

EIR

Executive Intelligence Review

February 9, 2007 Vol. 34 No. 6 www.larouche.pub.com \$10.00

Cheney's Buildup for War in 'The Gulf of Sneezes'
Hamilton Counsels Congress: Discover Your *Powers*
Nuclear Power Tops Agenda for Russia, India

**Candidates in Dreamland!:
A Stateroom on the Titanic**



EIR

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: Lyndon H. LaRouche, Jr.,
Muriel Mirak-Weissbach, Antony Papert, Gerald
Rose, Dennis Small, Edward Spannaus, Nancy
Spannaus, Jeffrey Steinberg, William Wertz

Editor: Nancy Spannaus

Managing Editor: Susan Welsh

Assistant Managing Editor: Bonnie James

Science Editor: Marjorie Mazel Hecht

Technology Editor: Marsha Freeman

Book Editor: Katherine Notley

Photo Editor: Stuart Lewis

Circulation Manager: Stanley Ezrol

INTELLIGENCE DIRECTORS:

Counterintelligence: Jeffrey Steinberg,

Michele Steinberg

Economics: Marcia Merry Baker,

Paul Gallagher, Lothar Komp

History: Anton Chaitkin

Ibero-America: Dennis Small

Law: Edward Spannaus

Russia and Eastern Europe:

Rachel Douglas

United States: Debra Freeman

INTERNATIONAL BUREAUS:

Bogotá: Javier Almario

Berlin: Rainer Apel

Caracas: David Ramonet

Copenhagen: Poul Rasmussen

Houston: Harley Schlanger

Lima: Sara Madueño

Melbourne: Robert Barwick

Mexico City: Rubén Cota Meza

New Delhi: Ramtanu Maitra

Paris: Christine Bierre

Rome: Paolo Raimondi

United Nations, N.Y.C.: Leni Rubinstein

Washington, D.C.: William Jones

Wiesbaden: Göran Haglund

ON THE WEB:

e-mail: eirns@larouche.pub.com

www.larouche.pub.com

www.larouche.pub.com/ei

Webmaster: John Sigerson

Assistant Webmaster: George Hollis

EIR (ISSN 0273-6314) is published weekly (50 issues),
by EIR News Service Inc., 912 Pennsylvania Ave., S.E.,
Washington, DC 20003.
(703) 777-9451.

European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,
Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650.

Homepage: <http://www.eirna.com>

E-mail: eirna@eirna.com

Executive Directors: Anno Hellenbroich, Michael Liebig

In Montreal, Canada: 514-855-1699

In Denmark: EIR I/S, Sankt Knuds Vej 11, basement left,
DK-1903 Frederiksberg, Denmark. Tel.: +45 35 43 60 40,
Fax: +45 35 43 87 57. e-mail: eirdk@hotmail.com

In Mexico: EIR, Manual Ma. Contreras #100, Despacho 8,
Col. San Rafael, CP 06470, Mexico, DF. Tel.: 2453-2852,
2453-2853.

Copyright © 2007 EIR News Service. All rights reserved.
Reproduction in whole or in part without permission strictly
prohibited.

Canada Post Publication Sales Agreement #40683579

Postmaster: Send all address changes to EIR, P.O. Box
17390, Washington, D.C. 20041-0390.

From the Managing Editor

Our task at *EIR* this week (as every week), is to shatter the delusions that are keeping people from dealing effectively with the global crisis. Everybody knows that global warming due to industrial activity is melting the glaciers and killing the polar bears, right? Wrong. Everybody certainly knows that nuclear power is dangerous, dependence on foreign oil is unreliable, and so we have to shift to bio-fuels and other “alternate” energy sources, right? Wrong. And doesn’t everybody know that nuclear power plants can be used to make bombs, so they must be blocked, in order to prevent war? Wrong again!

Lyndon LaRouche’s *Feature* story begins with seven “delusions” that dominate the political scene in the United States and Europe. He takes these on, with a particular focus on the re-emergence of the Strategic Defense Initiative (SDI), as China embarks on new defense technologies. Unlike what most people believe, President Reagan’s SDI, as it was formulated by LaRouche himself, was *not* an aggressive military policy, but would have ended the Kissingerian delusions of “Mutual and Assured Destruction,” allowing the United States and Soviet Union to work together, toward the common aims of mankind. That policy is now back on the agenda. (See *Editorial*.)

Our news sections document how India and Russia are forging ahead with cooperation in nuclear technology. While the United States, under hegemony of “green” delusions, has abandoned the fast breeder reactor (which gets rid of the radioactive waste created by the fission process), India has announced the planned construction of four new breeders! Our interview with two Russian leaders, Prof. Yuri Gromyko and Yuri Krupnov, aptly warns, however, that Russian-Indian cooperation in the nuclear sector must be of the most advanced character, looking to the technologies of the future, not the past.

Will the ever-growing parade of U.S. Presidential pre-candidates wake up to the truth of what LaRouche is saying about their delusions? Will Congress and others move to oust Dick Cheney before he launches war against Iran? Look to Michael Kirsch’s study of Alexander Hamilton. Hamilton devoted his life to shaping the Constitutional *powers* that Congress and other governing bodies would have. Now is the time to *use* them, for the general welfare.



EIRContents

Cover
This Week



4 Candidates in Dream-Land!: A Presidential Stateroom on the Titanic

By Lyndon H. LaRouche, Jr. "If the leading U.S. Presidential candidates adopted by the respective Democratic and Republican Party's conventions are to be selected from among what are the apparently leading prospective candidates of today, you were just in time to enter the sick-room to kiss the existence of the United States goodbye."

15 The Gulf of Sneezes

By the middle of February, military and intelligence sources told *EIR*, there will be such a concentration of American and Iranian naval equipment in the Persian Gulf, that "a sneeze" could start a conflagration. Just as Dick Cheney wants.

17 Congress Cannot Evade Responsibility To Move To Impeach Cheney

19 The Libby Trial: A Rare Look Inside Dick Cheney's Cabal

International

22 Nuclear Power Tops Putin's Agenda in India

During Russian President Vladimir Putin's trip to India, nuclear officials signed a memorandum of understanding on the construction of four additional nuclear reactors at the Koodankulam plant in Tamil Nadu, where Russia's Atomstroyexport is already building two units. A Russian former nuclear official called this "a step forward in what we call the renaissance of nuclear power."

23 'Advancing Civilization Through Transportation'

An interview with Yuri Gromyko and Yuri Krupnov.

27 Persian Gulf 'Rivals' Join Forces for Peace

29 Italians Protest Upgrade of U.S. Military Base

30 LYM Offers Leadership To Mexican Ferment

30 Only Nuclear Energy Can Save Your Tortillas!

A leaflet circulated by the LaRouche Youth Movement in Mexico.

Economics

32 India Will Construct Four Fast Breeder Nuclear Reactors

By 2020, if all goes according to schedule, India expects to be the world leader in breeder technology. The nuclear fast breeder works on the principle of self-sustenance and the ability to produce more plutonium than it actually consumes to produce power. The next step will be to move to the use of thorium, "the fuel of the future."

35 Will Germany Depend on Anglo-Dutch Coal Cartel?

National

40 Bio-Cons Fool With Ethanol: Just Another Word for War

A host of neo-conservatives, gathered around the Set American Free Coalition, have joined the "left-wing" greenies at the forefront of the bio-foolery campaign for ethanol.

42 Congress Debates the Way Out of Evils of 'Globalization'

43 Dump Globalization To Save the Nation

Testimony presented by *EIR* to a Hearing on Trade and Globalization, held by the House Ways and Means Committee.

47 National News

Strategic Studies

48 On His 250th Birthday, Hamilton Counsels Congress: Rediscover Your Powers

An open letter from Michael Kirsch, of the LaRouche Youth Movement. Congress should use its Constitutional powers, to deal with the devastating economic problems facing the country, and to stymie the attack on the sovereignty of the United States, using the approach taken by Alexander Hamilton during the Revolutionary War, and later as Treasury Secretary in the nation's first Administration.

Book Reviews

36 Stiglitz Tries To Make Colonization Work

Making Globalization Work, by Joseph E. Stiglitz.

38 'Free Trade' Always Meant Imperialism

Interviews

23 Yuri Gromyko and Yuri Krupnov

Yuri Gromyko, academician of the Russian Academy of Natural Sciences and director of the Institute for Advanced Studies, and Yuri Krupnov, who heads Russia's new Party of Development, spoke at a conference in India during Russian President Putin's visit.

Editorial

72 The Non-Proliferation Regime Is Over

CANDIDATES IN DREAM-LAND!:

A Presidential Stateroom on The Titanic

by Lyndon H. LaRouche, Jr.

February 2, 2007

*During the early 1930s, France's celebrated movie director René Clair, produced a charmingly well-composed film, **A Nous La Liberté**. That film was parodied, this time omitting the touch of poetic elegance in René Clair's production, in the famous Charlie Chaplin's echo of René Clair, Chaplin's later, 1936 **Modern Times**.¹ The same theme was taken up, notably, on a third occasion, in a film from post-war Germany, titled, in rough translation: **We Are Wonderful**, in which the producers frankly disposed of both the self-inflicted artistic predicament of their plot, and, also, the drama's principal, picaresque character: by plunging both down the hollow shaft-way of what was called a "Pater Noster" elevator, which I recall from the Hamburg of my own timely recollections. The procession of these three pieces, thus, already showed us, an artistically downward motion in the picture of the history, the culture, and the fictions of that span of time.*

Ah! But that was not, unfortunately, the end of the matter; now, the implied copyright for each among those three preceding instances appears to have been infringed, in a fourth case, creating thus an old prank played upon a younger audience: thus, we have today, in this fourth case, the embarrassing spectacle of a currently staged performance of today's roster of U.S. Presidential pre-candidates for the 2008 general election. The history of art-forms has moved, thus, from the motion-picture theaters to the grubby, existentialist fictions which occupy the current political street.

Nonetheless, the truth, which the field of political and other fiction excludes today, is, as the eruption of the new politics during the November mid-term election attests, preserved, vibrant, and waiting within the Classical tradition.

1. Chaplin's *Modern Times* also reflected, not only *A Nous La Liberté*, but also Fritz Lang's *Metropolis*.



In some among the parade of candidates, LaRouche writes, the moral fault lies less with their potentials as personalities, than with their miscast impulse to play a consenting role in the farce displayed in the mass media. Some of them would be otherwise considered intelligent, statesman-like, even moral, despite the taint of Bio-Foolishness. Hopefully, some among them might be induced to abandon their presently tragic choice of ways.

*As I recall from an incident a bit less than a decade ago, I had visited a famous town not far from Germany's Switzerland border, where, suddenly, I had found myself walking near the actual house of the early-Sixteenth-Century, famous, real-life Dr. Faustus. In that instant, resonating within me still today, I had experienced strong images of Kit Marlowe's **Dr. Faustus**, and of the Mephistopheles of Goethe's **Faust** reciting the tale of the flea in Auerbach's famous Leipzig cellar.² At the moment of that encounter with an actually incarnate memory from history, my imagination had brought forth a resonant echo of both Beethoven's "Song of the Flea" and of bass Alexander Kipnis's voice singing Moussorgsky's truly Russian version. But, now, today, the recent, shocking manifestation of the parade of U.S. Presidential candidates for the 2008 nominations, reminds me mostly of Beethoven's depiction, not of the king, nor even President George W. Bush's current role as the flea, but of the recurring nightmare*

depicted by the spectacle of the present roster of U.S. Presidential pre-candidates, as beings cast in the likeness of those foolish courtiers depicted so vividly, coming up to scratch, in the Beethoven Lied.

*Despite all, the Classical viewpoint has the final word to speak on the matter of the fictions of current political life. In politics, as on the theatrical stage, there is a distinct aroma of something nastily Bertolt Brechtian, like the "Alabama Song" from **Mahagonny**, in the current runway-like parade of not-so-skinny, but rather plump, putative U.S. Presidential pre-candidates. Their currently expressed appetites, as candidates, are, like "Condi" Rice's tastes, as broad as they are shallow, but the chosen roster, especially its featured Bio-Fools, would be a looming disaster for our nation, as for those candidates themselves.*

In the cases of some among that parade of candidates, the moral fault lies less with their potentials as personalities, than their miscast impulse to play a consenting role in that farce displayed as their appearances in the mass media of the recent days. Some of them would be otherwise considered intelligent, even statesman-like, and even, perhaps, moral, despite the taint of Bio-Foolishness. Hopefully, therefore, some among them, at least, might be induced to abandon their presently tragic choice of ways. Otherwise, we witness thus, a farce which would be tragic, not so much for those present actors, as for the true victims, like you, among the credulous audience for the performance of that play.

2. The same cellar where I had once dined merrily on the occasion of a memorable rehearsal of J.S. Bach's *Jesu, meine Freude*, earlier that same day. It was vividly resonating memories of that rehearsal which persuaded me, some years later, to propose that same Bach composition as the basis for a program of education which integrated Kepler, Leibniz, Gauss, and Riemann, with J.S. Bach, in providing the platform-basis for a competent core program of higher education in that integrated approach to both science and Classical art which is now reflected in the content featured on the WLYM website.

* * *

If the U.S. Presidential candidates which were to be adopted by the respective Democratic and Republican Party's conventions, were selected from among what are the apparently leading prospective candidates, with their present platforms of today, you had now already arrived at a point which would be just in time to enter the sick-room where the prospective mourners are mustered to kiss the existence of our United States goodbye. If you follow those currently prospective candidates down the model runway which they have currently chosen for themselves, up to the present moment, you, personally, together with our nation, are doomed. Nothing illustrates this more simply, more vividly, more indelibly, than the number of currently leading "Bio-Fools" among those leading candidates, and, also, relevant others.

Hopefully this will change for the better over coming weeks and months. However, either what will be chosen, eventually, as the finally selected candidates of the two parties, will represent a radical change from the present postures of these present candidates, or it were time for you to weep for our republic, while you are still allowed to do so without being sent to torture and death-camps by a contemporary echo of the Gestapo.

The political scene, in the U.S.A., as in western and central Europe, is presently dominated by the following selections from the relevant, if only typical set of certain leading delusions.

1. The delusion is, that the present world monetary-financial system is not already facing the immediate threat of an impending plunge into a planet-wide "new dark age" for all humanity. The delusion is, that an immediate, drastic reform of that already doomed system were not needed, but only, as Germany's Kanzlerin Angela Merkel has proposed, "small steps."
2. The delusion is, that the present postures of the leading pre-candidates represent, in combined effect, anything better than a moral catastrophe, as much as an economic and strategic catastrophe: a catastrophe for our nation, and for the world generally.
3. The delusion is, that we can ignore the need to launch a massive deployment of nuclear-fission power and a crash program of development of thermonuclear technologies. The delusion is, that such technologies represent a "politically unrealistic" perspective for the foreseeable future. That delusion is, for example, that both the human race and the irrationalist, neo-Malthusian perspective of a silly former Vice-President Al Gore, could successfully co-inhabit the same Solar System.
4. The delusion among many influential Democrats, is that a return to the cultural paradigm of world leader-

ship shown by President Franklin D. Roosevelt, is not now the absolutely practical precondition for continuation of civilized life on this neck of the Solar System as a whole.

5. The relatively widespread delusion affecting today's shaping of national policies, is, that we could safely overlook the historical fact that the existentialist's personally immoral delusion of today, is a contemporary reflection of that same moral sickness which was shared, in an earlier generation, among Nazi Martin Heidegger and his co-thinkers without Nazi Party-card credentials, such as Horkheimer, Adorno, and Hannah Arendt. That is the delusion which is shared with that stratum's allies among the still influential followers of the leading conspirators such as the late Brigadier John Rawlings Rees and Eric Trist of the London Tavistock Clinic's dupes on both sides of the Atlantic today. Theirs is the included lie which our contemporary Fabian followers of the very shallow Matthew Arnold, such as ultra-conspiratorial ACTA's Mrs. Lynne Cheney, teach to those they corrupt into becoming virtually "brainwashed zombies," the conspiratorial dogma taught to those poor wretches who insist that, "I don't believe in (the existence of) conspiracies."

Whereas, it is the way in which influential strata do, in fact, conspire, which exerts a very large influence on the way in which present decisions on policy affect the future of nations.

6. Next to the worst of all, is the delusion widely expressed among the typical white-collar Baby-Boomers among leading, prospective Presidential candidates of today: "But, experience has shown us, repeatedly . . .": the delusion of the middle-aged political figure admiring the reflection of his, or her own past parts, from a rearward glance over his, or her shoulder, into a wall-sized mirror. "Yet," we should ask ourselves: "Why should these worshippers of the hind-side of history think otherwise?" They are typical of an influential generation of certain types of ladies and gentlemen with a certain background which they are prone to admire, but who have little sense of responsibility—accountability—or even none, for the often cruel effect of their influences on the conditions of life of the actual future generations of the nation, and also of mankind, even upon the younger generations among the presently living, even, often, their own children and grandchildren.
7. Worst of all, is a toleration for that proposal for a new Tower of Babel, which is expressed today as the policy of "globalization."

These may be considered, for all practical purposes, as the Seven Deadly Sins of these presently political times. The



U.S. Air Force/Staff Sgt. Aaron Allmon

A wounded soldier is evacuated from Iraq in 2006. Now, the “surge” of new troops is aimed at Iran. “As long as Vice-President Cheney remains in office, a globally disastrous war with Iran were virtually inevitable.”

effects of these illusory conceptions are to be illustrated in ways such as the following.

For example, at the present moment: for as long as Vice-President Cheney remains in office, a globally disastrous war with Iran were virtually inevitable. The effect of such an attack on Iran, for which the “surge” into Iraq is chiefly an intended step of preparation, would be comparable in its effect to that of Adolf Hitler’s staging the farce at the Polish border, the incident which was used by Hitler as the trigger to unleash World War II.

Among many of Cheney’s presently self-certified opponents, the psycho-sexually impotent response to that looming prospect is that, “If that happens, we will *then* act to impeach Cheney.” Cheney has already committed impeachable offenses of vast implications; impeach him today, or, tomorrow, he may be a Hitler-at-war, unleashed against Iran, and much, much more, besides. Then, our timid opponents of Cheney would explain: “Don’t you see, it is now too dangerous to do anything about this!”

So, similarly, the Neville Chamberlains of the history of that time—particularly the one who gave umbrellas a bad name, that of Adolf Hitler, after the beginning of September 1939. Britain and France lurched impotently into war, until President Franklin Roosevelt intervened to rescue civilization.

More significant than that, is the fact, that as long as both George W. Bush and Dick Cheney head the Presidency, there

is no possibility of avoiding a certain kind of worldwide warfare; similarly, something far worse than a mere general economic depression, is now in the making: a general physical-economic breakdown-crisis of the present world system. What do the stalwart presently prospective Presidential candidates say of this immediate set of prospects?

The threat of the Iran war is, probably, weeks away, unless Cheney is dumped in the interval available; the threat of a global breakdown-crisis of the world’s present economic and monetary-financial systems, is perhaps as close as months, or, even as near as even weeks away.³ What now do the prospective Presidential candidates say?

The support for “Bio-Fools” is sheer clinical mass-insanity, which will create a disastrous scale of increase of fuel costs, and also a globally mass-murderous scale of breakdown in the food supply. What do the prospective Presidential candidates say?

The principal determinant of the mean surface temperature of the planet

Earth, is the combination of shifts in the Earth’s orbital pathway, and the fluctuations in Solar radiation. The presently relatively short-term warming trend caused by fluctuations in the Sun’s radiation, occurs within the longer-term trend, already afoot, into a new general ice-age. How long will the presently prevalent lunacy on the subject of global warming be tolerated by the political class?

Those prospective candidates, and relevant others, will admit the possibility of severe crisis somewhere down the way, but will add, “In the meantime . . .” The meantime is usually some terrible mistake, even a global catastrophe like the current rash of “Bio-Foolishness,” which might, nonetheless, win temporary political support from this or that particu-

3. As I have explained repeatedly, our typical economic forecasters of today are about as systemically incompetent as the economists of LTCM’s August-September 1998 crash. Virtually all generally known economist-forecasters of record today used methods derived from Cartesian modes of what the late Mrs. Joan Robinson said of the work of the pathetically incompetent Professor Milton Friedman, statistical *post hoc ergo propter hoc* methods. In real life, the best which can be done, as a matter of economic forecasting, is what I do, using dynamic methods congruent with the discoveries of Bernhard Riemann: we can, at best, forecast the proximity of a boundary-condition within a physical-economic process. At such a boundary, a phase-change in the process must occur, or the system will enter a collapse-phase of some specifiable form. Failing to recognize such a boundary-condition will create, among today’s true believers in “Wall Street,” a psychopathological spectacle worthy of the most anguished moments of cartoon-land’s “Daffy Duck,” or, perhaps, better said, President George W. Bush.

lar, and, in fact, deluded constituency.

On this latter account, we might be reminded of an anecdote from this or that set of past, revolting times in the history of France. The standard “generic” version of this tale runs approximately as follows:

Leaders of sundry revolutionary groups are sipping refreshment and contrary opinions in a café whose view is open to the street. A howling mob rushes past outside. One of the figures at the table rises, saying: “That’s my revolution; I must go out and lead it.”

In July 1789, the British Foreign Office’s fear of the proposed French constitution presented by Bailly and Lafayette, prompted that Foreign Office’s so-called “secret committee” under Lord Shelburne’s Jeremy Bentham, to employ unabashed London assets such as Benjamin Franklin’s adversary and British asset Philippe Egalité, to arm, muster, and stage the July 14, 1789 siege of the Bastille, which was, in fact, an election-campaign stunt on behalf of another long-standing London asset of Lord Shelburne’s circles, Jacques Necker. The ensuing French Revolution was dominated by a pack of the same Martinist freemasonry which had been the enemies of Franklin in France, and which created the Jacobin Terror and the personality, crafted by the truly Satanic Count Joseph de Maistre, of that vastly predatory dictator and emperor fondly imitated by Hitler, Napoleon Bonaparte.

The passions of 1789-1815 France were real, but the energy of those passions was guided by British sheep-herders, in ruining continental Europe to such a degree, through the successive Jacobin Terror and Bonaparte’s predatory rampages, that the imperial power of the London-centered Anglo-Dutch Liberal faction dominated continental Europe as a whole up and beyond the set of military and related events beginning with the assassination of France’s President Sadi Carnot and the 1894-1895 launching of the series of London-directed Sino-Japan wars of the 1894-1945 interval. As in this case, what is often described as revolting leadership, were better described as disgusting misleadership. In such times, “*vox populi*” is often, thus, “*pox populi*.”

The Qualifications of the President

Unlike the usual arrangements seen in Europe since that time, the U.S.A. has a Federal Constitution defined by the superior principle of law expressed by its Preamble. It is this Constitution, so defined by its Preamble, which provides for the American System of political-economy, rather than what history shows to have been the historically, relatively impotent parliamentary systems of western and central continental Europe. Our constitutional President was never intended by our founders to become a mere auxiliary functionary, as European heads of state usually are; the U.S. Presidency is very real, when it is well-served, and supported accordingly. Our primary concern on that account, is that we must select our Presidents with far greater care than the present crisis-specta-

cle suggests. This stricter requirement becomes historically crucial under each and every condition of threat of an existential crisis, as presently.

Since I have run for U.S. President more than several times, I am qualified to contrast myself, quite favorably, both emotionally and intellectually, with the morally disappointing showing of the current leading crop of self-propelled Presidential pre-candidates. The image of George W. Bush, wearing a “helicopter beanie” while tricycling fanatically within the Oval Office, should bring a blush to the cheeks of many among the current crop of “wannabes.” I never ran for President out of personal ambition, but to fill a crucial vacuum; I ran, each time, in service of a leading mission which I knew to be: first, in the nation’s profound interest, and, second, to be premised on critically required actions for which no other qualified and declared spokesman existed at that time.⁴ In retrospect, looking back at the course of crucial trends and developments over the recent thirty years, I was never mistaken in my judgment on that point of fact.

The same point is illustrated by the commendable role of certain ex-Presidents, such as, formerly, Dwight Eisenhower, and, presently, Jimmy Carter and Bill Clinton; on one or two accounts, the same selfless quality of function has been supplied by the recently deceased Gerald Ford and even George H.W. Bush, on at least one or two occasions.

It was typical of my candidacies, that I put myself on the line, often at a serious personal risk, as did President Ronald Reagan, in crafting and working for what President Reagan named “A Strategic Defense Initiative (SDI).” I was sent to prison for no essential reason but that my leading adversaries on the subject of SDI considered me so capable that they debated, from the immediate aftermath of March 23, 1983, onward, whether it were more prudent to assassinate me, or to imprison and defame me. A few weeks later, John Train’s salons signaled the relevant mustering of malice from the ranks of what were called, in OSS days, “the white-shoe boys” of our resident Anglophilia.

Those who would not do the same as I have done on that matter, or in comparable instances from 1976 through 2004, represent types of prospective candidates who are not actually qualified to run seriously for President of the U.S.A. under the kind and severity of onrushing conditions of crisis facing us today. A person who runs for President under the impulse of narcissistic personal ambition (“Mirror, mirror, on the wall,

4. Cf. Niccolò Machiavelli, *Discourses on The First Ten Books of Titus Livius*, Christian Demold trans. (New York: Random House, 1940), Chapter XXV, “The Poverty of Cincinnatus . . .” It was on this account, as presented by Machiavelli, that the officers of the American Revolution composed the Cincinnatus Society whose Philadelphia meetings of the time coincided with, and overlapped the Constitutional Convention. That is the proper view of the qualifications and mission of a U.S. President, such as George Washington, John Quincy Adams, Abraham Lincoln, and Franklin D. Roosevelt. That is the image of the Presidency held by Alexander Hamilton.



EIRNS/Claudio Celani

who is the fairest of them all?”), is automatically morally disqualified under any condition of serious national crisis: they have what are the morally wrong motives, and, therefore, the wrong agenda!

Indeed, a presently rising international “flap” respecting both China’s earlier laser illumination of a strategically significant U.S. satellite, and the test-demonstration of destruction of one of its own, has brought the issues of my 1979-1983 proposal of what President Reagan named “SDI” back into full focus afresh today, as I shall illustrate my point by means of emphasis on those connections to the past and present alike.

For example, if awesome respect for the burden of past and future welfare of future generations, is not the motive for seeking the office of President of the U.S.A., it were grossly immoral to put oneself forward as a candidate for that office, especially in times of grave national and world crisis, such as the present moment. “Catching the brass ring” on the Presidential merry-go-round, is not a morally tolerable motive for seeking the Presidency. As reflection on the manner in which President Franklin Roosevelt came to his death, in service of all humanity, shows: it is the awesome responsibility of the U.S. Presidency, far more than any other species of head of state of the world, still today, which must be permitted to humble any mere personal ambition, especially at a time of globally existential crisis of all humanity, as in the present moment.

In my case, there have been several leading considerations which prompted me, on each occasion, to adopt my candi-

dacy. Each time I stated that concern; each time, subsequent developments proved me correct in that estimate. Any would-be candidate now, should either measure himself or herself against the standard with which I had motivated my efforts, or be very much ashamed.

A U.S. War Against China—and Russia?

Outside the U.S.A. itself, the only credible objects still qualifying as major powers of the planet today, are Russia, China, and India. Each has made large concessions to the Anglo-Dutch Liberals’ imperial scheme, the proposed new “Tower of Babel” called “globalization.” However, unlike the nations of western and cen-

tral Europe, individually, or combined, each of the “big-three Eurasian rivals” of U.S.A. participation in Anglo-Dutch Liberal imperial power, has deeply rooted organic, as much as optional commitments to the preservation of the essential features of national sovereignty. This makes each and all of the Eurasian “Big Three” the intended early target of destruction by the forces marshaled under the banner of the imperial Anglo-Dutch Liberalism which has dominated global trends since Bertrand Russell admirer Nikita Khrushchev blew up the proposed Paris summit meeting of Presidents Charles de Gaulle and Eisenhower with Khrushchev.⁵

5. It had been Bertrand Russell who had proposed the original plan, published in the October 1946 edition of the *Bulletin of the Atomic Scientists*, for a “preventive” nuclear attack on the Soviet Union, as a measure for establishing an Anglo-American-ruled system of “world government.” Russell was continuing, thus, the intention which H.G. Wells had expressed in proposing “radium weapons,” in 1913, and also the intention which Russell and Wells had come to share around Wells’ 1928 *The Open Conspiracy* and, implicitly, also Wells’ “Things to Come” project. On this account, the Soviet press under Josef Stalin had some very unpleasant, but appropriate things to say about the person of Mr. Bertrand Russell. This changed under Khrushchev, who sent four representatives to Russell’s London meeting of World Parliamentarians for World Government—i.e., “globalization”—at which these representatives represented themselves publicly as assigned emissaries of Khrushchev, conveying Khrushchev’s profoundly loving view of the person of Russell. Even taking the case of Adolf Hitler into account, Bertrand Russell was without reasonable objection from informed circles, the most evil individual person of the Twentieth Century. Hitler is dead, but the evil of Russell lives on still today. Adventurer Khrushchev’s Paris fit was precalculated, as his insufferable assault against the person of President John F. Kennedy, at Vienna, attests, and as Khrushchev’s true motives, and relations to Russell,



Bertrand Russell's infamous call for nuclear war against the Soviet Union was published in *The Bulletin of the Atomic Scientists*, Oct. 1, 1946. If war were to take place soon, before Russia gains nuclear weapons, he wrote, America would surely win, "and American victory would no doubt lead to a world government under the hegemony of the United States—a result which, for my part, I should welcome with enthusiasm." As for a UN agreement to establish one world government, "If Russia acquiesced willingly, all would be well. If not, it would be necessary to bring pressure to bear, even to the extent of risking war, for in that case it is pretty certain that Russia would agree. If Russia does not agree to join in forming an international government, there will be war sooner or later; it is therefore wise to use any degree of pressure that may be necessary."

The aspect of this problem which is most directly relevant to the actual strategic issues of the oncoming U.S. general election of November 2008, is the inherent conflict between the existential interests of our republic and that aspect of British culture which Bertrand Russell's long-ranging influence and policies represent, especially as this bears on U.S. relations with, on the one side, Europe, including Russia today, and on the other side, Asia in general, with emphasis on the keystones of Southwest Asia, China, and India, most notably. The essence of this strategic conflict is exactly the same, in principle, as the existential conflict over the fate of the post-World War II world between President Franklin D. Roosevelt and Prime Minister Winston Churchill.

The commonplace delusion respecting this continuing conflict, among even many of our leading political figures, is the failure to understand the characteristic features of our republic's traditionally British imperialist foe today.

Although Lord Shelburne greatly admired the work of his lackey Gibbon, the actual British Empire, in its sundry costumes, over the centuries, and still today, is not modeled on Imperial Rome or Byzantium, but on the medieval *ultra-*

in the matter of setting up and negotiating the 1962 missiles-crisis, attest. Fidel Castro's role in this matter is wildly misappreciated in the standard gossip on the subject of the run-up to the 1962 crisis.

montane system defined by the relationship between the slime-mold-like Venetian financier oligarchy and the crusading Norman chivalry. The one crucial change in that Venetian financier-oligarchical model since the Fifteenth-Century European Renaissance, is the introduction of the New-Venetian-Party model, sometimes called empiricism, of Paolo Sarpi and his followers. The Anglo-Dutch Liberal system is essentially ruled by an international, Venetian-like financier oligarchy, whose utopian goal of world-empire is what is promoted under the brand-name of "globalization" today.

The assumption of the Anglo-Dutch Liberals' imperialist financier cabal today, is that on condition that the U.S.A. is broken, and Russia, China, and India are crushed, there exists no other effective force of resistance to the establishment of a "permanent" world empire of the type which Shelburne and his lackey Jeremy Bentham sought in the closing decades of the Eighteenth Century.

The heart of this matter is located in the relatively immediate historical past of trans-Atlantic relations dating from

the February 1763 Peace of Paris, the occasion on which the British East India Company of Lord Shelburne et al. emerged as a private, implicitly global empire bearing the Union Jack, and, later the British Empire proper and its outgrowth, the present-day British Commonwealth. The changes in British policy toward the English colonies in North America, the changes prompting a process which became the U.S. War of Independence and crafting of the U.S. Federal Constitution, created a new global situation, in which the conflict of the U.S.'s American System of political-economy, and associated American cultural values, have clashed, perpetually, to the present time, with the Anglo-Dutch Liberal form of intrinsically imperial monetary-financial system.

The greatest threat to this scheme by our republic's principal adversary of today, would be an arrangement of cooperation in defense of the principle of the sovereign nation-state, as should be configured among the keystone elements of the U.S.A., Russia, China, and India. This does not exclude continental Europe, but, by itself, continental western and central Europe are characteristically impotent as independent strategic factors on the world stage today, as those nations were, already, during the Franklin Roosevelt-led World War II fight against Hitler.

This similarity of today's strategic setting to that of the World War II fight against Hitler's regime, is rooted in the

1763-1783 alliance of the new U.S. republic with widely assorted forces of the League of Armed Neutrality, and other important continental European elements. In another, appropriate view, it is a geopolitical alliance of the U.S.A. with the leading forces of the Americas and of the Eurasian interests threatened by Anglo-Dutch Liberal imperialism. The common enemy to be defeated, is the ideology and institutions of what is called “globalization.”

The importance of my presenting this case here, is that I know, with certainty, that none of the announced leading pre-candidates, so far, has an effective comprehension of this strategic issue, the issue on which the future existence of our republic now depends absolutely.

The most efficient way in which to enlist U.S. patriots into support of our republic’s urgently required new strategic outlook, is, simply, to emphasize the need to return to the successful rescue of civilization as a whole by the leadership of President Franklin Roosevelt. There is very little in that President Roosevelt’s 1932 campaign and subsequent 1933-1945 effort which does not imply the kind of outlook and measures of economic recovery which are uniquely required to rescue our republic from its slide toward the verge of self-inflicted doom over the course of the recent thirty-five and more years. There is no other image of our republic’s past policies which corresponds to our needed relations with the American republics to our south, Eurasia, and beyond, today.

The weapons we require for the defense of our republic today are chiefly diplomatic measures in the sense of John Quincy Adams’ crafting of the system on which the best work of our U.S. Department of State was based up to the most recent times. The principal powers of continental Eurasia do not wish war. Russia, China, and India, notably would rejoice were we to dump everything which smelled of the Administration of President George W. Bush, and to offer global cooperation among perfectly sovereign nation-states as a return to the legacy of Franklin D. Roosevelt as expressed in modern terms. *If none among these nations were our adversary, there is no power we must fear!*

Were I President, that would be our policy, and we would succeed, with heartfelt blessings from our posterity on that account. While I am fortunate in my marginal advantage in health over most of my generation, the idea of my seeking two terms as President would seem to be a stretch of the imagination. If necessary, I would do the job, and that very well. Nonetheless, except some extraordinary emergency, for the next U.S. President, who could have the advantage of everything I might supply him, or her, what we need for the security of our republic’s future is a candidate who becomes an efficient link to our future, a younger, if mature person, who could serve for two, or even three terms (if we decided to make that reform), and then serve effectively as a former President, as Eisenhower, Carter, and Clinton have done. We need a restored Presidency in the FDR tradition, whose reach of influence is the active adult lifetime of two generations to



King Edward VII of Britain, in service of Anglo-Dutch Liberal financier-directed imperial policy, orchestrated the buildup to World War I. He played his silly nephews, Kaiser Wilhelm II and Czar Nicholas II, the Austro-Hungarian idiot, and the revanchists of France, against one another.

come, the working life-span of the young adults of today.

Once we have stated that we are returning, from several long decades of punishment in the wilderness, to the legacy of President Franklin Roosevelt on all crucial notions of national interest and policy, there are two specific subject-matters which must be brought to attention here. These are the recently resurgent implications of what President Reagan proposed as a Strategic Defense Initiative (SDI), and the matter of the urgently needed adoption of absolutely new global economic policies covering a term of not less than two generations, fifty years to come.

The Return of the SDI

The policies associated with Mrs. Lynne Cheney’s mascot, Dick, since his post as Secretary of Defense under George H.W. Bush, have created a present situation in which China has, quite lawfully, shown its sense of urgent interest in laser and related policies previously associated with the SDI. The already referenced events, the earlier illumination of a U.S.

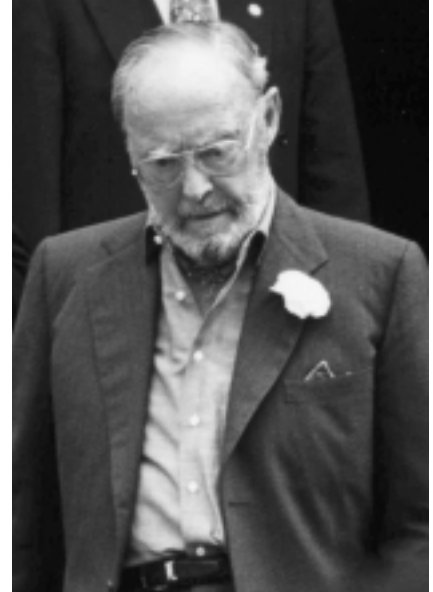
spy-satellite by China, and the recent laser-assisted destruction, by China, of one of China's own satellites, has set the proverbial "cat among the pigeons." In fact, the SDI is back! It never actually left us, but was waiting to ambush history on an appropriate later occasion, now.

The point which must be emphasized, to be clear about those and related recent developments, is that strategy is never a matter of force as such. Rather, as Frederick the Great showed in his celebrated brilliancy in the battle at Leuthen, all principles of practice respecting human affairs pertain to the absolute distinction of the human mind from that of the higher apes and other lower forms of life. It is a strong assertion, but not a wrong one, to insist that military strategy must be conceived as an extension of the practice of diplomacy.

Thus, the clash of arms over the interval from the British 1894-1895 launching of Japan's 1894-1945 war against China (and also related other places), and the entire sweep of general warfare and related conflict over the 1892-1946 interval, from the assassination of France's President Sadi Carnot through the death of President Franklin Roosevelt, is an expression of Anglo-Dutch Liberal financier-directed imperial foreign policy. It were proper to regard such policies as the "true constitution" on which the Anglo-Dutch Liberal systems of government have been premised up to the most recent instance.

In these wars, it was not the conflict of real interest of the respective nations which prompted the warfare. World War I, for example, was orchestrated through the preparations made by Prince of Wales and later King Edward Albert, who played his silly nephews, Wilhelm II and Nicholas II, the foolish Austro-Hungarian idiot, and the revanchist faction of France against one another, spending a great deal of English and related blood to ensure the awful outcome. One of the great lies of history was made by a morally rotten U.S. President Wilson's Secretary of State Robert Lansing, at Versailles, asserting that Germany, alone, bore the guilt for World War I. The war was the product of geopolitical forms of imperial gamesmanship orchestrated chiefly by the Anglo-Dutch Liberal financier-oligarchy's almost instinctive sense of interests, interests which were, thus, also the true authors of both the Hitler dictatorship (and all of its consequences), as that legacy was represented with a certain ironical appropriateness by the two Princes of the Bilderberg cabal.

War has been largely a game, akin, thus, to play on a game-board, a sociological game, as one "which children might play." Then come changes in the rules made by men for others to obey. Then, also, come situations in which the



Sander Lamme

The two Princes of the Bilderberg cabal, Britain's Prince Philip (left) and Prince Bernhard of the Netherlands, represent the legacy of the financier interests that put Hitler into power.

attempt to play by accepted rules fails, because reality, expressed in some political or other way, refuses to accept that instruction.

Such is the history behind the SDI, as I devised such a proposed change in the rules of conflict during 1979-1983, and the relatively inevitable outbreak of reality of the SDI in the case of U.S.A. preparations for war against China, and other targets, today.

What has remained true since the February 1763 Peace of Paris, since the U.S. victory over Lord Palmerston's Confederacy puppet in 1865, and since the run-up to two World Wars by the British monarchy's Edward VII and his successors, is the Anglo-Dutch Liberal imperialist financier interests' concept of geopolitical interest, and, thus, of their included intent to ruin and subjugate the U.S.A. by subterfuge and corruption, if not conquest.

The series of imperial, geopolitical wars launched, over the 1894-1945 interval, by Edward Albert and his successors, led into the development of nuclear, and, then thermonuclear weapons. This changed the rules of war, irreversibly. Since non-nuclear conflicts among leading powers would lead to a point of frustration at which nuclear or even thermonuclear weapons would come into play, general warfare in the sense of developments leading into the motion of Franklin Roosevelt's death, must come, sooner or later, to the point of a virtual, or even actual doomsday scenario. Now, the effort to amplify the range of weapons technology, including wide exploitation of potential asymmetric-warfare means, has brought the world as a whole to the threshold of holocaust.

In this way, warfare, and its other political correlatives, has come under the impact of successive boundary condi-



National Archives

President Reagan announces his Strategic Defense Initiative on March 23, 1983. "We should re-make President Reagan's proffer to Russia, China, India, and others, today. We must thus redefine the rules of engagement in terms which conform to the direction in which scientific and technological progress must proceed."

tions. Military action to contain a threat is still very much on the agenda. Courtesy of Mr. George Shultz's Paul Bremer, Iraq has fully demonstrated the folly of going beyond relative short-term, limited-objective actions of warfare, and also the folly of the current, close-in deployment of naval forces to create, thus, a rules-of-engagement sort of combustible nightmare in the vicinity of the Persian Gulf and that of Oman. There is no reason to continue or repeat the folly, the virtual disintegration of a nation, which Bremer's act of lunacy had unleashed.

However, nonetheless, push capable powers with instincts for sovereignty hard enough, and they will respond, sooner or later, to the lunatic policies expressed by the current Bush Administration's Dirty Dick Cheney. China's exploration of at least the fringes of something like the SDI, typifies the rather inevitable result.

We are presently faced with the use of so-called conventional military forces in a manner intended to reduce an entire region of the world into a firestorm-like state of asymmetric warfare. The efficiently implicit intent of such misuse of conventional military capabilities, is to decivilize a region of the world, as President Bush has succeeded in this enterprise in transforming a bad situation in Afghanistan into a presently hopeless one. Bush has, similarly, spawned a threatened general proliferation of a kindred state of affairs through the entire region of Southwest Asia, and adjoining parts of Africa, down the Nile into Lake Victoria, where the heirs of Lord Kitchener have already succeeded in producing a horror spreading throughout the region of Central Africa. This is the threat banging at the gates of India and Central Asia, and against the

southern and western flank of Russia. This is being signaled, even among some Democratic Party notables, as a rising threat against China.

This set of trends has also produced a collapse in the conventional military and economic potentials of the U.S.A., as also in other parts of the world. The U.S. military is already on the verge of destruction through the manner in which it has been misused by the present Bush Administration. The ruin of U.S. regular military ground forces and the like, which would be the consequence of Vice-President Cheney's latest rampages, would not be reparable in less than a generation, even under favorable conditions.

We are thus, presently, approaching a state of military affairs coincident with the most lunatic, Ockhamite-like science-fiction fantasies of the late 1940s and early 1950s. The prospect now emerging in the planning of our military affairs, is of a surface of the Earth re-

duced to a ruined state lower than bucolic idiocy, while space-based superweapon complexes control life on Earth's surface from above—something like the picture at the close of H.G. Wells' *The Shape of Things to Come*.

Inherently, automatic systems are intrinsically fragile, especially when ingenious human minds are determined to outflank, by outwitting those systems. The development of a "space command" system of global management of the planet's affairs, is intrinsically vulnerable precisely because it is not human. The human mind, if qualified for such work, will always devise a method for outflanking any automatic super-system of defense and punishment. The relevant incidents involving China's experiments with countermeasures, are an echo of the feature of the SDI which terrified the off-the-shelf fanatics of the 1980s Heritage Foundation. As SDI illustrates this point, opponents of the utopian military dogmas associated with the recent U.S. and other trends, foster a situation in which the opponents of such utopian systems take human aim at what is inherently the most vulnerable feature of any quasi-automated space-command system: its control system.

Thus, the SDI has just announced the fact that it never went away; it has been waiting for the call to duty to sound, all along.

Remember, what I proposed during 1979-1983, what I presented to the Soviet government on behalf of the Reagan Administration's National Security Council, and what President Reagan proffered, publicly, to Soviet General Secretary Yuri Andropov, was not essentially a program for warfare, but for getting the world to shift away from imperialistic schemes of warfare, into cooperation for enhancing the real-



An Inconvenient Truth

Al Gore in his movie on "global warming." The lunacies such as "fraudulent, pseudo-scientific allegations respecting 'gases' as a factor in 'global warming,' must be abandoned in the interest of maintaining an environment fit for human habitation," writes LaRouche.

ization of the separate and common interests of leading strategic powers of the planet. It was to create a setting, in which a workable military strategy would serve the separate and common interests of cooperating powers.

That would have worked. Relevant Soviet channels agreed with that; their expressed objection, in their negotiations through me, was that we, the U.S.A., were better at such economic-development programs than they were. Today, no leading Russian in his or her right mind could competently, honestly, and sanely deny that Andropov made the lalapa-looza of all great historical blunders, in summarily rejecting the proffer made publicly, by me in February 1983, and restated by President Reagan, before the entire world, on March 23, 1983.

We should re-make President Reagan's proffer to Russia, China, India, and others, today. We must thus redefine the rules of engagement in terms which conform to the direction in which scientific and technological progress must proceed. The time for the SDI's realization has come again.

Meanwhile the World Moves On

Recently, in two now-historic, Internet conferences hosted from Berlin, I set forth, in summary, the concept of U.S.A. prospective cooperation with a system of Eurasian cooperation in development over the coming two generations of approximately fifty years. The pivots of that cooperation, radiating from a reindustrialized city of Berlin into Russia, China, India, and regions beside and between, would be based on recognition of two sets of crucially leading factors needed for continuing the existence of civilization itself during that coming period. This would require extensive development of a range of infrastructural developments needed, specifically, to support a highly energetic shift of economy into modes

based on today's most advanced use of uranium, plutonium, thorium for high-energy-flux-density modes of nuclear-fission power used for such included purposes as mass-desalination of water, and superior sources and quantities of power, and the accelerated development of thermonuclear-fusion technologies and their relevance for transuranic outputs and isotope management.

We have reached, not a limit of resources, but a boundary condition respecting continued reliance on the implicitly obsolete, currently practiced economical modes of supply of essential mineral and other resources.

The technologies required for such an orientation depend upon capital-intensive investments in both the basic economic infrastructure needed to support such a policy, which, combined within investments in productive capacities, represent a cycle of physical-capital investments over a span of approximately a half-century: two generations.

This will require a sweeping reform of what is presently an inherently, hopelessly bankrupt present mode of monetary-financial-banking system: an FDR-style reform, and the related creation of sundry facilities, included mechanisms of long-term treaty-agreements, needed to generate the long-term credit on which a massive upgrading of the Eurasian continent and its neighbors requires.

We must not be reckless. Sound measures for enhancing the "environment" are needed, but lunacies such as Bio-Fools and fraudulent, pseudo-scientific allegations respecting "gases" as a factor in "global warming," must be banned in the interest of maintaining an environment fit for human habitation.

The policies introduced since the first inauguration of President Richard Nixon, and continued, more or less vigorously, by his successors, have ruined what had been the most powerful, most productive economy the world had ever known. Since Nixon, and most clearly since approximately the middle of the 1970s, the U.S. economy has been transformed from the envy of the world, into a disgusting trash-heap of lost farms, industries, and hopes of a future. Those downward trends unleashed in 1968, must be ended and reversed. To this end, we require relevant adoption of rebuilding programs for our sovereign nation-state economy, and cooperation, to parallel ends, with other regions of the world.

Such is our mission, a relatively unique mission of service in promotion of the interests of all humanity, which was embedded, as the purpose of those Europeans who came here to bring the best fruits of the culture of European civilization, to a new territory, at a needed distance from the oligarchical decadence which governed "Old Europe." That was our mission, and that is the nature of our obligation to the "old world." The time has come to make the world as a whole, at last, exclusively a territory inhabited by perfectly sovereign nation-states, each and all cooperating, as if under the Preamble of our Federal Constitution, in service of the common interests of all mankind.

The Gulf of Sneezes

by Jeffrey Steinberg

A survey of senior U.S. military, intelligence, and diplomatic specialists confirms that the Bush-Cheney Administration is presently on a course towards provoking a military confrontation with Iran sometime before the end of the Spring of 2007. Were such a lunatic provocation to go unchecked in the immediate days and weeks ahead, the planet would be plunged into perpetual war, and financial and economic chaos, that could take generations to undo. One certain consequence of a U.S.-provoked war with Iran would be the total destruction of the United States as the sovereign republic of the Founding Fathers, and the demonization of the U.S.A. in the eyes of what might remain of the population of the rest of the world.

The simplest and most elegant way to stop this madness is for Vice President Dick Cheney, the thug-in-chief of this Persian Gulf war drive, to be forced out of office this month. As of this writing, four separate House resolutions are being offered, to prevent military action against Iran without prior Congressional deliberation and full authorization. Sen. Robert Byrd (D-W.V.) has a similar resolution in the Senate. The weakness of all of these well-intentioned efforts, however, is that none specify that an act of war against Iran, without prior Congressional authorization, would constitute an *impeachable offense* by both President Bush and Vice President Cheney. Under the present conditions of Bush-Cheney Executive branch madness and intransigence, only such blunt language, backed up by a clear commitment to act, could contribute to actual war avoidance.

It is an open secret that growing legions of leading Republican strategists and financial angels are coming to the conclusion that Cheney has to go—or else the GOP may not survive the 2008 election cycle. Increasingly, according to sources close to the Bush family, there is despair that the President is incapable of facing the reality that Dick Cheney has been the source of every policy fiasco of the past six years, and that Cheney's timely departure is the only "exit strategy" available to Dubya, if he wishes not to go down in history as the worst American President of all time. As of this writing, the President is the runaway leading contender for that dubious distinction.

A 'Sneeze' Can Start a War

Military and intelligence sources with decades of experience in the Persian Gulf have warned *EIR* that once the second U.S. naval carrier group, led by the *USS Stennis*, arrives in

the Persian Gulf sometime in the second half of February, there will be such a concentration of American and Iranian naval equipment in that narrow area, that "a sneeze" could start a conflagration. By "sneeze," these experts meant that naval commanders—American and Iranian—at the tactical level, operating in close quarters in poorly defined border areas of the Gulf, could carry out provocative actions that trigger a general war—without necessarily intending to do so.

According to one retired Persian Gulf commander, prior to the 1991 "Operation Desert Storm," no U.S. carrier groups were deployed into the Persian Gulf, precisely because the danger of blundering into a war was considered too great to justify the risk. Large-scale naval assets assigned to the Persian Gulf region were based in the Indian Ocean and in other nearby locations as a kind of fail-safe measure.

War Has Already Been Declared

In some respects, the Bush Administration has already issued a de facto, unconstitutional declaration of war. On Jan. 10, 2007, as President Bush was delivering his nationwide television address, announcing the "surge" of U.S. troops in Iraq, American Special Forces commandos were raiding the Iranian consular office in the Kurdish city of Irbil. The American soldiers arrested five Iranian officials, and accused them of providing support to the insurgents battling American and coalition forces in Iraq. As one retired senior American diplomat put it, "This was an act of war" on the part of the Bush Administration.

In his Jan. 10 speech, the President placed great emphasis on Iran's and Syria's purported roles in backing the insurgency. The President used a legalistic term, "material support for the insurgency," to describe the Iranian and Syrian actions. As the actions in Irbil demonstrated, the Bush Administration has decided to take a direct and aggressive approach to Iran's presence inside Iraq—regardless of the actual level of proof of Iran's involvement in backing insurgents and providing military hardware. According to some sources, Iranian Revolutionary Guard assets may have been engaged inside Iraq in provocative actions against the American and coalition occupation forces. But by refusing to engage in any kind of diplomatic efforts, and by highlighting Iran's longstanding presence inside neighboring Iraq, the Bush-Cheney Administration has adopted a willful plan to, in effect, back into a full-scale war against Iran.

Since the President's Jan. 10 speech and the "act of war" in Irbil, other provocative actions by the Bush Administration have piled up. On Jan. 31, the *Los Angeles Times* reported that the U.S. Air Force is increasing patrols along the Iran-Iraq border, aimed at cutting off the flow of arms and Revolutionary Guard operatives into Iraq. The combination of these intensified border sorties, which could result in strikes against Iranian territory, and the U.S. naval buildup in the Gulf, have many people worried. The *Times* quoted an unnamed American military officer: "A mistake could be made and you could



U.S. Navy/Ron Reeves



EIRNS/Stuart Lewis

The carrier USS John C. Stennis on Jan. 22, preparing to head for the Persian Gulf. Vice President Cheney remains committed to war against Iran; only his ouster can make sure it won't happen.

end up in something that neither side ever really wanted, and suddenly it's August 1914 all over again." He gave a barely hypothetical example: "A boat crosses a line . . . but what does it mean? You've got to be very careful about overreacting."

Iraqi Prime Minister Nouri al-Maliki was equally blunt in an interview with CNN on Jan. 31, when he said, "We have told the Iranians and the Americans, 'We know that you have a problem with each other, but we're asking you, please, solve your problems outside of Iraq.' We do not want the American forces to take Iraq as a base to attack Iran. . . . We will not accept Iran using Iraq to attack American forces. But does this exist? It exists and I assure you it exists."

WMD Gambit Dropped

According to one senior U.S. intelligence official, White House "spin doctors" concluded late last year that the Administration had been so discredited by the fraudulent claims about Iraq's weapons of mass destruction stockpiles, that no one would buy into a war against Iran on the basis of Administration claims that the Islamic Republic was on the verge of fielding nuclear weapons. At that time, the official rhetoric of Bush and Cheney shifted to an emphasis on Iran's interference in American counterinsurgency efforts in Iraq. While the White House has so far failed to provide any detailed evidence that Iran is behind the escalating insurgency, the temperature of the Administration rhetoric has jumped to a fever pitch. Recently, the President acknowledged that he issued an intelligence finding in Autumn 2006, authorizing American forces in Iraq to target Iranian assets inside Iraqi territory.

On Jan. 20, five American soldiers were killed in a sophisticated attack, by armed men disguised as Iraqi security officers, who spoke English. The Bush Administration has blamed the incident on Iran, claiming that Iraqi Shi'ite insurgents are not sophisticated enough on their own, to have car-

ried out such an attack. Yet the Bush Administration has still not released its long-promised report about Iranian involvement, and the latest National Intelligence Estimate (NIE) says essentially that other countries are *not* responsible for what's going on inside Iraq. The readiness of the Bush Administration to jump to conclusions about the Iranian hand behind every significant insurgent action just underscores the war fever that has spread around 1600 Pennsylvania Avenue.

It is in this context that the pending arrival of a massive new American naval force into the Persian Gulf represents the potential for what one senior retired U.S. Marine officer called a "Gulf of Tonkin II" nightmare.

A Unilateral Strike

The naval buildup also will soon put the United States in the position of being able to launch significant strikes against Iran without relying on any Persian Gulf states to provide basing or overflight support. It is no secret that the Iranian government has warned all of the major states of the Gulf Cooperation Council, including Saudi Arabia, that any support for an American attack on Iran will be met with a serious irregular warfare response. Kuwait and Bahrain, two GCC states with significant U.S. Air Force presence, are highly vulnerable to such Iranian-directed asymmetric warfare, given the sizeable Shi'ite minorities in both countries.

In recent days, Iran and Saudi Arabia have exchanged diplomatic missions, clearly aimed at avoiding a confrontation. (See article in *International*.)

However, the pending arrival of the *USS Stennis* in the waters of the Persian Gulf will soon trump all of those efforts. Given the unpredictable situation in Tehran, nothing short of decisive action—the removal of Vice President Cheney—can assure the world that a "sneeze" will not start World War III.

Congress Cannot Evade Responsibility To Move To Impeach Cheney

by Nancy Spannaus

As the U.S. Senate spent the week negotiating over the shape of a bipartisan resolution rejecting the Bush Administration's expansion of the war, Vice President Dick Cheney, and his puppet George Bush, made it perfectly clear, once again, that they intend to go ahead with the deployment, no matter what protests are raised. The bottom line, as Lyndon LaRouche has stressed, is that, to avoid catastrophe, the Congress must move immediately for impeachment, starting with Cheney.

There are many in Congress who are hoping against hope that they will not have to take such action, because they fear that it might impair their careers. Perhaps they think that the Libby trial, which has Cheney in the crosshairs, will do the job. But that is wishful thinking. Although the possibility of Cheney getting caught in a perjury trap exists, it would be folly to depend on that.

On the other hand, the Congress has a wealth of documentation, starting with the Vice President's perpetration of fraud against the Presidency on the matter of Iraqi intelligence, and including his explicit violation of Federal laws, which fall within the range of impeachable offenses. A groundswell within, and outside, the Congress for action against the "in your face" Vice President, is the only acceptable pathway toward removing him from office.

The Senate Resolution

Both Bush and Cheney have declared repeatedly that they will not pay heed to any Congressional expression of disapproval of their "surge" plan. Yet those statements didn't prevent the Vice President from trying to strongarm the Republican Senators during a meeting on Jan. 30, into backing the Administration's policy. He spurred "raucous debate," according to the *Washington Post*, but failed.

Instead, the authors of the two bipartisan resolutions before the Senate—Biden/Hagel and Warner/Nelson—negotiated a unified resolution, based on that put forward by the Senate's "Mr. Military," former Navy Secretary John Warner (R-Va.). The revised resolution, co-sponsored by Democratic Armed Services Committee head Carl Levin (Mich.), which has not yet been made public, still opposes the troop increase, and drops an earlier provision by Warner suggesting support for some additional troops. While some Democratic Senators have disavowed the compromise, Senate Majority Leader Harry Reid (Nev.) has said that the Senate will begin debate

on the resolution the week of Feb. 5, and Sen. Joe Biden (D-Del.), who endorsed the major Democratic resolution, has indicated support of the new draft.

While it is considered highly likely that the Warner Resolution would pass, that would only be the first step.

Still pending, is Senate action to prevent the Administration from launching war against Iran, despite many Senators having raised the question of the massive military deployment of U.S. forces to the area. Sen. Jim Webb (D-Va.) has released a letter which he sent Jan. 30 to Secretary of State Condoleezza Rice, demanding that she answer his question from Jan. 11, namely: "Is it the position of this administration that it possesses the authority to take unilateral action against Iran, in the absence of a direct threat, without Congressional approval?" Rice had promised a written answer to Webb's oral query.

The only other action taken so far by the Senate on Iran, comes from Sen. Robert Byrd (D-W.V.), whose S.R. 39 insists that the President seek and receive the approval of Congress before American troops are committed to any new war. LaRouche has proposed a vital amendment: Any such resolution should state explicitly that a violation of this law would be an impeachable offense.

Exploring Other Options

Meanwhile, the Senate held two other hearings the week of Jan. 29 on how to deal with the Administration's unconstitutional and disastrous conduct of the Iraq War.

On Jan. 30, the Senate Judiciary Committee held a hearing, chaired by Sen. Russ Feingold (D-Wisc.), on whether or not Congress has the Constitutional authority to end the war. Five legal scholars, including the Clinton Administration's Solicitor General, Walter Dellinger, testified, four of whom agreed that Congress does have the authority to limit the size, scope, and duration of military actions. The possibility of achieving this objective by revisiting the October 2002 Iraq War resolution was raised, and endorsed by Dellinger, who noted that the language of that resolution was a virtual blank check for the President.

On Jan. 31, the Senate Foreign Relations Committee convened the first of another series of hearings which featured testimony by former Secretaries of State and National Security Advisors, on the situation in Iraq and the President's



U.S. Marine Corps/Lance Cpl. Brian A. Jaques

Sen. John Warner, shown here greeting U.S. Marines at a base in Iraq in September 2005, is continuing his tradition of defending the military, by pushing his bipartisan resolution against the Cheney-Bush “surge” in Iraq.

“plan.” Former Secretary of State Madeleine Albright was joined by former National Security Advisors James Baker III, Brent Scowcroft, and Zbigniew Brzezinski in addressing the committee. Albright, in particular, expressed her concern about the buildup against Iran, while Brzezinski repeatedly attacked the Administration for having destroyed Iraq. Brzezinski also strongly urged every possible Congressional action to get out of Iraq, and to stop possible military action against Iran.

Both Baker and Scowcroft stuck to their longstanding commitment for the Administration to talk with Iran and Syria, as expressed in the Baker-Hamilton Commission report, but Scowcroft was uncharacteristically at pains to avoid attacking the Administration.

Action From the House?

In the House of Representatives, hearings to examine the unconstitutional activity of the Administration began the week of Jan. 29 in the Judiciary Committee, where any bill of impeachment has to originate. Rep. John Conyers (D-Mich.), the new Committee chairman, opened Jan. 31 hearings on the question of President’s use of signing statements, with a powerful statement, which, although it concentrated on President Bush, not his Svengali Cheney, took direct aim at violations of the Constitution:

“Many have joined me in expressing concern about the growing abuse of power within the Executive Branch. This President has tried to take unto himself absolute authority on issues such as surveillance, privacy, torture, enemy combatants, and rendition. Today we are taking up the very important item of Presidential signing statements, which supposedly give him the power to ignore duly enacted laws he has negoti-

ated with Congress and signed into law.

“All too often, the Administration has engaged in these practices under a veil of secrecy. This is a constitutional issue that no self-respecting federal legislature should tolerate. And so, we announce that out of this oversight hearing we will today begin an investigation of the specific use and abuse of presidential signing statements.

“In particular, I intend to ask the Administration to identify each and every statutory provision they have not agreed with in signing statements, and to specify precisely what they have done as a result. For example, if the President claims he is exempt from the McCain Amendment ban on torture, I want to know whether and where he has permitted it. And we want to know what has he done to carry out his claims to be exempt from many other laws, such as oversight and reporting requirements under the PATRIOT Act, numerous affirmative action obligations, and the require-

ment that government obtain a search warrant before opening the mail of American citizens. . . .

“We are talking here about systematic, extra-constitutional conduct by the White House. That conduct threatens to deprive the American people of one of the basic rights of any democracy—the right to elect representatives who determine what the law is, subject only to the President’s veto. That does not mean having a President sign those laws, but then say that he is free to carry them out or not, as only he sees fit.”

Oversight on the Administration’s fraud and abuse in Iraq will also soon begin in the House, as Congressman Henry Waxman (D-Calif.) opens hearings on Feb. 6 on the conduct of contractors such as Dick Cheney’s Halliburton.

The Congressional Progressive Caucus, one of the largest in the House, also held a hearing, dedicated to the dangers of war against Iran. A panel of witnesses was assembled to present diplomacy as an alternative to the preemptive military action which is currently being brazenly prepared. Col. Sam Gardiner (ret.) described how every step the Bush Administration is taking, from aircraft carrier deployments to propaganda, is geared to preparing for war. Dr. Trita Parsi, president of the National Iranian American Council, concurred with Gardiner, and urged Congress to take up the diplomatic route, if the Administration does not. Dr. Paul Pillar, a former CIA officer, also urged Congressional diplomacy.

Rep. Barbara Lee (D-Calif.) moved on Jan. 31 to introduce legislation to stop a preemptive attack on Iran—with language very similar to Senator Byrd’s.

But, if asked whether Cheney and Bush will listen to their protests, any sane Congressman would say “no.” The only alternative is a drive to impeach, *now*.

The Libby Trial: A Rare Look Inside Dick Cheney's Cabal

by Edward Spannaus

Whatever the ultimate outcome of the criminal trial of Lewis “Scooter” Libby, going into its third week on Feb. 5, the proceeding taking place in a Washington, D.C. Federal courtroom has opened a dramatic and unique window into the secretive operations of the Office of the Vice President (OVP), through which Dick Cheney has operated a parallel intelligence and national security apparatus which has overridden the Executive branch’s official policy-making apparatus at crucial junctures over the past six years.

Just as members of Congress and others spoke of a “secret government” or “parallel government” behind the Iran-Contra shenanigans in the 1980s, Dick Cheney has run a similar operation in this Administration, but one with far more widespread and deadly consequences. It was the Cheney network centered in the OVP and in parts of the Pentagon (e.g., the Office of Special Plans), which manufactured the phony intelligence which dragged the nation into the disastrous war in Iraq, and now threatens to propel us into a nuclear confrontation with Iran. It was also Cheney’s network which overrode rational voices among the uniformed military and in the State Department, to bring us Abu Ghraib and Guantanamo, and which also pushed through the practice of warrantless domestic wiretapping—just to mention a few of the most egregious examples.

This is, at root, what the Libby trial is about. It is about, first, the faking and distorting of intelligence about Iraq’s alleged development of nuclear weapons, which was spearheaded by Cheney personally. Second, it is about how Cheney and his cabal resorted to abuse of their official powers, to attempt to discredit and silence former Ambassador Joseph Wilson, who was debunking a key component of their phony intelligence. And finally, it is about how Lewis Libby, acting to protect the Vice President, lied about what he and others in the OVP had done to silence Wilson.

1. Faking the Intelligence: The 16 Words

Special prosecutor Patrick Fitzgerald opened the trial, by pointing to the now-infamous 16 words in the President’s January 2003 State of the Union address: “The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa.” Within weeks of Bush’s statement, the International Atomic Energy Agency (IAEA) had determined that the Niger government docu-

ments that surfaced in late 2001, purporting to describe the Iraqi effort, were forged. After those documents had mysteriously appeared, the CIA, responding in part to an inquiry from the Vice President, had sent retired Ambassador Wilson, with experience in both Africa and Iraq, to Niger to investigate the claims. Wilson reported back to the CIA that he had found no evidence to support the claim.

After the “16 words” appeared in the State of the Union address, Wilson began talking to reporters, at first without his name being used. One particular article, which triggered an accelerated push-back from Cheney’s office, was a May 6 column in the *New York Times* by Nicholas Kristoff, which reported on Wilson’s trip—without naming him—and that Wilson had told the CIA that the allegations about Iraq were wrong and were based on forged documents.

2. Cheney’s ‘Get Wilson’ Campaign

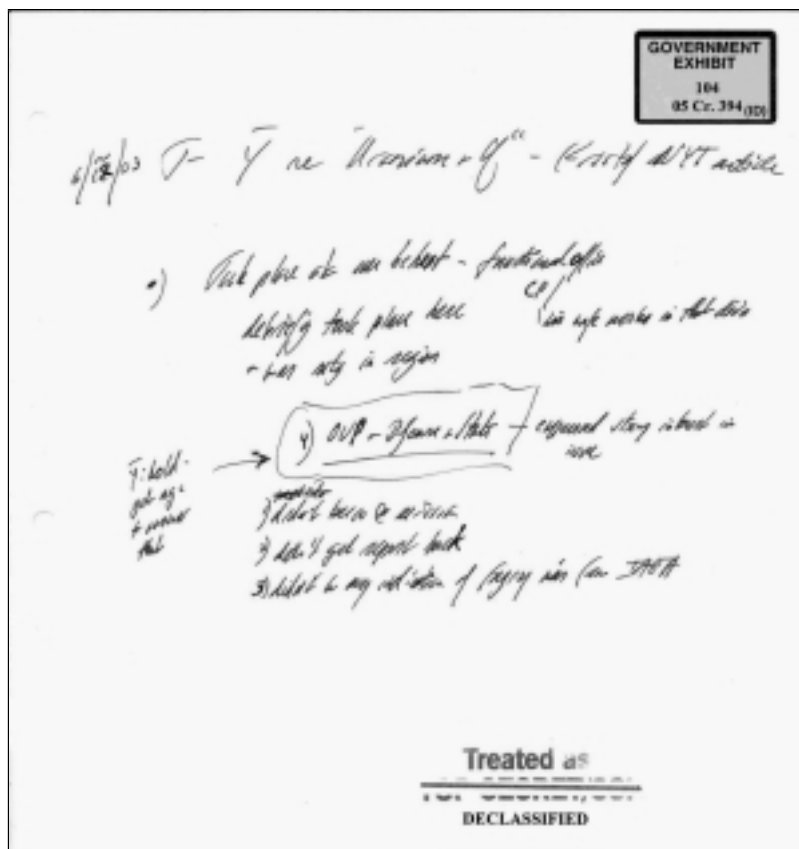
After this, as prosecutor Fitzgerald is proving in the courtroom, the Office of the Vice President went into a frantic, damage-control mode against Wilson, starting many weeks before Wilson himself went public in a *New York Times* op-ed and an NBC-TV interview on July 6, 2003.

Evidence presented to the jury so far shows some of Cheney’s and Libby’s reaction to Wilson’s revelations:

- On May 29, 2003, according to testimony by former Undersecretary of State Mark Grossman, Libby asked Grossman about a trip made by a former Ambassador to Africa to investigate uranium ore (yellowcake). Grossman inquired, and on June 11 or 12 informed Libby that the former Ambassador was Joe Wilson, and that Wilson’s wife worked at the CIA on weapons of mass destruction (WMD)

Around June 10-11, Cheney and Libby talked about the Kristoff article, and about inquiries from *Washington Post* reporter Walter Pincus. Cheney informed Libby that Wilson’s wife worked in the counter-proliferation division of the CIA, which he had apparently learned from CIA Director George Tenet, and that he wanted the Defense and State Departments to join the OVP in rebutting Wilson’s claims. This conversation was memorialized in Libby’s notes with what he called the “approximate” date of 6/12 (see graphic).

- On June 11, according to testimony by former CIA official Richard Grenier, the CIA’s Iraq Mission Manager, Libby called him to complain that Joe Wilson was going



This exhibit in the Libby trial is a note in Libby's handwriting, showing that the Vice President told him in early June that Valerie Plame worked in the counterproliferation (CP) section of the CIA.

around town telling people that he'd been sent to Africa by the CIA because of interest expressed by the Vice President. Grenier said that Libby was speaking in an agitated, accusatory tone, and that Libby wanted to know if there were any truth to this.

- Craig Schmall, the CIA officer responsible for briefing Libby in 2003, described a June 14 meeting with Libby. Schmall testified that an irritated Libby complained that people at the CIA were telling reporters that they had felt pressured by Cheney's and Libby's visits to the CIA, and that Libby was annoyed that CIA people were talking to the press. Schmall discussed Joe Wilson and Wilson's wife with Libby. Schmall also testified that later, he had been very concerned about the leaking of Valerie Plame Wilson's name, because people she had worked with overseas could be harassed, lose their jobs, be arrested, and be tortured or killed.

- On June 23, according to testimony from former *New York Times* reporter Judith Miller, she met with an "agitated and frustrated" Scooter Libby, who was upset at what he called CIA "backpedalling" from its earlier intelligence estimates. Libby told Miller that Joe Wilson's wife worked in the counter-proliferation bureau of the CIA.

- Sometime before the appearance of the July 6 Wilson op-ed, probably several weeks, Cheney's press spokeswoman

Cathie Martin found out that Wilson's wife worked for the CIA, and she also relayed this information to Cheney and Libby. Around July 7, Cheney directed Martin to keep track of press and television coverage of Wilson, and to report it to himself and Libby. On July 8, Cheney personally dictated talking points for what Martin should tell the press, and Cheney discussed with both Martin and Libby whether to leak information about Wilson to certain reporters. On July 11, Martin prepared Condi Rice for her Sunday talk shows appearances on July 13, in which Rice defended Cheney.

- Also on July 7, Libby had lunch with White House press spokesman Ari Fleischer, and Libby told Fleischer that Wilson's wife worked at the CIA and it was she, and not the Vice President, who had sent Wilson to Africa, but that this information was "hush-hush."

- At this same time, Libby asked Cheney's legal counsel David Addington, whether the President would have to authority to declassify information that could then be given to certain reporters; Libby then went directly into Cheney's office.

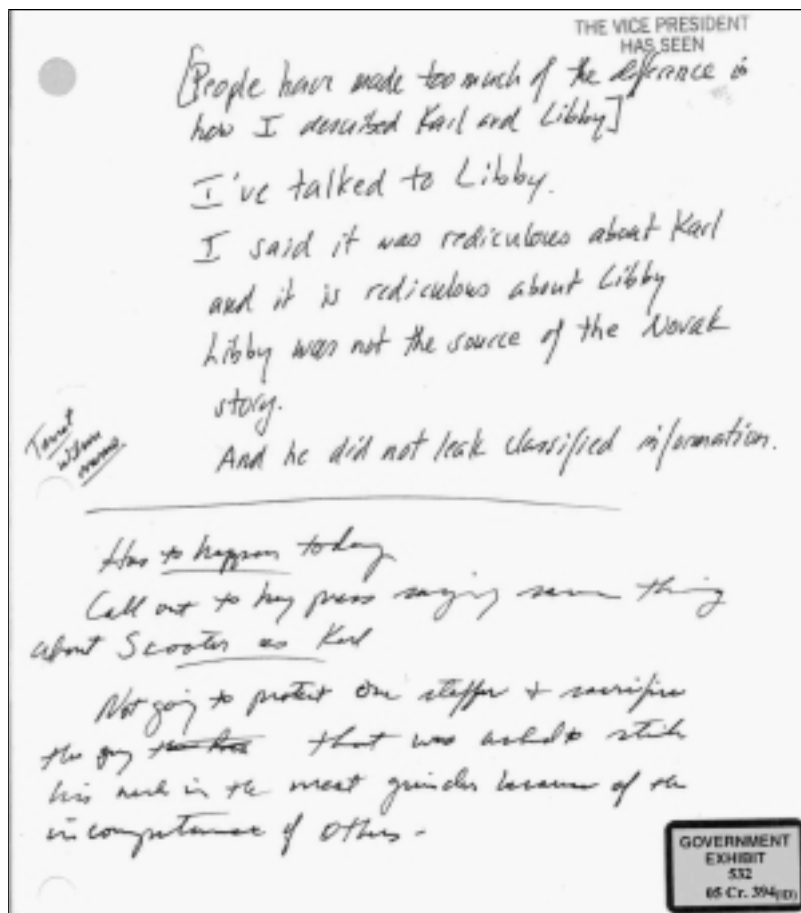
- On July 8, Libby met with Judith Miller for two hours, and gave her information about the "declassified" November 2002 National Intelligence Estimate (NIE) on Iraq, and told

her that Wilson's wife worked in a unit of the CIA dealing with WMD.

All of the above was presented to the jury. Outside the hearing of the jury, there was extensive argument as to whether an FBI agent could testify about notes that Libby took during a conversation with Cheney's then-press secretary Mary Matalin, on July 10. When Libby called Matalin for advice on how to deal with the Wilson issue, Matalin complained that the Wilson story was not going to go away, that it was playing into the Democratic story-line, and that they needed someone to get their story out about Wilson's motivation. "Wilson's a snake," Libby wrote in his notes while talking to Matalin. According to what Libby later told the FBI, she recommended calling NBC's Tim Russert to get the story out.

All of the events described above took place *prior* to Libby's conversation with NBC reporter Russert on July 10. When he was interviewed by the FBI, Libby stated that *Russert* had said that Joe Wilson's wife worked for the CIA, and Libby told the FBI that he was surprised to hear this, and that it was as if he were hearing it for the first time!

From the testimony given so far—and there is more to come—it is obvious that Cheney and Libby were obsessed with the issue of Joe Wilson for at least four weeks before



This exhibit contains the handwriting of both Libby and Cheney, and shows how Cheney responded to Libby's complaint (the top section) by ordering action to defend his Chief of Staff.

Wilson went public on July 6, and before Libby spoke with Russert on July 10; plus it is clear that Libby had disclosed Valerie Plame Wilson's CIA status to a number of others, well before the Robert Novak column made her identity public on July 14.

3. The Coverup

In September 2003, at the request of the CIA, the Justice Department opened a criminal investigation into the leaking of Valerie Wilson's identity and her affiliation with the CIA. On Oct. 14, and again on Nov. 26, 2003, Libby was interviewed by the FBI, and on March 4 and March 26, 2004, Libby testified under oath before a Federal grand jury.

As prosecutor Fitzgerald puts it, Libby made up a story to tell the FBI, to try to protect himself—and, we should add, to protect Cheney.

Fitzgerald has made a central point of Cheney's intervention in early October, in which Cheney demanded that the White House cover for Libby in the same manner it was covering for White House advisor Karl Rove. One document, shown to the jury repeatedly, consists of writing by both Libby

and Cheney on the same sheet. On the top are "talking points"—a script—written out by Libby, as to what the White House press spokesman is supposed to say to exonerate Libby, in the same terms as he has exonerated Rove.

The bottom half, Cheney's writing, says "has to happen today," and "call key press saying same about Scooter as about Karl." "Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others." The entire document is stamped at the top: "The Vice President has seen." (See graphic.)

David Addington testified that he thought that nothing should be said about it, since it was potentially a criminal investigation. But when he asked White House communications director Dan Bartlett why was he making statements about the case, Bartlett answered: "Your boss is the one that wanted me to say something." Or, as Fitzgerald put it: Cheney "stepped up to the plate."

What this shows, Fitzgerald told the judge, is that Libby had every reason to lie when he went in to talk to the FBI and then the grand jury. He had every reason to do what he did, which was to shift his identification of the source of his knowledge about Wilson's wife, away from the Vice President, onto news reporters.

After much argument outside the jury's presence, the jury was permitted to see short excerpts of White House spokesman Scott McClellan's "before" and "after" statements. In the first excerpt, McClellan was asked if he could give the same assurances about Libby and Elliott Abrams, that he had given about Rove. McClellan refused, saying, "I'm not going to go down a list of every single member of the White House." In the second tape, a few days later, McClellan said that he had personally spoken to Rove, Libby, and Abrams, and that they all had assured him they were not involved in the leak, and that anyone who was involved, would be fired.

What McClellan said, followed almost exactly the script written out by Libby, and approved and demanded by Cheney.

As to Cheney's role, Libby's lawyer Ted Wells declared, "Maybe we should just wait until the Vice President is here, to sort it out"—indicating that the defense is still intending, or threatening, to call Dick Cheney as a witness before the trial ends.

A complete set of the trial exhibits can found found at www.usdoj.gov/usao/iln/osc/ and also at <http://wid.ap.org/documents/libbytrial/index.html>

Nuclear Power Tops Putin's Agenda in India

by Rachel Douglas

During Russian President Vladimir Putin's two-day trip to India, Russian and Indian nuclear officials signed a memorandum of understanding on the construction of four additional one-gigawatt nuclear reactors at the Koodankulam plant in Tamil Nadu, where Russia's Atomstroyexport is already building two units. The memo said that Russian contractors would construct still more reactors at unspecified new sites. Russia's Ambassador in New Delhi, Vyacheslav Trubnikov, said a few days earlier, that nuclear cooperation was "the most important issue on the agenda" during Putin's visit.

First Deputy Prime Minister Alexander Zhukov, traveling with Putin, said on Jan. 26 that Russia would seek contracts for as many as ten new nuclear power units in India,

provided such projects are cleared with the Nuclear Suppliers Group (NSG). That is an issue, because India is a non-signatory of the Non-Proliferation Treaty (NPT). Under the U.S.-India Nuclear Agreement, signed and ratified in 2006, the U.S.A. agreed to end its restrictions on nuclear fuel sales to India and to support NSG exceptions for India, but such NSG approval has not yet followed.

"It all depends on how India's relations with the NSG develop," said Zhukov. "If all goes well, Russia could build as many as ten units." Russian Federal Atomic Energy Agency (Rosatom) head Sergei Kiriyenko stressed to journalists that Russia, too, will continue to support NSG rules exceptions for India. He also noted that Putin and Prime Minister Singh had signed a memorandum on preparing a comprehensive nuclear power cooperation agreement, which Kiriyenko said would be done during 2007.

Plenty of Work for All

Other Russian nuclear power specialists, as well as Zhukov, suggested that there could be stiff competition for Indian contracts. (U.S. firms, for example, have not contracted for any nuclear plant in India since the NPT went into effect in 1968. Prior to that, India got two 220 MW GE Boiling Water Reactors from the United States in 1964.) But with India committed to bringing 40 gigawatts of new capacity on line by 2025, Zhukov said, "there should be plenty of work for everybody."

Yuri Sentyurin, head of the Russian State Duma's Committee on Transportation, Communications, and Energy, called the new agreements a turning point for Russia, saying that the new contracts will keep existing production facilities



Russian Presidential Press and Information Office

Russian President Putin with Indian Prime Minister Singh during the ceremony in New Delhi on Jan. 25, 2007, at which they signed documents for cooperation in energy, space, transportation, and military affairs.

busy, create new jobs, and provide opportunities to modernize Russian nuclear machine production. Former Rosatom head Victor Mikhailov told the news agency Novosti that the new Russian-Indian agreement is “a step forward in what we call the renaissance of nuclear power.”

Independent of and several days after Putin’s visit, India announced another new phase of its nuclear program, moving beyond the technologies involved in the Russia-India deals. Indian Department of Atomic Energy (DAE) official Baldev Raj, director of the Indira Gandhi Center for Atomic Research (IGCAR), Kalpakkam, told reporters on Jan. 31 that India will simultaneously build four 500 MW fast breeder reactors. Two of them will be based in Kalpakkam, where the prototype fast breeder reactor of 500 MW capacity will go critical in 2010. The 20 MW Fast Breeder Test Reactor, in operation for 20 years, is located there. The location of the other two 500 MW reactors has not been decided yet, but the state of Tamil Nadu, where Kalpakkam is situated, is making a bid to get those reactors as well. (See article in *Economics*.)

The new breeders would first use uranium-plutonium oxide as fuel, with thorium oxide as a blanket on the reactor wall, to breed fissile U-233, and later switch over to metallic fuel. A uranium-plutonium oxide mix provides a breeding ratio of 1.1 (ten years to double), while the metallic fuel could breed as high as 1.4, bringing the doubling time down to seven years. “We can breed much faster with the metallic fuel. By 2020, the technology of making the metallic fuel will be ready,” Baldev Raj said. The IGCAR has fathered breeder reactor technology in India.

Eleven Agreements

Putin was hosted at a state dinner by President Abdul Kalam. In a packed schedule, he held talks with Prime Minister Manmohan Singh, met with Indian National Congress leader Sonia Gandhi, addressed a meeting of business leaders, and was the guest of honor at India’s national holiday ceremonies. He was accompanied by the CEOs of 28 leading Russian companies (and that’s with several of Russia’s top energy company leaders being off at the World Economic Forum in Davos).

Russian Defense Minister Sergei Ivanov had arrived several days earlier. On Jan. 22, Ivanov spoke to industrialists in Bangalore about the prospects for nuclear energy cooperation. On Jan. 23, the Defense Minister announced Russia’s intention to bid for a new contract in its more traditional sphere of trade with India: weapons sales, offering the MiG-35 for an Indian tender for 126 planes. In addition, reports from India indicate that there was some progress towards Russian agreement to India’s desire to sell the jointly developed BrahMos supersonic cruise missiles to third parties, as well as for the production of Amur-class submarines in India.

In all, 11 agreements were signed during Putin’s visit, including two on use of the Russian satellite system GLO-NASS, and other areas of cooperation in culture, transportation, and space.

Strategic Triangle

An announcement made on Jan. 29, several days after Putin’s visit, underscored that the Russian-Indian discussions went beyond bilateral relations: On Feb. 14, the foreign ministers of India, Russia and China will meet in New Delhi for the first formal diplomatic meeting of the three countries as a regular forum. The ministers had three less formal get-togethers on the sidelines of the UN General Assembly and in Vladivostok over the past two years.

Putin and Singh were asked at their post-summit press conference about the “Russia-China-India triangle” idea, originally put forward by then-Russian Prime Minister Yevgeni Primakov in 1998. Putin replied, “The Prime Minister and I discussed trilateral cooperation today. We did not discuss the matter in detail, but we noted that it is an interesting and useful format.” In addition to these nations’ potential as centers of economic growth, Putin said, “furthermore, we are united by our desire to resolve regional problems in a way acceptable to all sides. We therefore think that there are good prospects for work together in a trilateral format.”

Singh added that he, Putin, and Chinese President Hu Jintao had met and had useful discussions in St. Petersburg. Hu Jintao visited New Delhi in November 2006.

Interview: Yuri Gromyko and Yuri Krupnov

‘Advancing Civilization Through Transportation’

In conjunction with Russian President Vladimir Putin’s Jan. 25-26 state visit to India, the World Public Forum-Dialogue of Civilizations (the Rhodes Forum) held a conference on Jan. 24 at Jawaharlal Nehru University in New Delhi, on Development Models and Global Integration. Chairing the event was Putin’s close ally Vladimir Yakunin, the head of Russian Railways, who is a co-founder and the top Russian representative to the Rhodes Forum. Among the speakers at the forum were Prof. Yuri Gromyko, academician of the Russian Academy of Natural Sciences and director of the Institute for Advanced Studies, and Yuri Krupnov, who heads Russia’s new Party of Development. They presented the ideas contained in their just-published pamphlet, Advancing Civilization Through Transportation, which features the concept of a development corridor, as applicable in Russia and throughout Eurasia.

This interview with Yuri Gromyko and Yuri Krupnov was conducted Jan. 29-31 in the form of written replies to ques-

tions from Rachel Douglas of EIR. The answers have been translated from Russian.

EIR: You have just returned to Moscow from India, where you were at the time of President Putin's state visit, Jan. 25-26. Russia and India, with China, constitute what former Prime Minister Yevgeni Primakov called a "strategic triangle" in Eurasia. What was the main significance of this diplomatic event, in your view?

Gromyko: Indeed, the main significance of this event lies in its bringing to life the idea of Primakov and [Gen. Leonid] Ivashov about a Eurasian strategic triangle of Russia, India, and China. It is no accident, that President Putin placed special emphasis on the need to intensify the interaction of Russia, India, and China, including in the framework of the Shanghai Cooperation Organization. The talks were held with India, but reference was made to China as a good neighbor. It is also important that these Russian-Indian talks were not directed against the U.S.A., but represented another vector in India's development.

Krupnov: At the same time, it turned out that Russia was not prepared for the enormous prospects for bilateral cooperation, which emerged in the course of preparations for this visit, and during the visit itself. Essentially, what became clear is that a unique kind of relationship between our two countries needs to be built, based on principles of mutual geopolitical reinforcement. Russia could help India become the leading power in South Asia, while India could help Russia regain its status as a global power.

EIR: In the past, weapons sales have often dominated Russian-Indian trade. This time, a memorandum of understanding on nuclear power cooperation was signed, and First Deputy Prime Minister Alexander Zhukov said that Russia could get contracts to build as many as ten new one-gigawatt nuclear power units in India, if India's relations with the Nuclear Suppliers Group go well. Is this the leading edge of a "nuclear renaissance"?

Krupnov: A true renaissance, a rebirth, of Russian-Indian relations in the field of nuclear power is still absolutely lacking. The reactors that were discussed represent obsolescent technologies, which will be unable to compete with American-Japanese and French reactors in the years ahead.

A real breakthrough here would need to come in the area of a joint strategy for transition to a thorium nuclear fuel cycle using fast breeder reactors. India has unique designs based on thorium, as Russia does for uranium-238.



Yuri Gromyko



Yuri Krupnov

EIR: The planned power plants will have VVER-1000 water-cooled reactors, developed in the Soviet Union. Are there also Russian-Indian discussions about such new nuclear technologies, including the thorium cycle, which is of particular interest to India?

Gromyko: Unfortunately, the direct negotiations did not take up new initiatives for breakthroughs in the development of next-generation nuclear technologies, like the thorium cycle and breeder reactors. The topic was brought up by Indian experts during workshops on the sidelines. Many of the high-ranking members of Russia's official delegation are still weighted down by the chimeras of the market mind set, established under [President Boris] Yeltsin [1991-99]: how to get the best price for existing technologies, rather than how to organize a joint breakthrough into the technological future.

Often it seems that some of our high-ranking officials don't really grasp what the cherished goals of India's leaders are, and don't make the right kind of proposals to them; instead, they come in with blackmail. A typical example is what the BBC reported that Konstantin Kosachov, chairman of the State Duma's Foreign Affairs Committee, said: "Pakistan is extremely interested in developing cooperation with Russia in the field of military equipment. If we look at other tendencies here, we can see that India is shifting to other suppliers, European and American ones, while Russia, in turn, is looking for new opportunities for cooperation with other countries in the region."

In my view, this is a short-sighted outlook, based on geopolitical games, where Russia always loses. What is truly advantageous for Russia, is to move forward, together with other nations in Eurasia, into a new industrial-technological, socio-cultural, and civilizational phase of development. This does not mean merely fitting into the existing system of markets under globalization, but rather forming a new model of a world order.

EIR: Sergei Kiriyeenko, head of the Russian nuclear power agency, Rosatom, recently warned that if the program for building two nuclear power units per year inside Russia for a 20-year period does not move forward decisively, the share of nuclear power in the country's energy balance will drop to a tiny fraction. How is the nuclear power program going at home?

Krupnov: There has been visible, substantial movement in the reorganization of Russia's nuclear power sector, and increased readiness to produce old-model reactors. The government has adopted a comprehensive Federal program in this area, and there are grounds for optimism. In effect, what this means is a competently organized commercialization of the technologies developed in the Soviet period. What is absolutely *not* clear, is what is going to happen with next-generation reactors and the transition to the so-called closed nuclear fuel cycle. Without that, the Russian nuclear sector has no real future.

EIR: On Jan. 24, the two of you presented your new pamphlet, *Advancing Civilization through Transport*, at a special event held in New Delhi under the auspices of the Rhodes Forum-Dialogue of Civilizations, which was originally an Indian-Russian initiative. With Yuri Krupnov leading the Party of Development, and Prof. Gromyko having written recently that development can be the “national idea,” the mission Russia has been searching for—please tell us how you elaborated this idea in terms of transportation corridors, and how it was received by the Indian and other participants in the meeting.

Krupnov: Instead of “transportation corridors,” it would be better to say “development corridors,” meaning the creation of a very high density of infrastructure, advanced-technology manufacturing, and intellectual power in the areas defined for this development. It is only through corridors of this type, that the resources can be concentrated that are necessary for building a new industrial-technological and socio-cultural phase of development, which will make it possible to increase the output of real value by an order of magnitude, and to solve the country’s social and economic problems. The idea of such development corridors was received with interest, since it provides a basis for understanding what some possible strategic projects are for Russia, and for Russia and India.

EIR: You put forward the development of transportation corridors as something that could be a Russian initiative “of planetary scope,” using the language of V.I. Vernadsky. What is going on with the Trans-Siberian Railroad, the BAM, and the North-South Transportation Corridor already, and what are the most important next steps?

Krupnov: Unfortunately, the transportation systems you mention are functioning at a low level of efficiency, and are not yet economically profitable. A fundamental change in the situation will occur, if a decision is taken to move to the construction of high-speed rail lines, parallel to the Trans-Siberian and along the North-South corridor. This requires great political will.

EIR: Your pamphlet reflects some anticipation that the U.S.A. will continue with its current strategic policies, which spread war. But you have pointed out the importance of the recent Moscow State University for International Relations (MGIMO) Political Atlas of the World study (and Foreign Minister Lavrov has also stressed it), which says that “concerts of nations”—including the United States, along with Russia, China, India, the EU, and other leading countries—should collaborate for their common interests. What changes do you hope to see in the U.S.A.?

Gromyko: It seems to us that the full-scale development of Eurasia as a launch pad for managing resources and systems to support life, on a planetary scale, in accordance with Vernadsky’s approach, is impossible without the participation of U.S. scientists and engineers. From this standpoint, the Primakov-Ivashov strategic triangle—or, quadrilateral, if

we also bring Iran in—is not a geopolitical bloc against the U.S.A. Rather, it means the formation of conditions for a genuine development of civilization, capable of putting a stop to the financial genocide against a significant portion of the Earth’s population, which is taking place under the banner of “globalization.” Development should be launched, as against globalization.

In order to organize such development, from Russia’s standpoint, and with Russia’s participation, we need an objective means of measuring the processes taking place in the world. The analysis developed by Professor Melvil of MGIMO can be seen as a first step in this direction. [See *EIR*, Dec. 8, 2006.] But, unfortunately, the analysis has been presented as if it were designed merely as a joystick for always maneuvering Russia into the center of world processes, which is inaccurate, and, like any less-than-objective evaluation, dangerous. The MGIMO analysis is far inferior, if contrasted with the ideas of the late Pobisk Kuznetsov, and his methodology for analyzing the power of nations on the basis of physically measurable magnitudes.

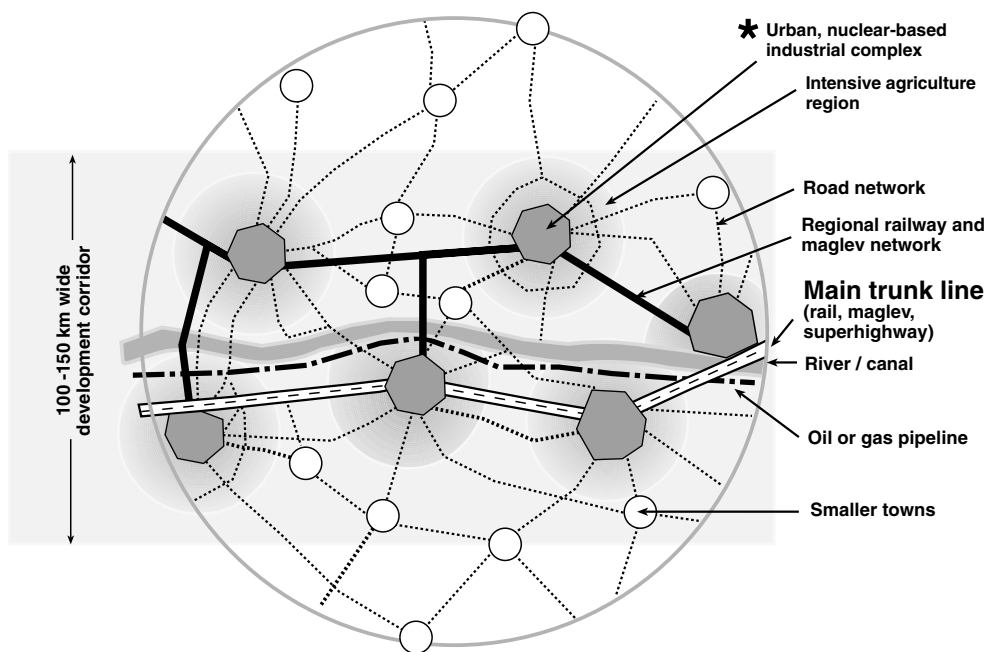
A recent study done by Sergei Pavlovich Pudenko of our research group showed that the interesting program, developed by the Chinese Academy of Military Sciences for making objective evaluations of the strength of various nation-states—it is called *zonghe guoli lun*, or “theory of comprehensive national power”—was derived from the work of Pobisk Kuznetsov. Another weakness of the Political Atlas is that it ignores the condition of the world financial system, as exposed in the works of Lyndon LaRouche and his team.

EIR: LaRouche, the founder of *EIR*, has written guidelines for the new U.S. Congress, on “The Lost Art of the Capital Budget,” in which he shows the benefit of long-term physical capital investment for the next two generations. Does this perspective define a common U.S.-Russian interest, in terms of bringing to life the transport-centered development corridors you write about?

Gromyko: LaRouche’s ideas about the need to base financial measurement strictly on the primacy of long-term investment in the creation of physical infrastructure on the scale of two generations, are the cornerstone of the most realistic approaches to reforming the world financial system. Without reform of the world financial system, breakthrough infrastructure projects will not be implemented, and the dialogue of civilizations will turn into empty chatter about arbitrary understandings of different values.

At the same time, financial valuations and accounts, developed on the basis of large infrastructure projects, need not be linked to a revival of the existing financial system, which, as LaRouche rightly demonstrates, is run by families of financiers. New poles can be constructed for the financial system. For example, one such pole could be a club of suppliers of oil and gas, and a club of the main purchasers of oil and gas. Within a combined club like that, where you would have Russia, India, China, Iran, and a number of other countries,

Graphic Representation of a 'Development Corridor'



Yuri Krupnov and Yuri Gromyko have published a pamphlet which features the concept of a "development corridor," which Krupnov defines as "the creation of a very high density of infrastructure, advanced-technology manufacturing, and intellectual power in the areas defined for this development." The schematic here was produced by EIR in 1997.

it might turn out to be significantly simpler to launch the development and implementation of large-scale investment projects, with a horizon of 35-50 years.

It might turn out that the world financial system need not be reformed as a single whole, but, instead, stratified on the basis of creating new financial clubs. Russia, of course, would have an interest in establishing such clubs, which could finance, for example, a project like building a second Russian Railways system: in other words, parallel with the existing rail system, to create maglev rail lines. Or, building two-tier development corridors, which would differ from flat, one-level transportation corridors, in that on one tier (story), the material processes of transporting freight, water, and energy would take place, while on the second tier we would have the geo-logistical management of the material flows, based on the transport of information and knowledge.

EIR: Russia has four "national projects" already. How do those compare with what you envision for the development corridors? What can be the role of the so-called natural monopolies: Gazprom, the national power utility Unified Energy Systems (UES), and Russian Railways?

Gromyko: So far, the so-called national projects are not projects in the true sense, since it has not been set forth, what should be created on a national scale as a result of their implementation. These are projects that lack clearly conceptualized results; they were set up according to the principle of *sotsialka*, which dates back to Soviet industrial plants. As is well

known, the Achilles' heel of Soviet industry was low-quality consumer-goods production. Therefore, a number of the most technologically advanced defense industry enterprises were forced to turn out consumer goods, in addition to the main products they were designed to produce. This became known as *sotsialka*. So today, the national projects, so far, are being done according to a kind of "financial *sotsialka*" model. Gazprom earns a lot of money by exporting natural gas and oil. In order that the population not die out altogether, money is being channelled; the population in the regions is getting some extra sustenance, through the national projects system. The population is not being drawn into a system of highly productive strategic employment; it is only getting some extra sustenance, through Gazprom.

The situation with UES is somewhat different. As recently as a year ago, the national electric power utility could still have become a locomotive of economic development for Russia. In a number of regions, electricity requirements are growing at rates of 7-9%. Rather than build up generating capacity, however, UES is currently busy breaking up the existing single national power system, and arranging IPOs on the stock market, in order to attract foreign investors to finance the companies that are being formed as a result of the fragmentation of the single electric power system into separate legal entities. If this approach continues, there could be a serious energy crisis in Russia. President Putin has warned [UES chief executive] Anatoli Chubais, that the latter's reform of the power sector is beginning to have a serious adverse impact

on economic growth.

In this situation, it is Russian Railways that could become the corporation to serve as a base for the creation of development corridors, which would go beyond the limitations of mere transportation corridors, and would tie together industrial innovation zones and new industrial manufacturing cluster zones. If this happens, the transportation corridors could become the basis for establishing a brand new, special institution: a vertically organized All-Russian Projects Authority, which would look after the development and implementation of new projects by various groups of entrepreneurs, interacting with the state, while the state would maintain primary control over the large-scale infrastructure projects and the relevant financial flows. These approaches would be a Russian counterpart of the Hamilton-List economic schemes, which proved so effective in the United States in their day.

EIR: In your pamphlet, you mention the danger of explosions of ethnic clashes in Russia, such as happened in Kondopoga.* Can such tensions be defused through real economic development? What will the corridors mean for Russia's East, where the Russian population has declined dramatically and there are many immigrants from Asia?

Gromyko: Without having national development objectives from the standpoint of Russia, without the creation of strategic types of employment for youth and for educated people, we get a situation of battles on the local level over pitiful and shrinking amounts of resources. Under these conditions, the most dangerous phenomenon could be Russian nationalism, when Russian people abandon their "supra-ethnic," broader mission, which involves the development of Russia's statehood and of Eurasia. Therefore merely upholding the rights of the Russian people within multi-ethnic Russia is a dead end, and is absurd as a program. The fight has to be to set and achieve development objectives for the entire population of the country, and of the whole planet. Only if they define themselves in this way, will Russians survive as Russians, in accordance with their historical mission and traditions.

Krupnov: The future of Russia as a whole depends on development corridors and on achieving higher rates of development in the Russian Far East. This is due to the ongoing systemic degeneration of the greater part of Russia's territory. Business as usual is no longer adequate for addressing this situation. There must be development objectives, and the government must get involved in guiding social and economic development. There has to be long-term state credit for these purposes. The Far East is the key to Russia's development. Either we, together with our foreign partners (and India is a primary one), create there a center of Russian and world development that will exercise leadership in the 21st Century, or the Far East will be carved up by foreign interests.

* Violent clashes took place between ethnic Russians and Chechens in the northwest Russian town of Kondopoga in August 2006.

Persian Gulf 'Rivals' Join Forces For Peace

by Muriel Mirak-Weissbach

One of George W. Bush's undeniable foreign policy achievements has been to unify forces, otherwise at odds with one another, in a common front. As one editorialist put it: Bush unites the world—against himself.

This is definitely the case of the alliance recently begun to be forged between Iran and Saudi Arabia. Traditionally, Shi'ite Iran and Sunni (Wahabite) Saudi Arabia have been presented as rivals for influence in the region. Whereas Tehran has thrown its weight behind Hezbollah in Lebanon, Hamas in Palestine, and the Shi'ite political factions in Iraq, Saudi Arabia has supported the Fuad Siniora government in Beirut, Fatah among the Palestinians, and the Sunnis in Iraq. It was this factional lineup that Vice President Dick Cheney tried to exploit, in his late November meeting with Saudi King Abdallah, when he attempted to lure the Saudis into joining a broader alliance of so-called "moderate" Sunni Arab states, against the "extremists" (read: Iran and its allies). This is the same grouping that Secretary of State Condoleezza Rice tried to assemble into a "GCC+2" coalition, bringing the Gulf Cooperation Council members together with Sunni Egypt and Jordan together to back an attack against Iran.

Their machinations seem to have run into a brick wall, however. Instead of allowing themselves to be played against each other, Saudi Arabia and the Islamic Republic have joined forces in an effort not only to cool down those hot spots which threaten to trigger wider conflict, but to seek through diplomatic means, to find solutions leading to a durable peace. The reason is very simple: Both realize that, with the Iraq crisis careening out of control, any further escalation of conflict in other theaters, would explode the entire region, engulfing themselves, as well. Iran knows it is targeted for direct attack, and the Saudis know that, if that were to occur, the Kingdom would be one of the first to feel the repercussions, in the form of uprisings among its Shi'ite minority.

In late January, Ali Larijani, the head of Iran's Supreme National Security Council and lead negotiator on the nuclear dossier, made a landmark visit to Riyadh, during which he delivered letters from President Mahmoud Ahmadinejad and Supreme leader Ayatollah Ali Khamenei, to the Saudi monarch, proposing joint action to stabilize Lebanon and Iraq. Reports of the mission, repeatedly covered in Iranian media, stressed that the Saudi response was positive. Saudi Foreign

Minister Saud al-Faisal himself reported on Jan. 30 that Iran had approached the Kingdom for help in “averting strife between the Sunnis and Shi’ites in Iraq and Lebanon,” adding that his country “wants only peace in the region.” He added that a Saudi envoy was in Iran to discuss the crisis areas, “exploring what Iran can contribute.”

At the same time, intensive diplomacy was going on between Iran and Syria, with Larijani and at the foreign ministers’ level, in an attempt to strike an agreement with the Iraqi government to convene a conference of Iraq and its neighbors, to map out security arrangements and a long-term stabilization plan. Once a preliminary deal had been reached, with Iraqi Foreign Minister Hoshiyar Zebari’s okay for a Baghdad conference, Saudi Foreign Minister al-Faisal quickly signalled his approval.

Averting Lebanese Civil War

Although Iraq is the biggest fire burning in the - region, Lebanon and Palestine are not brush fires. In Lebanon, after the opposition led by Hezbollah and allied Christian forces of Michel Aoun, plus the trade union confederation, organized a Jan. 23 general strike, violence broke out between rival camps, leading to the deaths of seven people. For the first time in over a decade, a curfew was imposed on Beirut, and fear swept the country, that a bloody civil war like that which had raged from 1975 to 1990 would be visited on the country again.

Instead, all sides intervened to calm down the situation. Especially important was the message from Hezbollah leader Sheikh Hassan Nasrullah to his followers, that they should stay off the streets, and allow the Lebanese security authorities to restore and maintain order.

Reports then appeared in the Lebanese press, that leaders of the government, like Saad Hariri and Prime Minister Siniora, might be willing to meet with the opposition. Among the Christian camp, Lebanese Forces leader Samir Geagea announced his readiness to talk to Aoun.

The Saudi and Iranian role was aimed at bringing together Siniora and Parliament speaker Nabil Berri, a Shi’ite close to Hezbollah. Saudi Ambassador to Lebanon Abdel Aziz-Khoja met with them separately on Jan. 27. He told the press, “Iran has a critical regional presence and role, and we have been in constant contact with the officials there, and one of the issues discussed is the current situation in Lebanon.” Radwan Say-

yed, an advisor to Siniora, was quoted by the *New York Times* saying, “The only hope is for the Iranians and the Saudis to go further in easing the situation and bringing people back to the negotiating table.” Arabic press organs, including *Al-Asharq al-Awsat*, which is usually aligned with the Western neo-cons, stated explicitly that a civil war in Lebanon had indeed been averted at the 11th hour, solely due to the intervention of the Saudis and Iran.

The Broader Picture

In Palestine, as well, where armed conflict had broken out between the Fatah and Hamas factions, leading to more than 30 dead in a matter of days, Riyadh and Tehran also intervened. Saudi King Abdallah invited the leaders of the two factions to meet with him in Mecca, to try to overcome the crisis and pave the way for a unity government. This effort has not yet been successful.

In addition, Russia has intervened to throw its weight behind the forces of reconciliation, and is being looked to as a superpower which might be able to broker solutions to the conflicts. Contacts with the Iranians and the Saudis have been made, as well as with the Lebanese and Hamas. Russian President Vladimir Putin has announced an upcoming visit to Saudi Arabia, Qatar, and Jordan, on the invitation of the monarchs there. Putin also sent his national security chief, Igor Ivanov, to Tehran at the end of January. There he argued that “all sides must abstain from actions and statements that might become an add-on factor” to the current tensions.

The question now is: What will the United States do? As political figures in Lebanon and other Arab countries have repeatedly told *EIR*, the main force fomenting conflict has been the Cheney faction in the United States. Secretary Rice has been deployed to insist that all parties toe the Administration line: Siniora must be supported at all costs in a hardline resistance against the opposition’s demands, and Fatah should be backed, including with weapons, in its conflict with Hamas, the *bête noire* with which no one should have contact. And Iran, accused of being the destabilizing factor in the entire region, should be dealt with through sanctions and, as she, Bush, and Cheney have increasingly indicated, also through military means.

Thus, the last thing this grouping wants, is for Iran to play a positive role. As the *New York Times* put it Jan. 30, the “unusual collaboration” between that “diplomatic odd couple,” Iran and Saudi Arabia, “could complicate American policy in the region,” because American policy under the current regime is for war on all fronts.

It is the political battle of the new Democratic majority in Congress against the war party in the Administration, that has made possible the bold initiatives launched by the Saudis (themselves seriously factionalized) together with Iran. To the extent that the battle in the United States can be won by the opposition, there is hope that the steps taken by the regional powers can yield results.

“Who Is Sparking A Religious War in the Mideast?”

**A December 2000 EIR Special Report,
\$250. Call 1-888-347-3258**

Italians Protest Upgrade of U.S. Military Base

by Claudio Celani

A couple of years ago, the Bush-Cheney Administration signed an agreement with the Italian government of Prime Minister Silvio Berlusconi, to allow the expansion of the U.S. Army base in Vicenza, in northern Italy. The agreement followed the decision by the U.S. Department of Defense under Secretary of Defense Donald Rumsfeld, to upgrade the 173rd Airborne Brigade, in anticipation of fighting aggressive wars against Third World countries.

"Few units are as emblematic of the Defense Department's vision of the transformed Army as the 173rd Airborne Brigade," reports an article in *Stars and Stripes* on Sept. 16, 2006. "The Sky Soldiers, based in Vicenza, Italy, are doubling their battalion-size units and number of soldiers, adding new and enhanced capabilities in the process, all with the goal of being the agile, independent, and modular force that the Pentagon has touted as the mainstay of 21st-Century warfare. The brigade will have more than 3,000 soldiers, up from about 1,500."

The 173rd is the only brigade in the Army that does not answer to a division, and thus has full flexibility of deployment as a combat team. It is clear that this brigade is intended to be used to "fight the natives" in wars against Third World countries. The plans now are to unite the brigade, which is presently divided between bases in Italy and Germany, in one base, in Vicenza. This will be accomplished by enlarging the Camp Ederle base in Vicenza, to include the existing Dal Molin barracks, no longer used by the Italian Army, and building a new air field practically in the middle of the city.

Bush/Berlusconi Deal Provoked a Revolt

When the secret agreements between the Bush and Berlusconi governments were discovered, in mid-2006, they catalyzed a large anti-war sentiment in the country. Vicenza mayor Enrico Hullweck, an ally of Berlusconi's, who had been part of the secret agreements, saw his entire city revolt, supported by most of the political parties, including members of his own coalition.

Current Prime Minister Romano Prodi, who succeeded Berlusconi in May 2006, is known as an opponent of the Iraq war, and was under strong pressure to cancel the Vicenza

agreement. However, the Bush-Cheney Administration pressured him as well, and on Jan 16, he announced that he would respect the agreement.

This stirred a national protest, one result of which was that more than 120 members of Parliament who are part of the government coalition, signed a petition against the base. And a national demonstration was organized to take place on Feb. 17.

This is going to be a strong challenge to Prodi, and links up with other issues, which all involve Italian-U.S. relationships in the context of the Bush-Cheney war policy. The Italian government, in fact, is expected to send extradition requests for 26 CIA agents, who are on trial in Milan for the kidnapping of an Egyptian citizen in 2002; at the same time, three parties of the government coalition are demanding an "exit strategy" for Afghanistan, where Italy has kept a contingent of 2,000 troops.

A Government Crisis in the Making?

If popular participation in the Vicenza demonstration on Feb. 17 is large, frictions inside the government coalition could escalate into a real government crisis. But even if the Prodi government survives the challenge, the future of bilateral relations between Italy and the United States is jeopardized by decisions such as the one to expand the Vicenza base. Italians are afraid that they might wake up one day and discover that a base on their territory has been used to invade a Third World country. At that point, a crisis with unpredictable implications could develop.

A Jan. 16 article by Sen. Silvana Pisa, a member of the Defense Committee of the Senate and a party colleague of Foreign Minister D'Alema, is indicative of the mood among political circles. In the article, which was released to *EIR* by Senator Pisa, she connected the decision on the Vicenza base to the "surge" policy in Iraq. Senator Pisa wrote that Italy has no interest in accepting the doubling of the air base, "the more so, when today U.S. bases are serving a political-military strategy [the supposed war on terror—ed.] which has made the world more insecure." "The new scenarios outlined by U.S. military policy (from the surge in Iraq to the bombings in Somalia) raise concern about global stabilization," Senator Pisa wrote.

Italy has been a faithful ally of the United States throughout the Cold War, sharing the burden of an alliance aimed at defending the West from the Soviet threat. Today such a threat is no longer there, and the upgrading of U.S. military bases in Italy is correctly seen as an aggressive policy which is not only immoral, but is forbidden by the Italian constitution. There is still time to correct wrong decisions taken by governments in Washington and Rome in the past years; it is in the interest of the United States that the U.S. Congress scrutinize this matter, and eventually use its authority to reverse such decisions, or deny their funding.

LYM Offers Leadership To Mexican Ferment

Over 100,000 Mexican citizens marched in the Zócalo plaza of Mexico City on Jan. 31 to protest the soaring price of basic foods like tortillas, the lack of jobs and living wages, and to demand an end to the anti-social policies of privatization and deregulation of the new Calderón regime. The response was immediate. Hours before the rally, Central Bank governor Guillermo Ortiz rejected the possibility of raising the minimum wage as “counterproductive to workers,” and a day later, President Felipe Calderón’s press office issued a statement reiterating the Administration’s embrace of free-market “solutions.”

The march was called by 150 organizations, representing a wide range of trade union, farmer, political, and civic interests, and was supported by the Broad Progressive Front (FAP), which backs Calderón’s leading political opponent, Andrés Manuel López Obrador, who was the actual winner of the 2006 Presidential elections, in which fraud was used to proclaim Calderón the winner. López Obrador himself spoke to supporters at the mass rally, outlining his program for addressing the immediate crisis, including an emergency wage increase, parity prices for food producers, “no” to the NAFTA clause allowing free import of corn and beans (scheduled to be implemented on Jan. 1, 2008), and subsidized tortilla prices. Necessary as all of these measures are, López Obrador nonetheless failed to address the international financial crisis in which Mexico’s problems are rooted, nor did he offer any programmatic solutions for the country’s urgently needed long-term reconstruction.

And while the final “Zócalo Declaration” issued by the protest organizers decried Calderón’s neo-liberal recipes as “a model which, after a quarter of a century, has demonstrated its inefficiency and inequality,” it too lacked any programmatic solutions.

A contingent of the LaRouche Youth Movement (LYM) in Mexico mobilized to fill that void, with thousands of copies of a leaflet provocatively titled “Only Nuclear Energy Will Save Your Tortillas!” which we reproduce here, as well as thousands of pamphlets containing a proposal for a preamble to the Mexican Constitution, outlining the general welfare principle upon which the “new Mexico” needs to be built.

Using megaphones throughout the march, the LaRouche Youth were able to brief thousands of marchers on the international biofuels fraud and speculative frenzy that has driven up the price of corn, and thus tortillas, as well as chicken,

eggs, and a host of other food staples. They introduced a much-needed element of humor and joy into the march as well, with a song mocking the ethanol addicts of the Calderón Administration. With the words to the song writ large for all to read on a giant placard, the LYM had hundreds of marchers singing along with them.

Also making an appearance at the march was an animated nuclear cooling tower, a pedagogical device the Mexican LYM has used on street and campus deployments, to provoke discussion over the necessary high-technology, pro-development solutions available to the escalating crises in energy, jobs, food, water, and so forth.

Many of the marchers were inspired by the LaRouche organizers to think about more profound answers to the crisis in Mexico. As one woman told a LYM organizer: “We not only need youth, but youth who can think and be creative like you guys!”

LYM Statement

Only Nuclear Energy Can Save Your Tortillas!

This statement was issued by the LaRouche Youth Movement in Mexico at the end of January.

The situation of the increased price of our esteemed tortillas has begun to be discussed among many political and social sectors in our country, and although the analysis is varied, no one has addressed the real problem—the international financial crisis—which has alone been addressed by Lyndon LaRouche, the U.S. statesman and economist, and leader of the campaign to impeach Cheney and Bush in that country.

The increase in price not only of tortillas, but also of pork, chicken, and more—is caused by international financial speculation, using as a pretext an increase in the demand for corn on the international market, which has been inflated to fictitious levels by the need for corn to create the bio-fuel known as ethanol. The Calderón government alleges that the crazy international boom in ethanol is the cause of the increase in corn (and tortilla) prices, and he argues that Mexicans dying of hunger simply have to be more competitive and grow more corn for bio-fuel. The government announced that it would “protect” Mexican consumers, by opening up the doors to cheap corn imports. This, however, is going to wipe out independent corn production in Mexico, and will have no effect on the cartels. And so, in fact, the ethanol fraud is being used as a pretext for implementing the next phase of NAFTA, prematurely.

The Ethanol Fraud

In recent years, the foolish idea of bio-fuels, essentially ethanol, has been spread among governments throughout the world as a supposed “alternative” to replace our dependence on oil; this, instead of investment in necessary advanced technologies. Most alarming of all is that governments, legislators, academics, and the population in general have begun to believe in this absurd idea, to put it kindly.

So let us review a little what is behind this so-called “energy technology.” The majority of “experts” who defend the idea, either work for or are sponsored by companies that are involved in food, and especially grain, production, companies which of course hold investments in crops designed for production of bio-fuels (such as ethanol and bio-diesel). These multinationals, “worried” about the environment, have conducted vigorous campaigns to present bio-fuels as “environmentally friendly” fuels that would help fight climate change, and would serve as substitutes for oil now used as transport fuel.

The fraud of being a supposed “energy alternative” is easily refuted, and in a variety of ways. Here is a simple example: “The production of alcohol consumes more units of fossil energy than that generated by burning it as fuel. Ethanol made from corn, switchgrass, and wood, respectively, consumes 29%, 45%, and 57% more units of fossil fuel energy than it yields as a fuel.”*

In fact, the only thing that financially sustains the production of ethanol are the subsidies given by governments that have fallen into the trap. It should come as no surprise, then, that the greatest beneficiaries of the subsidies of the U.S. government, which has been the strongest promoter of this foolish idea, are the grain cartels—Archer Daniels Midland and Cargill—and the speculative financial funds, which have recently begun to place their bets on ethanol.

Their objective is clear: to exploit the ignorance of legislators and of the population, to create new sources of business and looting, promoting and subsidizing the industrial production of crops for these purposes. And they are doing this all over the world.

This fraud was legalized in our country last year, when the Congress approved the “Law for the Promotion and Development of Bio-Fuels,” which supports the use of bio-fuels to generate energy.

The idea of promoting alternative technologies that are inefficient, instead of technological development, is neither new, nor original. In essence, it is the same imperial principle employed in the Anglo-Dutch looting of raw materials from the colonies, then selling the finished product and not allowing those colonies the industrial development that would represent their independence. Not allowing the development of advanced technologies is simply the imposition of backward-

ness, no different from the way a colony is treated, making us forget our true potential to develop other kinds of fuels, in this case.

They are still trying to trade us mirrors for gold.

This is what is happening today. So let us speak clearly. If we want to resolve the problem of the rise in tortilla prices, and at the same time resolve the energy problem, are we prepared to support an energy that, in addition to being clean, has a low environmental impact? Which is both powerful and has an increasingly greater density? Which would not only supply our energy, but would help us to resolve the problem of gas emissions and, if it is not too much to ask, which would help us resolve the problem of water supply, as well as the production of new synthetic fuels based on hydrogen, whose by-product is water? Do you like the idea?

Well, welcome to the nuclear project!

The new applications of the nuclear industry are truly spectacular, which the South African PBMR reactors prove. These reactors not only produce cheap, clean, and safe energy, but they use the heat of the reactor to desalinate sea water and to synthesize hydrogen as a fuel source. And this is just the beginning, because what we have had so far has been fission energy, but today we are entering into the fusion era. On Nov. 21 of last year, 20 nations signed an agreement in Paris to build the ITER, the first reactor of controlled thermonuclear fusion, the most natural energy technology, since it is the process by which the Sun and the stars can exist.

We have to stop investing in backward technologies—which only keep us dependent, and loot the well-being of the population—to invest instead in the most advanced science on our planet, to develop the highest industrial and scientific level of our country.

But if we leave it at that, it would be a naive solution, because the IMF, World Bank, or some other multinational organization would show up to do their work, that is, to stop this development. And so the key point is to change what is behind this and every other corruption. That is, the international financial system itself.

We have to reorganize the financial system in its entirety, into what Lyndon LaRouche—American physical economist and leading enemy of the George W. Bush government—calls a new economic order of high technology.

That is why we say: Stop thinking like the so-called “68 generation,” in the “here and now.” Nuclear energy could save not only your tortillas, but could give a real future to what is actually at stake: the coming generations.

***To reach us on the Web:
www.larouchepub.com***

* Dr. David Pimentel, Cornell University, and Tad W. Patzek of the Civil and Environmental Engineering Department at Berkeley.

India Will Construct Four Fast Breeder Nuclear Reactors

by Ramtanu Maitra

In the announcement Jan. 31 of its plan to build four 500-megawatt fast breeder reactors simultaneously, Dr. Baldev Raj, director of the Indira Gandhi Centre for Atomic Research, made evident that India is finally giving its almost-50-year-old nuclear program a much-required push. Raj's announcement was issued just days after Russian President Vladimir Putin, during his Jan. 25-26 visit to New Delhi, promised the delivery of four more 1,000-MW pressurized light water reactors to India (see *International*).

Russia has already supplied India with two large nuclear VVER-1000 (V-392) pressurized light water reactors, under a Russian-financed \$3 billion contract. The units are now being built in Koodnakulam, Tamil Nadu, and will be commissioned late in 2007. Russia will supply all the enriched uranium fuel, but India will reprocess the spent fuel and keep the fissile plutonium for its fuel use.

India's Atomic Energy Establishment was set up at Trombay, near Mumbai, in 1957, and later renamed the Bhabha Atomic Research Centre (BARC) in recognition of the pioneering contribution made by India's premier nuclear scientist, Dr. Homi Bhabha.

A Fuel-Centric Program

From the outset, the nation's nuclear power program was designed to meet fuel independence. India's uranium resources are modest, with 54,000 tons identified as reasonably assured resources (much of which has since been depleted by the first-stage reactors), and another 23,500 tons as estimated additional resources *in situ*. It is likely that more uranium reserves will be found in the future, but the fact remains that India, with a billion-plus population and correlated demands, cannot base its entire power future on uranium.

On the other hand, India has reserves of at least 290,000

tons of thorium—about one quarter of the world's total reserves. These findings helped India to develop a three-stage nuclear power program in 1957: The first two stages were considered as necessary stepping-stones to usher in the thorium-fuel-based reactors in the third and final stage.

In the first stage, natural uranium (U-238) was used in pressurized heavy water reactors (PHWRs). In the second stage, the plutonium extracted from the used fuel of the PHWRs was scheduled to be used to run fast breeder reactors (FBRs). The plutonium would be used in the FBRs in 70% mixed-oxide (MOX) fuel to breed uranium-233 in a thorium-232 blanket around the core. In the final stage, uranium-233, a fissile material bred from thorium-232, will power India's future nuclear reactors. FBRs will also have a blanket of natural uranium, which would breed the plutonium required for mixed-oxide fuel to run future FBRs.

To a large extent, India has completed the first stage. Although a few more Pressurized Heavy Water Reactors have been planned, it already has 12 small (varying from 220-MW to 235-MW) and two mid-sized (490-MW) nuclear power reactors in commercial operation. India also has two boiling water reactors supplied by the United States in the 1960s.

These PHWRs use natural uranium (99.3 percent U-238 and 0.7 percent U-235) as fuel and heavy water (deuterium oxide, D₂O, which India manufactures) as moderators. These reactors followed the design of the Canadian reactors, CANDU. As of now, six more nuclear reactors are under construction in India. Four of these are PHWRs of smaller capacity (235-MW), while two are larger 1,000-MW VVER light water reactors supplied by Russia, which use enriched uranium as fuel and light water as a moderator.

Other than the two Russian reactors now under construction, the first two reactors came from the United States, fol-

lowed by two others from Canada. The two that the United States supplied were the Tarapur 150-MWe Boiling Water Reactors (BWRs) built by General Electric and exported to India in the early 1960s on a turnkey contract in 1968, before the advent of the Nuclear Non-Proliferation Treaty. These were originally of 200-MWe capacity. The reactors were scaled down in power because of recurrent problems, but have run well since. They have been using imported enriched uranium and are under International Atomic Energy Agency safeguards.

The two small Canadian PHWRs at Rawatbhata in the state of Rajasthan, started up in 1972 and 1980, and are also under safeguards.

In 2005, four sites were approved for eight new reactors. Two of the sites, Kakrapar and Rawatbhata, are to have 700-MWe indigenous PHWR units; another is to have imported 1,000-MW light water reactors (LWRs) alongside the two being constructed by Russia at Koodankulam, and the fourth is a new site for 1,000-MW light water units, at Jaitapur in the Konkan region. It is likely that the four Russian 1,000 MW VVERs promised by President Putin will be located at Koodankulam and Jaitapur.

The Second Stage

In addition to the six reactors now under construction, in 2002 the Department of Atomic Energy issued approval to start construction of a 500-MW prototype fast breeder reactor at Kalpakkam in the state of Tamil Nadu, and this is now under construction. The unit is scheduled to be operating in 2010, fueled with uranium-plutonium oxide (the reactor-grade plutonium is extracted from the spent fuel of existing PHWRs). It will have a “blanket” around the reactor core with thorium and uranium to breed fissile U-233 and plutonium respectively. This will take India’s ambitious thorium fuel-based nuclear program to stage 2, and set the scene for eventual full utilization of the country’s abundant thorium to fuel reactors.

On Jan. 31, Dr. Baldev Raj announced the formal ushering in of that second stage of nuclear power development, when he told reporters that the Department of Atomic Energy will simultaneously construct four more breeder reactors of 500 megawatts each, including two at Kalpakkam. India’s first 20-MW Fast Breeder Test Reactor at Kalpakkam attained criticality on Oct. 18, 1985, making India the sixth nation having the technology to build and operate a fast breeder reactor (others were the United States, United Kingdom, France, Japan, and the then-U.S.S.R.).

The site for the other two fast breeder reactors has not been firmed up yet, but it is likely, at least according to the



BARC

The Bhabha Atomic Research Centre in Trombay, India. A new Advanced Heavy Water Reactor, using thorium, “the fuel of the future,” will be built here.

Tamil Nadu political authorities, that the other two would also be situated in the state of Tamil Nadu. Electricity generated from the prototype fast breeder would be sold to the Tamil Nadu State Electricity Board at Rs.3.22 (about 7.5 cents) per watt-hour unit.

If all goes according to schedule, the Department of Energy expects all four fast breeder reactors to be on line by 2020. Dr. Raj, addressing the reporters at the end of a workshop on research opportunities for physicists, said, “By 2020, we will have totally five breeder reactors and we will be the world leader in breeder technology.”

Breeder Fuel Development

The new breeders, whose estimated cost would be close to \$550 million each at the present dollar-rupee exchange rate, would first use mixed uranium-plutonium oxide as fuel, and later switch over to metallic fuel. “We can breed much faster with the metallic fuel,” Raj said. “By 2020, the technology of making the metallic fuel will be ready.”

The technology for mixed oxide fuel is very similar to that of uranium oxide used in thermal (nuclear) reactors. “Using oxide fuel will help us to fine tune and perfect other areas of the breeder reactor technology,” said S.B. Bhoje, the director of the Indira Gandhi Centre for Atomic Research in Kalpakkam. Nonetheless, the objective is to switch over to metallic fuel because it has an advantage over mixed oxide fuel in the area of breeding ratio. Breeding ratio is the amount of extra plutonium produced in a reactor that can be used to start a new reactor.

Breeder technology works on the principle of self-sustenance and the ability to produce more plutonium than it actu-

ally consumes to produce power. The breeding capability of a reactor is measured by the time it takes to reproduce (double) the fuel which it has burned up in operation. Uranium-plutonium oxide mix provides a breeding ratio of 1.1 (ten years to double), while the metallic fuel can breed as high as 1.4 to 1.5, bringing the doubling time down to seven years or less. The doubling time becomes paramount if, and when, the country goes on overdrive to commission new reactors.

The Third Stage

Although the Department of Atomic Energy's announcement of the four fast breeder reactors ensured the advent of the second stage, India already last year began work on the Advanced Heavy Water Reactor (AHWR)—the third-stage reactors. The AHWR will use thorium, the "fuel of the future," to generate 300 megawatts of electricity, up from its original design output of 235 megawatts. The reactor will have a life of 100 years, and may be built on the campus of India's main nuclear research and development center, the Bhabha Atomic Research Centre (BARC) at Trombay.

The use of thorium-based fuel cycles has been studied for about 30 years, but on a much smaller scale than uranium or uranium/plutonium cycles. Basic research and development has been conducted in Germany, India, Japan, Russia, the U.K., and the U.S.A. Test reactor irradiation of thorium fuel to high burn-ups has also been conducted, and several test reactors have either been partially or completely loaded with thorium-based fuel.

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

From the technological angle, one reason that thorium is preferred over uranium-238 is because the breeding of the fissile uranium-233 from thorium is more efficient than the breeding of plutonium from uranium-238. The thorium fuel creates fewer non-fissile isotopes, and therefore there is less spent fuel per unit of energy generated. In addition, thorium dioxide, the form of thorium used for nuclear power, is a highly stable compound—more so than the uranium dioxide typically used in today's fuel. Also, the thermal conductivity of thorium dioxide is 10 to 15% higher than that of uranium dioxide, making it easier for heat to flow out of the reactor fuel rods. In addition, the melting point of thorium dioxide is about 500 degrees celsius higher than that of uranium dioxide, and this gives the reactor an added safety margin if there is a temporary power surge.

The construction of the AHWR will mark the beginning of the third phase of India's nuclear electricity generation program. The fuel for the AHWR will be a hybrid core, partly thorium-uranium-233 and partly thorium-plutonium. The

AHWR will be a technology demonstrator for thorium utilization.

Nuclear Power to Make Potable Water

In addition to wanting nuclear for power generation and the use of isotopes for industrial, agricultural, and medicinal purposes, Indian nuclear authorities have now come to accept the usefulness of waste heat from nuclear reactors for desalination of water. India is a water-short nation, but much of its southern part is surrounded by seas. There should not be any reason why these areas remain water-short.

Delivering the inaugural address at the Indian Nuclear Society conference at Kalpakkam in 2003, President A.P.J. Abdul Kalam had stressed the need for finding a lasting solution to the water crisis around the world. He said: "Desalination of seawater to produce fresh water appears the best, with 97 percent of the Earth covered by ocean. This could produce perennial supply of fresh water."

President Kalam, a rocket scientist who is known as the "Father of India's Rocket Program," then pointed out that India has begun looking at the use of nuclear power for desalination of seawater. There is already a desalination demonstration plant set up at Kalpakkam, using nuclear waste heat for the multi-stage flash process that produces 4,500 cubic meters a day. "These plants can be scaled up ten times from the present configuration without any difficulty," he said.

Two methods of desalination—reverse osmosis and multi-stage flash—have been demonstrated at the Bhabha Atomic Research Center. Joining voices with President Kalam, the then-Tamil Nadu chief minister Jayalalitha urged the Department of Atomic Energy to set up a large number of smaller desalination plants all along the Tamil Nadu coast using the Kalpakkam experience.

In fact, the Tamil Nadu government has approved the installation of 45 desalination plants in various locations of the Ramanathapuram district at a cost of Rs 5.3 billion, and the installation work has been entrusted to Bharat Heavy Electricals Limited (BHEL), a government of India undertaking. Out of 45 plants, two major ones are at Narippaiyur and in Rameshwaram (300,000 liters per day). The remaining 43 smaller plants (20,000 to 300,000 liters per day capacity) have been designed for treating brackish water from the bore well sources.

The importance of nuclear power for desalination of water to provide clean water to the parched throats and parched land will grow. In a message to readers, publisher and editor-in-chief of the Delhi-based quarterly magazine *World Affairs*, J.C. Kapur, said: "One of the most significant contributions to the cause of energy security would be to design and develop self-contained nuclear power units of 50-100 MW capacity, based on fast breeder reactor technology and using thorium as fuel. It could dramatically increase the availability of electrical power in factories, for infrastructural development and in millions of rural communities and settlements worldwide."

Will Germany Depend On Anglo-Dutch Coal Cartel?

by Rainer Apel

Whenever German Chancellor Angela Merkel says—as she did in an interview with the *Times* of London on Jan. 10—that she “likes the British,” one is well-advised to suspect that there is more behind that statement than mere diplomatic courtesy. Merkel’s economic-financial policy is in the financial policy tradition of Anglo-Dutch monetarist interests. For example, her vehement defense, at a reception in Frankfurt a few days after that interview, of the “freedom” of hedge funds to act: She assured the funds there would be no “state orgy of regulation.” Merkel’s defense of the euro currency policy of the European Central Bank and her defense of the Maastricht budget-cutting mechanism, are other examples. She is also following the Anglo-Dutch oligarchy’s line on energy policy: Former U.S. Ambassador to Germany, now head of Lazard Frères’ banking operation in Germany, John C. Kornblum, said earlier that Germany’s energy dependency on Russian supplies of oil and gas should, and could, be reduced step by

step, through establishing alternatives to Russia. And that is exactly what Merkel is doing.

The most sensible alternative to oil and gas from Russia would be expansion of nuclear power in Germany, but Merkel is not making any serious effort to call for a return to nuclear power, which would have to start with a debate about the construction of new, modern nuclear power plants, after a 20-year hiatus. It would have to start with a serious attempt to at least modify the nuclear exit policy which industry and government (the previous, red-green government of Chancellor Gerhard Schröder) signed in 2000.

There was a chance to exit from this anti-nuclear strategy, when the Christian Democrats (CDU) and Social Democrats (SPD) negotiated the Grand Coalition government they formed in late November 2005, but Merkel’s CDU traded off the nuclear issue, against its own insane plan to cut the health and social budgets. To make this cut, they needed the SPD’s approval. The SPD approved, because the CDU agreed not to change the nuclear exit policy.

This shows once again, how close the convergence of interests between free traders and greenies is: Bankers in the Anglo-Dutch tradition have been the best allies of the radical ecologists. And the bankers and investment funds convinced the German power industry that importing cheap energy from abroad, especially from Eastern Europe, would easily compensate for the loss of nuclear power inside Germany. Importing oil and gas from Russia, has contributed to this policy of compensation. But for the bankers and funds, this has been only stage one of the reorientation in German energy policies. Stage two is making Germany dependent on energy resources that are non-Russian, and the decision taken on Jan. 29 by the Merkel government on the future of the nation’s coal-mining sector, points precisely in this direction.

Collapse of German Coal Industry

The German coal-mining sector, down now to 33,000 jobs and an annual output of 22 million tons of coal, shall be phased out by 2018, and another 70,000 jobs in the industrial sector which supplies the mining sector, will be eliminated. The argument of the Merkel government is that producing coal in Germany at costs competitive to coal produced elsewhere in the world, would require 30 billion euros in state support over the coming ten years. What is omitted here, is the fact that coal prices have seen drastic ups and downs in recent years, because of massive speculative activities on the markets. For example, coke, which is crucial for the steel industry, shot up from \$70 per ton in 2002, to 400 and even 500 in 2004. Price fluctuations for standard anthracite coal have not been so excessive, but why should



Thomas Robbin

Chancellor Angela Merkel is not advocating building nuclear power plants, and has adopted a free-trade policy that will phase out German coal mining by 2018. Shown here is the historic Zollverein Coal Mine Industrial Complex in the city of Essen. The mine is now closed.

anybody expect greedy speculators to be so reasonable, as to keep coal prices “low”?

The main coal producers in the world are Australia, South Africa, and Canada, and their coal fields are, predominantly, in the hands of British-controlled entities. Already today, half of Germany’s coal needs are supplied by these countries, and from 2018 on, most of its coal will be supplied by them, if the German government has its way.

And, not coming as a surprise, the big private banks are backing this orientation towards the British Commonwealth, as Germany’s future in coal. In a report compiled by the London office of Deutsche Bank on Jan. 19, it is plainly stated that “if Germany were to extend the lifetime of its nuclear power plants to 60 years” (which is what the Merkel government may do, actually, instead of building new power plants) “and put a windfall tax on all nuclear-generated output, then it could help finance a first generation of clean-coal plants that would make Germany a global leader in CCS (gasification/liquefaction) technology.”

That, the Deutsche Bank report claimed, would contribute a lot to the protection of the global climate, by lowering emissions from “dirty” coal of the kind that is usually burned today. The CCS process would work, however, only with low-price coal from outside Germany, and it makes perfect sense that Deutsche Bank, which would not invest a single euro in the nuclear sector, would provide ample capital to the development of a giant import-coal sector in Germany.

This goes together with another pet project of the banks and funds: bio-fuels. Brazil is being widely advocated by interested circles in Germany, as a future leading supplier of cheap ethanol, as is Mexico. Mexican President Felipe Calderón met with Merkel in Berlin, the last week in January.

There Is an Alternative

However, there is still strong resistance against the Merkel policy, even in Merkel’s own party, the CDU, especially by those in North Rhine-Westphalia, the state with most of Germany’s coal mining. The real alternative, as many there recall, to “dirty” and “expensive” coal which is producing high emissions because it is just burned off, is the jump into a new technological era, namely towards processing of coal in HTRs, high-temperature gas-cooled nuclear reactors. The pro-nuclear current inside the CDU does, however, have the problem that its own party chairwoman, Chancellor Merkel, has gone insane on energy issues.

By contrast, the LaRouche movement in Germany and its BuëSo party, are the only political force calling with no “ifs, ands, or buts,” for the HTR and a return to nuclear technology. Its powerful election campaign in North Rhine-Westphalia from January to May 2005, in which the LaRouche Youth played a leading role, is still remembered among voters of that state. For the next round of energy policy struggles in Germany, that is solid ground to build on.

Book Review

Stiglitz Tries To Make Colonization Work

by Mike Billington

Making Globalization Work

by Joseph E. Stiglitz

New York: W.W. Norton & Company, 2006
358 pages, hardbound, \$26.95

Economist Joseph Stiglitz has made a reputation for himself as the defender of the oppressed, for both the nations of the Third World and those of the former Soviet bloc, against the ravages of the United States and its G-7 allies. He does indeed denounce the international financial institutions, the International Monetary Fund, the World Bank, and the World Trade Organization, for imposing radical free trade and deregulation policies on these poor nations, policies which are responsible for accelerating rates of poverty, while undermining efforts at real development. But, beware this “soft-cop” of neo-colonialism: His plan for the developing sector nations, and for the advanced industrial sector as well, is the creation of a global dictatorship, not by any particular nation or group of nations, but by the supranational bodies of international finance, the so-called “synarchy.”

His newest book, *Making Globalization Work*, explicitly confirms in numerous ways what Lyndon LaRouche has insisted for decades: Globalization is simply a clever term for a modern version of imperial world government by private financial interests, and the end of the sovereign nation-state. Stiglitz’s proposals for ending sovereignty through the use of economic (or military, when necessary) force, to impose anti-technology and anti-human policies on the world as a whole, would make Dick Cheney proud.

EIR exposed Stiglitz in 2004 as the “IMF’s Last Line of Defense” (see www.larouche.org/other/2004/3107stiglitz.html), attempting to convince developing nations that they should only aim at a better deal within the existing IMF-centered, dollar-based world economic structure, without doing anything to deal with the collapse of that system itself. Stiglitz not only ignores the fact that the lords of the Anglo-Dutch financial system have driven the world economy—including especially the United States—into

bankruptcy, but he demands that new, supranational institutions be established to force the world to accept the dictates coming from those who are responsible for the collapse in the first place.

Emissions Police

With this new book, Stiglitz throws his full weight behind the hoax of “global warming,” and demands that developing nations must not be allowed to become industrialized to the current U.S. standard, since, as he writes: “[A] world in which everyone pollutes at the rate that the United States currently does is a world writing the script for its own doomsday scenario. Already, in 2005, developing countries are expected to account for nearly 40 percent of global greenhouse gas emissions, and by sometime around 2025, on current projections, developing countries will be emitting more greenhouse gases than the developed world.”

Were Stiglitz arguing that a crash nuclear development program must be implemented globally to meet the energy needs of an industrializing world without pollution, his insistence on stopping industrial pollutants could be justified. However, Stiglitz insists on the exact opposite, demanding that “only countries that are fully non-nuclear” should be allowed to participate in his proposed global utopia. His plan to deal with the imagined global warming crisis is to stop energy usage. “The way to do this,” writes Stiglitz, “is to have all the countries of the world impose a common tax on carbon emissions, or, equivalently, a tax on oil, coal, and gas at rates reflecting the emissions they generate when burned. *Firms and households would respond to this tax by reducing usage, and thereby emissions. The tax would be set high enough to achieve a global reduction in emissions equivalent to that envisaged in the common targets approach of Kyoto.*”

Destroy the United States

At the heart of Stiglitz’s program is the big lie that the current globalized economy is of great benefit to the United States, at the expense of the poor nations. Nowhere does Stiglitz reference the collapse of U.S. manufacturing, the collapse of infrastructure across the nation, the collapse of health care for a population suffering from steadily declining wages. Nor does he warn of the bubble economy, now bursting at several points of vulnerability, especially the housing bubble, which props up the derivatives bubble.

In fact, he lies outright that the U.S. economy is in great

shape, and should be cut down to size. American workers are overpaid and greedy, writes Stiglitz: “Americans bemoan the loss of jobs at home, and do not celebrate a larger gain in jobs by those who are far poorer abroad.” In Stiglitz’s utopian world of perfect free trade, “wages of unskilled workers will be the same everywhere in the world, no matter where they live. The likelihood is that the single wage to which they will converge will be closer to that of China and India than to that of the United States or Europe.”

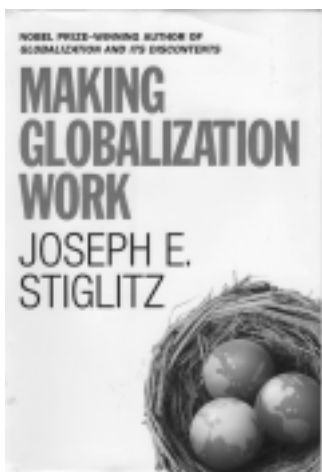
To achieve this descent back to a more primitive age, Stiglitz demands that all global restrictions on labor migration be lifted. “Developing countries have an abundance of unskilled workers,” writes this supposed friend of the poor nations, “who want to move around the world in search of better jobs.” Perhaps Mr. Stiglitz has not observed the economic and social destruction of societies like Mexico and the Philippines, where millions of poor unskilled workers, left destitute by globalization, have been forced to leave their families behind to seek work in the United States or other advanced countries, leaving broken families and deepening poverty behind in their homelands.

Stiglitz does not shy away from acknowledging why he favors this policy of selling a nation’s labor to the colonial master: “Workers employed in the developed world send remittances back home—already billions of dollars are being sent back every year.”

As Stiglitz well knows, the international financial institutions are imposing this system of virtual slavery on poor nations as the only means for them to pay their foreign debts—debts which are largely illegitimate in the first place. The remittances do absolutely nothing to change the degenerating national economies of the labor-exporting countries, while the social consequences are devastating.

It should be noted that the newly elected President of Ecuador, Rafael Correa, in his historic inaugural address of Jan. 15, identified this forced migration policy as one of the most odious of globalization’s crimes, which must be eliminated. Describing the “citizen’s revolution” of Ecuador’s people, who had “decided to free themselves from the groups that have held our Fatherland captive,” Correa declared: “With one hope: that our Fatherland is returning, and with it, jobs return, justice returns, the millions of brothers and sisters who have been expelled from their own land by that national tragedy called migration, return.”

The only beneficiary of Stiglitz’s globaloney is the syndrome, which he intentionally misidentifies with the actual national interests of the United States. The international financial institutions, he insists, “are not to blame.” “They are run by the United States and the advanced industrial countries.” The United States, he says, “reshaped the global system based on its own self-interest and that of its multinational corporations.” If that is so, why has the United States been reduced to the collapsing junk heap and social decay we see today? The point is, that the multinational banks and corpora-



'Free Trade' Always Meant Imperialism

Advocates of the American System of Economics, pioneered by Alexander Hamilton, and followed up by the likes of Mathew Carey, his son Henry Carey, and their German collaborator Friedrich List, waged systematic campaigns against the fraud of "free trade." The following quotes from List's National System of Political Economy, written in 1841, show that these economists were taking on the very same frauds which are promoted by today's leading economists, including "critics" of the International Monetary fund such as Joseph Stiglitz.

The popular school [Adam Smith—ed.] has assumed as being actually in existence a state of things which has yet to come into existence. It assumes the existence of a universal union and a state of perpetual peace, and deduces therefrom the great benefits of free trade. . . . That, however, under the existing conditions of the world, the result of general free trade would not be a universal republic, but, on the contrary, a universal *subjection* of the less advanced nations to the supremacy of the predominant manufacturing, commercial, and naval power, is a conclusion for which the reasons are very strong and, according to our views, irrefragable [emphasis added].

Thus the popular school, which had begun by ignoring the principles of nationality and national interests, finally comes to the point of altogether denying their existence, and of leaving individuals to defend them as they may solely by their own individual powers. . . .

The system of the school suffers, as we have already shown in the preceding chapters, from three main defects: firstly, from boundless cosmopolitanism, which neither recognises the principle of nationality, nor takes into consideration the satisfaction of its interests; secondly, from a dead materialism, which everywhere regards chiefly the mere exchangeable value of things without taking into consideration the mental and political, the present and future interests, and the productive powers of the nation; thirdly, from a disorganising particularism and individualism, which, ignoring the nature and character of social labour and the operation of the union of powers in their higher consequences, considers private industry only as it would develop itself under a state of free interchange with society (i.e., with the whole human race), were that race not divided into separate national societies.

Between each individual and entire humanity, however, stands *the nation*, with its special language and literature, with its peculiar origin and history, with its special manners and customs, laws, and institutions, with the claims of all these for existence, independence, perfection, and continuance for the future, and with its separate territory; a society which, united by a thousand ties of mind and of interests, combines itself into one independent whole, which recognises the law of right for and within itself, and in its united character is still opposed to other societies of a similar kind in their national liberty, and consequently can only under the existing conditions of the world maintain self-existence and independence by its own power and resources. As the individual chiefly obtains, by means of the nation and in the nation, mental culture, power of production, security, and prosperity, so is the civilisation of the human race only conceivable and possible by means of the civilisation and development of the individual nations [emphasis in original].

tions are run not by nation-states, but by an oligarchy which is intent on destroying the Westphalian system of sovereign nation-states altogether—and Stiglitz represents their interests in achieving precisely that.

Global Dictatorship

Stiglitz does not hide his adoration of supranational courts and institutions, with powers to enforce policies and penalties upon nations which refuse to accept imperial demands. "Increasingly we will have to think globally, think of ourselves as part of a global community," he intones. "And it will entail thinking carefully about when we need to improve rules and regulations to make the global system work, and when we should respect national sovereignty."

Who is the "we" who shall decide when to deny the sover-

eign rights of nations, we may well ask? Stiglitz has multiple proposals for such supranational overlords. We've already seen his call for an international taxation board, to punish the development of hydrocarbons or nuclear energy capacities. He wants to include all global resources under such a central taxing agency, to "auction off fishing rights, or the right to extract natural resources beneath the sea, or carbon emission permits."

Also required is an "International Credit Court," to assure that nations currently on the hit-list of the international financial institutions (he names Sudan as his example) are denied credit, and that loans for sovereign defense should be restricted across the board. He calls for keeping a "list of countries for which contractors and creditors would be put on notice that their contracts and debts will be reexamined once

the regime is gone.” Stiglitz’s meaning is clear: If the United States, currently under the direction of the synarchy, decides to implement regime change on some targetted nation, those countries which supported that nation’s development should forget about their investments. Iran comes to mind.

The most laughable aspect of this snake-oil salesman’s product is his solution to the crisis in the global financial system, which he at least acknowledges is “not working well.” Does he recommend ending the usurious and speculative insanity of floating exchange rates, or a write-off of the illegitimate debt manufactured through manipulated exchange rates and manipulated commodity prices? Far from it. The problem, he claims, lies in the “global reserve system,” and he drags out his beloved John Maynard Keynes (second only to British imperialist Adam Smith, the enemy of the American System, in Stiglitz’s pantheon) and Keynes’s special drawing rights, which, in an expanded form called “global greenbacks,” would replace the dollars in the reserve holdings of developing countries, supposedly allowing their dollar holdings to be used for other things.

The absurdity of this is self-apparent, but Stiglitz rubs it in by arguing that, because of the “world of variable exchange rates” in which we live, setting the value of the global greenbacks may be a problem. So, he says, let individuals buy and sell global greenbacks, rather than only central banks, so that

a “market price like any hard currency” will be established by speculators!

The China/India Myth

One last fallacy must be noted: Stiglitz points to China (and to a lesser extent, India) as proof that “globalization works.” Although there has been significant economic growth and poverty reduction in Asia, nowhere does Stiglitz address the fact that these huge nations, with more than half of their populations still living in abject poverty, have become dependent on exports, mostly to the United States, and mostly sold on credit, taking in return several billions of increasingly useless dollars every single day. As the bubble bursts, and the “importer of last resort” can no longer run up its collective credit card, Asia is facing a social and economic catastrophe.

In the case of India, Stiglitz even praises the dependence on Internet technologies at the expense of physical infrastructure. “New technologies meant at least that India could reap the benefits of its long-term investments in education,” he writes, “and *inadequacies in infrastructure were less of a hindrance*,” adding that the wonders of high-tech meant that “infrastructure problems were either irrelevant or could be sidestepped.”

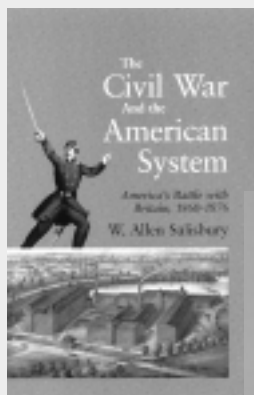
Such is the brave new world of Joseph Stiglitz, *sans* nuclear, *sans* infrastructure, *sans* progress and *sans* sanity.

KNOW YOUR HISTORY!

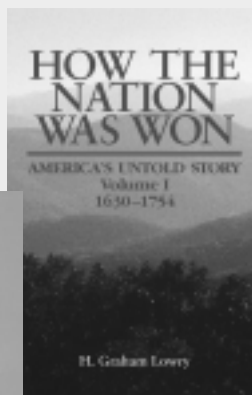
The American System of Political Economy

The Civil War and the American System: America's Battle with Britain, 1860-1876

ed. by
W. Allen Salisbury
\$15.00



ORDER
TODAY!



How the Nation Was Won: America's Untold Story
Volume I, 1630-1784
H. Graham Lowry
\$19.95

ORDER FROM
EIR News Service, Inc.
P.O. Box 17390
Washington, D.C. 20041-0390
Order by phone: **1-800-278-3135** (toll free)
OR order online at **www.larouchepub.com**



Bridge Across Jordan
by Amelia Platts Boynton Robinson
\$10.00

Shipping and handling: Add \$4 for the first book and \$1.00 for each additional book. Virginia residents add 4.5% sales tax. We accept MasterCard and Visa.

Bio-Cons Fool With Ethanol: Just Another Word for War

by Creighton C. Jones, LaRouche Youth Movement

Perhaps, in a moment of attributed prescience, regarding those who would wish to induce our people to plunge into vats of corn alcohol, Russia's famed academician Vladimir Vernadsky, pondering the character of a space devoid of both cognition and life, wrote that "the equivalence of right-handedness and left-handedness may be considered to be a geometrical property of three-dimensional Euclidean space." So, just as the "flat Earth" construct of the sophist Euclid, is devoid of life and cognition, and where left and right exist in equilibrium, so also is the world of what Lyndon LaRouche has aptly called, the "bio-fools." A Laputian-type world, where one puts his food in his gas tank, and the unleashing of an atomic weapons-laced world war is a strategy for saving the environment: This is the world of the "bio-fools."

Speaking of fools: That George Bush featured the promotion of biofuel/(ethanol), and other aspects of what is popularly misunderstood as a "leftist-greenie agenda" in his State of the Union address, comes as no surprise to those who know the truth about who and what is behind the bio-foolery scam.

A 'Left-Right' Tragic-Comedy

Most of the players in this left-is-right, right-is-left tragic-comedy, are, in one way or another, orbiting around the bio-fuel-promoting Set America Free Coalition (SAFC). In the words of one of its leaders, former CIA director James Woolsey, of Committee on the Present Danger fame, it is "a coalition of tree huggers, do-gooders, sod-busters, cheap hawks, and evangelicals." But this, as one may intuit, is pure sophistry.

As the cast of characters and institutions to be mentioned should make obvious, the truth of SAFC's agenda, is to create the conditions, either real, or simply in popular perception, in which there will be no blowback to the U.S. economy, upon unleashing the Cheney Plan (i.e., full-scale carnage throughout Southwest Asia, including the use of tactical nuclear

weapons against Iran). Beyond this, the higher aim, or, given where Dick Cheney plans on spending eternity, we might better say lower aim, is to deny sovereign nation-states the right to exist, the United States not excluded, and the right to develop advanced technologies, particularly nuclear power.

Among the listed, leading contributors to SAFC, are people who, along with Dick Cheney, share membership in the William Kristol-chaired think tank, Policy for a New American Century (PNAC), namely, Gary Bauer (also, president of American Values, a right-wing Christian fundamentalist group), and Frank Gaffney. It was PNAC that issued the open letter to President Clinton in 1998, calling for preemptive war and "regime change" in Iraq. It is those same signers who continue to call for war with Iran today.

Also included in the left-meets-right Set America Free Coalition, are radical neo-cons Daniel Pipes, of the Iran war-promoting Middle East Forum, and former operative of the Middle East Research and Information Project of Sharonist Israeli military intelligence officer Col. Yigal Carmon; and Meyrav Wurmser, whose husband, David Wurmser, currently works out of the office of Dick Cheney, and is the former director of the Middle East project at the American Enterprise Institute, and co-author of the 1996 "Clean Break" strategy, issued by the Institute for Advanced Strategic and Political Studies in Jerusalem.

Institutional supporters listed on the Set America Free Coalition website are: the ostensibly environmentalist Apollo Alliance, and the Natural Resources Defense Council, both heavily funded and directed by the Ford Foundation and Rockefeller Financial Services. Then there are the slew of hawks' nests: National Defense Council Foundation, Foundation for the Defense of Democracies, Center for Security Policy, Institute for Analysis of Global Security, Middle East Forum, Jewish Institute for National Security Affairs (JINSA), and the Hudson Institute, which itself houses such

war hawks as Laurent Murawiec, Lewis Libby, Norman Podhoretz, and the previously mentioned Meyrav Wurmser. Another red flag is the support of the American Jewish Committee, which at one time was housed in the Kuhn Loeb investment bank, at precisely the time that said bank was engaged in lucrative dealings with the Nazi Party of Germany.

Typical of the SAFC corps, and what some might consider the more traditional environmentalist left side, is leading member Felix Kramer, founder of CalCars, a non-profit organization, promoting the move to “green” technology, which features on its website, a paper issued by the Committee on the Present Danger, titled “Oil and Security,” authored by George Shultz and James Woolsey. Kramer is also a former advisor to Hypercar, a for-profit spin-off of the Rocky Mountain Institute, both of which were founded by Amory Lovins, the Pentagon-connected corporate “environmentalist” whose current book, *Winning the Oil Endgame*, has a forward by none other than George Shultz,

To capture the full flavor of this bio-con operation, emphasis must be placed on the central roles of Clifford May and James Woolsey in the SAFC. Both these men are International Patrons of the Henry Jackson Society, a recently constituted London-centered think tank, which takes its name from the late war-hawk Senator, Henry “Scoop” Jackson (D-Wash.), and is a conglomerate of British financial elite and pseudo-intellectuals, who promote a policy of global military interventionism, in the service of “democracy.” The Henry Jackson Society, in turn, weaves itself into the fabric of the London-centered Euston Manifesto crowd, a group of “liberal” professors and intellectuals who defend the policy of going to war in the Middle East, often in the name of stopping “anti-Semitic totalitarian Islamic regimes.”

Now, one may think, this is just a fringe, ideologically driven cadre, whose actual influence on policies, particularly environmental policy, doesn’t extend beyond the walls of their bunker. If this were only so. It is precisely out of this hornets’ nest that all major legislation and policy related to biofuels has been spawned. Directly drawn from the SAFC are the leading House and Senate bills on biofuel and “green” technology promotion. These include Senate Bill (S. 2025), “Vehicle and Fuel Choices for American Security Act,” co-sponsored by Joe Lieberman (D-Conn.), Richard Lugar (R-Ind.), Evan Bayh (D-Ind.), Sam Brownback (R-Kan.), Barack Obama (D-Ill.), Lindsey Graham (R-S.C.), Norm Coleman (R-Minn.), and Ken Salazar (D-Colo.); and House Bill (H.R. 4490), “Fuel Choices for American Security Act of 2005,” co-sponsored by Jack Kingston (R-Ga.), Jim Saxton (R-N.J.), and Eliot Engel (D-N.Y.).

Stopping Nuclear Power, National Sovereignty

Much of what’s found in the aforementioned legislation, and in the SAFC literature, became part of the White House/Department of Energy’s Energy Policy Act of 2005. Also included in the EPA ’05, is the countergang nuclear policy of the neo-cons, known as the Global Nuclear Energy Partner-



Former CIA director James Woolsey is one of the leaders of the Set America Free Coalition, which is promoting biofuel.

ship (GNEP). The crux of the EPA ’05 is that it directs the bulk of the nuclear-related funding into GNEP, which is a policy initiative of globalization of nuclear energy, where nations are appointed as either “users,” or “processors,” and others, as “storages” of nuclear materials. It calls for black-box export of technologies and materials, meaning the knowledge of the principles involved are hidden, with no nation having the sovereign control over its own mining, processing, burning, and storing of fissionable material. Also, it moves away from the third-generation high-temperature gas-cooled reactors, which have a broader base of usable materials (such as thorium) for the fission process, and rather emphasizes those reactors that burn uranium, which the British-centered financial interests largely have control over.

The GNEP policy is very much the one laid out by George Shultz et al. in a *Wall Street Journal* article of Jan. 4, 2007, titled “World Free of Nuclear Weapons,” in which they make a veiled attack on Lyndon LaRouche’s Strategic Defense Initiative, and call for “Getting control of the uranium enrichment process, combined with the guarantee that uranium for nuclear power reactors could be obtained at a reasonable price, first from the Nuclear Suppliers Group and then from the International Atomic Energy Agency (IAEA) or other controlled international reserves. It will also be necessary to deal with proliferation issues presented by spent fuel from reactors producing electricity.” This is a classic policy of empire, placing the control and use of life-providing resources and technologies solely in the hands of one supranational cartel.

Note also, the role of Felix Rohatyn collaborator C. Boyden Gray, U.S. Ambassador to the European Union, who at a seminar of the American Council on Germany, urged the Germans to open up their markets to ethanol imported from Brazil. Brazil is a place where George Shultz has invested heavily in ethanol production, and where there has been an ongoing fight over Brazil’s sovereign right to enrich uranium for its nuclear program.

Ignorance is never an excuse for being a “bio-fool.”

Congress Debates the Way Out Of Evils of ‘Globalization’

House Ways and Means Chairman Charles Rangel (D-N.Y.) convened the third of a four-part hearing series on the economy on Jan. 30, this one focussing on trade and globalization. As at the first hearing, *EIR* was invited to provide testimony, which was stamped “For the Record,” and “Full Committee Has Copy.” This meant that the testimony was available in over 200 copies for those in attendance, and given in advance to the 80 Congressional members and staffers of the committee. *EIR*’s testimony was the only testimony to demand an end to globalization entirely, with a bold title, “Globalization Is the New Imperialism—Don’t Try to ‘Improve’ It, Bury It!” Restore National Interest Policies.” The comments of several members of the committee made clear that a number of the Congressmen had read it, and keyed their questions directly from it.

“Expert” witnesses on the panel included Gene Sperling, from the Clinton Administration, now Director for Universal Education at the Council on Foreign Relations; Lawrence Mishel, president of the Economic Policy Institute; Harold McGraw, head of the Business Round Table and the Emergency Committee for Trade, New York; and several professors and corporate executives. Most of the questions were directed, especially by the Democrats, to Sperling and Mishel.

This hearing, much more so than the prior hearings, heard many Congressmen describing in gory detail the loss of manufacturing jobs and collapse of living standards in their districts. At least four members of Congress directly went to the content of the *EIR* testimony. Most direct was Rep. John Larson (D-Conn.)— whose question was “What do you think about a permanent WPA [Works Progress Administration, part of Franklin Roosevelt’s New Deal]—to create jobs for infrastructure? And if you agree with a permanent WPA, how do you pay for it?” Sperling did acknowledge that we have to “put infrastructure back on the table,” and also that “spending is not always bad.” Larson continued by asking about financing infrastructure and a permanent WPA through a transactions tax, a value-added tax, or other measures. Larson also argued that infrastructure is tied to our national security and national productivity.

Rep. Bill Pascrell (D-N.J.) reiterated his comments from the previous hearing, that the United States must have a manufacturing policy; that in the Hamilton vs. Jefferson debate, the Founding Fathers had decided that we could not be simply an agrarian economy, but had to develop our manufacturing. He cited Article I, Section 8 of the Constitution, concerning

the Constitutional role of the Congress regarding matters of trade, currency, and commerce, and reminded all the Members that he, and they, had all recently reaffirmed their Constitutional oaths of office. He also cited the *Federalist Papers* as the organizing drive associated with Alexander Hamilton’s policy on manufacturing. Pascrell cited national security concerns, saying that if the United States were in fact attacked, we would not have sufficient means to produce to protect ourselves: “We cannot even produce armor any more in the U.S.”

Several Members went through the details of the loss of manufacturing in their districts:

Stephanie Tubbs-Jones (D) of Cleveland, Ohio was probably the most dramatic. She cited an official unemployment rate of 13.6%, and the loss of 60,000 manufacturing jobs in Cleveland just over the last six years under the Bush Administration. She also blasted the approach of providing TAAs (trade adjustment assistance for those who lose jobs due to free trade and globalization), saying, why not do something to stop the job loss?

Representative Pascrell described a situation right outside his district, at Martell Paper, which is closing its doors; and the number of people who cannot hold onto their homes, or their lives. He concluded by saying, “*What has happened to manufacturing in this country is sinful and immoral.*”

Rep. Richard Neal (D-Mass.), who is head of the Machine Tool Caucus in the House, described the situation at the plant in Springfield, Mass. which produces the Sears ratchet—the best in the world—which is now closing their plant. He and all the other Democrats made the point that the plants can be the most productive and efficient in the world, produce the best product, that the workers “do their part,” and yet through no fault of the workers or the plant management, these places are closing their doors.

Rep. Earle Blumenauer (D-Ore.) cited the danger that manufacturing is in decline everywhere in the world, even in China, and demanded of Chairman Rangel that the United States invest in infrastructure, to create “high family value wage jobs.”

The last Congressman to speak, **Rep. Arthur Davis** (D-Ala.), discussed the Mexico situation as a result of the North American Free Trade Agreement (NAFTA). He pointed out that free trade and globalization had destroyed Mexico, and asked the speakers to document how many jobs had been lost as a result of globalization. He also explained that this is the

only way to understand the immigration crisis—that we have destroyed jobs in Mexico, forcing the population to come to the United States for work.

EIR Testimony

Dump Globalization To Save the Nation

This testimony was submitted by EIR News Service to the Hearing on Trade and Globalization, held by the Ways and Means Committee of the House of Representatives on Jan. 30, 2007. The testimony, titled “Globalization Is the New Imperialism: Don’t Try To ‘Impose’ It, Bury It! Restore National-Interest Policies,” was prepared by Marcia Merry Baker, EIR Economics Editor.

Dear Chairman Charles B. Rangel, and other Honorable Members of the Committee:

We fully support your opening of the work of the 110th Congress, by holding a hearing series on the economic conditions of the United States; and in that spirit, we respond bluntly to your questions for this third hearing—on how to identify the “successes” of globalization and improve its “benefits”—by stressing this one central point: *Globalization has been a raving success for those financial interests who imposed it over the past 40 years; and a disaster—as they intended—for the nations and peoples that are being looted.* Therefore, it should be stopped—not improved or adjusted to. So-called free (rigged) trade must be stopped, and a set of monetary, foreign policy, and economic measures initiated for the mutual benefit of building up nations again.

“Too late? Can’t be done?” Not at all. The popular groundswell for “fair” trade, not free trade, and for curbing the “excesses” of globalization, is evident across the United States. Just look at the many articles and books by your fellow Congressmen on the topic. The Nov. 7 election results are a mandate to end the globalization disasters of the last three decades of GATT/NAFTA/WTO “free trade democracy,” and all the other variants. Internationally, a rush of support is awaiting any Congressional initiative in this direction, even for the most preliminary measures. It would signify that the United States is returning to sanity and its founding principles.

Secondly, we have no choice but to confront the real nature of the menace involved in globalization. We are at a blow-out stage of the world monetary and financial system. The unprecedented volumes of speculative activity—mostly denominated in U.S. dollars—are at the point of chain-reac-

tions of non-payment. Look at the bursting of the home mortgage bubble, the commodities prices volatility, the frenzied hedge fund takeovers of economic activity, the privatization-grab for government infrastructure assets, not to mention gambling, otherwise known as derivatives.

‘Globalization, The New Imperialism’

“Globalization, The New Imperialism,” was the title of a policy document by Lyndon LaRouche in October 2005, which was a forewarning, to provide policymakers the means to understand what we’re up against. (See www.larouchepac.com, “A Strategic View of European History Today: Globalization, The New Imperialism.”) The United States and other republics would not exist today, if in the 1700s, the leaders of the American colonies, and their European allies, had decided to lobby to merely “improve” the conduct of the British and Dutch East India Companies, rather than to break from their imperial control. (In historical fact, the British East India Co. itself backed fake “popular movements” to plead with the Company to not overcharge for goods, to go easy on slaves, and to provide chaplains on commercial missions, etc.)

Unfortunately, these networks were not trounced in the American Revolution, and have attempted to re-gain dominance at many times since. Today, the particulars may be different from the 18th Century, but there is a continuity of both the nature of imperial control, and even of the pedigree of major financial interests involved, whose practices are called by economic historians, “Anglo-Dutch liberalism.” LaRouche warned in 2005:

“The long-ranging drive of the Anglo-Dutch Liberal financier-oligarchical establishment, over the post-Franklin Roosevelt period of world history, has been to destroy the institution of the sovereign nation-state republic throughout the planet, an intention which has been turned loose, full force, with the collapse of the Soviet system. The name given to this global destruction of sovereignty of nations, including that of the U.S.A. itself, is ‘globalization.’

“The systemic characteristic of this transformation, most clearly since the middle to late 1960s, has been the destruction of the so-called “protectionist model” of the U.S. economy. The intent has been, including from the government of the U.S.A. itself, to destroy the role of the U.S.A. as a sovereign nation-state, by destroying the so-called ‘protectionist’ system on which the superiority of the U.S. economy to that of other parts of the world had depended, prior to the 1971-1982 transformation of the U.S. into the presently bankrupt ‘service economy’ rubbish-bin it has become. The intent of globalization is to make the poverty of the so-called ‘developing sector’ permanent, by degrading the physical economies of the Americas and Europe to the notoriety of ‘Third World’ conditions, and by making ‘Third World’ conditions the standard for economy world-wide.”

From this vantage point, we here provide summary documentation and references to back Congressional action to end

the globalization era, under three main points:

- history of the imposition of globalization;
- review of the damage from globalization;
- emergency measures called for.

Globalization Was Imposed, Not ‘Evolved’

At the 1944 Bretton Woods conference, which set up the post-WW II financial system, a proposal to establish an ITO—International Trade Organization—was voted down. This reflected the prevailing principled view that trade between nations was a prerogative of sovereign governments to determine what was in their mutual best economic interest, and not that of either supra-national agencies, nor private multinational financial interests. Over the subsequent 15-20 years, this principle continued, despite exceptions and assaults, as post-war reconstruction took place, new nations gained independence, and the prospects for a vast advance in economic conditions globally were indicated in the “Atoms for Peace” program, to harness nuclear power.

The original goal of Franklin Delano Roosevelt, for a post-war “International New Deal” for deliberate multi-nation collaboration on infrastructure and rapid economic development was thwarted, because of direct opposition through the Truman Administration. But there was still a vector of development underway until the mid-1960s.

However, by the 1970s, this dynamic had been seriously undermined by the opponents of national sovereignty and development. In brief: In 1971, the dollar was “floated,” which ushered in the era of increasing uncertainty from fluctuating currency exchange rates and speculative activity, amounting to a World Casino. **Figure 1** shows that over two decades, the volume of currency exchange associated with trade in goods collapsed, in contrast to exchange associated with speculation.

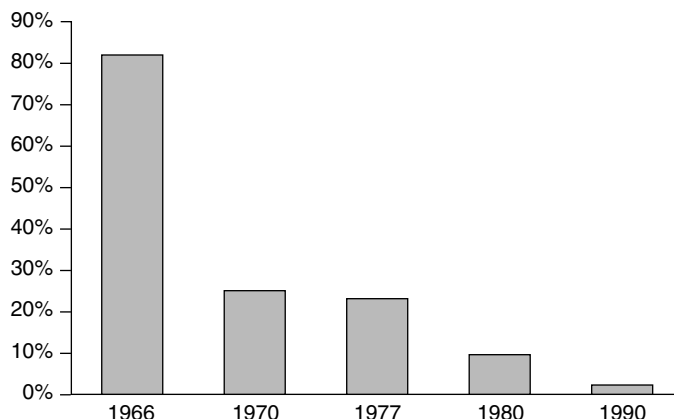
In the United States, deregulation was launched in all manner of vital functions—trucking and rail, health care (1973 was the first HMO act), and energy, culminating in Enronomics. In the 1980s, Margaret Thatcher’s Britain became the world model for radical privatization and deregulation. In 1986, with the “Uruguay Round” of the U.N. General Agreement on Tariffs and Trade, a Thatcher-type campaign was launched to “reform” the entire world farm and food systems by taking away “trade-distorting” practices such as tariffs and national food reserves.

The sophistry of the GATT globalist movement was shown in its slogan, “One World, One Market” to argue that citizens of every nation had the “right” to access their food and all other needs directly from world sources, not from the “confines” of their own nations. “Borderless” free trade was the goal across the board for banking, labor, industrial and agricultural goods and services, and especially access to minerals and natural resources.

In January 1988, the Canada-United States Free Trade Act was signed. In 1992, NAFTA was concluded. In 1995

FIGURE 1

Falling Value of U.S. Merchandise Trade as a Percentage of U.S. Foreign Exchange Transactions, 1966-90



Sources: Bank for International Settlements surveys (1986, 1989, 1992); U.S. Federal Reserve surveys (1977, 1980, 1983); GATT.

the World Trade Organization was established. During this process, when Germany was re-unified in 1990, the “free trade” movement was imposed on it, as well as on Russia, and other parts of the former Soviet bloc.

In the course of all this, a “blob” of cartels and multinational financial networks positioned themselves for near-total control and killer-profiteering. In 1968, this was described explicitly as a “*world company*” project, by George Ball, a former Undersecretary of State, and Chairman of Lehman Brothers, in a speech to a conference of the Bilderberg Society, on whose steering committee he then served. Ball gave an outline of how the archaic nation-state system should be replaced by globalized corporate cartels.

The “names” associated with this process indicate the networks involved. Lehman Brothers itself, along with Lazard, are foremost entities, and have been in the forefront of the sell-off of the U.S. auto/machine tool capacity and other industrial assets, as well as infrastructure rip-offs through what’s now politely termed, “Public Private Partnerships.” The poster boy for this process is Felix Rohatyn, long at Lazard, and now a top consultant for Lehman. Also in the lineup is George Shultz, direct collaborator of Rohatyn et al. One view of how the networks operate, is provided by John Perkins’ book, “Economic Hit Man.”

This gang is now under scrutiny for their global equity fund and hedge fund frenzy of LBO grabs of companies, whose operations are then indebted, downsized, and ruined.

Below Economic Breakeven

The net effect on the physical economy, of the years of out-sourcing industry, “global-sourcing” food supply, and all



clipart.com

After three decades of globalization, the United States is dependent on food imports for 30-80% of various consumption items, and former farm counties are experiencing drastic population reductions. Much of the U.S. food imports come from Third World countries that use labor-intensive techniques, as does this Chinese farmer.

related hallmark practices of globalization, has been a *net reduction of productive capacity and living conditions* overall, so that the world economy as a whole is way below even a breakeven threshold of required activity. Specifically: shutting down manufacturing and farming in the United States, and relocating it abroad to cheap labor and low infrastructure sites, causes harm and a *net reduction* in productivity in all nations involved. Look at some of the features of this, sector by sector.

Industry: There has been an absolute loss of 5.5 million U.S. manufacturing jobs since 1979—including elimination of nearly half the employment in the aerospace and auto industries, the two major machine-tool reserves of the economy. The re-employment of contingents of these former manufacturing workers at less-skilled, lower-wage jobs has lowered the productivity of the American workforce. U.S. consumption of machine tools is now only 60% of the 1980 level, and 60-70% of that consumption is imported machine tools.

What remains of global industrial capacity is now being concentrated in fewer and fewer hands, for example, the Mittal Steel empire, part of the Anglo-Dutch imperium. Steel and heavy industrial goods—measured on a per capita basis of consumption, are declining.

Agriculture: The United States is now food import dependent for 30 to 80 percent of various consumption items, from fruits and vegetables to seafood, even while its former farm counties are experiencing drastic population reductions. On the continent of Africa, food availability per capita is declining. Expected life span itself is dropping in Sub-Saharan Africa. A very few agro-cartels now exert vast control of global food supply lines, including such names as

Cargill, Archer Daniels Midland, Bunge, Louis Dreyfus, as well as Smithfield, Suiza and others. International retail food sales are now dominated by Wal-Mart, Carrefour and a few others.

Population: Millions of people are being displaced by the takedown of national economies. In the United States, there are 12 million Mexicans who would otherwise be in their homeland, but for the free-trade breakdown process. The nation of the Philippines is dependent on remittances from its citizens who are forced to seek work abroad. This is true for all of Central America. In Africa, the refugee population is in the millions. The population of Russia is declining in absolute numbers.

Biological Breakdown: With the decline in infrastructure over the past years—water, power, transportation, health care—the rise of new and resurgent diseases now poses the threat of biological holocaust. This is typified, but not confined to avian flu, or to the new strain of “super”-tuberculosis, now spreading in southern Africa.

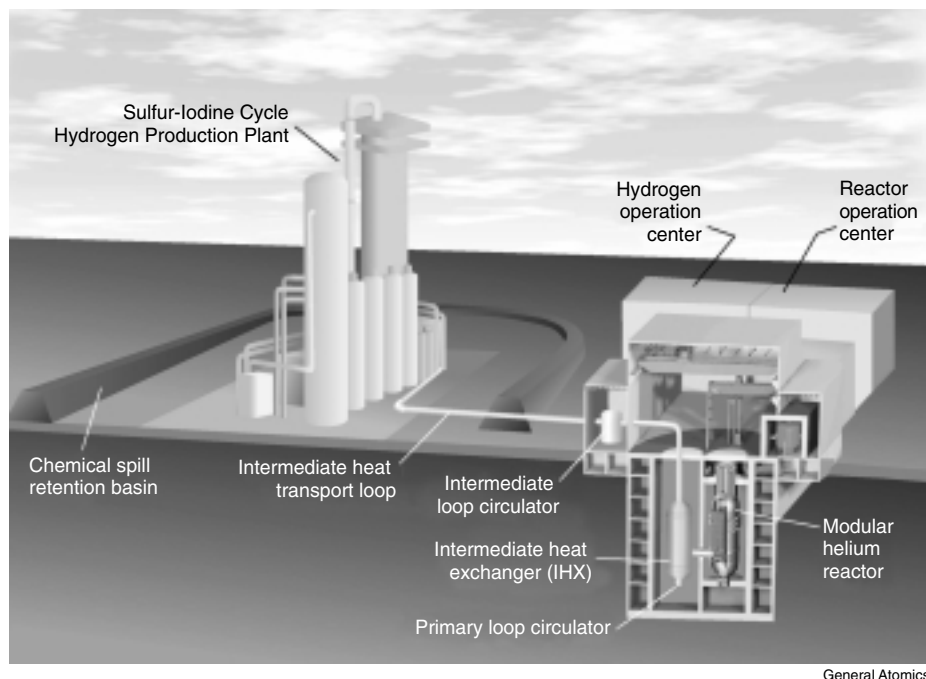
Food shocks are also in store, because of the absence of food reserves, and contingencies for botanical pests. A new wheat rust is making its way from eastern Africa, across the Arabian Peninsula, eastward toward the Indian sub-continent, on a spread-path potentially involving 25% of global wheat output. The reason for the danger is that in recent decades, resources were not put into having stand-by resistant wheat varieties, but instead, private agro-companies came to dominate seed development—including gaining sweeping patent rights—for their own purposes of control and furthering monoculture.

Emergency Measures: The FDR Paradigm

These then, are just a few elements of the “Big Picture” of how far gone we are under globalization. No fix-ups will work, of labor standards, environmental codes, or the like. Emergency action is required. In brief, there are two main areas for legislative initiative. First, to stabilize currency exchange, and put in place measures to prevent insolvencies causing out-of-control shutdown of vital goods and services activities. In particular, the Federal Reserve banking system—with trillions in unpayable claims of derivatives and other “assets”—is bankrupt; and government action is required to place the Federal Reserve under bankruptcy protection and re-organization, in order that required levels of banking function are maintained and obligations honored, but claims equivalent to gambling are frozen at lowest priority.

Going along with this, is the need to initiate nation-to-nation agreements for mutually beneficial fair trade, and to call a halt to the harmful “free trade” commitments and flows. Roll-back the free trade agreements completely.

Secondly, for both domestic and state-to-state economic



This fourth-generation nuclear power design couples a high-temperature helium reactor, the GT-MHR, to a sulfur-iodine cycle hydrogen production plant. Nuclear power is vital for desalinating seawater, and for providing local generation of hydrogen-based fuels.

General Atomics

activity, initiatives are needed to further large-scale shifts away from the so-called “services economy” model, and shift into a capital-intensive production model, for all national economies. For the U.S. economy, draft legislation has been provided to your Committee, in testimony for your Jan. 23, 2007 hearing, called the “The Economic Recovery Act of 2006.”

What is involved most simply, is to take a “capital budget approach,” in which the Federal government initiates low-interest credit for priority national infrastructure projects, to be carried out by private contractors. The precedents are clear from the FDR period. And today, the range of infrastructure required is also crystal clear—as described, for example, by the American Society of Civil Engineers. Dams, bridges, new health facilities, ports, water treatment and conveyance, and as the centerpiece: high-tech railroads and advanced nuclear power.

Gearing up to fulfill these infrastructure projects generates the need for millions of new skilled jobs, and for re-tooling, restoring, and expanding the U.S. machine tool/manufacturing capacity.

A detailed policy document on this process is available: “What Congress Needs to Learn: The Lost Art of the Capital Budget,” Dec. 22, 2006, by Lyndon LaRouche. (Available in EIR, Vol. 34, No. 2, Jan. 12, 2007, on www.larouche.pub.com.)

Science Driver

In summary, the program that is now required to bury globalization can be accomplished by a “return to the kind of thinking associated with a ‘fair trade,’ rather than ‘free trade’

economy.” LaRouche describes this as, “thinking about physical and financial capital as we did under Franklin Roosevelt.

“The principle on which the success of such a program depends, is the principle of fostering the increase of physical productivity, per capita and per square kilometer, through science-driven technological progress in the improvement of the productive powers of labor. This means technological progress as expressed by emphasis on a science-driver economy of the type which brought the U.S. and its allies to victory over Hitler et al. in the preparation for, and conduct of World War II.

“Against the customary carping critics of such measures, consider the following.

“Had Franklin Roosevelt lived, the freeing of the world from the imperial legacy of colonialism and the like, would have created a vast capital market for the products of a converted U.S. war production buildup, the reinvestment of the war debt margins in new capital formation, here and abroad, although it would have been associated with the combination of a temporary austerity, but a healthy accumulation of real capital. . . .”

Now, over 50 years later, we face the severe depletion of our capital stock after three decades of globalization. But the principles of “FDR thinking” still apply. If we take the right emergency measures during the transition, we can drive the economy ahead through resuming the science associated with nuclear power—the “fourth generation” (high temperature) reactors, the R&D to harness fusion power, and the entry into an “isotope economy” of man-made “natural” elements to overcome exhausted resources.

There can be life after globalization, better than ever.

National News

Griffin Questions Human Role in Climate Change

Asked about the threat of climate change, NASA Administrator Mike Griffin told the German daily *Frankfurter Allgemeine Zeitung* Jan. 26: "Annually, we invest \$5.5 billion in research on planet Earth. We have yet to find out whether the present climate change is man-made or whether it is just a short-term vacillation. What I also want to know from our scientists, is why the Vikings settled in Greenland and cultivated wheat, and why one day it became too cold to do that."

Griffin gave the interview to the Frankfurt paper while he was attending the World Economic Forum at Davos, Switzerland.

Wolf Attacks PPP 'Highway Robbery'

Rep. Frank Wolf (R-Va.), lambasted the price gouging of public/private partnership at a hearing on Jan. 30 of the State Corporation Commission in Loudoun County, Virginia, on the toll increase proposed by the synarchist Macquarie Bank, which has taken over the Dulles Greenway toll road near Dulles International Airport.

"From the beginning, this road was to be a public/private partnership. Today, there is no public in this partnership. The owners don't live here. TRIP II [Toll Road Investors Partnership II] is owned by Macquarie Bank of Australia. Their families and neighbors don't use the Greenway. This company is ambitiously buying toll roads across our country, and in order to make a profit, it has turned to aggressive tolling on the backs of the driving public. I have heard reports that this company says it is losing money on the Greenway and that's why it needs to raise the tolls. A review of the company's web site reveals that Macquarie Bank made more than \$1.1 billion Australian in 2005.

"I just don't believe that allowing this company to turn the Greenway into a cash cow is what a public/private partnership

should be. The thought 'price gouging' comes to mind."

"Commuters today who use the Greenway 50 weeks per year," Wolf stated, "pay \$1,350 annually for their weekday round trips on the Greenway." If the toll increase were approved, "the same commuter will pay \$2,400 per year, almost triple the cost since 1995 when the road was built, just to use the Greenway every day." This is "highway robbery."

The Bush Administration has appointed a Macquarie official as chief counsel for the Department of Transportation.

'Harvard Crimson' Covers LYM Political Music

The daily *Harvard Crimson* reported on the LaRouche Youth Movement's singing to Harvard classrooms in an article Feb. 2 titled "Singing LaRouchians Interrupt Class." The article began:

"Political demonstrations turned musical this week as members of a protest group entered Harvard classrooms, singing for the impeachment of Vice President Dick Cheney. The vocalists were members of the LaRouche Youth Movement—followers of Lyndon H. LaRouche, a political agitator and eight-time presidential candidate."

"Some professors welcomed the lyrical demonstrators as a calming force amid the hustle and bustle" of campus life, the article stated, but noted that not everyone was so pleased.

LYM member Pavel M. Penev was quoted saying, "We sing in the streets, what we bring out is something that is being lost from the culture today, a specific message for the communication of ideas."

Call for a 'Real Deal' For Homeland Security

The new head of the House Committee on Homeland Security, Rep. Bennie Thompson (D-Miss.), opened his speech to the George Washington University Homeland Security Policy Institute on Jan. 29, by cit-

ing Franklin Roosevelt: "During President Roosevelt's inaugural address to the nation on March 4, 1933, he quoted *Proverbs* 29:18 and said, 'Where there is no vision, the people perish.' Just as he sought to address a failing American economy through the New Deal, today I will provide you with an agenda that I hope will help us plan, prepare, and protect . . . The Real Deal for Homeland Security."

Thompson added, "The Real Deal also requires us to listen to the needs of the people so that we never see our own citizens abandoned and betrayed by their government, as we did during Katrina and Rita," he said. "An entire Gulf Coast is in need of rebuilding and it is going to take local talent to get it done. To this, the Real Deal can take a page from the New Deal."

Thompson promised "aggressive and meaningful oversight" of the Department of Homeland Security and indicated that he intends to concentrate on ports and rail transport, with less emphasis on air traffic.

Stabenow: Free-Trade Accord Will Hurt Auto

In a town hall meeting on the future of the auto industry, convened by ABC News anchor Charles Gibson on Jan. 29, and broadcast live in Michigan, Sen. Debbie Stabenow (D-Mich.) reported that she had signed a letter with other Michigan lawmakers opposing a free-trade accord being negotiated with South Korea, on the grounds that you "do not do that agreement unless you fix auto."

"We've got a health-care system in crisis," she also said. UAW legislative director Alan Reuther called for national action on health care, because "the problem can't be solved just at the bargaining table by cutting and cutting and cutting. . . . One of the things we need to do is stop negotiating bad trade deals that are one-sided."

Ford Motor Co. spokesman Charles Holleran added, with respect to health care: "There's no longer any argument about whether or not this is a national crisis. . . . Even eight years ago, when this became a flashpoint, there were voices that said this can fix itself. No one is saying that this can fix itself now."

ON HIS 250TH BIRTHDAY

Hamilton Counsels Congress: Rediscover Your *Powers*

by Michael Kirsch, LaRouche Youth Movement

Dear 110th Congress:

Five years into the Revolutionary War, with the States hoarding funds and resources from the Continental Army, the nation dependent on foreign resources, and the Continental Congress unable to enforce taxation on the states, Alexander Hamilton (1757-1804) issued a letter to New York Congressman James Duane, beginning, “Sir, the fundamental defect is a *want of power in Congress*.” This would soon be elaborated and developed in private correspondence with Robert Morris, and a series of Open Letters in the *New York Packet*, “The Continentalist Papers,” in 1781 and 1782. So began the creation of the Union, from the mind of man.

Today, there is no “*want of power in Congress*,” but there is a general lack of will to apply it. Whether such idleness continues, is of the highest concern for the immediate fate of civilization.

Our situation is grim.

In the last year, we’ve lost hundreds of thousands of square feet of machine-tool stock, which means a loss of the potential to rebuild. We’ve suffered a long period of destruction of our physical infrastructure. Our credit has hence been plunged deep below breakeven. Our ability to invest in needed projects has been sucked up in payment of speculation. Some 56% of our banks’ assets are invested in “leveraged” lending to hedge funds and private equity funds; \$2.5 trillion in financial derivatives is linked with the already doomed U.S. housing bubble. The debt of the nation has become so large, that the Federal Reserve has even stopped publishing the M3 figures.

As *EIR* has documented over the last two years, much of this policy shift has been led by a general organizing drive, best expressed by American Tories John Train, Felix Roha-

tyn, George Shultz, and others, to eliminate the sovereignty of nations. In what is literally an open conspiracy, they intend to return the world, our nation included, to methods of the British East India Company in the form of globalization. Alan Greenspan’s derivatives policy was such an “invisible hand” for today. Current Fed Chairman Ben Bernanke, in a speech on Aug. 25, 2006, explicitly promoted an Anglo-Dutch trading company program, and the Roman Empire, while attacking the “American System.” Henry Kissinger and George Shultz, the key advisors to the Bush Administration, have both, in recent years, explicitly called for an end to the “Westphalian System.” These policies our Constitution rejects.

More dangerous still, for such evil purposes, we also face an attack on the sovereignty of our nation’s credit, with a foreseen frontal assault against the U.S. dollar by synarchist-linked bankers centered in London. As the Jan. 19 *EIR* documented, the plan is to sell short on the British pound, causing a chain-reaction collapse of the dollar. The consequences would be devastating for banking functions, such as lending for required productivity. Speculative debt will suck in government liquidity for payment. In such a crisis, unless the needed patriotism is found, the U.S. could relinquish its sovereign banking functions. Would the U.S. government today accept something akin to, but worse than, the 1971 move from a fixed- to a floating-exchange-rate system?

What serves to blow up this entire situation, is the further, pressing fact, that a puppet of synarchist operatives Bernard Lewis, Henry Kissinger, and George Shultz—Vice President Dick Cheney, “insane” by all measurements of recent reality checks—is being used to launch all-out warfare against the institution of the sovereign nation-state. Their intention is that



EIRNS/Stuart Lewis



Today, Democratic Party statesman Lyndon LaRouche is the world's leading proponent of Alexander Hamilton's nation-building policies.

the U.S. will destroy itself in the process of unleashing hell in Southwest Asia, thus eliminating the threat of an FDR-style revival of the sovereign nation-state system.

In this time of great national need, the *only solution* is for Congress to rediscover its authority, and power, to carry out the intention of the U.S. Constitution in defense against such horrors. Once these Powers are comprehended in their full scope, the needed remedy is available—U.S. statesman Lyndon LaRouche has it articulated clearly.

Steps Required

On Jan. 11, the day of Alexander Hamilton's 250th birthday, LaRouche, in an international webcast, outlined the steps to be taken.

First, Cheney must be removed. The following measures to reverse the crisis, are pending on this first step being carried out.

Next, LaRouche proposed an immediate bankruptcy reorganization. Upon finding the general welfare imperiled, Congress, with authority to provide for the common defense and general welfare, following Article I, Section 8 and the Preamble of the Constitution, must take the Federal Reserve System, as bankrupt in fact, and re-establish a U.S. Constitutional, "Hamiltonian" form of national-banking system.

In Hamiltonian style, LaRouche proposed that the mere possibility of a collapse of the banking system, which would destroy us as a nation, requires protection of the functions of those banks by the U.S. government. They should be regulated to "ensure the maintenance of levels of present useful employment and functioning of essential public and private services in each and every county of the U.S.A." Such regulation will require freezing large masses of claims, in accord with the public safety, and passing laws to ban further speculation, the kind of "gambling" that caused the crisis.

The third step required is the Federal utterance of monetary credit, bills of the Treasury, as financial capital for direct investment. "We're going to issue, with the credit of the Federal government, under a reorganized Federal Reserve System, Federal bills—by the authority of uttering, unique to our system, by the Federal government. We're going to create masses of capital budget, masses of capital investment, which will be allocated to build up infrastructure and necessary industries." He stressed increasing the value of the dollar by making it the source of the world's greatest influx of public credit.

Subsequently, as George Washington carried out such measures in his time, the Federal government must allocate funds from the U.S. Treasury to an association of officials, who, gaining a status of incorporation for the purposes of organization for lending and paying, will apply their considerations to re-tooling, directing funds from the corporation, to rebuild the U.S.A. Further measures of regulation of the physical economy for the creation of real creative profit, depend on these actions being taken.

What I shall show here, is that, not only are these steps entirely consistent with the U.S. Constitution, but with the very nature of government, and the spirit of man himself.

To achieve a swift application of those means, upon which the existence of our nation depends, I offer the following essay as a fresh historical look into the Constitutional foundation of the principles of that, much needed, design.

The 'Final Cause' of Government

Patriots today must understand that Hamilton's ideas of the American System were *necessary* to the creation of the Union. Without internalizing the changes that Hamilton made, and the corresponding Powers needed to *maintain* the Union, it were doubtful—and there were no principled assur-

ance—that it could be maintained. Understanding the operations of a *national* government must be akin to the rediscovery of a *scientific principle*.

As LaRouche today, Hamilton knew, while approaching a boundary condition, *nothing* in the present system would work. Hamilton saw that a confederation of “free and independent states,” with separate armies, fighting over duties and loans and land, would fail. Therefore he moved to create a union, which could supply credit, administered from a national bank, suitable to provide for the exigencies of a *nation*.

LaRouche echoed Hamilton on Jan. 11: “Any discussions about negotiations with the existing system . . . is a waste of time. Totally counterproductive . . . when you should be organizing around something which is the only thing which will save the system. . . . We are always approaching a boundary, a limit. As we reach toward that limit, a collapse is inevitable unless we change the boundary. And you change the boundary, by introducing a new condition, by a political improvement. . . .”

So, it is to this author, a haunting similarity, and at the least, a suitable and timely lesson, for members of Congress to relive in their minds today. For the world system that the dogged U.S. statesman LaRouche is proposing, flows from that same method of Hamilton.

But, lest we move too hastily, it is necessary to reflect on the consequences of needed action. How must we think about the required change? Hamilton wrote in the *Federalist* No. 1: “It seems to have been reserved to the people of this country, by their conduct and example, to decide the important question, whether societies of men are capable or not, of establishing good government from reflection or choice, or whether they are forever destined to depend, for their political constitutions, on accident and force.”

On Jan. 11, after answering many questions from members of Congress concerning issues of economic policy, LaRouche, with a certain nod to Hamilton on his birthday, reasoned: “But let us, at the same time, make sure that we don’t lose track of the vital issue: Is this *nation*, is this *civilization* going to survive? That’s the question! That’s the *fundamental* question. Once you understand what you mean by that, and understand what you mean by a solution to *that* challenge, *now* you can legislate.

“What is the legislation which should determine the future existence of this nation, and its role in the world? Start from that. Now, look at every one of the issues that comes up, from *that* standpoint, and you will probably get it pretty nearly right.”

Hence, from “*that* standpoint,” reflect now on the role of our first Treasury Secretary as he assumed such responsibilities in 1779 as aide de camp to Gen. George Washington, through his celebrated *Report to Congress on Manufactures* in 1791, in creating what is known today as the “American System of Political Economy.”

May Congress discover, that the *Congress* itself was a



EIRNS/Stuart Lewis

At a Jan. 11 webcast, LaRouche, “in a nod to Hamilton on his birthday,” challenged the Congress: “Is this nation, is this civilization going to survive? That’s the fundamental question. Once you understand what you mean by that, and understand what you mean by a solution to that challenge, now you can legislate.” Pictured, Senate majority leader Harry Reid.

creation in the mind of man, and that there is no book, no banker’s pen, which delivers the authority for a nation to develop the credit of its people.

May the Congress, reliving this truth, find such authority, and rise with the courage to apply Hamilton’s “Powers of Congress” in this New Year. The lives of our people and their posterity depend upon it.

1. A Higher Hypothesis

In the years 1779-1781, Washington’s aide de camp Alexander Hamilton candidly reported to leading minds of the new nation concerning the defects and limitations of the system of the Articles of Confederation. He was blunt about the poverty and lack of money to maintain the army, the disparity of the value of the currency, the lack of confidence in allies to obtain loans, and the destruction of the nation’s credit since the beginning of the war. Taxes were diminishing, as many of the

people were without money. Hamilton stated that, without the means to create a lasting ability to cover expenses, securing more loans would only be patchwork. All previous attempts to rearrange the funding had broken down. In a letter in 1779, Hamilton wrote, "The hope of appreciating the money by taxes and domestic loans is at an end. As fast as it could be received, it must be issued in the daily expenditures. The momentary interval between its being drawn out of circulation and returning into it, would prevent its receiving the least advantage."

Hamilton saw the importance of solving this crisis as more than efficiency. He saw that the establishment of American independence would be decided in the more decisive "battle" won, in providing the logistics for the war. He later wrote to Robert Morris, a leading financier, "It is by introducing order into our finances—by restoring public credit—not by winning battles, that we are finally to gain our object. It's by putting ourselves in a condition to continue the war not by temporary violent and unnatural efforts . . . that we shall in reality bring it to a speedy and successful one."

After casting aside and refuting all other partial or temporary efforts, which were being proposed, Hamilton hypothesized a solution. A foreign loan would have to be secured, but with the greater purpose of bringing in the stock of "monied interests" to create a "permanent paper credit." All other plans were futile in giving the government the "systematic credit" it needed.

The paradox facing Hamilton was: Monied interests could make more profit investing their money in trade, than lending it to the Congress at interest, and with greater assurance of payment. How could they be persuaded to loan their money for the security of the Union? Hamilton, on April 30, 1781, wrote to Robert Morris, then recently appointed financier of the Continental Congress, describing his idea, developed over two years, to attract lenders by: "... uniting them with those of the public will, on the foundation of that Incorporation and Union, erect a mass of credit that will supply the defect of monied capitals and answer all the purposes of cash, a plan which will offer adventurers immediate advantages analogous to those they receive by employing their money in trade and eventually greater advantages, a plan which will give them their greatest security . . . not only advance their own interest and secure the independence of their country, but in its progress have the most beneficial influence upon its future commerce and be a source of national strength and wealth. . . . I mean the institution of a *National Bank*."

Hamilton, always a student, even as aide de camp, imported the mechanical uses of the bank as simply a place where money goes in and out gaining interest, and transformed it into a "mass of credit," uniting the separate piles of money of private wealthy individuals, and business owners, into a source for *national* wealth. "[It] turns the wealth and influence of both [parties] into a commercial channel for mutual benefit, which must afford advantages not to be

[under]estimated."

Instead of separate pieces of money from wealthy individuals to fill the leaky ship, the bank served to bring the separate resources of the nation to act as one. Putting money into commerce and trade caused the currency to grow strong, and attracted more investment. "It will promote commerce by furnishing a more extensive medium which we greatly want in our circumstances. I mean a more extensive valuable medium. . . . [The] tendency of the national bank is to increase public and private credit. Industry is increased, commodities are multiplied, agriculture and manufactures flourish, and herein consist the true wealth and prosperity of the state."

The bank circulated more money than was held in specie or stock, for monied interests could gain a profit in public contracts. "There is a defect of circulation medium which this plan supplies by a sort of creative power, converting what is so produced into a real and efficacious instrument of Trade," Hamilton wrote.

Creating the "mass of credit" necessary for the bank would put the nation as a whole, rather than each individual state, in debt. But, said Hamilton, this would be a driver to organize the finances of the nation as a single unity. "A national debt, if it is not excessive, will be to us a national blessing; it will be a powerful cement of our union. It will also create a necessity for keeping up taxation to a degree which, without being oppressive, will be a spur to industry."

A Want of Power in Congress

At the same time, in this period, he recognized that if this were not done, the credit of the Confederation would be lost, and so, there was a necessity to procure a more solid confederation, to regain confidence. For the allies abroad had faith in the establishment of independence. But, says Hamilton, the question as to whether the states would stay together, was in doubt. What brought the states independence was a joint action in establishing an idea of sovereignty; therefore, after the war, in peacetime, such an ability to act as a unity, had to be established for the states to prosper.

What was lacking? Hamilton issued bigger calls. His 1780 letter to New York Congressman James Duane began, "Sir, the fundamental defect is *a want of power in Congress*." He elaborated that the states, filled with an excess of their own liberty, ignored the demands of Congress. Congress, diffident toward its own authority, grew timid and indecisive, and "scarcely left themselves a shadow of power." Further, Congress had a want of both sufficient means at their disposal to answer the public exigencies, and of a vigor to draw forth the means. Hamilton noted they had "descended from the spirit of the act of '76." He stated that the danger was, "that the common sovereign will not have power sufficient to unite the different members together, and direct the common forces to the interest and happiness of the whole."

Pointing to the paradox of the moment, he asked, had Congress not done many things the nation cheerfully submit-



The First Bank of the United States, in Philadelphia, was the brainchild of Alexander Hamilton. He wrote to Robert Morris: "It is by introducing order into our finances—by restoring public credit—not by winning battles, that we are finally to gain our object."

ted to, such as the Declaration of Independence, declaring war, etc.? Hamilton described their situation: "Undefined Powers are discretionary powers," thus "limited only by the object for which they were given—in the present case, the independence and freedom of America."

Therefore, the members of Congress, if recollecting the manner in which they were appointed, "should have considered themselves as vested with full authority "to preserve the republic from harm." Why therefore, should Congress not have applied its authority to financial matters? If certain exigencies were necessary for independence, why should they have lacked such authority?

In addressing the ontological questions, which others refused to recognize, Hamilton initiated the process he would almost single-handedly lead in conspiring, organizing, fulfilling, and defending, for the rest of his life. We must frame "a confederacy capable of deciding the differences and compelling the obedience of the respective members," he wrote. "If a Convention is called, the minds of all the states and the people ought to be prepared to receive its determinations by sensible and popular writings which should conform to the views of Congress."¹

1. There is no magic or coincidence in the fact that it was Alexander Hamilton, at the age of 23, who initiated the call for a new Congress and a Convention to create a stronger Constitution. Hamilton did so, fully engaged in the conflict, and leading the cause. So it should come as no surprise that this author, at age 25, and other youth of the LYM are appealing fervently to Congress. We youth, who have assembled from across the nation, are joining Lyndon LaRouche for the purpose of saving this republic; we have a future to create.

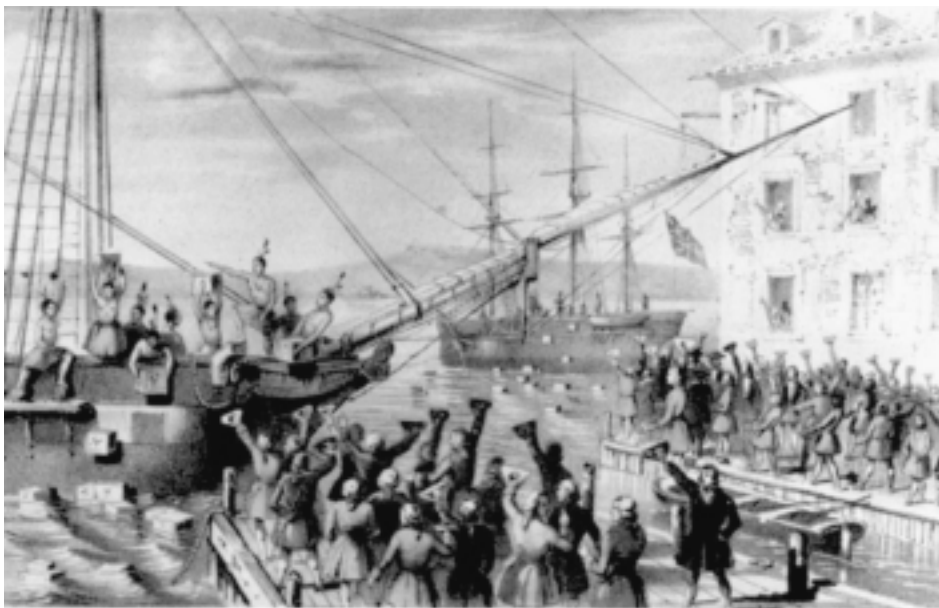
Time Span of Intentions

Hence, summarily, facing the effects of necessities, he hypothesized the causes of those effects, and then generated higher hypotheses that subsumed those predicates; however, to replicate such a sublime feat, we must comprehend the issue of the *time* in which Hamilton thought.

In taking up this immediate situation, Hamilton had greater thoughts on his mind. What was the true cause of the Revolutionary War? Was it simply a question of taxes? What was the cause of the disunity among states? What was the purpose of gaining economic freedom?

Hamilton, only a few years earlier, in his "A Full Vindication of the Measures of Congress" of '74 and "A Farmer Refuted" of '75, while serving as the leading intellect in promoting the cause of the Sons of Liberty, answered these questions: "They endeavor to persuade us . . . that our contest with Britain is founded entirely upon the petty duty of 3 pence per pound on East India tea, whereas the whole world knows, it is built upon this interesting question, whether the inhabitants of Great Britain, have a right to dispose of the lives and properties of the inhabitants of America, or not."

In the "Farmer Refuted," after relating his opponent's conception of man to the wicked Thomas Hobbes, Hamilton wrote that, "Good and wise men, in all ages, have supposed, that the deity, from the relations we stand in, to himself and to each other, had constituted an eternal and immutable law, which is, indispensably, obligatory upon all mankind, prior to any human institution whatever. . . . This is what is called the 'law of nature' which, being coeval with mankind, and dictated by God Himself, is of course, superior in obligation



The Boston Tea Party, 1773. Hamilton, wrote in the mid-1770s: "They endeavor to persuade us . . . that our contest with Britain is founded entirely upon the petty duty of 3 pence per pound on East India tea, whereas the whole world knows, it is built upon this interesting question, whether the inhabitants of Great Britain, have a right to dispose of the lives and properties of the inhabitants of America, or not."

to any other. It is binding all over the globe, in all countries, and at all times. No human laws are of any validity, if contrary to this; and such of them as are valid, derive their authority . . . from this. . . . The sacred rights of mankind are not to be rummaged for, among old parchments, or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the hand of the divinity itself; and can never be erased or obscured by mortal power."

It was not Hamilton's wit for memorizing information in his studies, his mastery of the art of money, nor his study of history, which gave him the insights quoted above. Hamilton expressed the same intent shown by his forebears, Cotton Mather, Alexander Spotswood, and Benjamin Franklin, in their discussions of the role of mankind.² It was his *conception of man*: That man is not to be used as a mere beast for another man, nor are whole peoples to be enslaved. So, it was with such a grasp of *natural law*, that, in his mission to establish the first sovereign nation-state, as aide de camp years later, Hamilton recognized the historical significance of the needed "Powers of Congress."

Further, when hypothesizing the cause of the strife between states, and the remedy, he pointed to a more universal crisis. In the letters cited above, he discussed the crisis in terms of ancient Greece, with its many city-states that failed to unite, and were eventually taken over and dissolved. He reminded the reader of the dissolution of the Swiss Cantons, and the German Diet which fell apart. Hamilton, in reference to the Greeks, and other civilizations, had something more in

mind: not just winning the war, but the future for civilization as a whole. He saw himself, at the same time, solving a practical problem that went back 2,000 years; like all great minds, in all periods of history, past, present, and future, he lived in multiple "times" at once.

Conspiracy

In the Spring of 1781, Hamilton left Washington to involve himself entirely in what he knew was the more important and longstanding battle of the country, to organize the "Federal Government" to realize its authority, and prevent what he saw as the sure dissolution of the union of states after the war. He intended to create a Congress that could guide a nation, rather than tragically doomed states.

By July, seeing the Congress's failure to realize such change, Hamilton moved to organize a broader audience in the Fishkill *New York Packet*, in a series of articles entitled, the "Continentalist Papers."

He began the series stating that there is a "WANT OF POWER OF CONGRESS," that the current ideas guiding our Congress are not "enlarged and suited to the government of an INDEPENDENT NATION." Reviewing a current conflict in which states were blaming the Federal Government for their disputes, he made clear the fault was theirs. In the Third paper, he asserted that if the "FEDERAL GOVERNMENT SHOULD LOSE ITS AUTHORITY, we would most certainly fall apart." The states were not complying with the demands of Congress, even in times of war. The Congress's greatest mistake was too much "readiness to make concessions of the Powers implied in its original trust." Only an organization of all the resources of the whole guided by a prevailing Congress could "pre-serve us from being a CONQUERED PEOPLE now, or

2. H. Graham Lowry, *How the Nation Was Won; America's Untold Story, Volume 1, 1630-1754* (Washington, D.C.: Executive Intelligence Review, 1988).



This monument in the city of Chicago, depicts Gen. George Washington (center) flanked by the two leading financiers of the Revolution, Hyam Salomon (left) and Robert Morris. It was Morris who joined with Hamilton to provide the funds for the establishment of the Bank of North America which funded Congress before the Constitution was established.

EIRNS

make us a HAPPY PEOPLE hereafter.”

After outlining this general need to augment the POWERS OF CONGRESS, Hamilton moved to outline specifically what objects they concerned. Echoing his letter to James Duane, he listed the power to regulate trade, and the power of taxation, as primary. Without these, said Hamilton, the “FEDERAL GOVERNMENT can neither have dignity, vigor nor credit. CREDIT supposes specific and permanent funds for the punctual payment of interest, with a MORAL CERTAINTY of a final redemption of the principal.”

Hamilton’s idea to ensure “credit” was, that while the necessity would arise to appropriate long-term funds, it were better to restrain running such debts, except on the condition that Congress would appropriate funds for paying the principal and interest. As Hamilton said, “such a restriction is serviceable to public credit.” This, along with needed funds for the Bank of North America, having just then been incorporated in Philadelphia by Robert Morris, in conspiracy with Hamilton, made it imperative that Congress have such Powers.

In the following Summer, Hamilton made clear, in the fifth and sixth papers, that to obtain such funds, required a *regulation of trade*. He demonstrated beyond all doubt, the necessity of Congress to regulate trade, externally, as well as between states. Hamilton takes a shot at the followers of Adam Smith at the time: “There are some, who maintain, that trade will regulate itself, and is not to be benefitted by the encouragements, or restraints of government. Such persons will imagine, that there is no need of a common directing power. This is one of those wild speculative paradoxes.” Hamilton developed a thorough account of the superiority of a top-down organization of duties between the states rather

than each state viewing the economy from its individual standpoint, and, in what is reminiscent of his later 1791 piece on Manufactures, states the benefits such regulation would have: “People lose sight of obvious facts like the mutual benefit of manufactures and agriculture when seductions of some immediate advantage or exemption tempt us to sacrifice the future to the present.”

However, the residue of prejudice and backwardness was thick, and some hoped that with the war over, the states could dispense with providing funds for Congress altogether. Addressing such dangerous incompetence, Hamilton ironically wrote: “It is of importance to unmask this delusion and open the eyes of the people to the truth. It is paying too great a tribute to the idol of popularity to flatter so injurious and so visionary an expectation.”

To achieve such an active use of the “implied powers” that were being conceded to the states, and realize the full breadth of his hypothesis, only two weeks after penning his final “Continentalist” essay, Hamilton travelled to lobby state legislators in Poughkeepsie, New York. The legislators adopted his resolutions for Congressional taxing power and the very convention he’d called for two years back. Inspired by Hamilton’s educated passion, the legislature chose Hamilton as one of five representatives of the New York delegation to the Continental Congress. However, his visit to the state legislature gave him a first-hand experience of the tragedy of “democracy.” In a letter to his comrade Morris, he wrote, “The inquiry constantly is what will please, not what will *benefit* the people. In such a government there can be nothing but temporary expedient, fickleness, and folly.”³

3. Ron Chernow, *Alexander Hamilton* (New York: Penguin, 2004).

He was ahead of all the rest in moving toward what needed to be solved for the future, and took full responsibility. In a letter to his dear friend John Laurens, Hamilton wrote of his determination to take on what he uniquely, out of every individual in the states, had the strength of intention to take on: the false assumptions of the people: "Peace made, My Dear friend, a new scene opens. The object then will be to *make our independence a blessing*. To do this we must secure our *union* on solid foundations; an Herculean task and to effect which mountains of prejudice must be leveled!

"It requires all the virtue and all the abilities of the Country. Quit your sword my friend, put on the *toga*, come to Congress. We know each others sentiments, our views are the same: we have fought side by side to make America free, let us hand in hand struggle to make her happy."⁴

1.1 The Master Statesman

In May of 1786, Hamilton was appointed to the Annapolis Convention (the gathering which was called the Constitutional Convention), concerning "trade and commerce, [to] decide a uniform system of regulation."

Then, at the July 6 Constitutional Convention in Philadelphia, Hamilton turned the issue of trade and commerce, which he had mastered more skillfully than anyone, into a cause célèbre for an "adjustment of the other parts of the federal system."⁵

The convention for which he'd been organizing for six years, was now finally in process.⁶

4. Later, in 1784 Hamilton would as a lawyer, defend the nation against the Jacobin-like tyranny of the mob, which cried, unlawfully, to steal the land of Tories in New York. Hamilton, as a defense lawyer for these Tories, saved the credibility of our peace treaty, which he was involved in writing. In his "Letters of Phocion" to the people of New York, he applied the lessons of statecraft of the Leibnizian, Emerich Vattel's *Law of Nations*. And so, Hamilton stood, as if on a plain above the rest, in dialogue with immortal minds. (See the *Papers of Alexander Hamilton*, Vol. 3.)

5. Hamilton wrote, representing the convention, which he certainly had a hand in organizing, "Your commissioners, with the most respectful deference, beg leave to suggest their unanimous conviction, that it may essentially tend to advance the interests of the union, if the States, by whom they have been respectively delegated, would themselves concur, and use their endeavors to procure the concurrence of the other States, in the appointment of commissioners, to meet at Philadelphia on the second Monday in May next, to take into consideration of the situation of the U.S. to devise such further provisions as shall appear to them necessary to render the constitution of the federal government adequate to the exigencies of the union; and to report such an Act for the purpose to the U.S. in congress assembled, as when agreed to, by them, and afterwards confirmed by the legislatures of every state will effectually provide for the same."

6. At the convention, his speech reflected the letters discussed here: To stem the anarchy and tyranny of "popular opinion," that threatened to push the states toward the folly of ancient Greece, it was necessary to create a Union organized on the guidance and deliberation of learned men, rather than mob rule of the masses, as Plato outlines democracy in Book Eight of the *Republic*. Although there is no transcript of his speech, but only notes, it is clear that it reached the height of his 1779-82 letters concerning the failures of other civilizations, and how the causes point to changes that were needed. Further,

In the Fall of 1787, after the Convention, Hamilton organized the project of the *Federalist Papers*, to ensure the ratification of the "Powers" he knew civilization and the *existence of a Union* depended on. Hamilton used the distilled principles, deliberated on over the Summer, as a measuring-stick for the continuing problems of the nation.

As he had sought to create a nation in fact, more than just form, on Dec. 28, he wrote Federalist No. 30, stating that the Federal government must not only embrace the national forces, but must also embrace the national debt, and for this, it must have a general power of taxation; what he called the "indispensable ingredient."

Hamilton had outlined this for nine years; however, here he demonstrates the concepts as a master of statecraft. The key to understanding the "Powers of Congress" today, is the exposition of Nos. 30-36; Hamilton says of them, "the principle developed here concerning taxation, is applicable to all other powers in the constitution" (even for the removal of the President of Vice!).

The misconception of the states, was that *their* needs were comparable to those of the Federal government, and therefore, inside the prejudice of their individual "survival of the fittest" mentality, they argued for maintaining a monopoly on internal trade and taxation.

Hamilton saw beyond the immediate crisis, with the debt-burdened states, and beyond the immediate border and trade conflicts. He saw the cause of their conflicts, and so, rather than weighing their individual protests, including unreasonable objections which had no basis in reality, Hamilton wrote that the protest of the states against unlimited objects of taxation, violated the "fundamental maxim of good sense and sound policy," that, "Every *power* ought to be in proportion to its *object*." Hamilton understood that government must be able to provide for the present *and* future exigencies of the union, the latter undetermined. Therefore, remaining dependent on any particular ability, such as commercial imposts, renders it impotent in regard to its Power.

Method of Approach

Sound like common sense? From Dec. 29-31, 1787, Hamilton was focussed on the question: What was preventing the state from recognizing such a "maxim of good sense"? As he posed the question: "Who can pretend that commercial imposts are or would be alone equal to the present and future exigencies of the Union?" For something so seemingly demonstrable to be confused as such, he understood, it had to arise from those other prejudices. However, the states, caught up in their own populism, could not conceive the idea of the *Union* he proposed. It were as if, in today's language, he asked, "What don't they get?"

only months later, in Federalists 18-21, he makes a more in-depth, but similar review. Considering this, Jefferson's slander can be labelled what it is: garbage.



President George Washington presiding over the Constitutional Convention of 1787 in Philadelphia. In this painting, Hamilton can be seen, seated in the center, leaning over the shoulder of Benjamin Franklin.

On the dawn of a New Year, Hamilton rose, thinking “Aha!” and, as if in a flash of insight, he wrote Federalist No. 31, reasoning thus:

“In disquisitions of every kind there are certain primary truths or first principles upon which all subsequent reasonings must depend.” Commanding the assent of the mind, Hamilton continued, these principles are only *not* utilized to the extent there is a “disorder in the organs of perception, or from the influence of some strong interest, or passion, or prejudice.”

Hamilton realized on New Year’s Day, in 1788, that what was at the core of the problem, was an inability to conceptualize the “idea” of a nation, that the Powers were not rules, but akin to discovered scientific *principles*.

He continued: “Of this nature are the maxims in geometry,” that “the whole is greater than its parts; that things equal to the same are equal to each other, that two lines cannot enclose a space. . . .” The nature of maxims in politics and ethics: “There cannot be an effect without a cause; that the *means* ought to be proportioned to the *end*; that every *power* ought to be commensurate with its *object*; that there ought to be no limitation of a *power destined to effect a purpose which is itself incapable of limitation*.”

If geometry can conceive of such “abstruse paradoxes” as the “infinite divisibility of matter,” why cannot men in politics conceptualize such grand ideas?

Hamilton realized that it is not the depth of the particular *object of concentration*, such as “indefinite taxation,” that leads truth to be cloaked in paradox, but the fact that men, “far less manageable,” become obstinate, and perverse in their own prejudice. “Men, upon too many occasions do not give their own understandings fair play; but, yielding to some untoward bias, they entangle themselves in words and confound

themselves in subtleties. How else could it happen that positions so clear as those which manifest the necessity of a general power of taxation in the government of the union, should have to encounter any adversaries among men of discernment?”

He added that such perversity of thinking brings us to an “unfathomable abyss, out of reach of all reasoning. Imagination may range at pleasure till it gets bewildered amidst the labyrinths of an enchanted castle and knows not which side to turn. . . .”

Hamilton’s thinking is reminiscent of Kepler’s refutation of Ptolemy, Copernicus, et al., who, he says, did “not give their own understandings fair play; but, yielding to some untoward bias” of circular orbits and an equant, entangling themselves in a labyrinth of epicycles. As Lyndon LaRouche has advised, the *method of thinking* required for economics is primary in managing an economy. Hamilton would concur.

Hamilton here, in demonstrating the Power of Congress, undertook the “Herculean task” of refuting the backwardness, and in some cases, sophistry, of his opponents. Hamilton thought as did the great scientists, with a Leibnizian conception of man, following his guide, Reason.

‘Necessary Means’

As it was a misconception of the *nature* of Powers, Hamilton *used* this misconception to demonstrate what method the use of them requires.

The biggest objection to taxation, Hamilton wrote in No. 33, was the last clause in Article I, Section 8 of the Constitution, which states that Congress may have Power “to make all laws that shall be necessary and proper for carrying into Execution the foregoing Powers.”

The Powers of Congress From the U.S. Constitution

Preamble

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

Article 1

Section 8.

The Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;

To borrow Money on the credit of the United States;

To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes;

To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States;

To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures;

To provide for the Punishment of counterfeiting the Securities and current Coin of the United States;

To establish Post Offices and post Roads;

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

To constitute Tribunals inferior to the supreme Court;

To define and punish Piracies and Felonies committed on the high Seas, and Offences against the Law of Nations;

To declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water;

To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;

To provide and maintain a Navy;

To make Rules for the Government and Regulation of the land and naval Forces;

To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;

To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress;

To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the Same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings;—And

To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

Hamilton said, that this was objected to “as the hideous monster whose devouring jaws would spare neither sex nor age.” Understanding the core failure of thinking here, is of utmost importance today. Hamilton pointed out, that ironically, the cause of such distress, this clause, *was already implied*.

“What is a power, but the ability or faculty of doing a thing? What is the ability to do a thing, but the power of employing the means necessary to its execution? What is a LEGISLATIVE power, but the power of making LAWS? What are the *means* to execute a LEGISLATIVE POWER, but LAWS? What is the power of laying and collecting taxes, but a *legislative power*, or a power of *making* laws, to lay and collect taxes? What are the proper means of executing such a power, but *necessary and proper laws*?”

The authority of the national legislature to pass laws falls in the context of “expressly” carrying out the Powers, and therefore, it is laws of this kind which are “necessary.”

Rather than those who could only think in terms of mechanical rules, Hamilton thought of the creation of the means, the measures, such as the passing of “necessary” laws, as the true creative effort of legislation. The means reflect the process of problem solving. They are the object of creativity, but not the object of the Power. The Power is the point of departure for the Congress, but the means are not objects and ends; they are not predetermined.

The laws are not literally defined, but must express the intention of the Powers, derived from the Preamble to the Constitution. The means are the application of a Power in specific moments in time, but which express the infinite exten-

sion of principle; predicates which reflect the substance. As Leibniz might add: A legislator whose *concept* of the true substance of the Constitution is most clear, would pass laws expressing the “principle of perfection.”

Such creative effort is required to maintain a nation, creativity to grasp the Powers as scientific principles.

Accounting for the Mind of Man

Having demonstrated the nature of Powers, with the crucial method involved in the implication of all “necessary” means, Hamilton laid down further implications on Jan. 4, 1788, in Federalist No. 34.

Underscoring that exigencies of the states would move to a “narrow compass,” once the Federal Government assumed the war debts, while the nation’s were of a vaster scope, Hamilton wrote:

“We must bear in mind that we are not to confine our view to the present period, but to look forward to remote futurity. Constitutions of civil government are not to be framed upon a calculation of *existing exigencies*, but upon a combination of these with the *probable exigencies* of ages, according to the natural and tried course of human affairs. Nothing can be more fallacious than to infer the extent of any power, from an estimate of its immediate necessities. THERE ought to be a CAPACITY to provide for future contingencies as they may happen; and as these are illimitable in their nature, it is impossible to safely limit that capacity.

“In framing a GOVERNMENT for *posterity* as well as ourselves, we ought, in those provisions which are designed to be permanent, to calculate, not on temporary, but on *permanent causes* of expence.”

Simply accounting for how much revenue is required to maintain payments for a certain period of time, is a folly.

Socratic Rigor

A point must be made concerning the rigor with which Hamilton, like Kepler, takes the reader through every false assumption. Only those patriots committed to the happiness of the Union, can take on the challenge as Hamilton did, to create a system dependent on the *deliberation* of man to organize an *intention* of men; a system dependent on no mechanical measures, but measures found in the reasoning of man. So it was, that Hamilton led the way in creating a constitution operating on principles, and not mere rules. As Hamilton wrote: “Everything beyond this must be left to the prudence and firmness of the people; who, as they will hold the scales in their own hands, it is to be hoped, will always take care to preserve the constitutional equilibrium between the general and the state governments.”

Hamilton shaped the Constitution in such a way, that it can not exist without those committed to the “general Welfare,” as Hamilton was. The principles must be rediscovered in each generation. And therefore, as Hamilton crafted it on the basis of this principle, it is therefore the case that the Constitution

only “works,” if those guiding it think in terms of “final causes,” and are able to discuss the ideas on those terms. The “general Welfare” only exists in the minds of those who can understand scientific principle.

What Hamilton communicated to future generations, is that the crucial thing is the passion, not merely to convince others that you are correct by achieving the resulting action of your point being delivered, or enacted by authority, but to make available the discovery of a truth to others. Such thinking of Hamilton, makes the Powers of Congress re-discoverable today.

This underscores the point, that it is one’s relationship to the joy of Plato that allows one not merely to win arguments of principle, but to achieve in moving civilization steps, if not leaps, forward. It is only when man does his measuring in the time span of hypotheses, that knowable progress can be made.

2. A Medium for Natural Law

In 1779, Hamilton had elaborated the need for establishment of the public credit if the nation were to survive. He had fought with his whole being for years to unite the broken Union. As he said in the final Federalist paper, “The establishment of a constitution, in time of profound peace, by the voluntary consent of the whole people, is a PRODIGY, to the completion of which I look forward with trembling anxiety.”

Now, with the Constitution ratified, and as the first Treasury Secretary, he had the full scope of his Powers to save the credit of the U.S., by getting the national government to assume the debt of the states. What he’d masterfully proved and won through reason, was now an instrument for application; with the apparatus of the Constitution, applying the very Powers he’d argued for in the Continentalist papers, Hamilton performed his first experiment: the creation of a national debt.

In January 1790, Hamilton issued to Congress his *Report on Public Credit*. Creating a national debt allowed the new Union, once the Constitution was ratified, to turn from acting in theory, and become in truth a unified nation. The national debt began the process by which the Federal government could utilize the national system of taxation, internally, and externally, thus promoting trade and manufacturing, and saving our credit.

The First Experiment

Hamilton began his Report, with the caution that while it is necessary to borrow, it should be done on good terms. Therefore, securing the public credit had to be done by making punctual payments to creditors. Establishing credit would accomplish much for the nation; it would serve to: “promote the increasing respectability of the American name; to answer the

calls of justice; to restore landed property to its due value; to furnish new resources both to agriculture and commerce; to cement more closely the union of the states; to add to their security against foreign attack; to establish public order on the basis of an upright and liberal policy.”

Furthermore, wrote Hamilton, creating an allocation to fund the national debt, creates at the same time a credible currency, making public stock and debt serve as the equivalent to specie for the purposes of money. From this, flow the true benefits of credit, that large amounts of capital for industry and trade become available since stock brings interest rather than simple payments in the form of money. Hamilton created a currency that could support development, rather than a mere money exchange.

During the war the challenge was to get each state to send money to Congress; now, in peacetime, with each state attempting to collect money to pay its own debt, the states were even worse off. They protested that they would be better at paying it themselves, so they shouldn't have to bear the Congress collecting taxes. Ironically, the states couldn't *collect* their own taxes to pay their debts as well as the Federal government.

Hamilton found that the total of state debts came to \$4,587,444, which to manage, when also paying interest on foreign and other loans, and maintaining service of the present expenses of government, necessitated the first real use—the test-run—of Article I, Section 8: taxes on luxury items. He moved to pay the interest on the foreign debts with the duties on wine, tea, and coffee. In the first U.S. Administration of President George Washington, Hamilton used the Power to collect taxes, and to construct lighthouses for the Coast Guard to be able to collect the duties on imports and exports.

As he wrote in his 1790 *Report on Public Credit*, “Persuaded as the Secretary is, that the proper funding of the present debt, will render it as a national blessing . . . that he ardently wishes to see incorporated, as a fundamental maxim, in the system of public credit of the U.S., that the creation of debt should always be accompanied with the means of extinguishment. This he regards as the true secret for rendering public credit immortal.”

Re-Discovering the Nation

Concerning Hamilton's words, something must be added: Hamilton said he was not of the opinion of those who say public debt is a public blessing. Think of those scoffing at Hamilton today, who say sarcastically, “Yes, all this debt is a blessing.” To him I say: “Fool! What meaning did the term *nation* have when uttered by Hamilton? Thus, what did he mean, by *national* debt?”

The discovery of the word *nation* is similar to the discovery of Kepler. In most dictionaries today, the word *eccentric*, referring to astronomy, is defined as *not circular*. Astronomical dictionaries go further in saying, that *eccentric* means, *not a circle, but elliptical*. Or *eccentricity* is defined as the amount

a figure varies from a circle. However, the word *eccentric*, in Kepler's *New Astronomy*, means neither. *Eccentric* meant that the object of reference for the orbit, was not in the center. The *eccentric* was the path of the planet, which was circular, on all accounts. It was only after the fact of Kepler's discovery, that the *eccentric* was proven to be elliptical, and not circular.

Think now of the context in which Hamilton's 1781 National Bank paper was submitted. Read the Declaration of Independence. Notice the phrase, “We declare . . . these to be Independent and Free States. . . .” The states were not recognized as a unity, and the leaders had no authority to operate as one. The Continental Congress, in writing the Articles of Confederation, left out the needed Powers. Later, Hamilton, in the middle of the Revolutionary War, as aide de camp to Washington, assuming the responsibility as a veritable continental financier, *discovered*, what the failures of the present system were.

As Hamilton said in the last of the Federalist papers, “A **nation** without a **national** government, is, in my view, an awful spectacle.” The debt in itself was not useful, but creating a nation that could maintain a debt, through a *national* government, implied the re-organization.

2.1 Geometry of the National Bank

Having saved our credit, Hamilton then moved to create a medium in which a *national* system of economy could be governed, leaving behind the former entropic Bentham-like price competition among states.

The National Bank, as he introduced it in his *Report to the Congress*, on Dec. 13, 1790, would house the *national* debt. He put the motion to the Congress, that the creation of a National Bank would be of the “greatest utility in the operations associated with Public Credit” in the organization of the nation's finances. The bank provided the quality of organization necessary to finalize the system of taxation. It would create a new medium with which currency could be collected, that is, rather than a tax in kind, or specie, taxes would be collected in Treasury bills, generated from stock and public debt. The currency expressed in its *practical* use, the form of a loan from banks, collecting interest as money, while invested in commerce and trade. However, in its *principled* use, it expressed the nation's intention to develop.

This, therefore, allowed for the Powers in Article I, Section 8, although infinite in potential, to take form in actuality. The Powers to borrow money, to lay and collect taxes, to regulate trade, now had a mode of operation through the coordination of the National Bank; with the National Bank, the ability to apply long-term thinking to the pecuniary exigencies of the nation became the driver. With the Public Credit established, as debts were set to be paid, the nation became a place for investment through trade and commerce, all the more strengthening the currency. At first, the nation would have to go into debt in order to gather the money for the bank.



Library of Congress Prints and Photographs Division

Washington at Valley Forge (by E. Percy Moran). During the War of Independence, Hamilton, while serving as aide de camp to General Washington, assumed responsibility as a veritable continental financier.

But, as he said to Robert Morris in 1781, and in his 1790 *Report on Public Credit*, such debt in this case would, in transforming the concept of a *nation*, into an active process, be a blessing. While providing for the pecuniary exigencies, it would also be building a national economy.

Sovereign Powers

His 1790 Report offered many benefits, but a cry of alarm arose from James Madison in the House of Representatives. He said the bank was unconstitutional, because there were no specified Powers in the Constitution allowing the Federal government to form corporations. In January and February of 1791, a great debate occurred in the House, led on the opposing side by James Madison, and in defense of Hamilton, Fischer Ames. Once the bill passed on Feb. 8, Madison, joined by Secretary of State Thomas Jefferson and Attorney General Edmond Randolph, went to work pressing President Washington to veto it. Washington forwarded their complaints to Hamilton, who had only a week to reply before Washington had to sign or veto. According to his Hamilton's wife, on the morning he delivered the essay to Washington, he had worked straight through the night and into the morning without sleeping. After reading it, Washington signed it without discussing the matter with Jefferson.

Hamilton, echoing the same genius of reason of his Federalist papers on taxation, succinctly outlined the nature of what is constitutional, and then, using *that* as a measurement, proceeded for 20 pages to expose every single argu-

ment as riddled with false assumptions.⁷

Hamilton said the objections of the Secretary of State against a power of incorporation, would be fatal to the indispensable "*authority*" of the United States. He had led the fight in creating such authority: "The manifest design and scope of the constitution is to vest in Congress all the powers requisite to the effectual administration of the finances of the U.S."

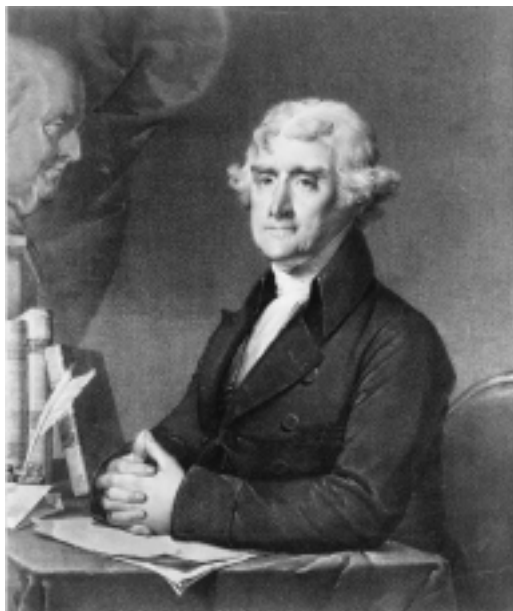
Having conspired to create this specific set of Powers for ten years, he captured their essence with superhuman precision, in a few sentences: "This *general principle* is *inherent* in the very *definition of government* and essential to every step of progress to be made by that of the U.S.—namely, that every power vested in a GOVERNMENT is in its nature *sovereign*, and includes by *force of the term*, a right to employ all the *means* requisite, and fairly *applicable* to the attainment of the *ends* of such power. . . .

"The powers of the Federal government as to its *objects*

7. Here in carrying out the application of Constitutional powers, in the creation of the bank he had first hypothesized in 1779, when the nation's credit was held hostage by the states, he had *once again* to argue against the ignorance and backward understanding of those concerns of people, expressed by Jefferson. In fact, what is absolutely tremendous, is that the very protest before the ratification which Hamilton discussed in Federalist No. 33 as the "hideous monster," the sweeping clause, is the very one which Jefferson couldn't understand. Hadn't Hamilton already won this argument in the *Federalist Papers*? It is with such sublimity, infinite passion, it must be viewed that he fought through, once again, to implement the principles he'd won.



Library of Congress



Library of Congress

Among the leading opponents of Hamilton's Bank were Secretary of State Thomas Jefferson (right) Attorney General Edmond Randolph (top left), and Congressman James Madison. But President Washington signed the bill authorizing the Bank in 1791, over their strenuous objections.

are sovereign. . . . The power that can create the supreme law of the land, is doubtless sovereign in this case." It is "incident of *sovereign power*" to erect corporations "in relation to the objects intrusted in the management of government."

Hamilton, echoing Federalist No. 33, defined the corporation, functionally, in the context of the principles organizing the nation. He called it an instrument, a *mean* for carrying into execution a Power. Therefore, the only question as to constitutionality was: Did the *mean*, in this case the corporation, have a natural *relationship* to the object or *end* of government?

Did it have a relation to organizing the taxes of internal and external trade? Did it aid the Federal government, in regulating the objects under its province? Hamilton said, "It is incident to a general *sovereign* or *legislative power* to regulate a thing, to employ all the means which relate to its regulation and to the *best and greatest advantage*."

Danger of Empiricism

What were the axioms which got in the way of such clear Socratic rigor?

As Hamilton had said in Federalist No. 31, "Men, upon too many occasions do not give their own understandings fair play; but, yielding to some untoward bias, they entangle themselves in words and confound themselves in subtleties."

In this case, central to the cause of Jefferson's "untoward bias," was treating the corporation as an object of sense perception, an "independent, substantive thing," a "political end," when in fact, it is truly a "*quality, capacity, means*

to an end." Is an association of people gathering together to form capital an object of commerce, an *end*? Or is it a means necessary for the government to carry out its Power of laying and collecting taxes? Clearly, reason would suggest, that incorporation of that association is merely an added "*quality*," or "*capacity*" to the association.

The Attorney General himself claimed that the disposal and regulation of money (i.e., the corporation) was itself a "*final cause*," and therefore not a mean. Hamilton replied, "the support of government, common defense, and payment of public debt, are the true '*final causes*' for raising money." Hamilton made the point further, saying, "the welfare of the community is the only legitimate end for which money can be raised on the community."

Jefferson thought the only "necessary" laws, referred to laws that "without which the grant of power would be *nugatory*." Hamilton's reply to the in-

vectiveness of their definitions of the case, demonstrates once more his ability to comprehend how a principle could act on the whole, while expressing itself differently in each particular location, and, while not necessarily definable before hand, is subject to reason afterwards. Lacking such purpose and mind, Jefferson and others thought of mechanical objects and fixed circumstances, trying to decide every case literally, leaving no latitude in the Federal government's exercise of its Power.

Constitutional Power in Action

If the end be closely comprehended within any of the specified Powers, and if the measure has an obvious relation to that end, is it forbidden by the Constitution? Rather, it is within the compass of the national authority. Hamilton made explicit what was implied, capturing the ontological nature of the thinking required:

"The relation between the measure and the end, between the nature of the mean employed towards the execution of a power and the object of that power, must be the criterion of constitutionality, not the more or less of necessity or utility." (See box on the "Geometry of the Constitution.")

The corporation is not the object. The object is taxation. The object is duties. But the means are the process which construct the end. To state the corporation as an end, is like saying there is no Power, no principle, but only a rule to do another thing. Isn't this like saying, that the Power to collect taxes would not exist, but only a procedure to be followed in collecting taxes? The Power implies the ability to pass laws

Geometry of the Constitution

Hamilton wrote, in “The Constitutionality of the National Bank”:

“The relation between the measure and the end, between the nature of the mean employed towards the execution of a power and the object of that power, must be the criterion of constitutionality, not the more or less of necessity or utility.”

Perhaps it were a useful metaphor, and one which the author could not refuse to entertain, that such language appears to be akin to Pythagorean Geometry. The square root of 2 is not an object, nor definable as such. It is only conceived as a *relationship*, the very idea of a *mean* implies a relationship with the end, and the unseen Power guiding the process.

So it was that Theatetus conceived of the unseen power, bounding the process of construction. So the

National Bank is an expression of the unseen power to provide for the general welfare organizing the pecuniary exigencies of the nation. It is the way in which the general welfare principle manifests itself in actuality. The Power to double any square, implies the ability to construct all the geometric means to create the object of the doubled square. If the square is doubled three times, that power of doubling implies the ability to “construct” such means. So the object of the doubled cube is generated by a Power of cubing, but requires multiply connected actions, that is, a process of means—for example, the square root of 2 and 4. The means must be in proportion to the end.

Such are constitutional means. If the means are lawfully constructed, they will effect the object of the Power. It is thus not an approximate more or less, in how close, as one would define the square root of two as 1.4343434, etc., but it is understood in a principled relationship! The proportional relationship is the criterion “not the more or less of *necessity or utility*.” (For graphics, see <http://wlym.com/antidummies/part42/html>.)—*Michael Kirsch*

necessary to carry out a principle.

The means are the process of change, and the responsibility of GOVERNMENT to come up with the challenge of carrying out its Powers. To abandon this responsibility, as in rejecting the corporation, as a mean, is really to be a non-creative person, to act immature as to the necessary creative input by every successive Congress. For the passing of necessary laws is always the discretion of each Congress, and the substance of creative effort. The Powers that were ratified in 1789, need creative people to carry them out. Such is the issue of “means” and why they should be implied.

Why are Powers confused with rules? Clearly, the understanding that Congress’s Powers are a basis of principle for mankind, is an understanding only earned by recognizing the *thinking* which developed the principle. How else could the false opinions be overcome, such as those dooming our nation today? If readers think for a moment, they could ask for no greater opportunity, than to carry out such Socratic rigor with their fellow representatives of the people and the people themselves, for it was such dialogue for which the nation was created, a nation which would be guided based on reason, rather than arbitrary will. But with the freedom from the latter, comes the responsibility of the former.

2.3 A Lesson for Today

After a painstaking refutation of every axiom of Jefferson and the Attorney General: “and there results a full and complete demonstration, that the Secretary of State and Attorney General are mistaken, when they deny generally the power of the National Government to erect corporations,” Hamilton then elaborates the constitutional relation of the Bank to its

functions for the economy. Hamilton outlined for Washington exactly how his bill would be applied, and the construction of the bill, from the standpoint of the Constitution.

As the Bank is constitutional in all its relations with the Power of Article I, Section 8, how did it work, what were its benefits? Hamilton provided a useful lesson.

A bank is an association of persons for the purpose of creating a joint capital in loans. The bill added to this, that the government, being a joint proprietor, permitted bills of the bank to be co-payable on demand and receivable in revenues.

In its lawful relation to taxes, it increases the quantity of circulating medium, and the speed of circulation. Furthermore, as the Congress has the Power to collect taxes, it is necessary to designate what medium the taxes will be paid in; the government decided the more convenient medium was created with the Bank! By creating a medium of credit, the taxes were more readily collected as loans were greater, at less interest, since interest could now be used, i.e., stock and public debt, as a form of payment.

In relation to the payment of taxes, since the government decided they should be *paid* in Treasury bills, the form in which to *issue* those bills was discretionary. Perhaps an association of officers should direct the issuance of bills; in order to increase the credibility of the currency and increase the circulation, the government might decide to give the officers a special fund to direct, besides just the taxes. Setting apart a given sum out of the Treasury, they created a special fund to answer payments of the U.S. This would constitute the creation of a Bank; it would give gold and silver a chance to acquire life and gain a productive quality. It allowed the Fed-

eral government to partake in the organized operations of loaning and borrowing more than it had in specie, as banks do, but for a purpose much grander than any one bank. Such a bank, as this fund is put under the direction of private individuals for the purposes for greater security, utility or convenience, would constitute a corporation.

In relation to the regulation of trade, it created a convenient medium of exchange, more suitable than “merely gold and silver, and other things that have served the purpose with different degrees of utility.” It created a full circulation by preventing the frequent displacement of these metals in reciprocal remittances.

In creating a national bank, a *national* debt could be managed. An organization of taxes, and a like creation of a medium for taxation, could be used to not only pay the debt over time, but to utilize the resources of the nation as a single unity.

When Money Is Not Money

Hamilton used some of the valuable mechanics of banking functions such as interest, while altering their context. Hamilton changed the value of money as a medium of exchange of goods, to directed credit. Now, instead of mere private interest, the bank was used to create a currency based on interest, a currency *embedded* in the intention of government.

Only a currency embedded in the intention of government has lasting value, and an ability to organize a nation-state economy, because without government direction of the economy there is only private wealth. Such a currency is no longer money but represents the “blood flow” of the nation.

In other words, the money in a national bank is incommensurable with the money in a mere private central bank. It’s the difference between a nation-state and an oligarchy.

Such a bank is truly an idea, not an object of commerce, as misguided patriots assumed. However, it took a higher mind to conceptualize a modern nation-state economy built on the principle of the general welfare.

In his time, many accused Hamilton of trying to import “Old Europe” with his banking. In reality, Hamilton utilized the mechanics, and forced money and banking to bend toward the intention of humanity. So here, Jefferson, and other terribly misguided patriots, were trying to keep the economy strangled without money, dependent on an oligarchical system of gold, silver, and bartering, that would in effect, impose “Old Europe” upon them; Hamilton had mastered the science of money, in order to move civilization beyond such “infancy,” and establish a system based on the general welfare.⁸

8. As LaRouche wrote in “Saving the U.S. Economy (*EIR* Nov. 24, 2006): “The essential systemic difference between the Anglo-Dutch Liberal and American System of political-economy, has been the sovereign control of utterance and circulation of currency, under the American System of political-economy, as opposed to the intrinsically imperialist Anglo-Dutch Liberal system of reign over banking practices of nations by so-called ‘independent central banking systems.’

“Any government which submits to control of its practices by consent of

Indeed, with his bank, Hamilton created the necessary medium, in which an economy could develop without the chains of the old money system. Hence it is clear, the basis of modern economics was, and still is today, impossible without putting these principles of policy into action. Without the Powers of Congress in Article I, Section 8, *understood as Hamilton understood them*, there is no possibility of a national government providing for the exigencies of the nation.

Hamilton’s system was necessary for physical economy to be developed. The policies set by government must be done with the understanding of creating the medium in which the dynamics work. Physical economy is only possible, if the intention of the policy is correct. To “account” for the mind of man is truly the purpose of banking.

Therefore, the Power of the Congress to create a Federal government corporation, or better yet, a national bank, is most certainly Constitutional!⁹

2.4 A Creative Medium

After fighting for 12 years with unbroken passion to create, defend, and apply the Powers of Congress, Hamilton’s experiment, in creating a system which could house a true application of human effort, and promote the common defense and general welfare, had proven a success.

With the medium of Public Credit and subsequent organization and direction of that medium with sovereign banking established, organizing taxes became not merely collecting money, but creating the most efficient medium in which a *directed* application of principles, could further increase the strength of the medium. With such a Credit system, the national government now had an ability to create consistently increasing value in types of goods, and a like increasing value of infrastructure and technological applications. In Hamilton’s next report to Congress, he revealed that the medium of the Credit system was, in fact, a reflection of principles of physical economy.

As will be shown, this *American* System, was, and is still today, the only environment in which the intention to maintain the governance of the Preamble at every moment of the economic process could be maintained.

In this system, all local processes partake in the whole, a whole being the guided intention of government. In this system, the parts of the economy interact to magnify their potential, rather than sucking one another’s production in scarcity, like the entropy of a handful of vampires locked in a room without humans.¹⁰

a so-called ‘independent central banking system,’ has no true sovereignty as a nation, as a people.”

9. So, it is a sick irony today, that the mere existence of the bankers who cry “unconstitutional!” at the idea of national banking, and Federal credit, are themselves only able to be parasites of the nation, because this nation was built and created for those very means.

10. Therefore, for their own safety, perhaps it were good advice never to leave Bernanke and Greenspan by themselves.

Cartesian Sums or Unseen Relations?

After educating Congress on the already mentioned Powers, Hamilton, a true scientist of economy, next educated Congress in his *On the Subject of Manufactures* on how to apply their Power to regulate trade to produce, in the now-created context of his credit system, the true profit of the nation—*creativity*.

However, once again, Hamilton had to walk Congress through every false prejudice of habit, one by one, with infinite patience, in order to educate them and future generations on how to work inside a dynamic economy.

Having become accustomed to fighting against that seemingly endless tide of British suppression of U.S. manufacturing, and internal state-to-state conflicts, most citizens lacked an understanding of how the new government regulations would change their local conditions.

Therefore Hamilton, in the beginning of his report, had to show the reader, step by step, the fallacy of promoting either the benefits of manufacturing, or the benefits of agriculture. Rather than adding up benefits and weighing them on a scale, Hamilton pointed to the relationship between them which augmented the “total mass of useful and productive labor.”

The relationships caused with the promotion of what Hamilton called, “the productive powers of labor,” appear as a “kaleidoscopic” image.¹¹

Promoting a constant employment of one manufacture yielded an increasing degree of skill, and learned dexterity not found before, due to the attention put upon one form of employment rather than multiple tasks. No more was time wasted running from the field to the shop to manufacture one’s clothes. Now time was saved and skill in crafting was won. Also, through an extension of machinery, new fields for the imagination to devise methods for the abridgment and efficiency of labor were obtained. The total produce of labor was augmented by these means.

With the extension of machinery, the labor-force once encumbered with heavy manual labor could now turn their attention to more skillful work, letting machines do the rest. In addition to the benefits of a greater division of labor, more occupations were now available for the people on the land. With the same amount of people being more productive, what was before leisure time for many occupations due to weather, seasonal employment, etc., could now be used due to the many new occupations available to such persons. People who were idle due to physical and/or age constraints, could now contribute to the nation with the help of manufactures.

New talents arose, with a greater scope of industry allow-

ing each individual to find his proper element. “There is, in the genius of the people of this country, a peculiar aptitude for mechanic improvements.” The whole community was benefitted through the promotion of individuals who contributed by their inclination to do good.

Hamilton knew the cause for such increases in the “productive powers of labor”—“To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of expedients, by which the wealth of a nation may be promoted. Even things in themselves not positively advantageous, sometimes become so, by their tendency to provoke exertion. Every new scene, which is opened to the busy nature of man to rouse and exert itself, is the addition of a new energy to the general stock of effort.”

With those many transformations of the nation’s productivity in mind, Hamilton moved onward to what the principal mean was by which agriculture benefitted through promoting manufactures: a steady demand for produce.

Hamilton said: Whether a farmer’s productivity is steady or fluctuating, vigorous or feeble, is due to the steady or fluctuating, adequate or inadequate market on which he must depend.

With a steady demand created, the farmer was free from having to move from one good to the next, appeasing the fluctuating demand of Britain; the farmer was supplying a steady American market with a demand on which he could depend. Because of this constant demand for the agricultural produce, the farmer could now make a steady profit rather than the constant battle of now investing in a new cultivation, now cutting others because of a loss, or cutting employment because of a failure of a crop. With a constant domestic manufacturing demand, a profit was enjoyed, which could be constantly turned to the farm leading to a growing amount and variety of land cultivated. This created a steady employment on the farm; it created families that were able to settle down and create their own farms, or move into manufacturing. With the steady demand of their produce, farmers were able to afford the newest and best manufactured goods produced. Manufactures would be available not some of the time and in fluctuating quantities, but would be constantly available from domestic manufacturers. These new improvements to the productive process would be even more efficient, leading to ever greater surpluses.

Hold in mind the *kaleidoscopic* image he unfolded, and conceptualize what the effect was upon the agriculturalists who could, then, not only have a steady supply of new manufactures to increase the value of their property, but could now afford them cheaply, increasing the value of their income.

And that was not all! *Turn the kaleidoscope again.* Not only will there be a more flourishing demand but also a whole new and growing demand. The “Bowels of the earth as well as the surface of the earth are ransacked for articles which were before neglected. Animals, Plants, Minerals acquire a

11. Lyndon LaRouche, “Greenspan, Seneca, and Their Baths,” *EIR*, Aug. 12, 2005. “The image which Secretary Hamilton presents in that location, in particular, is what must seem to the spectator, at first glance, as a *kaleidoscopic*, and literally *dynamic* process of transformation of the nation, upwards, in economic power, as by a process of balanced interplay among the development of the elements of our population’s economic activity.”



The Saugus Iron Works, near Boston, was the first integrated ironworks in North America, 1646-68. Hamilton promoted the development of the "productive powers of labor": "There is," said Hamilton, "in the genius of the people of this country, a peculiar aptitude for mechanic improvements."

utility and value, which were before unexplored." Which new employments are now created? What new profits from the farms? What new materials become useful to the manufacturer? What new minerals for new metals in infrastructure, what new kinds of wood, animals, and plants for medicine and food? What changes occur in manufacturing that demand new farming techniques? What new farming techniques procuring new minerals and produce demand new manufactures? At what rate do the improvements occur in agriculture as a steady demand occurs in manufacturing? How is this rate then changed with a new technology in manufacturing, which demands a new mineral or plant product?

Hamilton gives us the example that the prosperity and types of employment in our fisheries multiplied, with oils, bones, and skins of marine animals becoming extensively useful in manufactures. Who would have thought fish skin had value? It was indisputedly established: "the *aggregate* prosperity of manufactures, and the *aggregate* prosperity of Agriculture are intimately connected."

It was the operation of physical principles, general and not local, that defined the physical economy; hence, the dynamic interaction of manufacturing and agriculture. The Universe is not made of an *a priori* Cartesian space, as was proved by Leibniz's discovery of the complex domain.¹²

As Leibniz before him had demonstrated in his applications of technology to mining, Hamilton knew that economic

profit is defined by creativity. That it was scientific principles applied to production which changed the relationship of power and work, that were the basis to improve man's labor. That happiness is creating better conditions for man, and that those principles are occurring in a universe defined by those principles, rather than a Hobbesian-Cartesian space, in which man is ever fighting against the tide of entropy.

Human beings express creativity, the organizing principle of the Universe; in doing so, our economy expresses the principle of perfection, developing into a more perfect Union.

The Paradox of the Government

How do these dynamic relations occur? Was this simply a "natural" process of the "Invisible Hand"?

At the end of the Manufactures paper, one realizes that, all the benefits that continue to jump out in the economy, were occurring, as if out of the corner of the eye, with the constant unseen oversight of *government*.

Without the *intention* of government at every moment, maintaining a relationship among all the changing parts of the economy through application of the Powers of taxation and regulation to promote the general Welfare, a veritable *infinitesimal*, there is no dynamic interaction of principles—only an entropic Bentham-like barnyard.

The essential point is, that once you take away the guiding intention of the human mind to maintain the general Welfare, then a seemingly once dynamic economy, becomes, immediately, as if instantly, entropic! It were as if, suddenly, God, in Leibniz's terms, shut off contact with all monads, and forced

12. Michael Kirsch and Aaron Yule, "Experimental Metaphysics," *Dynamis*, October 2006 (www.seattlelym.com).



EIRNS/Adam Sturman

Hamilton knew that happiness comes from discovering the universal principles that create better conditions for mankind. Here, young scientists of the LaRouche Youth Movement present a pedagogical illustration from Kepler's work.

them to hit against one another rather than communicating through Him. Hence, in one moment, a universe changing from Leibnizian, to Cartesian.

Such was the small discrepancy understood by LaRouche in 1958 when he made his first long-range economic forecast.¹³

Unconstitutional?

"Communism!" one cries, "Dictatorship!" cries another! Adam Smith, crawling from the grave, yells, "Leave industry to itself! When it comes to the development of the nation's economy, let *Nature* decide the *best route* to take!" After all, isn't this, "Big Guv'mint?"¹⁴

After illustrating such benefits of Regulating Trade, Hamilton proceeded to educate the Congress on which regulations

13. U.S. citizens and Congress alike can, if recognizing and acting on these principles of our U.S. Constitution and heritage so defined, take comfort in the fact, that the LaRouche Youth Movement will increasingly demonstrate in reports completed over the coming weeks and months, that the universe belongs to Kepler, Leibniz, Gauss and Riemann. They will be available for consultation.

14. The crafty lie in economics has been that government should keep its hands out of directing the economy. "No government over the economy; let individual private capital and the market direct it, that's the 'natural' way!" Ah, but all the while, the seemingly random process then ensuing, with unregulated private capital flowing through the system, *is* being *governed*, by those who created the lie. They wished to destroy sovereignty in the first place. *A principle* of a nation, Rohatyn, Train, Shultz, and others don't believe in, and in fact despise the idea.

to apply. Hamilton promoted many kinds of tariffs, but the regulation receiving the greatest protest from the puppets of Britain at the time was, "Pecuniary Bounties." Hamilton called them "the best" of all regulations. It is useful to exhaust the case.

Bounties avoided the temporary high prices of established goods while transitioning to domestic manufactures. This occurred because the duties were applied to encourage a new industry to gain its footing, while it was not yet able to sell its goods at a cheaper price than the established imported goods. Also, duties discouraged and reduced foreign imports, giving the home market the advantage, which could produce a scarcity of the product. There was also the added complication of the relationship between farmers and manufacturers.

Farmers wanted their goods promoted, but applying a duty on foreign materials caused the price to rise on domestic materials *before* they could be sold cheaply.¹⁵ The manufac-

15. The price of the individual good, to which some empiricists react, must be understood as the effects of a whole process. In Hamilton's time, reactions to the immediate individual costs came from not understanding that the immediate changes in the price would not be arbitrary or "invisible," not results of rolling crooked dice, but could be intentionally increased by a Government with a moral commitment to its citizens. This problem was the deep-rooted assumption of individuals, who, not understanding the republic like the one Hamilton described, were accustomed to "free trade," and thus reacted in protest and skepticism to the guarantees of Government. There were also conspiracies by Jefferson et al., to rally people against a Federal government, claiming it was violating their personal "freedom."

A further example of the method of regulation, is that instead of seeking

turer would now have to pay more, and be forced, in most circumstances, to charge more for his goods, which the farmer would end up paying; thereby, in truth, winning nothing from the duty.

Also, the foreign supply which was still relied upon in the transition could be destroyed by some duties, creating a very high price for the manufacturer, who, unable to pay a very high price on a material, may abandon or bankrupt the project, leaving the farmer without a market for his materials, and the foreign article lost for nothing.

The way to resolve these two interests was to apply a duty on the foreign manufactures of the material to aid domestic farmers, and use it to make the domestic manufacturing process cheaper, or the production of the material cheaper. In other words, use the tax on the foreign goods to cheapen the manufacturing process, and allow the manufacturer to buy the more expensive domestic product, being compensated by the duty.

Because of its cunning nature in avoiding any of the mechanical rules, which could always find a way to impose their wrath upon the nation, pecuniary bounties were subject to the biggest protest of all, and yielded the following sublime defense by Hamilton. He addresses the essential principle: The intention and willful direction by the United States government to promote the general Welfare orders all. We are not slaves of money, but rather have the power, as long as the welfare which is affected is general and not particular, but universal, to raise, and spend money in whatever fashion promotes the common good. Indeed, “protectionism” is a requirement embedded in the general Welfare.

One can see Hamilton, reading over the objections, letting out a chuckle, as he picked up his pen to write the following in his *Report on Manufactures*:

“A question has been made concerning the Constitutional right of the Government of the United States to apply this species of encouragement, but there is certainly no good foundation for such a question.”

“The National Legislature has express authority, ‘To lay

cheap labor to reduce price, government promoted the use of discoveries in mechanic power and infrastructure to achieve a lower cost of production.

Lyndon LaRouche in his Sept. 3, 2005 webcast entitled, “Pulling This Nation Together Now!”, recommended as such: “Make a national policy plan. Now, the way you do that, is not by setting prices, by government setting prices. But you do things, that will set prices. For example, use protectionist measures; use tax measures; you do investment tax credit programs; you set tariffs; you set trade agreements with other countries. You do interstate commerce regulations, so that we have a balance, an optimal balance, that we require, and you achieve that, as Hamilton laid out in his paper *On the Subject of Manufactures*, his Report to the Congress. And by this kind of regulation, you *cause*, more or less automatically, within the economy, that people in business adapt to these rules and regulations, and they come up with prices which correspond to this amount.

“You don’t have to set it. You may set ceilings. You may set bottoms, you may set ceilings, you may use protective tariffs. But you do various things by government, which create an environment, in which the private sector will come up with the right answer.”

and Collect taxes, duties, excises, to pay the debts and provide for the *Common defence and general welfare*” with no other qualification than that ‘all duties, imposts, and excises, shall be *uniform* through the United States, that no capitation or other direct tax shall be laid unless in proportion to numbers ascertained by a census or enumeration taken on the principles prescribed in the Constitution,’ and that ‘no tax or duty shall be laid on articles exported from any state.’

“These three qualifications excepted, the power to *raise money* is *plenary*, and *indefinite*; and the objects to which it may be appropriated are no less comprehensive, than the payment of the public debts and the providing for the common defense and ‘general Welfare.’ The terms, ‘general Welfare’ were doubtless intended to signify more than was expressed or imported in those which Preceded; otherwise numerous exigencies incident to the affairs of a Nation would have been left without a provision. *The phrase is as comprehensive as any that could have been used; because it was not fit that the constitutional authority of the Union, to appropriate its revenues should have been restricted with a narrower limits that the ‘General Welfare’ and because this necessarily embraces a vast variety of particulars, which are susceptible neither of specification nor of definition.*

“It is therefore of necessity left to the discretion of the National Legislature, to pronounce, upon the objects, which concern the general Welfare, and for which under that description, an appropriation of money is requisite and proper. And there seems to be no room for a doubt that whatever concerns the general Interests of *learning of Agriculture, of Manufactures, and of Commerce* are within the sphere of the national Councils *as far as regards an application of Money.*

“The only qualification of the generality of the Phrase in question, which seems to be admissible, is this—*That the object to which an appropriation of money is to be made be General and not local; its operation extending in fact, or by possibility, throughout the Union, and not being confined to a particular spot.* No objection ought to arise to this construction from a supposition that it would imply a power to do whatever else should appear to Congress conducive to the General Welfare” (emphasis added).

3. ‘Immortal’ Credit

The paradoxes Hamilton identified, *haunt* this author, with every visit to our U.S. Congress. How the Congress lacks its *authority* to approach the crisis of our people! How each state is in its own crisis, without a coordinating effort from the national government. With what *fear* do they consistently approach in formulating their responses to “economic authorities” such as Felix Rohatyn. The actions they refuse to take, are the very actions they *must* take. We lack the intention to develop, our debt has become a burden, and so our Credit is becoming lost.

“Hey, Congress, tell us, tell the lower eighty percentile of our citizens: ‘What have you done to the U.S. constitutional general welfare principle’s superior role in the making of our law?’ ”

Now, ask, in what false assumption is the Power to provide for the general Welfare hiding?

Think back now, to what was required for the founding of the *nation*. What were the principles which defined the nation? Without those principles operating, how long will the residue of those acting principles remain, such that we can call ourselves a sovereign nation, as it was *defined* by those principles? Taking this advice from Hamilton (from his “Constitutionality of the National Bank”), approach the needed tasks: “Measures which will not bear the test of future unbiased examination, can neither be productive of individual reputation, nor public honor or advantage.”

Immediate Action

“The *relation* between the *measure* and the *end*, between the *nature* of the *mean* employed towards the execution of a power and the object of that power, must be the criterion of constitutionality,” Hamilton stated in the “Constitutionality of the National Bank.”

All Powers in the Constitution are necessary for carrying out the intention of the Preamble. Therefore, by the authority of the Congress’s Powers in Article I, Section 8, the Preamble,

and as Hamilton says, the “Undefined Powers” of the Declaration of Independence, any actions by individual states, corporations or private citizens of states or nations, or the Vice President of the United States, which interfere with the action of the Federal government in executing his power, are illegal and unconstitutional. With this knowledge, one wonders, what is Congress doing today?

Step one: Remove Cheney

If the Congress applies its creative effort to their Powers, they would find the actions of the Vice President are taken with willful disregard to the Constitution and its Intent; this includes interfering with the Congress’s Power concerning War.

Step two: Bankruptcy Reorganization

The current state of the banking system is interfering with Congress’s execution of its Powers located in Article I, and the intention in the Preamble. The national government has the Power, therefore, to reorganize the banking system. Above all, we must protect the general Welfare. “You can’t do, that, government can’t intervene!” Bernanke cries. “Look buddy—this is the law of the U.S.—to regulate trade, and collect taxes; *your activities* are interfering.”

As Hamilton would have written, a banking system that is unable to engage with the Congress in the creation of credit for long-term investments, due to leveraged debt, needs to be reorganized. A banking system that is destroying the U.S. dollar is interfering with the collection of taxes, and the preferred medium of such collection, needs to be reorganized. Congress has designated that taxes should be collected in the form of dollars. How can taxes be collected with all the banks bankrupt by speculation in housing and derivatives? A bankruptcy reorganization is required under Article I, Section 8.

Hamilton said, while refuting Jefferson’s definition of necessity, that in a crisis, if a national bank would allow us to receive money quickly, and save the nation, why therefore would it be unconstitutional?

As LaRouche wrote in “Saving the U.S. Economy” (*EIR*, Nov. 24, 2004), “Anyone who fails to recognize the vital interest of the nation and constituent communities in the protection of such banking functions, should be regarded as like a mental case, perhaps as an obsessed ideologue whose aberrant fantasies are more precious to him or her, than the welfare of the people and their nation. We must have a functioning banking system, which responds, under Federal protection, almost as if no condition of bankruptcy had existed.”

Step Three: Save the Dollar, and Our Credit!

In what the reader may see as a shocking similarity to Hamilton’s prescience of the fate of a confederation of separate states existing without a national credit system, LaRouche said on Jan. 11:

“We are going to organize a defense of the current value of the U.S. dollar in a relative form of fixed-exchange-rate system for the world. *Because*, if you get a 20% to 30% collapse in a short period time in the U.S. dollar on the world market, I guarantee you, every part of the world system will

America’s Untold Story

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

\$19.95

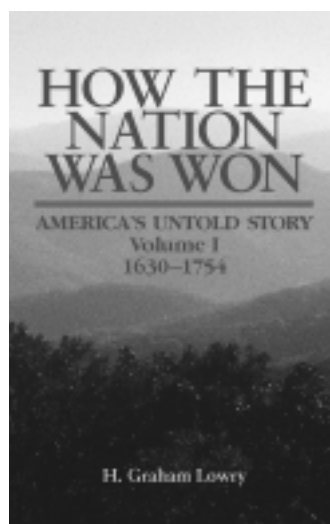
ORDER FROM

EIR News Service, Inc.
P.O. Box 17390
Washington, D.C.
20041-0390

Order by phone, 1(800) 278-3135

OR order online at www.larouchepub.com

Shipping and handling: Add \$4 for the first book and \$1.00 for each additional book. Virginia residents add 4.5% sales tax. We accept MasterCard and V



disintegrate.

“Because they’ll all be sitting there with their own monetary systems, *cutting their budgets, cutting their budgets, cutting their budgets*, cutting their employees, and going into a Dark Age. Someone has to create a new system based on the U.S. dollar at a regularly fixed-exchange-rate standard. Otherwise the whole world goes to Hell, if you don’t do that. . . .

“The U.S. dollar is our asset. It’s a U.S. government asset under our Constitution. Someone who tampers with the dollar, who counterfeits the dollar, should be a Treasury Department target for enforcement.”

Alexander Hamilton would agree. The strength of our currency is based on the historical fabric of our nation; those proposing anything other than saving the dollar, as LaRouche has proposed, go against the very founding the Constitution and the Powers of Congress.¹⁶

With the current account deficit skyrocketing, and a debt from speculation, we must ask, how to relieve our credit? Look to Article I, Section 8. How can the government provide for the common defense and general Welfare with a debt this enormous? How can the *Federal Government* allow such a debt to be created by speculators? Congress has the Power “to borrow money on the credit of the United States,” but, who says private corporations and individuals can create such a debt? It’s unconstitutional. The Congress has the Power to pay debts. Any activity that interferes with the constructed means to “pay debts” is subject to law.

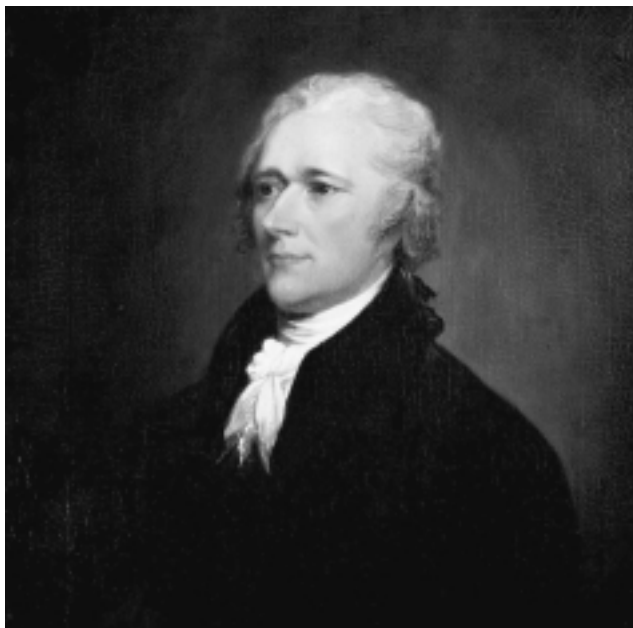
Extra Credit: Ensure the Public Safety

Again, from LaRouche’s Jan. 11 webcast: “Hedge funds, financial derivatives, housing bubble, the U.S. dollar has incurred debt beyond belief. There is no possible way of scheduling the amount of outstanding claims against the financial system in the world today. None. Therefore, much of this debt must be cancelled. Therefore, it should be the finding of the Congress, that this practice of allowing hedge fund and related financial derivative operations, should be considered criminal

16. In choral polyphony, such as the LYM’s work on Bach’s motet “Jesu, meine Freude,” it is not each voice species singing its notes in tune for which to aim. What is Bach’s Idea? What was his intention in writing all those notes together in that way? With great conductors such as John Sigeron, constant, slight adjustments are made to each voice species with the conductor’s ear to bring forth the idea; however, it is to the degree which the conductor has mastered the intention of the composer that his ear follows his idea, and further, the parts must pay heed to the conducting.

The “Free and Independent States” were intended for more than their name, but it took a Conductor to create a Union which could communicate the intended idea of a Sovereign Republic; a conductor such as Hamilton.

Lyndon LaRouche, like Hamilton before him, has been the single individual, since such works as his 1975 “International Development Bank” proposal, to 2004’s “Earth’s Next Fifty Years,” to his Sept. 16, 2006 Berlin Seminar, organizing and leading a conspiracy to create a true “community of principle” among “perfectly sovereign nations.” It is now a timely occasion for some nations to stop singing their own tune and watch the conductor.



The “sacred rights of mankind,” Hamilton wrote, “are written, as with a sunbeam, in the whole volume of human nature, by the hand of the divinity itself; and can never be erased or obscured by mortal power.”

by effect . . . you pass two laws which are the same thing, or two sets of laws. One, you ban it. Two, such activity becomes the subject of criminal law.”

Would the laws passed to ban such activity be a violation of the private sector’s right to make profit, their freedom? A useless question—rather, what are the *Supreme* laws of the land? Is banning such speculative activity in accord with the Powers of Article I, Section 8?

The creation of the housing bubble was done with mortgage-based securities, phony money through Fannie Mae, financial derivatives, and speculative instruments. It interferes with the Powers of borrowing money, by injuring the credit of the U.S., and interferes with the Power to lay and collect taxes, by destroying the medium in which taxes are collected. Above all else, this is a threat to the general Welfare.

Hamilton would also, like LaRouche, recommend dismissing the portion of our debt related to gambling—i.e., speculation. Hamilton recognized the danger that is posed when an unnecessary amount of artificial capital in circulation becomes a tool for the “Natural body,” weighing heavy on the public good. In his *Report on Manufactures*, he said:

“The debt too may be swelled to such a size, as that the greatest part of it may cease to be useful as a Capital, serving only to pamper the dissipation of idle and dissolute individuals: as that the sums required to pay the Interest upon it may become oppressive, and beyond the means, which a government can employ, consistently with its tranquility, to raise them; as that the resources of taxation, to face the debt, may have been strained too far to admit of extensions adequate to exigencies, which regard the public safety.”

Therefore, following Hamilton, it is sound judgment to put Congress in control over the nation's money, rather than accountants who think in terms of mere immediate necessities.

A More Perfect Union

What measures did Hamilton enact that allowed the exigencies of the states to be provided for? What Powers of Congress in action were to relieve the states of debt and put them in the context of a Federal government whose issuance of money is "plenary"? Think: Today, all the states are bankrupt. Why? What changes did Congress fail to make that have created the nationwide state of bankruptcy that has led state governments to beg on their knees to the feudal lord Rohatyn, for PPPs (public-private partnerships)? Why are states selling off their vital infrastructure to private corporations just to "Balance the Budget" for one more year? Without the Federal government using sufficient means to effect the objects of its "province," the states will continue to tear themselves apart, wallowing in their own perceived self-interest, cutting their budgets to please private financiers.

What "Powers of Congress" today are not in use to meet the needs of the states? Thus, what is *lacking* in those members of Congress who, unlike Hamilton, do not have to create a new constitution, but only use the existing authority? The Federal government is responsible for this catastrophe, and must fulfill its constitutional responsibility now.

Government credit must be issued to the states, immediately. A retooling of the auto sector for *nation-wide*, regulated projects must be launched immediately. The states will applaud such effort, contrary to those anti-FDR lunatics today. As Hamilton wrote in his *On the Subject of Manufactures*: "There can certainly be no object, more worthy of the cares of the local administrations; and it were to be wished, that there was no doubt of the power of the national Government to lend its direct aid, on a comprehensive plan. This is one of those improvements, which could be prosecuted with more efficacy by the whole, than by any part or parts of the Union."

Lastly, in applying the Powers of Congress toward the general Welfare of the Union, the application must be uniform, general, and not local. Hamilton advised how to keep the mind on the whole:

"In proportion as the mind is accustomed to trace the intimate connexion of interest, which subsists between all the parts of a Society united under the *same* government—the infinite variety of channels which serve to Circulate the prosperity of each to and through the rest—in that proportion will [the mind] be little apt to be disturbed by solitudes and Apprehensions which originate in local discriminations."

3.1 Rediscovering Authority

So stands, the Power of our Constitution. Now, with the Constitution understood, *cast it aside*, and ask: Would the representatives of our nation still have the Power to promote the general Welfare?

Think of Hamilton, in 1779, as aide de camp. Did the Powers of Congress exist? Only in the nature of man!

There are no self-evident rules with respect to the human spirit. The existence of mankind has always depended on subsuming arbitrary authority. As Hamilton wrote at the age of 18, "*The sacred rights of mankind are not to be rummaged for, among old parchments, or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the hand of the divinity itself; and can never be erased or obscured by mortal power.*"

The *authority* to save our republic today, lies in the same quality that drove Hamilton to create the Powers.

Above all else, it is the *intention* of individuals, who come to terms with their immortality, that their actions in the present, during their finite time, must create something that will last. Such intentions as Hamilton's express the length of time which their creations are to affect.

Our National government is, in its essence, the reflection of such intention as Hamilton's; and, as if reflecting on his own mind, Hamilton wrote of the former: "There ought to be no limitation of a power destined to effect a purpose which is itself incapable of limitation."

In celebrating his 250th birthday, it will be a happy year, were the U.S. Congress to take immediate, and all measures in following Hamilton's wish, to "render the Public Credit Immortal."

A Concerned Patriot,
Michael Kirsch
LaRouche Youth Movement

Additional Sources

The Papers of Alexander Hamilton, Harold C. Syrett et al., ed.; 27 vols.: Vol. I, "A Full Vindication of the Congress, The Farmer Refuted"; Vol. II, "Letter on Currency," "Letter to James Duane," "Letter to Robert Morris," "Continentalist Papers," 1-4; various letters; Vol. III, "Continentalist Papers," 5-6; "Letters Phocion 1 and 2," various letters; Vol. IX, "Report to Congress on Public Credit," 1790 (New York: Columbia University Press, 1961-87).

Alexander Hamilton: Writings, Joanne B. Freeman, ed. (New York: Library of America, 2001), "The Constitutionality of the National Bank" 1791; *Federalist* Nos. 18-21 and 30-36, 1787-1788.

The Political Economy of the American Revolution, Nancy B. Spannaus and Christopher White, eds. (New York: Campaigner Publications, 1977); Alexander Hamilton, *Report to Congress on a National Bank*, 1790; *Report to Congress on Manufactures* 1791.

The Constitution of the United States (www.usconstitution.net/const.html).

Gottfried F. Leibniz, *Discourse on Metaphysics*, Nos. XIII and XXVIII (<http://evans-experientialism.freewebspace.com/leibnitz03.htm>).

Fisher Ames, W.B. Allen, Seth Ames, *Works of Fisher Ames* (London: Liberty Classics, 1983).

Writings and Speeches of Lyndon LaRouche

"Johannes Kepler & the Democratic Challenge: The New Politics," *EIR*, Dec. 8, 2006.

"The Lost Art of the Capital Budget," *EIR*, Jan. 12, 2007.

"The Old Economics Is Dead, the New Economics Must Begin" (webcast Jan. 11, 2007), *EIR* Jan. 19, 2007.

Editorial

The Non-Proliferation Regime Is Over

On Jan. 11, a Chinese high-altitude satellite was destroyed while in orbit, in an action apparently taken by the Chinese themselves. There was much international speculation at the time about the import of this event, on which the Chinese government has not put out any official statements. Soon after, a raft of international protestations began to be expressed, especially from the United States and the Russians, who said, in part, that the Chinese were moving to militarize space.

What a fraud! In fact, it is the Cheney-Bush-Blair policy of aggressive imperial war which has put the world on the path to the militarization of space. More broadly, as Lyndon LaRouche commented on Feb. 2, Cheney and company have made the whole idea of “controlling” the spread of nuclear arsenals meaningless and obsolete in strategic practice. They have killed the Non-Proliferation regime.

It is not known at this point *how* the Chinese knocked down their own satellite. A high-level Indian military source told *EIR* that the Chinese test actually employed a laser beam weapon to destroy it. *EIR* has not been able to confirm this story, but has begun to put together a timeline of developments which show that the Chinese have been working on such a technological capability for quite some time. The public record shows that in September 2006, Chinese lasers blinded a U.S. surveillance satellite, an event that definitely caught the attention of the U.S. military.

We do not know whether the Chinese have demonstrated the basic principle of the Strategic Defense Initiative (SDI), which Lyndon LaRouche put on the international agenda approximately 30 years ago, and which President Ronald Reagan affirmed in his offer of March 23, 1983. What we do know is that we’ve come to the point where U.S. military and communications systems are vulnerable to the kind of attacks that LaRouche warned at that time would be coming. If the Chinese have not developed a laser-type anti-missile system, their actions show them moving in that direction.

This is not a question of the creation of a super-weapons system, or anything of the sort, but of a change in strategic approach, with shattering implications for

U.S. scientific, economic, and military policy.

The first tragedy was that the Soviet Union, under the Andropov crowd, rejected the SDI proposal which LaRouche was discussing with them through a back-channel in 1982. The Soviets chose instead to stick with the non-proliferation framework of the 1960s, to which unfortunately the Russians are still clinging today. The second was that British agents like Henry Kissinger succeeded in turning the United States against the science-driver SDI policy which LaRouche had proposed, so that strategic defense with new physical principles is not a part of the U.S. military strategy today.

Instead, today’s leading operatives for the British strategy, like Dick Cheney, have adopted an imperial war policy, which depends upon constant threats of military action, including the threat of nuclear targetting of China and Russia themselves. This threat of generalized war forces the potential victims to break from the Non-Proliferation regime, for their own survival.

It is time to return to the SDI policy, which, as defined by its author LaRouche, involves not only developing a anti-ballistic-missile defense based on new physical principles that would make nuclear weapons obsolete, but, much more importantly, redefines relations among nations to be one of sharing advanced technologies, in both the military and economic spheres. Contrary to all slanders, President Reagan specifically offered to share SDI technologies with the Soviets, and was still turned down. Like Cheney today, some political forces at the time were more afraid of peace, than they were of war.

What is clear now, is that the Cheney-Blair policy of intimidating nations into servitude is *not* going to work. The Chinese test, the Russian asymmetric warfare programs, and the work of scientists of many other nationalities, have ensured that the world is not going to stick with Non-Proliferation, and that the Cheney-Bush attempt to have a military monopoly in space won’t be tolerated.

In sum, the strategic situation has changed, and the first step toward adapting to it couldn’t be clearer: dump Cheney now!