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## **This Week You Need To Know**

**On the Death of Arafat:**

### **A TURNING-POINT IN HISTORY**

The death of Chairman Arafat defines a crucial turning-point in current world history. The world at large is challenged, at this ominous moment, to face the implications for the planet as a whole, of failing to take the occasion of his passing as the moment at which the world at large must act, even for the most selfish motives of many among nations, to set into motion, at last, a peace of the kind which would set the departed Chairman's soul at rest. It must be an action for peace which begins where the unpunished murder of Israel's Prime Minister Rabin unleashed a new wave of horrors, the wrath of the fabled Erinyes, throughout the region, and beyond.

Now, the so-called Middle East as a whole, which were more wisely named Southwest Asia, is at the verge of a great horror now spreading from the sheer, brutish insanity of sending U.S. Marines and others, to waste their lives for no just reason in the inexcusable conflagration in Iraq's Fallujah. Matters in a region of currently escalating asymmetric warfare, which includes both Egypt and Sudan, immediately, and reaches beyond Syria into Turkey and the Caucasus and adjoining places as a whole, have reached the critical moment at which any present escalation of the conflict within any part of that region unleashes an incalculable escalation of murderous chaos throughout all parts of that region, and also far beyond.

All of the tension and related dangers throughout the region center upon the long-tortured nerve-endings of the long Arab-Israeli conflict. Now, since President George W. Bush, Jr.'s launching of the fraudulently motivated recent and continuing warfare in Iraq, the present, added threat against Iran, and the level of tension throughout the entirety of Southwest Asia and beyond, no nation of that region, including the state of Israel, could outlive the growing, spreading holocaust which failure to bring about Israeli-Palestine peace would now promptly unleash. It is past time that the great precedent of the 1648 Treaty of Westphalia be now, promptly invoked by all relevant nations, including those of Europe and the U.S.A., to nail a killer like Sharon to the table of constructive movement for peace with the Palestinians. It could occur, if the combined nations of the U.S.A. and Europe would take any necessary action to bring about both those negotiations, and their assured prospects of early success.

Let it be recognized, as even many right-wing Jews do know this, that the hard core of the right-wing Protestant Zionists of the U.S.A. are the worst sort of anti-Semites. These include anti-Semites who intend, without blushing, to bring about the foreseeable slaughter of Jews who do not convert to their peculiar Gnostic variety of "Christianity." No longer must that lunatic fringe of the U.S. right wing be permitted to impose its perverts' intention as reflected policies of the U.S. government.

At this moment of Chairman Arafat's passing, the hope for peace, and guilt for failure to bring about peace, rests entirely upon the shoulders of the incumbent U.S. President George W. Bush, Jr. The credit, or blame now lies with him, above all other persons. For once, at last, he must face up to the true responsibilities of his office.

Nothing—absolutely nothing!—must stand in the way of bringing the process of peace to a kind of agreement modelled upon the Peace of Westphalia.

Let it be written on a monument to Chairman Arafat: "Brave heart, now rest in peace." Let it be remembered from the signing of the Westphalia treaty, that there is no cure for deep hatred, but a brave act of love.

—Lyndon H. LaRouche, Jr.

Contributing Editor

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## Latest From LaRouche

Inside the Democratic Party:

### HOW THE DEMOCRATIC PRIMARY CAMPAIGN FLOPPED

by Lyndon H. LaRouche, Jr.

November 12, 2004

It should have been obvious from the start, that, as in the circumstances leading from the Versailles Treaty through 1945, the determining feature of the U.S. and European crises of 2001-2004 has been a continuing escalation of the collapse of the physical economy of the Americas and Europe, caused by an onrushing collapse of the world's present, floating-exchange-rate monetary-financial system. It was already clear to all who actually think among leading political circles of the world, that the issues posed by the accelerating onrush of a general collapse of that monetary-financial system, would continue to be the determining factor in all serious political life for years yet to come.

In fact, it was only the Kerry-Edwards campaign's dramatic shift to emphasis on the need to address the effects of the onrushing economic depression, which saved the Democratic ticket from an absolute rout during the last two months of run-up to the general election.

The inability of the Democratic National Committee's approved 2004 list of Presidential pre-candidates ensured that none of those candidates, individually, or as a whole, would be capable of addressing those economy-determined issues which will continue to be determining in the political process still, at the present moment today. Those who continue to disagree with that, still today, are engaged in a form of amusing themselves, which it were impolite to mention by name within the bounds of public intercourse. Since Nov. 3, some of those who made that crucial blunder in primary-campaign policy are still insisting on ignoring the continuing leading realities of the present moment.

The only worthwhile response to those who, still today, propose to ignore the crucial economic issues for a smorgasbord of single issues, is that this blunder of the Party has been the key to the collapse of the organization of the Democratic Party's former FDR social base since the 1980 primary campaign. The fact that President Clinton was helped to victory over Bush 41 by Ross Perot's campaign, and that Clinton proved himself a master of campaign tactics throughout his Presidency, and still today, provides us, when we imagine a party without a Clinton candidacy, an adjusted, truer picture of the trend of increasing political weaknesses in Democratic Party strategies since the losing 1980 campaign.

This deterioration was not the result of some random choice.

Just as Germany's once-powerful SPD destroyed much of its base by a post-1981 reorientation to the Green Party agenda, so the post-1968er Democratic Party adapted itself to the "post-industrial" ideology in the U.S.A., thus cutting the Democratic Party off, more and more, from its traditional Roosevelt base in what is today the lower 80 percentile of family-income brackets.

That error, which should have been clear to us all, over the decades since 1977, is not merely that the Party abandoned its appeal to the broad majority of the population; the effect of this prolonged shift in the Party's programmatic perspectives and allegiances, pushed the constituency from the lower eighty percentile of income brackets into a posture of begging or threatening withdrawal of support as the price for concession of particular, single-issue, or like pressures on the Party's campaigns. The lower 80 percentile thought of itself not as members of the Party, but as outsiders bartering for concessions from the party's "suburbia-centered" bonzes.

The fact that, since Spring 2000, the U.S. government's policies have accelerated the rate of "taking away" from the population, including those affected by the inevitable, sharp cutbacks in the "IT" sector that year, has created a situation in which the effort by Al Gore and others to capitalize on the Clinton legacy have failed to meet the challenge represented by the well-organized thuggery-in-depth mustered behind the Bush candidacies.

Thus, wherever the Party tries to buy off voter-support in the Party's habituated, unprincipled, piecemeal way, the sense of the combined effects of an accelerating economic depression and fear of the brutishness of the Bush machine, drives voters of the middle-income brackets into the wishful delusion that, contrary to all fact, those voters in the Nov. 2 election wished to believe in the delusion, even out of pure hysteria, that Bush has actually caused the economy to keep from falling, even to grow. It was the way in which the Democratic Party wasted the opportunity, from January until September 2004, to deal forthrightly with the actually leading issue of world politics as today, the onrushing general collapse of the world's present, floating-exchange-rate, financial-monetary system.

We now have \$50-a-barrel petroleum, headed to \$100 in the near term, and a U.S. dollar which has fallen rather precipitously, and still falling, to a level of \$1.30 per euro. The collapse of Federal Reserve Chairman Greenspan's U.S. mortgage-based-securities financial bubble, now threatened for early eruption, the Federal debt-crisis, and the U.S. balance-of-payments crisis, are among the elements which signal a sudden, deep collapse of the dollar, with all that that entails, unless a shift toward an FDR-type policy is put into the works very soon.

There are, of course, critics of the past two months effort of the Kerry-Edwards campaign. We notice that that rumble of gossip in the barracks is not inconsistent with the kinds of self-inflicted demoralization and gossiping which erupts among a potential combat force which has kept itself locked up in the barracks much too long. In net effect, what Kerry and Edwards did succeeded brilliantly; it just did not begin soon enough to deal effectively with the most crooked opposing election-machine on wheels to date, the thuggish machinery headed by Karl Rove.

It is a time for criticism, of course: just not the disgusting kind.

## **LAROCHE HOLDS LIVE WEBCAST WITH ARGENTINE AND PERUVIAN YOUTH**

November 11, 2004

*Greetings from the host, Anuart Jarma.*

Good afternoon, my name is Anuart Jarma. I am a member of the Liaison Executive Committee of the Rosario campus of the National Technological University, and a member of the Forum for Regional Dialogue of Rosario, which is an entity that was created at a very critical moment of the crisis which we Argentines have endured over the last years. This group has been formed by many different sectors of the community in this region—business layers, trade union layers, non-governmental organizations, civic organizations—as a forum for dialogue, for the purpose of exchanging ideas and coming to a consensus of views, and to face the task of recovering our country, which has suffered so greatly in this period.

For that reason, we are most honored to have Dr. LaRouche with us today. We are grateful to have him with us, and we appreciate the great deference he has shown us by being here. It is very generous on his part to communicate with Rosario, one of Argentina's most important cities, located in an area of great agro-industrial potential. Mr. LaRouche, welcome to our home.

I will now ask for a representative of the LaRouche Youth movement, Emiliano Andino, to take the microphone, and to be master of ceremonies for this video-conference.

We also have with us today members of the Secretariat of Culture of the National Technological University of Rosario, and also members of various representative entities, associations, trade unions, and business groups. So, now, I'd like to have Emiliano speak. Welcome.

*Introduction by Emiliano Andino.*

My name is Emiliano Andino. I am a member of the international LaRouche Youth Movement, and I would like to welcome all of you to this video-conference: "The Issue Is the Sovereign States of the Americas," given by former U.S. Presidential candidate Lyndon LaRouche.

I am speaking to you from the Rosario branch of the UTN university of Argentina. Other universities are also connected to this webcast: the UTN of Buenos Aires, the UTN in Cordoba, the National University of Lomas de Zamora in Buenos Aires province, and also the University of Callao in Peru. Other universities were also scheduled to join us over the internet, for which we don't yet have confirmation of their participation. I also want to welcome those of you who are listening by internet.

We would like to thank Mr. Anuart Jarma and all the other members of the organizing group here in Rosario, for their support. Without them, we would not have been able to carry out this event. Therefore, I would like to present to you Mr. Lyndon LaRouche, the man who should be President of the United States.

*LaRouche:* Thank you very much. As you know, the problems of Argentina are not regional, they're international. If there were any doubt of that, we have the case of the IMF involvement in the problems of Argentina, and other countries. Thus, what is happening on a world scale will reverberate into whatever we discuss in any part of the world, and notably this part of the world in the Southern Cone region of South America.

At present, the most recent event affecting world events, has been the death of Yasser Arafat, the longtime leader of the PLO. His death opens questions about the fate not only of the so-called Middle East, or Southwest Asia, but the world as a whole. And, as you know, Arafat was a fighter, a hard fighter for the Palestinians, against, in particular, the Israelis. Now we are in a situation where we are still trying to get peace between Israelis and Palestinians, a peace which is indispensable for the region of Southwest Asia, which includes Turkey, Armenia, Azerbaijan, Iran, and the Arab states, including Egypt, of course. And what happens there will tend to determine what happens on a global scale.

It's the way history is in the long run, and very much the way history is today. So, to understand this problem we're about to face, we have to start with consideration of that, and what happens in Israel and in the Middle East, on the occasion of the death of Arafat, whether or not somebody will step forward, now, to bring about an effective peace negotiation between the leadership of Israel and Palestine, will determine very much what happens to every part of the world at large, including in this case Argentina, as it affects the kind of international constellation of forces which will affect the fate of Argentina.

Now, our problem is today, as in the late 1920s and early 1930s, an international cartel of financier oligarchical interests, who are not banks as much as they are controllers of banks, as a kind of Venetian oligarchy. This system, which was known in the 1920s and 1930s and early 40s, as the Synarchist International, gave us the spread of fascist states across most of continental Europe, and only the intervention of the United States prevented Britain from joining Hitler during the spring of 1940. The Roosevelt intervention in the situation, by backing Britain's resistance to Hitler and by rewarding the Soviet Union and other measures, made possible the rescue of civilization from a nightmare which would otherwise rule the world today.

Now, once again, we have come, as in the 1920s, to a great international monetary-financial crisis, and also an economic crisis. This process, especially since 1971-72, has been crushing the world. The floating exchange-rate system. It has crushed Argentina, which was once one of the wealthiest countries in the world in terms of standard of living, and we need not detail here what the condition is today. This deterioration of the condition of life in Argentina, as in other countries in South and Central America, as in Mexico since 1982, is a result of the role of this international Synarchist financier interest which has been controlling international monetary financial policy thoroughly since that time, and we have been resisting.

Now, we've come to the point that that system is finished. Whatever happens, nothing can save the IMF system in its present form. There is no measure, no magic, no method by which the IMF as presently represented, will continue to exist, because the international monetary-financial system is hopelessly bankrupt. It is not bankrupt in the sense that it could be reorganized in its present form. The only thing that *could* happen with the IMF, would be that governments, a concert of governments, put the IMF and related banking systems, central banking systems, into receivership, for reorganization of these banking institutions.

Now, what would have to be done at that point, is of course what Franklin Roosevelt did in the United States in March of 1933 and thereafter. Remember, our Constitution in the United States, as little as it is observed now by the present government of the United States, nonetheless makes the United States unique among republics, in that our Constitution provides for the non-existence of any central banking system, even though we have had some snuck in here and there, like the Federal Reserve System. Under our Constitution, only the federal government has the power to create currency. The Federal government is responsible to manage currency and credit on behalf of the nation. And the government is compelled by its Constitution, by the preamble of the Constitution, to use its power, including the power over the currency, to defend the absolute sovereignty of the nation as a republic, to defend the general welfare of all of the people, and to defend both the sovereignty and the general welfare at present, for future generations, for posterity. Roosevelt did that.

Presently, that's what we have to do. All nations around the world, the entire system is about to go under. We are on the verge of a greater depression than western European civilization has known since the 14th century dark age. This is much worse than the depression of the 1930s, and it's coming on fast and cannot be prevented now. The only way the effects of the crash can be prevented is by the intervention of a concert of sovereign governments, to put the international monetary financial system into reorganization.

You see what is happening now. The case of Argentina. The demands of the bankers, including the IMF, is to impose upon the people and nation of Argentina, conditions which amount to genocide, to turn all of Argentina into a vast concentration camp, and to squeeze Argentina's people and resources for what the country no longer has. It no longer has the means for payment of these debts, and therefore, to proceed with these would be a Hitler-like or worse, genocide against the nation and people of Argentina. The same thing threatens South America and Central America as a whole. It also threatens other

parts of the world.

So therefore, we have come, at the time of Arafat's death, to a point of crisis, a turning point. We've now had a recent election in the United States. The election is not concluded. George Bush is not yet the re-elected president of the United States. The process has to go through the Electoral College, and several things could happen during the course of the proceedings through the Electoral College, including the effects of the present examination of the way the election was conducted, and what the results are. Also, if the Electoral College cannot resolve the differences, then the matter goes by our Constitution into the Congress, which has to take over, when the Electoral College has failed, in choosing a President and Vice-President of the United States.

But, under the putative new President of the United States and the presently incumbent President, there's no indication of any policy which will prevent the conclusion of the worst financial collapse in world history. That's where we're headed.

Therefore, the question is to find leadership in this difficult time, to lead nations in putting this financial system through reorganization, to restore something similar, on a world scale, to what was established at Bretton Woods by Franklin Roosevelt, in 1944: to establish a new world monetary system of fixed exchange rates, a new system of credit, and a mobilization of credit to rebuild the economies of the world. We can do that. That will work. Physically it's feasible.

The question is, which way are we going? If we go the way of the present Bush Administration policies, the present policies of the European countries—Western and Central European countries—the policies of the IMF, then humanity is going to plunge into a dark age. The question is, whence comes the leadership, and the will to bring nations together, to force the necessary change in international as well as national institutions, required for people to survive? Our objective can be no more nor no less immediately, than ensuring nations the rights they had prior to the onset of this crisis, prior to 1971-72 in terms of rights. The rights to rebuild their economies by that standard, that yardstick of performance. We must ally to that end, among ourselves. We must agree to that. We must find governmental and other influential forces which can induce governments to make the kinds of decisions we require for them.

Do not believe that, even if Bush is confirmed, that the present policies of the Bush Administration will go forward. This is not the end of things. This is not the end of time, the fact that Bush might be elected again. Because Bush faces problems. The United States is bankrupt. The housing system, the mortgage system of the United States, like that of the United Kingdom, is bankrupt, is ready to blow. The United States has a current account deficit. It's bankrupt.

The price of petroleum is now around \$50 a barrel, internationally, headed toward \$100 a barrel. Soon, that increased price of petroleum will hit every part of the consumer sector of the economies of the world. We have a vast speculation in raw materials, a speculation which is concentrated in the United States, in Western and Central Europe, in a different way in Russia, and China is not a holder of raw materials, but it is the biggest bidder for raw materials on the world today, as you see in neighboring Brazil, where China has shown a great interest in Brazil, and also more recently, China has now shown a similar interest in Argentina. So, the world is dominated by great raw materials cartels, buyers and sellers, in a crashing system.

But there is, generally, in Europe and elsewhere, there is no concern for rebuilding the economy in the sense of the productive powers of labor and the general welfare of populations.

So, and this government of Bush is going to face that. The European governments are going to face that. Their banking systems, the banking system of the United States, the banking system of Western Europe, is hopelessly bankrupt. It cannot be saved in its present form. It cannot be reorganized in its present form, in its own terms. Only government intervention, to put the banking system through drastic reorganization, in bankruptcy, in order to protect the population, to maintain the continuity of essential physical economic functions, can save the system.

We have to bring about a condition under which governments will make that, and the US government, among others, is going to face the challenge of this crisis. You're going to see upheavals in the US government, whoever is the government. It cannot be avoided. This is a very dangerous period, a period in which wars and revolution can spread. Generally, asymmetric warfare planetwide.

There is a solution. The solution is essentially a concept. It's the concept on which the United States was founded at a time that the situation was seemingly hopeless. In 1763, the Anglo-Dutch liberal system, at a treaty in Paris, in February, had established the British Empire as a fact. That is, the empire of the British East India Company. The situation for Europe was then almost hopeless. This empire was about to gobble up everything, including the remains of the Hapsburg Empire. But some in Europe supported the cause of the United States, in particular, and they also supported people in various parts of South America, as in Colombia and other states of the Americas, in the hope of building republics in this hemisphere, with the hope that such republics would make a reform in international affairs, which would lead in return to the establishment of true republics in Europe as well as in the Americas.

The United States was the first and only successful effort, but the French Revolution, which was organized by the British East India Company, prevented France from making the change which Lafayette, Bailly, and others, wanted to make, to make a constitutional monarchy modelled on the same principles as the recent US Constitution. That did not happen. Hell broke out, and Europe has not had a true republic as a government ever since. We had approximations under Charles de Gaulle at a certain period, high point of the Fifth Republic, a serious effort of building France as a true republic. We've had desires in that direction in other countries. But today, the United States remains the only nation with that kind of constitution, even though we abuse it.

The time has come, when we of this planet, realize we cannot continue to have wars, of the types of wars we have now. We cannot resolve the problems of humanity by going to aggressive war. We cannot resolve these problems by going in with military force, to try to change governments or social systems by force. We must now return to the principles of the 1648 Treaty of Westphalia, to establish a system throughout the world of perfectly sovereign nation-states, committed to the principle of promoting the general welfare, the sovereignty of nations, the welfare of their peoples, peace among nations, and cooperation for posterity.

Because we cannot fight wars anymore, the way we used to. Nuclear weapons and the terrible effects of asymmetric war today, are such that a general warfare would mean the extinction of civilization on this planet. Therefore, we must find a peaceful solution.

It does not mean we give up defense. But defensive warfare is far different from the kind of aggressive war which Vice-President Cheney, for example, has been pushing in recent periods. *We must end aggressive war on this planet forever.* We must bring about conditions where peace is expected, where peace is the exit strategy for all conflict, and where just solutions are proposed. And thus, while we don't know definitely what will happen in the future, we don't know what will come out of this period because we don't have the governments in place who are presently committed to the right ends.

But we have a great crisis, in which governments which have failed are going to be put to the test, in which the will of the people can intervene effectively. And if it intervenes amongst a number of countries effectively, we will have changes in the behavior of governments. We will have the opportunity to come out of this crisis alive. That's the condition we face. The development of a system of fraternity among sovereign nation-states, the promotion of the existence of sovereign nation-states, and the promotion of economic progress and technological progress throughout the planet, these are the objectives around which we must mobilize.

If I were President, or had been elected President, I could promise you great things. I've not been elected President,

obviously, and am not about to be elected President within the near future. That's obvious. But my objectives are still valid. I have been a part of the Democratic Party's campaign for seeking the presidency. We will continue on the course we're working out, and we will hopefully make a contribution to this process.

So, I cannot promise you anything, except my dedication and the dedication of people like me, to the kinds of ideas I represent. But I can say, we do have a chance. There's always a chance for humanity. And there's nothing worth doing, except fighting to build that chance for humanity. Any other choice of action would be foolishness. Thank you.

*Emiliano Andino:* We now continue with the second part of this conference, which are the questions we'd like to ask Mr. Lyndon LaRouche. Would anyone present here in Rosario like to ask a question?

*Q:* The first question that one must ask, is: Just a couple of days ago, the elections in the United States were held. The million dollar question is, what awaits us as a result of the results of the election in the United States?

*LaRouche:* What awaits us is dangerous uncertainty, a period of very dangerous uncertainty. Remember, the inauguration occurs on the 20th of January. We now have the better part of three months in which to await the actual inauguration of the new president. In the meantime, there's great uncertainty within this presidency, and there is a tumultuous process, political process, now ongoing inside the United States, in particular. Also in Europe. But, the first few days following the completion of the election on November 2, was a period in which people suddenly let down. There was confusion. There was confusion in the state of minds of people. Now, in the past several days, that confusion is waning away, and I've been able to play a significant part inside the United States, among these institutions, in helping to bring an end to the confusion.

We are now in the process of mobilizing within the Democratic Party, an effective way of dealing with the prospect of the election of Bush, his inauguration in January. We also have a large number of Republicans, and the Republicans who do not like what the Bush Administration has represented, but supported the Republican presidential candidacy nonetheless. They are now very upset. There's going to be tumult in the US political process. There's the danger that the Bush Administration may launch new wars, like the escalation presently at Fallujah, to try to compensate for the internal political crisis inside the United States, and also in Europe. The crises that face the Bush Administration, especially the economic crisis—remember, the economic crisis is coming on fast, right now. The United States is on the edge of a general collapse. How long this general collapse can be postponed is not certain, because this involves subjective factors as well as objective ones, but the preconditions for a general chain-reaction collapse of the international financial monetary system, exist right now. And that is the predominant fact.

We have all the particular crises, which are going to have a political effect. We have the growing sense of dangers of new kinds of epidemics, disease epidemics, which may be worse than those we've had in recent times. And a sense of no preparation for dealing with them. We have a sense of all of these kinds of problems. And also possible new wars.

For example, we have the case that I mentioned earlier, of Arafat's death. There is a man in Israeli prison, who if Sharon wanted to, and if the United States would press Sharon to do it, could be pulled out of prison as a negotiating partner with Sharon, for bringing about, or negotiating, some kind of peace between the Palestinians and Israelis. If they did agree to any acceptable terms, that would in a sense bring the crisis in the entire Southwest Asia, into some kind of order. We are obviously going to work for that. Even while Bush is president, we're going to work for that, because the reality of circumstances is going to push many inside the Bush Administration, as well as the Democratic Party, to seek to bring about that reconciliation, long-awaited now.

And so the death of Arafat, as I said at the beginning of my remarks today, the death of Arafat is a turning point in history. It's a point at which decisions are forced upon the world, postponed decisions, about the question of the prospect of peace in Southwest Asia as a whole. You can't talk about Iraq without talking about Israel/Palestine. You can't talk about Turkey,



without talking about Israeli/Palestinian relations, or about Iran, or about Egypt, or about Darfur in Sudan. You can't talk about any of these areas, without talking about the death of Arafat, and what that poses. It's a chain-reaction situation. So there's the element of uncertainty.

What we do know is, we're going into a crisis. That nothing is fixed, nothing is certain, except the circumstances of crisis. That we will have opportunities to influence the process. We're not just screaming in the wilderness. We in the United States who are determined to do something, are determined to do something. We are the most powerful nation in this world politically, if not as much in other respects as we think we are. But if we make important decisions, among a significant part of our political establishment, those decisions will affect the world. If those decisions are good ones, they will affect the world beneficially. And all I can promise you is that, those of us in the United States who are part of that effort, if we succeed, we will bring about a beneficial change in the present trends in world affairs.

*Emiliano Andino:* For those of you who are following this presentation over the internet, and all of the other universities that are participating, I want to remind you that you can send in your questions by e-mail to: [argentina@wlym.com](mailto:argentina@wlym.com). Lyndon LaRouche will answer all of your questions. Just include your name, and your e-mail address, and if we don't have time today, he will be glad to answer those questions subsequently. I'd also like to remind you to please ask your questions slowly and clearly, so that the simultaneous translators can translate for Mr. LaRouche—please show a little compassion for the translators.

So, I'd like to take another question from Rosario, if there is someone else who would like to answer a question here.

*Q:* My question is, if the United States, with Israel, were to attack Iran, would the military response of Iran be similar to that of Iraq, in your view, or would we be facing a different situation from Iran? Thank you.

*LaRouche:* The attack on Iran would be an act of insanity, but since there is insanity within the US establishment, especially around Vice-President Cheney and company, it is not impossible it will happen. Of course, it would be impossible for Israel to attack a site in Iran with missiles, for example, missiles supplied by the United States, without the consent and support of the United States. An attack on Iran is not like an attack on Iraq, or at least Iraq today. This will have chain-reaction effects, and you cannot look at these areas one at a time.

We now have an area, as I said, Southwest Asia. The center of Southwest Asia is Turkey, number one, and Turkey can become involved in Iraq and Syria, because of the Kurdish minority factor in the northern part of Iraq. You have in Transcaucasia, on the borders of this area, you have Armenia and Tajikistan, which are very important in respect to Iran. Iran borders the area. Then you have the Arab states, including Egypt, which are the immediate environment. This is one unit, this is one package. Sudan is also part of the package. It extends deeper into Africa, and other parts of the world. So that, if you start a war attack on Iran, you do not attack another nation. You escalate the already existing conflict within Southwest Asia as a whole. In other words, you'll turn the entirety of Southwest Asia, including its critical role in world petroleum supplies, into an area of crisis like that of Iraq today, an area of asymmetric warfare.

So, anybody who would condone a US, or US/Israeli attack on Iran, with missiles, as has been proposed, has to be in effect clinically insane. But it can happen, because we have people in the US government and elsewhere, who *are* clinically insane.

I don't think that, for example, that Sharon is clinically insane. I think he's a gangster, more than an ideologue, but he lives in a country which is highly ideologized. The point is, it is not irrational, because I'm doing it too, for the United States government to go to Sharon, and other governments to go to Sharon, and say, if you will negotiate with the Palestinians, to get an end to this strife in that part of the Middle East, we will support you in that. For example, you take a man out of prison, a Palestinian, you negotiate with him, and get an agreement which is a two-state agreement in principle in the

Middle East, and we will support that fully, with our resources, in order to ensure peace, prosperity and well-being for the people.

So, we will do that. But the alternative is that there are people who don't want that. There are people who want chaos and insanity, and they exist among the so-called neoconservative faction inside the US government, they exist in Israel, madmen; they exist in other parts of the world. There also is tinder on the other side. There are people in the Arab and Islamic world, who have some very dangerous ideas about some larger empire or something, or some larger system. These can become dangerous. In order to prevent these from becoming major factors in the region, and more broadly, we have to bring stable peace among nation-states and peoples today, wherever possible. That stability, that peaceful stability, is our security in every part of the world. And what happens, as I said earlier, in the so-called Middle East, what happens there *now*, will determine in one degree or another, but significantly, every other part of the world, including South America.

## **LAROUCHE WEBCAST TO STUDENTS IN ARGENTINA AND PERU**

*The following is a transcript of a webcast and discussion with students in Argentina and Peru, on Nov. 11, 2004.*

MODERATOR: We are now ready for the question from Buenos Aires. Good evening. I would like to ask you, what do we face, we Argentines. What can we do in this face of this situation, and what do you think what type of arrangements should there be with Brazil. Should we have a free trade agreement, or the other kinds of agreements which are being established?

LAROUCHE: What we have to do is recognize the nature of power in the world. And, also recognize that global solutions, as such, will not work.

To bring about stable government requires sovereign government. A sovereign government in which the people of a nation participate consciously in shaping the thinking of the nation, and the policies of the nation. For example, some of you were in universities. You know that ideas involve the use of language, the use of ironies of the language, of the culture; and therefore, in discussing ideas among yourselves, that only those who are participating in the characteristic ironies of the language and the culture can really come to an agreement in intention on matters of principle, as opposed to bargaining over bones. Therefore, we must maintain the system of perfectly sovereign nation-state republics. But, then, we must have a means by which the force of interest of sovereign nation-state republics can be brought to bear on the world situation in an efficient way. That method is not the United Nations, as such, though the United Nations may be a convenient vehicle for bringing about certain forms of agreements, as Lopez Portillo of Mexico attempted to do unsuccessfully in the autumn of 1982.

But, what's more important, in my view today-I have a growing international youth movement, which represents, largely, in the college age group of 18 to 25 years of age. These are people who are young adults who, under happy conditions, would expect forty to fifty years of future life before them, who are now saying to their parents' generation and to their nation, you have given us a society which has no future. We want a future. This is a common aspiration among youth of that category that I work with in various parts of the world, in various parts of Europe, in Mexico and so forth. Youth of the world that we are in contact with, all express this same thing, the 18 to 25 group, those who have not given up, those who still have optimism about life, say we have been given a system, a world system, a national system, which has no future. We, with 25 to 50 years of life before us, see ourselves in this society with no future. We want a future. We want to turn to our parents' generation and say let us build a future. Let us provide for the grandchildren that we are going to have Let's ensure a future. Let's have a meaning in life. Let's stop this running into pleasure seeking without purpose and without meaning.

Therefore, my view is to mobilize nations, or within nations, the forces of conscience which are represented by youth within that category, say the 18 to 25, college-eligible youth, as an international force, each patriotic in respect to their own nations, but also allied, in terms of collaboration on a global scale, to attempt to bring the community of nations to

agreement on policies. At present, the United States is the dominant power in the world. Not that its behavior entitles it to be that, nor that it is the most productive nation in the world. It is now a great parasite nation, sucking the blood of the poor of the world. But, it has a powerful position. To make peaceful decisions now, in favor of any or all parts of the world, we must induce the consent of the United States government. Europe is incapable of generating that kind of leadership, presently. No one in Europe can do it. They can contribute to this, but they can not initiate it effectively, unless the United States is drawn into it.

Therefore, my purpose is to draw the United States into that. But, not to say to people in countries such as Argentina, you are not important. You are extremely important! Because, what we must work toward, in the very near future, is a system of comprehensive agreements among sovereign nation-states about a new world economic order among nation-states. An order which is based on the best aspects of the old Bretton Woods system. An order which enables the nations to recover and to rebuild, in the way they had hoped that they had the right to rebuild in earlier times. We need to bring to bear the conscience of the world on this and that means that any movement, especially among youth, as part of the political process in every country should be considered an effective force on the international conscience, including the conscience of the United States itself, directly.

My attempt has been to draw the attention to the will and desire of this generation of youth from all parts of the world upon the youth in the United States and institutions in the United States. This is my leading effort in the recent election campaign in the United States. I think we must have an international organization of understanding among ourselves. That we look at our young people, our young adults, those largely of the age of many of you, 18 to 25, should be in universities or equivalent education, should be the people who are going to contribute to leading the future of the nation 25 years from now and beyond, and to bring a force of conscience, for you as young adults, for example, looking at the world at large, turn to your parents' generation and others and say, let us work together to give the world a future and our nation a future.

And, that's what we need. We need an international force of conscience which will ensure that reasonable agreements, prepared and submitted to nations, will find support among those nations. Because, what we must have, in my opinion, we must have a new version of the 1648 Treaty of Westphalia, not only for peace and for natural rights among the people of nations, but we must have a new kind of Treaty of Westphalia which says, we uphold, as absolute, the right to the perfect sovereignty of nations. And to the rights of the people of those nations. We have come to a time when war must be abjured, though defense, if necessary, is not outlawed. But, we must seek an end to war. We must seek an exit strategy from the time of a war, into a time of cooperation, in which the differences among nations, those differences which pertain to the cultural development of a nation to its personal sense of sovereignty, those differences become a source of strength to the world, rather than the principle basis for a principle of conflict. That's our chance, I think, at this time. I think that idea can win, and certainly, it must win.

MODERATOR: Now if our people in Lima are ready, in Peru, I would like to have their question come in by telephone. Is there another question is Rosario, we lost the connection to Lima.

QUESTION: We have a question that we are asking here in Argentina which hasn't been really fully clarified for us, which is the issue of the foreign debt. Although certain basic arrangements have been reached, this is not been fully resolved. Unquestionably, the composition of the Argentine debt, there are unquestionably both legitimate and illegitimate elements in this debt. Lamentably our federal congress, which is the body which should have intervened and taken, been involved in this question of the debt, because that is what our constitution says, expressly. Unfortunately, it has not yet done this. So, what do you think, Dr, LaRouche, should be the temperament, or the view with regard to this issue of the debt that we are facing?

LAROCHE: [ ]?with the evolution of the government during this period of crisis, by several governments in Argentina in this period of crisis, that the debt is largely illegitimate in the first place. And that the conditions of collection of debt imposed, especially by the so-called vulture funds and its advocates in the IMF system, is not only unjust but it is pure

usury. It is against natural law. No Christian, for example, could accept those terms of collection which are demanded by the vulture funds and by their agents, such as the representative of the IMF.

Now, the problem is simple a question of will and power. The impulse of the Argentine institutions has been predominately to say, the debt is second, the nation and people of Argentina are first. That what would normally occur is you would declare the debt to be in bankruptcy, in receivership. And you would say, well, we will look at the debt piecemeal through an administrative process, first of all to determine which debt is legitimate. And, of the debt which may be legitimate, which is urgent. And, you would set up a schedule of a program of retiring the debt. The debt which is debatable would be frozen or cancelled. For example, financial derivatives debt, which has no basis in actual benefit for the borrower, is, essentially, side-bets, is gambling bets like side-bets on a horse at a race track. It's not a bet on the horse. It's a bet on the bettor. Therefore, such debts should be automatically cancelled.

The problem is that the international derivatives is the largest part of the international financial system today. And, therefore, if you decide to cancel the derivatives system, you are going to collapse the whole system, because, the system without the derivatives would collapse immediately. The system, with the derivatives, is about to blow up.

So, therefore, the question is one of power. The problem Argentina faces: Is Argentina capable of going to war to defend itself against the constellation of physical forces, which will be brought against Argentina, in totally resisting the debt. That's the problem that the government of Argentina faces. Therefore, we need a clear understanding of what is right and what is wrong. We can not *change* that. We should not change that. If the debt is wrong, if the debt is unjust, if the collection is unjust, we must say so. If we have to submit at the point of a gun, if they are going to rob us, we may have to submit. But, we will still not say that the debt is legitimate. And, at some future time, when we have the power, we will ask people to correct that mistake.

In the meantime, our hope depends upon mobilizing friends, who's a matter of conscience and self interest from other parts of the world, recognize that what is being done to Argentina today is what is on the way to be done to France and Germany, right now. And, under the new administration under Bush, if he does as he proposes with Social Security, for example his so-called privatization of Social Security, it's going to be done to the people of the United States too.

So, therefore, what Argentina, on this issue, is one of the front battle lines of a world struggle for humanity against this class of predators. How Argentina should respond to that is a practical, strategic question. The moral question, to me, is clear. The debt collection proposals are wrong, unjust, and criminal; because, they will kill people in Argentina. And human life comes first. The problem is a matter of power. Where do we find the power to successfully impose justice on this situation. And, therefore, we have to broaden the consciousness and struggle against this kind of abuse.

But, we must never give up our honor. We must never force ourselves to say that something that is evil is true; that something that is unjust is just. We must say that this is unjust. You are able to impose it upon us, you impose it upon us. Not of our will, but yours.

MODERATOR: OK, I trust that there will now be a question from Lima-

I study at the University of [] in Lima, Peru and I would like to know what you think, Mr. LaRouche, as to how the government of President Bush is going to act with regard to the Free Trade Agreement's with the countries of Ibero-America; and how, in the future, this type of aide or economic help will develop in terms of free trade?

LAROCHE: The usual assumption on these kinds of questions in various parts of the world, is the assumption of: the will of the President of the United States is all-powerful; that whatever he desires to do will happen. We've come into a time where that is no longer self evident. For example, we face the worst crisis in the current account deficit of the United States

in its history. We face the imminent collapse of the real estate bubble of Britain and the United States, that is the mortgage-based security bubble. We face the effects of the price of petroleum which is now reached \$50 a barrel, eh, which is double what the amount which is stably durable in the world system. The value of the dollar is collapsing. The dollar, as of today, is, the last I heard today, a Euro is worth a \$1.30, as opposed to what was the target value of one dollar for one Euro. And, it threatens to go to \$1.50 or to \$2.00. The rising price of petroleum, and raw materials generally, must tend to devalue the dollar, such that those nations. We have come to a time when war must be abjured, though defense, if necessary, is not outlawed. But, we must seek an end to war. We must seek an exit strategy from the time of a war, into a time of cooperation, in which the differences among nations, those differences which pertain to the cultural development of a nation to its personal sense of sovereignty, those differences become a source of strength to the world, rather than the principle basis for a principle of conflict. That's our chance, I think, at this time. I think that idea can win, and certainly, it must win.

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So, Bush is not all-powerful. His choice of decisions are not necessarily going to happen. For example, take the support that he got in the state of Ohio. He got the support of people-the marginal support he got, which was reputed to be his margin of victory there, was based on Protestant evangelicals, who were upset about a proposal for homosexual marriages, a proposal which never could be enacted into law. So, people in churches were mobilized to turn out en masse to vote against homosexual marriages, when the vote didn't mean anything. It was called Issue #1. But, none the less, this had an effect on the election.

At the same time, the people who voted for this thing actually believed, contrary to all reason and evidence, that Bush was keeping the U.S. economy prosperous, at a time that all the facts, particularly in the state of Ohio, showed that the U.S. economy in the state of Ohio was collapsing without [bond ?]. And, the evidence was there on the table. So that, what happens is, that you have an unstable situation in which the reality as it catches up with the White House, and catches up with politics, will intervene to change the ability of the President of the United States to act in a willful way. He may react insanely, like the Emperor Nero or the Emperor Caligula, but, the effect of his actions on the world will be determined, more and more, by reality and less and less by his personal will.

MODERATOR: We are now going to go to a question that came in by email, since we want to give this opportunity to someone who is following this somewhere in Argentina, a fellow by the name of Octavio. He says: Once you get out of a world or a national crisis, how do you go about consolidating your situation, and to avoid future collapse. The history of civilization seems to be a long series of achievements followed by then periods of economic or cultural decay. How to avoid this type of a repetitive cycle, How to avoid the creation of conditions which lead to decay, because this seed gets produced frequently under pre-existing conditions, supposedly during the period of growth and progress?

LAROCHE: Oh, hah, hah, hah, this is really an interesting question; not an obscure question, but a very interesting one which goes to the heart of all questions.

First of all, to the best of our knowledge of history, of actual history, including elements of history which are not normally recorded history but are adducible from the facts of the case, the archeological and related facts, mankind has been on this planet for perhaps two million years, according our studies of this matter. And, so, that's a long time. European civilization emerged, oh, about the time of the emergence of Ancient Greece, about 700 BC. It emerged from a dark age under the

influence of Egypt. European civilization, the basis of it, emerged about 20,000 to 17,000 BC when the great ice pack on top of North America began to melt and the seas rose by about 300 to 400 feet in level.

But, mankind was living before then in large maritime cultures and things like that, and went through many crises. But as we know history, particularly European history, starting from Egypt and Greece, for example, we see a pattern in it which has certain unique features. First of all, modern European civilization, and the existence of modern nation-state economy began during the Fifteenth Century in Italy, and elsewhere, during the Renaissance. This was the first time, as was the case with Louis Onze [sp] in France, Henry VII in England, and an attempt around Isabelle in Spain, to form true nation-state republics in which the head of state was accountable to the people for the promotion of the general welfare of all of the people.

In all previous societies, even in those which had elements of progress, it was generally accepted that a part of humanity could be treated as either wild cattle or as herded cattle. And in most, so-called, nations most of the population was kept as herded cattle. The great reform that was started in this Renaissance (even though the roots of it go back much earlier, back to, for example, Solon of Athens) was to say: no more can some men keep other men as cattle; but, we must treat people as human.

The human being is distinguished from the ape by one quality: the ability to make original discoveries such as those of physical, scientific discoveries, by which the power of the human species, the physical power of the human species to exist is increased. So that, instead of having three million people on this planet, which is what a higher ape might have achieved at the maximum, we now have six billion people on this planet. This is entirely due to creative discoveries, such as typified by physical, scientific discoveries, which have enabled man to increase his power over nature.

Up until the Fifteenth Century and beyond, society was dominated entirely, characteristically, by the virtual enslavement of most of the human population, as wild cattle which were hunted down, or herded human cattle. And therefore, the natural human capabilities of people were not realized. So, you would have within those sections of the population which were not treated as herded human cattle, you would have a certain flourishing of culture, which has past on from generation to generation.

But, the entirety of the culture, as under the Roman Empire, never participated in that progress. With the Fifteenth Century we began to evolve a society, a form of society, in which the American Revolution was crucial, the North American Revolution, in establishing a form of society in which the right, the political right, of every person to be treated as human, and to be developed as human, not a herded cattle; the end of slavery, for example, the end of quasi-slavery, peonage, for example.

So now we have the benefit of humanity which normally, doesn't actually have it, but normally has access to scientific and technological progress; to participate in it, not merely to contemplate it. Not merely to use the technology that's given to them, but develop it.

And therefore, we've come to a time when we should be able to have a society in which all members of society participate in the full sense as human beings of creative capabilities with the educational opportunities that match the promotion of those capabilities. We should be able to bring to an end the kind of horrors which still linger in the world today, where we still treat people, as in Africa, as among the poor in Mexico, for example, among the poor of Asia; we still treat the majority of humanity as virtual human cattle. And it's from the corruption, that keeping people as human cattle engender, that the great evils of society in the past and present have flown.

Today we have the opportunity, I would hope, of recognizing the great error in the past, and also recognizing the achievements of modern European civilization, and the modern European nation-state, and to bring to fulfillment the

promises made for a true republic which all persons are treated equally as creatures made in the image of the Creator, and endowed with those qualities, and given the right to express those qualities. In that case, I believe, we can achieve peace and durability and prosperity on this planet.

If we go back to the system under which we insist that a few wealthy and powerful circles can treat the rest of humanity as if they were cattle on a farm, then the same old crap, the same old hell, will come back again. The time has come for us to preach the Gospel of mankind, mankind made in the image of the Creator. And when we look at a human being, a child in particular, we say, that is made in the image of the Creator. Let us develop that individual appropriately.

MODERATOR: I'd like to ask if there is any other group that's following us in a university, and if they would like to let us know if they're gathered, listening to this, and we can report this over the air.

I think that the next question is from Buenos Aires, if they would like to ask it.

Good evening, Mr. LaRouche. Dr. LaRouche, I wanted to congratulate you for your effort to try to solve the problems that are facing all of us, not only Argentines, but also foreigners as well. Six months ago, I was able to speak with a group of Americans, couples in particular. And they said to me that they saw, in the Bush government, a problem which was going to get worse. And, I think that this man shows a clear mental instability and that he should be treated clinically, and to reach the situation that he is in, it is the U.S. powers that be that have reached that level of insanity as well.

We're a country that produces food, basically, and 54% of Argentines, for a number of years now, have not even had enough to be able to eat adequately. So, we know, as well, that 44%, approximately, of Americans work in weapons factories, arms factories. And this creates war on a periodic, recurring basis. That's another kind of problem which is dragging all of humanity down. I recognize that there are also, in the United States, such as the people that I spoke with, people of good will, people with good sentiments. And, I would hope that there would be collaboration from their part because we are willing to cooperate with them. And then, everyone who is mentally sane would also want to collaborate. That's my remark.

LAROUCHE: Well, I think the 44% involved in military industries in the United States is way exaggerated. We have more unemployed than that right now. But, it is not the military, as such, which is the motive, though many people think that the military industries control the impulses of the United States. They don't.

It is not even people in the United States who control the United States. It is international financier circles which control the United States. The same financier circles of the United States, of the United Kingdom, of the continent of Europe. The so-called synarchist international, people like Lazard Freres in France, for example, and similar kinds of institutions. The ones that put Hitler into power in Germany. These people are the power. It is the bankers of this type, of the Venetian tradition, who are the source of the problem. It does not come from the organic secretion of the people.

There is another principle here, which is a very sensitive principle, when people talk about democracy, the principle of leadership. Most people do not make up their own minds how to run their own country. The policies of most countries is not made by the people. As a matter of fact, the opinions of most of the people are made by those who know how to manipulate the opinions of the people. For example, the financier oligarchy that controls the major news media, entertainment media, of the United States. They control the opinion making of the people under ordinary circumstances. The same is true in Europe. The people do not organically secrete the policies of their governments. And, do not blame the people for the policies of their governments. Blame the institutions that control the opinion of the people, on the one hand, but also blame those who do not develop an independent expression of the true interests of the people to counter those of the big manipulators of opinion.

So, the question here, largely, boils down to leadership. It's like the leadership of a commander-in-chief of military forces in times of war. A true leader is a person who embodies into themselves a sense of moral responsibility, greater than any personal interests of their own otherwise, for the fate of the nation; who also incorporates an intellect and capacity to judge the nation. These are the great commanders, who as politicians or generals, sometimes both, have created the great nations. The sense of the commander-in-chief.

Most people think of themselves as little. They think of themselves as begging for this, or demanding this, and they will not risk themselves for the sake of the nation. They will do what they think they will have to do to get by. The sense of immortality among people who call themselves Christians, I can tell you, is very low. If we were going to judge Christians by those who actually believe, where their actions in immortality of the soul, you would find there are very few Christians on this planet. So, this quality of the people, which we would like to have in them, the quality of the sense of immortality, the quality of acting as a true citizen, whose concern about the future of their nation, as an individual citizen, who makes his or her own opinion accordingly, that we desire. But, that, unfortunately, we do not have.

What we have, as among young people sometimes, we have a movement of young people who, while they are in the age of 18 to 25 or so, are people of ideas. They've come out of childhood, out of adolescents. They are now thinking of themselves as adults. They think about the society they are building. They think about the future of the society, and locate their idea about themselves, if they are not selfish pigs, in the future of their society. What am I doing for society? What must society be? What are the true ideas that society must have to survive? And, it's from those layers of people, and the renewal of leadership, generated and refreshed from within the ranks of young people like you, that true leadership may come. Where you find that what's most important to you, as you look at having become an adult, and look at your parent's generation before, and see the nation going to hell, you ask yourself, "What are we going to do with our lives? What do our lives mean? What does it mean for our nation? What can we do that would cause us, later, to die with a smile on our face at having lived a good life, for humanity? What is our sense of immortality?"

Young people have a greater tendency for that than many older people, or children who don't have any sense of that. And, that's where leadership comes from.

Look at the leadership of the American Revolution. Lafayette was 19 to 23 when he general of the armies of the United States in the fight for freedom of the United States. Alexander Hamilton, one of the greatest figures of the United States, the founders, was of the same age group. Most of these people were young people of your age, or similar ages, who formed the leadership, who, under the direction of a handful of leaders like Benjamin Franklin, wrote the U.S. Declaration of Independence, formed the Constitution of the United States. And, you will find similar parts in the history of other countries, in the formation of their republics.

So, when you look at this kind of problem, look at the function of leadership. I can tell you, my problem in the United States-I look around me. And, I find none of the prominent figures of the United States, of my age or much younger who are actually qualified and think like true leaders of the United States. They all have some small minded personal agenda, or some small minded fear, like Hamlet in Shakespeare's *Hamlet*. They are not leaders. They are not commanders-in-chief. They're not like Charles deGaulle was in France, in terms, especially, in the leadership of the Fifth Republic, before 1963, before the assassination of Kennedy. They are not leaders. We have carefully tried to breed societies in which leadership is despised, true leadership. Self-sacrificing, personally self-sacrificing, leadership, who devote their lives to the benefit of the nation and other nations, that's lacking. *That's* what the problem is.

We had another question before on this, the same direction; on the future. We have a society which lacks leadership. My appeal to you young people, my appeal to young people all over the world, is I know that from among you those of us who are older, particularly your parent's generation, depend upon the role you emerge to play in producing, from among your own ranks, a sense of what moral responsibility of leadership is. To give inspiration to the entire people of your nation and of other nations. To build something that is more durable than we have now. To understand, fully, the great achievements



of modern European civilization. That we created the nation-state, we created the idea that every human being is sacred. You can not treat them as herded or hunted animals.

These rights, which exist on the books of many of our constitutions and our theories, are not observed in practice. You know that. You can study that. You can understand that. It is up to you. And, I can tell you it is true in the United States, as well as in Argentina and other countries, it's up to you, to give the spark of inspiration to your parent's generation, to say that they have children, young adults, who, prepared and trustworthy, are leading their nation to a better future. If we have that among enough nations, we can say that what our questioner asks— the danger of going back once again to the same old crap— we have a chance to prevent that. We certainly should try to do that. Not only to get out of this crisis, but to hope that in the process we prevent going back to repeat the same old crap that humanity has gone into, in its ups and downs, too many times before this.

MODERATOR: Good. We will continue with a circle of questions. It's now [?]. And, we have a question here from Sebastian.

QUESTION: I have two questions I'd like to ask you. First, what is your view of what's happening here in Ibero-America, Latin America, with governments such as Chavez in Venezuela, which here is more associated with, also with that of Cuba, which has been enduring a blockade, an economic blockade from the United States for 50 years or more. What's the situation in Bolivia, in your view? The victory of the broad front in Uruguay with Paba ray bascus [sp]. And, also, the situation here in Argentina. So, that would be one question.

My second question is, if we try to generate this current that has consciousness, based on youth and the universities here in Argentina, I'm sure that in Brazil and other parts of Latin America it is similar, the youth that actually go to the universities are actually very few. The number of people that actually go to university, in fact the people who finish high school or middle school is not that great. So, if we needed to generate a change, if we are going to limit ourselves to only a sector which is such a small minority. Those are my two questions.

LAROUCHE: Very good. In the case of Chavez, you are talking about a blockade in a country which has a oil wealth reserve, relatively speaking, which other countries don't have. The oil reserve of Venezuela is very significant in the Chavez phenomenon and in the special situation of Chavez.

What we have, as you said, all through the economy, we have these situations. Now, I know personally from my experience that what happened to Argentina, there was a determination in 1982 to *destroy* Argentina. I know it personally. I fought in the attempt to prevent it. Obviously, I was not successful. But, I developed friends in Argentina, and elsewhere, in the course of defending it. The same year, 1982, there was a determination to destroy Mexico. The destruction which I had feared and which Lopez Portillo, the President of Mexico, fought against. We were defeated. But then, the cause still exists. And, I'm still part of the cause, as in the case of Argentina.

In the case of Bolivia, it is a similar case, but somewhat different. It was an effort when the President of Peru, Fujimori [sp] went to a meeting in the continent and gave a speech and the speech was an excellent speech, an excellent proposal for a system of cooperation among the states of South America, or some of the states of South America, based on Brazil, Argentina, and Uruguay and so forth, a very good idea. And, he was immediately, from the United States, a coup was run against him, with the aid of some drug pushers, to get him out. He is now in Japan.

The case of Bolivia, it's a related case. Now, Bolivia, you have a large farming population and they are now going coca. Why are they going coca? Because that's the only crop they can sell. Are the peasants for putting coca, cocaine? No. They need money. They need to live. And, if the United States were intelligent, which it is not, sometimes, we would have moved in and provided the government of Bolivia with cooperation in developing alternative crops. Because, the peasant of

Bolivia is not interested in the coca, not in that way. But, he wants to live. He wants to raise a family. He needs income. So, therefore, if we cooperate to give the people of Bolivia the chance for alternative means for a healthy economy, it would be possible, as it was done recently, before then, to mobilize the people of Bolivia to free themselves of the grip of the drug mafia. But, the United States did not. Why? Because, some people in the United States, who are very powerful, like drugs. They like the cocaine, which is produced cheaply in South America, which is then, with other drugs, marketed on the world market at a great profit, to financier interests; like the former head of the New York Stock Exchange, who made a deal with the Colombian drug pushers for profit. For the profit made on the elevated price of cocaine, and so forth, when it is shipped into the United States, into the world market. And, the same thing is being done today to Bolivia.

These are things which, I think, we can all know. They are historic facts. Those who are of my age, or somewhat younger who lived through some of these experiences of 1982, know these things first hand. Because, we were engaged in a fight to defend Argentina and Mexico, and other countries, against what has happened to them since then, for the past twenty years.

So, how do we prevent that? Well, these things were not accidental. They were done by a very definite, international, financier interest. When we fought against these things, we were fighting against that financier interest, which includes the Bank of Scotland, the Bank of Sant Andir [sp] in Spain which is a partner and practically a member of the Bank of Scotland and in cahoots with the British Royal Family institution. These are the kinds of institutions of international power which determine these kinds of policies.

Very simply, put it this way. The problem of European civilization, since about 1000 AD, about the time that the Venetian oligarchy, the financier oligarchy, made a long time treaty with the Norman chivalry, Europe and European civilizations have been menaced and dominated by a Venetians type of financier interest, which has acted in an imperial way, after reincarnating itself with Dutch and English identities, has continued the same policies. So, today, the world is dominated by a financier oligarchy, family financier oligarchs, who, as a concert of action, dominate governments.

The peculiarity of the Constitution of the United States is that it prohibits that kind of control, though we do have that kind of control over much of the policy of the United States. But, it is outlawed by our Constitution, even though we do not defend our Constitution in that respect. The problem in the world is we do not recognize that we are living within an empire. The name of the world empire is the Anglo-Dutch Liberal System. The Anglo-Dutch Liberal System is a system of Venetian style, financier oligarchy, where concerts of family banks, of family financial institutions, which control great banks, and which control government, which control political parties, are able to, from behind the scenes, impose their policies on the world. And, that's what they've done.

The policy under which Argentina was destroyed, and it was largely destroyed as many of you know, in 1982 and afterward. It was destroyed because it was determined that [two things were going to have to be determined]. First of all, as you know in Argentina and Patagonia and elsewhere, Argentina has tremendous potential for growth and development in its natural resources. The development of the under-developed parts of Argentina would make the basis for one of the great powers of the planet. And, the determination was to stop that. As a similar, different operation, but similar in effect, was done in Brazil. The same thing was done in Peru. A similar thing was done in Colombia. Similar thing is being done now in Venezuela.

These powers, which have their interests expressed by Henry Kissinger in 1975 in his National Security Study Memorandum 200. The perspective of this oligarchy, this financier oligarchy, is to get control of the raw materials of the world, the primary raw materials, including petroleum. And, to have syndicates in the United States, in the United Kingdom, as well as in other parts of Western Europe. A different kind of situation in Russia, which is sitting on top of a vast amount of resources. The resources of Africa, which the Anglo-Americans control, and petroleum and so forth.

So, what you have is a great syndicate of raw materials cartels, which are the same thing as financier, speculation cartels.

They are dominating the world. They are determined to hoard the future of the raw materials of the world, and to prevent the populations of the world from controlling the raw materials in their own countries. And, that's what's happened. It's laid down by Kissinger clearly, but Kissinger's not the author of the policy. He was just an articulator of the policy. But, that is the policy that we are under today. That is the policy under which Argentina was crushed in 1982, which all of the countries in Central and South America, except Chile, so far, have been more or less crushed, to the present day. That's our problem

Now, what about this conscience question? What we have to do, and what I am doing with the youth movement I am developing, is concentrating on precisely this question of consciousness. What I am doing is turning this youth movement, which is 18 to 25 age group, college age, from all kinds of backgrounds, and turning them into a kind of university on wheels, or on feet. It's a ragged elite. The future rulers of the world, in rags, as an elite of youth. They are mastering the fundamentals of physical science. They are mastering culture. For example, one of the key points in our cultural program is, you take the Bach, Jesu Meine Freude, and the mastery of the performance of that as a motet, which is one of the features of our program. So you develop an elite among young people, not an elite of privilege, but an elite of conscience, and elite of knowledge, which understands that the human being, essentially is not an animal. That the human being has a power of creativity which no animal has, a quality of the individual human being which makes the individual in the likeness of the Creator. And, one's consciousness of that, that other human beings are made in the likeness of the Creator, in that respect, and that our relations to them and our cooperation with them must be based on that, is the basis for building up a idea in society which can lead to the promotion and preservation of the kind of society we need.

MODERATOR: We now have two questions which have come in by internet. But, before that, I want to ask Buenos Aires to ask us the next question.

QUESTION: My question to you is, why do those elites, those power elites, why are they not better known, publicly. And, if we were to make these known, or, have you, in making these names known, have you ever faced any threats in making these names known publicly?

LAROUCHE: I had 420, approximately, people coming to kill me on the 7th of October, 1986, over the issue of SDI. At that point, President Reagan was going to Reykjavík to meet with Gorbachov [sp], then the head of the Soviet Union. And, the issue that was going to be discussed at Reykjavik was, again, SDI. In that period, in the months preceding that, the Soviet government had unleashed with all kinds of press channels, including the press of Risa Gorbachova [sp], the wife of Gorbachov [sp], attacks on me, demanding my imprisonment or assassination by the U.S. government. There was a similar sentiment expressed by circles within the U.S. government. Now, since I had a certain friendly relationship to the President of the United States and his immediate circles, President Reagan at the time, before the actual shooting started, the U.S. government intervened and ordered these 400 forces not to do it. That's the only reason I'm alive. Then an agreement was made among these circles saying, kill him. The other circles said, don't kill him, the backfire would be too great. Well, they said, well, if you put him in prison, and he goes to prison, we won't kill him. But, if he is not sentenced and goes to prison, we'll kill him. And, I went to prison for five years. Bush put me in, Clinton got me out.

This is only typical of my life. I have been threatened by assassination and actual assassinations repeatedly over the course of my life, since 1973, on these kinds of political issues, because I named the bankers, and [] exposed the bankers. This came again toward the end of the 1970's. So, I have been repeatedly the product of assassinations and similar kinds of mistreatment by powerful forces, precisely because of what I had done. Yes.

The reason it is not more widely done is there are very few people who are stubborn like me, and who do it anyway.

MODERATOR: OK, I am going to continue now with a couple of questions that cam in, in writing, over the internet. What is your view of the Chinese investments in Argentina? Are they of benefit, or will they be simply a exploitation of our

resources?

LAROCHE: Look at this from two standpoints. First of all, from the standpoint of China. China is the world's greatest bidder for raw materials in the world today. Now, where are the raw materials? China is bidding on oil sands in Canada. China is bidding on vast resources in Brazil. China recognizes that Argentina has a very large supply of undeveloped raw materials. China will come here, into Argentina, obviously. The other countries are trying to establish monopolies on raw materials. You have the United States, which is reaching out for monopolies on raw materials. You have the Western and Central Europe, including the United Kingdom, grabbing raw materials. Most of the raw materials of Africa are grabbed already by Anglo-American-Dutch interests who's already stolen them, and, are killing as many Africans as possible to prevent the Africans from using up those raw materials. Russia is a different situation. Russia has a vast concentration of mineral resources in Central and North Asia, which only Russians know how to develop adequately. So, Russia is a power, the power in terms of having raw materials which other people would like to steal. China has very few raw materials relative to its population. Therefore China is reaching out toward Central and North Siberia, and reaching out to markets in other parts of the world to lock up markets from which it can buy what it wants.

Now, China's motivation, in case of Brazil and Argentina, is obvious. The question is, what should be the attitude of Brazil and Argentina to what China is doing? There's nothing wrong with China and Brazil and Argentina trying to get some partnership in cooperation. You in Argentina know it, that, if you can get some kind of productive partnership which would get some income into the situation for you, it would be helpful. If you could have some development of natural resources of Argentina, which exist, in order to raise the level of employment to get some of your people off the streets and into some kind of quality employment, to rebuild the families of Argentina, that would be beneficial.

So, therefore what we have is the two sides. The recognition of what China is doing in world context, what that means. At the same time, to recognize what we should do in response to that. We should not reject it. For example, China may be interested in developing the second Panama Canal, because it wants to get the vast amount of raw materials available from Brazil. And, the best way to do that is to have a large scale, equivalent to a sea-level, functionally, canal through the isthmus of Panama. It's something that Japan was proposing to do some years ago back in 1984 or so. And thus, to have a direct, a more efficient, access to the Atlantic coast of Brazil, which would be very significant. The soy beans, and other growth which China requires, can be done on a very large scale in Brazil. For Brazil, this may be very beneficial in the sense that large areas of Brazil which are insufficiently developed, might be developed as a result of that stimulus. The same thing might be true of Argentina.

So, what I think we have to do is to just take a realistic, conscious understanding of what is going on in the world, and decide how we are going to react. And, react in terms of defending our honorable interests in our treaties with our new partners.

MODERATOR: OK, we still have a few minutes left in this presentation by Mr. LaRouche. Now, we come to Rosario [sp], if there are any further question here in Rosario [sp]? Very well, then I will go ahead with a written question that came in today, which actually came in this morning. A man by the name of Brown, said, You define economics as how we reproduce ourselves and you define the American system as a system which has, also, societal influence on the development of the economy. So, why then, don't you include any sort of societal influence on the question of demographic changes which are part of the way in which we reproduce ourselves economically< other than by saying that economic growth will somehow take care of everything? This is a question that came to us from the United States By a gentleman by the name of Brown.

LAROCHE: No, that's an incorrect view of what I am proposing. I'm in the tradition of Alexander Hamilton, whose famous report to the Congress of 1791, On the Subject of Manufactures, is typical of my view, to the day. My views are much more elaborated and speak for a much more modern development of society, but the principle is essentially the same. The idea of modern economy, that is a rational systematic idea of modern economy, first came from Gottfried Leibniz and

developed during the time that he was associated with Jean Baptiste Colbert in France, until 1676, when he went back to Germany. But, he continued to develop the idea of the science of physical economy from that time on. The only competent science of economy is that which comes from Leibniz alone. The problem has been that, especially with the 1763 Treaty of Paris, February 1763, the British East India Company established itself as a royal empire. It had grabbed India. It took North America, Canada, so forth, and other parts of the world as part of a growing British Empire, an Empire controlled by a company, the Anglo-Dutch India Company. So, the system of finance which has controlled the world hegemonically, from that time to the present, has been a lunatic system, called the British system, or the free trade system, as it became known.

This is not economics. This is monetarism. It was a system of, how do you steal profitably, and run your economy as a theft economy. The American system was differently conceived. Our economy is not primarily based on monetary theory. Our economy is based on physical considerations in the way that Leibniz defines the principles of physical economy. These are reflected in the Constitution of the United States, and are articulated in a large degree by a succession of the world's leading economists, such as Hamilton himself, such as Henry Carey, his father Mathew Carey, and by Friedrich List. And, in the case of Argentina, you may recall, that during the time of Lincoln and following, that Argentina became very strongly attracted to the U.S. model of economy, particularly on the emphasis of physical economy, which came largely from the United States. In 1877 period Russia joined those who recognized the United States superiority in economy over those of Europe. At that point, Bismarck in Germany, adopted the American industrial system as the German system, which led to the rise of power of Germany as an industrial power in the world. Japan was transformed in 1877-78 under the influence of Carey directly, in the Japan system of industrial development. China, in a later point was transformed, in its objectives in economy, by Sun Yat-sen, the founder of modern China.

So, the idea that the monetary system, as popularized in universities today, is economic is nonsense. It is not really economics. It is monetarism. We start, in the United States, as Roosevelt typifies his recovery of the United States from the Hoover-Coolidge depression, we start from physical. What we do is we say that the United States creates the currency, the U.S. government, by a lawful procedure described in the Constitution. The government is the only agency in which it is allowed to create a currency. No private interest, no central bank. This is regulated. And, the circulation of the currency is also regulated and managed. It is managed by protectionism, by systems of taxation and protection and tariffs and trade which ensure that the proportionality of share of income, as measured in money through the economy, flows in a way which promotes certain physical interests. Originally, it was agriculture, infrastructure and industry, and the promotion of useful foreign commerce.

So, we are, by nature, a protectionist system, which is a form of management of a monetary economy designed to meet the requirements of its science of physical economy as defined by Leibniz, as adopted from Leibniz and from Colbert, Jean-Baptiste Colbert of France, adapted to the constitutional system of the newly created United States.

That system, the American system, properly understood, works. And, there is a social control. For example, state control, the state is responsible for the military. Most people accept that, except for the Vice President, who thinks it should be privatized for the benefit of Halliburton. So, national defense, and disease, is a responsibility of the government. The government may enlist private agencies to participate in defense of disease, may help support and create a control to provide for private hospitals and other facilities, for private physicians protection and functioning. The government must also take responsibility for those things which are not a local interest of some property owner, such as the welfare of water systems, the general organization of power systems, the organizations of mass transportation, the insurance of the provision of adequate schools for the total population, the responsibility for the development of every square kilometer of the land area of the United States. We create regulation hoping to assign to private interests the responsibility for fulfilling the requirements which government knows to be needed. The purpose is to encourage the creative powers of the individual citizens or the conscience of citizens to come up with creative solutions which meet the objectives which government recognizes as beneficial or necessary. That's the American system. It is not much understood in the United States today, where idiots have been running the universities and teaching economics generally for a long period of time. But, that's the

American system. My system.

MODERATOR: OK, there is a final question here from Mariana and Rosario [sp] and it is the occasion also for your concluding remarks. Good evening, Mr. LaRouche. What is the role that the pseudo-religious movement, the so-called new era, what role does it play in the cultural and the moral values of our civilization? Thank you.

LAROUCHE: If you have a section of the population, as we have with our fundamentalists, in the United States, who are clinically insane, you have the following picture. You have a section of the U.S. population which no longer believes that it has any functional relationship to government. It therefore will go to medicine men, to magicians, to ask them to intervene magically. Now, the worst of these are called the Protestant Zionists. Now, the Protestant Zionists, fundamentalist Zionist is a very nasty creature. He is the worst of all these pseudo-religious types. He believes that there must be a Battle of Armageddon, and he's going to try to make it happen on time by incantation. He believes that if the Battle of Armageddon occurs, he won't have to pay rent next month. He believes that once Israel is established as a power under his control that he will kill all the Jews who don't convert. He's anti-Semite. He is a Zionist, anti-Semite. Now, this phenomenon was developed in England during the 17th Century among the British Israelites, so-called. Who said, we are the children of Israel. Therefore the Jews who are not the children of Israel, who are fake, we are going to have to kill them.

Now, this crowd-how do you get this kind of crowd? We had in the United States, earlier, something like this with the grandfather of Aaron Burr, the traitor, Jonathan Edwards. And, this kind of evangelization of telling people they are worthless, they are the most contemptible slime on the planet, but God is going to be merciful with them if they make a contract with God today, God will give them women. God will give them money, will give them all kinds of goodies. Not because he likes them; in fact, he despises them, but because they sign the contract. This is the characteristic of the American Protestant fundamentalist whose disease has spread in other parts of the world. The characteristic, otherwise is, they're are people who believe they have no power in society. They don't think of themselves as citizens who are responsible participants in making the decisions of society. They think of themselves as people who are appealing to a secret power, the power of some idiotic preacher, who's more satanic than anything else. And that's the problem.

My view of the remedy for this is you don't go around and slaughter them. Some people would think that that's a good idea. I don't. You treat them as idiots, and try to find out who you can save from idiocy. What we have to do is realize that whenever you, in society, condemn a significant segment of the population to a sense of powerlessness in society, when they feel they have no efficient connection to the making of policy or the things that control government, they will seek mysterious powers of all kinds. They will join strange cults, strange clubs, anarchist clubs, other kinds of clubs, against society out of poor hatred against a society which they believe gives them no efficient place in recognition. They will go in these wild religions, for precisely the same reasons.

Therefore, our function is to bring these people in, to bring them into the educational system, to bring them into society, to cause them to find themselves as members of society as efficiently participating members of society. So, that when they have a problem, instead of going someplace and throwing a bomb, or becoming a violence prone idiot, going out and killing people to try to express their anger, they will go to the institutions of society and, finding a reasonable ear for their complaint, they find an agency which may not agree with them, which may reject what they say, but will open a dialog with them which convinces them that they do have an ear, and they are a part of the influence in the making of the policies of society.

So, this phenomenon is resolved, generally, of taking whole sections of society, excluding them from a sense of participation in the society as members of the society. We make them outsiders, and then they go outside reason to try to find a god or a devil who will give them their pleasure.

MODERATOR: Dr. LaRouche and other collaborators who have helped in this videoconference, we want to thank you

enormously, infinitely, for your intellectual contribution at such a high level which we have received from you this afternoon. This video conference will be reproduced with a large number of students that were unable to come with us today, but because there is about 5,000 students that come to this department alone in this university, and unfortunately, this is the class time and this is a period close to the exam time and therefore, we will have to reproduce this text and therefore we want to say thank you. We want to say good-bye to you. Thank you greatly for your intellectual contribution, and we would like to, if it is OK with you, would you like to leave us with a final message for this youth that follows you with such great concern and attention. What is your contribution and we are always available for your help and communication in the future.

LAROUCHE: Thank you very much. I would simply say in return, that my affection for your country is enhanced by this experience. The personal contact, which I enjoy richly, and feeling a part of you as you are guest on this occasion makes me happy. And, I would hope that we may benefit from this exchange in the future.

## Feature:

### LAROUCHE WEBCAST

#### It's Still the Physical Economy, Stupid!

Lyndon LaRouche's address to the Nov. 9 2004 LaRouche PAC webcast was opened by the LaRouche Youth Movement chorus singing Bach's motet Jesu, meine Freude. The Washington, D.C. event was attended by 225 people, among whom were more than 80 LYM members and 20 youth contacts, fresh from election organizing in Cleveland and Columbus, Ohio; Boston; Louisville, Kentucky; Detroit; Philadelphia; and Washington, D.C. In addition to youth from all over the United States, there were young people from Africa, Canada, Sweden, Denmark, Mexico, and Italy. They planned a Week of Action/Agapé in Washington, following the webcast. Elected officials from around the country, plus other political leaders and diplomats, also attended. The webcast was moderated by Debra Freeman.

## Economics:

### WE MUST SAVE THE X-43A

#### How I Defined the Scramjet

by Lyndon H. LaRouche, Jr.

Nov. 11, 2004

The rebirth of the Saenger Scramjet project, as now represented by the X-43A pilot phase, was a choice made by me as part of my continuing work on the design of what President Ronald Reagan adopted as his Strategic Defense Initiative (SDI). As part of my work on developing a feasible package-design for an actual Phase I form of the proposed SDI, I became engaged in relevant technical discussions with the now-defunct German firm, MBB, which represented one of the world's most effective works on designs for interceptor strategies against incoming flights of thermonuclear-armed missiles.

- **Making LaRouche 1980s SDI Proposal a Reality**

The U.S. space agency, NASA, announced on Nov. 5, 2004, the imminent launching of the final test flight of the X-43A Hyper-X scramjet. This research vehicle will fly at an airspeed of almost Mach 10, or 6,800 miles per hour. The final flight was scheduled for Wednesday, Nov. 10, from Edwards Air Base in California, but delayed until no earlier than Nov. 15 because of bad weather.

- **The Space Plane: Hypersonic Flight Is Ready for Take-Off**

by Marsha Freeman

NASA's Hyper-X program combines aircraft and rocket technology in a system that will carry more weight into space at less cost. This report is reprinted from Fall 2001 21st Century Science & Technology.

### Soy Monoculture in the Americas: Globalization Ruins Food Economy

### **by Marcia Merry Baker**

Concentrated areas of soybean cultivation in only three countries of the Americas—the United States, Brazil, and Argentina—together account for 188 million metric tons, which is over 80% of all world annual soy production (229 million metric tons), and account for over 90% of all soybean exports. Far from being an agronomic success story, this soy monoculture—typical of other world food monocultures equally extreme—reflects the degree of commodities control exerted throughout globalized agriculture, by financial interests operating through chemical, seedstock, food processing, and trading companies, over and above national governments.

- **Cartels' Soy Revolution Kills Argentine Farming**

#### **by Cynthia R. Rush**

In Argentina, the country known historically as the 'granary of the world,' people generally didn't die of hunger—at least up through the 1980s. While pockets of hunger and poverty could certainly be found in the country, people generally had access to a nutritious and varied diet, and food production was directed to the domestic market as well as for export. The fertile 'pampas' were world famous, as was Argentina's excellent quality beef.

### **Interview: State Rep. Peter T. Ginaitt**

#### **Epidemic Preparedness 'Worst It's Ever Been'**

State Rep. Peter T. Ginaitt (D- District 22) is a 15-year member of the House of Representatives of Rhode Island, representing Warwick, and serving on the Health, Education and Welfare Committee. Rep. Ginaitt is a firefighter, rescue captain, and registered nurse. He was interviewed on Nov. 8, 2004, by **Marcia Merry Baker**.

### **Germany Urgently Needs A New Fiscal Policy**

#### **by Rainer Apel**

If panic and despair were commodities traded on the market, Germany would be a flourishing economy under Minister of Finance Hans Eichel. For weeks, hardly any day has gone by without another attempt to promote deeper cuts in yet another budget item. But things have now taken an absurd course. Eichel's problem is that he cannot think of a reasonable alternative to the European Union's Maastricht system of strict budget rules, and because he sees no alternative, he keeps trying to do the impossible: staying loyal to the Maastricht rules while at the same time violating them, continuously.

## **International:**

### **Fallujah: A Turning-Point In the Iraq War?**

#### **by Muriel Mirak-Weissbach**

Just prior to the U.S. elections, a bombshell report was released, showing that 100,000 Iraqi civilians had died in the U.S.-led war and continuing occupation. The study, conducted by Johns Hopkins Bloomberg School of Public Health, was released in the British journal Lancet. It was based on interviews with over 1,000 families in 33 districts across Iraq, which compared deaths before and after the invasion, and the causes of the deaths.

### **Tony Blair, Bush's 'Busted Flush'**

#### **by Alan Clayton**

The re-election of George W. Bush is having a highly destabilizing effect on the political position of British Prime Minister Tony Blair. A member of Blair's own Cabinet, Culture Secretary Tessa Jowell, appeared on television to say that 'the Labour Party is very disappointed that George Bush was reelected as U.S. President this week.' Until now, no member of the government has acknowledged the Labour Party's deep hostility to Mr. Bush and his Republican Administration, or the hopes that John Kerry, the Democratic candidate, would oust him.

### **Bush Re-Election Dismays Japan, Korea**

#### **by Kathy Wolfe**

The Japanese and Korean governments, with large numbers of troops in Iraq, have reacted with caution to the re-election of George Bush. But two former heads of state and the press have been openly critical, accusing Bush of destroying the American union and the peace of the world. Japan's top daily Asahi News, Nov. 9, virtually accused Bush of vote fraud, comparing him to Josef Stalin.



## **France: A Timid Boost For Nuclear Energy**

**by Emmanuel Grenier**

France has finally decided to stay on the nuclear track. It would be exaggerated, however, to speak of a 'fresh start,' as many commentators have done. Wedo, of course, welcome the decision to build the first EPR (European Pressurized Reactor), the 'third generation' French-German reactor, because it shows that France is not about to follow the German lead, by giving up nuclear energy.

## **India-EU Forge 'Strategic Partnership'**

**by Ramtanu Maitra**

On board the Prime Minister's Special Aircraft, India's premier Manmohan Singh, returning from The Hague on Nov. 10 after finalizing a 'strategic partnership' between India and the European Union (EU), told reporters that the outcome of the summit 'far exceeded' the earlier meetings between the two, and it is now up to India to take decisions to move ahead.

## **Southern Thailand Crisis Shakes Region**

**by Mike Billington**

The violence which has plagued the southern provinces of Thailand since January of this year escalated into a national and regional crisis on Oct. 25, when 78 detained protesters suffocated to death while being transported in Army trucks. The gruesome story of more than 1,000 protesters at the town of Tak Bai—mostly young Muslimmen—being placed under arrest, bound, and literally piled up in the back of trucks, face down, some of them five-deep, for a five-hour drive to a military barracks, has caused shock and anger around the world, especially in neighboring Malaysia and Indonesia.

# **National:**

## **GOP Vote Suppression: A Crime Against the U.S. Constitution**

**by Edward Spannaus**

'The kinds of fraud which were perpetrated by the Republicans alone in this election, were sufficient to send these guys to jail, if not to un-elect them,' declared former Democratic President candidate Lyndon LaRouche during his Nov. 9 webcast. 'Voter suppression! . . . That's tyranny! That's dictatorship! And there was a lot of it,' LaRouche emphasized.

- **Documentation:**

### **Voter Suppression Is A Crime, Says LaRouche**

The [following] statement concerning vote fraud in the recent Presidential election, is excerpted from the discussion following Lyndon LaRouche's Nov. 9 speech to an international webcast.

## **High-Tech Jim Crow: Stealing Ohio's Vote**

**by Michele Steinberg and Judy DeMarco**

One day after Democratic Presidential candidate John Kerry announced that he conceded the election to George W. Bush, there were at least 300,000 missing votes in Ohio, many of them in the heavily Democratic counties of Cuyahoga and Franklin, which had not been counted. George W. Bush was reportedly leading by only 136,483 votes at the time, and one day later, that lead was cut by about 3,800 votes—falsely recorded on a single machine in Franklin County, Ohio.

## **Satan and the Scopes Monkey Trial: How Do These Buttons Get Hot?**

**by Stanley Ezrol**

Lyndon LaRouche called the Nov. 2 Presidential election a second loss of the Scopes Monkey Trial of July 1925. That trial in Dayton, Tennessee, marked the crest of the already breaking, 1920s Fundamentalist wave, in which 'evolutionism' became the hot button trigger to wildly irrational fear and rage against a scientific approach to understanding progress. This functioned much as 'pro-life' and 'gay marriage' became the leading hot-buttons by means of which tens of millions were impelled to march, zombie-like, to the polls in support of the supposed moral values of crazy, homicidal George W. Bush against the supposed immorality of abortion and same-sex marriage.

# Conference Report:

## Europe's National Economies Wrecked by Liberal 'Reforms'

We present here excerpts from three speeches at the Sept. 24- 26 Schiller Institute conference in Germany, delivered as part of the Sept. 25 panel on 'The State of the Physical Economies.' Two of the individuals who spoke are from the former Communist bloc country of Czechoslovakia—now two countries, the Czech Republic and Slovakia; and the third is from Italy, a 'Western' country. And yet, the three tell something of a similar story: That the 'red thread' showing up in the destruction of each of their nations' economies is the liberalization, the 'free market' poison of deregulation, privatization, and shock therapy austerity measures.

## U.S. Economic/Financial News

### Cato Pushes Social Security Privatization Plan

Michael Tanner, the director of the Cato Institute's "Project on Social Security Choice"—the lead organization promoting Wall Street's scheme to privatize Social Security—threatened on Nov. 5, that Republicans "must decide whether they meant what they said when they promised to fix Social Security." This came the day after President Bush said he intended to "reform" Social Security.

In his Feb. 17 paper, "The 6.2% Solution: A Plan for Reforming Social Security," Tanner indicated that, under his plan, retirees will be left with few, if any benefits.

Under Tanner's plan, which is circulating in the Bush administration:

- \* Workers born after Jan. 1, 1950, would be "offered the opportunity" to establish Individual Social Security Accounts. After the plan has been in effect for a few years, ISS Accounts would become mandatory for all new entrants into the labor force, who would no longer be allowed to join the "old" Social Security system.

- \* Under the existing Social Security system, each worker contributes 6.2% of the value of his wages to the Social Security Trust fund, and his employer contributes a matching 6.2% of the value of the worker's wage to the Social Security Trust, for a total percentage of 12.4%. Under the Cato plan, the worker establishing an ISS Account would contribute 6.2% of the value of his wages to his ISS Account, for investment in stocks and bonds. The employer would contribute 6.2% of the value of the worker's wage to the Social Security Trust Fund, to pay down existing Social Security claims of retired workers. But the new worker would not receive any of this 6.2% that his employer contributes, thereby cutting in half the benefits that a worker would have returning to him.

- \* The worker establishing an ISS Account would be encouraged initially to invest 60% of his contributions into stocks, and 40% into bonds. But Tanner states that a *young worker* would be advised to put a much higher percentage of his contributions into stocks, siphoning trillions of dollars into the bubble-ized stock market.

Tanner also argues that "in reality, *the Social Security Trust Fund is not an asset that can be used to pay benefits*. Any Social Security surpluses accumulated have been spent [covering budget deficits], leaving a trust fund that consists only of government bonds (IOUs) that will eventually have to be repaid by taxpayers" (emphasis added). That is, according to Tanner, the looted Social Security Trust Fund has no money in it, except U.S. Treasury bonds, which the U.S. government would have to raise taxes to pay off, which Tanner is against. Then Tanner cites legal cases, which purport to show that "workers have no legally binding contractual or property right to their Social Security benefits, and *those benefits can be changed, cut, or even taken away at any time*." Tanner appears to be preparing the ground in his extended argument, to

have the U.S. government severely cut or repudiate its Social Security benefit obligations to millions of elderly citizens.

## **Dem Senate Leader Says No To Privatization**

Senator Harry Reid (D-Nev), who currently is minority whip in the U.S. Senate, and is expected to succeed Sen. Tom Daschle of South Dakota as Senate Minority Leader, in a Nov. 9 *Washington Times* interview responded to President Bush's call to privatize Social Security: "For someone who wants to privatize Social Security, they're going to have to look for somebody to go to bed with other than me. I'm not going to do that," he said. "Privatizing Social Security will destroy Social Security as we know it."

## **Rubin Issues Warning on Dollar Collapse**

Former U.S. Treasury Secretary Robert Rubin warned that the dollar collapse could accelerate, and interest rates could rise, if the Bush Administration and Congress do not act quickly to rein in the record U.S. budget deficit. "If I were still at Treasury, I'd still be a strong advocate of a strong dollar policy," Rubin declared Nov. 9, presenting a veiled criticism of the Bush Administration quiet acceptance of the dollar's decline. Rubin, in a speech at the 29th anniversary dinner of Columbia University's Knight-Bagehot business journalism program, issued a wide-ranging warning about the devastating potential impact of continued Federal deficits.

"If markets begin to fear long-term fiscal disarray, and if foreign providers of the capital inflows upon which we have now become so enormously dependent share this fear and also develop a concern about our currency, then the markets may begin to demand sharply higher interest rates on long-term debt and possibly even create conditions of serious disruptions in our financial markets, with all the problems that that can lead to for our economy," he cautioned.

He added, "We have a lot of work to do in a very difficult political environment."

Rubin urged both Republicans and Democrats in Congress, to address the deficit sooner rather than later. "Dramatic change in fiscal policy is imperative. And I think that reality is likely to increasingly assert itself on the political system, however unwilling or reluctant on a bipartisan basis that system may be to actually deal with the actual hard choices that restoring fiscal discipline imposes."

## **Food Imports Cut U.S. Ag Surplus to Near Zero**

The surge in food imports has now cut the U.S. agriculture trade surplus to near zero; it will be in deficit by 2005, the *Wall Street Journal* reported Nov. 8. The U.S. Department of Agriculture reported that in June and August, for the first time since 1986, there was a deficit in food trade. The last annual deficit was in 1959. The surplus reached a peak in 1996, but since that time U.S. imports have leaped by 62%, with far slower export growth. The front-page article in the *Journal* notes that the import spike since NAFTA and other free-trade deals were signed in the 1990s may be of benefit to consumers, but the widening trade deficit "is sustainable only as long as foreigners are willing to lend the U.S. large amounts of money," and "economists warn that this isn't likely to continue." Thus, they conclude, "risks are growing for a market-rattling crash in the value of the dollar."

## **Lautenberg Calls for Expanded Health Care**

Speaking at a 10,000-person rally Nov. 7, Sen. Frank Lautenberg (D-NJ) charged that, in his 20 years in the U.S. Senate, the battle to "improve public health" has been "harder than it should be," due to "special interests that put *private profits* ahead of the *public good*." It is "shameful that 45 million Americans don't have health insurance, and it is doubly shameful

that over 8 million of those Americans are children," he told the crowd. Access to health care for "young people" will be a fight. The greatest challenges ahead, he insisted, "will be to protect programs ... such as Medicare, Medicaid, and S-CHIP" and to make drugs affordable to the people who need them.

"I supported Senator Kerry's clarion call during the campaign to guarantee health insurance for every child. Is that expensive? Absolutely! But not as expensive in the long run as not providing that coverage!" Lautenberg, an octogenarian, concluded, "I'm not going to rest on my laurels. I'll continue to stand ... in the battles we wage" for a healthier America.

## **Tennessee Poor To Lose State Health Benefits**

Tennessee's disabled and low-income citizens, since 1994, have had an enhanced Medicaid program called TennCare, a program designed to provide nearly universal coverage for all the state's citizens. Governor Phil Bredesen (D), a former health-care executive, has declared that the program costs too much, so he will terminate it. As of January 2005, people will begin to lose their health-care coverage. One columnist wrote in *The Chattanooga*, "To torpedo TennCare is to sign their death warrants," referring to four specific people he knows, who, without TennCare coverage, will die. Weighed against the threat to the lives of 430,000 citizens who participate in the program, is the Governor's plan to save \$5.1 billion dollars, i.e., cutting the \$7.8-billion TennCare program and replacing it with a basic Medicaid program which will cost \$2.7 billion.

Many of the 430,000 will not qualify to receive Medicaid; thus, more people will join the ranks of the uninsured in Tennessee. Already, even with TennCare in place, hospitals in the state provided more than \$1 billion of uncompensated care. "If 430,000 people lose TennCare benefits," hospitals will lose much more, said the president of the Tennessee Hospital Association. Reimbursement rates to hospitals have already been lowered to cut costs.

All 50 states and the District of Columbia imposed health-care "cost control" measures in FY2004. In FY2005, a Kaiser Commission report found, all plan additional cuts, including in 22 states, where a co-payment requirement was added for non-preventative physician visits, emergency-room visits, and/or prescription drugs for children, for example. In FY2004, 38 states cut eligibility and 34 limited benefits, and those reductions occurred even though the U.S. Congress provided a one-time \$10 billion "relief" to the states. That money ran out as of June 30. So the Federal match funds are now less, yet Medicaid programs are growing, as more people lose their employer-based health benefits, or lose their jobs.

## **Senators Back Army Corps Plan for Mississippi River**

A bipartisan group of U.S. Senators are backing an Army Corps of Engineers plan to expand the lock-and-dam system on the Upper Mississippi River. Senators Tom Harkin (D-Iowa), Dick Durbin (D-Ill), and Charles Grassley (R-Iowa), in opposition to Cheney-Bush proposed budget cuts to the Army Corps, are seeking approval for the \$1.4-billion project when Congress meets next week. The proposal would be included in a larger bill authorizing waterway projects. The three Senators have signed onto a bill implementing the Army Corps' recommendations to construct seven new locks along the Illinois River and the Mississippi River. "It's still alive," an aide to Sen. Grassley, the chairman of the Finance Committee, told the *Quad-City Times* Nov. 11.

## **World Economic News**

### **Citigroup Cashes In on '98 Asia Crisis**

"Citigroup Devours Korea's Lucrative Market," was the Nov. 9 headline of the *Korea Times* business section, after Citigroup surprised Korean observers Nov. 8 by announcing its intention to take over Korea's largest Internet backbone operator Thrunet, now under court receivership. If this deal goes through, Citibank will have demonstrated precisely "cui

bono" from the 1998 "Asia" Crisis, as it will have gained an investment of almost \$11 billion in South Korean banking, electronics, and computers, including large units of Samsung and Hyundai which had to be sold at distress prices of 10 cents on the dollar.

Citigroup bought KorAm Bank, the nation's seventh-largest lender as part of the crisis. Earlier in July, Citigroup Venture Capital bought the world's second-largest chipmaker Hynix's integrated-chip unit for \$830 million. Citibank is today the biggest shareholder of Korea's flagship firm Samsung Electronics with 12.09%, almost twice the 6.26% held by second-largest shareholder Samsung Life Insurance. A Samsung spokesman said the stocks are worth more than 8 trillion won (\$7.24 billion).

## **China Moves To Control 'Speculative Bubbles'**

China is taking financial measures, including a possible second interest-rate hike, to bring "speculative bubbles" in real estate and in forex flows under better control, *Xinhua* reported Nov. 10. The State Administration of Foreign Exchange (SAFE) has taken four measures to tighten forex inflow, to control the entry of speculative capital into China.

Measures to balance forex inflow and outflow will be undertaken, to weed out speculative capital inflows. Also, due to the faster growth of China's short-term foreign debt, measures are being taken to increase supervision of foreign-funded banks' and enterprises' lending policies.

*Xinhua* also quoted economist Yi Xianrong, head of the Financial Development Division of the Chinese Academy of Social Sciences, that domestic interest rates could well continue to rise, to help curb real estate speculation and curb outflows of deposits from commercial banks. On Oct. 28, the Peoples Bank of China raised interest rates for the first time in nine years. Though the increase was just a quarter point, Yi said this indicated "a significant change in interest rate policy."

Yi warned that inflation in China is actually greater than reported in the CPI, which ignores real estate. House prices rose 13% so far this year, due to "speculative demands that will likely drive property prices to new highs in a short period of time."

## **Chinese Industrial Output Slows**

Chinese industrial production growth was at the lowest rate in three months in October, *Xinhua* reported Nov. 10. Lending restrictions have affected automobile sales, among other things, *Xinhua* said. Industrial production rose 15.7% year-on-year, to 490 billion yuan (US\$59 billion), led by steel and household appliances. Production growth peaked this year at 23.2% in February, and has declined since.

## **Bank of England Alarmed Over Liquidity Problems**

Liquidity problems at mega-banks could lead to "imminent threat to financial stability," wrote Bank of England (BoE) deputy governor Andrew Large, in an editorial for London's *Financial Times* Nov. 11, headlined "Why we should worry about liquidity." He notes that central banks and supervision agencies in recent years were addressing "key potential threats to financial stability," such as the "dramatic increase in financial transactions" and the potential "failure of key infrastructure—particularly payment, clearing and settlements systems."

"But there is another critical aspect of financial resilience where progress has been less marked—liquidity. Liquidity problems, which may be triggered by insufficient capital or insufficient liquid assets can also lead to insolvency and can be an immediate threat to financial stability." A particular problem here is the concentration process in the banking sector

which has led to the "evolution of a relatively small number of very large institutions." Worse, these "mega-institutions" are often using the same modelling techniques, use the same risk-management standards and work on similar assumptions. All of this might exacerbate market movements. Furthermore, there has been the "search for yield" in financial markets recently, where institutions were trying to boost profits "by taking on higher risks." In part by using hedge funds as "alternative investment vehicles," institutions went into everything, "from mortgage-backed securities to high yield debt, from oil to real estate."

Public authorities should therefore urgently deal with the issue of providing liquidity support to "large complex financial institutions" in times of emergencies. "Useful work is being done in many of these areas but there would be a real merit in encouraging a broader focus on liquidity issues. This would help to underpin confidence in markets, at a time when monetary policy internationally has become less accommodating and geopolitical shocks cannot be ruled out."

## **Personal Bankruptcies at Record High in England and Wales**

In the third quarter of 2004, personal bankruptcies rose to 9,156, up 4% from the previous quarter, and up 28.8% from the same period in 2003. Small businesses and the self-employed are in trouble. Insolvencies in the self-employed sector rose by 130% year-on-year, according to the Department of Trade and Industry.

Another 2,811 people applied to "freeze" the interest on their debts in exchange for continued payments, a step short of bankruptcy. This was a record rise of 13.6% on the last quarter, the highest ever recorded, and 40.6% year on year.

The government Insolvency Service warned that the number of bankruptcies and people struggling to pay debts is likely to rise. Also, more people are volunteering to declare bankruptcy, which can be "discharged" in about six months, although some take three or more years.

Big company liquidations are falling, however, by 12% year on year, and the third-quarter increase, of 2,975 companies, was the lowest increase on record.

## **Queasy Feeling in Britain Over Personal Bankruptcies**

The only signs of real financial distress at the moment are the record levels of personal bankruptcies and mortgage foreclosures which are being reported now," a City of London source told *EIR* Nov. 9. "This is more remarkable, because interest rates are just not that high now. People are overburdened with debt, and are having more trouble making their mortgage payments."

As to all the talk of "off-shoreing" low-skilled jobs and replacing them with "graduate" level jobs, that just will not work. "Where are all the wonderfully educated British workers to fill these jobs?" the source asked.

# **United States News Digest**

## **Questions Loom Over the Gonzales Nomination**

The nomination of long-time Bush confidante and current White House Counsel Alberto Gonzales as Attorney General, to replace the retiring John Ashcroft, raises grave questions about his qualifications. Among them:

\* *Vote Suppression:* Attorney General John Ashcroft has stopped enforcing the Voting Rights Act, and instead supports

vote-suppression, called "voting integrity," while pretending to fight "vote fraud," especially among newly registered voters who in most cases are Democrats. (See "Ashcroft and GOP Gearing Up Vote-Suppression for November Elections," in the Oct. 8 *EIR*.)

Will Gonzales prosecute those public officials, such as Ohio's Republican Secretary of State, Kenneth Blackwell, and other Republican operatives, who attempted to disenfranchise minority voters in the recent elections?

\* *Torture Memos*: Gonzales was deeply involved in the development of the Bush Administration's policies of abandoning the Geneva Conventions on treatment of detainees, and permitting torture of prisoners captured in the "war on terror." As *EIR* has documented (for example, *EIR*, July 2), Gonzales submitted a "Memorandum to the President" on Jan. 25, 2002, drafted by Vice President Cheney's counsel David Addington, which urged the President to declare that the Geneva Convention did not apply to Taliban or al-Qaeda prisoners; the memo called the Geneva Convention on prisoners of war "obsolete" and "quaint."

Secretary of State Colin Powell wrote the following, concerning the policy being proposed by Gonzales: "It will reverse over a century of U.S. policy and practice in supporting the Geneva Conventions and undermine the protections of the rule of law for our troops, both in this specific conduct and in general. It has a high cost in terms of negative international reaction, with immediate adverse consequences for our conduct of foreign policy. It will undermine public support among critical allies, making military cooperation more difficult to sustain."

\* *Dishonesty on Death-Penalty Cases*: While Gonzales was legal counsel to Texas Governor George W. Bush, he prepared 57 confidential death-penalty memos for Bush's review—generally on the morning of a scheduled execution—and he often failed to inform Bush of the most important issues in the cases, particularly circumstances that would cast doubt on the Death Row inmate's conviction. According to an article in the July/August 2003 *Atlantic Monthly*, "Gonzales repeatedly failed to apprise the Governor of crucial issues in the cases at hand: ineffective counsel, conflict of interest, mitigating evidence, even actual evidence of innocence."

## **Progress on Reducing Student-Teacher Ratios Has Stopped**

An *EIR* study shows that declining student-teacher ratios, beginning 1955, halted in 1985, and recent data show that low-income areas have suffered the worst. From 1955 to 1985, there was progress in reducing class sizes nationally, with combined public and private kindergarten through high-school classes dropping from 27.4 students per teacher in 1955 to 16.6 in 1985, a 40% drop. Private elementary schools had a tremendous 56% drop, from 40.4 students nationally per teacher in 1955, to 17.1 in 1985. But data available up to 1998 show that this progress came to a grinding halt. Nationally, for both public and private schools, kindergarten through high school, the ratio in 1985 was 17.6 students per teacher, only dropping 6% to 16.6 in 1998. For private elementary schools, the change was negligible, from 17.1 in 1985, to 16.6 in 1998.

An examination of some of the poorer areas in the country shows that over the past 10 years, there has been no progress at all, and in some cases, the student-teacher ratio has worsened. For example, in elementary schools in Southern California's largely Hispanic Santa Ana school district (the Los Angeles area), there was virtually no change—22.6 students per teacher in 1996 to 22.1 in 2000. In Santa Ana's middle schools, the ratio was 25.0 in 1996 to 24.9 in 2000. In northern California's San Juan unified school district around Sacramento, the state capital (average per capita income \$15,407), the high school ratio increased from 24.1 students per teacher in 1996 to 26.4 in 2000. In Oakland (per capita income \$18,200), there was some progress, in elementary schools, where the ratio was 26.4 in 1997, dropping 30% in 2000, to 18.7.

## **Waxman Calls for Second Hearing on Halliburton**

On Oct 8, the State Department provided over 400 documents bearing on Halliburton's Iraq contracts, to the House Government Reform Committee, in response to a joint request by ranking Democrat Henry Waxman (Calif) and Chairman Tom Davis (R-Va). The documents, according to Waxman's website, included allegations to State Department representatives by KBR subcontractor Altanmia of Kuwait, that it is "common knowledge" that coalition and (Halliburton subsidiary) KBR officers "are on the take; that they solicit bribes openly; that anyone visiting their seaside villas at the Kuwaiti Hilton who offers to provide services will be asked for a bribe."

The documents also include peremptory orders from CPA Deputy Administrator Richard Jones, that Altanmia be given a contract "within 24 hours and don't take any excuses," in apparent violation of Federal procurement rules which require "complete impartiality."

For these reasons, and because of the revelations of Bunnatine Greenhouse, the top contracting official of the Army Corps of Engineers, Waxman asked Davis to schedule a second hearing of the committee on the Iraq Halliburton contracts.

### **Neo-Con Cato Institute Issues Post-Election Agenda**

The neo-con think tank, the Cato Institute, has posted eight papers on its website, reflecting its national policy agenda for 2005. These include:

- \* "The 6.2 Percent Solution"—Cato's program to steal your Social Security by privatization. (For more on Cato's push for Social Security privatization, see this week's U.S. Economics Digest.)

- \* "The Republican Spending Explosion"—President Bush has not sufficiently restrained non-defense spending to offset costs of the "war on terror." Republicans need to get back to the spirit they had in 1994 after the sweep of Congress, and cut, cut, cut.

- \* A call for "true privatization" of Fannie Mae and Freddie Mac.

- \* "Downsizing the Federal Government"—Chronic overspending is leading toward a financial crisis. Mismanagement scandals have occurred in many Federal agencies, including the Army Corps of Engineers, Bureau of Indian Affairs, Department of Energy, FBI, and NASA. Therefore: Terminate business subsidies, privatize commercial activities, and *scale back Federal grants to the states.*

- \* "Simplifying Federal Taxes: The Advantages of Consumption-Based Taxation"—The tax code is too complicated, so just have a national retail sales tax or a flat tax. The progressive income tax was a mistake.

- \* "Health Care Regulation: A \$169 Billion Hidden Tax"—Regulation cost the government almost \$1 trillion in 2004, and the lion's share is in regulation of health care—nursing homes, hospitals, health insurance, drugs and medical devices, and the medical tort system. Medical tort reform might be the most promising target for regulatory cost saving, followed by FDA reform, and easing of accreditation and licensing of health facilities (have you seen what they're like with regulation?)

### **U.S. Still Unprepared for Bio-Terror Attack**

The U.S. is still unprepared for bio-terror attacks, three years after 9/11, even though terrorist attacks using biological or nuclear weapons remain the biggest fears of Bush Administration officials, reported the Nov. 8 *Washington Post*. The Administration has stepped up spending on bio-terrorism preparedness from \$414 million in fiscal 2001, to an estimated \$7.6 billion this year, but the difficulties of defending against a broad range of possible agents with a public-health system



that is already overstretched trying to handle things like the flu, mean that very little has actually been accomplished. One former White House official says that the Achilles' heel of the system is the lack of state and local plans to speedily distribute vaccines and drugs in the event of an attack, but local and state public-health officials say that their agencies have received little in the way of resources or guidance on what they should address in such plans.

The public-health system has been running full steam without a break since 9/11, said Georges Benjamin, executive director of the American Public Health Association. To add to that what is now being requested requires more resources. U.S. hospitals also lack the capacity to handle a surge in the number of sick people, and creating such capacity actually runs counter to the decades of hospital staff reductions because of budget pressures. The *Washington Post* might have noted, in this regard, the number of hospitals that have simply been closed over the past two decades or so.

An accompanying article focussing on the Washington, D.C. region notes that emergency rooms remain overloaded, public-health offices are understaffed, and Washington area doctors, health directors, lab technicians, and hospital officials say, despite all the activity, there is no coherent plan. This, in spite of the fact that more than \$250 million was poured into emergency preparedness in hospitals, public-health agencies, and laboratories in Virginia, Maryland, and the District of Columbia.

## **Democrats Must Oppose 'Cultural Populism'**

Thomas Frank, author of the book, *What's the Matter with Kansas?*, recommended, during an interview on MSNBC's "Hardball" Nov. 7, that the Democrats must oppose "cultural populism." All the media are in a frenzy of worse-than-worthless commentary about the Nov. 2 election, but in the midst of this, Frank posed some of the points he covered in his book, about the subversion of production-based views of Americans, with dissociated, bogus views, in particular since 1968.

"Democrats are all over the map," Frank said. "In their zeal to reach out to professionals [they have become the party] of sensitive billionaires." Frank praised Democratic Vice Presidential candidate John Edwards for trying to speak out on hard-core economic issues, and attack the Bush-Cheney campaign, but he said that others in the Democratic Party sabotaged this by using "management theory" language, and appealing to Silicon Valley types.

What to do now? Frank could only repeat the weak ideas he had in his book. His formulation is that decent people should use "economic populism" to counter "cultural populism." And the way to do that, is to identify the "real elites," and outflank the bogus way Americans have been herded, especially since 1968, into hating chimerical "liberal elites."

## **Ibero-American News Digest**

### **After 20 Years, LaRouche 'Returns' to Argentina**

This is how the LaRouche Youth Movement in Argentina characterized former U.S. Democratic Party Presidential pre-candidate Lyndon LaRouche's live video-conference with two Argentine university campuses on Nov. 11, on the subject of "The Sovereign States of the Americas." Almost exactly 20 years ago, in 1984, LaRouche visited Argentina, to meet with then President Raul Alfonsin and top political circles in the country.

The main event was held at the Rosario campus of the National Technological University (UTN), where participants, along with another group at the UTN campus in Buenos Aires, were able to ask questions directly. The conference was broadcast on the worldwide web by [www.larouchepub.com](http://www.larouchepub.com) in English and Spanish, and was projected on large screens for meetings held simultaneously at three other Argentine universities, plus a university in Callao, Peru, and a pre-university vocational

school in Mexico City, Mexico.

The archive of the two-hour event is now available on the LaRouchepub website, and next week, *EIR Online* will provide the transcript.

## **LaRouche to U.S.: 'Have Some Fun'; Build New Panama Canal**

Before going on air on Nov. 2 on Betty "Imani" Jones' "Eight Flight" program on Cleveland's WJMO radio station, Lyndon LaRouche, Jones, and co-host Richard Thompson discussed how to secure Panama's sovereignty and the well-being of its people, after Jones asked LaRouche, on behalf of an earlier caller, about reports of Chinese military troops being in the Panama Canal area. LaRouche said he had no knowledge of that, but added: "Of course, there's a longstanding Panama-China relationship, which involved a plan from an old friend of mine in 1984, a Japanese figure, to build a new canal there. That has always been a point of interest for the Chinese, as well.

"China is investing heavily in raw materials from Brazil ... and so forth," LaRouche said. "So China has an interest in getting a direct shipment from China to Brazil, and the direct route would be to go by way of the Panama Canal, if that thing were functioning properly."

China would put "a *tremendous* amount into a thing like that." It would be a great benefit to both Brazil and China, because they'd be using it to get raw materials out of Brazil, for the long-term interests of China, and they would probably would even invest in building the thing, he emphasized.

Having noted that Panama "is *supposed* to have" sovereignty over the entirety of its territory, LaRouche answered his radio hosts concern that Panamanians enjoy the benefits of such projects, by proposing the United States "have some fun," and join these nations in building what everyone needs:

"The point is, that the U.S. has a long-standing interest in [the Panama Canal] ... and our control over the Panama Canal Authority, and the issue has long been—this used to be the old Panamanian issue—to get Panama to have its sovereignty over that entire territory. So that's still kicking around, and, therefore, if the U.S. wants to have some fun, it can always cooperate with the Panamanian people, on the idea of having their sovereignty affirmed, for a new canal. It would be an interesting idea."

## **Colombian Daily Breaks Blackout of LaRouche**

The Colombian newspaper *El Espectador* published an exclusive interview in its Nov. 3 online edition with Lyndon LaRouche, as part of its overview of the U.S. elections. This was the first time in two decades, at least, that any Colombian print media has been willing to publish LaRouche, and is sure to make waves. For decades, *El Espectador* was the number two printed daily in the country, and its most outspoken anti-drug voice; however, financial retributions for its courageous stand have reduced it in recent years to an online daily Internet publication, with one printed edition a week.

*El Espectador* introduced LaRouche as "one of the most controversial political figures in the United States," nothing that "he is known for his accurate forecasts regarding policy in his country. In his time, he opposed the political models which in economics and related matters were followed by the governments of Presidents Truman, Eisenhower, Nixon, Carter, Reagan, and Bush."

LaRouche provided a general review of the global strategic situation, from the danger the Bush-Cheney candidacy could plunge global humanity into Hell, to the role of the Synarchist financial networks in setting into motion "the long-term

trend among the international financier oligarchy ... [for] a 'physiocratic' strategy of illegal traffic in drugs and attempted monopolies in raw materials, notably minerals such as petroleum and metals," since the Bretton Woods system was destroyed in 1971-1972.

Asked specifically about how Operation 'Plan Patriota'—the U.S.-directed anti-narcoterrorist strategy of the Uribe government—affects the perspective for the Colombian conflict, LaRouche was blunt: "Plan Patriotica" was a token project which falls far short of the means required to deal with the menace there. I have always insisted that the U.S. should not fight on the ground in these threatened nations, but should provide the support which patriotic national forces require to reestablish true national sovereignty by the forces of the nation itself."

He also rejected the idea that the proposed free-trade accord between the United States and the Andean countries would bring any benefits to Colombia, or its neighbors. "Free trade must be uprooted, in favor of a return to the protectionist forms under the 1944-1964 terms of the Bretton Woods system," he said.

## **Chinese President Begins Visit to Ibero-America**

President Hu Jintao began a five-day official visit to Brazil on Nov. 11, the first stop on a two week Ibero-American trip that will take him also to Argentina, Chile and Cuba. Jintao is accompanied by 10 Chinese officials, and more than 400 businessmen, and is returning Brazilian President Lula da Silva's visit—also accompanied by hundreds of Brazilian businessmen—to China last May.

At the center of the agenda, are trade-for-infrastructure agreements and industrial investments said to be worth between \$5 and \$6 billion. Brazilian Development Minister Luiz Fernando Furlan has visited China nine times in the last 18 months, and rail, waterways, steel, and energy cooperation projects are expected to be announced. In a Nov. 10 statement, Itamaraty (Brazil's Foreign Ministry) noted the strength of the "strategic partnership between Brazil and China," demonstrated in two State visits within one year.

Hu Jintao's trip begins in Brasilia, where the Chinese President is to meet privately, and then in a larger working meeting with President Lula da Silva, among other events. He will then visit Rio de Janeiro and Sao Paulo, before arriving in Argentina on Nov. 16.

## **China, South Korea To Invest in Argentina**

China and South Korea will make investments in Argentina for development of "basic infrastructure for integration," Foreign Minister Rafael Bielsa announced Nov. 6. Bielsa said that South Korea would be lending money that would be directed into "productive purposes," although he offered no further details. Because this is the first credit line offered to Argentina since its December 2001 default, it is seen as extremely important, as the government moves to conclude its restructuring of \$100 billion in defaulted debt, while under constant fire from the IMF and allied financial vultures.

Bielsa told media that if all goes well, the anticipated agreements will not only aid "Argentina's sustained growth, but also the commitments we have with Chile, Bolivia, Uruguay, Brazil, and Venezuela." He cautioned, however, that President Nestor Kirchner will be the one to announce the full details of agreements with China and South Korea that have been in the works since the Argentine President visited China in June of this year. Taking advantage of the attention focussed on U.S. elections internationally, the Argentine and Chinese governments have been working intensively, but quietly, to finalize details over the past couple of weeks. China is reported to be planning investments in Argentina's railroads, transportation and energy sectors; one project under discussion is the reopening of the Hipasam iron mine in Rio Negro province.

Talk has centered on long-term agreements with China: 30-50 years, according to *La Nacion*. With \$420 billion in international reserves, China has the ability to purchase raw materials as well as food from Argentina. Nuclear energy cooperation is also one of the points that has been discussed in the period leading up to the state visit by China's President Hu Jintao, who arrives in Buenos Aires on Nov. 16.

## **Peru Terrorist Leader May Be Released from Prison**

After 12 years in a Peruvian naval prison, Abimael Guzman (a.k.a. President Gonzalo), the 69-year-old leader of Peru's bloody Shining Path (Sendero Luminoso) narco-terrorists, is the star of a new series of civilian trials that—according to terrorism experts in that country—offer him a chance at release from prison and a comeback for his terrorist organization, remnants of which are already allied to their Colombian FARC brethren.

Guzman was arrested by the Alberto Fujimori government in 1992, and sentenced in a military trial to life in prison. In 2003, the Constitutional Court under President Alejandro Toledo annulled his sentence as "unconstitutional," and ordered a new set of civilian trials for Guzman and 17 of his cohorts.

The first trial, begun on Nov. 5, was aborted shortly after it began when Guzman entered the court shouting "Long Live Marxism-Leninism!" and other "revolutionary" harangues, which the domestic and international press duly covered. The judge postponed the trial for a week after he was sharply criticized for having allowed the trial to become a show.

Incredibly, the first of Guzman's civil trials is not for any of the bloody terrorism he inspired, but rather for "using a college prep institution to finance his insurgency"! Former judge Marcos Ibazeta said that starting the first trial on a charge for a non-violent crime will give Guzman an opportunity to discredit Peru's anti-terrorist legislation and win support from the Inter-American Court of Human Rights for an appeal, which could result in his eventual release under international pressure. That court, based in Costa Rica, does not recognize the crime of terrorism under which Guzman was originally sentenced, and is demanding that Peru's (Fujimori-enforced) anti-terrorist legislation be rewritten to "conform to international law."

Retired Col. Benedicto Jimenez, who led the unit that captured Guzman, warned that Guzman's intent is to use the trial as a political forum for his movement, that the prosecutors are ill-informed about Sendero's inner workings, and that Guzman is "no political corpse. Guzman is alive and kicking more than ever." Both Ibazeta and Jimenez told reporters that Sendero's goal is to win the release of hundreds of terrorists under a general amnesty or ruling from the Inter-American Court, and to relaunch their insurgency in the coming years.

Exiled former Peruvian President Alberto Fujimori strongly denounced the new trial for Guzman as "the height of stupidity," and said that Peru was retreating just as the rest of the world was advancing in the war against terrorism. "Something the Peruvian people thought impossible until recently, is now becoming a reality, thanks to the good auspices of the Peruvian political class," he charged.

## **Western European News Digest**

### **Blair Told Iraq Invasion Violates Rule of Law**

Sir Stephen Wall, British Prime Minister Tony Blair's former senior diplomatic adviser, accused Blair of "departing from the rule of law," by invading Iraq, the *Independent* reported Nov. 9. Wall was a senior civil servant, who previously served in the governments of Margaret Thatcher and John Major/Prime Minister.

Speaking at Chatham House, the former Royal Institute of International Affairs, on Nov. 8, Wall said that "I believe that in Britain we allowed our judgment of the direct consequences of inaction to override our judgment of the even more dire consequences of departing from the rule of law." Wall said that a common European view on Iraq could have been reached before Britain became committed to an "unstoppable course of action" by the United States.

## **British Prime Minister Is a Loser in U.S. Elections**

"The U.S. Presidential elections were a 'no win' for British Prime Minister Tony Blair, whoever won," a senior City of London source told *EIR Online* in discussion Nov. 9. "If Kerry had won, there would have been an effort to get rid of all those involved in the Iraq war, and there would have been a lot of pressure on Blair.

"But Bush won, and Blair will now have to carry the albatross of Bush and Iraq around his neck into the coming British elections" (referring to Samuel Taylor Coleridge's poem "The Rime of the Ancient Mariner," in which a sailor is forced to wear around his neck the body of an albatross, a great sea-bird, which he had killed.)

As for Blair's quick trip to the U.S. the week after the election, the source said: "Labour Party backbenchers have given Blair an 'ultimatum': If he does not return with any concrete demonstration of the benefits of his close ties to George Bush, they will rebel against his policies. The little likelihood of Blair getting what he wants, was shown by in statements of [his former spin-doctor] Alastair Campbell on TV Nov. 9, saying that "it would be unrealistic to expect concrete results from a summit such as this."

There is not likely to be a parliamentary defeat for Blair immediately, but his failure to get results will lead to demoralization among Labour Party workers who have to get out the vote in the election, and there could be many Labour seats lost, the source said.

## **German Finance Minister Can't Count!**

The German Finance Ministry has disclosed that it needs an extra 1.4 billion euros, to fill an acute hole in the budget of the Federal Agency of Jobs (the former unemployment agency), by the end of 2004. The hole has emerged, because in reality, there are 2.3 million long-term unemployed in Germany now, instead of the 1.87 million that Financial Minister Hans Eichel's "expert" staff had forecast a year ago. There is a method to this gross incompetence, and what has happened here, with the figures, will also be revealed with other figures, soon.

## **Poverty in Germany Hits Young the Hardest**

A new report, issued in early November, by church-related and other welfare organizations, speaks of approximately 400,000 homeless citizens, some 100,000 of whom are women and children (figures are estimates, and do not cover all of these cases).

Another report issued by the German Children Aid in Berlin on Nov. 8, lists 2.8 million children and youths under age 18, as regular recipients of social welfare payments. This is 10% of all youth under age 18, in Germany. In eastern Germany, about one-third of social-welfare recipients are youth, and in Saxony, it is 38% of the 135,000 welfare recipients.

Furthermore, it is expected that 500,000-600,000 recipients of long-term unemployment support and social welfare will drop out of the category of recipients, under the Hartz IV conditionalities, which are scheduled to go into effect on Jan. 1, 2005. This is 25% of all citizens in the long-term jobless or social-welfare category.

## **Geissler: 'Where Is the Cry of Protest?'**

Heiner Geissler, former German Health Minister under Helmut Kohl, and former General Secretary of the Christian Democratic Union party, wrote an op-ed in the Nov. 11 *Die Zeit*, in which he condemns the free-market economy. The Geissler commentary is symptomatic of the increasing ferment building up in German society against the neoliberal monetarist dogma. He calls, as an alternative, for an "international social-ecological market economy." Geissler notes in his op-ed that in Germany, 147 years after the *Communist Manifesto* of Karl Marx, tens of thousands of workers wait for the next blow to hit them, coming from the big companies—General Motors, VW, and Continental—which will throw these workers into unemployment and the lowest social category.

"Today it's not the ghost of communism going around in Europe, but the big fear, combined with rage, disgust and deep mistrust vis-à-vis the political, economic and scientific elites, who, like those responsible in the time of transition from feudalism to industrial society, are obviously incapable, of shaping globalization in a human way," Geissler stated. By referring to the so-called law of the market, he said, these elites speak about an "anarchical" economic order, which runs over corpses. "100 million people in Europe and the USA are threatened with unemployment, and 3 billion poor people have an income which is equivalent to the wealth of 400 of the richest families on Earth: they accuse the pupils of the shareholder-value economy, the speculators."

Workers and trade unions stand with their backs against the wall, in a world characterized by total greed and anarchy, says Geissler. Where is the outcry from the political parties, such as the SPD, CDU, and the churches, against a system which allows small and medium firms in Germany to be sold, with their entire equipment and employees, as if they "were slaveships from the 18th Century?" Companies which, following the logic of the market, will in the future be shut down, and thereby destroy the lives of thousands of workers.

## **German Enviro Minister Feels Heat on Nuclear Power**

The website of the German Environment Ministry has posted a paper rebutting the arguments for going nuclear, in which Environment Minister Jurgen Trittin insists that there is "no renaissance" for nuclear power. As reported in the global warming newsletter *Point Carbon* Nov. 9, the Ministry paper "appears designed to counter any potential weakening of public support for Germany's ongoing phase-out policy in the face of rising concern over the high world oil price and climate change." New plants would not create a "security of supply," the paper says, but "only attract Islamic terrorists."

## **Who Is Stoking the Clash of Religions in the Netherlands?**

On Nov. 2, the popular filmmaker Theo van Gogh, a liberal cynic, whose latest movie is a pornographic provocation to conservative Muslims, was shot and stabbed to death in Amsterdam. An ominous five-page letter was left behind on the site, declaring "holy war," and threatening death to every critic of Islam. A number of Moroccans were arrested the same day, all alleged "Islamicist extremists."

After van Gogh's funeral, a Qur'an school was burned down, followed by eight mosques in several cities, attacked by arsonists. In "retaliation," four Christian churches were targetted by arson attacks, and on Nov. 9, an Islamic school was destroyed by a bomb. The press is full of "assessments" that the Netherlands is heading for a "clash of religions."

On Nov. 10, police forces sealed off a quarter in The Hague which is densely populated by Muslims; this was followed by an exchange of gunfire, and a hand grenade thrown at police, injuring three. More police have been brought in, and the entire air space over The Hague, the capital of the Netherlands, was sealed off as well, by the military.

## London Source: Recession Will Hit USA Soon

In conversation with *EIR Online* Nov. 9, following the U.S. elections, a London financial expert who had previously warned—correctly—of serious financial crises, said, "Recession is going to hit soon. It won't be far off. I do not know the timing of it, but all the tax cuts and other stimulants are used up.

This will be a "global phenomenon," he said. It could likely hit first in Britain, even sooner than in the U.S.

When told of Lyndon LaRouche's assessment, that Bush would soon wish he had never been elected, the financial expert agreed. "The question is, do people start to realize that trouble is ahead now, or in two to three months, when the problem is upon us? The housing boom, which was a factor for Bush, is now coming off its top in the U.S. as well as here in the U.K.," he said.

"Look at the huge indebtedness, and the lack of savings. People will want to borrow more, and will find out they just cannot do so. This will be a big shock for them."

When Nixon's short 18-month second term was mentioned to him, he said, "Certainly, things could be very different by the mid-term elections in the U.S. I just hope that the neo-cons don't go all out in the immediate time ahead."

## Russia and the CIS News Digest

### EU-Russia Summit Postponed

At Moscow's request, the leadership of the European Union on Nov. 9 announced postponement of the EU-Russia summit, scheduled for Nov. 11 in The Hague. A new date of Nov. 25 was announced later. The official reason—that the new European Commission has not yet been formed—was highlighted by the Kremlin, which posted an exchange on President Putin's website between the President and Foreign Minister Sergei Lavrov. The exchange noted how regrettable it was that the new commission is not yet operational, because that precludes discussion of "matters of substance." *Izvestia* on Nov. 10 called this a mere pretext, used "to cover over, temporarily, current frictions."

What the Russian side wants, *Izvestia* continued, is declaration of a "new strategic partnership" with the EU, including "road maps for the development of four common spaces: ... the economy, foreign security, internal security, and science/education/culture." But, Russia has refused to sign on to drafts of the foreign policy "road map," which touch on its activity in former Soviet republics, including a pledge to close Russian military bases in Georgia. Disagreements also remain over visa-free transit to Kalinigrad from the rest of Russia. An EU source cited by EUPolitix news agency (reported in RFE/RL Newslines) said that "there were some areas, to be frank, where we would have liked to see the Russians be more forthcoming."

The Russian web site Strana.ru, however, charged that relations with Europe were being held up by the "serious internal crisis" of the EU itself, including "attempts by new EU members, from Eastern Europe and the Baltic, to put themselves in charge of EU policy towards Russia"—attempts, the Strana.ru commentator said, towards which the current chair of the EU, the Netherlands, is far too obliging.

### Putin To Visit Ukraine, the EU, India and Germany

On Nov. 11 the Kremlin announced a hastily arranged two-day visit by President Vladimir Putin to Ukraine, starting the

next day. He travelled as the guest of outgoing President Leonid Kuchma, mainly in the Crimea. Putin already made a three-day visit to Ukraine on the eve of the first round of the Presidential elections there, held Oct. 31. He is de facto campaigning for Victor Yanukovich, who faces opposition figure Victor Yushchenko in the Nov. 21 run-off, though Ukrainian sources see Russia as attempting to prepare for either outcome.

News of the trip came one day after Ukrainian election officials announced that Yushchenko narrowly surpassed Yanukovich in the first round; each had something over 39% of the vote. Since the first round, Natalia Vitrenko's Progressive Socialist Party of Ukraine (1.5%) has endorsed Yanukovich, while the Socialist Party led by Alexander Moroz (5.5%) is more or less openly supporting Yushchenko. The Communist Party (5+ %) has made no endorsement.

Following the Ukrainian election, Putin is scheduled to attend the Russia-EU summit in The Hague, now set for Nov. 25. During the first 10 days of December, Putin will make a state visit to India, and later in the month the Russian President is due to visit Germany.

## **Russian Oil Surplus To Be Paid to International Banks**

The Russian Ministry of Finance has terminated debate over how to spend the country's multi-billion-dollar "stabilization fund," which came into existence due to tax revenues from Russian oil exports at the current high world prices, *Izvestia* reported Nov. 10. The Ministry's plan, submitted to the government, directs the fund surplus exclusively into foreign-debt reduction. The report said that Kudrin wants to prioritize the Paris Club debt (Soviet-era debt to foreign private banks, chiefly in Western Europe). Russia's Paris Club debt is \$46 billion, of which \$18 billion (40%), might still be written off; then Kudrin would spend \$10 billion from the stabilization fund to pay down the remaining amount, and sell another \$18 billion worth of new Eurobonds, to roll the rest over.

## **Russia Looks at Dwindling Raw Materials Reserves**

The Nov. 11 cabinet session of the Russian government discussed a national program for resource exploration in 2005-2010 and the subsequent decade. Minister of Natural Resources Yuri Trutnev reported that without decisive action, Russia's exploitable gold reserves will run out by 2010, and oil will run out in just a decade, by 2015. Recent increases in oil production have been achieved by using new technologies to squeeze oil out of West Siberian and other fields, already explored and developed by the Soviet Union. But since 1991, a Strana.ru report of the meeting noted, Russia's "geological science, previously one of the best in the world, has been in a state of decline." Prospecting, exploration, and confirmation of reserves practically came to a halt.

Russia is currently below the breakeven point, where new reserves are confirmed at a rate equivalent to the rate at which already confirmed resources are extracted. It was noted at the meeting, that the rule of thumb for staying at breakeven, is that new reserves have to be confirmed at a rate 50% higher than current extraction, because not all confirmed fields pan out. "At first glance," commented Strana.ru's Sergei Pletnev, "there would appear to be time to remedy the situation, but that is an illusion. This sector has a high level of inertia, which means that investment [in exploration] takes several decades to pay off." The plan adopted by the cabinet provides 16.5 billion rubles (less than \$570 million) per year for raw materials exploration. Agriculture Minister Alexei Gordeyev pointed out that this sum is less than 20 percent of the amount of taxes, evaded by Yukos Oil company in a single year. While adopting the program, the cabinet instructed Trutnev's ministry to develop a "more aggressive" plan to restore Russia's resource base of proven raw materials reserves.

## **Tense Situations in Several North Caucasus Locations**

Presidential Representative for the Southern District Dmitri Kozak—President Putin's close aide, who was assigned this post after the Beslan massacre in September—spent the wee hours of Nov. 11 trying to calm crowds of protesters against



Mustafa Batdyev, president of the republic of Karachayevo-Cherkessia in Russia's North Caucasus. On Nov. 8, Internal Affairs police forces in the area were put on high alert after several thousand people, grouped around relatives of seven men found dead at Batdyev's son-in-law's dacha, invaded and ransacked Batdyev's offices. The incident occurred after the discovery of the bodies of seven people, missing since early October, concealed in a well on the property of the son-in-law, Ali Kaitov, who is chairman of the board of Caucasus Cement. On Nov. 11, Batdyev joined Kozak in dispersing the protesters, by promising to resign if it turned out he had acted improperly. *Moskovsky Komsomolets* newspaper of Nov. 12 headlined, "Kozak doused the flame, but he hasn't put out the bonfire." *Izvestia* claimed to have uncovered a "sensational" story behind the story: that Ali Kaitov's enemies were representatives of Kaitov's uncle, electricity company owner Magomed Kaitov, and that the latter's interests are tied to one major Moscow businessman and a large Russian bank.

In North Ossetia, President Dzasokhov has also spent late-night negotiating sessions, trying to calm relatives of the schoolchildren, killed in the terrorist hostage-taking attack on a school in the town of Beslan, in September. Their protests against him flared in early November after publication in *Komsomolskaya Pravda* of allegations that the true number of hostage-takers at Beslan was higher than acknowledged, and that 13 of them had escaped.

In Chechnya, First Deputy Premier Ramzan Kadyrov, 27-year-old son of the assassinated President of Chechnya, is making waves with an offer/threat to send a force into Pankisi Gorge, Georgia, to suppress Chechen insurgents operating there. Georgian security officials have said, "No, thanks!" but Kadyrov repeated on Nov. 4 that, "we stand ready to carry out a special operation in Pankisi."

Beginning Nov. 4, NATO Secretary General Jaap de Hoop Schaffer toured the three Transcaucasus nations, the northeast corner of Southwest Asia—Georgia, Armenia, and Azerbaijan—before heading for Washington for consultations with Bush Administration officials.

## **Russian, Belarusian Officials Condemn U.S. Election Practices**

Alexander Veshnyakov, chairman of Russia's Central Election Commission, who visited the United States as an election observer, announced at a Nov. 6 press conference upon his return, that he thought Democrat John Kerry had a legal basis to challenge the outcome of the Presidential election. Veshnyakov cited the failure to count some votes, including absentee ballots, Itar-TASS reported. He also said that Russian electronic voting machines, which provide a physical record of each vote cast, are superior to the ones used in the United States, and that some U.S. election officials want to visit Russia to learn from the Russian system.

Russian members of an OSCE observer delegation noted at a Nov. 4 press conference that spot checks had found electronic shuffling of votes in the United States—awarding to one candidate, votes cast for another; and they complained that Russian Embassy observers were barred from the polls in Connecticut, West Virginia, and Pennsylvania.

More strident was Alexander Lukashenka, President of Belarus, and target of the recent "Belarus Democracy Act," passed by the U.S. Congress and signed into law by President Bush. Lukashenka said on Nov. 4, "If we had staged an election the way they did in the United States, we would have been crushed a long time ago." On the same day, the Belarus Foreign Ministry condemned the United States for failing to measure up to international election standards. "We are not surprised," the Foreign Ministry said, "by many reports on the disappearance of a large number of mailed-in ballots, the malfunctions in the electronic voting system, the intimidation of voters, the absence of voters on voter registration lists, and the impossibility to freely obtain information from precinct and district boards of elections on the procedures and places of voting."

## **Southwest Asia News Digest**

## **So-Called 'Success' in Fallujah Looks Like a Disaster**

Even if U.S. forces in Iraq succeeded in clearing out and actually securing Fallujah, it is increasingly clear that the insurgents are exacting a heavy price for every inch of ground they are yielding, and with incredible skill and tenacity.

In the seven days between Nov. 5 and Nov. 12, the Defense Department reported 41 American troops killed in Iraq, 22 of those in the Fallujah battle. Spokesmen at the U.S. Army hospital report that 412 wounded have been flown out of Iraq just last week, including 73 on Nov. 13 alone. This compares to an average of 30 to 50 per day prior to the assault. And, since only the most severely wounded are flown out, the actual total could be as high as 800 to 1,000.

In addition, seven U.S. helicopters were knocked out by gunfire in separate attacks in three days, four of them going down on one day, Nov. 13, alone, near Fallujah. Two of the four were OH-58 Kiowa scout helicopters that were lured into an ambush just northeast of Fallujah; the other two were Apache gunships hit by small-arms fire southeast of the town. In all cases, the pilots managed to fly back to their bases, but the incidents underscore the difficulties the U.S. forces are having.

## **Iraq Insurgents Use Advanced Tactics, Including Psy-Ops**

Iraqi insurgents are "getting into the heads" of the Marines fighting in Fallujah, the *New York Times* reported in a front-page story Nov. 13. Among other things, some insurgents are wearing Iraqi National Guard uniforms, making it that much more difficult for the Marines to distinguish between them and the real ING troops, which don't have much of a reputation as good fighters, anyway.

The Marines now hesitate when they see Iraqi national guardsmen, and in fact, have orders to consider as hostile, anyone in they see in ING uniforms who is not accompanied by Marines. The insurgents have also found a way to zero in with their mortars on the beacons the Marines use to make their positions to other friendly forces, beacons they thought were invisible to the enemy. "You can tell that the quality of the fighters has improved as we've moved south through the city," said one Marine lieutenant. "They shoot better, they move better, they cover themselves better."

An earlier report from the *Los Angeles Times* noted that there is no real pattern to the fighting in Fallujah, "But if there is any accepted truth, so far it is this: The insurgents are not going away easily." It further reports that guerrillas crouch in buildings and amid rubble, and that small squads of insurgents rush Marine positions with rocket-propelled grenades and gunfire. Snipers on rooftops are able to tie down entire infantry companies of 150 Marines, for hours at a time. "They seem to be communicating with each other," said one Marine. "It makes it harder to get at them." Another Marine said "The enemy just pops out of anywhere and fire off rounds and RPGs," said another.

## **Israeli Peace Movement Leader's Eulogy for Arafat**

Shortly before his death, Israeli peace movement leader, Uri Avnery, a former Israeli army fighter, wrote a eulogy of Palestinian President Yasser Arafat, titled, "A Man and His People."

It begins: "Wherever he may be buried when he passes away, the day will come when his remains will be reinterred by a free Palestinian government in the holy shrines in Jerusalem. Yasser Arafat is one of the generation of great leaders who arose after World War II. As the years pass, his stature will grow more and more in historical memory...."

Avnery recalls Arafat's history at some length. He writes: "Historic justice demands that it be clearly stated that it was Arafat who envisioned the Oslo Agreement at a time when both Yitzhak Rabin and Shimon Peres still stuck to the hopeless 'Jordanian Option,' the belief that one could ignore the Palestinian people and give the West Bank back to Jordan. Of the

three recipients of the Nobel Peace Prize, Arafat deserved it most.

"From 1974 on, I was an eye-witness to the immense effort invested by Arafat in order to get his people to accept his new approach. Step by step, it was adopted by the Palestinian National Council, the parliament in exile, first by a resolution to set up a Palestinian Authority 'in every part of Palestine liberated from Israel,' and, in 1988, to set up a Palestinian state next to Israel.

"Arafat's (and our) tragedy was that whenever he came closer to a peaceful solution, the Israeli governments withdrew from it. His minimum terms were clear, and remained unchanged from 1974 on: a Palestinian state in the West Bank and the Gaza Strip; Palestinian sovereignty over East Jerusalem (including the Temple Mount but excluding the Western Wall and the Jewish Quarter); restoration of the pre-1967 border with the possibility of limited and equal exchanges of territory; evacuation of all the Israeli settlements in the Palestinian territory, and the solution to the refugee problem in agreement with Israel....

"Perhaps Yitzhak Rabin came close to this solution toward the end of his life, when he declared on TV that 'Arafat is my partner.' All his successors rejected it.... They resisted every effort to fix a final border, since their kind of Zionism demands perpetual expansion. Therefore, they saw in Arafat a dangerous enemy and tried to destroy him by all means, including an unprecedented campaign of demonization....

"No liberation fighter in the last half-century has faced such immense obstacles as he. He was not confronted with a hated colonial power or a despised racist minority, but by a state that arose after the Holocaust, and was sustained by the sympathy and guilt feelings of the world....

"As for me: I respected him as a Palestinian patriot, I admired him for his courage, I understood the constraints he was working under, I saw in him the partner for building a new future for our two peoples. I was his friend.

"As Hamlet said about his father: 'He was a man, take him for all in all, I shall not look upon his like again.' "

## **Palestinian People Lay Their Father to Rest**

On the afternoon of Nov. 12, the Palestinian people laid the father of their cause of national liberation to rest. Hundreds of thousands of Palestinians descended on Ramallah in the West Bank to witness the internment of Yasser Arafat in a temporary resting place in his old Muqata headquarters. Amidst the deafening sounds of chanting, cheering, and gunfire, the people expressed an indescribable outpouring of emotion, as Arafat's casket was borne slowly through this surging sea of humanity. Grief-stricken Palestinians leaped to touch his Palestinian flag-draped casket, as they bade farewell to the man whose very personage, for over four decades, was the embodiment of their hopes and aspirations to become a free people.

Throughout the event, people chanted, "With our blood and our soul we will redeem you, Yasser Arafat."

Although described in the media as chaotic and "unstately," the Palestinian legislator Hanan Ashrawi told the press, "President Arafat would have wanted it this way, with exhilaration, feelings of loyalty, pain, sadness, and love, all at once. The people reclaimed him. They wanted to say good-bye without distance."

Arafat's funeral could only be compared to that of the great Egyptian President Gamal Abdel Nasser, since Arafat was perhaps one of the last of a generation of leaders who were truly loved by the vast majority of their people. Viewing it on a live television broadcast, one must ask what world leader could command such an outpouring of emotion—or more important, what world leader would dare to follow a course of action that could command such loyalty?

Arafat's funeral ceremony began in the early morning in Cairo under the same protocols, with full military honors as that of Nasser over three decades ago.

The traditional Islamic ceremony at a mosque in Cairo was presided over by the Grand Sheikh of Al Ashur, Mohammed Sayed Tantawi, a religious leader whose position is compared in Islam to that of the Pope. "He has served his people all his life, until he faced his God, with courage and honesty. Let us prey for his soul," the Grand Sheikh said.

The ceremony was witnessed by the heads of state of almost all Arab and Islamic nations. Many Europeans sent their foreign ministers. The United States only sent Undersecretary of State for the Middle East William Burns.

## **Iraqi Puppets, U.S. Launch Provocations vs. Sunni Scholars**

The U.S. military and Iraqi puppet government have been launching provocations against the Association of Muslim Scholars, and other leading Sunni groups and personalities. The AMS has denounced these acts, and has also called on the Shi'ite religious authorities, to speak out against the ongoing military aggression in Fallujah.

Speaking to Al Jazeera on Nov. 12, Muthanna Harith al-Dhari, head of information and cultural affairs of the Association of Muslim Scholars, said there is a political campaign to silence those critical of the "unjustified operation in Fallujah." He referred to recent acts in this campaign. "All the events that happened on Thursday [Nov. 11]—the storming the houses of the AMS General Secretary Shaikh al-Dhari and Shaikh al-Qubaisi, raiding al-Shuhada mosque and arresting Shaikh Mahdi al-Sumaidai along with members of the Shura Council—come in the context of a campaign aimed at silencing these voices and preventing them from exposing what is taking place in Fallujah now," al-Dhari told Al Jazeera.

## **ElBaradei: Israel's Nuclear Arms Block Mideast Peace**

Mohammed ElBaradei, director of the International Atomic Energy Agency, told the Sydney (Australia) *Morning Herald* that Israel's nuclear weapons are an obstacle to peace in the Middle East.

"This is not really sustainable that you have Israel sitting with nuclear weapons capability there while everyone else is part of the non-proliferation regime.... It is a very emotional issue in the Middle East," ElBaradei said. He was the keynote speaker at a Australian government-sponsored conference to discuss safeguards to prevent nuclear weapons from falling into the hands of terrorists.

Although he said he was encouraged by Iran's decision to temporarily suspend its enrichment program, getting Tehran to give up any ambition to develop nuclear weapons would depend on how Israel is addressed.

ElBaradei said he was not calling for pressure to be put on Israel but, "I don't think it's a matter of pressure. It's a question of providing Israel with a credible alternative that they are better off without nuclear weapons," he said.

## **Israel Arrests Nuclear Whistle-Blower Vanunu**

On Nov. 11, Israeli authorities once again arrested Israeli nuclear whistle-blower Mordechai Vanunu for allegedly violating the terms of his release from prison, *Ha'aretz* reported Nov. 12. Vanunu was released earlier this year after serving 18 years for revealing the fact that Israel was producing nuclear weapons. The authorities claim he was again revealing nuclear secrets and speaking to foreign journalists, in violation of the terms of his release. Vanunu was later released to house arrest.

"This is a disgrace to Israeli democracy," Vanunu shouted to journalists as he was led into court. "They want to punish me again. They cannot punish me twice."

In making the arrest, 30 Israeli police officers descended on the compound of the Anglican Cathedral in Jerusalem, where Vanunu lives. Bishop Riah Abu El-Assal sent a letter to Anglican leaders which was also sent to Israeli Prime Minister Ariel Sharon, saying, "In the 100 years of the cathedral's history, such an event has never taken place. This type of entry into a sacred space must not be tolerated ... and we call for the respect of sacred places in the land of the Holy One."

## Asia News Digest

### Thailand Thumbs Nose at CIA

Thailand's Deputy Prime Minister, former army chief Chavalit Yongchaiyudh, has rejected the CIA's offer of funding for its counterterrorism program. "We don't want any country, ally or not, to interfere with our internal affairs," Chavalit said.

The CIA's offer to fund counterterrorism was made after a small-scale, but potentially dangerous insurgency movement emerged recently in southern Thailand. The insurgents are Muslims, who for decades, have been agitating for a separate state. Following 9/11, and the U.S. invasions of Afghanistan and Iraq, the same anti-Bangkok Islamic movement has shown new life. According to reports, a section of al-Qaeda had made an attempt to make inroads among the Muslims there, ostensibly to make it at least a safehouse. It seems the CIA would like to seize on that as an excuse to get a permanent foothold inside Thailand.

### China Gets Tough on Neo-Con Ops in North Korea

Seventy North Korean refugees, arrested by Chinese police, were returned to North Korea, where they face capital punishment, Beijing sources told the *Korea Times* Nov. 8. It is estimated that there are over 300,000 North Korean refugees in northeast China; until now, many who have made it all the way to Beijing, have been allowed to enter South Korean or other embassies, then leave China safely. Two South Korean human rights activists, arrested during the raids, remain in Chinese police custody and are likely to face punishment for assisting the defectors, the *Times* said.

While it's terrible that starving North Koreans have to suffer for it, "China is reacting against the Bush neo-cons' new 'North Korea Human Rights Bill,' which allocates over \$20 million to these neo-con human-rights groups in the U.S. and South Korea, to agitate inside China and North Korea for 'regime change,'" a Korean diplomat told *EIR*. "The neo-cons believe they can overthrow the North Korean government by sparking a refugee flood, but it's against the national security interests of China to allow it."

Neo-con groups, on cue, set up a demonstration outside the Chinese embassy in Seoul, saying Beijing can't host the 2008 Olympics unless it stops violating human rights.

### Philippines Delivers Rice Through School Kids

The Philippines Department of Social Welfare and Development on Nov. 8 kicked off its five-month Food for School program, in which some 50,000 children will serve as rice couriers for their impoverished families in metro Manila and three neighboring provinces. The program will measure the results, in part, by weighing the children monthly.

"We're not yet in that situation of [widespread] hunger, but we're already taking this affirmative action so we will not get there," Social Welfare Secretary Corazon Soliman told reporters.

Starting Nov. 8 and until the current school year ends on March 25, 2005, Grade 1 and 2 pupils in the selected schools will each be bringing home a kilo of rice each day that they attend class, Soliman told the *Philippines Inquirer*.

## **Philippine Economist Warns of Fascism Under Bush**

The Philippine economist Ding Lichauco warned of the possibility of fascism under the Bush Administration, and said President Gloria Macapagal-Arroyo must, and might, break from the United States. "The religious factor proved decisive in the reelection of George W. Bush," writes Lichauco in the Nov. 11 *Daily Tribune*, and adds: "In George W's America, we see a fascist-imperialism—fascism at home and imperialism abroad—clothed with religious zealotry on the rise, and all it would take to bring its real face and iron fist in the open is another 9/11."

As to the fate of the Philippines, he notes that "this country has been officially categorized as a country of terrorists. The New People's Army (NPA) has been singled out as a terrorist organization along with the Islamic secessionists and Mindanao has been pinpointed as training ground for bin Laden's recruits." Thus, "if Gloria Macapagal-Arroyo should entertain the notion—as she sometimes appears to do—of declaring emergency rule, or reexamining the terms of this nation's membership in the World Trade Organization (WTO), or of entering into a peace pact with the NPA and the Moro Islamic Liberation Front (MILF), then she should simply forget it if she wants America to keep faith with her."

## **China Plans 6,000 MW of Nuclear Power**

China will build nuclear power plants with installed capacity of 6,000 megawatts in the northeastern province of Liaoning to ease power shortages, *Xinhua* reported Nov. 10. The first phase of the Hongyanhe nuclear power plant in the city of Wafangdian, would have two 1,000 MW nuclear reactors. The estimated cost of these two nuclear power plants will be close to 26 billion yuan (\$3.14 billion).

China is expanding its nuclear power generation capabilities to meet growing electrical power needs. Last year, a heat wave caused a major brownout across half of the country, prodding Beijing to hasten development of its nuclear sector.

## **Chinese Reject Wal-Mart's Cut-Throat Pricing**

"Wal-Mart is only price, price, price" said the director of the world's largest microwave-oven manufacturer, in Guangdong, China, the *Wall Street Journal* reported Nov. 8. Guangdong Galanz Enterprise can no longer profit from selling their wares to Wal-Mart, he explained. While they are still shipping 700,000 units to Wal-Mart (of a total 14 million units for export), they gain nothing from them. The Chinese, squeezed by the global inflation, can no longer meet Wal-Mart's demands. The *Journal's* spin is that China will now be exporting inflation to the United States.

## **U.S., Thailand Near Trade War Over Shrimp Duties**

The U.S. shrimp industry has almost succeeded in getting the government to impose anti-dumping duties on Thai and other shrimp producers (Ecuador, China, Vietnam, Brazil, and India), according to *The Nation* Nov. 10. The Thais have responded by threatening to end all soy purchases from the U.S., forcing the American Soybean Association to call on the Bush Administration to reconsider the shrimp duties.

There is already a battle between U.S. shrimp buyers and the U.S. shrimp producers. The buyers' representative Wally

Stevens said that the Commerce Department claim of shrimp dumping is based on the same methods that were ruled illegal by the WTO in other cases.

## **Islamic Committee To Undertake Its Own Investigation**

The Islamic Committee of Thailand has set up a special body to investigate the Tak Bai crackdown, and the "unusual" circumstances surrounding the brutal deaths of 78 protesters during transportation to a detention center.

Paisarn Promyong, deputy secretary-general of the ICT, said panel members do not believe that the government's investigative committee would tell the entire truth.

"We will conduct our own investigation," Paisarn said. "We will support the government-established committee if its findings are identical to ours." The government's Tak Bai committee is chaired by former Ombudsman Pitchet Soonthornpipit.

## **Thai Academics Demand PM Take Blame for Deaths**

Academics from 18 Thai universities said Prime Minister Thaksin Shinawatra should take responsibility for the 87 deaths in the Muslim-majority village of Tak Bai, following a riot two weeks ago in the insurgency-wracked south of Thailand. Thaksin has said the deaths should not have happened, but stopped short of a full apology. On Nov. 8, he said he could apologize if he thought it would help the situation. "I am ready to do anything if it helps to stop the problem. I could apologize if it will help, I can walk to every single house if it helps," he told reporters.

## ***Asahi*: Americans Have Chosen War**

"If the Bush Administration imposes its own ideology on other countries in disregard of their cultures and histories, it will naturally arouse resentment. Indeed, the attitude of the Bush Administration is one of the key reasons for the mess in Iraq," the Tokyo daily *Asahi* editorialized Nov. 5. The neo-con policy of "preemptive strikes is responsible for further fanning anti-Americanism in the Arab and Islamic world," they added Nov. 8. Iraq "continues to spiral out of control," and across the Islamic world, "etched into the hearts and minds of viewers, is the utter despair of the civilian population."

"This is an ominous prophecy; if the Bush regime holds to its confrontation with the Islamic world, further conflicts will be unavoidable," *Asahi* wrote. Instead, the key to it all, the Israeli-Palestinian conflict, must be resolved by "finding an acceptable balance with the peaceful use of atomic energy worldwide.... If the Bush Administration continues to espouse its preemptive strike doctrine," while allowing Israel to be "de facto a nuclear power," then a lasting solution "is doomed" because every nation in the region will want nuclear weapons.

## ***Peoples Daily* Sees Toughened U.S. Foreign Policy**

"The tough 'unilateral' foreign policy consistently adopted by the Bush Administration in the past ... will become tougher," warned a signed commentary by *Peoples Daily* Nov. 11, by U.S. correspondent Liu Aicheng.

"It is not hard to see that the Bush Administration's future foreign policy, far from having any intended change on 'essential' issues, will be upgraded," Liu wrote. "As long as Vice President Cheney continues to serve as U.S. diplomatic 'military counsellor,' whether Secretary of State or Secretary of Defense is to be changed or not, the foreign policy foundation of the White House and the Republican Party will not be changed."

Bush's neo-con policy will continue in Iraq, Liu wrote. On Iran, while the Bush Administration wants to use European intervention to stop Iran from developing nuclear weapons, Republican neo-cons are dissatisfied with European "gentleness," and will try to get sanctions against Iran at the UN.

He concluded: "Along with the toughening U.S. foreign policy, the rift between it and its allies will doubtlessly become increasingly large."

## **This Week in History**

**November 15 - 21, 1753**

### **Young George Washington Sets Out on a Diplomatic Mission — Through the Wilderness**

On Nov. 15, 1753 George Washington and a small party of scouts and woodsmen left Wills Creek (now Cumberland, Maryland) for Fort LeBoeuf, a French wilderness post just 12 miles south of Lake Erie. The 21-year-old Washington had been entrusted with a diplomatic mission by Robert Dinwiddie, the colonial Governor of Virginia. He was to establish good relations with the Ohio Valley Indians, scout out possible fort sites for future Ohio Company settlements, try to discover French military intentions, and carry a message to the French, politely informing them that they were trespassing on Virginia territory.

The Ohio Company had been formed in 1747 by American patriots and London sympathizers, to colonize the area beyond the Allegheny Mountains. Lawrence Washington, George's older brother, had been one of the prime movers in the effort to break through the mountains. George Washington had become a surveyor at the age of 16, and had charted much of the Fairfax Grant which lay to the west of the Blue Ridge. Upon the death of Lawrence, he had assumed some of the responsibility for continuing the project, and Governor Dinwiddie was also a member of the Ohio Company. In 1750, the Company had sent Christopher Gist, an experienced scout, into Ohio and Kentucky to win the Ohio Valley Indians to the English side and to evaluate the fertility and resources of the land. A warehouse and arsenal were subsequently set up on the Monongahela, and settlers were brought across the mountains.

The French, meanwhile, who often acted as a surrogate for Britain by sending their Indians against the American frontiers, had been moving into the Ohio Valley in order to link up their settlements in Canada with those on the Mississippi in the Illinois Country and Louisiana. They seized any Englishmen whom their Indians hadn't killed and sent them to Canada. When Governor Dinwiddie received news of these French incursions, he sent a Captain Trent to parley with the French, but he was so terrified by tales of Indian depredations that he failed to complete his mission. George Washington, as an adjutant general in the Virginia Militia, volunteered to carry Dinwiddie's message through the wilderness. He chose the experienced Christopher Gist as his guide, and gathered a small group of scouts and translators at Wills Creek.

On the way to the meeting with Indian chiefs at Logstown on the Ohio River, Washington passed the future site of Pittsburgh. The Ohio Company had planned to build a fort two miles down the river from the Forks of the Ohio, but with the eye of a practiced surveyor, Washington saw that the confluence of the Monongahela and Allegheny Rivers was the more important location. He wrote that "As I got down before the Canoe, I spent some Time in viewing the Rivers, and the Land in the Fork, which I Think extremely well situated for a Fort; as it has the absolute Command of both Rivers. The Land at the Point is 20 or 25 Feet above the common Surface of the Water; and a considerable Bottom of flat well timber'd Land all around it, very convenient for Building." Although the Ohio Company workers went ahead with building the fort down the river, the French military engineers who later sent them packing back to Virginia chose Washington's site at the



Forks for France's new Fort Duquesne.

When Washington and his party reached Logstown, they met with leaders of the Delaware, Shawnee, and Seneca Indians. The most important of these chiefs was called the Half-King, and he pledged his loyalty to the English. Much of the Indians' discontent stemmed from the fact that the Miami Indians, who had earlier sided with the English, had been massacred and had their villages burned by Indians loyal to the French.

Also at Logstown, Washington had the opportunity to speak with French deserters who had just come up the Ohio River from the French settlements in the Illinois Country. Because the French pronunciation of "Illinois" is similar to "Isles Noires," Washington wrote in his journal that he had been given a description of the French forts at the "Black Islands" further west.

The Half-King and several of his braves escorted Washington's party on the difficult journey through rain and snow to Venango. There, Washington had to deal with Captain Joncaire, a skilled French Indian agent who had no intention of allowing an alliance between Virginia and the Ohio Valley Indians. Joncaire plied the Indians with gifts and liquor and used every stratagem to prevent them from accompanying Washington any further.

At a dinner with Washington, wine loosened the French officers' tongues, and they claimed France would take over the whole Ohio Valley in the spring with a large military force. They anticipated that the English would outnumber them militarily two to one, but that the English moved so slowly that the French would have already conquered the valley before the English could reach it.

After this alarming news, Washington pushed north as quickly as possible to deliver Governor Dinwiddie's letter to the French commander at Fort LeBoeuf. Commander Le Gardeur de St. Pierre was polite, but said that he obeyed orders only from the French Governor General in Canada, and did not feel compelled to abandon French territory. He and his officers conferred, and presented Washington with a letter for Governor Dinwiddie. But, again, the French attempted to keep Washington's Indian escort from accompanying him on the return trip. Washington wrote that "I can't say that ever in my Life I suffered so much anxiety as I did in this affair...."

Finally, only one of the Half-King's braves accompanied Washington's party southward down the river. Washington wrote in his journal that "Our Horses were now so weak and feeble, and the Baggage heavy; as we were oblig'd to provide all the Necessaries the Journey wou'd require, that we doubted much their performing it; therefore my Self and others (except the Drivers which were oblig'd to ride) gave up our Horses for Packs, to assist along with the Baggage; and put my Self into an Indian walking Dress, and continue'd with them three Day's, 'till I found there was no Probability of their getting in, in any reasonable Time; the Horses grew less able to travel every Day. The Cold increas'd very fast, and the Roads were getting much worse by a deep Snow continually Freezing; And as I was uneasy to get back to make a report of my Proceedings to his Honour the Governor; I determin'd to prosecute my Journey the nearest way through the Woods on Foot.

"Accordingly I left Mr. Vanbraam in Charge of our Baggage, with Money and Directions to provide Necessaries from Place to Place for themselves and Horses and to make the most convenient Dispatch in. I took my necessary Papers, pull'd off my Cloths; tied My Self up in a Match Coat; and with my pack at my back, with my Papers and Provisions in it, and a Gun, set out with Mr. Gist, fitted in the same Manner, on Wednesday the 26th.

"The Day following, just after we had pass'd a Place call'd the Murdering Town where we intended to quit the Path and steer across the Country for Shanapins Town, we fell in with a Party of French Indians, which had laid in wait for us, one of them fired at Mr. Gist or me, not 15 steps, but fortunately missed. We took this Fellow into Custody, and kept him 'till about 9 o'clock at Night, and then let him go, and then walked all the remaining Part of the Night without making any Stop; that we might get the start, so far as to be out of the reach of their Pursuit next Day, as were well assur'd they wou'd follow

upon our Tract as soon as it was Light...."

After another day's travel, the two reached the river above Shanapin Town, but they were not able to cross it because the ice had broken up and was being driven downriver by a fast current. After a day's work with one hatchet, Washington and Gist managed to build a raft, but when they got halfway across, it jammed in the ice. When Washington attempted to free it by pushing on a pole, he was jerked into 10 feet of water. He saved himself by grabbing one of the raft's logs, but he and Gist had to wade to an island. They spent a freezing night, but were able to walk across the ice in the morning and reach safety.

With some difficulty, the two obtained horses, and by hard riding, Washington succeeded in reaching Williamsburg on Jan. 16, 1754. He had travelled almost a thousand miles in 11 weeks. Governor Dinwiddie forwarded the French reply to London, and had Washington's 6,000-word journal of his mission published as a pamphlet for circulation around the colonies. Thus George Washington, at age 22, became well known both in England and America. The British government, after it was informed so publicly of French intentions in the Ohio Valley, was forced to authorize the American colonies to mount a joint program to hold back the French along the western and northern frontiers. This was just what the American patriots had been planning for, and Washington's second expedition to the West in the spring of 1754 would set the stage for the American Revolution to come.

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