

EIR

Executive Intelligence Review

November 10, 2000 Vol. 27 No. 44

\$10.00

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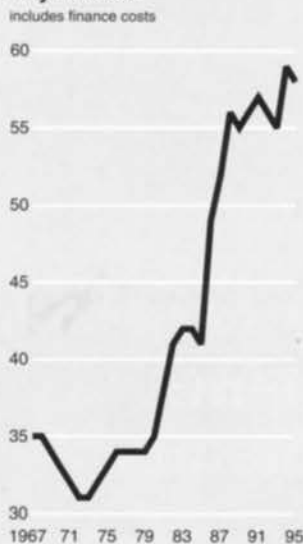
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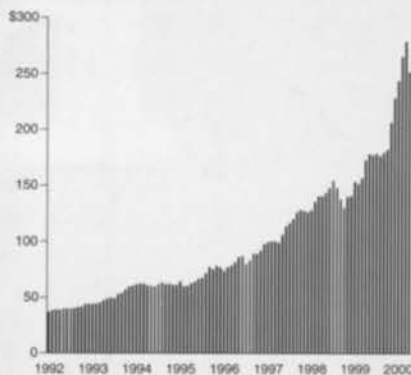
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EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July and the last week of December, by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 3rd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.

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Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

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Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

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

Editorial Statement

The following Editorial Statement was written by Lyndon H. LaRouche, Jr. on Nov, 4, 2000.

Gore Might Elect George Bush

As election-day rolls around, the time has come when I must present my fellow-citizens with what they expect the most from me: my guess on the outcome of this coming Tuesday's general election.

You can't say that I did not warn you. The situation right now is, that, no one, me included, seems to be able to predict which of those two bums is going to win. Right now, the leading question is, will Vice-President Al Gore succeed in his desperate efforts to secure the election of Texas Governor George "Mortimer Snerd" Bush as the next President of the United States. It is becoming harder and harder to tell. No sooner does loser George bumble, than loser Al out-fumbles him. If Al's mouth doesn't trip Al up, his body-language will lose him votes every time; as Senator Moynihan said, in any real national election-campaign, Gore is unelectable, but so is Governor Bush. Which will ultimately out-goof the other, is hard to tell.

Whatever the result turns out to be, one thing remains clear; Al was this season's only prospective Democratic Party nominee who could have successfully thrown a national election to such a pathetically nasty dummy as Governor George Bush. Some conspiracy buffs might suspect that it was Daddy Bush, or his friends, who actually rigged the Democratic primaries to have Al appointed the Democratic nominee. Some mean-spirited fellows might even go so far as to suggest that Daddy Bush put his oldest kid into politics to get the poor bum off welfare. Surely, Bill Bradley would have beaten Bush, with my cooperation, of course, had he gained the nomination. There is no guesswork needed to say that there were also a number of other well-known Democrats who could have qualified for the nomination and won the election.

Whether or not either of these two clowns makes it through the delayed counting of the mail-in ballots, and survives what may turn

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A U.S. Air Force honor guard at Ramstein Air Base, Germany, salutes the remains of a sailor killed in the Oct. 12 attack on the USS Cole in Yemen.



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“The shocking experience of the attack upon the *USS Cole*,” writes Lyndon H. LaRouche, Jr., “should have awakened relevant, witting U.S. policy-shapers to the urgency of an immediate and sweeping reversal of the process of ‘privatization’ of the military and immediately related institutions and functions of the U.S. government. . . . The dismal results of related, current trends in U.S. strategic and related policies, of which an obsessive fixation upon ‘privatization,’ is but one symptom, is a pervasive problem, a problem whose existence can not be separated from what even non-military professionals should and must recognize as a spreading illiteracy respecting relevant strategic lessons of modern history.”

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Russia-EU Energy Diplomacy Prepares To Survive Crash

by Rainer Apel

Russian President Vladimir Putin's talks with European Union leaders at the beginning of the EU-Russia Summit in Paris on Oct. 30, had been well prepared by impressively intense diplomacy between Moscow and the EU Commission in Brussels, and between Moscow and several of the EU leading capitals, including Berlin and Paris. Putin met for about two hours with France's President Jacques Chirac, with EU Commission President Romano Prodi, as well as with Javier Solana, the EU chief Foreign and Security Policy Coordinator. But the outcome of this short summit meeting was efficient: Two main areas of cooperation between the EU and Russia were defined, one covering an array of contacts on strategic crisis spots, the other covering a package of upgraded EU investments in Russia's industry, notably in the energy sector, and consultations on banking and monetary affairs.

The fact that both the Western Europeans and their Russian guests voiced opposition to U.S. plans, backed by Britain, for a national missile defense project, as a post-Cold War provocation, indicated that the summit was conducted in an atmosphere of mutual understanding, that nations on the Eurasian continent must unite efforts to fend off destabilizations resulting from the present strategic and monetary policies of the Anglo-American alliance. Possibly the most interesting aspect of the summit, in this context, is the fact that while the continental Europeans have been offered such cooperation by the Russians before, they are only now taking steps to make such cooperation reality.

The outgoing CEO of the Swedish producer of energy technology, Göran Lindahl, put it in an exemplary way at a recent conference in Moscow, held in the context of diplomatic preparations for the EU-Russia Summit. He said, "So far, it has been Russia that needed Europe. But soon, there may come a time when Europe needs Russia."

And, maybe, the widespread protests against the drastic,

speculation-driven increases in fuel prices, which western Europe experienced during September, motivated the EU governments to revitalize perspectives for long-term cooperation with Russia in the development of industry and energy resources. With the 20-year "strategic energy partnership" that the EU and Russia are negotiating, continental Europe's vulnerability to speculators on the crude oil markets of London's International Petroleum Exchange and Wall Street's New York Mercantile Exchange will be visibly decreased.

Doubling Russian Energy Deliveries

What the Russians and Europeans have talked about since late September, is doubling Russian deliveries of crude oil, natural gas, and electric power, over this decade. This includes making massive investments in the exploration and production of crude oil and natural gas in Russia, and in the Russian nuclear power sector, for power transfers to eastern and western Europe. It includes investments in new transcontinental pipelines for transfer of oil and gas, and in power lines across eastern Europe.

These projects will require investments of several tens of billions of dollars—or, rather, euros: While in Paris, Putin stated that Russia has a genuine interest in strengthening the single EU currency, the euro. This may mean that future European energy deals with Russia will be billed on a euro basis. On the Russian side, there is interest in receiving substantial western European investments also for other industrial and infrastructure projects, including manufacture of cars and trucks, tractors, steel (including large-diameter pipe for the projected new pipelines), and construction of new highways and railroads. In particular, Russia wants Europe to help not only in the development of the vast raw materials resources of northern Siberia and the Arctic region, but also in the broader industrialization and urbanization of those regions, including the development of transport routes.

FIGURE 1
New Pipelines Discussed in Russia-EU Energy Talks



An Arctic shipping route would considerably reduce the time required to ship goods between Russia's two big ice-free seaports, Murmansk, in the west, and Vladivostok, in the Far East, and would assist the industrial and urban development of that underpopulated, remote northern region. Where there are only several tens of thousands of Russians living in the Arctic region now, millions, maybe tens of millions, could be living there 20 or 30 years from now. This is not music of the future; this is a real perspective, which has been discussed, more intensely in the recent period, in Russian economic journals, and in some western European journals as well.

After all, oil and gas reserves in Russia's Arctic are expected to be several times larger than those of the Mideast. The few Western experts who have been looking into the Arctic, estimate its oil wealth at about \$1.4 trillion in the Barents Sea area alone. This can be made accessible to mankind, by initial investments of several tens of billions of dollars. Had the United States not imposed an embargo on Arctic drilling technology to the Soviets in the 1980s, the Russians

would long ago have begun to develop these resources.

The chance to take part in that giant, challenging development project is now on the European agenda, with whatever technology they can contribute. The oil and gas that is going to be produced in Russia's Far North, will also be made available for the Europeans.

Two More Pipelines

Negotiations are under way on a second gas pipeline that the Russians want to build from the northern Siberian Yamal region to western Europe. It would run parallel to the existing route that passes through Belarus and Poland and reaches the West at Schwedt, on the German-Polish border. That pipeline was built in six years, and became fully operational at the beginning of this year.

A letter of intent on the construction of yet another pipeline, which would connect the Yamal-Europe route with the big Russia-Europe route that runs through Ukraine and Slovakia, was signed on Oct. 19 by Russia's state firm

Gazprom and two German firms, Ruhrgas and Wintershall, as well as with the French firm Gaz de France and Italy's Snam. There are two main options for this pipeline: It could run from Belarus, via Poland and Slovakia, into Europe's southwestern regions, or it could run from Belarus via Ukraine, and link up there with the existing pipeline to western Europe. Talks on the implementation of that project will require more time, because it touches upon sensitive, sometimes controversial interests of the countries involved—or the nations by-passed.

Proposals made by Ukrainian Prime Minister Viktor Yushchenko during a visit to Poland on Oct. 27, for a new oil pipeline from the Ukrainian Black Sea port of Odessa, to Brody on the border with Poland, via Lviv, indicate that the third pipeline—which would also connect the two transcontinental gas pipelines in the north and the south of Europe—may be built along the same Ukrainian-Polish route. It would be the least expensive option, and it would benefit all the countries involved, because it would link them to all essential existing pipeline grids. No country would have to be by-passed.

Strategic Issues

The dialogue on strategic issues which was institutionalized at the EU-Russia Summit represents a breakthrough in East-West diplomacy. For 15 months, relations between Russia and Europe had been aggravated by tensions over the NATO air war against Serbia. The military adventure, instigated by the geopoliticians in the foreign policy and defense establishment of the United States and Britain, pulled all of western Europe into a confrontation with Russian interests in the Balkans. Had several of the European governments, notably France, Germany, and Italy, not managed to restore direct contacts with Russia, and build bridges across the chilly silence that emerged between the West and the East, the Balkans air war might have broadened into a strategic confrontation with Russia.

The agreement signed by Putin and the EU is designed to ensure that, whereas future big crises might not be averted, at least they will not lead to conflicts between the Russians and Europeans that cannot be contained. Cooperation between the EU and Russia in the Balkans, after the end of the NATO air war against Serbia, is to be expanded also in the crisis hotspot regions of the Caucasus, the Middle East, and Central Asia.

Specifically, Putin made a clear commitment to reach a political solution to the Northern Caucasus problem, where Russian troops continue to fight Chechen separatists. But, he also made clear that the same must apply to the Middle East and Central Asia—where the Anglo-American alliance prefers military options.

Russia supports economic expansion of the EU eastward, but it expects the Europeans to not support the expansion of NATO. Also, Russia wants to be consulted on the planned EU military task force, its aims and its strengths, because it may in the future cooperate with the three new joint task

forces of the Commonwealth of Independent States (CIS) military alliance, which Russia set up in agreements it recently signed with five other CIS member-governments (Belarus, Armenia, Kazakistan, Kyrgyzstan, and Tajikistan) in the Tajik capital of Dushanbe. A peacekeeping alliance covering most of Eurasia, is being portrayed as on the horizon of EU-Russian-CIS relations.

Thus, together with the economic agreements that are in preparation, essential aspects of a new structure for cooperation that will replace the existing, bankrupt monetarist ones among Eurasian nations after the financial crash, are being put into place. This may be bad news for Anglo-American geopoliticians such as Zbigniew Brzezinski, who has worked all his life to prevent this kind of Eurasian cooperation from emerging. But, for Europe and Russia, the Paris agreements are good news.

Under IMF Pressure, Nigeria Stumbles into Disaster

by Uwe Friesecke

During the third week of October, the Nigerian government of President Olusegun Obasanjo experienced a rude awakening to reality from its new romance with the International Monetary Fund (IMF) and World Bank. Since the government came to power 18 months ago, it had campaigned relentlessly for debt relief from the Western creditor banks. President Obasanjo invested all his authority into convincing world leaders, especially U.K. Prime Minister Tony Blair and U.S. President Bill Clinton, that Nigeria was now a democratic country and deserved a dividend in the form of substantial debt relief.

While IMF officials, such as new Managing Director Horst Köhler, repeatedly praised the country for being on the right path of economic reforms, which would favorably affect the willingness of the international community to consider debt relief, neither concrete proposals for debt reduction, nor serious talks about it, were forthcoming. Instead, officials of the IMF, representing the so-called Paris Club, walked into the Ministry of Finance in Abuja, Nigeria's capital, to demand from the surely astonished officials \$1 billion more payment on the debt. In their typical arrogance, they warned the ministry that the proceeds from the oil windfall should not be mismanaged and wasted, and declared, "We are concerned about what you should do with the money. We advise that you increase your debt servicing to \$2 billion or \$2.5 billion." For the moment, the ministry officials rejected that demand, and argued that to pay more than the \$1.5 billion presently allo-

cated would be suicidal for the country. But whether the Nigerian government learns a necessary lesson from this outrageous colonial-style behavior of the IMF's officers, remains to be seen.

Political observers in Abuja are skeptical about it. Because after all, the Nigerian government itself abrogated almost all sovereign decisionmaking and invited the IMF to rigidly oversee the implementation of the new structural adjustment program, which the government submitted to the IMF in July of this year, to obtain a \$1 billion stand-by credit from the IMF. In a Letter of Intent on July 20, signed by Central Bank Governor Dr. J.O. Sanusi and Minister of State for Finance Senator Jubril Martins-Kuye, the Nigerian government asks the IMF to come and review the performance of Nigeria's economy in December 2000, March 2001, June 2001, and early August 2001. The government assures the IMF that Abuja's economic and financial policies will achieve the objectives of the program, but that it "stands ready to take additional measures, if necessary, to keep the program on track, consulting regularly with the Fund," and that it "will provide the Fund with information that may be requested for the purpose of monitoring progress under the program." The stand-by credit was approved by the IMF Executive Board on Aug. 4, and in commenting on the decision, the IMF's Köhler found sweet words for the Nigerian government: "The Nigerian authorities are to be commended for the progress made toward restoring macroeconomic stability during their first year in office. . . . The focus of macroeconomic policies in the program on the maintenance of stability, including low inflation, and ensuring the prudent management of temporarily high oil revenues, is to be welcomed."

Growing Opposition

But not everybody is impressed by these nice words. There is strong opposition to the government's pro-IMF policy, for example in the Nigerian Senate and House of Representatives. According to press reports, in July the chairman of Nigeria's House of Representatives committee on banking and currency, Dauda Garba Bundof, strongly opposed taking any new loan from the IMF, arguing that Nigeria had already paid more than three times in interest what it originally borrowed in principal during the 1980s, and still owed more than \$30 billion. "We do not need any loan," he declared, "that would put us under more pressure. Instead of seeking fresh loans, the nation ought to make conscious efforts to pay the subsisting debt, so that the huge sums being spent to service it could be channeled to developmental programs." And he added: "It is unpatriotic to collect the loan. Is there any country that borrowed any loan from the IMF that survived? All their economic prescriptions have failed. Our naira [Nigeria's currency] has fallen so low, to attract foreign investors. Yet, are you seeing them?"

In an attempt to quell the rising anger over the new deal with the IMF, Minister of State for Finance Martins-Kuye now argues, that the government will not really draw interest-



Nigerian President Olusegun Obasanjo is trying to toe the IMF line, in hopes of getting debt relief, but no such thing is going to be forthcoming.

bearing money from the stand-by facility, that it is only symbolic. "The facility is not real; it is just nominal," he said on Oct. 23, on a national television program. "It is just an approval by the two institutions of the efforts of the current Administration to reposition the economy. What we are touching, is the positive symbolism that Nigeria's economy is on the path of positive and steady economic growth."

Even friends of President Obasanjo are surprised that he would allow his ministers to make such absurd public statements. Because who has ever heard of a deal with the IMF, that was "not real" and only "symbolic"? Furthermore, already in July, President Obasanjo had his chief economic adviser, Philip Asiodu, tell journalists in Abuja that Nigeria plans to raise a full \$3 billion credit facility from the World Bank, which would be interest-bearing, and could hardly be called "symbolic."

The letter of intent to the IMF makes it quite clear that the Nigerian government was not just asking for a 12-month stand-by facility, but for a comprehensive medium-term reform package under IMF guidelines. But such an agreement, which the Nigerian government says is necessary to obtain debt relief, is conditioned on strict adherence to the draconian IMF policy guidelines. In his remarks, Köhler left no doubt about that: "The acceleration of the implementation of structural reforms is urgently needed. In view of the challenges facing Nigeria, firm implementation of the program is needed to begin to lay the basis for sustainable growth. The program supported by the Stand-By Arrangement is also a vital first step toward establishing a framework for reforms in a medium-term program that could be supported by the Fund."

In its letter of intent, the Nigerian government submitted a memorandum on economic and financial policies which embraces in full the typical IMF policy measures: deregulation of the currency, deregulation and privatization of the economy in general, stringent budget balancing, elimination

of subsidies and liberalization of trade. It seems that, for the time being, President Obasanjo has thrown all warnings of the numerous critics of IMF policy, including some of his ministers and many of his ambassadors, to the winds, and is listening only to those advisers who are linked to the Nigerian Economic Summit Group and the Vision 2010 group, which are financed by international companies such as Pepsi Cola. In close coordination with their friends in Washington and London, and supported by some ministers in the government, these groups have, over the last five years, been the center of promoting so-called liberal economic reforms for Nigeria, such as recently at the seventh Nigerian Economic Summit in Abuja. There, the IMF representative in Nigeria, Reinhold Van Til, praised the Obasanjo Administration for its boldness in its economic growth perspective, and assured Nigerians that they should be hopeful of good times to come—even though it would take about 18 years for Nigeria's economic and industrialization dreams to be fully actualized.

Ruinous Consequences

For many Nigerians, such comments add insult to injury. Because they look back at the last 18 years, and weep over what has happened to the once-prosperous economy of Nigeria, largely under the influence of the same IMF-directed structural adjustment policies, which are being promoted right now. At the end of the 1970s, one Nigerian naira could buy \$2. Today, \$1 buys more than 100 naira. This depreciation of the currency alone has thrown back Nigeria's economic development by decades. It has made it quite impossible for Nigeria to import necessary industrial goods at affordable prices, goods which would be decisive for the rehabilitation of infrastructure. And the danger is that the currency will drop even further. In IMF/World Bank circles, there has for some time been talk of a naira/dollar ratio of 500 to 1.

So far, the Obasanjo government has not been able to stop the value of the currency from falling. It dropped from 80 to the dollar in May 1999, when the current government came to power, to an official rate of 108 today, and 120 on the black market. Other economic indicators show the same deterioration during the last 18 months. The bankruptcy rate for small and medium-sized industry and shops, in particular, skyrocketed. In this category, the state of Kano had 1,000 and the state of Lagos 2,000 business failures. Consequently, the unemployment rate nationwide went up to over 30%; industrial capacity utilization dropped from 35% to 25%; interest rates for normal business loans increased from 25% to over 30%, making such loans prohibitive for the average entrepreneur.

This adverse climate for industry is compounded by deteriorating infrastructure in all areas. Not a day passes without power breakdowns. On Oct. 26, a power transformer at the nation's premium hydro-power station in Kainji broke down and almost caused a total system collapse nationwide. Because the four refineries still do not function, there are constant shortages of fuel and gasoline. Spending hours to buy

ten gallons of gasoline has again become daily routine for many Nigerians. The health and education systems are in complete shambles. A school or university teacher cannot feed and house his family from his salary alone. Therefore, many are more often on strike than in the classroom.

It is true that the Obasanjo government increased the minimum wage from 5,000 to 7,500 naira, which is equivalent to \$50-75, but this increase is eaten up quickly by inflation. How abysmal such wage levels are, becomes clear if one compares them to the costs of a new car, which in Nigeria today sells for no less than 1.5-2 million naira. The disastrous state of health care was highlighted recently by the announcement by the director general of the Nigerian Vaccine Laboratory, that malaria is killing 300,000 people yearly. At the same time, the discrepancy between the small group of super-rich Nigerians and the vast majority of poor and abysmally poor citizens, increases.

Political Tensions Are on the Rise

Many Nigerians who were optimistic when President Obasanjo assumed office last year, are by now disappointed. Many in the political institutions, especially in the legislature, have become disillusioned, because endless infighting and intrigue have replaced serious debate about the future of the country, because the youth, in particular, have no perspective for getting a decent education and promising employment, and because daily life has become a daily fight for survival, while political and social tensions have been rising dangerously.

The nightmares of the past, of ethnic tensions and religious clashes, have come back. Already, thousands have lost their lives in violent clashes. The flight from reality into the fanaticism of ethnic and tribal groups has become a serious danger to the country. The Odua People's Congress (OPC) in the Southwest, the AREWA People's Congress in the North, the Bakassi Boys in the East, the Egbesu Boys in the Delta, and others have all sprung up since last year. Agitation is highly charged, when Christians argue against Muslims and vice-versa, when Yoruba blame Fulani and Hausa over injustices and demand the revival of their own kingdom, when Ibos again agitate against the North for the independence of their own nation (Biafra), and when the Northerners complain about being sidelined by the Obasanjo government.

Western governments, especially the British and the American, are completely irresponsible, to blackmail and push Nigeria further into the arms of the IMF. Their talk about possible debt relief, which they put up as the carrot for President Obasanjo to make one compromise after another, is a fraud, and the height of hypocrisy, because the IMF has no intention of ever granting serious debt relief. If, under the direction of the IMF, Nigeria's economy slides down further, the country might well erupt into another bloody civil war, which could tear all of West Africa apart. Maybe that is exactly what some fanatics in Western policy circles want.

LaRouche: With a New Bretton Woods, Argentina's Opportunities Are Great

On Oct. 31, the following interview was conducted by telephone with former U.S. Presidential pre-candidate Lyndon LaRouche, and broadcast live on Carlos Gamero's hour-long "Economic Agenda" program on LU5 Radio in the southern Argentine province of Neuquén. Neuquén is a major oil-producing region, and it also has significant capabilities in the nuclear field, including a major heavy-water plant. LU5 Radio is one of the largest stations in the area, and it reaches most of southern Argentina; the estimated audience for the well-publicized LaRouche interview was of about a half-million listeners.

LaRouche was interviewed by a panel of local dignitaries, most of whom were already familiar with LaRouche's writings, and who wanted to question him about his views on the world and Argentine crises. They included:

Luis Anibal Rodríguez Luppo, an engineer and professor at Comahue University.

Luis Zingoni, president of the Rural Society of the Patagonian Northeast.

Dr. Carlos Kreplak, Vice President of ACIPAN, the regional chamber of commerce.

Rubén Rousillón, an engineer and a regional councilman for the Peronist party, and a former foreign trade secretary of Neuquén province.

Mario Ferrín, EIR's representative in Neuquén.

The text of the interview follows:

Gamero: Mr. LaRouche, please make an opening statement on your views with regard to the international financial situation. What is the status of the oil price crisis, and will this in fact lead to a crash of the dollar, as you have stated in some of your writings?

LaRouche: Well, we are in fact on the edge of, not a collapse like that of 1929-31, but a general disintegration of the entire international monetary and financial system in its current form. Now, while we cannot say exactly what week or day the system will disintegrate, if you watch the market movements very closely, internationally, as I do, you see, over the past two years since the crisis of 1998, the August-September crisis, an increasingly desperate money-pumping by the United States, and the looting of the euro and the Japanese yen to try to boost the dollar, and looting of every other part of the Americas, as well as Asia and Europe.

There is a greatly increasingly volatility and instability in

the system. Any disturbance at this point, of any significance, and the whole system will blow. We can't say when, but it will blow.

Therefore, those who are intelligent in this business are not worrying when or how the crisis is going to occur. More and more, all leading circles in Europe and the United States, etc., share my view. The thing to think about, is not *when* the collapse occurs, but *what do we do* immediately afterward. When the crash comes, it will be the biggest financial crisis of European civilization in three centuries, with accompanying tremendous political and social instability throughout most parts of the world.

On the oil crisis itself, that, of course, is a by-product of this speculation. It has nothing to do with the supply of oil. At present, outside the United States, there are long-term agreements being negotiated to take the trade of petroleum out of the hands of the speculators and put it in the hands, again, of government-to-government agreements.

For example, at the present time, there is a long-term, 20-year negotiation being set up between western Europe and Russia, and also involving countries in Asia, for 20 years of petroleum from Central Asia in return for technology. That kind of thinking is in OPEC extensively. And while such agreements will not solve the financial problem, they will introduce an element of political stability in relations among states.

I think we are headed to the possibility of an end to globalization, and a return to more emphasis on nation-to-nation trading agreements in the medium- and long-term.

Of course, we require a new monetary system, a New Bretton Woods system, a return to the kind of policy that we had between 1945 and 1964. On that basis, we can rebuild a new system and get out of the mess. The question is, do we have the politicians and political power who have the courage and the intelligence to make that kind of reorganization?

I can only say, in conclusion on this point, that this is the worst crisis in three centuries, but I personally am optimistic.

Gamero: You made statements recently in a radio interview in Caracas, Venezuela, where you said that the rise in the price of oil was due to speculation, and you called for a return to government-to-government oil deals between producers and consumers. Is the price of oil going to break \$40 per barrel?



*Lyndon LaRouche
(center, hands clasped)
in Argentina in 1985,
during which visit he met
with President Raúl
Alfonsín.*

LaRouche: It's headed in that direction. You have to wait to see what happens immediately after the U.S. Presidential elections next week. We're in a highly artificial situation, where the U.S. government is doing everything possible to try to prevent a crisis until after the Presidential elections have been concluded. Once the election is concluded, then the tendency for great instability will explode again. Unless the correct action is taken among governments, you are going to have an explosion of the general hyperinflationary tendency in world commodity prices, including petroleum.

For example, the United States' real inflation rate, its commodity inflation rate, is right now over 10%. Many categories are 20-30%. A few categories are over 100%. This tendency is inevitable, unless we straighten the system out.

So the point is, will the governments negotiate, or will they not? The inclination in Eurasia is to negotiate—that is, across all of Asia. The problem is that in the United States, there is a determination *not* to negotiate, and for that reason, many in Europe and elsewhere are forecasting the likelihood that the United States dollar will crash. Sometimes a desperado shoots himself.

Rousilló: In the interest of overcoming our problems in countries such as Argentina, the problems of development, we wonder what advice you have for us. In part, you've answered that in what you have already said, in discussing the New Bretton Woods. Is such a New Bretton Woods system actually the way out for the developing sector, and in particular for Argentina—a country which is undergoing a recession, which is undergoing an invasion of foreign products as a result

of globalization? What do you recommend that we do?

LaRouche: We are going to have to have what I proposed essentially back in 1982, the draft proposal which I named "Operation Juárez," in honor of the relationship of President Abraham Lincoln and President Benito Juárez of Mexico. That was done in the context of the Malvinas War, in which I was very much involved politically in that period. What we need is a regional organization among many of the states of the Americas, with full respect for their sovereignty, as a cooperative agency to undertake the regional tasks of rebuilding each of these nations. Such a development, if it occurs, will occur in cooperation with a group in Asia which is called the ASEAN-Plus-3 group [Association of Southeast Asian Nations plus China, Japan, and South Korea], which has been emerging as a very important group in their common defense.

We have a gigantic agreement being developed now between people in the European Union, Russia and other countries, on a Eurasia-wide, OPEC-linked oil-for-technology agreement. I think these ideas, which in some parts of the world are closer to realization than in others, at a moment when the present United States' policies are discredited worldwide, under conditions of crisis, will either come to agreement, or we won't. If we don't, the whole world will go into a Dark Age—not in the distant future, but rather immediately.

If we agree, then these regional blocs, which are emerging now, will become the negotiating instruments through which we create something equivalent to a New Bretton Woods. This would require a return to the pre-1965 ideas about how to run an economy, which means to develop the prosperity of

agriculture, of industry, of technology, of infrastructure. This means, in turn, to create long-term credit from state credit, within countries and among countries. This means, essentially, a system of 25-year-long, long-term, low-cost infrastructure and related credit policies.

The objective would be to do, on a global scale, what the United States did between 1945 and 1965, in the relation between Europe and the United States. It will be a great challenge to do that, but it can succeed if we're stubborn and patient at the same time. I think in one generation, we can get out of the Hell we've been living through increasingly in the past 35 years. So, I'm optimistic.

Rodríguez Luppó: In the 1950s, Argentina was a pioneer in the area of nuclear fusion as a source of cheap energy. It's our understanding, Mr. LaRouche, that you have a Fusion Energy Foundation which is dedicated to the study of these matters. Can you tell us something about this?

LaRouche: The Fusion Energy Foundation in the United States was shut down by the government in a political operation, by the friends of George Bush, Sr. and Henry Kissinger. But the work goes on. The fusion work has been postponed, because of these delays over the years. The capabilities exist and are still being worked on.

Worldwide, or at least in many parts of the world, there is a renaissance in nuclear technology. Now, of course, in Argentina, in the Patagonian area in particular, it's very important to have high-density energy sources in areas that are presently very remote, because obviously, in order to develop these areas, you need a reliable energy source in those areas.

So, presuming that we get a New Bretton Woods System, such programs in Argentina and elsewhere—Brazil, of course—become possible.

You have areas which cannot be efficiently developed without nuclear energy, as in the case of India, for example. Even if you could do it without nuclear energy, it would not be economical to do so. So, presuming we have the political situation back under control, that is, a pro-development orientation, obviously any economist who looks at the prospect for development of Argentina—and particularly the underdeveloped areas, where large-scale infrastructure development is indispensable—the revitalization of the economy of Argentina would obviously mean a large emphasis on this area of work.

Under conditions like that worldwide, the fusion question can then come back seriously. The problem is that there is no money going into that area, and not enough people working in it. And, of course, this requires the revitalization of universities as well. I think the future of the fusion program depends upon those kinds of considerations.

Kreplak: I would like to discuss the current situation facing Argentina, which has been in a deep recession for the last two years. There's a fixed exchange rate vis-à-vis the dollar. Ten years ago, a protectionist state policy was dropped in favor of

a free-market approach, but no efficiency developed, as we had been promised. The result has been dumping and contraband, small businesses are being wiped out, there's 15% official unemployment (and 20% real unemployment), and all the productive sectors are falling apart. The state is also inefficient: Total state indebtedness is 50% of GNP.

In 1991, Mr. LaRouche, you forecast that Russia would end up in chaos and economic catastrophe if it implemented IMF policies. Without trying to make a mathematical equivalence between Russia and Argentina, what is your view, as an international observer, of what awaits Argentina? Is there a way out? What should our policy be? Can we grow to bring welfare to our entire population?

LaRouche: The problem is entirely the fact that, since 1989-90, there has been a sort of syndicate of British, French, Canadian, Australian, New Zealand, and Wall Street interests. They have set up a kind of international empire of finance capital. There was an acceleration under these conditions of what was called a radical, free-trade globalization policy. The problem didn't start in 1989-90, but it was accelerated by the collapse of the Soviet system. The process actually started about 35 years ago; it accelerated in 1971, with the break-up of the old Bretton Woods agreement; it accelerated greatly in the 1980s. So, every part of the world, including the United States itself, is being ruined, bankrupted, by these policies.

Because of a certain hatred against Argentina by the English-speaking powers, Argentina has tended to suffer a little bit more than some of the other countries. But every country in the world is suffering from this.

The collapse of the system would mean a bankrupting of those financial interests which have been running the world for this period. Very much like the hatred against bankers which erupted with the 1929-31 collapse, under those conditions, political forces would have the ability to challenge the authority of finance capital. The simple salvation of peoples would demand that new measures be taken which would essentially be a return to the kind of thinking that existed 35 years ago and earlier.

Obviously, if this present system were to continue, there would be no chance for *any* country. Now, we have the worst financial collapse in modern history going on right now. Very soon, this will strike with a certain finality. This will give us the opportunity to turn the clock back to sanity, if we have the political will to do so.

If you look around the world as I do, you can see signs around the world. People, not only Mahathir of Malaysia but others, are beginning to say, "No, no, no! This is bad; we're going back to a better system." Those voices can be heard in western Europe, in Russia. They're heard in Japan, they're heard in Korea, they're heard in China. This is the mood which is growing around the world, despite what we might hear from some of the U.S. press.

It's a question of whether we can muster the political will and the optimism in the population, to do what experience should have taught us we should do: to create state credit

to stimulate the entire economy with large-scale necessary infrastructure projects, to promote the increased production of food in a food-hungry world, to develop our industries again, and to especially develop the high-technology frontier of technological progress. And, not unimportant, is to give people back their pride.

Under such conditions, I think we have the opportunity, at least, to reverse this situation. And my concern is to encourage people to realize that they have reason to be optimistic, to admit that the financial system is admittedly a disaster, but also to recognize that the collapse of the financial system is an opportunity to return to sane policies we otherwise would be unable to do.

Question from a Caller: Argentina today has serious social problems. The economic targets of the government are not being met, or have no solution. They're seeking new credits abroad. The question is, what is the view internationally, the forecast, with regard to Argentina's future? And again, what would be the proposals in your New Bretton Woods type of approach?

LaRouche: The future of Argentina, at this point, depends entirely upon what happens when, and after, the crash occurs, which is now oncoming. One would hope that the crash would discredit the present international policies, and would therefore generate a consensus among many nations to return to the kind of system we had 35 years ago, or earlier. In that case, the opportunities of Argentina are great.

Gamero: Over recent years, Argentina's agricultural sector has transferred income to other sectors of the economy, which is equivalent to the foreign debt of Argentina. Argentina, unlike other countries, has no subsidies for agricultural production, but taxes increase. It has very high interest rates, which are usurious. The policies of the Banco de la Nación have been a disaster. The question is: What message do you, Mr. LaRouche, have for farmers and other producers, and even to the government, with regard to these policy areas?

LaRouche: We have a very serious worldwide food shortage. Argentina is one of the areas which has developed to expand its agricultural production. In some way, we have to get some loans of between 1-2% over 25 years, and some protection otherwise for agriculture—for example, stability of markets. Under these conditions, I think we could have a very rapid expansion of agriculture, and a stable one, in Argentina. It was done before, and we can do it again.

Gamero: We were laughing among ourselves when you mentioned interest rates of 1-2%, because the last refinancing of the agricultural debt that occurred here was at 8% interest rates. But my question to you is with regard to Malaysia, and what Prime Minister Mahathir has done. Understanding that there are differences, is it feasible for other sovereign nations to do what Malaysia has done?

LaRouche: Mahathir is a man of courage. He also had a certain sympathy and support from Japanese and other interests. Malaysia has special characteristics, stemming from the way it developed in the postwar period. Under these conditions, with an unusually good leader and support and sympathy from other countries, Dr. Mahathir had the courage to do what was needed, and so far he has enjoyed sufficient support to succeed. It's different from Argentina, as you say, but there are lessons to be learned which can be applied in Argentina.

Gamero: And what would those lessons be?

LaRouche: First of all, strong national spirit, confidence, friendly and cooperative neighbors, and a less brutal attitude from the great neighbor to the north. These things, I think, would be enough for success.

Q: You were talking about alliances. This was of particular interest, especially the question of Europe and Russia having oil-for-technology deals. This has often been referred to as "compensated trade" in economic discussions. Are these the kinds of measures to which we should return?

LaRouche: Absolutely. People should look at their friends in Italy, in the Italian Parliament. You will find similar thinking right there.

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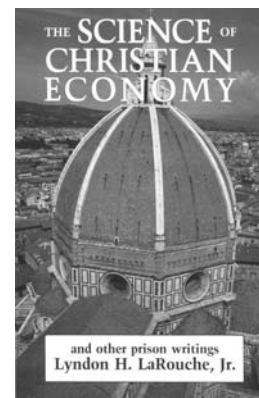
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Italian Senators Present Motion for a ‘New Bretton Woods’

On Oct. 19, a group of 25 Italian Senators presented a motion to be voted in the Italian Senate, calling on the government of Italy to promote an international “Bretton Woods” conference. The initiative is the latest in a series reflecting the influence of Lyndon LaRouche’s proposals, and comes in the wake of LaRouche’s latest visit to Italy in October, during which he discussed a New Bretton Woods conference with members of the Italian Parliament.

The motion was published on the same day in the official Parliamentary Acts of the *Gazzetta Ufficiale*. The resolution has also been presented to the Interparliamentary Group for the Jubilee 2000, which will discuss it and decide how to use it in the context of the Interparliamentary Group meeting in Rome on Nov. 4-5, with the participation of 5,000 parliamentarians from all over the world. Several signers of the Senate motion are members of the Interparliamentary Group executive, a body which was formed to promote implementation of Pope John Paul II’s social and economic directions for the Jubilee Year.

The first signer of the paper is Sen. Riccardo Pedrizzi, deputy chairman of the Alleanza Nazionale (AN) group in the Italian Senate, and coordinator of the Interparliamentary Group department on “Politics and Relations with Christian Churches.” Other prominent signers are Gian Guido Folloni, chairman of the Unione Democratico Cristiana (UDC) group in the Senate, and a member of the Interparliamentary Group executive; and Luciano Callegaro (UDC), coordinator of the Interparliamentary Group department on “Politics and Justice.” Other parties represented are the Centro Cristiano Democratico (CCD), and Forza Italia (FI).

Whereas Senator Pedrizzi had already presented a similar motion in February, signed by members of the opposition parties, this time the initiative has multi-partisan support, including Senators from the government coalition parties, Partito Popolare (PPI) and Rinnovamento Italiano (RI).

We publish here the entire text of the motion:

Text of the Motion

It is the view of the Italian Senate

That, for months the international markets have been characterized by total instability and volatility;

That, the financial crises of the 1990s which hit Asia, Latin America, and Russia, have revealed the weakness of the international monetary and financial system; they, in fact,

do not represent isolated or fortuitous cases, but are manifestations of a systemic crisis;

That, financial globalization has led to a complete deregulation of markets, above all, of the most aggressive and speculative sectors, like the “derivatives” financial products;

That, in the past ten years, in particular, there has been a “scissors crisis” between the real economy and the financial economy, which gave birth to a gigantic speculative bubble that has reached at least the amount of \$300 trillion, against a GDP worldwide of about \$41 trillion;

That, this process has had devastating effects not only for economies, but also for the standard of living and quality of life, particularly of the populations of developing sector countries, and extremely negative effects on the levels of production and employment, with social consequences which are very worrisome, in the industrialized countries as well;

That, there is no reason to believe that, without regulation, the process of expansion of the speculative bubble can be stopped autonomously, simply by adhering to the market and its rules;

That, faced with this situation, the international community has tried to reinforce “the architecture of the international financial system,” to make the world economy less vulnerable to devastating financial crises, and at the same time to make it possible for all countries to enjoy the benefits of globalization, contributing to the amelioration of these countries’ growth perspectives and to the reduction of poverty for developing populations;

That, in a communiqué of April 16, 2000, the International Monetary and Financial Committee, underlined the importance of ensuring “major transparency of economic policy, as a guarantee of a better functioning of the economy of states and of the international financial system.” The committee also called for “the implementation of other measures to promote greater transparency of the policies of the IMF [International Monetary Fund] and those of its member states”;

Considered:

That, the adoption of internationally recognized regulations, easily applicable to most speculative and crucial sectors, would allow better economic results;

That, we could deal with this situation only by convoking a new conference at the level of heads of state and government, like the one which took place in Bretton Woods in 1944, with the aim of creating a new international monetary system and taking all necessary measures to eliminate the “specula-

tive bubble,” among them: forms of controlling currency exchange rates, by introducing fixed parities, which could be modified only through the decisions of the sovereign governments, and analysis of exchange-rate conditions of the economies of the emerging countries; analysis of the crises in emerging markets; forms of control of capital movements; the introduction of measures such as the Tobin Tax, aimed at limiting speculative operations such as derivatives transactions; the creation of new credit explicitly oriented toward investments in sectors of the real economy; the definition of great infrastructure projects of continental dimension; the participation of the private sector in the prevention and solution of crises;

That, various countries are compelled to adapt to a system characterized by floating exchange rates, and that the great instability and serious fluctuations of exchange rates of the strong currencies, constitute grounds for concern, particularly for the small economies based on raw materials exports;

Considered:

That, it is indispensable to take into consideration the repercussions of the macroeconomic and structural policies followed by countries with strong currencies;

That, strong fluctuations in the exchange rates of the small and medium-sized open economies, run the risk of a high economic cost, mainly for the weak currencies and the poorest countries;

That, in the context of the present situation, it is useful to evaluate not only the advantages coming from the liberalization of capital movements, but also the risks that such globalization represents;

That, the experience of the recent crises confirms that the coherence of macroeconomic policy and currency exchange policy, sound administration of debts, and efficient control of financial systems, are indispensable elements to reduce the frequency and gravity of the same crises;

Binds the Government:

To adopt concrete measures to contribute to the stabilization of the international financial system and to assure a rational sharing of the benefits which the open world economy could provide, above all for the developing countries, besides assuring the adjustment of monetary policies;

To undertake, in particular, the initiative to propose the convocation of a new international conference, at the level of heads of states and governments, similar to the one organized at Bretton Woods in 1944, with the aim of creating a new international monetary system, and to take those measures required to eliminate the mechanisms which led to the creation of the speculative bubble, and to implement programs to restart the real economy;

To bring this proposal to the Strasbourg [European] Parliament, the European Commission, and to all institutions of the European Union responsible for EU economic policies,

and through bilateral agreements, in individual European governments and parliaments.

Signed:

Riccardo Pedrizzi (AN), vice president of the AN Senate group and secretary of the Senate Finance Committee

Ivo Tarolli (CCD), vice president of the CCD Senate group, member of the Budget Committee

Francesco Bevilacqua (AN), secretary of the Education Committee

Italo Marri (AN), member of the Education Committee

Gian Guido Folloni (UDC), president of the UDC Senate group, member of the Foreign Affairs Committee

Giuseppe Valentino (AN), member of the Justice Committee

Lodovico Pace (AN), member of the Budget Committee

Salvatore Ragno (AN), member of the Public Works Committee

Michele Florino (AN), member of the Labor Committee

Piero Pellicini (AN), member of the Defense Committee

Alfredo Mantica (AN), member of the Finance Committee

Ettore Bucciero (AN), member of the Justice Committee

Renzo Gubert (UDC), member of the Budget Committee

Luciano Callegaro (UDC), member of the Justice Committee

Roberto Centaro (FI), member of the Justice Committee

Angelo Rescaglio (PPI), member of the Justice Committee and of the Environment Committee

Antonino Caruso (AN), member of the Justice Committee

Giovanni Bruni (RI), vice president of the Health Committee

Antonino Monteleone (AN), vice president of the Health Inquiry Committee

Ida Dentamaro (UDC), member of the Constitutional Affairs Committee

Francesco Bosi (CCD), secretary of the Public Works Committee

Arturo Mario Zambrino (AN), member of the Environment Committee

Adriana Pasquali, member of the Constitutional Affairs Committee

Mario Palombo (AN), member of the Defense Committee

Filippo Reccia (AN), member of the Agriculture Committee

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Renewed Financial Crisis Threatens Asia

by Mary Burdman

The economies of many nations of East and Southeast Asia, far from having “recovered” from the devastation of 1997-98, are now facing renewed disaster, as the direct after-effects of the policies dictated by Wall Street and the International Monetary Fund (IMF).

The situation has been worsening rapidly in September and October, as the engineered rise in oil prices takes effect, on top of the artificial “strength” of the U.S. dollar. The enormous financial bubble on Wall Street has been sucking up liquidity not only from Europe and Japan, but the developing sector nations as well. Just one indication of this, is the continuous fall in foreign direct investment (FDI) in Asia since 1997. FDI to Asia overall fell from \$21.5 billion in 1997 to \$13 billion in 1999.

Stock markets in South Korea, Thailand, Indonesia, Hong Kong, Shanghai, and Tokyo, are down 20-50% over the year, and regional currencies are falling against the U.S. dollar, especially in the Philippines, Indonesia, and Thailand, to levels not seen since the worst depths of the 1997-98 crisis.

At greatest risk right now, is South Korea, the third-largest industrial nation of East Asia, at the very time when the government of President Kim Dae-jung is promoting an “Iron Silk Road” infrastructure-development policy for a united Korean peninsula. The massively indebted South Korean banking system is cutting lending right and left, to the very industrial, construction, and machinery firms so urgently needed in East Asia.

This problem is exacerbated by the situation of Japan, the only advanced industrial economy in the entire region which remains buried under the avalanche of debt that has been suffocating it since the late 1980s. Its banks hold some \$1-2 trillion bad loans, plus more than \$15 trillion in derivatives, and the insurance sector is now buckling under this debt burden. This is demonstrated by the collapse on Oct. 20 of Kyoei Life, with \$42 billion in debt, the biggest bankruptcy in modern Japanese history. This was just days after the collapse, on Oct. 9, of Chiyoda Mutual, with at least \$25 billion in debt. Japan’s stock markets fell during October to a 20-month low.

More serious are the effects on the real economy. Japanese industrial production was reported down by 3% in the third quarter. Unemployment reached 4.7% in September,

up 0.1% from a month earlier—a very high rate for post-war “full-employment” Japan. Then, on Nov. 2, the lower house of the Diet (parliament) passed a government-sponsored bill, to increase the share that retired people must pay for health care to 10%, doubling the costs elderly people must assume.

While China’s enormous economy remains relatively stable, the looming collapse of the U.S. market will hit China as hard as it will the rest of the Asian exporters. China had lost its export markets in Southeast Asia in the 1997-98 collapse, and focussed more and more on the U.S. At the same time, China has been presenting a strategy based on pulling in foreign investment to build up its interior regions. Yet, as the *China Economic Times* recently reported, foreign investment into China has continued to fall steadily. In 1999, used investment was only \$40.3 billion, down 10.7% from 1998.

Taiwan, the other advanced economy in East Asia, is heavily dependent on oil imports and the export of computer components. It was struck by crisis the first week in October, when Prime Minister Tang Fu resigned, triggering a stock market plunge. Taiwan’s stock benchmark has fallen almost 28% since the inauguration of President Chen Shui-bian in May, and Taipei has reportedly been forced to intervene, using up much of its \$30 billion National Stabilization Fund. By the end of October, the Taiwan stock market had fallen to a 54-month low.

‘Death List’ for Korean Firms

Developments in South Korea have been dramatic. The central IMF demand, in return for the bailouts of 1997-98, has been the “reform” of the country’s industrial conglomerates, i.e., the de-industrialization of South Korea. Under unrelenting pressure, Seoul decided to speed up, by at least one month, the decision to liquidate a number of industrial companies and banks unable to sustain their debt. Korean exports have been badly affected by the decline in product quality, due to companies’ “unbalanced emphasis” of focusing on financial survival rather than industrial excellence, according to a study released on Oct. 26 by the Samsung Economic Research Institute.

Predictions of the growth rate for next year are all sharply down, to a rate of 5%, which is 3.5% less than this year’s growth rate. The banking system is still burdened with something approaching \$50 billion in bad debts, although some \$98 billion in bad debts have already been absorbed by the government. The Bank of Korea released a report on Oct. 31, that Seoul has issued over \$40 billion in monetary stabilization bonds since the outbreak of the foreign exchange crisis in 1998. This level of money-pumping is raising concern of an outbreak of inflation in the country.

Now, the banks are now cutting lending to enterprises, and loans of more than one year maturity, are being considered “dangerous” by Korean bankers. On Nov. 3, the govern-

ment and creditor banks announced that 52 of South Korea's large enterprises are to be liquidated, placed under court receivership, sold off, or merged. These 52 were on a list of 287 large firms which have been struggling with their debts. A few heavily indebted firms, such as Hyundai Engineering & Construction and Ssangyong Cement, which were threatened with the chopping block, have been reprieved and their debts have been rolled over, but, it has been made clear, only temporarily.

Of the condemned companies, 19 firms will be liquidated, including construction and distribution, vehicle producers, and financial enterprises. Another 10 firms will be placed under court receivership, and 20 firms are to be sold off—if buyers can be found.

The Korean banks themselves are undergoing the same “triage” process. Soon, the “black list” of the banks will be released, and those considered unsound will be put under control of a financial holding company, to be set up by February 2001, where they will be restructured and “cleaned up,” according to the Ministry of Finance, with public funds.

‘Bone-Jarring Pain’

Meanwhile, what Daewoo Motor's new chairman, Lee Jong-dae, called “bone-jarring pain,” in an Oct. 31 statement, is being inflicted on those industries which remain.

Daewoo Motor, South Korea's second-largest automaker, will slash 3,500 jobs and reduce overseas production, especially in eastern Europe and India. This belt-tightening is aimed at raising \$789 million next year for Daewoo Motor's “self-rescue.” Creditors have demanded drastic reforms in exchange for \$395 million in additional working capital. Several bids by U.S. firms, including Ford and General Motors, to take over Daewoo have been negotiated, but nothing has been realized. The Daewoo conglomerate was declared bankrupt in August 1999 with \$80 billion in debt; Daewoo Motor itself has a debt estimated at \$16 billion, against about \$12 billion in assets.

Hyundai Engineering & Construction Co., part of the Hyundai Group, and one of the world's biggest civil engineering firms, defaulted on \$8 million in debt at the end of October. The firm got a reprieve, but its survival is questionable. In August, Hyundai Engineering promised to cut borrowings by \$4.6 billion, in return for a debt rollover, but could not raise sufficient funds to meet the current payments. The restructuring of the Hyundai group, with a debt of \$19.6 billion at the end of June, is the centerpiece of South Korea's corporate reform this year.

One indication of the pressure on Korean industry, are the machinations of Hank Greenberg's American International Group. AIG was supposed to buy Hyundai Securities, Hyundai Investment Trust and Securities, and Hyundai Investment Management Co. for \$1 billion, but Greenberg postponed a scheduled trip to Seoul at the end of October. AIG is making outrageous demands, including a government guarantee for

its investment, to go ahead with the deal, something considered unacceptable by Seoul officials.

In addition, Ssangyong Group, formerly the sixth-largest in South Korea, will almost certainly be dismantled in the near-term. Dong-Ah Construction Industries also faces liquidation, as creditors decided to refuse to lend additional funds. Dong-Ah is one of South Korea's major construction companies, and was digging a huge new canal project in Libya.

Crises in Southeast Asia

The Philippines, Indonesia, and Thailand, all devastated by the 1997-98 crisis, are now teetering on the brink of further disaster.

The Philippines peso continues to fall to record lows against the dollar. Due to support interventions, which proved futile, the Philippines central bank's dollar reserves were, as of Oct. 24, down to \$13 billion, from \$15.4 billion in August. In October alone, the Bangko Sentral used \$200 million to engage in “intermittent intervention” to support the peso. Yet, one of the demands of the IMF, is that the Philippines keep its reserves at \$16.4 billion.

The danger of hyperinflation was demonstrated the week before, when Manila could not even sell an issue of 90-day Treasury bills, and instead was forced to issue 42-day and 63-day bonds with interest rates over 16%! General bank lending rates are now between 17.18% and 19.40%.

On Oct. 12, the Philippines central bank raised its overnight borrowing rate by a full 4%—from 11% to 15%—after the peso had fallen to 48.50 against the dollar. Since then, the peso ranged down to over 50 to the dollar, an all-time low. It has fallen over 21% against the dollar this year so far.

Manila is finding it impossible to sustain the pressure of high oil prices. On the same day, Energy Secretary Mario Taiqui announced that he will lift, for three months, a 3% tariff on imported crude oil and petroleum products, to try to keep down domestic fuel price rises, although this will cost the government \$9 million in revenue.

Amidst the economic crisis, the government of President Joseph Estrada is being hit with scandals. Opposition forces are mounting pressure to remove him from office, and members of his government are deserting.

In Indonesia, amidst unceasing political crisis, the national currency, the rupiah, continues to fall against the U.S. dollar. The rupiah, which has fallen 35% over the past 12 months, is now at 9,500 to the dollar. Warnings are out that the rupiah could go below 10,000, recalling the depths of the 1997-98 crisis, when it hit 13,000 to the dollar. Indonesia is an oil producer, which has prevented an even worse crisis—for the moment.

Thailand is also hit by a weakening currency, and the Bangkok stock market is sliding. Like Indonesia, Thailand has a very worrisome foreign debt-to-GDP ratio. The baht has fallen to 28-month lows of 43.37 to the dollar.

Fatal Railtrack Wrecks Are Markers of Britain's Decline

by Alan Clayton

Amanda Foster had been to the buffet car on the train on which she was travelling and had purchased a Coke. The Leeds express on which she was travelling home from London, on Oct. 20, was only 14 minutes into its journey. Before she actually managed to get the can to her lips, the car lurched violently to the left, causing her to let go of the can and grasp her seat with both hands. There was a terrible piercing noise of metal on metal and for a second or two the thought of death crossed her mind for the first time in her young life.

Finally the car stopped, and for a moment or two there was an eerie silence. The Great North Eastern Railways (GNER) locomotive had been whipped off its high-speed track by a broken rail. Amanda Foster was fortunate, but of her 155 fellow-passengers, four were dead and 35 injured. Britain had suffered its second major, fatal train wreck in a year's time.

Great North Eastern Railways itself is just one of the 100 privatized rail companies which now operate the train services on the island. Many, like GNER and the Great Western Railways (GWR), have quite preposterously taken the names of great 19th-Century pioneering rail companies, although nobody is fooled, as much of their rolling stock is clapped-out junk. The Frankenstein's monster of this privatized ruin is Railtrack, which owns and operates the tracks, stations, signalling systems, and the infrastructure as a whole, and from which the train companies hire their track time.

The Crashes Were Avoidable

The appalling truth is that this crash, and the much more horrific (in terms of people killed) crash at Paddington Station less than a year before, were entirely avoidable. In December 1999, the maintenance inspectors of the track maintenance company, Balfour-Beattie, had walked this section of track and had stated that they were "utterly horrified" by the condition it was in. On the very bend where the London to Leeds express was to come to grief, the engineers found clear signs of corner-gauge cracking—a technical term for signs of wear along the top corner edge of the rail.

No immediate remedial action was taken by Railtrack—indeed, no remedial action was taken at all—and when Balfour-Beattie further inspected the section of track on Sept. 4, nine months after its original "situation critical" report, it indicated to Railtrack that catastrophic track failure was

imminent. This time Railtrack acted: not to renew the rails, but to authorize a much cheaper remedial process known as "grinding." This "bargain basement" remedial action failed, and a few days later the defective rail broke, killing four and leaving 35 injured.

The Whiz Kids and the 'Big One'

This, like the accident at Paddington a year ago, was an accident waiting to happen, and indeed many within the rail industry believe "the big one" has yet to occur. Given the state of corrosion of many of the bridges and viaducts throughout the island, the utterly horrific scenario of a packed commuter train plunging over a collapsing bridge or viaduct seems almost imaginable.

The man responsible for Railtrack is Gerald Corbett, a City of London whiz kid who worked previously for Dixons and the drinks company Grand Met. He was part of the new post-privatization corporate culture. One senior manager of the former publicly owned railway system likened the privatization process to "the coming of the Khmer Rouge." "The year they took over was year zero; anything that happened before that they did not want to know. Train culture, and all the safety that went with it, went out of the window."

Certainly since Corbett took over, the value of Railtrack shares on the London stock markets have risen remorselessly, even during the months after the Paddington wreck. This is, of course, why Corbett was hired, and it certainly seems unlikely that the priority of "stockholder value before passenger safety" will continue much as before. Increasing stockholder value, while running down a system, is of course the classic model of asset stripping, and the only reason the rail system has not totally collapsed by now, is the continuing massive injection of taxpayers' money to shore it up.

In the 24 hours after this latest crash, for example, Prime Minister Tony Blair announced a massive further subsidy of just over \$7 billion to shore up the system for another year or two, although delays and cancellation throughout the island are now endemic, and the railways are now presenting the Blair government with a crisis greater even than the fuel crisis. Indeed, these crises have now merged, as new port blockades and a new energy-emergency declaration from the government, are coming on top of the government call upon Britons

to avoid the trains while a “national inspection” is in progress. Already paying Europe’s highest prices for gasoline, and warned off the trains, the British subject is near to being immobilized.

The crashes have also led to growing hostility to deregulation and privatization policies more generally. As the Scottish daily *The Herald* reported on Oct. 25, “The chaos on the railways has increased demands for Tony Blair to call a halt to New Labour’s air traffic control privatization proposals, with opponents saying that all such privatization would do, would be to create ‘a Railtrack in the sky.’ ”

The paradox is that the public *raison d’être* of privatization was to get the “subsidy junkie” rail system off the taxpayer’s back. Subsidies are now running at around three times what they were to the state-owned railways. Like the fuel crisis, of course, this rail crisis is but yet another tremor of the approaching financial collapse, as international financial institutions loot companies and institutions in desperate attempts to hold off the day of judgment.

History of the Collapse

There is, of course, an even more significant aspect to the collapse of the British rail infrastructure, and that is related to the collapse of Britain itself. Indeed, this has been touched upon by top U.S. economist Lyndon LaRouche several times over the past year or so, as he drew international attention to the “great power” pretensions of “Great” Britain, and the internal reality of economic erosion and imminent collapse. The collapse of Britain can be easily traced to at least 1939 and the outbreak of war with Germany.

There are two examples that highlight vividly this remorseless decline. I found during a recent speaking tour of the United States, that many Americans found it difficult to comprehend that as recently as 1940, the Royal Navy was more or less equal in fleet size and firepower to the United States Navy. Indeed, it was the awesome power of the Royal Navy that prevented German invasion and occupation of Britain in 1940, as the German High Command realized that its entire army would be blown out of the water in any attempt to cross the Channel.

The other is related to Lyndon LaRouche’s current international attempts to return to a Bretton Woods financial system. As late as the early 1950s, the British pound sterling was equal, in fixed exchange rate, to around \$4 to the pound. The pound/dollar exchange rate is now around \$1.50 to the pound. During the 1950s, the British government was forced into several internationally humiliating devaluations of the pound, and was therefore a leading force in the move away from this fixed-rate system.

Enters Thatcher

Into this catalogue of remorseless decline there arrived in 1979 Margaret Thatcher, with a political program of “putting the *great* back into Great Britain.” The extent of the decline

was soon tested, however, when, three years after she came to power, the Argentine government re-occupied the Malvinas Islands, known in Britain as “the Falklands,” which Britain had confiscated from Argentina in the 19th Century. Despite the abusive vitriol and rhetoric about “tin pot dictators” and “banana republics” that Thatcher used, her High Command advised her that it was at least doubtful that Britain, with one modern and one clapped-out aircraft carrier, had the military capacity to reoccupy islands over 7,000 miles away.

Despite that, Thatcher went ahead with her “Task Force.” It was a decision enormously popular around London and the so-called “Home Counties,” counties such as Kent and Sussex, now frequently described in American parlance as the “stockbroker belt,” where dwell many of those oligarchical and landed families who derive their status and security from the House of Windsor. Decisions were made at the highest levels of NATO, the Pentagon, and other U.S. government departments, that, at the height of the Cold War, a principal NATO partner could not be subjected to the international humiliation of military defeat by a minor military power. France stopped the export of the Exocet missiles with which the Argentine Air Force was sinking ships of the Royal Navy, particularly the state-of-the-art “anti-missile destroyer” *HMS Sheffield*.

Most important of all, the United States supplied the British commanders with high-grade satellite intelligence, which kept the Argentine Navy and its huge aircraft carrier off the high seas and unable to give the air cover necessary for successful defense.

The narrowness of the British victory appalled Thatcher, and firm policy decisions were taken to reduce financial assistance to the public sector and plough it into military spending. Additional loot was to be taken from nationalized and public companies to feed to the City of London speculative bubble in stocks, offshore bonds, derivatives, and so forth. Hospitals, schools, roads, pensions, water and sewage, power generation and, of course, the railway infrastructure all had support slashed. It is only now that all these chickens are coming home to roost. The “glory” of the Royal Navy has been officially restored by the commissioning of four huge Trident submarines, with missiles supplied, of course, by none other than that great psychological client-state of Great Britain, the United States.

The railway system is at this time in chaos as “massive emergency repairs,” financed of course from the public purse, are under way in vain attempts to reverse a quarter-century and more of neglect. Delays and cancellations are now endemic throughout the island, and will remain so for the foreseeable future. All this is commentary on a Britain in irreversible decline. It is a factor that international policy-makers, particularly those in the United States, really will have very soon to take on board. The forthcoming international Bretton Woods Conference would be not a bad starting point to do so.

Great Projects of Water and Power Could Drive Asia's Long-Term Growth

by Mary Burdman

The government of China has announced that it will go ahead with two of the most remarkable “great projects” now under consideration in the world. One is the construction of the world’s largest power plant, high in the Tibetan Himalayas, and the second is the “Move South Water North” water diversion project.

China is already making steady progress on the world’s largest flood control/hydroelectric project, the Three Gorges Dam, which should be completed in 2009.

It is essential to understand the great scale of these projects, and, at the same time, how essential they are. Developing water and energy resources, is a life-and-death matter for the future, not only of China’s vast interior regions, but also of Central Asia, the Indian subcontinent, and Southeast Asia. Over 2 billion human beings live in China and India alone, but, contrary to general “received wisdom,” for these countries, solving the problem of water management is in reality a more urgent issue for “national economic security” than the size of their populations.

Some areas, including north and western China, vast parts of Central Asia, and the eastern subcontinent, already arid, are now being devastated by a prolonged drought. At the same time, two of Asia’s greatest rivers, the Yarlung Zangbo-Brahmaputra and the Mekong, have seen devastating flooding in the past months. The Mekong was hit by the worst floods in 70 years, killing many hundreds of people and making millions homeless.

What would be crucial, for the future development of Asia and Eurasia, and the success of the projects themselves, is that they be built and operated in the interests of all nations affected.

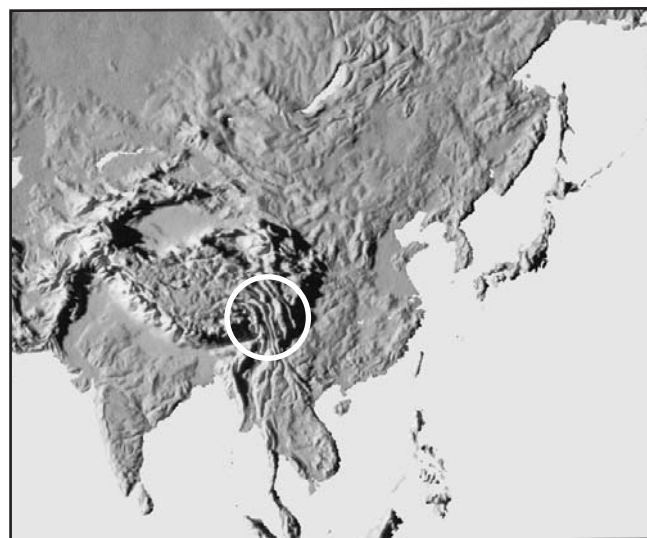
The Geography of the Region

This is a highly complicated question, as a look at the geography of this great region shows. The mountain chains in the area, the Himalayas, Pamirs, Karakoram, Tian Shan, and Hindu Kush ranges, just to name the most famous, are the highest in the world, ranging 6,000 to over 8,000 meters — overall *twice as high* as the Alps or the Rocky Mountains. There are so many mountains, that many are not even named.

On the Tibetan Plateau rise five of the greatest rivers in Asia, all within a relatively small region: the Yangtze, the Yellow, the Mekong, the Irawaddy, and the Yarlung Zangbo-Brahmaputra. This last river has two names, because it flows through the Yaluzangbu Daxiagu, the world’s largest river canyon, on its fall from the Tibetan Plateau to Bangladesh; it was only in the late 19th Century that it was definitely established that the Brahmaputra was the same river. The canyon was only fully explored by foot last year.

The abundance of water and power resources which could be tapped from this region, could meet many of the needs of its huge population. Northern and northwestern China urgently need water; Bangladesh and Southeast Asia also need year-

FIGURE 1
The Himalayan Watershed



The Himalayan Watershed of the Tsangpo (Brahmaputra) River, where China plans, beginning 2009, to construct the world’s largest hydroelectric project. The project is planned as the follow-up to the Three Gorges Dam, and the canal project which will bring water from the Yangtze River to the arid north of China.

round water supplies, as well as flood control and transport. At the same time, the projects needed to harness these resources, are unprecedented in scope. They are a great challenge, and a great opportunity.

Plans for regional cooperative development, such as the Greater Mekong Subregional Development plan (see *EIR*, May 26, 2000, p. 22), and projects for development of the Ganges-Brahmaputra rivers basin, are already in existence. China's power and water projects could contribute greatly.

China is now drawing up plans to use peaceful nuclear explosions (PNEs), which have been used in Russia, to dig a 16-kilometer-long tunnel through the Himalaya mountains, and build the world's biggest power plant. The plant's turbines would generate 38 million kilowatts of power—the same capacity as 30 typical large western European nuclear power plants. This would be much more than the entire nuclear power capacity of Germany.

The Three Gorges project, already under construction, will generate 18 million kilowatts of power.

Construction of this new project, which has been under discussion at government institutes in Beijing for some time, should begin when the Three Gorges is finished in 2009.

Building the plant will involve an incredible engineering feat, blasting a tunnel through the mountain walls of Mount Namcha Barwa, where the Yarlung Zangbo goes around a sharp bend and drops vertically 3,300 meters within just about the same horizontal distance. The power project would harness the force of the water going through the tunnel, and could light up a lot of Asia, as excited Chinese scientists have told the author.

The cost of drilling the tunnel is estimated at some \$30 billion.

'Move South Water North'

In another phase of development, water passing through the tunnel could be diverted into a new reservoir and then through canals, over the Tibetan Plateau to Xinjiang and Gansu provinces, where the Yellow River flows. This water would then contribute to a second "great project," to move water from the mighty Yangtze and its tributaries, to the north.

There are, at present, no plans to divert water through the Himalayas from the great power project. But, plans are going ahead rapidly for the water-diversion project, the Chinese Ministry of Water Resources has confirmed several times in recent weeks. "Move South Water North" will ultimately channel water from three places along the upper, middle, and lower reaches of the Yangtze River, to China's arid northern and northwestern regions, including Beijing and Tianjin, two of its largest cities.

This project was proposed by Mao Zedong already in the 1950s, and feasibility studies were drawn up at the time. The Yangtze itself often suffers massive floods, as in the summer

of 1998. Yet in densely populated northern China, there is only 501 cubic meters of water available per capita per year, just 20% of the average level in China, and one-twelfth of the world's average.

At a mid-October high-level seminar in Beijing on the project, Prime Minister Zhu Rongji called for building "Move South Water North" earlier than had been planned. The water shortage is a severe problem, which is already restricting the development in northern China, Zhu Rongji said, and he called on officials concerned to respond quickly and spare no effort in making preparations. Water pollution and wastage are also serious problems, and must be solved, he said. "More reasonable" water prices could be one method to help "economize" water resources, Zhu added.

On Oct. 23, China's Ministry of Water Resources announced that a plan to divert an average of 38-48 billion cubic meters of water a year from the Yangtze River to northern China, would soon be submitted to the government. Zhu Erming, the Water Resources Ministry's senior technological consultant, said that the State Council "has required the ministry to submit an overall plan in the next eight months."

China will have to invest an estimated 130-150 billion yuan (\$15.7-18.1 billion) in the first two phases of construction of the project. This will involve digging the middle and eastern lines of the proposed three water-diversion channels. The two will total 2,400-kilometers in length. The west line is still being researched, Zhu said. Current technologies make construction of the two lower channels practical, Water Ministry officials have announced.

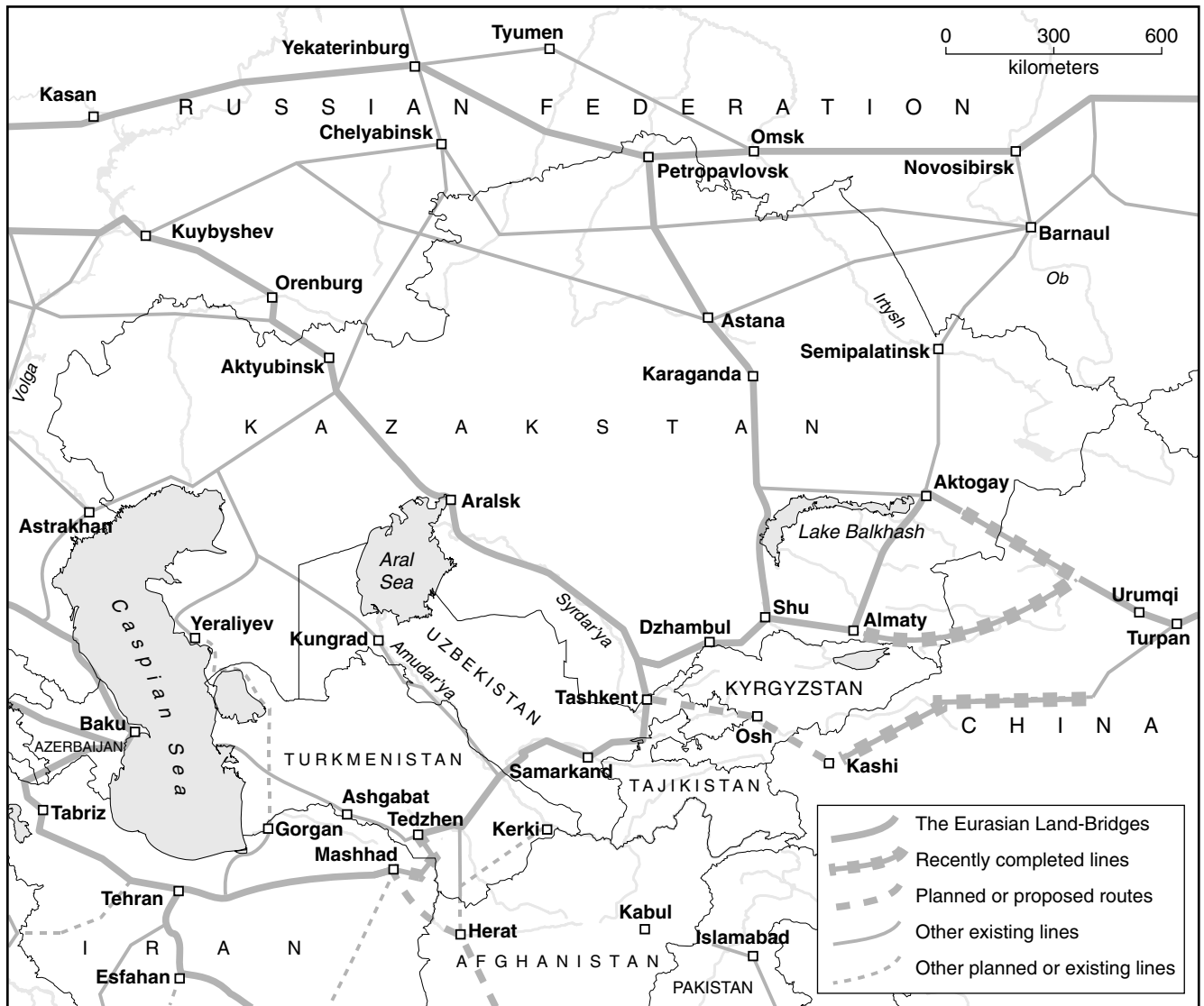
Water Resources Minister Wang Shucheng announced at an Oct. 23 conference in Chengdu, the capital of Sichuan province, that instead of building the whole project at once, as had been previously expected, "the diversion project will be constructed in stages to save on investment." This will allow the scale of the project to be gradually expanded from its initial design, in line with northern China's water needs, and its growing economy in 2010-30. Construction of the channels would be much more difficult in the upper regions of the river than the middle and lower reaches.

The project is aimed to optimize the capacity of northern China's overall water resources, particularly in the Yellow-Huaihe-Haihe river plains, one of China's leading breadbaskets.

Wang Shucheng also said, that he hopes a new mechanism featuring higher and fluctuating water prices, will be set up to aid with the project's investment requirements. This will also encourage saving water, he said. Wang said that the government will set up a special foundation for the project, under which state investment will be turned into stock-holdings. Wang proposed that the state be responsible for the macro-control of the project, entrusted stock companies be set up to put the project into operation, and consumers be allowed to hold shares in the companies.

FIGURE 2

Central Asia Rail Lines



China has completed and opened its southwestern railroad from Turpan to Kashi, known as “the city farthest from the sea in the world.” This railroad was projected only in 1997. Now China and Kyrgyzstan project the railroad to continue to Osh and then to Tashkent.

‘Paris to Shanghai’ and the Roof of the World

Great rail projects are also on the agenda. Leaders of both China and Kyrgyzstan are stating that a rail line, to connect Xinjiang in western China, to Kyrgyzstan and Uzbekistan, will be started in the near future.

Kyrgyz President Askar Akayev, in an interview with the German weekly *Der Spiegel* on Oct. 23, said that the European Union is helping to build the “Paris-Shanghai” rail line, which will connect Kyrgyzstan to China. The construction should start in 2002, and be completed in five years. This rail

line would connect Kashi, in China’s Xinjiang Autonomous Region, via Osh in Kyrgyzstan, to Tashkent in Uzbekistan, and then to the Central Asian and Russian rail systems, to Europe.

“There are only 600 km from the Chinese border through the Kyrgyz mountains to [the] Fergana [Valley],” Akayev said. “This would be the shortest way to China [from Europe]—1,000 km shorter than over the Russian Trans-Siberian.”

At the conference on Western China in Chengdu on Oct.

23. Rail Vice Minister Sun Yongfu said that China will cooperate with other nations to build rail lines, creating more links of the Asian-European continental railway, including the rail line to Kyrgyzstan.

In December 1999, the new 1,451-kilometer rail link between Turpan and Kashi, the Southern Xinjiang Railway, was opened for traffic. Kashi, known as the city farthest from any ocean, is already the eastern terminal of the Karakoram Highway from Pakistan. In November 1999, it was announced that the Turpan-Kashi rail line was to be extended to the area bordering Kyrgyzstan. On Oct. 16, 2000, Zhou Shengtao, of the Xinjiang government, said that construction of a rail connection to Kyrgyzstan and Uzbekistan will soon be started.

Minister Sun Yongfu said that China's rail sector is to invest 40% of its total construction fund in Western China for the coming five years. This will amount to 100 billion yuan (\$12.05 billion), to build some 18,000 kilometers of rail lines, as well as renovating and expanding existing railroads. Other huge rail projects, including construction of a rail line into Tibet for the first time in history, and a pan-Asian rail link from Kunming, capital of Southwest China's Yunnan Province, with Singapore, are also being planned.

The rail line to Tibet, also a long-term Chinese project, will be built under the Five-Year Plan for 2001-05. Four possible routes, which could connect Tibet with Qinghai, Yunnan, Sichuan, or Xinjiang, are under consideration, and this enormous project would take 5-10 years to complete.

The long-planned Trans-Asia Railroad (plans have existed for decades) also needs an urgent kick-start to be realized. On Oct. 16, the head of the State Railway of Thailand, Saravuth Thammasir, said that the project could be completed in 2002. This rail network, which would repair and connect already-existing lines in Singapore, Malaysia, Thailand, Cambodia, and Vietnam, to Laos, Myanmar, and Kunming in southern China, is certainly feasible. Most of the terrain is relatively easy, compared to that between China and Kyrgyzstan, although northern Myanmar and Yunnan are extremely rugged. The key issue is funding, which would need about \$2.5 billion.

Economic and financial cooperation is essential for the future of Asian nations. These great projects will provide the engine for that cooperation.

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Mahathir Issues Call for 'New Asia' Agenda

Malaysian Prime Minister Dato Seri Dr. Mahathir bin Mohamad's successful policy of asserting economic sovereignty for his nation, against International Monetary Fund (IMF) dictates, following the 1997 Asian crisis, has earned him the deep respect, and a position of leadership, throughout the developing nations of the world. Dr. Mahathir has now issued a stirring call to arms to the nations of Asia, to unite behind new economic institutions to counter the ongoing global crisis. In a speech entitled "Agenda for a New Asia," presented to an Asia Society Forum in Hong Kong on Oct. 28, Dr. Mahathir placed the urgency of the creation of an Asian Monetary Fund in the context of the colonial heritage of most of the Asian nations, and the disastrous results of the IMF policies imposed throughout the region following the 1997 financial breakdown. Dr. Mahathir emphasized the role of Japan in the post World War II era, in rebuilding its economy based on state-sponsored technological and industrial development, while developing a market in the Third World—long neglected by the Western industrial nations—by providing high-quality, but inexpensive, products. When the other Asian nations followed suit, portending an "Asian Century," the Western powers declared such state-guided economic policies (policies once known to the world as the "American System," as opposed to the free trade policies of the British Empire) to be criminal and immoral, and in 1997 used their power over the global financial system to destroy the Asian economies altogether. Dr. Mahathir then explained both the necessity and the feasibility of creating new economic institutions in Asia, with an eye to forcing the issue of a new world financial architecture, independent of the bankrupt IMF.

The following are excerpts of the Prime Minister's speech. Some punctuation, and subheads, have been added.

Agenda for a New Asia

The Asia Society has asked me to talk about Asia and about the future. I know something about Asia's past, and its present situation. But as to its future, my guess is as good as anyone else's. That is not to say that I don't have some ideas. I do. But they are just ideas about what should be and maybe what can really be.

There is a tendency in this part of Asia to think that East Asia is Asia, and that South Asia, Central Asia, and West Asia do not count. Of course Russian Asia is totally ignored. But in talking about Asia, its present and its future, these other very substantial parts of Asia must be taken into account. . . .

By the beginning of the 20th Century all the Asian countries had come under the rule of various European powers, including the European Russians, who subjugated the Central Asians. Almost without exception, the Asian countries under European domination remained backward and poor. The only country which managed to remain independent and to industrialize along the European pattern was Japan. This, then, is the historical and cultural background against which we must consider the present and the future of Asia. During the second half of the 20th Century, competition for influence between the Western bloc and Communist Russia led to the freeing of the Asian colonies of the European powers. The reason given for this generosity on the part of the European colonial powers was humanitarian. It was wrong, it seems, for people to colonize other people and other countries. But the true reason was fear that the colonial people would side with the other bloc. The desire to dominate remains and it was a matter of time before this desire manifests itself again.

After the end of the Pacific War, most Asian countries were in shambles. It seemed that they would never be able to rebuild themselves, much less challenge the industrial and commercial supremacy of the West. But Japan set out to restructure itself and to reindustrialize. And Japan succeeded beyond expectations. Its *Zaibatsu* had been broken up, but the broken pieces regenerated themselves until each one was bigger than the original conglomerate. The old strategy of producing inferior cheap products was replaced by an assault on the world market with high-quality but still relatively cheap goods.

It is difficult to imagine what the international market would be like without Japanese products. Left unchallenged, the Europeans on either side of the Northern Atlantic would produce high-quality expensive products meant basically for their own rich markets. They would stress margins rather than market share. If their goods are exported to poor countries, it would be meant for the rich only. Their consumer products would not flood the markets and the people of the poor countries, would not enjoy the luxuries of sophisticated household appliances, pick-up trucks, and small, economical passenger cars. Their standard of living, in terms of modern life-styles, would remain primitive. But the Japanese, by producing high-quality, cheap goods, had lifted the living standards of a great many people. Of course, the Japanese did not set out to do this. They were after profits as much as the Europeans. But their strategy of maximizing market share through low margins, inadvertently contributed to the



Malaysian Prime Minister Dr. Mahathir bin Mohamad: "Asian ways of doing things are not bad simply because they differ from the West. Asian ways which obviously deliver results must be quite good."

improvement in the standard of living of many in the poor countries. . . .

In the meantime, other East Asian countries were also growing rapidly and the term NIC [Newly Industrializing Country] was liberally applied to them so as to justify early economic discrimination against them to be applied. Still they kept on growing. There was much talk of the 21st Century becoming the Asian Century. The Europeans were not going to have things their way much longer. China, held down by the Communist ideology, woke up from its slumber and rapidly absorbed Western-style commerce and industry and showed every sign of becoming another Japan, only five times bigger.

China and Japan remained virtual enemies, but it did not seem likely that they would go to war against each other. Both seem to appreciate that they would be committing national suicide. Attempts to persuade them to expend their energy on military confrontation failed. Both apparently seem bent on becoming economic powers and to dominate the world through their wealth and technological know-how, rather than by force of arms.

The 'Tigers' Come Under Attack

The threat of Asian domination of the world in the 21st Century was becoming more and more real. They could not be stopped militarily. Nor could the West defeat them and impoverish them by competing in the market. I don't think

there was a conspiracy. It is more likely that an opportunity had presented itself and it was seized by the worried Europeans.

For some time the Western media had been harping on the failure of the tiger economies of East Asia to adopt Western moral standards in governance and in their approach to national recovery and economic development. The Japanese came under attack for the close cooperation between the government and big business. This was labelled Japan Incorporated, and this was regarded as thoroughly immoral and wrong. There must never be government help for the private sector. It was a thoroughly shameful way of doing business. That it had helped the Japanese economy to recover from the ravages of war, that it had brought tangible benefits to the poor people in poor countries, is irrelevant. By Western moral standards, it was wrong and it must be stopped. In fact, all the Japanese business practices were wrong and immoral and must be stopped.

In trying to adjust to the alleged Western norms, the Japanese dismantled all their practices, made crimes of everything that they had been doing before, arrested their civil servants, and generally undermined the confidence of their own people. Even lifetime employment was considered wrong. Workers must be sacked and thrown on the streets, and executives must be publicly humiliated for doing what was acceptable before.

But the attacks on the morality of Asian governments expanded to the other economic tigers. All were accused of crony capitalism. The Asian governments cheated by helping the establishment of corporate giants which were able to challenge Western supremacy in manufacturing, in commerce and trade. That these governments had built good economies, alleviated poverty, and generally contributed to the well-being not only of their people but also of people in the poor countries, meant nothing. These governments cheated by collaborating with their corporations, and they must stop.

The Korean companies, for example, had successfully competed with Western construction companies for great engineering projects worldwide. Their reduced cost had saved billions of dollars for many developing countries. But in the process, they had reduced the profits of the great construction companies of the West. The Koreans were therefore doing something immoral. It was suggested that they were using prisoners to reduce their labor cost. That was how they could outbid their Western competitors. . . .

After the Koreans, came the Taiwanese, the Honkies, even the Southeast Asian countries. They were growing fast, and they must be cheating through their penchant for close cooperation between the government and the private sector. They were all indulging in crony capitalism. And they should stop. The Western media carried out a sustained campaign against everything that is practiced by the countries of

East Asia.

But the countries of East Asia continued with their own ways of growing their economies. It looked like there was no stopping them. They were going to grow and they were going to continue to challenge the West. There was a good chance for the 21st Century to become the Asian Century.

Now I will not say that the attacks against the East Asian economies were orchestrated. It is most likely that the rogue traders saw an opportunity to make a pile for themselves. Be that as it may, the fact is that their attacks soon left most of the East Asian economic tigers in a state of unprecedented economic turmoil and sudden poverty. From being economic threats to the West, they suddenly found themselves totally dependent on the West for their recovery.

Enter the International Monetary Fund

This is where the IMF, a major instrument of Western policy, stepped in. No one, no country, should help the beleaguered Asian countries except the IMF. And the IMF should only help if the Asian countries give up all their strategies for economic development. They should not help their distressed corporations to recover, they should allow their banks to go bankrupt, they should increase the taxes on their people, do away with subsidies, and in a severe recession introduce a surplus budget. . . .

Dangling the loan carrot and brandishing the big stick, the IMF, backed by the power of the powerful, demanded the dismantling of everything that had contributed to the amazing development of the East Asian tigers and dragons. Not only must corruption stop, but subsidies for the poor, business-friendly governments, protective tariffs and non-tariff barriers, conditions on foreign ownership of businesses and banks, all had to stop. These countries must open up to direct and full foreign participation in their economies. There must be no restriction at all to anyone wishing to take advantage of the business potentials of the economies.

Anything done to help the locals came under the general definition of crony-capitalism. Local companies distressed by the collapse of the stock market and the economic downturn must not be helped. Any help would be regarded as bailouts. That thousands of poor workers would be thrown out of work as a result of the collapse of the businesses was irrelevant. Let them starve, riot, and kill. But no government help should be extended. This was considered as being morally wrong in terms of business practice. . . .

Anything that could be imposed or done to prevent the quick recovery and regeneration of the East Asian tigers was done, at times blatantly. Governments were undermined and overthrown, law and order were destroyed, the break-up of countries was encouraged and expedited. The Asian tigers were no more. The ambition to make the 21st Century the Asian Century was pulverized. No one talks about it any more, least of all the former tigers.

Systems vs. Results

This is the picture of Asia at the beginning of the new millennium. It is a dismal picture. Much of the energy and the spirit which had driven it in the past have been dissipated. . . . The stress now is too much on systems rather than results. The idea that a “good” system which produces bad results is better than a “bad” system which produces good results should be re-examined.

The West is too fond of a single cure-all. We saw how the IMF had forced down the throats of all the East Asian countries their single formula for recovery, and we saw how disastrous it had been for many countries. Asian ways of doing things are not bad simply because they differ from the West. Asian ways which obviously deliver results must be quite good. Japan, Korea, and China recovered very quickly from the effects of war and the socialist ideology of the West. Their people became more prosperous and poverty was largely eradicated. Their self-respect has been restored. Maybe they have still to subscribe to conservative norms, maybe the freedom of individuals to thumb their noses at the majority is less. But that is a small price to pay for a people who were once dismissed as incompetent or unable to progress.

Southeast Asia can recover faster and more strongly if it is less preoccupied with gaining the approval of the West in the way it manages things politically and economically. While oppressive authoritarian rule and corruption must be avoided, firm and strong governments must be allowed to govern and to develop their countries. The idea that a country is not democratic unless disruptive forces are allowed to threaten peace and stability must be rejected. The essence of democracy should be government by representatives elected by a majority of the people. Liberalism which permits the individual or minority rights to negate the rights of the majority need not be regarded as an essential part of democracy. Freedom cannot be absolute, whether it be in the area of human rights or free speech or free press. Freedom of the press should not include freedom to tell lies and instigate violence. Harsh perhaps, but to believe that people should accept being maimed and killed because other people are exercising their democratic freedom, is to negate reality in the interest of the ideal.

The countries of Northeast and Southeast Asia have enough in common for them to come together and to act together. It would take a very long time before they can unite the way the European countries unite. But cooperation on many things affecting them is entirely possible and productive. It may be an economic group or an East Asian Monetary Fund. But these things and many others are entirely possible for East Asia. . . .

Central Asia is doing quite well in terms of stability, but it is not able to build needed infrastructure, especially in terms of railways. The camels were once regarded as the ships of the desert. Obviously, they are no longer adequate to carry

the rich raw materials of Central Asia and the goods that Central Asia needs. The ships of the desert in these days of mass consumption are the railways. What Central Asia needs is a vast network of railways of super-sizes and -length. Two-mile-long trains running on ultrawide gauge would reduce the cost of transporting raw materials and goods across the vast expanse of Central Asia. Just as tankers are built to transport ever increasing quantities of oil across huge oceans, there is no reason why the railways cannot be improved in the same way.

If the governments of the Central Asian Republics can accept that making profits is not criminal, the countries of the West and the East can come together to invest in these super-transport facilities which will make being landlocked no longer a disadvantage. . . .

An Asian Association for Development

The more developed nations of Asia should invest and help the less developed. An Asian Monetary Fund would be useful. An Asian Association for Development should be set up to enable the countries of all Asia to interact, to discuss common problems and to cooperate where necessary.

Any idea about Asia dominating the world in the 21st Century should be discarded. It is not feasible and it will merely serve to antagonize the rest of the world, in particular the European nations on both sides of the Atlantic. Neither should any Asian nation harbor ideas about dominating Asia.

Asia and Asian nations must be free, truly free. No one should impose their values or ideologies or system on Asia. While everyone should be concerned over human rights, the environment, etc., no one from within or outside Asia should appoint himself or his country as the policeman charging himself with the responsibility to ensure that everyone behaves. Asian countries are mature enough to know what is right and what is wrong. Any attempt to undermine the sovereignty of independent countries through subverting nationals should be condemned roundly by everyone.

This agenda is very general, but it should serve to point the direction that Asia should take. Obviously, it is going to take time, a long time. Obviously, it is not going to be smooth sailing. It is going to be difficult to achieve. But the long-term objective should be for all Asian countries to be subservient to no one, but truly independent and as developed as the nations of Europe. Asian countries must take their places in the community of nations of the world as equals. And Asian values and Asian ways of doing things must be accepted as legitimate, normal, and inferior to no one.

This is the agenda for Asia. It is not fanciful. It is not a dream. It is really doable, and it is within the capability of Asians to realize it. With this agenda, Asian countries will emerge in the 21st Century as equal partners with the developed countries of the world.

Business Briefs

Germany

Import Price Inflation at Highest Level in 19 Years

September figures released by Germany's Federal Statistical Office on Oct. 25, show that import prices have climbed 13.4% compared to one year ago, the biggest annual advance since October 1981. While the largest price increases appeared in energy imports, such as natural gas (96.4%) and mineral oil products (90.8%), prices of other commodities were also shooting up dramatically. For example, precious metals and precious semi-finished metal products rose 75.9%; wood, 49.4%; crude non-ferrous metals, 29.5%; and basic chemicals, 14.6%.

The day before, German producer prices for September had been published: at 4.3%, they reflected the highest annual inflation rate since October 1982. There is also an alarming increase in producer prices for commodities such as copper, 32.8%; aluminum, 26.9%; and certain semi-finished steel products.

Economic Warfare

Steel Cartels Seek To Defeat Nationalists

A steel cartel could successfully cut production and defeat the economic nationalists who would increase output, the Oct. 23 *Wall Street Journal* said in an article which lied that the problem of low prices to producers is too much steel capacity, rather than the collapse of the physical economy.

The tone at a recent international conference in Australia of owners of steel facilities was set by an executive of Broken Hill Proprietary Co., an affiliate of Her Majesty's Rio Tinto. The Broken Hill man said, "We must start focussing on building value and not building capacity."

The "biggest players in the industry," the *Journal* reported, claim that "the value of their companies would . . . at least stop falling, if they begin to close inefficient plants, scale back production, and consolidate. . . .

There's little doubt . . . that consolidation would solve many problems. . . . With fewer and bigger companies, the industry could maintain control over prices."

USX, the once-mighty U.S. Steel Corp., is now only the world's eleventh-largest steelmaker in terms of capacity. Cartelizing the industry would allow the owners to overpower nations which want to keep open their own steelmaking capacity.

The United States has in the past erected barriers to the shutdown of industry, the *Journal* complained, citing such programs as the U.S. Emergency Steel Loan Program, that helps distressed companies. They quote from the president of Nippon Steel Corp., predicting that, since in the New Economy steel mills are no longer huge job centers with thousands of employees wielding political clout, there will be less political will to fight the closure of steel mills throughout the world.

South Korea

Product Quality Decline Is Threatening Exports

The Samsung Economic Research Institute (SERI) is warning that South Korean domestic industries face the risk of weakening international "competitiveness," due to a decline in product quality, the daily *Chosun Ilbo* reported on Oct. 26. The institute attributed the result to an "unbalanced emphasis" in recent years on firms improving their financial status and selling off poorly performing businesses.

On Oct. 25, SERI released the findings of a study that showed that Korean products have been losing market share in advanced countries. The share of the U.S. market occupied by Korean-made goods came to just 3.2% in the first half of this year, down from 4.6% back in 1988, according to SERI. Also, the Korean share of the Japanese market fell during the same period from 6.3% to 5.5%.

The institute suggested that the decline in the market share indicated a loss in quality of value-added and state-of-the-art products.

The report said, that Korean dynamic random access memory (DRAM) products

had had the highest share, at 40%, of the global market last year, but that local semiconductor manufacturers had only 1.3% of market for non-memory chips, which accounts for 75% of the entire chip market.

Production by Korean automakers rose to 5.8% of global output in the first half of 2000, up from 4.5% in 1997, but, in a U.S. survey of the quality of 37 models, the highest ranking achieved by a Korean-made car was 27th. In shipbuilding, Korean firms have been concentrating on making general-purpose vessels such as tankers and container carriers, while neglecting the market for highly sophisticated vessels such as LNG carriers.

Space

NASA Outlines 15-Year Mars Exploration Program

After almost a year of study, since the failure of two Mars missions over the past year, and heeding the recommendations of a number of advisory groups, the U.S. National Aeronautics and Space Administration (NASA) announced on Oct. 26 its revised Mars exploration plan for the rest of this decade and the next. The missions will be science-driven, primarily to "follow the water," the prerequisite for life, and follow up the intriguing photos of Mars from the Global Surveyor, which recently indicated that there may have been underground liquid water in Mars' recent past, or that it may exist today.

At the 2001 launch opportunity, the Mars Odyssey Orbiter will be sent to Mars for high-resolution mapping and imaging. At the next 26-month opportunity, in 2003, two Mars Exploration rovers will be launched, to carry on detailed geological research.

In 2005, a Mars Reconnaissance Orbiter, able to image objects as small as a foot in diameter will be launched. Mars exploration program scientist Jim Garvin likened it to putting a microscope in orbit.

In 2007, a "smart" surface lander will be sent to Mars, with new precision landing capability, to explore the most scientifically interesting sites, which are not necessarily the safest for landings. It will carry a 600-pound

RUSSIAN Prime Minister Mikhail Kasyanov's Oct. 23-25 visit to Turkey has boosted cooperation. If Turkey speeds up the underwater section of the Blue Stream gas pipeline, it will receive increased gas supplies from Russia as of Autumn 2001. Russia will provide electricity to Turkey, via the Georgian power grid, starting as early as this Winter.

THAILAND'S state power company, which has been ordered to privatize, has said that it will refuse to sell to any foreign bidders. Electricity Generating Authority of Thailand Deputy Governor for Hydropower Chalermchai Ratanarak said that the firm will offer shares in its remaining thermal power plants in phases, but only to Thai purchasers.

68% OF FOREIGN investment in Asian nations since the 1997 crash has been in "mergers and acquisitions," according to a UNCTAD report, "Cross-Border Mergers and Acquisitions." In 1996, 81% was investment in new plant and equipment or construction.

ECONOMISTUL, a Romanian economic daily, serialized Lyndon LaRouche's speech "On the Subject of Strategic Method," on Oct. 5-7, 9, and 10 (see *EIR*, June 2, 2000). Under the title "Is a New International Financial and Monetary System Needed?" LaRouche was presented as the author of the proposal for a New Bretton Woods system.

AMAZON.COM, the Internet retailer, reported that its losses widened to \$240.5 million in the third quarter, bringing total losses for the last six quarters to nearly \$1.5 billion.

SERBIA'S Zoran Djindjic, an aide to President Vojislav Kostunica, called for infrastructure cooperation in the Balkans, and development of a common market of 50 million consumers, in talks with Bulgarian Foreign Minister Nadezha Mikhaylova, BBC reported on Oct. 26. One proposal is to rebuild the highway from Nis, Serbia to Sofia, Bulgaria.

science payload, and be the first long-duration mobile science laboratory on Mars. The first in a series of small "scout" missions could also be launched in 2007, using a balloon or an airplane for close-up surface reconnaissance.

There could also be an international effort in 2007, with the Italian space agency contributing to a telecommunications orbiter for Mars, or the French helping with a network of small landers. Such orbital and surface infrastructure elements would greatly increase the robustness of Mars missions.

In 2009, studies are under way with Italy for a probe that would carry ground-penetrating radar to prospect for water. And as early as 2011, or in 2014, NASA plans to take the dramatic step of returning multiple samples of rock and soil from Mars to the Earth, about four pounds total.

While there is no plan included for the first manned mission to Mars, Dr. Ed Weiler, NASA science administrator, said that these precursor missions are necessary before that step can be taken. The program is based on a \$450 million per year budget for Mars programs.

Nuclear Energy

Russia Overcomes 'Chernobyl Syndrome'

"The Chernobyl Syndrome has been overcome," the strana.ru information website of the Russian government says, in announcing the forthcoming startup of a newly completed nuclear power plant in Rostov, on the Don River in the south of Russia. The article stresses that the government policy to go for rapid expansion of nuclear power generation is already producing results.

The plant, whose final check-out is being personally supervised by Atomic Energy Minister Yevgeni Adamov, was one of a complex of three which were under construction in Rostov at the end of the 1980s, but whose completion was halted amid the uproar around the April 1986 Chernobyl accident. But the public mood has shifted in the meantime, and after exhaustive studies of plant safety, local and national authorities

gave the green light to restart construction.

A number of other nuclear plants are now being completed, including two additional units in Rostov, as well as reactors in Kalinin and Kursk. Also, in recent interviews, Kurchatov Institute Director Ponomaryov-Stepnoy has been calling for Russia to modernize its nuclear reprocessing technology in order to play a bigger role in the "\$200 billion world market for nuclear fuel and fuel treatment."

Economic Disparity

Rich-Poor Divide Is Growing, Says UN

Under present trends, the poorest countries will need more than 100 years to reach daily per-capita income of \$3, according to "The Least Developed Countries 2000," a United Nations Committee on Trade and Development report released in October.

UNCTAD Secretary General Rubens Ricupero says that the "accelerating process of economic liberalization" during the 1990s, which according to "widespread expectation" was believed to "promote diminishing income disparities between countries within the global economy," has resulted in quite the opposite: "The number of people living in poverty is increasing in various regions of the world," and in many cases countries "are getting stuck in vicious circles of economic stagnation and regress," he says.

If the average Gross Domestic Product growth rates of the least developed countries (LDCs) during the 1990s should continue, then only one of the 43 LDCs—Lesotho—would achieve a yearly per-capita income of \$900 by 2015, and only eight countries would reach this level within 50 years. Countries such as Burkina Faso, Malawi, Mali, and Yemen would need more than a century, to achieve this goal, and 17 others, including Angola, Burundi, Haiti, and Zambia, would never get there.

Ricupero calls for a "radical rethinking of international development cooperation," but he did not present any real alternative, such as Lyndon LaRouche's proposal for a New Bretton Woods conference to restart production.

Lesson of the Cole Incident: Stop Privatizing Our Generals

by Lyndon H. LaRouche, Jr.

October 22, 2000

In and of itself, the shocking experience of the attack upon the *USS Cole*,¹ should have awakened relevant, witting U.S. policy-shapers to the urgency of an immediate and sweeping reversal of the process of “privatization” of the military and immediately related institutions and functions of the U.S. government. Unless the U.S. military were efficiently obliged, and equipped to operate under what had been those traditional U.S. notions of rules of engagement, which requires reversing recent trends toward privatization, such important matters as the issue of responsibility for the security of U.S. forces deployed, tend to fall between the cracks of diverse and ill-coordinated governmental and other agencies. Such is but one among the several classes of closely related leading issues implied in the fatal fueling-stop of the *Cole*.

The dismal results of related, current trends in U.S. strategic and related policies, of which an obsessive fixation upon “privatization,” is but one symptom, is a pervasive problem, a problem whose existence can not be separated from what even non-military professionals should and must recognize as a spreading illiteracy respecting relevant strategic lessons of modern history. The *Cole* incident, like the haunting unresolved issues of the sinking of the Russian submarine *Kursk*, is a single example of a class of problems which point, by implication, both to the likelihood of related kinds of individual cases during the period ahead; but, even more significant, it points to a much broader class of systemic problems under which the *Cole* incident itself is merely subsumed.

We must situate that incident not only within the general

1. On Oct. 12, 2000, an Arleigh Burke class destroyer, the *USS Cole*, was the target of suspected terrorism, during a refuelling stop in the Yemen port city of Aden. A bomb explosion killed 17 U.S. Armed Forces personnel.

class of strategic policy blunders which that case implies. It would be sheer incompetence, a fallacy of composition, not to see this incident in the setting of larger policy failures reflecting the combined, corrosive effects of “privatization,” “free trade,” and “globalization.” The subsuming issue, is a nearly thirty-five-year, so-called “utopian” trend in policy-shaping, which has also been the cause for the currently on-rushing disintegration of the world’s present financial system. The disreputable state within much of our nation’s current military policy, is to be traced to its root, in the imposition upon our military institutions, of the alien, destructive influence of such trends in policy-shaping.

It would be an intolerable fallacy of composition, to attempt to isolate cases such as the *Cole* incident from their root-cause, that inhering decadence of those current utopian trends, which have been misshaping both our nation’s military policy, and, more importantly, the strategic outlook under which today’s leading political authorities have been shaping military policy.

The spread of this infectious utopian decadence sometimes called “privatization,” is not limited to the alarming increase of illiteracy among our more poorly educated younger generations of military professionals. To understand cases such as the *Cole* incident, we must emphasize the broader implications of related intellectual failures in the Congress and elsewhere, as typified by the influence of the dupes of wild-eyed rug-chewers such as Zbigniew Brzezinski, his lackey Samuel P. Huntington, and self-avowed H.G. Wells devotee Madeleine Albright. The latter cases are merely typical of those who have contributed a leading part in carrying the strategic policies of the U.S. and NATO to their present post-modernist — or, should we say “pre-Raphaelite” — extremes.

The pivot of that widespread moral decay merely typified



The attack on the USS Cole was the result of larger policy failures reflecting the combined, corrosive effects of “privatization,” “free trade,” and “globalization.” Here: The destroyer is towed away from the port of Aden, Yemen, on Oct. 29, 2000.

by Brzezinski, Huntington, and Albright, has been the effect of the 1945, post-Franklin Roosevelt adoption of the intent in threatened use of nuclear weapons, to bully nations, directly or indirectly, into submitting to world government. This utopian policy is to be recognized as that which was introduced to the U.S.A. and other nations, by H.G. Wells and Bertrand Russell.

Since immediately following the untimely death of President Franklin Roosevelt, this utopian nuclear-weapons dogma of Wells and Russell, has turned what used to be modern European civilization, back to the direction of restoring the pre-Fifteenth-Century policies of the Middle Ages. This trend has accelerated since the negotiations accompanying the 1989-1991 collapse of Soviet power. Under that policy-trend, the world today has been dominated increasingly by imitations of those medieval, pro-feudalist policies which in the past led to disasters such as the collapse of the Roman Empire and Europe’s mid-Fourteenth-Century plunge into a New Dark Age.

Thus, we have that neo-medievalist trend toward what Wells and Russell proposed, in Wells’ *The Open Conspiracy*, as “world government,” which has degenerated, over the recent ten years, into an emerging, but self-doomed, Anglo-phone world empire. This collapse of today’s globally extended modern European civilization, is that which has unfolded under the combined dictatorial authorities of the Wall Street- and London-dominated elements of the English-language component within NATO. The follies intrinsic to the strategic thinking, practice, and foolish aftermath of “De-

sert Storm” and the recent series of Balkan wars, typify the doubtful quality of professional competence, personal morality, and, sometimes, even the lack of sanity, among many of those military officials, and others, who have authored or supervised such follies during the past eleven years.

During the recent two decades, the folly of such post-Franklin Roosevelt trends, has been greatly aggravated by the process which has brought a new stratum of high-ranking officials into government and crucially important private institutions. European civilization is dominated by leaders who are, in fact, functionally, collectively mad in the same sense the term “clinically insane” were rightly applied to a comparable type of individual mental case.

Looking back today across the most recent decade, the characteristic policy-shaping typified in its effect by a now worse than bankrupt set of U.S. financial and economic policy-shaping institutions, demonstrates beyond reasonable doubt, that behind the follies which sometimes erupt in our nation’s military practice, or in the follies of that ruling financier oligarchy associated with the so-called Wall Street establishment, the majority among that so-called establishment is collectively and terminally insane. Such effects, are typified by the current, wild-eyed, homicidal lunacy permeating the actions of Federal Reserve Chairman Greenspan and Treasury Secretary Summers, and the attitudes of currently principal Presidential candidates Gore and Bush.²

2. See, Richard Freeman, “The Quality Adjustment Method: How Statistical Fakery Wipes Out Inflation,” *EIR*, Oct. 27, 2000.

Some Historical Precedents

As a practical result of that prevailing trend, the post-1989 form of de facto Anglophone empire, is now lurching toward early disintegration, that as surely as Erich Honecker's East Germany in late 1989. The onrushing financial disintegration of the present form of U.S. power, should have forewarned leaders in government, that, contrary to the obsessive clap-trapping by the Bush and Gore campaigns, the same type of tragic lurch toward doom displayed in the fall of Honecker and Mielke, is the primary feature of the immediate strategic situation and the present policy-posture of the U.S.A. itself.

It is merely symptomatic of that present historic situation, that the currently careening practice of privatization of U.S. military functions, as in Africa and elsewhere, is to be recognized, at first glance, as a shoddy imitation of British colonial and related imperial practices of the Eighteenth and Nineteenth centuries. Mercenary armies, such as those of the British East India Company, perpetrated privatized mass atrocities like those now being conducted, with U.S. State Department backing, by British and U.S. copies of former British East India Company operations. A more ominous parallel to that kind of military decadence today, is the wars conducted under the reign of Fourteenth-Century Lombard bankers, such as the house of Bardi and Peruzzi, financiers of a type who are currently plunging the entire planet into a New Dark Age like that unleashed upon Europe's Fourteenth Century.

Such lunatic bankers' dark-age policies, are U.S.A. and British policies and practices in Africa and in the Albright State Department's anti-nation-state, pro-drug-legalization operations in South America today. The increasing reliance upon the use of those methods of mercenary types of "special operations" within the domain of military functions, such as the notorious Iran-Contra operations of the 1980s, has become, over the span of the past several decades, in and of itself, like the bungled U.S. Middle East policy, today's greatest single source of lurking threat to the national security and other vital strategic interests of our republic and its traditional pro-republican allies. This is the current situation within the Americas and world-wide.

In that and other respects, the *Cole* incident is properly to be seen as essentially a typical, and ominous by-product and symptom of such a pervasive trend of decadence in our government's current military and related budgetary and other practice. The fact that the tragi-comedy of U.S. policy-errors leading into such an incident could occur, points toward the subsuming, larger and deeper implications of that incident for U.S. policy-reshaping today.

Now, when the greatest financial collapse in modern history looms for the period immediately ahead, the only sane leaders of nations are those who, increasingly, take that collapse of the present financial system as already inevitable.

As I have said repeatedly, on earlier occasions, we must see our present U.S. situation in the same general sense that

the Edgar Bronfman-backed East Germany regime of Honecker and Mielke was doomed at the close of 1989. Sane leaders then were those who proposed, as I had done, in my October 12, 1988 televised address, and as Deutsche Bank's murdered Alfred Herrhausen had intended in Autumn 1989, to concentrate on rebuilding the post-collapse Eastern Europe of 1989, rather than cling to the ideological relics of a doomed "Cold War" past.

Sane leaders are those, today, who, instead of continuing foolish attempts to prevent the inevitable bankrupting of the Wall Street financial bubble by lunatic "bail-out" strategies, are concentrating their efforts on rebuilding the world which has been greatly ruined by recent orgies of so-called "privatization" and related policies.

Now, as even the United Kingdom is poised, promising to forsake at least some of the follies of privatization, by renationalizing its ruined railway system, this same corrective outlook is demanded in our military policy, as well as other domains.

Summarized most simply, the point is, that civilization will not long outlive the presently onrushing global financial explosion and widely heralded, early collapse of the U.S. dollar, unless governments act to eradicate the kinds of follies typified by the recent three decades fads of "free trade," "privatization," "globalization," and financial "deregulation." Accordingly, in the domain of military affairs, in particular, sane leaders will act to uproot the novelties which those follies have introduced to the sphere of military policy and practice.

For reasons which shall become apparent after assimilating the material summarized in the following pages, it is urgent that we return the U.S. military doctrine and policy to the great engineering-based, republican military and foreign-policy tradition which U.S. West Point and Annapolis came to share with the traditions of such republican, revolutionary geniuses of the military domain as France's Lazare Carnot and Germany's Gerhard Scharnhorst.

Sane leaders are those who will bury those utopian styles in military and related decadence which have been decreed fashionable during the recent thirty-five-odd post-Kennedy years. We must uproot the lunatic fads unleashed from that Pandora's Box of nuclear deterrence and neo-liberal fanaticism which was opened by the likes of Wall Street's John J. McCloy, McGeorge Bundy, and Henry A. Kissinger.

1. The Present Strategic Turning-Point

The root of the worst trends in U.S. military and related policy-shaping, is to be located in an implicitly anti-constitutional shaping of U.S. policy. That means trends which have come into being through subordinating the interests of our Federal constitutional republic to the perceived special self-

interests of a Wall Street-centered financier-oligarchical establishment.

This systemic corruption of our institutions and their practice, is properly appreciated by viewing that establishment as it is represented by an extensive, century-long subversion of the permanent bureaucracy of our Federal government. That is the subversion which has been effected chiefly by the over-reaching influence of a Venetian-style cabal of financiers and their associated leading law firms. This is a cabal, launched in its present form under pro-Confederacy, Wall Street puppet-Presidents Theodore Roosevelt and Ku Klux Klan fanatic Woodrow Wilson, a cabal which continues to rely for a large amount of its popular political support, upon its currently conspicuous adaptation to a pro-racist, implicitly treasonous current, which is plainly rooted in the unpurged legacy of the slave-holders' Confederacy.

The continued existence of that establishment's role and power, has been called into question by the currently onrushing global financial collapse of the present IMF system. That establishment's present power is now threatened with extinction, by the implications of the onrushing reality of the greatest financial crash in modern history. In a time when more and more of the world's leading press, as in Germany, Britain, and France, are heaping justified contempt upon the current choices of leading two U.S. Presidential candidates, it is that global crisis, which now brings that establishment's very existence into doubt.³

This state of affairs not only defines the imminent, crisis-born possibility for returning our republic to the service of its original and true constitutional interest; it defines a situation in which our republic might, even probably, soon cease to exist: unless we act to make precisely that revolutionary change at some early, critical moment of opportunity offered by that present breaking-point in the modern history of this planet.

The greatest, most doomed fools in the U.S.A. today, include those who are plotting increasing world-rule by the kinds of U.S. policies which are associated with those among today's U.S. influentials who are our nation's present equiva-

3. For example, the German daily *Die Welt*, Nov. 2, 2000: Neither Gore nor Bush ever mention the danger of a financial crash. "They try to spend billions of dollars from projected surpluses. What they never talk about—a stock market crash and the certain threat of a recession—tells no less about the state of the country."

In the London *Guardian*, Oct. 25, 2000: Francis Wheen characterizes the U.S. Presidential election as, "It's Dumbo v. Pinocchio."

In the London *Daily Telegraph*, Oct. 24, 2000: "If the United States Presidential candidates were Hollywood movie characters, Al Gore would be one of those 1950s science fiction monsters who take on whatever form is necessary to look credible to the population of the invaded planet. . . . American voters . . . are beginning to suspect that if they pulled away Mr. Gore's square-jawed mask, and the empty suit sank to the floor, the Thing From Outer Space would stand revealed as a mound of green slime."

The French daily *Le Monde* described the race as between "the Cretin" and "the Stiff."

lent to the Honeckers and Mielkes of 1989, notably the world-widely ridiculed U.S. candidacies of the two carefully pre-selected intellectual and emotional wrecks known as Governor Bush and Vice-President Gore.

Thus, so far, although few leading circles of strategic planners among Anglo-American policy-shapers appear to recognize this, the Anglo-American regime of rule over this planet has reached just such a point of imminent, self-induced doom, a condition comparable to, but far more awesome historically than the 1989-1992 disintegration of the Soviet system. So, often in history, empires have suddenly collapsed at the very moment the relevant *Ozymandias* believed that his power was absolutely secured.

This present, actually revolutionary situation in world affairs, requires a radical change in the current thinking of any sane remnant still to be found among our leading military and related professionals.

In contrast to those saner professionals we may hope will be selected as our current leading policy-influencers, today's typically pathetic cases shaping our nation's economic policy up to now, should remind us of those fools who insisted that the cause of the 1929-1931 depression, was that "some people had talked the economy into a depression." Today's most foolish people are those still seeking to deny, hysterically, the immediate peril against which I have warned them. In this circumstance, more and more among the more intelligent and sane people from around the world are joining me in taking the doom of the present Anglo-American utopian policies as a given fact. The only really intelligent people, are those who are concentrating their attention on the steps to be taken at the early moment the now onrushing chain-reaction collapse obliterates the world's present financial order.

The reader, as he or she moves through the successive phases of the argument I present here, will be shocked by the contrast between what I propose in this report, and the tenor and content of the discussion, proposals, and debate found in the recent deliberations of the U.S. government, in the leading news and entertainment media, and from the mouths and lunatic gesturings of the leading U.S. Presidential candidates of the moment. In brief, the world which those commonly heard discussions and reports have ruled, is now dead, soon to be buried under the rubble of the financial collapse caused by the very arguments and choices of topics which those continuing reports and arguments of the U.S. Wall Street establishment and its dupes still reflect. If we are to survive, we shall soon have entered a new world, the kind of world I describe here, the kind of world in which the actions I propose will be the typical, leading topics of daily life in government and among the people generally.

The required changes which sane and intelligent people will now be preparing, include a sweeping improvement in the training, quality, and assigned mission of our national military institutions. The new role of that military will be merely an aspect of the remedies required, but it will be, as I

shall show here, an important aspect.

I shall now explain the revolutionary character of the present situation, and then identify certain among the needed changes in the assigned mission and composition of our military and related forces.

The U.S. National Interest

The U.S. national interest is defined most efficiently by understanding the heretofore continuing role of the British monarchy as, in fact, the generally recognized leading mortal enemy of our republic, from the 1776 Declaration of Independence through the 1901 assassination of President William McKinley. It was that assassination, run in the interest of Wall Street adversaries of McKinley, through Emma Goldman's Manhattan Henry Street Settlement House, which led to the misguided adoption of that monarchy as the principal Twentieth-Century U.S. ally, an alliance based in widespread misperception. It was based upon a widespread delusion which continued to dominate U.S. policy-shaping throughout most of the Twentieth Century, excepting during the happier intervals under the leadership of two Presidents, Franklin Roosevelt and John Kennedy. Unfortunately, each of those latter died suddenly, prematurely, in office, leaving crucially important, unfinished business undone.⁴

The principal issue of that adversarial relationship between our republic and the British monarchy, has been the signal historical role of our republic from its birth, as our republic is typified, from that time, by the moral imperative of commitment to forming a community of principle among those sovereign nation-state republics which were each and all committed to the general welfare of all their own peoples and a similar benefit in their relationship to one another.

The British monarchy, conceived by the bloody tyrant William of Orange, and set into motion by the coronation of William's political heir George I, has emerged as the world's leading adversary, world-wide, of the modern sovereign form of nation-state republic. That drug-pushing (e.g., "drug legalizing") monarchy has continued that role to the present moment this is written. Especially among us English-speaking people, we might wish that monarchy would change its commitments, even at this late date; but, so far, it has not. Echoes of King Richard III: the contrasted image of victim Princess Diana and her cruel mother-in-law, would supply a contempo-

4. Although three fools, Kaiser Wilhelm, Kaiser Franz-Josef, and Czar Nicholas II, who could have prevented World War I, must not be treated as innocent, it was the evil uncle of Wilhelm and Nicholas, Britain's King Edward VII, who was the principal criminal in organizing that war, and it was the implicitly treasonous pair of Presidents Theodore Roosevelt and Woodrow Wilson whose actions enabled Edward's planned war to be launched as it was. It was the victors who should have been condemned by an honest Versailles peace conference, or, otherwise, the rule of the Treaty of Westphalia should have been applied without any recrimination of those who had already suffered so much from their folly.

rary Shakespeare or Schiller the relevant tragic metaphor.

Popularized Hollywood, *New York Times*, and other fairy-tales aside, our republic's principal adversary in fact, has been, from the beginning, the literally Romantic form of imperial rentier-financier order most efficiently typified by the British monarchy.⁵ Other notable adversaries of our republic, have been, like Hitler Germany, relatively transient by-products of the essential, primary, continuing, global issue of strategic conflict. The primary conflict, like that between nominal war-time allies Churchill and Roosevelt, has been between the American System of political-economy and its chief long-term, continuing opponent, the Romantic British imperial model associated popularly with the errant dogma of the British East India Company's lackeys Adam Smith and Jeremy Bentham.

To understand recent history, we must emphasize, that the crucial point of confrontation, in that adversarial relationship to the British monarchy, is, once again, the U.S. constitutional commitment to the promotion of the general welfare of all of our people and their posterity, rather than to the morally decadent notion of "shareholder value." That commitment to the general welfare, upon which our republic was founded, which was adopted as the natural law argument of the 1776 Declaration of Independence, attests, in explicit opposition to the presently continued policies of the British monarchy itself. The constitutional existence of our republic has been premised upon the notion that each person, of whatever social origin, is set apart from, and placed above the beasts, as a being endowed with a creative power lacking in the beasts, a power which shows us to be made in the likeness of the Creator.

On that account, the principal strategic enemy of our republic from within, has been the combination of the Wall Street interest early associated with both the British Foreign Office asset Aaron Burr and the slave-holder interest associated with the legacy of the Confederacy. Presidents Theodore Roosevelt and Woodrow Wilson typified the traditions of alliances between Wall Street and the legacy of the Confederacy, as, in fact, Calvin Coolidge did also.

In this adversarial relationship, the strategic objective of the informed patriots of the U.S.A., has never been to establish U.S. hegemony over other regions of this planet. As President Franklin Roosevelt had intended for the post-war world, unlike his successor President Truman, Roosevelt's intention, which should be our nation's today, was to secure the entirety of this planet for the dominant role of a colonialism-freed community of principle among numerous, each perfectly sovereign nation-states. It was our leading patriots' intent, as I, as one among many simple soldiers of that time, also understood at the time of President Franklin Roosevelt's most untimely death, that there should be a reigning community of

5. Romantic signifies the legacy of the Roman Empire, as distinct from, and opposed to the Christian form of Classical Greek legacy.



The British monarchy is the world's leading adversary, of the modern sovereign form of nation-state republic. "Echoes of King Richard III: the contrasted image of victim Princess Diana and her cruel mother-in-law, would supply a contemporary Shakespeare or Schiller the relevant tragic metaphor."

republics which shared that constitutional commitment to truthfulness and the general welfare which is set forth in the 1776 Declaration of Independence and the Preamble of our Federal Constitution.

Our object has been to win that struggle for that cause, that by whatever means are both required for, and were otherwise appropriate to that objective. President Lincoln's leadership in the struggle for victory over a British monarchy asset, the treasonously led slave-holders' Confederacy, typifies the awful efforts the defense of that interest has sometimes required.

In that perspective, the proper function of the military doctrine and practice of the U.S.A., has been to uproot the cabinet-warfare and related military follies of aristocratic Europe, and to premise the needed war-making capabilities of our republic, as they might be required, on the skills and means of great engineering works of peace, as did the greatest European commanders, typified by the master of defense Vauban, plebeian engineering officer Carnot, and plebeian artillery officer Scharnhorst, each in their time and place.⁶

6. My associates and I have published ground-breaking reports on the deeper implications of the life and work of both Carnot and on Scharnhorst's training under Wilhelm Graf Schaumburg-Lippe, Scharnhorst in an educational program which Graf Wilhelm premised upon the guidance given to him by the great defender of Leibniz and Bach, and leading author of Jewish emancipation, Moses Mendelssohn. Study of fortifications developed by Vauban, considered in light of the commentary by Carnot, is also an inspiring experience, if one stands on such ground, as at Neuf Breisach, with knowledge of the effectiveness of Vauban's defense against the designs of France's most dangerous enemy of that time. To be emphasized, once again here, is that super-

It is time to remember, that the U.S.A., despite its inferiority in the average combat capabilities relative to Germany's military forces of that time, won World War II, a victory won partly despite British Prime Minister Winston Churchill, through our mobilized and shrewdly applied advantage in logistics, that under the appropriate leadership of commanders best typified by President Roosevelt and General MacArthur.

The governing mission of the military institutions of a republic such as our own, is not to win wars as brutish mercenaries seek to do, but to win the peace, as the inspired authors of the 1648 Treaty of Westphalia did. We must continue to reject the mouth-frothing demands of the lunatic advocates of perpetual warfare, such as our lunatic promoters of that prolonged war in Indo-China which did so much to ruin the U.S.A. The object of republican strategy, is to win the battle for a durable peace among respectively sovereign nation-states, whatever specific policy and effort that cause may properly require of us.

The Economy of Military Policy

The key to that practice lies in the science of physical economy, as it did for the Lazare Carnot who, during 1792-

seding of aristocratic rule in military command by plebeians of a republican disposition, a change which was centered in the rise of the weight of engineering, modern artillery practices, and related matters of logistics, in the conduct of war and defense. No competent grasp of the matter can be had without appreciation of this exemplary significance of the two leading strategists of the 1792-1814 interval, the plebeian republicans Carnot and Scharnhorst.



France's Lazare Carnot, "the Organizer of Victory," understood—as few people do today—that the key to military strategy lies in the science of physical economy.

1794, snatched total victory for invaded France from the jaws of what had been France's inevitable defeat at the hands of the invading massed military forces of both Britain and of continental Europe.

The key for defining a competent such military policy, is to be found in that science of physical economy founded by Gottfried Leibniz. This branch of physical science measures action in terms of the increase or decrease of the potential relative population-density of a culture, as that measurement is to be made in terms of per-capita and per-square-kilometer rates of growth of net physical output.

Whether in measuring economic performance in general, or in the military application of that branch of science, it is the society's improved control over territory through the development of the organized, physically defined productive

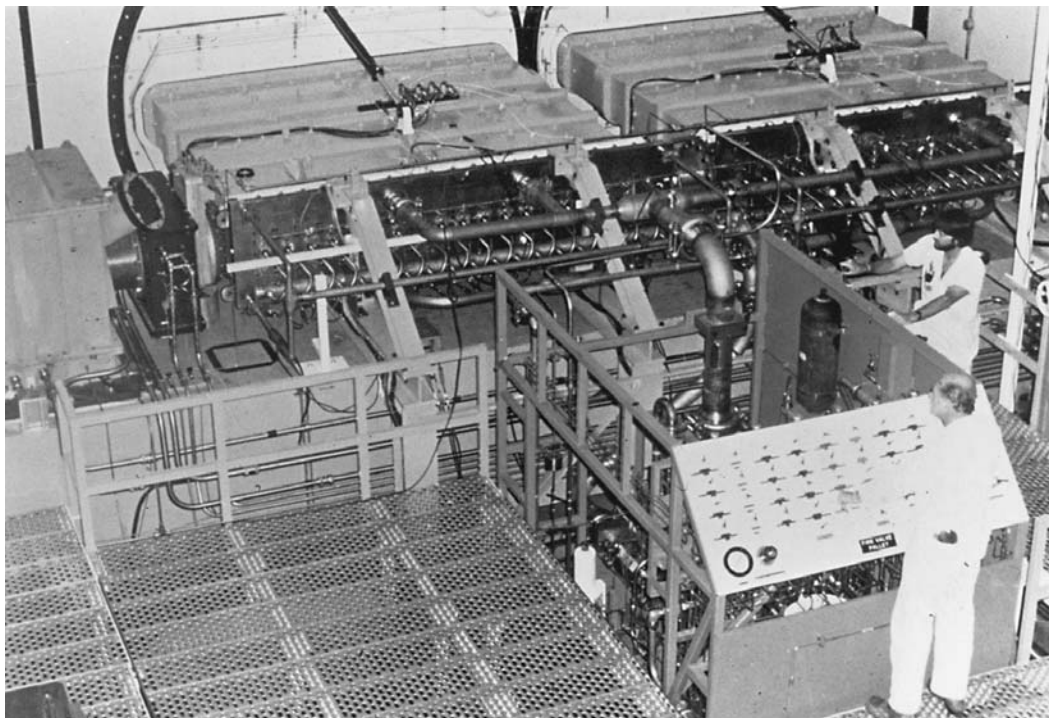
powers of labor, and through the development of basic economic infrastructure, which determines the desired potential for peace or conduct of war. Hence, especially after the spectacular successes in military reforms under the leadership of Carnot, Scharnhorst, and the other pro-republican Prussian reformers typified by Friedrich Schiller's circles, the relative importance of science-driven engineering became a central feature of the progress in military arms and related strategic practice.

This does not represent a mere recipe in any sense. It is an appropriate reflection of the superiority of the form of modern society represented by the perfectly sovereign modern nation-state republic, over all forms of organization of society existing prior to Europe's Fifteenth-Century Renaissance, and the specific superiority of the modern sovereign form of nation-state republic over the modern form of neo-feudalism, the rentier-financier oligarchy typified by nearly three centuries of rule of the present British monarchy.

SDI: Then and Now

This was the basis for my personal development of and campaigning for what President Reagan presented to the world on March 23, 1983 as his offer to the Soviet government known as a Strategic Defense Initiative (SDI). The specific strategic conditions under which SDI was introduced, first by me, and then announced by President Reagan, no longer exist, and the attempt to revive that policy in that exact same form today, would be farce. Nonetheless, the lesson of the experience with SDI, as presented by me during 1982-1983, still provides one of the most important strategic object-lessons for study today. The actual SDI, was, unlike the contrary proposals of the U.S. Heritage Foundation then, or recent, dubious concoctions in the name of missile defense by half-witted zealots of the same general type as Zbigniew Brzezinski today, was no gimmick; it was premised upon the soundest and most fundamental principles of modern statecraft and strategy.

Many senior military professionals in the U.S.A., Europe, and elsewhere, agreed with my argument, as I presented it to relevant professionals and others of many nations, over the period February 1982-February 1983. Unfortunately, other, less competent such professionals and other policy-influencers, such as Soviet General Secretary Yuri Andropov, and General Secretary Gorbachev later, did not agree. The incompetents, on both the NATO and Soviet sides, insisted, more or less fanatically, on operating within the bounds of the Wells-Russell military utopian dogma of that time. It was those admired by Vice-President Gore's former sponsor, Armand Hammer, such as Andropov and Gorbachev on the Soviet side, who agreed with the relevant, utopian economic and strategic policies of the anti-SDI faction. It was the follies among those Soviet opponents of the proposal whose actions ensured the collapse and subsequent looting of what had once been the Soviet super-power.



The MIRCL laser at Los Alamos National Laboratory. While it would be a farce to attempt to revive the Strategic Defense Initiative in its original form, still many of the technologies which the military developed under the auspices of the SDI are still bearing fruit.

The lesson to be learned now, is, that had the incompetents not prevailed, in ruining the SDI program, as I had designed it and as President Reagan initially proposed it, the world would not have fallen into the terrifying mess it has become today. For adopting and defending that policy, even though the policy itself was sabotaged from below, President Reagan will forever merit credit, offsetting in that degree, the mistakes he made on certain other matters.

That case for SDI must now be reassessed according to the original terms in which I stated it prior to March 23, 1983. Although today's circumstances are qualitatively different than those of the period 1977-1983, during which I developed what was briefly called SDI, the kind of economic and strategic policy required, nearly twenty years later, under the conditions of the global financial disintegration, requires us to return to many of the same considerations involved in the original design of the SDI. The relevant lessons for application of crash-program approaches to science-driven technological progress, must be applied to the promotion and defense of a world economy revived from the ruin now created by accumulated trends of the recent thirty-odd years of policy-shaping.

In introducing that retrospective view of the SDI experience here, we must take into account the danger to military policy which inheres in tolerating a pedant's sterile fascination with the supposed authority of mere textbooks and their dead doctrines. War and peace are not won, and may be more probably lost, by literal faith in selected textbooks. In all worthy examples of the great flanking operations which express

strategic thinking in the most distilled form, just wars can be won only through the same specific quality and form of cognitive passion which motivates a successful discovery of a universal physical principle. A passion for the success of a mission of that quality of choice, is the simplest expression of the point.

In the earlier years of U.S. military and related policy, under Presidents Monroe and Quincy Adams, and the influence of Sylvanus Thayer, Friedrich List, Alexander Dallas Bache, Henry Carey, and their associates and followers, the defining mission of military policy, was not merely our continuing recognition of the British monarchy as our republic's principal adversary, but the tasks of nation-building, as typified by the requirement of large-scale infrastructure-building.⁷ It was the passion associated with such a conception of national mission, a mission in nation-building, on which the survival of our republic has depended during each existential crisis until this time. The mustering of science and engineering to that end, as typified by Thayer's West Point and Bache's part in the founding of Annapolis, provided the future military leaders that organized form of passion suited, on balance, to our national needs.

7. The cases of U.S. War Plans Red and Orange, and the British intent to use a Japan naval attack on Pearl Harbor as part of the effort to crush the U.S. into submitting to British supremacy on the seas, typify the continuation of that strategic conflict, as did the war-time strategic conflict between President Roosevelt and Prime Minister Churchill over the immediate post-war dismemberment of the Portuguese, Dutch, British, and French empires.

Today, the frontier of all progress in man's relationship to our universe, per capita and per square kilometer cross-section of our biosphere, is to be located in science-driver programs which adopt the exploration of nearby Solar space as their most forward-looking, pivotal feature. New frontiers in discovering and mastering the physical principles specific to living processes, are a consideration which illustrates the scope implied in a space-exploration orientation as a driver for all national military and related development.⁸

Notable is the fact, that although we have made progress in our ability to cope with the effects of natural catastrophes since Plato wrote his *Timaeus*, we have not yet mastered any of the principled kinds of natural disasters inherently threatening the existence of mankind from within our Solar System. Nor, shall we succeed in gaining the power to do so, until progress in exploration of Solar space and beyond has, sooner or later, yielded to us the kinds of knowledge needed to address that greatest known threat to human existence on this planet.

While the great expanses of Central Asia and the African and Australian continents are still great subject-matters of unfinished work in developing infrastructure on Earth, the construction of a suitable infrastructure for human scientific exploration of nearby Solar space, will be the leading edge of all mankind's fundamental scientific and related technological progress during the century and more immediately ahead. It is science-driver and related engineering programs adequate to support space missions, which will define the leading edge of the applicable scientific and technological progress for the indefinite future presently before us. Here we find the contemporary standard for continuing the engineering tradition of Carnot and Monge and the West Point of Thayer's time. Here we find the successor implied by the model of the 1982-1983 SDI policy which I introduced to the world at that time.

On the condition that our economy adopts a corresponding mission-orientation toward the development of its infrastructure and toward conquering the frontiers of scientific and technological progress, the military orientation will be fully consistent with the economic and social policy of our nation

8. Kepler, an avowed student of Cardinal Nicholas of Cusa in the matter of physical science, was the first to prove that linear mathematics can not competently define the determination of Solar orbits. This discovery by Kepler, as echoed by the discoveries of Gauss and Riemann, applies to the role of the impact of characteristics of the Solar System as a whole in accounting for functionally relevant differences between living and non-living processes, and among living processes, in ranges of action as small as the nuclear or below. The principle of life is to be found in relationship to processes whose primary location is the astrophysically large. This consideration, as famously proposed by Louis Pasteur, is among the richest and most significant areas of investigation in the domain of astrophysical phenomena today. Conversely, this is an area of crucial importance for human beings sent into space for extended intervals.

in all other ways. So, it was from among the West Point engineering graduates during the Nineteenth Century, that our nation built those railway and water-management systems which integrated our nation as a unified and powerful national economy.

Today, the adoption of long-range such scientific missions in building up the infrastructure of space-exploration, will supersede the objectives of the early through middle Nineteenth Century, as the cutting edge in science and technology for the development of the needed basic economic infrastructure here on Earth. It is from the capabilities, including the mental habits of true flanking capabilities, fostered in our military through the impact of such programs, that the potential military capabilities of our nation will always be the most advanced, and truly competent once again.

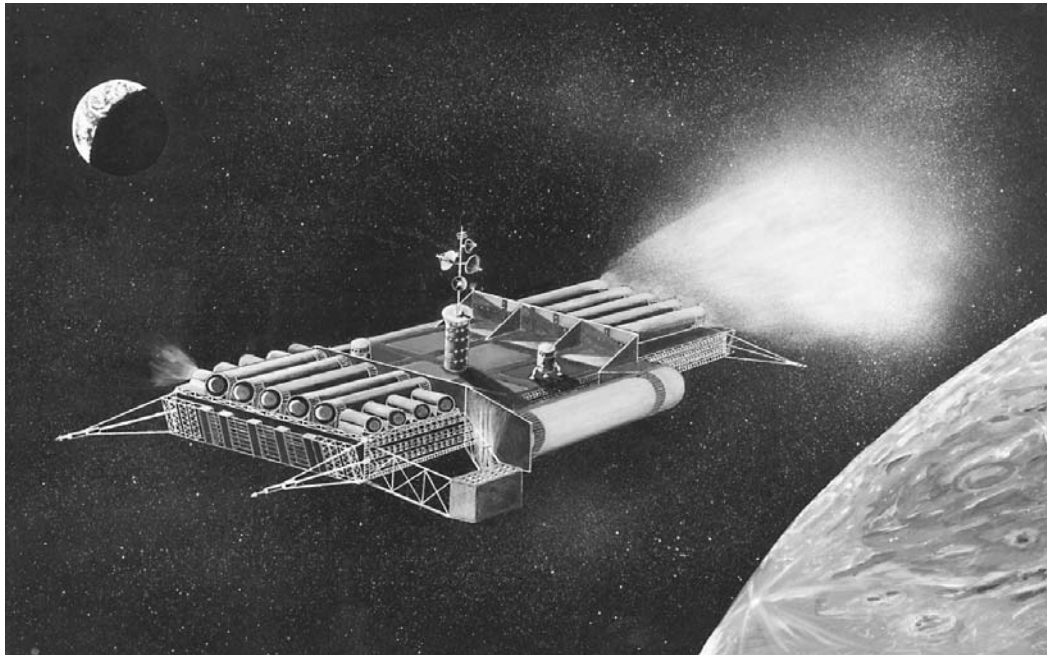
Military Cadres for Today

During the 1930s, the initials U.S.A. were often translated as "Useless Sons Accommodated," thus reflecting a condition we had painful reason to regret, when that decade came to its close. For reason of the moral and intellectual competence, and passionate devotion to true mission which our leading military cadres must typify, the standard for training, enlistment, and service of our military forces, must be much higher than that which the provisions of the U.S. Executive Branch and Congress have been lately inclined to allow.

Military tasks of the implications I indicate here, can not be left to a small military elite. Lazare Carnot and the Prussian reformers of Scharnhorst's time already demonstrated that point. For us, the military professional must provide the cutting edge of a qualified citizen-army, based upon qualified reserves in depth, which would, among its other duties, fight effectively any justified warfare it were required to conduct.

We must not permit the continuation of that current, disgraceful policy of national practice which, in fact, prescribes that our military forces be brutish in conduct, and brutalized in the conditions of selection, income, and other features of personal life imposed upon them and their families. Our military cadres must have the primary quality of being nation-builders, both in our nation and in assistance of other nations; those capabilities must be those of a true peace corps, as much as of the world's best-qualified military force. The foundation and pivot of such use of these technical qualifications, is to be found in emphasis upon scientific education and a technologically modern expression of that tradition of engineering practice we used to associate with our Corps of Engineers.

This array of qualifications includes, as it should be obvious, the leading reserve capability of our nation for combat against epidemic and pandemic diseases, in addition to the other kinds of conditions associated with wars and other general catastrophes. Presently, as a result of the immoral destruction of the Veterans' hospital and related programs, and the devastation imposed upon so much of our hospital and public-



“The construction of a suitable infrastructure for human scientific exploration of nearby Solar space, will be the leading edge of all mankind’s fundamental scientific and related technological progress during the century and more immediately ahead.” Shown here: The late space scientist Kraft Ehricke’s painting of a freighter, transporting industrial materials to and from the orbits of the Earth and Moon.

health system, the current pretense of government, that we have a Federal emergency capability under today’s FEMA, is a farce in fact, as the first major epidemic or pandemic crisis next to hit our nation will demonstrate.

Notably, the serving military, its reserves, and the support of the care of veterans of military service, should be recognized, once again, as featuring a leading component of the mobilizable capabilities for medical and related needs. Under present conditions, it will be largely through the recruitment, education, and reserve assignments of physicians, nurses, and other specialists qualified and employed through aid of both military and public health service programs, which will supply our nation a crucial part of that indispensable reserve-in-depth requirement which national health security represents.

Given present economic and related conditions, when the private sector’s capabilities are so massively depleted, the production of scientists and engineers conducted into careers in private employment, will come, for some time to come, in large part from the initial education and employment of recruits to education and deployment for work in government functions or government-sponsored military, and other, essentially civilian institutional programs.

Granted, under conditions of economic reconstruction to be faced in the period immediately ahead, the generally prevailing conditions of personal life will tend to be spare, but reasonably secure and comfortable, that for a decade or more of rebuilding of our economy out of the wreckage it has become. But, spare times or not, we shall be generally happy, and, for the most part, secure in the sense that our lives and our work are acknowledged as important and respected; for

those born during these times of reconstruction, the future will be bright. We who must work through the coming, relatively lean years of economic recovery, will be pleased, as millions of immigrants to the U.S. foresaw in times past, that the future for today’s children is being secured.

Thus, there are three essential ingredients to be realized in the recruitment, education, training, and assignments of the military and complementary institutions of our ruined nation’s reconstruction: *education, skill, and a passion like that of great scientific discoverers, to accomplish the urgently required mission successfully*, as the best French and German military tradition, that of Carnot, Scharnhorst and the Prussian reformers associated with Friedrich Schiller and the Humboldts, defined the significance of this notion.

Therefore, it is notable, that on the latter account, whether in military training, or training in other professions, we do not break down the recruit, and then rebuild him to a predetermined mold. Instead, we will assess the potential the recruit brings with him, or her, and will build upon that potential through intensive training of, not breaking of, that pre-existing foundation of potential within the individual. The mission of such intensive education and other training shall be, that once the individual has completed that training, it is urgent that his, or her mind be one capable of acting as Germany’s Scharnhorst and the famous “Old Moltke” insisted, capable of acting effectively according to mission-orientation: that, whether in military practice, or any other kind of mission in life.

Think of the creative cognitive potentials of the individual youthful mind, as in the image of the Pegasus of Schiller’s

celebrated poem. As that poem emphasizes, Pegasus, the creative, cognitive powers of mind, do not fly well when yoked to brutish, simple-minded obedience.

On such accounts, consider the state of both the U.S. labor-force and of what the economic and related role of the military forces must become, that in response to the awful problems confronting us on both accounts today.

2. The Role of Public Funding

Under the present and continuing conditions of a great national and global financial and economic crisis, the U.S.A. requires, most urgently, at home, and abroad, a highly dedicated force deployed, either military, civilian, or a combination of both, one dedicated to the purpose of rapid build-up of the basic economic infrastructure of both our own nation and those of our partners abroad.

The crucial issue of national policy-making posed by that situation, is, that, contrary to those deluded “free traders” whose reputations are soon to be shattered by the onrushing world financial collapse, *military expenditures for the engineering tasks allotted to such institutions, are not a deduction from, but rather, a powerful, large, and indispensable contribution to national income and wealth.*

As we should have learned from the experience with the Civilian Conservation Corps’ (CCC’s) transition from its peacetime efforts to war-time military service, our nation needs again, today, and that most urgently, a new, large-scale institutional mobilization of otherwise unemployed or poorly employed from among our youth, who can be developed as an educated, skilled capability for major and other needed works of maintaining and building basic economic infrastructure.

To effect that change, we must aim at some of the capabilities and other benefits which our population as a whole enjoyed as a result of 1940-1945 compulsory military service. With no foreseeable present need to reinstitute a general military draft for this purpose, we must create the conditions which attract program volunteers, to a combination of both military and civilian programs, who will typify a cross-section of the best potential from among our adolescent and young adults, to work, study, and live together for a time, for public works undertaken in the national interest, here and abroad.

In effect, this combination will represent a kind of amalgam of the lessons to be learned from the CCC, 1940-1945, Peace Corps, and related types of national lessons from the past.

As I shall outline the principles of the matter in the course of the following pages, the present circumstances afford us a distinctive opportunity, and also the necessity, to develop such a force at this time.

Under present conditions, what I have just indicated, is

no idle speculation. We are presently at the brink of a financial collapse which, unremedied, will be a sudden and far more devastating national experience than is known from the 1929-1939 decade. As the presently onrushing financial collapse strikes with full force, perhaps half of those in the upper twenty percentile of family-income brackets will soon become suddenly unemployed with the most devastating, and perilous side-effects imaginable looming, as both present conditions and worse threats, immediately before them. Simultaneously, the conditions of life among usually employed and retired adults in the lower eighty percentile, will be analogous, if less shocking to most of them, whereas the conditions faced among youth, especially the children and youth of the poorest social strata, will represent not only a horrible spectacle, but also politically and socially a menace to the continued existence of civilized domestic order. Drastic, but well-considered emergency actions in the domain of economic policy, those chiefly of a type which can not be mobilized by any means other than the sovereign powers of government, will be soon the leading choices upon which national survival and security on this planet depend absolutely.

Happily, the legacy of President Franklin Roosevelt demonstrates, that not only can the needed kinds of measures be implemented under our constitutional form of government, but that constitutional form will be greatly strengthened, as Roosevelt strengthened the cause of democracy in the U.S. so greatly, relative to the repressive conditions of common life under the awful succession of his principal predecessors: Theodore Roosevelt, Woodrow Wilson, Coolidge, Hoover, and the original model of today’s doomed Alan Greenspan, Andrew Mellon.

The unavoidable action by government, to place the vast bubble of implicitly worthless financial assets in a bankruptcy-reorganization deep-freeze for the time being, will be the setting for the use of the sovereign credit-creation power of the Federal government, under our Constitution, to launch vast enterprises in public works, and in credit issued to worthy private enterprises, to maintain employment and to expand it through absorption in such forms as the most needed categories of public works. The latter, done in the spirit of the great TVA project, should be concentrated in the areas of transportation, energy production and distribution, water-management and sanitation, education, health-care and related services, and urban reconstruction.

U.S. Public Works

Without such public works programs, so motivated, a recovery from the presently onrushing great depression were impossible. You, the so-called ordinary citizen, like the leaders of our nation, have a free choice between two mutually-exclusive alternatives, between continued trends in privatization, or national survival. Either we are sane enough to undertake those public works and related measures, or, by reluctance to do so, we, as a nation and as a people, will have

demonstrated to the world our loss of the moral fitness to survive, in which case this nation would not survive.

Misguided critics of President Franklin Roosevelt's successful recovery, make an observation which is ostensibly factual, but only deceptively so, and that only from the worst sort of simple-minded accounting standpoint. In fact, it is an opinion based upon a terrible falsehood, and this should be recognized readily when all relevant facts are considered.

The referenced critics argue falsely, that public works do not generally produce directly the amount of income needed to offset the costs of public expenditures. They argue, that such matters were better left to the irrationality of the so-called "free market," than to actions governed by men and women of reason. The critics' argument is a falsehood concocted out of what is called a fallacy of composition of the facts as they have defined them.

Such critics ignore the essential fact, that the typical national contribution made by public works, is mostly indirect, but nonetheless indispensable for the profitability of the economy as a whole; therein lies their fraudulent fallacy of composition of the critics' argument. In fact, contrary to the critics' argument, these indirect contributions to the profitability of private enterprise, are vast, and, as the experience of the Roosevelt years shows, the total benefits are vastly greater than the total governmental expenditure advanced on their behalf. History has shown, that without precisely those kinds of public works programs which the critics oppose, no recovery from an economic collapse of the presently onrushing form were possible, just as recovery from the 1929-1931 collapse had not been possible, without the types of actions taken under the leadership of Franklin Roosevelt.

Indeed, properly conceived, large-scale public-works programs often represent a greater rate of net return to the national economy than all other immediate actions available. The greatest benefits are expressed immediately in physical-economic terms, rather than financial ones; but, in any case, the available financial return indirectly produced is enormous, and overall direct, nonetheless, and can not be replaced by other means. This is one of those cases in which fools insist that an indispensable cost does not exist, because some silly financial accountant or neo-liberal fanatic simply refused to include it in the chart of accounts.

As those who lived through the 1930s and also recall relevant experience from the 1950s and 1960s, the most obvious source of financial return from such public works programs, is the direct impact upon the economy of the employment and other expenditures for the projects themselves. Such programs will keep otherwise destitute, depression-stricken communities alive, and therefore also productive. The way in which the U.S. national highway system was developed during the 1950s and later, is but one rich source of examples of this point. The impact of the TVA on the entire region in which it was developed, makes a more powerful case.

Otherwise, the obvious financial benefits occurring as by-

products contributed to the private sector, are of two general classes: immediately, contracts issued to private contractors associated with supplies and services for the public-works programs, and, indirectly but even more substantial, as the TVA case illustrates, the benefit of private-investment opportunities which would not have been viable without the impact of the relevant public works upon the total economic environment in which the public works are located.

In general, the rule is, that the higher the rate of advancement in technology employed, the greater the rate of gain. The benefit of such public works program, lies not in the repayments, such as tolls and other duties often associated with them as direct income, but in the chain-reaction, multiplier effect of the rates of gain in productivity, per capita and per square kilometer, unleashed in the area in which the various forms of impact of the public works are experienced. The result, is a greater contribution to the available, non-regressive sort of tax-revenue contribution to the tax-revenue base of the national economy, than is represented by the public expenditure needed to prompt that growth.

The scientific argument, is far more powerful, than such sampled cases from the past century might seem to suggest. That argument is not only more powerful, but conclusive.

Contrary to the lunacies of today's wild-eyed neo-liberals, the significance of public works lies in a physical reality which is unknown to the fantasy-life of today's prevalent financial-accounting dogmas. *The hard realities of real-life, real world economies, which are unknown to such accounting dogmas, are located entirely in mankind's physical relationship to nature.* In other words, the increase of our species' power in and over the universe, as measurable, in physical, non-financial-accounting terms, per capita of total population, and per square kilometer of the surface-area of the nation and planet.

For this purpose, there are two kinds of basic economic infrastructure. The one kind is typified by network-systems of improvements of land-areas, of transportation, of water management, and of large-scale production and distribution of energy supplies of generally increasing energy-flux density. The other, which may be recognized as "soft infrastructure," is typified by the unique responsibility of society as a whole in providing universal systems of education and health care and sanitation, on which the fostering and maintenance of the average productive powers of the individual depend absolutely.

In general, as our republic's first U.S. Treasury Secretary, Alexander Hamilton, emphasized implicitly in his December 1791 Report to the Congress *On the Subject of Manufactures*, these and cognate elements of basic economic infrastructure, exist either entirely outside the competence of the domain of private investment, or approximately so.

The function of the development and maintenance of basic economic infrastructure, is, as I have elaborated the argument in various published locations, to change the physical-



President Franklin D. Roosevelt signs legislation creating the Tennessee Valley Authority, May 18, 1933. Such programs keep otherwise destitute, depression-stricken communities alive, and therefore also productive.

economic characteristics of individual action occurring within the national economy as a whole.⁹ By changing the environment, as the indicated types of improvements in basic economic infrastructure do, the efficient result of the individual's action upon the world at large is transformed by the mere presence of such infrastructural improvements in the environment in which the individual's action occurs.

In the language of mathematical physics, the development of basic economic infrastructure, like the introduction of practice of revolutionary new technologies, changes the characteristic curvature of the economic domain in which the productive act occurs, thus increasing the output even, often, without any necessary improvement in the performance of the operative himself or herself.

Conversely, on this same account, the level of development of basic economic infrastructure, defines and imposes an upper boundary, beyond which sustainable progress in physically defined productive powers of labor in society as a whole can not advance.

Thus, those who delude themselves that cutting public expenditures for basic economic infrastructure, will lessen tax

burdens and thus promote economic growth, are dangerously incompetent persons. If we encounter such incompetence in government, we are not merely justified, but compelled, on moral grounds, to regard holders of such errant beliefs to be dangerously insane. More cautious critics of such neo-liberal lunatics might reprove us: "You can not call them insane. They are merely victims of their own fallacy of composition of facts." Such a fallacy of composition is typified by the case of a man who walks in confidence outward, and steps across a deep chasm, supported by nothing other than a foot-bridge which is not there.

Public Credit, Private Enterprise

In that government-directed economic recovery, public works will be complemented by the use of public credit for promotion of relevant categories of private enterprise. For reasons I have given in earlier reports, emphasis should be placed on credit for closely held, entrepreneurial enterprises, such as modern family farming or employed in other technologically energetic small to medium-sized private firms, rather than shareholder-controlled corporate organizations. This does not exclude public credit to Wall Street-controlled, nominally shareholder-owned corporations; rather, it expresses the need, for reasons I have explained in earlier locations, to tilt the balance back to preponderance of preference for the closely-held, technologically aggressive entrepreneur-

9. For example, Lyndon H. LaRouche, Jr., "Benchmarking: Faking as an Art of Self-Deception," *EIR*, Oct. 27, 2000. This use of "characteristic of action" has the same meaning attributed to it by Gottfried Leibniz and in Bernhard Riemann's 1854 habilitation dissertation.

ships of the types which have often struggled hard for their very continued existence during the first three to five years of their business life.

In the soon-to-be-realized circumstances, virtually all leading banks, together with most publicly held corporate enterprises, will suffer the unveiling of their inherently pitiable state of bankruptcy. The only responsible form of action available to our government, under those circumstances, will be to immediately freeze all imperilled financial assets, under a general emergency bankruptcy action, and to manage the bankruptcy proceedings in such a way as to ensure that virtually all essential day-to-day functions of banking, production, trade, pension payments, health-care, and other essential services, are performed in a timely fashion.

We must accept as inevitable, that most of the world's bankrupt financial holdings currently on the books will never be paid, simply because they never could be paid as long as the economy is being looted in the futile effort to maintain payments on such accounts. There is no possible way in which a mere tens of trillions U.S. dollars current equivalent of the world's combined domestic product can carry the hundreds of trillions of dollars-equivalent of total combined long-term, medium-term, and short-term, financially capitalized forms of debt now outstanding, and still, at this moment, ballooning under the combination of compound interest-charges and financial leveraging. Derivatives and junk bonds, for example, must be simply written off summarily, as simply another form of gambling debts.

Unless such drastic bankruptcy measures are taken, the attempt to maintain the present volume of debt, or even a large portion of it, will assuredly plunge the entire planet into a global new dark age, comparable, on a planetary scale, to what Europe suffered during the Fourteenth-Century New Dark Age, as that was triggered by the indebtedness held by the Lombard bankers of that time.

The needed government-directed bankruptcy proceedings, must pare the total amount of debt and related financial claims down to the essentials of a functioning national and world economy. In some respects, the result will differ from what the Dawes Plan did do, in fact, for hyperinflation-bankrupted 1923 Germany; but it should be what the Dawes Plan arrangements should have done, rather than exactly what was done then. That is approximately what we must do in the case of the now onrushing global financial collapse. The immediate concern must be to keep the core of the physical economy functioning in a state as near to normal as possible, despite the collapse of categories such as financial services and the so-called "new economy," and to use those emergency measures of stabilization as a launching-pad for a strong and increasing surge of regrowth, a form of growth freed of most of the practices and policies which had been the cause of the U.S.-dollar-led, new world-wide financial collapse.

Treasury Secretary Hamilton's role for national bankruptcy, should be a guide to the constitutional definition of

precedents for measures to be taken by government. The experience of the recovery from the Coolidge-Hoover-Mellon depression, the recovery launched and conducted under the leadership of President Franklin Roosevelt, must be a prime point of reference. When policy choices might otherwise be in doubt, the principle of the general welfare of all of the people and their posterity, must have overriding authority. "Shareholder equity" and similar pleas, are subordinated in the manner and degree the general welfare principle may require.

Without adding a public-funded recovery program to the actions in bankruptcy reorganization, the threatened state of affairs of much of the population will be ugly, to say the least. Two principal portions of the present U.S. population should come to our attention on this account: those persons who were destitute, or nearly so, prior to the financial crash, and the very large percentile of those who had been in the upper twenty-percentile of family-income brackets, virtually dumped into the streets from useless, or virtually useless former types of "new economy" and kindred forms of widespread new unemployment. The immediate peril and rage from these two parts of the population, present government with the combustible material of a most perilous social crisis. Appropriate action must be quickly forthcoming.

Two leading types of measures must be deployed to address the social crisis represented by those categories. In part, the relatively economically helpless cases must be accommodated by providing expanded provisions of social-welfare systems: housing and other essential social infrastructural needs, including health care. That part done, the emphasis must be placed on expanded employment. This employment must be provided essentially through two types of channels: expanded public works, especially in maintenance and development of needed basic economic infrastructure, and stimulus to growth of places of early employment within the so-called private sector.

For all of the purposes I have indicated as needed features of a recovery program, two features of U.S. Government policy-making are most crucial. First, the generation of public credit. Second, the manner in which the Federal government, through its Treasury arm, must deal with the problem represented by a situation in which not only most banks are terribly bankrupt, but in which most of those banks must continue to operate despite their financial difficulties. Begin with the second of those two leading challenges.

In reorganizing banks and insurance companies in bankruptcy, the leading immediate issue, is which nominal assets and liabilities of those institutions shall have relatively preferential treatment? Both the principle of the general welfare and other highly practical problems demand that the pensions, health-care, and personal savings of citizens and short-term financial requirements of small-business employers be given precedence over any and all competing claims. As much as possible, the capacity and freedom of independent action of

the citizen and local community must be defended and promoted; the more problems of daily life resolved on that level, the better the chance for a general recovery of the system as a whole, and the more secure the required liberties implicit in the Declaration of Independence and Federal Constitution. Essentially, on this account, the supervisors of the bankruptcy proceedings, must act promptly to ensure the application of the assets of the bankrupt institution as security for credit to the benefit of those indicated categories of persons and enterprises.

The principle underlying the priority afforded this approach, is the vital national security interest: as much as possible, the essential details of daily life of the citizens must proceed, in virtually every local community, virtually without losing a step. Life, considered in the smallness of the locality, must go on, as near to normal as possible. This is an essential part of our needed political-economic holding position, a position we must secure in order to attack the threatened disaster on its vulnerable flank.

Thus, in accord with that, the intention of government, at the Federal and state level, is to maintain the regular functioning, day to day, of those banks whose activities are needed for maintaining the ordinary business of the local region or community.

By promptly freezing bankrupt assets and terminating compound-interest claims which might otherwise be associated with them, and by writing off those trillions of dollars of claims which have the moral quality of gambling debts, we reduce the mass of debt involved in bankruptcy to a more nearly manageable amount, and isolate the sovereign pledged debt of the Federal government—its currency and Treasury debt, and Federal entitlements—from other forms of debt within the system.

In fact, provided that proper strategies for dealing with financial bankruptcies reign, the collapse of the financial shareholder values of a corporation, need not be considered a catastrophe in fact. In the end, it may turn out to be a blessing for that corporation itself. By wiping inflated financial obligations of the productive enterprise from its books, as this benefit will be assisted by the typical ways in which financial markets collapse, we bring a view of the real, physical-economic interest of that firm to the surface. As was famously said of the 1929 stock-market crash: What was falling was, suicides aside, only paper. The object is to build up the afflicted firm as viable over the middle to longer term, by protecting the actually physically productive values of that organization, even at the price of wiping even relatively vast amounts of merely nominal financial assets from the books.

The included object is to clear the way for the pledging of new masses of public credit, especially long-term credit, through the U.S. Treasury Department which has just taken the merchant-banker-controlled U.S. Federal Reserve System into receivership.

The private banks still operating, even those under bankruptcy reorganization, will then function as what would otherwise be viewed as normal roles in mediating the relationship between Federal creation of public credit, and the flow of that credit into assigned public and private applications. It is the role of the administrative function of the banker, in the bank's personal relationship to depositors and the local enterprises, which must be promoted in its capacity as a function vital to the national interest.

Organizing the Recovery

The applicable policy is, that this flow of public credit shall be chiefly devoted to expanding employment and production in those aspects of the national division of labor, in both the public and the private sectors, which will generate the most efficient national physical-economic growth.

This brings us to a most crucial point of policy, a point in scientific method which virtually no member of the Congress, and only a tiny fraction of members of the Federal Executive understand, so far, today. Here, my unique expertise in relevant matters of economics becomes an essential national-security asset. Why did virtually no member of the U.S. Congress, for example, know that the U.S. economy has been going bankrupt, that largely as a result of U.S. government policy-shaping, over a past period of about three decades? Were they, perhaps, like some legendary Rip Van Winkle, sleeping through these decades? Why do the accounting figures used to assess U.S. economic performance over those decades, willfully lie, still today?¹⁰ Why has our government, both Congress and the Executive Branch, not chosen and verified policies which do not repeat that same kind of terrible blunder during the years just ahead? Why does most of the nation's most popular news media lie about these matters, to the present moment these lines are being written?

I have presented the answer to those questions in earlier reports published on the subject of accounting methods. I now summarize that argument in the form it applies directly to the discussion in progress here.

Very soon, nearly all our citizens will look down, with a mixture of contempt and pity, upon the poor fool who still argues that the U.S. economy, and also our government's economic policy-making, has not been increasingly bankrupt over the past several decades. Since generally accepted accounting practice has been shown to have been a terrible failure on this point, what methods must be used, instead of those unfortunately customary ones, in choosing the needed alternative in national economic and related policy?

As I have presented the case in various published locations, no rational notion of economic growth, nor even the notion of national economy itself, existed prior to Europe's

10. See, R. Freeman, *op. cit.*

Fifteenth-Century, Italy-centered Renaissance. The notions of economic growth and of national economy, are by-products of the creation of a new political form of organization of society, called today the sovereign nation-state republic, in the aftermath of Europe's recovery from the great New Dark Age of the preceding century, and in the setting and aftermath of the great ecumenical Council of Florence.

A clear understanding of the nature of the constitutional principle underlying the existence of the modern form of sovereign nation-state republic, is the key to all among those forms of government-directed action essential to a successful recovery from the financial doom now descending on both our nation and the world at large.

Here, I summarize the presently relevant points, to that effect, which I have made at greater length in earlier reports.

The crucial notion, on which the existence of the modern sovereign nation-state and national economy were premised during that Fifteenth Century, was the redefining of government as absolutely subject to a universal principle of promotion of the general welfare of present and future generations. The notion that no state has legitimate authority to rule, except as it is efficiently dedicated to promoting the general welfare, was combined with the principle, that the promotion of the general welfare depends upon the fostering of fundamental scientific and technological progress. As one might rediscover, by reading the opening paragraphs of the 1776 U.S. Declaration of independence, the founding of the U.S.A., and also of its Federal Constitution, was based explicitly upon that point of natural law. The conjunction of these two notions, as typified initially by the revolutionary reforms of King Louis XI for France and Henry VII for England, were the occasions of birth of the first functioning sovereign nation-states, and the first approximations of an actual national economy, or so-called commonwealth.

Therefore, since the existence of the general welfare depends absolutely upon the changes effected by scientific progress, the term "economic growth" is degraded by common usage to virtually a nonsense-term, unless the notion of growth is defined in terms of the application of scientific and technological progress in ways which increase the potential relative population-density of humanity, as this can be measured in terms of demographic characteristics of populations, and measured in physical terms per capita and per square kilometer.

Political-economy, as that term is used to define the functions of national economy associated with the political institutions of the nation-state, means essentially the increase of man's power in and over the universe, as measured, not in today's misleading, but widely accepted, financial-accounting terms, but in physical terms, per capita and per square kilometer, and as increases are correlated with improvements in the demographic characteristics of populations and their households.

The Scientific Basis for Recovery

Therefore, the following point of principle is crucial.

Although the relevant measurements do involve consideration of physical products produced, it is not the simple counting of those products which is the standard of measurement for economic performance, for real economic growth. What must be measured is the effect of consumption of a produced market-basket of product upon the similarly defined productive powers of labor in the emerging generation. In other words, the subject of measurement of rates of economic growth, is the measurement of the effects of consumption of produced product, that in terms of the increase of the average productive powers of labor for a population of relatively improved demographic characteristics.

On this account, contrary to Vice-President Al Gore's perverse ideology, there is no similarity of human beings to lower forms of life. Thus, successful forms of modern society could be introduced to mankind only by cultures which defined mankind as a species set apart and above all other forms of life, as made in the image of the Creator of the universe. It is the development of man as man, man so defined, which is the axiomatic premise upon which all successful realization of modern economic progress depends.

Once the implications of that set of definitions are grasped, competent understanding of economic science may begin. Then, competent modes of measurement are possible, not before.

As I adopted that view more than fifty years ago, the possibility of a competent national economic policy depends upon recognizing the interdependency of two sets of principles. Everything I have written and published on that subject since 1952-1953, has been premised upon what has been subsequently proven, by performance shown even in published work alone, to be the best long-range forecasting method known, since then, up to the present date.

I now summarize the most relevant points of that so-called LaRouche-Riemann Method.¹¹ The summary has an unavoidably technical form and specialist flavor, but such matters must be put on record as an indispensable part of any policy-shaping argument on this subject. I summarize the technicalities, and then add explanations which should make the subject-matter more accessible to the layman. It is notable that there exist a considerable number of currently extant presen-

11. The term, "LaRouche-Riemann Method," describes the subsequent application of Riemann's method to discoveries of fundamental physical principle earlier made by me. Although Riemann would have agreed with me on what the modern classroom defines as physical science, whether my discoveries bearing upon the larger manifold, including cognitive functions as representing a distinct, superior class of physical principle, is among the candidates for heated debate among the relevant specialists. Nonetheless, I applied Riemann's contribution to the view of the cognitive principle which I had discovered in the course of my refutations of the central argument of Immanuel Kant's Critiques.

tations on these technical points.

Those two, multiply-connected sets of principles are, summarily, the following: 1) *The nature of the human being and species, as distinct from that of all lower forms of life, lies in the practical implications of what globally extended modern European civilization knows as experimentally validated universal physical principles, the principles from which technologies are derived.* 2) *Similarly validated forms of universal principles underlying principles of Classical artistic composition, as distinct from all other forms of art. Both qualities of principles are generated within the individual human mind in the same way, either discovered through sovereign powers of individual cognition, or rediscovered as by a student's replication of the act of original discovery, and sharing that experience of rediscovery with others. The two kinds of universal principles are multiply-connected, in the included sense that the latter are indispensable to efficient cooperation in the generation, circulation, and application of the former.*

The validation of the combined application, is supplied by methods peculiar to the domain of a science of physical-economy: *The demonstration that the combined application of such principles generates a physically measurable increase in the human species' power to exist in and over nature, in and over the universe at large.* This increase is expressed in per-capita and per-square-kilometer terms, and also in terms of demographic characteristics of populations and their family households. The resulting, combined measurement is expressed as the notion of *potential relative population-density*.

The type of transformation so defined, is most conveniently described as *Riemannian* in form, so named in reference to Bernhard Riemann's founding of the modern form of a science of physical relativity, in his celebrated 1854 habilitation dissertation. The desired effect, the increase of potential relative population-density, is chosen as the definition of the elementary form of action characteristic of physical economies. It is expressed, thus, as an increase in the relevant effect of per-capita action, an increase which corresponds to an increase of the Riemannian form of *characteristic curvature* of the kind of physical-economic process (*phase-space*) in which the individual economic action is situated.

Now, turn to a more popular form of exposition on the subject of the principles which I have just so summarized.

For example, by increasing either the raw energy or energy-flux density of that energy, society increases the effectiveness of the labor of the individual operative, but without the necessary requirement of any other change in the action of the operative. The same applies to infrastructural improvements in transportation, water management, education, health-care, and so on.

Let us suppose that the supply of such elements of basic economic infrastructure, and their improvements, were provided to the users without charge, except as at government expense. There are numerous examples, such as the case of

toll-free public highways, of this. To similar effect, a study conducted years ago, showed that the cost of collecting tolls on the New York Subway system was greater than the income from those tolls! It may be counterproductive, for example, to base charges to household consumers on metered delivery of water, the latter a practice which can be justified economically only under conditions rationing of short supplies require this. Indeed, the notion that public utilities must be sustained by tolls paid to afford pleasure to shareholders, is readily demonstrated to be a great, if currently popularized delusion.

The "pay back" for improvements in and maintenance of basic economic infrastructure, such as clean air and water, or protected natural resources, usually occurs in the form of a beneficial improvement in the economic environment, within which particular events of production and consumption are located, rather than as a consumable product billable to some person who chooses to consume it. Where a factory, for example, consumes directly the labor, materials, supplies, and so forth, its output requires, the beneficial action of infrastructural improvements is transmitted to society in general, that chiefly as an improvement in the characteristic physical-economic curvature of the total economy in which all acts of production and consumption occur. Usually, this benefit does not occur simply as a localizable incurrence of the total cost or expense by a specific localized person or action.

As I have always warned, during the past half-century, in the classroom, in my writings, and in my consulting practice, the common cause for idiocies of policy-making and today's generally accepted classroom economics dogma, lies in the obsession with reducing matters of economics to the form of what are currently generally accepted financial accounting practices. The crucial point of scientific method here, is the following.

Geometry of Position

As I have stressed, once again, in my recent paper on lunacy of bench-marking, the crucial issue of method is the fact, that the appropriate mathematical method in physical science is not deductive forms of generally accepted undergraduate classroom mathematics, but, rather, the mathematics of a so-called *geometry of position*, which was also named *Analysis Situs* by Leibniz, Riemann, and others.¹² The role of *Analysis Situs* in physical science, and economy, is perhaps better understood by pointing to the form in which "geometry of position" appears within Classical artistic compositions, as Classical metaphor.

The geometrical form of Classical metaphor, is recognizable in the point of distinction between Classical Greek sculpture, such as the model cases of Scopas and Praxiteles, and the Greek and Egyptian Archaic. The application of Leonardo

12. Op. cit. Cf. Gottfried Leibniz, "On Analysis Situs," *Gottfried Wilhelm Leibniz: Philosophical Papers and Letters*, Leroy E. Loemker, ed. (Dordrecht: Kluwer Academic Publishers, 1989).

da Vinci's discovery of a higher principle of non-linear perspective, and the continued application of this by Raphael Sanzio and Rembrandt, provide the attentive student a very clear and forceful demonstration of the general meaning of "geometry of position." Cusa and da Vinci student Johannes Kepler's unique discovery of the principle of universal gravitation, in his *The New Astronomy*, for example, demonstrates precisely, in contrast to the scientifically fatal blunders of Copernicus, Tycho Brahe, Galileo, and Newton, how *Analysis Situs* ("geometry of position") must be understood in the field of astrophysics. So, Gauss demonstrated Kepler's discovery of principle as Kepler would have desired this, nearly two centuries later.¹³ All Classical metaphor, as it appears in Classical poetry and tragedy, has the exact same characteristics as in other media of scientific and artistic composition.

One of the best examples, is to be recognized in the way in which Johann Sebastian Bach discovered and developed the principle of well-tempered polyphony, as in opposition to the misleading, mechanistic notion of equal-tempered tuning and other hoaxes by Helmholtz in this matter. I restrict our discussion to the most relevant highlights of this case used as illustration.

The points the reader must bear in mind are the following. First, that the precise values of the F[#] and A in the well-tempered system are not determined according to some action-at-a-distance trick, such as that proposed by Galileo and used by Isaac Newton for his fraudulent notion of planetary orbits, as determined by "action at a distance." The difference between Kepler and Copernicus, on the determination of Solar orbits, and the difference between Bach and his opponents on tuning, are precisely parallel, as a study of Kepler's writing would enrich one's appreciation of exactly what Bach accomplished so uniquely, scientifically.

In human, as opposed to merely instrumental music, musical values are determined according to the natural characteristics of the human singing voice. Putting the important issue of sophistications in coloration to one side, the primary fact bearing upon tuning of the human singing voice, is the existence of precisely defined differences in register shift among those types of singing voices which have been developed to their natural beauty by those Florentine methods of *bel canto* training which are associated with Leonardo da Vinci's pioneering investigation of this matter.

Once we introduce the notion of a geometry of position into polyphonic singing among types of voices so distinguished, we have, as Bach shows most dramatically in his *The Art of the Fugue*, and also, earlier, in his celebrated

A Musical Offering, some wonderful paradoxes, pivoted around the notion of successions of Lydian intervals, paradoxes which arise from the role of thematic inversions among the chest of voices defined according to registral distinctions.

In such instances, the actual location of the pitch at which a tone is to be sung, is not in the nature of a precise tuning defined by linear mathematics, but, rather, an orbital position, as Kepler's argument in his *The New Astronomy* (and also other locations) indicates, and as Bach's tuning requires. This pitch may be deceptively close, sometimes, to the mathematical value suggested by some mechanistic scheme, but it is never determined in exactly that way. The counterpoint in the polyphonic composition will require the performers to follow a pathway which conductor Wilhelm Furtwängler sometimes described as "between the notes." The trajectory so defined differs from the mechanistic, that in exactly the same sense that Kepler's astrophysics differed from the bungling choice of method used by predecessors such as Copernicus and Brahe.

If we put to one side the fraudulent, widely circulated reports on the subject of tuning by Helmholtz and Ellis, and simply look at the challenge of singing the scores of properly trained, *bel canto* voices and instrumental accompaniments as written by Bach, the truth about Bach's tuning appears beyond doubt. The same point is illustrated by the work of the greatest composers who based their contributions directly on study of Bach, such as Mozart and Beethoven. It is shown in the notion of the implicit musicality of Classical poetry, in the argument, against the school of Reichardt et al., by Schiller, Beethoven, and Schubert. The performance of songs of Schubert, a subject of some historically determined special importance for music and poetry as a whole, as by the most conscience-stricken performing artists, illustrates this principle. All of this is a suitable example of the notion of a geometry of position, as it occurs with physical science, or any and all Classical forms of artistic composition.

As I have emphasized, over more than half a century to date, it is impossible to present an adequate definition of those principles of individual cognitive function which we may describe as "human reason," except by recognizing the commonly underlying basis for validated discovery of both universal physical principle, and the validatable methods of Classical forms of artistic composition. Indeed, some of the worst, popularized, systemic absurdities in current academic dogma, stem from the arbitrary and false rule of thumb stated by the neo-Kantian Romantic Professor Karl Savigny, as the need for an absolute separation of *Naturwissenschaft* (natural science as misunderstood by Savigny) from *Geisteswissenschaft* (e.g., social philosophy and art). This is, in other words, the popularized delusion that the study of physical science and social processes, as both are distinct from aprioristic mathematical formalism, have no common axiomatic basis. The entirety of Kant's so-called *Critiques* was premised upon the assertion of the same delusory assumption, of that assumed

13. Contrary to the absurd but generally accepted classroom interpretations of the term "non-linear" in today's academic uses, the term should be restricted to mathematical functions whose distinction is that they identify trajectories which are definable solely from the included standpoint of geometry of position. The Kepler-Gauss definition of Solar orbital pathways is an example of this application of geometry of position.

self-evidence of the hermetic separation of *Two Cultures*, which is central to the intrinsic irrationalism of Savigny's argument.¹⁴

In the case of neo-Kantians such as Savigny, or empiricists and positivists generally, or in modern neo-liberal and existentialist dogmas, the so-called proof of such types of hermetic separation, lies in an elementary and delusional quality of fallacy of composition, the reliance upon nothing but reductionist's passion for merely deductive forms of argument, excluding the principle of geometry of position (i.e., *Analysis Situs*) from its common basis in both physical science and in Classical forms of artistic composition.

Those relevant illustrations of the general point given, now focus upon the specific form in which this notion of geometry of position arises in the science of physical economy.

In every instance of a qualitative shift in the prevailing level of productivity in a national economy, we have two "dots" in a graphical representation. Take the case in which the relationship of these two dots corresponds to a descent in the level of productivity. The question, expressed in terms of geometry of position, is: *What is the action—the physical action—which connects the reality which those two dots appear to represent?* Consider the opposite case, in which an upturn has occurred. What is the form of physical action which is reflected in the apparent latter change of position of the two successive dots?

As Kepler warned against the foolishness of Claudius Ptolemy, Copernicus, and Brahe, in the matter of Solar orbits, the cause of the displacement separating the location of the two successive dots on a graph, does not lie within the simple Euclidean geometry attributed to that paper, video screen, or other medium used to represent the apparent relative position of the pair. Back to the allegory of Plato's Cave: the apparent position of the pair in a merely Euclidean or quasi-Euclidean space-time, is merely the shadows on the wall of a firelit cave. As Kepler warned against repeating the simplistic "connect-the-dots" failures of Copernicus and Brahe, the task of science is to discover the lawful physical action from which those shadow-forms are projected, not to attempt to explain the action as a product of the merely apparent relationship among the shadows. Hence, the argument against the folly of aprioristic mathematical formalism, which Riemann presents in the concluding portion of his habilitation dissertation.

Herein lies a simple, but crucial proof of the scientific

14. As reported repeatedly in other locations, all of the present author's original discoveries were rooted in his project, since mid-adolescence, in refuting Kant's famous attacks on the work and influence of Gottfried Leibniz. The core of the entire attack upon Leibniz's work, as by Leonhard Euler, Kant, and others, was premised upon the purely arbitrary assertion, against a geometry of position, which Kant situates as the kernel of all of his *Critiques*. The reference to *Two Cultures* is to the essay of C.P. Snow, *Two Cultures and the Scientific Revolution* (London and New York: Cambridge University Press, 1993 reprint).

absurdity of most attempts to explain economic processes from the standpoint of today's generally accepted methods of financial accounting.

In the case of the simplest variety of example, we would answer Kepler's challenge: We must discover and apply some validatable new universal physical principle, or of a technology derived from such a principle.

Very well: would it be meaningful to attempt to represent that connection between those two dots by a straight line, or any sort of simply continuous curve defined within the bounds of today's more generally accepted form of classroom mathematics? The right answer to that question, is, "No!" That right answer is an expression congruent with the domain of *Analysis Situs*, the domain of geometry of position, or what, in the alternative, may be classed under the heading of Classical topology.

In the language of Classical artistic composition, the gap to be filled would be termed a metaphor of the strictly Classical form otherwise encountered in poetry, tragedy, music, the compositions of Leonardo, Raphael, and Rembrandt, and so on.

In the language of Riemannian manifolds, that metaphor corresponds to a place to be occupied by an axiom of a multiply-connected (physical-space-time) manifold, the kind of axiom which replaces, and eradicates those "ivory tower" notions of physical space-time associated with the so-called Euclidean manifold of Galileo, Descartes, Newton, and their followers. In the domain of the Greek Classic, this axiom corresponds to a platonic *idea*, as the latter is generated as the solution to a paradox of an ontological quality. In physical science, Plato's notion of *idea* is used only to identify an experimentally validatable form of discovered universal physical principle, a discovery generated by what is known as Plato's *Socratic* method of *hypothesis*. Experimentally validated universal physical principles, are typical of *ideas* within the domain of physical science. Validated universal principles of Classical forms of artistic composition are also such *ideas*.¹⁵

The crucial point here could not be stated clearly until the appearance of Riemann's 1854 habilitation dissertation. Indeed, I was forced to turn to Riemann, in order to find a clearer way of expressing a set of discoveries which I had

15. In irrationalist, or Romantic doctrine, a Classical tragedy is misread as a behavioral problem in the domain of interpersonal social relations considered only in the small. In all actual Classical tragedy, such as those of Aeschylus, Sophocles, Shakespeare, and Schiller, or the tragic settings by opera composers Mozart (*Don Giovanni*) and Giuseppe Verdi (e.g., *Don Carlos*, *Simon Boccanegra*, *Othello*), the crucial issue is defined solely in its relative universal and historically specific setting, as a tragedy of an entire society. Hence, all Classical artistic composition is focussed upon historically specific developments within a universal human process, focussed upon the simultaneity of eternity in this way. Thus, the validatable principles of Classical artistic composition are universal in the same sense and degree as experimentally validated universal physical principles.

developed earlier. Notably, Riemann, basing himself chiefly on the preceding work on principles of curvature by his patron Gauss, stated plainly, that all of the so-called axioms of aprioristic geometry must be excluded from physical science, and that the only axioms used must be those we have gained through experimental validation of universal physical principles. This declarative statement by Riemann at that point, is among the most important, most crucial utterances in the entire history of modern science.

Thus, the notions of matter, space, and time associated with the legacy of Galileo, Descartes, and Newton are to be excluded from serious scientific work, and the role of axioms assumed solely by experimentally validated universal principles. This means, in my lexicon, both universal physical principles, and also validated universal principles of Classical artistic forms of composition.

Thus, when we come to a gap between the dots cast as shadows on the surface of the classroom blackboard, we must not assume that the determination of the pathway those dots imply, is to be found within the blackboard itself. In other words, the cause of the depicted representation of that interval is not to be found in the kind of aprioristic geometry which is prescribed as an article of pagan religious faith by the empiricists, Cartesians, and Newtonians. Whenever the evidence has the metaphorical quality which Kepler recognized as implied in the elliptical characteristic of the orbit of Mars, we must be forewarned that a deep ontological paradox may be the suspected cause of the irregularity in the ordering of the physical evidence so detected.

In the case, that we are able to discover a validatable universal principle through which the ambiguity of the evidence is resolved, we must treat that principle as a universal axiom of the relevant physical-geometric phase-space upon which our attention is focussed. Such axioms replace entirely the kind of aprioristic axioms still generally, and wrongly accepted in today's classrooms. Thereafter, whenever that same "gap" arises in the terms of a geometry of position, we must, as Riemann warned us, depart the linear application of deductive mathematics, and attack the problem posed from the standpoint of a geometrical mathematics of discontinuities and gaps.

In real-life physical-economic processes, all actions which cause the increase of the potential relative population-density, have the physical form of Riemannian axioms. Such interventions, by expressions of such axioms, account entirely for what some popularized language today misrepresents as "negative entropy" in physical-economic relations.

My specific, so far unique contribution to the science of physical economy, has been to demonstrate that the relevant types of axioms to be considered, are not only what would be more readily accepted as physical axioms, but also those axioms which are associated with validatable universal principles of Classical artistic composition. It is these axioms, and the technologies subsumed by their interrelationships, which

must be recognized as "filling the gaps" between the shadows on the wall of Plato's Cave. Conversely, this view of such anti-entropic process-relations, defines the only meaning of axioms which is not, like today's generally accepted practice of financial accounting, the fruit of mere superstition.

It Follows From That

From those admittedly deep, but indispensable considerations just summarized, it follows, that the form of human action, by means of which man's power in and over the universe is increased to economic effect, is expressed in two respectively distinct, but multiply-connected forms. 1) Validated universal physical principles, and the technologies derived from them, and 2) Validatable universal principles of the form associated with Classical artistic composition and coherently related applications of statecraft. It is the latter principles which foster the discovery and effective cooperation within society for the application of the former.

It is the physical effect of those classes of mental actions, by and among cooperating individual members of society, upon which willful increase of the productive powers of labor depends. It is only action of this specific quality which generates resulting increases in the potential relative population-density of the human species, and, thus, the true growth of the economy of nations.

Three leading classes of economic action are derived from the principled features of the relationship just described. There is, most obviously, the cooperation of persons in taking the apparent risk of relying upon the discovery and use of validated universal principles and technologies: the domain of entrepreneurship. There is, secondly, the creation of the indispensable preconditions for promoting the first class of actions: the domain of basic economic infrastructure. There is, thirdly, the indispensable role of government, in organizing forms of cooperation within society: the domain of statecraft.

For this purpose, under the presently existing and imminent circumstances, a certain principle is to be stated in the following form. *Statecraft is the application of the universal principles of Classical forms of artistic composition to the fostering and management of the economically efficient application of those increases in productive powers of labor which, in turn, generate increase in the potential relative population-density of nations, and, thus, implicitly, of humanity as a whole.*

The principal means by which statecraft promotes those end-results, is through the state's assumption of wittingly efficient responsibility for the development of the potential represented by the entireties of the land-area and population. This compels the state to focus upon chiefly two aspects of the economic process: the development of the basic economic infrastructure, chiefly through governmental functions, and the fostering, as through the creation of public credit, of the function of entrepreneurs in employing scientific and technological progress to bring about increases in the average pro-

ductive powers of labor, as measurable in physical terms, per capita and per square kilometer of the total territory.

In other words, the notion that a national economy should be either entirely of a “free market” type, or a “state economy,” is nonsense. As the founders of this republic understood clearly, and stated repeatedly, the success of the modern sovereign form of nation-state republic is the only systemically successful design for a durable and successful form of modern economy. This is a form of state and economy in which the national government assumes the lead both in indicating the direction of national economic development, and is facilitating the possibility of the cooperative implementation of that directive between chiefly the public and private sectors of the economy as a whole. The model of President Franklin Roosevelt’s leadership of the U.S. recovery from the Wilson-Coolidge-Mellon-Hoover depression, is not a perfect model of either the modern state or modern economy, but it is the right choice relative to the criticisms of Franklin Roosevelt commonly presented today.

To this end, the essential economic directive of the state must be chiefly twofold. It must commit the nation as a whole to certain scientific and technological goals in physical-economic progress, and must dedicate its powerful influence to promote Classical forms of culture over both illiteracy and the corrosive influences of contrary impulses.

The pace is properly set for this work by the role of the national government in promoting medium- to long-range goals in scientific and technological progress, and steering the flows of public expenditures and credit into those combinations of channels through which those goals of progress are likely to be realized. The principal means for implementing those indispensable functions of a sane form of government, is the government’s sovereign responsibility for both the physical and social infrastructure of the society as a whole. Under our Constitution, this is expressed in terms of the historically evolved division of labor among Federal, state, and local government.

Among those essential responsibilities of government, are the Federal government’s unique and exclusive constitutional authority and responsibility for the issuance and regulation of the national currency and public credit, including regulation of the financial institutions and practices of the nation as a whole.

To related and similar effect, since the first modern nation-states, those of France’s Louis XI and England’s Henry VII, all sane and sovereign nation-states have been economically protectionist. Sane governments have always acted to protect the viability of an array of branches of production and trade on which a sovereign form of national economic and related security have depended. The regulation of finance, trade, and credit, for these protectionist purposes, has been the essential responsibility of government, a responsibility which no moral government can relinquish or delegate.

We see around the world today, and in the loss of the

national economic security of the U.S.A. itself, the lunatic results of capitulating, once again, to the repeatedly proven folly of a deregulated, “free trade,” and so-called “globalized” model of economic and related practice. The neo-liberal delusion, that reliance upon the wisdom of little green men hidden within the interstices of the infinitesimal smallness of free-trade transitions, the so-called “Invisible Hand,” will bring us a rich harvest of ill-deserved bounty, is one of the most irresponsible, and wild-eyed delusions ever put into widespread circulation for practice.

Thus, under the presently onrushing conditions of global financial collapse, the U.S. government must take certain immediate actions to the combined effect of preventing a social disaster and beginning a durable economic recovery. The indicated, reformed role of the U.S. military institutions, will have to contribute a significant part in that process.

3. The Pivotal Reform of the Military

Respecting the challenges posed by the present global financial crisis, the necessary changes, from present trends in military policy, are essentially three.

1. A general reform in U.S. military doctrine respecting privatization, and respecting training, composition, recruitment, and economic conditions of training and life for the regular U.S. military arms and their associated reserves.

Essentially, the military command, as accountable from the top to the President of the U.S.A., must exert an undelegatable responsibility for knowing and defending the strategic interest of the nation in every area of activity to which the military arms are deployed. No contractual agreement can be permitted to serve as a substitute for the direct accountability of the military institutions for both knowledge and practice in each and all areas in which they are responsible. Nothing of this can be delegated to a private contractor, or will be willfully so delegated by any patriotic official of the U.S. Department of Defense.

Nor shall any responsible officer be denied access to verifiable knowledge of matters affecting the area of his or her responsibility. Nor can the military rely upon other branches of government to act, instead of the military’s fulfilling its responsibility for knowledge and control in the area of its explicitly assigned and implied responsibility. Other agencies may aid the military by informing it, but the military does not escape its responsibility by relying upon the information supplied by other agencies as a substitute for its responsibilities, even if those other agencies are official ones. Name that, if you wish, *The Cole Memorial Standard of Accountability*.

This might be seen as a war-time standard. In fact, such a standard is implicit in the very notion of day-to-day rules of engagement.



The U.S. Army Corps of Engineers works on a bridge project at Lost Creek Lake, Oregon. The Corps has a vital role to play, with cooperating non-military agencies, in conducting a large-scale development of the basic economic infrastructure of our nation, and in cooperation with other nations.

2. A change in the strategic doctrine of the U.S.A., including the specific mission assigned to scientific crash-programs conducted as part of, or complementary to long-range strategic missions, such as space exploration, assigned in part to the military arms.

3. The combined role of the U.S. Corps of Engineers and cooperating non-military agencies in conducting a large-scale development of the basic economic infrastructure of our nation, and in cooperation with other nations.

As a practical matter, at a time when the amount of combined unemployment and waste in the economy as a whole, is as large as it will be shown to have been at the instant the finality of the present world financial crash is apparent, the portion of the total labor-force which must be absorbed into infrastructure programs, will be larger than at any point during the recent half-century. Not only will the ration of such persons be very large, the remedies must be mobilized quickly, at least in their initial phases. Most of this employment will, by necessity, rely upon the use of newly created, large masses of public credit applied to topical areas such as urgently needed public works.

The alternative to such a policy would be chaos, perhaps even the kind of combined economic and social crises which could soon destroy our nation from within. Only childish or similarly deranged political figures would resist such policies

under the conditions facing our nation on what is now the proverbial day after tomorrow. In such a circumstance, neo-liberal ideology is a rope by which any politician could readily hang himself.

The great challenge in all this, is to manage the indicated emergency effort with a certain orderliness and net effectiveness. The difficulties will arise chiefly from the shocking suddenness of the needed changes in both policies and recently popularized habits, and the need to avoid those grave risks which a mismanaged undertaking would represent under the extremely difficult circumstances, such as the relatively scarce financial and other resources which the present situation has predetermined.

The lessons of the Twentieth-Century mobilizations of the U.S.A. for each of two World Wars, and for the emergency measures of the 1933-1940 interval, must be reviewed and taken into account. The relevant kinds of archive reports, books, and personal experience of those who are familiar with that experience, must be brought together now. There will be much improvisation required, since immediate opportunities for large-scale increases in employment must emphasize existing public works and related projects which may be either accelerated, or which are sufficiently well-planned and pre-organized that they may be readily brought to life.

Those preparations should be currently in progress within

relevant institutions of the U.S. government and other relevant types of locations. I shall not begin to catalog some of these here, but, having stated this point, shall turn immediately to the matter of certain general principles of the needed program at large.

First, there should be rebuilding of the regular military arms and reserves along the lines indicated thus far. A mobilization plan for this purpose should be in progress at this time.

The principal mission-orientation of this mobilization should be emphasis upon the training of the logistical capabilities of the military arms along the lines of a corps of engineers.

End the New Violence

To have a truly competent military arm, once again, it will be indispensable to eradicate a certain growing obsession, over recent decades, with the goal of increasing the kill-ratio in warfare. I cite that here, because it is an important point in itself, but also because discrediting such follies forces us to rediscover the principles of what used to be the traditional military strategic thinking of civilized modern Europeans.

It is time to recognize, as the best historians and strategists of the past knew, that the net strategic benefit of an increased combat kill-ratio score, has been greatly exaggerated, and increasingly so, during the recent fifty years. In significant part, this over-emphasis on kill-ratio, has been simply the type of folly consequent upon a spreading mediocrity or worse among military cadres; perhaps, the more important source of this folly has been the kind of loss of any controlling and credible mission-assignment, as that downward trend in morality was visibly inherent in the post-MacArthur conduct of the war in Korea, and, still worse, the bloodily prolonged strategic sham in Indo-China.

As I shall emphasize, those kill-ratio studies overlooked the fact that the U.S. under Franklin Roosevelt actually won World War II, and that we have never done nearly as well in net performance since. Our military practice after Korea became increasingly poor strategically, notably as the emphasis on kill-ratio, rather than logistics of strategy tended to emerge as predominant. The key to victory lies not in the verb "kill," but in the verb "control." Logistics, read in the proper sense, either expresses, or implies the means by which "control" is to be achieved. What is to be controlled, is, primarily, the effect. Machiavelli already understood and taught that political principle of military practice.

Meanwhile, if we examine phenomena such as the Littleton massacre, and also examine the new quality of reckless-killer violence exhibited among some law-enforcement agencies, we must recognize that the kind of brainwashing represented by the use of Nintendo-type games for military, law-enforcement, children, and adolescents, has unleashed a terrible new quality of violence within our society. Contrary to some rather dubious, and otherwise obviously misleading crime statistics, it is not yet the quantity of such violence that represents the national security threat such Nintendo-style

programs generate. Rather, the quality of the state of mind induced in the victim of such conditioning, especially pre-adolescent victims of "Pokémon," constitutes a far greater threat to national security and the general welfare, than any imaginable amount of the quality of violence common to the pre-Nintendo-games period.

The most immediate practical relevance of that national security issue in this present discussion, is that the pretext for the promotion of such mass brainwashing, was the expressed desire, during and immediately following the period of the war in Korea, to find methods for inducing a higher kill-ratio among military personnel than had been measured by studies of World War II and the Korean War operations. It was this lunatic obsession with kill-ratios, which led from the protracted war in the Korea peninsula to the consequent follies enacted in a more outrageous degree in Indo-China. It was the introduction of these methods of brainwashing into the training of law-enforcement personnel, which has unleashed a corrupting "Clockwork Orange" quality of homicidal ferment within the nation's law-enforcement institutions.

The issue of the "new violence" induced by mass propagation of such brainwashing techniques as those of popular Nintendo-style games, points to the essential immorality and lunacy induced by the effects of such programs. When we take into account, that these "Clockwork Orange" effects had their origin in a lunatic portion of our military establishment, the appropriate questions about the past decades' trends in military policy-making are brought to the surface.

Recently, a certain spotlight has been put on the sources of this epidemic of new violence within our military, our law-enforcement practices, and our school-rooms. That spotlight was provided by the promotion of the film *Gladiator*, whose cult-theme reflects most plainly the source of the relevant moral disorientation shown by promotion of "new violence" by our military, that in the most ironically appropriate way.

The function of that film, most fairly described as a cult-film, is to ennoble the moral values of the Roman imperial arena, the values of pagan Rome which we should associate with the names of Tiberius, Tiberius's Pontius Pilate, Caligula, Claudius, and Nero. These are the values which pagan Rome inculcated in those citizens deployed as conquering predators against Rome's neighbors, a citizenry which the Romans themselves described by a Latin term, *populari*, which signifies predators. This quality of cultural depravity, is the tradition of *vox populi*, called in English *popular opinion*, as seen in Nero's arena games, and as advocated as an instrument of so-called "democracy" in herding and ruling over modern American victims of such corruption, as advocated by the late Walter Lippmann.

This is the function being performed today, by Hollywood's promotion of the new violence as entertainment, and by the brainwashing of children and adolescents with addiction to Nintendo-style games. This connection, as emphasized by the promotion of the new violence through the cult-film *Gladiator*, immediately informs any literate strategic analyst

“The kind of brainwashing represented by the use of Nintendo-type games for military, law-enforcement, children, and adolescents, has unleashed a terrible new quality of violence within our society.”



Desert Storm soldiers.



Children play video games at an arcade in Darmstadt, Germany.

of the truth about both so-called kill-ratio programs, and the perversity of the decadent military doctrines behind those programs' introduction and use.

What we are witnessing, in the congruence of a military policy obsessed with kill-ratio goals, and the kind of warfare exhibited in the follies of “Desert Storm” and of the after-action reports now available from the NATO war against Yugoslavia, is the bestialization of our society and the individual members of our population, with the explicit intent of conditioning our population into being as depraved as the citizenry of the self-doomed pagan Roman Empire of Nero, et al., as morally and intellectually depraved as the common member of any popular lynch-mob.

This effort to turn the clock of history back to pagan Rome of the arena games, is not new to modern society, nor our immediate lifetimes. The legacy of the depraved culture of pagan Rome, and of Sparta and Babylon before that, has never been efficiently uprooted from European civilization. Among literate scholars of history and culture, this regressive tendency within medieval and modern society is known by the generic name of *Romanticism*. That use of that term signifies upholding the so-called value of the pagan Rome tradition, in opposition to the Classical Greek and Christian legacy. Like syphilis, Romanticism has spread into many parts of modern

society, in art-forms, in philosophy such as Kant's, in entertainment of the type popular in the U.S.A. today, and so on.

The most significant modern expression of the eruption of Romanticism as a political movement, is the fascism which dictator Benito Mussolini and his admirers openly avowed to be, and celebrated as a resurrection of ancient pagan Rome. The first appearance of a significant form of modern fascism, was the rise of Napoleon Bonaparte to the position of tyrant and Emperor, a position which he assumed in the explicitly adopted name of the tradition of pagan Rome and Roman law.

It was after Napoleon's victories, especially after that at Jena-Auerstadt, that Romanticism was unleashed afresh within Germany; it was after the defeat of the Prussian-reformer opponents of Romanticism, at the Vienna Congress and by the imposition of the fascist-like Carlsbad Decrees of Metternich et al., that the roots of German fascism were planted in the development of the Romantic movement and its existentialist by-products in Germany.

What we are witnessing, in the way in which moral decay of our nation's military profession has led to the unleashing of the “new violence” within our society as a whole, is to be viewed as nothing different than a sequel to the initiatives of Napoleon, Mussolini, and Hitler earlier. For the time being, the showing of the film *Gladiator* to its morally depraved



"In all matters, we can act to make the good fruit of the lives of all heroes, great or small, a continuing, still efficiently living contribution to future mankind. If we do not view those who have passed on so, how shall we ask a soldier to die in battle for his nation's sake?" Here: Crewmen aboard the carrier USS Independence.

admirers, will continue to serve popular U.S. movie-goers and television viewers as the present-day imitation of an Adolf Hitler Nuremberg rally.

The point to be emphasized here, is that the argument that an increased kill-ratio performance is a service to national security, is a lie and a delusion. It is a delusion to be uprooted, and replaced by a return to the traditional standards of strategic planning and related policy of the pre-1946 generation typified by General Douglas MacArthur, among many others.

In a related way, the case of Iran-Contra and similar practices, shows another aspect of the same Romantic tradition's impact, also to the effect of undermining the quality of our nation's interests and strategic capabilities.

Among the follies which have coincided with the recent, decadent trends in mission-orientation, has been the combination of an overreaching, manifestly infantile zeal for irregular-warfare operations, combined with, as I among others warned during the mid-1980s, a virtually lunatic lack of sense of the implications of unleashing the forms of warfare so ill-remembered from the days of Vice-President George Bush's role in the Iran-Contra travesty. See the folly of "Desert Storm," especially as seen nearly a decade later. See the travesty of Anglo-American military operations against Yugoslavia, especially the lunacy of what was adopted, in flagrant disregard for the lessons of the 1648 Treaty of Westphalia, as a substitute for a militarily rational exit-strategy, as becoming ever more evident now, typifying the urgency of a need for change in direction.

In a sergeant's language, the word of the day on such matters should be, "Cut out that crap, and I mean right now!"

Warfare as Logistics

Excepting the global danger presently flowing from the folly of leading powers in their posture toward the presently

disastrous turn in Middle East policy, there is no strategic military threat on this planet, which could not be controlled by a rational, logistics-pivoted strategic policy shared among the world's principal powers, even by no more than a majority among such powers. The great danger is posed by those who, like Zbigniew Brzezinski and Madeleine Albright, have sought wars where none was justified. Presuming that we bring such reckless and dangerous scatterbrains under control of rational governments, generalized warfare is not on the agenda, provided we are disposed to adopt precisely those changes in policy which the situation justly requires we make in our own vital national interest.

The principal danger of war on this planet arises from the recent perpetuation and aggravation of the economic and related conditions which produce those intolerable oppressions which are likely to be resisted by means of warfare which the victims find justified. Stop what the U.S.A. and Britain have been doing lately in Africa, stop what the U.S. has been doing to the nations of Central and South America, stop what the U.S. and others have done, in the name of the IMF, to nations such as Myanmar, Indonesia, and so on, stop the fostering of religious warfare in the Middle East cockpit, and the danger of mass murderous conflicts will be reduced to a relative minimum.

In the meantime, we must mobilize to fight against those political-economic and related conditions which breed generalized warfare, and, meanwhile, be prepared to cope with any war which might occur. The essential strategic military policy of the U.S. should be defense, as Carnot prescribed, and as the Prussian reformers prescribed the defense of Russia against the Emperor Napoleon Bonaparte's invasion. The mission is the control of territory through the use of logistics in the highest sense of the latter term.

By "logistics in the highest sense of the term," we should

understand nation-building efforts premised upon the axiomatic assumptions of the modern model of perfectly sovereign nation-state republic. The primary strategic objective, is the establishment of a community of principle, premised upon those assumptions, expressed as cooperation among the members of a community of such sovereign states. It is the willingness of other nations to accept that as the vital self-interest of each, which is our most natural first line of defense. Such is the lesson of the 1648 Treaty of Westphalia, as seen afresh from the higher level I have just indicated here.

A Thought on the Cole

To the best of my information to date, I knew none among the victims of the attack upon the *Cole*. Yet, as one repeatedly a candidate for nomination and election to be President of the U.S.A., I had many times assumed a corresponding degree of implicit moral responsibility for many things, including the corresponding degree of sensibility respecting the lives of men and women in our nation's military service. Any among us who were at one time simple soldiers, facing an uncertain outcome in an unknown place, seeing comrades die and unable to postpone their dying, do not easily forget such lessons, whether they have become Presidential candidates, or not.

That fact that I was the only U.S. Presidential candidate actually qualified for election under the present conditions of world crisis, has increased my implied responsibilities, always to do something if possible, for the welfare of my poor republic which needs defenders. Such are the implicit responsibilities of one who, especially, has been intellectually and morally qualified, by nature, disposition, and commitment of mission-orientation, to have been the best possible choice for the President the U.S. in this time, as I have been.

In that my position, how shall I propose that we answer the question: Where lies the fuller accountability of our government for what happened to those sailors? As many have said on such matters, many times before, how might we ensure that they had not died in vain? I am perhaps the available person best qualified to address that specific case from the highest level of our nation's statecraft at this time. I must therefore act according to that imperative.

The subject of the role of our military arm, as I have addressed that policy-issue here, was already among my leading adopted commitments before the news of the *Cole* incident reached me. Yet, being a person who appreciates keenly the difference between a morally impassioned commitment and what has always horrified me as being a merely academic or bureaucratic decision, the thought of those sailors prompted a passionate sense of mission within me, to such effect that I recognized their cause as that touch upon impassioned conscience which would be the suitable occasion for bringing the needed new role of our military arm in recovery into proper moral quality of focus.

True, the incident of the *Cole* angered me, especially as I was able to assemble certain of the most relevant facts about the general circumstances in which the possibility of such an

attack had been created within our own Department of Defense policies, circumstances I recognized should not have been allowed to come into being. On my exceptionally well-honed sense of the principle that justice delayed is justice denied, I have done here what I have thought it suitable to do, to help to ensure that it will be known in the future that those who died in the *Cole* had not died in vain.

There is something we can do for the deceased person, even after they have passed on. We can, for example, address some unfinished business of their lives, and act to ensure that that business was not left undone. We honor every deceased scientific discoverer and great artist in just that way, when we do for them what they can no longer do for themselves. In all matters, we can act to make the good fruit of the lives of all heroes, great or small, a continuing, still efficiently living contribution to future mankind.

If we do not view those who have passed on so, how shall we ask a soldier to die in battle for his nation's sake? It is the higher battles, those won within the simultaneity of eternity, which are the form in which a deserved victory can be shared among all the worthy souls of humanity past, present, and future. Such, for the heirs of the gifts shared among a now globally extended form of modern European civilization, is the loving legacy we share with the Jesus Christ of Gethsemane.

Let it be, in some meaningful way, as if they had not died.

DO YOU KNOW

- that the American Revolution was fought *against* British "free trade" economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?



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Privatization Creates Opening for Terrorism

by Suzanne Rose

Much attention has been focussed on faulty decision-making which may have left the *USS Cole* vulnerable to a terrorist attack, from the standpoint that political or diplomatic considerations might have interfered with sound military judgment.

But the *Cole*'s security was compromised long before the events surrounding the Oct. 12 refueling stop. The ship was left vulnerable by the cost-cutting mentality in Washington, which has corrupted the thinking of the military since it became dominant under the reign of Robert McNamara at the Department of Defense (see accompanying article by Carl Osgood). The pressure to cut costs led to the privatization and outsourcing of functions, which left the *Cole* vulnerable to a terrorist attack.

A Cole Commission, established by Defense Secretary William Cohen, and headed by Adm. Harold Gehman and Gen. William Crouch, is mandated to examine Pentagon policies and procedures, with respect to a ship in transit like the *Cole*, including logistics and contracting procedures.

Concerns about privatization, the contracting out of services by the military to private concerns, in the name of reducing costs, were uppermost in the minds of Congressmen at Senate and House hearings on the attack on the *Cole*, on Oct. 19 and 25. The questions asked by these lawmakers, and others, have centered, in part, on the role of private companies that serviced the ship during its refueling stop in Aden.

A Strictly Commercial Basis

One company, the Al Mansoob for Ship Supply and General Trade, owned the firm, the Gulf Aden Shipping Company, which was contracted by the Department of Defense to bring provisions to the *Cole* and haul away garbage; another, Arab Investment and Trading, contracted to supply fuel to the *Cole*, is owned by a Yemeni citizen residing in London, and has heavy Saudi investment. Both companies were under commercial contract to the Defense Energy Support Center (DESC), a division of the Defense Logistical Agency. The companies operated on a strictly commercial basis, and neither the principals, nor the employees, were ever investigated by the U.S. government or the government of Yemen, for criminal or terrorist ties. Sources have told *EIR* that, contrary to statements made at the Congressional hearings, the DESC was responsible for investigating the companies that bid for the contracts, the clearance was given by a low-level State Department official, and there is now much finger-pointing on this account.

Aden is a free port, run under contract by Singapore. The U.S. government has had a contract with Yemen to use the port as a strategic storage facility for refueling since 1998. Among the leading considerations for the port's choice, according to press accounts, was the cost at which the port could provide services. Security considerations might have countermanded this choice, since the Yemeni government is known not to have total control over the country, which is a refuge for Afghansi terrorists (Anglo-American-sponsored mercenary veterans of the war against the Soviets in Afghanistan, who have been redeployed to commit terrorist acts around the world). Press accounts and sources have said that the intelligence and security which the Yemeni government could have provided to U.S. ships, were minimal.

The private companies involved in the mooring, provisioning, and refueling of the *Cole*, had access to intimate details about the ship's whereabouts, and other information which would be helpful to terrorists. In fact, the vessel which carried the explosives was evidently mistaken by the crew for part of the garbage-collection detail. It was apparently disguised as a boat much like the one which had just departed from the *Cole* with a load of garbage, and therefore was not viewed suspiciously.

Navy Logistics Functions Privatized

In the 1980s, the Navy's fleet logistics force, which provisioned such ships, was much bigger than it is today, and the functions which are now provided by private contractors at the port, were then provided at sea.

The issue of the need for the *Cole* to refuel at a port like Aden, was of major concern to some members of the Senate and House Armed Services Committees at the hearings. Sen. John Warner (R-Va.) pointed out that the U.S. Navy has gone from 32 to 21 refueling tankers (which are capable of refueling warships at sea), in the last ten years. Referring to the outsourcing of functions by the DLA, He said, "I wonder if we're getting to the point where we are so stretched, and we're outsourcing so much, that we're losing through this privatization—or are exposing ourselves to outsiders over whom we don't have the control that we would have, core-wise." Gen. Anthony Zinni (ret.), the former Commander-in-Chief of CENTCOM, the Middle East command where the attack occurred, confirmed that he was never given an option of having an oiler refuel his ships. He said that up until ten years ago, the Navy hardly ever pulled into port to refuel.

Rep. Neil Abercrombie (D-Hi.), questioning witnesses at the House hearing, pointed out that the number of Navy personnel assigned to advance threat assessments and port security visits, has declined by roughly one-third since 1992. He sharply questioned witnesses from the military about who had the responsibility for investigating the contracting companies. Abercrombie was able to elicit testimony that there is no real ongoing oversight by the military, once the contracts have been agreed upon. He concluded that this posed the danger of infiltration by terrorists.

The Pentagon's Dilemma under Privatization

by Carl Osgood

In the accompanying article, Lyndon LaRouche defines the engineering and medical capabilities of properly organized military service institutions as an indispensable component of a broader nation-building strategy, a strategy premised on the cognitive development of the labor force and the development of basic economic infrastructure. However, since the mid-1960s, the period of American history defined by the rock-drug-sex counter-cultural paradigm shift, the U.S. military services have been moving in the opposite direction, a policy-shift that has been accelerated by the end of the Cold War and the apparent triumph of Thatcherism, i.e., policies of rabid privatization. This has been especially true with regard to privatization of what once were exclusively military functions and the expanded use of civilian contractors to support troops in the field.

Recent articles in military professional journals provide a glimpse as to how this shift came about. Two inflection points stand out: the tenure of Robert S. McNamara as Secretary of Defense (1961-67), and the military draw-down that commenced in 1991, before many of the forces deployed in Desert Storm had even begun to return home.

Col. R. Michael Deavel—a rabid Thatcherite concerned with changing the military's culture so that privatization becomes acceptable—in the Summer 1998 issue of the *Air Force Journal of Logistics*, writes that McNamara was relentless in his efforts to impose private-sector cost-accounting methods on the military, including his infamous use of systems analysis in Vietnam to measure success in that war (which earned him the sobriquet "Body Count Bob"). However much military officers might have disdained McNamara and his "whiz kids," his methodology is what survived. "The McNamara Juggernaut," Deavel writes, "was never really stopped as much as it was first tamed and then exploited by the military services to enhance their own organizational and procurement practices. By the late 1960s, all the services had sent military officers to learn systems analysis as it was used in the corporate world, and then used this institutionally loyal talent to establish their own versions of DOD's Office of Systems Analysis," set up by McNamara in 1961.

The military draw-down that began in 1990-91 accelerated the trends begun by McNamara in the 1960s. One major component of the draw-down, the Base Closure and Realignment Commission, was the result of legislation crafted by two Republicans in the U.S. House of Representatives, current

Majority Leader Dick Arme (Tex.) and Budget Committee Chairman John Kasich (Ohio); it was signed into law by President George Bush. The bill massively cut military infrastructure, and reduced active-duty personnel by some 700,000 and DOD civilians by 300,000. These cuts occurred while there was a fivefold increase in operational requirements.

The reduction in military and civilian personnel, combined with intense financial pressures, has resulted in a huge increase in the use of contractors, for everything from more traditional support and provision functions, to the maintenance of deployed ground and air combat systems.

Col. Steven J. Zamparelli, in the Fall 1999 issue, writes, "As cuts to military forces and budgets continue, the skills being reduced or eliminated are becoming more related to operations, as opposed to their historical base support focus." This trend has resulted in more and more core support functions, such as depot maintenance and military communications, being contracted out to a greater degree than ever before. Perhaps even more ominous, the Air Force is considering contracting out all software maintenance on the B-2 bomber, and all maintenance on the F-117 fighter. If such proposals are implemented, he writes, "The services will eventually be devoid of the organic capability to support these systems and missions. In time of war, they will be completely dependent on contractors to provide whatever support is needed."

Conservative Revolution Ideology

What is behind this drive to privatize the military, is the Conservative Revolution ideology that demands that government should never compete with the private sector, including for maintenance of its equipment and systems? When the Base Closure and Realignment Commission targetted the Air Force's San Antonio Air Logistics Center, which employed more than 10,000 highly skilled civilian workers, the Republican ideologues said that the center, and others like it, were unfairly competing with the private sector.

The military services are only obliquely responding to this situation, however. Zamparelli writes, "Civilian leaders have a mandate to build a smaller, more efficient military. Therefore, you will not see a recommendation for the Department of Defense to fight force structure cuts or downsizing efforts." In fact, just the opposite has been occurring. Clinton's Secretary of Defense William Cohen, also a Republican, unsuccessfully lobbied Congress during 1998 and 1999 for another round of base closures, saying that infrastructure reduction is necessary to fund future weapons development programs.

Instead, the services have been trying to deal with issues raised by the increasing dependence on contractor civilians, such as the fact that civilians are bound only by their contracts, as opposed to an oath of service, and that, under certain conditions, such as bullets flying around, the contracts may become unenforceable, with the consequent negative impact on mission accomplishment.

Specter of Nuclear War Shadows the Middle East

by Dean Andromidas

Two events occurred in October that have not been widely reported. First, was the visit of Saudi Arabian Defense Minister Prince Sultan bin Abdelaziz al Saud to China, for discussions on military-strategic matters. The second, was an announcement by Israeli Army Radio that the *Tekuma*, the last of three German-built Dolphin-class submarines, was rushed, in the midst of the training of its new Israeli crew, from Germany to Israel for “security reasons.” Since the Palestinian Authority is not known to have a navy, the submarine’s transfer has fuelled a great deal of speculation.

Both events are evidence that the current Israeli-Palestinian conflict threatens to engulf the region in a conflagration that would radically transform the global military strategic situation. In fact, the events point to the nuclear dimension of the current conflict. Although President George Bush’s Gulf War was fought under the pretext of preventing Iraq from developing nuclear weapons, Israel is continuing to develop its nuclear arsenal.

Saudi Doubts about U.S. Guarantees

Prince Sultan’s trip to China signalled Saudi and Arab fears that the unravelling Middle East crisis could lead to a general war. Moreover, given President Clinton’s capitulation to the right-wing Zionist lobby circles in the United States and Israel, the Saudis are no longer confident that the United States will honor secret treaty obligations to defend their nation. Saudi, and all other Arab leaders, believe that, in an Arab-Israeli conflict, the United States would side with Israel, even if Israel used nuclear weapons.

In view of Israel’s conventional and nuclear superiority, several Arab and Islamic states reportedly have tried to explore the possibilities of gaining access to nuclear weapons, or setting up “nuclear deterrence” arrangements with nuclear

powers, including China, Pakistan, Russia, and India.

In 1988, Prince Sultan and his son, Prince Bandar, the Saudi Ambassador to Washington, concluded a \$2 billion deal for 50 CSS-2 “East Wind” intermediate-range missiles from China. Although highly inaccurate, these missiles have a range of 2,500 kilometers, and are now deployed at two operational bases, including the multibillion-dollar King Khalid Military City.

Saudi Arabia has signed the Non-Proliferation Treaty, and King Fahd has given the United States written assurances that it has no intention of acquiring nuclear weapons. Nevertheless, it has pursued a policy of seeking out deterrence arrangements. Prince Sultan’s visit to China was preceded by an official visit to Saudi Arabia by Chinese President Jiang Zemin in late November 1999. Also, in May 1999, Prince Sultan travelled to Pakistan, the only Islamic nation with nuclear weapons, and a country with which Saudi Arabia has enjoyed close military and political ties. The Prince toured the Pakistani nuclear and missile facilities, including a uranium enrichment plant and the industrial complex where the nuclear-capable Ghauri missiles are manufactured.

The more substantive political dimension of this Saudi diplomacy should not be overlooked. The Saudis, like other Arab countries, view the current Middle East crisis in the broader context of the disastrous effects of the West’s economic and financial globalization process on all developing nations. Prince Sultan’s trip to China was part of an Asian tour that also took him to Malaysia, where he held talks with Prime Minister Dr. Mahathir bin Mohamad, who has been in the forefront of the fight against the globalization policies of the West. Being one of the world’s largest oil producers, Saudi Arabia could make its influence felt with other developing countries in this cause.

During his Asian tour, Prince Sultan levelled a strong criticism at Washington's Middle East policy. "We do not doubt that the American Administration wants peace in the region and is striving to settle the issue," he told the Arabic daily *Al Hayat*. "But we ask it to change its ways with the Israelis to guarantee a just and comprehensive solution." He also called on Arab countries to be prepared "for a comprehensive boycott of Israel if it does not comply with what is right."

Israel's Doomsday Machine

The announcement by Israeli Army radio of the arrival of the *Tekuma* submarine, can be viewed as a signal that Israel's nuclear arsenal has been activated in response to this crisis.

Israel's nuclear option has come a long way from the "bomb in the basement" policy of the late 1960s and 1970s. While officially maintaining a policy of "nuclear ambiguity," it is well known that Israel has developed its own nuclear "triad" of bombers, rockets, and now submarines for its estimated 100-200 nuclear devices. While maintaining several squadrons of state-of-the-art aircraft, including the F-15E, capable of delivering nuclear weapons, it also maintains a variety of launch vehicles, including the Jericho I and Jericho II missiles. The former has a range of 500 km and the latter a range of 1,500-4,000 km, which make them capable of hitting targets in the former Soviet Union. In addition, Israel has the theoretical capability to deliver a nuclear weapon to even greater distances, through conversion of its own satellite launch vehicles.

With the recent acquisition of three Dolphin-class submarines, it has developed a "second strike" capability, thus completing its triad.

At first glance, the 1,600 ton diesel-powered submarine, designed for interdiction, surveillance, and special forces, and with a speed of 20 knots, might not appear to be the most ideal platform for a nuclear strike capability. But this is misleading, because the vessel faces no serious naval threat from any of its potential adversaries in the region. These submarines, in addition to six standard 533 millimeter torpedo tubes, have been fitted with two specially enlarged 650 mm tubes. It is capable of launching torpedos and the American-built Harpoon anti-ship missile.

In January, Israel asked the United States for 50 Tomahawk cruise missiles, a request the United States turned down, because the only cost-effective use for the missile is to arm it with nuclear weapons. This refusal did not deter the Israelis, who are said to have developed other options, including a U.S. submarine-launched Harpoon missile with a range of 80 miles, and modified by the Israelis to carry a nuclear warhead.



Israeli Prime Minister Ehud Barak (left) and President Clinton. Without major outside intervention to revive the peace process, the Middle East is headed toward war.

Other reports indicate that Israel has modified its own Popeye Turbo air-launched cruise missile for launch from submarines. Although officially this missile has a range of 200 km, independent experts have confirmed that simply fitting the missile with additional fuel tanks could boost its range considerably. The submarine's two oversized torpedo tubes could accommodate such a modified nuclear-capable submarine-launched cruise missile. On June 18, the London *Sunday Times* reported that Israel had test-fired a submarine-launched cruise missile off the coast of Sri Lanka from a Dolphin-class submarine, reportedly with a range of 1,500 km.

If true, the question is: Are the cruise missiles being deployed as a deterrent, or as a first-strike capability against the world's only "Islamic bomb," that of Pakistan, or some Arab nation?

It would be a dangerous miscalculation to view Israel's nuclear doctrine as simply a regional deterrent against its Arab adversaries. These weapons not only directly threaten Israel's neighbors, but also serve as blackmail against hesitant allies, such as the United States, which might see fit to pressure Israel rather than turn the world's largest source of oil into a battlefield. Israel is said to have used this tactic in the 1967 war, when it threatened to use the only two nuclear weapons it reportedly possessed at the time. Also during the 1973 war, it activated 13 nuclear weapons, to convince the Americans to launch a military resupply operation, which in turn enabled Israel to throw the Egyptian Army back across the Suez Canal and establish a new bridgehead on the road to Cairo, thus strengthening its bargaining position once a ceasefire was negotiated.

A War Cabinet?

If the activation of Israel's nuclear option is true, that decision could not have been made simply by "the govern-

ment of the day,” but would have required a political-military consensus that went beyond the decision of the Prime Minister’s cabinet.

In both the June 1967 war and the October 1973 war, Israel’s nuclear option was activated only after the broadening of the coalition governments at the time to deal with those wars.

Although the current conflagration has yet to reach the proportions of the 1967 or 1973 Arab-Israeli wars, no one can deny the potential for the situation to rapidly escalate. Therefore, Israeli Prime Minister Ehud Barak’s efforts to form a national emergency government with Ariel Sharon, who heads the Likud opposition bloc, should not be seen solely as a sign of his political weakness, but as preparation for the possibility of such a war. Although a government of national emergency does not formally exist, Barak has been in constant consultation with Sharon since the latter’s Temple Mount/Al Haram Al Sharif provocation which triggered the violence, and he has made no substantive decision without prior consultation with Sharon. Even the recent decision by Barak to make a political deal with the ultra-Orthodox Shas party, which led to the suspension of unity talks, was taken in consultation with Sharon.

Although Barak is said to favor an emergency government, others in the government know that, once formed, the door would be closed to bringing the situation back from the slide toward war. The failure to form an emergency government thus far, has more to do with the international political situation, not least of which is the U.S. elections, than any change in the region. President Clinton, in several telephone conversations, urged Barak not to enter a coalition with Sharon.

Power Struggle in Israel

As the fighting rages, Prime Minister Barak is in a life-and-death battle to remain in power. On Oct. 30, the Knesset (parliament) returned from several months’ recess, and one of its first items of business was the matter of a no-confidence vote on the Barak government.

For a week prior to the Knesset’s return, Barak had been in intensive talks with Sharon to form a national unity interim government. Such a government would signal the death of the peace process, and would accelerate the momentum toward war.

Those unity talks stalled over Sharon’s demand that he be given unconditional veto power over any peace deal with the Palestinians, and over pressure on Barak from President Clinton, who does not want to see Sharon enter the government.

An uneasy agreement was struck on Oct. 31, between Barak and the Shas Party, a religious party that had pulled out of the governing coalition after Barak went to Camp David in July. Shas has announced that it will support Barak in any Knesset no-confidence vote for the next 30 days—in return

for the release of government funds to Shas-run schools, and a delay in the reform of the civil service system that would have undercut Shas patronage.

Opposition parties have also said that they will not call the no-confidence vote for 30 days, and Sharon has made contradictory statements about whether he will continue the national unity talks with Barak or freeze them, also for a month.

The issue of war or peace will unquestionably be settled in the next 30 days.

Some forces of sanity are taking extraordinary steps, aimed at reviving the near-dead peace process. Leah Rabin, whose husband, Yitzhak Rabin, was assassinated by a right-wing Jewish terrorist from the Sharon stable of bombers and assassins on Nov. 4, 1995, called on Prime Minister Barak to dispatch Shimon Peres, who was Rabin’s peace partner, to meet with Arafat, in an effort to end the violence and resume the peace efforts. Barak agreed, and Peres and Arafat met on Nov. 1, agreeing to a cease-fire.

Outside Intervention Needed

Despite the fact that opposition to an emergency government with Sharon still exists, that opposition is in the minority. Such a government, which would change the current war dynamic, could only be stopped by an intervention from outside the region. One senior Israeli intelligence source told *EIR* that only a “huge show of leadership from Washington” could stop the drive toward war, “but it is not coming from Clinton and it will not come from Bush.” Therefore, he said, the current situation will continue for a “long period, well into next year, and could escalate at any time.” The source said that without such an intervention, a Barak-Sharon government would be assured.

In an interview during an official visit to London, Israeli Foreign Minister Shlomo Ben Ami warned Europeans of the danger of a regional war, while appealing to them to restrain Palestinian President Yasser Arafat, thus making it sound more like a threat. “This is the way we say to the Europeans: You have high stakes here. It is the stability of the Mediterranean, maybe even of Europe, that is at risk,” Ben Ami said.

The fact that Ben Ami is one of the leading members of the peace camp indicates how far a new, more militant consensus can go. In warning the Europeans not to support a Palestinian unilateral declaration of a Palestinian state, he said, “We will be obliged to take measures of defensive disengagement in case the Palestinians declare unilaterally. A unilateral declaration means you signal the end of the peace process—nothing binds us any more.”

Once a unity government is formed, reopening the door to a negotiated settlement will become exceedingly difficult, thus further transforming the situation to one in which the axioms of war will replace the hope of peace and economic development.

LaRouche in Ascoli Piceno: Italy's Leadership in World History Today

On the weekend of Oct. 7-9, Lyndon and Helga LaRouche visited the central Italian city of Ascoli Piceno for several conferences and meetings. The LaRouches were guests of the Chamber of Commerce of the Province of Ascoli Piceno, as well as of the municipality of Ascoli. On Oct. 7, they addressed a meeting at the Sala Gialla of the Chamber of Commerce, in the presence of city and provincial authorities; that same evening, they were invited by the Kiwanis International Club to deliver a luncheon speech. On Oct. 9, they visited the footwear district of the province, and addressed a public meeting organized by the Ascoli municipality. Below is the full, slightly edited text of Lyndon LaRouche's keynote address at the Oct. 7 Chamber of Commerce meeting. Subheads have been added.

My arriving here came out of [a trip to Italy] several months ago, when I was the guest of a parliamentary group in Rome, with Deputy Giovanni Bianchi. It was on the question of legislation then before the Parliament, legislation which coincides with two things: First of all, of course, this is the Jubilee Year, and Italy has taken a leading part, both on the government level and otherwise, in fighting for issues of human concern which involve the Jubilee Year: The question of justice for developing countries, for example. The question of debt reorganization, for justice for developing countries.

Also, this is the year in which the greatest financial crisis in three centuries of European history is onrushing. Now, despite the fact that the government of Italy is not powerful in its influence in the world, or in Europe, but is in a sort of secondary position in decisions made by the European Community, if you watch the parliamentary proceedings closely, you realize that Italy is in the leadership, as a voice supporting and proposing initiatives which are urgent for dealing with the present crisis. When the financial collapse will occur is not yet certain, because there is free will in politics. And therefore, sometimes things can be postponed for a short period of time—before they explode—by an act of will.

The crisis would have already exploded, except for the United States. Because of the U.S. election, the New York financial groups, the government, and the leading political parties decided, at any risk, at any cost, to try to postpone the financial collapse until after the U.S. Presidential elections. It may not be possible for them to do so. The international financial collapse could come this month, it could come next

month. Nobody can decide exactly when, because there are decisions which have to be made which will decide that. But it will come.

What we were discussing therefore, with Deputy Bianchi and others, were specific measures to reorganize the world financial system, for an immediate recovery from a general financial collapse. The collapse is going to occur. It cannot be stopped. It could be stopped, but there's no will in any government to stop it. They will be unable to mobilize political will to stop the crisis until after it has occurred. It's not unusual in history. Until people's illusions are destroyed, they will tend to cling to those illusions, and will not make the decisions they should have made, until they're terrified by what has already happened. This is the way that great wars strike. Great wars can be foreseen, but they usually take people by surprise even though they're thoroughly planned beforehand. Because there's a process, a human social process, by which the inevitable, or the probable, suddenly occurs.

The 'New Economy' Is Most Vulnerable

Now, in this circumstance, the area of Ascoli Piceno and the Piceno region, has certain advantages. An ability to resist the crisis, which larger, more developed areas, so-called, will not be able to resist. For example, one of the industries that will go out of business—virtually out of business, with the crisis, is the present form of the Internet. That, when the crisis strikes, the financial collapse will strike especially in certain areas. The most vulnerable area of large-scale employment will be the so-called "New Economy." So, a region which is depending upon the Internet and related industries for its survival will suffer the most. One which is less dependent upon the role of the Internet, has advantages.

Obviously, the biggest blows will come in the large financial industries. We are talking about presently, globally, \$400 trillion equivalent of short-term financial indebtedness. Most of this is concentrated in areas such as so-called financial derivatives. We have, globally, a gross domestic product of all nations combined, of slightly more than \$40 trillion equivalent. Now, how are you going to pay all of the debts of the world, suddenly, in a crisis, when you have over \$400 trillion of short-term obligations, most of which are under no accounting control by international markets? Most of the leading banks in the world, are bankrupt. The banking system of Japan is bankrupt. Most of the banking system of Europe is bankrupt. The banking system of the United States is bank-



Meeting of the Chamber of Commerce in Ascoli Piceno, Italy, Oct. 7, 2000. Left to right: Chamber of Commerce director Francesco di Matteo, Ascoli Mayor Piero Celani, Province Minister for Development Mrs. Paola Armelini, Chamber of Commerce Chairman Enio Gibellieri (speaking), Lyndon H. LaRouche, Jr., Helga Zepp-LaRouche, Prof. Gianluca Gregori.

rupt. When the crisis comes, these banks will be thrown into bankruptcy.

Under these circumstances, two areas, in addition to the so-called Internet-New Economy area, will be hit very hard. One will be, of course, financial services, real estate speculation. They will suddenly collapse—bankruptcy, as in the Great Depression, same kind of thing—very suddenly. Industries which depended upon globalization will suffer the most. Because, with a breakdown in international trade, or instability in international trade, firms that were involved in outsourcing are the most vulnerable. Large-scale industries which had no local market, no national market, will suffer the most.

Now you begin to see what I said just now: that there's a significant advantage in this region, to resist and survive. Because what some people would consider weaknesses, are actually, under these circumstances, advantages. There is a composition of employment and economic activity here, that is healthier, than in Rome, for example, or Milan. This is one of the ironies of the situation. Why? Because your industry is not so globalized, not so dependent upon the global markets as other areas. You have a lot of artisanship, agriculture, small industry—privately owned, entrepreneurial industries.

Thus, in an emergency, what would you do? Well, you would probably take your memory of the experience of your work with the Cassa del Mezzogiorno, which did an excellent job in many parts of Italy, and also in this area. And you would build up certain kinds of naturally suitable industries, largely privately owned, that is, entrepreneurial industries, increasing artisanship, improving agriculture, and especially concentrating on local and regional trade, and national trade—where

you're more secure. You have the customer you can talk to, the supplier you can talk to directly—direct simple relations, able to quickly adapt. You can make agreements by which you can foster employment among various interests and enterprises, because you can get together more quickly, and therefore, your history and experience in regional organization, political and economic, now suddenly becomes an advantage.

A Moral Crisis

If you look at what the recovery will have to be, which is what I was discussing in Rome with the Deputies and others a few months ago, the reason we're in a crisis now, is, first of all, moral. It's a moral crisis, in the sense that popular opinion, in the Americas—especially North America—and Europe, notably western Europe, has undergone a very profound change in the recent 35 years. We have moved away from the kind of economic thinking and morality on which we relied coming out of World War II. If you take the case of Italy's recovery, especially during the 1950s and the early 1960s, you think of the period of [Prime Minister Alcide] De Gasperi, you think of names such as [industrialist Enrico] Mattei, you think of De Gaulle, you think of the [Robert] Schumann plan, you think of what happened in Germany under [Chancellor Konrad] Adenauer, and then continued under [Chancellor Ludwig] Erhard. You think of the cooperation between the United States and continental Europe in the period from Franklin Roosevelt until after the death of President Kennedy. You think of the improvement of the economy of Italy, up and until the end of the 1960s, in which the industrial development of Italy progressed nicely, the improvement of the gen-

eral standard of living in postwar reconstruction was successful.

Then, globally, in the period following the assassination of Kennedy and the developments of the middle 1960s, there was what I regard as a moral collapse in European civilization. A rejection of precisely those things on which we had depended for making a post-war reconstruction, especially in the relations between Europe and the United States—especially western Europe and the United States. It was all thrown away, step by step. There came deregulation. There came the attack on the idea of technology-intensive industry, that is, real technology: manufacturing, machine-tool work, the small machine-tool shops which are called in Germany, the *Mittelstand*, which employ between 5 to 250 people, typically, who are usually led by engineers or scientists. The ones on which the large corporations depended for the ability to develop new tools, new designs of products. Smaller firms, highly specialized, supplying the technology which made large industry work, and large infrastructure work. Construction firms, which were actually high-technology. For example, in Italy, you had a very high-technology industry in construction in large-scale waterworks, in building tunnels and bridges, and so forth. This industry has been greatly undermined. You had in Italy, the sponsorship of the Cassa del Mezzogiorno. This was a very successful institution, when it prospered. The cessation of the program of the Cassa del Mezzogiorno has been, for the past 25 years, one of the great disasters of all of Southern Italy, and all of Italy as a whole. The failure to develop, reconstruct Sicily, to reconstruct Calabria, and so forth. This is a great disaster because the poverty of Southern Italy pours into and weakens Italy as a whole.

So, these are the kinds of ideas, or changes in ideas, which have destroyed us. The so-called “New Economy,” the entertainment industries, are typical. One example, entertainment: Television and games entertainment, which has become pure evil, not simply because of sexual morality, but because of the very way in which the image of man is presented in the television set by games, and the influence of this mentality in schools.

What’s the conception of man? What was our conception of man in the period of reconstruction of Europe and the United States, after the last great war? Our conception of man, was man made in the image of the Creator. The individual must be developed, because we, as human beings, have a creative ability which no animal has. And therefore, under Christianity, the struggle was to build political institutions which would treat every individual person as a person made in the image of the Creator. A person with a creative ability, who is therefore a sacred creature. Not an animal, but a sacred creature. And therefore, we must educate and develop our people in ways which are consistent with our nature—that nature. Our conception of human rights was a right to health care, a right to qualified education, a right to opportunity to develop, to develop the ability to make a contribution to society.

The way we did that, through the nation-state—and only the nation-state can do this—was to create institutions of state credit, long-term, low-cost state credit, which was then loaned, by the government—not a private institution—through banking institutions which were regulated by government, or through institutions, as in Italy, by the Cassa del Mezzogiorno, which would ensure that this credit, at low costs, on long terms generally, would flow into areas of entrepreneurship and other activity, or public works, which would develop the conditions under which the people of a nation and their productive functions could prosper.

The Past 25 Years

What was the characteristic of the past 25 years? Since 1971, since the institution of the floating-exchange-rate system in 1971, step by step, in Europe, in the United States, and spreading out of Europe and the United States, we have destroyed all of those standards of conduct, political behavior, and basic economic and financial policy on which our recovery from World War II depended.

Now, a society which is based on the nature of man measures its performance in terms of the conditions of life of man. Our individual persons and their posterity. Our commitment is not to next year, our commitment is to two generations from now. I mean, people have sacrificed as parents, for their children. What was the morality? The morality is, I am going to sacrifice, if necessary now, to ensure that my children and grandchildren will have a better life. That was the morality. That was the morality which we brought to government when we were decent.

What happened in the past 30 years? We went in a completely different direction. We destroyed the nation-state. We destroyed the monetary system on which the rebuilding of Europe and the United States depended. We no longer had a fixed-exchange-rate system; we had a floating-exchange-rate system. The prices of international loans, of international debt, went skyrocketing, because currencies would fluctuate. Look what happened to the lira in the middle of the 1970s, as a result of deregulation, when the IMF [International Monetary Fund] ordered Italy to go bankrupt. This was a political decision, which people like my friend, [Sen. Flaminio] Piccoli, recently deceased, and others, resisted. We lost the battle. Look at the result.

The same thing: education. Now, go back to the fact that—this is Italy. Italy has a long memory. It has at least a memory of 2,500 to 3,000 years. It remembers Magna Grecia. It remembers Sicily. It remembers Italy before Rome. It remembers Italy of the Etruscans. It remembers Italy of Capua. So, what was the greatest disaster that Italy remembers? The collapse of the Roman Empire. It was called the New Dark Age. What caused it? Look at television today. Look at games, like Pokémon, which children are playing, in Italy. What have we done? We have said, no longer do we need morality. We are like the Romans who destroyed themselves. We rely on *vox populi*. What is *vox populi*? *Vox populi* was what the ancients



Lyndon LaRouche (third from left) and Helga Zepp-LaRouche (left) at the Montegrano school for shoe engineers, in Ascoli Piceno.

of Rome called the ordinary people. *Popolari*. Predators! This was the original meaning of the term “popular.” How did the rulers of Rome control the people? Through *vox populi*. How did they control *vox populi*? By wars. They sent them out to kill and conquer other people. How did they build the morality to do this? By the games. By the bread and circuses. Entertainment. Read the description of the games in the Roman arena by Augustinus. Look at Nero. Look at Caligula. This is how Rome was destroyed. Not by its leaders. It was destroyed by its own people. It destroyed itself through substituting *vox populi* for morality.

Now what do you see in television today? January will be the 100th anniversary of the death of Giuseppe Verdi, and I’ve been campaigning, with others, for an international celebration for Verdi in Busseto on this 100th anniversary. I’ve been campaigning in Italy, for example, and in other places, to return to the standard of Verdi for musical performance, and so forth. Along with a number of leading singers and others in the world.

The Importance of Verdi

What’s the importance of this? Look at the greatest operas of Verdi, which are an expression of a great development of Classical composition, from Bach, in particular. Look at the subject matters of Verdi. They were based on what? Models of Shakespeare, ancient Roman and Greek history, on the basis of the writings of Schiller, the tragedies of Schiller. These were not entertainment. These were like the great masses, and like the great passions performed by Bach. You

had in the theater of the great Verdi opera, the great tragedy, you had an audience: the people! The people sitting in the audience. You had a drama based on people who had very carefully studied actual history. The tradition of Sophocles and Aeschylus in Greek tragedy. Real history or the myths which were used for history, the Homeric myths, in the case of Sophocles, and so forth, these dramas were not soap operas, there were not stories, they were not entertainment. They were showing people, ordinary people, history. They were showing how people destroyed themselves in real history. It’s like the great passions, the *St. Matthew Passion* or the *St. John Passion* of Bach, in which the congregation sits in the church and lives through the experience of Gethsemane and the crucifixion of Christ. This is a very powerful experience which brings people out of the smallness of their belltower, and their short-term life, to see themselves as human beings who have to be concerned about what they do about history.

So, you have today, not that. You don’t have Classics in school. Because all the Classics, whether it’s the teaching of history, the teaching of economic history, the teaching of science—it’s history. What is science? Science is the history of scientific discovery and its effects. A qualified student learns that history by re-experiencing the great discoveries on which modern civilization is based. Not today. Not in the schools today. Only in the exceptional schools. We no longer are individuals who locate ourselves living in the simultaneity of eternity. That is, we are born, and we die. We all know that. Therefore, what do we do with our life, which lies between birth and death? Are we just an animal? We’re born and we

die, like an animal? Or are we something else? Are we creatures of cognition, made in the image of the Creator, which, unlike an animal, have the gifts of discovery of ideas from those who went before us, which we transmit to those who come after us? Trying to add something useful to what we pass on.

Now, the object of education, the object of statecraft, is to bring the little person out of smallness, out of childishness, out of selfishness, into thinking about what their life means, what it means in history. What does it mean to God, looking at that life? This is what the great question of the passions is. I'm living, what does God see? What am I doing, for Him, and thus for myself? This was the greatness, for example, of the Verdi opera, because it is great polyphonic music, from Bach, by the tradition of Florence, the tradition of *bel canto*, the tradition of Leonardo da Vinci, who codified *bel canto*.

So, you have music, which is agreeable to the human nature of singing, in the six natural voices. These voices are mixed together, participating with passion in the experiencing of a historical lesson. Now, the audience looks at the stage, but they come out looking at themselves. They see Hamlet destroying himself and his kingdom. They see that this destruction was not necessary. In Italy, they read the case of Simon Boccanegra the same way. They say: "Me. This is me. Am I going to be like this fool?" From this, as from the great Christian legacy, they acquire lessons of how to make decisions. Because they think as if God were looking at them in each moment: Am I doing the right thing? The quality of conscience.

And today, what do you have? Entertainment today is the worst level, done by the age of modern electronic technology, the worst thing that was ever done under the worst Roman Emperors in the games. And little children, in a period of the greatest suggestibility, are obsessed with learning how to kill. Pokémon, or Nintendo games: They're practicing killing. You have a child who never shot a pistol before, in the United States, got a pistol, with six shots killed six people with head shots. A little boy! Where did he learn to kill six people with six bullets, quickly? He learned it on Nintendo games, which teach him to do that. Using Nintendo games based on military games to train police and to train soldiers to kill in the same way. You had a case of an innocent man in New York City, Amadou Diallo. He was not guilty of anything. They asked for identification; he reached for his wallet. They had—in that instant, 41 bullets went into that man, from four policemen. This is happening all over the United States, because they're trained that way. They don't think—they kill. And we're doing the same thing to our children.

Every place that Pokémon is being absorbed by children—in Italy, you have a potential killer, a person who is losing all morality. Now, if you think about our entertainment—in Italy, as well as in other countries—think about the changes. Think about Italy as the nation which has the greatest concentration of art treasures from the longest period. The world has been trying to steal Italian art for years, at cheap

prices, or without paying anything at all. And so an Italy, which was based on its Classical legacy, its historical legacy, for the development of even those children who were not well-educated, lost that. And you look at France, you look at Germany, you look at the United States, you look at Central and South America, you see globally the same thing.

Why Civilizations Disappear

Let me add one thing to this: that, as I have written a paper on this recently, if you look at the history of the world, including the pre-history, as described by Plato, for example, in the opening of his *Timaeus* dialogue, mankind has lived on this planet for up to 2 million years. We have indications which can prove that there were human beings living, for example, in Europe between 400,000 to 600,000 years ago. Because the artifacts associated with the psyche, the human psyche, the artifacts could have been made only by the human mind, not by an ape. Where did all the people go, from pre-history? Where did they go? Plato says, there are two reasons [they disappeared]. One was natural catastrophes. We had glaciers in northern Europe for 100,000 years, approximately; that's most of the pre-history of Europe. We're now in an interglacial period, and approaching the next glacial. You'll have nothing but ice cubes in Switzerland very soon, maybe a few thousand years from now. I think in long terms. I think in millennia. Meteorites have destroyed whole parts of human habitation. You have natural catastrophes of other kinds. Never, so far, has man been able to control a natural catastrophe. We've been able to deal with them, after the effect, control the effects, but never control the catastrophe.

Second, the most dangerous cause of the destruction of humanity, was the destruction of an entire civilization by its own culture, by its own equivalent of *vox populi*. Now, this being the history of man, Christian civilization, especially beginning with the 15th-Century Renaissance in Italy, has been the only civilization which has been able to control the periodic collapses of entire empires. Every empire that is created, is doomed. What is threatening the United States, and Britain, and so forth, right now, is really a collapse of the empire threatening a New Dark Age, just like the collapse of the empires of the past, of Babylon, Rome, and so forth. A culture so rotten, that it destroys itself.

The only antidote to that, was found in Christianity. And that was the conception of society which erupted into Europe in the form of the nation-state 500 years ago. And that was a society which could resist disasters. This is the greatest growth of life-expectancy, growth of population, improvement of conditions of life, in all the existence of mankind. It came out of the Christian form of the Greek legacy in civilization. Thus, if we lose European civilization, if we lose a Christian-directed European civilization, what is going to happen to the whole planet? Can the Asian cultures solve this problem? No, despite the fact that Islam has a monotheistic basis, it does not have this ability, even though it has a potential.

Only if we're able to use the legacy of European civilization in an ecumenical way to inspire cooperation with other parts of the planet, can we overcome the causes of the present crisis. And in that respect, looking at what I know will happen, in general — no one knows any more than in generalities what's going to happen — look not in this region at the disaster, but look instead at the fact that this region, because of these peculiarities, is a region of opportunity for withstanding the barbarians, when they start coming, with the collapse of the Internet. And being a bastion, and a factor, in rebuilding civilization as a whole, and Italy as a whole. So one should approach this disaster, like a general who is fighting a war that he can win. And if you're going to fight a war to win, you're going to fight it with optimism. You aren't going to fight it by sitting down in a foxhole. . . .

Now, what you have today, is you have a system of *fondi*, which are represented by merchant banks. The merchant banks control the major banks. They control the financial markets. Through these mechanisms they control the large corporations. Wall Street is one of the centers of this. The Wall Street banking system is controlled from the top, by people who own merchant banks. In other words, it's not owned by Chase Manhattan and J.P. Morgan, but it's owned by those who own those banks. So, the merchant banks own the banks. The merchant banks, as they did in the 1920s, have looted the banks. So all the banks of Europe have been looted by the merchant banks, with this so-called New Economy. The mergers and acquisitions are part of this process.

Now, the banking system is going to collapse, because of what it's involved in. Under these circumstances, what you have to do is, you have to destroy the power of the merchant bankers, and the *fondi* behind them. How do you do that? By asserting the authority of the nation-state. The nation-state has to reconstitute itself, set up a regulated system, put the banks in bankruptcy — not close them down, put them in bankruptcy reorganization — restore banking law, under which the banks can function as they should function in a nation: as credit mechanisms for the economy in general. So, what we're going to have to do, is actually put the world through bankruptcy reorganization, in the Classical sense.

The Question of Energy

Now, on the question of energy: There is no alternative at present, to reliance upon the so-called traditional sources of energy, which now are largely petrochemicals, and nuclear power. There are two reasons for this. One, although the problems of petroleum are exaggerated, the problem of using petrochemical, petro-fuels, is the fact that we don't spend enough to use it cleanly. We could have used clean coal. We could clean up production. There is no inherent environmental danger in using petroleum. There's an inherent environmental problem if you don't do it properly. But if you do it properly, it's not a problem. So the problem is, we don't do it properly. For example, why should we carry

oil on the high seas, from the country where it's produced? Why don't we refine it and clean it up there? We can do it, it would work much better. Because we can use the by-products more efficiently there.

Nuclear power is not a problem. The problem is: Is it properly managed? The right technologies are not used. To develop nuclear fusion — from now, or from any point in time, will take us about 20 years, to get to a fusion system, because it has not been developed. And this is a big development job. The problem is deeper, however. Solar energy is worthless. In some places you can use it, but generally, it's worthless. The test is this: The basic physical standard of energy supply for modern technology, is what's called energy-flux density. At the point of combustion, at the point you're transforming whatever you're transforming into energy — two things, first of all. First, the energy-flux density. That is, the density per square centimeter of cross-section of the energy per square centimeter. Therefore, what we require for modern industry, and for efficiency, is high energy-flux density generation of power. The only thing that meets that, which is ten times better than petroleum, is nuclear. Solar energy is the most inefficient. As a matter of fact, if you rely upon solar energy, you are going to consume more energy by solar production and distribution than you will get. So, solar energy loses energy. You can apply solar energy in certain ways and times, but it is not a reliable, significant source for an economy. To do this right, we have to have a major capital investment in large-scale energy systems. Now, the question is, what kind of a system?

There are ways of transmitting energy, from the point of production, to the point of its use, which are much better. So, the two problems here are: energy-flux density, properly controlled, and transmission of energy. For example, you take a highly concentrated city. Now, if you were going to have energy supply for the city, how would you get fuel for your automobiles, or your airplanes? You would not use petroleum. You would use nuclear energy to generate natural gas or methane. You would power your vehicles through that, possibly with hydrogen, you might use fuel-cell techniques, or modern fuel-cell techniques for local vehicles which would use that as a fuel. So, this is also an area of capitalization. We require a large-scale capitalization per square kilometer, per capita, globally, to increase the availability of energy produced by high-energy density means, and whole ranges of alternative methods of transportation of that energy to its consumer, according to the characteristics of the area you are serving. That is, a densely populated city, could build a pipeline system, build a chemical slurry, pipe the chemical slurry throughout the town, and the houses could get their energy for heating and cooking and so forth from that source more effectively, with less risk and less problems, than with other sources of distribution of energy. But the method you use has to fit the circumstances of the application. But those are the general problems.

Thank you.

Resistance Rises in Brazil to U.S. State Department Military Policy

by Silvia Palacios and Lorenzo Carrasco

The failure of the government of President Fernando Henrique Cardoso to force the Commander of the Brazilian Army, Gen. Gleuber Viera, into retirement, marks an important defeat for the U.S. State Department's intent to subordinate, once and for all, the Brazilian Armed Forces to a system of limited sovereignty, which the Anglo-American oligarchy seeks to establish over the entire South American continent. Nothing less than that was what the United States delegation to the Fourth Defense Ministerial of the Americas, in Manaus, Brazil on Oct. 17-19, and attended by the Defense Ministers of the Western Hemisphere, intended to impose upon Brazil. The ever-arrogant Defense Secretary William Cohen led the U.S. delegation.

In reality, the Anglo-American oligarchy seeks to reduce South America, and especially the Amazon region, to a state of war like that now breaking out in the Middle East, so as to, in that way, stop the integration of South America, and keep the region's enormous natural resources under their control.

The ouster of Gen. Gleuber Viera was planned to occur before the Manaus meeting. With it, the government of President Cardoso would demonstrate that it had finally completed the subordination of the Armed Forces to so-called "civil power," under the Defense Ministry—a project to which Cardoso has been personally committed since 1982, when he became a founding member of the Inter-American Dialogue. The ouster of General Gleuber, to have occurred simultaneously with the destabilization of President Alberto Fujimori's government in Peru, and, in its wake, be overwhelmed by a tide of narco-terrorism, would bury the project to integrate the South American nations. That project had so terrorized the Anglo-American financiers, because of its potential to sweep away their plans to establish a free-trade area of the Americas and dollarize the region.

Although the Fujimori government is being fragmented, the Brazilian side of the oligarchy's game failed. Instead, General Gleuber emerged as a national military leader, something which has not happened since the end of the military governments in 1985.

What stopped the assault against the military, was the summoning of all of the Army's generals to Fort Apache, headquarters of the Army General Command in Brasilia, for a meeting on Oct. 4, two weeks before the Defense Ministerial in Manaus. The meeting of the 155 Brazilian generals, the first in Brazil's modern military history—and to which the

civilian Defense Minister, Geraldo Quintao, was not invited—sent out a clear message: "Military policy is to be made with the military, and there is a military reality to the situation on the continent which requires military planning."

Military Position Made Clear

Although the generals' deliberations were not made public, the position of the Armed Forces is clear:

First, they reject any attempt by the United States to organize a multilateral military intervention into Colombia, the which would, in their view, lead to the creation of a foreign military enclave in the Amazon.

Second, President Andrés Pastrana's State Department-instigated peace negotiations with the Revolutionary Armed Forces of Colombia (FARC), contrary to the alleged objective of seeking peace, are perpetuating conflict in the region, and will, sooner or later, force Brazil to confront war on its border with Colombia, due to the growing presence of FARC narco-terrorists.

Third, there is full recognition that the FARC is organically tied to Brazil's Landless Movement (MST), and that the latter is about to launch open insurrection.

And fourth, in light of this picture, the strengthening and re-equipping of the Armed Forces is urgently necessary, including an increase in Army salaries.

Although the government ordered, as they have done in the past, that no mention of the generals' meeting be made in newspapers, *Istoe* magazine, in its Oct. 18 issue, published a story on the battle between the government and the generals. "Not pleased with the pressure from the military barracks for more resources and an immediate salary increase," *Istoe* reported, "20 days ago Fernando Henrique resolved to dismiss the Army Commander, General Gleuber Vieira. . . . The decision was not liked in the barracks, and was considered unacceptable by the generals and colonels. [The generals' meeting] was the stage chosen to defend Gleuber Vieira and explicitly demonstrate discontent with the government and the treatment given to the Armed Forces."

New Strategies Developing

The following week, *Istoe* published an explosive interview with Brig. Gen. Carlos Eduardo Jansen (ret.), former commander of the Amazon-based Jungle Infantry Brigade. Jansen charged that Plan Colombia and its supposed fight

against drugs, was a cover to achieve the real long-term objective of the United States: to set up a military enclave in the Amazon region. He located that U.S. policy in the context of the attempt to impose an Americas Free-Trade Agreement upon the continent, and pointing, in opposition to this, to the importance of some of the Asian breaks with the International Monetary Fund (IMF), and plans for the regional integration of South America.

For the first time, a general aired publicly, in the media, the various strategic components which are in play in the Amazon region. As was vehemently stated by General Jansen, "This is a critical moment for Brazilian sovereignty over the region." Jansen's statements are not merely personal opinions, but represent, in reality, the Brazilian military establishment's point of view, in the context of the great international crisis (see box).

This strategic perspective was reaffirmed by Gen. Alberto Cardoso, head of the Security Cabinet in the Presidency, in an article headlined "Plan Colombia and Brazil," in *O Estado de São Paulo* on Oct. 16, one day before the Manaus meeting. Cardoso wrote: "There has always been a Bolivarian dream, or an impetus for integration in South America. Viewed by many, in the past, as merely a romantic idea, integration today is a vital economic necessity in an increasingly globalized world. No country in the region has a domestic market capable of guaranteeing a process of self-sustainable development. Therefore, either we integrate ourselves, or we will all be condemned to underdevelopment. This new impetus for continental union was especially evident at the Summit of the

South American Presidents, in Brasilia on Aug. 31-Sept. 1. Nonetheless, obstacles to the integration project remain, which will be impossible to overcome if there is not a peaceful environment in the region. In other words, [Plan Colombia's] 'war in the south' has the potential—for the moment, small—of generating political storms capable of delaying the common project of integration. In conclusion, although without being alarmist, the public and the government have reasons for concern."

The Commander of the Brazilian Air Force, Brig. Carlos Baptista, also criticized the United States' veiled opposition to the Brazilian attempt to enact a law permitting the Air Force to shoot down unidentified airplanes, which transport drugs or arms through Brazilian air space. "Nobody enters Peru. They have already downed more than 50 clandestine airplanes with our Tucanos, which they fly. If this law has not yet been signed, it is because there must be some plausible reason, but it escapes me," he stated.

Questioned by the press on the matter, U.S. Defense Secretary Cohen stated that the United States concluded in the 1980s, that any law to down hostile or clandestine airplanes "was inappropriate . . . because of the danger of injuries, or deaths of innocent persons."

Soros and the New Opium War

As *EIR* has documented, the policy of the U.S. State Department toward Colombia is not to win the war on drugs, but to launch a modern version of the Opium War throughout the whole region, extending conflict into Peru, Ecuador, Bolivia,

A Vietnam in the Amazon?

The following are excerpts from an article that appeared in Brazilian weekly magazine Istoe on Oct. 25, which is its report based on an interview with Gen. Carlos Eduardo Jansen.

Plan Colombia "poses risks for Brazilian sovereignty," and the United States has two very different objectives: the tactical one of fighting the drug trade, and the strategic objective, which is the fundamental one, which aims to establish a military base and a physical presence in the Amazon. "It will be an unprecedented presence of a power in the region."

Behind all the humanitarian talk of the leading countries about the environment, Indians, and drug-trafficking in the Amazon, there are deeper concerns. Among these is control of strategic minerals markets. Jansen states that "the interest of the Americans and Europeans in the resources of the Amazon drives their defense of the thesis of

relative sovereignty."

Jansen states that "the submission to theories emanating from the centers of foreign power into our territory has caused disillusionment." He offered the example of the Asian Tigers, who recovered after abandoning International Monetary Fund guidelines. "Brazil is adopting a responsible policy with regard to the United States, with the priority being Mercosur [the Southern Cone economic grouping], and not the Free Trade Agreement of the Americas."

In analyzing the Amazon as the setting for a conflict, Jansen concludes that there could be a "Vietnamization. If Brazil faces an unquestionably superior adverse power in the Amazon, we are going to have to appeal to what the Chinese in the 1940s called 'people's war.' In that case, the Army would be the backbone of that defense, in an irregular war, but with a well-mounted logistical chain, and denying the opponent access by large-capacity airplanes in the main airports. It is possible, in the Amazon, to have a well-armed enemy, and confront it with a well-sharpened knife, drawing it into the kind of conflict they had in Vietnam."

and the Brazilian Amazon. Faced with their own terminal crisis, and with nothing to offer to solve the economic crises of the South American nations, the U.S. foreign policy dictated by Wall Street interests, is solely to drive these nations into chaos, which threatens to sink the region in a “Thirty Years’ War” such as that which ravaged Europe during the 17th Century.

At the same time that they proclaim themselves the champions of the fight against drugs, no one touches the hundreds of billions of dollars in drug monies which sustains the liquidity of the Anglo-American financial centers. Their dependence on ever-increasing flows of drug monies from South America became even more savage after September 1998, when the bankruptcy of the Long Term Capital Management hedge fund and the succession of economic crises of Asia, Russia, and Brazil demonstrated that globalization had exhausted itself. At that point, as speculator George Soros made public with his talk of a “wall of money,” a hyperinflationary policy was adopted to postpone the bursting of the global financial bubble at all costs.

Brazil had a place in this scheme, as was seen when Soros’s right-hand man, Arminio Fraga, was named president of Brazil’s Central Bank, to administer just the right amount of capital to cover the country’s financial bankruptcy between January and February 1999. From that moment on, the country has been in a kind of financial intensive care unit, prostrate, dependent on the infusion of doses of capital to keep an appearance of stability.

This is what determines President Cardoso’s policies, and which puts his government in ever greater conflict with the enormous domestic political-military storm which is building. His persistent clinging to the commitments of the international financial system, and to the anti-national and demilitarization agenda of the Inter-American Dialogue, will lead over the short term to an institutional crisis which will tend to reverse the current domestic disintegration.

For Brazil to survive as a nation, it is essential that a new strategy based on military considerations be formulated, a “military diplomacy” commensurate with the requirements of the moment. This military diplomacy requires the establishment, in the context of the South American Presidential summits, of a South American military agreement whose number-one priority would be to establish a *cordon sanitaire* around the FARC narco-terrorists—which emphatically includes a defense of Peru and its Armed Forces from Wall Street’s onslaught. Simultaneously, the regional infrastructure projects proposed at the South American Presidents’ summit must be built as a military, as well as a political priority, to integrate the nations of the Mercosur (Southern Cone economic pact) with the Andean countries, and to seek alliances with the Asian nations on alternatives to the narco-financial system of Wall Street and the IMF, as General Jansen proposed. This line of action would have the immediate benefit of offering employment and hope to populations made increasingly miserable by globalization.

New ETA Terror Wave Is Out To Weaken Europe

by Elisabeth Hellenbroich

On Oct. 30, a car-bomb with 30 kilograms of dynamite exploded in the residential area of Madrid, the Spanish capital, killing three people and wounding 68, six seriously. Blamed on the Basque separatist group ETA, the attack is one of the bloodiest ETA assaults in the last decade. Among the victims of ETA’s latest attack were Supreme Court Justice José Francisco Querol, 69, who held the rank of general and was responsible for military hearings at the Supreme Court, his driver, Armando Medina Sánchez, 57, and his bodyguard, Jesús Escudero García, 53. The three were killed when the bomb exploded as the General’s vehicle passed Badajoz Avenue in the center of Madrid during the morning rush hour. The blast was so massive, that it destroyed a bus and wrecked 30 cars, ripped away the facades of buildings, and damaged 500 apartments.

Supreme Court Justice Querol, who reportedly was a good friend and former teacher of Spanish Defense Minister Federico Trillo, is ETA’s 19th victim since it announced the end of a 14-month cease-fire in December 1999. This extensive terrorist assault clearly marks an escalation in the ETA terrorist strategy, which is primarily aimed at judges and military personnel.

- The escalation started on Oct. 9, when Andalusian Senior Prosecutor Luis Portero was assassinated in Granada; the ETA shot him three times in the entrance to his home. Preceding that assassination, Spanish police had defused several car-bombs in Seville at the last minute. The bombs were located beneath the driver’s seats of military vehicles.

- The next assault followed on Oct. 16, when well-known military physician Col. Antonio Muniz Carinanos was killed by the ETA. Spanish police arrested two of the ETA members involved in the killing—26-year-old Juan Igor Solana from Bilbao, and 23-year-old Harriet Iragi, both of them suspects in the July attack against Malaga City Councilman José Asenjo, of the Socialist Party (PSOE).

- On Oct. 22, ETA killed a prison guard in the Basque province of Vitoria.

Protecting the Bankrupt IMF System

The series of bloody ETA attacks must be seen in the context of the escalating international financial and political crisis: the heating up crisis in the Middle East and the attempt by the London-centered financial oligarchy to weaken Europe, in particular NATO’s southern flank, with a strategy of tension, chaos, and civil war. The attacks are escalating just

as, under the French presidency of the European Union, an EU conference has been discussing new initiatives for closer energy cooperation with the Organization of Petroleum Exporting Countries and Russia.

The ETA irregular warfare is *the* model for ethnic separatism. Having killed more than 900 people, 400 of them military personnel, since its founding in 1953, ETA aims to destabilize Spain and France, where the Basque region spans their Pyrenees border area. Enjoying the ideological support of the Basque Nationalist Party (PNV), the aim of ETA is to have an independent Basque state, made up of three Spanish Basque provinces — Guipuzcoa, Alava, and Viscaya — together with the neighboring Navarra and France's southwestern areas of Labour Soule and Basse Navarre.

The myth of Basque separatism is based on a synthetic blood-and-soil belief, whose roots go back to Sabino de Arana i Goiri (1865-1903), who founded the Basque Nationalist Party in 1883. His central demands at the time were the complete independence of the then-industrially flourishing Basque region, the protection of rural life against capitalism, and the defense of Euskera, the local dialect, against the Spanish language. Today, the ETA is financing itself with "revolutionary taxes," including ransom money from kidnappings, and drug-trafficking revenue. Politicians such as Gil Lazarro, from the governing Popular Party (PP), already in 1997 characterized the ETA as "a criminal association" which has direct ties to the drug mafia.

Reaction to Madrid's Success

ETA's escalated terror campaign is partly a response to the stepped-up operations of the government of Prime Minister José María Aznar against the ETA and its sympathizers.

- At the end of August, 30 members and sympathizers of ETA were arrested, among them a number of its leaders, thanks to increased cooperation between the French police and the Spanish Civil Guard. French police had arrested 15 ETA members in the French part of the Basque country, among them the alleged chief of the "military ETA," Ignacio Gracia Arregi.

- Gracia, together with Javier Arizcuren (alias Kantauri), Angel Pacabea Ulgade, and six others, are now on trial in a Paris court, accused of membership in a terrorist organization. At the beginning of proceedings on Oct. 9, there was an uproar in the court when some 60 ETA sympathizers jumped up on the seats, singing ETA songs and waving ETA flags.

At the same time, Spanish investigating Judge Baltasar Garzón had 18 members of EKIN, an organization of ETA sympathizers, arrested and placed under investigatory detention.

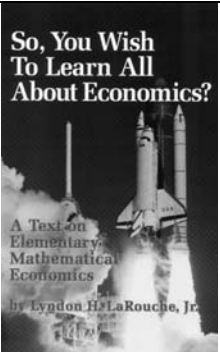
- A proposed change of the law is now being considered by the Spanish Ministry of Justice, to allow minors between the ages of 14 and 18, who terrorize the Basque population each weekend with riots, arson, and street fights, to be treated as adults and sentenced to up to ten years in prison.

- During the recent 13th convention of the International

Christian Democracy, in Santiago, Chile, the Popular Party presented a motion to oust the Basque Nationalist Party, which is making no secret about its ideological support for the ETA.

The ETA murders have sent shockwaves throughout Spain, and each of the terrorist assaults (on Oct. 9, 16, 22, and 30) has triggered mass protests throughout the country. The demonstrations are reminiscent of the mass-strike movement in 1997, when several million Spaniards took to the streets in opposition to the ETA. During Portero's funeral in Granada, 170,000 demonstrated, chanting "ETA No" and "Murderers." The Archbishop of Granada, Antonio Canizares, called Portero's assassination a "satanic act," while Prime Minister Aznar called upon the population to keep up its civil resistance against the ETA and its sympathizers. At universities, regional administrative offices, and courthouses, civil servants and employees stopped work for five minutes to express their indignation at the killing of Portero.

King Juan Carlos responded to the most recent ETA atrocity by declaring that, "sooner or later, the murderers will pay for their crimes," while Aznar urged Spaniards to not despair over ETA's continued violence. Aznar vowed to stand firm in his policy of combatting the group through police measures rather than negotiations. The more the ETA and its sympathizers escalate toward civil war, the more the resistance will grow throughout the country, which over the long term could paralyze the ETA.



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Indonesian-U.S. Tensions Mount

by Michael O. Billington

Indonesia's Defense Minister Mohammad Mahfud, in the most recent public attack on U.S. Ambassador to Indonesia Robert Gelbard, said on Nov. 2, "Once again we remind him to change his attitudes and behavior and to cooperate in good manner." Mahfud added that the government would not hesitate to expel Gelbard if he remained "uncooperative."

Gelbard, in the manner of his boss, would-be colonial princess and U.S. Secretary of State Madeleine Albright, has managed to enrage nearly everyone in Indonesia in recent months. The Indonesian economy, like nearly all the Southeast Asian economies, is descending into another round of economic crisis, brought on by the collapse of the bubble economy in the Anglo-American financial system, on top of the disastrous policies forced on most of these countries by the International Monetary Fund over the past three years—policies widely blamed on the United States.

In addition, Clinton Administration pandering to the right-wing fanatics around Ariel Sharon in Israel, turning the Middle East conflict into a religious war, has provoked rage across Indonesia, the largest Muslim nation in the world. In the same vein, several U.S. Congressmen, with ties to the millenarian fundamentalist cults in the United States who are behind the drive to provoke a war in the Middle East, are also accusing the Indonesian government and military of doing nothing while Christians are being slaughtered in ethnic riots in Maluku Province, a charge calculated to aggravate tensions.

In this environment, Gelbard, in an interview in the *Washington Times*, ridiculed the Indonesian government, claiming that Indonesian intelligence agencies had allowed terrorists to "burrow in and implant" themselves in the country, while the intelligence agencies were obsessed with the notion that the United States and Australia are the country's "real enemies." That interview set off a series of calls from members of the Indonesian House of Representatives to declare Gelbard *persona non grata*.

The United States has also undermined the Indonesian military at a time when the continued existence of the nation is threatened by a combination of religious, ethnic, and separatist conflicts across the vast archipelago—conflicts which cannot be contained without a functioning and well-supplied military. Blaming Indonesia for the highly unstable situation in East Timor and in the refugee camps on the Indonesian side of the border, the United States has placed an embargo on military sales, even though the Indonesian Army is, to a great

extent, dependent on U.S. spare parts and equipment. Gelbard has exacerbated the problem by accusing government ministers of trying to cover up problems in the military by blaming the U.S. sanctions for the Army's inability to keep the peace in areas of conflict.

Threats of further sanctions from U.S. Defense Secretary William Cohen, British Ambassador Jeremy Greenstock, and World Bank President James Wolfensohn in regard to the East Timor situation, provoked the Chairman of the People's Consultative Assembly, Amien Rais, to respond: "If the U.S. goes ahead with an embargo, Indonesia can retaliate by nationalizing all American companies in the country."

Ambassador Gelbard has also been accused of interfering in the sovereign affairs of the nation by trying to influence the selection of the military high command, in favor of those deemed willing to dismantle the military under the guise of "reform."

The existing U.S. sanctions, plus threats of other steps against Indonesian security, have led Defense Minister Mahfud to call for Indonesia to consider a defense pact with China, Japan, and India. The pact, he said, would not be designed to fight the United States, but is necessary because "as a sovereign nation . . . , we don't want to be continuously pressured by the U.S." While the idea of such a pact has been ridiculed by some, the fact is, the nations of the East and Southeast are faced with having to create an independent economic alliance to defend against the collapse of the Western banking system, a policy being actively considered by the ten members of the Association of Southeast Asian Nations plus China, Japan, and South Korea (ASEAN-Plus-3). With the Anglo-Americans' proven capacity to deploy military force against sovereign nations virtually at a whim, with or without UN approval, such a military alliance may be taken seriously by the Asian nations.

Anti-American Ferment

In the past weeks, small but persistent demonstrations have taken place daily outside the U.S. Embassy in Jakarta. For the first time since the 1960s, the Embassy closed its public access offices for a week, due to what Ambassador Gelbard described as "credible threats." On Oct. 29, several dozen members of various Islamic groups in the central Java city of Solo raided the hotels, confronting all Americans with a demand that they leave the country within 48 hours.

On Oct. 30, the U.S. State Department issued a sternly worded advisory warning U.S. citizens to avoid travelling to numerous locations in Indonesia.

The Administration of President Abdurrahman Wahid has attempted to lower tensions with the United States, but he is himself under fire for failing thus far to stop the regional conflicts or reverse the economic decay. If Indonesia is to recover from the current social and economic crises, the leadership must forge, in league with other Asian governments, new regional institutions to defend their sovereign right to economic development and the general welfare.

The Bestiality of the Fundies

by Lyndon H. LaRouche, Jr.

October 31, 2000

To understand the continuing causes for the presently rising threat of a Middle East war at this time, one must first consider a leading set of very paradoxical facts about the internal political history of the U.S. since President Lyndon Johnson acted rightly, forcefully, and successfully, to ensure the passage of that Voting Rights Act which was recently overturned on the racist initiative of the Democratic Party backers of Vice-President Al Gore.

Read a list of relevant “begats.”

Fact: Senate candidate Hillary Clinton’s recent turn in the matter of Middle East peace has been disgusting, but others, not Hillary, are the true, behind-the-curtains cause of her husband’s grave error in turning the Camp David discussions into the occasion for launching religious warfare in the Middle East at this time.

It is all too convenient for some childish gossips, to attempt to heap the blame entirely on Hillary. There are crucial facts about the situation, which show that entirely different factors were the actual causes for a policy-shift in President Clinton’s behavior, perhaps one with which Hillary’s change in posture merely happened to coincide. As I shall expose the truth of the matter here, most of the change involved known influences with which, as causal factors, Hillary herself had nothing to do. It is time that that bit of truth be exposed, especially to those who care about the survival of our nation, and the Middle East besides.

Fact: That the possibility of the launching of Middle East religious war, possibly even a nuclear war, at this time, has depended upon such typical U.S. political cannon-fodder of former Erich Honecker backer Edgar Bronfman, as the axiomatically anti-Semitic zealots for “Greater Israel,” the Bible-thumping “millenarian fundamentalists.” Without this stratum, the present eruption of religious war in the Middle East would not have come into being.

Fact: Not accidentally, the hard core of these so-called

“fundies,” is to be found in that former Confederacy, upon which the hard core of what is known as “the Bible Belt” is traditionally centered. These so-called “fundies,” the glassy-eyed so-called “millenarians,” not American Jews, provide the decisive margin of driving force behind the impetus for religious war in the Middle East.

Fact: Although the origin of such directions in Middle East policy goes back to early Nineteenth-Century British Foreign Office figures as sometime Karl Marx controller David Urquhart, some leading British circles themselves are in panic over the way in which the currently rampaging U.S. millenarian fundies have brought the world to the verge of a widespread, Middle East-centered religious war. One might be reminded of the old Jewish story of the Rabbi of Prague, the Rabbi’s foolish wife, and the Golem, which Goethe recast as his “The Sorcerer’s Apprentice.” In this case, the relevant U.S. fundies surely fit the image of the Golem of those stories.

Fact: The eruption of this post-1967 manifestation of Arab-hating, racist, and organically anti-Semitic, U.S. fundies for “Greater Israel,” occurred as a coincidence of the mid-1960s launching of that Republican “Southern Strategy,” an appeal to “fundamentalist” bigots which brought Nixon and Kissinger into the White House, and began the presently ongoing long-wave phase in the process of wrecking the economy and morals of the U.S.A.

Fact: The campaign to place David Rockefeller’s hand-picked dummy, Jimmy Carter, into the 1976 Democratic nomination for President, and into the White House, not only wrecked the U.S. economy even to a much greater degree than Nixon had done, but also established the grip of a Democratic Party, Hollywood-style “re-make” of the Nixon “Southern Strategy” on the Democratic Party machinery.

Fact: The resulting fusion of these two racist currents, in both the Republican Party and among “Southern Democrats” of the type otherwise streaming, year by year, into the Republican Party, became known as Project Democracy. This Project Democracy project was launched on the initiative of Tri-



Former House Speaker Newt Gingrich and some among his Conservative Revolutionaries. The Republican "Southern Strategy" was an appeal to the "fundamentalist" bigots who brought Nixon and Kissinger into the White House, and began the process of wrecking the economy and morals of the U.S.A.

lateral Commission lackey and Zbigniew Brzezinski confederate Samuel P. Huntington, a perspective set forth by Huntington under the Carter-era rubric of a so-called "crisis of democracy." Thus, Project Democracy, better named "Project Lying Demagogy," was installed as the authority over both leading political parties, in 1982.

Fact: Out of the gutters of the Carter Presidency, we had the birth of a consolidated Democratic Party parody of the Nixon "Southern Strategy." The putatively "intellectual" source of this perversion within the former Franklin Roosevelt Democratic Party, has been typified by the neo-Confederate "Nashville Agrarians." The influence of that pro-"Agrarian" perversion, evolved into a formation known as the Democratic Leadership Council. This policy of this passel of Nashville-style, "Southern fried" Carter Democrats, converged upon the pro-racist economic policies of even cruder varieties of the "Southern Democrats," such as Senator Phil Gramm and Newt Gingrich, the former which crossed over into the Republican Party during this post-Carter transition. The fruit of this noxious hybrid became known as "The Third Way," or among the more insightfully clever wiseacres, "The Road to Gore."

Fact: It was out of this sequence of developments within the U.S. political process, that the U.S.-based coup d'état against Israel's Ben-Gurion-led founders of Israel, was launched openly in 1967, and took over Israel with the "West Bank Land-Scam" swindle launched by collaboration among Ariel Sharon, Henry A. Kissinger et al., during 1982.

Fact: The so-called "Monica Lewinsky Affair," was a clearly predesigned project orchestrated by President Clinton's personal, Republican-centered, high-level enemies inside U.S. government institutions, who, beginning no later

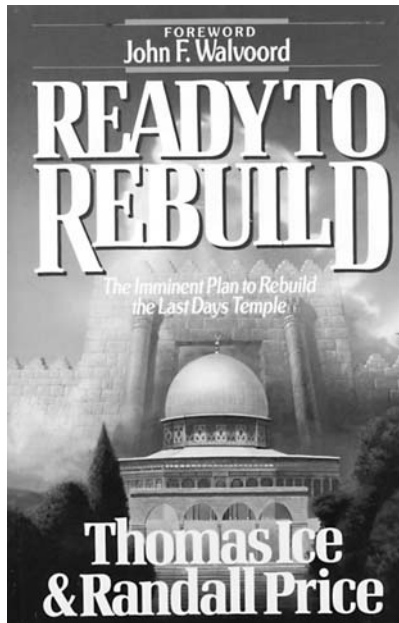
than 1997, subsequently unleashed the attempted impeachment process, by making the impeachment of the President a common cry of that breed of hysterical and glassy-eyed, hypocritical bigots called "millenarian fundies." In the course of that, President Clinton's efforts to save his personal rear-end, by placating a significant margin of those aroused "fundies," as by his Prayer Breakfast tactics, put him into the kind of defensive position in which the influence of political-environmental pressures from the "millenarian fundamentalists" over the White House was greatly strengthened.

Enter, the Paradox

Those foregoing items are simply typical of the leading facts to be considered. Nonetheless the more closely we examine these and other facts of a similar nature, the more tangled with paradoxes the total picture becomes. Neither the facts in themselves, however true, explain anything important about the issue, nor does any attempt to piece those facts together, jigsaw-puzzle style, help us much on this account.

Therefore, we must accept the evidence that these kinds of particular facts, considered in and of themselves, are only the footprints left by a U.S. nation whose direction appears to be a march into an Armageddon created not by God, but by the hubristic choice of poor fools such as glassy-eyed millenarian bigots. The footprints are clear, but footprints do not show us exactly how and why the men who made them chose to walk in that direction.

The present religious warfare was unleashed within what had been otherwise, a highly successful, step-by-step approach to a successful Camp David summit. Then, suddenly, the religious issue was imposed upon the negotiations by President Bill Clinton's own reckless, wrongful attack on Chair-



Author Randall Price was molded by the Dallas Theological Seminary, a “Wal-Mart” for satanic projects of the British Empire and Wall Street.

man Arafat. Wherein lies the motive for that choice of direction? What the President did in wrecking his own Camp David process in that way, was contrary to all of advice he would have received from all of those Presidential advisors whose knowledge he would have ordinarily considered indispensable in such a situation. The footprints are clear, but those footprints themselves do not tell us how that happened. However, if we look at the same matter in its larger context, the solution to all of the most relevant paradoxes is clear beyond doubt.

Those of you who rely upon your soap-opera psychology, and all your typical, wiseacre’s conspiracy-theories, will never find the true answer to such questions by pointing at either Hillary, or Bill, or both. To find the truth about all this, we have to take a hard look at the foolishness you must recognize in your all-too-typical next-door neighbor, even, perhaps in yourself. I shall now show you the truth of the matter, here.

Two crucial kinds of clinical facts must be examined here, if you are to find the keys to the reasons for that pattern of footprints left in the wake of about thirty-five years of such trends, trends of specific type of increasing moral degeneracy in U.S. national behavior.

The key to the answer lies in a question: What makes a nitwit such as our typical millenarian fundie tick? How do such fundies, in effect, control a majority among those American Jews, who, on other issues, would be generally too civilized, too rational, to fall for the kinds of games those fundies are playing upon them in Middle East affairs?

That Jew is, typically, except for the most intellectually and morally developed among them, controlled by fear of those fundies, or their like. The relevant key phrase is “Jewish Survival,” or, in other words, “Where could a Jew go to sur-

vive?” To see that as the Jew sees it, you must peek into what that Jew sees in the lunatic mind of the typical millenarian fundie, or, in the alternative, in the mouth of that Catholic who the Jew suspects is thinking “Christ-killer.” What frightens that Jew, is not Hitler. Hitler is dead, perhaps a bit late, but dead nonetheless. It is, above all, the “fundie” whom the insightful Jew recognizes as the most likely to turn around, today or tomorrow, to burn the Jew and his family at the witch-trial’s stake.

Do not deny that fact; after all, what is the collective experience of the Jew within European civilization since Roman times, and Babylon earlier? Any Jew who is honest with you, will tell you words to exactly that effect.

It is the Jew’s not-unjustified fear of types like the fundie, which tends to make the American Jew a propitiator of that fundie, or of types who inspire the same kind of fears for the same kinds of causes. In that circumstance, only the Jew of the quality of development typified by Moses Mendelssohn’s leading role in bringing about Jewish emancipation within Western and Central Europe, has the intellectual strength, as David Ben-Gurion did, to stand up against a sea of adversaries with confidence in the will to fight for the right, rather than give way to opportunistic ventures. Jewish fears tend to make the Jew easier prey to the fear that his survival depends, apparently at least, upon propitiating the ruling establishment among the non-Jews. That is the nature of the power of that establishment and its fundie-like hoodlum mobs, which strikes fear and submission into the typical Jew.

That said, look deeply into the nightmare which is the deranged mind of the typical millenarian fundie, and the key to understanding President Clinton’s predicament can be identified.

The Apocalypse

The Apostle John wrote a letter known as The Apocalypse, addressing the issue of the nature of the forces faced by Christians under the conditions of the pagan Roman Empire during the closing decades of the First Century A.D.

At a later time, some wicked prankster renamed that letter The Book Of Revelation. The reading of that latter version, so titled, among certain non-Catholics, was whipped up into the core of a lunatic belief which became the contemporary, pseudo-Christian millenarian cults. Bits of “prophecy” from what became known as the “Old Testament” since early in the Sixteenth Century, were blended in, and the entire stew so stirred was served in the heathen’s clay pots of what became known as millenarianism, the view that God has preset the history of man and the universe according to precalculations of events predetermined to occur inevitably according to a calendar set in more or less exactly thousand-year intervals. That is, in that form, purely pagan numerology, better suited to the dogmas and myths of the Babylonian priesthood than the domain of sane men and women.

To recognize why that millenarianism must be recognized as a form of lunacy, it is convenient to focus on a comparable

issue, pivoted upon the interpretation of the Third Letter of Fatima, lately discussed within the ranks of the Catholic Church. There, in opposition to the views set forth by Pope John Paul II, some avowed Catholic millenarian-like types insist, that that Letter reflects God's predestination of a virtual apocalypse in the period immediately ahead.

In both these, and similar cases, there are certain crucial facts which prove that the issues posed are not matters of debatable religious differences, but are purely and simply a form of clinical insanity, a form of mass insanity which history already demonstrates to be extremely dangerous to civilization as a whole.

Focus again on the Third Letter of Fatima. The Congregation of the Doctrine of the Faith points out what any sane Christian should recognize immediately, that the threat to which that Letter refers, is not the threat of a predestined event, but, rather, a forecast which warns of the consequences of the Church's failure to make certain corrections in its recent and continuing history. It is not necessary to examine the details of that matter here; the point is, to focus upon the difference between that view of the Letter and what some millenarian-like readers of the Letter project upon it.

The essence of man, as Christianity teaches, is the unique quality of individual human free will. Most typical of that free will, is the sovereign power of the cognitive powers of the individual to make original, validatable discoveries of universal physical principle, or similar discoveries of other verifiably universal principles. This power in the individual points to the innate goodness of the human individual from conception and birth, a goodness within ourselves which we must nurture and realize through our self-development, through the development of our society, our children, and so on. Thus, the crucial issue of morality, is the willingness and ability of the individual and society to make those necessary free-will choices when the evidence shows that our present conduct is in error, as that is shown to us to be an error of commission or omission in our present habits of behavior.

Only superstitious heathen, such as the millenarian fundamentalists, reject that principle of free will. The heathen believes in predestination, and blames God or some other supernatural agency, such as perhaps the Invisible Hand, or "human nature," for any flaws in his own conduct. For the Christian, and, indeed, for all sane human beings, nothing is ever "in the cards."

Clinton as a Tragic Figure

The problem as I have posed it here up to this point, has all of the essential qualifications of a true Classical tragedy. That is to say, a drama which is true to the actual issues of a specific space-time location in real-life history, and in which all of the issues presented pertain not to individual interpersonal relations, or communities in the small, but in which the subject of the drama is nothing other than a true-life presentation of the universal principle at issue in a specific aspect of real history. It is not President Clinton whose role as President

is being destroyed by the tragic error expressed by his cited blunder in the Camp David process; it raises the prospect of a general religious war erupting in the Middle East and what that war would mean for not only the Middle East, but possibly the future existence of the U.S. and European civilization more broadly.

The issue is to make President Clinton an un-tragic figure, while there is still time to do so. The outcome of this present situation is not predestined; only the choices before us are predefined. Tragedy relives the essence of the closed book of history from the past; we must learn from tragedy, not to accept doom as predestined, but as a challenge to our powers of free will, to change the course of history from what cowardly fools view it as inevitably predestined to be.

The evil embedded in the fundies' millenarian psychosis must be assessed in no less terms of reference than just that. When we situate it so, the truth which is brought to the surface is not only universal for the specific period of history in which we are living, but for the history of humanity as a whole.

The essence of the millenarian fundies' characteristic psychosis, is that he or she does not consider himself human, not as a creature with the power and moral obligation to act according to free will for the good of mankind. The root of this mental and moral derangement of those poor fools, is their acceptance of what they view implicitly as their status as human cattle, rather than as human beings of free will. There is a marked similarity of this moral degeneracy within them to the characteristic of the plebeians of ancient pagan Rome: *vox populi*. They view themselves as the hapless victims of a Bogomil's predestination, of Roman custom, of the Romantic conception of history and culture expressed by Kant's Critiques and by the notion of *Zeitgeist*, *Weltgeist*, and Custom associated with Nineteenth-Century reactionary Romantics such as Hegel and Savigny, or by the notion of "rule of law" put forth by the absurd and corrupt Representative Henry Hyde in the impeachment proceedings against President Clinton. The notion of *laissez-faire* by the feudal reactionary Quesnay, the mystical notion of an "Invisible Hand" by such empiricist amoralists as Mandeville, Adam Smith, and Jeremy Bentham, express this pagan faith in predestination and in personal moral irresponsibility for the outcome of history, which constitutes the kernel of the bestiality and psychosis occupying the personality of the millenarian fundie.

A terrified Clinton, hounded to near-destruction, reacted in part like a terrified Jew, in begging for survival, propitiating that lynch-mob of millenarian fundies which has joined the psychotics of the "globalization" cult, in declaring itself the predestined power to make or destroy governments, and anyone else their caprices select for ruin.

If you allow these psychotic swine from Orwell's *Animal Farm* to destroy your accountability to your own power of free will, you will surely be destroyed, not by predestination, but by the foolishness of your own free will. In the end, that would be sort of like going to Hell for your sins, wouldn't it?

Budget Process Dissolves into Partisan Warfare

by Carl Osgood

Perhaps it is lawful that, with the largest financial collapse in human history looming on the horizon, the annual appropriations contest between Congress and the White House would dissolve into chaos and partisan warfare. The latest chapter of the fiscal year 2001 budget saga was written in the wee hours of the morning of Oct. 31, when the House Republican leadership shot down an agreement between White House Budget Director Jack Lew and GOP appropriators on the funding bill for the Departments of Labor, Health and Human Services, and Education. In retaliation, President Clinton vetoed the combined Legislative Branch-Treasury Department Appropriations bill, which included funding for the Executive Office of the President and a pay raise for members of Congress.

That afternoon, Clinton told reporters, as he was departing for a campaign trip, that he had no objection to the bill itself, but “there’s something that strikes me as a little wrong in taking care of the Congress and the White House when we haven’t taken care of the American people.” He accused the Republicans of ripping apart the agreement “because some special interest lobbyists insisted on it.”

According to the President, business interests behind the Republican Party objected to a provision in the Labor-HHS bill dealing with repetitive stress injuries in the workplace. He said that the Democratic-supported provision would save business \$9 billion and prevent 300,000 such injuries a year. “Once again,” he said, “the Republican leadership has let the whispers of the special interests drown out the voices of the American people. Families should not have to choose between worker safety and their children’s education.”

DeLay’s ‘Veto Strategy’

According to the *Washington Post*, it was House Majority Whip Tom DeLay (R-Tex.) who was responsible for torpedoing the agreement, even though doing so angered Appropriations Committee Chairman C.W. Bill Young (R-Fla.), who had led the GOP’s negotiating team. Reportedly, DeLay and House Speaker Dennis Hastert (R-Ill.) were concerned that the bill, which had grown to \$43 billion just for education, was getting too expensive, but, in fact, DeLay has been promoting a “veto strategy,” of deliberately sending bills to the President knowing that he would veto them. This strategy is supposed to “energize” the GOP’s conservative base for the Nov. 7 election.

Some of the fuel that fed the latest explosion was a tax-cut bill that the GOP rammed through the House on Oct. 27, which was clearly part of DeLay’s strategy. That bill was cobbled together by taking a Small Business Administration authorization bill and adding to it, in conference, numerous tax-cut provisions, as well as a provision allegedly aimed at restoring funding that had been cut from Medicare by the 1997 Balanced Budget Act. However, none of the tax-cut provisions had ever been considered on the floor of the Senate, though some had been considered in the House.

The tax-cut provisions include a repeal of the Foreign Sales Corporation Act, expanded contribution limits for Individual Retirement Accounts and other types of pension plans, a minimum wage increase packaged with tax breaks for small businesses, and compromise legislation on empowerment zones and so-called “renewal communities.” The bill also included \$32 billion for Medicare, and a provision prohibiting the use of Federally controlled substances for physician-assisted suicide, which is targeted at the state of Oregon. The GOP, as indicated by Sen. Christopher Bond (R-Mo.) in remarks on the Senate floor on Oct. 26, doesn’t admit to making any mistakes in crafting the 1997 Balanced Budget Act. In Bond’s view, the problems of Medicare stemming from that act are solely the result of mismanagement by the Health Care Finance Administration.

However, the Democrats were quite displeased with the bill, including the process by which it was brought to the floor for consideration. During House debate, Joe Moakley (D-Mass.), the ranking Member on the Rules Committee, described a convoluted process by which the Republicans could bring rules to the floor the same day they were passed out of the Rules Committee—which usually requires a two-thirds vote of the full House. Democrats also complained that the Medicare proposal includes “excessive payment increases” to health maintenance organizations without any accountability.

In a letter to Congressional GOP leaders on Oct. 25, President Clinton wrote that the partisan tax package “ignores our key concerns on school construction, health care, and pensions policy.” Clinton had proposed an alternative package that included proposals for tax-free school construction bonds, health insurance coverage for uninsured, working parents, and a tax deduction for long-term care insurance. All of these proposals are subjects of bipartisan bills in the House.

Republicans dismissed Democratic objections, however. That is, until President Clinton threatened a veto. Speaker Hastert angrily threatened to keep the House in session “till the election if I have to,” in order to get the deal that he wants. This was on Oct. 27, three and a half days before the agreement on the Labor-HHS bill came apart.

Visions of the government shutdowns of 1995-96 have been floated, both in the press and by members of Congress. Senate Appropriations Committee Chairman Ted Stevens (R-Ak.) told reporters on Oct. 31 that “the White House has an agenda to try and get us to the point where we were in 1995.

And guess what? This morning, we're precisely where we were in 1995 when the President vetoed the legislative appropriations bills." The 1995 shutdowns were a disaster for the GOP, which has not been forgotten.

However, there are important differences between the latest budget clash and the one of five years ago, not the least of which is that the current struggle takes place in the first election season after the failed impeachment of Clinton in the Winter of 1998-99. Another difference is that the next President and the next Congress will be taking office in the early stages of the worst strategic and economic crisis in more than a century.

Republican Hypocrisy

Instead of acknowledging this looming crisis, the Republican Party of DeLay and Senate Majority Leader Trent Lott (R-Miss.) is positioning itself to fully impose its Conservative Revolution agenda on the United States and the rest of the world come January 2001. Two issues show just how hypocritical the GOP is when it comes to its agenda, however. On education, the Democrats want to make extra money available for school construction, and the hiring of teachers to make it possible to decrease average class size. The Republicans argue that local school districts should be allowed to spend the money however they see fit. Yet, this states' rights attitude on the part of the Republicans doesn't exist with regard to

criminal justice. The crime bills passed by the GOP-controlled Congress require that states pass truth-in-sentencing laws and the like, before they can get Federal money for building more prisons. When it comes to the general welfare, the GOP is for states' rights, but when it comes to expanding the police-state powers of the Federal government, the states have no rights.

The Democrats have not necessarily fared better. In spite of House Minority Leader Richard Gephardt's (D-Mo.) much bally-hoed drive to retake the House for the Democrats, they blew it with respect to Michael Forbes (D-N.Y.). Forbes originally came into the House as part of the Republican revolution of 1994, but switched parties last Summer. Gephardt made much hay out of Forbes's switch, but Forbes was defeated by a little-known school teacher in the New York Democratic primary last September when the party failed to support him. This is only the most recent in a series of gaffes going back to the 1996 Welfare Reform bill.

Finally, the agenda of the Democratic Party (and the Republican Party, too) is premised on a booming economy and Federal budget surpluses as far as the eye can see. For example, while prescription drug coverage for the elderly is an important issue, it cannot be adequately dealt with except in the context of a New Bretton Woods policy that restarts global trade and production, and in which the general welfare of the American people is considered paramount.

EIR Seminar

'NOW COMES THE AFTERMATH'

With Lyndon H. LaRouche, Jr.
Founding Editor, Executive Intelligence Review
Tuesday, November 14, at 1:00 p.m.

Contrary to official lies coming from the highest levels of government, and from both of the "leading" candidates for U.S. President, the United States and the world as a whole, are presently gripped by the worst worldwide financial crisis in recent centuries. A general collapse of the U.S. dollar is imminent, despite the desperate efforts of some to postpone the financial collapse's full impact until after the Nov. 7, 2000 Presidential elections. Every effort to postpone the crisis only makes it worse, and it is clear that neither Al Gore nor George W. Bush has the slightest inkling of what to do when the crisis hits full force.

Worse than that, the lack of any credible candidate for U.S. Presidency, threatens the world with a situation in which there is no official institution in the United States which will act to provide a sane response to the onrushing financial collapse.

Lyndon H. LaRouche, *EIR's* founder and former Presidential candidate for the Democratic Party nomination,

has specified what measures are required to deal with this crisis: These must be actions taken in the spirit of President Franklin Roosevelt's recovery measures of the 1933-45 interval, both domestically and internationally. LaRouche has set forth what must be done under his call for a New Bretton Woods system and in numerous writings, which will be available at the Nov. 14 seminar.

You are invited to attend this seminar, to hear and discuss LaRouche's perspective for this turbulent post-election period. Attendance is free, but pre-registration is required.

A live audio webcast of the seminar will be available on www.larouchepub.com and www.larouchespeaks.com.

Time: 1 p.m. to 5 p.m., Tuesday, November 14, 2000

Place: Washington, D.C.

To register: 202-544-7010, or 703-771-8390

Congress Votes for Mideast Holy War

by Jeffrey Steinberg

Every sane person tracking the ongoing Mideast crisis knows that seven years of peace negotiations virtually went up in smoke during Camp David summit meeting in July, when President Bill Clinton blundered, by placing the issue of the status of the Temple Mount holy sites in Old Jerusalem on the negotiating table. The President compounded his blunder days after the summit ended, by attacking Palestinian Authority President Yasser Arafat, accusing him of having ruined the summit with his intransigence.

The far more accurate and honest account of the Camp David blow-up, in fact, came from Arafat himself, who advised the President that, to have signed the U.S.-Israeli formulated plan for Jerusalem and the holy sites would have been to have signed his own death warrant. Arafat had no authority to speak, on his own, for the entire Islamic and Arab world—particularly on such an historic and sensitive issue as the status of Jerusalem.

As the result of the President's blunders—which he himself has reportedly acknowledged, and is now trying to reverse, albeit, to date, unsuccessfully—the entire Mideast and Persian Gulf region stands on the edge of a new holy war, that could even lead to a thermonuclear World War III.

As *EIR* documented in last week's cover story ("Temple Mount Fanatics Foment a New Thirty Years War"), the events in Israel and Palestine over the past two months reflect a growing sense of insane, flight-forward panic, on the part of leading oligarchical circles, particularly in London, who see their global financial system on the brink of evaporation. In their desperation, they have unleashed irrational, violent forces, on the ground in the Middle East, who are devoted to blowing up the world, by instigating a religious war over the Jerusalem holy sites. Those fundamentalist forces, on both the Jewish and Islamic side, have long been part of the dirty-tricks capability, assembled by the British oligarchy over the past 140 years, for use precisely under such conditions as the present.

As Lyndon LaRouche emphasizes in this week's *EIR* (see *National* lead story), only a powerful intervention on the part of the President of the United States, to expose the danger of irrationalist religious war, and to put the peace process back on a proper track, informed by the policies of Israel's founding father, David Ben-Gurion, and the tradition of the Treaty of Westphalia and the German republican Moses Mendelssohn,

can stop war at this late date. Concretely, no just peace can be achieved without immediate action to reverse the poverty in which the vast majority of Palestinians live, and by launching regionwide large-scale development projects—in the interests of all inhabitants of the region.

Congressional Perfidy

It is in this context that one must view the Oct. 25 actions by the majority of members of the U.S. House of Representatives, as an outright endorsement of a Thirty Years' War. In a vote of 365-30, the House endorsed a resolution, condemning the Palestinians *alone* for the violence in the Mideast. The resolution was introduced by International Relations Committee Chairman Ben Gilman (R-N.Y.), a well-known figure in the right-wing Zionist lobby, who was also among the leading Congressional persecutors of President Clinton. House Concurrent Resolution 426 also had the firm support of Rep. Sam Gejdenson (D-Conn.), the ranking Member on the Committee, of House Minority Leader Richard Gephardt (D-Mo.), and House Majority Leader Dick Armey.

The resolution stated, in part:

"Whereas the Palestinian Authority, with the assistance of Israel and the international community, created a strong police force, almost twice the number allowed under the Oslo Accords, specifically to maintain public order. . . .

"Whereas the Government of Israel made clear to the world its commitment to peace at Camp David, where it expressed its readiness to take wide-ranging and painful steps in order to bring an end to the conflict, but these proposals were rejected by Chairman Arafat. . . .

"Whereas even in the face of the desecration of Joseph's Tomb, a Jewish holy site in the West Bank, the Government of Israel has made it clear that it will withdraw forces from Palestinian areas if the Palestinian Authority maintains order in those areas; and

"Whereas the Palestinian leadership not only did too little for far too long to control the violence, but in fact encouraged it: Now, therefore, be it Resolved by the House of Representatives (the Senate concurring), That the Congress—

"1. expresses its solidarity with the state and people of Israel at this time of crisis;

"2. condemns the Palestinian leadership for encouraging the violence and doing so little for so long to stop it, resulting in the senseless loss of life;

"3. calls upon the Palestinian leadership to refrain from any exhortations to public incitement, urges the Palestinian leadership to vigorously use its security forces to act immediately to stop all violence, to show respect for all holy sites, and to settle all grievances through negotiations. . . .

"5. urges the current Administration to use its veto power at the United Nations Security Council to ensure that the Security Council does not again adopt unbalanced resolutions addressing the uncontrolled violence in the areas controlled by the Palestinian Authority."

In motivating the resolution, Gilman was even more provocative. He said, "Mr. Speaker, I rise in strong support of H. Con. Res. 426. The past several weeks have seen the situation in the Middle East spiral almost out of control. The underlying cause is that PLO Chairman Yasser Arafat is attempting to dictate Israeli concessions at the negotiating table through the unbridled use of violence; but this Congress, together with our friends in Israel and elsewhere, must join in saying no to that sort of violence."

Rep. Tom Lantos (D-Calif.), a close ally of mega-speculator and drug legalizer George Soros, added more fuel to the fire, saying, "At the outset, Mr. Speaker, let me express on behalf of all of us in this body our regret at the tragic deaths which have resulted from the violence that broke out in the Middle East. As a grandfather of 17, I particularly regret the death of children, although I recognize that there was a reckless and cynical exploitation of children by the Palestinian leadership. Children have no place in such violent demonstrations, and their reckless exploitation I think stands self-condemned. . . .

"In 1993, at Oslo, the principle of reconciliation was that the Palestinian leadership renounce violence as a means of achieving their political aims. In the last few weeks it has become obvious that Arafat and his group are unwilling to live up to this commitment.

"At Camp David, the government of Israel made sweeping proposals that moved the two sides closer than they have ever been in reaching a historic agreement and reconciliation. Instead of making a counterproposal to this most important move, Arafat has encouraged, promoted, and abetted violence and refused to engage in further negotiations."

A Small But Vocal Opposition

The 30 members of the House who voted against the resolution was dominated by members of the Congressional Black Caucus, but some other leading figures, including House Minority Whip David Bonior (D-Mich.) and John Dingell (D-Mich.), and even some unlikely Republicans, including Dana Rohrabacher (Calif.), joined the minority.

The most eloquent attack against the vicious war provocation came from Rep. Nick Rayhall (D-W.V.), a 12-term Congressman:

"Mr. Speaker," he declared, "I rise in strong opposition to H. Con. Res. 426 concerning the violence in the Middle East. If this body wishes to pass a resolution of support for Israel, then let us do it honestly, straightforwardly; not this way. Not through a resolution that is rife with bias and prejudice against the Palestinian people.

"This resolution could have a lasting adverse impact upon our goal of peace in the Middle East. We are talking about peace between two peoples here, not between political factions in Israel and Palestine; factions that never want peace in the first place. Regrettably, the language of this resolution is not balanced. It is not a straightforward vote of solidarity

in support for Israel. If it were, I would not be standing here today. In sum, by passing this resolution, we abandon our role as an honest broker and take a step that undermines negotiations between Israel and the Palestinians.

"Our words and our actions do bear consequences. In the past, we have passed resolutions in this body that do not reflect our greater interest and evenhandedness, and, as a result, people have suffered."

'We Should Be Encouraging Peace'

Representative Rahall continued: "We should be standing here today, Mr. Speaker, urging both parties instead to return to the negotiating table and help them find their way back on a path toward peace. Instead, we have a resolution before us that is an indictment of the Palestinian people's desire for peace; and, indeed, it is an indictment of the Israeli people's desire for peace as well. This resolution condemns one side, and it inflames passions to do the opposite of continuing the peace process.

"The true heirs to peace in the region, the peoples of Israel and Palestine, want the killing to stop. I know there is a deep despair, if you will, among Palestinians that they will never be able to live as a free and independent people. There is a feeling of frustration among the Palestinians that their lives mean less than Israeli lives. I know that the people of Israel have their legitimate concerns about the security of their borders. . . .

"This resolution is about bashing the Palestinians, as though they have not lost more than 130 lives in the conflict, as though innocent Palestinian fathers and sons have not been gunned down as they walked home, innocent of the conflict around them. We cannot ignore the fact that an American Red Cross worker was gunned down when he tried to intervene to save the child and his father.

"There is a line in this resolution that says perceived provocation should be subject only to negotiation, not violence. That line, of course, refers to the fact that Ariel Sharon deliberately timed his visit to the Nobel Sanctuary, accompanied by more than 1,000 Israeli security units. Sharon made his trip because he wanted to create strife among Palestinians, because creating strife among Palestinians would help him and those who follow him get rid of Prime Minister [Ehud] Barak's efforts toward peace, putting the Likud back in power in Israel."

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Drug Legalization Gets Boost from Wall Street

by Michele Steinberg

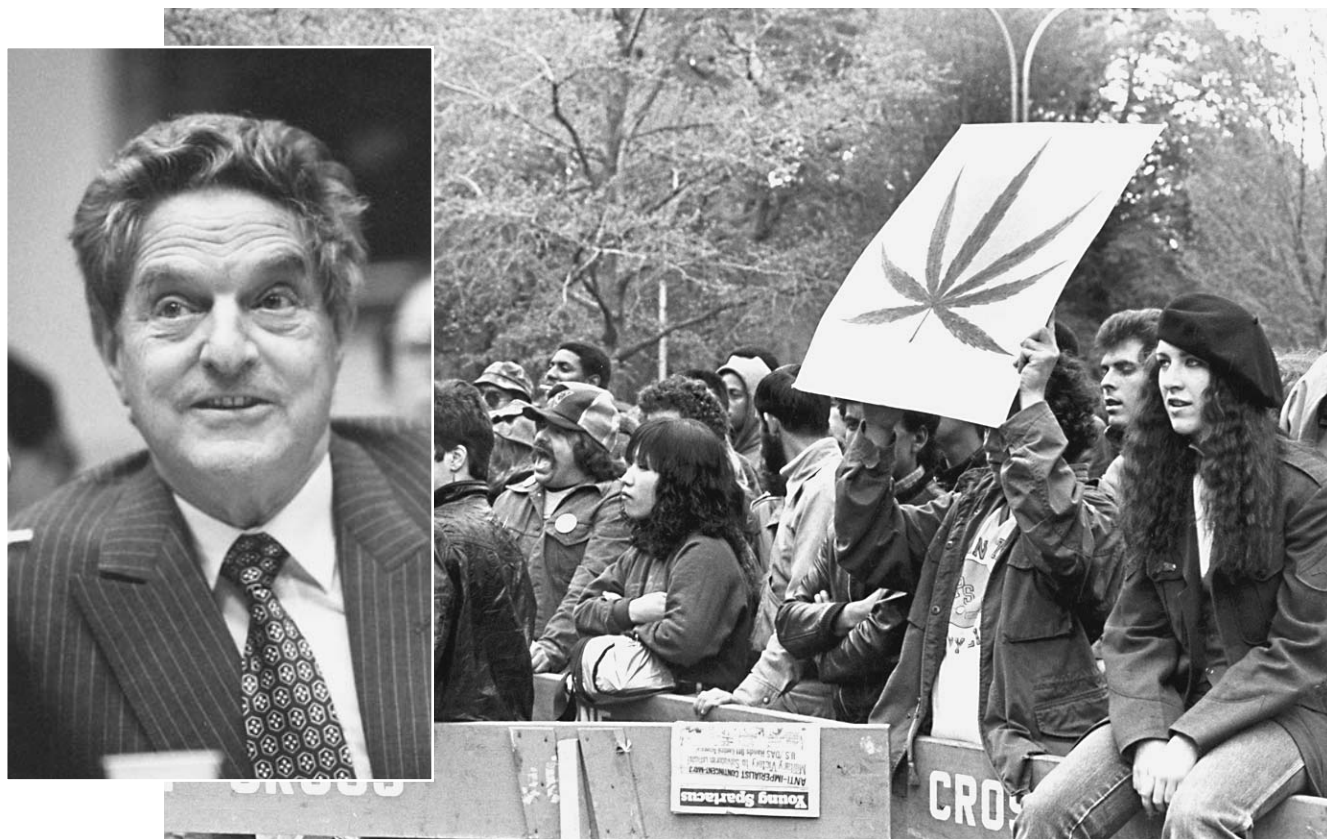
The network of drug-legalization lobby groups centered in hedge-fund and mega-speculator George Soros's Open Society Institute, are using this year's elections to escalate their drive to legalize drugs in the United States. In seven states, there are referendums on the ballot that will significantly weaken the ability of the United States to stop the use of psychotropic drugs. And, as stated by Soros's lackey on drug legalization, Ethan Nadelmann, in an October 1999 forum at the free-trade Cato Institute, these incremental legislative changes are designed to wear down the resistance to full legalization of illegal drugs.

The following measures already certified for ballot referendums:

- In California, Proposition 36 would abolish jail terms for "simple possession" of marijuana, cocaine, crack cocaine, heroin, PCP, and virtually every other type of narcotic and hallucinogenic drug, for the first, second, and *third* offense.
- In Oregon and Massachusetts, the same "wear down resistance" technique is being applied to repeal "forfeiture laws," which allow law enforcement authorities to seize property that is part of a drug enterprise.
- Alaska is intended to be the beachhead for full legalization of marijuana. Alaska passed decriminalization of marijuana for personal use several years ago.
- And, Colorado, Nevada, and Florida are the latest additions to the list of states that have gotten a "medical use of marijuana" referendum on the ballot.

The strategy is not just to undermine the morality of the United States, but to try to repeal all international laws against trafficking in mind-altering drugs—a "New Opium War" strategy modelled on the opium-trafficking days of the British East India Company.

And, through a ready-made network of "Human Rights



Yippies at their annual smoke-in in 1981. Drug legalization efforts didn't get far for more than 20 years, until big financial backers, such as British-controlled speculator George Soros (inset), got behind the effort.

Watch” organizations, founded and financed by Soros, each step toward the legalization of dope in the United States is used as a political sledgehammer against the patriots of Ibero-America that are committed to stopping the narco-terrorist forces from destroying their nations. A special branch entitled “Americas Watch,” with Soros on the board, is used specifically to target patriotic leaders in Peru and Colombia as “human rights violators.”

Opposition Formed

The crown jewel of the legalization drive is Proposition 36 in California, where Soros and friends engineered the first passage ever of the “medical marijuana” initiative, in 1996.

But Proposition 36 is coming under steady attack from law enforcement, health-care, and drug-treatment professionals, through a group called Californians United Against Drug Abuse. The group says, “Proposition 36 effectively decriminalizes heroin, crack cocaine, PCP, methamphetamine . . . and many other illegal substances—the hard drugs behind most child abuse, domestic violence, sexual attacks, and other violent crimes. . . . Instead of offering a real solution to drug abuse, it gives up the fight.

“Proposition 36 wasn’t written by drug-treatment experts. It was written by a criminal defense lawyer and funded by three wealthy out-of-state backers whose ultimate goal is to legalize drugs.”

The “three backers” are Soros, John Sperling, and Peter Lewis, affectionately known to pot-heads and journalists as “the funders,” who cough up tens of millions of dollars for drug legalization. Sperling is a 76-year-old, Arizona-based financier who heads the Apollo Group, a holding company for not-for-profit universities led by an infamous correspondence school, the “University of Phoenix.” The third in the troika, Lewis, of Cleveland, Ohio, heads the Progressive Corporation, the fifth-largest auto insurer in the United States.

The Soros-Sperling-Lewis combination provided the money—an estimated \$30 million—for the 1996 Proposition 36 initiative, when they created a front group, the so-called Americans for Medical Rights, to push through the medical marijuana initiative. The media today try to paint them as Robin Hoods, who are “deeply concerned” about sick people getting pain relief, and ghetto youngsters going to jail. In reality, they are cynical manipulators with a secret agenda to legalize dope.

Soros to the Rescue

If there is any bright spot in this picture, it is to understand clearly that this legalization mafia is totally dependent on a *tiny* handful of operatives—a few hundred in number—who operate under Soros’s umbrella.

The Lindesmith Center of Soros’s Open Society Institute in New York, run by Nadelmann, is the clearinghouse for the drug-decriminalization efforts. The Drug Policy Foundation, which provides “grants” and “research,” and the National

Organization for the Reform of Marijuana Laws (NORML), which came on the scene more than 25 years ago as the first lobby organization for decriminalization of marijuana, are two of the other groups that rely heavily on Soros’s dollars to carry out their political efforts. Through a highly professional Internet-linked communications network, two or three “grass-roots” organizations in virtually every state are given support from a few lawyers, doctors, and foundations to give the appearance of a popular movement. The closest these pro-marijuana groups come to being grassroots groups, is the “grass.” Without the infusion of Soros’s dollars and other largesse from philanthropists, the aging hippies that lead the pro-marijuana movement in the United States probably couldn’t get out of bed by themselves.

Nadelmann admitted as much in his remarks to the Cato Institute last October, when he pointed out, that until the semantic ruse of “medical use of marijuana” came along, the decriminalization movement had suffered nearly 20 years of defeats. For years, NORML and the Drug Policy Foundation had hammered away at the U.S. Congress and state legislatures, in attempts to pass decriminalization legislation, but they failed each time. But even the “medical marijuana” initiative was going nowhere, until Anglo-American billionaire Soros, and his friends, spent an estimated \$30 million to get it enacted into law.

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Gore Might Elect George Bush

by Lyndon H. LaRouche, Jr.

Continued from page 1

out to be an electoral-college impasse, there is no certainty yet, as to who will actually be inaugurated as the next President. Even the fellow who seems to have won on November 7th, might not actually become the next President. Many seemingly strange things not only could happen, but are likely to happen, between election-day and the next inauguration. So far, on this count, absolutely nothing is in the cards.

As the often quoted Chinese saying goes, for the United States, we live in interesting times.

In times like these, if you wish clear and definite answers, you must first ask the right questions. Who is going to win next Tuesday's general election is not the right question. There are two leading subjects on which I can give you some definite answers, and, otherwise, some hints at what you should be worrying about. First, peek at the economic situation, and then the rapidly deteriorating political situation of the United States, at home and also abroad.

First, the entire global financial system is now overripe for the biggest collapse in three centuries, and the collapse of the value of the U.S. dollar on the world market, will be the event which officially pushes the world as a whole into that new great depression. There goes the entire agenda of both the Bush and Gore candidacies, out the window. They each become useless political baggage, to Wall Street and everyone else, the moment that crash hits with full force, soon.

Second, the world's greatest political and strategic crisis at this moment is the fact that both of the major political parties are controlled, top down, by the leading role of pro-racist right-wing fanatics, included generally pro-racist religious loonies of the Robertson and Falwell types, who have taken control of not only the Republican, but also the Democratic parties' machinery, as a continuation of the Nixon "Southern Strategy" launched during the second half of the 1960s. Admittedly, the Wall Street crowd behind the Nixon victory and the Carter take-over of the Democratic Party are not religious nuts in the ordinary sense of the term; they are too busy worshipping their financial asset-values to worship any other sort of god. But, the Wall Street establishment of leading financial

houses and law-firms, including the circles of Daddy Bush, brought the Yahoos of the Southern Strategy's recruiting-drive into political power, and, as of now, Wall Street is a virtual prisoner of that racist, right-wing political monster which it created as the controlling force in both major parties.

Everyone in relevant positions of inside knowledge in Washington and in every western European capital knows, that that "Third Way" coalition of nominally Republican and Democratic Yahoos, has taken over the political machinery of the United States Congress and of the government generally. That is why the leading European press, echoing the sentiments of the leading circles in Europe, Asia, and elsewhere, is viewing the November 7th U.S. election as a horror-show. Most nations in the rest of the world wish to stay away as far as possible from any ties to the U.S., for as long as we permit those Yahoos to exert their fascist style of tyranny over our political processes and government.

So, put those sets of facts together. What happens when the inevitable collapse of the U.S. dollar and economy, puts a U.S. which has been cruelly dominating most other nations at the mercy of those nations which now see themselves as victims of the policies which the U.S. has been lately imposing upon the world? Given the complication of the presently immediate threat of the outbreak of a world-wide religious war, erupting out of the Middle East, what do you predict the situation will be when next January rolls around?

My suggestion to you is the following. Consider the November 7th election as a foregone national catastrophe, whatever the polls report. Instead of worrying about who won that election, which our nation as a whole will lose, either way, you should concentrate on how we deal with the world-wide mess which the election of either of those two clowns would represent.

That far, and perhaps only that far, Ralph Nader is right, whether or not he himself is qualified to be elected as President. Whoever you vote for, vote in such a way that you are voting for the only person qualified to become the next President under this circumstance, me. Vote against the Yahoos, whatever you do. How do you do that? Think it out for yourself.

THE 'NEW ECONOMY' IS DOOMED

The Fraud of the Information Society

The Group of Eight heads of state, meeting in Okinawa in July 2000, proclaimed as its major accomplishment, the establishment of a task force aimed at giving the Third World access to the "Information Revolution." In a parody of Marie Antoinette, they said of the world's poor: "Let them eat laptops!"

EIR's Special Report rips apart the fraud of the Information Society, and tells what must be done to restore economic health to nations where billions of people face hunger and death by infectious disease, while transport, power, and water infrastructure is collapsing.

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