

# EIR

Executive Intelligence Review

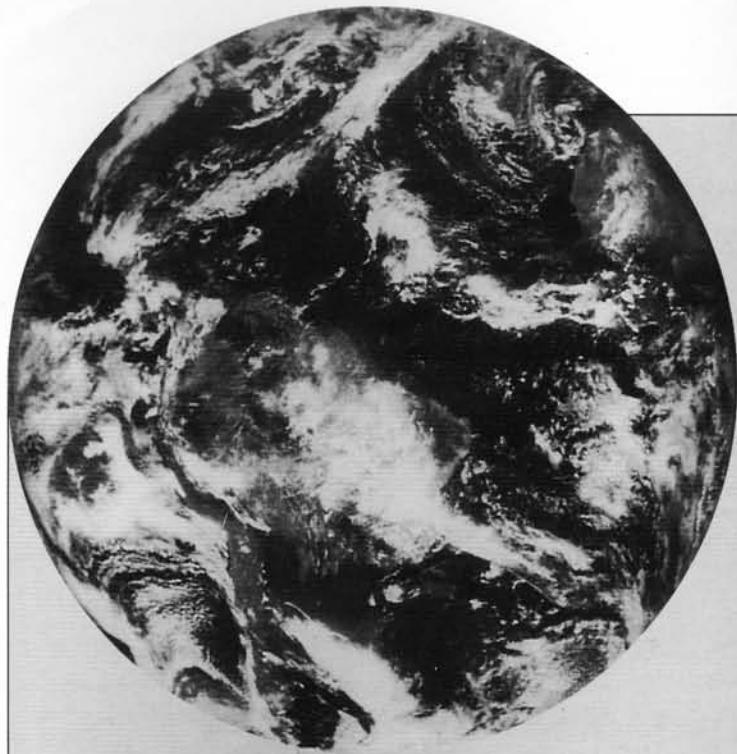
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# EIR

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## From the Associate Editor

This expanded issue really has three cover stories, commissioned and/or written by Lyndon H. LaRouche, Jr., as crucial interventions in the period leading to the Democratic Party convention in August. None of these stories could possibly be delayed, so we have increased the size of the magazine accordingly.

First, is the story of the G-7 summit in Lyons. LaRouche, in outlining this *Feature* to *EIR* staff, described it as “a monstrously important event, which pushes all others off the front page of every sane publication in the world today.” We have, therefore, put it on our cover, with the ugly mug of UN Secretary General Boutros Boutros-Ghali, who, along with the rest of the “Gang of Four,” is desperately trying to impose a supranational dictatorship over the world’s nations, to stave off financial collapse.

Second, is LaRouche’s analysis of current proposals for reviving the Strategic Defense Initiative. This is the second in a series of new strategic papers, which began with “Rid NATO of the Entente Cordiale Now!” (*EIR*, June 28). LaRouche notes that none of the participants in the SDI debate appear to recall “the disastrous effects which the SDI program suffered, from the political victory of the ‘kinetic energy weapons’ mafia, during the middle 1980s, issues which are even more crucial in today’s new strategic setting.” LaRouche proceeds to analyze, not so much the technical features of strategic defense, but the conceptual framework, the “grand strategy,” required for such a program.

Third, is the unified package of articles in our *National* section, including LaRouche’s speech in Philadelphia on Independence Day, in which he draws out the importance of his campaign to impeach Pennsylvania’s Gov. Tom Ridge, and to oust Roy Cohn’s “Dirty Dick” Morris from the Clinton entourage.

Next week’s *Feature* will be an extensive report on “Britain’s Dope, Inc., 1985-95: the ‘Development Decade.’” We will prove that drug-money is the principal resource keeping the international speculative bubble afloat; that, in fact, the world financial system is *addicted to drug money*. The material in this cover story will provide the basis for issuing, as soon as possible, a new edition of *EIR*’s best-selling book *Dope, Inc.*

*Susan Welsh*

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**Corrections:** Our issue of June 28 contained two errors in picture captions. On p. 26, the Ku Klux Klan poster is not from the film "The Birth of a Nation," but from a television documentary. The promotion of the Klan in "The Birth of a Nation" is, if anything, more blatant (see p. 67 in this issue for an example).

On p. 49, soprano Antonella Banaudi is shown singing at the Casa Verdi in Milan, not at the Pontifical Institute of Sacred Music in Rome.

**Photo and graphic credits:** Cover, UN Photo 179655/M. Grant. Page 15, Group of Seven. Pages 19, 51, 54 (Bush), 73, 77, 78, EIRNS/Stuart Lewis. Pages 23-26, 28, 29, 31, EIRNS/John Sigerson. Page 41, TRW. Page 54, Army Photo/Gil High, *Soldiers Magazine*. Page 60, EIRNS/Christopher Lewis. Page 67, Library of Congress Prints and Photographs Division. Page 78 (King), EIRNS/Carlos de Hoyos. Page 84, EIRNS/Leo Scanlon.

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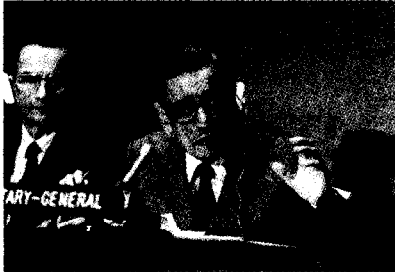
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## Time Warner megalomerg is a real stomach-Turner

by Anthony K. Wikrent

Possibly by the end of July, the conditions could be announced by the Federal Trade Commission (FTC) for approval of a \$7.5 billion megalomerg in the media sector: the proposed takeover by Time Warner, Inc., of Turner Broadcasting System, Inc., owner of CNN, and other TV channels, TNT, TBS, and media assets.

Everything about this merger is a real stomach-Turner. According to any good, old-fashioned anti-trust concerns, it should be turned down flat. However, the FTC anti-trust regulators have so far been looking at every way to bend the law, in order to accommodate the merger, as reported by media leak sources. In particular, regulators are supposedly devising "conduct remedies" to govern how the merged entities are to operate for a few years—measures that will not require the merger giants to divest themselves of any assets, in order, supposedly, to avoid violating anti-trust laws.

Nominally, the FTC's major concern is ensuring fair competition and access to cable television. But in recent years, they have been approving every kind of polymorphous media combination that has filed a merger proposal. Right now, there are three bidders for acquiring Metro Goldwyn Mayer film studios for, perhaps, \$1.5-2 billion, including a bid by media mogul Rupert Murdoch's News Corp. Last year alone, saw two mega-deals effected.

First, there was the \$19 billion merger of Capital Cities/ABC Inc. with Walt Disney Co., the second largest of its kind in U.S. history. (On July 31, 1995, billionaire-mogul Warren Buffett made a cool \$400 million "fixer fee" off that deal.)

Then, there was the \$5.4 billion 1995 purchase of CBS, Inc., by Westinghouse Electric Corp. While Westinghouse set up the world's first commercial radio station decades ago

in Pittsburgh (KDKA), and always had a communications subdivision of TV and radio stations, the company name was synonymous with heavy industrial manufacturing. Not now. Besides having media merger credit from J.P. Morgan and other big-name banks, Westinghouse reportedly raised financing for the CBS deal by offering for sale, chunks of its core industrial subdivisions—refrigerated transport equipment, electronics (radar and defense), power generator machinery, etc.

This is a sign of the times. The media merger mania is a symptom of the speculative lunacy launched in the early 1980s by circles connected to George Bush, and, internationally, connected to the radical free trade and deregulation regime of Britain's Margaret Thatcher (prime minister, 1979-90). In the United States, over the past 15 years, money flows going into speculative mergers and acquisitions have far exceeded investment in capital equipment, infrastructure, and essential services. The rate of such speculative maneuvers has increased, as the international financial bubble swells to the bursting point.

The additional element in the Time Warner-Turner Broadcasting proposal, is the megalomaniacal one. The deal would result in a giant conglomerate, with unprecedented power in cable TV programming, cable company ownership, and movie production. The principals involved in pushing this deal—Ted Turner; Edgar Bronfman, Jr., of the Seagram empire; and C. Boyden Gray, of the old line Reynolds financial power and position—are on a tear to see who can win the global game of "Monopoly," in the rush for establishing a monopoly in the mass media field.

The real anti-trust issue is against Big Brother media, of

the type projected by George Orwell's book *1984*—with a TV screen controlling every person and household. The fascistic implications of this accelerating merger trend in mass communications, are implicit in the Orwellian behavior by the mass media that we have already seen in the coverage of Lyndon LaRouche's campaign for the Democratic Party Presidential nomination. LaRouche received virtually no news coverage by the ABC, CBS, NBC, or CNN national news networks, yet received an average of around 10% of the vote in the primaries in which he ran, compared to Lamar Alexander, who received 23.6% of the network news coverage of the primaries, but received less than half the vote that LaRouche did.

### **Profiles: Time Warner and Turner**

Time Warner, which already owns 18% of Turner, not only provides entertainment "content" through its film studio, Warner Brothers; it also owns a major part of the entertainment distribution network. Home Box Office, for example, is a subsidiary of Time Warner. There are 29.7 million subscribers to HBO, and to Cinemax, which is also owned by Time Warner. Another subsidiary, Time Warner Cable, has 11.7 million subscribers, with potential access to over 6 million more households. That makes Time Warner Cable the second largest cable system in the United States.

Turner has Cable News Network (CNN), the TNT movie channel, the Cartoon Channel, and the production studios New Line Cinema Corp. and Castle Rock Entertainment. Bringing New Line Cinema and Castle Rock together with Warner Brothers studio will account for just under one-quarter of U.S. box office receipts. Turner also owns one of the MGM film and cartoon libraries, which could be distributed over Time Warner's cable systems. Bringing Time Warner's cable operations together with Turner's, would create a monster very few could hope to compete against successfully.

But, the merger involves a larger number of players than just Time Warner and Turner. If the merger goes through, these huge cable operations of Time Warner would be linked to those of Tele-Communications Inc. (TCI), the corporate empire of John Mallone, and currently the largest cable distribution network, with over 13 million subscribers. Through its subsidiary, Liberty Media, TCI owns 22% of Turner. Because the proposed merger is a stock swap, not a cash purchase, TCI's Liberty would end up with 9% of the new Time Warner Turner. Liberty also owns large chunks of QVC, the Home Shopping Network, the Discovery Channel, and the largest group of regional sports networks in the United States.

Mallone is known as the "Darth Vader" of the industry; he has stated on more than one occasion that his strategy is to "own a part of everything." Indeed, since 1984, when the cable industry was deregulated, TCI and Mallone have bought over 150 cable companies, and TCI now has an additional financial interest in 91 cable services in the United States. Mallone is now preparing for a new wave of mergers in other

areas, which have been opened to him by the recently passed telecommunications deregulation, which allows cable, long-distance telephone, and local telephone service to be offered by one company, or consortium. Mallone has already linked TCI to two other major cable companies, Cox Enterprises and Comcast, in a partnership with long-distance telephone provider Sprint, to begin developing a nationwide network of cable, telephone, and wireless communications services.

In exchange for agreeing to Turner's merger with Time Warner, Mallone has extracted a sweetheart deal that gives TCI and its subsidiaries a substantial discount on all Turner programming for the next 20 years.

In order to avoid the obvious conflict of having the largest and second largest cable systems come together in this complex web of subsidiaries, Mallone has agreed that his Time Warner shareholdings will be voted, not by TCI, but by Time Warner chairman Gerry Levin. This is not enough for the FTC, which reportedly is pressing for Mallone's stake to be comprised of a special issue of Time Warner Turner stock that will have no voting rights whatsoever.

To further complicate matters, 3.33% of the voting power in Time Warner at present is given to another cable magnate, Alan Gerry, who owns nearly 100% of both the Series E and Series F preferred stock. Another 5.01% of Time Warner voting rights is held by Houston Industries, Inc., as a result of Time Warner's \$2.2 billion purchase of Houston Industries' cable systems last year.

A similar problem of concentration arises in the combined firm's holdings of film studios. Time Warner, of course, owns Warner Brothers, the second largest studio, after Walt Disney's Buena Vista studio. Turner owns New Line, the fifth largest studio, and Castle Rock. Here again, matters start to get complicated: 14.51% of Time Warner common stock is owned by the Seagram Co. Ltd., the liquor conglomerate run by the notorious Montreal Bronfman gang. Seagram last year bought 80% of MCA, which owns the fourth largest studio, Universal. So, the Time Warner Turner merger would tie together four major film studios controlling 41.6% of the domestic box office take, compared to Disney's 19.0%. The Warner and Universal studios also produce 27 of the 77 shows on prime time television. Moreover, Ted Turner owns the MGM film library, while Time Warner has a 1990 contract with Giancarlo Piretti, the former MGM studio owner, now awaiting extradition to France to stand trial for fraud, giving Time Warner the right to distribute all MGM movies on video, along with the movies of any company that might acquire MGM.

### **The megalomaniacs**

The Hollywood angle is quite important, for it is the oversized egos of the place that are driving most of this stomach-Turner megalomergers. Reporting on the merger when it was first proposed in September 1995, *Los Angeles Magazine* argued that Levin was responding with enraged "cocks-

manship” to the recent \$19 billion merger of Disney with ABC/Capital Cities, which displaced Time Warner as the world’s largest entertainment company: “Any way you look at it, it’s a phallic free-for-all.” Alan Gottesman, a media analyst for West End Consulting in New York City, told the *Financial World*, in November 1995, “They’re all egomaniacs who keep firing each other.”

In Turner’s case, it might have more to do with the demands of his wife, Jane Fonda. “I’m tired of being little all the time,” Ted Turner gushed the week the merger was announced. “I want to see what it’s like to be big for a while.” As for Mallone, Porter Bibb, a media-investment banker at Ladenburg, Thalmann told *Time* magazine in October 1995 that Mallone’s motive was to gain control of Levin. “Levin is now a puppet on Malone’s strings. Malone is never going to be CEO of Time Warner. He’ll probably never sit on the board. But he wanted to control Levin, and now he does.”

But the big egos to really worry about are those of the Bronfmans. Presently the largest shareholders in Time Warner, the proposed merger would reduce them to third place, with a diluted stake slightly smaller than those of Turner and Mallone. Reportedly, Edgar Bronfman, Jr., who was given the reins to Seagram last year at age 39, is not thrilled with the prospect of being shoved down to the number-three position.

The Bronfman fortune was originally amassed in bootlegging during Canadian Prohibition in the 1910s, then during U.S. Prohibition in the 1920s. Through both decades, the supply of illicit booze that the Bronfman patriarchs, Sam and Abe, depended on, came from the Distillery Company of London, directly owned by the higher echelons of the British nobility, including Field Marshal Haig, Lord Worlavington, Lord Dewar, and the family of Sir Stewart Menzies, the legendary head of British intelligence from the 1930s to 1970s.

When Sam Bronfman died in 1971, the presidency of Seagram was passed on to his son, Edgar, Sr., while Edgar’s brother Charles controlled the family’s fortune, through his holding company, Claridge, which is the actual owner of the Bronfmans’ 36% stake in Seagram. Charles also served as co-chairman of Seagram, a position he still maintains, with Edgar, Jr. at the helm.

A fascination with Hollywood was evidenced by both Edgars. *Canadian Business* magazine reported in October 1994 that Edgar, Sr. attempted to buy MGM in the late 1960s, with the idea of merging it with Time, Inc. Thus, the Seagram stake in Time Warner may very well be largely the result of Bronfman egoism. In any event, it is clear that the Bronfmans have finally been fully accepted as bona fide members of the “new establishment,” as decreed by an article in the October 1994 issue of *Vanity Fair*.

Still, given the family’s background, and its continued subservience to British imperial policies, the Bronfman stake in Time Warner is the crux of the political problem with the merger. As head of the World Jewish Congress, Edgar, Sr. has been in the forefront of a number of British attempts

to kill off the Strategic Defense Initiative, and to maintain Britain’s position as the senior U.S. partner in NATO, by seeking to destroy the U.S. relationship with Germany.

### C. Boyden Gray and family trusts

Another matter to consider is that 100% of Time Warner’s Series C preferred stock, which carries no voting rights, is owned by five trusts of the family of C. Boyden Gray, the White House counsel under former President George Bush. The stock was issued to the Gray family, along with 900,000 shares of common stock, in September 1994, when Time Warner’s payment bought Summit Communications Group, a cable system in North Carolina and Georgia, from the family.

This is the same Gray family that financed and supervised the 1946-47 experiment, run out of the Bowman Gray Medical School in Winston-Salem, North Carolina, that tested grade school students to determine their level of intelligence, then surgically sterilized those with the lowest scores. Dr. Claude Nash Herndon, assistant professor of “medical genetics” at the school, who supervised the “experiment,” boasted to an interviewer in June 1990 that “we had a very good relationship with the press.” At the time, the Gray family owned the *Winston-Salem Journal*, the *Twin City Sentinel*, and radio station WSJS.

More recently, C. Boyden Gray reportedly underwrote the costs of a conference held last year by the Freedom and Progress Foundation, the think-tank of Speaker of the House Newt Gingrich (R-Ga.). An executive of Seagram serves as a director of the foundation.

Reportedly, FTC Chairman Robert Pitofsky wrote 17 years ago that anti-trust regulators must consider the risk that “excessive concentration of economic power will breed anti-democratic political pressure.” With the Time Warner Turner merger, what Pitofsky is facing are political influences, most anti-democratic, seeking to exert monopoly control of the U.S. entertainment and news media.

Ted Turner has quite a track record in this regard. His video empire was active in propaganda for the UN environment conference at Rio de Janeiro three years ago, on behalf of London financial circles’ anti-industrial, anti-development campaigns. Turner has created an international cartoon network for children, carrying greenie, anti-science shows, in many languages. In 1994, Ted Turner Broadcasting started up a children’s video project, on contract with *National Geographic*, to promote the lie that water resources are scarce, and the causes are waste, mismanagement, and overpopulation. “The problem is simply people—our increasing numbers and our flagrant abuse of one of our most precious, and limited, resources,” according to “Water: The Power, Promise, and Turmoil of North America’s Fresh Water”—a *National Geographic* Special Edition, November 1993. The project involved a school curriculum on water, put in the hands of a 200,000-person network of U.S. teachers. An estimated 6 million children were reached in the first few months.



# Global warming fraud explodes in UN's face

by Rogelio A. Maduro

On June 12, Frederick Seitz, the former head of the U.S. National Academy of Sciences, in a letter to the *Wall Street Journal*, attacked the latest climate change report from the United Nations as a fraud. A few weeks previously, the UN Intergovernmental Panel on Climate Change (IPCC) issued "The Science of Climate Change," the most comprehensive report to date on the subject of global warming. The document will be used by the UN and governments around the world to impose draconian policies to reduce emissions of "greenhouse gases" that allegedly threaten the Earth. Entire industries, including the electric power industry, will be severely affected.

The report, however, "is not what it appears to be," stated Dr. Seitz, one of the world's most respected scientists. Seitz expressed outrage, felt by a broad spectrum of scientists, at the behavior of the IPCC. He said that the report "is not the version that was approved by the contributing scientists listed on the title page." He emphasized, "In my more than 60 years as a member of the American scientific community, including service as president of both the National Academy of Sciences and the American Physical Society, I have never witnessed a more disturbing corruption of the peer-review process than the events that led to this IPCC report."

Significant changes were made to the document after it left the contributing scientists' hands, according to Seitz, and "nearly all [the changes] worked to remove hints of the skepticism with which many scientists regard claims that human activities are having a major impact on climate in general, and global warming in particular."

Seitz cited the following passages that were in the approved report but were deleted from "the supposedly peer-reviewed published version":

• None of the studies cited above has shown clear evidence that we can attribute the observed changes to the specific cause of increases in greenhouse gases.

• No study to date has positively attributed all or part [of the climate change observed to date] to anthropogenic causes.

• Any claims of positive detection of significant climate change are likely to remain controversial until uncertainties in the total natural variability of the climate system are reduced."

In other words, any statement in the report that ques-

tioned the truth of the global warming scare was removed after the final draft was signed by the scientists.

The promoters of the global warming fraud have become so convinced that they can foist any lie that they want onto the public, that for the first time, they have been caught completely unprepared by the uproar. In the past weeks, they have been tripping all over themselves, attempting to defuse the charges. The June 6 issue of the British journal *Nature* quotes one of the top controllers of the apparatus, Sir John Houghton, co-chair of the IPCC Working Group 1, hysterically claiming that these accusations are "a mixture of confusion and misinformation." Houghton acknowledges that changes were made to the documents, but says that they were only made to "background documents."

The article also reports that further charges of fraud have been leveled against the IPCC by John Emsley, a chemist at Imperial College, London, and a member of the European Science and Environment Forum, who argues that opposing scientists have been excluded from the IPCC process, thus blocking out alternative scientific views.

## Nature magazine: Truth is irrelevant

To cap it off, the June 13 issue of *Nature* has an editorial that acknowledges that "the complaints [of fraud] are not entirely groundless." With very tortured language and reasoning, *Nature* acknowledges that extensive changes were made to the document, and that "there is some evidence that the revision process did result in a subtle shift in the relative weight given to different types of arguments." Astonishingly, *Nature* then argues that it's not the science that's important, but that "climate change as a political issue deserves . . . increasing attention." The editorial states: "Charges by parts of the U.S. energy industry that a recent report on global climate change has been 'scientifically cleansed' should not be allowed to undermine efforts to win political support for abatement strategies."

In other words, scientific truth is irrelevant to *Nature*; it's the agenda that matters—and only evidence that supports the policies should be included.

On May 24, six of the leading advocates of global warming gave a press breakfast in Washington to announce their support for the IPCC report, which concludes that man is adversely affecting global climate. The "scientists" were led by George Woodwell, the man who was exposed as a liar in the 1972 hearings on DDT, where he was caught making the data fit his anti-pesticide ideology. This press breakfast was hastily put together by Fenton Communications, for damage control. The hoaxsters include Paul Epstein, from the Harvard School of Public Health, and Tom Karl, of the National Climatic Data Center. Interestingly enough, Fenton Communications is the same outfit that promoted the scare over the use of alar by fruit-growers in 1989.

The issue of fraud will certainly become hotter. Perhaps, that is what global warming is all about.

# British insanity rules Deutsche Bank

*William Engdahl analyzes the takeover of Germany's largest bank by the "British Party," and how this shift is wrecking the German economy.*

When he was chairman of Deutsche Bank, the late Hermann Abs once explained his long-term goal for Germany's largest bank to fellow members of the bank's executive board. He said that he sought to mold the postwar Deutsche Bank into "a mixture of Barclays and Hambros," the former, the largest commercial bank in Britain, and the latter, one of the oldest influential British private merchant banks.

Unfortunately, Abs's dream is today the reality.

Today, five banks—Deutsche Bank, Dresdner Bank, Commerzbank, Bayerische Hypo, and Bayerische Vereinsbank—control almost every major policy decision over German industry and the public sector. These banks, acting with no controls by democratically elected governments, impose the terms on which the federal or local governments can finance their operations. They determine which industrial firms will survive, and which will be forced to close their doors. They determine the levels of employment in major companies, and, increasingly, levels of unemployment in society, as the small and medium-size industrial firms—Germany's famous *Mittelstand*—are systematically destroyed.

Over the past five years, especially since the assassination of Deutsche Bank Chairman Alfred Herrhausen in November 1989, the guiding policy and philosophy of these powerful financial institutions has undergone a catastrophic change. Today, it can be said that the "British Party" in Germany, which espouses British free market economics, as opposed to the traditional German system of fostering long-term, stable growth of industry, is headed by the Big Five banks and the groups in their orbit.

## The costly 'education' of Deutsche Bank

As recently as 1993, Deutsche Bank head Hilmar Kopper told a conference of international bankers in Canada that, so long as he was in charge, Deutsche Bank would "never" become a major financial derivatives bank (the highly speculative, multitrillion-dollar derivatives bubble is one of the hallmarks of London and Wall Street finance today). Only two years later, Deutsche Bank had become the most aggressive derivatives bank in Europe, paying six-digit bonuses to hire entire derivatives trading groups from London and New

York banks, in order to build its presence in the exploding and highly risky \$47 trillion market in financial speculation.

The education of Deutsche Bank and of German companies it controlled in this new world of derivatives was costly. In December 1993, details leaked out, of a staggering DM 2.7 billion [\$1.8 billion] derivatives loss by MG Corp., the New York subsidiary of the huge Metallgesellschaft group, whose board naturally included its largest shareholder, Deutsche Bank. The New York MG Corp. had written derivatives contracts based on their estimate of what gasoline prices in the United States would be ten years hence, a gamble so outlandish that even experienced derivatives high-rollers would never risk it. The persons involved from Metallgesellschaft insisted that Deutsche Bank was informed every step of the way. Today the company is beginning to recover, but only after thousands of jobs and major parts of the company had vanished. It was a costly "learning experience" for Kopper's new plunge into the derivatives game.

Then, only two months later, in February 1994, Deutsche Bank client Jürgen Schneider, the giant real estate and construction entrepreneur, disappeared, leaving behind debts of DM 5 billion among the 120 companies he controlled. Hilmar Kopper remarked that the size of the Schneider losses, compared to the bank's overall assets, which were well over DM 523 billion, were "peanuts." But the roasting of those peanuts, along with Metallgesellschaft, MAHO, and yet new derivatives losses at Deutsche Bank client Balsam AG, was proving expensive.

Commenting on the disasters at Deutsche Bank, one of the bank's directors recently remarked: "Deutsche Bank—in fact all the large German banks—are undergoing an entire transformation in the way we view banking. We are going from a traditional German *Grossbanken* model, over to the Anglo-Saxon style of global banking. A lot of mistakes are the result of this shift."

## The tradition of 'Rhineland capitalism'

In the last century, after 1880, Deutsche Bank, Dresdner, and the predecessor of Commerzbank, formed a distinct alter-

native to the British-centered banking world. Deutsche Bank and German industry grew and prospered to become among the world's leaders, in a dramatically brief time span, precisely because they rejected the British model of banking and finance.

Rather than a regime where immediate money profit was the only goal, German banks invested long-term in the building up of key industrial companies: Siemens, AEG, Daimler-Benz, and Hapag-Lloyd epitomized this process.

Their initial capital came in the form of credit from the bank, along with Deutsche Bank's purchase of a major share of the stock in the new or growing companies. Those shares, core holdings, were to remain in the hands of Deutsche Bank, binding the bank's future with the industrial company. Deutsche Bank, under the leadership of men such as Georg von Siemens and Karl Helfferich, played the leading role in financing large railway infrastructure projects, most notably, the Berlin-Baghdad Railway in the period before 1914—a project which constituted an enormous strategic challenge to British imperial domination of Eurasia.

Decisions of the bank were made, not on the basis of quarterly shareholder returns, but in the interest of long-term development of the particular industry and the nation. This enabled German industry to invest in and develop the most advanced technological base in the world by the turn of the century, while British banks were reeling from economic depression and the near-fatal speculative collapse of Barings Bank in 1890.

German banking's model was simultaneously adopted in Switzerland, France, and Sweden by the turn of the century. Development of a strong, healthy industrial base was the objective, not to make "money from money" as in the British banking world. Under the Rhineland model, industry prospered by paying its workforce the highest wages, in order to develop the greatest productivity. Cheap labor was to be avoided as a self-defeating, short-term expedient, which undermined long-term development.

Germans were rightly proud of their model of "Rhineland capitalism," as the French termed it. By the 1980s, they could point with disdain to the Britain of Margaret Thatcher's "free market" banking model, with its wave of speculative disasters, the industrial destruction, unemployment, and urban rot. By 1990, British banks were in the deepest crisis since World War I, as speculative real estate and Third World debt lending collapsed.

### **Dramatic changes**

But by 1993, as Germany's economy also collapsed, in the sharpest recession in postwar history, the Big Five banks began to make dramatic changes. They were the ones leading the push for an attack on the German high-wage and social welfare system.

During 1993, Deutsche Bank economist Norbert Walter

published a book, *Der neue Wohlstand der Nation (The New Well-Being of the Nation)*, in which he savaged the German social welfare model, demanding the country turn to "free market" social Darwinism.

In an interview on Oct. 28, 1993, in *Die Woche*, Kopper praised the debate, then beginning, surrounding the so-called competitiveness of the German economy as "finally a step by the politicians in the right direction." Commenting on the alarming rise in unemployment, Kopper callously said, "There exists plenty of work in this country. Only 52% of those employed are working in the service sector."

Kopper then sardonically suggested where unemployed engineers, machinists, and craftsmen persons should look for jobs: "In Germany, it isn't considered chic, it's not desirable to work in a restaurant or a bar, and to have flexible work hours, even possibly to have to work during weekends. We have literally millions of workplaces, which are no longer wanted by Germans. Thank God that foreign *Gastarbeiter* take those jobs."

This was the signal to anyone who still doubted, that the transformation of Germany's big banks to the British model was in full force. On June 26, 1996, Deutsche Bank announced that it planned to end the century-old practice of retaining major stakes in industrial companies, and that it would begin by sharply reducing its core holding in Germany's largest industrial company, Daimler-Benz. In explaining the historic decision, Deutsche Bank's head of finance, Jürgen Krumnow, declared that the bank's involvement with companies such as KHD, Daimler-Benz, or Holzmann AG, which paid no dividends, confirmed that industry ownership "is truly no longer pleasing, even were Daimler-Benz or Holzmann rapidly to resume paying dividends again."

For a long time, not only have traditional large industries, but also the vital *Mittelstand* become victims of the British revolution in Frankfurt banking. The orgy of cutting bank credits or recalling loans from thousands of *Mittelstand* companies reached such a pitch this February, that Klaus Bregger, chairman of the *Mittelstand* and Economic Association (MIT) for the ruling Christian Democratic Party, publicly excoriated it. Money is the "bottom line" in this banking transformation, not entrepreneurship.

### **Marriages made in London**

Deutsche Bank and the other major German banks have intermarried with the most influential financial firms of the City of London in the past years.

Deutsche Bank broadcast the full transformation as well in early 1995, when it announced that it was moving its entire Frankfurt merchant banking operation to London, where it would merge with its daughter merchant bank, Morgan Grenfell. In addition to the City of London's Morgan Grenfell, Deutsche Bank has bought the elite "London gold fix bank" Sharps, Pixley & Co. Last year, Dresdner bought control of

the established merchant bank, Kleinwort Benson & Co. Commerzbank made an intensive effort to buy N.M. Rothschild's Smith NewCourt stock brokerage, losing out at the last second to a U.S. rival. Westdeutsche Landbank recently bought London's Charterhouse Ltd.

Several years ago, the large London clearing banks—Barclays, Lloyds Bank, Midland, NatWest—began buying out the small, influential German private banks such as Schröder, Munchmeyer, Hengst, and Merck, Fink. The result has been a thorough incorporation into German banking of the British methods of finance.

In addition, the big German banks have bought the top City of London bankers. Recently Deutsche Bank raided 44 stock traders from S.G. Warburg & Co. of London, and Dresdner Bank promoted HansGeorg Hofmann, a leading London Eurobond trader, to the bank's board in Frankfurt. Commerzbank has made similar additions.

### **Backing for the Maastricht Treaty**

But, over the long run, the consequences of this turn to British banking, have become frighteningly clear in the domain of the Maastricht Treaty and the proposed European Monetary Union.

In December 1991, the heads of state of the 12 member-nations of the European Union (EU) held their annual summit at Maastricht, the Netherlands, where they signed what came to be named the Maastricht Treaty on European Monetary and Social Union. The treaty enshrined the demands of French President François Mitterrand and Italian Premier Giulio Andreotti, with backing from Margaret Thatcher's successor, John Major. The principal aim was to "bind" the newly united Germany firmly into a supranational structure, called the European Monetary Union. The power of national central banks, including the Bundesbank, would dissolve by 1999 and a new independent European Central Bank and Euro-currency would replace them.

Initially, by all accounts, the big German banks were more than hesitant about Maastricht, calculating losses in currency exchange and new costs. But, according to Frankfurt banking sources, "by about 1994 that attitude changed radically. Deutsche Bank led the rethinking on Maastricht. They came to the realization that, even with the strict qualifying criteria and the ensuing deflation of the EU economies, that Maastricht would be a major boost to the power of Deutsche Bank as Europe's leading deposit bank. With no risk of currency fluctuations, Deutsche Bank plans to make a major move into France, where French banks are weakened from their recent crises, as well as into Italy. From there, the bank will dominate European banking as no other bank. Deutsche Bank, in the last two years, has become the major lobby in Bonn to push Maastricht through. Both [board members] Kopper and Cartellieri play a big role with the Chancellor [Helmut Kohl] on this issue."

Whether this will come to pass smoothly is not clear.

But what is clear, is that Deutsche Bank, Dresdner, and the other majors are fully behind Maastricht. In a speech to the World Economic Forum at Davos, Switzerland in February, Deutsche Bank board member Ulrich Cartellieri declared, "European banks will lose an estimated 23 billion ECU [European Currency Units] in currency fees once the single currency is complete. Despite this, we are determined that we will have Maastricht by January 1999. We must develop a single currency in Europe large enough to compete with the dollar."

Left unsaid was the cost in millions of permanently unemployed in Germany as a result of Bruening-like government fiscal deflation under way on behalf of the Maastricht debt and deficit goals. Significantly, according to a high-level Brussels source, it was Britain in December 1991, which insisted on the specific 3% state deficit and 60% public debt limits of Maastricht.

Little-known is that Deutsche Bank earlier also played a role in attempting to establish a European Currency and Economic Union: During 1940-41, on behalf of the Reich, Deutsche Bank went to Poland, Romania, Ukraine, Czechoslovakia, Vichy France, Denmark, and other Nazi-occupied lands, to establish the basis of centralized looting of their economies for more efficiently financing the war. That plan failed, but only for military reasons.

In anticipation of the European Monetary Union on Jan. 1, 1999, Deutsche Bank, Dresdner, Commerzbank, Hypo, and Vereinsbank have already installed costly computer systems to manage the transition. But more significantly, they have initiated the most radical push for profits and growth in history.

### **'Shareholder value' takes over**

Worse, the Big Five banks have become the prime motor behind introduction into German industrial companies of the destructive British "shareholder value" agenda. As this news service has earlier detailed, shareholder value is the name given a transformation of investment ideology that began in the late 1980s in Britain and the United States. Leveraged buyouts and "junk bond" hostile raids on companies for pure speculative profit were justified because the profit for the "shareholders" of a victim company, would be greater if the company's stock rose and costs were cut. By the early 1990s, shareholder value was accepted practice in the Anglo-Saxon world. This meant a record slashing of jobs in "downsizing," and demoralization of entire sectors of the population. The doctrine primarily benefits huge investment funds, which buy and sell stocks and bonds for maximum profit on a daily basis.

In Germany, shareholder value is being rammed down the throats of industrial companies, not surprisingly, by their major shareholders—Deutsche Bank, Dresdner, Commerzbank, etc. This is also behind the decision to diminish direct permanent core stock shares.

The big banks have established British-style "investment funds" subsidiaries, the largest being Deutsche Bank's DWS and Dresdner's DIT. These funds buy or sell stock in, say, Daimler-Benz or Holzmann AG, based, not on permanent Deutsche Bank interest in those companies, but in three- or twelve-month profit gains from a given stock. Using this weapon, Deutsche Bank has driven Daimler to dump units, including AEG and Fokker, and tens of thousands of jobs with them, in the name of "shareholder value."

The shareholder value revolution is only part of the banks' strategy in preparing for the EMU in 1999. Through their new investment trusts, capitalizing on the social welfare debate which they had initiated two years ago in Bonn, the banks plan to make a fortune in attracting the savings of ordinary Germans into investments in private pension plans, whose funds then can serve as a base for Deutsche Bank's global speculation, using derivatives, of course. In announcing the new strategy, Deutsche Bank's Rolf Breuer boasted that it was being done "after the Anglo-Saxon model."

### Conflict with the savings banks

Targetting private savings in this way has directly brought the Big Five banks into unprecedented conflict with the savings banks. In an unusual comment, the head of the German savings bank association, Horst Koehler, lashed out on March 12 at Hilmar Kopper for Deutsche Bank's efforts to force privatization of the German savings banks, most of which are state-run. In the past century, the savings banks have financed homebuilding, small businesses, and farming with low interest rates. Deutsche Bank and the big banks now want to privatize the savings banks in order that they, and their deposit base of more than DM 1 trillion (\$710 billion), can become takeover targets.

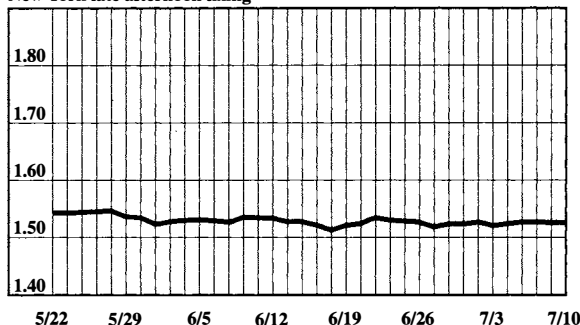
By law, the savings banks are strictly separated from big commercial banks, and mergers or takeovers between the two are not allowed. Koehler, pointing to Kopper's bad record as chairman at Daimler-Benz, stated that Kopper and other big bankers were "talking about investment banking, and some are trying to give the impression as though everything coming from the banking center of London must be the royal road for business policy among credit institutions." Koehler also noted, pointedly, that the savings banks had to step in to fill the credit vacuum for financing *Mittelstand* companies when Deutsche Bank and the other big banks pulled out.

Should the transformation of German banking into free market money monoliths continue, it will likely spell the death of the postwar German industrial miracle in a few short years. Tragically, no one in Germany seems to have drawn the proper lessons from the disastrous experiences over the past decade throughout the English-speaking world, where bank failures, depression, unemployment, and social polarization into very, very rich and very poor have been the result.

## Currency Rates

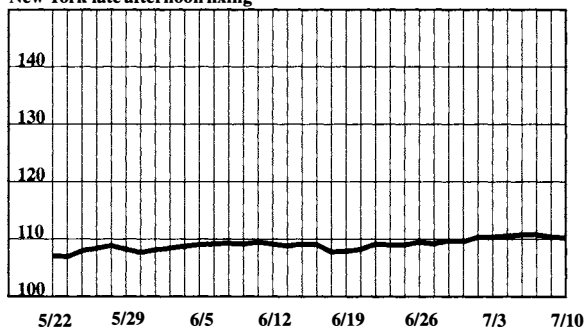
### The dollar in deutschemarks

New York late afternoon fixing



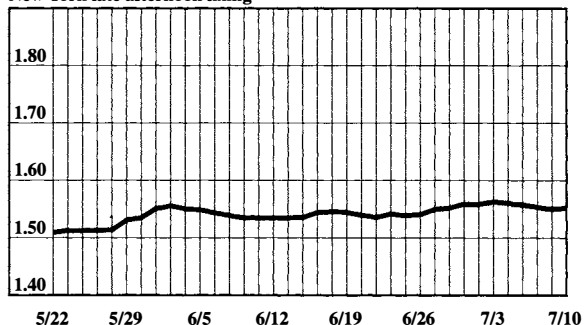
### The dollar in yen

New York late afternoon fixing



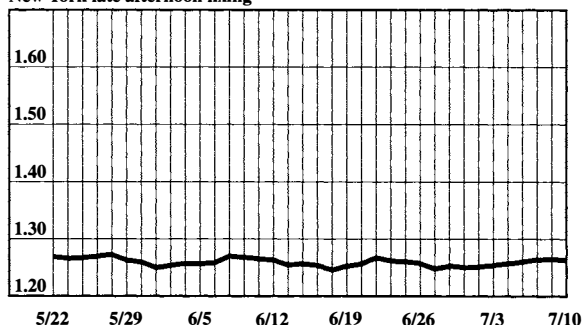
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Business Briefs

## Health

### AMA backs mandatory testing for AIDS virus

The American Medical Association's policymaking House of Delegates endorsed, by an 185-181 margin, mandatory testing of all pregnant women and newborns for the human immunodeficiency virus (HIV, which causes AIDS), the June 28 *Washington Post* reported. The switch from their long-standing position in favor of voluntary testing only, is said to be because of the discovery that AZT can dramatically reduce a woman's risk of passing the virus on to her fetus.

Some doctors fear that making the test mandatory would discourage those women most at risk for AIDS from seeking prenatal care, but this view was outweighed by what other doctors saw as an opportunity to save more newborns from the disease. Currently, about 1,600 newborns in the United States are infected with HIV by their mothers each year.

"We have learned enough about the disease to know that the differences in those who are treated versus those who are not treated cuts by two-thirds the risk to the unborn child," said AMA former president Robert E. McAfee.

## Finance

### Thailand welcomes 'financial AIDS'

Thailand's three top financial officials, the finance minister, the central bank governor, and the head of the Securities and Exchange Commission, have given the green light for Thailand to open its own futures and options market by 1999, wire services reported June 22. Changes in the law are already in the works to get such trading, specifically, derivatives trading, up and running. Such speculative activity was called "financial AIDS" in 1991, by Ryutaro Hashimoto, now prime minister of Japan.

At an equity market seminar in the resort town of Pattaya, the finance minister reported that the government has already moved to amend laws to legalize stock short

sales and to introduce covered warrants, with the aim of launching a derivatives market. The central bank governor spoke out of both sides of his mouth, warning that derivatives are difficult to quantify and monitor and "can cripple age-old institutions in no time," but he remains convinced that Thailand's strong economy, stable currency, and ability to attract foreign capital will lead to rapid growth of a derivatives market. The SEC head said his agency has already backed a move by 20 Thai securities companies to create a \$20 million fund for investing in foreign derivatives, which investment will be made through two unnamed U.S. securities firms, to give them "practical experience" in derivatives trading.

Eighty Thais are being sent to the United States for training to set up a derivatives market in Bangkok by 1999, the June 24 *Asia Times* reported.

## Energy

### Enron, Texaco sign deals with Uzbekistan

Uzbekistan President Islam Karimov, armed with once-secret Soviet geological surveys, on June 27 invited U.S. energy companies to bid on five oil and natural gas projects, wire services reported. "We have opened all our secrets to the U.S.," Karimov said in a speech in Houston. "We are willing to open every door to you."

Since declaring independence in September 1991, Uzbekistan is the only former Soviet state to increase oil output, becoming self-sufficient in crude oil production this year, after boosting oil and condensate production to 8 million tons, or 160,000 barrels, per day.

Karimov was in Houston as part of a tour of Europe and the United States to bolster trade ties and seek investment, with the goal, said one news agency, of helping the country to "complete its transition to a free-market economy."

Texaco on June 27 signed agreements to invest \$6 million in a joint venture to manufacture lubricants, and Enron Oil and Gas, a company long associated with the George Bush crowd, entered into a gas venture valued at \$1.3 billion.

## Russia

### IMF chaos is deliberate, says Austrian diplomat

The International Monetary Fund (IMF) and related interests are consciously fomenting chaos in Russia, Ernst Florian Winter, a former Austrian diplomat and staff member at the United Nations, charged in a commentary in the Catholic Austrian weekly *Die Furche* on June 21.

Winter said that he had the very revealing experience several years ago, when he tried to get across to President George Bush's staff, a strategy for economic support of, and cooperation with, the Russians during the time the Soviet Union was collapsing. His ideas were rejected with cynicism, Winter said, as the strategy ostensibly was to "let them die in the mud."

There is strong evidence, Winter wrote, that the IMF, World Bank, and related financial circles in the West are even promoting Marxism as the ideology of destruction. These are the circles to blame for the disaster Russia finds itself in these days, he charged.

## South Africa

### Mandela's economic policy under fire

The Nelson Mandela government's economic policy, released June 14, overlooks even the obvious lessons from the last 30 years in the advanced countries, Zunaid Moola, general manager of the National Institute for Economic Policy in South Africa, wrote in the June 20 *Mail and Guardian*. "Alternative strategies appear to have been ditched . . . we can and must do better than this. What the new macroeconomic strategy lacks most is a sense of urgency about what needs to be done to break the cycle of poverty in an otherwise wealthy country."

He points out there are drastic oversights in this strategy that seems already to have been "chiseled in stone":

1. The emphasis in the new plan is on manufacturing exports. Moola details studies proving that in country after country it

has been determined that non-export production generates more jobs than export-producing sectors. (In the United States, a 1% increase in non-export production creates almost twice as many jobs as a 1% increase in export production. In the U.K. and Italy, the magnitude of difference is larger.)

2. Real wage growth in the private sector is projected to be no more than 1% per year for the next four years, meaning that there will be little prospect for the state to increase the proportion of taxes paid by the working class.

3. The government's proposal to introduce a "flexible labor market implies a two- or three-tier system, with the second and third tiers earning considerably less than those in formal, skilled employment. The inequality in incomes for which South Africa has been notorious is thus set to grow—encouraged now by government policy."

4. There is no mention of a capital gains or wealth tax for those companies and individuals who are not prepared to reinvest, and there is the optimistic assumption that all export earnings will be reinvested in the country. The authors appear not to have considered that with the removal of exchange controls, capital flight is a distinct possibility, or that a good portion of those export earnings will be spent on imported luxury items.

## *Eurasia*

### **Develop Russia as link to Asia, says analyst**

The West should help develop Russia as the bridge between Europe and Asia, Robi Ronza, a leader of the Catholic Communion and Liberation movement, wrote in his weekly column in the June 24 Italian daily *Il Giornale*, entitled "Toward New Relations between the West and Russia."

"Rather than cheer for one political leader or another, Europe should decide on a long-term political strategy," Ronza said. This strategy should be based on long-term agreements for the sale of industrial plant and equipment and infrastructure, which "favor the development of Russia in its historical role, that of the bridge between Eu-

rope and Central-East Asia."

The tensions that have wracked Russia throughout this century, including authoritarianism, stem from the fact that this has remained an "unfinished perspective, clearly pursued with the opening of the trans-Siberian railroad (1891-1904), but then negated by the lack of development of that infrastructure project," he said.

It is in the West's interest to relaunch the Russian economy, Ronza said. It would create massive economic markets for us, and avoid the spectre of a Russia "rendered aggressive by hunger and fear."

Ronza has written several articles concerning the development of Eurasia, and the prospects for a "New Silk Road." In 1992, Communion and Liberation hosted Amelia Boynton Robinson of the Schiller Institute as the guest of honor at the movement's mass summer meeting in Rimini, Italy. Ronza is the official spokesman for that event.

## *Trade*

### **Pact signed to boost commerce on Silk Route**

China, Pakistan, Kazakhstan, and Kyrgyzstan on July 6 signed what they called a historic customs agreement, to increase trade along the Silk Route, according to wire service reports. Officials of the four countries signed the protocol after three days of talks in Islamabad, Pakistan, agreeing on a set of rules and regulations and "making a major breakthrough for transit trade" among them, Pakistan's official APP news agency reported.

"It is now expected that the first caravan of vehicles with transit goods can move across the [Pakistan] border by October this year," it said.

Pakistani officials said the agreement would allow a common set of documents to be accepted by the customs officials at the entry and exit border posts of four countries. "Basically, the agreement deals with a standard procedure relating to the scrutiny of documents at the port of entry, examination of goods, assessment of goods, loading of cargo, and movement in transit," one official said.

## *Briefly*

**INDONESIA** has met standards for Western certification of its national mid-size aircraft, the 130-seat N-2130, making it only the eighth country to produce such aircraft. The national aircraft industry was set up by J.B. Habibie, now minister of research and technology. He engendered attacks from the International Monetary Fund, by launching a national, protected car industry in May.

**NIGERIA'S** feud with the International Monetary Fund on an economic program, converges around its preference for a debt freeze of 15 to 20 years, instead of rescheduling, and its reluctance to reduce subsidies on petroleum products and fertilizer, the July 1 London *Guardian* said.

**RUPERT MURDOCH**, the media mogul head of News Corp., and Indian Prime Minister H.D. Deve Gowda discussed the possibility of STAR TV uplinking from India, at a meeting in New Delhi, the Indian *Business Standard* reported June 20. STAR is toying with the idea of shifting its base from Hongkong to India.

**CAMBODIA'S** rate of HIV-infection is 1 of 83, or 120,000 out of a population of 10 million, according to Hor Bun Leng, head of the Cambodian National AIDS Program. He says that he has only 2-3¢ per person for an anti-AIDS campaign.

**KAZAKHSTAN'S** chief energy inspector, Yeset Zhumabekov, has urged citizens to collect their own winter fuel, including dung, BBC reported, based on the June 20 *Karavan-Blitz*. The power sector is bankrupt and has no prospect of collecting the \$1 billion owed by its consumers. Its debt to CIS countries for electricity exceeds \$400 million.

**UKRAINE**, the breadbasket of the former Soviet Union, is headed for a disastrous harvest, as low as 28 million tons. (In 1990, Ukraine harvested over 50 million tons.) Regional officials in June asked President Leonid Kuchma to provide stable financing for the farming sector.

## G-7 leaders reach new 'Munich Pact' at Lyons summit

by Mark Burdman

In 1938, British Prime Minister Neville Chamberlain and French Prime Minister Edouard Daladier concluded their shameful appeasement deal with Adolf Hitler, guaranteeing the deaths of tens of millions. Returning to London from Munich, Chamberlain made the macabre declaration that "peace in our time" had just been achieved. Now, nearly 60 years later, the leaders of the so-called "Group of Seven industrialized nations," meeting June 27-29 in Lyons, France, have made a deal every bit as disastrous. The slogan this time, coined by host Jacques Chirac, the President of France, is: "Making a success of globalization for the benefit of all."

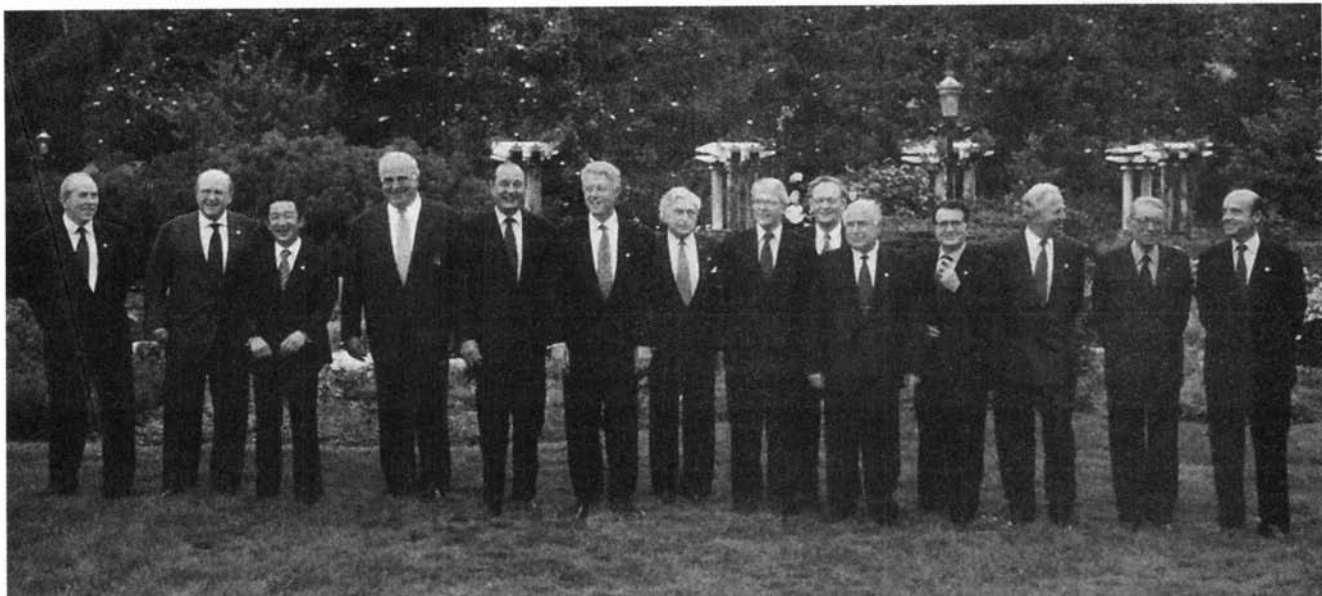
At the Lyons summit, the leaders consolidated a pact of appeasement with the United Nations-centered supranational institutions, including not only the UN as such, but also the International Monetary Fund, World Bank, and World Trade Organization. For the first time since G-7 summits were initiated in 1975, the heads of these four institutions were invited to *formally participate*, in discussions with, and as equals to, leaders of sovereign national governments. The "Gang of Four" was accorded expanded powers to deal with the crises that the world is facing.

Making matters worse, the G-7 leaders and their aides systematically lied about the dangerous situation the world is in, with a carefully manufactured line about the historical irreversibility of globalization, the vast benefits of liberalization and free trade for the entire world, the glories of "the American model of job creation," and other gems seemingly lifted from the Propaganda Ministry described in George Orwell's *1984*.

All the verbiage is bluff and brainwashing. The fact is, the transfer of effective sovereignty to the UN, IMF, et al. is being motivated by a panic, among leading financial and political elites, about the systemic crisis in the financial and banking world, and by the G-7 leaders' confession of impotence and lack of will to mobilize the power of sovereign governments to deal with the impending collapse.

On June 24, three days before the official opening of the summit, IMF Managing Director Michel Camdessus had given a presentation in Lyons, at a colloquium





*The Group of Seven meets in Lyons, France, June 27-29, 1996. Left to right: Michel Camdessus, managing director, International Monetary Fund; Renato Ruggiero, secretary general, World Trade Organization; Prime Minister Ryutaro Hashimoto, Japan; Chancellor Helmut Kohl, Germany; President Jacques Chirac, France; President William Clinton, United States; James Wolfensohn, president, World Bank; Prime Minister John Major, U.K.; Prime Minister Jean Chrétien, Canada; Prime Minister Viktor Chernomyrdin, Russia; Prime Minister Romano Prodi, Italy; Jacques Santer, president, European Commission; Boutros Boutros-Ghali, secretary general, United Nations; Prime Minister Alain Juppé, France.*

sponsored by the Lyonnaise de Banque, one of France's more powerful banking institutions. While heralding the supposed virtues of "globalization," he warned that "this new era is not without risk. . . . The first is financial. The global economy has suffered several costly financial crises over the last decade. . . . A financial crisis, regardless of its origin, can become worldwide in a flash." He also called for "tightening the screws" to hold the system together (see *Documentation*).

Even if his intent is to increase his own dictatorial powers, Camdessus is de facto admitting that Lyndon LaRouche was right, with his 1994 Ninth Forecast of the coming disintegration of the world financial system. But Camdessus and the rest of the gang at Lyons militantly reject the only sane prescription: a bankruptcy reorganization of the world economy and the launching of a program for global reconstruction based on large-scale infrastructure projects. And since such positive measures can only be carried out by *sovereign governments*, under the leadership of the Presidency of the United States, the push at Lyons for "more globalization," and for a greatly upgraded role for "international organizations," will only make things worse. What we will get instead, if the Lyons "beyond Munich" arrangement is not reversed, is a global fascist dictatorship directed by the UN/IMF apparatus, or chaos, as the King Canutes of the "international system" are unable to (as they would put it) "stabilize" the situation.

What makes the arrangements reached at Lyons yet more disastrous, is that they were agreed to, with publicly stated

enthusiasm, by the American Presidency, the latter being the sole institution capable of taking effective *national-sovereign action* to respond to a financial breakdown. The irony is that President Clinton, in response to the terror outrage that had occurred in Dhahran, Saudi Arabia the day before the summit opened, had made the "fight against terrorism" a focus of his activity at Lyons. Yet, what the President has signed on to at the summit, respecting economic-financial policy, will ensure, unless he reverses his position in the immediate period ahead, that people will die—several orders of magnitude more people than the number killed in Saudi Arabia. Lyons is an act of terrorism against the world's population.

In commissioning this *EIR* report, LaRouche described the Lyons summit as the most important single event since the launching of Operation Desert Storm in 1990—and potentially a much bigger catastrophe. In the *Feature* that follows, we tear the public relations packaging from "globalization," revealing it for what it is: the imposition of British imperial free trade policies, whereby national sovereignty is destroyed; labor unions eliminated; wages, health care, pensions, and other social benefits smashed—all to feed the speculative frenzy known as the world financial system. We compare the verbiage of the summit communiqué to the reality of the destruction of world economy (p. 23). Refuting the lies presented at Lyons about the alleged improvement in the U.S. employment situation, we show how the U.S. labor force is being gutted by the same IMF austerity pro-

grams that are destroying Russia (p. 28). And, using excerpts from LaRouche's recent Presidential campaign speeches, we outline what emergency action must be taken to reverse the crisis (p. 21).

### **A new international order**

As noted, the Lyons summit was the first-ever G-7 gathering, at which there was a formal presence of the Gang of Four supranational institutions. The Gang of Four appeared at the concluding press conference on June 29, sitting to the left of President Chirac. He described their participation at the summit as "the most important" of the "innovations" introduced in Lyons. In response to a question from this correspondent, the French President said that discussions between the Gang of Four and the G-7 leaders were important for the achievement of a "new international order."

David Woods, spokesman for the World Trade Organization (WTO), promoted the same Orwellian propaganda, in a discussion with *EIR*. He claimed that the presence of the Gang of Four meant that "the rest of the world" were represented there, not just the "industrialized nations." He added that the summit, historically, represents a "turning point," in "raising the political profile" and "increasing the political influence of the organizations representing the multinational system."

This is the real agenda involved in the mantra of "globalization": the deconstruction of the nation-state. Former French Prime Minister Raymond Barre, a notorious monetarist who, as mayor of Lyons, played a prominent role in the summit, spoke at the same pre-summit colloquium that Camdessus addressed. Barre declared that globalization has reduced the margin of maneuver of governments, had made "national analysis" of situations pointless, and has undermined "the protectionist temptation." We are now in an era of "increased competition," he emphasized, and the purpose of the G-7 summit is to "define the rules of the game for the new world."

A senior British diplomat, in private discussion with this correspondent in Lyons, stressed that the British "recognize that the process of globalization is unmanageable by governments." A normal person would consider that a bad thing, but not the British elites: "Globalization shakes everything up, which is good. We are very much in favor of globalization. It is in accordance with our long history of support for liberalized free trade. It also brings about more competition." Other British spokesmen boasted that Britain is "uniquely attuned" to the process of globalization. After all, as *EIR* pointed out during a background briefing by British spokesmen, globalization is simply an updated modernist variant of the old imperial arrangement.

### **Chatterings from the Mad Hatter's tea party**

The fundamental summit work was summed up in two conference documents.

First is the Chairman's Statement, issued by Chirac in the name of the other leaders, under the title, "Toward Greater Security and Stability in a More Cooperative World." It is an unabashed endorsement of the UNO-globalist agenda. Encapsulating the "global issues" segment of the discussions held by the G-7 leaders, it demands a "strengthened United Nations Organization. . . . The UN is called upon to play an increasing role as the twenty-first century approaches." The UN, the document asserts, must be the "cornerstone" of the "international system." The Chairman's Statement promotes the assortment of global ecological-fascist programs, under such catchwords as "sustainable development," "global warming," and "biological diversity."

Even more egregious is the economic communiqué released on June 28, under the title, "Making a Success of Globalization for the Benefit of All" (Chirac's slogan). The communiqué is complemented by a shorter "annex," entitled "G-7

## **LaRouche: Lyons summit 'a desperation effort'**

*In a radio interview with "EIR Talks" on June 26, Lyndon LaRouche commented on the Lyons summit, and the comment of International Monetary Fund Managing Director Michel Camdessus, that the financial system is falling apart:*

This gives a lesson in reality. Over 1992, I did a nationwide television broadcast, as part of my campaign, indicating that the financial system was suffering a kind of mudslide, a gigantic, global mudslide, which was leading to a collapse of the entire financial and monetary system. In 1994-95, I reiterated that in a campaign paper for the 1996 nomination, Democratic nomination, on the subject of what I called the Ninth Forecast. That is, I've made essentially, in my career as an economist over, now, what—almost over 40 years—about nine forecasts. And, each one of these, the first eight, turned out as I prescribed.

The Ninth, is this one, that the international financial system is on the verge of a general chain-reaction collapse, the monetary and financial system, unless certain measures are taken; and, that while the date of this event is uncertain, the process leading up to the event is in progress, and there's no question we're headed in that direction.

Now, at the beginning of this year, you had a report issued by a fellow called Kapstein, who was from the New York Council on Foreign Relations. He put out a report saying, "Well, there have been crises in the past, but the

Finance Ministers Report to the Heads of State and Government on International Monetary Stability.” The “Making a Success” document is based on a text submitted some months ago by the French government, and then worked through, by what one senior British diplomatic source in Lyons described as “a process of consensus,” by the seven governments’ special G-7 advisers, called sherpas. In essence, the text was completed, except for unresolved secondary matters thrashed out in Lyons, by the end of May. It is unlikely that the leaders had even read it before coming to Lyons.

The proclamations in the communiqué are a combination of the chatterings at the Mad Hatter’s tea party in *Alice in Wonderland*, and policy prescriptions that can only be labelled “fascist.”

The communiqué’s Preamble proclaims: “Economic growth and progress in today’s interdependent world is bound up with the process of globalization. Globalization

provides great opportunities for the future, not only for our countries, but for all others too.” The many “positive aspects” of globalization “have led to a considerable expansion of wealth and prosperity in the world. Hence, we are convinced that the process of globalization is a source of hope for the future.”

The Preamble acknowledges that globalization has also produced “challenges to societies and economies.” This acknowledgment was the subject of considerable fanfare throughout the Lyons proceedings, particularly from Chirac. He stressed that the distinguishing feature of the Lyons summit was that it was the first major gathering, to focus on the problems of those hurt by globalization.

Chirac contrasted the Lyons summit to the February 1996 World Economic Forum gathering in Davos, Switzerland, where globalization was promoted as an unqualified benefit. He portrayed himself as a great defender of the cause of

international financial institutions have things under control.” A bunch of bunk. But, this report by him, was part of a perception in leading circles, including Camdessus of the IMF, that the international banking and financial system generally, was in the process of collapsing. And, naturally, what they wished to do, was to convince the suckers that this wasn’t true, there was no such danger—which is what you always tell the suckers. You always tell the suckers to invest, when you’re pulling out. And, that’s what they were doing.

So, what Camdessus did, on the eve of this so-called G-7 Summit in Lyons, France this past week, was to admit the push for establishing a world government by a Gang of Four, headed by the UNO secretary-general, Boutros Boutros-Ghali, seconded by himself at the IMF, and the heads of the World Bank and of the World Trade Organization.

*This was a desperation, a last-ditch, desperation effort*, because they were all convinced that the world monetary and financial system was on the verge of a general collapse—what is called a systemic collapse. They were convinced that the series of crises, such as the Barings crisis, the Sumitomo crisis, the crisis in Orange County earlier, and so forth, that all these things were part of a pattern leading toward—and the Mexico devaluation—were all part of a pattern leading toward a general banking crisis in the near future.

So therefore, they said, the last ditch is *us*. The governments can’t handle this, the nation-states can’t handle this; and therefore, what we have to do, is we have to create a supranational, world government institution to manage everybody’s financial affairs, and *maybe*, maybe that will

keep this coming crisis under control. That’s what happened at Lyons.

The important thing at Lyons is that there was a tacit admission, that the world financial system, in its present form, is finished, as I’ve been warning for some time. It’s finished. What Clinton says, has been saying under the influence of that Roy Cohn clone, “Dirty Dick” Morris, who’s his campaign adviser, is all nonsense: There is no growth, there is no recovery in the United States, and there hasn’t been in the past years. It’s a lot of nonsense. But, Dick Morris tells him that’s the way to get reelected, so he says it. . . .

Pure hysteria occurred at Lyons. The international financial oligarchy, using President of France Jacques Chirac as their particular agent in this case, tried to set up an environment in which they entrapped President Clinton, with some cooperation from some monkeys on the U.S. side.

So, they set up this big dog-and-pony show which is the super-world government, led by Boutros Boutros-Ghali, the UNO secretary-general, and seconded by the three other institutions, sort of a “Gang of Four,” as the Chinese might call it, to run the world. Well, it’s not going to work! What this is, is *pure hysteria*, pure desperation, hysteria, a last-ditch effort. It’s not going to work!

This reminds me of a similar Entente Cordiale operation of Britain and France in the persons of Neville Chamberlain and Daladier, the French prime minister, going to meet with Hitler in Munich, to try to prevent World War II: *It didn’t work*. Similarly, this new Munich Pact of Lyons, is not going to work, either. It’s going to blow up in people’s faces. . . .

those harmed by globalization.

All of this, however, is pure damage control and opportunism. The French President and others are aware that there is a growing backlash, in the United States, Europe, and elsewhere, against the economic and social ravages caused by globalization. The signal “cry of alarm” in this respect, was the article in the May-June 1996 issue of the New York Council on Foreign Relations’ *Foreign Affairs* magazine, by the same Ethan D. Kapstein who had, earlier in the year, assured his readers that the world financial system were “shockproof.” But in May-June, Kapstein warned that globalization was producing an angry revolt, and that if something were not done, “populists and demagogues” would ride to power in various countries. That Kapstein piece was widely circulating among French and German elites, in the days leading up to Lyons, as confirmed by the French daily *Le Monde* on June 27.

The actual prescription put forward in the communiqué for those “challenged” by globalization, is brutal austerity. Point 3 in the Preamble goes on to assert that the “benefits” of globalization “will not materialize unless countries adjust to increased competition. In the poorer countries, it may accentuate inequality and certain parts of the world could become *marginalized*. The adjustment needed is, however, imposing rapid and sometimes *painful restructuring*, whose effects, in some of our countries can *temporarily exacerbate the employment situation*. Globalization of the financial markets can generate new risks of instability, which requires all countries to pursue sound economic policies and *structural reform*” (emphasis added).

What makes this all the more shameless, is that the “adjustment” and “pain” are portrayed as necessary and beneficial. Such Orwellian use of language is in line with a point made by Raymond Barre, in a French TV interview immediately after the summit. Asked about the curiously vacuous discussions about solving the unemployment problem during the summit, at a time when France itself is suffering soaring joblessness, Barre responded, “Globalization is all a matter of vocabulary.”

### **IMF: jackboots in pinstripes**

The brutality of the communiqué is further underscored by the constant demand for reinforcing the powers of the IMF. The communiqué welcomes the fact that since the Halifax, Canada G-7 summit of June 1995, “the surveillance capacities of the IMF have been enhanced.” Furthermore, “we welcome the agreement reached on a framework for doubling the resources currently available to the IMF, under the General Agreements to Borrow, in order to respond to financial emergencies.” Or, later: “We are committed to a continuing Enhanced Structural Adjustment Facility (ESAF) as the centerpiece of the International Monetary Fund support for the poorest countries.”

The concluding section, “Toward Successful Integration

of Countries in Transition into the Global Economy,” is particularly shameless. At a time when countries in Central and Eastern Europe are being ripped to pieces by IMF shock therapy policies, the communiqué simply welcomes the “resolute stabilization and structural reform programs” pursued by these countries; “welcomes the latest agreement with the IMF” reached by the Ukrainian government; and endorses the IMF approach in Russia.

### **Behind the scenes, panic reigns**

But as stated above, the impetus driving all this, is an awareness that the financial system is going bust.

On June 28, a well-informed journalist told *EIR*’s Christine Bierre, that there were two things that had the assembled leaders in a state of panic, no matter what they might say in public: terrorism and the financial crisis. She was also told by a spokesman for the French Presidency, that, at the meeting of G-7 finance ministers that had taken place on the evening of June 27 and into the next morning, the focus had been on the dangers of a “violent financial crisis” or of “snowballing” and “domino effects” emerging from monetary turbulence. The spokesman specifically accused “the new financial instruments” of being the cause of turbulence, and mentioned the case of the recent Sumitomo affair in Japan.

But the only “solutions” being promoted, he said, were the extension of the rules of the Bank for International Settlements (BIS) and the Organization for Economic Cooperation and Development (OECD) to all entities involved in financial trading, including “emerging” countries—not just banks or brokers. This will lead to a strengthening of the “multilateral” institutions, with the IMF being in charge of extending those rules to the entire world.

A variant of the same point was made by Chirac, at his June 28 press conference. He stated that the G-7 leaders “devoted almost all of our lunch today, to talk about the international monetary system, and what we said was that the system, as it existed today, was so enormous and was so powerful, that we had to take the necessary prudential measures to avoid catastrophes. The Mexican crisis comes to mind. . . . When you have flows of money which amount to billions and billions of dollars every day around the world, that gives you some idea of the extent of these flows and the dangers that they can represent for the world.”

At his concluding press conference the next day, Monseigneur Le President stressed that, to confront “the risks and dangers” in the financial system today, the main solution was the doubling of the resources of the IMF. Furthermore, he said, “a study is to be completed, before the end of the year, in conjunction with the international institutions and heads of the central banks, at the initiative of the sherpas,” to discuss devising “a system to provide early warning of impending crisis.”

He didn’t say whether King Canute would be invited, but he will certainly be there in spirit.

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## Documentation

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At a colloquium in Lyons on June 24, IMF Managing Director Michel Camdessus claimed that recent years have provided “unprecedented opportunities for trade, investment, and growth.” But, he added, “this new era is not without risk. In my view, there are already two particularly pressing ones. The first is financial. The global economy has suffered several costly financial crises over the last decade. Plunging asset prices, major bouts of exchange market volatility, a crisis in emerging markets sparked by events in Mexico, and the collapse of several major financial institutions, in the industrial and emerging market countries alike. . . .

“The second risk is that of marginalization. . . . [There is] the prospect of a widening gulf between countries that are able to take advantage of globalization and those that are left by the wayside. The world community cannot merely sit by and watch this happen, because it knows that it is now a unified whole. It knows that a financial crisis, regardless of its origin, can become worldwide in a flash. . . .”

### Camdessus: ‘Tighten the screws’

*The following article by Clovis Rossi was published in the Brazilian daily Folha de São Paulo on June 28, under the headline, “Next Crisis Is in the Banks, Says IMF.”*

The “next earthquake” in the world, after the Mexican crisis, will be in the banking sector, warned the authoritative voice of Michel Camdessus, managing director of the IMF (International Monetary Fund).

“The world financial system is in pieces and it is extremely urgent to tighten the screws,” Camdessus said in a seminar prior to the 22nd summit meeting of the G-7, the seven richest countries in the world, opening today in Lyons, in the south-east of France.

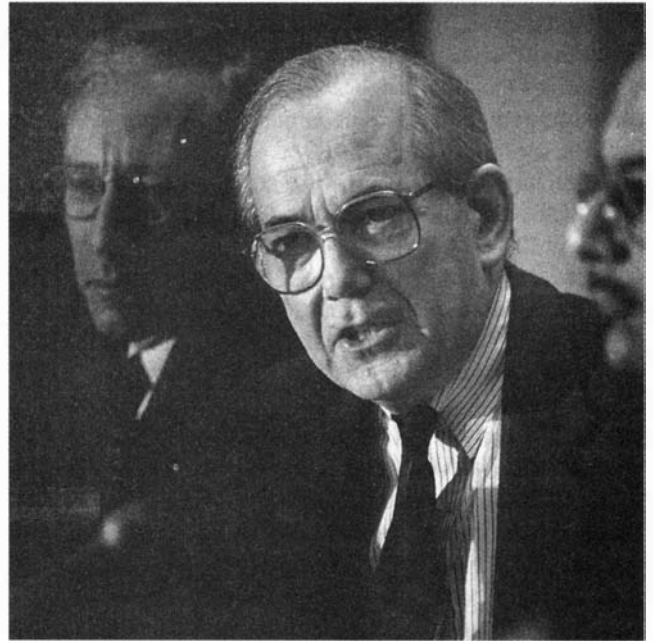
For the first time, the IMF will participate, alongside the heads of three other international organizations (the World Trade Organization, the United Nations Organization, and the World Bank).

Camdessus proposes, in order to “tighten the screws,” that the systems of banking control that today are applied by the so-called G-10 (the ten richest), be generalized.

Camdessus’s warning coincides with the alarming report made public in London by Standard and Poor’s, a U.S. credit-rating agency.

It says that the Brazilian banking system is the riskiest one among the large Latin American countries, according to a report published yesterday by the British daily *Financial Times*.

It also coincides with the report issued last week by the BIS (Bank for International Settlements, a kind of central bank of the central banks).



*Panicked IMF Managing Director Michel Camdessus: “A financial crisis, regardless of its origin, can become worldwide in a flash.”*

In it, the BIS warns of the need for central banks to tighten up their vigilance over the financial system and to gather more information about the global derivatives market which, in 1995, moved something around \$40.6 trillion.

That market is, essentially, a bet on the future behavior of certain goods or services, and levels of interest rates.

In this scenario, the idea of some kind of control over capital flows is again gaining force. France plans to place the subject on the agenda of the G-7, according to its minister of economics and finance, Jean Arthuis.

“We want the financial markets to be organized and for there to be prudent rules that allow us to avoid the systemic risks that could be disastrous for the world economy,” said Arthuis.

In that regard, the conservative French government agrees with the Socialist International, the grouping which brings together the social democratic parties of the world.

In a seminar held prior to the G-7 meeting, also in Lyons, the Socialist International proposed a reform of the monetary system that would take into account “the need to correct for the excessive weight of international capital flows and the total lack of taxation on speculative operations.”

The taxing of speculative capitals is a proposal that has been advocated for years by Nobel Prize economist Michael Tobin (from the United States). It is even named after him: “Tobin tax.”

Meanwhile, it is unlikely that the G-7 will adopt the proposal, whether it comes from Camdessus or from France. In the final analysis, the United States opposes it and, with all

its economic weight, it generally ends up dictating the tone of all the G-7 statements.

Besides that, the members of the G-7 are coming to the annual summit with different conjunctural situations. Just to focus on the four richest.

The United States is growing at a moderate rate, while Japan achieved explosive rates in the first quarter (growing by nearly 13%).

Germany's economy has been stagnant or declining for three consecutive quarters, and France has record levels of unemployment. In that framework, a coordination of policies seems out of the question.

### **Robert 'Hoover' Rubin: 'a chicken in every pot'**

U.S. Treasury Secretary Robert Rubin praised the United States for creating 9.7 million jobs in 3.5 years, at the G-7 summit in Lyons on June 28, speaking at a press briefing. He said: "With respect to job creation, it is true; we have had a remarkably successful 3.5 years economically in the United States. With the 9.7 million new jobs created, we have created almost 85-90% of the jobs that have been created in the G-7. . . . One of the things that struck me, at least, at this summit was how much respect there was for what's been accomplished in the United States over the past 3.5 years, and how

dramatically our position at these summits has changed now, as versus, say, five or six years ago, by virtue of having dealt with the deficit—the issue that the world has wanted us to deal with for so long, and our success in job creation."

### **McCurry: 'a useful discussion'**

White House press spokesman Michael McCurry, speaking at a press briefing in Lyons on June 29, commented on the summit: "In general, those that were in the U.S. delegation found this discussion very helpful. And it was—it is true that when you look at institutions like the IMF, the World Bank, certain aspects of the U.S., certainly as they relate to development and assistance to emerging democracies, there needs to be greater harmonization. In fact, James Wolfensohn of the World Bank, in the session this morning, actually spent some time on the issue of harmonization of international institutions, particularly the IFIs [international financial institutions]. And I think that it was certainly a useful discussion. . . .

"Certainly, the importance of the work that these international institutions do is underscored by the presence of these respective leaders of these organizations here. And certainly, the President agrees that those are subjects that ought properly be addressed by the eight leaders."

"That was a good waffle answer," McCurry added, in a moment of ironic self-reflection.

## **The Group of Seven**

The June 27-29 meeting of the Group of Seven (United States, Canada, United Kingdom, France, Germany, Italy, Japan), was the 22nd such summit since the G-7 first met in 1975, prompted by the initial phase of unravelling of the Bretton Woods system.

The International Monetary Fund itself began operations in 1947, and the World Bank (International Bank for Reconstruction and Development) started in 1946. These were the two key financial institutions created by the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, in 1944. During the early postwar years of fixed currency exchange rates (pegged to gold and the dollar), and the separate Marshall Fund and other aid projects, there was relatively little IMF activity. This began to change with the 1956-57 Suez Crisis, when Britain drew heavily on IMF support funds.

In 1962, there was a meeting in Paris of a group of IMF contributing countries, to create a new General Arrangements to Borrow (GAB). These countries became known as the Group of Ten (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United King-

dom, and the United States). As needed levels of national infrastructure development funding were blocked by financier interests dominating the World Bank and IMF, world currency instability increased at the end of the 1960s; and as of 1967, the G-10 finance ministers and central governors began to meet regularly on international monetary policy.

In 1967, there was a run on the pound sterling; in 1968, a run on the dollar. In August 1971, the United States suspended convertibility of the dollar and gold. By 1972, many currencies were floating. In 1975, heads of state of the G-7 began holding yearly summits. Their agenda broadened to include arms control, terrorism, etc.; but a smaller G-5 (minus Italy and Canada) met regularly on financial policy.

The 1980s summits condoned IMF policies of severe conditionalities on debtor nations in the wake of the 1970s oil price hoaxes, and mandated wider world "free trade." The December 1987 statement of the G-7, following the Oct. 19 stock market crash, merely called for "stability."

The July 1990 G-7 summit demanded more "reforms" by debtor nations, and turned down Bonn's proposed G-7 economic assistance program for the Soviet Union. Subsequent summits pledged aid, but backed IMF conditionalities policies of austerity restructuring and indebtedness.

# The LaRouche program: Reorganize the world monetary system now!

*For three decades, Lyndon H. LaRouche, Jr. has been mobilizing to reorganize the increasingly bankrupt world monetary system, in order to promote industrial and technological development, and to foster the creative potential of every individual human being, worldwide. During the past year, he has taken his program to cities all across America, campaigning for the Democratic Party's Presidential nomination. He has also discussed the economic crisis and what must be done, with leading Academicians and political figures in Moscow and eastern Europe. We select here some excerpts of his specific proposals, made during recent campaign speeches and interviews.*

## Five-point economic recovery program

*From an interview with the radio broadcast "EIR Talks" on April 10:*

The issue is that the only event which defines whether the Presidency, the United States Presidency will, in this period, be a success or a failure, is whether the President of the United States has the gumption and resolve, or, as Clausewitz uses the German term, *Entschlossenheit*, to do five things:

1. Recognizing that the Federal Reserve System, a part of the international monetary and financial system, is hopelessly bankrupt, to put the Federal Reserve System, in particular, into bankruptcy, by the federal government using the Treasury to do that.

2. At the same time, get an emergency bill from the Congress, according to Article I of the federal Constitution, creating a supplementary issue of money, of U.S. currency notes, Treasury currency notes, in the order of several trillion allowed, which will be used to fund a general economic recovery as a mechanism of credit, not just spending.

3. To get an emergency bill out of the Congress which establishes National Banking, which will assume the functions of the Federal Reserve, which the Federal Reserve had had, using the precedent of George Washington's U.S. Bank of the United States, and the Second Bank of the United States, and so forth.

4. To get a national economic recovery program, centered around public works, and around the kind of policies which the Bingaman-Daschle report and other reports of a similar nature, and proposals from the Congress, Congressional cir-

cles, and from the Democratic Policy Committee, show.

5. To call together an immediate emergency conference, an international monetary conference, of crucial powers. The first-tier powers—the United States, the British Empire (which is what it really is, it's the Commonwealth as a group, under British direction, with a few countries which have opted out of this), Russia, and China, together with a group of second-tier powers such as Japan, India, the western European continental nations, key nations of South and Central America, and so forth, for an international monetary conference setting up a new monetary system to replace the bankrupt one.

If the President of the United States does not carry out those five emergency operations, the entire world, in a short period of time, will go into a kind of chaos which would be *unbelievable* to most people sharing popular opinion today. It would mean absolute desolation; there would be a Dark Age for the planet.

So, everything else the President talks about would be utter nonsense, unless those five decisions and *commitments to action* were uppermost in his mind. In order to do that, of course, the President must make a clean sweep of the House of Representatives and try to win back the Senate. If he comes close to winning back the Senate, that would mean that some patriotic Republicans would work with the President on these crucial issues, once these were understood to be issues of patriotism. So, under those conditions, then we can get through this.

If the President is *not* committed to that, in his mind, *then he will fail*. If other voices of foreign policy or influentials, such as those in the State Department or people around Perry in the Defense Department, who tend to believe that the United Nations Organization has become *the world government*—in other words, that the United States is simply a *satrapy*, a subordinate or the chief satrapy of a UN empire, then, of course, that won't work.

The problem, of course, on the Dole side of the election, is that most of the constituencies which Dole has assembled, in his function as the "great unifier," would prevent him from undertaking anything of the type which I've indicated. So therefore, a Dole Presidency, from everything we could see, would be an international, as well as a national disaster. Whereas a Clinton Presidency, if he *failed* to do what I've



## LaRouche Campaign Is On the Internet!

Lyndon LaRouche's Democratic presidential primary campaign has established a World Wide Web site on the Internet. The "home page" brings you recent policy statements by the candidate as well as a brief biographical resumé.

**TO REACH** the LaRouche page on the Internet:

<http://www.clark.net/larouche/welcome.html>

**TO REACH** the campaign by electronic mail:

[larouche@clark.net](mailto:larouche@clark.net)

Paid for by Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee.

outlined, would *tend* to be a disaster, and would become a disaster, even though I think he's not completely opposed to this line of thinking I have outlined.

### Protection of national industry

*The speech excerpted here, delivered in Los Angeles, California on March 16, was broadcast on national television on April 18. See EIR, April 5, for the full text.*

The President of the United States must call together representatives of a number of powers, to enact, in various parts of the world, similar measures to those he's enacting in the United States. He must scrap existing trade agreements and tariff agreements, and set up a new series of agreements which are based on protectionism for both the U.S. recovery, and allowing other nations to do the same thing.

So, therefore, we bring back regulation of airlines, public transportation, things like that. You won't have to go to a gambling casino to find out what the price of an airline ticket is between here and Pasadena, or something—which is pretty much the way it is now. Get back to a regulated system of public transportation, things of that sort. Put up protective tariffs; not exorbitant tariffs, but protective tariffs, which allow our farmers and our manufacturers to engage successfully in investing in businesses. That simple.

Other countries should have the same right. We should agree with them on tariff and trade agreements which serve that purpose to our mutual advantage, our mutual national economic security. That's the basic issue. They have to do the same thing with their central banks that we have to do with the Federal Reserve System. We have to enter into agreements with them on trade and tariffs, and on reestablishing a system of relatively fixed parities of currency, so we can foster long-term international trade and investment. Get the world economy moving again.

### How to organize a recovery

*This speech was given on May 16 in Washington, D.C., following a visit to Moscow, and was featured on a June 2 national television broadcast. See EIR, June 7, for the full text.*

We can immediately bankrupt the Federal Reserve System. We can issue immediately a new issue of currency to supplement that presently in circulation, U.S. Treasury currency notes. We can put several trillion dollars of that into the pipeline. We can start up National Banking. We can do this with bills in one day, emergency legislation to a panicked Congress, to get, under Article I of the Constitution, a new currency bill. Under the same provision or precedent in Article I of the Constitution, we can establish National Banking. One day, one piece of emergency legislation!

We can, with plans which already exist, organize a general economic recovery in the United States tomorrow morning, simply by putting things into motion that will hire people and put things back to work, and stimulate the other sections of the economy through public works in the public sector. We did it before, we can do it again.

But, we have to deal with the world context. Therefore, we have to set up a *new* monetary system for international trade. We have to reestablish the agreements we had, the Bretton Woods agreements on international currency and trade conditions that we had prior to 1968, minus the central banking provision, but on a National Banking basis. We can do that, practically, in one day, too.

All we have to do, is get enough clout together in the world, in terms of agreement among a number of nation-states, that *that's* what we're going to do. And, if the United States requests it, and if the other countries agree, *it's going to happen*. And, that's what people in Russia, and, also, in other parts of the world, wish to hear.

Everything the next President of the United States can do—or perhaps the 1996 President has to do sometime this year—everything else he's going to do, is not important, compared with this. We face the worst crisis in the twentieth century, with a financial system and a banking system which internationally is breaking down, now. We have to fix that; because if we don't fix that, we're not going to fix anything else.



# Reality refutes the Lyons communiqué

We publish here substantial portions of the economic communiqué issued at the Lyons summit of the Group of Seven on June 28, under the title "Making a Success of Globalization for the Benefit of All" (the bracketed portions are summaries of longer sections). In the right column, we refute the fantasy-world which the communiqué portrays, by reporting a few hard, cold facts from the real world of a collapsing economic and financial system.—*Marcia Merry Baker*

## The communiqué

### Preamble

1. We, the Heads of State and Government of seven major industrialized democracies . . . [have held discussions] within the framework of a reflection on benefits and challenges posed by increasing economic globalization.

2. Economic growth and progress in today's interdependent world is bound up with the process of globalization. Globalization provides great opportunities for the future, not only for our countries, but for all others too. Its many positive aspects include an unprecedented expansion of investment and trade; . . . opportunities for more developing countries to improve their standards of living; the increasingly rapid dissemination of information, technological innovation and the proliferation of skilled jobs. These characteristics of globalization have led to a considerable expansion of wealth and prosperity in the world. . . . [T]he process of globalization is a source of hope for the future. . . .

3., 4. Globalization also poses challenges. . . . Its benefits will not materialize unless countries adjust to increased competition. In the poorer countries, it may accentuate inequality and certain parts of the world could become marginalized. The adjustment needed is, however, imposing rapid and sometimes painful restructuring, whose effects, in some of our countries, can temporarily exacerbate the employment situation. Globalization of the financial markets can generate new risks of instability which requires all countries to pursue sound economic policies and structural reform.

5. [There must be] increased international cooperation. The adaptation of our international institutional structures; liberalization of markets, fair rules and their extension to new players; the capacity to respond to crises of varying scale and nature. . . .

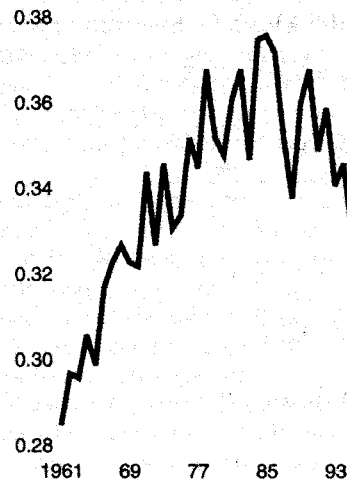
### I. Strengthening economic and monetary cooperation

6. Growing international economic interdependence . . . holds out new opportunities . . . [adding] collective responsibilities. . . .

7. Since Halifax, economic developments have been on the whole positive and disparities of economic performance among us have been narrowing. Canada and the United States continue to enjoy sustained non-inflationary growth. In Japan, the recovery

## Reality

FIGURE 1  
**World grains production, per capita**  
metric tons per capita



Source: FAO Agrostats.

*No economic growth.* There has been no economic growth on the earth since the 1960s. Now, the world's physical economy has deteriorated to the point, that relative to the 5.3 billion population, the reproductive ratios of essentials per capita (food, water, power, area in cultivation, inputs per unit area cultivated, and so forth) are lacking, and breakdown is seen at locations on all continents.

*Food shortages.* World grain produced per capita (a marker) is declining, as shown on the graph.

We should be producing 3 billion tons of grain annually to give every person a quality diet; as of 1990, less than 1.9 billion tons were produced yearly. An estimated 800 million people are suffering some degree of malnutrition.

*Spread of disease.* There are rising rates of new diseases, and resurgent ones, including tuberculosis, toxigenic *Escherichia coli*, drug-resistant pneumococcal pneumonia, hepatitis B and C, chol-

is gathering strength. Some European countries, admittedly, experienced a slowdown, but economic fundamentals are improving . . . [and] growth will pick up in the second half of the year. . . . [E]conomic fundamentals remain sound and well oriented . . . [but] public deficits and debt remain too large and national savings too low. . . . Outside the G-7 sphere, economic prospects also look very encouraging. Emerging economies are experiencing robust growth. . . .

8. . . . [O]ur economic policies will continue to be directed at sustaining non-inflationary growth. . . . [In the medium term, we are committed to]: credible fiscal consolidation programs, successful anti-inflationary policies and as a consequence low interest rates, and strengthened structural reform . . . [which will help jobs, investment, and growth]. Such policies will contribute to reducing external imbalances, thereby promoting international monetary stability and maintaining the conditions for harmonious growth in global trade and business.

9. Sound economic policies [needed for] preventing exchange rate misalignment that may heighten uncertainty in the global economy. . . . [Ministers of finance should cooperate on improved] practical measures to deal with risks relating to the operation of the global financial markets . . . [to be addressed at the 1997 summit].

10. The globalization of the financial markets has contributed to the creation of a more complex financial environment. . . . [There is a need to preserve] the stability of the international monetary and financial system [through more regulation and supervision, and] disclosure and enhanced surveillance.

11. Cooperation among regulatory and supervisory authorities should continue to adapt to financial innovations, and to the growth in cross-border capital movements and internationally active financial institutions. . . . [More regulation is needed, and] maximum progress on the following objectives: [cooperative] supervision of internationally active financial institutions; . . . stronger risk management and improved transparency in the markets . . . especially in the innovative markets; . . . international financial institutions and bodies should increase their efforts to promote effective supervisory structures in these [emerging] economies; . . . [a study on] methods for retail electronic payments. . . .

12. . . . The International Monetary Fund . . . [must be strengthened with surveillance capacity and an emergency financing mechanism]. . . . [The G-10 report addresses] resolving the liquidity crises of sovereign borrowers . . . [through] market discipline, and [G-10] calls for enhancement of current procedures for handling international financial emergencies. . . .

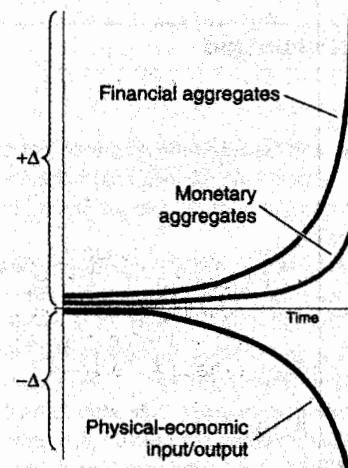
13., 14. . . . The IMF needs [more resources, including doubling the General Arrangements to Borrow].

15., 16. [We need to combat] . . . international financial fraud . . . [and devise new] tax policy. [An OECD report is expected by 1998.]

17. . . . [S]ustainability of our social security system [is of concern, given the aging of populations].

era, malaria, AIDS. In 1993, the World Health Organization declared tuberculosis a "global health emergency"; in October 1995, the WHO created the Division of Emerging Diseases. In the United States, mortality from infectious diseases increased by 39% from 1980 through 1992. The official, understated numbers of HIV-infected persons today are: World total—21.8 million; Sub-Saharan Africa—14 million; South and Southwest Asia—4.8 million; Ibero-America—1.6 million; North America—780,000.

FIGURE 2  
**A typical collapse function**



*World casino economy.* The graph shows the triple-curve collapse function characterizing today's world "casino economy." While physical-economic input-output falls, monetary aggregates (inflation) rise, and financial aggregates soar (derivatives, currency trades, futures, swaps, etc.) Financial turnover globally of all types is now about *\$3 trillion a day* (including off-balance sheet turnover). The volume of derivatives (notional value) outstanding has grown from \$1.1 trillion in 1986, up to \$45 trillion as of 1995.

**Average annual world growth rates 1986-1995**

Derivatives	60+%
Steel	0.1%
Grains	-1.3%

*Financial blow-outs.* The rate of financial crises is at the point of blowing out the Big Bubble altogether, and bringing about a worldwide, reverse leverage crash of the whole financial system. Therefore, the IMF/G-7 calls for international "regulation and supervision."

Prominent blow-outs include:

- Bankers Trust/Procter & Gamble, October 1994
- Orange County, Calif., December 1994
- Mexico, December 1994
- Barings Bank, February 1995
- Sumitomo/London Metal Exchange, June 1996
- U.S. hedge-to-arrive corn contracts, July 1996

## II. Promoting strong and mutually beneficial growth of trade and investment

18. Expanding trade and investment has led to marked increases in global wealth and prosperity and should continue to play this role in the future. Growth in trade and investment will be sustainable and therefore most beneficial to all if conducted within a strong multilateral framework of rules.

19., 20. . . . [OECD is negotiating for a multilateral agreement on liberalizing investment, with protection and dispute settlement. There must be an open multilateral system and WTO-run rules.]

21. . . . [Stress is laid on] integration of developing countries in the global trading system as an essential element of sustainable growth and development. . . .

22., 23. . . . [The] first ministerial conference of the WTO in December 1996, in Singapore [will stress service sector, financial services, and Information Technology Agreement. Trade liberalization and environmental protection are mutually supportive].

24., 25., 26., 27. . . . WTO Conference [should] broaden its agenda to address the questions of . . . core labor standards . . . [encourage] more convergence between national standards and international norms, by further regulatory reform and by mutual recognition of procedures for testing and for certification . . . [promote] the Agreement on Government Procurement . . . [enforce] intellectual property disciplines . . . [standardize] customs procedures . . . combat corruption in international business transactions. . . . [We want] sustained impetus to trade liberalization.

## III. Enhancing our approach to employment problems

28. . . . [A] more global economy and advances in information technology are engines of economic growth and prosperity. But [they may be seen] . . . as a source of dislocation and insecurity. . . . The private sector [has a] crucial role.

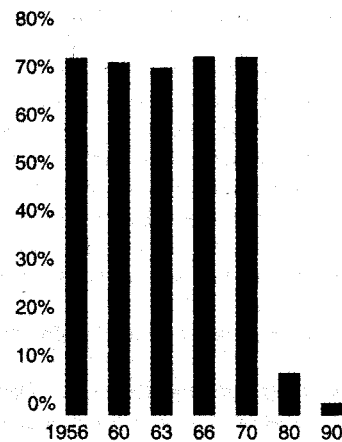
29. . . . We must define ways to reinforce people's employability throughout their working lives by facilitating the transition from one job to another; we pledge to carry out practical reforms, consistent with the specific situation in each of our countries, aimed at achieving a high level of employment and widely shared prosperity: these include tax and social system reforms to ensure that "work pays," particularly for the least well-off; lowering social security charges which place a burden on low-skilled jobs, in countries with high indirect labor costs; and improving public employment agencies. In order to foster entrepreneurship, we will modernize our regulatory frameworks where needed in the markets for goods and services, to enhance our economies' ability to respond to rapid change and to encourage job creation. . . . [W]e will facilitate the dissemination, notably in the direction of small and medium-sized businesses, of new technologies, which are creating plentiful, quality jobs.

30., 31. We thank the ILO and the OECD. [The next jobs meeting will be in Japan.]

## IV. Implementing a new global partnership for development: an ambition for the 21st century

32. Thanks to sound domestic economic policies and to an increasingly global economy, many developing countries are experi-

FIGURE 3  
U.S. mercantile trade as percent of foreign exchange



*G-7 economies in crisis.* All the so-called "advanced" economies are now showing breakdown, with unpayable debt, unemployment, eroded tax base, and infrastructure breakdown; yet financial valuations have spiralled. The accompanying graph shows an aspect of the evolution of this process. From the 1950s through the 1960s, the value of U.S. mercantile trade (exports and imports) ran about 70% of the value of foreign exchange turnover. In the 1970s, this fell to 7% (in 1980); today, there is next to no relation of mercantile trade to foreign exchange valuation. The latter is part of a huge take-off of financial turnover of all types, at an increasing rate over the 1970s, '80s and '90s.

To feed this speculative orgy, all types of necessary economic investment and activity have been sacrificed. In Canada and the U.S., the rail grid has shrunk; the aged air fleet is crashing; water systems are breaking down; medical services cut; there are state and local budget crises. Real unemployment is over 13%. Typical of the hollowing out of the economy: Much of the 1995 corn harvest was piled on the ground, because the deregulated rail sector lacked engines, cars, workers, and track to move the crop.

Japan resisted the "bubble" economy model until the 1980s; then acquiesced, with real estate and other speculative "booms." Now the nation is in a banking and general policy crisis.

In Europe, official unemployment rates are running at least 11-12% in France and Germany, and rising in Spain and other countries, as policies of "maximizing financial" value have superseded economic investment. In particular, Germany is facing the crisis of unpayable state and local debts, resulting from thwarted initiatives for German-Eurasian economic development.

*Global slave-labor modes.* "Outsourcing" and "free trade zones" refer to some of the many slave labor-type schemes imposed by the IMF globalizers. E.g., some 2 million people involved in *maquiladoras* in Mexico—factory zones serving cartel multinationals, using labor at low wages, with shanties for housing, no sewerage,

encing robust growth . . . [from] international trade and capital inflows. But there is a growing divide between these countries and those, mainly low-income countries, which are currently unable to benefit from these opportunities. . . .

33. [There is a need for] a new global partnership between developing countries, developed countries and multilateral institutions. . . .

34., 35. . . . [We must enable] all developing countries, whatever their stage of development, to share and participate in the benefits of globalization . . . [and] sustainable development . . . [as the] fundamental objective. Goals should include the reduction of poverty and social inequities, the respect of internationally recognized labor standards, protection of children, a strengthened civil society, protection of the environment, improved health and education. . . . [Concrete results should include] non-measurable qualitative factors. . . .

36. . . . [B]ased on a spirit of solidarity and burden-sharing among all those involved:

- The developing countries have a fundamental responsibility for promoting their own development. This means conducting sound and consistent economic and social policies, promoting a political and legal environment conducive to the development of the private sector, and encouraging domestic and foreign investment. Democracy, human rights, and good governance are indispensable components of development. It is up to these countries to give priority to funding social and economic development programs and to avoid unproductive expenditures, in particular excessive military spending, without prejudice to their right to self-defense. It is in their interest to commit themselves actively to the multilateral system and to promote regional cooperation; [we, the multilateral agencies, and bilateral partners, should] . . . encourage trade and private financial flows . . . [and] discourage unproductive expenditures. . . .

37. . . . [Four priority targets are: Differentiate between] countries in transition, emerging economies and the poorest countries; [give explicit priority to sustainable development, micro-enterprises, agricultural research and small-scale agriculture; small and medium-scale enterprises; integrate] Least- and Less-Developed Countries into the global economy. . . .

## V. Enhancing the effectiveness of multilateral institutions for the benefit of development

38., 39. . . . [M]ultilateral institutions must pursue their efforts to adapt and reform . . . in order to increase their effectiveness. . . . The World Bank and the IMF are cooperating more closely with tangible results, for example in their joint studies on debt and public spending . . . [and there is a need for] closer cooperation between banks at all levels.

40., 41. . . . [We need] reform of the UN in order to rationalize and strengthen its role in [sustainable] development . . . and in promoting democracy, human rights and the rule of law, protection of the environment, emergency relief and post-conflict stabilization, and technical assistance to enable the poorest countries to participate in international trade and investment.

42., 43., 44. UN reform . . . could center upon [merging certain Secretariats], eliminating overlap, . . . [and having] rationalization of UN's economic analysis and reporting in consultation with other

nor other necessities. In Asia, factories in China now produce 50% of the U.S. shoe supply.

*"House of Windsor" cartels.* "Free trade" is the propaganda front for the consolidation of control over raw materials, and other strategic economic and financial flows, by cartels of private companies, mostly interlocked with London finance. British Commonwealth (i.e., British Empire) groups control:

Precious metals: 60% of world gold production; 30% of silver production; 78% of platinum.

Strategic minerals: 40% of nickel production; 25% of copper; 30% of lead.

Grains: 90% of wheat, corn, soybeans processing, and trade.

Petroleum: 35% of world distribution.

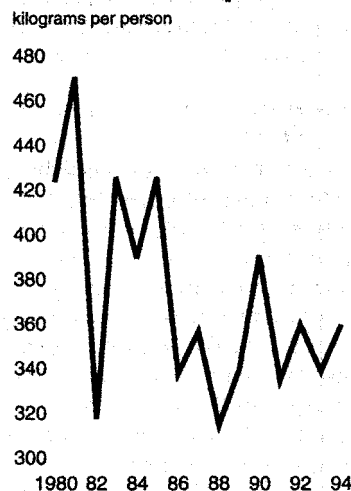
Among the prominent names in the cartels, on whose behalf the World Trade Organization, IMF, et al. are operating:

Precious metals: Anglo-American, RTZ, Barrick Gold.

Foodstuffs: Cargill, ADM/Töpfer, Unilever, Grand Metropolitan (Pillsbury).

Fossil fuels: Royal Dutch Shell; British Petroleum; Hanson Trust; Enron.

FIGURE 4  
**Mexico's per-capita cereals consumption**



Source: EIR.

*Mexico has to import feed corn for humans.* The graph shows that Mexico's per-capita consumption of cereals (meaning all types of grains, for both human and livestock use) dropped over the 1980s-1995 era of free trade, as the IMF policies forced Mexico into greater food import-dependency. Right now, Mexico is importing low-quality, livestock feed-grade corn (U.S. No. 4), for tortillas, because the price is lower. U.S. farmers won't use No. 4 grade corn even for hogs, because of mold and lack of nutrient value. By official estimates, one-third of Mexico's 95 million people are malnourished as of 1995.

*Looting of nations.* Not even humanitarian food aid is now contemplated by the IMF. Annual tonnage of grains donated through the World Food Program has dropped from 10-15 million tons to

organizations involved in economic analysis such as the IMF, the World Bank and the OECD, [and the WTO]. . . .

45. . . . [M]eetings between the United Nations Secretary General, the IMF Managing Director, the World Bank President and the WTO Director General, and at other levels, would assure the coordinated and concerted action of these . . . UNDP [UN Development Program], other UN agencies, the World Bank, the IMF, the WTO and regional development banks could work together, in full cooperation with the host country, in the preparation of country strategy reports. . . .

### VI. Providing the necessary multilateral support for development

46., 47., 48., 49. The replenishment of the concessional resources of the multilateral financial institutions must be completed . . . [and] continuing Enhanced Structural Adjustment Facility (ESAF) as the centerpiece of the IMF support for the poorest countries . . . to hold out to the poorest countries the prospect of macro-economic stability and structural reforms aimed at growth.

50. . . . [F]or some heavily indebted poor countries, we acknowledge the need for additional action. . . . [Solutions should be] case by case, [contingent on the poor nation's] commitment to pursuing its economic adjustment. . . .

### VII. Toward successful integration of countries in transition into the global economy

51. The end of the cold war has given a decisive impetus to globalization by offering former socialist economies the opportunity to assume their rightful place in the world economy.

52. We welcome the good economic results achieved by many countries in transition which have undertaken macro-economic stabilization and structural reform . . . especially in Central Europe . . . [where] resolute stabilization and structural reform have achieved robust growth. . . . We encourage all countries in transition to pursue their economic reforms in order to achieve or consolidate these gains. . . .

53. We support Ukraine's efforts to continue with political and economic reforms and to further integrate into the world economy . . . [and] we welcome the latest agreement with the IMF and encourage Ukraine to fully implement the agreed reform program. . . . [W]e welcome the financial decisions already taken by the international community [such as the Moscow Summit declaration] and we stress that all parties concerned must respect the agreed agenda of the comprehensive program.

54. We support Russia's ongoing political reform and its commitment to democracy. Economic and political reforms are mutually reinforcing. . . . Russia's economic success and its integration in the world economy depend on full implementation of its commitment [to financial stabilization and reform]. Crucial for economic recovery is now private investment which requires a reliable economic, legal and administrative environment. [Talks will take place on whether Russia can become a creditor for Paris Club debtor nations.]

55. [Next year's G-7 summit will be in Denver, Colorado.]

under 7 million. Over the last 25 years of "free trade" looting by IMF/GATT/World Bank policies, nations were forced into food import dependency; now, they can't afford imports; nor is food available.

*What the globalists call "democracy" is fascism.* The pseudo-democracy movement is a cover for operations by the IMF and UN-registered non-governmental organizations (NGOs) against national sovereignty. Countries targeted by the IMF nexus are being ripped apart by various separatist, racist, indigenist, ecologist, and/or narco-terrorist movements, operating under the cover of "democracy." For example, the Zapatista narco-terrorist movement deployed against the Mexican Republic. Worldwide "Project Democracy" was announced in the British Parliament, in June 1982 (the date of Argentina's capitulation to London over the Malvinas Islands) in a canned speech by President Ronald Reagan; subsequently, the U.S. National Endowment for Democracy (NED) was formed, and similar IMF/UNO-serving agencies in other countries.

Strategic targets include: in Africa, Sudan, Nigeria, and South Africa. The Sudanese government, ignoring IMF's food dependency dictates, has become food self-sufficient (at minimum levels); "Project Democracy" operations against Sudan include accusations of slavery, dictatorship, and state-sponsored terrorism.

*One-world government coup.* In the 1944, at the Bretton Woods Conference, when many of the UN-related agencies were first formed (such as the IMF and World Bank), several other agencies were proposed, that were roundly rejected as anti-nation-state, and therefore, unacceptable, by the United States and other powers. One example was a 1940s proposal for an International Trade Organization (ITO) that was defeated. The promoters of these postwar one-worldist agencies were private interests, centered in London. They continued their campaign, for example, in 1986, the General Agreement on Tariffs and Trade (GATT) "Uruguay Round" was started, which succeeded in overcoming eight years of opposition from nations protecting their sovereignty, and established the new World Trade Organization. The Lyons G-7 summit amounts to a cold coup for these one-worldists.

*Russia: IMF economic catastrophe.* One million more Russians are now dying each year than are being born, which ratio began in 1993, just two years after the start of IMF-imposed "reforms." Russian heavy industry output has declined by up to 50%, depending on the sub-sector; light industry had declined by up to 40%. The 1995 grain harvest came in at only around 65 million tons (due to lack of inputs, mechanization, etc.), far below the 1980s yearly average of 100 million tons produced under Soviet command economy methods, which were themselves poor. The last five years of IMF "reform" have brought a return of all the diseases of poverty: diphtheria, tuberculosis, cholera. During the same period, IMF-allied Western interests (of the London-centered cartels) shipped out and sold abroad huge volumes of Russian commodities, such as potash and aluminum, reaping great profits.

*Ukraine: IMF economic catastrophe.* This country, once the breadbasket of the Eurasian region, is now in breakdown. The 1996 grains harvest is expected to be only 26-28 million tons, in contrast to the 50-plus million tons annual average of the 1980s. This year's harvest will hit a 17-year low. There are fuel shortages throughout all sectors. The poverty diseases are all making their comeback.

# Summiteers push disintegrating U.S. economy as success story

by Richard Freeman

The June 28 economic communiqué of the Group of Seven (G-7) heads of state contains a massive fraud: It promotes the myth of the “U.S. economic success story.” It sings a siren’s song of the supposed benefits that would accrue from globalizing the world economy: “economic growth and progress . . . unprecedented expansion of investment and trade . . . the proliferation of skilled jobs.” Recognizing that globalization would not bring about real growth, but instead would implement a global United Nations-, International Monetary Fund-, World Bank-, World Trade Organization-administered zero-growth dictatorship, the British-run authors of the communiqué single out for praise the U.S. economy as a model. The “United States continue[s] to enjoy sustained non-inflationary growth,” it asserts. The supposed U.S. economic model of growth is used to justify keeping the world subjugated to the same financial-economic policies that are plunging it toward the biggest economic collapse in 500 years.

In reality, the U.S. economy is at the brink of total breakdown. Over the past 30 years, America’s productive labor force has shrunk dramatically as a percentage of the total labor force. America is incapable of physically producing its own existence. Its physical productivity, measured by the output of the commodities of the consumer and capital goods market baskets, has plunged by more than 40% since 1967; so, too, has its standard of living.

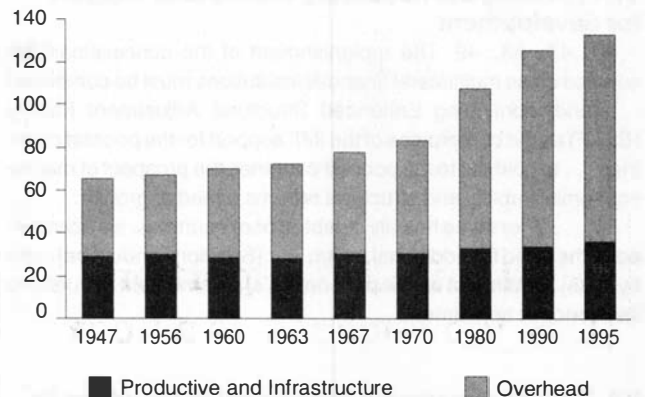
One wonders whether at the summit’s black-tie state dinner, hallucinogens were on the menu. We present a real picture of the U.S. economy.

## Destruction of the labor force

America’s economy is being ground up by a 30-year growth of usurious speculative financial aggregates. In the mid-1960s, the British financier oligarchy imposed the policy of the “post-industrial society.” Manufacturing, agriculture, and infrastructure were progressively stripped down; speculation was unleashed. In October 1979, U.S. Federal Reserve Board Chairman Paul Volcker sent interest rates into the stratosphere; in 1982, Vice President George Bush led the deregulation of the U.S. banking system. The cancerous speculative bubble, growing at a hyperbolic rate, sucked the life out of the physical economy.

The best measure of whether the U.S. economy is rising or falling, is to determine its productive activity, by examining the composition of the labor force. **Figure 1** shows total U.S.

FIGURE 1  
Size of U.S. labor force, 1947-96  
(millions)



labor force employment from 1947 to March 1996. In 1947, nearly half (47.2%) of America’s labor force of 60.9 million workers was engaged in productive or essential (mostly infrastructural) employment. By March 1996, only 26% of the U.S. labor force of 133.7 million workers was so employed. Over the past 49 years, the employed U.S. labor force grew by 72.8 million, more than double 1947 levels. Yet, of the increase, only 6.0 million are classified as productive and essential. The rest of the growth of the labor force of 64.8 million represents pure overhead. In fact, for the period under consideration, the strictly productive labor force (not including essential workers) actually fell from 26.4 million in 1947, to 26.0 million workers today, a decline of nearly half a million.

The significance of this shift is immense. Productive workers are defined as the non-supervisory workers engaged in employment in manufacturing, agriculture, construction, mining, transportation, public utilities, and communications. These workers physically produce (or transport) goods, by *altering nature*: fashioning wood, refining and casting ores, etc. Their importance can be understood from the standpoint of physical economics, which begins from the central premise that man, created in the living image of God, possesses the power of creative reason. By physically altering nature, man transforms otherwise useless raw materials and energy

sources into finished products, something no animal can do. By virtue of his creative reason, man alters his species behavior, improving the power of his productive labor. Man effects a succession of revolutionary scientific discoveries; for example, developing the heat-powered machine and other machinery and capital goods, which upshifts the entire mode of production. This makes possible an increase in the rate of relative potential population density.

Workers engaged in productive employment drive this process forward. Chief in importance among the non-productive portion of the labor force is employment in "soft" infrastructure, such as medicine, education, and science. These workers perform the vital function of transmitting knowledge or critical services to those who are productive. All other employment is overhead.

As stated, today, 26% of the labor force consists of productive and essential labor; therefore, three-quarters of the entire labor force is overhead. A company with three overhead workers for every worker who produced something, would have a self-destructive ratio.

## 'Authoritative' report on U.S. job success, is a hoax

The pretense of authority for references to the "U.S. job creation success," made in Lyons by U.S. Treasury Secretary Robert Rubin, and others, and carried in the G-7 economics communiqué, is a 10-page report, released in Washington, D.C. on April 23, titled, "Job Creation and Employment Opportunities: The United States Labor Market, 1993-1996." It was written jointly by the Council of Economic Advisers, under its chairman Joseph Stiglitz, and the Office of Economics of the Department of Labor, headed by Lisa Lynch. The report was the basis for Rubin's press conference at the summit, in which he reported that America had created 9.4 million jobs since January 1993, more than all the other G-7 countries combined.

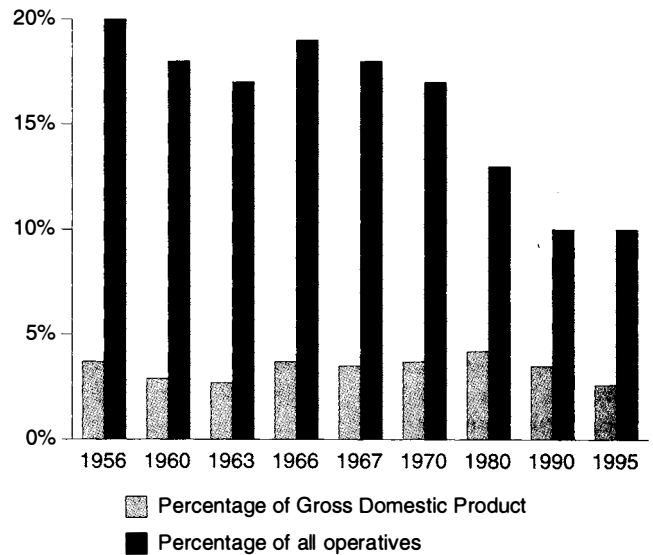
The report promotes what some economists call the "American labor market mobility model," in which workers "flow" from the goods production workforce to jobs in the service sector. But these are traditionally low-wage jobs. So, to sell this model, the document claimed that many of the jobs created were in managerial and executive positions, and that two-thirds of them paid above the median wage.

*EIR* found most of the claims of the report to be half-truths or untruths. We will publish a detailed refutation of this document in the near future.

—Richard Freeman

FIGURE 2

### Manufacturing investment and employment



Sources: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

Second, whereas in 1947, each member of the category of productive and essential workers was needed to produce enough goods and infrastructure to support two families (his own and the family of someone engaged in overhead), today, every such worker is called upon to produce enough for his family and the families of 3.0 overhead workers. With 2.6 persons per American household on average, the productive worker must produce enough to support 10.4 people. Were productivity levels rising, because of the introduction of new technology, that might be possible, but the policy of the post-industrial society forestalled most technological advance.

**Figure 2** shows the picture for manufacturing, which produces the vast majority of all intermediate and finished industrial goods in the economy. The right-hand bars show manufacturing non-supervisory operatives as a percentage of the total labor force. In 1956, one out of every five U.S. workers was in manufacturing. By 1995, that had been halved, to only 10%.

The left-hand bars represent manufacturing's new dollar expenditures in productive investment in plant and equipment, expressed as a percentage of GDP. To replace worn-out machinery and to technologically upgrade for the future, is a critical parameter, indicating what faith manufacturing puts in its own future and that of the economy. As such, it is a measure of manufacturing's capital intensity. In 1956, manufacturing's monetary investment in new plant and equipment was equal to 3.7% of the U.S. economy's GDP. It held at that level until 1980. Today, it is one-third lower than in 1956.

TABLE 1

## Decline in production levels for goods in producers' and consumers' market baskets on a per-household basis

(index 1967=1.000)

	1967	1973	1979	1982	1990
<b>Consumers' market basket</b>					
Men's trousers	1.000	0.965	0.594	0.504	0.335
Men's shirts	1.000	0.644	0.486	0.343	0.165
Women's blouses	1.000	1.023	1.511	1.405	0.684
Women's dresses	1.000	0.597	0.503	0.339	0.279
Women's woollens	1.000	0.264	0.254	0.139	0.166
Refrigerators	1.000	1.247	0.935	0.703	0.932
Passenger cars	1.000	1.150	0.869	0.484	0.512
Tires	1.000	1.020	0.833	0.666	0.877
Radios	1.000	0.706	0.467	0.316	0.098
<b>Producers' market basket</b>					
Metal-cutting machine tools	1.000	0.643	0.530	0.289	0.212
Metal-forming machine tools	1.000	0.854	0.730	0.404	0.406
Bulldozers	1.000	1.200	0.713	0.334	0.306
Graders and levellers	1.000	0.786	0.748	0.383	0.349
Pumps	1.000	1.140	0.541	0.424	0.506
Steel	1.000	1.029	0.821	0.416	0.487
<b>Intermediate goods for either market basket</b>					
Gravel and crushed stone	1.000	1.023	0.914	0.624	0.575
Clay	1.000	1.022	0.759	0.459	0.544
Bricks	1.000	0.999	0.850	0.451	0.598
Cement	1.000	1.045	0.911	0.632	0.689

### Collapse in output, living standards

With fewer productive workers, relative to the size of the employed labor force and the population, it is no shock that the level of output, on a per-capita and per-household basis, has plunged. **Table 1** shows the level of physical output of the consumer and producers goods market baskets relative to a 1967 standard, expressed per capita and per household. A consumer market basket is composed of goods, such as trousers, blouses, cars, food, etc., whose consumption allows the reproduction of the labor force and its families. The producers' market basket is composed of goods such as bulldozers, machine tools, and pumps, which are consumed in the productive process, producing other goods. In most cases, the unit of measure for a good was numbers of an item, e.g., numbers of pairs of pants, machine tools, or pumps.

A production level for each item for 1967 was determined, and then divided by the number of households in 1967. This yielded a production level on a per-household basis. For example, in 1967, the United States produced 86,014 metal machine-cutting machine tools, and had 59,235,000 households. Thus, there were 0.001452 metal-cutting machine tools produced per household. The 1967 production-per-household level was set equal to an index of 1, and all subsequent years' production levels were compared to it. By 1990, the United

States produced 0.000308 metal-cutting machine tools per household, only 24% of what it did in 1967.

The collapse was broad-based: On a per-household basis, 1990 levels range from 7% to 90% below 1967 levels. Most items' 1990 production levels (the last year for which reliable Census Bureau information exists), are 40% or more below 1967 levels. But, it is reasonable to expect that these levels have contracted by 1-2% per year since.

This lowered level of consumer and producers' market basket goods flowing through the economy, on a per-household basis, reflects the basis for the collapse of living standards.

### How many paychecks does it take?

Using data from the U.S. Bureau of Labor Statistics, *EIR* calculated preliminarily the difference in what a single worker's paycheck would buy in 1967, and today. In 1967, for the average weekly earnings of a non-agricultural worker, the median price of a new house represented 222.9 weeks of pay. By 1995, it represented 338.7 weeks. So, the average worker in 1995 had to work more than 50% longer to buy a house than a worker in 1967.

In 1967, the average price of a new car represented 31.5 weeks of average pay. By 1995, it required 46.4 weeks, that is, 14.9 more paychecks, 47.3% more than 1973.

Similarly, according to the American Hospital Association, in 1965, the average hospital bill amounted to 2.94 weeks of the average weekly wage. In 1990, the average hospital bill represented 11.2 weeks of average pay, a nearly fourfold decrease in the standard of living, as measured by the ability to afford medical care. (There is also the issue of medical insurance: Millions of Americans, of course, have no medical insurance, and those who do, have seen their premiums rise through the stratosphere.)

### Demographic holocaust

The fall in family living standards has made Americans less able to support more than 1 to 2 children. This has been exacerbated by the fact that since 1970, women have entered the labor force en masse, to attempt to hold up the family income, resulting in a reduction of the time to bear and rear children. In addition, a paradigm of cultural pessimism has also discouraged childbearing.

During the 1990s, the birth rate in America averaged 13.4 live births per 1,000, half the rate of 24.6 live births during 1945-59, when America had a relatively normal birth rate. *Further, the 1990s rate is 30% below the rate of 19.2 births per 1,000 of the 1930s during the Depression*, when people did not have children, because they did not know where the next morsel of food was coming from. This is stunning evidence that the United States today is in a depression.

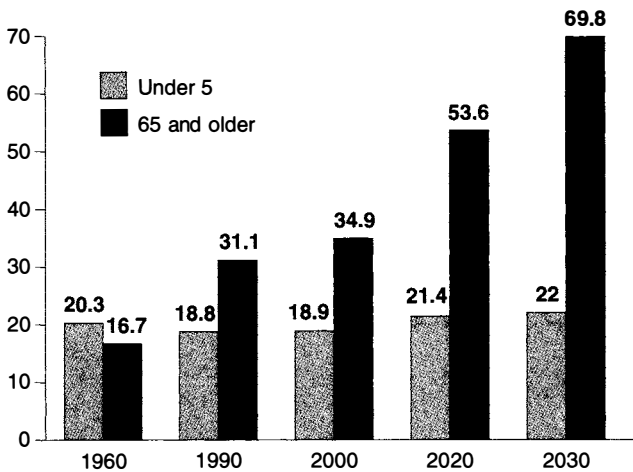
During the 1950s in America, the "generalized birth rate," which measures the number of children that a woman in the childbearing age range of 19-44 will have during her lifetime, averaged 3.56 children per woman in that age range. In 1973,



FIGURE 3

**Population under 5 remains stagnant, while elderly population grows**

(millions)



Source: Census Bureau of the Commerce Department, *Historical Statistics of the United States, Colonial Times to 1970*; Census Bureau, *Statistical Abstract, 1993* and other years; Bureau of the Census, *Projections of the Population of the United States, by Age, Sex and Race: 1988 to 2080 (series P-25, No. 1018) and 1992 to 2050 (series P-25, No. 1092)*.

the rate went below 2.1 children (the minimal “replacement level” needed for a society to sustain its numbers), and has not risen above that level for 23 years. *Currently, America cannot even biologically reproduce itself.*

One of the most far-reaching consequences of this plunging birthrate can be seen in **Figure 3**. In 1960, the population under age 5 was larger than that 65 and older. This represents a healthy state of affairs. By 1990, the situation had reversed itself. According to the Census Bureau’s projections, if the current demographic trend keeps up, by the year 2030, the population 65 and older will outnumber those 5 and younger by more than 3 to 1. (It is beneficial that Americans live longer. But in a healthy economy, while the number of people over 65 should grow absolutely, that age group should remain the same or even fall as a percentage of the total population.)

America is not suffering a problem of “graying”; rather, the problem lies with the lack of young people. This is precisely the underlying cause for the crises of the Social Security System, which, under current trends, would run out of funds by the third decade of the next century, and Medicare, which would run out of funds much sooner. Instead of the application of Nazi austerity against the elderly, proposed by Newt Gingrich et al., America should jettison the post-industrial society policy that created this demographic nightmare.

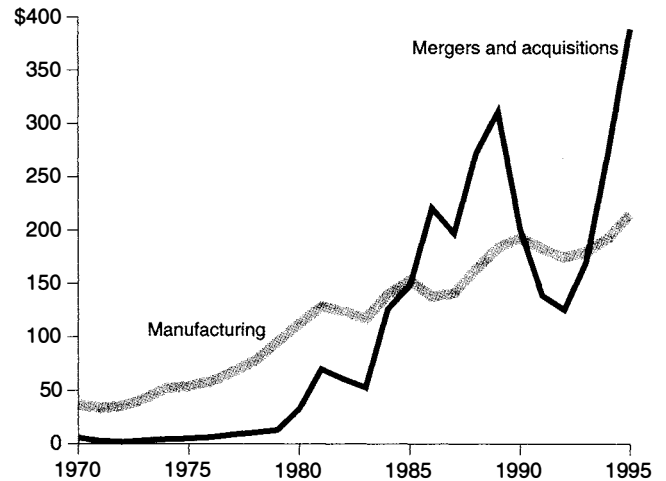
**Speculation**

As physical output, living standards, and family formation plummet, the United States finds itself on the brink of

FIGURE 4

**Mergers and acquisitions versus new manufacturing plant and equipment**

(billions \$)



Sources: *M&A Almanac*, published by IDD Enterprises; U.S. Department of Commerce, Bureau of the Census.

extinction. Concomitant with the post-industrial society policy has been a financial bubble which, like a giant succubus, is generating tens of billions of dollars of fictitious profits, sucking the life-blood from the economy. This is precisely what the British forces at the G-7 summit, which are pushing America as an economic model for the world, find so attractive.

As late as 1970, in America’s combined export and import of physical goods (see Figure 3 in accompanying article, p. 25), for each \$1 traded on U.S. foreign exchange markets, America transacted 70¢ worth of mercantile trade. The foreign exchange was closely related to financing mercantile trade. Over the past 15 years, foreign exchange speculation has burgeoned. Today, for each \$1 traded on U.S. foreign exchange markets, America engages in only 2¢ worth of mercantile trade. The financial and physical sides of the economy have totally separated.

**Figure 4** shows the financing for mergers and acquisitions (M&A), i.e., corporate takeovers, versus new expenditures for plant and equipment. By 1995, Wall Street M&A financing was nearly double new plant and equipment expenditures, the latter of which represents America’s capital formation planning for the future. Corporate executives now get \$15 million per year in compensation for asset-stripping and presiding over shrinking corporations.

In citing the U.S. economy as a model of economic growth, the authors of the G-7 summit’s economic communiqué are promoting a speculative looting scheme, in which the physical basis for supporting continued human existence is being cannibalized.

## Russian power struggle now turns on economic crisis

by Rachel Douglas

Eager to provide sophisticated, Western-style analysis of the first-ever “Westernized” election of the head of state of Russia, the Moscow weekly *Obshchaya Gazeta* stumbled upon a diagnosis. It was “virtual reality,” the paper said in its July 4-10 issue, that gave Boris Yeltsin 53.8% in the July 3 second round, to 40.3% for Popular-Patriotic Bloc candidate Gennadi Zyuganov, leader of the Communist Party of the Russian Federation. (Nearly 5% cast their votes against both.)

In “virtual reality,” the ailing Yeltsin (he vanished from the public eye, six days before the election) appeared to TV viewers in Russia as an energetic modernizer, a nation-builder on a par, as sycophantish ex-Deputy Premier Anatoli Chubais put it, with Czar Peter the Great; and Zyuganov, as a monster who would restore the full brutality of the Soviet system. In “virtual reality,” Yeltsin’s win, secured by means of a budget-busting mobilization of state funds, promises of non-existent cash payouts, monopolization of the media, and dirty tricks such as the one that kept Zyuganov’s final TV ad off the air, was hailed by President Clinton, among many others, as “a triumph for democracy.” In “virtual reality,” Prime Minister Viktor Chernomyrdin could say, at the Lyons summit meeting on July 1, “a few words about the state of our economy: . . . Nothing unexpected or extraordinary is happening.”

Behind such Potyomkin villages, a different reality looms. It is Russia’s slide from deep economic depression, into a physical economic demolition so severe, as to threaten its existence as a sovereign nation. It is a financial crisis—inside Russia, simultaneous with the international one. It is a power struggle that is far from over. It hinges on the still open question, of whether there could be, as Lyndon LaRouche expressed the hope in a July 3 interview with “EIR Talks” radio broadcast, “a coalition of all the responsible patriotic factions of Russia, who can come to an agreement, and solidarity, on eliminating the control over Russia’s life by the

conditionalities of the International Monetary Fund,” and find international support for such actions.

The defeated candidate, Zyuganov, offered a certain insight during his post-election press conference: “In a bankrupted country, there are no victors.”

### Food import-dependency, financial crisis

In *EIR* of May 31, economist Sergei Glazyev summarized what happened in Russia’s physical economy early this year: “Official data show that in the first quarter of 1996, the collapse continued to deepen, and the nation’s economic structure to degenerate. In February 1996, GDP was 3% below the February 1995 level, while industrial production dropped 4%; consumer goods production, 6%; and production in the machine building and chemicals industries, 17%. In consumer machine-building and high-technology industries, the collapse was above 30% for many products. After the many-fold collapse of production in previous years, this means the virtual disappearance of the sectors of industry that are most important for modern economic growth. The volume of capital investments was down 10%, while the number of officially registered unemployed was up by 40%.”

After the first quarter, the State Committee for Statistics stopped issuing figures for almost all economic parameters—“out of good pre-election motives,” as Chernomyrdin told a July 1 session of the Consultative Committee on Foreign Investments, according to *Nezavisimaya Gazeta!* But the dire situation with food production came out in a Russian Ministry of Agriculture report, summarized in the July 3 German daily *Frankfurter Allgemeine Zeitung*. It forecast that Russia would be only 40% self-sufficient in food this year, able to cover domestic consumption needs only for potatoes and cabbage.

The new element is a financial crisis for the state and for Russia’s young private banks.

On July 8, Tveruniversalbank, the 25th largest with assets of \$523 million, was put into receivership, after ceasing to redeem some securities backed by its deposits. Speaking at a World Economic Forum session in Salzburg, Austria, Central Bank chief Sergei Dubinin also confirmed special measures respecting Inkombank, the fourth largest in Russia, which is supposed to agree, in writing, to "certain operational changes." Dubinin played down the crisis, telling Reuters, "We have 2,100 banks and some are having problems, but you can't call the situation a general banking crisis." Nonetheless, "We shall establish special supervision of the largest banks and appoint our best personnel." Since Jan. 1, the Central Bank has revoked 350 lending licenses.

Government economist Mikhail Delyagin wrote in *Izvestia*, that a financial crisis, "a major shock," was inevitable, because two months ago the federal budget deficit reached 7.1% of GDP, double the limit set in Russia's agreement with the International Monetary Fund (IMF). Finance Ministry figures, cited in a different *Izvestia* article, put that April budget deficit even higher: 11.8% of GDP.

Aggravating the crisis is the wild run-up of the market for Russian short-term state bonds (GKOs). As Yeltsin toured the country, promising monies for everything from back wages to construction projects, the Finance Ministry sold three- and six-month GKOs with annual yield rates in excess of 120% and 200%, respectively. Now, Dubinin said, 25% of Russian spending goes for debt service, as against the 15% level set in the 1996 state budget; the budget ceiling will have to be renegotiated with the IMF.

As one measure, Dubinin confirmed that the Central Bank would open the state bond market to foreigners, even more than it has. In early 1996, non-Russians were allowed to purchase 10% of each bond issue. *Nezavisimaya Gazeta* reported on July 2 that the Central Bank, "in order to save the GKO market from collapse," additionally gave foreigners permission to convert earnings from GKO operations into foreign currency and to take them abroad. To bring GKO yields down from their post-election 65% level, Dubinin said that more foreign investors would be courted, but that foreign access to the Russian state bond market must still be limited somewhat, because "we do not want a repeat in Russia of the Mexican example"—the super-looting of Mexico, before and after that country's financial collapse in December 1994.

As for Yeltsin's campaign promises, former privatization chief Chubais told the press on July 5, "Promises made in an election campaign [are] an inevitable political evil. . . . I don't rule out that these promises may be fulfilled at a different time than originally intended." Chubais prediscussed the banking crisis, as lawful and predictable: "Economic realities tell us, that in almost every country that has solved the task of reducing inflation and achieving financial stabilization, a banking crisis occurs in some form."

Zyuganov, who voiced concern that "the present authorities, in their post-election euphoria, not leave people without bread, fuel, and wages," forecast that such delays would lead

to unrest. "I am against street actions," he was quoted in *Pravda* of July 6, "But I don't exclude spontaneous outbursts, including mass ones. The authorities have made promises they can't fulfill, on wages, pensions, and stipends."

### National economic security

In the team that rode with Yeltsin to his reelection, there are potentially incompatible elements. His new Security Council secretary, Gen. Aleksandr Lebed, spoke out for a broad coalition government, but Yeltsin promptly announced he would retain Chernomyrdin as prime minister—the figure most identified (since Chubais left government) with the looting of Russia's basic economy, especially by the export of raw materials on terms disadvantageous to the state, though highly profitable for firms like Chernomyrdin's former bailiwick, Gazprom. Lebed, meanwhile, kept up a high level of publicity about the need for a complete overhaul of Russian economic policy, from the standpoint of "national economic security."

Lebed has been heavily targeted by foreign circles, including the British economic school and U.S. Republican Party operatives, for recruitment to the radical free-market doctrines of the Mont Pelerin Society. These influences were reflected in his program for the first round, co-authored by Vitali Naishul, an advocate of the "Chilean model" of a deregulated economy under authoritarian rule. Before his pre-election deal with Yeltsin, however, Lebed had worked closely with Glazyev, who—as leader of the Democratic Party of Russia, former Minister of Foreign Economic Relations, ex-head of the Duma's Committee on Economic Policy, and collaborator of the Central Mathematical Economics Institute—is a leading advocate of interventionist policies to rescue and promote science-intensive manufacturing and infrastructure as the core of the Russia economy. There is evident nervousness in London circles, anxious to head off a renewal of such influences on Russian policy.

On July 4, the *Times* of London warned against any coalition government, whatsoever: "Too much significance should not be attached to Mr. Zyuganov's renewed promise to form a broad coalition government, if elected. . . . It is more sinister that Mr. Chernomyrdin. . . should have begun to hum similar tunes—and more sinister still that General Lebed, who only ten days ago was advertising his hatred of communism, suddenly called . . . for a grand coalition that included them." Ever less subtle, the *Wall Street Journal* editorialized that "the wisest thing Mr. Yeltsin could do would be to shove [Lebed] aside after some decent interval." Having finished third with nearly 15% in the first round, Lebed received his Security Council post on June 18, as Yeltsin courted his voters.

A Security Council document, leaked through Interfax on June 26, showed what worries these mouthpieces for the financial oligarchy. Titled "A New Approach to National Security Problems," it was attributed by Interfax to Lebed. Itar-Tass reported that it was prepared earlier, under Oleg Lobov,

but on June 29, *Nezavisimaya Gazeta* published a version under Lebed's byline. The text exhibited, *Nezavisimaya* observed, "indications of economic dirigism (the legislative limitation of profitability, tightened control over foreign trade, intensified fiscal pressure on a number of sectors, and the role of 'rent for resources'), [behind which] it is impossible not to recognize the pen of Sergei Glazyev."

Most striking, the new "security concept" warned against too-close cooperation with the IMF, which might decide "one fine day" to cut Russia off and freeze its accounts abroad. Unlike most "anti-crisis" programs circulated in Russia, this one acknowledged the *international* financial crisis: "This is particularly dangerous, under circumstances in which the world financial system, based on the dollar as the world reserve currency, is becoming more and more unstable." The document urged that Russia seek "strategic partners" in Eurasia, so as to consolidate enough power to act independently of other power centers: "Russia should study carefully the various options for cooperation with the countries of the Pacific Ocean region, including China. The result of such an alliance could be a unique, self-sufficient system, with enormous potential for development and cooperation, and a huge internal market, capable of conducting an independent and effective foreign policy, respecting any other geopolitical systems."

The document called to slow and modify privatization, and for export and price controls, among other measures, to end the ability of foreign interests to plunder Russia.

Then, at a July 2 press conference, Lebed blasted the Cher-

nomyrdin-linked energy and raw materials sector, and said he would use his position to prioritize rebuilding the military-industrial complex. "The main threat to national security remains an absence of economic strategy and a rational system of government regulation of the economy," Lebed said. "I want to talk about the negative role played by raw materials capital. Excesses are obvious here. Having received freedom, money, power, international recognition and overwhelming influence in practically all regions, the government, the Presidential structures, and the former parliament, raw materials capital has become so independent from the state that it has begun to conduct its own budget, credit, monetary and regional policy." Lebed also announced a tightening of visa rules for foreigners, a policy already applied to investment banker Boris Jordan of CS First Boston, a "privatization" pioneer who raked in big bucks during the 1992-93 wave of reforms, but now has been awaiting a visa since May.

Such a concept of national security collides with Chernomyrdin's blandishments in Lyons, according to which Yeltsin's reelection would remove "the last obstacle in the way of investment flows into Russia." Chubais remarked acidly, "As it was said in Soviet times, there are some shortcomings regarding the balance and profundity of [Lebed's] statements. . . . [His] demand for broader powers is a serious mistake for a state leader who is just starting out."

There is still no minister of defense in Russia at present, among the many other matters concerning who holds the reins of power that remain unsettled.

## GOP 'secret team' in Yeltsin campaign

Speaking July 2, Gen. Aleksandr Lebed struck a new theme, "psychological security": "Today we are facing absolutely new threats . . . brought about by psycho-semantic behavior-modelling technologies. These technologies have been lately used not only by secret services, but also by leading advertising agencies which have been developing and introducing increasingly effective methods of influencing the minds of people. These technologies are used to introduce ideas which are absolutely unacceptable to Russia. . . . This is a very serious aspect of national security."

What are Russian patriots, including many who voted for Lebed in the first round, to make of the post-election revelation that three former aides to Bush Republican Gov. Pete Wilson of California, worked secretly on the scene in Moscow, to get Lebed's boss, Boris Yeltsin, reelected? At

a Washington press conference on July 9, George Gorton and Joseph Shumate told how they prevailed on Yeltsin's daughter, to implement "Western-style campaigning." This evidently included plastering food shops throughout Russia, with posters saying that a vote for Zyuganov was a vote for famine. Gorton said that one theme "we came up with that was persuasive . . . evolved around the concern that many Russians had about civil unrest and even civil war that might ensue if the Communists took over."

The slick advertisers were mum, as to how much they were paid for their "consulting" and by whom.

The third member of the trio, Dick Dresner, marks it as a double-whammy international scandal. New York-based pollster Dresner is a close chum of "Dirty Dick" Morris, cousin of the dead McCarthyite and purveyor of sleaze Roy Cohn, and an inside operative in setting up Bill Clinton for one fall after another (see p. 79). Dresner told *EIR*, "I talk to Dick Morris a lot because he's a friend and a former partner, but I'm not prepared to make any comment on anything we might have discussed with regard to this particular campaign." Was Cohn's boy manipulating both superpowers at once?

# British 'Clockwork Orange' gangs go on anti-German rampage

by Scott Thompson

On June 27, after an English team lost to a German team in the world soccer championship playoffs, hundreds of British soccer hooligans invaded Trafalgar Square in London, and began trashing German cars and beating up anyone who "looked German."

The intensity of hatred for all things German that was shown by the mobs was not some brief outburst of frustration. Ever since the fall of the Berlin Wall in 1989, the British press—of all stripes—has been building up a deep hatred for Germany, typified by the outpourings of then-Prime Minister Margaret Thatcher and her Transportation Minister Nicholas Ridley, who spewed venom at the new "German Fourth Reich."

Though more limited in scope and intensity, there is great similarity between the racially motivated rage of the soccer rioters, and the Nazi mobs of the 1938 *Kristallnacht* against Germany's Jews. In fact, throughout the games preceding this repeat of *Kristallnacht*, the British tabloids had been filled with vitriolic, racist slurs against other foreign teams. The crescendo of racialism reached such a point, that the Spanish ambassador to the Court of St. James lodged a formal protest with the British Foreign and Commonwealth Office. Truly, the soccer hooligans that had been mobilized against "non-British" teams could not be differentiated from the Nazi SA or Stormtroopers.

While Lady Thatcher, in the past, exploited that deep-seated British hatred of Germany, born of a century of British geopolitics that helped trigger two world wars, today's leading beneficiary of the resurgence of anti-German bias in Britain, is likely to be Tony Blair, the Labour Party's candidate to replace John Major. If, as seems likely, Blair becomes the next prime minister, a Labour Party government under his leadership, complete with vicious austerity, would be a revival of the British League of Fascists.

The Trafalgar Square rioters reflect the fascist potential within the British population. This fact is well-known to the British Empire's main psychological warfare arm, the Tavistock Centre, which has historically used the British population as cannon fodder for mass brainwashing experimentation, and is now playing a direct role in shaping "Clockwork

Orange" soccer hooligan fascism.

The Goebbels-style British press tabloids, such as that of Rupert Murdoch, had already begun, on June 24, to build up a wave of hate against Germans.

On June 24, Murdoch's *Sun* carried the banner headline, "Let's Blitz Fritz." The *Daily Mirror* front page depicted two British players in World War II helmets with the headline, "Achtung! Surrender. For you Fritz, ze Euro '96 Championship is over." *Mirror* editor Piers Morgan published a front-page parody of Neville Chamberlain's 1939 broadcast announcing the outbreak of war with Hitler. "Mirror Declares Football War on Germany," the headline read. (In Britain, soccer is called football.)

## Nothing to do with 'fair play'

As the late British author George Orwell was paraphrased in the July 2 German daily *Frankfurter Allgemeine Zeitung*: Soccer has nothing to do with fair play. The game, as fostered by the British elites, consists of hate, jealousy, triumphing over your opponent, disrespect of all rules, and sadistic pleasure through the contemplation of violence. In other words, it is war without shooting. Orwell himself underwent brainwashing sessions and a stint at the Tavistock Centre.

Each football team in England has a Clockwork Orange-style gang associated with it, with names like "Headhunters," "Zoulous," "Cockney Reds," "Bushwhackers," "Executive Crew," and "The Yids." These gangs have their own lingo straight out of Anthony Burgess's novel on brainwashing, *A Clockwork Orange* (a phrase Tavistock has used to describe its goal of universal fascist society). Among soccer hooligans, "hooliganism" is said to be "Yobbery."

Soccer-related violence, involving mobs of fanatics, is common around the world. It has been used to organize coups and wars; for example, in Ibero-America. It has gained in intensity in recent years, including especially involving British fans.

On May 29, 1985, British soccer hooligans at the Heysel stadium rioted during the European Champions Cup final at Brussels. They pushed over a wall of the stadium, crushing 39 people to death.

There were equally devastating tragedies in the U.K., at Bradford just 18 days before, and at Hillsborough four years later. Seventy-six people died at Hillsborough in a riot.

### **How Tavistock shapes hooliganism**

The Tavistock Centre is part of the Tavistock Centre and Portman Clinic National Health Service Trust. The Portman Clinic engages violent offenders, such as soccer hooligans, who are often referred to the center by the courts, in “group therapy.” Richard Davies of the Portman Clinic confirmed that it handles violent offenders such as soccer hooligans for the Tavistock Trust, and it even has a gauge of violence within British society.

Violent offenders are subjected to group therapy with sexual perverts (especially pedophiles) and delinquents. Through these groups, which are ostensibly set up to cure the hooligan of his violence, the self-described “psychological shocktroop” of the Tavistock Centre has gained the means for more refined orchestration of soccer hooligan fascism.

Sir Winston Churchill, the former British prime minister, described the need for the Tavistock Centre to create an “empire of the mind,” and soccer hooliganism is one of the British degenerations of the world population aimed at accomplishing this goal.

In order to move toward a fascist “empire of the mind,” the Tavistock Centre has also promoted the “post-industrial shift,” which has characterized the policies of Thatcher, Major, and Blair. Under the work of Tavistock’s late international director, Eric Trist, Fred Emery wrote in a 1973 volume he co-authored, entitled *Towards a Social Ecology—Contextual Appreciation of the Future to the Present*, that there would be massive social disruption during the transformation from the “industrial paradigm” to the “post-industrial society.”

The “psychiatric shocktroop,” i.e., Tavistock Centre, induces stress so great as to force denial of the previous paradigm. A state of *dissociation* must be induced, in which, Emery writes, people retreat into unreality, living in personalized fantasy universes. He compares this type of social condition to the habituated and random violence of the socially displaced lumpens in Burgess’s *A Clockwork Orange*, and the subsequent movie by Stanley Kubrick. This social anarchy is the condition of urban life today, and it is the shock effect that the Tavistock Centre hopes to create with soccer hooliganism. Trist and Emery argue that the “glories” of the “post-industrial society” become most appealing to the *dissociated* mental state arising from habitual violence, such as that of the soccer hooligan or Stormtrooper.

### **Tavistock’s profile of social groups**

According to Richard Davies at the Portman Clinic, who has run two therapy groups with soccer hooligans over the last ten years, standard law enforcement practices (such as those of the National Criminal Intelligence Service), targeting those who organize the riots, fail, because the British

population will merely carry the violence into other venues, such as pubs.

According to Davies, all the groups carry a potential for violence, especially at highly charged sports events such as soccer. Davies cites the work of Tavistock Centre co-founder Wilfred Bion, who developed the “Tavistock Group,” which was to mirror broader social reality, out of his study of shell-shock in troops during World War II. Bion concluded in his work, *Experiences in Groups*, that *all* groups, whether engaged in a soccer match or in building a new steeple for a church, brought forth primitive “basic assumptions.” Members of the group questioned: Was the leader adequate? Should they challenge the leader? Who gets the territory? A regression of “basic assumptions” within the group took hold, raising primitive anxieties.

But, Davies stressed that the psychoanalyst must evaluate both the group and the individual group member. Echoing Freud, Davies said that each individual has psychoanalytically aggressive sexual impulses. For example, it would not be surprising to discover that the soccer hooligan had been sexually abused, and, hence, was never socialized to control these psycho-sexual impulses. The habitual alcoholism displayed at soccer matches, and use of other drugs such as crack cocaine, would further tend to suppress whatever controls the soccer hooligan had over his or her psycho-sexual aggressivity.

Freud was influenced in his sole study of group psychology by Gustav LeBon, whose work *The Crowd*, hypothesized that a riotous “group mind” could be elicited from a genetically similar group of minds by a certain kind of leader. LeBon was studied by Hitler, Mussolini, Lenin, and Theodore Roosevelt. While Mussolini was being trained in LeBon’s work by a future leader of the Soviet Comintern, President Theodore Roosevelt recommended LeBon for the Nobel Prize and kept his book next to the Bible on his nightstand.

### **Out-Goebbeling Goebbels**

Bion entered the psychological warfare section of the World War II Supreme Headquarters Allied Expeditionary Forces with Tavistock Centre founding director Brig. Gen. John Rawlings Rees. There, they worked with Richard Crossman, who claimed that their goal was to “out-Goebbels Goebbels.” Tavistock Centre assistant director H. V. Dicks was also part of this unit.

The Tavistock Centre has remained involved in developing the psychological warfare conceptions of what the British military, modeled after the work of Brig. Gen. Frank Kitson, calls “low-intensity operations.” It cannot be ruled out that members of the Special Air Services or another special forces unit working with the Tavistock Centre, have been plugged into incidents of soccer hooliganism. But, in any case, through the soccer hooligans, the Tavistock Centre is involved in building new Stormtrooper forces to carry out a new *Kristallnacht*.

## Guerrero, a new separatist flank

*As EIR warned, irregular warfare against Mexico has broken out in another state, and others are set to follow.*

On June 28, during a commemoration of an anniversary of a massacre at Aguas Blancas, in the state of Guerrero, Mexico, where 17 peasants were assassinated in 1995, a new armed group made its appearance, the Revolutionary Popular Army (EPR). Uniformed and well-armed, 70 hooded people took over the speakers pavilion. "Commander Emiliano" read their proclamation: "Our army also struggles for the profound transformation of society, through means of armed revolutionary struggle."

The leading personality at the event, Cuauhtémoc Cárdenas (the principal leader of the separatist forces which seek the territorial break-up of Mexico, the privatization of the oil industry, and the dismemberment of the federal government and its Armed Forces), characterized the EPR's debut as a "pantomime."

Cárdenas's characterization gave the signal for 1,001 versions, of who, and what, is the EPR, none of them, however, going to the crux of the matter: Whatever the local elements which make it up, the EPR is an operation of foreign intelligence services whose goal is the balkanization of Mexico.

*EIR*, in its Nov. 10, 1995 issue ("New Terror International Targets the Americas"), identified Guerrero, Tabasco, and Oaxaca as the states targeted, along with Chiapas, for an insurgency whose ultimate goal is the separation of the south of Mexico, from the rest of the country.

Of what "pantomime" did Cárdenas speak? In a July 4 speech in San Cristóbal de Las Casas, Chiapas, to the "Special Forum for the Reform of the State," at which he and the Zapatista

Army of National Liberation's "Subcommander Marcos" were the principal speakers, Cárdenas decried the "generalized repression . . . unleashed against the people of Guerrero," and claimed that injustices "tie Guerrero today with Chiapas, Chiapas with Tabasco, and Guerrero and with the rest of the Republic."

Guerrero, like Chiapas, is a "pantomime" of irregular warfare, orchestrated at an international level. The puppet theater in Guerrero began on Feb. 25, 1996, eight months after the massacre, when a Televisa journalist, Ricardo Rocha, broadcast a video which purportedly showed Guerrero police massacring peasants in Aguas Blancas. The video, baptized as "The Whole Truth Video," came to the journalist by clandestine means, and was taken as a credible basis upon which to start an investigation against the governor of Guerrero, Rubén Figueroa Alcocer.

In the first week in March 1996, U.N. Secretary General Boutros Boutros-Gali made an unusual three-day visit to Mexico, during which he received, at the Foreign Ministry itself, a group led by a Guerrero senator from Cárdenas's Democratic Revolutionary Party (PRD), Felix Salgado Macedonio, who handed him a copy of "The Whole Truth Video." Included in the delegation which accompanied Boutros-Ghali, was PRD national leader Porfirio Muñoz Ledo, in his capacity as Mexico's former ambassador to the UN.

On March 3, President Ernesto Zedillo ordered the Supreme Court to investigate Aguas Blancas. On March 12, Guerrero Governor Figueroa

Alcocer was dismissed. On April 23, the Supreme Court ruled that Figueroa was politically responsible for "grave violations" of the individual guarantees of his people.

From London, Amnesty International celebrated that decision as the cornerstone of "new legislation" to handle these type of problems, for Mexico, as for any other Ibero-American country.

As of that decision, the emergence of an armed group in Guerrero was predictable. What name it was to give itself, is the least of it. Eleven armed groups have been identified in Guerrero, an area whose chief distinction is that of being the principal marijuana- and opium poppy-producing region of Mexico.

Two days after its debut, the EPR issued a communiqué which announced that "there is no declaration of war by the EPR, so far, against the government," but demanded that the government "adhere to the Geneva Conventions," and called upon "national and international human rights bodies to intervene and oversee the behavior of the Armed Forces and police forces as events develop."

The government's National Human Rights Commission and the Senate Human Rights Commission immediately announced that they would ensure that the Mexican Army did not violate any human rights. So, when the Mexican Army deployed heavily into Guerrero to locate the EPR, it did so under the rolling films of television cameras and the video cameras of the "human rights defenders."

As *EIR* has warned, if the necessary measures are not taken, it is only a question of time, before another "pantomime" explodes, this time in the state of Oaxaca, to complete the separatist-ecologist-indigenist axis which seeks to slice the southern Tehuantepec Isthmus off from Mexico.

# International Intelligence

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## **Mass murderer Pol Pot dies; was WWF darling**

Cambodian mass murderer Pol Pot has died, according to reports in the *Bangkok Post* in late June. A graduate of the Sorbonne in Paris, Pol Pot, in the four years from 1975-79 of Khmer Rouge power, oversaw the murder or death by starvation and exhaustion of 3 million of Cambodia's 7 million people. He was reportedly buried on June 6 at the Khmer Rouge stronghold of Phnom Malai.

EIR's November 1994 *Special Report*, "The Coming Fall of the House of Windsor," showed that Pol Pot was the role model of World Wide Fund for Nature leader Teddy Goldsmith, "as a pioneer of decentralized rural society." Indeed, in the 1990s, Khmer Rouge-controlled areas in Cambodia were placed under strict control of WWF mandates. The Jan. 31, 1991 *Bangkok Post* reported that Pol Pot had issued a directive ordering all Cambodians not to poach birds and animals, and to refrain from killing them for any reason, including food, presumably.

Pol Pot may be dead, but his passion for non-human endangered species continues in proposals to turn the entire nation of Cambodia into the world's first eco-tourist country.

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## **Kuchma pushes through Ukrainian constitution**

The Ukrainian Parliament approved the country's first post-Soviet constitution on June 28 after an all-night session, averting a clash with President Leonid Kuchma. Ukraine had been the sole former Soviet republic yet to approve a new constitution. Months of debate in the chamber had become increasingly bitter. On June 26, after saying delays were threatening Ukraine's stability, Kuchma called a national referendum for September to seek popular approval for the constitution.

The President told deputies on June 28, however, that their vote had automatically

cancelled his decree on the referendum. He apologized for pressing for the plebiscite, saying such a tactic was "not entirely a correct way to prompt approval of the constitution." The constitution provides for broad powers for the President and a single-chamber parliament, as at present. It sets down the right to own private property, reaffirms post-Soviet symbols, and makes Ukrainian the sole state language in this country of 52 million people. The Crimean peninsula, where much of Ukraine's Russian population lives, retains much of its autonomy in a unitary state. Earlier drafts trimming the region's powers were altered.

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## **Brits still obstructing N. Ireland peace talks**

The British government on July 9 dispatched 1,000 more troops into Northern Ireland, bringing troop numbers there up to 18,500, the highest level since 1982.

The dispatch of troops comes amidst a severe deterioration of the situation in Northern Ireland, triggered by a British-staged provocation, when an attempted march by Protestant Unionists of the Orange Order was precipitously stopped by the Chief Constable of the Royal Ulster Constabulary, Sir Hugh Annesley. In response, Unionist mobs have gone on violent rampages, including forcing Catholics living in Protestant areas in Belfast and Londonderry to flee from their homes; this eerily recalls Bosnian Serb "ethnic cleansing" operations. Reportedly, there has been one sectarian killing, with a Roman Catholic taxi-driver murdered.

The London *Times* claimed that the troops are being sent "amid fears that the loyalist disturbances will trigger a resumption of IRA terrorism."

Prime Minister Major met the day before with Unionist leaders David Trimble, Robert McCartney, and Ian Paisley. Paisley declared that the troubles at Drumcree, outside Portadown, where the Orange Order march had been stopped, were "a powderkeg." Jeffrey Donaldson, the Assistant Grand Master of the Orange Order, told Radio 4's "The

World at One" show: "It is correct to say that, because of the strength of our membership, there are many things we can do. If necessary, in support of the Orangemen at Portadown, we will bring Northern Ireland to a standstill."

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## **700,000 Iraqis died from UN-imposed shortages**

More than 700,000 Iraqis have died as a result of medical shortages, stemming from United Nations sanctions imposed after the 1991 Gulf war. The official daily *Al-Thawra* reported that children under the age of five have been particularly victimized, with nearly 300,000 dying as a result of malnutrition, and the spread of once-conquered diseases since 1990. Deaths have been caused not only by the lack of medical equipment, but also by a breakdown in general sanitary conditions, the daily said. According to Health Ministry officials, Iraqi hospitals are operating at 50% of normal capacity, because of a shortage of medical supplies. Many patients are turned away, unless they have medical emergencies.

On May 20, Iraq and the UN reached an agreement which allows Baghdad to sell \$2 billion worth of oil to raise funds for purchase of food and medicine. However, the UN must approve the food and medicine distribution plan the Iraqis have presented, before it can be implemented; the UN has yet to do so.

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## **'Assisted suicide' becomes law in Australian state**

The world's first "assisted suicide" bill became law in Australia's Northern Territory on July 1. On the same date, euthanasia opponents brought their challenge of that law before the Northern Territory's Supreme Court in Darwin, arguing that such actions were beyond the legal powers of the Territory, and in fact violated the Australian federal constitution. The anti-euthanasia coalition's lawyer, David Jackson, stated that "Underlying the [federal] law lies a funda-



## Briefly

mental right, principle, value or doctrine that there is sanctity of life or that there is an inalienable right to life."

The coalition will take its legal challenge to the High Court of Australia if necessary, and Federal Liberal MP Kevin Andrews, has announced that he will introduce a bill in August which will overturn the Northern Territory's law, and charge anyone committing "assisted suicide" with murder. The Australian Medical Association has also come out against the law, and the head of the AMA in the Territory, Dr. Chris Wake, said, "The Australian constitution implies clearly a right to life and not a right to die or be killed. Parliament cannot kill people even with consent arrangements, only the judiciary can do that."

Scores of aborigines traveled to the Darwin court from remote parts of the Territory, to argue against the law. Aboriginal elder Mawunytjil Jarawirtji said that the law was "evil" and broke millennia-old aboriginal traditions. He said that "injection is something like a murder, murder of . . . mankind. We want to see our aboriginal people die naturally, because that is our life."

### **Netanyahu plagued by scandals on eve of U.S. visit**

A serious scandal broke out in Israel, around the person of Prime Minister Benjamin Netanyahu, after the June 28 issue of the weekly *Kol Hair*, revealed that the U.S.-raised Likud party leader was listed in the U.S. Social Security files, as Netanyahu, as Ben Nitai (the Americanized version of his name), and as Benjamin J. Sullivan, Jr. *Kol Hair* also queried why his IRS file is classified "confidential," "a category reserved for agents of the FBI, the CIA or the IRS."

As a result of the revelations, Knesset (parliament) member Tamar Gosansky (Labor), presented a written inquiry, which was rejected as "insulting" by Knesset Speaker Dan Tironi. But the daily *Maariv* raised the same questions on July 3, and added, "Why, if you really gave up your U.S. citizenship in 1982, have you never authorized the U.S. administration to publish your certificate of re-

nunciation?"

Meantime, according to *Yediot Aharonot*, the prime minister's visit, which began on July 8, was to lay special emphasis on recent developments in Saudi Arabia, the Iranian threat, and the implications of the Arab summit in Cairo. In recent statements, Netanyahu has implied that Syria and Iran were responsible for the bombing in Dhahran, Saudi Arabia.

For economic matters, his entourage includes Finance Minister Dan Meridor and Bank of Israel Governor Jacob Frenkel (a free-marketeer, formerly of the University of Chicago). Netanyahu's top foreign policy adviser, Dr. Dore Gold, will accompany him; Gold, like Netanyahu, was raised in the United States.

### **Top Anglo-Japanese cult figure honors Castro**

Cuban President Fidel Castro received an honorary doctorate on June 26 from Japan's Soka University, part of the "religious and humanitarian" Buddhist foundation Soka Gakkai International (SGI), whose president, Daisaku Ikeda, was visiting Cuba.

Ikeda, who is nearly 100 years old, co-authored a book with British cultural czar Arnold Toynbee, on the convergence of world religions. His crazy chanting Buddhist Soka group controls Japan's Komeito Party, which, like Germany's Free Democratic Party, is a small party which has traditionally been a swing vote in the Parliament, available on behalf of the British to muck things up when needed. During last year's investigation of ties between Britain's Dalai Lama and the killer Aum Shinri-kyo cult, Soka Gakkai was named by Prime Minister Ryutaro Hashimoto's advisers, as a possible connection between the Dalai Lama and Aum.

The appearance of this exceedingly odd connection between Fidel and Ikeda, is the more odd as it follows close on the heels of the arrests of Japanese Red Army terrorists working with Peru's Shining Path (a major component in Castro's São Paulo Forum) in May.

**SIR HENRY** Kissinger wrote that Israel should "retool" the peace process, in his *Washington Post* commentary on July 1. Lying that the Oslo accords had become the "backdrop" for terrorism, Kissinger insisted that "the United States must rethink its position rather than repeat slogans rejected by Israeli voters," and that "it is reasonable for Israel to ask for a more serious effort" from Arab leaders against terrorism. "The slogan 'land for peace' should be modified to 'land for personal security.'"

**GREENPEACE** International and its Denmark branch are in a major row over the international's campaign to stop Danish fishermen from fishing for the abundant sand eel. After a face-to-face confrontation between the two, the Danish Greenpeace board voted to expel the one member who had sided with the international.

**A FACTION** of the Sudanese Popular Liberation Army in the Nuba Mountains has broken with British-backed rebel leader John Garang and will seek negotiations with the government. This is the fourth faction of the insurgents to seek peace with the Sudanese government, leaving Garang increasingly isolated.

**PAKISTAN** Prime Minister Benazir Bhutto is moving ahead with diplomatic efforts for India-Pakistan bilateral talks on Kashmir. Foreign Minister Sardar Assef Ali had earlier said that he was pessimistic about talks, but Bhutto affirmed that India and Pakistan must "resort to dialogue" to resolve their disputes, including Kashmir, which has long been a center of British-incited destabilization in the subcontinent.

**BRITAIN** has decided to bar Pakistani students in the U.K. from studying any subjects having to do with nuclear power. The British high commissioner in the Pakistani capital, Islamabad, stated that the prohibition was also imposed on students from India and Israel, according to United News of India in June.

## SDI: the technical side of 'grand strategy'

by Lyndon H. LaRouche, Jr.

*The following document was released by the Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee.*

The editorial page of the June 20, 1996 *Wall Street Journal* (*WSJ*) presented a symposium of selected defense-policy professionals, on the subject of missile defense.<sup>1</sup> Although some among the isolable points made there, might not be factually wrong in and of themselves, the argument made by each of the panelists, is, overall, worse than merely false. Their common error is, that the individual facts each cites, are merely part of the fabric of a wildly misleading fallacy of composition. None among them addresses the presently relevant, crucial strategic issues of the 1982-1983 debate on U.S. strategic ballistic missile defense.

For example, during the 1982-1983 period of the SDI's inception, the leading issue within administration and Department of Defense circles, was between the scientists, such as Dr. Teller, and those anti-science, Heritage Foundation-linked opponents, who preferred the obsolescence inhering within a proposal included as part of a cultish book, titled *High Frontier*. None of the *WSJ*'s current panelists, even Dr. Teller, recalled the disastrous effects which the SDI program suffered, from the political victory of the "kinetic energy weapons" mafia, during the middle 1980s, issues which are even more crucial in today's new strategic setting.

That panel discussion, taken in its entirety, illustrates the

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1. "Do We Need a Missile Defense?" *Wall Street Journal*, June 20, 1996. Panelists include Secretary of Defense William J. Perry, General (ret.) Charles A. Horner, Frank J. Gaffney, Robert G. Bell, (Sir) Caspar W. Weinberger, Fred C. Iklé, Donald Rumsfeld, James Schlesinger, Edward Teller, Henry F. Cooper, and James Woolsey.

point, that the making of the strategic policy of the United States, follows, still, today, the same pathway, predominantly, as did those who fumbled the issue of SDI a dozen years ago. Worse, the members of the panel seem to be ignorant of the fact, that, in everything they argue in that panel, they show themselves to be, more than ever, in the grip of those collective, habituated, utopian fantasies, which, whether as deluded belief, or career-management pragmatism, have taken over, and corrupted military policy-shaping, increasingly, since the close of World War II.

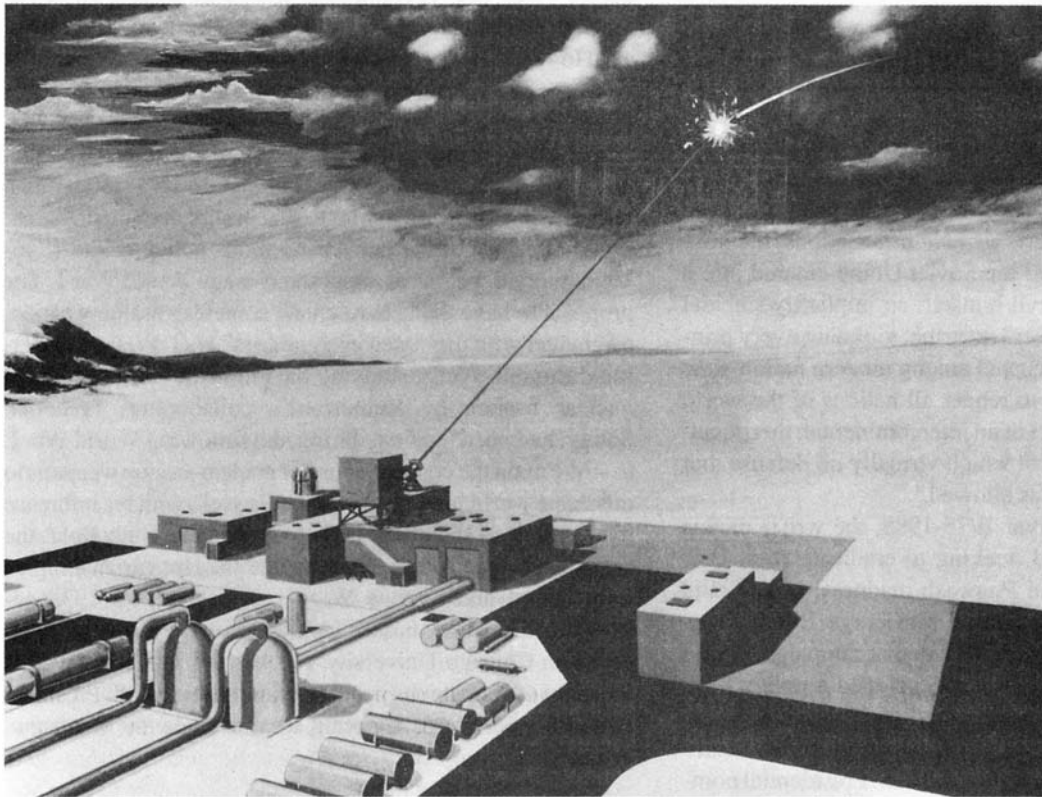
The present SDI debate poses three crucial issues of current U.S. military policy.

The first of these, is the continuation of an ultimately suicidal, post-1945, "balance of power" policy, premised axiomatically upon the abandonment of those principles of strategic policy-making which the modern European sovereign nation-state republic had referenced, in devising every successful military policy, from France's King Louis XI, through the death of President Franklin Roosevelt. That first issue has been addressed in a most recently issued policy memorandum.<sup>2</sup>

The second two crucial issues, are those upon which we shall come to focus attention during the following pages. Of these latter, the first, is implicitly acknowledged by some among the *WSJ* panel: *Who but a lunatic, or, worse, a craven bureaucrat, could have proposed to accept the policy under which the 1972 Anti-Ballistic Missile treaty was negotiated: as President Reagan stressed this point, how could we have tolerated a policy of intending to leave our nation*

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2. Lyndon H. LaRouche, Jr., *Now, Rid NATO of the 'Entente Cordiale'!*, released by the LaRouche Exploratory Committee; also published, under the same title, by *Executive Intelligence Review*, May 28, 1996.



Artist's depiction of TRW's mid-infrared chemical laser, shooting down a cruise missile. The proposal to revive some form of SDI today, writes LaRouche, "contains no issue of principle not already embedded in this writer's own 1979-1983 definitions of a strategic defense based upon 'new physical principles.' "

with no "defense" against thermonuclear missiles, except "revenge"? The final issue, which relatively few among leading U.S. spokesmen, outside Dr. Teller's immediate circle, were able to comprehend, back during 1982-1983, is: *How could so many so-called putative "defense experts" have supported the delusion, which dominated the debate, for and against SDI, during the mid-1980s: the fallacious issue, that, the issue of SDI was, whether so-called "kinetic weapons systems" could provide an effective strategic ballistic missile defense?*<sup>3</sup>

Here, in the following pages, we review these underlying axiomatics of a revived SDI, in the setting of the writer's original design for an "SDI" policy. We begin the presentation of SDI, here, with attention to developments of the

3. The European professional circles were generally much more intelligent on the SDI than their leading U.S. fellows. For example, in a December 1982 meeting with leading military professionals of France, a spokesman for the French side correctly posed: "So, your design is based upon 'technological attrition.'" Typical of what was said among some leading German professionals of the same period, was: "This gives us the basis for meaningful strategy." Despite the violence with which both Yuri Andropov and Mikhail Gorbachov focussed hateful, personal venom against this writer, there were significant numbers of Soviet officials who agreed with the technical feasibility, and desirability, of what this writer had outlined in the 1982-1983 back-channel discussions with the Soviet government. It was the British and their Harriman-faction assets within both the Republican and Democratic parties, who orchestrated the opposition to anything more advanced than the "High Frontier" version of SDI.

period of this writer's initial role in the development of the original version of SDI policy, from late 1977, up to President Ronald Reagan's March 23, 1983 announcement.

Later, we narrow the discussion of SDI to the pivotal issues of the original policy-design. At that point, we define SDI, more narrowly, as it was outlined by this writer, and his associates, during the interval February 1982 through April 1983, to his Soviet interlocutors, and, also, to leading relevant circles in western Europe, India, and South America. That was the version of his 1979-1980 policy of strategic ballistic missile defense, which coincided with the strategic policy-conception originally enunciated by President Ronald Reagan, in the relevant segment of the President's nationwide television address of March 23, 1983: prior to his administration's later, somewhat radical departures from the original definitions.

We include, here, focus upon the implications of the central issue of the debate about SDI itself, during the February 1982 through March 1983 interval: whether SDI should be premised upon science, or "off the shelf" profits for defense contractors. We show that the issues of the proposal to revive some form of SDI today, under post-1989 circumstances, contains no issue of principle not already embedded in this writer's own 1979-1983 definitions of a strategic defense based upon "new physical principles." Thereafter, we address those issues of the nuclear-weapons policy which came to the surface within that 1982-1983 debate.

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# 1. The history of nuclear-warfare doctrine

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Over the course of the interval, from the 1958, “Dr. Strangelove” address of Leo Szilard, at the Second (Quebec) Pugwash Conference, through the 1972 phase of Pugwash activist Henry A. Kissinger’s *détente* negotiations, the governments of the U.S.A. and the Soviet Union entered into a veritable pact with the Devil himself: an implicitly suicidal version of “balance of power” doctrine, violating every principle of strategy earlier accepted among modern nation-state republics, a lunatic intent to render all nations of the world helpless before the prospect of an intercontinental, thermonuclear missile assault, against which virtually no defense, but the prospect of revenge, was allowed.<sup>4</sup>

Later, during the interval 1975-1988, the writer of this memorandum campaigned, seeking to eradicate from U.S. policy that mass-homicidal Pugwash madness, of Bertrand Russell, Russell’s Szilard, and of McGeorge Bundy, Kissinger, et al. Out of work done to further that campaign, during the 1975-1979 interval, the writer developed a policy for a new approach to global strategic ballistic missile defense. This policy, uttered in August 1979, as part of his own campaign for the Democratic Party’s 1980 U.S. Presidential nomination, was later to be renamed the “Strategic Defense Initiative (SDI).”

In a recently issued policy memorandum,<sup>5</sup> we identified the geopolitical parameters, and underlying purpose, of the British Empire’s post-April 1945 U.S.A. strategic policy. That is the policy, under whose axiomatic assumptions Bertrand Russell’s Pugwash doctrine later became the ABM treaty negotiated by British foreign-service-controlled asset, and National Security Council advisor (Sir) Henry A. Kissinger.<sup>6</sup> In that location, passing reference was made to this

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4. Much of the material reported here on Russell, Wells, and their nuclear weapons project, was originally developed as a broad-based, intense research project which this writer launched in 1977-1978. The project, conducted by a transatlantic team of dozens of researchers, was summarized in a book-length report authored by Carol White: *The New Dark Ages Conspiracy: Britain's Plot to Destroy Civilization* (New York City: New Benjamin Franklin House, 1980). Additional research, following that, was done into the specific pre-history and history of the 1972 ABM treaty. These overlapping research projects into the roles of Russell, Szilard, Kissinger, et al., were prompted by the issues posed by *Der Spiegel* newsweekly’s extensive publication of detailed features of pending NATO exercise “Hilex ’75.” I.e., *Der Spiegel*’s leaked account of “Hilex ’75” features, symptomized the growing danger of general thermonuclear war by miscalculation, growing out of the combination of trends in the combination of forward basing, “pin down” effects, and precision targetting, together with the types of lunacies expressed, during 1975, by circles associated with the wildly utopian “Kissinger clone,” James Rodney Schlesinger.

5. Now, *Rid NATO of the ‘Entente Cordiale’!*, loc. cit.

6. Kissinger’s role as a British agent, working against the most vital U.S.A. strategic interests, long antedates Kissinger’s 1995 misbekenning by Queen Elizabeth II. In his May 10, 1982 public address at London’s Chatham House

author’s role, both in connection with what became known as the SDI, and his “anti-geopolitical” motivation for the proposals. However, it was decided to omit from that memorandum, two, crucial, presently most relevant, features of the SDI, lest their specialized technical character divert attention from the larger issues of the principal topic being considered there. The present memorandum is, and should be received as a relevant technical addendum to that earlier document.<sup>7</sup>

The history of the nuclear-weapons policy of the 1946-1996 interval, begins at about the close of World War I. The proposal to have the U.S.A. create a nuclear-fission weapon, originated with the “open conspirators” H.G. Wells and Bertrand Russell. Wells, studying the implications of reports on nuclear fission, by Rutherford’s collaborator, Frederick Soddy, had been the first, during and following World War I, to strike upon the concept of use of nuclear-fission weapons to misshape world history. However, Russell, with his influence over a circle of scientists, including the Dane Niels Bohr, the German refugee Albert Einstein, and the Hungarian emigrés Leo Szilard and Eugene Wigner, and Russell’s 1938 co-founding of the U.S.-based “Unification of the Sciences” project, with Chicago University’s Robert M. Hutchins, was in the more advantageous position to orchestrate U.S. President Franklin Roosevelt’s adopting what became the Manhattan Project.<sup>8</sup>

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(“Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy”), Henry Kissinger bragged, that during his 1969-1977 “incarnation” in U.S. government posts, he had frequently followed British foreign service directives and related papers behind the back of “the President.” His treasonous inclinations developed much earlier than 1982, earlier than his appointment as chief warlock of the 1968 Hotel Pierre cabal. Sometimes, if rarely, as in the following excerpt from that address, even Kissinger is truthful: “British policy drew upon two centuries of experience with the European balance of power, America on two centuries of rejecting it. Britain . . . philosophically . . . remains Hobbesian . . . American foreign policy is the product of a very different tradition.” In that address, Kissinger defended the post-war policies of Prime Minister Winston Churchill, against those of President Roosevelt. Kissinger was inducted into service as a British foreign-service agent of influence, beginning his term as a part of the Harvard University-based branch of Chatham House’s Wilton Park organization. His original British intelligence mentor was the rabid Anglophile, and Confederacy buff, Professor William Yandell Elliot, a member and product of the racistist “Fugitive/Agrarian” tradition based at Nashville, Tennessee’s Vanderbilt University.

7. In that way, we have incurred the cost of repeating here, in some small portion, several of the points presented in that earlier location.

8. Cf. H.G. Wells, *The Open Conspiracy: Blueprints for a World Revolution* (London: Victor Gollancz, 1928). Marilyn Ferguson’s *The Aquarian Conspiracy* (Los Angeles: Tarcher, 1980), reports on the project headed by Stanford Research Institute’s Willis Harman, claiming that the joint conspiracy declared, in 1928, by Wells and Russell, was in irreversible control of the United States’ policy-shaping today. Admittedly, Marilyn Ferguson, like her co-thinker Mary Bateson, is a product of a weird intellectual pedigree, but her report and claims for success of the “Age of Aquarius” project are never worse than slightly exaggerated. In fact, the 1938 Russell-Hutchins- (Aldous) Huxley project, at Hollywood, Chicago University, the University of Pennsylvania, etc., has become the dominant ideological vector for change in U.S. academic life since that time: the Tavistock influences in sociology and psychology, Norbert Wiener’s radical-positivist cult of “information

During the interval between the two World Wars, it was already the avowed purpose of both Wells and Russell, to envisage nuclear fission as a weapon so horrible, that the World Federalist faction might succeed in making general war, such as the then recent World War I, so extremely unpalatable, that nations would abandon their sovereignty for international arbitration, rather than risk such a war. This is the argument, as Russell restated it in his contribution to the September 1946 edition of *The Bulletin of the Atomic Scientists*.<sup>9</sup>

In the latter piece, and in repeated, later public affirmations of the same intent, Russell posed two routes for making the United Nations Organization (UNO) “the world government,” which various among the “cognitively challenged” members of our diplomatic and intelligence establishment, already believe the UNO to have become in fact, today.

The first option which Russell proposed openly, beginning 1946—the “fast track”—was that the Anglo-Americans threaten to launch a “preventive nuclear war” against the Soviet Union, with the intent actually to launch that war, should Josef Stalin’s government refuse to submit to the rule of the UNO as a de facto world government under control of the Anglo-American leading families’ establishment.<sup>10</sup>

However, Russell noted, that if the Americans should lack the gumption to go to “preemptive nuclear war” against the Soviet Union, a second means to the same ultimate end would be required. Should the Soviet Union develop a nuclear arsenal prior to the time that the U.S.A. summoned the combined arsenal and will to launch a preventive nuclear war, world government must be sought by a more round-about route. For this case, Russell proposed to deal with Stalin’s prospective successors, to the same ultimate end as in the first option, but on terms ostensibly less unfavorable to the Soviet state, if only during the medium term. That second option is the history of the 1956-1996 interval, to date, which is continuing even after those events of 1989-1990, the which are deemed to have ended the so-called “Cold War.”

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theory” (a key Russell project), the cult of “systems analysis” (a creation of such devotees of Russell and Norbert Wiener as John v. Neumann), and the Korsch-Carnap-Harris-Chomsky pseudo-science of linguistics, are by-products of the Russell-Hutchins “Unification of the Sciences” project of 1938.

9. Read current UNO policies of practice in light of Russell’s prescription, included in that piece, back in 1946: “It is entirely clear that there is only one way in which great wars can be permanently prevented . . . the establishment of an international government with a monopoly of serious armed force. . . . An international government . . . must have the only atomic bombs, the only plant for producing them, the only air force, the only battleships, and generally whatever is necessary to make it irresistible. . . . It must have a large army of inspectors who must have the right to enter any factory without notice; any attempt to interfere with them . . . must be treated as *casus belli*. . . .”

10. In 1946, the alliance of the Lowells (e.g., McGeorge Bundy) and the Kuhn Loeb/Harriman interests, in controlling the Truman Administration from within, typified the self-styled “patricians,” or “blue-bloods,” the U.S. side of the Anglo-American families’ establishment.

During Stalin’s remaining years, Moscow received Russell’s proposal with the invective it invited. Moscow’s soft-headedness toward Russell began, as N.S. Khrushchov consolidated his regime, with the dispatch of four avowed Khrushchov representatives to a 1955 conference of Russell’s World Association of Parliamentarians for World Government. The latter four gentlemen took the occasion to dispel the earlier “misunderstandings,” and to praise Russell most effusively, on behalf of General Secretary Khrushchov. This turn by Khrushchov, led to the British-sponsored founding of the Pugwash Conference, with sponsorship by Cleveland, Ohio millionaire Cyrus Eaton.

The second, 1958 Pugwash Conference, at Quebec, got down to business: Russell’s representative, Chicago University-based Dr. Leo Szilard, delivered the address which earned Szilard the stage name of “Dr. Strangelove.”<sup>11</sup> The policy was, to develop flotillas of thermonuclear-tipped intercontinental ballistic missiles, while also forbidding any deployment of a strategic ballistic missile defense capable of neutralizing a salvo of such missiles. To ensure that no nation were capable of resisting such a surprise attack, but only of nuclear retaliation, was deemed, by Russell et al., the necessary means of terror for establishing the UNO as the world government.

The two Pugwash conferences of 1958, led into the Khrushchov-Eisenhower meeting, referenced during that time by the code-phrase, “The Spirit of Camp David.” When Khrushchov staged a tantrum, to blow up the subsequent, Paris “summit,” which had been hosted by France’s President Charles de Gaulle, the next turn became the 1962 “Cuba Missiles Crisis,” in which Bertrand Russell, from London, played the role of intermediary between Moscow and Washington. From that 1962 episode, onward, especially after the assassination of President John F. Kennedy, about thirteen months later, the kind of *détente* which Russell had prescribed, was already in place. With the assassination of Kennedy, the launching of protracted, New Age-style “cabinet warfare,” in Indo-China, by McGeorge Bundy and Robert S. McNamara, was virtually assured. From that point, to the attempted consolidation of the UNO’s intended role, as “the world government,” was ostensibly but a matter of time. From that point on, weapons negotiations, especially the elimination of any likelihood of effective strategic ballistic missile defense, were the center-line of the highway leading toward world government.

With the adoption of the ABM treaty, the conditions were created, under which, beginning 1975, this writer gradually

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11. When that film first appeared, reviewers proposed two additional contenders as role models for the title role of “Dr. Strangelove”: Herman Kahn and Henry A. Kissinger. Actor Peter Sellers’ affected German accent was connected with the reputation which Kissinger had already gained for a book, *Nuclear Weapons and Foreign Policy* (1957). That book parodied Wells’, Russell’s, and Szilard’s New Age ideas, a book sponsored by Kissinger’s patron, McGeorge Bundy, whose writing was largely the work of the Council on Foreign Relations (CFR’s) John Dean.

assumed a key role in the development of what became the SDI proposal of March 1983. The first public indications, that he might play a later role in shaping national strategic policy, appeared during 1967-1969. In 1975, he began the process of developing a military counter-policy to the 1972 ABM Treaty. By August 1979, he had published, as a policy-paper of his 1980 campaign for the Democratic Party's Presidential nomination, the precursor of what became the initial version of the SDI, a few years later. A discussion of that policy, of U.S.A.-Soviet cooperation in developing a system of mutual strategic ballistic missile defense, was the featured topic of a February 1982-February 1983, exploratory discussion with the Soviet government, conducted in U.S. interest. Those "back-channel" meetings were key to President Reagan's affirming the outline given in those exploratory discussions, as the SDI announcement of March 23, 1983.

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## 2. The individual's role in history

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To understand the place of that SDI policy within the Grand Strategy of the U.S.A., one must take into account the history of the way in which this transpired. The key to understanding that aspect of the policy, is the factors which operated to bring this writer out of the established public anonymity of his early forties, to play the global role with which he has been occupied during the greater part of the recent two decades. This is a topic of profound and leading interest to anyone who wishes to understand the decisive role which the humble individual citizen may rise to play, within the policy-shaping of a sovereign nation-state republic, such as our own. The corollary of that, is the fact that often, the strategic and related policies of a nation, like its leading works of art, or scientific and related inventions, may depend upon the selection of an individual lifted out of obscurity, as the circles of Alexander Dallas Bache adopted Thomas Alva Edison.<sup>12</sup> Indeed, it is to that kind of potential, that every future citizen of the republic ought to be educated. Whoever fails to grasp that point, does not understand the intent of our American Revolution, or its Federal Constitution of 1787-1789.

In that sense, the pre-history of the SDI began during the interval 1934-1940, in a youth's preoccupation with the writings of English, French, and German philosophers of the

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12. During the interval 1793-1794, when "Author of Victory" Lazare Carnot led France from assured defeat, and dismemberment, into the creation of a virtually undefeatable French military force, within that short period, it was not unusual for him to fire major-generals for keeping troops in the barracks, or for postponing to the following day, the river-crossing which might have been done the preceding night. On occasions frequent enough to be more than merely anecdotal, Carnot promoted sergeants from the ranks, to replace the relevant, erring general, with successful results. Napoleon Buonaparte is reported to have commented, later, on the character which Carnot had built into the redesigned armies of France: Each soldier in that French army might be considered as carrying a Field Marshal's baton in his knapsack.

Seventeenth and Eighteenth Centuries. Crucial were, first, the rejection of the empiricists, in favor of Gottfried Leibniz, and, second, the youth's undertaking to defend Leibniz against the *Critiques* of Immanuel Kant. Although that youth was not to begin serious study of Plato until the 1950s, by the end of adolescence, at the onset of the 1940s, he was already, courtesy of Leibniz, committed to the method of Plato. His future outlook was implicitly settled by the experience of 1946-1948: sharing with his fellow-veterans the momentary optimism of the war-time rise out of the depression, under President Franklin Roosevelt, and experiencing, next, the moral capitulation of the overwhelming majority of his fellow-veterans, during the "Truman years."

"McCarthyism," as we called it then, did not come out of Appleton; it was not the secretion of that populist demagogue, the Senator from Wisconsin. It was a symptom of a popular sickness which was already in an advanced stage; it was an expression of the preceding, pervasive decay in the public, and personal moral standards, of the overwhelming majority of the present writer's generation of World War II veterans, and others. The onset and persistence of that moral sickness of the overwhelming majority among his generation, during the 1946-1955 interval, was the result of the transition from the optimism of the war-time Roosevelt years, into the cultural pessimism of the depressing Truman years.

A leading relevant point, for understanding the sickness in U.S. strategic thinking today: It was that moral sickness of the overwhelming majority of this writer's post-war generation, which imbued their children, the so-called "Baby Boomers," with their own kind of susceptibility to those induced "New Age" sicknesses, that moral and intellectual decay, the which erupted within the latter generation, during the course of the 1960s.

The self-righteous apologists for the youth-counterculture of the 1960s, spoke of the "materialism" of the parents. That charge, of "materialism," against the parents, was a smoke-screen for the accusers' own immorality. Their parents suffered a flaw, but it was not, generally speaking, "materialism" of the Ayn Rand-Gary Cooper variety of Nietzschean. The parents' flaw was the same moral cowardice which Germans, during the Nazi time, and, later, have attributed to the "neck-turners." Or, in American sociology, the same "neck-turner" immorality assumes the form of totally amoral "other-directedness," by the scared rabbit inside the "white collar" liberal. Among the apostate patriots of the writer's World War II generation, it was: "Look after your career-opportunities, your pension, and staying out of trouble; do anything, at any price, to 'stay out of trouble.'" As this writer was eyewitness, during 1966-1973, as a campus lecturer, to the onset of today's New Age sickness among the Baby Boomers: the transmission of that same immoral tradition of the fathers and mothers to their sons and daughters, was reproduced with genetic perfection, as the campus "political correctness" of both the New Age "leftist," and the "ditto-headed" fan of

George Bush's 1992 reelection-campaign, or of the 1994 campaign of Newt Gingrich's "Contract with America" slate.

In 1948, in the time of the Truman-Dewey race for the Presidency, moral, and also intellectual mediocrity reigned. During the mid-1950s, finding small-party politics as morally bankrupt as major-party politics, this then-still-youthful product of philosophy left all political activity, to concentrate on those science-related matters of economics which had already become his leading interest in life, during the course of the 1940s.<sup>13</sup> It was that latter, scientific interest which, during the mid-1960s, turned him toward future political activity. Merely typical of that which provoked this interest in political activity, was a terrible 1964 tract, *The Triple Revolution*, of Robert Theobald, et al. The reaction to the 1960s onset of the New Age, was triggered by the writer's battles against the hoaxes of "information theory," and, later, "systems analysis," since the 1948-1952 interval. During 1963-1964, he recognized the onrushing New Age pathology, as the effort to develop a mass-basis for the poisonous kinds of false ideas embedded axiomatically within "information theory" and "systems analysis." The form of political activity he chose, out of a sense of obligation to combat the "New Left" infection, was to take opportunities to teach economics among university students of the 1960s. It was through that teaching activity of the 1966-1973 interval, that the writer's political role emerged.

In the Platonic method, of which Gottfried Leibniz is an exemplar, we rely upon Plato's *method of hypothesis*. By itself, the mere formal proof of a proposition has no direct relationship to truth; truth and consistency are often adversaries. The truth of an argument in defense of any proposition, lies essentially in the truthfulness of the axiomatic assumptions underlying the entire system of belief, and method, of the person presenting, or accepting that argument. So, in assessing the beliefs of the empiricists, or in assessing the moral decay which overtook most of his generation of war-veterans during the late 1940s, the writer's experience in philosophy guided him to seek out the often hidden, underlying assumptions on which the relevant propositions depended.

The hoax called "information theory," like the closely related cult of "systems analysis," is premised upon false assumptions which are not only adducible, but readily so, by anyone who has worked his way, step by step, through the Kant-Leibniz issue. The history of the United States, since the 1901 assassination of President William McKinley, for example, has been the history of an interacting succession of changes, both in underlying axiomatic assumptions, and in prevailing moods of institutions and the population more gen-

erally. It has been, thus, a history of what the London Tavistock Institute identifies as "cultural-paradigm shifts": changes within the set of hypotheses, or "cultural paradigm," which underlie those propositions likely to be accepted by members of the relevant social stratum.

For one of the writer's generation, born during the 1920s, the most conspicuous and generalized feature of the U.S. experience during the present century, is the successive changes in "cultural paradigm" which distinguish each of the five adult generations he has known during his lifetime: those born during the 1860s, the generation of the World War I veterans, the generation of World War II veterans, the "Baby Boomers," and "Generation X." In a related way, the changes in U.S. military doctrine, from traditional to utopian, which occurred during the late 1940s and 1950s, and the change from science to sociology, even in the military academies, during the 1960s, are exemplary correlatives of the same processes underlying the cultural-paradigm shifts from one post-war generation to the next.

Objectively, one can readily demonstrate, that the shift to utopianism, in all facets of national policy-making, during the life of the "Baby Boomers," is clinically insane respecting its effects upon our nation, our posterity. The question is, how does one convince a victim of that insanity, that his belief is insane in its consequences? Unless he brings the relevant, underlying, pathological assumptions, of his induced cultural paradigm, into the conscious light of day, the victim will not be able to free himself, or herself, from continuing to act out that insanity.

In history, such urgent changes in cultural paradigm ("popular opinion"), rarely occur, except under the pressures of a severe crisis, the kind of crisis which leaves undeniable, the fact that the present way of thinking is not working. ("What's wrong with me, Doc?") For that reason, there is no criminal who can cause as much damage to society, during such a crisis, as an influential pollster, or the like; he is, in effect, the criminal, who is trying to get the people back into the comforts of their *Titanic* staterooms, at the time the ship is already sinking. He is the imp of Mephistopheles' legion, who is insisting, "The people wish to hear that all is well, and getting better," even when the disaster is virtually unstoppable.

Only one who stands outside a pathological popular opinion, and observes the shifts, from one such popular opinion to another, from a Socratic standpoint, is likely to recognize what is really wrong with that society. No one who shares popular opinion, especially one who is strongly "other-directed," will be of much use to a society seeking to learn the causes of a persisting general distress. Thus, in time of crisis, the bureaucratic and other bodies of leading opinion, which represent that same, established way of thinking about policy-shaping, which has supervised the slide into the crisis, are the worst possible source of advice on choosing means for dealing with any severe crisis which is rooted efficiently in those

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13. Respecting the author's discoveries and related work of the 1948-1969 interval, see Lyndon H. LaRouche, Jr.: "On LaRouche's Discovery" *Fidelio*, Spring 1994; "Why Most Nobel Prize Economists Are Quacks," *Executive Intelligence Review*, July 28, 1995; and, "Non-Newtonian Mathematics for Economists," *Executive Intelligence Review*, Aug. 11, 1995.

generally accepted, axiomatic assumptions which underlie existing policy-trends.<sup>14</sup>

The problems of policy-making, which confront us in today's national policy in general, are of that axiomatic nature for which the representatives of presently institutionalized conventional opinion are the least useful. Only a relative outsider could be useful, not because he or she is an outsider, but because the rare, competent authority probably will be found only among the outsiders. That is the advantage of a society which bases the design of its institutions on developing and nurturing that kind of outsider, the which may become more or less indispensable during the time those occupying positions of power must, habitually, tend to fail. All useful such outsiders, are of a philosophical disposition, specifically a Socratic one.

At the end of his military service, in 1946, this writer had already developed the kernel of what was, and remains, implicitly, a general strategic outlook for the post-1945 U.S.A. It was his conviction, reenforced by experience during post V-J Day military service in India, that the future security of the United States demanded that the U.S. act, not only to rid the world of the relics of the British, Dutch, French, and other empires, but to convert large portions of the industrial capacity built up for war, into an outpouring of machinery, machine-tools, and so forth, for the agro-industrial progress of those former colonial, or like nations, which desired such a strategic economic relationship with the U.S.A. It was also this writer's view then, that the post-war relationship of the U.S.A. to the Soviet Union, should be premised on the same prospect of global economic reconstruction.

That was the outlook which he carried into the first months and several years after his return to the U.S.A. The writer's perspective on that account, has not changed on these benchmark points since then, to the present time. Nor, has there been any evidence presented, thus far, which justifies proposing any different strategic outlook for the U.S.A. than this one. That was the underlying outlook which he brought to the

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14. In the course of a meeting of flag officers and others, on the subject of SDI and related questions of strategy, the writer's late, and dear friend, General G. Revault d' Allonnes, described a certain other meeting, of French generals, in which he participated during the immediate post-war period, as one of the very few colonels present. In response to discussion, around the table, of the proposition, what is the first step to be taken, in response to outbreak of war, his answer was, "Fire the generals." Despite that utterance, he had risen later to the highest rank of trust assigned to him, as a flag officer, by President Charles de Gaulle, during the crisis of the early 1960s. His youthful answer had shown temerity, but not flippancy. Frequently, the most useful definition of a crisis, is that the crisis represents an habituated refusal of those long in power to admit the inherent failures built into the policies (such as "free trade," today) which they have adopted as unquestionable verities of practice. Thus, as General Revault d' Allonnes made the point on the indicated occasion, so Lazare Carnot proceeded to transform inevitable defeat and dismemberment of his nation, into victory. In the crucial moments of history, it is often, thus, only the "outsiders" who are qualified to lead in saving the nation. A nation which fosters such humble citizens, capable of that role, is the nation more likely to succeed.

one-semester courses in economics, which he taught during the 1966-1973 interval. That was the premise of his political outlook, then, and still today. That was, and remains the underlying standpoint upon which the writer's approach to defining the problems of strategic ballistic missile defense was premised, during 1977-1988.

That, the writer's viewpoint at the close of the war, and later, might be fairly described by the historian, as what Sir Henry A. Kissinger, like Sir Winston Churchill, had recognized, and hated, as "typically American." It is a world-outlook which the writer, like many other Americans, shares with such Presidents as John Quincy Adams and Abraham Lincoln; it is typical of that outlook which American patriots have carried, repeatedly, into wars against our principal foe of these past centuries, the British monarchy. On record, it was the patriotic outlook, on the post-war world, adopted by our war-time President, Franklin Roosevelt.<sup>15</sup> Although that attitude suffices to define the problem posed by the idea of strategic defense in the nuclear-weapons age, it does not, by itself, provide the concept of a real solution to that problem. To solve that problem, the solution must be approached by the kind of "maverick" which this writer has represented in his time.

A solution to this problem required a philosopher inflexible in his, or her devotion to the Socratic method, a philosophy hostile to those "cultural-paradigm shifts" which have come to dominate the fad-ridden popular opinion of the overwhelming majority of today's adult generations. The technical problem, which such a philosopher must address, lies primarily within the domain of Leibniz's science of physical economy.

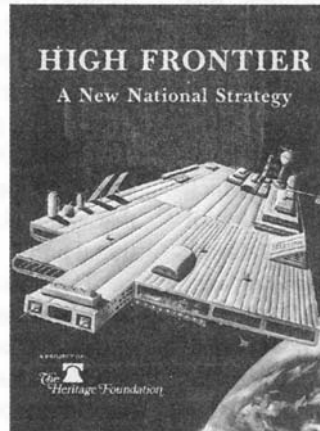
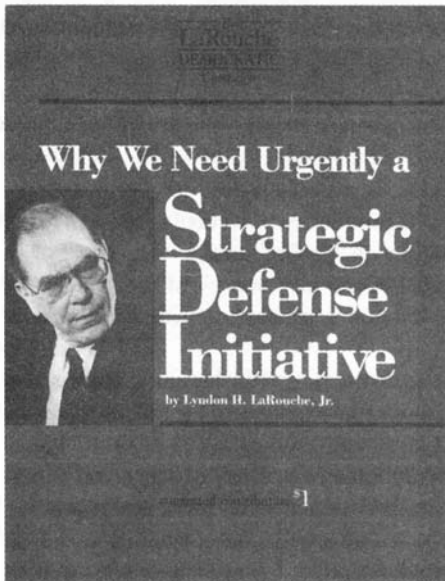
Those noted features of this writer's relevant experience, bearing upon the development of SDI, illustrate the principled characteristics of the role of the individual: as a functional feature of the historical process. So, as this example illustrates a principle: *As history generates the crises of society, so, hopefully, history also shapes the development of at least some individuals, to ensure that someone implicitly embodying the means to solve the problems of crisis, will be available to the society which is wise enough to put aside established habits of opinion, to employ such contributions.*<sup>16</sup> So, for bet-

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15. Elliott Roosevelt, *As He Saw It* (New York: Duell, Sloan and Pearce, 1946).

16. It is noteworthy, in light of the extensive, corrupting influence of fascistic irrationalism dominating taught academic philosophy and theology today, to emphasize the contrast of the concept of the individual, "as a functional feature of the historical process," to the notion of "throwness" introduced by Hitler's official philosopher of Nietzschean existentialism, existentialist Hannah Arendt's former lover, the Nazi Martin Heidegger. (Heidegger is the relevant influence behind theologians such as Karl Rahner and "liberation theology's" Hans Küng.) This Nazi-like filth, is spreading like an aggressive epidemic of genital herpes, throughout U.S. academic life today. In the sociology of native U.S. fascist movements, Heidegger's Nietzschean dogma of "throwness," finds its most widespread reception among those deranged varieties of populist minds, whose every passion seems to be permeated by nostalgic tenderness toward the memory of the Confederacy's "Lost Cause."





*EIR and Lyndon LaRouche, since the early 1980s, have insisted on an approach to strategic defense based on “new physical principles,” while the Heritage Foundation’s foolish Lt.-Gen. Danny Graham (ret.) promoted off-the-shelf “kinetic energy weapons.” Left to right: a pamphlet released by LaRouche’s Presidential campaign, Nov. 18, 1986; the Heritage Foundation’s incompetent “High Frontier” proposal; EIR’s cover story from Oct. 18, 1983, in which LaRouche denounced “The Psycho-Sexual Impotence of General Danny Graham.”*

ter or worse, history unfolds, and civilizations rise or collapse. So, the writer came to present the relevant concept of strategic ballistic missile defense, in U.S.A.-Soviet back-channel chats of 1982-1983.

### 3. The role of technological cardinality

Before turning to the broader strategic implications of a strategic ballistic-missile defense policy, focus upon the issue of the choice of required technology.

To present a competent overview of an SDI policy, or its successor, for the post-1991 world, one should begin with reference to the unresolved policy-differences between the Reagan era’s two leading factions of strategic defense, respecting which choice of technological principle SDI should follow. The discussion of today’s policy should begin with

Typically, those “rebels without cause,” whose fondest feelings may be evoked by Nashville versions of fascism’s Richard Wagner: not whoops of Valkyries, but ballads which Bedford Forrest’s nightriding company of unbathed “critters” might sing. Society is not the adversary of the individual; although individuals such as Nietzsche, Hitler, Heidegger, and Jacques Derrida, make themselves the Devil’s own adversaries of all mankind. Society is the possibility of realization of one’s individual soul. The relationship between the individual and society and its organic institutions, is a functional one, a notion of function premised upon that which sets mankind above the beasts, the cognitive power of reason, mankind’s mastery of itself and the universe, through ideas such as those of science and Classical artist composition. It is through those cognitive relations, and in no other way, that the individual is linked to the past and future, even more than present, of all human existence.

focus upon the key issue of those mid-1980s SDI policy-fights. What the advocates of “kinetic energy systems,” such as the Heritage Foundation’s late Lt.-Gen. (ret.) Daniel P. Graham, never comprehended about SDI, then, is the nature of the scientific principle governing the shifting technological margin of advantage, between the strategic offense and strategic defense, during the recent five and a half centuries. That principle of technology is crucial. Without addressing it, all attempts to formulate an SDI, or SDI-like policy, are amateurish folly.

Back then, during the Reagan administration days, three technological considerations were at the heart of the strategic defense program.

For the first of these three principles, the rule of thumb was, that we must not only employ “new physical principles,” beyond anything employed in deployment of thermonuclear ballistic missiles. We must select those new physical principles which will enable us, asymptotically, to destroy a dollar’s investment in strategic offense, with ten cents’ investment in strategic defense.

The second rule of thumb, was that we must develop that new family of technologies in such a way, that the economy which produces such strategic defense, is richer, per capita, as a result of investing in such a defense, than it would have been, had it not invested. The second technological consideration, was termed the “economic spillover” benefit; the model of comparative reference, was provided by a 1976 Chase Econometrics study. Chase had reported that the U.S. national economy received an estimated \$14 of increased income for each dollar spent on the Kennedy “crash” aerospace program. The development of SDI must be based upon such a “crash

program” model.

The third rule of thumb, was the principle of discounting for an accelerating process of *technological attrition*: that accelerating the rate of technological progress in a “crash program” mode, would also accelerate the rate at which new technologies of this year became relatively obsolete five years or so ahead. *No one choice of technology would provide a durable strategic defense; a series of successively more advanced technologies, was required.* The SDI policy which this writer proposed in 1982, anticipated the completion of four successive technological phases of enhancement during the two decades to follow (were a “crash program” set into motion then): Mark I, Mark II, Mark III, Mark IV. After the introduction of an operating Mark I phase, the tax-revenue growth from “spillover” of new technologies into the national economy, should more than cover the costs of generating Marks II, III, and IV.

To portray the mathematical-physics image of such a three-fold economic-technological requirement, requires emphasis on the combined contributions of two leading Nineteenth-Century scientists, Bernhard Riemann and Georg Cantor. The crucial conception is that of Riemann’s famous, 1854 habilitation dissertation.<sup>17</sup> To satisfy the need to generalize the implications of Riemann’s relativistic notion of those changes in Gaussian curvature of physical space-time, produced by technological attrition, we should adopt the notion of mathematical (transfinite) *cardinality* supplied by Cantor.<sup>18</sup> Although this writer has explicated this use of the related notions of Gaussian curvature and cardinality in numerous published locations, it is of such crucial importance to our subject-matter, that a restatement of the relevant definitions must be supplied here.

Riemann’s habilitation dissertation is crucial for supplying the science of physical-economy its uniquely rational definition of the origins of both *increases in productivity* and the production of *profit*. That is to emphasize, that the “ecological” distinction of principle, between mankind and the beasts, is reflected in the increase of, combined: the potential relative population-density of our species, a correlated trend of improvements in demographic characteristics of households and persons, and, an improved quality of individual and family

17. op. cit.

18. In speaking of “technological attrition” within the domain of such changes in Gaussian curvature of physical space-time, we are referencing both physical-economic space-time, and physical space-time as otherwise defined. Most relevant references in Cantor’s writings are found in *Georg Cantor: Gesammelte Abhandlungen mathematischen und philosophischen Inhalts*, Ernst Zermelo, ed., (Berlin: Julius Springer, 1932, 1980); the most relevant titles are his *Grundlagen einer allgemeinen Mannigfaltigkeitslehre* (1882-1883); *Mitteilungen zur Lehre vom Transfiniten* (1887-1888); and *Beiträge zur Begründung der transfiniten Mengenlehre* (1895-1897). A 1975 *Campaigner* translation, by Uwe Henke, of the *Grundlagen*, was produced in a now out-of-print edition. The standard English translation of the *Beiträge*, by Cambridge’s Philip Jourdain (*Contributions to the Founding of the Theory of Transfinite Numbers*) exists, although caution is suggested in referencing Jourdain’s Introduction.

life. This improved performance, reflects the efficiency of the creative powers of cognition, unique to the individual member of our species, through which valid original discoveries of natural principle are generated by one person, and those discoveries replicated in the minds of others. The willful promotion of this process, is the sole source of continual increase in the per-capita productive powers of labor, and in the generation of a margin of “profit,” as the “free energy” in excess of the physical-economic “energy of the system” of that entire physical-economic process considered as a functional unity.

This characteristic distinction of the human species is also key for the generalized comprehension of the historical development of mathematics and mathematical physics. Every valid, axiomatic-revolutionary discovery of a physical principle, generates a characteristic paradox, and a corresponding formal discontinuity, within any formal mathematics.<sup>19</sup> That paradox is key for understanding the related matters, of both the special importance of Riemann’s initial representation of general relativity, and Cantor’s related notion of the implicit enumerability of densities of mathematical discontinuities.<sup>20</sup> These considerations are key for mastering the problems of representing the three cited rules of thumb relevant to an SDI policy.

The mathematics associated with a formal-deductive version of Euclidean geometry, or the algebraic mathematics derived from that geometric model, is the prototype for what we term here a “theorem-lattice.” It is the fallacy represented by any such formal mathematics, or mathematical physics, which is the pivotal subject of Riemann’s 1854 habilitation dissertation. Riemann’s focus upon the physical fallacies of Aristotelean and empiricist theorem-lattices, there, is indispensable for conceptualizing, among other things, those measurable functions underlying technological progress and physical-economic profit.

As the case of formal Euclidean geometry illustrates the indicated paradox, any set of mutually consistent theorems, depends implicitly upon the adoption of an underlying set of interdependent axioms, postulates, and definitions. In its first approximation, the Classical Greek term *hypothesis* signifies nothing other than such an underlying set of assumptions. Thus, the set of axioms, postulates, and definitions of any logical system, such as a formalist Euclidean geometry, or generally accepted classroom algebra, constitute the principal *hypothesis* from which all newtonian physics was derived. The kernel of that hypothesis, is the arbitrary, and false assumption, that space is extended, without bounds, and in perfect continuity, in three mutually independent

19. This paradox is genetically equivalent to the “ontological paradox” of Plato’s *Parmenides*, the dialogue which serves, implicitly, as a kind of foreword for all of the late Plato dialogues. For an early modern treatment of this characteristic paradox of any formal mathematics, or formalistic mathematical physics, see G. Leibniz’s *Monadology*.

20. op. cit.

senses of direction, and time in one, additional such sense of direction.<sup>21</sup>

The problem which Riemann addressed in 1854, had been posed by the intersection of two developments of the Seventeenth Century: Christiaan Huygens' study of isochronicity in the gravitational field, and the implications, as developed by Huygens, Jean Bernoulli, and G. Leibniz, of Ole Roemer's astronomically measured estimate for the rate associated with the notion of a retarded potential in the propagation of light. Bernoulli's experimental demonstration, that the generalized refraction of light and isochronicity coincided, is the reference-point for the emergence of a notion of generalized physical relativity.

The starting-point for Riemann's 1854 dissertation, is that Descartes' notion of space-time is false to reality: that, physics is not the movement and interaction of bodies within Euclidean space-time. Isochronicity and the relative speed of light, for example, involve discoveries of measurably validated physical principles, which are associated with that notion of extension which we attribute to independent senses of direction in space and time. These discovered principles function, thus, as "dimensions," in respect to the measurement of a functional principle of extension, and, the fact that such extension is of the form of an "independent dimension," in relation to similarly defined notions of space-time or other "dimensions."

If we, then, attempt to apply the so-called "Pythagorean" metric to the physical space-time composed of all of these participating "dimensions," as it were applied to a hypothetically Euclidean, or Cartesian space-time, interesting results appear. The physical space-time of "n dimensions" behaves as one might expect a space-time to do; however, the physical space-time measurements obtained experimentally, do accord with the "n dimension" model, but not with a Cartesian or Newtonian type. Thus, for reasons sufficiently indicated by Riemann, it is said, that the measurable characteristic difference (e.g., neo-Pythagorean metric) between a physical space-time of "n dimensions," and one of "n+1 dimensions," fits the notion of a generalized Gaussian curvature of physical space-time.

The burden of our definitions here, is that this conception supplies the basis for speaking, more or less fluently, of one physics as being more "powerful" than another, or of one mathematical-physics as representing a higher "cardinality,"

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21. For example, when Newton devotee Leonhard Euler deluded himself, in writing, from Berlin, his 1761 *Letters to a German Princess*, that he had discovered a proof with which to refute Leibniz's *Monadology*, he overlooked the simple fact, that his proof depended absolutely upon employing a geometry which pre-assumed axiomatically, precisely what Euler purported to prove by means of that geometry!—that assumption of perfectly continuous extension, the which is axiomatically intrinsic to the hypothesis of a formal Euclidean geometry. Euler's additional blunder, was to assume that what might be said for a formal mathematics, is therefore true for physics. Riemann's habilitation dissertation, is implicitly a devastating refutation of Euler's twofold blunder.

in Cantor's sense, than another.<sup>22</sup> These are the notions required for intelligent consideration of the three SDI rules of thumb identified above.

In summary, a durable qualitative advantage of the defense over the offense, requires a higher physical geometry for the defense, than the offense: a margin of technological advantage of one, or more, discovered, valid physical principles. For example, among the requirements is, obviously, that the principle employed by the strategic defense relies upon a principle enabling approximately an order of magnitude more "energy-flux density" applied, functionally, to the destruction of the missile or warhead, than that "energy-flux density" embodied in deploying a lumbering thermonuclear missile.

The very nature of the physics involved, signifies that the cost of producing and deploying sufficient high-speed interceptor rockets to destroy an average thermonuclear missile or warhead, must put the costs of strategic defense, by such modes, way above the costs of the relevant strategic offense. Only when a cost attributed to the effect of one such warhead's reaching its target, is factored, as a potential cost-saving, into the deployment of the interceptor, does an economic rationale for such an interceptor system come into view.

However, even then, the strategic defense loses. In an arms race, with defense on one side, and offense on the other, the relatively cheaper offense can supersaturate the defense much more rapidly, and extensively, than the more costly defense might attempt to match the threatened assault. If *effective* defenses are developed on the basis of laser and particle-beam technologies, for example, the factors of speed, energy-flux density, and, ultimately, cost, are on the side of the strategic defense.

Then, shift the picture, to the second rule of thumb: away from the notion of societies with relatively fixed military-allocable incomes. Consider the effect of military expenditures upon the total and per-capita, physical-economic income of the society. Consider the case, that the more we spend upon military expenditures, the greater the available per-capita income of the society becomes. The latter is the model represented by the Kennedy "crash" aerospace program of the 1960s. The latter case, the "technology spillover" model, succeeds only if the military research and development is producing laboratory proof-of-principle models, which can

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22. i.e., greater density of discontinuities per interval of characteristic action. Each change in any among the axioms, postulates, and definitions of a physical space-time, defines a formally absolute discontinuity, separating the physical space-time of the old hypothesis, from that of the new. In comparing the theorem-lattices associated with the respective hypotheses, one can never reach the second theorem-lattice from the first, and can view the first, from the vantage-point of the second, only as a degenerate case of the second. The fact that there is a difference of physical principle involved, is measurable in terms of the difference in metrical characteristics ("curvature") between the two physical geometries. Thus, the accumulation of valid discoveries of principle, embedded in human knowledge to date, represents a potential expressed in terms of density of discontinuities.

serve as the basis for introducing more advanced and powerful technologies into the design of machine-tools and products. Contrary to the Heritage Foundation approach: No sustainable rate of expandable economic benefit can be obtained from use of military designs based upon classified-secret, “off the shelf” technologies.

This brings us to the third rule of thumb: technological attrition. In any anticipation of possibility for serious conflict, the impulse is to match every advance in the defense with enhancement of the offense, and vice versa. The higher the rate of development, the higher the rate of generalized technological attrition. This can not be sustained without a “science-driver crash program,” of the type of the Manhattan Project or the most intense phases of aerospace development, as during the 1960s. Such a military program could be sustained economically, only if the technology-driven rate of increase of productive powers of labor is being pushed by directed “spillovers” of new technologies, at high rates, out of the machine-tool and related channels of the military programs.

Unless one is prepared to employ a highly dirigistic model of interlinked monetary, credit, and physical-economic policies, for both the public and private sectors of the national economy, such a program were virtually impossible to sustain. A sophistry of exaggeration was used, then, by some devotees of Adam Smith, to the effect, that the only conditions under which such a model could be sustained, would be a “war-economy.” Freeing the subject matter of any concession to such sophist’s criticism: In fact, such a model were likely to be adopted, either when a nation is faced with a perceived threat of warfare, or, under conditions of mobilization for recovery from an economic depression, or, a combination of both conditions (as the U.S.A. during 1939-1943). We are confronted, globally, with the second condition today, hopefully not the third.

During 1985 and early 1986, this writer introduced the proposal, that the SDI ought to be subsumed, at least in significant degree, under a long-range space program. A commitment to the establishment of a science-city colony on Mars, after forty years of preparatory stages, was the specific proposal made. The net effect of such a space-oriented program, would be the immediate benefits to the Earth’s economy, of every technology developed as a prerequisite for each step of preparation for the Mars colonization program.

Today, the need for such a space program has been increased by the disastrous trends in economy over the recent ten years. The mustering of the shrinking capabilities for such a program, around the world as a whole today, is desperately wanted, to create that fountain of technological progress, without whose spillover, we shall not be capable of meeting the mounting accumulation of economic crises around the world.

With the foregoing considerations in view, President Clinton’s observations on the relative technological advantage of future SDI commitments, over the Republicans’ proposals, were plainly defensible ones, much more to the point

than Clinton’s critics have been able to recognize, thus far. Under present global circumstances, the optimal approach to strategic ballistic missile defense, is *not* a compartmentalized program of military SDI research, development, and deployment. We must not, certainly, waste money on the kinds of SDI projects formerly favored by the Heritage Foundation and its factional allies. What we require, is the kind of “crash program” which will satisfy all among those three classes of requirements we have identified above.

Not only would every required feature of a future SDI program best be produced as a by-product of a forty-year crash-program commitment to preparing the establishment of a science-city colony on Mars, no effective SDI package could be developed as well, or as quickly, except as a by-product of such a space program.

At this real-time historical juncture, we must distinguish between a *policy* of affording advantage to the strategic defense, over the strategic offense, and a *purchase* of a specific array of hardware for meeting such a strategic defense requirement. We must be committed to strategic defense, as we were not under Henry A. Kissinger’s Pugwash-designed SALT and ABM treaties; we must be committed to developing the kind of research and development program which solves the problems of military designs implicit in high rates of technological attrition. Presently, the latter is best satisfied as an envisaged by-product of international cooperation in a Mars-colonization-steered program of exploration and colonization beyond Earth orbit. That space program builds the civilian-economy “shopping center” from which the military requisitions the future specific technologies of required strategic defense technologies, whenever that may be required.

In the meantime, the “science driver” space program meets the requirements of rules of thumb two and three.

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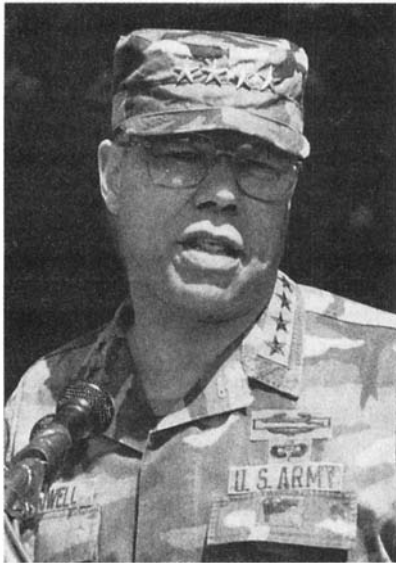
## 4. Strategic defense within grand strategy

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A deadly nightmare has gripped U.S. strategic thinking, since about the same time, during the 1960s, when the invasion of sociology displaced the rationality of science at West Point Military Academy.<sup>23</sup> The lunatic feature of that obses-

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23. To the writer’s personal knowledge, the first appearance of this lunacy occurred at the Research Laboratory of Electronics (RLE), at Massachusetts Institute of Technology (MIT), during the post-war 1940s, under the joint sponsorship of the RAND Corporation and the, related, spin-off of the U.S. Air Force, out of the old U.S. Army Air Corps. The relevant activity of that period was centered in the MIT center earlier established by the fascistic psychologist Dr. Kurt Lewin, otherwise known for his kindred institution at Ann Arbor, Michigan, and his role in establishing the National Training Laboratories and its sundry project-offshoots in education and in the synthesis of “new religions.” The present writer came on the track of this Air Force and related MIT activity during the late 1940s, as part of his investigation of the spread of the cult-doctrines known as “information theory” and “systems analysis.” The first ventures into the domain of “information-theoretical group-think,” were conducted in conjunction with the “Cybernetics” pro-



Among the “sirs” in the U.S. defense establishment, who have received knighthoods from Britain’s Queen Elizabeth II (left to right): Sir Colin Powell, Knight Commander of the Order of the Bath; Sir Caspar Weinberger, Knight Grand Cross of the British Empire; and Sir Henry Kissinger, Honorary Knight Commander of the Order of St. Michael and St. George.

sion, is the misshaping of the mind of most putative defense specialists by misanthrope Thomas Hobbes’ definition of “human nature.” The outcome of that perversion, is a recurring nightmare. The characteristic of this recurring nightmare in policy-shaping, is a derangement in what passes for official and other U.S. strategic thinking, a dysfunctional state of mind<sup>24</sup> which is fairly described as a sports fan’s fantasy-

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gram of one of the leading weirdo foundations of that epoch, Frank Fremont-Smith’s Josiah Macy, Jr. Foundation of New York City. One of the relevant programs done at MIT was human experimentation into behavior of “task-oriented problem-solving groups,” led by MIT’s Professor Alex Bavelas. This program was designed through the circles of the Josiah Macy, Jr. Foundation, and funded in the interest of the Air Force and RAND. Key figures participating in the broader design of this effort included RLE’s own Warren S. McCulloch and Walter Pitts, and notable New Age kooks including Gregory Bateson and his sometime wife Margaret Mead of the eugenics center at New York’s singularly unnatural American Museum of Natural History. Significant influence was supplied from the work of a close follower of Norbert Wiener, Bertrand Russell devotee John v. Neumann. Neumann’s work along the lines of his 1948 submission to the Hixon Symposium, *Cerebral Mechanisms in Behavior*, is relevant to developments at MIT during the late 1940s and early 1950s. Neumann’s thinking along these lines is also documented in his posthumously published Yale lectures on *The Computer and the Brain*. Later MIT-RLE work in the same direction came out of collaboration between Karl Korsch follower Noam Chomsky and MIT’s resident “Dr. Frankenstein,” Marvin Minsky (of “artificial intelligence” notoriety). The Allen Dulles-co-sponsored MK-Ultra Project (and its gift of the drug epidemic to the U.S.A., spun off from the LSD projects of the London Tavistock center) of Aldous Huxley, Gregory Bateson, Timothy Leary, et al., was a by-product of the same “Dr. Jekylls” involved in designing Air Force and other command-decision-by-committee “sensitivity groups,” of U.S. military history’s 1960s, 1970s, 1980s, and 1990s to date.

24. *Dysfunctional state of mind*: a denial of functional reality. The type of *fallacy of composition* ordained by William of Ockham and his admirers,

dream-world, functioning as substitute for reality.

The outcome of the blend of sociology and “systems analysis,” is a view of strategy which is recognizable as a New Age version of “cowboys and Indians,” played chiefly with video-games technology, and, the odd bit of spoon-bending added in for spice. In that New Age nightmare arcade, mis-named “strategy,” the professional’s hands, acting on the real world, are controlled by a mind which is trapped in the virtual reality of Hobbesian, utopian fantasies. The results of that schizophrenic practice, were likely to bring about, within the domain of reality, a living nightmare as deadly to the player as to the “sand box” upon which he perpetrates his tricks. Indeed, precisely that nightmarish result, so accomplished, is the “New Dark Age” into which the presently governing mass-news-media and other circles of this entire planet appear about to plunge this planet, by no later than the end of the present decade—that is to say, all among us who survive that long: given the present economic, epidemic disease, and budgetary trends.

Above, we reviewed the technological implications of a strategic ballistic missile defense. Now, let us compress all

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such as Paolo Sarpi, Francis Bacon, Robert Fludd, Thomas Hobbes, and John Locke, is an example of such a dysfunctional state of mind. In mathematics, such a fallacy of composition is typified by omitting consideration of essential, relevant principles of physics (e.g., what Riemann defines as “dimensions” of an n-dimensional physical-space-time manifold). In the latter case, the lack of correspondence to an otherwise, functionally well-defined reality, is identified as the result of a degenerate state of mind (i.e., the employment of a degenerate form of physical space-time manifold as model for reality). In this case, “dysfunctional state of mind” is employed to that well-defined effect.

functional notions of military means, as such, into a single, relatively small object; let us call that object “weapon,” signifying “preparation for, and conduct of warfare.” Let us shift our focus to the living organism whose hand holds that weapon, the organism called “society,” signifying “the making of history.” Let us, thus, locate “strategy” as a characteristic of that living organism, and the weapon as but a tool which serves that organism’s interest. “Strategy” for today is then defined as a conception not-inconsistent with what Elliott Roosevelt, in fresh recollection, described, in 1946, as his father’s, President Franklin Roosevelt’s, strategy for the post-war world. Adopt that Roosevelt strategy as the “grand strategy” of reference to be implemented. For that case, “the weapon” is a means which must be used, and developed, only to further the purpose of that strategy, and must never be used in a manner which nullifies, or corrodes the realization of that purpose.

Thus, the idea of a purely military strategy, is exposed as a utopian fantasy, a fool’s mission.

Since the excuse presented for President Truman’s firing of General MacArthur, the popular myth is, that “the civilian command must overrule the military.” That is a sophistry; those words were a crude, press-agent’s fallacy of composition, designed for the ears of the gaping-mouthed credulous. The truth is, that it is the “non-military” context, such as that which Elliott Roosevelt describes as his father’s strategy for the *post-war* world, which must define the development and employment of the military institution and its mission. That “weapon” is an institution and a mission implicit within the *Preamble* of our original Federal *Constitution*. The untruthfulness of the MacArthur-firing myth, is that President Truman’s self-serving sophistry evades the reality, that should the civilian command issue orders to the military, which violate the relevant “grand strategic” imperative, the civilian command is constitutionally impeachable for “high crimes and misdemeanors,” on that account.

President Truman, under the mind-bending influence of London’s asset, the Harriman cabal controlling Truman’s administration from the inside, changed the rules of engagement of the U.S. military arm, and did this in the interest of a consideration directly contrary to our Constitution, by action in the interest of development of the ability of the United Nations Organization, step-wise, to assume the powers of world government. What Truman introduced, however unwitting of this implication he might have been, was another crucial step toward destroying the sovereignty of our republic. For that Truman was accountable, to the relevant constitutional agency; the trouble was, that constitutional agency was asleep at the switch. In the toll of the 1960s Indo-China bloodbath, and otherwise, we have paid dearly for failing to impeach Truman’s firing of MacArthur.

Now, examine this, the overriding authority of “grand strategy,” such as that implicitly outlined in Elliott Roosevelt’s book, in the terms of reference employed to define a proper SDI policy. Examine this in reference to the histori-

cally determined mission permeating the origins of the U.S.A.

Mankind, as *Genesis* 1:26-30, and Plato’s and the *New Testament*’s notion of *agapē* define mankind, is the purpose and measure of our strategy. Summarily: Man is made in the image of God, a claim, by *Genesis*, for which we possess scientifically verifiable, conclusive proof, even had those verses from *Genesis* never been uttered. We know, scientifically, that we are in the image of God, by virtue of unique endowment of the members of our species with that cognitive potential for valid, axiomatic-revolutionary discoveries in natural science and Classical art-forms, by means of which the potential relative population-density of the species is increased, again, and again. Thus, man is given implicit “dominion” over the universe.

The relevant faculty, by means of which that dominion is achieved, is the capacity of the developed individual mind, within its own sovereign precincts, for generating, replicated or original, successive such axiomatic-revolutionary discoveries of scientific and Classical-artistic principle, the which are the sole source of the increase of man’s dominion in the universe. The empirical proof of this potency, is the increase of the potential relative population-density of civilized humanity, through the fostering and employment of combined scientific and Classical-artistic modes of progress in efficient ideas. It is that sovereign cognitive potential of every individual human being, which is referenced, when we speak of man as in the image of God, with dominion over all else in the universe.

That understanding of man, is not optional. It is not the just liberty of one culture to believe this, and another not. Cultures which do not accept this scientific truth, on which all decent human existence depends, are morally and otherwise inferior to those cultures which accept this individual’s authority and responsibility for contributing to enhancing the condition of our species as a whole. As the relevant facts, respecting this individual potential, demonstrate, there is but one human race, so, the best of all cultures expresses an approximation of a single, global culture, on which all human progress converges.

The very notion of a distinction between truth and falsehood, or, justice and injustice, depends upon acceptance of those notions of but a single human race, and a corresponding variability of relative truthfulness or untruthfulness, relative to fostering of rates of increase of potential relative population-density, among the characteristic beliefs and practices of different national and regional sub-cultures. The notions of truth and justice depend upon a single, universal standard, by which the differentiable qualities of truthfulness and appropriateness of the contributions of one sub-culture to world-culture may be assessed. Under such a standard, one may assess the truthfulness of each and all cultures’ adopted opinion *on any universal matter*, and can also recognize the legitimacy of certain *differentia specifica* of some cultures, as appropriate to the historically determined reality in which the members of that culture must approach the realization of truth

and justice. The two qualities, truth respecting universals, and appropriateness (or, inappropriateness) of cultural differences, are not at odds with one another intrinsically, any more than reaching a common destination, the one by land, the other by sea, are at odds in respect to the means available to each. Truth is conceived, thus, as an ecumenical principle of knowledge.

However, it is not sufficient to realize so-called “objective,” e.g., formal, notions of truth and justice. From Plato, civilized mankind has had a cognizable insight into a special quality of emotional correlative for the process of achieving truth and justice. This emotional correlate of the act of generating, or replicating valid, axiomatic-revolutionary discoveries of principle in science and Classical art-forms, is termed *agapē* by Plato. Plato identifies this, in an exemplary way, as a passion intrinsic to realizing justice, and truth.

In all civilized statecraft, Plato’s adopted notion of *agapē*, is crucial in defining the appropriate condition of the individual and the individual’s relations to all mankind. The adoption of Plato’s notion of *agapē*, by the Christian *New Testament*, as in Paul’s celebrated *I Corinthians* 13, is at the center of the efficient contributions of later European civilization to the development of the social and political institutions of mankind. It is from these twin sources, of Greece and the Israel of the Christian Apostles, that every good, the which has been a unique contribution to mankind by western European civilization, has been accomplished. From Classical Greece, especially the faction of Solon and Plato, Europe acquired science and civilization; from such exemplary writings as *Genesis* 1 and *I Corinthians* 13, we derived a realization of Plato’s desire for a world governed by *agapē*.

In this sense, with these principled qualifications, mankind is the purpose and the measure of man’s knowledgeable practice in the universe. It is from this consideration, that all competent notions of the “grand strategy” of these United States are derived.

That strategy is history, properly defined. The object of history, is to produce, sustain, and develop forms of society which cohere functionally with that strategy. The principal functional conditions which must be satisfied, are three: universal education, universal opportunity to participate in the production and benefits of scientific, technological, and cultural progress, and the right to participate cognitively in the re-creation and development of those ideas upon which the nation’s efficient self-government of the progress of the human condition, continues to rely.

History to date, has been the struggle to bring the universalized state of knowledge, of practice, and individual participation, within each society, out of the barbaric and other political conditions in which the great majority of mankind was subjected to a condition of life describable as the fate of “human cattle.” Universality of participation in cognitive education, in a technology of practice consistent with universal progress in knowledge, and of efficient participation, by every individual, in society, as a true citizen, has been the minimally

required condition toward which history, until now, has moved.

The establishment of the U.S.A. as a constitutional Federal Republic of 1789, has been the most concentrated expression of that historical mission, to date. This nation was created, with the sponsorship of the best ideas and best minds of Europe, to establish a place of refuge and development for the institution of the modern nation-state republic, under conditions, during the Seventeenth and Eighteenth Centuries, that the forces aligned with the evil institutions of landed and financier aristocracy, had placed in jeopardy the possibility of securing such sovereign nation-state republics within Europe.

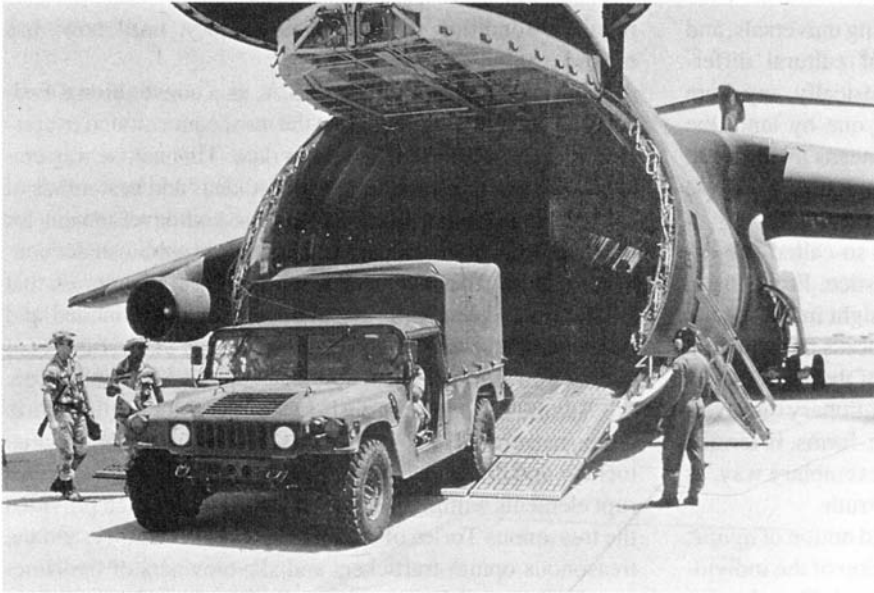
Admittedly, the English-speaking colonies in North America were polluted with imported elements of landed aristocratic and financier-oligarchical practices. It was those corrupt elements within the colonial population, which provided the treasonous Tories of the late Eighteenth Century, and the treasonous opium-traffickers and slave-owners of the Nineteenth Century.<sup>25</sup> Despite that pollution, from the beginning of the colonization, the pre-1689 history of the Massachusetts Bay Colony, and the similar early history of the Commonwealth of Pennsylvania, exemplify the struggle for universal education, for a non-oligarchical form of monetary-credit and economic system, and for scientific and technological progress in infrastructure, agriculture, and manufactures.

These principles of universal public education, universalized scientific and technological progress, public development of basic economic infrastructure, are the correlates of a society in which all adult persons are full citizens, in which no class distinctions are permitted, in which only a single race, the human race, is recognized, and in which the nation and its state are the property of all citizens: the departed, the living, and posterity alike.<sup>26</sup> These are characteristic distinctions of the modern nation-state republic, which set us into absolute opposition to those oligarchical forms of society, the which are derived from the Babylonian root, which had dominated, and polluted European civilization, until the be-

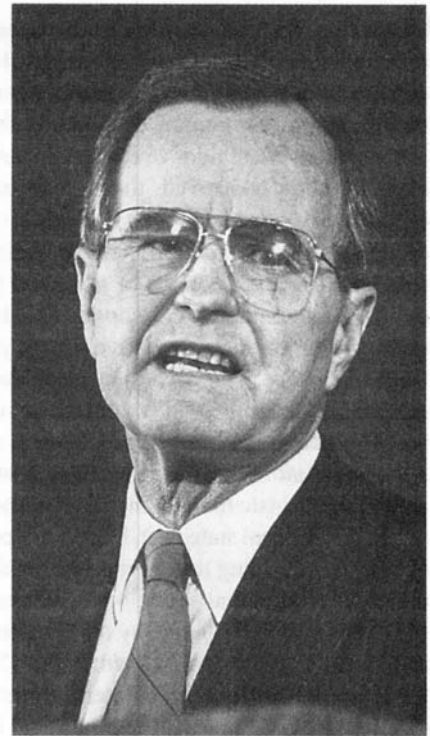
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25. On the role of the oligarchical political currents within Eighteenth- and Nineteenth-Century North America, see H. Graham Lowry, *How the Nation Was Won*, Vol. I (Washington, D.C.: EIR, 1987); and Anton Chaitkin, *Treason in America*, 2nd ed. (New York: New Benjamin Franklin House, 1985); and, The Editors of EIR, *Dope, Inc.* (Washington, D.C.: EIR, 1992).

26. All three, the departed, living, and posterity, have equal weight of rights in claims to control the present policy of the republic. This authority can not be based on mere opinion, since policy must address particular matters unknown to departed and posterity alike. Only matters of principle can be known with equal force to all three; thus, Justice Antonin Scalia’s notion of radical democracy, is a fraud. In real history, as Tom Paine warned, in defense of the principle of our Constitution, such radical democracy is as great an evil as any tyrannical monarch. Such “democracy,” is typified by those Paris mobs purchased and deployed at the whim of the King’s treasonous cousin, the Duke of Orleans. Thus, contrary to Scalia’s wild-eyed defense of (among other things) judicial murder, our forefathers consulted the known history of man, since Classical Greece, to adduce those constitutional principles which would assuredly serve posterity as history had bequeathed knowledge of their efficacy to ourselves.



*U.S. Army and Air Force personnel unload military vehicles from a C-5 plane in Saudi Arabia, during George Bush's Operation Desert Shield in 1990. The war against Iraq was a grotesque example of that misnamed "strategy," in which, as LaRouche writes, "the professional's hands, acting on the real world, are controlled by a mind which is trapped in the virtual reality of Hobbesian, utopian fantasies." Insert: President Bush.*



ginning of the modern nation-state under France's King Louis XI.

If we discount the role of our nation's treasonous social strata, the additional, special importance of the United States has been: During times when all of Europe continued to be polluted by relics of the Babylonian oligarchical tradition, as the Anglo-Dutch oligarchy typifies such continuing pollution today, the United States has been able to maintain contemptuousness toward all pretenses of titled nobility, toward landed or financier oligarchy, and to similar notions of race and class.<sup>27</sup> This admittedly tainted, but distinctive degree of achievement, made us, by process of elimination, the torch-bearer of freedom for all mankind, during most of the decades since the beginning of our struggle for freedom, against the "Brutish" monarchy and Holy Alliance alike.

So considered, history warns us, that the great danger to our republic, and its citizens, comes from those relics of oligarchism which still today, pollute the continent of Europe, and elsewhere. This pollution exists as a threat to us, chiefly to the degree the Anglo-Dutch financier-oligarchy exerts a strong political, financial, and cultural influence upon nations, including our own.<sup>28</sup> This planet will never be safe for our

republic, for our citizens, until that evil relic of Babylon is removed, in every continent, from the position in which it might continue to exert overreaching power, or resume such power.

We do not adopt the prerogative of making war against these adversaries at whim. We prefer that the necessary end be accomplished by other means; but, we do not desire that end less, merely because we lack the inclination to realize that result by the imposed force of aggressive warfare.

Thus, the elementary basis for the strategy of the United States is to ensure the safety, within this planet's life as a whole, for the continued existence of the U.S.A. as a perfectly sovereign nation-state republic committed to those (indicated) historical missions for which it was founded. This strategy will be efficient, only if it is premised on a commitment, not only to defend that U.S.A. and its institutions, but premised upon a comprehension of the principles which underlie our Eighteenth-Century forefathers' wise choice of the institutions of national sovereignty, and universal citizenship of our adult population.

The means by which we seek to accomplish our strategic ends, are those implicit in Elliott Roosevelt's referenced book. Our preferred means are, first, to employ the adversaries' induced fear of our resolve and potential power, to dissuade them from making war against us, and, also, to build a concert of political power among nations which share our strategic objective. Our course of action is, negatively, to rid this planet of those institutions upon which the continued power of the enemy depends. Positively, we act to promote the insurgency of *agapē*, through fostering those activities

27. Since Queen Elizabeth's misbeknighting of such churls as Sir George Bush, Sir Colin Powell, Sir Henry Kissinger, Sir Brent Scowcroft, and so on, a man's nose were in mortal danger should he, within a public place, address a patriotic citizen by the title "Sir." Over the prostrate form of the ill-advised, one might hear the voice of the assailant: "I ain't no damned traitor!"

28. See Jeffrey Steinberg, et al., "The Sun Never Sets on the New British Empire," *EIR*, May 24, 1996.



which awaken this insurgency from those places where it might be slumbering. Those notions, with Franklin Roosevelt's post-war outlook in the corner of his eye, were the governing considerations in this writer's 1977-1982 devising of the referenced strategic ballistic missile defense policy. These same notions, under the altered circumstances of a later decade, are the proper axioms underlying a strategic defense policy for today.

Thus, the higher strategy, for which military means and institutions must exist only as servants, is that type of "grand strategy" illustrated by President Roosevelt's post-war vision. The weapon of this grand strategy, is not the power to kill today's chosen potential national adversary, but the evocation of the power to ennoble him, and, also, ourselves, that he might be a prospective adversary no longer. In terms of the monotheistic tradition of European civilization, grand strategy relies chiefly not upon such oligarchical conceits as crusades and inquisitions, but upon the weapons of evangelization, atonement, and redemption; in the word of Plato and the Apostle Paul, it relies chiefly upon the power of *agapē*, the power of the impulse associated with creative reason.

In short: Today, even the imps of Hell may shriek, chiefly in the British Commonwealth's special interest, of "human rights," from the pulpits of world government's non-governmental organizations (NGOs).<sup>29</sup> There will be no justice without a passion for truth, and no passion for either, without *agapē* as Plato defines it. Without the existence, and persistence of an efficient passion for justice and truth, all talk of "human rights" is the ineffable babbling of a foolish puppet in a British oligarchical intelligence service's scripting of some *Grand Guignol*.

The central subject-matter of "grand strategy," must be, therefore: *How might the power of the state be employed, to foster the force of agapē?* Some examples, taken somewhat out of chronological order, illustrate this point.

During April 1975, the present writer travelled to Baghdad and elsewhere, to pose consideration of the fact that Israel and its Arab neighbors shared a vital common interest in the prospect for the physical-economic development of the Middle East region as a whole. Without such a vital quality of common interest, the writer proposed, all talk of purely "political solutions" was impotent prattle. A broad river of rage, much wider than Jordan, had been unleashed throughout the region, by the smirking British Raj. This had stirred up violent, deep-rooted, base passions for revenge, a river of rage which could not be bridged by anything so trivial, so impotent, as a typical diplomat's mewling proposal of "political solutions." Only a powerful interest, strong enough to touch commonly the deepest passions respecting posterity, among both Arab and Israeli, could provide the motive for durable peace throughout the region. Then, during April 1975, and since, the best Arab and Israeli consciences concurred in that esti-

mate; the struggle for such a just peace continues, with continued deadly opposition, notably from London, London's Sir Henry A. Kissinger, London's asset Ariel Sharon, London's Arab assets, and the World Bank.

This approach to the Middle East crisis, had been refined in the U.S. experience of 1964-1972, in Indo-China. While President Franklin Roosevelt had lived, Vietnam patriot Ho Chi Minh had been a collaborator of the U.S.A., and of the U.S.'s OSS organization, in the Southeast Asia region. With Roosevelt's death, President Truman's administration betrayed our Vietnam allies to London's French imperialist stooges. That betrayal of our ally, compounded by many new U.S. diplomatic atrocities, had turned the ally into an adversary: Betrayed Ho Chi Minh had led his forces into the camp of the so-called "Soviet bloc."

That history of the Anglophile U.S. government's betrayal of a war-time ally, had been key to U.S. policy toward Indo-China, during the Eisenhower 1950s. After the establishment of the Russell-Szilard doctrine, as "détente," in the wake of the 1962 "Cuba Missiles Crisis," the avowed higher apes (and horse-appendages) of the British monarchy, and their lackeys in Wall Street circles, had a new reason for launching a prolonged, no-win cabinet warfare in Southeast Asia. With "détente" fully emplaced, the doctrine of "strategic conflict managed below the threshold of nuclear conflict," was applied to Asia with full force. It was a purely British policy, with all the disgusting qualities inhering in that; it was "cabinet warfare," like the later, drug-funded, surrogate war in Afghanistan, or the Anglo-American orchestration of the prolonged, 1980s Iraq-Iran war, conducted for no leading purpose but to orchestrate the environment of Anglo-American diplomacy with Moscow and Beijing.

The writer knew, or otherwise correctly understood much of this at the relevant times. It was the legacy of imperial colonialism, in Asia and elsewhere, which must be addressed, and also the legacy of the Truman administration's betrayal of our war-time Vietnam ally. This writer had proposed, in various papers published during the interval 1967-1969, a Franklin Roosevelt-like, reconstruction-based, alternative approach to the issues of conflict in Southeast Asia. This, in turn, was an extension of his general proposal for ending the legacy of colonialism, through economic development cooperation. This policy of the 1960s and 1970s, was, in turn, an outgrowth of the strategic perspective which this writer had carried out of India, shortly after the close of World War II.

The function of the principles underlying the establishment of the European, perfectly sovereign nation-state republic, beginning the France of Louis XI, is to establish the existence of true, universal, adult citizenship, of all persons, without regard to supposed distinctions of race or class. This requires, the undermining, and progress toward dissolution of, the institutions of, and notions of special property right associated with the institutions of landed aristocracy and financial oligarchy. However, necessary as those measures are, they will not succeed by themselves. The successful develop-

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29. Or, duped clergy from misguided religious institutions.

ment and continued existence of the sovereign nation-state republic, as an institution, depend, unconditionally, upon the fostering of *agapē* as the characteristic feature of the relationship between the individual person and the society as a whole. It also requires, the extension of this same principle to defining the relations within a globally extended community of sovereign nation-state republics. Thus, *agapē* is the principal element of hypothesis underlying all enterprises of that republican cause.

The writer's design of his 1982-1983 proposal for U.S.A.-Soviet collaboration, in shifting from the lunacy of the "MAD" (Mutual and Assured Destruction) dogma of Russell, Szilard, McNamara, Bundy, Kissinger, et al., to strategic ballistic missile defense, based upon what Kissinger's ABM diplomacy had labelled "new physical principles," was premised on the same considerations.

The relevant considerations posed in those exploratory chats with the Soviet representative were these: The United States (and also western continental Europe, and the developing sector generally, too) was being ruined by the mid-1960s shift into "post-industrial" utopianism; the Soviet economy, and the Comecon economies, too, were being ruined similarly. The writer imparted his belief that the Comecon sector then (early 1983) was approximately five years away from a potential economic disaster. Both superpowers, and others, needed desperately, a stimulant to technology-driven growth analogous to the economic impact of the Kennedy "crash program" for the manned Moon landing. Cooperation in development of the technologies needed for strategic ballistic missile defense, would provide that needed technological stimulant to all participating economies, if the policy of fostering "spillovers" into the civilian economy were adopted, too.

To shift from an adversarial, to a cooperative relationship, in those instances a prolonged, deeply embedded hostility has been previously inculcated, a powerful incentive of deep-going self-interest must be provided. Outwardly, effective incentives for such purposes place the emphasis on physical-economic benefits (as distinct from relatively superficial, financial ones). The physical-economic benefits are important, but the materialists and empiricists greatly overrate such "incentives" as such. The essential thing is not the material reward, as such; the essential thing is the activation of *agapē*; the public identification of a needed material gain with the activation of the cognitive processes on which scientific and technological progress depends absolutely, is the key to achieving the desired *strategic effect*.

What today's typical think-tank circuit "strategist" seems incapable of grasping, with all of his prattling excursions through positivist varieties of statistics, sociology, and psychology, is the fact that the human individual's distinguishing characteristic is man as the sole being in creation whose existence depends upon *ideas*—ideas in the sense Plato defines ideas. It is through the efficient impact of more advanced ideas (e.g., valid, axiomatic-revolutionary discoveries of physical principle), that man increases his power over nature, per cap-

ita, that the productive powers of labor are increased, and so on. It is in the state of affairs in which society is motivated by the development of such efficient ideas, that the sense of *agapē* is relatively the strongest, and that the character of the individual, and the nation are at their relative best.

It is the mobilization of such approaches to national and global affairs, and the strategic defense of such approaches, which is the foundation of a well-defined strategy for U.S. national security. It is the employment of those forms of human activity which emphasize the stimulation of agapic passions, which foster the development and strengthening of the institutions of the sovereign nation-state republic. These strategic policies are therefore the proper yardstick by which the suitability of a proposed U.S. strategic doctrine is measured. Those were the principles underlying this writer's design for what was presented as "SDI."

Today, the circumstances differ. The Soviet Union is no more. The military power of Russia is a fraction of what Soviet potential had been. Nonetheless, the world today is gripped by a crisis which, in its own way, is more deadly than any manifest military threat-potential of the 1970s or 1980s. The threat is of an abrupt collapse into a prolonged "New Dark Age," echoing somewhat the "New Dark Age" of Europe's mid-Fourteenth Century, but more profound, probably more prolonged, and more devastating in its material effects for humanity as a whole.

Unless the present onrush of a global monetary-financial disintegration-process is defeated, that "New Dark Age" is the likely result, beginning before the close of this decade, and continuing over perhaps two generations or more. In that case, given the impact which the so-called "ecology" movement has achieved, since 1961,<sup>30</sup> to date, the likely outcome

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30. The "mother" organization of the present, international "ecology movement," is the World Wildlife Fund/World Wide Fund for Nature, co-founded, in 1961, by Britain's Prince Philip and the Netherlands Nazi-SS veteran, Prince Bernhard. The so-called "Bilderberger" society, and the "1001 Club," typify related organizations. That organization is still the center of the movement to the present date. The Club of Rome, founded by Dr. Alexander King, Lord Solly Zuckermann, et al., typifies the secondary level of influential, usually pro-oligarchical social strata, deployed under the umbrella of the princes' 1961 initiative. Although the argument upon which the movement premises itself, is usually identified as "Malthusian," or "neo-Malthusian," the leading influence is the work of the Venetian monk Giammaria Ortes, the English translation of whose work (*Riflessioni sulla popolazione delle nazioni*, 1790) was parodied by Malthus, and, implicitly, also the work of an Ortes forerunner, Giovanni Botero (*Della ragion distato*, 1588). Contrary to scientifically competent arguments for maintaining and improving environments, already in currency prior to 1961, most of the famous cases of the "ecology movement" have been demonstrated to have been outright frauds and hoaxes: e.g., the banning of DDT, the "ozone hole" scare, "global warming," and so on. Excepting the specific frauds employed by these post-1960 "ecology" cults, there is nothing modern or original in the doctrine itself. Princes Philip and Bernhard have done little more than implement, in modern language, the relevant "zero growth" axioms of the Emperor Diocletian's *Codex*. Unfortunately, in the absence of a burst of investment in scientific and technological progress, the damage done to the world's economy by the recent quarter-century of "ecological" hoaxes and fanaticism, would be sufficient to accelerate greatly the rate of plunge into a "New Dark Age," under the indicated, threatened preconditions.

would be a collapse of world population-levels, from more than five billions, to even significantly less than one billion, over the course of two generations. In that case, infant mortalities would be catastrophic, and adult life-expectancies in the order of the worst regions of Sub-Sahara Africa today. Civilization, as we have employed the term during recent centuries, would be virtually extinct. Ultimately, the destruction, wrought by a brew which combines interacting, hyperbolic proliferation of famine, human and animal populations' epidemics and pandemics, pestilences, and sylvatic, would be as great as, or greater than, a general thermonuclear war.

During the onset of conditions of desperation so unleashed, all varieties of military threats, and others, are likely. Thus, the need for a present-day version of what was originally proposed as SDI, is greater than ever. However, given the reality of the situation, such a strategic defense policy must be seen and applied in an all-sided way, as a strategic defense of civilized culture, first, and, also, as a subsidiary function, a military strategic defense.

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## 5. Briefly: the mathematical physics of 'agapē'

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In the practice of physical economy, it is necessary to express policy in the implicitly measurable terms of an "allocation function." In the economics of strategic ballistic missile defense, that allocation function assumes a form fairly described as a series of "Leontief input-output" matrices, which, as a series, corresponds to that ordering of transformations, from each table to its successor, which reflects the im-

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One who was as close as I was to the 1964-1972 "cultural paradigm-shift," which occurred, first, among the university population of "Baby Boomers," may recall how the state of mind associated with today's "ecology" fanatics, was established as a mass-phenomenon, during the Fall 1969-Spring 1970, post-Chicago Convention change within the "anti-war movement." This was the development which spawned both the "ecology movement" and matching "Rainbow Coalition." Already, during the Spring and Summer of 1968, the radical wing of the anti-war movement was a dionysiac, fascistic phenomenon, echoing the existentialist, Sorelian *mythos* of Mussolini's *squadristi*, and the youth-counterculture of the most extreme elements within the Nazi *Jugendbewegung*. The militant core of the so-called "ecology movement" was recruited from among an anti-war movement stratum typified by those devotees of the "Great Proletarian Cultural Revolution," like Columbia University's PLP activist Dennis King (who tumbled to public notoriety out of Roy M. Cohn's closet) and Weatherman ideologue John Jacobs, who were, during 1966-1968, either members or close associates of the violence-prone currents within the Progressive Labor Party. The role of McGeorge Bundy's Ford Foundation, in the funding of the self-styled "Crazies," around Mark Rudd, at Columbia, and the association with these operations of those funding conduits, by that notorious epigone of Georg Lukacs, former CIA agent Herbert Marcuse, shows the Liberal Establishment families' hand behind these developments. In the U.S.A., Europe, and elsewhere, it is the embedding of such fanatics, as a powerfully backed force of wild fanaticism, within the today's influential political processes and leading institutions, which is even far more threatening to the future existence of civilization, than the wrecking of the world's infrastructure, agriculture, and industry, by the influence of ecological hoaxes.

pact of the series of technological and related changes, on the structure of one table, relative to its predecessor. In the case of changes occurring in a series whose characteristic feature is the technological impact of valid discoveries of physical principle, we are obliged to step outside mathematics as it is usually employed, to take into account the process by which validated axiomatic-revolutionary changes are introduced to the schema.

Since, as we have indicated above, strategic defense is both a matter of military technologies, and also a function of the impact of technological progress upon the economic process of the society as a whole, it is important to identify the relevant functions from the standpoint of comparison with the kinds of mathematical functions which could be applied to an hypothetical, non-human economy. In other words, to show, implicitly, what is fatally wrong with both "systems analysis" and "information theory."

In the technology-driven increase of the per-capita power of society over nature, we are presented implicitly with the following proposition: Since the apparent, proximate cause for this material gain (the effect) is nothing other than an idea, what is the mass and velocity of an idea—a valid, axiomatic-revolutionary discovery of physical principle, for example, that it might produce that measurable, physical-economic effect? Translated into shop-talk, the question becomes, "How do we handle this type of challenge, both to today's prevailing classroom, and popular, notion of 'causality,' and, also, to generally accepted classroom mathematics?"

Among the incidental advantages which the U.S. soldier contributed to the military performance of the forces, during World War II, was the relatively high ration of the recruits—city boys and farm boys—who could not only operate a motor vehicle, but could, operating largely from insight, improvise significant repairs on those vehicles. For a comparison, try operating a modern production facility in a region of the world, where the nearest relevant quality of machine-tool repairman, works in a place hundreds of miles, or more, away. In such matters, as in scientific work, "insight" is a term usefully reserved to those aspects of a solution to a conceptual problem, the which can not be accounted for as deductive, or "textbook" reasoning. That same term is also used to signify creating an otherwise unachievable solution, by going outside the considerations posed explicitly by the problem as defined.<sup>31</sup> For our purposes, here, we must show such "insight" into the nature of "insight" itself.

The generalized function implicit in Riemann's referenced habilitation dissertation, implicitly defines "insight" as that species of mental action, which enables the thinker to leap from the theorem-lattice based upon the hypothesis adopted prior to some valid, axiomatic-revolutionary discovery of physical principle, to the new theorem-lattice associated with the new hypothesis, incorporating that discovery. That pre-

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31. Cf. Wolfgang Koehler, *Gestalt Psychology*.

sents the posterior view of the leap, as a leap to an appropriate theorem-lattice, away from an earlier theorem-lattice which is of an inconsistent, relatively degenerate form and hypothesis. In the effort to reach the second lattice, deductively, from the first, one encounters an absolute, formal discontinuity, the which can not be bridged in that way (nor actually “slid through”).

In fact, the quality of mental act associated with that successful leap (of discovery) is also present, if in a less intense form, in many cases of problem-solving of the type which do not involve a change in physical principle. Thus, it were appropriate, that we define “insight” in terms of the most rigorous case, as we do here, and, then, to note the reflection of the same type of mental power in applications which solve problems of lesser epistemological profundity.

Through familiarity with the successful use of insight, the individual may become conscious of that kind of “insight” as a definite kind of object. That is to say, we know two general categories of objects. The first, signifies objects which we either identify by means of sense-perception, or to which we attribute qualities analogous to those of sense-perceived objects. The second, signifies thoughts as objects; this second case includes ideas such as love of justice, love of truth, and the act of valid discovery of an axiomatic-revolutionary principle. *Agapē* is associated with mental objects of the second class; *agapē* itself is also such an object.<sup>32</sup>

In the case that the student undergoes a Classical-humanist form of education, the student acquires the ability to “locate” the power to make valid leaps of discovery, themselves

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32. Since no later than Plato, the functional distinction between *eros* and *agapē*, has been that the former pertains to the class of sensual objects, the latter to the domain of *Platonic ideas*. This is key to identifying that streak of immorality permeating all of Immanuel Kant’s *Critiques*, as the implicitly fascist quality of Kant’s philosophy was emphatically, and correctly prophesied by Heinrich Heine’s *Religion and Philosophy in Germany*. This is also the root of Kant’s crucial role as the leading philosopher of reference for the Nineteenth-Century Romantic movement. The war between the Classical and Romantic factions in music, from the Congress of Vienna to beyond the death of Brahms, down to the present day, illustrates the functional role of the distinction between *eros* and *agapē*. Retrospective studies respecting the roots of the form of motivic through-composition developed by Mozart, Beethoven, Brahms, et al., show that the composition and competent performance of all Classical compositions, of J.S. Bach, Haydn, Mozart, Beethoven, Schubert, Schumann, Brahms, et al., are premised upon the use of resolution to evoke *agapē*. Carl Czerny’s pupil, Franz Liszt, turned against God, and also Beethoven, to substitute sensual effects, such as irrationalist chromaticism, for motivic thoroughness; Liszt’s pupil, the Mazzinian bomb-thrower and composer Richard Wagner, was a perfervid Beethoven-hater of the Nazi-like radical conservative (oligarchical lackey) type; the *Liebsted* duet from his *Tristan und Isolde*, typifies the Romantic principle, of substituting sensual effects (*eros*), for creativity (*agapē*). Thus, Classical composition is inherently religious, in the Christian sense: It expresses the *agapē* demanded by *I Corinthians* 13; whereas, Modernism, post-Modernism, “Nashville,” and rock, are pathologically, either erotic, or sterilely “academic” formalism. The idea of a Christian “rock hymn,” is as absurd as that of a Christian “black mass.”

a definite kind of mental object of consciousness.<sup>33</sup> By “Classical-humanist” education, we signify an education in which so-called textbook education is outlawed, and replaced by a curriculum in which the student reexperiences, in his or her own mind, a reenactment of the relevant original act of discovery of a valid, axiomatic-revolutionary principle. In other words, a cognitive education, rather than one based on mere learning, is an education which produces graduates who actually know these ideas, rather than merely learning to identify them in a textbook manner.

Plato provides us the means to render comprehensible the most essential of the functional relationships involved. A succession of reenacted original discoveries, is, as Riemann’s dissertation shows, a series of hypotheses. Plato identifies the mental act which carries us from one, to the next of a series of successively superior hypotheses, as an *higher hypothesis*. The distinctive advantage of a cognitive education, over mere textbook education, is that the student enjoying the qualitatively superior, cognitive education, is concentrating on developing the power of making controlled, successful, valid leaps of discovery (higher hypothesis), rather than skating through a sequence of cookbook-like, “how to” recipes.<sup>34</sup>

Over time, the quality of leaping may be improved. In other words, we may be presented, thus, with such an ordered series of higher hypotheses, rather than a series of ordinary hypotheses. The former series, of higher hypotheses, compels the mind to render the series comprehensible by, as Plato indicates, “hypothesizing the higher hypothesis.”

The mind which is developed to think in such directions, is one which is able to respond to a problem by mustering a mental habit of insight. Thus, the same mental principle which we encounter in its most rigorous and essential form as higher hypothesis, is also encountered, as a principle of mental activity, on levels which are far below the sophistication of a discovery of physical principle. The essential principle of the Leibniz-founded science of physical economy, is the functional role of insight in general, in governing the increase of the productive powers of labor, and in making possible a net, “macro-economic,” physical “profit” for the society taken as a whole.<sup>35</sup>

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33. In posthumously published writings, we find Bernhard Riemann wrestling with this same conception, at the time he was in the process of producing that fundamental discovery for which he is most famous, and most important, in the history of science. Where this writer employs the term “metaphor,” from Classical poetry and drama, to identify the *Platonic idea* of a valid, axiomatic-revolutionary discovery of principle, Riemann approaches the same problem of representation from a slightly different tack, employing the term *Geistesmassen*. See Lyndon H. LaRouche, Jr., “Riemann Refutes Euler,” *21st Century Science and Technology*, Winter 1995-1996, pp. 36-47. See also, in the same issue, the translation of Riemann’s *Zur Psychologie und Metaphysik* (“On Psychology and Metaphysics”), pp. 50-55.

34. The result of that latter sort of “textbook” education, Friedrich Schiller ridicules by means of the term *Brotgelehrten*, thus comparing such graduates to the poor quality of musician, perhaps a “popular” night-club crooner, who has barely learned “to sing for his supper.”

35. It is significant to note that Leibniz identified these topics in his first writing on the subject of a science of physical economy, his 1671 *Societ*

One additional bit of background definition is required, before turning to those notions of allocation function essential to defining the economic feasibility of strategic defense based upon accelerated technological attrition. We must precede remarks on that allocation function by supplying a working definition of a “not-entropic” economic function.

As Leibniz stresses in his 1671 *Society and Economy*, the maintenance of a supply of labor of a certain skill and physical productivity, requires a corresponding level of existence of the household producing this labor, a level of existence which could not be cheapened, without lowering the level of skill and physical productivity of the labor-force. This consideration applies not only to the effective household income; the level of development of basic economic infrastructure of the society (per capita of labor-force, per household, and per square kilometer), is also a per-capita cost of productive labor, as are capital-intensity (measured in physical, rather than financial terms), and power-intensity. Thus, a certain level of productivity of society is supplied at a physical cost, which cost has the connotations which Lord Kelvin, Rudolf Clausius, et al., attributed to “energy of the system.”

The complication is, that as we increase the level of productivity, these physical costs increase, in absolute terms. Thus, the per-capita “energy of the system” increases. This is a correlative of the notion of an economy whose general allocation function is attuned to “technological attrition.”

In these cases, the physical margin of a society’s output which might be usefully defined as profit, is simply the margin of total output in excess of the required “energy of the system,” a margin designatable as the relative “free energy.” The obvious goal is, that the ratio of free energy to energy of the system, must not decline, although the costs expressible as “energy of the system” are constantly increasing in absolute physical terms, per capita of labor force, per household, and per square kilometer of relevant land-area. This requirement is identified as a “not-entropic” function, in the same sense that living processes are also to be classed as “not-entropic systems.” All measurements in physical-economy are made, in those primary terms of reference, and evaluated functionally in terms of that “not-entropic” yardstick of required performance.

Derived from those background considerations, there are principally three physical-economic conceptions, whose interrelationship underlies the notions of, both the general allocation function in physical economy, and, of effective strategic defense. These three conceptions, are: the writer’s version of what Leibniz identified as “universal characteristics,” the notion of a Riemannian per-capita physical potential (i.e., *cardinality*), and the notion of a per-capita physical-economic potential. The latter is related to, but distinct from the notion of a simple physical potential.

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*and Economy*, written before his assignment to represent relevant German interests in Jean-Baptiste Colbert’s Paris center of scientific discovery.

## a) Universal characteristics

For pedagogical purposes, we introduce the notion of “universal characteristics” in the following way.

In the non-existent case, that the history of mankind could be accounted for, as Thomas Hobbes, John Locke, and Isaac Newton profess, by a single set of mutually consistent propositions (e.g., theorems), from remote past, into the indefinite future, one could represent all past, present, and future history in terms of a single, unchanging theorem-lattice. The fact that human existence is altered by the impact of new discoveries of principle, which alter society’s response to phenomena, introduces the notion, that a concept of “universal characteristics” is indispensable for analysis of the nature and effects of human behavior, especially on the historical scale, or in study of the effects of changes in technology in an economy. This, then, is recognizable as one of the implications of Riemann’s habilitation dissertation; it was an idea whose importance was emphasized, earlier, by Leibniz.

The peculiar distinction which appears, when we introduce the notion of hypothesis to physical, and analogous functions, is that, with respect to any corresponding theorem-lattice, an hypothesis exists *outside of time*. As we proceed from one theorem to another, of the same formalist theorem-lattice, the hypothesis never changes: It is the *alpha and omega* of that theorem-lattice. It has, thus, the form of a *good* within Plato’s work, not the highest Good, but a much lesser rank of “lesser good.”<sup>36</sup> This, in the microcosm of the proverbial simplest case, identifies the outward distinction of the idea of a “universal characteristic.”

Since the continued existence of mankind depends absolutely upon the kind of progress represented by the supersession of inferior, by superior hypotheses, we can not be satisfied merely with that most simple form of universal characteristic. We require emphasis upon the kind of universal characteristic associated with Plato’s notion of higher hypothesis, or, better, hypothesizing the higher hypothesis. In each case, these notions of hypothesis have the form of the good, of universal characteristics.

In this case, we are presented an additional distinction. Once we supersede the notion of a society as being ruled by a single, unchanging hypothesis, by the notion of higher hypothesis, we have presented ourselves with the *idea of history*. If we move from a conjectural model of such ordering of history by higher hypothesis, to a model premised upon a chronology of actual, validated, and failed, axiomatic-revolutionary discoveries of presumed principle, we have seized the

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36. It is important, for the sake of clarity on this point, to stress, as illustration, that “evil” is the counterposing of the “lesser good” to the higher, as in the case of the soldier who flees the field of battle, thus jeopardizing his nation, for the “lesser good” of meeting his responsibility to provide “quality time” with his family. Contrary to the doctrine of gnostical hypocrisy popular among certain of today’s “Baby Boomer” generation, for example, the higher Good is not the synthesis of “moral personal behavior” by individuals. Rather, personal Good is that which the good of mankind, nation, and so forth, as a whole, requires of the individual’s personal self-development and behavior.

actual history of mankind at its core. The history of both bad and good ideas, and their effects, so considered, is the real-life basis for investigating the notion of hypothesizing the higher hypothesis.

In the latter case, we study history factually, to adduce, not only good versus bad currents of idea-development, but the germinal feature of those currents from the standpoint of the notion of “higher hypothesis.” Thus, for example, we find, that during the recent 6,000 years or more, the pre-history and history of European civilization, is encapsulated by the issues of what European history recalls as “the Persian wars.” Precisely the kind of stuff a fellow must master before setting himself up in shop as a strategist. Indeed, this close scrutiny of this bit of history, has been bedrock of all effective strategic thinking in modern European history. Therefore, we are by no means off the beaten track in addressing this area; we are simply providing a fresh, and more useful overview of the implications of that history for addressing the problems of strategic defense, today.

Notably, the characteristic conflict—the conflict between universal characteristics—which has shaped the history of European civilization during the recent 2,600 years, has been the conflict between the Homer-Thales-Solon-Plato tradition continued from the history of Classical Greece, against two foes, the Cult of Apollo and the so-called “Persian Model” of empire, the latter better identified as the “Babylonian Model.” The relevant features of that are summarized as follows.

The nature of this conflict is adduced most efficiently, by recognizing the subject-matter of the Homeric epics, and of the Golden Age tragedies of Aeschylus (for example), as a conflict, on one side, among irreconcilable hypotheses of different cultures among men, and the concurrent struggle of mankind against the caprices of the tyrannical pagan gods. Given, thus, two factions among mortal men, the resulting interaction creates a three-way dialogue, in which, in response to commonly experienced actual events, each of the three parties responds with its propositions which are irreconcilable with the propositions which those events prompt in the other two. They are each governed by mutually exclusive hypotheses, mutually exclusive universal characteristics.

Out of this development in the heroic literary heritage of Classical Greece, we derived the Socratic dialogue, as typified by the work of Plato. This literary heritage, from Homer, Thales, Solon, the Golden Age tragedies, Socrates, Xenophon, Plato, et al., addresses two characteristic strategic issues of that age. First, the fight which man must wage to free mankind from slavery to the evil, pagan gods of Olympus, and similar types, which is, second, an expression of the earthly battle to free mankind from rule by those collations of ruling oligarchical families, which the imaginary, pagan gods serve as a fantastic apotheosis. It is the oligarchical model, as typified by the Persian Empire of the Classical Greece experience, and also by the Delphi cult of Gaia-Python/Dionysos-Apollo, which is the adversary of both mankind and the Creator Himself. That is the Classical kernel of the strategical



*Statue of Johannes Kepler in Weil der Stadt, Germany.*

model, down to the present day.

Our war is a war among conflicting universal characteristics, as the Greek Classics typify that conflict. Our war, today, as then, is against the real-life force deployed by the Babylon heritage’s oligarchical model, a model which is, not so incidentally, that of the British Empire’s financier-oligarchical monarchy, in the time of Benjamin Franklin, of John Quincy Adams, of Abraham Lincoln, of President Franklin Roosevelt, and, still, today.

From the standpoint of the kind of physics represented, with special excellence, by Kepler, Leibniz, Gauss, and Riemann, the notion of universal characteristics appears as the concept of physical relativity, the notion of the significance of a local event, as being determined by the imputable physical space-time geometry in which it is situated. This obliges us to consider the dimensionality of the relevant, Riemannian physical space-time manifold, and also the Gaussian form of measurably verifiable, physical space-time curvature associated with that manifold. This was already the vantage-point of Johannes Kepler, who identifies this same idea, for his time, by his use of the term *Reason*, in implicit opposition to the introduction of the percussive notion of mechanistic *causality* by the founder of empiricism, Paolo Sarpi, and by Sarpi’s personal lackey Galileo Galilei. *Reason*, in this usage, signifies the principle, that events must conform to the universal characteristic of the physical space-time in which they appear (as opposed to the “causality” of percussive interaction within an idealized, “Euclidean” space-time).

Any economic process, taken in entirety, at any point in evolution, or devolution, can be viewed functionally as a

Riemannian manifold. At least, a useful approximation may be devised. That manifold has an associated, imputable, universal characteristic. This characteristic determines the practical implication of any type of event within the process taken as a whole.

## b) Physical potential

There are six gross distinctions of functionally topical areas within the domain of the empirical matters addressed by physical science in its entirety. Three of the six are of type; the three remaining, are of scale. Of type, there are putatively non-living, putatively non-cognitive living processes, and cognitive processes. Of scale, there are astrophysical, microphysical, and macrophysical. Science is composed of the process of comprehending the nature of the interaction of each of these with all of the others. This defines the manifold. The dominant issue is that of adducing the universal characteristics of the universe represented by such a manifold, and of devising measurements which enable us to validate or correct that estimation.

The most characteristic endeavors of relevance to economy, in physical science, are 1) the effort to extend the scale of man's efficient intervention, into the remoteness of astrophysics and microphysics; 2) to increase the power of man's intervention, per capita, into all domains; and 3) to master the demonstrated reality, that the universe is so composed, that living cognitive processes—the cognitively developed human individual—are the highest order of efficient known existence within that universe.

## c) Physical-economic potential

The highest authority, on which all claims of science depend absolutely, is the demonstration, that through cognitive processes of validatable, axiomatic-revolutionary qualities of discovery of principle, mankind has been enabled to rise above a "natural," late-cenozoic, ecological potential population of not more than several millions higher apes of wretched demographic characteristics, to modern levels of hundreds of millions and billions of persons. On the basis of this evidence, the universal characteristic of the human species, is expressed by the activity we have identified here as hypothesizing the higher hypothesis.

It is the correlation between physical science (in particular) and the role of products of scientific progress in shifting the imputable Gaussian physical-economic space-time curvature of society to higher levels of man's power over the universe, which is the ultimate scientific experiment, upon which the validity of all other experiments in physical science depends.

The crucial fact of science, is the manifest proneness of the universe to submit to the cognitive will of mankind in this manner. It is from that vantage-point, within that physical space-time manifold, that the underlying axioms of scientific thinking must be forged.

The crucial problem, posed in a fresh, and rather acute

form, by the problem of devising and implementing a sustainable advantage for the strategic defense under conditions of forced rates of acceleration of technological attrition, confronts us with these conceptions of physical science and physical economy in this ostensibly "sophisticated" form. The challenge can not be efficiently addressed on a lesser level of conceptualization.

This brings us to the concluding point to be made, respecting the relationship of these technological matters to what many will regard, as if instinctively, as the human side of the strategic equation. How does this defense address directly, the continuing, global struggle between mankind and the pestilence of oligarchism?

The premise for the existence of the modern form of perfectly sovereign, constitutional, nation-state republic, is the conception of man as a creature of cognition, not fixed sets of biological social traits. It is to the degree that we require all among the members of society to function with emphasis upon the development and use of those cognitive potentials which distinguish the human individual above the beasts, that we summon into action that potential superiority of power of the republic, over any other form of society, over any oligarchical society. That was understood by Niccolò Machiavelli; all history since has demonstrated that principle, in one way or another.

We summon into action that form of individual and social action which defines the relatively highest achievable level of power of any society, and thus, in that way, evoke from the individual, and for relations among persons, the highest cognitive standard which man's intrinsic nature can supply, the agapic quality of work wrought with the weapon of cognition itself. We arouse within the republic and its allies, the highest power possible in our time, by arousing that which imparts to the greatest number of our people, the greatest per-capita power of society possible.

This has been long understood by the oligarchical enemies of the republic. The evil Emperor Diocletian understood it very efficiently, as his wicked *Codex* attests, and as his wicked imitators, such as Princes Philip and Bernhard, attest by their relevant actions. Take away from mankind the right to foster and enjoy the benefits of endless scientific, technological, and cultural progress, and by halting progress, so, you turn good men and women into beasts, as we watched this transformation—the so-called "cultural-paradigm shift"—among those "Baby Boomers" who became mentally and morally *hors de combat* in those waves of dionysiac cultural pessimism, which surged through the campuses of Western Europe and the Americas, about thirty years ago.

To recover our national sovereignty, and to create the security we require, our nation must reclaim its soul. Otherwise, we are doomed, and most of the presently living families of this planet with us. Effective strategic defense must be understood as, foremost, an economic, a cultural, and a moral challenge. What follies are we willing to abandon, to secure our nation, perhaps, to save our souls?

## Bill to tax speculation exposes Ridge's crimes

by Nancy Spannaus

A bill to create a "Securities Transfer Tax" was introduced into the Pennsylvania House of Representatives on June 27 by Democrat and Black Caucus leader Harold James (Philadelphia). House Bill 2833, which has four co-sponsors, calls for a two-tenths of 1% tax "on the sale or transfer of any bond, stock, security, future, option, swap or derivative." Because the bill was introduced immediately before the legislature closed down for the summer, there is not yet a schedule for hearings on it.

Preliminary estimates are that the tax could raise at least \$10 billion, thus exposing as a blatant lie the argument by Pennsylvania Gov. Tom Ridge, and his Republican colleagues, that they have to slash the safety net for poor and working people in order to "balance the budget."

Governor Ridge is already the target of an impeachment effort, initiated by the LaRouche Presidential campaign in mid-May. The impeachment resolution is backed up by a 24-page pamphlet being circulated by the LaRouche Exploratory Committee (LEC), which documents the fact that the governor "knew or should have known" that his health care cuts for low-income families would increase the death rate for those families, and therefore qualify as "Nazi-style crimes against humanity," for which Nazis were hung at Nuremberg.

In a memo to all House members, primary sponsor Representative James said that "the proposed tax has the potential to generate substantial revenues for the Commonwealth, because of the massive volume of trading in financial markets today. This proposed tax will also allow the Commonwealth to meet its responsibilities to our working poor and disabled citizens, and to restore budget cuts which threaten the health and lives of our constituents."

Governor Ridge now has to decide whether he wants to

meet those responsibilities, or pursue his totally unnecessary Gingrich-style program of budget cuts.

### A model tax bill

The Security Transfer Tax is proposed as an amendment to the 1971 Tax Reform Code of Pennsylvania. Its stated legislative purpose is to "provide a disincentive to financial speculative activity destructive to the economic well-being of this Commonwealth and its citizens; to encourage stable investment and job creation; and to enhance Commonwealth revenues without harm to the lives and health of the people."

The tax of 0.2% would be imposed on the sale or transfer of any bond, stock, security, future, option, swap or derivative, and be payable by the seller or transferer. Clearly, those who speculate, i.e., carry out many short-term transactions, would pay significantly more tax than long-term investors.

The idea of imposing such a tax on speculation has been circulating in U.S. policy circles for many years, but with increasing prominence since 1993. Former Speaker of the House Jim Wright (D-Tex.) proposed a 1% tax on financial transactions in 1987, and in 1990, then-Sen. Lloyd Bentsen (D-Tex.) proposed a similar tax. In 1993, Presidential candidate Lyndon LaRouche initiated a proposal for a tax on speculation by derivatives, at the level of 0.1% on the nominal value of the instrument, arguing that such an approach would not only raise immediate monies, but would serve to shrink up the cancerous growth in speculation.

In a Feb. 28, 1996 report, entitled "Scrambling to Pay the Bills: Building Allies for America's Working Families," by Sen. Jeff Bingaman (D-N.M.) to Senate Minority Leader Tom Daschle (D-S.D.), a proposal to tax speculation was floated. The tax "would impose a small and diminishing



securities transfer excise tax (STET) on broad-based security sales made less than two years after purchase,” the report read.

Then, LaRouche, in an April 4 press conference in Philadelphia—soon after Governor Ridge’s first round of murderous health care cuts were defeated—proposed a similar approach for Pennsylvania.

With the introduction of the Securities Transfer Tax in Pennsylvania, a precedent has been set for dealing with the draconian budget cuts which are being implemented all around the country, as well as in Washington, D.C. The proposed tax rate on speculation would be considerably less than the sales tax paid by the majority of the population, yet, given the enormous turnover, would easily yield sufficient income to fill budget gaps.

### **LaRouche’s campaign**

Presidential candidate LaRouche gave a press conference in Harrisburg on July 3, to announce the release of the campaign’s pamphlet against Ridge (see photo, p. 65). Two hundred thousand copies were printed in the first run, and the LaRouche Exploratory Committee has indicated its intention to circulate at least 600,000 copies before the Democratic National Convention in late August.

In his opening statement, LaRouche explained that he has targetted Governor Ridge as the “lead duck” of a flock of politicians who are advocating fascist austerity policies in the United States. He explained it as follows:

“There are many people, particularly those associated with the Contract with America, who are pushing the same thing. There are people who say, that, in order to balance the budget or protect our posterity from debt, we must cut medical care and do other things which, in effect, we should all know will lead to increases in the death rate and cause comparable suffering. In this case, of course, it’s an established fact that what the governor has already done will cause, within six months, an estimated 3,000 or more deaths. That’s a crime against humanity.”

He then promised to continue the campaign after the Democratic Convention.

LaRouche’s press conference on the anti-Ridge campaign, in contrast to his other campaign events during the primary season, drew a fair amount of press coverage, from the Harrisburg daily paper, to Pennsylvania cable TV, to a statewide AP wire. This publicity comes after LEC spokesmen had presented the impeachment campaign in more than 30 county seats throughout the state.

But this is only the beginning. The LEC has booked 23 half-hour television spots to be aired throughout Pennsylvania in the Aug. 1-11 period. The advertisement to be shown will tell Pennsylvanians why they must impeach their governor for Nazi-style crimes against humanity. As LaRouche put it in his July 3 press conference:

“The charge we’re making against Governor Ridge is not

a case of first impression. We’ve indicted and convicted members of the German government and professionals at Nuremberg for doing exactly what the governor is doing. No different. We are not calling him a Nazi. We are saying he is committing a crime against humanity for which Nazis were previously convicted.”

### **Why the campaign must spread**

What Governor Ridge, until recently a “moderate” Republican, is doing, is not unique throughout the country, of course. The same rationale is being used in state after state, to throw the working poor off health insurance and welfare programs, with the claim that they are “too lazy” to work for an income. In Pennsylvania, 220,000 of the working poor will be affected; in other states, there will be many more.

The LaRouche campaign’s calculation that over 3,000 people are likely to die from Ridge’s policy within six months, is based on a study on the effects of the elimination of state medical assistance, which was published in the *New England Journal of Medicine* in 1984, with a follow-up study in 1986.

The state in question was California, which eliminated state health protection for about 270,000 people in 1982. A group of doctors at the University of Southern California (Los Angeles) studied 186 people who were eliminated from the program. They were evaluated six months after their removal, and their conditions were compared with 109 people who were not cut off.

By taking their blood pressure and conducting other tests, the doctors found that the general health of the study patients eliminated from the program, had worsened, and estimated that the relative risk of dying for those with high blood pressure had increased by 40%.

Most importantly, five people in the test group died, while no one in the comparison group died. After interviewing the families, the doctors concluded that at least three of the deaths were directly due to lack of access to medical care, because of the cuts. One person, for example, who was vomiting blood, delayed going to the hospital for fear he could not pay. This person died of a perforated ulcer.

The calculations amounted to 3 out of 186, or 1.6%, and 1.6% of the 220,000 affected in Pennsylvania is 3,542. This is the campaign’s estimate as to how many of those Ridge is cutting off medical assistance, will die in the first six months.

Poor people are already beginning to be cut off in Pennsylvania; it is even possible people have begun to die. So far, the state government has refused to make the names of the 220,000 people slated to be removed from the medical assistance program, available to the public, or even to state legislators for the districts they live in. Thus, Ridge’s administration apparently hopes that the human consequences of its crime can be covered up.

To be sure, the LaRouche Presidential campaign, and the thousands of people who are being activated around the country, will not let this occur. And the campaign will spread.

# Stop fascism in America, impeach Pennsylvania's Gov. Tom Ridge!

by Lyndon H. LaRouche, Jr.

*On July 4, Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. delivered a campaign address to 800 people at the Declaration of Independence Co-Signers Convention (DICC) in Philadelphia. The candidate, after being introduced by associate Dennis Speed, concentrated his hour-long speech on winning the fight against global fascism, starting with a successful impeachment campaign against Pennsylvania Gov. Tom Ridge. Other speakers included civil rights veteran Rev. James L. Bevel, Nation of Islam leader Minister Louis Farrakhan, and Rev. Benjamin Chavis, former director of the NAACP, and currently chairman of the National African-American Leadership Summit, which organized the Million Man March last October. Reverend Bevel initiated the annual Co-Signers Convention in 1992, with the intention of bringing together citizens to commit themselves anew to the governing principles of the U.S. Declaration of Independence.*

*The transcript of LaRouche's speech follows; subheads have been added.*

I wish to thank my dear friend, Dennis, with whom we've had, over a period of two decades—we've been some of the leading troublemakers of America. And, we relish that, and we rejoice in that.

But, also, I want to thank our dear friend, Reverend Bevel. Brother Bevel told me I was going to preach today, and I said, "I don't preach. I just tell preachers what to say sometimes." Even though I am a theologian; that is one of my qualifications. He said, "No, that's preaching." So, I guess I have to preach a bit, and I will, in the course of my remarks today, touch upon something which gets close to preaching, about the United States.

Reverend Bevel having dedicated these proceedings to two things, to the continuation of the principle of atonement, around which the Million Man March was organized last year, and, also, to the celebration of the Declaration of Independence, which today's events are the occasion for, combine those two things by dealing with government and atonement. And, in the course of my remarks, I shall therefore speak on the subject of the elected official in Pennsylvania who has the most for which to atone, the governor of the state, Ridge, who we are working to have impeached. And, I'll tell you about that.

Now, what I want to do, is to combine the two things, to indicate to you, first of all, the principles, the historically determined principles upon which the foundation of this nation is premised. And secondly, to indicate, from the standpoint of those principles and the methods of fighting which those principles involve, why I'm taking the course of action against Governor Ridge which I'm taking. I'll repeat something which I've said many times, but it deserves repeating, because it has not yet sunk in, in enough places.

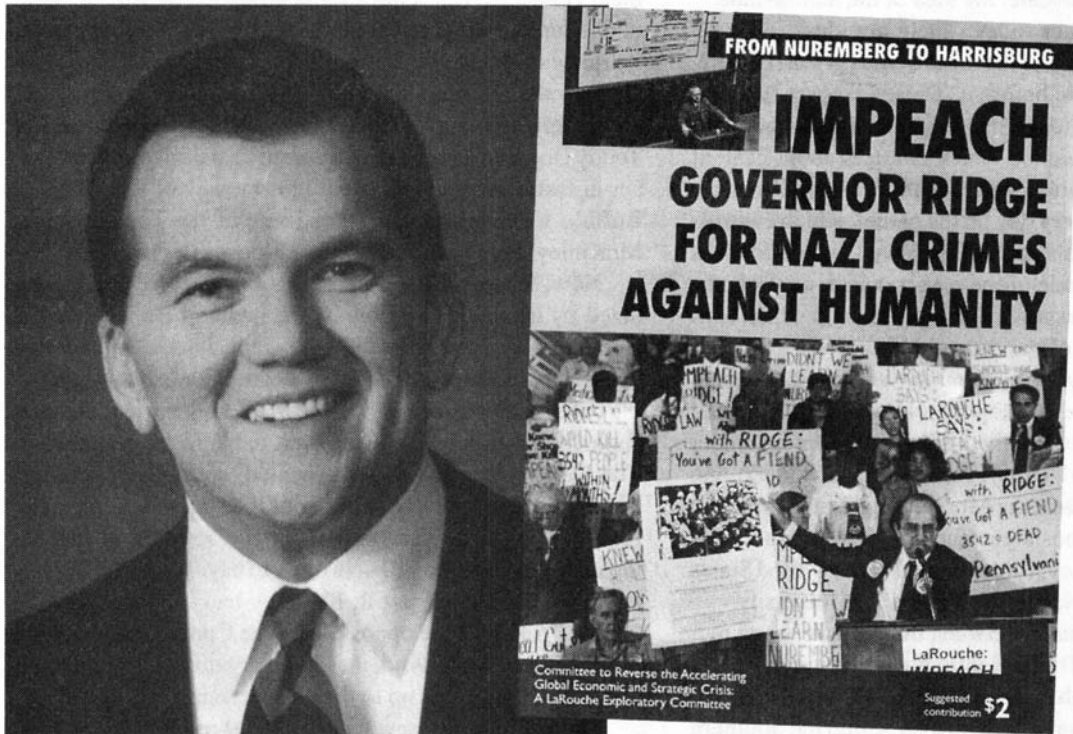
## Our struggle for the nation-state

The condition of mankind through most of human existence, until about 500 years ago, when things began to improve significantly, was that over 95% of the human race in every corner of the planet, was subjected to the conditions of life of human cattle. Most toiled—as slaves, as serfs, or under worse conditions. And, history was a matter of a limited few of famous rulers, and the lackeys, and a few privileged beside them.

As a result of a long movement, which finally had some success in modern Europe, we had, in France, beginning the year 1461, the first modern nation. *There were no true nations before that.* Because, as political institutions, nations were the property of overlords. The people essentially were owned, as the land. Land, territory, peoples, were traded off like baseball cards, from one aristocratic ruler to another.

For the first time, in France in 1461, as a result of a revolution which occurred in that century, the first nation-state was created in which *every member of the society* was an owner of the society. *Every member of the society* was, in principle, a citizen. The reality of that commitment, at that time, was not complete. The principle was there, but the commitment was not yet *efficient*.

And so, in the course of time, as we struggled—we of that cause—struggled to free mankind, especially in Europe at the beginning—to free mankind from the tradition of Babylon, of the rule of people as if they were human cattle, by either landed aristocracy or by financial aristocracy, we found that the landed aristocracy and the financial aristocracy, while fighting each other, often, ganged up against us. And, in the beginning of the 17th century, and into the 18th century, our cause was jeopardized, because the landed aristocracy and financial aristocracy together, were coming back to consoli-



*Pennsylvania's Governor Ridge "is committing exactly the same crime for which we indicted, convicted, and executed Nazi doctors and Nazi officials at Nuremberg," charges LaRouche. Right: a pamphlet being circulated by the LaRouche Exploratory Committee.*

date power throughout Europe.

And so, after the accession of George Ludwig, Georg Ludwig, as King George I of England, the cause of freedom became an almost hopeless one inside England itself, with the establishment of the British Empire officially in 1714.

During that period, people turned to the colonies which had been established in North America, most emphatically, the Commonwealth of Massachusetts, or the Massachusetts Bay Colony, and the Commonwealth of Pennsylvania, while attempting to reconquer for humanity the Commonwealth of Virginia, where we had a lot of rascals—and still do.

So, the idea was, that since the cause of humanity was imperilled in Europe, the best minds and the noblest souls of Europe, dedicated themselves to create a new nation in North America, especially in English-speaking North America. And, in the course of the 18th century, based on beginnings organized around people like Jonathan Logan of Pennsylvania, the actual founder of what's called the Logan Library at the university here now, and Cotton Mather in Massachusetts, and others allied with them: These followers of the influence of Gottfried Leibniz in Germany, and throughout Europe, set forth, in an organizing drive, to create a republic based on those principles in North America. And, they succeeded: Benjamin Franklin was their chief protégé.

We organized. We fought for the right for universal education, a fight which was begun in France, under King Louis XI, a fight which was conducted in Massachusetts Bay Colony, a fight which was conducted in the Commonwealth of Pennsylvania.

We fought for the right to promote scientific and technological progress in agriculture, industry, and infrastructure, to the benefit of our people, a fight which was waged in these places, a fight waged against the opposing forces in England. And, a fight waged against those families in the Americas who became the opium traders of the 19th century, and the slaveholders of the 19th century, and those types.

And, we created here a nation, which, by a fight, a fight conducted not only against the British monarchy, which has been our enemy from then to the present day, but a fight against the would-be financial aristocrats and landed aristocrats of the United States, including the slave-owning factions, especially in the Southern states.

We won—a temporary victory. And, we have kept that victory enshrined in our Declaration of Independence, and our Preamble of our Constitution—which Contract with America *hates*—we have kept that victory only by repeated struggles, often from beneath, often coming from behind, to re-establish that principle upon which this nation was founded.

There is one struggle on this planet today, a struggle between two social forces and two kinds of ideas. The same struggle which has been waged since the time of Ancient Greece, when the faction of Solon, the faction of Homer, the faction of Plato, fought against the forces of the Persian Empire, and the forces of the Cult of Apollo, in a struggle for freedom, a struggle for the principle of truth, the principle of justice. For 2,600 years approximately, there's been a continued struggle on this planet, around this idea, of the citizen of the republic educated to knowledge as the highest rank of

personality in any nation-state: the idea of the nation-state.

The struggle continues today. There are ideas today on this planet which accord with the ideas of the Persian Empire, or the Babylonian Empire before it. Those ideas are typified, not only by the British monarchy, which controls about 25% of the land area of the planet, which controls about 28% of the population of the planet, which controls over 50% of the financial transactions every day on the planet, which controls 65% of the precious metals trade of the planet, which controls the international food trade of the planet, which controls the petroleum and natural gas trade of the planet, and which controls the minds of many of our bozos here.

We have the Anglophile element in the United States, to which I'll turn; and, the Anglophile element in the United States, is an alliance between the 19th-century opium-trader families of New England, Pennsylvania, and New York, like the Mellons, the Harrimans, the Morgans, with those who are tearful, because of their nostalgic tenderness toward the "Lost Cause" of the Confederacy, whose capital of the United States is not Washington, but Nashville: Vanderbilt University.

So, you have an alliance between dope-pushers and racists. That's the enemy. That's Contract with America.

Who is Contract with America? Well, back in the end of the 1970s, you had a group which formed within the Southern wing of the Democratic Party, members of Congress, who called themselves the "Boll Weevils," perhaps because they look like boll weevils, perhaps because they thought like boll weevils. The leader of the Boll Weevils was a so-called Democrat, by the name of Phil Gramm. I don't know what he was full of, but Phil Gramm was what they called him. And, he promptly, once Reagan had been elected, left the Democratic Party, not to become a Republican, but to pass Republican (like passing "Go"), all the way to fascist, right away. And, he was soon followed by a parade of ex-Democrats, particularly from the Southern states, who also became racists, fascists, and so forth.

Now, these people we call the hard-core of "Contract on America." We also had some people in states like Pennsylvania who joined them, like the present governor. I don't think he joined them, I think he was bought and paid for, but that's another story; by the Mellon family, which went up to Erie and bought him. And then they spent ten years training him; and then they made him Genghis Khan, or Dr. Kevorkian, the governor of Pennsylvania. He began to kill people, the way the Mellons like to slice people.

## Two Klansmen: Teddy Roosevelt and Woodrow Wilson

So, where did this come from?

Well, the tragedy of this nation occurred at the beginning of the century. Up until the beginning of the century, until McKinley was assassinated, the United States was dominated by a Republican Party which predominantly maintained the tradition of Abraham Lincoln.

But then, there was a group around the Henry Street Settle-

ment House in New York City, a group led by Emma Goldman, a famous anarchist who was the head of the Henry Street Settlement House, who was financed and backed by some New York interests, including the Roosevelt family. And, these were admirers of Teddy Roosevelt. These admirers of Teddy Roosevelt brought an assassin in, a professional assassin in from Europe. They sent him by way of Cleveland to Buffalo to assassinate the President of the United States, McKinley, thus making Theodore Roosevelt President.

Now, Theodore Roosevelt's political career was organized by his uncle, a fellow by the name of Bulloch, James Bulloch: Captain James Bulloch. Capt. James Bulloch was the head of the intelligence service of the Confederacy operating out of London during the Civil War. And, it was this James Bulloch that trained this Roosevelt in his ideas, his policies. The Justice Department of the United States was taken over by Charles Bonaparte, a member of the Napoleon Bonaparte family, who was also part of the Confederacy plot, those families. They gave us the FBI—in order to have a "political police force," as Roosevelt put it, like they had in Napoleon III's France, to control the opposition to the Confederate tradition in the United States. And, that racist organization has continued that, pretty much up to the present time.

Then, Teddy Roosevelt couldn't get re-elected. So, what he did, is he created a Bull Moose Party, to get Woodrow Wilson elected. Now, Woodrow Wilson was another guy, like the Nashville types: He missed the Confederacy. And, Woodrow Wilson had a special yen for the return of the Ku Klux Klan! He was an admirer of the Ku Klux Klan.

So, when two jokers, one called Goldwyn and the other called Mayer, one producing films in California, the other peddling films from New England, got together to produce a film called "The Klansman," originally, later renamed "The Birth of a Nation," this film was broadcast, through the White House, *with a public endorsement by President Woodrow Wilson*. That film led to the reorganization of the Ku Klux Klan in the United States. And, that is what Woodrow Wilson represented. That is what the *Democratic Party* of the country represented, from deep into the last century, until Franklin Roosevelt.

The Democratic Party was the racist party of the United States, until Franklin Roosevelt. That's a fact. And, Woodrow Wilson is one of the worst examples of it. Grover Cleveland is part of the same mess. On the Republican side, Teddy Roosevelt was the same mess. We had a pretty sick United States in the decade I was born, back in the 1920s. Neither party was patriotic; neither party was really human. And, that was our problem.

But, in that period, especially officially, from 1920 on, Woodrow Wilson's effort resulted in mass recruiting to the Ku Klux Klan. About 3 million people were recruited to the Ku Klux Klan in that period. Not just Stone Mountain, Georgia; but, Pennsylvania, Ohio, Indiana, Illinois, Michigan.

For example, today, you have the so-called militia movement. How's the militia movement organized? Well, we know

## Woodrow Wilson backed the 'great Ku Klux Klan'

The following quotes from President Woodrow Wilson's book *History of the American People* are displayed in the film "The Birth of a Nation" (1927 edition). Wilson is discussing the period of Reconstruction after the U.S. Civil War. Ellipses and emphasis are in the film original.



Woodrow Wilson

... Adventurers swarmed out of the North, as much the enemies of one race as the other, to cozen, beguile, and use the negroes. ... In the villages, the negroes were the officeholders, men who knew no uses of authority except insolences.

... The policy of congressional leaders wrought ... a veritable overthrow of civilization in the South ... in their determination to "put the white South under the heel of the black South." The white men were roused by a mere instinct of self-preservation ... until at last there had sprung into existence a great Ku Klux Klan, a veritable empire of the South, to protect the southern country.

something about that, because we're out there organizing. Klansmen come in as innocent, patriotic Americans, get a bunch of people together, and organize a militia group. They never take out their white robes, but they're there.

You'll find that the Contract with America, the hard core of Contract with America, the way things are organized, is that tendency of families, populist-leaning families in Pennsylvania and elsewhere, who maintain a tradition of either membership in the Klan or affinity to the Klan—Woodrow Wilson's Klan. And, that gives you Tom Ridge.

What we had around the world, in the wake of World War I, we had a worldwide conservative movement. It was called the Conservative Revolution in Germany. It was the movement that gave us Adolf Hitler, or the forces of Adolf Hitler. It was Adolf Hitler who was put into power by the help of the Harrimans, and George Bush's daddy, Prescott Bush. That is, *Prescott Bush officially wrote the piece of paper that transferred the funds into the Nazi Party coffers, to put Hitler into power in 1933.* And, this was fascism. This was Nazism. This was Mussolini. 1920s, 1930s.

*We had it here in the 1920s, into the 1930s.* We had mass

Klan organizing, Klan terror, not just in Southern states; but, in Michigan, a little bit in Pennsylvania, a lot in Illinois, especially in southern Illinois. Indiana, the famous Copperhead state. We had it. We had a Conservative Revolution.

What happened with us, is that in the 1930s, in the Depression, these conservatives, *very much like the conservatives who support "Contract on America" today*, were defeated and demoralized, because the Depression hit them. And thus, people reacted: "We want to be taken care of." The people who would kill the welfare recipient, turned around to becoming welfare victims themselves. And, they had their attitude about welfare changed, because so many people were on public welfare in the depths of the 1930s.

We had that, a conservative movement which was stopped by Roosevelt. The Democratic Party which I wish to be associated with, is that created by Franklin Roosevelt, in the 1930s and 1940s, the party that took the mantle of the Republican Party of Lincoln, and adopted it as the Democratic Party tradition. The party which takes care of the people, which lets the people be represented, in their own interests.

### Cultural pessimism descends on America

So, what we have today, is the same thing. Beginning in the middle of the 1960s, what happened? We went into a moral depression. Kennedy was killed. I'm going to tell you something about Kennedy's killing, because it's relevant to the case today.

Johnson, who thought he had three guns pointed at his head by the people who killed Kennedy, went along with everything McGeorge Bundy told him to do, including launching a full military commitment in Indochina. We fought a no-win war in Indochina, not to win a war, but to orchestrate diplomacy. And, every night on television sets, our young people of draft age, saw people of their age being shot full of holes, or something else, fresh from the battlefield, on television. Every night.

Our young people saw a no-future society emerging. They saw a President murdered, and nobody did anything about it. They saw Malcolm X murdered, and nobody did anything about it. They saw Martin murdered, and nobody did anything about it. They saw Bobby Kennedy murdered, and nobody did anything about it.

I was teaching during 1966 through '73, on some of the campuses in the Northeast, and I saw firsthand what happened to the minds of the Baby Boomers. I also had seen, earlier, what had happened to people of my generation. We came back from the war, we were full of optimism. We were going to change the world, we were going to make the United States better. We got back, and we got Truman instead of hope.

Truman put us under British influence. First of all, he dropped two bombs, nuclear bombs on Japan. There was no reason to do so, no military reason to do so. The idea that that saved a million lives is a lie: never happened. Japan was surrendering. There was no way we had to invade Japan. *We had no plan to invade Japan!* Oh, we had a war plan if we had

to, but we had no *intention* of invading Japan. We didn't need to! The naval blockade of Japan had Japan on its knees. It was a matter of a short time before they would accept the Emperor's terms of surrender.

We didn't have to put a man on shore, to finish the war in Japan. It would have been over before November. But, some liars got Truman to drop the only two nuclear bombs we had, on civilians in Hiroshima and Nagasaki in Japan, to start the nuclear age.

Similarly, Truman did *everything* the Harrimans and London wanted him to do. He put us into a depression. *There was no need for us to go into a depression from 1946 through 1948.* And, I saw, when I got off the boat, and went to look up my old friends from military service, they had changed. They were *terrified*. They had acquired cowardice, a quality they had escaped in wartime. How? "Gotta take care of your career. Gotta take care of your income! Don't get into trouble!"

Before McCarthy came along with McCarthyism, everybody, all my friends, all except a few, turned yellow-bellied. And, they would look this way: "Don't say anything, look at anything, or associate with anybody who'll get you into trouble! Take care of your career. Take care of your family." Sounds nice, doesn't it? "Take care of your family. Leave the battlefield, get out of this war, go back and take care of your family." What happens to the nation? What kind of morality is that? And, that's what happened to us.

My generation lost its morality, and became the "keep-your-nose-clean-stay-out-of-trouble" generation. And, we had children. And, children were raised in households of cowardly parents, who had no purpose in life, except to advance their careers, and stay out of trouble. They sent their children to schools, hoping they would get rich, or be respectable; and, stay out of trouble.

Then along came the 1960s. What happened to all these pretty children from suburbia, from my generation's families? They went to college; and, in college, you got a career, you ducked the draft. And, you got the explosion.

Then, the last thing that happened, that gave us optimism in this country, was Martin Luther King, and what he represented in the '60s. Two great things happened in my generation. One, was the recovery from the Depression, and the end of World War II. That gave us optimism. The second thing, the second thing that made us optimistic, was the civil rights movement. Most of you remember that. It was a period of great optimism. And then we had, together with that, we had the overlap of the optimism of putting a man on the Moon, which, as some of you remember, up through 1969 and '70, that was a great thing! Tears of joy over that issue. All of that was taken away.

What happened with the children? The children were terrified. They were terrified by the nightly news of the Indochina war, especially the Baby Boomers on college campus. "What do you do! Look, I've got a problem! I've got a problem! I

can't stand it! My head's bothering me!"

"Why?"

"I keep seeing, I keep thinking about the draft."

"Well, go out and have some free sex."

"With whom?"

"Anybody. Sparkplug, fireplug, anything. Just get your mind off your problem."

"Hey, that didn't work! I've got problems with my girlfriend now."

"Well, why don't you do a little drugs? Have a little LSD."

"Fine, okay. But, I can't have LSD all the time."

"Well, take a little marijuana."

"But, that doesn't work for me."

"Take a little more wine with it. And, take it when you're coming down from an LSD experience, a trip. It'll work just fine."

"Well, it doesn't work all the time."

"Well, go out to an all-night rock concert, and the repetition of that beat will drive you nuts! You won't be able to think about anything, with that going on."

So, what we had, is we had, in a very short period of time, in a nucleus in the United States of the Baby Boomer generation, on campus, we had a whole generation of which 60 to 70% were, in one degree or another, recruited into this kind of insanity, mass insanity. Pessimism.

And, out of this, we got two things. We got the extreme left, the crazies, the Rainbow Coalition; and, on the other side, we got the right, the fascist tendencies. Just as in Germany in the 1920s, where the counterculture, in the wake of World War I, in Weimar/Versailles conditions in Germany, produced a similar effect. So, what happened during the course of the 1970s, there was a change. By the middle of the 1970s, we had gone from a nation which was committed to improve the conditions of life, through scientific and technological progress, investment in that: improvement in infrastructure, more energy, better neighborhoods, better jobs, higher technology, more for everyone, into: "No. Gotta watch it. Gotta watch out for the environment. Gotta watch out for the environment!" Well, it's getting pretty bad, as a result of this non-investment in improvement.

*Pessimism*, cultural pessimism. "Man, nothing means anything. You've gotta think about yourself. Gotta think about your feelings. Get in touch with your feelings. Get in touch with your own body."

## The case of Tom Ridge

Now, you'll find some correlatives. I've been involved, most of my life, with concern for developing countries, and that's a result of my serving overseas in World War II, that I saw what it is like to live under colonialism, and similar conditions. And therefore, I've been active, in various ways and various degrees, in justice for developing countries. That they should have a right to the same things that we as the United States fought for: the right to have our national inde-

pendence, to have our own country. The right to participate in scientific and technological progress, and its benefits. And, 1967-68: that was all over. *There has been no improvement in the condition of life of the average person, in any developing country, since then. The conditions have become worse.*

Recently, in Africa, which is the worst case; life-expectancy of adult males has dropped in Central Africa, in many cases, from 50 years modal expectancy, to between 30 and 40, as a result of famine and disease. Conditions in Africa are *unspeakable*, and worse. Conditions in Mexico: Since 1982, Mexico has become a *hellhole*. There has not been one inch of improvement, there has been only retrogression and suffering. The same thing is true throughout most of Central and South America: retrogression and suffering, since 1980-82. The same thing is true in most parts of the world.

And, under these conditions, where we become immoral—"Take care of yourself, man. Look out for yourself." "Hey, look, man, your parents are getting old. Look, that's going to be a medical bill. Gee, they're going to come after you to pay some of the medical bills, maybe take care of the old folks." "Look, I wish Grandma would do the right thing. You know, she's had her run. Why doesn't she go?" Governor Lamm of Colorado, Democrat, fascist Democrat, the Kevorkian of Colorado, said, "The old people should get out of the way, move on! Get out of my way! To make room for the young folks."

Then, along came this mood: "Well, we have to face reality, don't we? It's a practical question, isn't it? We've got to balance the budget, don't we? Look, let's be realistic: The money isn't there. We've got to save someplace."

And, as a result of that immorality, you get a Tom Ridge. Tom Ridge is not Satan. He did not spring from the earth because some satanic rabbi put a piece of paper in a mouth of mud, and created a golem. He was typical of Pennsylvania politicians of a certain type. He was picked up by Elsie Hillman, of the Mellon interests; he was groomed, I suppose the way they groom horses—or at least the rear end. And, he finally became one of their *stable* of political aspirants. And, after stalling around for about 10 years, he became governor.

But, what is he? He is a pragmatist. I'll give you an example. You've got one of these things on the Supreme Court, an Associate Justice on the Supreme Court. His name is Antonin Scalia. He's the kind of guy—liberal—that makes Hitler blush. He said, in effect, there is no such thing as morality or constitutional principle in law; that the idea of law must be based on public opinion, democracy.

Now, I was down in the campaign, in Texas and other places, where we have these candidate nights, these candidate events, sponsored by various groups, political groups, or chamber of commerce groups, or things like that. And, I would see things such as candidates for election as judges, particularly to the district courts, judges of appeals courts, both the civil and criminal appeals courts. And, I saw people campaigning—also as Democrats—who were saying, this

guy who is in there, has got to go out, because he's following his conscience, *instead of doing what the people want*. Which means: Execute the guy, because the press says he's guilty, even if this guy's lawyer is in there with evidence proving the guy's innocent.

And, that is what the Supreme Court, with Scalia in it, did, a majority did. They, in effect, ordered the execution of people on death row, at a point that their attorneys had made representation of more than the color of evidence, showing that the person who had been convicted, was innocent of the crime for which they were convicted. And, the Scalia court said: Execute him, for the sake of law, for the sake of public opinion. And, Scalia wrote this paper saying this.

This means you've got a federal judge, a federal Supreme Court judge, whose sympathies there are not limited to himself, who says, if mob opinion says lynch him, lynch him! *You have a Supreme Court influenced by the policies of Scalia, which has ordered judicial murder, in the name of democracy, to make people—to make the mob happy*. It's just like somebody, like Robespierre, standing on the guillotine, picking up a head, and the crowd cheering. That is what we've come to.

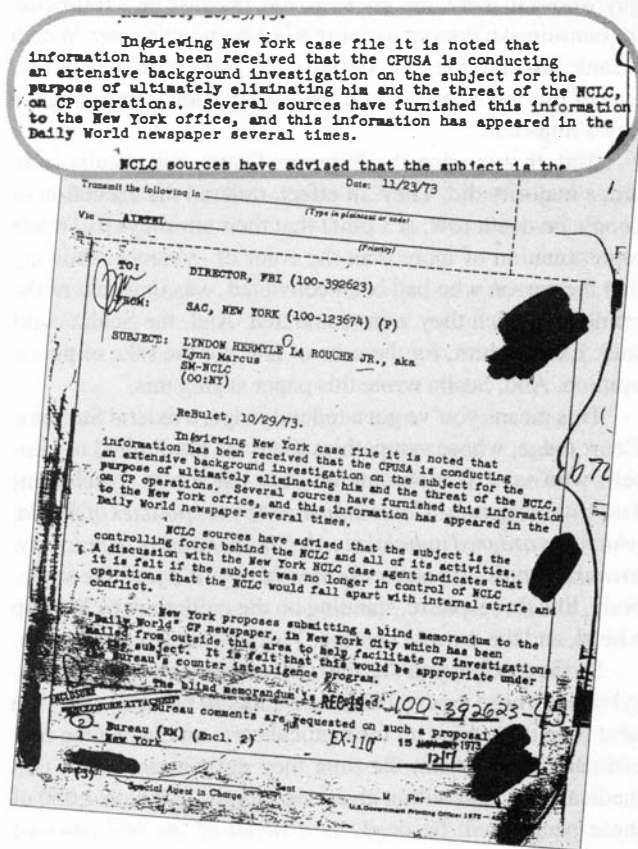
So then, when you see 220,000 indigent people in Pennsylvania, whose medical cards are about to be taken away the next time they show up for medical care; and, when the best estimate is, that from the time they get withdrawal of that medical card, that within about six months, 3,000 to 4,000 of these people will be dead, *as a result of the law rammed through by Gov. Tom Ridge*.

### **Children turned into 'stoned killers'**

So, what has America come to? We have, in the ghettos of this country, we have boys, teenage boys, who, because of the circumstances of life, have turned from frightened kids into stoned killers. Why?

Let me describe a prototypical scenario, which is a summation of many of the stories I've heard from people who are firsthand involved in this. A little kid, say 11, 12 years old, is told that a couple of guys, also teenagers, who are in drugs, are going to kill him. Now, the kid may have made a buck, as many of them do, acting as a runner for some drug dealer, who do that. They get these little kids to carry the dope, so they don't get caught.

The little kid is terrified. Imagine: a little 11-, 12-year-old kid being told he's going to be killed by a couple of stoned killers in the neighborhood. "What do I do? What do I do? What do I do." "Well, man, get a piece. Defend yourself." He gets a piece. Now he's running around, he's got this anxiety. He becomes frightened some day, and he kills someone. Now, he's a stoned killer. He's looking for these two guys, always hoping that he can draw and shoot them before they shoot him. Now, he's got to support his life. He becomes more active. Drugs, or some racketeering. Pimping, or whatever. When the time comes, he goes to get a pre-planned funeral. He may be 15, 16 years of age. He walks in, and buys a pre-



In this 1973 memo, obtained under the Freedom of Information Act, the FBI shows its complicity in a plot to have LaRouche murdered by the Communist Party U.S.A.

planned funeral. Picks out a nice-looking suit, picks out a fancy casket, pays for the ceremony, and so forth and so on, to go out in style; with the hope that when he's shot, when he's killed, he won't be shot in the face, so he'll look good in the casket, for that one last ride.

*We have done that!* We have *allowed* that to happen. We have allowed that poison to occur; because we've become a nation that doesn't care any more.

### My role in the current crisis

All right. Now, what can I do? Well, you know, a couple of things I've written recently, which you could take together with a pamphlet which has just been issued on the subject of Tom Ridge and his impeachment.

The one, is on the question of superseding NATO as a defense policy of the United States [see *EIR*, June 28]; the other, is an extended report on the implications of the Strategic Defense Initiative before, when I designed the project, and the proposal now, by Bob Dole and others [see article in this issue, p. 40]. In this, you will find, if you chance to read it and study it, you'll find most of my philosophy is implicit, as it is in other things I've written. I think you'll find a lot of it of

interest to you. I'm approaching this with a special view.

You know, some years ago, as some of you know, the FBI organized to have me killed by the Communist Party. That was 1973, November-December 1973. And, at a number of times after that, the FBI and others *did* try to arrange, indirectly, using the ADL and people like that, to arrange killings of me. But then, more powerful people among my enemies, said, "Don't do it. This is a man of ideas, and when you kill a man of ideas, you make a martyr of him. When you kill an executive who is not a man of ideas, nobody cares. But, when you kill a person of ideas, and you make a martyr of them, you make a martyr of those ideas. And, you may spread those ideas faster that way, than by leaving him alone."

So, in my case, they decided, at one point, not to kill me. They decided, instead, to try to defame me and imprison me, rather than kill me, to hope to discredit some of the ideas in the process.

But now, that part is past. The crisis with which I've associated my life, is now upon us. The international monetary and financial and banking system is about to crash. That was admitted publicly, repeatedly, by the head of the International Monetary Fund in Lyons, France, last week. Everything I've been telling you about the financial system, the banking system, is coming true: *It's now!*

Unless the things are done which I've prescribed *must* be done by the U.S. government and others, you will have the worst financial crisis in all modern history, coming on very soon. And, unless what is done, is what I've prescribed must be done, you will plunge the United States and other nations into the worst dark age in human existence, in which the population of this planet in the course of two generations, will probably collapse, from over 5 billion today, to less than 1 billion, within 50 years. In which the conditions of life, life-expectancy, and so forth, in the United States and elsewhere, will collapse to conditions like those in Central Africa today.

Now, under these conditions, I become *dangerous*; because all the other kinds of politics and so forth, don't mean much. *Ideas*—human beings are creatures of ideas, they're not creatures of instinct. We're not animals, we're human. We're creatures of ideas. And, the most powerful thing among human beings, is the power of ideas, particularly ideas whose time has come. And, for my ideas, certainly, the time has come. So, who knows what they're going to do? They may decide to make a martyr of me. That can happen at any time. It's a possibility.

So, at this time, I have to make sure that I've got some insurance; not for my life, but insurance for that to which I'm dedicated. And, that is, I must ensure that the ideas which these guys fear, prevail and are successful. And therefore, when I write and do things, I write with that in view. And, I give very short shrift to things which are a nuisance and a waste of time. *I do not bother wasting time negotiating things that ain't worth negotiating.* I have an agenda which I'm committed to, and that's where I am. And, most of you know



me, or a great number of you know me. You know what I'm committed to.

Therefore, I approach this Ridge thing with that in view. I have a President. His name is Bill Clinton. If he gets rid of this—Roy Cohn's "Dirty Dick," who is now his chief adviser for his campaign, he will be re-elected President. Now, that's better than having Contract with America, or Tom Ridge as President, or something like that. But, that does not necessarily solve the problem.

You see what the man is doing: The man is not doing the right thing, Bill Clinton. He is not listening to the right voices. He is occupied with personal concerns all too much, to be a head of state in these times. You have to be concerned with the nations, with civilization, with the people. The devil with who likes your opinion or not! Plunge ahead! And, it's my belief that if a President in these times governs well as a leader of the people, the people will rally to support him. The problem with the President, is that he's not governing well. He's making too many compromises with too many people. He's not paying attention to his core vote, which are mostly people whose income is in the lower 60% of the brackets of the population of this nation. He's making mistakes; but, he is the one who is likely to be elected. The other likely alternatives are not acceptable.

Therefore, I have to do what is necessary, to get this President, not merely to be re-elected; but, I've got to do something, to try to get him to do the right thing, to give the leadership which the nation requires, if re-elected. I represent the ideas on which he must act. Without these ideas, he will fail. Without what I'm talking about, everyone would fail. Therefore, I must ensure that these ideas, which this country needs, which this civilization needs, are instituted.

## The Nuremberg standard

And, that's the way I approach the Tom Ridge thing. I have to show up the face of evil in the mirror to America; and, Tom Ridge exemplifies the face of evil, the face of the enemy, the enemy from below, way below, if you know what I mean. If you take my meaning, as they say.

Because, what is he doing? What Tom Ridge is doing, like most of Contract with America, he is committing exactly the same crime for which we indicted, convicted, and executed Nazi doctors and Nazi officials at Nuremberg. This is not a case of an original charge, where I'm making a charge where some new moral principle must be introduced. *This is a charge for which we indicted, convicted, and executed people at Nuremberg.* I'm not for the death penalty. I like to see them suffer. Let them face their crimes, for the rest of their natural lives. Maybe it'll do 'em some good, maybe we'll get some redemption out of that. Redemption is worth everything, as my friend Brother Bevel would insist. Try to redeem the devil himself—Bevel would do that, he's that kind of person. As a matter of fact, he's tried it a couple of times. Or at least he was sure he was doing it at the time.

So, what is this? This is not a case, as they say, of first impression. This is not a new law, a new idea about crime, in which this guy Ridge is the first guy being accused of this new definition of crime. No; this definition of crime is well-established, clearly established. There have been indictments, convictions, and executions for this crime, of high-level public officials. And, *Tom Ridge fits exactly, with what he has done already, fits exactly into that category of crime.* He has already committed the crime.

The crime is not killing people. *The crime is launching law, or other public policy, official policy, which, through administration of medical institutions or something else or government, brings about the inevitable death, the foreseeable death or other great suffering of people in some category.* He's done that! Before anybody's died, he's already committed the crime. And, who knows, somebody may have already died in this state of Pennsylvania, Commonwealth here, as a result of what he's done already. If we get the figures, we'll probably find out that somebody has already died, maybe several people have already died. When you think of how the rate of death is estimated, for this population, to be between 3,000 and 3,500 people within six months, just think: There might have been, probably have been deaths already from what he's done, if we have the names of the victims. But, he's already guilty; without even having a single victim to show in court, he's committed the crime. And, what he's committed, is a Nazi crime.

So, you take the mirror: Tom Ridge, you may not be a Nazi. You may not even be a Ku Klux Klan member. Your daddy may not have been a Ku Klux Klan member. But, you are a Nazi, in the sense that you are of the same category of *criminal* as a Nazi. And he says, "But, no, that's our policy. That's the policy of budget-balancing." "Oh, you mean, you're telling me that Newt Gingrich is also a Nazi? We agree with you. But, what are you doing? You're doing a plea-bargain? You want to get off the case? You're going to name him, and cut a deal for your own shorter sentence by naming Newt Gingrich? We don't need your information. We already know it!"

Now, if we show people in the United States that this phenomenon, for which 20 to 30% of Americans will tend to vote, this budget-balancing, killing mania, is the same thing as the Nazis—"You guys are like Nazis!"—what happens? Two things happen. First of all, they get a little shaky. Secondly, their friends and neighbors realize that these guys *are* Nazis, or the same category of criminal. What happens? People who otherwise will sit back and say, "There's nothing we can do about it, there's nothing we can do about it," will vote them out of office.

Now, just to explain a little about politics to you. It takes 55% of the vote, approximately; if you're going to campaign, you have to campaign to get at least 55% of the vote, to win. *To defeat somebody*, you only have to be sure of getting 10% of the vote away from him. *We can destroy Contract with*

America, particularly every candidate who's up for re-election in an area where human beings still exist, with the Ridge case. We can re-shape the political profile of the Congress; we can re-shape the Democratic Party's view of its mission. We can create a panic for morality in our political institutions.

So, the way we do this, is in the style which was taught to me by a man who was dead, long before I came alive. His name was Lazare Carnot. He was of French extraction, as I sort of am. And, he was a man who was sent out, in 1793, by the Jacobin government of France, to organize the French defenses. Now, in that time, if you were sent out to command the French defense forces, and the French forces lost the battle, you went to the guillotine to get your head chopped off. So, that was kind of an interesting promotion-appointment to get.

But, Carnot fooled them. France was inevitably faced with dismemberment, overrunning at that time. That's what everybody thought. You had invading armies coming from every direction, and nothing was stopping them. Lazare Carnot went out, and became known as the "Author of Victory." He won the war. Not only did he win the war, but he created a French military force which was unbeatable in Europe, which was later used by Napoleon. But, he was the one who created it.

He did several things. He fired major-generals on the spot, if they failed to take the troops over the river that night, and instead tried to wait till morning. If he found them keeping the troops in barracks, gossiping, and bitching, and things like that, he'd fire them. And, if he had to, he'd pull a sergeant, a good sergeant out of the ranks, and make him the major-general. And, it often succeeded. And, between the two years, he'd changed everything. He changed world history.

The key thing here is: If you've got the right program, you've got to start moving, and don't quit. Don't pause to have an SDS-type consensual pragmatism session, to discuss whether we're going to continue doing this or not. You've got to get up—not in the morning, and decide what to do: You've got to decide in the afternoon, and to start doing it that night, so that it's already in motion in the morning.

But, if we take this kind of package, which I've indicated, and if we push it here, and keep it rolling, the way Lazare Carnot would have directed the action, we can, with a relatively small force, get the ball rolling, and we can win. Not only in the Commonwealth of Pennsylvania: We can get something going here, before the convention, before the August convention, which can shake this country, and can get the Democratic Party as a whole, back into this.

### **Dick Morris: the rat among Clinton's advisers**

Now, I'm going to tell you something else that I'm doing to help this. The President has a bad adviser. As a matter of fact, most people who get into leading positions, will find out, if they don't find out too late, that somebody has something planted in their organization, next to them. If you want to find out the security risk to any leader of any organization, look at the people who are close to them. The rat is usually there,

because that's where the enemy wants to have a rat.

And, the enemy does that; they look around the landscape, and every kind of movement that's coming up, that they think might mean something at some point, they begin to get busy about planting rats among them. And, these rats will try to ingratiate their way into important positions in that organization, to get next to the key man, or key woman. And, when the time comes, when the time for an assassination comes, guess how it's pulled off? On the basis of information supplied with the help of the rat; inside information.

Now, the President has a rat. He has more than one rat, but he's got one big rat. And, I want to tell you about this rat, and tell you about the Kennedy assassination, because I think you'll get a kick out of it, in the sense that it conforms to what you always suspected was true, which is more true than you ever suspected. I'm going to prove it to you right away.

This rat's name is Dick Morris. Dick Morris is the son of Roy M. Cohn's cousin. He's a member of the Roy M. Cohn organization. One could say he, like Dennis King, fell out of Roy M. Cohn's closet. That is, he's been a part of the Roy Cohn organization *all his life*.

Now, what was the Roy Cohn organization? Nearly everyone knows that Roy Cohn was not of our sexual persuasion. They also know that he was a bosom buddy, or something or other, of Joe McCarthy, otherwise known as the "Appleton Ape," the senator from Wisconsin, a former judge from Appleton, Wisconsin.

Everyone knows that Roy Cohn, who was homosexual himself, used to go to homosexual parties, to get lists of homosexuals who worked for the State Department, in order to broadcast their names as security risks. Everyone knows that Roy M. Cohn had a relationship with a homosexual member of organized crime by the name of Rosenstiel, out of Shenley's, and that they were bosom buddies, or something like that, or something worse, of J. Edgar Hoover, otherwise known as Gay Edgar Hoover. You might say that Roy Cohn was the man that aspired to fill Gay Edgar Hoover's pumps. Now, that's known; you know, that's the kind of gossip that goes around. But, that misses the point.

Roy Cohn was pretty much disgraced by the time the McCarthy hearings, the Senator McCarthy/Cohn/Schine hearings were over. By the way, this past month, Schine died, with his son and wife. And, also, another guy died. He avoided being interviewed by us, by dying just a couple of hours before we were going to interview him: Lee Rankin.

Now, who was Cohn? Cohn was the son of a crooked judge. What else do you expect? He was a probate judge in New York City, from the Bronx. And, probate judges are known to be crooks, because a probate judge deals with wills, particularly, and also the estates of intestate people. And therefore, these are the guys who get an estate case which requires some legal attention. They get a crooked lawyer, or a bunch of crooked lawyers, assigned to the case, the probate case, and the lawyers steal everything. So, if anybody ever finds an heir, there's not much left. The lawyers have taken it



The late Roy Cohn (left) with Sen. Al D'Amato (R-N.Y.) (right). Inset: How the Washington Post on June 25 covered the role of Cohn's cousin Dick Morris, the big rat next to President Clinton.

all. There are ways they do that; I can tell you about that if you want to know, but that's how it's done.

So, this judge was also a judge fixer. Albert Cohn, Roy's father, was the guy who could fix, who would get a judge appointment. He was also part of the thing of fixing a case. If somebody was on trial, or in a civil case before a judge, Roy Cohn's father could fix the way the case was going to turn out, by getting the word passed to a judge he owned.

Roy Cohn's main claim to fame, was that he was a judge-fixer. Roy Cohn never liked to appear in court, in a case before a judge that Roy Cohn didn't own. That's the kind of guy he was. A man for justice, if you know what I mean; free market, free trade justice.

All right. So, Roy Cohn was in trouble. Now, he was picked up by an organized crime lawyer, and put in charge of a firm, Saxe, Bacon, and O'Shea, which later became Saxe, Bacon, and Bolan, which is the hard core of the New York section of the conservative movement inside the Democratic and Republican parties nationwide.

The mouthpiece for organized crime who did this, was Tom Dewey, the former Republican governor who ran for President in 1948, the so-called "famous prosecutor." Tom Dewey was an organizer for—he was a part of organized crime. It was Tom Dewey who set up the Mary Carter Paint

Company, with Lansky, and David Rockefeller, which organized Resorts International, and, pretty much, the international drug trafficking which has been going on in this country in recent decades. Now, who put Tom Dewey in this position? The Dulles brothers, John Foster and Allen, who were lawyers for the banking house of Morgan.

What else was Roy Cohn involved in? Well, Roy Cohn was involved in the killing of John F. Kennedy. In what respect? Roy Cohn was a stockholder and a director of the Lionel Corp., which was a front for an organization called Permanent Industrial Expositions, headed by a guy who was also the personnel adviser to J. Edgar Hoover from 1938 through 1963, on behalf of British intelligence. Permindex is known by us directly on evidence to be an assassination organization, both in Italy and in France. And, I know that personally, from the highest levels of investigation which I conducted in the 1970s, with firsthand documents, and so forth; that sort of stuff.

Permindex is the organization which is listed as being responsible for planning the execution of John F. Kennedy. It was the same organization which was implicated in—though [James Earl] Ray didn't understand that—implicated by Ray, in his description, in the evidence about the killing of Martin Luther King.



*The Warren Commission was controlled by the same organization that killed President Kennedy. From left to right: Rep. Gerald R. Ford (R-Mich.); Rep. Hale Boggs (D-La.); Sen. Richard B. Russell, (D-Ga.); Chief Justice Earl Warren, the chairman; Sen. John Sherman Cooper (R-Ky.); John J. McCloy, New York banker; Allen W. Dulles, former CIA director; and J. Lee Rankin of New York, general counsel. Those circled are tied to the Dulles-Dewey-Cohn-Permindex mafia.*

Now, take a picture of the Warren Commission assembled. There's a famous picture of the Warren Commission members all sitting at a table, and Allen Dulles sitting before them. The head of the commission was—who? Rankin. Rankin is a part of the organization. Who was sitting before the table? Allen Dulles, part of the organization; and so forth and so on.

So, essentially, the Warren Commission, even though the patsies on it didn't know what they were into, *the Warren Commission was controlled by the same organization which killed Kennedy!* And, Roy Cohn is part of that.

So, Roy Cohn is not a joke. He's dead, but he's not a joke. Yes, he's disgusting. He's not a joke; because he is typical of the relationship among big finance, typified by Morgan, big finance, typified by Tom Dewey's law firm, big finance, typified by Meyer Lansky, who was head of Murder, Inc. Don't kid yourself: *He* was the head of Murder, Inc. Meyer Lansky. Bugsy Siegel was a lieutenant. And, these guys. That's power! And, J. Edgar Hoover, the head of the FBI, was part of it, and a key section in the Justice Department, the Criminal Division, was also deeply penetrated and controlled by the same apparatus.

So, you have that kind of power loose in the United States today. That's why people like me have to think very carefully about our future; why Minister Farrakhan has to think carefully about his future; and, about moles and rats next to him. Because you have a killer machine, as Johnson knew. And, he said it twice publicly, once in a memorandum to Ramsey Clark, and once in an interview he gave to a friend of his, a journalist, toward the end of his life, in the 1970s.

*We have a killer machine in this country.* The killer machine is typified by Tom Dewey, Roy Cohn, etc. Now, also, remember, this killer machine is tied to the conservatives. How does it work?

You have, in the state of Pennsylvania, the Commonwealth, a Mellon, who should have been sliced up long ago, at least financially. Paul Mellon, the head of the tribe, now lives in Virginia, together with a bunch of Bonapartes, and Harrimans, and other kinds of creeps. He's Sir Paul Mellon, a close friend of the Queen; he, with a lot of other horse appendages.

This organization, typified by scoundrels like George Bush, who's part of the same machine, is tied to the Southern conservative type, the Nashville conservative, the Vanderbilt University conservative, the Robert Penn Warren conservative; the guy who told you Huey Long was bad. Huey Long should have lived to write a biography of Robert Penn Warren, then you'd have the real story about who was bad.

The conservative movement in the United States, just like the Mellons controlling this Contract with America creep, Tom Ridge, this criminal: that's the way America is run. The racist conservative, the Southern conservative, and the tradition of the Northern 19th-century opium trader together: that is our problem. That is a problem which is tied to the British monarchy, it's all over the world; that is the face of our enemy.

### **The power of 'agapē'**

Now, I said, before Reverend Bevel got here, that he'd talked about my preaching, and I'm going to preach just a bit

to you, about two things, which go with how to fight.

The way we got the United States, which Hugo Black and others will tell you didn't happen, but it happened, had to do a lot with Christianity. It started 2,600 years ago, approximately, in Greece, in Classical Greece, with the guy Plato, particularly, who's the best-documented on this, who, in discussing the question of justice, spoke of *love for justice*, and used a word of Greek origin: *agapē*. It's a word in the Greek original, which the *New Testament* is full of, especially the Epistles of Paul and the Gospel of John. *Agapē*: love of justice, love of truth, love of God, love of God's mankind.

It was the development of this principle of *agapē* in Christianity, through the medium of the spread of Christianity. *Christianity transcended all races*. The problem of the Hebrews was they had a racist attitude about society, even though they were a proselytizing religion. Don't let anybody tell you: They'd go out there and they'd convert people, even though it was painful at times for some adults, certain male adults. They'd do it.

Every human being on this planet, was in the image of God, as *Genesis* 1:26-30 says. Every human being is the same, they're in the image of God. There are no races, there is only a human race. And, every member of the human race is made in the image of God, with special powers that give mankind dominion over the universe, powers which are there to be developed in every individual human being.

Now, take this role of Christianity, against the work of Plato. Plato lays out an idea of society which is based on *agapē*, this love for ideas—the idea of justice, the idea of truth, the idea of mankind, the idea of God. Freedom of man from these crazy tyrannical pagan gods, who are nothing but an oligarchy. Freedom from oligarchies, freedom from financier oligarchies, from landowning aristocracies, to a society based on citizens. And, empower that with a commitment to create a society fit for the condition of every individual as in the image of God, with powers imparted by God.

What is a society fit for the children of God? And, out of the struggle against landowning aristocracy, and usurious financier aristocracy, a long struggle of mankind—which didn't begin then, because man has always had these qualities, even before somebody put it in writing. Man has *always* been in the image of God. Mankind has always struggled to assert that which is peculiarly human, against that which was evil and bestial.

But, we finally came close to success, and achieved success in this country, because of the blessing that was given to us, by circumstances and dedication.

Now, what are we? What is our life? How should we *use* our life? Should we think of ourselves as some animal that was thrown into the environment, who's now going to get all the pleasure, and wealth, and so forth, and live as long as possible? Is *that* what we are?

Or, is it not that we have acquired from our ancestors and from every part of the human race which has contributed to our culture, that we have acquired those ideas, such that if our

children are properly educated, each of our children reaches the age of maturity, representing *in themselves* a firsthand re-experiencing of the most vital knowledge contributed by all humanity? So that the individual person, born virtually yesterday, 18, 20 years ago, in a proper education, is an embodiment of all humanity, at least in principle.

## The parable of the talent

And, what do we do? The *New Testament* refers to this. Again, with Reverend Bevel's permission, I'll preach a bit.

You have the parable of the talent. This gift of life, this gift of knowledge, is a talent given to us at birth, and in the process of maturation. It's a talent.

We're going to die, eventually. What's going to happen to this talent that we have been given, before we die? As the parable says, are we going to bury it in the ground someplace, and not use it? Let it rot? Or, are we going to use it and enrich it, by adding something to it? Are we going to transmit this talent given to us, to those who come after us, enriched, which means that our life has meant something in the great scheme of things, that we now have a place in the eyes of our ancestors, of all ancestors. We have a place of importance in the life of everyone who comes after us; because we have taken this talent, we have enriched it, and we've passed it on to those who follow us.

Now, take the person, as the parable says, who lacks *agapē*, who walks through life taking care of "my family interests," "my career," "my personal security," and "keeping my nose clean." And, they die. You say, "What's the difference? What difference does it make?"

See, the fundamental self-interest, I propose to you, and this is presented to you when you face these realities; the fundamental interest in life, is to live a *necessary* life, to live in such a way that you know what your life is about.

If you know that your life is the process of gathering the talent made available to you, doing something good with it, making your children good people, making other people's children good people, making nations that you thought were your enemy, your friends. Not seeking vengeance, but seeking justice and ennoblement of humanity, because you love all humanity. Of course, a few are going to have to go down there, but that's—we don't do that, willingly, we just know it will happen to some people. They're stubborn about that. Then, you can live a life of joy, and you will find joy and pleasure of an agapic quality, as St. Paul called it, in *I Corinthians* 13. You'll find that kind of joy, in every day, in every moment of life, because you know the kind of life you're living; and, you know what the kind of life you're living, means for you, once you've gone on; that you've lived a good life, and you never really die. Because of what you've become.

If you can look at the most terrible dangers before mankind now, with that knowledge and certainty and attitude, there is nothing, no danger, no problem that you can not face, and properly master.

# How the New York Times jumped into bed with Roy Cohn

by Jeffrey Steinberg

In the spring-summer of 1979, for the second time in five years, the *New York Times* was preparing a major slander against Lyndon LaRouche, in league with corrupt elements inside the U.S. Department of Justice and the FBI. But, unlike in January 1974, when the *Times* published a front-page smear against LaRouche, to divert attention from a failed FBI assassination plot against the New York City-based economist and political activist, utilizing FBI assets inside the leadership of the Communist Party U.S.A., the 1979 scheme was "spiked," when LaRouche security personnel caught two *Times* reporters red-handed, and then exposed the whole sordid affair.

Caught in the act of attempting to foist an illegal Justice Department frame-up of LaRouche, the *Times* turned to New York City mob lawyer Roy Cohn, the "bosom buddy" of Sen. Joe McCarthy, who immediately activated a campaign of slanders and violence against LaRouche and his political associates, which drew upon the resources of organized crime, the terrorist Jewish Defense League, the drug-trafficking Yippies (later implicated in an assassination plot against President Ronald Reagan), the Anti-Defamation League of B'nai B'rith (ADL), the East Side Conservative Club, and other riff-raff.

The *New York Times* collusion with Cohn flew in the face of all popular misconceptions that the "respectable" folks at New York's "newspaper of record" don't mess around with ultra-rightist gutter snipes such as Cohn.

The events of the summer and autumn of 1979 demonstrated, definitively, that, when the London-Wall Street crowd placed LaRouche on their enemies list, Roy Cohn was one of the first people they turned to, to "take care of business."

## A 'spiked' operation

In the spring of 1979, LaRouche was preparing for his second campaign for the U.S. Presidency. He had gained increasing international prominence in the mid- to late-1970s, when his proposals for a new, gold-based world monetary system, to replace the International Monetary Fund and World Bank, had won broad interest among developing sector na-

tions, and among some leading European industrialists and bankers. By 1975, he was moving up to the top of then-Secretary of State Henry A. Kissinger's personal hate-list. LaRouche's efforts to expose the dangers of the Jimmy Carter Trilateral Commission-run Presidency had, additionally, catalyzed resistance among traditional "FDR" Democrats to the Carter-Mondale lunacy; and LaRouche was soon to be asked to join the Democratic Party and campaign against Carter for the 1980 nomination.

Against this backdrop, the editors and publishers of the *New York Times*, in league with top officials of the Carter Justice Department, and such Congressional figures as the ADL's Rep. Elizabeth Holtzman (D-N.Y.), had decided to launch a new slander campaign against LaRouche, aimed at instigating a criminal frame-up. The botched FBI-CPUSA assassination attempt in late 1973, and a second failed effort to physically eliminate LaRouche in West Germany in 1977, had prompted LaRouche's most die-hard enemies to, for the time being, opt for a judicial railroad, rather than outright murder.

LaRouche associates learned of the ongoing *Times* effort in June 1979, after a former LaRouche colleague was approached by reporters Howard Blum and Paul Montgomery. LaRouche security chief Paul Goldstein arranged for a staff researcher to make a pretext call to the two *Times* reporters, posing as a disgruntled LaRouche associate thinking about "defecting." To sweeten the bait, the would-be defector promised to deliver a second man, a National Committee member of LaRouche's U.S. Labor Party, to the *Times*.

The *Times* reporters bit on the story, and on July 23, 1979, Blum and Montgomery met with two LaRouche "defectors," Goldstein and Charles Tate, at a New York City restaurant. Unbeknownst to the two *Times* reporters, the conversation was being taped, and the meeting photographed.

During the lunch, Blum and Montgomery acknowledged that the bulk of their phony story had already been written, and that the objective was to foster a Justice Department probe of the LaRouche movement. All they needed to finish off the smear-job were some quotes alleging criminal misconduct.



Roy Cohn receives an Israeli bond at a ceremony in New York City in 1983, co-sponsored by the Anti-Defamation League of B'nai B'rith. Left to right: George Steinbrenner, owner of the New York Yankees; Kurt Quinton, vice president of the Bank Leumi Trust Co.; Sen. Al D'Amato (R-N.Y.); Cohn; Stephen Sobel, managing partner of Stephen I. Sobel and Co.

Representative Holtzman had already vowed to use the *Times* smear as a pretext for staging hearings in the House Judiciary Committee, to further build the drum-beat for a “legal” assault against LaRouche.

When one of the undercover LaRouche operators feigned concern over his safety, Blum assured him that “arrangements” could be made to have the two would-be defectors placed in Justice Department protective custody. “When the *New York Times* calls,” Blum boasted, “the Justice Department listens.”

After several days of further discussion over the telephone, in which additional incriminating evidence against the *Times* was assembled, the LaRouche investigative team terminated the operation, and held simultaneous press conferences in New York City and Washington, D.C. on July 27, 1979, exposing the plot. Audio-tapes and transcripts of the conversations were released, and blow-up photographs of the July 23 lunch meeting displayed.

### The Times turns to Cohn

With its frame-up operation blown, the *Times* turned to Roy Cohn to recycle the unpublishable Blum-Montgomery slander through a “plausibly deniable”—and litigation-proof—tabloid. Cohn deployed a convicted felon in his stable of crooks, Ed Kayatt, who ran a weekly throw-away paper, *Our Town*, distributed gratis on the East Side of Manhattan. Cohn was the attorney for *Our Town*, which was reputed to

serve the interests of the mob. The paper had been underwritten by John Loeb, Jr., the brother-in-law of ADL bigshot, LaRouche-hater, and Seagram’s magnate Edgar Bronfman.

On Aug. 22, 1979, *Our Town* came out with the first of a 13-part slander series on LaRouche, published under the by-line of Dennis King. King, an accused plagiarist and low-level informant and provocateur on the payroll of the ADL, had reportedly been given the *Times* investigative file; access to ADL data, which was based on at least five years of League dirty tricks against LaRouche; and broad license to slander.

During the months leading up to the *Times-Our Town* affair, the ADL’s general counsel, Justin Finger, had solicited the cooperation of FBI Director William Webster, a Carter appointee, in the “Get LaRouche” drive. Finger indiscreetly boasted—on tape—to another LaRouche undercover investigator, that Webster had agreed to fully cooperate with the ADL campaign. When a formal complaint was filed by LaRouche attorneys against the FBI director, Judge Webster denied the charges, but admitted that he had met with Finger and an ADL delegation.

The first of the *Our Town* slanders was titled “Nazi on the Rise,” and it was accompanied by two other articles, provocatively titled, “Why LaRouche Is a Threat to American Jews,” and “CIA Linked to Nazis.”

On Oct. 7 and 8, 1979, the *New York Times* ran front-page articles “reporting” on the ongoing *Our Town* slander series. The authors of the *Times* “reportage”? Howard Blum and



Roy Cohn's flunky Dennis King (inset) leads a demonstration outside the New York headquarters of Campaigner Publications, LaRouche's publisher, in 1979. In October 1980, after King went on WBAI radio with an incendiary attack against LaRouche, the threat shown here was found painted in front of Campaigner's offices. The NCLC, or National Caucus of Labor Committees, is the philosophical association founded by LaRouche.



Paul Montgomery.

On Oct. 8, 1979, the *Times* also published a lead editorial, "The Cult of LaRouche," which, after summarizing the Blum-Montgomery-King trash, concluded: "Fortunately, America's prized permissiveness has its limits. How the U.S. Labor Party trains militarily, deals with the tax laws and treats its members and alumni seem to be subjects for official inquiry. The party needs to be examined . . . for what it does beyond soliciting votes."

The loop had been sealed. The bed-sharing between the *New York Times* and America's most notorious and hated pervert, Roy Cohn, was a matter of public record.

### Triggering murderous attacks

As the *Our Town* series was spread around New York City, the ADL, the FBI, and Cohn were busy soliciting violence against LaRouche and his associates. In late 1979, a "demonstration" was staged outside the mid-Manhattan offices of Campaigner Publications, LaRouche's publisher. Dennis King led a mob, made up of Jewish Defense League members, Yuppies, and a few stray Jewish War Veterans on Cohn's payroll. The building was vandalized, and New York City police had to be called out to prevent a full-scale riot.

A few weeks later, a team of Jewish Defense League would-be assassins, armed with hand-guns equipped with silencers, attempted to break into LaRouche's apartment in the Riverdale section of the Bronx. LaRouche was traveling at the time.

The pattern of violence against LaRouche and associates emanating from the Cohn syndicate continued for several years. By August 1982, Kissinger began to personally devote a tremendous amount of energy to the frame-up drive against LaRouche, obtaining a greater commitment from FBI Director Webster to wipe out the LaRouche movement.

Even after LaRouche was, ultimately, railroaded into federal prison, in January 1989, the Cohn-ADL-King effort was not terminated (Cohn, however, had meanwhile died of AIDS in 1986). In 1989, Doubleday, a subsidiary of the German publishing company Berthelsman (owned by a longtime Kissinger friend), published a book by Dennis King, *Lyndon LaRouche and the New American Fascism*. It was a rewrite and update of the original 1979 *Our Town* stories, but even more absurdly embellished to fill out 401 pages of agonizing, fictional text.

The book was a flop, selling only a small number of copies, despite published reviews in many of the country's "newspapers of record," including the *Times*. However, the publisher has "inexplicably" kept the book in circulation. Anonymous buyers of bulk orders have peddled the book to libraries all across America, insuring that anyone seeking to learn about LaRouche, will invariably run across the King-Cohn smear. Still, to this day, copies of the King book find their way into the offices of congressmen, cabinet officials, and other Washington prominents. In almost every case, the recipients of the filth have no idea that they are brushing up against the moldy remains of Roy Cohn.



# The Roy Cohn mob and 'Dirty Dick' Morris

by Anton Chaitkin

Richard Morris, political strategist to the President, is a product and trainee of the central machine of vice and treachery in the Anglo-American world, an apparatus whose criminality extends into the greatest tragedies and outrages against our civilization in recent decades.

Dick Morris's gangster "professional" methods of bold lying and fraudulent work, his record of betraying his client, the President, while working directly for the President's enemies, reflects the Morris family's lifelong links to master criminal Roy M. Cohn.

Americans remember Cohn, and revile his memory as the fascist chief counsel to Joe McCarthy's Senate committee in the early 1950s political witch-hunts. Later, Cohn became the Commissar of Sleaze in New York City, representing the interests of mobsters, while exerting corrupt influence over both the Democratic and Republican parties, all the way to Washington.

Dick Morris's father, attorney Eugene J. Morris, is Roy Cohn's first cousin; Cohn was intimate with the Morrises, from his childhood up until his death from AIDS, in 1986. Roy Cohn was an ever-present force in Dick Morris's life, as Morris was growing up, and once he stepped into the profession of political fixer.

It was Eugene Morris who gave Cohn's biographer, Nicholas von Hoffman, the inside story on how Eugene's Aunt Dora had turned her young son, Roy, into a "sissy"; and the senior Morris supplied von Hoffman with rare Cohn family photographs going back to the 1920s and 1930s. Eugene Morris had been a high-placed representative of the Cohn machine in both New York and London since Dick's childhood. And, in the case of Dickie, the acorn didn't fall very far from the tree.

Having been fired by the U.S. Senate, the disgraced Roy Cohn started a second career in the late 1950s: attorney and fixer for organized crime bosses. He became feared as a potential deployer of killers, who was himself politically protected; a whirling dervish of extortion, sodomy, blackmail, and corruption of justice—from his friend, FBI Director J. Edgar Hoover, on down.

## Dulles, Dewey, and the killer elite

Roy Cohn's "strange bedfellow" relationship to "Gay" Edgar Hoover is well known. But, the Cohn story is far more complex, and involves the sponsorship and protection of Cohn by some of America's best-known "liberal" Wall Street

Republicans, including some powerful people associated with the "one-world federalist" apparatus that Cohn and McCarthy purportedly battled during the height of the Red Scares. Some of these Cohn patrons are on record as detesting him personally. Nevertheless, at crucial moments, they gave a boost to his career, kept him out of prison, and used him as a pivotal figure in their "Murder, Inc." apparatus.

The Roy Cohn story—and, by extension, the "Dirty Dick" Morris story—reveals just how close some of America's most respected "citizens above suspicion" are, to the lowest gutters of organized crime and dope trafficking.

Among the list of Cohn's employers and protectors were the Anglophile powerbrokers John Foster Dulles and his younger brother Allen Dulles, and John Foster's protégé Thomas E. Dewey. The Dulles brothers and Dewey assembled the American end of a British-Canadian-U.S. grouping of the bloodiest assassins and the fanciest gentlemen. In this political brothel, Roy Cohn was a queen, and Dick Morris learned the trade of intrigue and duplicity.

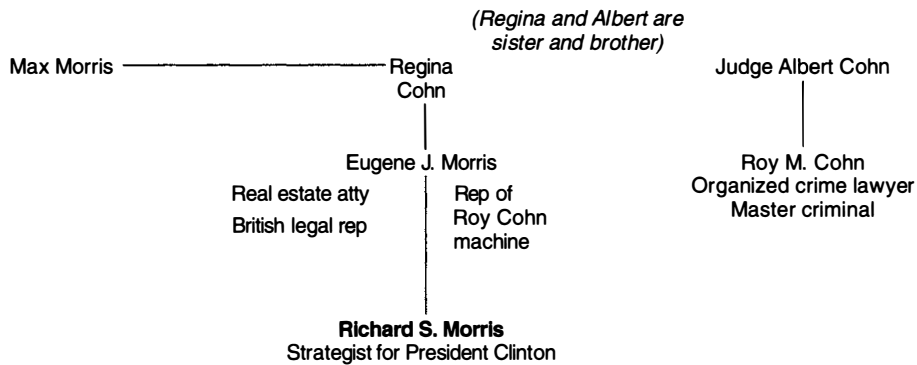
As secretary of state and CIA director, respectively, John Foster and Allen Dulles had protected and managed Roy Cohn's most flagrant adventurism as Joe McCarthy's counsel; John Foster warned U.S. diplomats in 1953 to spare no effort in spurring Cohn's witch-hunt (yet, publicly, John Foster Dulles denounced the despicable Cohn at every opportunity, and undoubtedly, found Cohn a thoroughly foul, albeit politically useful, person). In 1957, a leading member of the Dulles-Dewey apparatus, Dulles's former law partner, New York State Judge David W. Peck, personally arranged for Roy Cohn to be taken into the old-line New York Democratic Party law firm, Saxe, Bacon, and O'Shea. Judge Peck soon resigned the bench and rejoined the Dulles brothers' firm, Sullivan and Cromwell, while Cohn immediately made Saxe, Bacon into the New York nerve center for the criminal mafia assembled by Dulles and Dewey.

The roots of the relationship between the Dulles-Dewey crowd and the modern criminal apparatus go back to 1931. Under the Prohibition law, Charles "Lucky" Luciano and Murder Inc. boss Meyer Lansky unified the bootlegging operations from Canada into the United States into a single national cartel of all rackets. Important rivals, such as Al Capone, were jailed or murdered. Two huge corporations emerged from this bloodbath after repeal of Prohibition: Canada-based Seagram's liquors, half-owned by Lansky's partners, the Bronfman family, and half by the British whiskey trust; and U.S.-based Schenley liquors, founded by Lansky's partner, "retired" bootlegger Lewis Rosenstiel.

John Foster Dulles, attorney for the biggest London-New York bankers and a fervent backer of Adolf Hitler's new Nazi regime, at this time, took over the New York Young Republican Club and made its leadership into a Dulles-run political secret society. The purpose was to prepare for more criminal centralization. Many of Dulles's personal cadres were assistant federal prosecutors in New York; among these

FIGURE 1

**Dick Morris Family Tree**



were Dulles's political trainee Thomas E. Dewey, and David M. Peck.

In 1935, Dewey was made a New York Special Prosecutor, responsible for "investigating organized crime." He jailed Lucky Luciano, leaving Lansky the undisputed boss of the National Crime Syndicate. Entirely under Dulles's management, Dewey was elected New York's governor in 1942. Dewey freed Luciano from prison and exiled him to Italy in 1946. A pretty face was put on this, by the allegation that the caged Luciano, and the freed Lansky, had arranged with the secret services for the Mafia to police the New York waterfront during the war, protecting against Nazi sabotage. In constant cooperation with Anglo-American secret service teams (which were directed by the Dulles brothers and Averell Harriman on the American end), the freed Luciano restarted the world's main narcotics trafficking—"juice" for the Lansky empire.

**The 'Kingmakers'**

After World War II, the Dulles brothers set up another New York-based political secret society called the Kingmakers, centering on Thomas Dewey. Sullivan and Cromwell partner Charles S. Hamilton, Jr. organized the Kingmakers; as a director of the New York Port Authority and a labor law expert, Hamilton was positioned to aid the Dewey-Lansky-Luciano adventures. The Kingmakers' members included judges, prosecutors, and political figures.

The Dewey-Dulles reorganization of crime had some helpers who are particularly important to the Cohn-Morris story: Paul Lockwood, chief assistant to Dewey throughout the 1930s and 1940s, had, by the 1950s, become executive vice president of Lansky partner Rosenstiel's Schenley liquors. Lockwood was later joined by Louis Nichols, Roy Cohn's political plaything, who shifted from being chief assistant to J. Edgar Hoover at the FBI, to Schenley vice president in the Cohn-Mafia orbit.

Most dramatic was the rise of Jerry Finkelstein, one of

Dewey's staff members in the cynical 1935-36 "organized crime investigation." As will be seen, Finkelstein went on to acquire enormous wealth and a star role in the Roy Cohn-Dick Morris underworld.

Former New York Gov. Thomas Dewey and U.S. Solicitor General J. Lee Rankin went to London in 1958 to set up a British-dominated international body of elite lawyers, called World Peace Through Law. Dick Morris's father, Eugene Morris, was to be publicly identified as a leader of this lawyers' group in the succeeding period.

In 1958, Thomas Dewey and his son bought the Crosby-Miller Co. According to a May 20, 1976, article by Howard Kohn in *Rolling Stone* magazine, Allen Dulles gave Dewey \$2 million in CIA money for the purchase. The Dewey-controlled company then took over the Mary Carter Paint Co. Armed with the Dewey name, Mary Carter Paint served as a protective umbrella for the Lansky mob's move into Caribbean gambling, money laundering, and drug trafficking. In the late 1960s, a royal commission investigating organized crime in the British Caribbean islands, helped finish off all gambling rivals of Mary Carter Paint, which had meanwhile changed its name to Resorts International. (See *Dope, Inc.* [Washington, D.C.: Executive Intelligence Review, 1992] for a full treatment of the Dewey-Lansky-Resorts story.)

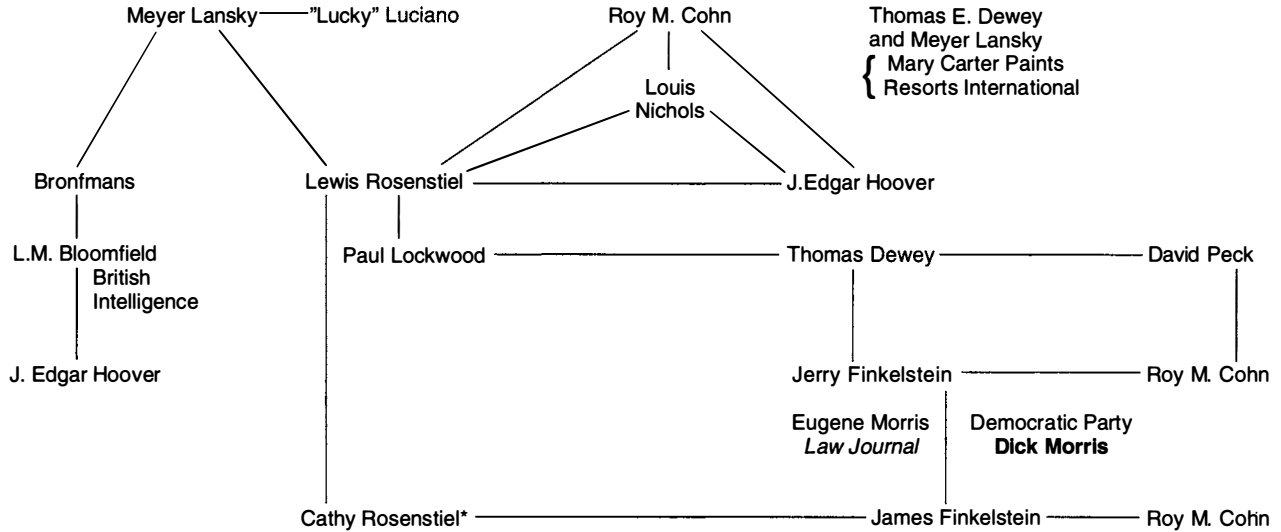
**The Kennedy assassination**

In 1958, just after being installed at Saxe, Bacon by the Dulles-Dewey apparatus, Roy Cohn became president of Lionel Corp. (the famous manufacturer of toy trains). Montreal crime boss Joseph Bonnano became Lionel's chairman. That same year, Maj. Louis Mortimer Bloomfield, a wartime British intelligence officer in the Special Operations Executive and an attorney for the Montreal-based Bronfman family, incorporated the Permanent Industrial Expositions company (known as Permindex), with himself as president and chairman.

Major Bloomfield and Roy Cohn were both intimates of

FIGURE 2

**The Roy Cohn machine**



\*Cathy Rosenstiel was the granddaughter of Lansky crime partner Lewis Rosenstiel. She married James Finkelstein, son of Jerry, who succeeded him as publisher of the Cohn-Morris Law Journal. Lewis Rosenstiel and Jerry, James and Cathy Finkelstein were clients of Roy M. Cohn.

J. Edgar Hoover. Since World War II, Bloomfield had been a British intelligence liaison to Hoover, with oversight responsibilities for FBI Division 5-Counterintelligence. And since Cohn's "red-hunting" days, Cohn had maintained intimate political and personal relations with Hoover, the two of them also reportedly sharing sex with their mutual financial sponsor, Schenley's president, Lewis Rosenstiel.

Personnel working for Roy Cohn and Joe Bonnano at Lionel Corp.'s Texas subsidiary, International Control Corp., are identified, in a buried citation in the Warren Commission Report on the assassination of President Kennedy, as having worked in New Orleans in conjunction with Bloomfield's Permindex operatives, on matters which would soon come before the world with terrifying force.

In that period, Roy Cohn was increasingly placed under suspicion and investigation by Robert Kennedy, who became U.S. Attorney General in 1961.

President Kennedy was assassinated in 1963. The Warren Commission announced that Lee Harvey Oswald was the lone perpetrator of a senseless crime. But New Orleans District Attorney James Garrison pointed to the Montreal-based Permindex organization as the planners and perpetrators of the JFK murder. The world's attention was focussed on Garrison's prosecution of a Permindex board member and prominent New Orleans socialite and Anglophile, Clay Shaw, for conspiracy to murder the President. Garrison's prosecution came under brutal attack from the Dulles forces, and from Kennedy's own national security adviser, McGeorge Bundy.

J. Lee Rankin, partner of Dewey and the Dulleses in creat-

ing the WorldPeace Through Law group, had been the executive director and general counsel of the Warren Commission. Rankin ran all aspects of the official federal inquiry into the President's murder, and all contacts between the Warren Commission and its staff went through Rankin. Rankin was the Warren Commission's liaison to Hoover's FBI, and to the Central Intelligence Agency, whose former director, Allen Dulles, President Kennedy had fired.

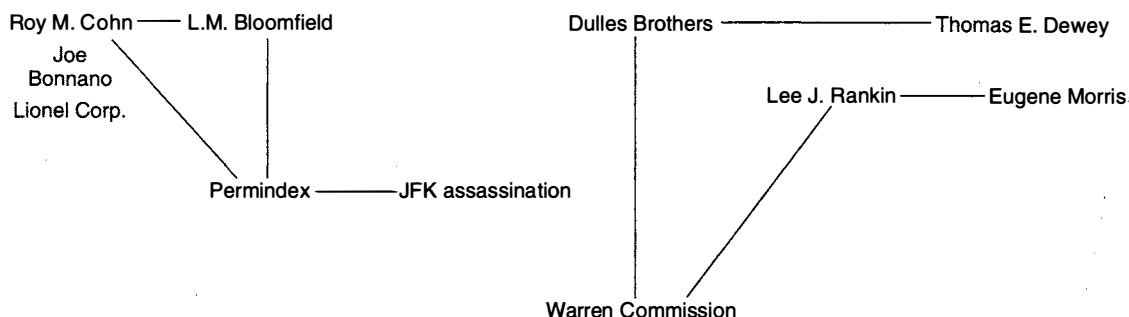
It was only as the result of the suppression of two crucial pieces of evidence, during the 1969 New Orleans trial, that Clay Shaw avoided conviction for the conspiracy to assassinate President Kennedy. Had Shaw been convicted, the entire edifice of murder and coverup would have come crashing down, and the role of Bloomfield, Cohn, et al. in the JFK assassination would have been the subject of worldwide attention. The Dulles-Rankin Warren Commission fraud would have been thoroughly exposed.

**Roy Cohn's New York machine**

After running the Warren Commission, Rankin went to New York as the city's corporation counsel under Mayor John Lindsay, beginning in 1967. Rankin immediately took off to Switzerland with Eugene Morris, who had been for several years chairman of the "urban renewal" section of the World Peace Through Law group. Beginning earlier in the 1960s, into the middle 1970s, the senior Morris commuted between London and New York for regular strategy meetings with what he has described as "top British lawyers," who apparently represented British real estate interests in New York. At

FIGURE 3

### The Cohn machine and the Kennedy coverup



the 1967 Geneva conference of the British-run lawyers group, Morris chaired a panel on “urban renewal,” with Rankin participating in the panel.

At this time, Cohn’s underworld clients included Thomas and Joseph Gambino, family of the New York Mafia “boss of bosses” Carlo Gambino; Carmine Galante, alleged Mafia executive of Westchester County; Fat Tony Salerno; and Frank Cocchiaro, alleged subordinate of Sam (“the Plumber”) Cavalcante. Cohn was a partner of Joe Bonnano and his henchman, and a close comrade of Lansky partner Moe Dalitz. Gangsters would meet together in Cohn’s law office, so that the attorney-client privilege would prevent them from molestation by law enforcers.

Jerry Finkelstein, a Dulles-Dewey crime-organizing operative from the 1930s, was one of Cohn’s closest business partners and clients. By 1963, Finkelstein had total control of the *New York Law Journal*. This was the New York legal profession’s daily newspaper, which was given extraordinary power by Cohn’s father, Judge Albert Cohn, who decreed it the exclusive, official medium for publication of legal notices.

Eugene Morris joined the leadership team at the *Law Journal* as the Cohn family personal representative. From 1965 on, Morris edited a weekly *Journal* law column, which he often wrote himself. The paper greatly enhanced Roy Cohn’s power over New York’s judges and prosecutors. In his heyday, Democratic Party officials would come aboard Cohn’s yacht to decide with him who would be appointed to the bench.

Jerry Finkelstein’s son James, meanwhile, had married Cathy Rosenstiel, the granddaughter of Lansky’s crime partner Lewis Rosenstiel. Roy Cohn was the lawyer and fixer for all these Finkelsteins and Rosenstiels. When Lewis lay dying in 1976, Roy tried to get control over the massive Schenley fortune, allegedly by forging Rosenstiel’s will; Roy Cohn escaped disbarment, but was disbarred much later, for other infractions.

In the late 1960s, a new generation of Anglophile lawyers, close to Averell Harriman and George Bush’s family, took up the reins from the Dulleses and Dewey, directing the New York political establishment to get behind the election of John

V. Lindsay as mayor. The new group (called the Gotham Club or Gotham Committee) worked with Roy Cohn on “fixing” the Democratic Party, through attorney Edwin Weisel, Jr., Cohn’s lifelong friend. Weisel was a member of Prince Philip’s and Major Bloomfield’s “1001 Club”; Weisel and his father (a Harriman ally and Paramount Pictures director) were relied upon by President Lyndon Johnson to handle the New York Democrats after Kennedy’s murder put Johnson in the White House.

(President Johnson would publicly admit on two occasions that he was terrified of what he described as a “Murder, Inc. right inside our government,” that was behind the assassination of John Kennedy, and which, he believed, was poised to eliminate him the first time he stepped out of line.)

The Republican John Lindsay regime of 1965-73, with J. Lee Rankin as the city’s counsel, ushered in a “bankers’ revolution” in American politics. Beginning in 1967, there were new demands to cut the budget, bust the unions, and crush the poor. Young Dick Morris, the future adviser to President Clinton, graduated from Columbia University in 1967, just in time to join this brutal effort at the outset.

Dick Morris was hired as a researcher-propagandist by the Citizens’ Budget Commission immediately upon graduation. The CBC had been founded in 1932 by the big banks, and was chaired for many years by Columbia University President Nicholas Murray Butler, a fanatical Anglophile and one of the leading American organizers for the movement which put Adolf Hitler into power in Germany. Butler was also responsible for bringing the Comintern-sponsored Frankfurt School of radical Marxist-Freudians into the United States, and setting them up at Columbia University, once Hitler came into power.

The CBC had demanded budget cuts under the terrifying conditions of poverty and unemployment of the 1930s. In 1967-68, they were the propaganda center for Lindsay and Ford Foundation President McGeorge Bundy, in the drive for public acceptance of an era of “necessary pain,” hospital closings, welfare cutbacks, and the shutdown of “excessive government.” The CBC trustees who directed the work and training of employee Dick Morris, included executives of

the biggest British-controlled Wall Street firms, and Anglo-American real estate moguls and slumlords. Dick Morris did this work from 1967 to 1974, helping to bulldoze the living standards, the services, and the jobs of New Yorkers, and shifting the entire country into the frantic financial and real estate swindles of the succeeding era.

From 1970 to 1972, while Dick Morris was chief research analyst for this mayhem at CBC, Jerry Finkelstein served as chairman of the Democratic Party of New York City. It was precisely then that Dick Morris got into New York Democratic Party politics. Yet in his 1978 book, *Bum Rap on America's Cities: The Real Causes of Urban Decay*, Dick Morris leaves out any description of his family connections to criminal power centers, baldly asserting that, in the 1970-72 period, "I began to work with liberal Democratic political leaders and candidates in New York taking advantage of my familiarity with city finance to gain access to them and to help shape their ideas."

Sources familiar with the early years of Dick Morris's career in New York Democratic Party politics were far less kind. One longtime Manhattan political insider described Morris as a right-wing hack, running a group of young political operatives tied to Roy Cohn, who referred to themselves as "the special forces," adding that Morris had boosted a group of mob-owned candidates for city and state office.

Dick Morris's first polling-consultant job came in 1974, when his "access" to the political world had been well established. It was not long afterwards that Morris slithered into the life of rising Democratic politician Bill Clinton.

## Lamm-Perot alliance means fascism for U.S.

by Kathleen Klenetsky

After weeks of coy hints, former Colorado Gov. Richard Lamm announced July 9 that he will seek the Presidential nomination of Ross Perot's Reform Party, which plans to hold a two-phase nominating convention this August. Lamm's entry into the race not only represents a potentially major challenge to President Bill Clinton's reelection, but is also designed to shape public policy in the direction of outright fascist policies, worse, by far, than even the draconian austerity program espoused by Newt Gingrich and his fellow "Conservative Revolutionaries."

In a July 10 radio interview with "EIR Talks," Democratic Presidential candidate Lyndon LaRouche called the Lamm-Reform Party alliance, "a very bad thing . . . a national secu-

rity threat."

Lamm is "more blatant than Hitler," LaRouche said, and his policy outlook "is that of 'Soylent Green,' the movie: to turn old people, and others who are considered 'useless eaters,'—that is, the way Hitler defined useless eaters—into meat! To save money for various trust funds, to cut the costs of supporting the older people and the poor, and all that sort of thing." If Lamm becomes the Reform Party's candidate, "we're going to have to call the Reform Party the 'Halloween Party.'"

Within 24 hours of Lamm's announcement, Perot announced on CNN's Larry King Live that he, too, was a candidate for the Reform Party's nomination.

The Reform Party has also entered into a bizarre political alliance with Leonora Fulani, an African-American radical who has vowed to lead the black vote, a constituency which will be among the biggest targets of the Reform Party's genocidal austerity, away from Clinton.

### Lamm's 'raw deal'

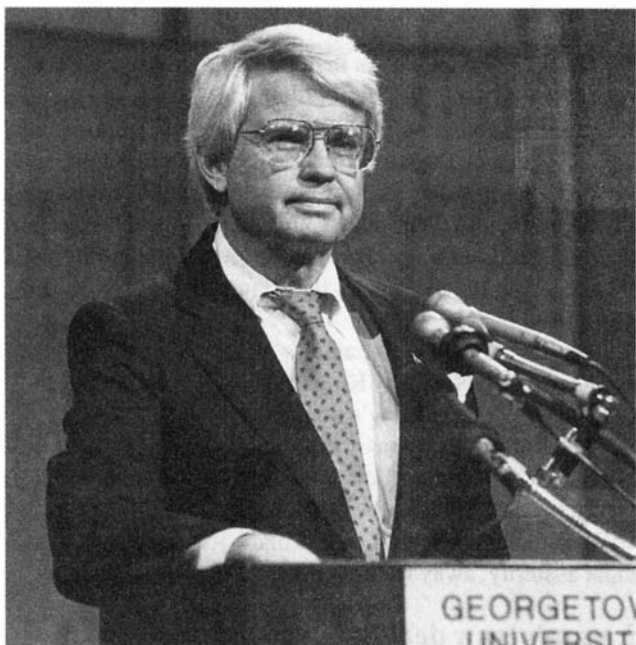
At his July 9 press conference in Denver, Lamm, a lifelong Democrat and former supporter of Clinton, promised that his entrance into the Presidential race will be "politically traumatic," and then castigated both the Republicans and Democrats for failing to make the "hard choices"—such as draconian cutbacks in Medicare and Social Security—that he claims are necessary to restore the United States' preeminence. "I see this as a watershed election," Lamm told reporters. "America has to ask itself not what it wants, but what it can afford. . . . As a nation, [we] have to go from an entitlement ethic to a self-responsibility ethic."

The former lawyer, who currently teaches a course titled "Hard Choices" at the University of Denver, also declared war on the New Deal, which did so much to lift millions of Americans out of poverty through such innovations as Social Security, by charging that it has "become a raw deal for our children."

But it's what Lamm has in store for the U.S. population that is the real "raw deal." In media appearances, speeches, and articles in the recent period, Lamm has made it quite clear that he has not abandoned the fascist proclivities embodied in his notorious 1984 statement, that the elderly must "die and get out of the way" of younger generations, or the rhetorical question he posed in 1983: "Can we afford to spend more money trying to teach severely retarded children than we spend to educate our brightest children? We must ask ourselves—in a world of limited resources, does it make sense to spend \$10,000 a year to educate a child to roll over?"

If anything, Lamm's embrace of policies that stink of the Nazi's deliberate extermination of millions of people classified as "useless eaters" (the elderly, the ill, and otherwise "nonproductive") and "racially inferior," has become even more intense over the ensuing 12 years.

Summarized, Lamm wants a complete overhaul of entitle-



Former Colorado Gov. Richard Lamm. His candidacy for the Reform Party Presidential nomination is designed to shape policy in the direction of outright fascist policies.

ment programs, with particular emphasis on Social Security, Medicare, and Medicaid. In a June 9 appearance on NBC TV's "Meet the Press," Lamm proclaimed that "we have to make ten times the cuts [in Medicare] that President Clinton is willing to make and five times the cuts that the Republicans are willing to make." Asked if he would acknowledge that this will mean "fewer services at higher costs," Lamm blithely replied: "Oh, of course it will."

Lamm specifically advocates: raising the retirement age to 70 (from 65); reducing the annual cost-of-living increase; charging higher premiums, deductibles, and co-payments to Medicare beneficiaries (even though these have been steadily rising over the past five years); and imposing a means test that would reduce benefits from Social Security and Medicare to all families earning above \$40,000 a year. He also wants to cut back on military and civil service pensions.

In late June, Lamm came to Washington, D.C. to announce his support for a plan to partially privatize Social Security, a proposal that comes straight out of the Gingrich gang and its Wall Street backers. Lamm has admitted that he worked closely with the National Taxpayers Union to develop the proposal. The NTU has not only played a key role in the Gingrichite revolt against the U.S. government, but its head, Oxford-trained James Davidson, is a business partner in *Strategic Investment* newsletter of Lord William Rees-Mogg, a leader of the British oligarchy's campaign to destroy the Clinton Presidency.

Just like his Nazi intellectual forebears, Lamm also supports stringent rationing of medical care, especially for the

elderly and handicapped. He recently said that "America's health care system is wasting tens of billions of dollars. . . . We are using our limited capital to give hip replacements to people with Alzheimer's disease; to remove cataracts from people dying in hospices."

He also backs deep cuts in immigration, and belongs to the board of the Federation for American Immigration Reform, the leading national organization favoring deep cuts in legal immigration. FAIR is linked to pro-eugenics organizations and individuals, and was a major force behind California's anti-immigrant Proposition 187.

### Threat to Clinton

In entering the Presidential race, Lamm is attempting to force these views into the middle of the campaign. The July 9 *Wall Street Journal*, which had treated Perot's austerity-mongering 1992 Presidential bid enthusiastically, hailed Lamm's decision to seek the Reform Party nomination, on the grounds that it will highlight the supposed need to "reform" entitlements and privatize Social Security. Shortly after Lamm addressed the California state Reform Party convention in June, in which he blasted both "excessive" spending on entitlements as well as immigrants, the *Los Angeles Times* ran an analysis saying that a Lamm candidacy would change "the structure of the [Presidential] debate" by introducing into the contest "a series of issues that neither Clinton nor Dole is eager to discuss."

The article also pointed to an obvious fact: that Lamm, a Democrat with ultra-liberal views on the environment, gay rights, etc., would likely take votes away from Clinton, rather than Republican candidate Bob Dole, a threat also noted with delight by the *Wall Street Journal* and other Clinton enemies.

Such a threat should not be taken lightly: In 1992, Perot's independent candidacy garnered 19% of the vote, providing the crucial element for defeating George Bush. Should Lamm do as well this November, Clinton could find himself turned out of office. Colorado Gov. Roy Romer (D) has publicly warned Lamm not to run, because it would hurt Clinton; even Lamm's wife, a Democratic activist, has tried to talk her husband out of entering the race.

### The Halloween Party

Perot's Reform Party is the perfect vehicle for Lamm's fascist venture—there is little difference, policy-wise, between the two. In 1992, Perot campaigned on a platform that echoed Lamm's contention that entitlement programs, as presently constituted, amounted to "generational child abuse." The self-styled maverick, who, in fact, is an asset of the Henry Kissinger-wing of the intelligence community, and who owes his business success to a group of Wall Street financiers, including, notably, Felix Rohatyn of Lazard Frères, called for much the same kind of controls on health care spending, Social Security, and Medicare, as well as sharp increases in the gasoline tax, that Lamm says he will

campaign on.

Perot's 1992 candidacy coincided with the creation of the Concord Coalition, a national lobbying group dedicated to "budget-balancing" and entitlement "reform." The group was formally established in October 1992, by former Sen. Paul Tsongas (D-Mass.), then-Sen. Warren Rudman (R-N.H.), Washington "insider" Lloyd Cutler, and Peter Peterson, a leading Wall Street speculator who runs the Blackstone Group, and who, for the past 15 years, has been screaming for the kinds of "entitlement reform" and other Hitlerian economic measures favored by Lamm and Perot.

Indeed, Perot and Lamm teamed up in a project sponsored by the Concord Coalition in late 1992: a group of "Generation X" types, called Lead or Leave, which tried to whip yuppies up into an intergenerational war against the country's senior citizens, charging that those collecting Social Security and Medicare were stealing from the young. Perot provided substantial seed money to Lead or Leave, while Lamm joined its 12-member national advisory board. Its other members included the Concord Coalition's Tsongas, along with Massachusetts Gov. William Weld (R), New Left guru Tom Hayden, and Richard Dennis, the main moneybags behind the pro-drug legalization group, the Drug Policy Foundation.

Late last year, key figures in the Concord Coalition ambit, including Tsongas, former Rep. Tim Penny (D-Minn.), former Presidential candidate Gary Hart (D), and Sen. Bill Bradley (D-N.J.), mapped out plans for a third party. Lamm was a principal participant in the group, which called itself the "passionate center" and was informally dubbed the "Lamm Group," and whose purpose, according to Tsongas, was to rally the "radical center" of the U.S. population behind a program that was "fiscally conservative" (read: destruction of living standards) and "socially liberal" (read: pro-gay rights and radical environmentalism).

Despite the fact that the group's members were mostly Democrats, Gingrich was a featured speaker (by satellite) at a gab fest it held just prior to Christmas 1995.

Although the "passionate center" abandoned plans to set up its own party, Lamm's move to get the Reform Party nomination is clearly an outgrowth of this process.

### **The Fulani factor**

While Lamm's presence on the ticket would lure the yuppie vote away from Clinton, the Reform Party is also designed to steal Clinton's African-American base. Last year, the Reform Party entered into a bizarre political alliance with Leonora Fulani, who was the Presidential candidate of the pro-gay, pro-feminist New Alliance Party in 1988 and 1992. The NAP came out of a strange cult, based on sexual promiscuity and psychological profiling, founded in the early 1970s by Dr. Fred Newman.

Earlier this year, Democratic political candidate Lyndon H. LaRouche, who is familiar with the Newman-Fulani operation, labelled it a "government agent organization teaming up

with Ross Perot as part of a Rainbow Coalition-type national ticket, as a real Third Party ticket, trying to draw away from the Democratic Party precisely those votes from the core Democratic Party vote that Clinton would need to win his reelection."

The Perot-Fulani alliance began in earnest, soon after Perot announced his intention to form a Third Party. Shortly thereafter, the Patriot Party of California moved its 8,000 members en bloc into the Reform Party, and then mounted a voter registration drive in the gay community and the poor urban centers, which, according to the April 22 *New Yorker* magazine, netted another 4,000 supporters.

The seeds for this strange alliance can be traced back to 1994, when Fulani joined forces with Nicholas Sabatine III, a leader of the Pennsylvanians for Perot. The two agreed to merge the New Alliance Party into the Patriot Party, which soon became the National Patriot Party. Sabatine was the chairman and Fulani headed up the New York State branch. Last April, the Patriot Party of New York, Pennsylvania, and Minnesota also joined the Reform Party. The National Patriot Party, according to Fulani, will participate in the nominating process of Perot's Reform Party. At the Patriot Party's national convention in New York City in mid-April, the group formally disbanded into the Reform Party.

Fulani has made no bones about her intentions to defeat Clinton, by luring African-American voters into the Reform Party. In her speech to the Patriot Party conference in April, and in a series of newspaper articles, Fulani has called on African-Americans to abandon Clinton and the Democratic Party and join up with the Reform Party. Typical was a column Fulani authored for the June 7 *Philadelphia Tribune*. "The Democrats are trying to keep on top with us at the bottom," she raved. "What must the Black community do in this season of realignment? Realign! . . . First, we've got to set the record straight with regard to the Clinton plan for Black America by rejecting it and rejecting him. Indeed, we intend to deprive him of enough Black votes to get him dumped. . . . I have long advocated a partnership between the Black community and the Perot voters who share a powerful common interest in political reform. . . . I am involved in building the Reform Party."

Fulani has tried to cloak her antics in populist rhetoric, claiming that she's simply trying to benefit blacks and working-class whites. But, in reality, she's doing the exact opposite, getting these layers to support the very apparatus—whether headed by Perot or Lamm—that is out to exterminate them, Hitler-style.

In backing the Reform Party, Fulani is "trott[ing] off with Adolf Hitler, and saying that she's going to get black people to support, in effect, Adolf Hitler," LaRouche charged in a July 10 interview. "You can see her in bed with this moron, with this evil moron . . . Dick Lamm, next to Big Ears there, Ross Perot, who also is really a government agent of a special type."

## Gingrich's ethics again raised on House floor

House Majority Leader Richard Armey (R-Tex.) became enraged on June 26, in response to a series of one-minute speeches by Democrats expressing frustration with the slow pace of the Committee on Standards of Official Conduct (the ethics committee) investigation of complaints against Speaker Newt Gingrich (R-Ga.). The speeches were inspired by a report in the *Los Angeles Times* that GOPAC, a Gingrich-run operation, ran a \$6 million fraud scheme to use tax-exempt charities to raise money for recruiting Republican congressional candidates.

Ron Klink (D-Pa.) said the panel "had knowledge of this evidence, in this case, for many months, and they have not taken action." Harold Volkmer (D-Mo.) called the panel's inaction "a cover-up."

Armey demanded an apology on behalf of the members of the ethics committee. "Never have I seen so much disdain and lack of regard and appreciation for those 10 among us who would take on the toughest job we have to do," he whined.

Justifiably, the Democrats continued, with seven more one-minute speeches. Lloyd Doggett (D-Tex.) told Armey that "the only apology that is due in this House is one from him [Armey] for obstructing the investigation which ought to be occurring." Others called for the ethics panel to refer the latest charges to the special counsel investigating earlier complaints against Gingrich.

The Democrats were interrupted by a ruling from Speaker pro tem Enid Greene (formerly Waldholtz) (R-Utah) that they were out of order, because neither a report from the ethics committee nor a privileged resolution was before the House for consideration.

The following day, Harry John-

ston (D-Fla.) brought a privileged resolution to the floor calling on the ethics panel to immediately refer all remaining charges against Gingrich to the special counsel. Armey moved to table the resolution without debate, as he has done on two previous occasions, and the motion was upheld by a vote of 229-170.

## Verbal fracas disrupts business of the House

A verbal brawl broke out on the House floor on June 27, during debate on the resolution that provided for the Congress to adjourn for the week of July 4. The substance of the debate, as raised by the Democrats, was that House rules require that the House pass all 13 Appropriations bills before adjourning for the holiday. Thus far, only six have been passed.

Freshman J.D. Hayworth (R-Ariz.) started by heckling David Obey (D-Wisc.). Obey responded, "Every time somebody says something you don't like, you open your mouth and you start shouting from your seat. You are one of the most impolite members I have ever seen in my service in this House." Hayworth called Obey's words "a personal attack" and "grossly unfair," and demanded that Obey's words be stricken from the record and that he be prohibited from the floor for the rest of the evening except to vote.

Democrats then demanded a ruling from Speaker pro tem Ray LaHood (R-Ill.) that Hayworth was being disrespectful, and Republicans demanded that Obey apologize to Hayworth for calling him "impolite." Obey replied, "I would be happy to apologize to the gentleman for calling him impolite, if the gentleman would have apologized for interrupting me while I was speak-

ing." Hayworth declined to do so.

Order was restored when Henry Hyde (R-Ill.) suggested that both men apologize to each other. Hyde said that there was still the transportation appropriations bill to come up, and "the gentleman from Wisconsin [Obey] is essential if we are going to do the transportation bill this evening."

## Kohl tries again on campaign finance reform

Sen. Herb Kohl (D-Wisc.) introduced a bill on June 25 to set up a campaign finance reform commission to propose "comprehensive campaign finance reform." The proposals of the commission would be subject to an up or down vote of the Congress without amendments being permitted.

Kohl's proposal came on the heels of the collapse of the latest campaign finance reform bill, which died when a vote earlier in the day to end a Republican filibuster failed to secure 60 votes.

Kohl said he specifically modeled his proposal on the Base Realignment and Closure Commission, created at the end of the 1980s, which closed hundreds of U.S. military installations without regard to the political and economic effects. Kohl said that the creation of such a commission "would be a concrete sign to the American public that Congress is serious about reforming our election laws."

## Michigan welfare reform waiver bill introduced

Inspired by the House passage of a waiver bill for Wisconsin's welfare reform plans a few weeks ago, Sen. Spencer Abraham (R-Mich.) and Rep. Dave Camp (R-Mich.) introduced a



similar bill on behalf of Michigan's "To Strengthen Michigan Families" welfare reform project on June 27.

Abraham, in remarks on the Senate floor, effusively praised Michigan's plan, which is similar in many respects to the Wisconsin plan, and bragged how it has reduced Michigan's welfare caseload by 45,000 since September 1992, and required waivers from the federal Department of Health and Human Services to do so. He provided no information about what has happened to those families and individuals forced off welfare.

Michigan's latest package of reforms requires 76 waivers, but Spencer complained that "there is tremendous concern as to how long it will likely take for all of Michigan's waivers to become approved, if they ever are all approved."

Abraham's bill would bypass this process and allow Michigan to implement its reforms. "The latest round of reforms," he claimed, "follows in the tradition of tough but compassionate welfare policies that we in Michigan started in 1992. The people of Michigan deserve to be allowed to move forward expeditiously with these latest reform initiatives."

## **GOPers introduce second 'Contract on America'**

On June 25, Sen. Dan Coats (R-Ind.) and House Budget Committee Chairman John Kasich (R-Ohio) introduced legislation to begin implementation of a program called "The Project for American Renewal." The program is a continuation of the drive begun under the Contract with America to replace the federal government's role in social welfare policy with charities. Other parts of the program come under the rubrics of "community empower-

ment," and "fathering, mentoring, and family."

Kasich said, in describing the program, that "we must realize that solutions to problems facing our country do not lie in budget numbers or centralized bureaucracies. Instead, solutions will grow from the power of individuals, families, and groups in their own neighborhoods and communities." Coats indicated that he didn't think this program would be taken up this year, but hoped that "we can seriously address this issue in the next Congress."

## **NASA funding survives House budget debate**

The NASA budget survived two attempts to transfer part of its funding to low-income housing and homeless programs run by the Department of Housing and Urban Affairs, as the House passed the Veterans Affairs, Housing and Urban Development, and Independent Agencies appropriations bill on June 26. The amendments, sponsored by Joseph Kennedy (D-Mass.), would have transferred almost \$500 million out of NASA's human space flight account.

Kennedy said that the bill "devastates" assisted housing programs. "We are essentially saying to the poor, whose numbers are growing, whose housing needs are critical, we no longer are providing shelters to some of the most vulnerable people in this society."

George Brown (Calif.), the ranking Democrat on the Science Committee, did not oppose Kennedy's amendments so much as the process by which housing programs for the poor were being pitted against the space program. He said that what the supporters of the Kennedy amendments were try-

ing to accomplish, "is impossible to achieve within the narrow scope of this one appropriation bill."

The fundamental problem, Brown said, is that "the American economic system has really failed in terms of supporting the kind of economy that provides good jobs, the hopes of a career, the opportunity for advancement and progress that we would like to provide. It is my very honest conviction that until we can establish the basis for a growing, productive, peacetime economy, we are going to continue to suffer and see the deterioration of our cities, the failure to provide to the poor, a decreasing ability to provide good education to the people of this country." Brown suggested that, as an immediate alternative, a 1% cut in the Defense Department budget, which is \$12 billion over the Clinton administration's request, "is a much more reasonable way to set our priorities straight."

## **China MFN trade status gets go-ahead in House**

On June 27, the House defeated, by a vote of 286-141, a joint resolution which would have disapproved the renewal of most favored nation trade status for China. The debate revolved on whether trading relations with China were in the best interests of the United States in view of the many issues of disagreement between the two nations, especially on human rights, Taiwan, and weapons proliferation.

The House later passed, by a vote of 411-7, a resolution calling on the International Relations, National Security, Ways and Means, and Banking committees to hold hearings on all these issues and, if appropriate, report legislation to the House not later than Sept. 30.

# *You haven't seen anything yet*

The fact that there was yet another wild fluctuation on stock and bond markets around the world on July 5, became the occasion for the latest journalistic flurry. Exemplary was coverage in a British weekly, the *Economist*.

The cover headline for the July 8 issue began, "If Wall Street Crashes . . ." And the four-page feature to which it referred pointed to the extreme overvaluation of U.S. stock prices, which have increased by \$2.4 trillion in the last 18 months. But what this mouthpiece for British banking interests argues for, is not the restriction of speculation, but the globalization of all financial institutions under the control of an International Monetary Fund-led banker's dictatorship.

Another article in the same issue has the headline: "Would a Crash Cause Economic Disaster?" In it, the *Economist* poses the danger of a 1929-style Wall Street crash, to be followed by massive unemployment. The *Economist* evokes the memory of bank closures, soup kitchens, the dust bowl, and long lines at unemployment centers.

Articles such as this are not entirely dishonest. Leading financial policymakers recognize that the entire financial system is ready to "blow," and frequently they are overcome by panic; but, so far, this has not led to any serious moves on their part to accept the reality of what Lyndon LaRouche has been saying for decades. The financial system is bankrupt, and it must be put into bankruptcy reorganization as a precondition for establishing a viable credit system in order to rebuild the physical economy.

The viability of such a new system would not be based upon sucking the blood from the existing economy by ever-greater austerity measures, in which whole sections of the world's population are ruthlessly triaged. It would instead be based upon investment in the kind of major infrastructure projects which are exemplified by the just-concluded customs agreement among China, Pakistan, Kazakhstan, and Kyrgyzstan to enhance trade throughout Central Asia along the old Silk Road.

While, initially, this increase in commerce is

planned to be accomplished using highway transport, ultimately, success of such ventures demands the construction of new railroads, and major flood-control projects such as the Three Gorges Dam.

The downswing in stock and bond prices on July 5, was not as severe as what occurred on Black Friday, in 1987. A 115-point decline in stock values today, corresponds to only slightly more than a 50-point decline nine years ago, because of the extremely inflated value of stock prices. As a point of comparison, on Oct. 19, 1989, the Dow Jones Industrial Average dropped from 2,246.74 to 1,738.74, a drop of 22.6%. This made it the biggest drop in Dow history, both in terms of points and of percent.

On Oct. 20, 1929, the Dow dropped 38.33 points, which was 12.8% of its value, and the next day went down by an additional 11.8%. For a fall comparable to that of Black Friday 1987 to occur, the market would have to fall by 1,280 points in one day. Why, then, the panic?

Clearly, the stock market panic-mongering is symptomatic of the deepest fears of the oligarchy that the system may really go out of control, without them having the controls in place to enforce a one-world government. Either way, if these present-day Nazis are not rapidly stripped of their massive financial and political power, then we will see a genocidal collapse of civilization on a scale far more brutal than that of any of the atrocities yet suffered by mankind.

In response to July 5 market oscillation, LaRouche commented on the foolishness of the excitement at what was in reality a mere perturbation of the markets. In light of the enormity of the real situation, he described this as analogous to the case of a patient already suffering a 104° fever, whose temperature goes up slightly.

The pundits who are now writing scare stories in the press, have not noticed that the patient is already half dead. This is the reality behind the austerity measures which are now being enforced on the world's population. The speculative fever will inevitably break—the question is, will the patient be saved?

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All programs are *The LaRouche Connection* unless otherwise noted.

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- ANCHORAGE—ACTV Ch. 44  
Wednesdays—9 p.m.

## ARIZONA

- PHOENIX—Dimension Ch. 22  
Wednesdays—7 p.m.
- TUCSON—Access  
Mondays—5 pm (Ch. 61)  
Tuesdays—1 pm (Ch. 63)

## CALIFORNIA

- E. SAN FERNANDO—Ch. 25  
Saturdays—8:30 p.m.
- LANC./PALMDALE—Ch. 3  
Sundays—1:30 p.m.
- MARIN COUNTY—Ch. 31  
Tuesdays—5 p.m.
- MODESTO—Access Ch. 5  
Fridays—3 p.m.
- ORANGE COUNTY—Ch. 3  
Fridays—evening
- PASADENA—Ch. 56  
Tuesdays—2 & 6 p.m.
- SACRAMENTO—Ch. 18  
2nd & 4th Weds.—10 p.m.
- SAN FRANCISCO—Ch. 53  
Fridays—6:30 p.m.
- SANTA ANA—Ch. 53  
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- STA. CLARITA/TUJUNGA  
King VideoCable—Ch. 20  
Wednesdays—7:30 p.m.
- W. SAN FERNANDO—Ch. 27  
Wednesdays—6:30 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
Sat.—4 p.m.; Mon.—6 p.m.

## CONNECTICUT

- BETHEL/DANBURY/  
RIDGEFIELD  
Comcast—Ch. 23  
Wednesdays—10 p.m.
- BRANFORD—TCI Ch. 21  
(starting July 24)  
Weds., 10 a.m. & 7:30 p.m.
- NEWTOWN/NEW MILFORD  
Charter—Ch. 21  
Thursdays—9:30 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25  
Sundays—12 Noon

## IDAHO

- MOSCOW—Ch. 37  
(Check Readerboard)

## ILLINOIS

- CHICAGO—CATN Ch. 21  
*Schiller Hotline-21*  
Fridays—6 p.m.  
*The LaRouche Connection*  
Tues., July 30—10 p.m.

## INDIANA

- INDIANAPOLIS—p.a. Ch.  
American Cablevision  
Mon.—5:30 p.m.; Fri.—11 p.m.
- SOUTH BEND—Ch. 31  
Thursdays—10 p.m.

## KENTUCKY

- LOUISVILLE—TKR Ch. 18  
Wednesdays—5 p.m.

## LOUISIANA

- NEW ORLEANS—Cox Ch. 8  
Mondays—11 p.m.

## MARYLAND

- BALTIMORE—BCAC Ch. 42  
Mondays—9 p.m.
- BALTIMORE COUNTY—  
Comcast Cablevision—Ch. 2  
2nd Tues., monthly—9 p.m.
- MONTGOMERY—MCTV Ch. 49  
Weds.—1 pm; Fri.—8:30 pm
- PRINCE GEORGES COUNTY—  
PGCTV Ch. 15  
Thursdays—9:30 p.m.
- WEST HOWARD COUNTY—  
Comcast Cablevision—Ch. 6  
Daily—10:30 a.m. & 4:30 p.m.

## MICHIGAN

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Wednesdays—2:30 p.m.

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- EDEN PRAIRIE—Ch. 33  
Wed.—5:30 pm; Sun.—3:30 pm
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Northwest Comm. TV—Ch. 33  
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- ST. LOUIS PARK—Ch. 33  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33  
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## MISSOURI

- ST. LOUIS—Ch. 22  
Wednesdays—5 p.m.

## NEW YORK

- ALBANY—Ch. 18  
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- BRONX—BronxNet Ch. 70  
Saturdays—6 p.m.
- BROOKHAVEN (E. Suffolk)  
TCI—Ch. 1 or Ch. 99  
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Cablevision (BCAT)—Ch. 67  
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- BUFFALO—BCAM Ch. 18  
Tuesdays—11 p.m.
- HUDSON VALLEY—Ch. 6  
2nd Sunday monthly—1:30 p.m.
- ILION—T/W Ch. 10  
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- WEBSTER—GRC Ch. 12  
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## OREGON

- PORTLAND—Access  
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Thursdays—3 p.m. (Ch. 33)

## TEXAS

- AUSTIN—ACTV Ch. 10 & 16  
(call station for times)
- DALLAS—Access Ch. 23-B  
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- EL PASO—Paragon Ch. 15  
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- HOUSTON—Access Houston  
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## VIRGINIA

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- ROANOKE—Cox Ch. 9  
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## WASHINGTON

- KING COUNTY—TCI Ch. 29  
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- SNOHOMISH COUNTY  
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- SPOKANE—Cox Ch. 25  
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- TRI-CITIES—TCI Ch. 13  
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Thursdays—8:30 pm

## WISCONSIN

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