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From the Associate Editor

Never even in the failed U.S. Presidential Election of 2000 were the potential voters of the two major parties so discouraged and worried about their tickets as they are now. “Pundits,” while reporting bits and snatches, have failed to foresee the full impact on the next two months of the campaign, of the currently obvious—the tragedy of the wrong war in Iraq—and the imminent—the hyperinflationary explosion in the U.S. economy. We assess in our *Feature* that real impact: In fact, all bets are off, both as to who will be the Republican Party’s Vice Presidential nominee, and who will be the Presidential nominee of the Democrats. Growing numbers of both influential and rank-and-file Republicans will not support a Cheney-run neo-con Bush Administration for election; and Democrats in increasing numbers are despairing over John “Hamlet” Kerry’s “me, too” campaign on both Iraq and the economy.

Candidate Lyndon LaRouche’s reply to a *Washington Post* column on this subject, published in this section, makes clear why he is expecting to see, and to create, big surprises—particularly with his internationally-debated “LaRouche Doctrine” strategy to get American forces out and economic development in to Southwest Asia. Our *Strategic Studies* section reports a long discussion between the candidate, and Mideast-linked media journalists as well as New York metropolitan area LaRouche campaign supporters, on the LaRouche Doctrine. We report in *International* how the LaRouche approach is being endorsed and discussed by leading political and intellectual figures in Iraq and key surrounding nations, even as the Bush Administration’s discredited Iraq “strategy” becomes more and more erratic and unsuccessful. And in *Israel and Palestine*, we publish a lengthy and extraordinary interview with the resolute and truthful Israeli fighter for peace over 35 years, Maxim Ghilan, founder and editor of the world-renowned journal of that name, who makes clear that without a two-state solution, economic development, and peace between Israel and Palestine—meaning a completely new American policy there—not only Iraq will fall apart, but Islamic countries worldwide will be destabilized.

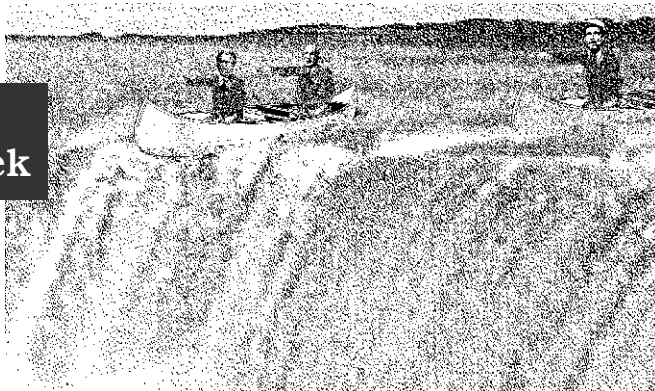
Filling out the picture in *National*, Jeffrey Steinberg, Ed Spannaus and Bill Jones tie the “sudden” fall of Ahmed Chalabi to a much larger revolt around Congress and the U.S. Presidency itself.

Susan Welsh

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Professor Sam Aluko, M.Sc., Ph.D., of Nigeria, is an economics professor and former chairman (1994-99) of the country's National Economic Intelligence Committee.

The U.S. Election Process Reaches a Turning-Point

by Jeffrey Steinberg

Five months from its Presidential Election Day, the United States and its electorate is in a state of political turmoil, the outcome of which is yet to be determined. The two principal issues defining this turmoil are:

- The plummeting of support and credibility of *both* the Presidential campaigns of George W. Bush and John Kerry;
- The onrushing world depression, which will hit, with full force, sometime during the next 30-60 days.

As the result of these dramatic developments, no one can predict who, at this point, will win the Democratic Party Presidential nomination for 2004. The political situation in the United States has changed dramatically since that period, from the Iowa caucuses through Super Tuesday, when the apparent decision was made that John Kerry would be the Democratic Party's Presidential nominee. That decision was based on an avoidance of the most fundamental issues facing the nation and the world.

Now, those issues—and especially the \$42 barrel of oil and the deepening crisis in Iraq—are unavoidable.

This is a completely different world than the one that existed on Jan. 1, 2004. Every fundamental assumption about the 2004 elections that prevailed during the period from January through March 2004, has got to be scrapped. There are those who will, out of criminal stupidity, attempt to adjust to this new reality, by promoting a John McCain Vice Presidential option for Kerry. This would be the worst disaster imaginable, drawing the worst elements of the Republican Party behind the Democratic ticket, and alienating those who have broken, decisively, with Bush-Cheney.

The biggest shocks are yet to come. Expect new dramatic events over the months of June and July.

Iraq Crisis Far From Over

One arena for major shocks will be Iraq. The mask has been dropped from Vice President Dick Cheney's policies. Events at Abu Ghraib prison and elsewhere



The Kerry nomination “decision was based on an avoidance of the most fundamental issues facing the nation and the world. Now, those issues—and especially the \$42 barrel of oil and the deepening crisis in Iraq—are unavoidable,” and are changing all calculations of the election process.

have exposed just how accurate candidate Lyndon LaRouche was, with the “Beast-Man” theme of the *Children of Satan II* report, which his campaign has circulated massively and in several languages, since March. It is well understood among the military, diplomats, and intelligence agencies, as well as among others, that the pattern of crimes now called “Abu Ghraib” went far beyond a few prisons, and has had a devastating impact on the potential for the United States to have a positive impact on world affairs. But the crisis is far from over, because, as LaRouche has emphasized, the Beast-Man mentality comes straight from the Vice-President’s office on down, and those military and intelligence professionals who had kept quiet about the crimes that were going on, are now, in effect, collaborating with LaRouche in exposing the authors of these crimes. The leaks are not going to stop until their real authors are exposed, and likely out of the Administration altogether.

Earthquake tremors have to be expected as well in the area of the economic-financial collapse. It is the estimate of knowledgeable insiders that the world’s central bankers are in virtually constant secret discussion, trying to ensure that the bankruptcy of the major banks does not come to the surface. Try to paper it over until after the election, they say. Contingency plan after contingency plan is being devised, in anticipation of a housing blowout, or a derivatives blowout, or perhaps a major default by a developing sector nation.

There is no way that these earthshaking developments are not going to affect the U.S. Presidential election process. Members of both parties have already been speaking openly about their dissatisfaction with the heads of the tickets. It is

no secret that there is no leadership outside of that being exercised by LaRouche and the forces collaborating with him. If Bush and Kerry continue to flounder in front of the crises which are threatening the nation, no one can rule out a dramatic rearrangement of the political chessboard.

As a de facto member of the broadly defined institution of the Presidency, Lyndon LaRouche knows about these developments and options—from the inside. At this time, he is not at liberty to publicly comment on them. But it is essential that everyone recognizes—and acts on—the reality: The outcome of the November elections cannot be known at this time, and anyone who claims to know what is going to happen, or who the candidates are going to be, is lying.

This is LaRouche’s assessment *from the inside of this fight*.

The world will be a very different place following the Democratic convention in Boston at the end of July. It may be better, it may be worse. That is still unknown. But it will be different.

What is urgently needed, during this immediate period ahead, is the implementation of LaRouche’s Doctrine for peace in Southwest Asia, and his New Bretton Woods. Nothing short of such a strategic shift in policy paradigm can efficiently address the onrushing events. Faced with the potential for the outbreak of an Armageddon, brought on by Vice President Cheney’s flight forward into more wars, or by the implosion of the world monetary system, sane political leaders will be thinking in the direction of such bold moves.

We have reached an historic fork in the road. The fate of all mankind depends upon which direction Americans take in the decisive election of 2004.

Reply to the *Washington Post*: The Cause of Kerry's Problem

by Lyndon H. LaRouche, Jr.

This open letter was released on May 23, 2004 by the LaRouche in 2004 Presidential political campaign committee.

The Sunday, May 23rd edition of the *Washington Post*'s "Outlook" section, featured an article by CSIS associate James Mann on the subject of the spectacle of self-inflicted catastrophe being exhibited by the recent behavior of the Democratic campaign of Sen. John Kerry. The concluding six paragraphs of that published piece make an important point; but, it contemplates Kerry's problem, rather than identifying the underlying, correctable cause of Kerry's tragic performance so far.

On the surface, Senator Kerry's obvious problem is that, whatever the nobler qualifications he might have, those qualities are currently being suffocated by the Democratic National Committee's currently reigning financier mafia. The fact of such pressures on him by his current set of managers, might be tolerable in the case of a professional boxer, but are really no excuse for such submissive behavior by a man engaged in a different profession, seeking to become the President of our republic, at a time we are threatened by the onrushing, crucial problems facing us today.

A man proffering himself to become President under the present conditions of both a war and a global monetary-financial collapse now fully in progress, has no moral right to put his personal ambition opportunistically above the welfare of the nation and its people. As the *Post*'s contributor Mann argues, Kerry's nitpicking amounts to a refusal to acknowledge, even now, that Vice President Cheney's continuing personal commitment, since 1991-1992, to preventive nuclear wars—that, in one country after another—is already a more ominous disaster than the Vietnam quagmire turned out to be.

So far, Kerry is sometimes all sizzle, and no steak; but, there are long intervals, when even the sizzle can not be heard.

I have written and spoken of this matter in many locations. Here, I recapitulate the bare essentials of that argument in language suited to typical readers of the *Post*.

Why, for example, was Kerry dumb enough, in 2002, to join the pack for Dubya's war? That is one of the two key doubts about Kerry's powers of judgment which is just not

going to go away when the campaign against Bush-Cheney begins in late Summer.

"Forty-dollar-a-barrel" petroleum is a warning of the way in which the two crucial issues which Kerry ignores are intertwined: onrushing monetary-financial collapse and the realities of how we got into this Iraq war. Yet, once we agree that Kerry's pratfalls on both issues threaten to turn the November 2004 election into a caricature of its 2000 predecessor, we have to look deeper than Kerry's personal shortcomings, if voters are to achieve an adequate understanding of the challenge before them. As Mann gropes toward an inkling of that deeper reality; what does this show us about what is menacing about the present mental and moral condition of our celebrated two-party system?

The Scandal: Ignoring Franklin Roosevelt

The scandal in the Democratic Party's political bedroom, which Mann himself ignores, is the issue of the Party's shameless repudiation of the Franklin Roosevelt legacy. We are in an onrushing global depression, a depression of a systemic, rather than merely cyclical nature, a depression which demands a systemic cure, not the patchwork of "elect me and I will be good to you" promises presently proffered by a desperately flailing Kerry campaign. If Kerry intends to become a serious choice for President sometime between now and November, he must face the challenge represented, in today's world monetary-financial crisis, the need for a new President Franklin Roosevelt, the echo of a Roosevelt whose election proved later to have saved the world from a Synarchist-backed Hitler's Nazi world empire, while rescuing the U.S.A. itself from the kind of fiscal austerity measures which would have produced fascism in the U.S.A. as they did, throughout Europe, over the 1922-1945 interval.

Kerry could never become qualified to actually be President, until he had faced the reality that, in fact, I am on the record as the only technically and emotionally qualified candidate for that office under present world circumstances. Since I have been not only hated, but feared by relevant elements of our financial establishment, since my 1971 exposure of the notable pro-Schachtian liberal, Prof. Abba Lerner, in a public New York debate—and hated even more fervently since my role in prompting President Ronald Reagan's proffer of a Strategic Defense Initiative—things which would have been previously considered morally inconceivable, have been done, to exclude me from public candidates' debates. These immoral actions have included an implicitly racist Democratic National Committee's success in nullifying the 1965 Voting Rights Act. Kerry became the presumptive candidate because he was presumed to be incapable of taking the type of anti-Schachtian measures which Franklin Roosevelt employed to defend the U.S. from the kind of fascist takeover which, in March 1933, had just occurred in Germany. It is not entirely his fault, therefore, that he has shown stubborn incompetence in his campaign since his Iowa and New Hampshire victories; his personal fault was the quality which caused



“Dumbya” Bush, and “Me-Too” Kerry. LaRouche accuses Washington Post author James Mann of just “contemplating” Kerry’s me-too policies on the war and the economy, which “threaten to turn the November 2004 election into a caricature of its 2000 predecessor.” That Kerry problem of the Democrats can be acted on and changed, says LaRouche, and shows how.

him to be chosen as a person of those attributes which now excite growing despair among those who had hoped to support him.

How Sophism Leads to War

The “beast-man” characteristics which typified the Nazi system, as echoed in the Abu Ghraib scandal—as should have been foreseen in the case of Guantanamo—are warning of what the re-election of a Bush-Cheney ticket would represent, come about January 2005.

To give credit where credit is due, a German associate of mine took me aside one evening, to review his study of work of the 19th-Century German historian of Ancient Greek history, Ernst Curtius. The relevant passages from Curtius on the Peloponnesian War, which my associate cited, were new, to me, and a valuable addition to my knowledge; but, the point my associate made was, by no means, new. Curtius’s account is useful, but it leaves the deeper, systemic roots of the matter to be found elsewhere, as in the dialogues of Plato. The fate of Athens remains a good textbook illustration of the kind of doom which the Bush-Cheney Administration threatens for the U.S.A. of the coming months.

Pericles’ Athens, then the leading nation of the alliance which had defeated the Persian Empire’s aggression, had turned upon its allies, attempting to establish an Athenian Empire. These crimes against humanity perpetrated by that Athens then, led to the Peloponnesian War which destroyed the power of Athens, and led to the process of cultural and moral decadence in European Civilization, from which the evil which was the Roman Empire later emerged.

My associate’s reference to Curtius had merely illustrated the point which was overlooked by historians sympathetic to the cause of Ancient Rome, a point long clear for me from my own decades-long studies of the Pythagoreans and the work of Plato. It was, as Plato presented this in his dialogues,

those Sophists of Athens who perpetrated the judicial murder of Socrates, who expressed that moral corruption of the Athens under Pericles and Thrasymachus, the Sophists’ corruption which had made the Peloponnesian War possible. It was the Thrasymachus who led the most calamitous phase of that war, who is typified today by the policies of the U.S. under Cheney puppet George W. Bush, Jr. Ironically, for those in the Democratic Party who are soft on Cheney today, the descriptive name of that sophist political party was “The Democratic Party of Athens.”

However, my associate was mistaken in the narrow emphasis on Curtius’s attention to the Sophists. The same reductionism was the essential quality of the Eleatics earlier, and also, essentially, the rhetorical method of Aristotle later. The Sophists who are the chief target of Plato’s dialogues, were only one guise under a succession of corrupting influences which led Ancient Greek

civilization into the ruinous effects of the Peloponnesian War and its aftermath. It is that same quality of reductionists’ sophistry, typified in the worst extreme by the implicitly pro-fascist legacy of the Congress of Cultural Freedom. It is the Sophists’ method, as otherwise known by the Apollo cult of Delphi and the Eleatics, which is expressed in the extreme by existentialist cults popularized in universities today. It is that crooked, “spin-doctor’s” method of argument, which provides the philosophical impetus for that corruption of U.S. political life under the rule of the high priesthood of mass-media populism.

The root of Sophistry today is typified by the attitude of creating a commentary adopted as a guide to following an apparent trend in events, rather than acting to bring a truthfully defined outcome into being. It is searching for an explanation for preparing oneself to submit to what is presented as “inevitable,” rather than acting to cause what is needed to happen, which is the form in which the negligent crimes of sophistry are widespread in the U.S., and elsewhere, today. Sophistry is merely a way of rationalizing that particularly disgusting sort of opportunism.

The Sophists who perpetrated the judicial murder of Socrates were only typical of the same tradition which has dominated the U.S. political culture increasingly, since the launching of the official, post-Kennedy U.S. war in Indo-China, and Richard Nixon’s ominous 1966 meeting in Biloxi, Mississippi. Cheney’s war will become our own reliving of the Peloponnesian War, unless we choose a President who will rid us of that reincarnate Thrasymachus which the tradition of Professor Leo Strauss and the Cheney-dominated Bush regime represent today.

The only hope is either that I am nominated, or that Kerry, if nominated, accepts my guidance in respect to improving his behavior in a degree which would be, otherwise, manifestly beyond his present capacity.

Republicans Splintering Over Neo-Con Insanity

by Nancy Spannaus

Since at least the beginning of 2004, local Republican Party leaders have been delivering *sotto voce* complaints to leading Bush strategist Karl Rove—and, Republican sources report, in some cases, to the President himself—about the damage that abrasive warmonger Vice-President Dick Cheney has been doing to the party's electoral chances. With the breaking of the Abu Ghraib scandal, this low-level complaining has turned into an open challenge to the Administration's neo-conservatives' mis-managing of the Iraq War, with demands that those who created the debacle be sacked.

The most dramatic indication of the party split is coming in Congress, where the Republicans, who dominate both Houses, have had to make the decisive choices in determining the Congressional reaction to the Abu Ghraib horrors. Senior Republican Senator John Warner (R-VA), chairman of the Senate Armed Services Committee, has taken an aggressive role, holding at least four hearings on the scandal with high-level witnesses, including putting Defense Secretary Donald Rumsfeld under oath. When Vice-President Dick Cheney put out the word that "they should get off Rumsfeld's case," Senator Warner did not listen, but forged right ahead. He was joined by fellow Republican Senators, including Lindsay Graham (R-N.C.) and Chuck Hagel (R-Neb.). Graham, a former Judge Advocate General in the military, directly attacked Cheney's idea of ordering Congress to keep hands off the Defense Secretary while troops were in combat, and has been among the strongest of all Senators of both parties in insisting that the *systemic* nature of the problem be recognized, and rooted out.

Senator Warner's close relations with the U.S. military (He not only served in the Navy in the Korean and Second World Wars, but was Secretary of the Navy in the 1970s), undoubtedly play a role in his determination to get to the bottom of what the Abu Ghraib scandal represents. It is well known that the Senator has not been happy with Secretary of Defense Rumsfeld's "military transformation" agenda, which has stomped all over the uniformed services in its pursuit of high-technology weapons and secret special ops.

Demanding Resignations

When Warner complained during his first hearing, on May 7, that he had not been briefed on the investigations underway on mistreatment of prisoners, it was not the first

time. Even prior to the war against Iraq, Republican Party leaker Robert Novak was reporting in his syndicated column that Warner was furious with Rumsfeld for refusing to brief the Senators.

In light of Warner's upfront role, it was not totally surprising that Richard Whalen, publisher of the prominent Republican Party insiders' newsletter *The Big Picture*, reported in that publication's May 24 edition that a delegation of Republican Senators, including Warner, recently went to President Bush, to demand Defense Secretary Rumsfeld's ouster. Whalen wrote: "A broad, powerful bipartisan election-year consensus is forming in Washington, to the effect that Iraq is a loser. Politicians who only recently praised the Iraq invasion and occupation now call it a terrible mistake. Lawmakers find they simply cannot explain U.S. war aims in Iraq or justify U.S. sacrifices to their puzzled, unhappy constituents. How can they explain the shocking POW scandal and pictures? Whatever popularity backing the war once had, that support is now crumbling along with poll approval for 'War President' Bush."

Whalen's report continued, "A half-dozen senior Republican Senators, led by John McCain of Arizona and John Warner of Virginia, reportedly visited Bush at the White House and demanded Rumsfeld's resignation. Bush listened in stony-faced silence, but gave no reply. As we have reported, Rumsfeld is closely allied with Vice President Dick Cheney."

The same newsletter next cited a trip report by Center for Strategi and International Studies analyst and former Marine officer Anthony Cordesman, in which he concluded that "the U.S. can no longer win the insurgency war in Iraq." *The Big Picture*: "That widespread conclusion is a deadly indictment of the Bush Administration, Vice President Cheney and Defense Secretary Rumsfeld. The Republican Party's internal attitude toward 'Rummy' has turned bitterly critical because of his past arrogance and the ongoing prisoners' abuse scandal."

Going Public

Senator Warner has been joined by other senior Senators in his complaints about the neo-cons.

Senator Chuck Hagel was quoted in the *New York Times* on May 25, saying that President Bush "needs to break out of that cocoon a little bit, and listen to more advice than he gets from his Vice-President and his war cabinet," Hagel, a prominent Vietnam Veteran, had been highly critical of the rush into the Iraq war from the start, as were many of those who learned the lessons of Vietnam in person.

Senior Senator Richard G. Lugar (R-Ind.), Chairman of the Senate Foreign Relations Committee, took the occasion of a commencement speech at the Fletcher School of Diplomacy at Tufts University on May 23, to criticize the Administration on Iraq and terrorism. According to the Associated Press report, Lugar said the United States isn't doing enough

to stave off terrorism, and chided President Bush for failing to offer solid plans for Iraq's future. He said that "repairing and rebuilding alliances" is key to avoiding terrorism. Lugar, too, had warned in 2003 that the Administration had not given enough consideration to what would happen in Iraq after the fighting ended.

Not Under Control

Of course, the Senators' behavior still contrasts sharply with that of leading Republicans in the House of Representatives. There, as demonstrated by the opening remarks in the May 7 hearing held by House Armed Services Committee Chairman Rep. Duncan Hunter (R-Calif.), many Republicans have taken up Dick Cheney's line that the chicken-hawks and Rumsfeld are doing a terrific job, and should not have to be "diverted" by in-depth investigation into the prison torture scandal. The animosity has gone so far that the May 21 House hearing turned into a Republican attack on the Democrats. Some Republican Representatives have even attacked the Senate Republicans for taking the issue so seriously.

On May 20, party leaders decided to bring in President Bush for a meeting with the party faithful, in hopes of forging party unity again. After what was described as a pep talk, "participants filed past a bank of microphones to announce that they were unified in support of Bush and that there had been no dissent expressed at the meeting," according to the *Washington Post* account. "Bush took no questions," they added.

Despite the President's appearance, Senate Majority Leader Frist abruptly postponed the vote on the budget resolution until June, due to in-fighting among the Republicans. Four Senators are refusing to pass the budget unless it links new tax cuts with spending cuts, or other tax increases. The four hold-outs are Sens. John McCain (R-Ariz.), Olympia Snowe and Susan Collins (R-Maine), and Lincoln Chafee (R-R.I.).

Congressional sources report that the Cheney crowd is continuing to put massive pressure on the Republican Senators, in hopes of containing both the investigation of the prisoner torture scandal, and the general revolt against the neo-conservatives' imperial policy. In addition, President Bush has been scheduled by his controllers to give weekly speeches, up until the June 30 deadline for transfer of power to the Iraqis, in order to rally the nation behind his conduct of the war. If his May 24 speech to the Army War College was any indication, this tactic will not do the trick. The President stuck with his standard teleprompter mantra: Staying the course, Iraq for the Iraqis, creating democracy, ending tyranny, *ad nauseam*.

Meanwhile, President Bush's poll numbers continue to drop (They are now below 50%), and gossip columnists are floating options such as Rudy Giuliani to replace Cheney on the ticket. The ball is left in the senior Senators' court, to rebuild the honor of the party, and the nation.

Democratic Party Is In Political Disarray

by Nancy Spannaus

This is not the first time that the Democratic Party's banker-run leadership has decided to ram a candidate down the party's throats early in the election year, only to see the choice blow up in their faces. One of those times was 1984, with the "early endorsement" of Walter Mondale. This year, Terry McAuliffe's orchestration of a primary process that would pick a "winner" by early March, has resulted in a political disaster which promises to be just as bad.

The pundits, Democrat and Republican, are agog at the ability of presumptive Democratic Party Presidential nominee John Kerry to "blow it." Faced with a golden opportunity to contrast clear vision and principles from the FDR tradition of the party, with the all-around incompetence and arrogant venality of the Cheney Administration, the Kerry campaign is putting its message forward with all the oomph of a "me, too."

What Bill Clinton Knows

While the polls show Kerry barely holding his own—despite the enormous scandal facing the Administration's Iraq war effort—the even-more telling symptom comes in looking at the ongoing Democratic state primary elections. These continue to show a solid 25-30% or more of the party faithful voting *against* Kerry in many states, despite the fact that most of the other candidates have dropped out of the race! Even more telling is the fact that the voter participation has sunk to what appears to be new lows, hitting a level between 7% and 15% of registered Democrats in Kentucky, and 15-20% in a number of other states.

As the Kerry campaign keeps failing to get what they call "traction," a number of groupings have emerged within the Democratic Party, vying to take control of the candidacy. On top, for the moment, is the DNC-McAuliffe grouping, with its centrist "professionals" like Mark Penn and Bob Shrumm, who are advising Kerry to "stay cautious," and not strike out with a bold challenge to the President on Iraq policy, in particular.

Also on the inside track is the Kennedy grouping, which includes both principled liberals, and a strong component of operatives controlled by the Venetian-style banking group, à la Schachtian banker and Democratic string-puller Felix Rohatyn of Lazard Frères. This latter grouping is vectored in the losing direction of appealing to the upper 20% of income brackets, as the known voting "power" in the party. Rohatyn himself is the leading representative of the Democratic Lead-

ership Council, the very group which Kennedy himself denounced in 1996, when he said in a much-noted speech that the nation did not need “two Republican parties.”

On the other side of the power struggle is a grouping tied to former President Bill Clinton, whom many see as making a move to establish a political machine. Being an intelligent man, Clinton and his associates can see clearly the disaster in the making of the Kerry campaign, as the presumptive candidate keeps failing to develop either a message, or an enthusiastic following within the core Democratic constituencies of labor, farmers, and civil rights.

Clinton is still able to draw the largest crowds of any Democratic figure, and he seems inclined to utilize his popularity for the benefit of the party in this current election. The former President knows you have to open up the party, and stir up the base, if you are going to generate the excitement to win an election campaign against George W. Bush.

The fourth grouping is that which is actually based in the lower 80% of income brackets, the following of FDR Democrat Lyndon LaRouche. LaRouche’s approach to solving the economic and strategic crises, and his record of forecasting and analyzing the crises in these areas, are watched carefully by many that are turned off or simply upset by the Party’s—and Kerry’s—repudiation of the legacy of Franklin Roosevelt. “It would be insane for the Democratic Party to cut LaRouche and his constituency out,” one of the LaRouche-watchers is known to have said. And yet the party continues to do so.

The Opposition

The most flagrant example of the sabotage which the opponents of Clinton, and LaRouche, have carried out against and within the Kerry campaign, is the floating of the John McCain option. By this scenario, Kerry would effectively forge a “national unity” ticket, by bringing Republican Senator John McCain (R-Ariz.), also a Vietnam War veteran, onto the ticket, thus allegedly denying President Bush one of his crucial constituencies.

While the Kerry-McCain option has been “in the air” for more than a year now, it has only just recently received high-level backing. The most notable promotion for it came from senior *Washington Post* writer David Ignatius, who wrote a column on May 21 entitled “The McCain Choice.” Ignatius stated that Kerry by himself can’t get it together to win, and therefore, must hook up with McCain, because “there is something of greatness about him [McCain].”[!] He symbolizes bipartisanship, and “the country needs him.” Things are so serious now, that there can be no waiting until November, Ignatius went on. “The logic of a Kerry-McCain ticket isn’t to win an election, but to provide leadership for a divided country at war.”

Ignatius was at pains to convince McCain to agree to this proposal, since so far, the Arizona Senator has declared that he is “not interested.”

John McCain is no stranger to consorting with Democrats.

As early as 2002, various journals were promoting McCain as a “Bull Moose” candidate, who would run in combination with that favorite Democrat of William F. Buckley’s, Joe Lieberman, if it turned out that George W. Bush did not carry out the imperial war agenda which the neo-con faction wanted. Or perhaps, these “bull moose” promoters said, McCain run against Lieberman and Bush, to ensure Lieberman’s election.

Lyndon LaRouche called the shots on McCain at that point, exposing the “hand grenade”-type behavior of McCain at the Wehrkunde security conference in Munich in February 2002. McCain used his speech at that event to demand a “day of reckoning” for Saddam Hussein—and for any European government that refused to back a war for regime change!

Back on the home front, McCain worked with Lieberman to egg the President on into the war which is now blowing up in our faces. His policy today is no better.

Thanks in large part to the LaRouche campaign’s aggressive expose of Lieberman and McCain, who shared major debts to organized crime as well as an agenda of warmongering, McCain’s first Democratic partner collapsed politically even before the primaries started. Lieberman’s Democratic Leadership Council (DLC) was exposed as a virtual Republican Trojan Horse. Thus, for Democratic “strategists” to currently raise the flag for McCain once again, is virtually suicidal—not to mention dead wrong in direction.

The FDR Issue

So far, the real fighters advising the Kerry campaign have avoided taking on the chief issue publicly: the need to bring in LaRouche around his FDR-style approach to the crisis. Those who have advised Kerry to lay low and wait for Bush to destroy himself have stayed on top, insisting that a “statesman-like” approach, and a lot of money, will ultimately pay off.

On May 26, none other than loser, and LaRouche-hater, Al Gore entered the fray, with a strident speech against the Iraq war, and for the resignation of a number of the key culprits from the Administration, including Paul Wolfowitz, Doug Feith, and Donald Rumsfeld. In the context of the behind-the-scenes fight over opening up the party to LaRouche, Gore’s speech must be seen as an attempt to block that effort, and cover up for the disaster of the Kerry campaign.

Meanwhile, Kerry carried out a dismal performance in his major foreign policy speech of May 27, in which he echoed one phrase after the other directly from President Bush: taking the war to the enemy, staying the course, and other such generalities.

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Latest FEC Report Shows It's Kerry and LaRouche

by Anita Gallagher

Lyndon LaRouche and John Kerry are in a two-way race for the support of Democratic Party's base nationwide, according to the latest "May Monthly" Report which all Democratic Presidential Pre-candidates must file with the Federal Election Commission. LaRouche has 41,494 itemized individual contributions and Kerry has 108,523, while Dennis Kucinich is a distant third, with 8,997. The rest of the candidates have quit.

The FEC defines "itemized individual contributions" as every contribution from an individual who has given \$200 or more to a candidate. For LaRouche, this statistic shows a nationwide base of repeat contributors among the lower 80% of the population by family income bracket, who are mobilized in an ongoing way for campaign activity, which surpasses that of any other candidate.

That LaRouche has the Democratic base of the "lower 80%" of the population ranked by income, is shown in his lowest average itemized individual contribution figure among all the candidates: \$143.46, compared to Kerry's average contribution of \$869.36, and \$263.81 for Dennis Kucinich. This is the base which allowed Franklin Roosevelt to take over a rotten Democratic Party in 1932, and propelled him to victory.

The ongoing mobilization of LaRouche's contributors is also seen by comparing LaRouche's "un-itemized individual contributions" total with those of the other candidates. LaRouche has un-itemized individual contributions (from individuals who have not yet contributed \$200 to his campaign) of \$1.6 million—only 21% of the total \$7.5 million LaRouche has raised from individuals. This compares to Kerry's \$30 million in un-itemized contributions, or 29% of his total \$105

million raised from individuals; and Kucinich's \$4.2 million in un-itemized individual contributions, 61% of his total \$6.8 million in individual contributions. Thus, many of the contributors to Kerry and Kucinich have not become *repeat* contributors, who constitute an active base of support.

So Kerry's \$105 million raised from individuals, though 14 times the \$7.5 million LaRouche has raised from individuals, does not dwarf it, because Kerry has only 2.5 times the number of LaRouche's individual contributions, and the latter's come from the core constituencies of "have-nots" which today's Democratic Party leadership has abandoned. The core of a mass movement for the Presidency is repeat contributor-activists from the lower 80% of the population by income.

LaRouche Leads Kerry in 11 States

It is not surprising, then, that LaRouche has more itemized individual contributions than Kerry in 11 states: Alaska, Alabama, Delaware, Idaho, Indiana, Montana, North Dakota, Nebraska, South Dakota, Utah, and Wyoming.

In three of the four states still to hold primaries in June, LaRouche has more itemized individual contributions than Kerry: Alabama (June 1), South Dakota (June 1), and Montana (June 8). In both North and South Dakota, LaRouche leads Kerry not only in the number of itemized individual contributions, but in the absolute dollar amount raised. LaRouche has 181 itemized individual contributions and \$28,920 to Kerry's 40 contributions and \$12,885 raised in North Dakota. In South Dakota, LaRouche has 362 itemized individual contributions and \$69,645, compared to Kerry's 67 contributions and \$37,825.

LaRouche's campaign fundraising shows that only his Presidential campaign has the mass base to defeat George W. Bush—the dumbest man ever to occupy the Presidency. The Democratic Party needs LaRouche's mass base, as well as his policy solutions and international credibility, to win. The Party's current obsession with raising big money coheres with an idiotic idea that it can win an election without votes. LaRouche and his mass base must be included in the Democratic Party's nomination process now, to beat Bush in November.

TABLE 1

Presidential Candidates' Individual Contributions**

Candidate	Itemized Indiv. Contributions to Date	Itemized Individual Contributions, April '04	\$ Amount Indiv. Contrib. to Date	\$ Amount Indiv. Contrib., April '04	Average Itemized Indiv. Contrib.	Unitemized Contributions to Date	Cumulative Federal Matching Funds
LaRouche	41,494	1,651	\$7,551,917	\$248,619	\$143.46	\$1,683,394	\$1,276,465
Kerry*	108,523	29,940	\$105,861,659	\$30,831,300	\$869.36	\$30,357,224	—
Kucinich	9,852	855	\$6,816,766	\$257,180	\$263.81	\$4,247,204	\$2,413,078

*Estimated.

**All figures inclusive of May Monthly FEC Reports.

Source: Federal Election Commission.

How To Lead the United States Out of Its Current Tragedy

The following is Presidential candidate Lyndon LaRouche's opening statement and some of the question-and-answer dialogue which occurred during a press availability for the candidate in New Jersey on May 21.

In the period from the time of Solon of Athens, through the death of Plato, there was a development in Europe, centered on Athens—but to some degree also, on what was called Magna Graecia, the southern part of Italy where a Greek civilization existed—in which there was a certain high point of development. This development is actually the birth of what became modern civilization.

However, this civilization *failed*, at that time. It failed notably in the case of the Peloponnesian War, which was this long war of Greece against its former allies in Sparta; which began, with Athens and the Athens alliance and extended to southern Italy, to Magna Graecia; a war which was begun under Pericles of Athens, continued under his successor, the notorious Thrasymachus. As a result of that, Greek civilization disintegrated, not entirely—its residue didn't disintegrate—but Athens, which had been the leading part of civilization at that point, worldwide as far as we know, disintegrated. It continued in a Hellenistic form, in the wake of the success of Alexander the Great, but it degenerated. It degenerated into what became its successor—the Roman Empire, which was decadent, and evil, from the beginning.

Now, what is happening now in the United States, is similar to that. You had—in ancient Egypt and ancient Greece—you had this development, typified by the rise of what was called the Eleatics, by the Sophists, and by the followers of Aristotle. And this tradition continues to this day.

What has happened now to the United States: The United States, which led the world out of the risk of a fascist world order in World War II, began to degenerate in the post-war period. Our degeneracy of the United States, today—our *cultural* degeneracy—is analogous to what happened to Greece

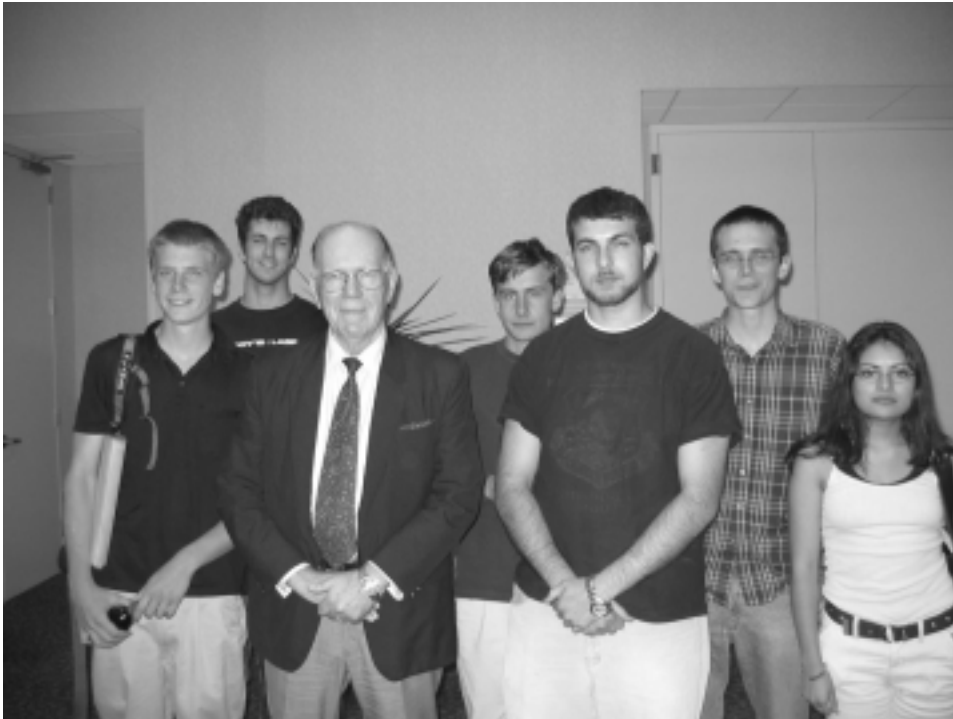
under Pericles and Thrasymachus: that we have become Sophists. People are no longer concerned with truth. We put spin on everything. They're concerned with popular opinion. They believe lies. You have to be seen "believing." And this has gotten us into this kind of mess.

The Persistence of Fascism

The second part of this story, is that the Nazi system, which began to disintegrate after the battles of Stalingrad and after the United States victory in Midway Island against the Japanese fleet, in which Nazi Germany was ultimately doomed: Some people in Nazi Germany, around Hermann Göring, decided that Hitler was a nut; and they were determined that the Nazi system would survive, as a tradition, survive the defeat of Germany in the war. These people entered into collaboration with certain people in the United Kingdom and the United States: people with names such as, Harriman, Morgan, du Pont, Mellon—who had originally supported Hitler in bringing him to power in Germany, but for strategic reasons, supported Roosevelt *against* the Nazis during the war.

At the end of the war, once Germany was being defeated—for the final defeat was on the way—these guys, typified by Allen Dulles, brought the Nazi system into the Anglo-American system. This became the Anglo-American right wing, typified by that pig, President Truman—who we got rid of, and replaced him with Eisenhower, who gave us a period of relative peace.

But then, when Eisenhower left office, Kennedy was not capable of understanding or dealing with the situation. They killed him. And once they had killed Kennedy, they moved with the war in Vietnam, the Indo-China War. Under this period, there was a deliberate cultural corruption of the United States, called "contemporary liberalism" today. It's generally accepted ideology today in the United States. It's the reason why neither of the political parties, as parties, are capable of



Candidate LaRouche with members of his youth movement in New Jersey. "Our cultural degeneracy of the United States, today," he told supporters and press, "is analogous to what happened to Greece under Pericles and Thrasymachus: We have become Sophists. People are no longer concerned with truth. We put spin on everything. They're concerned with popular opinion. . . . You have to be seen 'believing.' And this has gotten us into this kind of mess."

solving the problems before us. Only someone who recognizes the same problem that happened to Greece under Pericles, the same kind of moral corruption which has gripped our institutions today, would *avoid* the destruction of worldwide civilization today, led by the self-destruction of the United States.

What you're seeing in Iraq: You're seeing fascism, in the form of Cheney. Cheney's policy was perpetual warfare; it was perpetual nuclear preventive warfare. The wars we've seen in Afghanistan, what we've seen in Iraq, are intended to be extended, against Syria—by January; if Bush were re-elected, and Cheney was still his Vice President, we would be attacking Syria by January of this coming year. We would be putting nuclear weapons, bombing the sites of the power stations in Iran. We would be dropping nuclear weapons on sites in North Korea. The planet as a whole would degenerate, in a way comparable to the way that the Greek civilization underwent a partial degeneration into a relative dark age, as a result of the Peloponnesian War.

The problem is, that we have *no standard of truth* generally accepted in the United States, today. Or, in European civilization generally today. Truth has been destroyed, especially over the past 40 years—the idea of truth—in favor of what's called opinion: popular opinion, or what's called "spin." The press lies, the major press lies. The major political figures lie! The judgment is based on, "Don't tell the truth. It will get you into trouble. Work within popular opinion. If you want to accomplish something, argue for it, from the standpoint of generally accepted popular opinion."

So, now we come to a point, in which we have a war in Iraq which can not be won. Because it's not a war in Iraq. It's a war against civilization. It's a war on the part of some people who intend to create an English-speaking world empire, a new Roman Empire, of the British and the United States. The idea is to eliminate all of the nation-states, to do the same thing the British Empire has done since 1763: Play the nations of Europe and other nations against each other with struggles to neutralize them, so they will not be a challenge to the empire. And foolish nations agree to be played by that game.

The U.S. Constitutional Opposition

Now, I come along. The advantage is, here in the United States, we have—the United States is the only place this problem can be solved. Because, if the United States were to act upon certain elements of its tradition, its Constitutional tradition, we could intervene, and rally most of the nations of the world to cooperate with us in getting out of this mess.

You have institutions in the United States, in the intelligence services, in the professional military, and others, who typify powerful influences *inside* the Executive branch of government, who have friends in the Legislative branch of government, and within certain institutions within society. These circles tend now to agree with me, at least in the direction I'm taking. My course of action is to provide an element of cohesion and leadership among these circles in the United States, especially around the Executive branch—the opposition to Cheney and to what poor Bush represents, in the Executive branch. These circles are capable of recognizing that the



The Athenian army in Sicily in 419 B.C. during the disastrous Peloponnesian War. “The planet as a whole would degenerate, in a way comparable to the way that the Greek civilization underwent a partial degeneration into a relative dark age, as a result of the Peloponnesian War.”

existence of civilization depends upon acting, *to get rid* of what Cheney represents, and to find a peace in the Middle East (or, so-called Middle East), which is being used as a cockpit to destabilize the world.

The key aspect of this, which is often misinterpreted, is this question of petroleum. In the preparation for what became known as World War I, by Edward VII, the King of England—and even when he was Prince of Wales, before he was actually King—the idea came, of taking the area of southern Mesopotamia, now called Kuwait, and making it a personal property of the King of England. The purpose was to take the oil, which was the richest source of petroleum at that time, available petroleum, from the Gulf, and grab that petroleum, to use it as a way of equipping the British military fleet, the naval fleet, with oil-burning vessels, which would be superior in their mobility to coal-burning vessels; and to use this as a factor of strategic control.

Once that was established, the British *then* conceived . . . making the world dependent upon consumption of petroleum, by eliminating alternatives to petroleum as a source of cheap power. (It’s not actually cheap power. You haul it all over the world. It costs more to carry it around, than it does to produce it.) All right.

So therefore, the Middle East area, which has the richest and cheapest source of supply of petroleum, probably has at least 80 years’ supply for the world as a whole, from the Gulf and adjoining areas. You take the area from Iraq down to the Gulf and beyond; that area contains at least 80% of 80 years’ worth of the world’s petroleum supplies. Therefore, by making the world *dependent* upon petroleum, and putting it in the hands of what’s called the London marketing cartel, which controls this—it’s not the Arab world that controls it, it’s the London marketing cartel, which controls the way oil is sold around the world—then you have the grip on the world.

What is happening right now, is that the world financial system is collapsing. It’s doomed. Nothing can save the present world monetary-financial system. It’s finished now. Just a question of when it goes over the cliff. It’s going over. At this time, they’re trying to prop up the financial system, and the best way to prop up the financial system was to use hedge funds to gamble on a rising price of petroleum. In other words, the profits on investment in petroleum, the petroleum stocks, on financial markets, is the major source of impetus for profits in the world system as a whole. It is *not* the price of production at the source of petroleum production, which is the problem, the problem of the inflation—we’re now over \$40 a barrel.

That is not the price of production. It’s not OPEC, that is responsible. It is the London marketing cartel, which is using the margin of profit, on the basis of an increase in price on the contracts per barrel of oil, which is now using this as the major prop of the world financial system: the U.S.-British-dominated world financial system.

We are now in a hyperinflationary spiral, which is in the process of blowing up. Just give an example: At about \$20 a barrel of petroleum, presuming no hedge-fund intervention, the price of petroleum around the world, at \$20 a barrel, would not be a threat to the stability of the world economy. At \$30 a barrel, it’s a problem. At \$40 a barrel, it’s a crisis. One more crisis and \$50 a barrel, and the whole system will blow up. But, this is caused entirely by this hedge fund speculation in this area.

So, that’s the nature of the problem.

So, we have an intertwined relationship, between a war policy—a *nuclear* war policy, a *world imperial* nuclear war policy, by Cheney and what he represents, behind him—you have at the same time, the same financial group, which is behind the Cheney phenomenon is playing this other game with a wrecked financial system. So, we now come to a point,



Hjalmar Schacht (right), Reichsbank chairman and Hitler's Economics Minister, led those who moved Nazi assets, leading operatives, and networks into alliance with Anglo-American finance after the war.



“What you’re seeing in Iraq: You’re seeing fascism, in the form of Cheney. Cheney’s policy was perpetual warfare; . . . The only way we’ll get free of it, is by getting rid of what Cheney represents. That also means, overturning those in the Democratic Party, who are tailing what Cheney represents, who are not exposing it, who are not fighting it.”

that the entire world financial-monetary system is in the process of collapsing.

And in this process, they’ve unleashed a way of trying to control the planet in the long term, the way the Roman Empire did: by perpetual warfare. Perpetual warfare, which can not be conducted today by conventional warfare methods, but only by aid of nuclear warfare. And therefore, since Israel was created as a nuclear power in the Middle East, for this purpose of destabilization, we’re now trapped into a nuclear warfare scenario, as the controlling scenario.

The only way we’ll get free of it, is by getting rid of what Cheney represents. That also means, overturning those in the Democratic Party, who are *tailing* what Cheney represents, who are not exposing it, who are not fighting it. And therefore, only those forces in the world, which recognize that the United States *could* lead a way out of this problem, and only those in the United States, who recognize that we in the United States have the responsibility of providing that leadership, could avoid a collapse of civilization into a dark age right now.

My Unique Role

My problem is that I’m relatively unique, in terms of political figures actually leading that process. And you see in the reaction of many parts of the so-called Arab world, and others—to my proposal on the alternative, on a doctrine—there are many parts of the world which are prepared to act in support of what I propose.

That’s the seriousness of the situation. Whatever these clowns say about my candidacy, whatever they say about what is inevitable in political candidacy—*that* is reality. And it’s the way the system reacts to that reality, not to the polls, which is going to determine the way this situation goes. They can choose against me: They can lose everything. We all lose

everything. But, we’ve now seen, with the response to my proposal on the Doctrine, that, if my influence in the United States is accepted—which will only happen under conditions of perceived monetary-financial crisis—under those conditions, there is a way out. And much of the rest of the world is prepared to cooperate with the United States, *on that basis*, including Europe.

So, that’s the situation. It’s not a simple kind of problem, which you hear talked about in the news media. This is reality. And reality is not what happens from time to time, under ordinary circumstances. Reality is what happens in times of crisis, when civilizations themselves are threatened with collapse. We are now at a breaking point, of potential collapse of a world civilization. This has happened several times before. It’s threatened now. Sometimes we escaped from that threat. Sometimes, we did not.

The question is, are we going to escape from that threat? Or, are we not? And that’s what my candidacy represents. That’s what the issue is.

Questions and Discussion

Q: My name is Brother Leroy from WHCR [radio] and my question relates to one of the last points that you made: You said, sometimes we have escaped from these crises. An example in history, of having escaped from the crisis?

LaRouche: Most recent was the case of Franklin Roosevelt. Franklin Roosevelt saved the world from fascism. If Hoover had been re-elected, then the policies of the United States, under Hoover, would have been a continuation of the same ones that were going on in Europe, under the Germans. Then we would be living, today, in the aftermath of a Nazi world system. It was Roosevelt that saved humanity from that.



“That is not the price of production. It’s not OPEC. It is the London marketing cartel, which is using the margin of profit, on the basis of an increase in price on the contracts per barrel of oil, which is now using this as the major prop of the world financial system: the U.S.-British-dominated world financial system.”

Earlier, the United States was saved from extinction by Benjamin Franklin—or what became the United States. And after that, by Lincoln, Abraham Lincoln. These were revolutions. They were called revolutionaries. Roosevelt was a revolutionary, even though what he did was nothing but uphold the U.S. Constitution. Lincoln was a revolutionary, but he did nothing but defend the intent of the Constitution. Franklin was a revolutionary, but he expressed the opinion of the highest levels throughout Europe, of civilization.

So, we have had, in European experiences, that kind of thing. For example, we had a dark age in the 14th Century, in Europe, as a result of this Norman system, the Venetian system. We had a rescue from that in the 15th Century, with the birth of the Renaissance. But, then, beginning 1480, with the rise of this fascist Tomás Torquemada, the Grand Inquisitor in Spain, we had a process of attempted breakup of civilization by Torquemada. We had a plunge from 1511-1648 into religious war throughout Europe, which we were saved from by the Treaty of Westphalia.

So, we’ve accosted this thing, in all known history of European and adjoining civilization, of periods of crisis. In times of crisis, sometimes leadership and people come together, and take an action, with great difficulty, which saves civilization, and may take it a step upward.

The basic problem we have, is, as far back as we know, mankind has been engaged in a struggle to free us from a condition, in which some people—a relative few—hold the rest of the people in a condition of virtual or actual slaves, as human cattle: either herded cattle of the type that 80% of the people of the United States are today; or, as hunted cattle, as we treat the people of Southern Africa. That’s the whole thing: The slave system is an example of that. What is that? They

went in there, they killed a lot of people, they hunted them down. The Spanish called them “animals.” They said, “They’re not human. Therefore, we have a right to take them captive, like we take wild animals captive. We kill the strong ones, the old men, the tough ones. We keep the young women and the children. We put the young women and the children into slavery.”

That’s herded and hunted cattle. The rest of us, who are not hunted down that way, were herded. We’re not allowed to know anything. We’re not supposed to be “taught things” above our station.

It’s like the whole fight in the Reconstruction period, the fight around education—away from Frederick Douglass’s policy that the person is *free*, to the extent their *mind* is free; to the extent their development has reached a highest enough level, so *they* are part of society. They’re thinking members of society. They’re free! And once free in their mind, they’ll be free in their body. It went the other way: You can be free in your body, as long as we enslave your mind. And therefore, the educational policy, was “let’s not educate the freed slaves above their proper station in life.” The educational policy in the United States, today: “Let’s not educate our children above the expected kind of employment they’re going to have.” And that’s how we’ve destroyed ourselves.

So, it’s always this kind of struggle: The struggle against the tradition of some people holding other people, as herded or hunted animals. And that’s what’s happened to the lower 80% of our people in the United States today, the lower income brackets. In these times of crises, civilization will degenerate, *unless* someone, in the form of leadership, intervenes and arouses the people, awakens them to a great struggle to fight against this tradition of treating human beings as cattle.

So, we win and we lose. And the most important thing you can do with your life, is find yourself in the midst of a great crisis, like this one, and to be able to act in such a way, that you turn the tide, away from destruction into something good. . . .

The LaRouche Doctrine

In response to another question, LaRouche elaborated on his LaRouche Doctrine for peace in Southwest Asia.

LaRouche: You have an impossible situation. You have a general so-called Middle East war, which is a result of a long phase of orchestration of events in the region; and more specifically, what happened with the collapse of the Soviet Union, in which a new game came into play. And the first Bush Administration played a more cautious role. What Cheney, at that time, as Secretary of Defense, was a bastard—but they checked him. Then, later, under the new Bush Administration, at a later point in the crisis, this guy went loose. And we now have unleashed, as I said, this policy of perpetual warfare, preventive nuclear warfare: an imperial policy! This is not an issue of Iraq; it’s not an issue of Afghanistan, it’s not Syria,



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LaRouche explaining his LaRouche Doctrine on Southwest Asia—to get out of Iraq quickly, with honor, with development. “I’m the only leading U.S. figure, who can be trusted, and that is a view shared by many people in the region; it goes back more than a quarter-century. So therefore, I have to use that, to state a policy as my policy, for what I’ve defined as Southwest Asia, as a policy which the United States should support, once it’s determined that certain representative institutions in the region accept that kind of doctrine, that approach.”

it’s not Iran. It’s global intent. One by one, with the threat of nuclear warfare, to bring these nations into imperial submission.

This creates a situation which we see in Iraq, which from a military standpoint, was insane. Now, in other countries, Cheney would use nuclear weapons. For various reasons, they did not use nuclear weapons *yet*, at least not—except for one incident at the airport, outside Baghdad, where there’s a question about what was done there. They did not use nuclear weapons.

But against Iran, the intention is: nuclear weapons. Either nuclear weapons used by the United States, or by Israel. And the alternative is an Israeli attack on Syria, or a U.S. attack on Syria, in January. The alternative, is either an Israeli—dropping of Israeli nuclear weapons on the oil stations and the nuclear stations in Iran; or the U.S. doing it. Or, the U.S. dropping nuclear weapons on sites in North Korea.

We’re leading an imperial thrust, at the time that the international monetary-financial system is collapsing.

Now, what this would mean: The United States can not conquer the world. We’re a degenerate culture, at the end of our skein, under the present system. Therefore, all this can mean, is U.S. superiority, military superiority, in this way, could lead the whole planet into nothing but a new dark age, of asymmetric warfare.

Under those conditions, you have to respond in a special way, which is what I’ve done. We know that, my knowledge of the Middle East, and my role in the Middle East gives me a special position: That I can be trusted. *I’m the only leading U.S. figure, who can be trusted*, and that is a view shared by many people in the region; it goes back over a quarter of a century, more than a quarter-century. So therefore, I have to

use that, to state a policy as *my* policy, for what I’ve defined as Southwest Asia, as a policy which the United States should support, once it’s determined that certain representative institutions *in the region*, accept that kind of doctrine, that approach.

The second thing that’s required, is that Israel, the Israeli-Palestinian question be resolved, or be put into a form which is assuredly resolvable, immediately. Otherwise you can not bring unity, in effect, for this purpose into the region.

That’s my policy.

Now, this involves a number of complications, which I’ve alluded to in my remarks here today. Because of the sophistry in the situation, the Israeli-Arab conflict is of a special nature: It’s based on—it’s very similar to the religious warfare in Europe between 1618 and 1648. There is no way in which an ordinary conflict negotiation would work. A long period of cultural-religious warfare in the region is not something you can negotiate away, “like that.” You therefore have to introduce a commitment, like that that was introduced by Cardinal Mazarin, in the case of the 1648 Treaty of Westphalia. Therefore, we must bring the concept of the Treaty of Westphalia into play in that region.

Now, what the problem has been, since I first became involved in this problem in this region, on the Israeli-Arab and related conflicts in the Middle East, has been that, you could not succeed in getting an economic development program adopted as the basis for negotiating a solution. Because the Treaty of Westphalia was based on each nation, each person in conflict, must agree to commitment to the “advantage of the other”: That is, must agree to give primary concern to the welfare of the other. That if the parties that have been warring, will commit themselves to the welfare of one an-



The policy of perpetual war pushed by Dick Cheney's faction found its representative after World War II in Harry S Truman. "Truman was the realization of this. Truman was, in effect, a Nazi! The President of the United States, a Democrat! And Truman and the British launched the so-called Cold War policy."

other, then you can have peace. And that's the *only* way you get peace in this kind of warfare, religious warfare.

Now, the issue here, becomes water. You fly over the whole region, you see sand, sand, sand, sand. You see desert. There's lots of territory, but there's no development. There's not sufficient energy, despite the fact petroleum's all over the place. There's not sufficient water. The Israelis have been taking water from the Jordan, from the Litani region, and from the area of Syria. They've been stealing all the water. There's not enough water to meet the requirements of the population inhabiting the area. Therefore, without an energy policy, without a power policy, a power-development policy, without a hydroelectric policy, without a water policy in general, without a growth policy in the region, there *is* no way, to provide true "advantage of the other," through development.

Israel has nuclear power, it has nuclear weapons. But, it doesn't have any nuclear power to take care of its own territory, as well as around it. There's no power. There's not enough water. There's no desalination program, on a scale needed for the population, also.

So therefore, to deal with this, you have to have a commitment, to peace through development. You have to have agreement among most of the powers of the region—this includes Turkey, which is a positive factor here; you have to include Armenia; you have to include Azerbaijan, as a stability factor, as well as dealing with Iran. You must deal with Syria as a state. You must deal with Egypt as a leading state. You must give a sense, that we are giving *security*, to an implicitly increasingly *insecure* set of states in the region. Every one of these states, so-called Arab states, are threatened with destruction, chaos, where government exists today, unless this

changes.

Therefore, you have a situation, where we know we have to hang together, and work together, otherwise, we're all going to go Hell together. Under those conditions, when that perception comes across, and where there's a *commitment* to the solution, I believe that you can get a solution, which you can otherwise not get.

Britain's Imperial Game

Q: Would you go back, and touch on the embracing of the Nazi way of civilization—I'm paraphrasing what you said, I've been taking notes on that—this is when the individuals in Nazi Germany saw that they were going to lose, and they made a determination that the Nazi way of life would survive. How was that effected here. Because, you mentioned that it was embraced by individuals on this side. They already had a relationship.

LaRouche: Um-hmm. Like Joe Kennedy—the father of Jack Kennedy—was a Nazi! That simple! That's why Roosevelt dumped him.

Now, the point was this: It goes back to 1763, when the British Empire first emerged at the Treaty of Paris, as a victory at the close of the so-called Seven Years' War in Europe. So, the Anglo-Dutch Liberal system became, essentially, an empire. From that point on, this imperial group, the Anglo-Dutch imperial group, was determined to have the British system, the Anglo-Dutch system, emerge as a world empire: a permanent world empire, as successor to the Roman Empire; at that time under the leadership of Lord Shelburne, who was about 28 or 30 when this occurred, who became the leader of this process.

Since that time, the British played a game, always in the interest of the Venetian-style, financier oligarchical system, to play the nations of Europe, and other nations, against each other, in such away that nothing would arise from Europe which would be a challenge to the permanent power of this imperial power, based in London. At the same time, the determination was made—again, in 1763—that there would be no nation formed in the English-speaking colonies in North America. That's the general history of the thing.

That struggle is going on to the present time. The system exists. The system also exists *inside* the United States. What this evolved into, in the course of the 20th Century, was the idea of a large British Commonwealth, which would include the United States, as a major part of the British Empire. In other words, the United States became the physically leading element of the intended British Empire—run from London, but with the power of the United States behind it. The center of this was largely in two areas: It was in the New York bankers, such as Morgan, Mellon, Harriman, du Pont and so forth; and in the Southern Confederacy, the legacy of the Confederacy. These two forces together represented the idea of the empire.

Now, these forces, coming out of World War I, the Ver-



“We make an agreement with the people in this area, on a new policy for the entire Southwest Asia region. And we know it’ll work; we can make it work. We just have to get Cheney and company out of the way. I think that, even with idiot Bush, we can handle it.”

sailles Treaty, created a system that wouldn’t work. They knew it. So, a group was assembled, called the Synarchist International, which created every fascist force on the continent of Europe, between 1922 and 1945. So, this was a unit, which was integral to the Anglo-American interest. The Anglo-Americans were the people that *put* Hitler into power in 1933. But then, toward the middle of the decade, they decided that they didn’t want a German dictator of the world. They didn’t dislike fascism. They just didn’t like to have it German-speaking, instead of English-speaking.

So, for that reason, forces behind Churchill turned against people like Joe Kennedy, Lord Halifax and company, who *wanted* Hitler, who were friends of Hitler and Göring, who wanted an alliance between the British and Hitler. But other forces, including Churchill, united with Roosevelt against this. The reason they united was, they said: We are not going to have a continental European-based world fascist system.

So therefore, we had an Anglo-American alliance, around Roosevelt, against Hitler. But, as soon as 1942, after Stalingrad was obvious, and after the ensuing events at Midway in June, where the U.S. Navy defeated the Japanese, which meant that the Nazi empire was doomed—not immediately, but in the long run—at that point, Göring and company began to move. And they decided that this nut Hitler would go on with the war—they couldn’t stop that—but they were going to prepare to create something which would come out of the war as a rebirth of their system.

Now, all the way through, the Göring circles were closely tied to Anglo-American-Dutch and so forth financial interests. That is, there were common stock companies, which

were holding companies, which were owners of the Nazi system, industrial system, and owners also of part of the American system. In July 1944, when the doom of the Nazi system was obvious, militarily, after the breakthrough at Normandy, these guys moved. And they moved through a guy who became—who’s an enemy of mine, but a guy who also became an enemy, François Genoud. François Genoud, in Switzerland (who became one of my notable enemies during the 1980s), was the go-between between the Nazi interests and Allen Dulles, who brought this Nazi system inside the U.S. system, and the British system.

So, Truman was the realization of this. Truman was, in effect, a Nazi! The President of the United States, a Democrat. And Truman and the British launched the so-called Cold War policy. This was moderated by Eisenhower, because Truman brought us to the edge of nuclear war. And, once the United States knew, that the Soviet Union had developed a thermonuclear weapon—deployable—the United States said to Truman: “Retire, buddy! You’re finished.” And they brought Eisenhower in, who was opposed to that kind of policy.

Then, when Eisenhower retired, Allen Dulles and company went back with the same process, unleashed the Missile Crisis, killed Kennedy, and moved on to the Indo-China War—and the transformation of our culture into this so-called post-industrial degeneracy we have today.

Two Forces at Play in U.S.

Q: So that, based on that, at that time of Roosevelt, Truman, Eisenhower—there’re two forces at play? There’re two forces at play: the ones that represent—that Dulles represented; and the ones who would say, “No, this is enough. Enough is enough.”

LaRouche: Or, more—“got to get rid of it.”

Q: Okay. But, there are two forces at play. One, you laid out, was the Anglo-Dutch financial piece. Who was the other one?

LaRouche: That’s us. I mean, in this country, in our institutions, in our traditions, we have a Constitutional tradition, which is not just us living today. It’s something we have from the 18th Century and earlier; it’s a cultural tradition which we have, which is transmitted from generation to generation.

And, you find that people in our government; that is, in the Executive branch, either retired or serving, as military—not Boykin or Miller, but more sane people—that these sane people, certain people in our intelligence services; Colby was like that. Colby was a mixed bag, but Colby was, in a sense, on my side.

So, you had people who were devoted to the American tradition. Because we think of ourselves as being responsible for this country. We’re responsible. I mean, the country needs some leadership. We have to be the repository and supply of leadership, to help pull the people together, to defend our nation.

Q: That group was outflanked in 2000. It was outflanked.

LaRouche: Well, in part. Because Clinton is a complication. Gore, yes; Gore's a terrible character. But Clinton is probably one of the brightest political figures we've had, in high office. But he belongs to this generation. And, he's very bright. He can actually think—unlike many of politicians of the type we have running loose today. They can't think! They really can't! They can scheme, but they can't think. But he can actually think conceptually. But Clinton believes the mystique of his generation. That's his weak point. So, what happened in 2000—what was outflanked was me: What you had, is you had a bunch of racists who excluded me from the election campaign.

And that kept off the platform—in other words, if I had not been excluded, the way I was excluded that year, Gore would have been elected. But it would have been largely to my credit. And, we, Clinton and so forth, and others, would have preserved control over the governmental process. We'd have saved the country. But, when Gore—the damned fool—blew the election, with his nonsense, then you had this Bush thing!

The fascists took over! And Bush is nothing but an idiot, the young Bush. But Cheney and company, and what's behind him, took over. And they were on their way, as I said—as I said in January, before Bush was inaugurated: It was inevitable, because Bush is stupid, because the Administration's party is stupid, we're going into the worst financial crisis, which is already coming on. And because of this, we have to expect that some Hermann Göring is going to do something, like setting fire to the Reichstag, in order to bring about dictatorship in the United States—and that happened on Sept. 11, 2001.

That's the issue.

Now, we've got a point, that I was right. Many people in the institutions recognize that I was right. They don't control the parties, but they are part of our system. And they recognize I was right. And you now have a fight to get rid of Cheney, which happened, because we did it. We haven't got rid of him, yet.

'An Idiot on the Wrong Side' As President

Q: The reason I said "outflanked," is that, it appears as though that group plays power centers within power centers. Within the Pentagon, there's a power group that "answers" to Cheney. And, there is, I think in the State Department—I call them "power centers"—and that they have effectively outmaneuvered the structure that has been in place; but that today, behind the headlines, it appears as though there is a struggle. That there's a struggle within the military, or the military against that group—

LaRouche: Yeah, right.

Q: There is something going on.

LaRouche: Start—look at the way our Executive branch is structured. Under our Constitution, the Executive branch

has an importance which does not exist in any other country in Europe. Doesn't exist. Those are parliamentary systems. Ours is a Presidential system. Under a Presidential system, under a Constitutional Presidential system, it is the Executive branch that acts. Now, the Presidential system doesn't act too well, if you have an idiot as President. We have an idiot who's on the wrong side as President. I don't know what side he's on—I don't know if he knows what side he's on.

But, nonetheless, the people who are *in* the Executive branch—or, like me, who are outside, but part of it—we represent, like professors who are no longer in, or that sort of thing, we represent a core of the Executive branch's Constitutional tradition in the United States. What I did, was I concentrated—while people were trying to play other games—I said, "The only way you're going to stop this crap: You've got to mobilize and assemble a hard core of the professional Executive branch of government, to act with concerted influence and force, to induce the institutions of the country to react, to change this."

And that's what we've done. You see it all over the press. We've spilled the beans. We couldn't act immediately, because you can't raise a coup against your own government! But, we moved to influence—to expose, to expose, to expose, to make clear. And we have, so far, succeeded, and events have confirmed that. So therefore, we have, today, a force inside the United States, which is fighting, against this nonsense. And these are the people, if I were President tomorrow, these are exactly the people I could depend upon, as a President, to move things!

What I'm trying to do on this doctrine, on the Southwest Asia Doctrine, is: If people in this part of the world agree with what I propose, and many do, then the institutions of the United States *know*, that this is the way to go. We move in. We change things. We make an agreement with the people in this area, on a new policy for the entire Southwest Asia region. And we know it'll work; we can make it work. We just have to get Cheney and company out of the way. I think that, even with idiot Bush we can handle it. Because his daddy and company would recognize how dangerous the situation is, and they probably would support it.

So, we could probably get the Executive—even with this idiot, the incumbent President of the United States—to say, that this is policy. If the President of the United States instituted an Executive Order, stating it was this policy—this doctrine is policy of the United States—then we have a deal. Then we can move. We can disengage the troops immediately. Put the country back in the charge of the Iraqis. We can get out of this mess.

But, the problem we immediately face—once you do that, then you got to say, "What are you going to do about Israeli-Palestinian conflict?" And, you've got to find ways—and there are ways to deal with it. You've got to be flexible, somewhat, but you know what your objective is: Your objective is to bring a durable peace agreement, between the two forces.

How Athens Became An Empire, and Fell

From a presentation by Helga Zepp-LaRouche on Sept. 3, 2002, to the Labor Day Conference of the Schiller Institute.

We know a lot about how the beautiful, ancient Classical Greece collapsed, especially from the writings of the founder of scientific history-writing, Thucydides of Athens, who lived from 460 to approximately 404 B.C. Now, he describes also the pre-history of the Peloponnesian Wars—the wars of Greece, and especially Athens, against the Persians, which lasted from 500-479, and then from 470-448 B.C., ending in the Kallias peace between Athens and Persia. Now, in these wars, Athens—which, after all, is the cradle of European, and therefore, also, of American civilization—had to assert itself in many ways. For example, in September 490, there occurred the famous Battle of Marathon, where the military reformer, Miltiades, defeated the Persian army that was three times more numerous, through a double-flanking operation. And then, the famous story was, that one soldier ran all the way from Marathon to Athens to report the victory. And still, nowadays, people commemorate this with the marathon runs.

Athens became the pioneer for all Hellas after the victory over the as-yet unconquered Persians, and was on its way to becoming a political superpower. In 483, it engaged in the construction of a large fleet of 200 ships, and there especially Themistocles, who also was involved in the port of Piraeus, was instrumental. In September 480 B.C., came the victory of the Greeks over the Persians in the naval battle of Salamis.

On the advice of Themistocles, Athens did not take revenge against those Greek states which had cooperated with the Persians. This was a very wise decision, because that is how you get peace—that eventually, you have a peace plan like that.

The result of the Persian wars was that the Persians gave up their intention to conquer, and this gave Greece the political and spiritual freedom to save their mental life. In 478, Athens was asked by the Ionians to become their protector against the Persians. In 477, they founded the Attic Maritime League against the danger of the Persians. This was basically an alliance between Athens and the Ionian cities, which then had to pay tribute. Delos became the seat of that league, and all members had equal voting rights.

From the League to the Empire

In the meantime, Athens became the strongest economic power, and that led to an increasing alienation between Athens and Sparta, which also was manipulated by the Persians. In 470, the son of Miltiades, Cimon, continued the war against the Persians, as the head of the fleet of the Maritime League. And in 467-465, there was a double victory by Cimon in Eurymedon in southern Asia Minor, over the fleet and the army of the Persians. The tensions with Sparta grew.

And in Athens, the process of democratization continued, because Athens was the birthplace of the famous democracy. In 462, Pericles and Elphaeates made a motion that all political decisions and powers should be given to the council, the commissions, the jury courts, and the people's representatives. In 458, you had the completion of democracy, because the so-called third class could participate in the political process, and there was the stripping of the power of the oligarchy. In 460-457, there was the construction of the long wall in Athens, and Athens became the largest fortress of Greece.

Sparta got involved in various alliances, for example, with Thebes. And Athens continued to annex Boetia, Locris, and Phocis, and eventually became hegemonic in central Greece.

In 456, there was the relocation of the bank of the alliance to Athens.

In 444 B.C., at the already-mentioned Peace of Kallias between Athens and Persia, they then moved to the transformation of the Attic Maritime League, into the Attic Empire. As a matter of fact, after the peace with Persia had been concluded, this military alliance had become, actually, superfluous. So, at that point, they should have just abandoned it. But they transformed it into the Attic Empire, and from then on the allies had to pay tribute, as before. Under Pericles, who was annually elected as the strategist, which was an important position, Athens continued on its way to democracy. But, as Thucydides wrote in his book, in reality, Athens was only a democracy in name: In reality, it was the Monarchy of the First Man.

However, it was a mixed situation, because, on the one hand, you had this transformation of Greece into an empire; but, you had, at the same time, this beautiful evolution of thought and Classical culture. For example, in the cultural circles around Pericles, were Herodotus, Anaxagoras, Hippodamus, Sophocles, Phidias, and others.

But, in the meantime, the members of the Attic Empire got reduced to subjects. In 425, more than 400 city-states were members. The big problem was, that the wars against the Persians had gotten more and more under the total leadership of Athens, and the Athenian Empire, and Athenian imperialism emerged.

At the moment of the collapse of the Soviet Union, between 1989-91, George Bush senior declared the New World Order, and basically, the point was to redefine the East-West relationship, and not to just continue with the policy, when there was no longer any enemy. And, then they decided that



“Mr. Bush, beware the Athenians!” In the Athens of Pericles (left) in the mid-5th Century B.C., classical beauty and science contrasted with the turning of political power into empire, as “sole superpower” Athens began dealing with its allies on the basis of might makes right. The Athenian war against Melos was the sign of the imperial disease; the disastrous invasion of Sicily led by Alcibiades (dying, right) sealed Athens’ downfall.

they needed an enemy, for empire controls, and that Islam should be that new enemy.

Now, the allies, whom Athens had been the protector of against the Persians, became the subjects, and had to continue to pay tribute. The Gulf War, which took the momentum away from German unification, cost \$60 billion, most of which the allies had to pay.

There was a reversal of the relationship of the protection and the faithfulness, and Athens developed the reputation of a tyranny. Sparta, which never had any democratic reforms, and where mainly an oligarchical system remained continuously, pursued any alliance to break this power. Thucydides, in his book about the Peloponnesian War—which lasted from 431-404—describes how, out of a limited war, beginning between Athens and Corinth, it became a big war between Athens and the Peloponnesian alliance.

The Melian Dialogue

The island of Melos had remained neutral for several years; and then, Athens demanded that Melos should become an ally. In reality, they wanted it to become a vassal, and Thucydides gives a very fascinating account of this.

The Athenians sent negotiators to Melos, and the Melians said, “Well, you say we can have a calm discussion; that is fine. But, why do you then immediately go to war with us? You obviously insist on having the last word, anyway. If we don’t capitulate, it means war. If we capitulate, it means slavery.”

The Athenians said, “Don’t speculate about the future. We could make the point, but we don’t, that our victory over the Persians has given us the right to rule. But the point is, that only among people with the same power, is there right and law. But the powerful does what he wants, and the weak has to obey.”

The Melians said, “Since you don’t want to listen to law, and [you] argue with utilitarian arguments, consider this: You could be defeated some time, and then your brutality could be taken as a model, and you could be treated in the same way.”

The Athenians said: “What we have to fear much more, is a rebellion of the underlings in our own country. We are here to subjugate you, and discuss how this can be done to the advantage of both of us.”

The Melians said, “How can slavery be as advantageous for us, as for you, the rulers?”

The Athenians said, “For you, it is more advantageous to become a subject, than to die; and for us, it is a plus, that we don’t have to kill you.”

The Melians said, “Can we not stay neutral?”

The Athenians said, “No, because your adversity damages us less than your friendship. Because this would make us, in the eyes of our subjects, weak. And your hostility, on the other hand, is a sign of our power.”

The Melians said, “Since you seem not to hesitate in the face of anything, to impose your power, and are willing to throw the independent countries into danger, would it not be

the greatest shame to capitulate, rather than do everything to resist?”

The Athenians said, “Not if you think. The point is not to prove your bravery, but to exist or not. And not to approve someone who has so much more power than you.”

The Melians said, “But there is hope, that luck is sometimes on the side of the weaker.”

The Athenians said, “Yeah, sure. Hope! But if it promises golden mountains, you only realize through damage, how treacherous it is. Your fate hangs by one hair, so don’t believe in wonder-cures.”

The Melians said, “But God will not let us down, since we are fighting for a just cause and the Lacedaemonians will help us.”

The Athenians said, “Ha! God and the whole world is on the side of the strongest. This is a universal law for all times. And you would act in the same way, if you had the power.”

Melians: “But we can count on the Lacedaemonians, since they can count on our friendly attitude.”

Athenians: “In war, what counts is not attitude, but power! The Lacedaemonians see that more than others. Your forces are too weak to resist. Don’t fall into the trap of honor, which so often has brought ruin to people. Many have been seduced by the nice sound of the word ‘honor,’ and have thrown themselves into self-destruction, through their own stupidity. Be reasonable! Don’t think your honor is at stake, if you give up resistance against a superpower. You still have the choice between war and security: Don’t let your ambition let you take the wrong choice.”

And with that, the Athenians left.

The Melians had a meeting among themselves and discussed that they could not give up their community, which had lasted for 700 years. “We trust in the gods, who have protected us, so far; and in the help of man, the Lacedaemonians; that we can stay neutral. And we will ask you Athenians, now, to retire from our country.”

The Athenians said, “You alone seem to regard the future as more important than what is front of your eyes.”

And they immediately began to launch hostilities against the Melians. After several military operations, the Melians had to surrender to the Athenians, who immediately put to death all the grown men whom they took, and sold the women and children for slaves, and subsequently brought in their 500 colonists and inhabited the place themselves.

Thucydides then describes how, after the death of Pericles, the demagogues Cleon and Alcibiades changed from a defensive strategy, to offensive operations—a kind of early “pre-emptive war” conception—which he characterizes as one of the reasons for the catastrophic development of the [Peloponnesian] war, from an Athenian point of view. The description of the campaign against Sicily is one of the high-points of Thucydides’ book. Supposedly, the Athenians came to the help of the allied city of Segesta against Selinus, which was allied with Syracuse. In reality, they just wanted to make

Sicily a colony. They lost both the fleet and the army, and the surviving Athenians became slaves.

This defeat marked the decisive change in the whole war. In 405 B.C., the Spartan military commander Lysander was able to defeat the last Athenian fleet. The power of Athens completely collapsed and Lysander moved, in 404, into Athens.

‘Beware of the Athenians, Mr. Bush’

So, the famous democracy in Athens was completely imperial. It had a system based on slavery, and Plato was completely critical of it, and said that democracy is just the other side of the coin of tyranny. And, it is very interesting, that the famous tragedian Euripides wrote a play, *The Trojan Women*, which he performed, in essence, at the height of the Peloponnesian War . . . with the launching of the Sicilian campaign in 415. Euripides was completely against this war, and portrayed the war in its full horror, from the point of view of those who were defeated. Already, in earlier years, he had warned: If, in any decision to go to war, everybody had the image of their own death before their eyes, Hellas would not be torn apart by the insanity of war. And maybe that should be given as advice to some of these “chicken-hawks,” today.

It was a tragedy that Classical Greece destroyed itself, by becoming an imperial power. And would it not be a total tragedy, if the United States, which once was “the beacon of hope, and the temple of liberty,” should go the same way? And, is it not alarming, that elder statesmen make this parallel: They say that the Peloponnesian War ruined, first, Athens, and then all of Greece. Today, the danger is that the United States, as the only remaining superpower, is creating the impression with China, with Russia, and other nations, that nothing is more important than military power.

So, that is where we are at, and people in the whole world know it. People know that the United States is becoming an empire. And they also know, that what is at stake is the entire body of international law, as it developed since the Peace of Westphalia in 1648. Bush, the President of the United States, said, explicitly, that he is *for* international law, *if* it is appropriate for our time, and *if* it is in the interest of the United States. Beware of the Athenians, Mr. Bush!

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Brazilians See ‘FDR’ New Deal As Alternative to New Fascism

by Gretchen Small

As Brazil heads towards an Argentina-style social and financial blow-out, that nation’s Vice President, José Alencar, and his Liberal Party (PL), took the lead in urging the Brazilian government to adopt, now, a dramatic change in economic policy, before the nation disintegrates. In a manifesto addressed to President Lula da Silva, issued on May 18, the PL warned that to save the nation, the government must break with the speculators, and return to the production-oriented, regulated economy which Franklin Delano Roosevelt proved in the 1930s can provide jobs and security to a nation’s people, while preserving freedom.

The PL asserted with confidence, that should the Lula government do so, Brazilian society would provide the government the support needed to defeat the speculators.

Comparing Brazil’s record unemployment today—which reached an unprecedented official rate of 13.1% in the six largest municipal centers in April—to the crisis which struck the industrialized countries in the Great Depression of the 1930s, the PL manifesto points to the two alternatives adopted by those countries at that time: either fascism and Nazism, or FDR’s New Deal. It is the latter “model of society, and of the State, that interests us, taking as its point of departure a new economic policy, based on production and not speculation,” the PL wrote.

The manifesto, published in full in *Documentation* following, spells out the framework of measures required: Reduce interest rates “drastically;” increase public investments in infrastructure and job-creation programs. In order to defend the nation from the capital flight such measures would likely provoke, short-term capital controls must be imposed. As if that were not enough to panic Wall Street, the PL document says Brazil would have no problem paying for the needed growth, were it to use its primary budget surplus—which now exclusively goes to pay the debt—to finance this program.

The manifesto sent shockwaves through the Wall Street faction within various governments. Vice President Alencar

had been vociferous about the urgency of lowering interest rates, but the PL proposed far more than mere adjustments in current policy. Brazilian officials scurried to imply that Alencar did not support the manifesto, which was only the work of the “firebrand” head of the PL, Congressman Valde-mar Costa Neto, and the head of the party’s Congressional delegation, Sandro Mabel, who signed it. But Costa Neto quickly informed the press that he and Alencar had finalized the text of the document—which all 44 PL Congressmen support—in the Vice President’s office. Alencar confirmed Costa Neto’s report.

LaRouche’s Warnings Come True

The Liberal Party initiative reflects the thinking of far greater forces than merely the party per se. While issued in the PL’s name only, the manifesto came out of the “National Forum for a State Project” sponsored by that party in the nation’s capital on May 10. Opening the conference, Vice President Alencar had emphasized the importance of the PL’s initiative to promote a debate on the central issues of the Brazilian economy. Speakers at that day-long conference were not limited to the Liberal Party, but ranged from the president of one of the country’s trade union federations, *Força Sindical*, Paulo Pereira da Silva, to the president of National Federation of Industry (CNI), Armando Neto, and the president of the Brazilian Association of Textil and Clothing Industries (ABIT), Paulo Skaf. Prominent economists reflecting a range of national opinion, also participated.

One of those panelists was Marcos Cintra, Vice President of the Getúlio Vargas Foundation. Cintra was one of many members of the Brazilian elite who had an opportunity to hear U.S. statesman Lyndon LaRouche, during the latter’s weeklong visit to São Paulo in June of 2002, elaborate his warning that Brazil could not survive, did it not face up to the fact that the dying system of the International Monetary Fund (IMF) and free trade, as a whole, must be replaced by a return

to American System economics as typified by Franklin Roosevelt.

Cintra, then a prominent Congressman, was one of two commentators invited to respond to LaRouche's address to the São Paulo state Alumni Association of the Superior War College (ADESG) of Brazil. Cintra did not agree, by any means, with everything LaRouche said, and specified, in particular, that he had differences with what LaRouche had presented as to the causality of the crisis. But, Cintra stressed more than once that LaRouche "taught us that we can't stick only to small, transitory, immediate day-to-day questions," but we must develop a long-term, strategic analysis of our situation. (See EIR, July 26, 2002).

That shift to a strategic approach, is what is now occurring in Brazil. Anger at the Lula government's fervent continuation of the IMF policies of the Cardoso government which preceded it, has been building, but until recently, the government could quiet some of the opposition by claiming these policies enabled Brazil to pay its debts. The new phase of the global financial crisis which began April 2, triggering a run out of Brazilian paper by international financiers, shredded that delusion.

As *EIR* warned would happen the moment that international conditions shifted, Brazil—the largest debtor in the Third World—is now heading toward default on its estimated \$500 billion in foreign obligations. On May 19, the Brazilian Treasury Ministry was forced to tap into its cash reserves in order to meet an exceptionally large debt payment of \$10.6 billion that came due. Because the government had been forced to cancel three bond auctions during May—when investors demanded interest rates of over 18%—it had to pay with its reserves instead of covering the debt payment with new bonds.

Wall Street's Bloomberg wire service then reported on May 24, that Brazilian private companies are also paying off dollar debts as they come due with cash, rather than pay the interest rates demanded to roll them over. How much longer will they have the cash to do that?

Any thinking Brazilian recognizes, that the issue is no longer *if* Brazil will default, but *how* it will do so: Can sufficient institutional forces be brought to bear to force the government to impose an orderly bankruptcy reorganization in time? Or, will the government continue its suicidal commitment to paying a debt which cannot be paid, until it blows out like Argentina's did in December 2001, taking the government, the banking system, and the nation down with it?

Brazil's Own Roosevelt Tradition

Other sectors have moved beyond calls for specific adjustments in the country's suicidal policy (lowering interest rates, lowering the primary budget surplus extracted to pay debts, etc.), to planning how to effect the radical, Rooseveltian change in strategy required.

On April 19, Brazil's National Bank for Economic and Social Development (BNDES) held a seminar on "Vargas

and the Mission of National Development," to mark the 50th anniversary of the death of Gertúlio Vargas, President of Brazil from 1930-1945 and again from 1950-1954.

Despite everything the neo-liberals and globalizers have done to stamp out Vargas's legacy in Brazil—the self-proclaimed goal of President Fernando Henrique Cardoso in his two terms in office in the 1990s was to "de-Vargas-ize" Brazil—the legacy of this great President lives on. Vargas and FDR worked closely together on matters of war and development after their first meeting in 1936—so much so, that U.S. Senator Edward Burke reported some years after FDR died, that FDR had said "the New Deal had two creators. I'm one of them, and the other is President Vargas of Brazil." Brazil's state oil and steel industries, and BNDES itself, were established by Vargas, whose team collaborated with FDR's people on the great task of industrializing Brazil.

BNDES's announcement of the seminar was itself a pointed intervention into Brazil's crisis: "The cycle of seminars intends . . . to provoke a broad reflection on the present and future of Brazil, taking as a reference the Vargas Era, the wellspring of the great social and economic transformations of the country in the 20th Century. It will be an opportunity to revive that which is contemporaneous and inspiring for new generations in his vision of Brazil, in light of the relevance of his basic themes, such as the necessity of a rigorous national mission, the defense of sovereignty, the defense of territorial integrity, and industrial development as the basis for the material progress of the Brazilian people."

BNDES's mission, its president Carlos Lessa told *Jornal do Brasil* on May 5, is "to build the future." The future has no relationship to the market, which is only for the present. "What backs up the BNDES? The future of the country. The market doesn't do this. Does the market have any interest in the poor person who doesn't have money for anything?" What the country needs to grow, Lessa insisted, is public investments. The government must increase its rate of investment to a minimum of 20% of its Gross National Product, focusing on such areas of high social return as sanitation, civil construction, and infrastructure.

Documentation

'Change Economic Policy To Save Brazil'

This manifesto was issued on May 18 by the Brazilian Liberal Party (PL), addressed to the President of Brazil:

Brazil at present is experiencing the worst social crisis in its history, caused by unprecedented rates of unemployment,

underemployment, and social marginalization. This has forced millions of Brazilians to resort to survival strategies that rest on the fringes of legality, if not outright illegality, and are reflected in intolerable levels of criminality and lack of security for our citizens, especially in large urban centers. Social stability is compromised, and, should the situation not be reversed in the short term, our very political stability will be at risk. Having held a seminar with its most articulate leaders, as well as invited guests, to evaluate the situation and propose alternatives, the Liberal Party is convinced that we hold in our hands the solution to overcome this crisis, in the form of a change in the current economic policy, inherited from the previous government, to lead us once again back to economic and social prosperity.

Brazil's current crisis of un- and underemployment, which is unparalleled in our history, and can only be compared to the Great Depression of the 1930s in the industrialized countries, is the direct consequence of the economic policy adopted at the beginning of the previous government, and intensified by the current government. In the past, social crises caused by high unemployment, in the context of the old liberalism, resulted in dramatic options for nations. Some followed the fascist or Nazi path. Others, on the other hand, followed the route of social democracy, through regulated capitalism, so passionately drawn upon by the United States of America with President Roosevelt's New Deal. It is to this [latter option] that Western civilization owes the principle and the reality of the social welfare of the State, reconciling political freedom with material progress and social well-being. It is this model of society, and of the State, that interests us, taking as its point of departure a new economic policy, based on production and not speculation.

His Excellency Luís Inácio Lula da Silva:

In the face of high unemployment, and the depreciation in workers' wages, it is therefore fundamental that a policy of full employment be adopted, along the lines of that implemented over the past four decades, during the New Deal, and throughout the post-war period, by advanced industrialized nations. To do so, it is first necessary to drastically reduce interest rates; and, secondly, that the State increase its expenditures so as to expand effective demand and stimulate private investment and employment. Public expenditures are crucial to mobilize productive capacity and generate employment without increasing the tax burden. In the Brazilian case, deficit spending won't be necessary to launch a recovery program. It were sufficient only to reduce the primary budget surplus, now at R\$70 billion annually.

These resources, in addition to current budget funds, would be more than sufficient to provide financing for basic public services, such as transportation, energy, education, health, sanitation, housing, agrarian reform, defense and public safety. It should also be clarified that the use of the primary surplus for this program to rebuild the State would not be inflationary, once the expenditures were covered by current

tax revenue. Moreover, the depressed levels of consumption stemming from high unemployment and low wages, would, at the beginning of the program, carry no risk of inflation in demand. The combination of lower interest rates, and increased public funding (financed by the reduction of the primary surplus), would guarantee the immediate takeoff of the economy, through higher demand and private investment, and the creation of hundreds of thousands and millions of new jobs. In the meantime, to insure that this were done without capital flight, it would be necessary to adopt capital controls for the short term.

A full employment policy would not be to the liking of the speculators and financiers who benefit from unregulated capital flows. The Liberal Party therefore believes that we are facing a situation in which, either we continue to please the speculators—as has been the case since the previous government, thus aggravating the social crisis—or we confront the social crisis caused by high unemployment, by regulating capital flows in some fashion, to permit an expansive fiscal-monetary policy. In all of this, it is important that we indicate clearly to investors that we are committed to meeting all of our internal and external obligations.

Our message to the world must be: Yes, we shall meet our obligations; but, we shall do that through an increase in production, in employment, of exports, and not through the reduction of internal consumption or the mass unemployment of Brazilian citizens. This must be the firm message to the multilateral agencies, most notably to the International Monetary Fund and World Bank. Eventually, it will be necessary to obtain the support of these agencies to confront speculative attacks against the new economic [policy] we adopt. But, this shall have to be in accordance with the development strategy that we adopt, and not with the failed macroeconomic criteria imposed on us for almost a decade, and which instead of producing solid economic results, led us to disastrous social consequences.

The PL, which was President Lula's partner in the elections, and wishes to continue to be his loyal ally, understands that the time has come to change economic policy to save Brazil. The economic policy we are proposing is the one we promised during the election campaign: a shift from the axis of capitalist accumulation of the speculative financial system to the productive system. The PL is confident that it reflects the aspirations and objective interests of the majority of the Brazilian people, when it proposes this new policy. We recognize that there are powerful interests opposed to such a change, and that many of those interests may try to sabotage an alternative program. President Lula must know that he can count on our support and that of Brazilian society, to implement this new policy despite the resistance, the opposition, and the sabotage. He may always rest assured, as we do under his firm leadership, that he is applying a policy of the people, by the people, and for the Brazilian people.

Probe of Parmalat Crash Finds Systemic Crisis

by Paolo Raimondi

On Dec. 18, 2003, the New York office of the Bank of America declared that a letter of the bank dated March 6, 2003, confirming the liquidity of 3.95 billion euros in a banking account of Bonlat Financing Corporation—a financial holding controlled by the Parmalat conglomerate, was false; the house of cards of the gigantic international fraud of Parmalat collapsed. Lyndon LaRouche called it the most explosive example of a systemic crisis which could explode the global speculative bubble. It had produced a bankruptcy “hole” of at least 14.3 billion euros and wiped out the savings of hundreds of thousands of families.

Parmalat, a major agro-industrial conglomerate with factories in 35 states and 36,000 workers, had been, over the years, transformed into a financial gambling house that used its pieces of the real economy merely as a cover for speculation. Its crash involved all the big international banks, Italian state institutions, and related agencies world wide.

At the beginning of this year, in January, an Italian Parliamentary Commission for a Preliminary Inquiry on the bankruptcies of Parmalat and Cirio (another financial swindle involving another agro-industrial firm which exploded some time earlier) was created, with members of the Finance Committees and the Industry Committees of both Chambers of the Parliament. The Commission worked for weeks, calling all the economic authorities of the country to testify, with the aim of formulating proposals for stronger and better regulation to avoid similar crises in the future.

A review of several hundreds of pages of the transcript of the hearings proves that a systemic crisis of international dimensions is involved in Parmalat’s collapse, and shows why many Italian politicians familiar with LaRouche’s ideas are involved in initiatives for a New Bretton Woods reorganization of the collapsing financial system.

Call for International Action

Sen. Riccardo Pedrizzi, one of the four presidents of the Commission, opened the work saying that “We are facing an epochal change in the economic-financial constitution of our country, and we are convinced that, as Keynes said, when the development of the capital of a nation becomes a by-product of a casino, things are probably not going to work well. It is the task of politics to investigate what is wrong and to give

immediate answers.” And the Commission’s final document, which proposed new rules and controls over banking as contained in the Sarbanes-Oxley Act in the United States, called (if timidly) for some type of international action: “As becomes clear also from cases occurring elsewhere, as in Europe and in the U.S.A., the Italian cases confirm the complexity of the problems which, because of the interactions of subjects operating globally on the world financial markets, demand coordinated interventions both in national legislation, and on the level of the supra-national organisms and of international cooperation among the States.”

Finance Minister Giulio Tremonti testified on Jan. 15 that with Parmalat, we are facing a financial, not an industrial crisis. The phenomenon from which to start to analyze the origins of the present crisis, Tremonti said, has developed in an exponential way in a very short time: euro corporate bonds, which in the past five years grew to the level of 80 billion euros, or 7% of the Italian GDP. Tremonti identified three phases in the evolution of the Italian financial market for corporate credit: 1) from World War II until the 1980s, when state-based credit institutes issued loans to industrial sectors through protected and privileged emissions of corporate bonds; 2) the 1990s with the spread of emissions of bonds directly on the “euro-bond” market; and 3) the latest phase where companies issue bonds with the help of banks, primarily into offshore markets. This last phase, Tremonti explained, involves the pathology of banks transferring their risks, sometimes “by force,” to others—funds and savers—through the sales of company’s bonds offshore. It also opens up the pathology of companies bypassing restrictions imposed by the legally-allowed ratios between capital and level of debt emissions. This has been possible in the process of progressive “liberalization” of the markets—called “deregulation” in Britain and America.

Antonio Fazio, governor of the Bank of Italy, was put under tremendous pressure during the hot phase of the Parmalat scandal, accused of having failed in his responsibility of supervision and control of the banking and financial system of the country. The discussions revealed a very significant deformation of the role of the Bank of Italy, as Andrea di Teodoro, of Forza Italia, and other Deputies pointed out. By law, the majority of the shares of the Bank are supposed to be in the hands of state-owned or state-based banks or other economic institutions; but after the “revolution” of 1992 (the “Clean Hands” corruption scandals, deregulation, privatization, etc.) they have been sold on the market to private interests. In other words, the Bank of Italy is controlled by the same private interests the Bank is supposed to control!

Fazio pointed the finger in a number of directions, which give a clear picture of a global systemic crisis. He described the internationalization of financial operations through the use of uncontrolled offshore markets; since 1997 (the financial fraud of Parmalat can be traced back 15 years) 32 bond emissions were made for Parmalat, for a total of 7 billion

euros, through some of the most important foreign banks. The last one was done by Deutsche Bank on Sept. 29, 2003, weeks before Parmalat's explosion, with the high rating of "investment grade"; "even at the beginning of December [2003], two international banks gave positive evaluations on the perspectives of the group and its titles." Fazio said that "nobody understood the problem," but since all the major players involved knew of the financial fraud being committed by and through Parmalat, this is how today's financial system functions.

Beware of Delaware

Lamberto Cardia, President of Consob—the Italian equivalent of the Securities and Exchange Commission (SEC), another regulatory institution accused of failing in its task—pointed to the role of the offshore markets, including that of the American state of Delaware—in the last stage of the Parmalat meltdown. Bonlat Financial Corporation, the financial holding controlled by Parmalat with headquarters in the Cayman Islands, played a crucial role in the mushrooming of this bubble. Bonlat had provided on March 6, 2003 a Bank of America letter of credit proving the availability of liquidity of 3.95 billion euros. Consob could not regulate Bonlat because it was out of Italian jurisdiction.

Cardia detailed how Parmalat's 2002 budget was certified in April 2003 by Deloitte & Touche and Grant Thornton. On Aug. 20, 2003, Consob obtained the famous Bank of America paper and began to exercise pressure on Grant Thornton to prove its validity. Pinned down, Grant Thornton on Dec. 17 had to officially demand a confirmation from Bank of America. At that point, the entire credit scheme collapsed. Clearly, Bank of America was aware of all the problems and investigations, but spoke out only at the very last minute and only when compelled to do so to avoid bigger legal and financial involvements. Deputy Bruno Tabacci, member of the government coalition party *Unione Democratici Cristiani* (CDU) and president of the Finance Committee of the House of Representatives, directly challenged Bank of America's behavior and participation in the fraud: "On Dec. 19, they sent a fax saying that there was no money on the account; but earlier, the same bank had sent a fax saying that the liquidity was there."

Giuseppe Tesauo, President of the Authority for the Control of Competition and Markets, the third institution which should have intervened in the dirty financial deals of Parmalat, explained the involvement of American financial networks in Parmalat's takeover of Cirio and simultaneous sell-off of part of its own conglomerate, christened Newlat. This led to the Delaware unregulated financial market and to speculative entities entirely controlled by the venture capital fund Endeavor Capital Management LLC.

The parliamentarians' consensus was that the entire global financial process is out of all traditional institutional controls, and that the financial speculative schemes into which

corporations are drawn destroy the healthy industrial structures underneath, undermining employment and sucking the entire saving of hundreds of thousands of families. The majority of the Commissioners called for emergency measures to be taken. Most interventions limited themselves to calls for more rules and strict controls along the line of the American Sarbanes-Oxley Act which followed the Enron scandal.

New Bretton Woods Solution

But those parliamentarians familiar with LaRouche's analyses and his proposal for a "New Bretton Woods" monetary reorganization, made valuable interventions in the right directions. Sen. Ivo Tarolli, of the *Unione Democratici Cristiani* (UDC) in the present government coalition, who in the past had presented a motion for a New Bretton Woods and participated with LaRouche and Sergey Glazyev at a conference in the Duma in Moscow, asked "how it can be possible to create connections with the Federal Reserve and the Tokyo authorities to put under control the dirty financial operations and the fiscal paradises?" Senator Pedrizzi, a member of *Alleanza Nazionale* (AN), also in the government coalition, introduced the taboo issue of financial derivatives: "How are the derivative products counted and controlled? In the past year, derivatives world wide increased at least 50 times. One even does not know how these types of bets are classified on the budgets; they do not have any relation any longer with the industrial or trade values underneath. How are they checked by the Bank of Italy and by the Consob?" The answer is unknown.

Mario Lettieri, Deputy of the opposition party *Margherita*, author of the last motion for a New Bretton Woods introduced with 50 other parliamentarians last February in the Chamber of Deputies, denounced "a radical liberalism that is creating major disasters to our national economy, not to speak of the international economy." Rocco Buttiglione (UDC), minister for relations with the European Union, underlined that "we should not forget that the offshore centers of the Cayman Islands and the Isle of Man are under the jurisdiction of the British crown." Alfonso Gianni, of the *Rifondazione Comunista*, added: "I am aware that some of these measures (of financial reform) must find a place where they will be then applied, a place which must be international, European, and worldwide, to realize the regulation of the global financial markets. . . . There are orientations of thought—that are also very active in the ongoing American elections campaign—that would like to reintroduce forms of governance of the world financial and economic system along the model of the past Bretton Woods."

This author, president of the LaRouche movement in Italy, issued a call to the members of the Commission to create immediately a working group of parliamentarians to take initiatives nationally and internationally to prepare for the organization of a conference at the level of heads of state and government, like the Bretton Woods meeting of 1944. The statement was widely reported in Rome.

Water Price Inflation Was 40 Years in Making

by Marcia Merry Baker

Increases in water rates, besides fuel costs, and the many other rising expenses households and businesses face, belie the claims that “inflation is under control.” Moreover, there are regions—such as the Lower Rio Grande Valley, where for large periods of time, there is no water to be had at any price! Some examples of water utility rate hikes under local discussion as of June are in Torrington, Wyoming (78%); Sioux City, Iowa (43%); Kenova, West Virginia (50%); Tolumne, California (37%); and the list goes on. These water price increases are part of an overall hyperinflationary process now worsening by the day.

But the particulars of how the water situation got this way—part of the degradation of all key components of the household’s market basket, including power, housing, medical care, public health, transportation, and education—are need-to-know basic economics for every citizen.

First, *money* is not the issue, and no tinkering or “reforms” will help. All aspects of the water crises—soaring costs, shortages, pollution, and navigation breakdowns—came about through the overall downshift of the U.S. economy over the past 40 years from a production-oriented society, to a non-productive one based on free-trade and speculation; politely termed “consumer-driven.” This is what must be rectified, and on an emergency basis, as in the 1930s FDR period.

Some of the parameters of today’s U.S. water crisis, in physical terms, are the following. On the supply side, there are large parts of the nation in chronic shortage, including the several states of the Lower Colorado (California, New Mexico, Nevada, Arizona); the cross-border area of the Rio Grande Basin (the Rio Bravo); and coastal regions of salt-water intrusion into groundwater, including Florida, Tide-water Virginia, Long Island, New York, and others.

Secondly, there are aged distribution systems for public supply. In 12 years, the Environmental Protection Agency projects that 50% of the nation’s 700,000 miles of water pipes will be in poor condition, or broken. As of 2000, there were about 237,000 water-main breaks a year—650 per day—and chronic leaks in pipes, losing 20% of the flow in some aged town systems. Thirdly, the navigation systems of locks-and-dams have a vast deficit of maintenance and upgrading; and the smaller, upriver “watershed” dams built as a vast network for land improvements under Agriculture Department auspices, have thousands of structures way beyond engineering life and long overdue for rehabilitation.



On the subject of water infrastructure: Lyndon LaRouche met with Arkansas State Representative Larry Prater and Mrs. Prater during a campaign visit to Little Rock on May 11. They discussed the threatened shutdown of the decades-old Ouachita-Black River navigation system of the Army Corps of Engineers.

Thus, both the condition of the land and water resource base, and the infrastructure inventory necessary for the economy, has been undermined. Moreover, water utilities and municipalities have incurred worse and worse debt burdens. Some have experienced the special damage from recourse to privatization, as in Atlanta, Georgia, or East Cleveland, Ohio, where the water systems were sold off and looted, under pretense of “savings” to the public.

The navigation issue came up as a special topic of concern during Presidential candidate Lyndon LaRouche’s recent campaign swings to the Ohio-Mississippi System, when he visited Kentucky on May 5-6 and Arkansas on May 9-12. State legislators and constituency leaders pointed out the dramatic particulars of the impact of the inadequate funding for the Army Corps of Engineers, on locks and dams. In Louisville, at the McAlpine Dam on the Ohio, credit has stalled out for the \$350 million project to replace two smaller aging locks with a 1,200-foot auxiliary lock, to serve alongside the existing main 1,200-foot lock. The new auxiliary lock was to have been completed by 2008. But now, who knows? Contractors have sought private interim-financing just to keep the project alive. Resort to this expediency will not solve the problem of repairs on the scale needed up and down the Ohio—in particular, on the other five Louisville District locks-and-dams: Cannelton, Newburgh, John T. Meyers, Smithland, and Olmsted. All told, there are 981 miles of the Ohio River, from Pittsburgh to Cairo, Illinois, with key locks and dams along the way.

At a meeting in Little Rock May 10, Rep. Larry Prater (D-83rd District), provided LaRouche with a dossier of material on the threatened shutdown of the decades-old Ouachita-Black River navigation system, which is a core part of the Vicksburg District of the Army Corps of Engineers (see box).

There is a backlog of some \$35 billion in already-au-

thorized Army Corps water infrastructure projects. This, plus the recent cuts in the Corps' minimal civil works budget levels, has led to threatened shutdown of many sections of the U.S. national inland navigation and water management grid.

The ratios of water availability and use—per sector and per capita, in the 1960s and through the present—provide the best understanding of the takedown process we must reverse. In April this year, the U.S. Geological Survey released its latest update on trends in water use in the United States, 1950-2000. As of 2000, an estimated 1430 gallons a day per person was in use in the economy (industry, agriculture, residential, power generation, etc.). This contrasts to, for example, 1965, when per-capita usage was at the much higher level of 1560 gallons per day. This 35-year decline does not represent “conservation,” but rather shows contraction of economic activity, and lack of infrastructure.

From 1950 to the mid-1970s, water availability and usage increased in the United States, both in absolute volume, and per capita, as water management infrastructure—impoundments, conveyances, wells, irrigation systems, etc.—were built up, and provided the water for increased consumption in industry, agriculture, residential, power generation, and other uses. Then, from the 1980s through the present, as outsourcing of industry and food importation increased, and infrastructure projects were cancelled that would have provided new water supplies, both the total and the per-capita water usage in the economy declined outright.

Annual per-capita water use has fallen as follows:

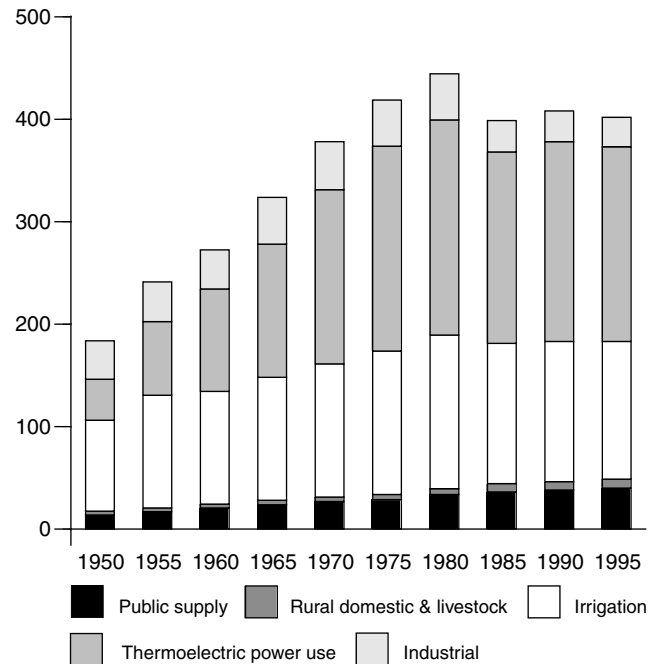
Year	Gallons Per Day/Person
1965	1560
1975	1941
1985	1646
1995	1505
2000	1430

Figure 1 shows the total water usage estimates, and the sub-categories of economic activity, from 1950-1995. The sub-category of industrial usage, for example, when considered per capita, shows a dramatic drop over the past 40 years, falling from 235 gallons per day down to barely 110 as of 1995.

Inevitable, because of resource depletion? Not at all. In the 1960s, the plans were underway for providing continuing expansion of water supplies, through new infrastructure projects. In other words, there were intended capital improvements at a rate to counter the rate of expected depletion of resources over the coming decades. These were of two types: 1) water conveyance; for example, the large-scale North American Water and Power Alliance; and 2) desalination of seawater, and inland brackish water—especially nuclear-powered desalination for mass volumes. The North American Power and Water Alliance plan was designed to re-direct southward, water now flowing into the Arctic; but the plans were shelved as of 1970. Desalination research work was also

FIGURE 1
U.S. Water Usage, Total and by Sector, 1950-1995

(Billions of Gallons per Day)



Source: U.S. Geologic Survey.

discontinued, when the Office of Saline Water in the Interior Department was shut down, and the nuclear program discontinued.

The rationale for thwarting these needed infrastructure projects was presented under various ruses called, “environmentalist,” or fiscal-conservatism, etc. Moreover, anti-infrastructure financial interests—explicitly including the Federal Reserve—decreed that water scarcity was a fact of life, and the “market place” should determine *rationing by price*. Under these policies, even replacement and repair of urban water systems was suppressed.

The physical resource base itself reflects the folly of the last 40 years of lack of infrastructure intervention. For example, the aquifer levels in many states have dropped by many feet, under recourse to overpumping when no other water supplies were made available. The Rio Grande River is now a dry bed in its lower reaches.

In the short term, what’s required is a go-ahead by Federal commitment, with appropriate state and local involvement, on the many ready-to-go projects—both for maintenance and start-up—in the various categories of water management. These include urban rehabilitation of water treatment and distribution systems; the entire \$35 billion back-log of Army Corps of Engineers projects—authorized, but not funded; and so on. Going ahead with these overdue projects would create

the basis for millions of jobs directly, and in secondary impact in industry and services.

At the same time, make-ready must be undertaken, to start the needed largescale projects, in particular the North American Water and Power Alliance and its related projects for the North American Desert. In 2002, LaRouche called for a “Su-

per-TVA” approach, and for a national priority to be the “Great American Desert” program—for water, power and transportation in the southwestern United States and Northern Mexico. In the long term, this kind of approach means that through man-made interventions, the “natural” resource base itself can be transformed.

Fight To Keep Dams Open

Shown here is the Columbia Lock and Dam on the Ouachita River, located in the Vicksburg District of the Army Corps of Engineers’ Lower Mississippi Division. Under Bush Administration budget cuts for the Army Corps of Engineers, this dam, and the others on the Ouachita-Black River system, were to be shut down imminently. A core of state legislators and Congressmen mobilized against the shutdown, holding an emergency field hearing April 29 in Camden, Arkansas. On May 6—just 12 days before the state primary—Arkansas Gov. Mike Huckabee (R), under fierce pressure, announced that the White House had told him it would relent, and authorize \$8 million additionally in Fiscal Year 2005, to keep open the Columbia and three other installations. What the follow-through will be, is not known.

In fact, the Army Corps has other installations under the same threat. The American Civil Engineers Society points out that thousands of non-Federal dams and water structures are also in bad need of repair. All in all, there are some 78,000 dams in the U.S. National Inventory of Dams, which continue to age and deteriorate. There were 21 dam failures in 2001-2003. Going ahead with all the “off-the-shelf” proposals for maintenance, rehabilitation, and replacement projects would mean a huge and immediate boost to job creation, and bill-of-materials orders for industry.

The worth of the projects in themselves is self-evident. Rep. Larry Prater (D-83rd) in Arkansas, a leader of the mobilization on behalf of saving the Ouachita-Black River infrastructure, participated in the April 29 emergency field hearing, and provided a dossier from the hearing to Lyndon LaRouche on May 9 in Little Rock, and to *EIR*. His wife Janice, running for the 83rd District seat in November to succeed her husband, stressed in a May 7 interview, “That is a depressed area to start with. All up and down the Ouachita River, that runs through Arkansas . . . people depend upon it for the economy in that area.”

Excerpts from the Arkansas Legislative Interim Committee on Agriculture, Forestry and Economic Development’s resolution calling on Congress to restore the funding for the locks and dams on the system, indicate the importance of the dam:



“Whereas, the Ouachita-Black Navigation System provides multi-use benefits including transportation, water supply, recreational use, fish and wildlife habitat, economic development, conservation of the endangered Sparta Aquifer, flood control, and community river front redevelopment; and

“Whereas, the Ouachita-Black Navigation System is composed of 336 miles of 9-foot draft channel with four locks and dams and 23 Federal recreational areas, and, as a tributary to the Mississippi River System, it is an artery of commerce bringing products of Louisiana and Arkansas to world markets and world resources to multiple locations within the region . . .;

“Whereas, numerous municipal and industrial water supply intakes are dependent upon the pools formed by the four locks and dams that are being abandoned under this proposal; and

“Whereas, for every dollar invested in operations and maintenance, there is a return of \$14.10 in benefits; and

“Whereas, increased highway damages, increased fuel consumption, higher accident rates, increased air pollution, and higher consumer transportation costs and, most importantly, loss of jobs will follow diversion of cargo from waterways to other modes of transportation; and

Whereas, water transportation is approximately 5.5 times more economical than trucks, and a gallon of fuel moves a ton of cargo some 514 miles on the waterways and only 59 miles by truck . . .”—*Marcia Merry Baker*

Mass Unemployment Costs Productivity in Germany

by Rainer Apel

Unemployment is expensive for a society: Billions of dollars are spent to support jobless workers, engineers, and scientists whose skills could generate enormous productive output, but are prevented from working in their profession. This problem in Germany was frankly and clearly addressed, in a new report issued by the Nuremberg-based Institute of Labor Market and Profession Research (IAB). The IAB, linked to the national unemployment agency of Germany, on May 17 published its report for the year 2003, which revealed that unemployment burdened the state with net budget expenses of 83 billion euros that year—10% more than the year before. The 83 billion cost is split into two categories: 1) 53% in terms of direct payments to jobless Germans, and 2) 47% in terms of lost revenue in taxes and social insurance not paid by the unemployed. Especially alarming is the fact that the state had to compensate for an extra loss of 18% in revenues from employees' and employers' payments into the public social insurance fund in 2003 (both pay into the fund, in Germany—ed.). This gives an indication of how fast the deepening economic depression is eroding the social welfare and public health system in Germany.

Two-thirds of the increased unemployment expenses affected the Federal budget, in 2003; the remainder affected the budgets of the German states and the municipalities, pushing the latter into an even more precarious fiscal situation, as they only get a minor share of the national tax revenue.

3 Million Jobless Unaccounted

The IAB report also reveals the fraud of incorrect, manipulated official labor market statistics, which, after a statistics “reform” two years ago, now list any employment as “a job,” be it one for a single hour or 40 hours per week. Neither is the “silent labor reserve” included in the official labor market statistics: This category consists of about 3 million Germans at working age who are not registered with the unemployment offices because they have either given up any hope of finding a job through the unemployment administration, cannot work because of illness or family obligations, or are taking part in state job creation and professional re-training programs. The IAB estimates the national German labor force at about 45 million—and since only 37.7 million registered jobs exist, there is actual unemployment in the range of more than 7 million. Thus, there remains a gap of 3 million beyond the 4.2

million Germans registered as unemployed at the end of 2003.

As bad as these figures are, they still do not tell the whole story about the disastrous effects that protracted mass unemployment has on the German national economy. The IAB report indicates the effects on the private sector economy, in addition to the burden they have on the state budgets. The IAB concludes that in terms of goods not produced, services not provided, investments not made, and lower consumption, mass unemployment burdened the GNP of Germany in 2003 with a net loss of 250 billion euros. The year before, the net loss was said to be 230 billion. This is an estimate, made on the basis of taking into account what output the German economy at full employment could yield, at present levels of skills of the full workforce of 45 million. The estimate even takes into account that modernization, restructuring, maintenance and other measures that take components of industry out of the production process temporarily, would make 620,000 Germans jobless for a certain period anyway, even under full employment conditions.

Germany is not only far away from full employment, it is suffering from a continuous net loss of available jobs. At the beginning of 2003, Germany still had 38.7 million registered jobs—ranging from full-time to part-time jobs. Now, in the Spring of 2004, there are 37.7 million registered jobs—one million fewer than 15 months ago. In the first quarter of 2004, there were 139,000 fewer jobs available than in the same period of 2003; and during the fourth quarter of 2003 alone, already 233,000 jobs were eliminated, which means that chances of getting the 4.34 million officially-registered jobless back to work are diminishing, by the month.

Moreover, firms tend not to employ new staff, but rather to remobilize workers who are on short-work whenever increased sales options justify an increase of production output. For example, in April, short-work figures shrank by an amazing 27%, due especially to workforce remobilization in firms of the machine-building sector, which saw a net increase of exports by 2% (the only sector with an increase) that month.

Unlike sectors of industry that produce with mass assembly lines and relatively low-skilled workers, the machine-building sector depends on high labor skills and on a precision of production that qualifies German machine-building products in numerous branches as the best in the world. Machine-building firms usually hesitate to fire staff, because the skilled workforce at these high levels is hard to get on the normal labor market. Therefore, they “park” some of their workforce in short-work, which also guarantees higher pay for the workers than under state jobless support.

The IAB team measured national productivity of Germany on the basis of presently available skills. With the LaRouche Eurasian Land-Bridge Development proposal, the specter of increased production of machines and machine-tools would greatly increase the skills of a larger share of the working population. The net loss of productive output from not implementing the LaRouche program, would be far above the 250 million euros annually, which the IAB estimated.

Homeowning Since 1978 Shows ‘Two Americas’

by Paul Gallagher

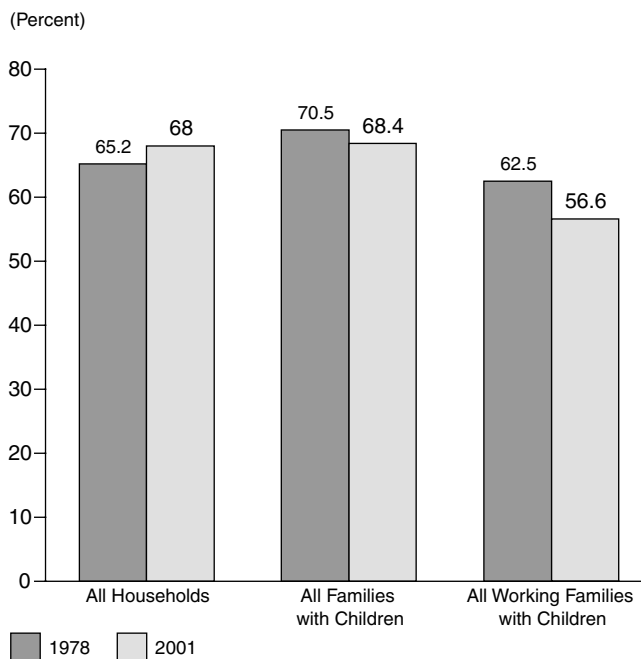
Since the bond and mortgage markets began to fall in the G-7 countries at the beginning of April, attention has been focussed on the sharp fall in new home construction and sales in the United States (21% and 11.8% down respectively, from March to May), and the looming threat of a blowup of the vast mortgage-credit bubble which has been sustaining the American “consumer economy.” The threat in Britain has seen both government agencies and realtors themselves demanding sharply higher interest rates, supposedly to shrink the huge British real-estate bubble without having it explode. But a different report appearing in May analyzed the American population’s homeownership over the course of the last generation. It punctured the claims of all those from President George W. Bush to the National Homebuilders’ Association, who’ve been insisting that the recent years’ mortgage-bubble boom has been making the dream of homeownership nearly universal for Americans. The Center for Housing Policy re-

port instead shows that the “two Americas” pattern—a widening gap between upper-income and lower-middle-income households—has been strongly evident in housing.

The report analyzed the quarter-century from 1978 to 2001, and found that taking all households in the United States, of all income-levels and household sizes (the average size has declined steadily over that period and is now well below two persons), the homeownership rate has risen by about three percent, to 68%. *But*, say the authors, “The homeownership rates of *all families with children* (regardless of income) fell from 70.5% in 1978 to 63.4% in 1991, rising . . . to 68.4% in 2001. Thus, the homeownership rate of families with children . . . has not fully recovered from the losses experienced in the 1980s. This drop over 25 years reflects the fact that working family households with children in the United States have lost ground in their real standards of living since the 1970s. The Center’s study “working families” as low- and middle-income families whose household income is no more than 120% of the median household income for their region. It finds that whereas in 1978, about 41% of American children lived in such households, a generation later 48% of all children lived in low-to-middle-income households.

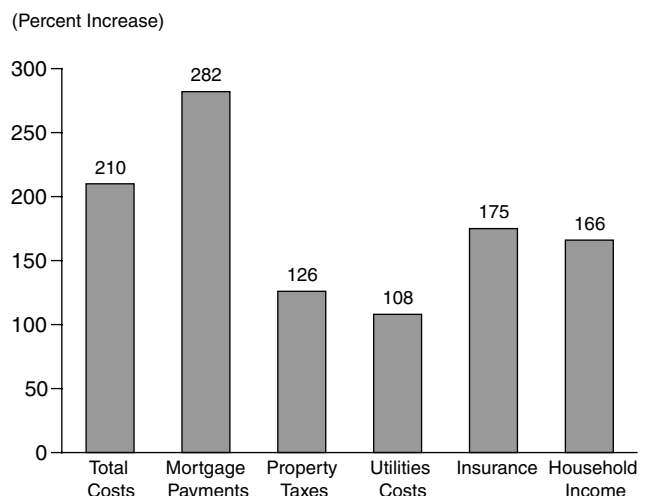
“Low to moderate-income families with children fared particularly poorly” in homeownership, the report said. “In 1978, 62.5% of working families with children owned their homes. By 1991, their homeownership rate dropped to 55.8% . . . remaining relatively flat through 2001, when their homeownership rate was only 56.6%” (see **Figure 1**). This substantial drop confirms extensive *EIR* “market basket” economic studies in 2001- 2002, and is tied to the dramatic increase in costs of ownership relative to household income (see **Figure 2**).

FIGURE 1
U.S. Households’ Rate of Homeownership, 1978 and 2001



Source: Center for Housing Policy.

FIGURE 2
Increase in Homeownership Costs of Working Families With Children, 1978-2001



Source: Center for Housing Policy.

INTERVIEW: MAXIM GHILAN

Israel's General Staff: 'A Bunch of Dr. Strangeloves'

Maxim Ghilan, writer, journalist, and poet, is the editor of I&P, the Israel & Palestine Strategic Update, founded in 1971 by Ghilan and Louis Marton. Maxim Ghilan is also founder of the International Jewish Peace Union (IJPU), the first Jewish outfit to recognize the Palestine Liberation Organization (PLO) as a partner in dialogue.

Because of his views favoring Palestinian statehood next to Israel, and his active role in the peace process—before Madrid, or Oslo, and although no Israeli government supported the idea of a two-state solution before 1993—Ghilan was forced to live outside of Israel for 23 years (1969-1993), during which time he became a living bridge between the Israeli peace camp and Yasser Arafat's PLO leadership. He returned to his country only after Prime Minister Yitzak Rabin signed the Oslo Accords. Israel and Palestine is the longest-existing publication on the Middle East, and favors a just peace for the two peoples, the Israelis and the Palestinians. He was interviewed in early May from Washington by Michele Steinberg, with Dean Andromidas of EIR in Wiesbaden, Germany. The concluding portion of the interview, on Maxim Ghilan's background—from his arrival in Palestine in 1944 as a refugee from Franco's Spain, where his father had been killed by Francisco Franco's Falangists, to his historic role for Israeli-Arab peace, will appear in the next issue of EIR.

EIR: Welcome to *EIR*, Maxim Ghilan. Sharon had declared he would unilaterally separate from the Gaza Strip; but around May 13, Israeli tanks and troops entered Gaza, in one of the largest incursions in history, wreaking havoc both in Gaza Town and Rafah. What happened?

Ghilan: Sharon's position inside Israel became untenable because of the Intifada Al Aqsa and his own involvement in corruption scandals. He decided to annex, unilaterally, large

parts of the West Bank, and to withdraw tactically from Gaza, where 2,300,000 Palestinians are inflicting a heavy price on the occupation troops and Jewish settlers. However, the imbecile fanatics in his own Likud Party did not understand Sharon's scheme and refused to budge from Gaza. In an internal Likud Party polling, some 60,000 imbecile fanatics foiled their leader's attempt. The army brass, which wants to continue their perpetual wars, then forced Sharon to launch the "Rainbow in a Cloud" operation in Gaza.

EIR: On April 14, there was a meeting and exchange of letters between Ariel Sharon and George W. Bush, where Bush lifted the requirement of Israel returning to UN defined borders. Who was responsible for this policy? And what are the implications, in your view?

Ghilan: There are two elements in Israel responsible for this policy change. One of them is the army general staff; the other, the fanatics, the zealot nationalist Jewish camp, to which Sharon has always belonged (as well as being a pure product of the military mind), and for which he was always willing to do anything necessary, including massacres, such as Sabra and Shatila in Lebanon in '82; or even before that, in the '50s, when Sharon headed incursions into the Gaza Strip, which was then still in Egyptian hands. Sharon then commanded Unit 101, a death squad which went into Arab territories and killed people, and so forth.

So, that's one. Sharon is the most outstanding representative of the fanatics, because he is the best strategist, and holds a long-range view.

The present versions of Sharon's plan, the ones approved in Washington by Vice President Cheney and President Bush, are tailored for Sharon by the high brass of the Israeli Army, the general staff of Israel's army. These elements command,



Published by Penguin Books in England, in 1974, How Israel Lost Its Soul, is one of Maxim Ghilan's best-known books, dealing with the growth of militarism in Israel and the failure to achieve a lasting peace. A current Internet comment says, "Thirty years on, Maxim's maxim is still true."

in fact, not only the army, but the whole State of Israel.

Ariel Sharon has never changed, and he never will. He wants a "Greater Israel," or, if you want, a Jewish-superiority state in all parts of historical Israel/Palestine. He is willing to go back and forth, in order to grab the whole land himself, or at worst to prepare the ground for his successors to do so. The grand scheme remains the same: total land takeover, step by step and sometimes back and forth.

At the end of each phase, Israel always expands, and so it did even before its official creation, in the '30s and '40s, when land was bought from absentee feudals and the Arab peasants were thrown out; then in 1948, 1967, and ever since.

In the 1930s and before, Palestinian peasants had lived there for generations, but officially possessed no property, and had no title to the land, particularly in the Saron Valley.

In the wake of the Nov. 29, 1947 UN General Assembly resolution on partition of Palestine into an Arab and a Jewish state, Israel fought off an invasion of Arab armies and Palestinian militias and profited off its victory to take over much of western Palestine; chased out 650,000 Palestinians, and razed 416 Arab villages; on that land, Jewish settlements were hastily created. In Jaffa town, up to then the cultural capital of the land, only 3,000 out of the original 300,000 remained. Arab homes, even those of Jaffa citizens who stayed, were declared "absentee property" and stolen.

The next stage came with the 1967 War, when still another contingent of tens of thousands of Arabs was terrorized into running away to Jordan, and Lebanon. The Golan Plateau, which was Syrian, was annexed, and eastern Jerusalem as well as huge tracts of land around it were annexed. In the face of international pressure, which was considerable, the West Bank was not officially annexed, but a program of Jewish settlement and land takeover brought to this area fanatic Jewish settlers, 230,000 up to this date.

Sharon, after Yitzhak Rabin and Shimon Peres, Menahem

Begin and Bibi Netanyahu, Moshe Dayan and Labor politicians Galili and Tabenkin, settled Jews strategically in any and every spot they could, so as to force out Arabs—and not only from the West Bank and the Golan after 1967, but from the Galilee and Central Israel before that. Karmiel and Upper Nazareth were built on confiscated land, first declared "military areas" and then converted into "for Jews only" zones.

In the West Bank, settlement blocs were purposefully set up so as to carve the area into Bantustans, separated from each other by settlements, so that if and when a Palestinian state is forced upon Israel, it should not be viable. The whole thing reminds one of *apartheid* in white-dominated South Africa.

In later years, the Gaza Strip was isolated by a fortified fence. 40% of the Strip was confiscated for 7,500 Jewish settlers, compared to 2,300,000 Palestinians in the most closely-populated area in the world.

So, Sharon's plan is the cantonization of all Palestinian areas, for the time being, until more of them can be expelled. This phase of Sharon's dream is what has been approved by Bush and Wolfowitz, and is nicknamed "creation of a Palestinian state," or "disengagement."

In fact, there's no disengagement planned, because the Israeli army will remain in Gaza, in the West Bank and on the Egyptian border in the so-called "Philadelphia area." Fighting will go on, because fences cannot keep Katyusha missiles or Kassam mortar shells from being lobbed over from Jordan, Lebanon, or from inside the Gaza Strip.

The Washington Deal

But, back to the April 14 events in Washington. What we have here is a U.S. agreement to completely forget, over 40 United Nations Security Council resolutions, including 242 and 338, which were guarantees, or at least promises by the international community, that Palestinian land should not be grabbed by force.

These United Nations resolutions, and the Geneva Convention, to which Israel has officially adhered, say that land conquered by force cannot be annexed. Which stands in total contradiction to Bush's position and to Sharon's scheme. But this is never-never land, because of international pressure, and because of the popular uprising of the Palestinians—their second uprising, which has been ongoing since September 2000. Nobody can stop such an uprising. Julius Caesar did not in Germany; Napoleon could not in Spain. The only final colonial solution is genocide—such as that of Native Americans at the hands of WASP settlers in North America. This may yet happen to the Palestinians, too.

So, instead, Sharon is creating a situation, which is not tenable for the Palestinian population, in the hope that he can digest the land, meanwhile, into expanding Jewish settlement blocs in the West Bank, and contain the Palestinians as subdued vassals—complete serfs; those who won't submit, will be pressurized to emigrate. Christian Arabs already do. That's what Bush means by a "Palestinian state." Moreover, in the



Israeli Defense Minister and former IDF Commander in Chief Shaul Mofaz (front right) meeting with Paul Wolfowitz (left) and Douglas Feith at the Pentagon. “The most dangerous bunch of men on Earth at this moment” says Ghilan of IDF commanders like Mofaz and their neo-con allies in Washington.

West Bank, the Palestinians will be concentrated to an enormous degree in small enclaves. As for Gaza, it is already become a pressure cooker, with conditions so unbearable, with drugs, prostitution, child labor, and endemic violence. Sharon’s dream would only increase this horror.

So, Sharon and the Army hope—that the Palestinian population will ultimately go away. But demography is against this. In Gaza, you have 2.3 million; in the West Bank, 2 million and more; inside the Green Line, in Israel, 1.2 million. And outside the land, another 4 million or so, many of them still in refugee camps.

To believe one can break and then control such a mass is, of course, completely unrealistic thinking. Only a peace agreement with the intervention of the international community can bring about a long-lasting ceasefire, and only a confederation of all Middle East and Central East countries, ethnic and religious blocs, can ensure long-lasting peace and prosperity.

Sharon’s so-called “separation plan” leads to total radicalization of Palestinian society, to the growth of Hamas into a truly international power. Moreover, “separation” actually encourages a forced mobilization of large sectors of the Arab world, including Arab businesses, in favor of Hamas, rather than in favor of Arafat’s Fatah. In past decades, these Arab sectors outside of Palestine were afraid of the armed might of the Palestinian Liberation Organization, and so helped it. They did not do so just out of “Arab brotherhood”: They were afraid for their regimes and their lives. Now, they are afraid of Islamic fundamentalism. . . . Hamas and Palestinian Islamic Jihad are part of this vast popular movement, and will obtain

any help they need.

What the fanatic Israeli nationalists did when they assassinated Hamas leader Sheikh Ahmed Yassin, two months ago, was create a new Islamic saint. Pictures of the blind sheikh’s wheelchair being blown up by an Israeli ‘copter have added a powerful icon to Islamist propaganda worldwide. In the Middle East, Israel and the United States are artificially creating a mass movement—and I’m talking about millions and millions of people—mobilized behind the Islamic fundamentalists.

Add to that the fact that the majority of Islamic countries are *not* Arab: they are Indonesians; they are Chinese; they are Indo-Pakistanis; they are Africans. So, this has the potential for the destruction of the whole structure of Muslim societies throughout the world, especially in the South; and even before it, the destruction of northwestern society.

EIR: Do you think that what Sharon has in mind, involves a larger plan to redraw the map of North Africa, Southwest Asia, and all of the Muslim and Arab world?

Ghilan: I have no doubt of that. In 1982, Sharon already had magalomaniac plans to take over Arab oil countries in the Gulf. Only American intervention forced him to limit his invasion to Lebanon. As I see the situation now, there are, in the United States, inside the capitalist camp, two opposing elements: one, conventional, conservative business society; and another, neo-fascists inside the American army, and [inside] that country’s “capitalism.” The neo-fascists, unfortunately, presently hold power, or at least, have a deciding influence on the thoughts, or the head of the present administration. They are aided and abetted in that by fanatic Christian fundamentalists, just as the Israeli Army is aided and abetted by fanatic, religious Jewish felons.

EIR: In both countries, these fanatics are a minority; yet, their influence goes far, far beyond. Is it that everyone else is afraid of them?

Ghilan: No, no. It is not that. Not everybody is afraid; some people are afraid, but not everybody! Yet, there is a kind of domino effect. Let’s talk in realistic, rather than in abstract terms: In Israel, you have a society in which the Army is the deciding factor in politics, economy—local and foreign-linked, religion, *and* in international affairs. This is a dog in which the Army “tail” wags the national dog.

I’m not talking about the whole Army; I’m talking about the hawks in the General Staff. Inside the General Staff, you

have two elements—two elements or wings, two forces. One, professional army officers, not totally blinded by power, arrogant but thinking in terms of the future. Then you have the fanatics, the war-eaters, nationalist idealists in fear of a second Shoah or Jewish genocide.

Most Dangerous Bunch on Earth

This is perhaps the most dangerous bunch of men on Earth at this moment.

Why? You have other countries which are bigger, more prosperous, stronger militarily, and have instruments of mass destruction: the United States, the United Kingdom, and the Russian Federation, for instance. And you have other dangerous states where the people at the top are crazier and more fanatic than the Israeli brass. For instance, Saudi Arabia; for instance, North Korea. But also, other more obscure crazies, in Latin America, in Asia, and in Africa.

But, nowhere on the globe, do you have leaders and generals who are both extremely sophisticated, and also possess massive amounts of implements of mass destruction, men who are truly extremist, fanatic nationalists.

If Nigeria, or Angola, or Colombia suddenly wants to go to war against the rest of the so-called civilized world, against the very relatively sane world, it simply could not. Such a country may destroy hundreds of thousands. . . . It can kill a million people, a million and a half people, which is genocide, but not cause the physical end of the world. Even North Korea is too hungry and too dependent on China.

Not one of the other extremely crazy regimes says “The whole world is against us.” In Israel they teach children a song which says exactly that, in these very words. No other country threatens to destroy the world by launching a nuclear conflict, to commit mass-suicide, as the Jewish Masada rebels did, to thumb their noses at the Roman Empire. Or as Samson is said to have done to the Philistines in one last titanic suicidal act, which is taught to kids as an example.

Of course, the root of this madness is Shoah-paranoia, but that does not make this bunch less dangerous.

Yes, the Israelis can destroy the world, or ignite a world war that will. The Israeli military has the necessary means to do so. And Until Bush and Cheney came to power there was no other non-conventional power that considered using tactical nukes.

By the way, let me make clear this point: that I am not a pacifist, and, I am *absolutely not against* a small country also having defensive non-conventional weapons as the big countries have—as long as it is not ruled by demented leaders with paranoid ideologies. Here we have a bunch of Dr. Strange-loves. Shaul Mofaz and Bogey Ya’alon—or Dick Cheney—are not the proper depositories of world-destroying weapons.

So, we have these people at the eye of the tornado. You also have the regular kind of military people inside the Israeli General Staff. But, the people who make the decisions are the crazies. Again, why? Because a situation has been created,

over 50 years, in which Israeli society lived with the crutch of outside aid. At first, it was just Jewish people, rich and poor, who helped the State of Israel consolidate. But, in the last 40 years, aid has mainly and officially come from the United States, extensive military aid, to the extent of about \$3.1 billion a year officially, but in fact much, much more, to the extent of \$16 or \$17 billion a year, in a variety of ways. This creates a symbiotic relationship, in which Israel gets military-offensive aircraft and technology, as well as intelligence and other technology. Israel then uses American money, the U.S. grants and guarantees, to pay American firms.

Of course American and Israeli middlemen get their cut amounting to many millions. In this circular business arrangement, two elements earn a lot of money: One is the American military-industrial establishment, like Lockheed, Boeing, Caterpillar (armored tractors) and so on, who recruit for that purpose people who work in the Pentagon. They get their cut and later work with the big commercial ones.

Weapons Cry Out For Wars

The Israeli middlemen are Defense Ministry or Army officials and also private entrepreneurs, who are all, without exception, people who worked or work at the highest [levels of the] Israeli army, at hush—hush levels. They directly profit from circular deals and become millionaires, if not billionaires.

But, you also have the productive industrial sectors, here and there, who have no interest in stopping this symbiotic relationship, centered and based, essentially, on everlasting, ongoing war: on weaponry, and military technology. Because prosperity, such as it is, brings financial growth not only to the biggies but also to the peripheral industries. And to the trade-unions, including workers in the local military industries. So everybody is for this deal going on indefinitely.

Weapons and military high-technology cry out for wars. A high-tech relationship usually brings profit to both sides. But this one does not! It’s a military relationship—a military hardware and software relationship that diminishes peace-oriented sectors, which means that the people involved, indeed, the army General Staff or the Israeli Air Force staff, have a professional, personal interest in the continuation of a war situation in the Middle East. If a peaceful situation is found, their power disappears: No wonder it has lasted over 50 years.

When an officer is released from the army and joins the reserve forces at the ripe age of 45 or so, he gets not only a pension, but it’s a foregone conclusion that he will get to be one of the heads of a big industrial enterprise, or of the electricity company, or become a cabinet director of some ministry—or, in the most advanced cases, prime minister. And, there has been no Israeli Prime Minister who was not somehow connected with the so-called defense establishment. And that includes Shimon Peres, who is one of the few



This map of Israel and the Gaza Strip dating from 1997, shows how much of Gaza was already then taken up by Israel's fortified fence (dotted line) and the "security zone" around it.

Prime Ministers of Israel, who was never a general or a chief of staff, but he was Ben-Gurion's official defense advisor, who created the Israeli nuclear technology with the aid of Guy Mollet, the social democrat Prime Minister of France in the early 1950s.

EIR: Who are these generals, in the nationalist fanatical camp today? Can they be named?

Ghilan: Well, you have, first of all, the man who became prime minister, Ariel Sharon; and Defense Minister Shaul Mofaz, who was before that chief of staff. Second, you have the present chief of military intelligence, Aharaon Zeevi-Farkash, who was handpicked by Ariel Sharon. And then you have Amos Yaron, Director-General of the Defense Ministry, a hawk among hawks. And people like the former deputy head of the Mossad, Gideon Ezra, who is now a cabinet member; Then, you have Mossad head Meir Dagan. Also the present Chief of Staff Moshe Ya'alon. But "Bogey" Ya'alon is also a pragmatist, whose fanaticism is subordinated to his personal ambitions. My guess is that Ya'alon will align on whatever party he thinks has a chance to win the next Knesset elections, or the one after, be it Labor or the Likud. Bogey

wants to eventually become prime minister, and will possibly play the hard-liner wherever he lands, not just because he is one, but also to win public sympathy.

One more name, and I'm done with them: Major General Dan Halutz, the former head of the Israeli Air Force, one of the most fanatically nationalist generals and one of the most aggressive. He was responsible for the helicopter attacks on Palestinian activists, and ordered a one-ton bomb dropped on a civilian building because Hamas leader Mash'al had been there. He then stated he does sleep very well when he thinks of having given the order that killed so many civilians.

Dan Halutz has just been named deputy head of the General Staff, which means he is going to become the next Chief of Staff after Moshe Ya'alon leaves. During the internal Likud census Halutz sat at Sharon's right, against army regulations prohibiting political involvement.

EIR: You use the term neo-fascist; are you thinking in those terms of what they call themselves here, the "neo-conservatives"?

Ghilan: Yes, but not only the neo-cons. I'm talking about the more extreme elements in the fundamentalist Christian camp, both Protestant and Catholic. I'm talking of undercover and special services people, inside the Pentagon, amongst whom we find some Christian fundamentalist fanatics in uniform, hoping to see the war between Gog and Magog and therefore keen for the renewal of America's "gung-ho" policy, as it was applied in the Korean War, or the Vietnam War, people who then wanted to drop an atomic bomb on the Kremlin, and today talk of "tactical nukes" to be deployed in the Middle East and who see the influence of any non-American power or state in the world, Israel excluded, as an insult to American hegemony. They have no concept of what the world is like, really, outside of the borders of the United States, and perhaps of Latin America.

EIR: Definitely. And, Sharon and Cheney have something very much in common: They are both facing half a dozen or more investigations, and it seems like Sharon, in particular, is very threatened by this. If Sharon is indicted—and that's a very big "if"—how would that change the situation?

Ghilan: First of all, I don't believe Sharon will be indicted—I may be wrong, of course. You see, Sharon put a new Prosecutor General into place—Menachem Mazuz; he got rid of the old prosecutor general, Edna Arbel, who was pushed upward into the High Court of Justice—Arbel being the one who recommended that Sharon be indicted in the case of the shady businessman, David Appel. I don't believe that with this new legal government advisor, and with the present situation, Sharon will be indicted.

If he is, this will encourage the extreme nationalist idiots, who don't understand what Sharon is doing, and believe that he is selling out to the peace camp. In fact, Sharon is using the Gaza pretext to try and annex large areas in the Palestinian

West Bank, and indeed, cut it in two.

But, they don't think of this. The extreme nationalists of the National Alliance, and the Likud rank and file—including the Kahanists who have a faction in Likud, Moshe Feiglin's people—they don't want to understand. They say, "Hey gevalt! You are selling out," and they won, by some 53%, an internal Likud Party referendum—against Sharon.

This week the cabinet is going to vote—again—whether there is going to be a very partial disengagement or withdrawal, they are speaking of three settlements in the Gaza Strip, and eight out of hundreds [of settlements] in the West Bank. And the Israeli army is supposed to stay on the Gaza Strip-Egyptian border.

Next week the truncated withdrawal project will be put to a Knesset vote.

Sharon Lies Even To His Crazy's

EIR: What is Sharon's real policy, in your view?

Ghilan: For 50-odd years, one and the same overall nationalist current has brainwashed the nation into even greater nationalism, into ever greater militarization! This includes both the Likud's and Labor's propaganda.

So, at the top, you have the sophisticated political and military Zionist apparatus, men and women who today are infinitely more dangerous than the rest; but you also have the "idiot" fanatics! And they are the majority of the Likud, of the nationalist camp and perhaps of the nation, whose grand majority seems to be evenly divided into docile sheep and idiot fanatics. And the fanatical idiots don't want to give up one inch of occupied territory.

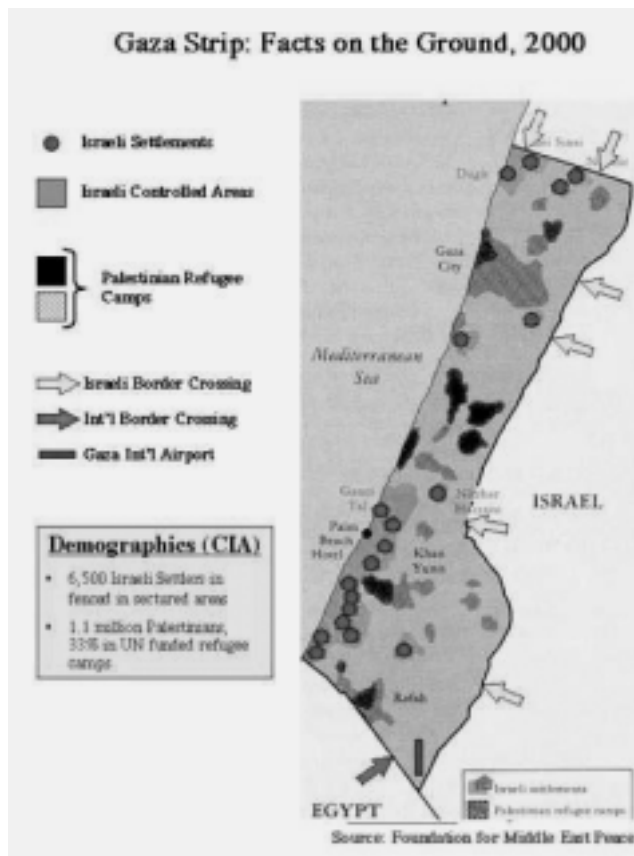
Sharon must be cursing them for the idiots his followers are, but he cannot tell them what he's really doing! At least not openly, because that would spoil his beautiful relationship with Bush. If he says what he really is doing, then Washington doesn't have a leg to stand on in the Middle East.

EIR: Going back to what happened in Washington, at the last Sharon-Bush meeting, April 14. One of the figures who is notorious here, almost legendary, is Dov Wiesglass. How important is he?

Ghilan: Dov Weisglass is part of this thing I described—this monster, which grew up, instead of a healthy defensive and politically sane military establishment, which existed at the beginning of the state. And he's also one of the people who, undoubtedly, will become head of the right-wing camp after Sharon goes. He will survive Sharon.

Weisglass is at present, Sharon's official mouthpiece in talks with Washington, but also one of the people whom I described before: he is like Dagan, or Farkash, and Defense Ministry head Amos Yaron, or like Shaul Mofaz, part of, and executor for, the hawkish wing of the army general staff.

Of course, he did not reach such pinnacles of power in the Army as he reached as Sharon's axe-man. He always has been a groupie, or soldier, of Sharon, and he is, and was, one of the



Not only in the West Bank is the Palestinian population being forced into small enclaves, Ghilan says, but "as for Gaza, it is already become a pressure cooker, with conditions so unbearable, with drugs, prostitution, child labor, and endemic violence. . . . Sharon's [plan] only increases this horror." The map shows that 40% of "Palestinian" Gaza is already in Israeli military zones and in settlements for just 7,500 Israelis.

fanatic Army zealots. He is also a very good politician. Or, if you want, a military diplomat.

How The U.S.-Israel Deal Works

Dov Weisglass is head of staff of Sharon's Prime Minister's Office; and has been, for a very long time, in touch with the Pentagon, in military matters, which, of course, gives him an "in" to those circles who are part and parcel of the symbiotic Israeli-American relationship of the military-industrial clan in the U.S.

Through his Army contacts and those in military oriented industry, he became close to Vice President Cheney and to Deputy Defense Secretary Paul Wolfowitz, a Jewish-American neo-con. Later on, also to Condoleezza Rice. He knows the ins and outs of the American power establishment, much better than most Americans, not to mention in the Likud. Indeed, better than Sharon himself. Proof of that: his first talks, his *most important talks*, long before the last Bush-Sharon Washington meeting, were with—Cheney!

Dov Weisglass is Sharon's and the General Staff's "counselor" to use Mafia parlance. That is systemic, not just a personal post, comparable to Henry Kissinger's in Nixon's administration. Weisglass shows us how Israeli power is structured: the Army tells the Prime Minister what it wants him to do, who sends his counselor to Washington to talk to Cheney and Wolfowitz, who—with the aid of Condoleezza Rice and often against Colin Powell's better judgment—convince their President, who invites Sharon to come to Washington and formalize the deal. And then Bush utters another bit of his doctrine—until he has to change that too.

Strategy of the Big Lie

Sharon has postponed for two months another visit to the U.S. This shows the Army brass is not happy.

Remember, Weisglass talks in the name of the Israeli military, talks to the American military and war industry, the most greedy and ruthless wing of American capitalism, which uses its base, the fanatic U.S. fundamentalists to cement the deal publicly.

In all, this is an alliance of two fanatic and greedy leaderships backed by two camps of relatively insane fanatics who are carefully kept ignorant through religion, media mind-washing, and a basically dishonest political system wrongly termed "Western democracy." By the way, the Christian fundamentalists are not really pro-Israeli. But, as somebody in the Likud once said, at a military war tactics session, "Let them believe whatever they will, about the coming of their Messiah and a war between Gog and Magog—as long as they fund us and back us."

EIR: How do you think both Israeli parties maneuvered to trick the whole world with the disengagement plan? Here in the United States, our Congress is going along with a plan and they refuse to see what you are telling us as fact—that this plan is not what it seems.

Ghilan: Well, I have proof, contrary to Sharon. Whatever I say can be documented by established facts, and above all, results. Not to speak of the biographies of the people I have mentioned. I do not guess. I say only things which happened, or are being done, by Sharon's government and by the General Staff: facts on the ground, which are now being implemented.

This touches another aspect, another facet, the strategy of the Big Lie: in George Orwell's 1984, lying is truth, you say one thing and mean the opposite when the time is right.

It started with Ben-Gurion; it started even before Ben-Gurion, with the Zionist movement, the Labor Directorate, which said it did not want a state, and then, of course, they made one; they said they wanted to evacuate the Jews from Europe, who were under Nazi control. But when the then-British Empire granted to the Zionist establishment in Mandatory Palestine, the right to create a military division, the Jewish Brigade, inside the forces fighting the Fascist Axis, Ben Gurion and Moshe Saret actually did their best to cooperate with Britain, so that 1 million Hungarian Jews went to

Auschwitz, instead of being exchanged for 100 military trucks, and allowed to go to Palestine.

Cordell Hull, Roosevelt's Secretary of State, told his President at that time, we don't want in the Middle East, another million Jews, who will destabilize the British hold in Egypt and in Palestine.

So, the Auschwitz crematories worked at full speed, the Jewish Brigade was created inside the British Army—giving Ben Gurion's troops useful military experience—and the allies never bombed the annihilation camps nor the railway tracks which carried the death trains from France, Holland, Belgium, Hungary, Czechoslovakia, and so on.

There are plenty of documents, some Israeli and some American, to back what I am saying.

So, it went on as far back as that. In '48, they said they would accept the UN Partition Plan. Then they went on, to conquer as much territory as possible, and to raze the Arab villages inside the territory they grabbed, 416 of them, went on to throw out Arabs from towns such as Jaffa and Haifa. That was the beginning of the refugees problem, which is haunting Israel to this day.

In 1949, a ceasefire was signed and it held for a while—these territorial arrangements lasted till 1967. From '49 to '67 they claimed they want peace, but they were not willing to give up one inch for real peace, or to agree to United Nations resolutions, or to give in to American pressure.

Using the Jewish Superiority State

We're talking about the '50s, before the American government put an end to the Suez operation, and took over the role of protector of Israel, from Britain and France, who used the Jewish Superiority State up to 1956, to perpetuate their control of the Middle East Arabs and their oil resources.

After that, they did nothing to present any peace-oriented scheme. In '67 they grabbed more territory: they took the whole area of Jerusalem, they took the Golan Heights. They took the West Bank, and all of Western mandatory Palestine, up to the Jordan River, fell under Israeli military rule.

At that stage, they said they want to come to an agreement, an understanding, that they will give back territories in the West Bank, and in Gaza—and you know that nothing like that has happened. Defense Minister Moshe Dayan, then, told a delegation of conquered Palestinian notables: You have nothing to give me, I talk to the King of Jordan only. And now, they are saying, of course, that they will not return to the '67 borders, as Moshe Dayan said his government would.

So, this is the policy of the Big Lie. All the while, the government of Israel, and before it, the Zionist movement's leadership, applied a policy of deliberately lying. However, the policy of the big deliberate lie goes together, with deliberate, newly created facts, goes together with another expansion of the state base on more conquests, of throwing out more Arabs.

You talk about a "Jewish Democratic" state but you apply orthodox and fundamentalist Jewish Halakha, i.e., precepts



American activist Rachel Corrie confronted an Israeli army bulldozer in Rafah, as she attempted to stop a house demolition. On March 16, 2003, Corrie was run over and killed by an army bulldozer manned by two IDF soldiers. The Israeli government exonerated the soldiers, closed the case, and refuses to release its full report on the incident.

based on zealot, and racist precepts, rather than on the Magna Carta, Britain's legal basis, which was the legal base for the system, together with the Ottoman Empire's legal precepts.

The Foreign Propaganda Machines

They say "disengagement" but mean Israeli-controlled "apartheid."

They talk about "targeted preventive measures," and mean the premeditated murder of people who have not been proved guilty in a court of law, and in the course of so doing, the murder and maiming of innocent by-standers, including women and children.

They say: "granting them autonomy" but they mean the creation of helpless Bantustans under Israeli control, which will supply Israel with cheap labor and produce, and so on and so on.

Sharon's propaganda machine has now set up a special department at the Israeli Foreign Office for linguistic, semantic disinformation, which works mostly in Western countries, and in the United Nations, using precisely the terms people want to hear when grisly pictures of the occupation appear on TV screens. It operates in France, and in the United States, in the United Kingdom and so on. Later on, quite often, such language is adopted by the media in many countries.

EIR: What other propaganda outfits exist?

Ghilan: Well, there are really several. There seems to be a disinformation intelligence department, according to foreign

reports, and there is a special department in the office of the prime minister, which presumably controls all the rest. You also have a department of the Jewish Agency, a section of the world Zionist movement, which develops propaganda, including scare reports on the Arabs and anti-Semitism. Money and help is distributed to Jewish community activists and media in Europe and the United States. Claims have been made that all of the aid to Israel gathered by the United Jewish Appeal in the U.S. is used for such propaganda and for "encouragement" to non-Jewish politicians.

Finally you have the press attachés at Israeli embassies abroad, who translate Israeli and Arab texts that may help convince news editors in favor of Israeli arguments.

EIR: Well, the Israeli machine very much parallels the office of propaganda, lying, and misuse of terms that was used to secure the Iraq War, here in the United States.

Ghilan: Yes, except that this Israeli propaganda network existed before the one created in the United States before the invasion of Iraq. I would say, somebody in the United States took a leaf out of Sharon's book! Maybe Wolfowitz?

EIR: The Jewish-American community used to be, I believe, on the side of the Democrats. The masses of Jewish people and many other ethnic people would go to the Democrats to have a voice. But that has changed in the sense that Bush's election chief, Karl Rove, is very close to these Christian fundamentalist fanatics; his election strategy is that his deal

with Sharon will get him the Jewish vote in the United States. How do you see that aspect?

Ghilan: It has been a long, long time since the Jewish community has had any voice in American politics. This statement may surprise you, so let me explain.

The Jewish-American community is—how many millions now? Five million or so? The Jewish organizations are no more than 600,000 people altogether, including everything: civil organizations, B'nai B'rith, religious community organizations, the federations, which are the local synagogue, schools, and so on; universities, the ADL and everything else. These 600,000 people are mostly controlled—and I exclude the Reform and Conservative communities—but even among them, many leaders are totally controlled by Jewish business interests, which are very, very few, a handful of people, really—I would say no more than 10,000 people altogether; 5,000 is probably closer to the truth. I'm talking about the major, big financiers.

Now, these people have allied themselves with the most reactionary forces inside the United States. They speak in the name of the Jewish community, which is silent or indifferent. The Jewish community shuts up because (A) they are not really interested in politicking; and (B) because they are very, very much in solidarity with the State of Israel, which they see as a solution for those Jews who were threatened in Europe and possibly even an escape hatch if anti-Semitism becomes a real threat in America.

Anything that Israel does, is either accepted, or at least not criticized by the Jews in the U.S., which brings about still another symbiotic arrangement: the State of Israel's leadership and the Jewish financial leadership, which controls nowadays such organizations as B'nai Brith, the American Jewish Congress, or even the World Jewish Congress—which once used to be democratic, philanthropical and very sane when it was headed by the late Dr. Nahum Goldmann, and under its Vice President Arthur Hertzberg.

Anyway, American-Jewish organizations are, in 2004, no more democratic than the Communist Party was in the late Soviet Union, as its leadership can maneuver and use 5 million Jews without consulting them.

As corruption and decadence breed despair and fanaticism, that part of the community that does not wish to leave Judaism—I'm talking about Jewish culture and ethnic bonding, not Jewish religion—that part which wants to remain Jewish, to keep a sub-identity inside the great American magma, is ever more tempted by Orthodoxy, and by Israeli patriotism—from afar.

Youths, who in the past were liberal or left-wing, because their first generation parents came as workers from Eastern Europe, or were the incarnated Jewish Mom's dream of "My son, the doctor, my son, the dentist," now have affluent or middle class parents and seek idealism in their twice-removed roots. The most frustrated adopt Meir Kahane's ideology, and go to settle in Kiryat Arba, in the occupied Palestinian West Bank.

Clearly, the Jewish community has been neutralized by its right wing and by the Israeli establishment, just as many lower- and middle-class non-Jewish Americans have been neutralized by their own right-wing and religious Christian extremists.

And why should it be otherwise? American Jews are after all, part and parcel of American society.

As for Bush's administration, under these conditions, it is not worried about the Jewish vote; on the contrary, it counts on the financial and organizational leaders to bring in the Republican Jewish vote because, they pretend, Bush is good for Israel, which is nonsense. Bush helps prepare the destruction of Israel through continued warfare.

EIR: After the Bush-Sharon deal and particularly after the assassination of Rantisi, both President Mubarak of Egypt and King Abdullah of Jordan have made observations that they have never seen such widespread hatred of the United States in the Middle East, because of the failure to make peace, failure to help the peace progress, and because of the Iraq War. Is that your estimation, also?

Ghilan: Part of my estimation. I think they don't go far enough, particularly after the massive destruction of civilian homes in Rafah, on Gaza's border with Egypt. I think we are seeing a rapid deterioration of stability—of reactionary stability in the Middle East—but still, stability that existed since the United States made a deal with Saudi Arabia for exportation of oil at the end of World War II, almost 60 years ago.

Now, what is happening in the Middle East, is, that after the collapse of the Soviet Union, all those elements who believed society in the conservative Arab states would eventually change, became desperate.

The Only God That Did Not Fail

As a Palestinian once put it to me: "First, we Palestinians believed in Arab pan-nationalism. Then, in the two brands of Ba'athism, Syrian and Iraqi. Then, we believe in Gamal Abdel Nasser. And some of us believed in Marxism-Leninism. But, all these gods failed us, so what have we left? We Arabs have Allah left. So we trust in God and follow Islam."

Do you know that half the leadership of the "Organisation D'Action Communiste Libanaise", mostly Christian Maronites and Greek Orthodox former-believers, converted to the Shia brand of Islam and joined Hezbollah's leadership?

This evolution defines precisely what is happening: many are turning to Islamic fundamentalism, because they've no other hope for real change. But, obviously, also, because Bush has made Islamic fundamentalism the bogeyman of the Western world, and has declared what the Arab world now sees as a crusade, a reactionary Christian crusade, against the poor of the world, and most especially against the Muslim poor of the world.

I think we are very close to a global explosion of this

I am not a pacifist, and, I am absolutely not against a small country also having defensive non-conventional weapons as the big countries have—as long as it is not ruled by demented leaders with paranoid ideologies. Here we have a bunch of Dr. Strangeloves. Shaul Mofaz and Bogey Ya'alon—or Dick Cheney—are not the proper depositories of world-destroying weapons.

movement. I think the next two areas to host Islamist expansion are going to be large areas in Asia and in Africa. I'm talking about Angola; I'm talking about South Africa, and I'm also talking about Indonesia and Malaysia, which have the largest Muslim populations in the world—not to speak about Pakistan and Southwest China, even Southern Thailand and India.

This thing is going to blow up. It's already blowing up to a small extent, thanks to Bush-Cheney and to Tony Blair. As yet, the al-Qaeda thing is a small development compared to what still may happen, thanks to Western stupidity. In Iraq and Afghanistan, the Anglo-Americans have compounded the Soviet mistakes in the area.

Western Deals with Fundamentalism

You must keep in mind that leaders in the Arab world, including President Mubarak and King Abdullah of Jordan—but also the leaders of Saudi Arabia and Kuwait and the Emirates—are not particularly worried about the needs of their populations. Nor are they worried about the fact the U.S. government supports Israel. What they are really worried about, is their own possessions, which they believe include their countries. And they have now come to the conclusion, based on very, very good home intelligence, that their regimes are not going to last; and that even the U.S. might make a deal with the fundamentalist movements in the Middle East against the monarchies, because the fundamentalists might give them control of some Middle Eastern countries to keep control of the oil and other Arab world natural resources. And in Africa, and in Central Asia.

The Arab leaders are afraid for their own personal sake. Therefore, they are finally at a stage in which, in spite of U.S. and British military and development aid, to Saudi Arabia, Jordan, and Egypt, for instance, they are finally speaking out. In fact, they are frankly crying out, "Help! Help us!" And they are talking—in my opinion—they are talking as much to the fundamentalists as to American and European politicians of all kinds. If the U.S. can, why not they? Thus, the Anglo-Americans are unwillingly and willingly helping the Islamists.

Don't forget that Cheney was one of the most trusted allies of the Arab potentates—and became the main mover of the anti-Arab crusade.

EIR: Because of the oil?

Ghilan: Because of the oil—not only Arab oil. Because of an Anglo-American decision to control directly the whole oil production and oil industry, even at the price of direct military occupation, as we have seen in Iraq. This is a war for control of, simply, all the oil in the world.

Paranoid dreams? Megalomania? Sure, but that is what they suffer from. Beside being politically stupid and ignorant.

EIR: Do you see that terror, after what Sharon has done in Gaza in these last few weeks, and the Bush-Sharon deal—that terrorism is going to get worse in the immediate period?

Ghilan: On the global scene in general, and the Middle East in particular. I'm not talking here just about Israel—Israel is a different matter, and needs a different explanation.

EIR: Could you touch on both aspects? For example, will Hamas become a mass organization?

Ghilan: It already is. But, it will grow from 40 to 70% soon. It has now 40% support from the Palestinian population, in Gaza, and maybe less, maybe 32%, 35% in the West Bank.

Now to international terrorism in Jordan, where they have just discovered a plot for a mega-chemical attack on major government activities, and had to suffer from revenge-attacks in the southern end of the kingdom.

But, there is a difference. You see, I have considered the idea that secular or ethnic popular movements might join forces with fundamentalist uprisings in other areas of the world, but certainly in the Middle East.

About the Israeli-Palestinian situation: since Sharon is interested in creating terrorists to perpetuate fighting and annexation, to keep the Bantustans under forcible control, until he can throw out or push out as many as possible, both the civil and popular uprising and terrorism against civilians will continue, perhaps even increase.

We have two kinds of armed struggle in both Palestine and Israel: an armed uprising; and blind terrorism against civilians. Terror, in my mind, is any act of violence directed against civilians either by organizations or by governments. Popular armed uprisings include anything directed against military forces or targets, intelligence outfits, or the armed settlers including Palestinian collaborators with occupation.

Civilian uprisings of course, include unarmed demonstra-

tions, sit-ins, marching and so on.

So, as long as occupation and annexation continue, these things will grow, and will be put down ever more forcefully, which will create ever greater hatred for the occupier, more extremism, more fundamentalism in Palestine.

The Secret West-Islamic Deal

While this happens, you are going to have the rest of the Muslim and Arab world increase their support for the Palestinians, openly or in hidden ways, and we are going to have such things as a very strong growth of the anti-reformist movement in Iran. This is part of a process which was already started from the beginning of 2002, when funds started coming into Palestine from private sources and organizations in the United States and the United Kingdom, in support of fundamentalist circles. The same thing happened in support of the Iranian conservatives and, together with anti-American outrage, helped destroy the reformist opposition.

One of the things that encouraged this reactionary development was a hidden agreement by Britain, France, and certain circles in the U.S. to encourage the Iranian conservatives “to keep them at the West’s side.” This resulted in the partial elimination of the Marxist-Islamist fanatics of the Iranian Mujahideen-e Khalq—many of whom were expelled from France. But pro-Iranian power operations stopped there, because the U.S., France and the United Kingdom came to the conclusion that if the opposition in Iran comes to power, the country will become much less stable, and the danger of more Islamic fanatic antics will increase.

The Westerners are now caught between a rock and a hard place because of Iraq’s occupation. After consolidating their power, the Iranian conservatives are worried about their Shiite brethren in Iraq and would not mind the neighboring country becoming another religious dictatorship. Even now, the west prefers fanatics *in situ*, to secular dictatorships, or even democracies which remain independent. The West believes it is able to make better deals with the clerics, behind the scenes, because it worked in the past.

Israel sold goods and arms to Khomeini’s men and the funds were illegally used by Washington in the fabled Irangate affair, to fight the Sandinistas in Nicaragua, and nobody got the wiser for a while. Only, when former CIA head, Bush, Sr., became President, it was pushed under the carpet. Somebody assassinated all the people involved in the Irangate affair, all the intermediaries. Secret Israeli agent Amiram Nir, a former journalist, died in a mysterious plane accident in Mexico, for instance.

Nowadays, conditions have changed as they always do. It’s difficult to formulate an effective imperialist policy in the 21st Century.

The only consistent American foreign policy, that remains consistent, is support of Israel, even when the worst exactions occur here, exactions which create terror no less consistently. And when one thinks of what the U.S. supported in Latin America in the Irangate era, one must conclude that stupidity

is a family affair. I mean, we now have the same kind of logic. When you see who are the supposed Iraqi rulers, the members of the Governing Council, under the military occupation, officials such as gung-ho Sanchez, and the Marine forces’ stalwarts—I mean you must be suicidal to put the lives of U.S. GI’s in the hands of these guys.

The U.S. had the sympathy of the Iraqi Shia community which Saddam Hussein persecuted. Now, the Shia are both the fiercest opposition to the occupiers and the greatest danger to a united and democratic Iraq in the future. The Iraqi Shia community in Iraq has blown up in the West’s faces. Everything in the Middle East is blowing up in the West’s faces.

And nobody has a clue what to do, though the solution is easy to see: have the Anglo-American coalition leave Iraq at once, give up both military and oil control to a United Nations force with heavy participation by the Arab countries, and hand over reconstruction to the new Iraqi government whilst paying the bills.

Anything less will lead to the continuation of the present disaster. Even the relatively stable situation in Kurdish Iraq will blow up in the West’s faces, later on, because sooner or later the United States will have to choose between a free Kurdistan, and Turkey, a strategic U.S. ally. And, if they choose Kurdistan, which means the dismembering of Iraq into three areas, oil-rich Kurdistan will be controlled at any price—through the Kurds. Which will mean America losing Turkey as an ally, Turkey blowing up, and Middle East fundamentalists joining forces with the Turkish ones, and with the Turkish army, which is the real ruler, and which will have to forge a *de facto* alliance with the Islamists in spite of its secular, Kemalist ideology. Power makes strange bedfellows.

The Kurd-Turk Quandary

And if by chance the U.S. chooses Turkey, then the Kurds will blow up once again. And they will blow up, not only in Iraq; they will blow up also in Turkey. Now there is a lid on the more extreme Kurdish freedom fighters, because they are extremists and because the rest of the Kurds want at least their own state, in Iraq and maybe in Iran too, just as the Armenians got an Armenian state, next to the Russian federation. Only in a state of their own can the Kurds grow and develop. For the time being, both the Iraqi Kurds and the Armenians are taking a leaf out of the Zionist book and talking autonomy in Iraq rather than independence. But, if the Americans prefer Turkey, this goes down the drain.

In Kurdistan, you have two allies of the United States—who have totally opposed interests. And then, you have the oil. And, the U.S. would like a Kurdistan rump state, instead of in Iraq, but it would not like them to control the oil. And who says that after they take over, the Kurds won’t take over the oil? And ally with other Kurds, in Iran, and in Syria? And then in Turkey itself?

One thing is for sure: The U.S.—the neo-fascists in the U.S. in particular—have no real strategic outlook. They have no analysis that allows them to plan. They have no ability to

As for Israeli-Palestinian strife in the future—nobody in the area will allow two small states to go on fighting, thus spoiling the economic growth of the area. The way to Jewish-Arab peace leads first to trade and economic development, which alone will ensure continued peace.

sustain a long-term occupation of Iraq, and their plan for domination of the whole area through a “Greater Middle East” scheme is a hashish dream, an Orientalist Western joke.

Nor have the Americans a short-range strategy: only greed and propaganda efforts, electoral ploys. They are now forced to find foreign mercenaries—who are starting to desert the ship. Spain and Honduras did, and if Italy and Japan are destabilized by terror, they will follow suit. Or else, their governments will not survive. The new Anglo-American proposal at the UN Security Council is nothing but a propaganda effort. The Americans and the British want to put blue helmets on their existing forces in Iraq and get more mercenaries under U.S. command. This is an effort to legitimize the takeover of Iraqi oil, and to go on controlling Iraq.

It may be adopted at the UN but it will fail on the ground. It will not stop either the popular Iraqi insurrection against the occupation, nor, even worse, the ideological fundamentalist-Islamist revolution.

EIR: You know, Mr. LaRouche has said, and this has become really popular with the American people, the ordinary people: George W. Bush is the dumbest man who has ever been President of the United States.

Ghilan: But I don’t know if that’s right. There’s been a few very dumb Presidents in the early stage of American history.

EIR: Well, we’ve been looking into it, and it seems to be pretty close.

Ghilan: But, he’s certainly a very stupid man. And, Cheney—you see, when you have at the very top, a person who is stupid, and under him, people who are fanatics, then you have a very explosive combination.

EIR: Right.

Ghilan: Because the fanatic isn’t accountable; the idiot is accountable. But when the fanatics define policy—*Wow!* Even when the fanatics are not that intelligent, because they are ruled by their emotions and hormonal drives rather than their heads.

America As Othello, Britain As Iago

Moreover, the American fanatics are taking their lessons from British imperialism, they are playing Othello to Britain’s Iago.

But British imperialism evolved in a completely different

environment, in one in which the navy was the main weapon of control of any imperial power, and in which armies had a different local approach, cultural approach, to the various indigenous populations.

Today, this is not the case, cannot be the case. But the neo-cons and the army brass still believe in direct occupation, and in punitive military policies, such as bumping out leaders, and killing wide sectors of the population. The point is, in the modern world, with modern technology, guerrilla warfare has become as potentially powerful against empires, imperial occupants in particular, as frontline armies and navies in past ages. The strategic situation has changed, the local situations have changed. And if you don’t see that, if you want to impose American imperialism, using the patterns of British 19th-Century imperialism, then you are on your way to disaster: which is precisely what’s happening in Iraq, in Afghanistan, and soon in Africa, and in Pakistan.

EIR: On Iraq. Lyndon LaRouche is very concerned that there be an exit strategy, and he has laid out one, which begins with the United States saying, very clearly, “We are leaving.” And Iraq has to go to the Iraqi people. The U.S. must end the occupation. The longer the U.S. stays there, the worse it’s going to be. And he has called upon the countries around Iraq to play a major role, specifically: Iran, Turkey, Syria, Egypt. These will all be affected by the disaster there.

Ghilan: You’re forgetting one: Yemen.

EIR: Should they also play a major role in Iraq?

Ghilan: Absolutely. Otherwise they will become a base for the fundamentalist revolution. And, you forget one more: Jordan, which is at Iraq’s borders, and the most delicate border, at that, because of the rivalry between Syria and Jordan, with Egypt, Egypt should be brought in, too.

In fact, you cannot have a democratic conflict resolution in the Middle East after the American invasion of Iraq, a solution to the Iraqi problem, if the whole of the Arab world is not brought in; which brings us to the Middle East-defining Israeli-Arab conflict, the Palestinian conflict; which means such Arab inclusion into a peace deal must necessarily involve a prompt solution, or at least considerable progress on the way to impose from the outside an Israeli-Palestinian cease-fire and an Israeli evacuation from Palestine. If that does not happen, the abcess will simply move from one Mideastern organ to another and then in fact, to other geo-political bodies.

EIR: How do you see a solution being reached after this policy disaster?

Ghilan: Well, first of all, the solution now goes through at least three different stages, which should be very close to each other, a matter of months. None of them should be longer than a year.

The first stage is, the establishment of a United Nations trusteeship, for a length of no longer than three years, but no less than one year. And such a United Nations trusteeship, would create a trusteeship UN section, just as there was one for South Africa during apartheid, with its own army, which should be different and separate from NATO, or other UN forces. It should not include NATO member-forces.

During the next stage, the UN, NATO states excepted, should control all of Iraq, with the aid of Iraqi forces, then gradually hand over military and political control of all areas to the Iraqis.

Before this is completed, at a stage which seems stable, direct elections should be held, under international observation, the principle being: half the national assembly or parliament on an overall Iraqi principle of one person, one vote, the other half being reserved for representation of the four existing sectors: Sunnites, Shia, Kurds and secular parties, each sector getting a number of seats in accordance with its numerical strength and the approximate amount of territory it lives on. This calculation may be the biggest obstacle to a truly democratic transition.

So, the UN should fund a referendum in Iraq, region-by-region and inside the ethnic and religious communities—I'm thinking of the Kurds, of the Shiites, of the Sunnis, of the secular nationalist Iraqis, both pro-Baath-Saddam and anti-Saddam, but who are in favor of a non-religious republic in which women have full rights. Seats should be reserved for other groups, such as the Assyrians, to mention but one.

All of them should be brought in as advisors to the UN Trusteeship Council and later on, as commissioners of the United Nations Trusteeship council, this international Iraq commission. Then, and only then, should a final and definitive constitution be drawn up to be approved according to a one person-one vote principle. This should happen in the third year, giving the country a sufficient cooling off period.

After one year, you gradually take out the foreign military forces, and set up local military forces, ideally people who were already in Saddam's Iraqi Army or police, but these forces must be composed of local people in each area, and remain for a while under the control of the United Nations non-NATO commissioners, and after that, of the Iraqi Provisional Commissioners, until elections are held.

Stability can only be reached if the various communities feel that they are represented in such a trusteeship. Otherwise, the Islamic revolution will continue and win over the country.

Thus, all sectors will have rights, and then control, at each state, but not the ability to sow chaos for their own

sectarian reasons. They will be part of the machine from the very beginning, but will only get access to the control levers according to their sector, under trusteeship, and final joint overall control of government when internal conflicts are manageable.

This is the best of all bad solutions, since the present chaos prevents the immediate creation of an Iraqi Federal Republic, or a confederated one.

Iraq's Oil As An Obstacle

There is of course one big obstacle to such a scheme—oil. Who will control Iraq's oil? After all, this is what the invasion was all about, besides the Bush dynasty's wish for vengeance.

I don't see Western oil multinationals giving up control of oil production and exploitation in the immediate future. Which is, of course, short-sighted of them, because the Anglo-American companies—plus the French, the Germans, and the Russians—are the only ones capable of developing Iraq's oil facilities in an advanced, industrialized manner, as only they possess the means to develop properly the third-largest oil reserves in the world. The multinationals should opt for profit, not control, but greed is always stronger than logic.

So there is probably not going to be a UN trusteeship. And the neo-fascists in the Bush Administration, who are servants to the oil companies false gods, are certainly not going to give up direct U.S. control of Iraq and its oil, in one way or another.

So I don't think that a democratic mechanism shall be worked out and chaos, or just fighting, will continue, followed by economic destabilization, worldwide.

I think nobody, neither in Europe nor in the United States, has proposed such a step-by-step trusteeship plan, which could be offered to such people as the U.S. Democratic candidate (who is not my own choice for a brilliant leader but has the virtue of not being Bush or Cheney).

Eventually, after much blood-letting, if such a trusteeship arrangement is worked out, it can only work if the world community, including a saner United States, reassures the Arab world and, indeed, the whole Islamic cultural community world-wide, saying, "Now, this is going to happen. But only with your democratic participation in day-to-day and overall decisions. We are going to allow the UN to bring in, if necessary, forces but keep both eyes open to prevent an imperialist, religious or totalitarian take over."

Moreover, the Arab-Islamic community must see—not be promised, but see—the Israeli-Palestinian conflict being ended. Again with the help of international armed separation forces on both sides of the Israeli-Palestinian green line. Without a relatively just peace solution you can forget peace in Iraq or anywhere else in the Third World.

Let's put a stop to this conflict which poisons international relations. This is really a first-class geopolitical priority.

EIR: So, you think that these two plans must be done simul-

taneously: If you do something in Iraq, you must also match it with something to stabilize the Israel-Palestine situation?

Ghilan: Yes. But remember that the way to an Israeli-Palestinian ceasefire is enforced separations with international armed forces at both sides of the Green Line, of the internationally accepted pre-'67 borders. I mean, Israel and the Palestinian authority are not going to shoot at the United Nations, right?

When two madmen fight, you must bring in a doctor and restrain them, if necessary.

At the same time, the United Nations should unilaterally decide, backed by a Security Council resolution, to sponsor and direct open negotiations between Israelis and Palestinians. The Security Council should establish a mechanism for a permanent planning commission that would deal with cooperation plans in the future—economy, development, construction of homes for the masses in Gaza and elsewhere, even cultural and religious cooperation. And about the means of funding permanent peace in the now Unholy Land.

Pressure should be applied, economic sanctions pressure, if one or both sides drag their feet. Inducements in the form of reconstruction and development aid should also be offered by the world community. Finally, although the right of return of all Palestinian refugees should be assured, handsome offers for compensation and resettlement in a number of developed countries should also be proposed to those who so wish.

If you do these things, three things will happen: 1) the United Nations will grow and develop, from a trust of a few strong nationals ruling over many small ones, to a real international and legal forum. 2) Middle Eastern and Central Asian oil resources will finally become the motor of economic and political development. 3) A basis will be laid for a *mashrek* or Middle Eastern economic community leading to a Federated or Confederated *Mashrek* on European Community lines, but with a heightened social content.

As for Israeli-Palestinian strife in the future—nobody in the area will allow two small states to go on fighting, thus spoiling the economic growth of the area. The way to Jewish-Arab peace leads first to trade and economic development, which alone will ensure continued peace.

EIR: As a veteran of the peace camp in Israel—a founder of it, for many decades: How can the peace camp regain power in Israel?

Ghilan: Look, you have in Israel, two sides, two peace camps. You have one, which is another silent minority, which is the non-Zionist peace camp; in other words, those who say, “we don’t want to control anybody. We want a free Palestinian state, based on economic prosperity, beside Israel, and maybe in the later future, a Middle East Confederation or Community.” They are a minority among the peace-niks everywhere.

Then, you have a majority, which is the Zionist peace camp, and I mean people such as Yossi Beilin’s new Yahad

Party, including Meretz; the left wing of the Labor Party (which is not very left wing, but—); even some people inside the Likud; some people inside the Shinui, who are economically reactionary, but pro-peace for the Palestinians; and the poorer rank-and-file of the Shas, the orthodox oriental party who are against the Palestinians, but for social justice. Most of this peace camp, Shas and Shinui excepted, is middle-of-the-road in economic matters, and sometimes even right wing, but left of center in Palestinian affairs.

They don’t want real Palestinian independence. They want a Palestine “state” controlled by the Israelis and by the United States, because they believe that’s the only way to ensure real security and peace for Israel. The Zionist peace camp seems to believe that such a controlled peace will bring about economic affluence for all Israelis, or the real liberation of the Arab masses in the *Mashrek*; with Sharon, it [the Zionist peace camp—ed] believes that [only] (anything but—MG) an Israeli-controlled peace will [not lead to] (bring anything but—MG) the abolition of the Israeli state. So, their social or economic aspirations stand in abeyance till peace arrives, and this hold for both the Zionist peace camps’ right wing (Shinui) and populist wing (Shas).

Most of these people are against Sharon, but for some of them, like “Fouad” Ben-Eliezer or Shimon Peres, a “National Unity Coalition” including Labor, the Likud and Shinui, is a desired goal, provided Sharon evacuates some Jewish settlements, including all settlements in the Gaza strip.

This creates a problem for those, such as myself, who understand there’s not going to be peace without social justice, nor social redress without a just peace with the Palestinians.

To Be Ethical and Still Succeed

The equation is the following: if one supports the Zionist peace camp majority at some of its happenings, such as the massive demo that was held in Rabin Square, Tel Aviv, on May 15th, with 200,000 participants, one really helps Shimon Peres, who launched with his speech there, a campaign for a new united national government with Sharon and Tommy Lapid at the top. If you don’t go to such events, if you remain pure and honest, you are confined to the rather small ghetto of the peace-and-justice camp.

I decided to participate, and as one of my friends told me: “We got there, and when Peres starts speechifying, we hold our noses and avoid the stench.”

In any case and unfortunately, a real just peace, a really lasting solution, may only be reached after much more blood is spilt, maybe 25,000 more Israeli dead and about three times as many Palestinians. In the meantime, one must evolve and disseminate a non-Zionist Israeli ethos for the future, an alternative code of beliefs and behavior that is both humanist and practical.

And continue fighting for Justice and human rights wherever they are violated.

UN Resolution Is No Iraq Exit Strategy; LaRouche Doctrine Is

by Muriel Mirak Weissbach

According to President George W. Bush, a new Iraqi government will take “full sovereignty” on June 30 and introduce stability to the war-beseiged land. It will also provide the model for sweeping democratic reforms throughout the “greater Middle East” region. So far the propaganda pitch made in Washington. Other, informed sources, especially among Arab regional specialists, foresee an escalation of the armed resistance to occupation, and a repetition of the experience that the Soviets went through in Afghanistan: Regardless of their military occupation of all major cities, and hundreds of thousands of troops deployed, the United States, in this view, will be forced, sooner or later, to beat a humiliating defeat, tail between its legs.

The worst scenario being discussed in informed circles, is the partition of Iraq into three entities, which would immediately have devastating repercussions on the entire region. Or, that through a hasty, panicked withdrawal of U.S. forces, the country would sink into chaos.

Although the current debate about Iraq’s future revolves around the nature and outcome of a resolution to be debated and passed in the United Nations Security Council, in reality, what will happen depends less on that than on the shape and direction of U.S. policy. Will the LaRouche Doctrine, for an orderly withdrawal of foreign troops, in the context of a redefinition of U.S. policy for the entire Southwest Asia region, prevail, bolstered by a massive economic development program vectored on water and power infrastructure? If so, then the chances for a happy ending in Mesopotamia are good. If not, all Hell could break loose.

What The United Nations May Resolve

There was much ado in the last week in May about the resolution which the United States and United Kingdom had

presented jointly to the Security Council on May 24. The draft was a sleight of hand, which boiled down to redefining the occupation under a more palatable name, introducing an interim puppet government deprived of any real power, and legitimizing the war and occupation.

The draft calls for the Security Council to approve a sovereign interim government for Iraq, as of June 30, on which date the occupation should end, the Coalition Provisional Authority be terminated, and the interim government govern over a “sovereign” Iraq. Furthermore, an Iraqi national conference is to be convened, and elections held by December 2004—or, at the latest, January 2005—for a transitional national assembly which is to work out a constitution, on the basis of which democratic elections for a government are to be held. At the same time, the UN Security Council is asked to confirm the presence of multinational troops under a unified command, as per UN Resoluition 1511. This international force is to have the authority to use all necessary means to maintain security and stability in Iraq, including prevention of terrorism. The mandate of this force is to be reviewed after 12 months, or on request of the Iraqi interim government. Within this force, a special unit is to be built to protect the UN presence in Iraq.

The attempt represented by the draft resolution was so crude, it could not pass unchallenged. Many governments, led by those who opposed the war and refused to send troops, raised their objections: Russia, France, Germany, China, as well as lesser powers on the world scene: Saudi Arabia, Iran, Italy. China circulated a paper on May 27, supported by Russia, France, and Germany, with proposals for major changes to the resolution. The interim government which should take over on June 30, they said, must have “full sovereignty in questions of policy, economics, security, justice and diplo-

macy.” Furthermore, they proposed that the mandate for the multinational military force in Iraq be terminated at the end of January 2005 (when elections are to be held), and that meantime the provisional government be consulted on military operations other than self-defense by foreign troops.

Munir Akran, the lead UN delegate from Pakistan, declared that the three-page joint memo reflected the views of “a majority of the members of the security council.” He added that the memo contained the proposal that no UN resolution should be voted on, until an interim government were formed, and recognized by both the Iraqi population and the neighboring countries. “Before we confirm the formation of a provisional government, we have to know that it is generally supported,” he said.

The same point regarding support from Iraq’s neighbors, was made by the Russian representative Alexander Konusin, who said, according to Russian wire reports, “Our standpoints are identical.” He went on to explain, “If the government is recognized by the Iranian people, then the work on the resolution could be concluded within a short time period.” Konusin related this point to the Russian proposal for a reconstruction conference, to be attended by such neighbors as Jordan, Kuwait, Iran, Syria, and Turkey.

In addition, Saudi Arabia and Italy demanded that the resolution should give the UN “full powers” to transfer sovereignty and achieve security. Such powers would aim at “achieving security and stability and transferring power and full sovereignty to the legitimate government,” Saudi Prince Saud al-Faisal told the press, in the presence of Italian Foreign Minister Franco Frattini who was visiting Saudi Arabia.

The key points raised in contention to the draft relate to the issue of sovereignty. If, as the draft proposes, the U.S. military presence and control is to remain, unlimited, then any talk of sovereignty is a farce. As French Ambassador to the UN Jean-Marc de la Sabliere said, the mandate for the U.S. command in Iraq must be limited by a clear date. Were a sovereign Iraqi government to call for U.S. troop deployments after that, the French diplomat said there would be “no problem.” European diplomats said outright that the draft’s proposal for the U.S. troop presence to be reviewed after 12 months, was a barely concealed “trick.” French Foreign Minister Michel Barnier said the resolution could gain credibility only after substantial “changes” were made; The transfer of sovereignty to the Iraqis, he added, must be “honest, clear, complete, and not artificial.”

Thus, the stage was set for a serious exchange to take place in the Security Council, as opposed to a formal rubber-stamping ceremony.

It is not only the agreement or disagreement of UN member nations which is important; also decisive is the response of the Iraqi people themselves. As several Arab experts on Iraq told *EIR*, there is considerable skepticism there about the UN draft for an interim government, because that government will not be empowered to make real decisions. For instance,

it will not be able to annul laws passed (illegally) by the Coalition Provisional Authority. It will have no power to say that the military occupation must end. If the Iraqis do not have a clear, binding plan given them for a troop withdrawal, and for sovereignty, within a specified time-frame, said one leading Iraqi expert in Germany; and if key aspects like security, military movements and oil are not under their sovereign control; then the Iraqi population will *not* agree. A decision must be made in this direction.

In the words of another Europe-based Arab regional expert, “It is not the wording of the UN resolution which counts, but the facts on the ground.” If the resolution constitutes merely a face-lift, and simply “renames” occupation, the Iraqi people will not accept it. Both analysts emphasized that the United States, from the beginning of the Iraq adventure, had demonstrated a total lack of insight into the mentality of the Iraqi people.

LaRouche Doctrine Supported for ‘Exit’

After much haggling and, hopefully, principled debate, a UN resolution may be agreed upon. However, if America and Britain stick to their hard line, nothing will come of it, and Washington and London will have to go back to the drawing board. No UN resolution, no matter how good, can provide a way out of the crisis, unless the parameters of the discussion are radically redefined. The crucial need is for a comprehensive *concept* of a new policy for the region as a whole. This is what Democratic Presidential hopeful Lyndon LaRouche articulated in his LaRouche Doctrine, first issued April 17 (see *EIR*, April 30).

LaRouche’s approach locates the solution to the Iraq crisis, as well as the Israeli-Palestinian conflict, in the broader context of a new American strategic vision for Southwest Asia: a vision which emphasizes the need for a regional security arrangement based on economic cooperation on, especially, infrastructure projects (water, energy, transportation). Such an approach requires that the keystone nations of the region—Egypt, Iran, Syria, and Turkey—be recognized as such, and be actively engaged in the regional effort for reconstruction.

The support which the LaRouche Doctrine has garnered over the past weeks reflects the understanding, among key political and intellectual forces in the region, of the need for such a conceptual approach. In the last week of May, coverage of LaRouche’s proposal and related material circulated widely in the Arabic press, in the following publications: *Al Urdun* (a Jordanian paper), *Arab Renewal*, Middle East Online, Tahrir.Net (*Al Jumhuriyya*), *Al Shaab* (the latter two from Egypt), *Al Riyadh*, and *Al Ba’ath* in Syria. In addition, the proposal was presented in an interview with this author, broadcast on May 24 on “The View” talk show on Nile TV, Egypt’s main English-language satellite station.

At the same time, more endorsements of LaRouche’s Southwest Asia doctrine came from leading figures in the

Arab world. Dr. Ahmed Al-Kedidi, former Tunisian MP and senior diplomat, and currently professor of Media in the University of Qatar; Ibrahim Salah, a Muslim scholar in Switzerland; and Syria's most senior strategic analyst and Professor of Epistemology in the Faculty of Art and Human Sciences at the University of Damascus, Dr. Imad Shueibi. Shueibi described the LaRouche Doctrine as brilliant idea.

In a discussion with *EIR* on May 26, Shueibi said: "The LaRouche Doctrine is extremely important as it engages the nations of the region in the solution, thusly putting Iraq in its correct and natural geo-strategic context rather than in the failed geo-political objectives of the Bush Administration. It also represents an exit for the U.S. from the trap it has put itself in. This initiative will also give the United States its lost credibility and respect in the region, and changes its relations with the nations here. It has to be borne in mind that, historically, the U.S. did not have historical conflicts with the Arab nations. Therefore, our hope is that this initiative would lead to a shift in the overall American policies for the benefit of all parties."

Decisive, will be the extent to which such positive responses from the region's political elites are evaluated in Washington, particularly among those "institutions of the Presidency"—military, diplomats, congressional and press circles—who have so far moved with LaRouche to expose the war party's policies, and to move against its leading protagonists.

The Military Dimension

One crucial aspect of the post-June 30 status of Iraq, which has been utterly ignored in the UN resolution, is the role of the Iraqi military. In the LaRouche Doctrine, the disastrous de-Ba'athification process, which had coincided with the CPA's dissolution of the military and security apparatus, must be reversed, and those qualified, trained military (with the exception of those guilty of serious crimes) rehabilitated in a new army. LaRouche outlined how, as a first step, the U.S. military should withdraw from conflict with any part of the Iraqi population, and move into established bases outside urban areas. Iraqi forces should assume responsibility, then, for security and defense.

This process is, in a certain sense, underway in some locations. In Fallujah, where U.S. forces failed to take control over the city, an agreement was made with Gen. James Conway, for American troops to withdraw and Iraqi forces to take over under the command of an Iraqi officer. As of May 28, a similar arrangement was being made in Najaf, one of the two holy cities, where radical Shi'ite militia leader Moqtadar al-Sadr had been waging battle against the occupation forces. Al-Sadr's militia was to withdraw, as were U.S. forces. This was the result of moves undertaken by the Shi'ite religious leadership in Iraq. Reportedly Grand Ayatollah Ali al-Sistani sent a note—via Iraq's national security advisor, Mowaffrak al-Rubaie—to the Americans. It was "a strong warning . . . to

end the standoff in Najaf peacefully," according to Hamed Khafaf, an al-Sistani aide. Had the United States refused, he added, the ayatollah "would not stay silent."

Although pointing in the direction of LaRouche's solution—in that U.S. military forces are having to withdraw from conflict with the Iraqi population—these developments are inadequate, and could be the prelude to disaster: One leading Continental European military source familiar with Iraq told *EIR* that if security and defense responsibilities are given over to the various militias throughout the country—the Peshmergas in the Kurdish North, al-Sadr's Al Mahdi force, the Shi'ite Al Badr Brigades, and the Sunni resistance forces—this could make the ingredients for internal strife. What is required is for a national all-Iraqi force to be reconstituted, under the leadership of well-known, professional military officers, who are recognized as nationalist, patriotic figures. In a parallel process, the foreign military forces must be withdrawn from the country.

It will not be easy for UN special envoy Lakhdar Brahimi to come up with viable candidates for the much-awaited Iraqi interim government. The Bremer-appointed Iraqi Governing Council (IGC) has utterly discredited itself and, with few exceptions, its members will not be eligible. Members of the government will have to qualify as representatives of the nation. As several Arab specialists have emphasized to *EIR*, this cannot be understood in ethnic or religious terms. Iraq does have an ethnically and religiously diverse population—with Shi'ite and Sunni Muslims, Christians, ethnic Arabs, as well as Kurds, Turkomen, etc., all of whom deserve representation. But politically speaking, the population is defined along other lines: The three main political forces in the country are the Arab nationalists (Ba'athists, Nasserites, pan-Arabists), the Islamists (moderates and militants) and the leftists (socialists, communists, and progressives).

To allow these political forces to compete in future elections will require an orderly process of organizing political parties, something which is utterly ignored in the UN draft resolution. (In fact, as has been critically noted, there is no reference whatsoever there to the process of organizing elections.) During the period of the occupation, political "parties" have grown up like mushrooms, numbering, in one account, up to 180!

Indications are that Brahimi will attempt to name persons to the interim government who are "neutral," and may even select a group of non-political technocrats tasked with organizing elections, above all, and administering affairs.

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Sharon Paves the Way For Expelling Palestinians

by Dean Andromidas

On May 25 the Israeli Military announced the official end of Operation Rainbow, its latest brutal assault on the impoverished Gaza Strip. The army left a wake of massive devastation; dozens of Palestinians, including women and children, were killed, and over a hundred houses were totally destroyed or badly damaged. Within hours of this announcement, Israeli tanks rumbled into another part of Gaza, where they killed two Palestinians and demolished yet another three homes.

These brutal operations were enough to outrage Israeli Justice Minister Yosef Lapid, who told a meeting of Israel Prime Minister Ariel Sharon's cabinet: "The demolition of houses in Rafah must stop. It is not humane, not Jewish, and causes us grave damage in the world." Lapid, who is a Holocaust survivor, declared "I saw on television an old woman picking through the rubble of her house in Rafah, looking for her medicine, and she reminded me of my grandmother, who was expelled from her home during the Holocaust."

Lapid, the leader of the centrist Shinui party, went on to say, "I was in the United States last week, and I noticed that we look like monsters to the rest of the world. . . . At the end of the day, they'll kick us out of the United Nations, try those responsible in the international court in the Hague, and no one will want to speak with us."

This display of death and destruction has been, and continues to be, carried out while Sharon promotes his so-called "disengagement plan," whereby he is promoting a unilateral withdrawal from Gaza as well as from a few Jewish settlements on the West Bank. It is becoming more and more obvious that this "disengagement plan" is the smokescreen behind which he is continuing a brutal policy of repression and the destruction of the Palestinian population. The ultimate purpose of the plan is to buy time until the opportunity arises for Sharon and his generals to launch a new regional war that would "transfer" the Palestinian population out of the "Land of Israel." Operation Rainbow, where every color is blood red, had no military or security purpose except to escalate and broaden Sharon's brutality into larger areas of the Gaza Strip.

Death and Destruction in Rafah

The official death toll in the one-week operation was no less than 42 Palestinians killed, including women and children, while hundreds were wounded. The Israeli military



Israel's Justice Minister Tommy Lapid accused the Israeli Defense Forces of having a plan to destroy 3,000 Palestinian houses in Rafah in the Gaza Strip, as here in the Al-Brazil neighborhood. "This is monstrous," Lapid said. It is part of Ariel Sharon's firm intention for decades, to force the Palestinians out of Gaza and the West Bank, using "war crises" to do it.

admits to destroying 45 buildings and badly damaging another 56 in the last week alone, rendering 575 people homeless.

Nonetheless over the last month, the United Nations Relief and Works Agency reported that the Israelis destroyed no less than 155 buildings in the Gaza town of Rafah. This has left 1,960 people homeless. The United Nations also reports that in the last month alone, 128 Palestinians were killed, mostly innocent civilians. This compares with 19 Israelis, of whom 13 were soldiers. On May 18, Amnesty International (AI) released a report documenting how Israel had destroyed 3,000 homes since the intifada began in September 2002. They also documented that in 2004, Israel had killed over 600 Palestinians, 100 of whom were children. They charged that Israel had killed 90 people in assassinations of Palestinian militants, 50 of whom were bystanders. AI also reported that 200 Israelis were killed, including 21 children, and 70 soldiers.

The human tragedy goes beyond the impact of these dry figures. Included among the "terrorists" who were killed

were: Asma Al Mughayr, 16, and her brother Ahmed, 13, who were killed when they went on to the roof of their house to hang laundry; and on the last day of the operation a three-year-old Palestinian girl was shot dead. The dead were put two to a box at the mortuaries, and the children's corpses were put in a refrigerated room used for storing vegetables, because the 24-hour 6-day curfew imposed by the Israeli military made it impossible for the Palestinians to bury the dead. When residents were finally able to venture out of their homes, they were met by scenes of devastation. Huge Israeli tanks and armored personnel carriers had turned paved roads into rubble. Dozens of houses had been demolished by the massive Israeli armored bulldozers, and countless others were severely damaged by the huge tanks that traversed the narrow roads, or by the effects of artillery shells and heavy machine guns. The electricity and water infrastructure was extremely badly damaged, if not destroyed.

But the devastation started weeks and months earlier following the announcement of Sharon's so-called Disengagement Plan. While the official mission of Operation Rainbow was ostensibly to destroy tunnels used for smuggling weapons through the Egyptian border and to destroy the "terrorist infrastructure"—to use the Israeli Defense Forces euphemism—it was clearly aimed at strengthening Israel's hold on the Gaza Strip.

The fact that this operation was more than one of the typical incursions into Gaza that have been going on over the last three years, was confirmed by Israeli Justice Minister Lapid, who was quoted in the Israel daily *Ma'ariv* on May 27, accusing the military of having had a plan to destroy no less than 3,000 homes in Rafah, and having approached the Israeli Attorney General to see if they could legally get away with it. Lapid said, "That's monstrous, in my opinion." He went on to say that the "Chief of Staff told the government that we'd only destroy a few houses, and he lied." The Israel Attorney General did not approve of such a plan, warning that it would be an obvious war crime.

According to Israeli press reports, the areas of operation—the Al Brazil and Tel Al Sultan neighborhoods of the border town of Rafah—were not strongholds for the militants. Nor were they close to the border where the tunnels are located. They are in fact two of the more quiet sectors, and this is why they were targeted. The neighborhood Tel Al Sultan borders the southeast corner of the Gush Katif Israeli settlement block, a settlement that stretches from the Egyptian border, occupying about one third of the Gaza coast line. In fact, Tel Al Sultan is almost an enclave, in that Gush Katif surrounds it on two sides, while the Egyptian border lies on its third side. It appears obvious that the operation is aimed at making life so miserable in this enclave that Palestinians will begin moving out, thus enabling the settlement to expand eastwards.

Within hours after Operation Rainbow ended, the Israeli military launched attacks and house demolitions in Deir El

Balah, which lies opposite the northern border of the Gush Katif settlement block. The move appears not only to strengthen the northern flank of Gush Katif, but serves to cut the tiny Gaza strip in half.

The other part of Rafah which was attacked during Operation Rainbow, was the Al Brazil neighborhood, which again is not known as a militant stronghold, but does lie very close to an Israeli military base, as well as the new, but closed, Gaza airport. All these moves only serve to strengthen the Israeli hold on the Gaza Strip, while pushing the Palestinian population into smaller and smaller enclaves. This has been Sharon's plan for the last three years. On the West Bank, through his "Berlin Wall of the Middle East," he has further cantoned the area, slowly pushing most of the Palestinian population into three enclaves encircling the three largest West Bank cities, Nablus, Ramallah and Hebron.

Israel Peace Camp Mobilizes

The hard core of the Israeli Peace camp mobilized themselves throughout Operation Rainbow under the slogan "None of us can sit at home at a time like this. None of us can say, 'we did not know,' " an obvious allusion to those in Nazi Germany who claimed they "did not know" that the holocaust was occurring.

Spirited demonstrations were held for three days in front of the Israeli Defence Ministry in Tel Aviv. Organized by Peace Now, other participants included the Refuseniks, the Yahad party as well as its youth movement, and other organizations. Yahad Chairman Yossi Beilin addressed the demo calling for an immediate withdrawal from Gaza.

Other demonstrations took place at one of the crossings between Gaza and Israel. 700 people attended, including 12 busloads of activists. The demo was sponsored by Gush Shalom, Israeli Committee Against House Demolitions, Ha-Kampus Lo Shotek, Yesh Gvul, The Refusenik Pilots, The Refusenik's Parents Forum, Women's Coalition for Just Peace, and Ta'ayush Arab Jewish Partnership. The protesters plan to have a non-stop presence at the "Gate to Rafah," also known as the Sufa checkpoint.

Nonetheless, the massive demonstration that brought 150,000 people into Rabin Square on May 15th did not repeat itself, primarily because too much of the political opposition, especially the Labor Party, under the equivocating leadership of its chairman Shimon Peres, was busy considering how to relate to Sharon's phoney disengagement plan, instead of how to bring down his right-wing extremist government.

Sharon continues to be backed by his primary supporters in Washington, Vice President Dick Cheney and the neo-cons in the Bush Administration. As American Presidential candidate Lyndon H. LaRouche has said many times, Sharon is their "hand grenade," which they will throw if they think blowing up the rest of West Asia, west of Iraq, will enable them to stay in power. As long as these lunatics are in power, Sharon will be also.

EIR's Neo-Con Exposé Out in Japan: An Exit Strategy for Lost Decade

by Kathy Wolfe

Lyndon LaRouche's new book in Japanese, *Neo-Con Beast-Men: The Ignoble Liars Behind Bush's No-Exit War*, published on April 26, is now "selling like rice cakes" in 500 book stores around Japan, the publisher reported in late May. It was the author's pleasure to present the translation—along with LaRouche's positive policy alternative, the Eurasian Land-Bridge "global New Deal"—in Tokyo from April 25-May 3, and to watch the shock waves roll.

The book, overseen by independent Japanese author Ohta Ryu, includes large parts of LaRouche's first *Children of Satan* campaign pamphlet, and subsequent *EIR* exposés on the neo-cons. It features five articles by LaRouche including "The Essential Swindle of Leo Strauss"; nine by Jeffrey Steinberg, including "Synarchism: the Fascist Roots of the Wolfowitz Cabal"; Tony Papert's "The Secret Kingdom of Leo Strauss"; 23 *EIR* pieces in total.

Within hours of publication, *EIR* held three press conferences and seminars at think-tanks in Tokyo. We had been told that "all mention of Leo Strauss has been forbidden in the Japanese press, under pressure from Washington," as one angry Tokyo reporter put it, referring to the University of Chicago mentor of Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, Paul Wolfowitz, and the other neo-cons. *EIR*'s press releases therefore emphasized Strauss and his Satanic theories, and Strauss' two mentors, Nazi jurist Carl Schmitt, and Jacobin Alexandre Kojève.

The book appeared as Japanese society was shaken at its foundation by a set of crises, from the bankruptcy of its giant banks and corporations, to public loss of confidence in politics, and questioning even of the merit of industrial progress, Japan's *raison d'être*. There is an incredible generation gap between older Japanese, and youth in their 20s who grew up in Japan's "lost decade" of the 1990s, many of whom reject conventional jobs and morals.

The "No-Exit War" in Iraq has made many see that these crises are caused by the global economic and military failures of the Neo-cons in Washington, starting with "Nixon Shock" in 1971, when Dick Nixon bankrupted the Bretton Woods monetary system. A non-violent peace movement against Cheney's "permanent war" is growing in Japan. But can Japan find a real exit from the hopeless world the neo-cons have made, by creating positive new programs to build its way out?



Neo-Con Beast-Men: The Ignoble Liars Behind Bush's No-Exit War—on sale now in Japan, and "selling like rice cakes," according to the publisher.

There has just been a peaceful revolution in Korea; if it comes to Japan, it will shake the world.

Debate on Book 'Can't Be Stopped'

The first step is to shake up Japan. The *EIR* book aims to do just this, by exposing Strauss and the doctrine of "permanent, no-exit war" as un-American—rather, based on the philosophies of Synarchism and Fascism which created Nazi Germany and World War II.

The visually stunning 381-page hardback *EIR* book shows photos of Cheney, Rumsfeld, Wolfowitz, and Richard Pearl on the cover, with the large title "Neo-Con Beastmen" and subtitle: "Leo Strauss' Children of Satan." The entire back cover is a photo of LaRouche, with his biography printed over it, highlighting his authorship of Ronald Reagan's Strate-

gic Defense Initiative, the shocking political attacks and jailing of LaRouche and his organization from 1986 on, and the more astonishing growth of the LaRouche movement since then.

A trans-Pacific team of four Japanese LaRouche Youth organizers in Japan and America promoted the Tokyo meetings in advance by translating a press release into Japanese, and spreading it widely to Tokyo media. Another supporter at Tokyo's prestigious Foreign Correspondents Club of Japan (FCCJ) also organized a luncheon speech on the book at FCCJ, with support of Korean, Japanese, and Chinese reporters. There was much discussion with Tokyo media, but in the end, they dutifully boycotted the public press conference. The FCCJ organizer shed some light on this, after the luncheon was cancelled at the last moment by U.S. Associated Press Tokyo Bureau chief Myron Belkind, who pulled rank as FCCJ President.

"The event won't take place, but the debate about who are the neo-cons, really, is now all over the FCCJ—and that debate can't be stopped," the organizer reported to *EIR*. "We have a membership of 450 correspondents who report for 150 world newspapers, news agencies, TV, and radio; 60 major Japanese news media; and more than 1,800 members from embassies, corporations, and banks."

At the think-tanks, the explosive nature of the book became more clear. After a slide show on the neo-cons' roots in Napoleon's cult of Synarchism and the Great Depression's Fascism, the head of one think-tank linked to the Japanese Diet (Parliament) grabbed five copies of the *EIR* book brought as samples, and promptly sold them to the audience, including Members of Parliament (MPs). The MPs were particularly receptive, inviting the author for a spontaneous tour of Diet offices, where LaRouche's book and New Silk Road plan were introduced to other MPs and their staff.

An open meeting at Tokyo's Civic Center, hosted by editor Ohta Ryu, drew an audience of 60 from the public who stayed until the wee hours asking questions about history and world finance. The book was also presented at a new college in Tokyo, to a very eager audience of over 50 students, who had four hours of questions.

An Industrial Renaissance Strategy

Japan's elite is deeply worried about the last ten years' depression, "the lost decade." "My generation has failed," one bureaucrat told *EIR*. "We have made a mess of Japan's economy and of the nation. We don't know how we can face our ancestors, or future generations." Today's Japanese youth, maturing in that decade, have never known prosperity. Many live as "freeters," an unprecedented free-floating work-



A poster in Tokyo's subway promotes the "double cusp" model of the world's fastest train, Yamanashi Prefecture's MLX01 Magnetic Levitation Test Train.

force on part-time jobs, as job security is destroyed by globalization. Their latest cult novel is *Hebi ni Piasu (Snakes in Earrings)* about a 20-year-old pursuing cosmetic surgery to produce a forked tongue, after multiple body piercings. "I can feel really alive only during moments when I feel pain," she says.

In April, Tokyo's vast subways were postered wall to wall with "end time" scenes from the new film "The Day After Tomorrow," showing New York, Tokyo, Paris, and other capitals buried in snow from a global ecological disaster blamed on industry. Pressure on Japan is intense, to give up its Meiji-Era dream of being the industrial "city on the hill," which inspires nations around the world to progress. But there is also a revolt against this pessimism. I also met government and corporate leaders who insist that the only exit strategy is an industrial Renaissance, based on next-generation technologies, such as those required by the Eurasian Land-Bridge, or New Silk Road. "Only an Ayatollah would say that industry is our problem," said one. "What we need is a new market in Eurasia, selling new technology."

On May 1, there appeared in Kasumigaseki Subway Station, for millions of government employees to see, a poster of the Linear Central Shinkansen, Japan's Magnetic Levitation (Maglev) train, the world's fastest at 581 kilometers/hour top speed. "Tokyo to Osaka in 1 hour—changing the map of Japan," it says; today's bullet trains take two hours for the 500 kilometer trip. Tokyo, Osaka and other local entities now have a campaign for public support of Maglev research. LaRouche and *EIR* have strongly promoted Maglev and other cutting-edge technologies for the Eurasian Land-Bridge "from Tokyo to Pusan to Paris"; but until now, the Japan National Railway has opposed sale of Maglev outside Japan as "premature." To really promote this vision of progress, means thinking big: "changing the map of Eurasia."

Philippines Elections Show No Solution Ahead

by Mike Billington

The May 10 Presidential elections in the Philippines are moving slowly towards a final vote count (official tallies are not expected until mid-June), with all generally agreeing that President Gloria Macapagal-Arroyo will be declared the winner, but only by a small margin over her closest opponent, actor Ferdinand Poe. With five candidates in the race, Arroyo will likely wind up with less than 40% of the vote, to Poe's 36%. There is widespread unrest over the conduct of the election, with accusations of fraud from several highly credible sources, and rival poll-monitoring agencies showing Poe in the lead. Mass demonstrations are planned, and coup rumors are rife. This dark outlook only adds to an economic situation in which the internal debt crisis is out of control, even while the global financial bubble is exploding.

The Philippines has been without national leadership since the U.S.-orchestrated military coup against President Ferdinand Marcos in 1986—for which Paul Wolfowitz, the architect of the current disaster in Iraq, likes to take partial credit. President Corazon Aquino, placed in office after the coup against Marcos, did as she was told by the man who ran the coup, Gen. Fidel Ramos, who in turn did as he was told by his sponsors in Washington and New York—until he became President himself, selling the nation wholesale to Enron and its like in the 1990s.

When Joseph Estrada, a former action-hero movie star who had served as a Senator and Vice President before his election as President in 1998, proved to be unwilling to impose, on the population, the full scope of this sellout to the globalization mafia, another “election Philippines-style” was staged, with a mob on the street fronting for a military coup under U.S. direction—with General Ramos and his circle again pulling the strings. Then Vice-President Gloria Macapagal-Arroyo was installed as President, and immediately privatized and deregulated the power sector, and generally pledged the nation to full International Monetary Fund (IMF) control, while also lending her support to the neo-conservative war machine in Washington.

A Divided Nation

The May 10 election forced Arroyo to risk her position before the electorate, even as the national economy is in shambles, with one-third of the national budget going to debt ser-

vice, half the population living on less than \$2 per day, and the budget sustained through remittances from the one-fourth of the workforce which has been sent overseas to work (including 3,000 laborers in Iraq). A divided opposition, however, was unable to unite behind a single candidate against Arroyo. As a result, three candidates strongly opposed to her policies are polling over 50% between them, but Arroyo is officially, at any rate, leading her nearest rival, action-movie star Poe.

Poe, unlike his friend former President Estrada, had no experience of any sort in government before this campaign. Although he had many leading nationalist economists and patriots around him, he chose to say virtually nothing about his plans for the nation, relying on his popularity as an actor to defeat the extremely unpopular Arroyo. Whatever the final official vote count, and whatever the evidence of fraud, it is clear that he failed to rally the population around a mission for the nation. The result is a nation fiercely divided, a military on edge (not unlike many in the U.S. military, angry over the consequences of Dick Cheney's pre-emptive war doctrine), and an economy ready to implode.

While it is widely asserted that the Philippines, unlike Argentina, will not be cut off by the IMF—out of gratitude for its subservience to the IMF and to the Washington neo-con cabal—that belief ignores the collapse of the U.S. speculative bubble itself. Also, the protectors of Arroyo's government in the Pentagon—Rumsfeld, Wolfowitz et al.—may soon find themselves out of a job—even before the U.S. election—as more ugly realities of their beast-man policies are revealed daily.

The Philippines Catholic Church, too, is divided at the top over the crisis. The Church under Cardinal Sin, who is now retired, had given its full support to the “people's power” charade for the overthrow of Marcos and Estrada, but other voices are heard today. Archbishop Oscar Cruz, the former President of the Catholic Bishops Conference of the Philippines, said on May 24 that “It will be very, very difficult days ahead of us. If she [President Arroyo] wins—and, most probably, she'll win—she'll find it hard to govern, because there will always be questions on the credibility of elections.” Asked about the accusations of fraud, he responded: “Nobody is beyond suspicion.” He added that President Arroyo had lost her “moral ascendancy” when she reneged on her December 2002 pledge to the nation that she would not seek re-election.

The anger among the poor—which is the majority in the Philippines—over the possibly tainted electoral loss by Poe, widely perceived as their candidate, is exacerbated by the devastating impact of the economic crisis. On May 24, the Arroyo Government approved an increase in bus and “jeepney” fares by as much as 37%, due primarily to the spike in gas prices. Manufacturing output collapsed in March by 11%, further exacerbating the unemployment rate, which is already the highest of the 11 largest Asian economies.

Nigeria Is On a Dangerous Path

by Lawrence K. Freeman

Is Nigeria, the most populated nation in Africa, on the verge of national disintegration? This is the dangerous question that emerges from discussions with two leading Nigerians in recent months. Major General Muhammadu Buhari, the Presidential candidate for the All Peoples Nigerian Party in the 2003 election, when speaking in Washington on April 7, said: “An unstable Nigeria driven by internal wars, insurrections, or other manifestations of a failed state, has the potential to destabilize the whole continent of Africa.” And Professor Sam Aluko, the well-known Nigerian economist, who has represented a unique counterpole to the International Monetary Fund/World Bank free-trade policies for decades, provided a clear picture of the deterioration of the Nigerian economy for the last five years under the Presidency of Gen. Olusegun Obasanjo (see *Interview* following).

Poverty Leads to Violence

Professor Aluko and General Buhari confirmed what *EIR* has reported for years. Despite all the fanfare about the “democratization” of Nigeria with 1999 election of President

Obasanjo, the conditions of life for 130 million Nigerians have only worsened since then, with an estimated 91 million (70%) of the people living in poverty. There is no manufacturing industry to speak of in Nigeria. The majority of the population, trying to scratch out an existence, are forced to act like beasts of burden, either in the so-called informal economy, or in backward peasant-type agriculture labor.

As Aluko insightfully points out, the root cause of the so-called ethnic and religious confrontations bedeviling Nigeria—such as those in which thousands of Muslims and Christians have brutally massacred each other in the states of Kano and Plateau in the first two weeks of May—is the extreme economically depressed living conditions for the overwhelming majority of Nigerians.

The level of violence, stealing, and murder has also escalated, along with revolts against the government in various parts of country. While outside orchestration of such “ethnic-religious” clashes is by no means to be ruled out, the “dry tinder” required to ignite the fire of wanton killing is the deep cultural pessimism already affecting the population. Denied the opportunity to earn even a minimal economic sustenance to provide for a family and have a meaningfully productive life, desperate people resort to bestial acts of violence.

Nigerians were promised and expected “democracy dividends” in 1999, when President Obasanjo was first elected as the preferred candidate of Britain and the United States, after the mysterious deaths of two entrenched opponents, General Sani Abacha and Chief M.K.O. Abiola. Obasanjo’s re-election in 2003, with a claimed two-thirds of the vote, met a hail of accusations of vote fraud, and has been brought before

the Nigerian Supreme Court by General Buhari. Beyond that: Is it truthful, or mere sophistry, to discuss ushering in an era of “democracy” after decades of military rule, when citizens lack even the basic necessities of life—clean water, continuous electricity, a minimal standard of decent housing, any semblance of health care, or education? On top of poor quality compulsory lower education, approximately 80% of Nigerian university students have been deprived of instruction by the shutdown of colleges due to strikes and the shortage of operating funds.

This horrendous situation is not unique to Nigeria. All of sub-Saharan Africa has been in an accelerated process of devolution. Globalization, the modern term for the predatory doctrine of free trade, has, not surprisingly, failed to improve one African economy. Absent from the various seminars, and polite—but insincere—lectures about Af-



“The root cause of the so-called ethnic and religious confrontations bedeviling Nigeria is the extreme economically-depressed living conditions for the overwhelming majority.” Here, Nigerians eke out a small income by collecting wood to be resold as fuel for cooking in urban areas.

rica, is the plain truth: *Genocide* is the policy towards Africa. Millions of Africans are murdered each year in unspeakable ways, while their nations are looted of their valuable natural resources, with little resistance offered by weakened and almost non-existent governments.

Conditions in Nigeria have reached such a crisis level that rumors of military coup are being heard once again. Are the financial elites who control Nigeria from outside its borders preparing another military government, or to replace Obasanjo with a new President? Are not the fears of a breakup of Nigeria justified? Or is it not also possible that in a global strategic-economic crisis, a radical break from failed policies, for a positive alternative such as Lyndon LaRouche's "New Bretton Woods" could be implemented?

Interview: Sam Aluko

The Oil Price Is Not Improving Nigeria

Professor Sam Aluko, M.Sc., Ph.D., of Nigeria, is an economics professor and former chairman (1994-99) of the country's National Economic Intelligence Committee. He was interviewed by Larry Freeman on May 14.

EIR: Professor Aluko, it's very good to have you here in the United States, and we'd like to take this opportunity to ask you a few questions about the situation in Nigeria. First of all, could you give us a report on the conditions in Nigeria, and where you think they're going at the moment?

Aluko: Well, since the democratic system began in 1999—May 1999—with President Obasanjo in power, and the Peoples Democratic Party with the majority of seats in the Muslim states, everybody expected at least improvement in the economy. At that time the rate of exchange was about—officially, was 21 naira to the dollar—and on the black market was about 64 to the dollar.

But today, the official rate of exchange is about 141 naira to the dollar, the black market is about 155. So it's become very, very difficult for the industries, for trade, for agriculture, to flourish.

In 1999, the official rate of interest was 21%, and the difference between the lending rate and the commercial rate was 4%. In other words, if you deposited your money in 1999, you got 17 percent, and if you borrowed, you will pay 21%. Today, the lending rate is about 35%, between 35% and 40%, and the deposit rate is less than 4%. So, it is not attractive to save, it is not attractive to borrow, and therefore you find the

situation where very many industries have closed down. Very many businesses and enterprises have closed down, and there's large volume of unemployment.

So, there is great despondency, economic despondency, an increasing crime rate which is a result of lack of jobs. There is great under-employment. There is tension in the civil service, because, although the salaries have increased, so have costs increased. So, the standard of living of the civil servant has not increased either, and the general depression of the economy is very great.

So, there is little or no change in the system, except that it has deteriorated further, and that is why, today in Nigeria, you have a lot of riots, and killings, and religious intolerance. The fight between Christians and Muslims, between youth and elders, between the oil-producing areas and the non-oil producing areas, among political parties. And a lot of real national crises.

Devil's Work for Idle Hands

EIR: So, you're saying, Professor Aluko, that the so-called ethnic fighting—and again, over the last week, we have Muslims being killed in the Plateau state, and then Christians being killed in Kano, there's massive crimes—you're saying that these ethnic clashes, and this crime wave, are directly due to the economic conditions of the country, rather than, *per se*, due to any kind of religious or tribal problems. Can you say more about that?

Aluko: You know, it's generally said that the devil finds jobs for idle hands. We generally find that most of these crimes take place at 10 o'clock, 11 o'clock, 12 o'clock. Now if the people were on duty, if they were in their places of work, they would not be rioting at this time of day. It is not after office hours that these riots take place; it's when people should be working. And that is why we generally say that the *main* cause of the crisis is economic depression; because people have no jobs, and if they have no hope of any job, and they have no money to eat, and any small crisis will pick up. And because of the general downturn of the economy, even the leaders, the main leaders, who have been thriving before, who had been making good before, are now depressed. And so they incite the youth to violence.

The oil-producing areas say that they have not seen any improvement in their standard of living, and yet the price of oil has been going up.

So, this is the main cause of the crisis. The government has been trying, but the government itself seems to be trying in the wrong direction.

EIR: I'd like to ask you about that question. You just brought up the oil price. Now, the price has just gone up to over \$41 a barrel. It's the highest in the history of keeping track of the oil records. What is Nigeria doing with this increased oil wealth, given the fact that the country is, I think, the fifth- or sixth-largest oil-producing country? I believe they're export-

ing over—pumping out over 2 million barrels of oil per day. Where is this extra revenue going?

Aluko: That is the problem. That is what has been causing a lot of trouble in the oil-producing areas. That in spite of the increase in the price of oil, there seems to be no welfare package, no improvement in the life of the people in the oil-producing areas, nor in the general working conditions in the country. Before the present government took over in 1999, the price of oil, when we were in government, was about \$13, 15, 16 dollars per barrel. Today it's almost two and a half times that, and yet, there's not much improvement.

Much of this money has gone into political appointments. For example, when we were in government, you had 22 ministers in the Federal government. When the President took over in 1999, he appointed 49 ministers, and about 102 advisors. Now he appointed about 102 ambassadors, whereas we had only about 42 embassies. So, in the United States alone, we have about 5 ambassadors today. We have one in Washington, D.C., we have one in New York, we have one at the United Nations, we have one in Atlanta, Georgia, we have one in California. In Britain, we have three. And the British government has one in Nigeria. The American government had one ambassador in Nigeria. And this is how political appointments have been multiplied.

And so you find that, with parliament in the 36 states, and the Federal parliament, with 774 local governments—I was chairman of local government before, and had no salary, no allowance, we were doing it free. But today we have full-time chairmen, full-time councilors, full-time supervising councilors who supervise nothing. So there are a few political drawbacks. But this drained a lot of money, but they were very few. And yet they spend almost all the money. And of course the governors travel around the world. Our President has been accused most of the time of junketing around the world. So, much of the effort being made back home, by the government, is neutralized by the extravagance in government.

And so there's not much to show for all the increase in oil. Oil produces about 90% of the revenue of government. But there's nothing to show for it!

EIR: What about Nigeria's relationship to the International Monetary Fund (IMF) and the debt? I assume a large portion of these oil revenues is also going to pay off the IMF and banks?

Aluko: Yes, that is the fact. Because we pay about \$2.5-3 billion in debt every year, but even after paying that much, the penalty for not paying off, and the interest on the debt, neutralizes what we pay. So that you find that in 1999, the government inherited an external debt of \$28 billion. Today it is near \$32 billion, in spite of what we pay annually.

So, even though we pay a lot of debt, there is no significant change in our debt structure, debt profile. The IMF itself is becoming, and the World Bank, they are becoming worried about their policies in Nigeria. They are beginning to say that

government must do something to reduce the poverty rate, to reduce the interest rate, to reduce the inflation rate! That what they are doing, what they are preaching is not what the government was doing! So there seems to be a sort of small conflict now between the IMF and the World Bank, and the Federal government of Nigeria.

In the recent months, the President seemed to be reacting to that by now putting a lot of restriction on importation, on traveling abroad, and so on, and changing the economic policies from being market-determined, to a little regulation by government. Because part of the problem is that the government has misdirected its policy by saying they wanted to deal in a free market.

Even IMF Tells Government To Regulate

EIR: So you're saying that the IMF and World Bank are actually suggesting to President Obasanjo to have more government intervention, to relieve some of the economic stress on the population?

Aluko: Yes. They are directly saying that. While they still call it a market economy, they are beginning to say that the market still needs to be developed, that a market has to be developed before you can operate in the market, and therefore the government in recent months has been trying to ask the Central Bank to do something about the rate of interest, and asked the bank to do something about the rate of interest and the rate of exchange. There was a time that the economic adviser said that the naira was still overvalued, and President Obasanjo said, "No," that is not the policy of government. The naira should be strengthened. In other words the rate of exchange should reduce and the rate of interest should also reduce.

So, apparently, government is beginning to react to this problem in the country, and they have recently put out a policy which they call NEEDS—National Economic Empowerment and Development Strategy. Of course, it is only a policy statement; it had no plan, it had no prioritization, it has no time dimension; but it is a document which they feel, if they follow, they might be able to revise the situation and improve the economic system.

EIR: People estimate about 130 million Nigerians today. That's a large population. How do people work, how do people live, how many people employed? Could you give our readers a graphic picture of the conditions in Nigeria today? The big turn in Nigeria was supposed to be the 1999 election, where "a democratic President," Obasanjo, took office. And then there was another election in 2003, where President Obasanjo was re-elected. Everybody said this would change Nigeria, this would end corruption, and we would have the "democracy dividends." Have there been any real democracy dividends for the Nigerian population at large?

Aluko: This is what very many middle class and upper middle class people have been asking. There has seemed to be no

“democratic dividend.” Rather, there is democratic shortage. Because despite all the votings, and more government, and more democracy, so to speak, the economic situation has not improved. The political situations have not improved!

In 1999 the election was allegedly rigged by the ruling party, but the 2003 election was more rigged! In fact, the last local government election was a farce. So, really, we seem not to be democratically improving, in the system of government, and yet, we are running a democracy. And you find that in recent months there has been a fear of an attempted coup, which shows a sort of declining confidence in the democratic norm, which many of us don’t like. We don’t like coups, don’t want military rule again, but the democratic system has to operate!

One of the problems that the system has: It has too much centralization of both political and economic power in the Federal government. Even though we have 36 state governments and the Federal government, the Federal government alone controls about 52% of the resources. And the state governments have not much money to live upon, and so they have been asking for a true federal system, whereby the states would have more money, to care of the people, the local governments will have more money to take care of the local people. But again, the state governments and local governments are not better than the Federal government either. Because they’re equally corrupt. They’re equally wasteful, but at least people feel that if you devolve more financial power on the states and local government it’s easier to control them, and make them function more effectively than the Federal government, which is a distant government.

The Federal government has not reacted to that positively. The Federal government seems to be more interested in what it can get for the Federal system, whereas the civil service as a whole in Nigeria is presently about 5-6% percent of the population! And almost 60% of the financial resources is spent on this minority of people. So you have a large number of people, they’re having big cars, they’re using cell phones, but the general population is in jeopardy, economic jeopardy.

EIR: When I was Nigeria last time in 2001, the conditions were poor. Has there been any improvement in infrastructure, and hospitals, in schools, in clean water, in electricity, for the population?

Aluko: The government has put a lot of money into infrastructure, particularly electricity, but not much has changed, and that is why people are saying that, in spite of all this amount of money being spent, allegedly spent, not much improvement has come, particularly into the rural areas, and the urban areas. Even in Abuja, which is the Federal capital, you have a lot of water shortage, a lot of electricity outage, and so people are questioning the amount of money being spent by government, without much to show for it.

On roads, for example, a lot has been spent—at least on the budget, and that is why people are very unhappy that there



Professor Aluko spoke to an EIR conference on North Africa’s development in January 2001. He has long been interested in Franklin Roosevelt’s economic approach, and in Democratic Party politics in the United States.

is a tendency for increased corruption in the system. Even though this money is allegedly spent, much of it is going to private pockets—not only within Nigeria, but also outside Nigeria. And the President has been trying as much as possible to fight corruption. But he appears to be the lone person who is shouting about corruption—I mean, the system is corrupt! In fact, when you have a government that comes to power by corruption, it is very difficult for that government to fight corruption.

So, the President has been trying his best about corruption, but the system of infrastructural development—not much has changed since you left in 2001.

No Support for Iraq War

EIR: Is there a significant national opposition or alternative to the policies of President Obasanjo? Are there individuals, and do those individuals have alternative policies, to reverse this process you have described? Nigeria is one of wealthiest countries in Africa, has enormous resources, as well as its population is a resource: Has anyone taken up the fight for the general welfare of the population, or is there no alternative to President Obasanjo until the next election?

Aluko: In fact, in 1999, there was greater opposition after the election, than [after] the election in 2003. Because in 1999 the ruling party ruled about 22 states, out of 36. Last year, they won 28 out of 36. So, really the opposition is declining in terms of voiced opposition, effective opposition, a lot of political opposition. But there is no doubt about it, that in the population itself, there are a lot of people who are speaking out, at the universities. Even some of the parties that are not represented in parliament—there is what you call now a coalition of other parties against the ruling parties, and this is part of the thing that is giving tension in the country.

Because people believe that the party in power is becoming more and more dictatorial, and in the next election, they will so overwhelming as to be a one-party state, which is not

good for democracy.

But, it's not a bad thing to have a dominant party, if you have good policy. Because then you can carry that out. For example, the present party has two-thirds of the majority in Parliament, they have two-thirds of state governments, so if they want to follow a very good policy, they can carry it out, without any molestation. But that hasn't happened. And that is what we want to see happen.

I mean, if you can find a party that can be, like in India, Congress, for a number of years, really made the country economically grow. Rather than a scuffle for all sort of scrambling and inability to govern: But that has not happened in Nigeria. We hope it will happen. We don't see an alternative in the horizon, because the All Nigeria Peoples Party, which is the opposition to the Peoples Democratic Party, itself is losing steam.

EIR: Which party is that, and who leads that?

Aluko: The Presidential candidate is General Buhari—and that is one problem that the Nigerians also face. That the political system is dominated by ex-military officers, who have no democratic credentials. Both Obasanjo and Buhari are generals, and many people are saying that we want civilian Presidents, and civilian opposition party leaders. But be that as it may, at present it doesn't appear that there's any alternative to the Peoples Democratic Party.

EIR: Let me just step outside Nigeria for a second. Nigeria has a very large Muslim population, and obviously the war in Iraq has to be something that people are concerned about in Nigeria. What are your views about this war, which has now gone on for over a year, and has this diminished the esteem that Nigerians held the United States in previously?

Aluko: Well, there is no doubt that the Muslim population in Nigeria does not support the war in Iraq—the way America is pursuing the war in Iraq. Not only that. Even the non-Muslim population, myself inclusive, have not supported the type of policy being pursued by America in Iraq. While one might not have supported Saddam Hussein, we felt that there were other ways of really making a country change its policy, than military action; because the military doesn't solve anything. It only worsens it. So, there is general disquiet in Nigeria about the American policy in Iraq. Not only in the Muslim population, but the general population.

Although, at the government level, because of the pro-Western system, there has not been an official pronouncement against the American policy; but generally, inside and outside government, the policy of America in Iraq has not been very much welcomed in Nigeria.

A Real Policy Alternative?

EIR: You are familiar with the policies of Lyndon LaRouche, who is actively pursuing the nomination for the Democratic Party here in the United States. He has forecast,

for many years, that this financial system would be coming down at this point—and that is now the case. How do you view his analysis relative to what is happening in the world, and also the alternatives that he's put forward?

Aluko: I've always felt that Dr. LaRouche has been very much right in his analysis and forecasts about the financial system. And he is being proved right day after day. The problems are not simple, and anybody who's an economic analyst, will know that. The tendency will be what it is now, because if we have the developing countries getting poorer and poorer, then they will be bad customers to the developed countries. They won't be able to import, they won't be able to export, and therefore the world itself will become more depressed. And therefore the economic situation is likely to continue to be what it is now.

So, I've always admired LaRouche in his analysis, and in his prognostications about the financial system. And he's right. And I support it.

EIR: Now, I'm not trying to draw you into electoral politics here in the United States, but we do have the incumbent President Bush, whose policies are failing at this point, in terms of foreign policy and economic policy. One of the leading candidates in the Democratic Party is John Kerry, and then, of course, Mr. LaRouche is running in the Democratic Party for President. Do you have any suggestions for the candidates running in the United States, from the standpoint of an elder Nigerian statesman?

Aluko: I've always supported the Democratic Party in the United States, even from the first time I came here in 1962, when Kennedy was in power. I visited him and I shook hands with him. I, in fact, campaigned for him in Massachusetts. I went to his hometown—at that time his brother was also running as Senator—so I always supported the Democratic Party, and I'm still supporting the present Democratic party.

But what worries me is that Democratic Party candidate, Kerry, with all the advantages that he has—I think he should take the opportunity of what LaRouche is saying! I mean, if I were he, LaRouche would be one of my right-hand men! So that I would gain from him, and take care of the growing poverty in America. Because there is a growing poverty even underneath in America, which LaRouche is pointing to, and which the upper levels don't seem to realize. So, I feel that, if I were to advise John Kerry, I would say that he should look at LaRouche, draw him as close as possible, and possibly, if he wins election, make him one of his key ministers, or secretaries, or advisors.

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CEC Launches Federal Campaign

LaRouche's associates have shaken up the country.

At a dozen press conferences all over the country on May 19, the Australian associates of Lyndon LaRouche in the Citizens Electoral Council (CEC) launched their campaigns for the Federal elections expected in October. Numerous media attended the conferences, along with well over 200 Australian citizens supporting the CEC. Some of these latter were members of the CEC, but many were not, reflecting the widespread disgust with the two “major” parties—the Liberals and the Australian Labor Party (ALP)—and the desire for real national leadership. The Liberal/ALP policies of deregulation, privatization, and globalization over the last three decades have done much to wreck what used to be called the “Lucky Country”; now, with a global financial crash fast approaching, the two are collaborating to ram through police-state measures identical to those of Hitler in 1933.

The day before the press conferences, the CEC ran a full-page ad in the country's only national newspaper, *The Australian*, which featured a sharp attack on Australian fascist police-state laws (see *EIR* May 14 and May 21), and pictures of all 88 CEC candidates around the center-piece of the ad—the cover of the CEC's just-released *New Citizen* newspaper. Both the paper's banner headline, “Defeat the Synarchists—Fight for a National Bank!”, and its second lead, “Fate of U.S.A., World Hangs on Lyndon LaRouche,” almost jumped out at the reader; and the text of the NC's whole front page was clearly legible. The same day, the CEC took out quarter-

page ads in another 15 newspapers covering all major population centers in Australia. All of the ads featured a toll-free phone number at the CEC national office in Melbourne, and a clip-out coupon to send for a free copy of the *New Citizen*; over the following week, the CEC received 600 calls and 300 coupons, and 1,300 people downloaded the entire 72-page paper from the CEC website; 16,000 others read part of the issue on the site.

At the conferences, the CEC candidates emphasized four themes to the press: 1) that the LaRouche-affiliated CEC was launching its largest-ever slate of candidates, with a presence in all eight Australian states and territories, in a campaign amid an extraordinary period of crisis internationally, for which only U.S. 2004 Democratic Party Presidential pre-candidate Lyndon LaRouche had the necessary solutions; 2) that the party was determined to stop the latest of a seemingly-endless barrage of police-state bills, the Anti-Terrorism Bill 2004; 3) that the CEC was releasing its most powerful piece of literature ever, the latest *New Citizen* with its extraordinary expose of the Synarchy's drive for fascism in Australia in the 1930s, and that the same pro-fascist families and corporations of that era are behind the current push for police-state laws; and, 4) that the party was denouncing the ruling Liberal Party government of Prime Minister John Howard as a “beastman” entity, both for its commitment to a fascist police state, and for its systematic torture of children, as revealed in the just-released report of the Australian Human Rights and Equal Op-

portunity Commission's (HREOC) on “Immigration Detention Centers” (IDCs) around Australia (see *EIR*, May 28, 2004). To clarify the last point, the candidates released information—for the first time publicly in Australia—that the father of current PM John Howard had been a member of the 1930s Synarchist/fascist army known as the New Guard. “Like father, like son,” the candidates charged.

Although most major media blacked out the conferences, some good coverage was garnered on local radio and regional papers and television. Notwithstanding the blackout, the establishment was stung, as revealed in a hysterical article appearing on May 23 in Rupert Murdoch's *Sunday Mail* in Brisbane, Queensland. Columnist Terry Sweetman featured a prominent picture of Howard's New Guardsman father, Lyall Howard, in his World War I army uniform, under the title “‘Citizens’ take cowardly way.”

Sweetman was apoplectic at the CEC's exposure of Prime Minister Howard. After claiming that he, too, had been a long-time, fierce opponent of Howard, Sweetman fulminated, “However, I will defend Mr. Howard to my last breath against the scurrilous, cowardly and irrelevant charges of the seriously deranged Citizens Electoral Council.” Furthermore, he spluttered, “Maybe Lyall was a 1930s fascist, maybe he wasn't; but what the hell does that have to do with John Howard?”

Sweetman desperately attempted to dismiss the CEC's extraordinary documentation of the continuity of Australia's Synarchist/fascist networks of the 1930s through today, of which the Howard family is only one egregious example. Another, is the Murdoch family—who employ Sweetman himself.

The Crimes of Iran-Contra Have Never Ended

by Jeffrey Steinberg

A funny thing happened, early in May, when President Bush met with Jordan's King Abdullah II in Washington. According to news accounts, the Jordanian ruler provided the President with a dossier, revealing that Ahmed Chalabi—the head of the Iraqi National Congress (INC) and the darling of the neo-cons in the Office of Vice President Dick Cheney, the civilian apparatus at the Pentagon, and such Beltway think tanks as the American Enterprise Institute and the Jewish Institute for National Security Affairs (JINSA)—was passing top secret U.S. government material to the most radical ayatollahs in Iran.

It is no secret that the Jordanian government has had deep misgivings about Chalabi's prominent role in the postwar Iraq occupation government. Chalabi has a 22-year jail sentence awaiting him in Jordan, as the result of massive fraud at his Petra Bank in the 1990s. The Jordanian Ambassador in Washington and King Abdullah II have both publicly accused Chalabi, and his INC, of being behind the bombing of the Jordanian embassy in Baghdad in August 2003.

The King's dossier bolstered intelligence already in the hands of the CIA and the National Security Agency, indicating, among other things, that Chalabi's so-called Free Iraqi Force was heavily penetrated by the Iranian Revolutionary Guard. National Security Agency (NSA) intercepts had revealed much deeper ties between Chalabi and radical factions within the Islamic Republic than had been known to American officials previously.

The dossier, provided by King Abdullah, checked out, and, as a result, the White House ordered Coalition Provisional Authority boss Paul Bremer to raid Chalabi's home, and the INC offices. That raid occurred on May 20, catching both Chalabi, and some of his neo-con allies in Washington,

flatfooted.

On May 24, the *New York Times*, *Time*, and *Newsweek* all reported that U.S. Federal investigators are now conducting a high-priority criminal probe, to determine who in the Pentagon was passing classified documents on to Chalabi. Although the news accounts did not name any names, they all reported that there is a narrow list of people with access to the secrets, who were also close collaborators and boosters of Chalabi.

Among the leading candidates to join convicted Israeli spy Jonathan Jay Pollard in the hoosegow, or at least, in the hall of shame, are: Assistant Secretary of Defense for Policy Douglas Feith; Near East South Asia/Office of Special Plans head William Luti; Feith deputies Harold Rhode, Abram Shulsky and Michael Rubin; Office of Special Plans staffer Col. Bill Brunner; and Deputy Secretary of Defense Paul Wolfowitz. All have been known to maintain intimate ties to Chalabi. Another Irangate "veteran" and Chalabi booster, Elliot Abrams, who was convicted of perjury (and later pardoned by President George H.W. Bush), was named the top NSC official on the Middle East in late 2002, a post he still holds.

The authoritative Republican Party insiders newsletter, *The Big Picture*, reported on May 24, that, following the raids, an angry Chalabi phoned the Pentagon, and demanded to speak to his longtime friend and patron Wolfowitz. Wolfowitz refused to take the call. Wolfowitz's snub mirrored the actions of other neo-cons, who are desperately clinging to their positions in the corridors of power at the Defense Department and the Office of the Vice President—and are, therefore, anxious to cleanse themselves of links to the now thoroughly discredited Chalabi.



Neo-con Pentagon officials, strong promoters of Ahmed Chalabi from 2001-2003, also conducted extensive talks with Manucher Ghorbanifar, the “Iranian connection” of the 1980s Iran-Contra scandal. When these meetings were reported to Colin Powell (here at UN General Assembly with Chalabi in September 2003), he “reportedly hit the ceiling, and went to Rumsfeld and Rice to demand that all contacts with the discredited Ghorbanifar be severed.”

Even Mark Zell, the longtime law partner of Doug Feith, announced his break with Chalabi, accusing the INC chief of renegeing on his vow to seize power in Baghdad, recognize the government of Israel, and reopen the oil pipeline between the Iraqi fields and the Israeli port of Haifa. Following the U.S. invasion and occupation of Iraq, Zell, a West Bank-based lawyer, had formed a Baghdad business partnership with Salem Chalabi, Ahmed’s nephew and business front man, which reportedly arranged contracts for Israeli security firms for postwar “reconstruction” and security missions in “liberated Iraq.”

Several well-placed U.S. and Israeli sources have claimed that the Chalabi-Zell firm arranged subcontracts, that allowed as many as 50 Israeli interrogators to work in Iraq. In Jan. 2004, “Jack” London, the CEO of CACI—a northern Virginia-based company that provided interrogators at Abu Ghraib prison—traveled to Israel on a business junket, to drum up joint-venture business with Israeli security firms. According to a former top U.S. national security official, both CACI and Titan, the two American firms implicated in the Abu Ghraib torture scandal, have had longstanding business dealings with Israeli high-tech companies. The Feith and Zell international law firm recently established a Washington-based front, FIST, dedicated to pairing up Israeli and American high-tech companies for joint venture contracts on homeland security and Defense Department outsourcing.

Other neo-cons outside of government, including Michael Ledeen, Richard Perle, Kenneth Timmerman and Laurie Mylroie, are equally hysterical, defending Chalabi, and even touting his work with the Iranians as being in the interests of the United States.

One particularly bizarre item surfaced, as this particular neo-con group scrambled to defend their longtime Iraqi asset. Following the raid on Chalabi’s home and offices, two attor-

neys, John Markham and Colette Goodman, fired off an angry letter of protest to the Bush Administration. Goodman, with the international law firm of Shea and Gardner, is the official registered lobbyist for the INC, according to papers on file with the Department of Justice. A leading attorney at Shea and Gardner is R. James Woolsey, the Clinton era CIA Director, who, as a member of the Bush Administration’s Defense Policy Board, has been one of the biggest promoters of the urban legend that Saddam Hussein was behind the Sept. 11, 2001 attacks on Washington and New York.

Lawyer John Markham, a longtime leading member of the overtly Satanic cult known as the Process Church, was later a Justice Department attorney, responsible for railroad prosecutions of Lyndon LaRouche. Markham, at the Boston U.S. Attorney’s office, was a leading protégé of William Weld, the Boston Brahmin who ran the “Get LaRouche” drive, and was later defeated by John Kerry in a bid to enter the U.S. Senate.

It Didn’t Stop With Iran-Contra

Beyond the latest falling out among neo-con thieves and the bizarre resurfacing of John Markham, lies a much deeper scandal: The Iran-Contra crimes of the 1980s never ended. The usual suspects—in Washington, in Israel and in Iran—just merely went underground, for much of the Clinton era, only to resurface, with a vengeance, under the Cheney-Bush regime.

Indeed, the very same American, Israeli and Iranian neo-con liars and shady arms dealers who brought you the Ollie North Iran-gate saga, have been caught, engaged in the same dirty dealings, all over again.

Chief among the Iran-Contra veterans, who are up to their eyeballs in the present Irangate II caper, is Michael Ledeen, the self-professed “universal fascist,” who is also, according

to several U.S. intelligence community sources, a prime suspect in the scheme to forge Niger government documents, purporting that Iraq was seeking uranium precursor to build nuclear bombs. A U.S. Federal grand jury is probing the forgery scheme.

In December 2001, Ledeen first moved to revive the Reagan-Bush era Iran connection, setting up a meeting between two Pentagon civilian neo-cons and Manucher Ghorbanifar, an Iranian arms dealer, whom the CIA denounced as a criminal and a liar. Three days of meetings took place in Rome, involving Harold Rhode, Larry Franklin, Ghorbanifar, and two still-unidentified officials of the Iranian regime. According to an Aug. 9, 2003 *Washington Post* account, the Iranians were offering to help the United States in the war on terror. Citing an official Pentagon statement the previous day, the Post reported, "The first contact, in late 2001, had been formally sanctioned by the U.S. government in response to an Iranian government offer to provide information relevant to the war on terrorism."

Rhode and Ledeen go back 20 years, according to Ledeen's own acknowledgements, in a recent book. Both are protégés of leading British intelligence operative Bernard Lewis. And both are also prime boosters of Chalabi. Following the U.S. invasion of Iraq in March 2003, Rhode was dispatched from Washington to Baghdad, to be the contact point between the Office of Special Plans and the INC chief.

Franklin, a Defense Intelligence Agency officer, was assigned to the Near East/South Asia shop at the Pentagon, where he served as the Iran desk officer, reporting to Bill Luti.

While official Pentagon statements claimed that there was no followup to the Rome talks, Ghorbanifar, in a Dec. 22, 2003 interview with *Newsweek's* Mark Hosenball, reported that he maintained contact with Rhode and Franklin "five or six times a week" up through June 2003, when he had a second meeting with Rhode in Paris. Pentagon officials later admitted that there were also meetings in Rome during 2002.

Word of those meetings with Ghorbanifar got back to Secretary of State Colin Powell, who reportedly hit the ceiling, and went to Defense Secretary Rumsfeld and National Security Advisor Condi Rice to demand that all contacts with the discredited Ghorbanifar be severed.

Ghorbanifar had been used by Reagan-Bush National Security Council staffer Oliver North, as the intermediary between the Iranian government and Israel. Ledeen, then a consultant to the NSC, had promoted Ghorbanifar as a trustworthy asset. As part of an elaborate scheme to win the release of American hostages in Lebanon, Ghorbanifar had brokered the secret sale of 508 TOW missiles to Iran. Proceeds from the missile sales were illegally funneled to the Contra rebels, waging a U.S. and Israeli-backed insurgency against the Sandinista regime in Nicaragua. In October 1986, a plane carrying arms to the Contras was shot down over Nicaragua, and an American crew member was captured, along with documents and other evidence of the American

covert backing for the rebels. This began what became the "Iran-Contra scandal."

When word of the Ledeen-Ghorbanifar-Pentagon machinations in 2001-2003 surfaced, Powell also accused Feith of running an illegal channel to the Iranian regime, undercutting his own sanctioned, but secret diplomacy with Iranian officials in Geneva, Switzerland.

But as late as Aug. 2003, Ledeen and Ghorbanifar were at it again, pressing their allies in Feith's office to open up contacts with the U.S. occupation forces in Iraq. This time, Ghorbanifar claimed he had Iraqi Shi'ite contacts who could lead U.S. weapons inspectors to Iraqi weapons grade nuclear material, which had been smuggled into Iran. He claimed that his sources had "saved American lives" by providing details of Iranian terror plots against American GIs in Afghanistan.

When the so-called source insisted on a \$250,000 payoff before he would reveal where the nuclear material was hidden, the deal fell through. Ledeen still insists that Ghorbanifar's information was solid.

By the time the 2003 schemes came to light, Ghorbanifar was also peddling a different tale about his dealings with Pentagon officials Rhode and Franklin. No longer was he a broker of "war on terrorism" collaboration between Tehran and Washington. According to *Newsweek* reporter Mark Hosenball, who interviewed Ghorbanifar in Paris in Nov. 2003, "Ghorbanifar, a former Iranian spy who helped launch the Iran-Contra affair, says one of the things he discussed with Defense officials Harold Rhode and Larry Franklin, at meetings in Rome in December 2001 (and in Paris last June with only Rhode), was regime change in Iran. Ghorbanifar says there are Iranians capable of organizing a peaceful revolution against the ruling theocracy. He says his contacts know where Saddam Hussein hid \$340 million in cash. With American help, he says, this money could be retrieved and half of it could be used to overthrow the ayatollahs. (The other half would be turned over to the United States.) Ghorbanifar says he told his U.S. interlocutors that ousting the mullahs would be a breakthrough in the war on terror because top al-Qaeda leaders, including Osama bin Laden, are in Iran."

One senior U.S. intelligence source told *EIR* that, were it not for Colin Powell pitching a fit, the Irangate II schemes would have gone a lot further. The extent to which this descent into Hell actually gripped the Bush-Cheney Administration is now a question for Federal investigators to ferret out.

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Terror Alert: What Does Ashcroft Know?

by Edward Spannaus

When Attorney General John Ashcroft announced to a press conference on May 26 that Al-Qaeda is planning “an attack on the United States in the next few months,” and that the terrorist network had announced that “90% of its arrangements for an attack in the United States were complete,” officials in other Federal agencies—including the Department of Homeland Security—were shaking their heads in amazement and disbelief.

Where was the Department of Homeland Security, which has been designated as the lead agency for issuing terror alerts? The day before, Homeland Security officials had been saying they had *no* new intelligence pointing to the threat of an attack. The day of Ashcroft’s press conference, Homeland Security Director Tom Ridge was on the morning television news shows, saying that there was no reason to raise the terror alert level.

Should we assume that this was just John Ashcroft playing the clown once again, and jumping in front of the TV cameras, as is his wont? Or should we take the Attorney General seriously, and ask: What does John Ashcroft know, that others in the Administration may not know?

Aznar’s and Cheney’s Predictions

The only alternative to dismissing Ashcroft as a buffoon, is to examine his conduct in light of the warning issued by former Spanish Prime Minister José Maria Aznar in mid-May, that the United States will be hit with a major terrorist incident, and could be under emergency rule in June. During his travels in the United States, which began on May 14, Aznar reported “with certainty” that America will be hit with terrorist attacks intended to shape the outcome of the U.S. elections, “just as the terrorists attacked Spain on March 11.” Aznar made statements of this type in at least three separate venues: a speech at Chapman University in California, where he was invited to receive the Global Citizen Award; and interviews with the *Los Angeles Times* and with AP.

Aznar was, of course, a rare European ally of George Bush, Dick Cheney, and Britain’s Tony Blair in their invasion of Iraq. After the Synarchist-conducted Madrid bombings, it is reliably reported, Aznar attempted to cancel the Spanish elections to keep himself and his conservative Popular Party in power. Contrary to the mythology peddled by the news media, Aznar’s ouster was not a reaction to the bombings; before the elections, non-governmental polls already showed

Aznar losing to Rodrigo Zapatero, who had pledged to withdraw Spain’s troops from Iraq.

In response to Aznar’s predictions of a terror attack, Democratic Presidential candidate Lyndon LaRouche asked whether Aznar was helping to stage “a Herman Göring-style stunt to fix the elections”; and he called for a full investigation of Aznar’s warnings by relevant security agencies and by Congress. (See *EIR*, May 28).

Moreover, after hearing about Ashcroft’s May 26 press conference, LaRouche urged that Congress should move preemptively, and immediately question Ashcroft and Dick Cheney—who has been the most outspoken Administration official in predicting, with certainty, another major terrorist attack before the elections, to be blamed on “Islamic terrorists.” Congress should act now, to prevent any more terrorism surprises, LaRouche stated.

Another major terror attack could not only be used as a “Reichstag Fire” pretext to fix or cancel the November elections, but also to ram through further police-state laws. The Bush Administration is right now pushing for still more draconian “anti-terrorism” powers. In his April 17 Saturday radio address, President Bush kicked off an effort to pressure Congress into extending the provisions of the Patriot Act—which are not even due to expire until the end of 2005. During the week of April 18, Bush travelled to Hershey, Pennsylvania and Lackawanna, New York to meet with law enforcement personnel to boost the Patriot Act.

The Justice Department is quietly working, at this moment, on getting a number of changes through Congress which would significantly expand the powers given it under the 2001 Patriot Act. Some of the measures are recycled from the draft “Patriot II” bill, which was supposedly abandoned last year following the uproar which ensued when it was leaked to a watchdog group.

Some of the provisions now making their way through Congress are:

- The “lone-wolf” provision, which would allow the government to conduct secret surveillance on suspected terrorists or spies, without proving that they have any connection with a foreign government or terrorist organization. Right now this would apply to non-U.S. citizens; under the original “Patriot II,” this would also have applied to U.S. citizens. This provision has already passed the Senate, and is part of the “Anti-Terrorism Intelligence Tools Improvement Act of 2003” in the House.

- Additional powers for the use of “national security letters,” which allow the FBI to obtain business and financial records, and records of electronic communications, without a court order or search warrant. It would also provide a five-year prison term for anyone disclosing that he has received a national security letter. (An individual served with a subpoena is under no such restriction.)

- Vastly expanded powers for the DOJ to seek the death penalty in vaguely-defined “terrorism” cases.

Zinni: Heads Must Roll For Debacle in Iraq

by William Jones

Gen. Anthony Zinni, the former commander-in-chief of the U.S. Central Command, practically called on May 23 for the resignations of Secretary of Defense Donald Rumsfeld and Deputy Secretary Paul Wolfowitz, for their key role in the formulation and implementation of a fatally flawed Iraq policy, which has become a strategic disaster for the United States, and has increased the danger of terrorism in the world at large.

Zinni, using the occasion of the publication of a book of memoirs he wrote together with Tom Clancy, the noted author of numerous novels and non-fiction works dealing with military and strategic themes, took off the gloves on CBS's "60 Minutes."

"Who was responsible for the Iraq debacle?" Zinni was asked. "I blame the civilian leadership of the Pentagon. They promoted and pushed it, even creating their own intelligence unit to support it," Zinni said. "Somebody has screwed up. But whose heads are rolling?" Zinni wondered. "I blame the civilian leadership of the Pentagon directly. Because if they were given the responsibility, and if this was their war, and by everything that I understand, they promoted it and pushed it—certain elements in there, certainly—even to the point of creating their own intelligence to match their needs, then they should bear the responsibility," he said.



Gen. Anthony Zinni's blast against the neo-con war planners on "60 Minutes" May 23 received widespread national and international coverage in following days.

Earlier in the month, on May 12, speaking at a Center for Defense Information Board of Director's dinner, General Zinni had delineated what he regarded as the ten mistakes of the Administration's Iraq policy. These included the attempt to give a false rationale for going to war, a reliance on Ahmed Chalabi's "Gucci Guerrillas" from London, and the blatantly erroneous "cakewalk" theory of neo-conservatives Richard Perle and Ken Adelman, who tried to completely obfuscate the real difficulties the United States forces would encounter in trying to establish a puppet regime in Iraq.

The continually climbing casualties for American soldiers and marines, as well as the much-publicized scandal at the Abu Ghraib prison, have forced patriotic elements within and without the U.S. military—and given them the opportunity—to begin to really take on the ideological extremists in the Bush Administration around Secretary of Defense Donald Rumsfeld and Vice President Dick Cheney. The massive circulation of LaRouche LaRouche's statements in and around Washington and around the country, and of his campaign's series of *Children of Satan* pamphlets exposing the Cheney-Rumsfeld clique as a gang of murderous criminals, has served as the essential catalyst in bringing together the forces needed for an all-out offensive to eliminate the neo-con cabal.

"In the lead-up to the Iraq war and its later conduct, I saw, at a minimum, true dereliction, negligence, and irresponsibility; at worst, lying, incompetence and corruption," Zinni said on the "60 Minutes" program. "I think there was dereliction, in insufficient forces being put on the ground, and fully understanding the military dimensions of the plan. I think there was dereliction in lack of planning." "The president is owed the finest strategic thinking. He is owed the finest operational planning. He is owed the finest tactical execution on the ground. He got the latter. He didn't get the first two."

Zinni also confirmed that his estimates, when he was the commander of Central Command, were pretty much in agreement with the necessary troop numbers estimated by Army General Erik Shinseki, numbers which had been ridiculed by Rumsfeld as much too high, but which were confirmed by reality in the aftermath of the Iraq war.

'If in a Hole, Stop Digging'

Zinni placed the blame for this dereliction clearly on the clique of neo-conservatives around Cheney and Rumsfeld. "I think it's the worst-kept secret in Washington. That everybody—everybody I talk to in Washington has known, and fully knows, what their agenda was, and what they were trying to do," said Zinni.

He, like many others before him, also faced the slander of being anti-Semitic for taking a stand against this particular gang of cut-throats, all of whom are closely tied to the right-wing Likud network around Israeli Prime Minister Ariel Sharon and the Jewish murderers of Israeli Prime Minister Yitzhak Rabin. "And one article—because I mentioned the neo-conservatives who describe themselves as neo-conserva-

tives—I was called anti-Semitic. I mean, you know, unbelievable that that's the kind of personal attacks that are run when you criticize a strategy, and those who propose it. I certainly didn't criticize who they were. I certainly don't know what their ethnic religious backgrounds are. And I'm not interested."

"I know what strategy they promoted," Zinni continued. "And openly. And for a number of years. And what they have convinced the President and the secretary to do. And I don't believe there is any serious political leader, military leader, diplomat in Washington that doesn't know where it came from."

More importantly, Zinni noted, were the serious blunders with regard to the aftermath of the war and the so-called reconstruction of the country. But he made it very clear that the solution was not simply withdrawing all U.S. troops from Iraq and abandoning it to chaos and civil war. In his comments to the CDI dinner on May 12, Zinni said, "You know, there's a rule that if you find yourself in a hole, stop digging. The first thing I would say is we need to stop digging. We have dug this hole so deep now, that you see many serious people, Jack Murtha, General Odom, and others beginning to say, it's time to just pull out, cut your losses. I'm not of that camp. Not yet. But I certainly think we've come pretty close to that."

Most serious have been the blunders in the post-war attempt to stabilize the country after the "official" ending of hostilities. "As best I could see," Zinni said, "I saw a pickup team, very small, insufficient, in the Pentagon, with no detailed plans, that walked onto the battlefield after the major fighting stopped, and tried to work it out in the huddle, in effect, to create a seat-of-the-pants operation on reconstructing a country."

"I give all the credit in the world to Ambassador Bremer as a great American who's serving his country, I think, with all the kind of sacrifice and spirit you could expect. But he has made mistake after mistake."

And what were those mistakes?

"Disbanding the army," said Zinni. "De-Baathifying, down to a level where we removed people that were competent and didn't have blood on their hands, that you needed in the aftermath of reconstruction, alienating certain elements of that society."

In an earlier interview with this writer, General Zinni had underlined the need for a rapid physical reconstruction of the country, creating jobs for Iraqis. In his comments to the CDI dinner he was even more emphatic, calling for an economic reconstruction conference. "I would invite every Iraqi business man I can convince to come, and I would invite foreign investors, and I would ask them to come together, hold this conference over a period of weeks, to define what these business men need to establish their business, to make it grow, to re-establish it, to protect it; the kind of investment they need, the infrastructure," Zinni said. "But the key is jobs, jobs, jobs. Jobs for Iraqis. I would go to the contractors in there, and say,

I don't want to see truck drivers that are coming from Peoria, Illinois. I want to pay truck drivers that are Iraqis. It doesn't take a hell of a lot of talent to drive a truck. Why aren't Iraqis driving trucks for their own reconstruction and redevelopment?"

But in order to achieve this, he insisted, there would have to be a real cooperative relationship established with the UN and the members of the Security Council. "We can't keep dropping paper on the UN," Zinni said. "It's time for a group of adults, called the Perm Five, the permanent five members of the Security Council, to sit down and come up with some agreeable, mutually-developed UN resolution that would allow other countries now to participate. And I think there are many out there at different levels, especially in the region, that would want to participate and help; and before it comes too tough and too costly, we need to get them in. It will probably mean some of these Perm Five members and others will want to have a say in the political reconstruction and economic reconstruction, but so what?"

Zinni's comments also reflected an understanding of some of the points underlined in the LaRouche Doctrine on Southwest Asia, asking regional nations' help in securing the borders, and in providing regional military officers with a good knowledge of the language and the people, to be assigned to U.S. military units from the company level on up, in order to give some sound advice to those U.S. forces that may remain in Iraq.

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Bush's 'No Child Left Behind' Education Law Leaves Every Child Behind

by Don Phau

The first bill that George W. Bush presented to Congress upon becoming President was education legislation called the No Child Left Behind Act. It passed nearly unanimously with overwhelming bi-partisan support in both houses of Congress. When he signed it into law on Jan. 8, 2002, Bush proclaimed himself "The Education President." He was joined by Senator and now Democratic Presidential candidate John Kerry who called it "groundbreaking legislation." Kerry, in his typical fashion, has backtracked and is now saying the bill was a "compromise" that must be "fixed."

The stated goal of the NCLBA is laudable enough: To have every child "proficient" in reading and mathematics by the next decade. Many in Washington proclaimed it would provide the means to hold the states "accountable." A staff member of the Congressional House Committee on Labor and the Workforce explained to *EIR* why so many in Washington saw the NCLBA as important: "There has to be a way to measure educational performance. . . . Today, there are a lot of kids being taught by unqualified teachers. The bill is an effort to improve the accountability and qualifications of teachers."

In the two years since NCLBA's passage, however, a massive national revolt has grown up against the Act, with many states calling for its complete repeal. For example, by a vote of 98-1, the Republican-controlled Virginia House of Delegates passed a resolution in January 2004 saying the NCLBA "represents the most sweeping intrusions into state and local control of education in the history of the United States," and will cost "literally millions of dollars which Virginia does not have."

Today, the NCLBA is being attacked by both parties as an "unfunded mandate." It should come as no surprise that there are not sufficient funds for education. As Democratic Presidential candidate Lyndon LaRouche has noted on many occasions since 2001, 48 out of the 50 Federal states are effectively bankrupt due to a three-year decline in tax revenues and to having already been forced into paying for unfunded Federal government obligations.

The problem with No Child Left Behind, however, is not the lack of money; the very premise of what is "education," which is insisted upon and relentlessly enforced in the Act, is wrong.

President Bush has made "testing"—nationally standard-

ized, multiple-choice-based testing—the heart of his education act, and his and his Education Secretary's top priority. Praising the NCLBA's focus on testing, Bush declared, when presenting his first Federal budget to a joint session of Congress on Feb. 27, 2001, "Measuring is the only way to know whether all our children are learning."

Teaching for the Test

As a condition for Federal aid, each school must test all its pupils every year in core subjects, beginning in elementary grades 3 through 8. The NCLBA also mandates that each state test, annually, a sampling of 4th and 8th graders, using the National Assessment of Education Progress (NAEP)—also known as "The Nation's Report Card." Recently, at a campaign event in Arkansas, Bush said that he now wants all schools to test 12th graders as well with the NAEP. "We have to raise the bar!" the President insisted.

Bush's priority on testing raises the question: What should be the methods used in determining whether a student is really learning? Real learning, from the teaching of history to the re-experiencing and understanding of original discoveries in science and physics, is a product of a fruitful dialogue between teacher and student, and what is sometimes called "hands-on" teaching and learning. Under the NCLB, this is dismissed; instead "teaching for the test" becomes the very reason for education, and even if broader intellectual dialogue with students is not explicitly opposed or debunked, in the practice of school districts all over the country, massive amounts of school time, money, and human resources have been devoted to test preparation at the expense of all other educational activity.

With the belief that "testing" shows and even accomplishes "learning," the door is opened for outright falsification, based on repetitive grilling on "questions" and "objectives" each of which is pulled completely out of any historical, scientific, or artistic context. For example: In a sample Virginia History and Social Science standardized examination, entitled "Grades 5-7 U.S. History I and III Civics & Economics," under "Civics," students are asked:

"Whose idea, expressed in the Declaration of Independence, was it that people have natural rights to life, liberty, and property? A) George Washington; B) Patrick Henry; C) John Adams; D) John Locke."

There is no correct answer, because the question itself is false. The right of “Life, Liberty and Property”—rejected by the Founding Fathers in the Declaration in favor of “the pursuit of happiness,” was taken directly from the Constitution of the Confederacy, which the United States fought a Civil War to defeat. The Confederate Constitution was taken from the work of John Locke, a British subject whose ideas we fought the American Revolution against.

The late Sen. Paul Wellstone of Minnesota was a passionate opponent of standardized testing. Shortly before his death in a plane crash on Oct 25, 2002, Wellstone said, in a speech on the floor of the Senate: “Standardized tests are the worst kind of tests, but these are inevitably the ones the White House will require, because they are the easiest to compare numerically. Many of the brightest kids can write beautifully and read perceptively, but cannot regurgitate answers for a multiple choice test. . . . No standardized test will ever identify the true potential of a gifted child, only his ‘test-taking savvy.’ We’ll lose too many kids as a result.

Referring directly to the NCLBA and its testing requirements, Wellstone concluded, “Senators, we should be ashamed to go along with this. Excessive testing is already degrading and distorting instruction. Teachers are turning to robotic “drill and grill” routines because they’re terrified of “sanctions” [loss of school funding] if their students’ scores aren’t high enough. The White House plan will make it worse.”

Banker Heads Biggest Test Firm

Bush’s focus on make-or-break testing, and the consequence of future privatization of public schools, must be seen as one package. The intention of NCLBA is to put “education” on a business-accounting basis. In the place of “profit” and “loss” statements will be the school system’s and the individual school’s results on the battery of standardized tests. Schools that fail to meet required results in the tests face being shut down. School systems with rising standardized scores raise the valuations and median prices of local real estate, as the *Washington Post* recently reported.

It’s hardly a mere coincidence that the largest company that produces and marks these tests, NSC Pearson, also owns the London *Financial Times*. The director of NSC Pearson, based in London, is David Weill. Weill, until the year 2000, was also the chairman of Lazard Frères, one of the oldest and most influential investment banks. Weill’s colleague Felix Rohatyn, a controller of the Democratic Party and a leading opponent of the economic policies of Lyndon LaRouche, is a senior partner of Lazard Frères.

The 2005 U.S. Department of Education budget is projected at \$57.3 billion, affecting 50 million students in 85,000 public schools. For Bush’s friends, to have control over these billions is a venture capital speculator’s dream. NCLBA is a step in the direction of that control. Bush’s original bill included a plan to give parents vouchers as payment to send their children to any school they desired. This was dropped

in the final bill, but the provision which allows schools to lose their funding if they are rated “failing” over five years, and to be shut down and replaced by a private firm’s or foundation’s “charter school,” was kept.

Parents will then have the choice of sending their children to another public school, or to the charter school. Private, for-profit charter schools are unregulated and liable to abuse, as in one Pennsylvania school where teachers were required to use course books that were published by the private company which managed the school. In short, what is planned for education is what Dick Cheney’s Halliburton did to the military, inviting private contractors to control multi-billion-dollar contracts in taking over what had been military operations.

A ‘Results’-Oriented Society

The NCLBA’s focus on reading and math has led many school districts to cut out such subjects as language, art and music, or to relegate them to “extra-curricular activities.” For example, Warren Township, a suburb of Indianapolis, eliminated its art department at the beginning of the 2003-2004 school year. The township’s new superintendent, determined to meet NCLBA requirements, told the *Washington Post*, “We are living in a results oriented society. . . . Everybody is looking for results, and we will do whatever we can to achieve them.”

Another consequence, not often publicized, is that NCLBA’s requirements are forcing poorer students to drop out of high school, and instead to seek much less demanding General Equivalency Degree (GED) diplomas. While high school graduation rates since 1989 have fallen, the number of teenagers getting GEDs have doubled. Many states manipulate their statistics, not counting those teenagers who are pursuing GEDs as school drop-outs. Duncan Chaplin, an economist for the Urban Institute in Washington, called it a “perverse incentive system. Under No Child Left Behind, we’re holding schools very strictly accountable for test scores, but barely hold them accountable for students who drop out or go into GED programs.”

In many states in addition to Virginia, the most vociferous attacks on NCLBA have come from George W. Bush’s own Republican party. In Oklahoma, for example, Democratic legislators drafted a resolution calling on Congress to overhaul the law; when one of the state’s most conservative Republicans, William Graves, rose on the floor of the state house to suggest that Congress, instead, repeal NCLBA entirely, he was given an ovation by his fellow legislators. In Utah, the Republican-controlled House of Representatives passed a resolution calling on Congress to repeal the NCLBA because it had not provided financing for the law’s mandates. In Arizona, where 85% of schools are expected to be declared failing under the NCLBA, the State Education Commissioner, Tom Horne, told the *New York Times* that the NCLBA provisions for a 100% proficiency standard are “definitely impossible.”

Budget Plan Stalls in Senate

President Bush, who traveled to Capitol Hill on May 20 to rally Republicans behind his agenda, could not break the logjam holding up passage of the Fiscal 2005 budget resolution. Neither could Senate Majority Leader Bill Frist (R-Tenn.) nor Budget Committee chairman Don Nickles (R-Okla.). The bill is being held up in the Senate by four Republicans—Olympia Snowe and Susan Collins of Maine, Lincoln Chafee (R.I.), and John McCain (Ariz.) who are concerned that its budget enforcement provisions are too weak to deal with ballooning budget deficits. Frist's strategy was, reportedly, to jack up the pressure on the four moderates by forcing them to either vote for the budget or embarrass their own President. Frist did not follow through, and now nobody knows when the Senate might take the bill up.

The House voted up the budget resolution on May 19, but passage there was not a foregone conclusion, as the narrow 216-213 vote showed. Democrats blasted the \$2.4 trillion budget plan for doing away with fiscal responsibility. Rep. John Spratt (D-S.C.), the ranking Democrat on the House Budget Committee, noted that the budget, besides limiting the pay/go rule to one year, also foregoes the usual practice of running out budget projections for five years. "If you only take it out one year," he said, "there is no way in the world that we will ever get our arms around the deficit in that period of time."

Buried in the budget is an automatic increase in the statutory debt limit by \$690 billion, to \$8.1 trillion. Spratt noted that when President Bush took office, the debt limit was at \$5.9 trillion. Pelosi added that when President Clinton requested increases in the

debt limit in the 1990s, the Republicans "railed and ranted" that the Democrats were not being open about it.

Chambers Split on Military Base Closings

One of the most contentious issues on this year's Defense Authorization bill is another round of base closings, which was approved for the year 2005, in the 2003 Authorization Bill. In the House, supporters of a provision to delay the base closing process by two years, turned back, by a vote of 162-259, an attempt to kill a provision delaying the base closure round until 2007. Rep. Mark Kennedy (R-Minn.) and Vic Snyder (D-Ark.) had argued that delaying the process would drag out the uncertainty many communities are facing about whether or not the military bases near them would be closed. Kennedy told the House that "The critical nature of our war on terrorism and our military actions in Iraq and Afghanistan demand we go forward" with another round of base closings. Rep. Jeb Bradley (R-N.H.) noted in opposition that, unlike the 1990's, there will be no force reduction to go with the infrastructure reduction. And more base closings will result in the loss of irreplaceable industrial capacity and skills, Bradley said.

The Senate spoke on the issue two days earlier, when it rejected, by a vote of 47-49, an amendment to apply the 2005 round only to overseas installations. Sen. Trent Lott (R-Miss.), a co-sponsor of the amendment, argued that the Defense Department should take into account how it realigns its forces overseas before taking up domestic base closings. "We need to be careful about what we do domestically," he said, "because it could be affected by

what we do overseas." Senate Armed Services Committee chairman John Warner (R-Va.) expressed the same concern as supporters of base closings in the House: that delaying the process would be an additional hardship for communities located near military bases.

While the House completed work and passed its bill by a vote of 391-34 on May 19, it remains to be seen when the Senate will finish its version. Majority Leader Bill Frist (R-Tenn.) decided that when the Senate returns from its Memorial Day recess, its first order of business will be legislation on class action lawsuit reform. Sen. Harry Reid (D-Nev.) urged Frist and his managers to do everything to get the defense bill finished. "We could do it, if we work some long days," Reid said, "but I predict if we go off this bill we will never finish it."

Partisan Fireworks in House on Iraq Policy

House Minority Leader Nancy Pelosi set off fireworks in the House when she described the Bush Administration as "incompetent" and "inexperienced" on Iraq. Speaking to reporters on May 20, Pelosi said, "The situation in Iraq and the reckless economic policies in the United States speak to one issue for me, and that is the competence of our leader. These policies are not working." She noted that the Bush Administration went into war without evidence supporting its decision and without heeding its own State Department on what would happen. "I think the time has come to speak very frankly about the lack of leadership in the White House, the lack of judgment."

The effect of the growing chorus of criticism of President Bush's Iraq policy could be seen the next day, in a hearing of the House Armed Services Committee on the Fiscal 2005 defense budget. Committee chairman Duncan Hunter (R-Cal.) spent most of the hearing in damage-control mode, leaping to the defense of the military at every chance, to mitigate any criticism of the war, regardless of which side of the aisle it came from.

But the fur really started to fly when Rep. Jeff Miller (R-Fla.) attacked Pelosi: "If she would attend just one of these hearings and listen to what is being said by those that are prosecuting the war on terror, and spend less time trying to bash those who are trying to protect this country, she might learn a thing or two," he huffed. A bit later, Rep. Ellen Tauscher (D-Calif.), who was extremely skeptical of the Pentagon plans for the June 30 transition in Iraq, noted that to learn anything about what is going on, you have to watch the Sunday talk shows or CNN. When Miller interrupted to suggest she watch Fox News, Tauscher retorted, "With all due respect, Mr. Miller, I sat here and listened to you politically attack the leader of my party . . . and if you're going to turn this into a political meeting, perhaps you should leave this building to do that."

Hatch Introduces New Immigration Reform

Senate Judiciary Committee chairman Orin Hatch (R-Utah), with other top members of his committee, introduced legislation to speed up deportation proceedings for aliens convicted of serious crimes. Hatch charged that the

present system, under which such aliens can appeal deportation orders via *habeas corpus* petitions, allows them to indefinitely stall their removal. "I want to emphasize," he said, "that this bill does not take away any substantive rights. Criminal aliens will still get judicial review like everyone else in deportation proceedings. . . . The bill simply targets those who intend to prolong their stay by filing frivolous petitions."

Hatch's bill also changes other areas of immigration law. It places the burden of proof in asylum cases on the applicant. It clarifies that deportation of illegal aliens can be effected even without a lack of formal acceptance by the home country." A third change would consolidate immigration review in the Court of Appeals for the District of Columbia, taking it away from district courts. "Immigration is a matter of national security and diplomacy," Hatch said, "and we need to speak with one voice on immigration matters and on immigration laws."

The possibility of actually passing any legislation on immigration this year appears remote, however. Sen. Saxby Chambliss (R-Ga.), a co-sponsor of Hatch's bill, said "trying to get our arms around the whole immigration issue and to implement true reform of the entire system is going to be impossible, obviously, in this political year." Better to take shots at addressing individual issues, he suggested. Hatch's bill appears to be such an effort.

Hollings Blasts AIPAC

Sen. Ernest "Fritz" Hollings (D-S.C.) leveled a blast, during remarks on the Senate floor on May 20, at Vice Presi-

dent Dick Cheney and the imperialist war crowd that gave us the war in Iraq. Hollings was responding to accusations of anti-Semitism from Sen. George Allen (R-Va.), after a Hollings column appeared in South Carolina newspapers. The piece noted the lack of weapons of mass destruction in Iraq, one of the prime rationales for invading that country: "With Iraq no threat, why invade a sovereign country? The answer: President Bush's policy of securing Israel." Hollings attacked a "domino school of thought, that the way to guarantee Israel's security is to spread democracy in the area." He named Deputy Defense Secretary Paul Wolfowitz, former Defense Policy Board chairman Richard Perle, and columnist Charles Krauthammer as the leaders of this school of thought. He also named Cheney as the man who brought in Ahmed Chalabi "who made a mess of de-Ba'athification. . . ."

Hollings denounced the American-Israel Public Affairs Committee (AIPAC) for the way it intimidates President and Congress on policy towards Israel. "You can't have an Israel policy," he said, "other than what AIPAC gives you around here." Newspapers had noted that Wolfowitz, Perle, and Krauthammer are all Jewish: "I can tell you right now I didn't have that in mind," Hollings said.

After recounting a discussion with French President Jacques Chirac, where Chirac told him and Allen that a peacekeeping force is needed to keep Israelis and Palestinians from killing each other, Hollings said, "My position is might does not make right. We have lost our evenhanded posture and reputation in the Middle East," backing the bulldozing of homes and the killing of children in the name of "defending Israel."

Editorial

Fix Oil Prices, Bust the Speculators

In light of the skyrocketing price of oil products, which threatens the welfare of all nations, Democratic Presidential pre-candidate Lyndon LaRouche has issued a call for governments to intervene and set the price of crude. A reasonable target price, LaRouche said, would be in the range of \$22-29 a barrel, probably around \$25-26. At this level, the producers would cover their cost of production, without creating disastrous problems for consumers.

Most importantly, the establishment of government-to-government contracts at such a price, would accomplish the goal of busting the speculators, who are the cause of the current price bubble.

It should be clear from the start, that the outrageous price levels have nothing to do with supply and demand. Figures from the International Energy Agency confirm that there is a healthy surplus of supply over demand worldwide. Nor is OPEC the culprit; the oil-producers' organization now is estimated to control only about 38% of world production, hardly a cartel at all. Rather, the high prices are the result of speculation on the Rotterdam and other markets, by hedge funds and others who have bet on higher and higher prices, as a means of trying to prop up the financial system a short while longer.

It is reported that most of the trading has nothing to do with physical delivery of oil, but only with oil futures—pure speculation.

The physical production side of the oil industry is not irrelevant, of course, as it affects the motivations of the speculators. In this respect, *EIR* is investigating reports that the price rise is related to a policy by the U.S. government to substantially build up the U.S. Petroleum Strategic Reserve since 9-11, in anticipation of disruption of production in the Gulf region. It is reported that the U.S. has increased the amount of oil in the reserve to the maximum, and it has refused to release any of it in response to demands from U.S. Congressmen alarmed about the current price rises. It is also clear that the ongoing, and potentially spreading, hostilities in Iraq are contributing to uncertainties which will tend to increase the price.

But action must be taken now to *re-regulate* the oil

price, through cooperative actions by sovereign governments. Cooperation on this matter, between the United States and the principal petroleum-exporting and petroleum-consuming nations, will not only curb the speculators, but will set standards now urgently needed for dealing with the general banking and financial crises about to hit in the weeks ahead.

The form of such action, as outlined by LaRouche during the last dramatic run-up of oil prices, in September of 2000, provides a model for how to address the present situation. At that point, LaRouche wrote:

“These governments must: a.) Declare a general strategic emergency in the matter of stability of flows and prices of essential energy-supplies of national economies; b.) Establish contracts, directly between and among governments, of not less than twelve months' government scheduled deliveries of petroleum from exporting to consuming nations; c.) Define reasonable prices for these contracts; d.) On the grounds of a global strategy emergency in petroleum prices and supplies, these governments must set priority on processing of such contracted petroleum flows through relevant refiners to priority categories of consumers in each nation, causing other stocks to be shunted to one side in the degree that these priority deliveries must be processed first.

“Such action will, obviously, collapse much of the current hyperinflationary trends in petroleum. That will have a significant political effect, in the form of reactions from the speculators currently gorging themselves on the suffering of national economies suffering zooming speculative prices of petroleum. We can not permit the cupidity of a powerful few speculators to destroy enterprises essential to the national interests of nations, and to the relations among those national economies. That opposition to urgently needed measures must be resisted on grounds of overriding national strategic interests.”

Today, with the crisis of the bankrupt world system, and the physical economy, being much more severe, LaRouche's proposal is even more urgent. The only solution is to re-regulate now.