitled, “After the Virginia Tech Massacre: Stopping the ‘New Violence,’” was made available to all members of the Review Panel. Included in the book are a selection of articles and other documentation on video game violence, which highlights the work of experts, including Lt. Col. Dave Grossman, Dr. Craig Anderson of Iowa State University, and Dr. James McGee of Sheppard Pratt Hospital in Baltimore.

May Foreclosures Up 90% Over Same Month in 2006

A report of the May jump in single-family home foreclosures, by the RealtyTrac firm, shows a rise of 19% from April to May, and a level 90% higher than May 2006. The firm’s report of default notices, auction sale notices, and repossessions totaled 176,137 in May, higher than other tracking firms which use different data methods.

“After a barely perceptible dip in April, foreclosure activity roared back with a vengeance in May,” said James Saccacio, CEO of RealtyTrac.

“Such strong activity in the midst of the typical Spring buying season could foreshadow even higher foreclosure levels later in the year [and] add to the downward pressure on home prices in many areas.”

The foreclosure rate is now being worsened by steadily rising long-term interest rates.

The foreclosure tracking firm Bargain Network reported another national increase in May, by 6% from April, in properties entering some stage of foreclosure. The total was 149,000 homes, according to Bargain Network.

Even Bargain Network’s lower May figure is nearly 40% higher than the same firm counted six months ago, in November 2006, when the total entering foreclosure was 108,000.

The increase is highly concentrated in five states with “exploding” subprime and jumbo-loan markets: Florida, California, Texas, Illinois, and Colorado had as many foreclosures in May as the entire country did last November.

The national anger building over the foreclosure wave was shown in legislation to make “mortgage fraud” a felony, proposed June 12 by Massachusetts Gov. Deval Patrick, as part of a package aimed at stopping foreclosures.

Hagel: ‘Collision Coming’ On Corn—Biofuel or Food

Sen. Chuck Hagel (R-Neb.), speaking June 12 in Washington, D.C. at an energy event, said that, “You’ve got a collision coming” between the use of corn for ethanol, and the need for corn for livestock feed. Referring to his home state as a leader in both corn and beef, he said, “We’re going to see more debate” over biofuels policy. Hagel pointed out that corn is now \$3.60 a bushel, and “we can’t grow enough of it.”

This year there is more acreage being planted to corn—around 92 million acres—than anytime since 1944. Hagel pointed out that there are now 120 operational ethanol plants in the country, with 75 being built, and still more planned. So, “The cattle guys come in and say, ‘Wait a minute! You know

what this is doing to us?’” Even getting corn is a problem.

Noting that right now, about five billion gallons a year of ethanol is being used in the United States, counting in that the 12% that is imported, Hagel said that the original goal of reaching 7.5 billion by 2012—set in the Daschle/Hagel bill on renewables a few years ago, will be reached far sooner.

Hagel drew two points in conclusion. First, “A deeper, wider portfolio of energy sources,” is required in the United States, and he included “more nuclear,” among several “options” cited. But secondly, he said several times, that “the marketplace will sort this out,” meaning the food-vs.-fuel “collision.”

Hagel gave the luncheon keynote to the U.S. Chamber of Commerce event launching a new “Institute for 21st Century Energy,” at which speakers included backers of biofuels and global warming swindles. Hagel described four new energy bills he has introduced, all within the framework of bio-foolery and climate change. Therefore, the irony was unintended, when Hagel spoke about the corn shortage problem, “The market will sort that out...if the government doesn’t do dumb things.”

Largest Health Insurer Ripping Off California

The nation’s largest “health care provider” is under investigation by California state regulators for siphoning off a \$950 million dividend from residents of the state. That is almost seven times the \$141 million Wellpoint, Inc.’s subsidiary, Blue Cross of California, is allowed under an agreement with the state’s Department of Managed Care. The agreement paved the way for a merger that made WellPoint the country’s largest health insurance corporation.

Meanwhile, Blue Cross continues to jack up the premiums it charges the 7 million Californians for whom it is supposed to provide coverage.

“Health insurance is a competitive industry that does not exhibit excessive profit margins,” WellPoint spokesman Shannon

Troughton told the May 26 *Los Angeles Times*.

WellPoint CEO Angela Braley boasted to the Bank of America Health Care Conference June 1, "WellPoint has a consistent track record of delivering on our financial promises to Wall Street, and we expect this to continue."

In April, Braley was named one of the Top 25 Women in Healthcare by *Modern Healthcare* magazine. The month before, Wellpoint was dubbed by *Fortune* magazine one of America's Most Admired Companies.

Hedge Funds Buy Up Used Politicians

Hedge funds and private equity firms are buying up used government officials in the Americas and Europe. One of the funds, Centaurus, said recently that the former public servants help provide the "big picture perspective" and an understanding of complex government deals. Ironical, since one of the arguments hedge funds make against regulation, is that their business is so complex that government types can't understand it.

Among those on the take at vulture funds are: former British Finance Minister Ken Clarke (Centaurus); former Spanish Prime Minister José Maria Aznar (Centaurus); former Bush 43 Treasury Secretary John Snow (Cerberus); former Bush 41 Vice President Dan Quayle (Cerberus); former Bush 43 Treasury Secretary Paul O'Neill (Blackstone); former Canadian Prime Minister Brian Mulroney (Blackstone); former Clinton Treasury Secretary Lawrence Summers (DE Shaw); and former Clinton Ambassador to the UN Richard Holbrooke (Perseus).

Former President George Bush and former British Prime Minister John Major have formerly been with Carlyle Group.

Not to be outdone, a former Clinton Secretary of State has been set up with a hedge fund in her own name, "Albright Capital Management."

In its recent tally of bought-up former pols, AFP left out former Clinton Vice President Al Gore. Gore is chairman of the Generation Investment Management hedge fund,

where he stands to make more than chump change from carbon cap-and-trade deals made possible by his man-caused-global-warming propaganda.

Funds Use U.S. Banks To Steal from Africa

Reps. John Conyers (D-Mich.), Chair of the House Judiciary Committee, and Rep. Donald Payne (D-N.J.) went to President Bush this Spring, demanding he close the loophole, which allows U.S. bank accounts of poor nations earmarked for AIDS drugs, for example, to be attached and looted by vulture funds. Bush promised the Congressmen he would "get on top of it," but apparently did not attend the discussions on this problem at the G-8 meeting which ended June 8, Palast told Amy Goodman on a Democracy Now! interview on June 11. Pressure is also building on incoming British Prime Minister Gordon Brown to close this loophole.

"Vulture Funds" operated by major GOP contributor Paul Singer, the principal of Elliot & Associates hedge fund, and Michael Francis Sheehan, a U.S. resident who is the principal of Donegal Fund and Debt Advisory International, and other vulture funds, are looting international aid monies deposited by poor African nations in U.S. banks, according to a June 12 exposé by BBC investigative journalist Greg Palast.

The vulture funds thwart the intention of African debt relief by buying up the debts of poor countries just as they are about to be written off, for a small fraction of their value, then suing the nations for the full value. Under U.S. banking laws they can collect.

The case of Zambia is cited by Palast, where Sheehan bought Zambia's \$40 million debt for \$4 million, then sued to collect the entire \$40 million. Worldwide, Palast says, Sheehan and other vultures are suing poor nations for more than \$2 billion in debt. In February 2007, a British judge ruled that he had no choice but to order Zambia to pay Sheehan's firm \$15 million (a sum arrived at after a \$2 million "donation" to a former Zambian President's favorite charity). British law does not forbid such attachments.

Briefly

BEAR STEARNS issued \$4 billion in Mortgage Backed Securities June 14, in a desperate effort to shore up its losses in the sub-prime blow-out. Two of its funds are in trouble, and if both close, as expected, then a subsidiary of Bear Stearns, Everquest Financial, could go out of business, just as it was about to conduct an IPO. One of the endangered funds, the "High-Grade Structured Credit Strategies Enhanced Leverage Fund," has \$640 million in invested capital, plus \$6 billion in borrowed capital, mostly from Goldman Sachs and Bank of America.

REP. WALTER JONES, a critic of the Iraq War, said of the Republican Congress's relationship with the President, "We had better relationships with the [White House] legislative affairs shop when [Bill] Clinton was the President—even after we impeached him." The North Carolina Republican made his quip before the June 13 "President's Dinner," where fundraisers underachieved.

BUBBLES GREENSPAN, speaking recently in New York, made note of the rising interest rates, and said that the liquidity boom can't last forever, so, "Enjoy it while it lasts!"

THE FED must use its authority to write regulations prohibiting unfair and deceptive mortgage practices, House Financial Services Committee chairman Barney Frank (D-Mass.) told a June 13 hearing—or Congress will find an agency, such as the FDIC, that will.

FBI AGENTS frequently violated the law or agency rules while collecting communications and financial data with "national security letters," according to a new FBI internal audit. The report was leaked to the *Washington Post*. Reviewing just 10% of such investigations, the audit found 1,000 violations of law or agency rules.

Eurasian Land-Bridge Is Becoming a Reality!

The following comes from a statement issued June 14 by Schiller Institute founder Helga Zepp-LaRouche, calling for a September conference.

When the Comecon and the Soviet Union began to disintegrate in 1989-91, Lyndon LaRouche and the Schiller Institute proposed an economic reconstruction plan, first for Europe, and then for Eurasia. In 1989, we put forward the program for the so-called "Productive Triangle: Paris-Berlin-Vienna," and in 1991, the program for the infrastructural and economic integration of Eurasia, known as the Eurasian Land-Bridge, which we elaborated at many conferences and seminars on all continents.

It is precisely this idea, to tie together the whole world with a system of development corridors, which is now on the verge of coming into being! In April of this year, there occurred a conference organized by the Russian government and the Academy of Sciences, whose theme was the speedy construction of a transportation link from Siberia to Alaska, by means of a 6,000 kilometer railroad and a 100 km tunnel under the Bering Strait. Lyndon LaRouche and the former governor of Alaska, Walter Hickel, were the two prominent Americans, who pointed to the peace-promoting potential of these projects in their conference speeches.

Thus, the world stands at the threshold of setting up a worldwide network of high-speed rail, such as Transrapid maglev lines for passenger and freight transport. The fulcrum and pivot-point for this global network is the tunnel from Uelen in Siberia to Cape Prince of Wales in Alaska, which will link Eurasia with the Americas. This network must in turn extend across Europe and Southwest Asia to Africa. The development of the territory between Kazakhstan and Northern Russia, and Alaska, is essential for this, since only with the help of nuclear technologies—fission and fusion—will it be possible to meet the requirements of the populous regions of South and Central Asia.

The construction of this connection between Siberia

and Alaska would have enormous economic significance: It would make possible the development of Siberia's gigantic raw materials resources, for the benefit of the whole world. It would make large parts of Alaska and Canada habitable. It would mean a dramatic boost in production in many areas: conventional and high-speed rail, the Isotope Economy, production and work under permafrost conditions, etc. The project in itself could become the motor for a worldwide industrial revolution. Once the system were completed, people would be able to travel faster by train or Transrapid, for example, from Acapulco, across the Bering Strait, to Mumbai, than is now possible by ship!...

All these projects for the real economy constitute an urgently necessary counterpole to the decrepit condition of the global financial system, whose systemic crisis is continuously taking on more worrisome dimensions. But only when we succeed in bringing together the four nations of Russia, China, India, and a United States transformed from within, in the tradition of Franklin D. Roosevelt, can a way out of the crisis be found. The world needs a New Bretton Woods System and a New Deal—this time, for the whole world!

The reconstruction of the world economy on all five continents must be placed on the agenda as a matter of war-avoidance strategy. This means a global development policy, which serves the common aims of mankind....

We are confronted today by the question, whether mankind can so organize itself, that our survival is guaranteed for the long term. Is the project for global infrastructure development economically feasible at the present time? Is it politically possible to achieve? The answer in both cases is emphatically, "Yes." It is possible and it is also urgently necessary.

Today, with mankind equally close to the abyss of a threatened plunge into a new dark age and a possible global asymmetric war, and to the beginning of a new worldwide economic miracle and a new Renaissance, it is essential to discuss and push through a positive agenda.