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The Issue of Impeachment is War or Peace



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The Issue of Impeachment is War or Peace

Hunting and Prosecuting Crazy Spooks to Save the Nation

The following is the edited transcript of presentations made by LPAC's Barbara Boyd and Bill Binney, former Technical Director for the National Security Agency, on the LaRouche PAC Fireside Chat for November 27, 2019. The full 90-minute audio of those presentations, and the discussion that followed, is available [here](#).



Rather, what Ritter does, is, he tracks out the whistleblower's entire career; and it is one which, if you go through it, should raise the hair on the back of your neck. You will realize, as you read it, that Lieutenant Colonel Vindman probably was the leaker, and if indeed, he could get away with testifying before Congress as the leaker, without anybody saying “Bo-

Barbara Boyd: The word “bombshell” has definitely been overused in the recent period by the mainstream media, but Scott Ritter published a real bombshell, an actual one, in *Consortium News* dated today. For those who don't know who Scott Ritter is, he is a member of the Veteran Intelligence Professionals for Sanity (VIPS). He was the actual whistleblower reporting that Iraq did not have weapons of mass destruction, way back at that particular phase of our descent into the maelstrom. In his [article](#), “The ‘Whistleblower’ and the Politicization of Intelligence,” Ritter gives a very thorough exposé of the bogus whistleblower who has triggered this latest stage of the coup, and does so without ever having to name his name.

He has some fun with that at the beginning of his article in *Consortium News*, where he says: Of course, everybody knows who this person is, but I'm not going to name him, or I'm not going to go by the scant stuff we already know about him in terms of scandalous headlines—i.e., that he worked with Joe Biden in the Obama National Security Council, and that he was sent there with specific orders from John Brennan.

Peep” really, and going after him—although the Republicans tried to—then you understand the strength and the threat which this actual coup poses to people.

I go back to a very famous conversation which occurred between Rachel Maddow and Senator Chuck Schumer, way back at the beginning of this entire affair. If you can recall what Schumer said to Maddow at the point where the President was really going after the intelligence community for the first time in terms of his campaign, Schumer said, “You just don't do this. He's really stupid to be doing this. You know, the intelli-



Another phony Trump impeachment inquiry hearing, this one featuring Lt. Col. Alexander Vindman, on November 19, 2019.

gence community can get you six ways to Sunday.”

Now, Ritter, in his article, strikingly tells the reader:

As I shall show, such actions [the politicization of the intelligence community] are treasonous on their face, and the extent to which this conduct has permeated the intelligence community and its peripheral functions of government, including the National Security Council and Congress itself, will only be known if and when an investigation is conducted into what, in retrospect, is nothing less than a grand conspiracy by those ostensibly tasked with securing the nation to instead reverse the will of the American people regarding who serves as the nation’s chief executive.

Little Bo Peep

So, what does he tell us about the whistleblower? First of all, he tells us that the whistleblower is an extremely young man; in other words, the guy who has put our republic at risk is an extremely young man. His first service in the intelligence community occurs in the Obama administration. Ritter goes through at great length exactly how this guy was trained, and what he lived through. He lived through the so-called shift in our relationship with Russia, where basically the plan was to cultivate Medvedev at the point that he was President, and Putin was not, to soften the relationship with Russia.

That crashed, of course, because the United States had absolutely nothing to offer, other than gamesmanship. When Putin returned to power in 2012, essentially that is when the games began, in terms of the joint effort by the British and the United States to overthrow Putin, with Ukraine as the major “prize” as they called it, in that battle.

In July of 2015, the whistleblower was detailed to the National Security staff at the White House and was named the director for Ukraine on the National Security Council. That’s how he ran into Joe Biden. And the deployment of that young man to undertake Ukraine policy for the NSC at the White House was specifically approved by then CIA Director John Brennan. In other words, Brennan had to specifically forward this guy to this mission. So, he was very high up in the White House; he was reporting to Susan Rice, the National Security Director under Obama, with very little in between him and Rice.

So, you see why he has to be called to testify. Number one, the FOIA requests have come in and they show that Alexandra Chalupa, the person who led the Ukrainian intervention into the 2016 election on behalf of Hillary

Clinton, met with this guy—met with the whistleblower 27 times at the White House. This guy was in a key post for Ukraine and Russian operations at the point that Susan Rice was unmasking everybody in the Trump transition, trying to find their back-channels to Russia.

He was in the National Security Council overseeing, in all probability, the whole set-up of General Flynn to force him out. He is the guy who is suspected of leaking Trump’s Mexico and Australia phone calls, which were leaked right after Trump’s first meeting with Putin. If people recall, what actually scandalized the U.S. in-



UN/JC McIlwaine



courtesy photo

The then Ambassador to the UN and soon to be National Security Advisor, Susan Rice (left) in 2013, and Democratic National Committee contractor and staffer, Alexandra Chalupa.

telligence community was that Trump insisted, again, that he wanted to make peace with Russia. So, that’s the background. This guy was suspected of illegally leaking information. Yet McMaster, who’s the National Security Director after General Flynn is fired, makes this guy his personal assistant.

So, this guy is a deputy to the National Security Director of the United States; he has access to everything.

Now, on May 10, Sergei Lavrov and Ambassador Kislyak met with Trump in the Oval Office. People may remember that meeting, which was plastered all over the place in the media, with reporters saying “See, see, see? We were right about Trump and Russia.”

Scott Ritter, in his article, makes clear that this guy is the one who leaked that meeting. And everybody suspected it inside the White House; they tried to get McMaster to authorize an investigation of him as the leaker, and McMaster adamantly refused to authorize a formal investigation of this guy.

He then ascends, becoming the Deputy National Intelligence Officer for Russia and Ukraine, which is

where he sits now. He ascended to this post under former director Dan Coats. It can't be emphasized enough, that this is who the whistleblower is: the Deputy National Intelligence Officer for Russia and Ukraine, sitting there at the top level of the United States intelligence community.

Ascension to Untouchable

Now think about that; just think about that. What's being told to the Republicans is, "You cannot ask about this guy." It's obvious why; it's obvious that this guy ran—on behalf of the intelligence community of the United States and the British—the whole Ukrainian intervention into the election. This guy is who Lt. Colonel Vindman leaked the July 25 phone call to, which is at the center of the impeachment hearings we're actually now preoccupied with as a national preoccupation.

If you're thinking clearly, you realize the implications of this. The whistleblower's attorney said in January of 2017, "Now the coup begins." It's gone through several phases. We are now down to basically real time in which those people who are disloyal to the President are coming out of the woodwork and making themselves known. There is a flimsy attempt to actually keep us from knowing who they are. The point here is that this is not some electoral strategy or something like that; the very heart of our Constitutional republic is at stake now, at risk from the people who think they know better than the voters who voted in 2016. It is the very problem which Attorney General Barr said was actually a seditious attempt to overthrow the government of the United States; Barr called them out.

British Element in U.S. Foreign Policy

We will soon have the report from Michael Horowitz, the Department of Justice Inspector General, and it's something I want Bill to speak to, because I believe that in part, it will be a cover-up insofar as it doesn't address the fundamental premise of how this all started, which is exactly what Bill Binney has proved. Which is that there was no Russian hack over the internet of the Democratic National Committee; ergo, there was no substantial interference by the Russian government

into the 2016 election. There was, however, substantial interference by Ukraine, and by all of the people who have become so sacrosanct—Lt. Colonel Vindman, the whistleblower himself, and the State Department people who just testified about who engineered the coup in Ukraine and who didn't want the new President, Zelensky, to even get into office.

They wanted Poroshenko; that was the deal. That's who they installed; that's who they wanted to create a permanent vassal state, as Zbigniew Brzezinski dictated a long time ago, for waging war with Russia. Those are the parameters of what we're facing. But the very fact that this President is fighting, and the very fact

that others are now joining him in that fight—including ourselves—means that for the first time really since Franklin Roosevelt's death, we have an opportunity to expose the British element in United States strategic policy. We have a chance to return the United States to the foreign policy of John Quincy Adams; i.e., we're the city on the hill and we lead by example, because we develop our own country. We don't go abroad seeking monsters to destroy; we refuse to be an empire.

It gives us a huge chance to completely reshape how we deal with intelligence and the intelligence process within the government itself; because this process is thoroughly rotten to the core. Here you've got someone who is inexperienced, but

ambitious; trained in the school of the CIA of John Brennan, which brought national disaster upon us. We, the United States, ended up with a policy of assassination by baseball card, under President Obama—assassination by drones throughout the Middle East, versus any kind of sane foreign policy. And moreover, as most people know, we've spent trillions and trillions of dollars on behalf of becoming the policeman of an empire; but it's not our calling. Our calling goes back to what our founders saw as our national mission.

If we can just seize this moment—and it will not be an easy thing to do; this is a shooting war. As soon as you come out and expose it, you're going to be shot at. John Solomon, as everybody knows, has revealed more than a lot of other people about the real Ukraine intervention into the election. He's been essentially removed from



White House/Pete Souza

President Obama and his CIA Director John Brennan.

the newspaper *The Hill* and is being slandered every day. Rudolph Giuliani is facing a criminal investigation in all probability. The *New York Times*, the *Washington Post*, all of these media are spending full time shooting at the people who can actually expose this, in the hopes that Bill Barr, and more importantly, the citizens of the United States, will chicken out from the fight.

But it's a fight we can win, and that's what I want to impress upon people tonight. So, that's how I'm going to open.

Evidence That Tells the Real Story

Bill Binney: I'll begin with the problem that I saw stirred up with the whistleblower. The fact that the phone call occurred on the 25th of July, and then the DNI Inspector General modified the criteria for accepting complaints from firsthand knowledge to simply hearsay. Then on the 12th, the whistleblower submitted his complaint; in the meantime, he worked with Rep. Adam Schiff and his group. But then the Inspector General passed the report to Congress.

My earlier experience with the report that we had filed with the Department of Defense Inspector General, was pretty straightforward. We had filed a complaint and he sent about 12 inspectors to come out to the NSA and investigate our complaint. He didn't automatically assume that the complaint was correct; he came and investigated the thing.

In other words, this Inspector General [investigating the whistleblower] did something under the table; he had some agreement with somebody to make it possible for this to happen. This is the part of the corruption that starts right up there at Director of National Intelligence Clapper's office. So, he needs to be included in this investigation; and it needs to clarify a lot of things for how Inspector Generals have to operate. They need better procedures; they don't have a really good procedure right now. Obviously, it's not working.

The Inspector General (IG) at the Department of Defense, by the way, is the one who gave our names to the FBI as likely candidates for leaking the classified program, the warrantless wiretap program, to the *New York Times*. This is, of course, false. The FBI knew that at the time, so did NSA; but it fit their plan of getting retribution against us for the complaint we had previously filed. So, at any rate, that's a separate story, but it gives you an idea of the procedure of what Inspector Generals are supposed to do. In the case of the whistleblower, the IG did not investigate, so I'm very suspicious of who got to that Inspector General to make him

do that, or is he a part of this cabal for the coup against President Trump?

I would also point out, and this is kind of important, because I filed an affidavit in the Roger Stone case, basically saying that I had forensic evidence that the DNC emails posted by Wikileaks were not a hack by the Russians, but were downloaded to a local storage device and transported physically before Wikileaks could post them. I also said the same thing about Guccifer 2.0. I could prove forensically that the data he posted was downloaded too fast to have gone across the internet; that it couldn't be a hack, so it had to be a local download. This was clearly provable, and we demonstrated it by actually doing some tests on the World Wide Web to see how well we could do.

It proved that the best we could do in our transfers was a little over 12 MB per second. That was less than a quarter of the capacity of the highest speed transferred by the Guccifer 2.0 material. So, that made it perfectly clear that that wasn't a hack, either; it was some local download being posted out there to try and confuse people into thinking it was in fact a hack when it wasn't.

Then, of course, we could look and see that his July 5th material and his September 1st material—the two batches that Guccifer 2.0 posted on the web—if you ignored hours and minutes, you could merge the two files into one continuous file without any conflict at the millisecond level. So, that meant that this guy is playing with the data; so he's playing with the data, and he's playing with us. He's a total fake from the beginning.

I put all of this in my affidavit going to the Federal court for the Roger Stone case. But here's what the judge did, and I'm very suspicious about this judge and what her involvement is here. The judge would not permit any entry of any information about the Russia hack. She said that's out of the question; when in fact, that was the grounds for getting a warrant to go after Roger Stone. It was based on that. So, everything they've gotten is what is called legally, "fruit of the poison tree." Yet, that judge would not let that information into the case in the court.

This is the same thing all around. No one on the Congressional committees or Mueller, none of them ever asked for any of the evidence. The only one who did was the President, and he asked me to go talk to then CIA Director Pompeo at the time; which I did. I brought that up, and I even told him how to get the evidence. They never asked me for it, physically from me, but it's in the public domain; anybody can get it. So, this whole thing is a charade, and there are an awful lot of people behind this.

Cover This Week

President Donald Trump spends Thanksgiving with U.S. troops at Bagram Airfield, Afghanistan in a surprise visit on November 28, 2019.



White House: Shealah Craighead

THE ISSUE OF IMPEACHMENT IS WAR OR PEACE

2 LAROCHE PAC FIRESIDE CHAT

Hunting and Prosecuting Crazy Spooks to Save the Nation

by Barbara Boyd

I. The World System Waiting to Be Born

7 SCHILLER INSTITUTE WEBCAST

Treason Exposed: Will You Now Join Us in the Fight to Defeat the ‘Seditious Coup’?

featuring Helga Zepp-LaRouche

17 RUSSIAN AMBASSADOR TO PHILIPPINES IN DIALOGUE WITH PHILIPPINE LAROCHE SOCIETY

Future History Requires Cooperation of Sovereign States

NOTE: EIR will skip the issue which would be dated Friday, Dec. 27, 2019. Subscriptions will not be affected.

The Jan. 27, 1989 Jailing of Lyndon LaRouche Defined an Era, Which Now Must End

[Watch The LaRouche Case](#) video

[Watch the LaRouche Memorial](#) video

[Sign the Petition to Exonerate LaRouche](#)
at lpac.co/exonerate

31 NEW ECONOMIC SYSTEM NEEDED

Massive Farm Protests in Europe, Discussion in U.S. Farm Belt is Hot

by Marcia Merry Baker and
Rainer Apel

II. Every Science Course You’ve Taken Was a Lie

37 WHY THE SENATE’S INTELLIGENCE HAS FAILED

Re-Animating an Actual Economy

by Lyndon H. LaRouche, Jr.
July 22, 2006

58 EDITORIAL

What the Central Bankers Won’t Tell You: The System Is Disintegrating

by Harley Schlanger

I. The World System Waiting to be Born

SCHILLER INSTITUTE WEBCAST

Treason Exposed: Will You Now Join Us in the Fight to Defeat the ‘Seditious Coup’?

This is the edited transcript of the Schiller Institute’s November 30, 2019 New Paradigm interview with Helga Zepp-LaRouche, by Harley Schlanger. A [video](#) of the webcast is available.

Harley Schlanger: Hello, I’m Harley Schlanger from the Schiller Institute. Welcome to our webcast for today with our founder and President, Helga Zepp-LaRouche. It’s November 30, 2019.

The strategic situation continues to evolve in dangerous ways, but also in a way in which there is an opportunity to completely outflank the coup that’s being run in the United States and elsewhere. One of the more important developments is an article in *Consortium News* by Scott Ritter, a member of the VIPS—the Veteran Intelligence Professionals for Sanity—in which he outlines very clearly how the coup has worked. It’s done in a way that it unmistakably shows that this was a very intricate, complex conspiracy run by the old Obama intelligence crew, and so on. So, Helga, why don’t we start with that, what Scott Ritter had to say?

Flanking the Coup-Plotters

Helga Zepp-LaRouche: There have been quite a number of articles by people who discuss the coup, the

attempt to overthrow the U.S. government. All of this is practically not covered at all in the mainstream media in Europe. And naturally in the United States, the mainstream media are part of the cabal involved in this, so they aren’t covering it either.

Scott Ritter, if people remember, is a former United Nations weapons inspector in Iraq, from 1991 to 1998. In 2003, he became a whistleblower by saying that



Rep. Adam Schiff, Chairman of the House Intelligence Committee (left), an eager actor in the coup plot to remove President Trump from office. Scott Ritter (right), has outlined how the coup has worked.

Justin Holmes

there were absolutely no weapons of mass destruction in Iraq. So, he has a reputation of coming out in extremely crucial moments in history to speak the truth.

I really urge all our viewers to go to the *Consortium News* website and read Ritter’s 7,500-word [article](#), titled “The ‘Whistleblower’ and the Politicization of Intelligence,” because it is clearly based on a very connected network of sources.



Kremlin.ru

Vladimir Putin returned to the Presidency of Russia in 2012, determined to demonstrate that Russia is a world power.

Ritter gives the inside story on the current whistleblower, whose name has not been officially disclosed and whose testimony is still a secret. Adam Schiff, Chairman of the House Intelligence Committee, protects him as if he were the most important jewel in the crown of the Queen. Schiff doesn't want to have anybody know his name, which is sort of ridiculous, because his name—which I don't want to mention either—has been all over the internet; everybody knows who it is.

In this article, Ritter describes how this whole development occurred and never mentions the name of the whistleblower! He describes him as still being a very young man who nevertheless went to several positions in different security sections of U.S. intelligence; working in part for the National Security Council, the CIA, in various functions with former Vice President Joe Biden, and with former CIA Director Brennan. He held a relatively high-level, responsible position for Ukraine and Russia policy.

So, he is clearly somebody who was in the middle of all the Russia and Ukraine operations of the Obama administration.

Ritter's article, in a very special way, interfaces the strategic shifts in U.S. policy with respect to Russia with the role of this particular person, this whistleblower. Ritter ties it into the attempt by the Obama administration to use the time when Dmitry Medvedev was President of Russia (2008-2012), to go for a so-

called reset of the Russia policy, trying to influence Medvedev. At that time, it was really unclear what the relationship of Medvedev to Putin was, and so forth.

It Started in Syria

But the whole thing really started in Syria. One can say the "prehistory" of the present coup started when Vladimir Putin again became President in 2012. If you remember, this was the period after the initial period in the first Presidency of Putin, when he still had to deal with the incredible heritage left by Boris Yeltsin—the powerful position of the oligarchs.

Putin could not really do all that much; even so, if people remember, in 2001, he gave a very optimistic speech, in German, in the Bundestag—the German Parliament—making all kinds of offers. The West could have easily taken these up and had a real reset of U.S. and Western policies toward Russia. But when Putin came back into the Presidency the second time, he was clearly much more resolved to prove wrong what Obama later said, on May 20, 2014—that "Russia is just a regional power"—to prove that that was not the case, that Russia still is a global player, which Putin definitely established with the intervention in Syria in 2015.

But this was obviously too much for the Obama administration and the forces of the British Empire in general, so they started to really operate against Russia in earnest. Which then led to the famous coup in Ukraine, starting with the European Union Association Agreement in November 2013, which then President Viktor Yanukovich could not agree to. That led to the Maidan coup and his removal from office in February 2014.

And Now, Ukraine

It is very clear that the people who are now the so-called accusers of Trump, are all up to their ears in the destruction of Ukraine, with the "shock therapy" after 1991, but especially also the coup. So, these people are now engaged in an attempt to overthrow the government of the United States, and Scott Ritter in this article makes the very important point that the very forces, the very institutions which are there to protect the nation, to provide for the security of the nation, have instead turned into an apparatus denying the will of the American people, who should be the key executive; it is those very institutions that are involved in this coup.

I think this article is a must-read, as well as the LaRouche PAC's Fireside Chat [webcast](#) of November 27, featuring LaRouche PAC's Barbara Boyd and Bill Binney, former Technical Director at the National Security Agency. [See a partial transcript elsewhere in this issue.]

Anybody who wants to find out what is going on in the United States—and by implication strategically—must get up to date on the inner workings of this coup. This Scott Ritter article is really incredibly well researched and reflects the giant faction fight initiated by people who have a conscience. It is no coincidence that Scott Ritter belongs to the Veteran Intelligence Professionals for Sanity. This is an organization of former intelligence officers who have not agreed with the way this whole apparatus has developed. At the end of his article, Ritter says the outcome of this battle will determine whether the United States remains a republic, or if the Constitution is overturned. So, this is really big, and I urge all of you to get the inside story, because this is determining the fate of humanity in the immediate period ahead.

Barr, Horowitz, and Durham

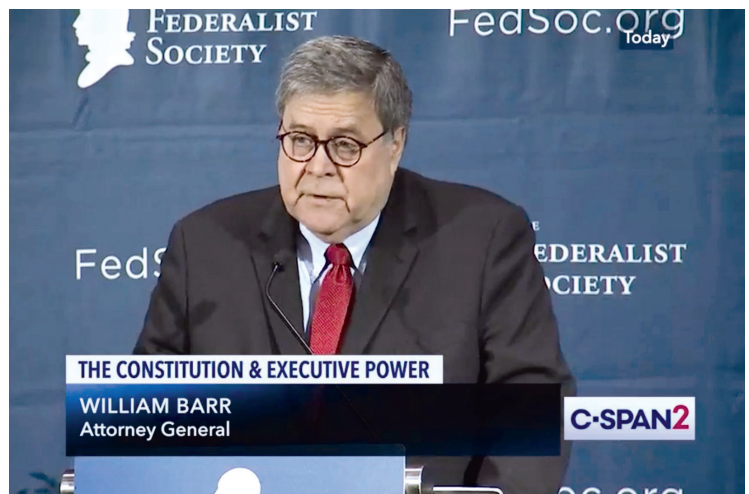
Schlanger: And Ritter is writing this at the time where you now have another session of testimony planned in the House of Representatives, this time in the Judiciary Committee, to continue the Ukrainegate nonsense.

I think it's also worth noting, in the context of what Ritter wrote, that there's total panic among the supporters of the coup over William Barr's November 15 [speech](#) to the Federalist Society's 2019 National Lawyers Convention, in which he described this as sedition. The panic is not just that Barr said that, but that he's involved in an investigation which is looking into this and is probably looking under rocks—and the various snakes in the intelligence community are diving for cover. How do you assess this potential now to overturn the coup?

Zepp-LaRouche: It's obviously extremely big, because Barr, after all, is the Attorney General of the United States. There is a whole hoopla around the upcoming Horowitz Report on alleged FISA abuse ahead of the 2016 election—Michael Horowitz being the Inspector General of the Department of Justice. He will

come out with his report I think maybe as early as next week.

Some people say there will be no proof of what Trump is asserting. However, Larry C. Johnson, another one of these VIPS members, pre-empted that by attacking an [article](#) in the *New York Times*, titled "Russia Inquiry Review Is Expected to Undercut Trump Claim of FBI Spying," which said the Horowitz Report will prove nothing. So what Johnson says, in his [article](#), "Yes, There Were FBI Informants, But They Were Paid by the CIA," posted on November 29 to Pat Lang's *Sic Semper Tyrannis* blogsite, is that maybe Horowitz doesn't classify these people as FBI agents,



because they weren't paid by the FBI, but instead by the CIA.

So, this is a war and a half. I think when Barr says this is a seditious coup against the government—this coming from America's equivalent of a Justice Minister—the Attorney General of the United States. Then we will have the criminal inquiry underway under the direction of John H. Durham, which will follow up on everything said in the Horowitz Report, and other sources.

These investigations have the potential to lead to a dismantling of what people wrongly call the Deep State, which Trump recently attacked again as the "military-industrial complex," warned of by President Dwight Eisenhower in his final address to the nation on January 17, 1961. This military-industrial complex has evolved quite a bit since then.

This is the problem: These are the people who want confrontation with Russia, with China. People look at

it, and they ask, “Is Trump strong enough to defeat these people?” I know that the Chinese and Russians are really wondering who the power is in the United States.

At this point, nothing is decided. I would really appeal to you, our viewers and readers: Make as much publicity about this as possible, because the more people discuss it, and investigate it, and follow the investigations, the better to defeat this coup. This is not something to be passive about. For Americans it means, if you consider yourself a patriot, this is the moment to fight for your country. If you are an international observer, this is the moment to really rethink Trump.

The reason these people are attacking Trump so absolutely viciously is that he had said in the election campaign in 2016 that he wanted to have a good relationship with Russia. For those who try to geopolitically manipulate the world—the British Empire—they just couldn’t tolerate that. There are forces in Europe who understand that the relationship to Russia cannot remain hostile if you don’t want to risk World War III.

Dialogue with Russia Is in the Interest of Europe

This is the reason the President of France, Emmanuel Macron, for example, is absolutely not on the line of the rest of the EU—or of NATO for that matter—and he is calling for a dialogue with Russia because he believes *not* to have a dialogue with Russia cannot be in the interest of the Europeans. So, I think this gigantic battle in the United States has all kinds of international ramifications, and it is at the center of how things will go. Will it go in the direction of a New Paradigm, or will it go in the direction of World War III? What we are really looking at is war or peace.

Schlanger: Just to add a footnote to what you were saying, Bill Binney, who participated with Barbara Boyd in the discussion on Wednesday, reiterated the point that his forensic investigation shows that there was *no Russian hacking*. It was an inside job. Although submitted as evidence in the trial of Roger Stone, U.S. District Judge Amy Berman Jackson suppressed that truthful finding, refused to let it come out, because doing so would totally blow apart what’s left of whatever credibility Russiagate ever had.



DoS
Terry Branstad, U.S. Ambassador to China (middle), and U.S. Secretary of State Michael Pompeo (left) are greeted by Chen Yanjun, Ministry of Foreign Affairs Counselor for North American Affairs, in Beijing, China on October 8, 2018.

The Hong Kong Elections

Now, while we’re discussing the broader strategic situation, Helga, something has happened since last week that is very significant. The Hong Kong Human Rights and Democracy Act, initially introduced in 2014, was passed by almost unanimous votes in the House and Senate. Trump signed it, issuing a statement indicating he wasn’t very happy with it. This Act has been very strongly denounced by the Chinese, and it brings up the broader issue of China being given an enemy image. What do you think of the reaction of the Chinese to this? What are the implications of it?

Zepp-LaRouche: There is right now an unprecedented escalation in the putting out of lies about China that are really unbelievable. For example, you mentioned Hong Kong. What’s going on there is a classical color revolution, and the Chinese are extremely upset about it.

First of all, on the significance of the election for district councillors, which the “pro-democracy” forces won, mainland China still won more than 40%, so it’s not that clear-cut. The Chinese government clearly denounced the meddling of institutions like the National Endowment for Democracy, and also the British, going back to the Opium Wars. So, they called in now the U.S. Ambassador Terry Branstad to complain that Trump did sign this Act. The Chinese know perfectly well that Trump only signed it because the majority in the Con-

gress was so overwhelming that a veto would have been overruled. So because he's in an election campaign, naturally, he signed it.

The conclusion the Chinese are drawing out of this is, naturally, that even though Trump may be opposed to it, he does not have the power to prevent such an Act from going through. Which relates to what I said earlier, that the “dual power” situation in the United States has all kinds of strategic implications as Russia, China, others say to themselves, “How much can we rely on what Trump is saying? How much can we afford to base our own policy on this present administration when the coup forces are still so strong that they can overturn the policies of the President?”

So, you have to understand what is being done. First of all, we have discussed this in the past, that the demographic composition in Hong Kong is very much still under the influence of the 150 years of colonial domination. One-third of the population are Vietnamese boat people; you still have a lot of people who were alive from when Hong Kong was a British colony.

Remember, the Hong Kong population had no right to vote until the very end when Chris Patten, the last British Governor of Hong Kong, decided in 1997, at the transfer of sovereignty over Hong Kong to China, to deliver a poison pill by allowing elections, with the clear implication that once the One Country, Two Systems Agreement was in place, the interim agreement for 50 years until Hong Kong reverts to mainland China in 2047, gave time to manipulate the former colony.

This is exactly what you see right now. So, this is orchestrated. The economy is collapsing, the airline is massively losing freight and passengers. The future of Hong Kong does not lie with the destabilization. I think independence is out of the question; this will not ever be allowed, because China correctly says Hong Kong is part of China, just as Taiwan is part of China. So, the people of Hong Kong have the choice to either participate in the absolute economic boom taking place in Shenzhen, Guangzhou, Zhuhai—the motor, not only of the New Silk Road, but of the world economy, the most productive part of the entire world economy—or they will end up being “erased from modern maps,” as an editorial in one Chinese media



C. Bierre

Learning machine-sewing at a Gaochang vocational center in Turpan, Xinjiang, July 12, 2019.

outlet put it.

China's Treatment of Uyghurs in Xinjiang

But you have to consider the Hong Kong situation in light of the attacks on China in respect to the Xinjiang Autonomous Region in China's far northwest, and the treatment of the Turkic Uyghur minority there. An unbelievable [report](#), titled “China Cables: Exposed: China's Operating Manuals for Mass Internment and Arrest by Algorithm,” came out on November 24 from the so-called International Consortium of Investigative Journalists, blasting the so-called “detention camps” for Uyghurs in Xinjiang.

Now, we know a lot about that situation, because two members from our international network visited Xinjiang—one member from France was there for a week, visiting all these places. Our other member was in Xinjiang for almost a week. Their on-the-ground findings are in direct opposition to what these “investigative journalists” report.

Xinjiang was one of the poorest areas of China, which was providing a lot of conditions for the recruitment of the terrorists. In order to know how terrorism came into Xinjiang, you have to go back to Zbigniew Brzezinski, and his proposal to the Trilateral Commission in 1975, to use the “Islamic card” against the Soviet Union. It was these networks, both French from the



Courtesy of Helga Zepp-LaRouche



transrapid

The contrast couldn't be greater: In 1971, cargo being delivered by a rickshaw near Shanghai. Today, an ultra-modern magnetic levitation train, at Shanghai's Longyang Road Station.

Sorbonne, but also from the British, and Brzezinski's networks, who set up the radical Quran schools, which led to a radicalization of Islam. The Mujahadeen-e-Khalq were then deployed in Afghanistan in the 1980s against the Soviet Union. And when the Soviet Union collapsed, these networks did not just vanish, they spread all over the place, to Pakistan, to parts of the former Soviet Union, to Xinjiang. The territory they occupied was identical to the main drug routes into Europe.

So the West had a very big role in creating this kind of terrorism!

On the other side, what China did was to bring economic development and education for Muslims, for people who were, before, in the vicinity of the terrorists, providing them with job opportunities, a future! Now, which approach is better for getting rid of terrorism? Is it by sending in troops, and having them there for 19 years, like in some Middle Eastern countries? And then leaving without having accomplished anything? Or, is it through education and economic development? I think the Chinese approach has definitely been very good.

Many journalists from Pakistan, from Geneva, and diplomats from many countries have visited Xinjiang, and the reports they give are also all quite different from those of the "investigative journalists." Form your own opinion and understand that the present escalation against Russia and China is very dangerous and can only be called a pre-war orchestration, because if you want to eventually make war, you have to

create an enemy image. So I think this is really, very important.

China Has Transformed from Extreme Poverty to Ultra-Modern

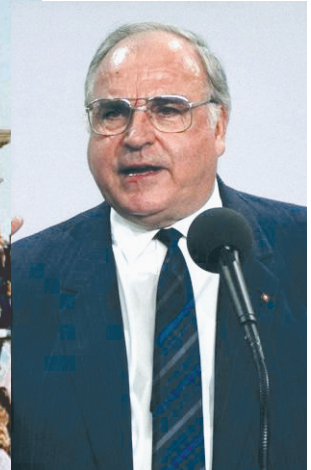
People always ask me, "Why are you so naïve about China?" Well, we have just published a special report, which you should get—we'll put the link on this web-cast—in which we detail the networks behind the anti-China propaganda campaign. I wrote an article in this report so that people can appreciate that China, in the last 40 years, has undergone the most incredible transformation, transitioning from extreme poverty to a modern nation.

I'm very proud of a photograph I took that appears in this special report. I took it in 1971 near Shanghai when I was in China—it shows a very poor man, pulling a rickshaw overfilled with a heavy load, which was the usual kind of scene you could see; and next to that, the report has a photo of a high-speed train arriving at the Shanghai Railway Station, the fastest and most modern train you can imagine. Think for a moment about the difference: On the left, freight transport in 1971 during the Cultural Revolution, and on the right, the most modern transport in the world. You have to appreciate that this change is an incredible contribution to the development of all mankind!

Now, the Chinese have a different system, but that system is not "challenging the West," as some people say. They are not imposing their system; rather they want to have a harmonious development of different



Alfred Herrhausen Gesellschaft



CC/Lothar Schaack

The assassination of Deutsche Bank Chairman Alfred Herrhausen (above) in 1989 was a warning to BRD Chancellor Helmut Kohl (right) not to continue with his 10-point program for German re-unification.

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nations, different systems, and I would really like, if you have any questions on my views on China, please send them to this [webcast](#), and I will try to answer them the next time, because it is *really* important, that this present anti-China campaign is understood for what it is: a last-gasp effort by the collapsing British Empire to sabotage or halt altogether the new paradigm which is clearly emerging. And don't fall for malicious propaganda which has only a warmongering aim.

Schlanger: The [special report](#) is called, "End the McCarthyite Witch Hunt against China and President Trump." It is so important to read, to counter so much propaganda against China coming out in the media.

The Repo Loan Crisis

Now, Helga, the media are still not reporting the extent of the financial crisis; we're now well into the third month of the so-called "repo loan crisis." There's a big fight now in Europe. You brought it up last week. There was something interesting that German Chancellor Angela Merkel did, a complete turnaround on the European Banking Union. Where does this stand now?

Zepp-LaRouche: I think it's an open secret. If you talk to anybody in the field of finance or banking, they immediately admit that the system is gone, it's not sustainable. The reason why they're pushing the reform of the European Stability Mechanism (ESM), and why German Finance Minister Olaf Scholz and Merkel now all of a sudden are agreeing to the European Banking

Union, is that *all* the banks are bankrupt. And the ESM reform is supposed to save the banks through a gigantic mixture of bail-out, bail-in, hyperinflationary helicopter money. For example, the European Central Bank (ECB) is now buying the bonds of Daimler, the multinational automotive corporation, so what else do you want to have?

We urgently need a reform, because Deutsche Bank is probably at the center of this. Today is the 30th anniversary of the assassination of Alfred Herrhausen. In a November 30 [article](#) in the *Frankfurter Allgemeine Zeitung*, the new head of Deutsche Bank, Christian Sewing, said, if Deutsche Bank had followed the policies of Herrhausen, it would not be in the mess it's in today.

Now, Herrhausen—I want to just remind people—was murdered on Nov. 30, 1989, by the so-called "third generation" Red Army Faction/Baader Meinhof Gang, an organization whose existence was never established, and there's every reason to think that it never really existed, but it was, rather, an intelligence operation.

Herrhausen had a completely different policy: He wanted to have debt relief for the Third World, he wanted to develop Poland, very much like my late husband, Lyndon LaRouche, did, to develop Poland with a completely different model in 1989, based on the Kreditanstalt für Wiederaufbau—meaning not under the austerity regime of the IMF and its shock therapy, but giving state credit for real investment in the real economy.

So, he was murdered with a car bomb. Germany at that time was in the middle of a great transformation.

The Berlin Wall had just come down three weeks earlier. At that time, everyone understood that the assassination of Herrhausen was meant as a signal to Chancellor Kohl not to continue in the direction of the ten-point program he had issued, not to have German reunification with a special relationship with Russia. So, Herrhausen's assassination was a turning point in the very historic moment of the process leading up to German reunification.

A couple of years ago, when Deutsche Bank was already having a major crisis, my late husband, Lyndon LaRouche, said that the only way to save Deutsche Bank was to go back to the policies of Herrhausen. In the meantime, the world financial/economic crisis has developed so far, that you need an overall approach: You need a Glass-Steagall banking separation. All the trouble of Deutsche Bank came, really, from the British branch of Deutsche Bank in London, and the worst kind of investment policies which got Deutsche Bank into so much trouble were coming from this British branch.

That has to be sort of decoupled: Deutsche Bank must go back to being an industry-financing bank, in the tradition Herrhausen, of Hermann Abs; but in the meantime, you need a total Glass-Steagall, and you need a return to the kind of national banking as existed with the Kreditanstalt für Wiederaufbau, leading to the reconstruction of Germany in the postwar period, the German economic miracle. And that needs to be done for every, single European country, and the United States, for that matter. And then there is no reason in the world, why this crisis cannot be solved. But you need that kind of a change.

LaRouche's 'Four Laws' and 'Four Power Agreement'

Schlanger: And that's the basis of the [Four Laws](#) of Lyndon LaRouche, which emphasizes the absolute, essential nature that an economy is not about money, it's not about statistics, it's about physical production and especially the improvements in productivity based on scientific discovery. At the recent [conference](#) of the



EU/Etienne Ansotte

Ursula von der Leyen, President of the European Commission.

Schiller Institute in Bad Soden, Germany, this was a topic throughout the conference. [For transcriptions of [Panels 1 and 2](#), see *EIR*, Vol. 46, No. 46, Nov. 22, 2019, and for transcriptions of [Panels 3 and 4](#), see *EIR*, Vol. 46, No. 47, Nov. 29, 2019.]

Helga, to conclude, I think we've got to come back to Europe again. Besides the fight over banking, we saw a huge demonstration of farmers in the streets of Berlin this last week. On December 5, there'll be an escalation of a general strike in France against the Green policy and the destruction of agriculture.

At the same time, while these demonstrations are going on, the European Parliament declared a "climate emergency" this last week! How insane is that? What're the implications for the world?

European Commission Declares 'Climate Emergency'

Zepp-LaRouche: Yes, the European Parliament declared a "climate and environmental emergency" on Nov. 28, calling on the European Commission to make sure that all legislation and budgets align with the goal of limiting global warming to 1.5 degrees Celsius above pre-industrial levels.

In another resolution, it called on the EU to submit a strategy to the UN Convention on Climate Change for reaching carbon neutrality by 2050. The European Commission has already proposed a 2050 carbon neutrality goal, but the opposition of Poland, Hungary and Czechia has stopped it from earning the endorsement of the European Council.

Ursula von der Leyen, who will assume the Presidency of the European Commission as of Dec. 1, announced that she wants to have the Green New Deal implemented in the first 100 days of her being in office. On Monday, the UN Climate Change Conference, COP25, opens in Madrid. The venue was moved from Chile at the last moment due to the mass unrest there.

So there is a full offensive, because, as we discussed in the past, the central banks, Bank of England Gover-



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Massive protests in Iraq have forced the resignation of Prime Minister Abdel Abdul Mahdi. Shown is the anti-government demonstration in Baghdad's Liberty (Tahrir) Square on October 1, 2019.

nor Mark Carney, and now ECB President Christine Lagarde, and others, all want to have “green financing,” to channel all financial investments into the gigantic green bubble. Some people hope that that will avoid the crash, if you combine it with opening the money sluices—helicopter money—but this will be the end of the economy!

I mean, if you go to green financing only,— the only reason the German *Mittelstand* survived the 2008 crisis, is that the savings & loan banks provided credit for the real economy. If the EU makes legislation channeling financing only into green “climate-friendly” fuels, technologies, and enterprises, an economy like Germany, which needs high energy-flux dense fuels and production techniques, will not survive! This “green finance” is really what’s behind the whole “Greta” hype.

Green Financing Scheme Will Collapse

I think this policy is going to collapse; it will fail. It’s a big question as to whether the EU as an institution will survive that, because you will have the assertion of the interest of the population against the supranational bureaucracy, which is clearly violating the principles of existence of people! Why do you think there are such mass demonstrations around the globe? In Chile, in Bolivia, in Co-

lombia, Pakistan, and Lebanon. In Iraq, the government collapsed with Prime Minister Abdel Abdul Mahdi resigning on Nov. 28 under the pressure of mass unrest.

On Dec. 5, a general strike is scheduled in France, where the government fears that it may fall as a result. Two days later, the French farmers will take to the streets. The farm demonstration you just mentioned in Berlin, had 10,000 tractors, and was 12 kilometers long going into Berlin. This is unusual for Germany, because normally the Germans are the last ones to protest, but here you go!

So, I think if now there is an effort to impose increased prices on energy, on food, on all of these things which go along with the so-called “climate” hysteria, you will have the danger of a complete disintegration of the very fabric of society.

You Are Needed to Push Through the Solutions

This is an unusual time. I really urge you, again: Become active with the Schiller Institute. Help us to expand the viewership of this program, spread the word about it; distribute it through all your channels—social media, emails, whatever you have—talk about it with your friends and colleagues, and help us in the mobilization.



After a month of marches and demonstrations in Bolivia, President Evo Morales was forced to leave the country. Shown is a march in La Paz on November 14, 2019.



DBV

Tens of thousands of farmers and their tractors have been taking over the streets in cities throughout Germany, protesting new agricultural regulations making it impossible for them to keep farming. Shown is a demonstration in Berlin on November 26, 2019.

The solution is absolutely there: Lyndon LaRouche proposed already many years ago, the kind of [collaboration](#) among the four major powers of the world—the United States, Russia, China, India, but open to other countries—to make the kind of reform which is necessary to establish a New Bretton Woods system, which will correct the flaws of the 1944 Bretton Woods Agreements, which were due to the fact that Franklin Roosevelt had died too early, and the final Agreements were shaped by Truman and Churchill.

The New Bretton Woods will be a system that will provide credit for development for the whole world; it is in the interest of all the world's people. And with Trump the potential to get a collaboration among the United States, and Russia and China, in particular, does absolutely exist.

Also, the combination of forces exists to implement a global Glass-Steagall—get rid of the casino economy—start to issue credit for real investment, and reform the global system, restoring the principles of physical economy before it is too late.

I think we have a window of opportunity of tremen-

dous potential, if you think about what we have discussed, in terms of the coup and the potential that it can backfire against the coup plotters in the United States; the fact that Russia, China, and many other countries are already collaborating with the Belt and Road Initiative; and President Xi Jinping having said many times that the Belt and Road is open for cooperation with the United States, with Europe, with Africa.

The framework to make the kind of reform so urgently needed is absolutely there. What is absolutely required is *you*: That you become active, and that we increase the number of people who truly think about themselves as citizens. That is the kind of thinking required to win not only this battle, but this war for mankind.

Schlanger: And for those of you out there who are still pessimistic, I can tell you, as one who saw this German farmers' tractorcade close up, this was extraordinary! Estimates range up to 40,000 farmers, and these were big tractors! They blocked traffic, just because they were moving through Berlin. But what was exciting about it, was to see farmers enthusiastic about demonstrating and about making their case against the Green policy, and so on.

The awakening is not over. In fact, what's necessary, as Helga has just been emphasizing, is for you to join in.

Helga, we've covered a lot. Anything else you want to add?

Zepp-LaRouche: I think people should just really understand that there are historical periods in which individual action matters, and that we are clearly in such a moment where the subjective factor probably determines 80% of what will be the outcome of this current history. Objectively the conditions are all there for victory, but we need courageous citizens to work with us.

Schlanger: We'll see you next week, Helga. Thank you very much.

Zepp-LaRouche: Till next week.

Future History Requires the Cooperation of Sovereign States

Igor Anatolyevich Khovaev, Russia's Ambassador to the Philippines for the past four years, spent two hours in a fascinating dialogue on November 17, 2019 with Antonio "Butch" Valdes, the leader of the Philippines LaRouche Society and the founder of the Katipunan ng Demokratikong Pilipino (KDP), a political party that fielded candidates in the 2019 Senatorial election.

The dialogue addressed many aspects of the current global strategic and economic crisis, including the global drug crisis, terrorism, nuclear energy, the Belt and Road, space exploration, and the conflicts in Syria and Ukraine, as well as Russia's relationship with the Philippines and the United States.

Throughout, Ambassador Igor—as he asked to be addressed—insisted that the future of our civilization depends upon bringing about cooperation among sovereign states, and an end to the imperial division of the world into competing blocs. He clearly distinguished between President Trump and the rest of the leadership in the U.S., and strongly condemned President Barack Obama on many counts.

Valdes has since 2005 hosted a radio program on Sunday evenings on DZXL 558 Manila, broadcast throughout the Philippines and internationally on the internet. The full interview is available on Facebook, starting at minute fifteen, [here](#).

Valdes's associate Cathy Cruz in the KDP and the Philippine LaRouche Society participated in the dialogue. The following transcript has been slightly edited. Subheads have been added.

Ambassador Khovaev: Thank you for inviting me. Quite recently, on the 4th of November, a Filipina, Madame Armi Lopez Garcia, Honorary Consul of Russia to the Philippines, received the Russian Order of Friendship from Russian President Vladimir Putin, at a solemn ceremony in the Kremlin in Moscow. It is a great award of the Russian State, an award for outstanding contributions. She called Russians and Filipinos not only friends and partners, but long-time lost brothers and sisters. I think it is a very good description.



Igor A. Khovaev, Russian Ambassador to the Philippines (right) in dialogue with Antonio "Butch" Valdes.

I see my mission in your country as an attempt to find long lost brothers and sisters, because, as you said, I have already spent four and a half years in your country, and, of course, I have already made many conclusions, and one of the fundamental conclusions is very simple—I am convinced that Russia and the Philippines have much in common, and they really deserve to be close friends, reliable partners, and even brothers and sisters. There was a very successful visit made by his Excellency President Duterte to Russia at the begin-

ning of October, which clearly confirmed that we have a lot in common, and we need each other. There are many problems whose solutions require joint efforts. We need to combine our efforts to efficiently cope with the many threats and challenges. All of us need each other. I don't see any areas where our interests compete with each other. There are many areas where our economies can and should complement each other.

On Drugs and Terrorism

Butch Valdes: You mentioned that there are ongoing threats in the rest of the world, and that we have to be cooperative with each other to address these things. Would you mention what these threats might be?

Ambassador Khovaev: It's very easy. First of all, terrorism and pirates at sea. I think everyone understands that all these crimes are of trans-boundary character, so no country, big or small, is able to efficiently cope with these threats on its own. We need to combine our efforts.

Valdes: In Russia, do you also have a drug problem like we do in the Philippines?

Amb. Khovaev: Yes, unfortunately, we have a very serious problem in this too, and that's why we completely understand the legitimate concerns of our Philippine partners.

Valdes: And this is coming mainly from Afghanistan?

Amb. Khovaev: Yes, and especially after the foreign military intervention in Afghanistan, transfers of heroin from Afghanistan into Russia increased by, as I remember, 30 times. Can you imagine? Over a span of 15 years—from 2002.

Valdes: Afghanistan right now is producing the world's largest volume of heroin.

Amb. Khovaev: The most dangerous drug. They are producing in various regions. For your information, when the Soviet Army was in Afghanistan in the 1980s,



A poppy field in Afghanistan.

public domain

Afghanistan was not producing so much heroin. I don't want to criticize anyone, but these are just objective facts.

Valdes: Yes, and the areas of concern were supposed to be being guarded by other countries. This is an issue that has been brought up by President Putin in many fora with the United States and the British. We understand that. Now here, in the Philippines, we have what we call shabu [methamphetamine]. We're also importing cocaine, but we have been fighting this. I'm not sure if we are successful, but we're definitely waging a war against the drug traffickers and drug syndicates. In Russia, how is it being done to at least limit this kind of problem?

Amb. Khovaev: I hope you understand me correctly that as a foreign diplomat I'm not in a position to give any advice on what you should do. It's up to Filipinos to decide what the government should do in this respect.

Our position is very clear—we completely support the legitimate struggle of the Philippine government and Philippine society against drug trafficking. We are on your side. We are open to share our experience with you, to exchange special information. Again, it is a cross-boundary crime. So it is time to combine efforts, and on the basis of our own experience, we strongly believe that no country is able to solve these problems

on its own; it's not possible at all. All of us depend on each other, and all of us need each other. There is only one way to eradicate this evil—we need to combine our efforts. Our special agencies should closely cooperate, not only sharing experience, but also conducting joint special operations. We are open for all kinds of cooperation.

Valdes: In our own group here, not the government but in our organization, we have suggested that, as you have mentioned, that this needs a lot of cooperation among nations. We say that since there is movement of the substance from one country to another, there is no way that this movement can be done without the participation of the banking industry.

These things are done in such volume and exported, it just cannot be hidden, but using the banks—and the documents are false, showing some other goods, not drugs. This apparently has been proposed as a possibility because the history of the drug problem showed that the Hong Kong-Shanghai bank was the principal bank being used from this part of the world into others, and the Boston bank in the U.S. was also known historically as the opium bank when these substances were not yet illegal. It is possible that the banking industry right now, because of its magnitude, might be using the banking institutions of all nations. Can I get your opinion on that?

Amb. Khovaev: To be frank, I'm not really familiar with that, but all trans-boundary crimes need a trans-boundary infrastructure. Not only the banking industry, but many other infrastructural facilities. It is relevant not only to drug trafficking, but also human trafficking, arms trafficking and many other trans-boundary crimes. For all of us it is another convincing signal of the necessity of all responsible governments to combine their efforts in their struggle against these evils.

And there is another problem—I would call the fundamental one—the fundamental approach of certain governments to the solution to their drug problem, because you know, some countries have already legalized so-called soft drugs. As for the position of my government, it is very strict. We cannot tolerate the legalization of drugs. Any step on the way to legalizing drugs is a movement in the wrong way, in our view. In this respect, we fully support, I say again, the legitimate struggle of your country against the threat of drug trafficking. There must be no compromise with evil.



Presidential Photo/Albert Alcain

Philippines President Rodrigo Duterte (right) and Russian Ambassador to the Philippines Igor Khovaev at the Malacañang Palace in Manila on January 31, 2019.

Valdes: We fully agree with you and your country's position on this matter of drug legalization. Here in the Philippines, we inform our listeners, that people whose principal advocacy is to move towards drug legalization are very influential in our country, in many different ways. One particular person is George Soros, whose principal advocacy is drug legalization, and who also has been participating in regime change here, together with the CIA. It is sad that it is through him and his funding, that many people who are against our President for pushing this war against drugs, are recipients of benefits coming from this person.

I hope our authorities and our politicians will understand that there are such characters whose purpose is for us *not to succeed* in our fight against drugs, but it needs the kind of leadership, and we are hoping that our own leader will remain steadfast, and will continue to be healthy, and will continue his fight, because 80-90% of our people have repeatedly voiced support.

Amb. Khovaev: About George Soros. I think it is quite logical that those who support the legalization of drugs, are the same people who attempt to change the government of sovereign, independent states. For us, both legalization of drugs, and any attempt to interfere in any domestic political affairs from abroad—all of these actions are absolutely unacceptable for us. And that is why Mr. George Soros usually calls the government of President Putin his enemy. [laughter] It is logical. For us, no legalization of drugs, and no interference

in our domestic political affairs. We'll never accept any change of legitimate governments. It's up to the people, it's up to the citizens of these countries to decide who will be running their country. That's our fundamental position, and we defend this position in all international venues.

In this respect we deeply respect the sovereign independence, against all subversion, of the administration of His Excellency, President Duterte. For us it is very important, because we Russians historically, genetically, we are very, very, sensitive to everything related to our sovereignty and independence. In our history we had to defend our country from foreign invaders so many times, and had to sacrifice a lot.

International Financial Crisis

Valdes: Aside from drugs, there is an ongoing international financial crisis, Ambassador, which has to do with the present financial system, which is imploding. This is why I think President Putin and President Xi Jinping have started to close ranks and convert their U.S. dollar dependency into something more stable, like the Chinese yuan. Is this recognized by many of the Russians as a possibility that the financial system is in the process of collapsing?

Amb. Khovaev: Regarding your question about a possible financial crisis, there are some governments that speak in favor of the use of national currencies. Why? Not because we dislike the U.S. dollar, but, unfortunately, the U.S. dollar, as an international currency, is often, and more often, used by the U.S. government as a tool of political pressure. We cannot accept this. So the U.S. dollar is not able to play a role of international currency. It should be only an economic instrument. It shouldn't be a tool to put political pressure on governments of sovereign independent states. It is unacceptable to us.

That is why we have to look for alternatives, because we don't want to be pressed by anyone from abroad. As far as I understand, our Chinese partners have the same view in this respect. That's why we try to use, as far as possible, other national currencies, like the Chinese yuan, the Russian ruble, the Indian rupee, and in this respect we are also ready to use as far as possible the Philippine peso in our bilateral trade. I think it is time for some people in Washington to make available conclusions, based on common sense.

On Russian Education

Cathy Cruz: Does the Russian Embassy have any programs to benefit the Filipino people?

Amb Khovaev: I would like to draw to the attention of all Filipino people, that they don't need to get visas to visit St. Petersburg and the Leningrad region. It is the first step on the way of easing the regime of people-to-people between our two countries. We are going to take more steps. Every year the Russian government grants more scholarships to people who want to be educated in Russia. By the way, the quality of the Russian education is very high, it's a very positive Soviet legacy.

Please believe me, not everything in the former Soviet Union was bad. Not at all, not at all. The education and public health, science and technology, were at a very high level. Look at me—I am a product of a Soviet education. I was born in a very remote, small town in the Ural region, about 2000 km from Moscow. From the Russian perspective that is not very far, only 2000 km. It takes only two days to get to my hometown by train from Moscow—only two days.

Despite that, I graduated from secondary school, became a student in the most prestigious Soviet institute, the International Institute of International Relations. I became a career diplomat, and—can you imagine?—even an Ambassador. And believe me, please, I have never paid even a penny for my education. Not only me, all other people in my country, because education was absolutely free of charge, 100%, from elementary school to post-graduate. That's the Soviet system, and now the Russian system of education. To be frank, now it is more complicated, so sometimes some people have to pay for their education. It depends. Any smart guy or girl has the possibility to get educated free. The quality of education is very high, so Russian education is very competitive.

On Nuclear Energy

Valdes: On nuclear energy, can you describe what Rosatom has done in studying the situation here in the Philippines, and in particular in regard to the Bata'an Nuclear Power Plant?

Amb. Khovaev: In the first place, let me remind you that Russia not only has huge energy resources, but Russia also has the most advanced energy technologies.

Only very stupid people can call my country a “gas station.” [laughter] [U.S. Sen. John McCain once called Russia a “gas station masquerading as a country.”—ed.] Exploration of oil and gas in Russia is not an easy matter, because we have to explore under very harsh conditions in the Arctic region of Siberia. It requires very sophisticated technologies. Russia is a super-energy power, with sophisticated technologies in all energy industries. Nuclear technology, of course, gas and oil, renewables and so on.

The production of electricity per capita in Russia is about eight times more than in the Philippines. In this respect we see a great objective need for your country to increase your energy production, because the growing economy of your country suffers from the shortage of electricity. In this respect, we are ready to extend the hand of help to our Philippine partners, we’re ready to share our energy technologies, we’re ready to share our energy resources, we’re ready to help build the new energy facilities in your country, including the production of oil and gas products. I’m talking about the supply of crude oil, but also natural gas.

As for your question about nuclear technologies, Russia has the safest and most economically feasible nuclear technologies. As of today, the Russian state-run company Rosatom is building nuclear plants in more than 30 countries around the world, with no reported incidents. All nuclear facilities by Rosatom are functioning well, all of them are safe and economically feasible.

We are ready to help your country as well. But at the same time, it is my professional duty to emphasize that it is up to you Filipinos to decide. The final decision remains up to you, the Philippine government and Philippine public opinion. We have a rich experience of cooperation with different countries in this field, and that’s why we know very well that the use of nuclear technology for electricity generation should be approved by public opinion. There should be a consensus between the government and public opinion. We are ready to help your country in any way. It’s up to you.



Right to left: Philippines LaRouche Society (PLS) leader Ver Archivido, head of the PLS Butch Valdes, and Cathy Cruz at an IAEA conference in Manila in 2016.

Valdes: The power generation facilities, particularly the nuclear plants in Russia, are they privately owned or government owned?

Amb. Khovaev: In my country, all government owned. I’m sorry, no private sector. The Russian government is responsible for everything happening in the nuclear field. Only the government. The Russian state is responsible for that.

Valdes: I wanted to point that out, because it is an important public utility that is affecting the lives of all of the citizens of Russia. In the case of the Philippines, all energy generation, all the way to distribution and transmission, belongs to the private sector. This was done in the 1990s and fully implemented in the early 2000s.

Because of this, energy costs here have soared. Internationally, energy costs in the last 20 years rose by 46%, but in the Philippines it has risen 460%! The Filipinos who are not earning very much have had to suffer, with up to 25-30% of their income to pay electricity rates.

That’s why this is very critical for us. Our group is

suggesting to our government that it suspend that law which had privatized energy, and get it back in order to save the people and also to encourage investment to come in, because the high cost of energy is one of the things that discourages foreign investors to put up factories here. I wanted to point out that in Russia, and in many other countries, energy production and distribution is principally government owned, sometimes allowing participation of the private sector to a certain extent. The rest—the policies, the pricing and so forth—is done by government. Here, it is not done like that. This is the kind of problem that we are facing.

Amb. Khovaev: Yes, I understand you very well. We are quite familiar with your economic system.

What I can say is that each country is unique. There



Rosenergoatom

The Akademik Lomonosov, Russia's first floating nuclear power plant, produces 70 MW of electricity. Here it is passing through the Sannikov Strait into the East Siberian Sea on its way to a port town in the Arctic.

is no common recipe for all countries. Each independent country has its own economic system, which should be adapted in the best possible way to local realities.

In my country, yes, the energy industry may to some extent be part of the Soviet legacy. The energy industry is under strict control of the government, because for us it is not only an indispensable condition for our economic and social development, but also it's extremely important for our security and defense. So it is an exclusive prerogative and exclusive right of the government. At the same time, the production and distribution of electricity,— all these fields are separated from each other, but I'm saying again, the pri-

ivate sector has access to the energy industry, but only to a certain extent. There are limits, reasonable limits. But the whole energy industry in my country is controlled by the government in the interest of the whole society.

But many different state-run companies are operating in this field, [electricity generation and distribution—ed.] because that kind of competition is required. There was no competition in the former Soviet Union. That was a big problem and a big fault, and that's why the Soviet economy was not competitive. Now, it is different. Companies compete with each other, and it is up to the Russian people to choose.

So, as for your country, as to the prospects for energy cooperation between our two countries, Rosatom is a state-run corporation, 100%. The use of nuclear technologies in any way is the responsibility of the Russian state. Russian companies have a rich experience in cooperating with foreign companies in many different countries, with both state-run companies and private sector companies.

Valdes: I mentioned the possibility of Russia helping us with floating nuclear power plants that are much smaller. Has Russia produced these? I see pictures of large plants on barges, 1000 MW, but what about smaller ones on barges—200-300 MW?

Amb. Khovaev: Of course, it is possible. The large nuclear power plant you mentioned, on a barge, was produced for a remote Arctic area in Russia, a very big area. But we can build the same facilities of different sizes, even micro floating barges, for a couple of barangays, [villages—ed.] and we are sure that all these facilities will become economically feasible. It's very convenient to use such nuclear plant facilities, because they can come, sail to anywhere and at any moment can go to another place.

Valdes: Has our government officially made a request, in the last visit of our President? Have they officially made a request of what to do with the Bata'an Nuclear Power Plant or other types of nuclear energy projects?



EIRNS

The Bata'an Nuclear Power Plant, near Manila, in 2008. The plant was completed, but was mothballed in the hysteria following the 1986 accident at the Chernobyl Nuclear Power Plant in Ukraine.

Amb. Khovaev: President Putin confirmed the willingness and readiness of the Russian side to consider any type of cooperation in the energy field, including the use of nuclear technologies for peaceful purposes, including even the updating of the Bata'an Nuclear Power Plant. But I say again, it's up to you Filipinos to decide. So all of our proposals are on the table. All are under consideration in Manila. We are cautious, we are patient, we understand that our Philippine partners need time to think, to assess all the positive and not very positive aspects. It takes time—a very serious matter. That's why we are willing to wait as long as is required.

The Belt and Road Initiative

Valdes: The Belt and Road Initiative (BRI) is an international infrastructure project that now has 130 countries signed up to cooperate. What is Russia's view?

Amb. Khovaev: We supported this project, because we believe that it should be well connected to the similar initiative being realized now in the post-Soviet space. Russia, Kazakh-

stan, Belarus, Kirgizstan, Armenia—all are part of the Eurasian Economic Union. We see a great possibility in the Chinese initiative of the BRI in the long-term integration program with the Eurasian Economic Union in the post-Soviet space. We believe it will be in the interest of China, of the post-Soviet republics, and of all other Asian and European countries.

What is important for us is to see that each and every project realized as part of these initiatives will be in compliance with the interests of all countries involved. It should be mutually beneficial. If it is not, it won't work. Of course, these great economic integration projects should contribute to establishing,—to strengthening peace, stability, in the Eurasian space, the huge Eurasian space, not only in Asia, but in Europe as well. It should connect different nations, not separate them.

Valdes: The whole world!

Amb. Khovaev: Definitely. And serve the interests of all the countries, not a selective few.

Valdes: You mentioned promoting peace. I cannot think of any other project that is intended to be participated in by so many countries, that is going to have a greater impact in promoting world peace than the BRI.

On the other hand, there is another force that seems to be trying to prevent that, because of different ideologies, maybe, or ideas. The so-called traditionalists that we talk about who have internationally been practicing their he-

gemony over the whole world, are now shaky, in the sense that their economies are not doing so well, their people are not eating well, and so on. Every time there is a situation like this there is always the risk of conflict. That is why we are so happy that this kind of project is being participated in, committed to, by Putin and Xi Jinping and other leaders.

The other leader committed to this is Prime Minister Narendra Modi of India, which means you have Russia, China and India. The only big country,



Narendra Modi, Prime Minister of India, addressing a reception for the Indian community in Philippines, in Manila on November 13, 2017.

powerful country that is left is the USA. If the U.S. commits to a project like this, to be part of it, then you've practically negated this tendency toward military conflict. I'd like your views on that.

Amb. Khovaev: Thank you so much. It's a global question, related to the fundamentals of the current system of international relations. You see, after the so-called Cold War, now all of us are experiencing a lot of uncertainties—the international economic system, the international political system, they are to a considerable extent a legacy of the Cold War.

So, many elements of those systems, or even the system as a whole, should be adapted well to new realities, to new emerging centers of economic and political power. It's an objective requirement. But of course, those who are accustomed to enjoying their monopoly, their dominance, they don't want to lose their privileges. They're not ready to do that, to seek for a mutual acceptable compromise. It's quite natural.

That's why we believe that huge integration, huge economic projects, can help those who are reluctant to adapt themselves to new realities. To accept new realities, to digest new realities, to understand there is no way back. All of us should look at our future.

That's why we should listen to each other. We should be able to take into account the interests of each other. We can disagree with each other, but, in any case, we must understand each other. If we understand each other, we'll be able, sooner or later, to find a common denominator, to overcome our differences.

In this respect, such huge economic projects, like One Belt One Road [OBOR, the Belt and Road], can be a most useful instrument, because these projects are open to any country, any country can join, can declare its own interest, its own terms and conditions.

You mentioned India. India is historically a long-standing friend of Russia, our strategic partner. India has a very cautious—diplomatically speaking—, cautious position regarding the Chinese initiative OBOR. Is it a tragedy? Not at all. It should be considered as a signal for a special dialogue with our Indian partners. It reminds us that it is necessary to sit down together and to talk, to collaborate, to find terms and conditions that will be mutually acceptable.

That's the only way to overcome differences and

contradictions. Any dominance, any kind of political pressure, any kind of dictatorship, I'm sorry, any monopoly, it can only inflict damage to the regional peace and stability, and sustainable development.

So, it is time for a new mentality. It's time to be unbiased, to get rid of outdated clichés. It's time to stop dividing nations for friends and enemies. In this respect we like very much, we fully support, the fundamental principle of your government—friend to everyone, ...

Valdes: ... enemy of none.

Amb. Khovaev: ... enemy of none. It's very good, a very reasonable and timely approach. It's a good example for all other nations, including your traditional allies.

Valdes: Of course you have very eloquently explained the new paradigm. It's inevitable—they just have to admit that it is there. The alternative cannot be considered. The alternative is war. Because countries will never surrender their sovereignty to any one power. So this is the new reality, the new paradigm that we should accept.

Moon-Mars Mission

Valdes: Let me point out, since we are talking not just about the present, but also the future, that there is a scientific project, initiated by the United States, called the Moon-Mars project. Because of this initiative that President Trump has taken to get the countries to participate in the Moon-Mars project—meaning countries like Russia, and then China, France, Japan, the U.S. of course— scientists are participating right now in the planning for a Moon landing, to establish a space station on the Moon that will eventually plan out a launching from the Moon to Mars, by man, with participation by these countries.

If this is going to go to fruition, maybe within the next decade or two we are looking at the possibility that the effort in man working together, puts man together for greater heights, and not just focused on territories here, and wars and advantages for this one or that one. This has never been done before. Recently there has been cooperation between the Russians and the United States, and eventually of China, and so on. This is precisely an example of what you are saying about the new paradigm.

Amb. Khovaev: To be frank, I'm deeply impressed by this project, but frankly speaking it looks like a dream. I'm saying that with deep regret. As far as I know, Russia has never been invited to participate in these large-scale strategic projects, but it looks very interesting.

I fully agree with you. Such projects are required so much now, especially now, because they can connect nations. They never separate them. Because we are all humankind—all of us should have common aims to achieve. If we have common aims we'll be able to put aside all the childish contradictions, differences, stupid—I'm sorry for my undiplomatic language—stupid squabbles and disputes, and so on. Because we should have strategic aims, which will require our combined efforts, our combined resources, our combined intelligence, and financial resources of course.

I am absolutely sure that if Russia is invited to participate in this project, of course we'll accept the invitation with gratitude. We'll be happy to be engaged in such a strategic global project, like the creation of a station on the Moon, or sending a mission to Mars, of course it will be a great breakthrough in the history of Mankind, and all of us will sooner or later in the future benefit a lot. It's obvious. But I'm afraid the kind of political leadership in the United States, is not ready to do anything to realize any project with Russia. I can only regret.

Valdes: I can see that, considering the situation in the United States, the political situation, and economic situation.

Amb. Khovaev: I'm sorry, I'm talking about the U.S. political leadership, not the administration of President Trump, because leadership is different, it's a notion much, much larger, much bigger than just the executive branch of power.

Valdes: Thank you for making that distinction.

Strategic Defense of Earth, a Common Effort

Valdes: I wanted to mention that President Putin has brought up this idea that the Earth is being threatened by the possibility of meteors hitting it. There was a time only recently that a meteor hit in Russia, but the area was uninhabited. A meteor as big as a school bus that hit and devastated the whole area.

Amb. Khovaev: That was Tunguska at the beginning of the last century, in the Yeniseysk area of the Russian Empire.

Valdes: In one of President Putin's statements he said, this is a real threat, and we should prepare for it. But it cannot be done by one country, it needs a collaboration. Other people are talking about other kinds of threats, like global warming, or climate change, but this one is the real threat. When I heard about this Moon-Mars project, I was happy, because if it is true that there will be collaboration, and coming up with a station on Mars, that station on Mars will be in a position to divert the trajectory of these meteors that are on the way in our direction. It sounds like science fiction, but sometimes science fiction today, is very quickly reality tomorrow. Like when President Kennedy said we would land a man on the Moon, the Americans did it. Of course, the country that started in space was Russia.

Amb. Khovaev: Believe me, I like your dreams on science fiction. I'm convinced that all of us should be able to dream. And I also believe that sometimes dreams must come true. But it cannot be done automatically. Everything requires effort.

Valdes: Putin called it Strategic Defense of Earth.

Amb. Khovaev: In this respect I'd like to remind you of a very wise phrase said by U.S. President Ronald Reagan when he visited Moscow in 1987. President Reagan said, and I almost quote this: "If we, Americans and Soviet people, Russians, have one common goal, and a few common enemies, we would be able to forget all our contradictions, all our differences, and combine our efforts, to survive together."

Valdes: That's it!

Amb. Khovaev: For me, it's a very good example of a high intellectual caliber of the then U.S. President, of the then political leadership of the United States of America. Because, 30 years ago, those who were running the United States, they were much smarter, much more responsible and more intelligent people. But now, unfortunately, many people in Washington forgot that the bigger the country is, the more responsible for global peace and stability it should be. So big powers

have no right to be selfish. They should think not only for their national interest, but also of the global interest.

So it is for the Strategic Defense of Earth—if we have a common enemy, we should defend ourselves, together. Because nobody would be able to survive on their own. But to be frank, I would prefer more peaceful projects to combine the efforts of all responsible nations.

Valdes: The BRI is that kind of project as well.

Amb. Khovaev: I'll say again, the BRI has the big



Red Army troops fighting amidst the ruins of Stalingrad during World War II.

advantage, it is open to everyone. Do you remember the projects promoted by the previous U.S. administration—the Trans-Pacific Partnership and the Trans-Atlantic Partnership? Both were not open for everyone. It was only for a selected few countries. For example, neither Russia nor China was invited to join their Trans-Pacific Partnership.

Valdes: I think it is really stupid, because it is either “you are with us, or against us.”

Amb. Khovaev: It's not the right way to promote peace and stability and sustainable development for our small world.

Valdes: That's why it did not prosper, Ambassador. Something like that will not prosper. We are just glad that it was President Trump who won the election, and not Hillary Clinton, because Hillary Clinton was part of

that administration that was going to push this kind of division.

Amb. Khovaev: It was a clear intention to draw a new economic dividing line, instead of connecting and cooperation, finding a common denominator. So again, I like your dreams. I am a diplomat, and diplomacy, believe me, it's a very pragmatic job, a very pragmatic matter—we have no right to dream! [laughter]

Valdes: That is part of the job. But if we didn't dream, we would not be here today.

Amb. Khovaev: As a private person, I like dreaming. And I strongly believe that dreams must come true.

The Russian National Character

Cruz: Ambassador Khovaev, our many viewers are telling us they are enjoying this discussion. Can you give us a short history of the old USSR and the new Russian Federation? What was the key to your fast progress in development, and what is Vladimir Putin doing to make your country

great as it is now, especially in regard to the development of science and agriculture.

Amb. Khovaev: I would like to ask you to call me just Ambassador Igor. OK, it's a very popular name in my country, it is the name of many Russian noblemen [laughter], it's easy to pronounce, short, and even tasteful.

You put me in a most awkward position to ask for a speech on Russian history. Russian history is more than 1,000 years. Even the Bolshoi Theater in Russia is older than the history of the United States!

I have already mentioned that we Russians are extremely sensitive to everything related to our sovereignty and independence. We love our country, our previous generations. Our ancestors had to defend our land many, many times from foreign invaders, and we remember very well all our heroes, especially the huge sacrifices in the Second World War.

I'd like to remind you that the Red Army defeated Nazi Germany in Europe and liberated most of the European countries. At least three of every four of the divisions of Nazi Germany and its satellites were destroyed by the Red Army. It's a crucial contribution of the defeat of Nazi Germany. We gave a lot to liberate Europe, to save Europe from fascism.

But at the same time, it is still a bleeding wound in the hearts of our people, because, in our country, there is no family which did not lose at least one or two relatives in the Second World War. Can you imagine? Every family, including my family, lost at least one of its members. Many families lost more. [pause] That's why it's very painful for us. Of course, it is a moment of glory for us, for our national pride, but a very painful issue for us.

That's why, there is no need to explain to us what peace, stability and security mean. That's why we are willing to sacrifice anything for our security, for the defense of our country. And that's why we don't tolerate any attempt to lecture us, to teach us how we should live, or something like that. We don't need teachers and lecturers, and we don't teach other countries. This is for your better understanding of the Russian psychology and mentality.

We are always ready to defend our sovereignty and independence, and we respect the sovereignty and independence of other nations. And we deeply respect those nations who defend and are able to defend their own interests, not the interests of any third country. We respect those governments who speak with their own voice, who defend their own national interests.

Why is President Putin still so popular in Russia? Many politicians, especially in western countries, usually criticize President Putin for being in his office for too long a time. Yes, President Putin was reelected four times as Russian President, with full compliance with the Russian Constitution. By the way, the Federal Chancellor of Germany, Madame Angela Merkel, she was also reelected four times, but nobody criticizes her. A typical double standard approach.

No one appointed Putin as President, and he didn't appoint himself. President Putin was elected four times by the Russian people. It's an undoubtable fact that most of the Russian people still support President Putin, simply because President Putin defends the national interest of the Russian people, of our country, and he is doing his utmost best to provide security to our country

and to provide the necessary conditions for successful economic and social development.

During the period of his ruling, of course, I think Russia managed to strengthen substantially its position in the international arena. Now Russia is a much more respected country than it used to be after the collapse of the former Soviet Union, because the then president of Russia, Boris Yeltsin, he followed—diplomatically speaking—he listened too much to people in Washington. It was not beneficial for the interests of my country.

It doesn't mean that we consider any country as our enemy. President Putin does not call any country an enemy. He still calls the United States and all NATO states, partners. What we hear from western capitals, they openly declare Russia their enemy. You remember former President Obama, he declared in public, openly, that the United States has three enemies—first Russia, secondly international terrorism, and third the Ebola fever. Can you imagine? It is about the intellectual caliber of that man.

Valdes: Yes, yes.

Amb. Khovaev: The leader of the most powerful nation, of the most powerful country, is so narrow-minded a politician, to be frank. Of course, President Putin, if it comes to the Russian national interest, President Putin is a tough guy, because he is responsible to those who elected him. But he is predictable. He doesn't call anybody an enemy, he is always open to dialogue, and he's always willing to find compromise.

But everything should be done on the basis of mutual respect, that's his fundamental approach. Mutual respect is a two-way street. If respect is unilateral, it is not respect at all. It is something different. But President Putin is a son of Russia, of the Russian painful—to some extent, tragic—history, and that's why he is so tough when it comes to sovereignty, national dignity, the national pride of our nation.

That's why President Putin and President Duterte understand each other very well. There is a special chemistry between them. I am assuring that you and all your listeners that President Putin deeply respects the Philippines, all Filipinos. He's committed to strengthening friendship and partnership between our two nations. Please consider us in general, all Russian people



kremlin.ru

Russian President Vladimir Putin (center) and Syrian President Bashar al-Assad (on Putin's right) meeting with senior Russian military officials in Russia on November 20, 2017.

and President Putin in particular, your close friends and reliable partners as your long-lost brothers and sisters.

Syria

Cruz: We have a call-in. “Ukraine is divided, one side is supported by the U.S., the other by Russia. In Syria, the United States cannot drive President Assad from power. Could you tell us, sir, why Russia is standing behind President Assad?”

Amb. Khovaev: Thank you for the very relevant question. I’ll start with Syria and then pass to Ukraine.

Our interest in Syria is very simple. Syria is a target of international terrorist gangs, the so-called Islamic State. The leaders of the Islamic State declared many times in public that after the elimination of the government of President Bashar Assad, after the occupation of Syria, the next target will be Russia. So, what shall a responsible government do in this case? Sit and wait for terrorists coming to our



SANA

Syrian President Bashar al-Assad made a rare public appearance as he visited elated troops on the front line in newly captured areas near the capital Damascus in eastern Ghouta, March 19, 2018.

home?

We have, fortunately, a negative example of that kind. Look at Libya. A completely destroyed state, the government of Muammar Gaddafi—of course, he was not a democrat—but Libya under Muammar Gaddafi was not a terrorist territory. Now Libya is a hotbed of terrorism.

It was not in our interest to see Syria turning into a second Libya. That’s why it was a very difficult decision for the Russian government to intervene in the Syrian conflict, but we had no choice, because it’s the responsibility of a responsible government to defend the security of its nation. Helping President Assad, we are defending our own country, our home. For us, it’s not something heretical, it’s not a far-away conflict like for the United States, it’s not a

ground for political games, for dirty political games, like regime change, or something like that. For us, it’s a matter of our own national security, and there is nothing more important for any responsible government.

At the moment when the Russian government decided to send our aerospace forces to Syria, President Assad controlled only 10% of the Syrian territory. Can you imagine? Only 10%.

At that time, the so-called international coalition led by the United States, consisting of more than 40 countries—they were doing nothing. They claimed Bashar Assad should leave. Let’s imagine there is no Bashar Assad as President of Syria. Who will replace him? The so-called Syrian Democratic Forces were extremely weak. Damascus would be captured by the so-called Islamic State. We’d have to deal with another Libya.

I’m saying again—we don’t defend the government of Bashar Assad, we defend our national interest and security, in Syria.

I’m proud to say that

now the government of Bashar Assad has under its control 90% of the Syrian territory. Do you see a difference? 10% to 90%, achieved thanks to the military help and assistance of the Russian armed forces.

I would like to add that we defended not only our national security, but the security of all other nations. Security against ISIS, definitely. Now, I see that Libya was demolished. It's not totally eliminated, but demolished, destroyed.

In this respect I would like to take this opportunity to thank our Philippine partners for their very responsible position regarding Syria, because the Philippine government has always taken the government of Bashar Assad as the only legitimate government of Syria. The Philippines and Syria have always maintained diplomatic relations. Despite a very dangerous situation, the Philippine Embassy in Damascus has never been closed. It's a very responsible position and we deeply respect it.

As for the political future of Syria, it's up to the Syrian people to decide who will run their country in the future. It's not the business of Washington or Brussels or Moscow. It's an exclusive right of the Syrian people. And please, to tell you, frankly, don't overestimate the influence of the so-called Syrian democratic opposition. They are quite noisy on international radios, but they are often absolutely invisible on the battlefield. The Syrian army, the Syrian people, defend their own country against terrorists. Russia only helps them. The victory over ISIS, first of all, is the result of big sacrifices of the Syrian army and Syrian people.

Syria is a very good example of putting aside childish contradictions, and to combine efforts to help the Syrian people. Not president Bashar Assad, but millions of Syrians, to establish peace and stability on their land. It shouldn't be grounds for dirty political games. That's our fundamental position. We have only one interest in Syria—to defend our national security by helping Syrian people, nothing else.

Valdes: Wasn't Russia there also by the invitation of the Syrian government?

Amb. Khovaev: Of course. Russia intervened into Syrian affairs upon the official invitation of the Syrian President Bashar Assad. That's why the Russian military presence upon the Syrian soil is legal, in full com-

pliance with international law. The military presence of all other countries is illegal, a violation of the sovereignty of the Syrian independent state. That's a big difference. The Russian armed forces have never been involved in commercial activities—like oil exploration for example. [laughter] They only helped the Syrian people in fighting terrorist gangs and establishing peaceful life. But no business activities. They didn't steal oil, for example.

Valdes: President Putin made the whole world aware of the idea of being invited by the government of Syria to intervene, that made it legal. All the other countries that were there supposedly to help Syria, were not there to help Syria.

Amb. Khovaev: Yes, they allegedly arrived to change the political regime in Damascus. It's outrageous. Absolutely unacceptable.

Ukraine

Valdes: I have two minutes for you to ...

Amb. Khovaev: So, I have no time to respond on Ukraine?

Valdes: No, go ahead. Please respond on Ukraine.

Amb. Khovaev: It's so difficult to give a short and concise response because it's a very painful matter for us, for Russians, simply because Russians and Ukrainians are like one people.

The situation of Ukraine is also related to a certain extent to the interference of other powers, other nations. Ukraine shouldn't be another ground for dirty political games. The Ukrainian society is divided, one part is looking to the West, but another, bigger, much bigger part of Ukrainian society highly values historical, traditional close links with Russia. There should be a mutually acceptable compromise between these two parts. There must be no dominance of one side of Ukrainian society over the other one.

Unfortunately, our western partners don't understand that. For them, they aim to have Ukraine as a tool for political pressure against Russia, that's all. That's the point.

Valdes: We remember very well the activities of

Victoria Nuland from the United States.

Amb. Khovaev: Yes, we remember that lady very well.

Valdes: She openly bragged that they spent more than five billion dollars to get rid of the president of Ukraine, openly bragging that they were able to overthrow him. Under Obama, of course—and the other things they have been doing on regime change.

The Russian Orthodox Church in Manila

Cruz: We have many text messages. One of them is a Russian Orthodox person living in Manila. “We want a Russian Orthodox Church here in our country. The one true apostolic church of Christ. Please send a missionary here to help us.”

Amb. Khovaev: Thanks so much for this question. It’s very important for me privately—if we talk about religion, it’s a private matter. It’s not relative to my official slate.

But I am a child of the Russian Orthodox Church, and by the way, it is another very common thing connecting Filipinos and Russians, because most Russians and most Filipinos are Christians. At the same time, we have many Muslims in Russia, and you have many Muslims in the Philippines. Believe me, Orthodox Christians and Catholics share the same fundamental values, absolutely the same.

As for a Russian church in Manila—I think only a few people know that a church of the Russian Orthodox Church existed in Manila. It was destroyed in the Second World War. Now it is a matter of talk on how to build a new beautiful Russian Orthodox Church in full compliance with the Russian Orthodox design. The Russian Orthodox churches are very beautiful, and I’m sure this church will grace Manila. It will attract not only orthodox people, but many tourists. It is under consideration.



Philippine Mission of the Russian Orthodox Church
A new church of St. Helena of the Philippine Orthodox Church, Moscow Patriarchate, in Little Baguio, Arakan, 2017.

I would like to express my gratitude to his Excellency President Duterte, who during his recent official visit to Russia last October, spoke in favor of the activities of the Russian Orthodox Church on Philippine soil.

Just for your information, the Russian Orthodox Church has already 27 parishes in Mindanao, in different provinces, including provinces mostly populated by Muslims. Believe me, the Russian Orthodox Church has a very rich experience of peaceful co-existence with people of other religions. I’m proud to say that Christians and Muslims have been living in Russia side by side for many centuries. There was no conflict on religious basis—no conflict at all. It was peaceful. The Russian Orthodox Churches are actively helping the victims of the earthquake in Mindanao.

So, the presence of the Russian Orthodox Church will contribute to the peace and stability in Mindanao. It’s a very peaceful Church—no conflicts, no disputes.

So thank you very much for these questions. We will of course support the activities of the Russian Orthodox Church, but of course it is up to the people of the Philippines.

Valdes: We’ve had the good Ambassador for over two hours with us. We’d like to thank you, Ambassador Igor, and hopefully this will not be the last time we will be able to chat with you about many important matters. We will make the many text messages we have received available to you in case you want to respond.

Amb. Khovaev: I’d be happy to send written replies.

Thanks a lot for inviting me. Believe me please, it’s not always easy to respond to your questions. But it is a very useful and a helpful challenge, to mobilize all my intellectual qualities, to give adequate answers. I’m very grateful to you for that, and all your watchers and listeners.

NEW ECONOMIC SYSTEM NEEDED

Massive Farm Protests in Europe, Discussion in U.S. Farm Belt is Hot

by Marcia Merry Baker and Rainer Apel

Nov. 30—This last week of November saw mass farmer protests with thousands of tractors blocking streets in Germany, France and Ireland. In Berlin, the biggest demonstration, 5,600 tractors and 15,000 farm family members shut down the inner city on Nov. 26, by taking over a 10 kilometer stretch. The same day in Paris, hundreds of tractors converged on Avenue Foch, near the Champs Élysées and the Arc de Triomphe. In Dublin, farmers and their tractors disrupted traffic in the city center for two days, November 26-27, blocking the entrance to Parliament.

In the United States, there is a parallel upsurge, manifest in other ways, including large rallies, legal initiatives and social media mobilizations by farmers and ranchers.

The European street actions come after huge feeder protests over recent weeks, all carrying the implied demand for a new economic system. Conditions are so bad that family agriculture can no longer continue. This comes from the twofold situation where commodity prices to farmers are way below what is necessary for them to continue in operation. Then there is the extra hit from government “green” mandates, dictating practices for farm chemical usage, animal husbandry, water access, crop cultivation, and more—under the excuse of controlling smells, nitrogen emission, run-off, etc. These dictates are more extreme than in the United States at present, along with which, public hysteria is worse. This has reached the stage of greenie attacks on butcher shops, farm equipment, livestock pens, and bullying of farmers’ children at school.

In France, farmers at the latest tractor rally in Paris stressed that the “whole farming profession” is under assault—grains as well as livestock. The French farmers, and those rallying in Brussels, Amsterdam and elsewhere, as well as in Berlin and Dublin, are all denouncing the European Union deal-making for so-



CC/kees torn

Farmer’s protest in The Hague, Netherlands on October 1, 2019. The sign reads, in Dutch: “Use your head: No farmers, no bread.”

called “free trade” with Canada, and the South American Mercosur countries, which is just a means for the transnational food cartels—a special branch of commodity control and speculation by Wall Street/City of London circles—to further screw farmers in all nations involved.

On the front against the green insanity, German farmers staged a protest November 14 in Hamburg, outside the venue of a meeting of state-level environmentalist ministers with Federal Environmental Minister Svenja Schulze. This followed mass farmer demonstrations in October in seventeen German cities, against greenie agri-bashing. There is both fury and humor among the farmers, for having to take to the streets like this, to force public attention to food and the crisis. Dairy farmers at one location mocked the greenies by

taking off from Greta Thunberg’s infamous “How dare you” speech to the United Nations in September (she denounced inaction to cut CO₂ for taking away her future). The farmers’ protest signs proclaimed, “How Dairy You!” In Finland, last month, farmers brought cows to graze on a university lawn, to protest the college cafeteria banning meat and milk.

The follow-on from the European protests so far is that, in Germany, a roundtable among farm leaders and Chancellor Angela Merkel is set for December 2. In France, farmers are set for more demonstrations on December 7, two days after the national strike already announced by transportation and other workers, and the Yellow Vest movement. In Ireland, unless there is emergency relief from the government, more tractor protests are set for December 15.

Beef production is in the crosshairs in particular, from the Wall Street/City of London commodities wing, which imposes low prices on the cattlemen through cartel control of processing, in the context of lack of parity pricing and anti-trust law. Meanwhile,



Silke Aswald

Farmers, shepherds, hunters, landowners and other land users demonstrate in Hamburg, Germany on November 14, 2019, for a greater say in the government’s action plan for insect protection. The sign reads: “I’m pissed off.”

CO₂ reduction fanatics blame cows’ flatulence and beef eaters for ruining the climate.

In Ireland this summer, cattle raisers staged picket lines at packing plants, to protest getting a price per head below their production costs. On September 15, a deal was struck with the government, to take steps for relief for the farmers. A Beef Market Task Force was to be set up. But nothing has happened. This week, hundreds of farmers came to Dublin from as far away as Counties Kerry and Cork to protest. They demanded to see Agriculture Minister Michael Creed.



DBV

Huge German farmers’ demonstration in Berlin, Germany on November 26, 2019, with tractor convoys up to 20 km long, protesting new government agricultural regulations.

U.S. Cattlemen Activate

In the United States, there are now hot policy discussions at meetings of cattlemen and other producers, as shown, for example, at the October 25-26 Kansas Cattlemen’s Association (KCA) Convention, and in the Omaha, Nebraska rally October 2, which brought out nearly 500 ranchers, feedlot operators and others in the cattle sector, from surrounding states. The name of the event was, “Rally to Stop the Stealin’.” It was hosted by the Organization for Competitive Marketing (OCM), a non-profit group mobilizing for anti-trust relief in farm and industrial production. Day-long, non-stop presentations exposed the degree of agribusiness consolidation in the U.S. and worldwide. There were fiery demands for President Donald Trump to intervene. “All he has to do is sign an order!”



EIRNS/Robert Baker

Kansas Cattlemen's Association President Greg Davis addressing the 21st annual convention in Newton, Kansas on October 15, 2019.

In October, a mass Twitter campaign was conducted (#FairCattleMarkets), initiated by the *Western Ag Reporter*, a weekly based in Billings, Montana. In a one-week period over 35,000 tweets went out delivering the message of unfair cattle markets. The *Western Ag Reporter* wrote on October 3, "President Trump may not have tweeted using #FairCattleMarkets himself, but it's safe to say the movement is definitely on either his or [Agriculture] Secretary Perdue's radar."

Another notable initiative was the R-CALF USA (Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America) October 4 filing of a lawsuit in federal court to stop the move by the U.S. Department of Agriculture (USDA) to mandate Radio Frequency Identification Devices (RFID), instead of continuing with existing animal ID practices. Within less than three weeks, the Trump Administration then stayed the RFID mandate.

The slogans and demands seen at these protests and related initiatives indicate the desperate conditions giving rise to such mobilizations. The saying, "No Farmers, No Food, No Future," is now universal in Europe and North America. But the most forceful message shown by the farmers and ranchers taking to the streets is the morality to demand action—a powerful signal for others to get engaged as well. It is urgent for citizens to force action by governments to thwart the green fraud assault on

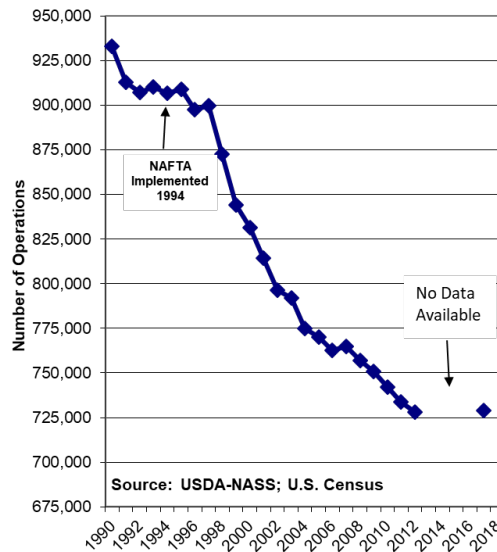
nations, and to defend basic economic and scientific activity. Defeating the green attack also must include restoring a credit system to serve the public interest in furthering independent farming, manufacturing, infrastructure, social services and technological advancement. The Wall Street/City of London looting system is now at a dead end.

At the Kansas Cattlemen's Association's convention, one of the authors of this article—Marcia Merry Baker—was invited to participate, representing the Schiller Institute, to give a briefing on who is behind the green assault on farming and ranching. Her presentation was titled, "The Green New Fraud & Big Money's Role in the Climate Change Phenomenon." She presented a rogues' gallery of such figures as Michael "the

Moderate" Bloomberg, who wants to shut down all coal-fired electricity, Bank of England Governor Mark "Green Finance" Carney, Warren "Windmill" Buffett and others. She also addressed the darkest side of the green assault—those advocating genocide. She displayed *EIR*'s famous image of the World Wildlife Fund's logo of the panda, shown eating a human arm—an image that hits home in farm country.

Robert Baker, *EIR* Agriculture writer, also briefed the convention, reporting, for example, on the huge Federal Reserve repo bail-out operation underway since mid-September,

America's Ranches Are Fast Disappearing
Exodus of U.S. Beef Cattle Operations, 1990-2017



marking the imminent blow-out of the bankrupt system. Baker showed photographs of the European farmer tractor-cades to the Kansas ranchers, not one of whom knew that these protests were happening, because of the black out by the Wall Street/City of London-serving media.

The tumult among farmers and cattlemen in the trans-Atlantic region is part of the same picture of mass demonstrations now taking place, from Chile, to Algeria, to Lebanon. It is a telling irony that the next big world Climate Summit, planned for Chile in December, had to be cancelled by the Chilean government, because of the peoples' revolt. Spain will be the fallback host, December 2-13.

Green Fraud—Bullseye on Cattlemen

The story line of the global warming fraud—that people and their activities are overheating the planet by producing carbon dioxide, methane, nitrogen and other gases that trap the Sun's rays like a greenhouse, has as a top target, reducing or eliminating cattle, and beef-eating, along with cutting the human population. There is a bullseye on cattlemen. The argument is that cattle, with their four stomachs, emit too much methane into the atmosphere. Cattlemen like to respond that they are raising “vegan livestock,” for humans to eat.

The lying green assault on food production reached a new, institutional low this summer, with the release of the 1,300 page [Special Report](#) by the UN Intergovernmental Panel on Climate Change (IPCC) titled, “Climate Change and Land.” The document, not worth refuting, simply asserts that beef production is a menace. In Chapter 5, we find this ridiculous gem: “All estimates agree that cattle are the main source of global livestock emissions (65-77%)... Products like red meat remain the most inefficient in terms of emissions per kg of protein produced in comparison to milk, pork, eggs, and all crop products...”

This IPCC salvo is just the latest academic cover for mandates that have already been initiated in recent



EIRNS/Robert Baker



EIRNS/Robert Baker

Representing the Schiller Institute, Marcia Merry Baker briefs the KCA convention on the destruction of agriculture production, courtesy of the Green New Deal fraud.

years and months, against cattle production directly, or otherwise indirectly, by imposition of various green energy and related regulations on farming. In Germany, a plan is under active consideration to coerce livestock producers to give up their herds, and instead allow their pastureland to be covered with solar panels.

Secondly, the campaign for “green finance” involves setting terms for lending—in this case to ranchers, processors and other food chain links—to conform to insane green practices, in ways the bankers intend to control. The “green finance” campaign was launched by mega-bankers after the December 2015 COP24 Climate Summit in Paris, with Bank of England Governor Mark Carney (known as “Carnage” in the UK) in the lead. (The “Conference of the Parties” (COP) is the supreme decision-making body of the United Nations Framework Convention on climate change, which meets annually.)

The mega-bankers intend to get a cut from new, “green” investments, to infuse some cash into their oth-

erwise expiring system. One of the first such so-called “green bonds” in the food sector, was a \$500 million issue in August by Brazil/London-based Marfrig, the second largest beef processor in the world, whose terms can be expected to include whatever green limitations on cattlemen suppliers in Brazil, the United States or anywhere, that Marfrig, a commodities player for the City of London, chooses to impose.

Finally, there is the fake meat campaign, advocated in the name of saving the planet. The plant-based Impossible Burger, Beyond Beef, Meati Foods and other brands, are promoted by the Wall Street/City of London mega-food commodities concerns, including through fronts such as the Global Roundtable for Sustainable Beef, whose board includes officials from the World Wildlife Fund, McDonalds, ODS, Ahold Delhaize (the globalist supermarket cartel) and others. The next phase in the works is petri-dish produced ersatz meat.

Financial Blow-Out

The green assault on livestock producers comes on top of already untenable conditions for producers to continue in operation. First, prices received by U.S. ranchers and farmers over the past five years have been below, or barely at, their costs of production. The total farm debt will hit a record high of \$416 billion this year, according to the U.S. Department of Agriculture. This debt level is more than 40 percent higher than it was in 2012.

Given their low returns, many farmers and ranchers are now being denied regular bank financing, and are turning to “shadow” finance outfits, private funding syndicates, that charge far higher interest rates, whose operations are now expanding in the Farm belt. Mediation services are working overtime, negotiating among farmers and ranchers and their creditors. The number of filings for farm bankruptcy went up 24 percent from September 2018 to September 2019, according to the latest figures from the American Farm Bureau Federation.

Contributing fundamentally to this crisis, is the extreme consolidation of packers, after years of non-en-



Schiller Institute/Marcia Merry Baker

EIR Agriculture writer Robert Baker reports to the KCA membership on the destruction of agriculture production in the context of the blowout of the financial system.

forcement of anti-trust laws. These cartels are the commodity wing of Wall Street/City of London. At present, just four firms—Tysons, Cargill, National Beef (Marfrig), and JBS—account for over 85 percent of all U.S. beef processed. The latter two companies are based in Brazil and London, and are the top two meat processors in the world. The idea of a “market” of buyers for your cattle is today a complete myth. The per-head profits on cattle made by these firms are significant, while the cattlemen and independent feedlot operators lose.

The number of cattle ranchers and feedlots has fallen drastically in recent years. Mike Callicrate, founder of the farm advocacy group, Organization for Competitive Markets (OCM), summed it up November 9, at the annual convention of the Northern Plains Resource Council:

Basically, the U.S. has lost nearly half its ranchers, over 90 percent of its hog farmers and 80 percent of its dairy farmers just in the last 35 years. Where in the world are people and the policy makers at, when we are losing our food system and today, are a net importer of food on a value basis?

Adding to this contraction are the beef import practices. Imported cattle and beef can be sold in the U.S. as “made in the U.S.A.” if they are merely “handled” in some way in the U.S. For example, if packaged beef comes in, and is simply re-wrapped, it is considered domestically produced. For a short time, this was not allowed, and Country of Origin Labelling (COOL) was in

effect. But in February 2016, Congress overturned it, at the behest of the globalist beef packer cartel.

U.S. Cattlemen—Justice, Glass-Steagall

A number of U.S. farm and ranch leaders and organizations are in motion against this situation, as described above. For example, the R-CALF USA group, whose head office is in Billings, Montana, has initiated critical lawsuits in recent months, after finding that Congress is impervious to its constituents. R-CALF CEO Bill Bullard described the cattlemen as in the decisive battle right now, to retain independence, which has been lost so far over recent decades by chicken farmers and hog producers. In particular, Bullard stressed the necessity of restoring COOL. At the South Dakota Stockgrowers Association meeting in Rapid City on October 31, “Non-core issues may be compromised when the outcome does not harm your opportunity to remain profitable, but restoring mandatory COOL is not on that list.”

The Kansas Cattlemen’s Association, formed 21 years ago, maintains a high commitment to policy discussion. At its October 25-26 convention, in addition to presentations on herd nutrition, genetics, veterinary, marketing, and related topics, plus anti-corruption in the Beef Checkoff program, it took up strategic questions. They had a briefing from Kansas State University biologist Dr. Michael Chao, on the status of fake meat, titled, “Discovering Lab-Grown Meat.”

Robert Baker, after showing graphics to the KCA audience of the huge, Federal Reserve infusions into the daily interbank overnight “repo” loan market, presented the necessity for the “LaRouche [Four Laws](#),” beginning with reinstating Glass-Steagall. What is needed urgently, is a back-up contingency to separate and protect commercial banking, from the speculative “everything bubble” now afloat solely due to Fed bailouts. Baker discussed the need for a national bank, plentiful credit, a huge infrastructure-building program, and funding for advanced R&D for space exploration and harnessing fusion energy.

The KCA has on record a resolution from its 2018 convention in support of Glass-Steagall. (KCA resolutions remain in effect for two years.) The resolution states:

Re-Enact Glass-Steagall Law for Sound Banking and Credit to Rebuild the Nation

Whereas, there is imminent danger of an-

other financial blow-out, bigger than 2009, because nothing was done to fix the underlying dynamic of uncontrolled mega-bank speculation; our nation won’t survive more bail-outs and consolidation; and

Whereas, we need sound banking to extend credit to re-build infrastructure and productivity—modern rail systems, new water supplies, nuclear power, rural hospitals, upgraded waterways, etc. with millions of new jobs and a secure farm sector; and

Whereas, the 1933 Glass-Steagall Act worked for 66 years (until repealed in 1999), to keep useful community banking separate from speculative financial entities; therefore,

Be It Resolved, that the Kansas Cattlemen’s Association calls on the Kansas Congressional delegation and all of Congress, to re-enact the Glass-Steagall Act.

European Farmers—Parity Pricing

In Europe, the Schiller Institute is circulating a statement, “Defend the Common Good Against Green EU Dictatorship and Financial Cartels!” among the protest actions of farmers in Germany and other nations. The document opposes the new, restrictive production quotas, and the attempts to transform farmers into solar panel operators under climate hysteria pretexts. The statement presents a list of six demands that farmers from Germany, France, Denmark, Sweden and Spain jointly issued back in 1986.

Upfront in this declaration is the call for a parity price system. It is followed by calls for the EU to be part of an in-depth reorganization of the global financial system; for emergency intervention to help financially strained farms survive (income support, tax relief, etc.); protection of such farms against the greedy grab by banks and other creditors (a stay on foreclosures); for the elimination of excessive environmental regulations; and for a re-regulation of the farm sector in Germany and Europe to promote family farming instead of creating big agro-production complexes.

These planks, worked out in 1986, are still more than valid today, the Schiller Institute asserts, as shown by the fact that farmers throughout Germany and Europe are having to take to the streets in protest against the greenie pipe dreams of the Eurocrats, which endanger the food supply in Europe and worldwide.

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II. Every Science Course You've Taken Was a Lie

July 22, 2006

WHY THE SENATE'S INTELLIGENCE HAS FAILED

Re-Animating an Actual Economy

by Lyndon H. LaRouche, Jr.

Many important conclusions must be reached on the basis of the U.S. Senate's wretchedly negligent, even, as some would say, implicitly treasonous expression of cultural decadence, in permitting the Synarchist banker Felix Rohatyn's virtual destruction of the U.S.A.'s national automobile industry, with its associated, strategically crucial machine-tool capacity. While the pattern of sophistry involved in this wicked result is a reflection of the typical cultural flaws of the privileged strata from the so-called "Golden Generation," the Senate's capitulation to a known fascist enemy, its abandonment of the most essential concept of national sovereignty, in favor of the fascist Felix Rohatyn, has gone beyond folly, to, in effect, virtual, if apparently unwitting—or, should I say "witless"—treason.

As I have repeatedly emphasized, publicly, over the years, the victory which President Abraham Lincoln had led, established us as a continental power which could not be conquered by invaders, but only by corruption. Now, that treasonous corruption has ensconced itself, full blown, in the role of the circles of fascist Felix Rohatyn.¹ The notion, on which Rohatyn insists, of subordi-

nating the former sovereignty of the U.S.A. and other nations, to the caprices of what all leading U.S. political figures should have known, by now, as Rohatyn's stated intention to establish a new global, imperial, Venetian-style financier oligarchy. Rohatyn's action is nothing less



EIRNS/Stuart Lewis

Fascist Felix Rohatyn—shown here with co-thinker Donald Rumsfeld—is working to subordinate the sovereignty of the U.S.A. to a new global, imperial, Venetian-style financier oligarchy.

than an act of betrayal of the sovereignty of the U.S.A.

That immoral form of intellectual performance on this account, in that chamber, was aggravated greatly by the February 2006 capitulation to the tradition of Nazi "Crown Jurist" Carl Schmitt, in the matter of the confirmation of Judge Samuel Alito. This same incompetence was carried to an extreme in the Senate's panicked endorsement of an utterly foolish Israeli attack on Lebanon, not only a potentially suicidal action by the current misleaders of Israel, but an attack which could be the

which H.G. Wells' "Dr. Moreau," might have crafted from what had been originally a rat.

1. It might be said of Rohatyn, that even his rat-like appearance is an expression of Satan's touch of irony, in Rohatyn's likeness to a creature

Editor's Note: This is a reprint of Lyndon LaRouche's article, first published in *EIR* Vol. 33, No. 4, Aug. 4, 2006, pages 4-23.

“Balkan War-like” spark for the early emergence of world war, this time as a virtual World War III. This now threatens to become a new world war in a new, asymmetric mode, with implications even more menacing for future civilization than the two preceding instances.

As it should be correctly adduced from the coincidence of the Israeli invasion of Lebanon with the strategic mode of terrorist actions against India’s Mumbai, and also with the G-8 meeting, this action by Israel was not motivated by Israel itself, nor even by the relevant pack of criminal lunatics presently controlling the U.S. government. The force behind this mounting surge toward a new, third world war,

is the alliance of the Anglo-Dutch financier and French Synarchist interests, an alliance which is merely typified in a prominent way by the same French backers of 1922-1945 fascism in Europe, as this cabal is typified by Felix Rohatyn today. In that sense, *this current wave of global crisis does not come from any sovereign government in particular, but from a slime-mold-like, international financier cabal which has positioned itself currently in a global position higher than any government.*

In most of these referenced matters before the Senate, the body, in effect, took actions on the matter of the Southwest Asia region as a whole, which went beyond merely reckless disregard of the available counsel of certain qualified elements of official and private intelligence institutions of the U.S.A., including disregard of excellent senior ranks of our military professionals. Obviously, *it was the pressure of other considerations, including campaign contributions from right-wing financier and related international circles tied to George P. Shultz, Felix Rohatyn, et al., not the interests of the U.S.A., which dominated the relevant failed performances within an implicitly DLC-bought-and-paid-for majority of the Democratic members,² as well as similar funding of the moral culpability of most Republicans.*

As God punishes all great sins of folly, sooner or later, I can assure the errant Congressional Democrats in



The “treasonous rape of the U.S. industrial economy” must be reversed, so that 21st-Century technologies, like this maglev train in Shanghai, China, can be developed.

the case, that the contempt for what they have both done, and also failed to do, is already resonating among the ranks of the population, and will become thunderous between now and November. Leading Democrats should be reminded, that “confession may be good for the soul”; in any case, nothing less than acts of redemption would be of much value for their careers now—hopefully long before the election toward which they, like legendary lemmings, are currently marching, to a presently threatened humiliating defeat in November.

I have summarized that case during the now publicized proceedings of this preceding Thursday.³ But, it is with that set of leading developments in view, that we must proceed to rescue this republic, and implicitly civilization, from the awful betrayal heaped on the U.S., a betrayal expressed most recently in the instances of the treasonous rape of the U.S. industrial economy, *to which the Senate has implicitly consented*, and the travesty of U.S. strategic and related diplomatic policy in Southwest Asia and beyond.

The crucial factor, which must be understood, as causing this moral degeneration which is to be seen in the indicated pathologies in the policies of a majority among the Democratic fraction of the U.S. Congress, is to be recognized in the clinically distinct “Baby Boomer” qualities of the modern Sophistry which permeates all of the leading factors in the Senate Demo-

2. DLC: Democratic Leadership Council, a controlling factor in the Democratic Party which functions as a representative of right-wing groups, including financier and other interests such as those behind the attempted 1999 impeachment of U.S. President Bill Clinton.

3. I.e., July 20, 2006 webcast, “Rohatyn as Satan,” *EIR*, June 20, 2006. https://larouche.org/2006/webcasts/3330july_20_webcast.html.

crats' refusal, since Spring 2005, to block the Rohatyn-led, ongoing rape of the auto industry. We must therefore see the need to defend the nation against the implicitly treasonous policies of Felix Rohatyn, et al. in this light. This decadence within the Senate fraction, began, thus, slyly, as an avalanche does, during May 2005, and later accelerated to emerge in the form we have seen since mid-February of this present year.

The root of this manifest perversity in the ranks of the Congressional body, and more broadly in society, is clearly a pathological pattern of the virtually "brain-washed" condition of the generation of what we should recognize today as the upper twenty percentile of both family income-brackets in the fifty-to-sixty-five age-range, and also those social strata of the same generation which represent relatively lower income brackets, but which have come to share the ideological propensities of the 1968ers of Europe and the Americas. This decadence among those strata, can be best compared, clinically and historically, with the degeneracy of the "Baby Boomers" of Pericles' Athens, who led their own culture to self-destruction through a Peloponnesian War, a war-policy echoed, as the same disease echoes itself, by the policy which led into the presumed 2000 and 2004 elections of President George W. Bush, Jr., and the war policies, and related virtual treason of the period since the shock of September 11, 2001.

Thus, the foolish President George W. Bush, Jr.'s new war in a disintegrating Iraq, has become for our nation what the crimes against humanity, which Athens perpetrated against the people of Melos, meant for the so-called "Democratic Party of Athens." Thus, Pericles' Athens doomed itself with the same quality of degeneration into Sophistry which has been recently illustrated afresh within the U.S. Congress, the DLC-corrupted Democratic Party fraction in the Senate most emphatically.

Only when we recognize the Baby Boomer tendencies seen in the recent months' downshift in morality of the Democratic Party leadership, as a reflection of the disease of Baby-Boomerism traced to the satanic influ-

ences of such agencies of modern Sophistry as Sidney Hook's Congress for Cultural Freedom and the related American Family Foundation and Committee on the Present Danger, were it possible for us to save the nation as from any epidemic or pandemic disease. We must thus diagnose and treat the present cultural disease of certain leading institutions. We must employ understanding of the nature of the deep corruption which led to this, today's presently evident degeneration of the leading policy-directing stratum of our institutions.

On that account, the reading of the following matter, which is on the subject of the required method for forecasting the ultimate consequences of our continuing such follies, must be guided by careful study, especially among those who wish to be qualified to make the urgently needed, remedial corrections in current U.S. strategic outlook and policy.



William D. Nordhaus homepage

William D. Nordhaus's paper on "Geography and Economics" contains some useful features, but fails to grasp the importance of Kepler's original discoveries of the planetary orbits for economic forecasting.

1. Why Most Forecasters Are Fakers

In the course of my dealings with the implications of these Baby-Boomer atrocities, a copy of a technical paper, on economic matters, was recently forwarded to my attention.⁴ In my response, here, to the kernel of the argument in that paper, I am obliged to emphasize a matter of principle which is also of crucial significance for understanding the most frequent, principled cause of failure of even some otherwise mature and skilled intelligence officers in matters of strategic intelligence. That exposition has direct bearing on the nature of the challenge represented by a series of implicitly mass-suicidal policy-actions by the majority in the U.S. Senate, as in other relevant locations. The treatment of that subject which I provide here, is of the highest importance for shaping our imperilled republic's policies today.

4. William D. Nordhaus, "Geography and Macroeconomics: New Data and New Findings," Yale University, Dec. 2, 2005. <https://www.pnas.org/content/pnas/103/10/3510.full.pdf>. My thanks to the person who recently forwarded a copy of this report for my attention.

The William Nordhaus paper to which I have referred, was forwarded to me because it is focussed upon an area of economic research, which appeared to have some superficial similarities to my own longstanding program for use of computer animations as a tool of economic analysis. The material contained in the referenced paper which I criticize, is not useless; it has peripheral value, but lacks any insight into the essential characteristics of real-life macroeconomic functions as such, and therefore tends to mislead the author and readers of his report, leading attention away from identifying what should have been his adopted objectives.

This problem which I now address here on that account, treats a matter which is comparable to frequent errors in the practice of strategic intelligence, not only as in the miserably failed, recent performance of the U.S. Senate, but, even among what are otherwise respectable, valuable bodies of professional intelligence specialists.

Nonetheless, despite the fact that the author of that paper fails in his stated primary objective, it is in the urgent public interest that I diagnose the source of his difficulties on this point as follows:

My own original, principal discoveries in the field of Gottfried Leibniz's founding of a science of physical economy, were developed, chiefly, during the interval 1948-1953, in reaction against the terrible fraud at the base of Professor Norbert Wiener's stated notion of "information theory." Technically, Wiener's incompetent claims on that account echoed the same collection of failed Leibniz-hating mathematicians, including D'Alembert, de Moivre, Euler, and Lagrange, whom Carl F. Gauss had roundly refuted in his own 1799 doctoral dissertation. The outcome of Gauss's argument on this account, was the development of the essential principles of physical hypergeometries by Gauss's follower Bernhard Riemann, beginning Riemann's 1854 [habilitation dissertation](#).

As I have frequently reported over recent decades, during the late 1950s I attacked the then accumulated conceptual failures of Tjalling Koopmans, et al., by posing a method which I termed, on the basis of Riemann's argument, as "dynamic economic" conceptions, conceptions which I proposed might be applied to digital computer systems as a partial remedy for the follies inherent in the use of linear programming for economic analysis.⁵ This adopted method has been inte-

5. According to the style of those times, I identified my method of "dy-

nal, and key to my exceptionally successful work, over the interval 1958 to date, in the field of long-range economic forecasting.

A much needed, historically situated, model presentation of the relevant deep principle of physical science, is currently in preparation, and is intended to provide some much needed remedial education of professional economists, and others, in the presently indispensable, reformed approaches to analysis and programming of crucial matters of economy.⁶

Since those past times, my approach has been based on the evidence that *successful economic behavior of nations and societies generally, is defined by a universal physical principle, a principle specific to human cognition, which is intrinsic to the human individual and his species, but lacking in all lower forms of animal life*. For this reason, the customary attempt of economists and accountants, to treat economy as virtually a branch of animal ecology, as done by, in the worse case, the "post-industrial ideologues," is intrinsically professional incompetence.

For related reasons, all efforts to interpret long-term characteristics of national or world economy by the methods of statistical mechanics, converge on the extremes of quackery, as, for example, on the lunacy of both former Federal Reserve Chairman Alan Greenspan, and upon the mathematical schemes, of Myron Scholes, et al. Scholes was, largely, responsible for crafting the policy which caused the 1998 collapse of LTCM, and, therefore, was indirectly a contributing factor, in that manner and degree, for the, related, criminal disgrace which Enron inflicted, unjustly, upon its victims, and, justly, upon itself. In general, for such reasons, most of the economic forecasts recently uttered by the Federal government, or by private specialists, are either deliberately false, or simply utterly incompetent.

The needed approach to ending the prevalent incompetence of the most widely-publicized economic forecasts today, depends upon a view of the meaning of business cycles which is contrary to every axiomatic assumption those erring folk presently consider their own.

In light of the actual interdependency between economic policies and processes, on the one side, and long-

dynamic economic modelling," by *Dynecom*.

6. This presentation, now in preparation, is a correct demonstration of Johannes Kepler's often misunderstood discovery of universal gravitation.

term grand strategy of nations, on the other, incompetencies in methods of economic forecasting, are the foundation for blunders which may become even fatal for the nations which adopt them, as is the general case in the leading institutions of the U.S.A., and the nations of western and central Europe presently.

Understanding Business Cycles

Since all competent modern *physical mathematics* is based on the pioneering achievements of Johannes Kepler, the argument to be made, in explanation of the intrinsic incompetence of statistical mechanics for economics, will employ the image of a planetary orbit, as defined by Kepler's uniquely original discoveries, to define a forecastable quality of true long-term cycles in an economy. That lesson, from Kepler, for economics today, is the best source of remedy for the failures intrinsic to the consistently failed methods which have been employed by economics statisticians generally during the recent decades.

So, for pedagogical purposes here, what are usually regarded as long-term business cycles, may be compared, broadly, with that scientific method for defining orbital cycles which was discovered by Kepler. On this account, we may compare intended and actual results of an economic process, over the long term, to the case of the difference between an estimated and an actual astronomical, orbital cycle.

To illustrate the point, consider the following.

On this account, the post-World War II economic cycle experienced by the U.S.A. has undergone three distinct phases of a cyclical type since the death of President Franklin Roosevelt, up to the present time.

First, 1945-1965, from the death of FDR through the beginning of the follies of the U.S. war in Indo-China.

Second, the transition period, 1965-1971, of preliminary wrecking of the Bretton Woods monetary system, chiefly by the 1964-1967 actions of the United Kingdom's first Harold Wilson government. This deliberate British sabotage of the functioning of the Bretton Woods system's conformity to the existing rules, coincides with the subsequent wrecking-role of the so-called "68ers," against that Bretton Woods system.

The third phase has proceeded with the wrecking of the economies of the Americas, Europe, and Africa, under the influence of the

post-1971 devolution which occurred under the floating-exchange-rate form of the IMF/World Bank system.

This third phase had three sub-phases: *first*, 1971-1981, the wrecking of the U.S. economy by "deregulation"; *secondly*, the wrecking which occurred under President Ronald Reagan's economic policies, especially his Administration's post-1983 economic policies; and, *thirdly*, the post-1987 phase of sheer lunacy, as typified by the financial-derivatives swindles under Federal Reserve Chairman Alan "Bubbles" Greenspan. The most recent sub-phase of Greenspan's folly, under President G.W. Bush, Jr., is that which a student of ancient Roman history might wish to dub "Neronic."

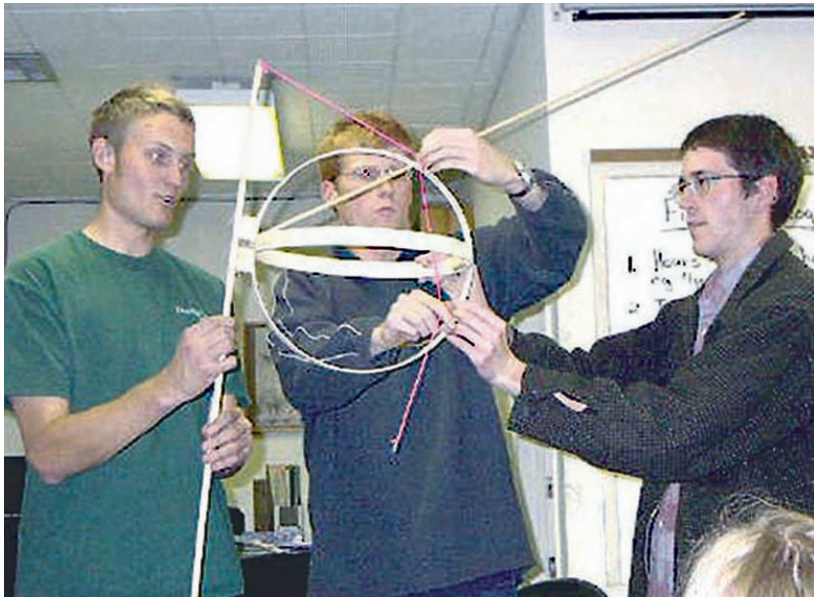
The remedy for the intrinsic incompetence presently taught as economics in universities and related professional circles, is twofold:

First, recognize the *specificity* of economic cycles] in society, as absolutely distinct from the subject of the domain of animal ecology. From the standpoint of economic science, the current doctrines of the U.S. government respecting matters bearing upon national and world economy, are as clinically insane as Bush Administration strategic policies and practices generally.

Second, discontinue the popular academic and related attempts to forecast (and analyze) from the standpoint of *statistical mechanics*, whereas only dynamic methods associated with the work of such followers of Kepler as Leibniz, Gauss, Riemann, et al., are competent. All current forecasts which I have encountered on the world screen, are hopelessly, systematically incompetent by virtue of the method of argument employed to craft them.

Currently, I am working with a selection of talented young adults of exceptional promise for their future contributions to relevant scientific accomplishments. My included purpose in the immediate project, on animations, is to demonstrate to intelligent professionals, and to others, the proper methods of approach in use of computerized animations of county-by-county data, that over periods of two or three generations, in showing the determining factors in cause of catastrophe or recovery in the U.S. economy (in particular) today.

This work is premised, at its first stages, on the way



LPAC

Members of the LaRouche Youth Movement have built a pedagogical device to demonstrate Archytas' solution to the Delian paradox, which creates a cone, a torus, and a cylinder in order to find the geometric mean between two magnitudes, and typifies the work of pre-Euclidean, physical, constructive geometry.

in which Johannes Kepler defined cycles within the Solar System, and the way in which Kepler thus defined the need for developing both the infinitesimal calculus uniquely developed by Gottfried Leibniz, and the successive development of elliptical and higher (hypergeometric) functions by Gauss, Abel, Riemann, et al.

The crucial topics treated under that approach, include the functionally determined relationship between the general basic economic infrastructure of whole economies, and the productivity of agriculture, manufacturing, and rates of tangible (physical) growth in the so-called private sector of an economy taken as a unified whole. However, the crucially underlying objective of these studies, is to discover the principal factors which are determining, or might determine either net growth, decline, or stagnation in the rate of the performance of the economic phase-space considered, or a national or larger economy as a whole. The latter task, the uncovering of the principal determining factor, is the functional requirement essentially lacking in the approach to defining animations in the exemplary case represented by Nordhaus's report.

The most suitable pedagogical approach to this crucial feature of the study, is that modelled on the most essential distinctions of Kepler's referenced discovery: the discovery of the principle of the "infinitesimal." This is

the distinction which is apparently beyond the comprehension of today's commonly encountered academic classroom and related productions respecting the principles of physical scientific and related investigations.

Kepler and *Sphaerics*

Knowledge is always essentially subjective, because it exists among mortal beings only as human knowledge; *its primary existence lies consequently only within the human individual, and that individual's functional relationship to the history of the society within which he, or she lives.* Knowledge, in the proper sense of the word, does not exist among lower forms of life. Knowledge is an "attribute" of that principle of the human individual which sets our species absolutely apart from both inanimate objects, and also all lower forms of life. In V.I. Vernadsky's science of Biogeochemistry, this marks

the principle which separates the human individual from the animal.

Therefore: subjectively, what has proven itself to be my uniquely successful approach to long-range economic forecasting, dates in its origin with me, in my immediate and persisting, principled rejection of the standard secondary education in classroom geometry at my first encounter with that subject. My adolescent acquaintance with structures had shown me that the function of geometry in society's practice, is physical: only what is functionally a physical geometry, not a formal Euclidean geometry, could be a valid one.

Historically, my standpoint on the subject of geometry, from that moment in secondary education onward, was, already, implicitly an anti-Euclidean geometry, a view of mine which ultimately converged upon what is to be recognized among the Pythagoreans and Plato as *Sphaerics*. *Sphaerics* was known to those ancient Greeks as a method transmitted to them from the practice of Egyptian astronomy, which distinguished the geometry of the motion of development (i.e., *physical action*) as distinct from what convention today recognizes as simple classroom versions of so-called Euclidean geometry. So-called *a priori* definitions, axioms, and postulates are to be excluded from competent European science; all concepts, including concepts of the form of one's own behavior in this prac-

tice, are to be discovered by experimental methods associated, among ancient Greeks, with the tradition of Thales, the Pythagoreans, and Plato. In other words, while we are permitted to take notice of the implied assumptions intrinsic to the practical approach we employ, we can not treat those assumptions as *a priori* principles, but only as being, themselves, subjects of critical experimental treatment.

This is the standpoint from which to consider the rudiments of the method employed by Kepler. This is the standpoint plausibly attributed to the work in astronomy of Thales of Miletus, and is the standpoint of the Aristarchus of Samos who proved the orbiting of the Earth around the Sun by appropriate experimental methods. Kepler's treatment of the relative positions and motions of Solar bodies considered by him, can be traced from the starting-point referenced by Aristarchus' approach. Also, as Kepler himself emphasized, his own scientific method was derived from the founding of modern physical science as an experimental body of scientific work, by Nicholas of Cusa, and as Cusa's initiatives were complemented by the work of such followers of Cusa, and predecessors of Kepler, as Luca Pacioli and Leonardo da Vinci.

That much said, it is sufficient for the purposes of the present report, to focus on a narrow, but crucial feature of Kepler's discoveries: the implications of the observed Mars orbit in terms of reference to the cyclical alignment of relations among the positions of the Sun, Earth, and Mars.

To reduce the matter to essentials, we may say: The generation of an elliptical orbit of Mars was recognized by Kepler's measurements to be the result of what Gottfried Leibniz was to make his unique discovery: his definition of the differential of the infinitesimal calculus. Simply said: the notion of the infinitesimal which Kepler presented to "future mathematicians," was a reflection of the observed consistency of the fact, that the area subtended by the sweep of the orbit of Mars, relative to the Sun, varied in an ordering of "equal areas swept, during equal times." In other words: *the elliptical orbit did not determine the motion of Mars; rather, the relevant, perfectly infinitesimal principle of physical action, generated the elliptical orbit of this specific characteristic, the characteristic of equal areas swept*



Predecessors of Kepler include Leonardo da Vinci's geometry teacher Fra Luca Pacioli, shown here, with his polyhedra, in a painting by Jacopo de Barbari (ca. 1495).

*within equal times.*⁷

Notably, precisely that view of the matter by Kepler, prompted him to assign to future mathematicians the development of both an *explicitly infinitesimal* (physical) calculus and of a corollary theory of physical-elliptical functions.⁸ The former challenge was solved by the uniquely original discovery of a calculus of the infinitesimal by Gottfried Leibniz, a quality of the calculus which is rejected in the failed attempt to understand gravitation by Isaac Newton and his followers. The second challenge, of discovering the relevant physical

7. As Leibniz and his collaborator Jean Bernouilli were to show, all curvature of action is to be seen as premised upon the physical geometry of a universal physical principle of least action/least time, as this is expressed both in the catenary form, and the corresponding natural-logarithmic ordering discovered by Leibniz. The development of a notion of the *Pentagramma mirificum* by Napier, reflected the attempt to develop a logarithmic system of a form suitable for processing of astronomical data. Gauss's recognition of Napier's discovery of the *Pentagramma mirificum* opened new, richer dimensions of insight into the deeper implications of Leibniz's principle.

8. As this is treated below, a form of action considered "infinitesimal," does not represent an hypothetical creature of "infinitesimal size," but rather *the action upon a process at every possible, tiniest interval, by an efficient universal principle*. It was fanatical empiricist Leonhard Euler's failure—or stubborn, ideologically motivated refusal—to recognize the ontological implications of Gottfried Leibniz's infinitesimal for the calculus. This same blunder by Euler, typifies all generally crafted and employed attempts at economic forecasting, worldwide, today.

principle underlying regular elliptical action, was mastered in essentials by Carl F. Gauss and his followers, most notably by the Bernhard Riemann who followed Gauss in going beyond elliptical functions into higher physical hypergeometries associated with an ontological insight into, the matter of the human species' qualitative progress.

The actual rudimentary development of the mathematics of a competent mode in modern physical science, was derived entirely from the combined effect of these implications of Kepler's discovery with what Gauss was to expose as the implications of what was actually Napier's definition of the *Pentagramma mirificum* and Fermat's experimental demonstration of the existence of physically relative time, the concept of "quickest time" as opposed to primitive superstitious belief in simple (e.g., Euclidean) time.⁹ These are the elementary considerations, as treated, most notably, by Leibniz, Gauss, and Riemann, required for the defining of a competent modern science of physical economy.

However, in any competent science of economy, there is another crucial aspect to Kepler's uniquely original discovery of universal gravitation; this is what William Nordhaus's treatment overlooks completely. Kepler's discovery of the principled, ontological character of the planetary orbit, provides students the model of reference for study of economic cycles.

***Sphaerics* as Such**

As I have already stressed, above, it is essential, in exploring the subject matter outlined above, to recognize a qualitative distinction between commonplace, vulgar notions of geometry, such as Euclidean geometry, and what the Pythagoreans, Plato, et al. recognized

9. Once again, Fermat's experimental demonstration of "quickest time," by showing the physical relativity of time, led Eighteenth-Century science under the patronage of France's Jean-Baptiste Colbert, into Huyghens' hypotheses respecting an isochronic principle, and to the replacement of Huyghens' cycloid by the Leibniz-Bernouilli catenary/natural-logarithmic function of a universal physical principle of least action, as the basis for the physical definition of relative time.

as *Sphaerics*. In the relevant Classical Greek science, *Sphaerics* is a reflection of the method of the science of astronomy developed in ancient Egypt, and transmitted to Classical Greek culture. This is absolutely distinguished from a formal geometry. It were better said that *Sphaerics* is a *physical science of astronomy* as also applied by the Pythagoreans, Plato, et al., to human life on Earth.



Johannes Kepler's discovery of the principled, ontological character of the planetary orbit, provides students the model of reference for study of economic cycles.

Sphaerics is therefore associated, originally, with what we, today, would usually prefer to term "astrophysics" rather than "astronomy." Since this pertains to the universe within which life on Earth is bounded, the concept of *Sphaerics* connotes *universality*: implying that physical action on Earth is bounded by principles, such as gravitation, which are, primarily, efficiently universal. Many obvious, elementary blunders in discussions of Greek and modern science alike, are the result of failing to recognize the relevant functional distinctions between mere geometry and the character of *Sphaerics* as occupied with the role of universal physical principles of action in a universal physical space-time as such. The failure to take this distinction into account, is the characteristic ontological folly of modern forms of philosophical reduction-

ism, such as empiricism, positivism, and existentialism.¹⁰

This problem arises in the practice of economic forecasting, as the attempt to craft forecasts on the basis of assuming trends located ontologically in the application of Cartesian methods of statistical mechanics, in the misguided attempt to adduce what are treated as current trends. Competent forecasting takes a directly opposite, dynamic approach to that of the Cartesians; it considers the process as a whole, as Kepler treats astronomical cycles. It does this to locate the long-ranging principle which determines the physical-geometrical pathway which is controlling the outcome of movements in the small.

10. What is called "science" in such circles of belief, is naive ideology first, and the interpretation of some aspects of successful experimental practice, as a poor second.

Physical geometry rejects all notions of “straight line” or kindred, simplistically conceived pathways of action. First, we must determine the physical geometry of the process within which the relevant action is situated, as Riemannian physical geometry crafts a choice of what is termed a tensor. The physical geometry of the setting, determines the primary character of the relations of action within that (anti-mechanical) *physically dynamic* setting. Kepler’s definition of universal gravitation, is the beginning of this modern approach to physical science in general.

For example: It is relatively simple, and also very useful for the student, to recognize that the elementary ontological and methodological distinctions of Riemannian physical geometry are already implicit in the methods of practice employed for *Sphaerics* by the relevant ancient Pythagoreans, Plato, et al. The point, the line, the surface, and the solid, as portrayed in reductionist geometry, do not exist in *Sphaerics*. Rather the ontological distinction of, and efficient connection between point and line, line and surface, and surface and solid, occur for comprehension in the form of physical action; this connection is most famously, and efficiently recognized in the challenge of doubling a cube solely by construction, as, famously, by Archytas, and treated with informed retrospection by Eratosthenes, after the work of Apollonius. The ontological connections among qualities of objects in physical space-time are made by universal physical principles recognized by the Greek term *dynamis*, or Leibniz’s modernized use of *dynamis*, *dynamics*, in showing the principled incompetence of the work of René Descartes.

Thus, for example, in *Sphaerics*, or its modern expression, statistical mechanics does not exist as a scientific category; only *dynamics* does. This distinction is to be greatly emphasized in comparing living with ostensibly non-living chemical action, and in contrasting specifically human behavior to that of all lower forms, such as animal life.¹¹

11. Actually, non-living processes are also dynamic. However, as the founder of the modern science of the Biosphere and Noosphere, V.I. Vernadsky, emphasized, the chemistry of action of living processes differs, in the sense of dynamics employed by Leibniz, from the chemistry of the same substances within the non-living domain, However, more important than the difference, is the way in which living and non-living

The crucial distinctions to be recognized are expressed in terms of what are called universal physical principles, such as the universal principle of gravitation, which was discovered, uniquely, by Kepler. The construction of the doubling of the cube, as discovered by the Pythagorean Archytas, is typical of the way in which such efficiently existing universal principles of action are defined. It was the debate respecting the algebraic roots of the doubling of the cube, from Cardano through the empiricists D’Alembert, de Moivre, Euler, and Lagrange, on the one side, and Carl F. Gauss, et al.



Pythagoras (lower left, in Raphael’s “School of Athens,” detail) founded the science of *Sphaerics*, a physical science of astronomy, “absolutely distinguished from a formal geometry.”

on the opposing side, which has been the seminal issue of mathematical method in modern mathematical physics and geometry since that time.¹² It is that issue, as applied to the exemplary case of Kepler’s discovery of universal gravitation, which leads us into review of the appropriate methods for measuring comparative physical-economic productivity of economies considered as functional wholes.

Kepler: The Orbit as Phase-Space

In relative first approximation, the prehistoric/historic steps toward discovery of empirically verifiable

chemistries interface, while remaining distinct in Vernadsky’s sense of the distinction.

12. Specifically, it is cubic and biquadratic residues which are Gauss’s concerns in this early work of his.

definitions of universal physical principles, are most efficiently typified, in European civilization, as in the Vedic calendars dated to Central Asia of 6,000-4,000 B.C.¹³ We must treat such cycles as phase spaces, and proceed from that, to exploring the higher phase-space of the phase-spaces by which the particular cycles are subsumed, in turn. This method is to be applied to astronomy in the large, and microphysics in the very, very small. Throughout, the principles rooted in the ancient Egyptian-Greek practice of Sphaerics, must prevail. The system of physical hypergeometries defined, as to principle, by Bernhard Riemann, has been shown, in retrospect, as by Albert Einstein, to encompass both the world view expressed in the work of Kepler and discoveries situated, not in so-called quantum mechanics, but in the actually original discoveries of Max Planck.¹⁴

The same issue of method has a limited, but nonetheless crucial, virtually axiomatic importance for economic forecasting.

Mass human behavior, as over the lifespan of the rise and fall of specific cultures, is determined by influences which assume the implied character of axiomatic assumptions. In fair approximation, the span of the existence of such a phase in culture has a beginning and an end. This is a pattern connecting the start and collapse of a cultural phase-space. To understand any corresponding interval of the history of human existence, as a phase-space, we must proceed from identifying the beginning and end of the relevant phase of existence of the cultural phase in a form which corresponds to a cycle, using cycle in roughly the sense of an astronomical cycle.

When we adduce the determining principles of such a phase-spatial historical cycle, we are confronted with principles which do not merely act from the onset to close of that cycle, but which determine the implicit outcome of the actions taken in between those book-ends of local history.

For example: Gauss's discovery of the Keplerian orbits of the asteroids Ceres and Pallas,¹⁵ illustrates the

method for statistical treatment of some limited samples of current evidence for determining the "orbital pathway" of a cyclical process in its entirety. Gauss's approach to discovering the orbits of these two asteroids illustrates the special quality of method required for adducing the character of the entire cycle of a current economic process from limited samples of current physical-economic data.

Take the case of the systemic difference in culture between the U.S.A. as defined by the 1776-1789 American Revolution, and the cultures of western and central Europe. We understand history, including economic cycles, efficiently, only to the degree that we see the developments within the bounds of a phase-spatial kind of cycle, as shaped by a continuing principle common to the entire span of that culture's existence in that form of its functional phase-space.

By identifying the characteristics of the cycle within which a set of local actions is located, we are enabled to foresee the outcome of any relevant sample of the cycle which that sample implies. On that basis, we are enabled to foresee what the outcome will be, within a fairly estimated range of times: unless a principled change in the characteristics of the system were introduced. We foresee the probable outcome of the cycle by locating the relevant interval of current historical development as an interval of the cycle conceived as a whole.

Thus, for example, in my mid-1956, short-term forecast for events of early 1957, I was focussed on a cycle whose origin was approximately "post-Korean War" changes in policy launched in 1954. Thus, for example, in my 1958-1959 forecast of a probable series of late-1960s monetary crises of the Bretton Woods system, as leading toward a likely crash of that system at approximately the close of the 1970s—unless relevant changes were introduced, as potential discontinuities, in the post-1954 cycle—I was focussed, at the close of the 1950s, on the cyclical characteristics of what became the 1954-1972 cycle as a whole.¹⁶

13. Cf. Bâl Gangâdhar Tilak: *Orion, Arctic Home in the Vedas*.

14. As reported by Einstein, during the interval of World War I, Max Planck and his work came under fanatical, mob attack by the German-speaking followers of the radical positivist ideologue Ernst Mach. The outcome of this Machian witch-hunt, from which Einstein distanced himself publicly, was the Russell-Bohr faction's success in perverting the subsequently broadcast "official interpretation" of Planck's actual discovery. Implicitly, the central issue of the Einstein-Born correspondence is the effect of this corrupt attack on Planck in producing Born's change of heart, away from the thinking of Einstein.

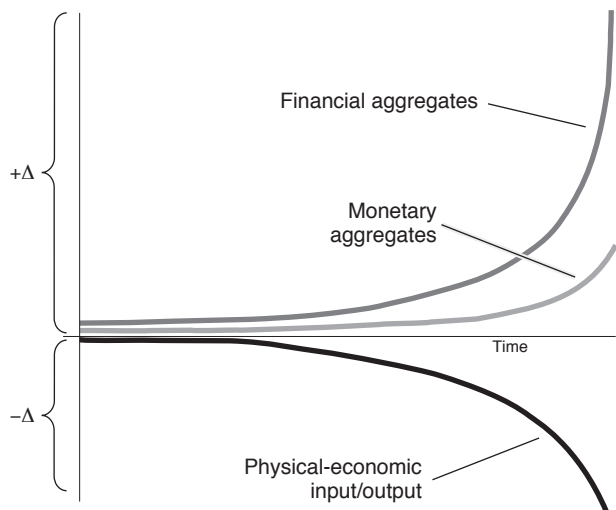
15. Carl F. Gauss, *Werke* 1981, VI, VII passim. See Jonathan Tennenbaum and Bruce M. Director, "How Gauss Determined the Orbit of

Ceres," *Fidelio*, Summer 1998. https://archive.schillerinstitute.com/fid_97-01/982_Gauss_Ceres.html

16. Had the crucial economic reforms by President John F. Kennedy not been ruined, step by step, in the aftermath of his assassination, the Kennedy reforms would have aggregated to become a virtual return to the characteristics of the FDR reforms. The post-Kennedy Indo-China war, and the radical changes in physical-economic, social, and monetary policies under, successively, President Nixon and the Trilateral Commission, and John J. McCloy's role in orchestrating the changes of governments in 1960s post-Konrad Adenauer Germany, are typical of the measures which virtually obliterated the Kennedy initiatives in the direction of a revival of the FDR legacy, albeit that would have been in

FIGURE 1

LaRouche's Typical Collapse Function



That cycle of 1954-1972, was a different cycle than that of the 1972-1987 interval, and the ensuing 1987-2006 cycle is a different cycle, for forecasting purposes, than either of the preceding two. So, my forecast, in 1992, of an onrushing “great mudslide” culminated in the interim crisis of 1992-1995, and my 1995-1996 forecast (**Figure 1**) and my 2000 forecast (**Figure 2**), were followed by my “shock-wave” forecast.

All of my forecasts, all of which have been successful according to my pre-specified conditions, have been successful in a way which no other known forecasting during the relevant, recent nearly five decades can match.

This issue is one of my method, rather than the contrary, failed, customary modes in current statistical forecasting.

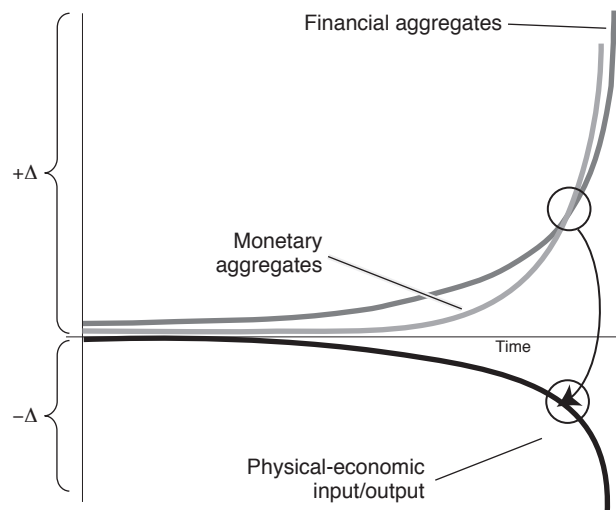
For example, since the relevant policies of a society are products of the human will, no competent flat “yes, or no,” could be competent forecasting. The human will can change the currently prevalent assumptions of practice, even radically. Accurate forecasting is conditional upon the continued operation of the relevant, currently axiomatic-like policies which underlie the continued existence of the relevant present cycle. Without the stated, or clearly implied specification of those conditions associated with a forecast, no competent forecast—nor competent analytical assessment of apparent current trends—can be presented.

More on this subject, at an appropriate later point in the following chapter of this account.

a Kennedy, rather than Roosevelt mode.

FIGURE 2

The Collapse Reaches a Critical Point of Instability



Here lies the key to insight into the reasons for the utter incompetence of all of the currently popular methods of statistical economic forecasting, respecting trends within current economic phase-space. The attempted use of merely statistically-mechanistic percussive evidence of action to date in the small, to project the larger span of reality in a mechanistic-statistical way, is intrinsically pathetic, more or less as pathetic as the silliness of the work of LTCM’s Morton Scholes.¹⁷ Yet, even still today, virtually every “hedge fund” operation is based on assumptions which express the same genetic quality of incompetence as that of LTCM’s Scholes, such as the assumptions which may be regarded as the fruit, i.e., *rotten*, of the life’s work of former Federal Reserve Chairman (and Ayn Rand fanatic) Alan Greenspan.

The root of my essentially unique successes in forecasting during the 1956-2006 interval to date, lies in a matter of scientific method, a method which is essentially that associated with the ancient Pythagoreans, Plato, and his followers, and the modern advances on that developed under the impetus supplied by Nicholas of Cusa and his followers through Kepler, Leibniz, and beyond, through Gauss and Riemann.

For example. In brief. Kepler had, in a sense, “predicted” the existence of the asteroids. Kepler’s study of

17. This is to say that Morton Scholes’ shame of August-September 1998 is only a superficial reflection of his greater folly. The naughty clowns of the Nobel Prize committee who made the award to the silly Scholes, are the notable offenders in that case, in the sense Jonathan Swift portrayed the sages of Laputa.

2. Money and Physical Economy

In treating the available statistical and related data of a case such as the U.S.A. over the 1945-2006 interval to date, we have two leading points of real-life history's modern systemic conflicts to sort out, at the start.

The Paris Peace Treaty of February 1763, established the Anglo-Dutch Liberal interest, and influence, of the British East India Company as an empire in fact. This development defined the division of modern European economy, and its presently global outgrowth, between two emerging leading types, the Anglo-Dutch-Liberal system, constituting a virtual empire or, vampire, the later British Empire, versus what emerged around the leadership of Benjamin Franklin as the American System of political-economy. With the defeat of Napoleon Bonaparte, the *neo-Venetian*, Anglo-Dutch Liberal financier interests absorbed the financier elements arranged around what Napoleon had created as the Banque de France, creating a hegemonic kind of slime-mold-like organization of sundry, Anglo-Dutch-French financier interests as the dominant financier interest of Europe: a virtual *ultramontane* empire of the type earlier associated with the partnership of the Venetian financier oligarchy with Norman chivalry. That slime-mold-like form of empire exists today; current world history is dominated by the present implications of that *neo-Venetian* financier empire's slime-mold-like existence.

Since 1776-1789, the principal alternative and rival of that Anglo-Dutch Liberal-centered imperial financier interest, has been the constitutional form of economy defined by the combined impact of the U.S. Declaration of Independence and Federal Constitution: the so-called "Hamiltonian system" implicit in the fundamental law of the U.S. Federal Republic: the Preamble of the Federal Constitution. The continued effort to corrupt and subjugate the U.S.A. to Anglo-Dutch Liberal forms of imperial financier power, and even, as now, to destroy the U.S. internal economy and the Federal Constitution, has been the pivotal feature of modern global history since the rapid succession of developments of 1763-1789.

From the beginning of the American System of political-economy, in 1763 colonial North America, the Americans themselves were divided, in respect of fundamental principle of government and economy, between two leading factions: the patriots and the Tories, the latter typified by the British East India Company's lackeys gathered under the banner of the "Essex Junto," a predatory pack of relative traitors typified by the ene-

Solar harmonics prescribed the previous existence of a planetary orbit between those of Mars and Jupiter. On the basis of those harmonics, Kepler insisted that a planet which had necessarily existed in that orbit, within the harmonics of the Solar System as a whole, would have been destroyed by the harmonic characteristics of that orbit itself. Gauss's discovery and treatment of the asteroids Ceres, Pallas, etc., had confirmed the nature of the asteroid orbits as a whole, as a product of such an harmonic self-destruction of the missing planet.

A more complex set of considerations is presented, apparently, by the implications of Gauss's solution for the asteroid orbits.

On this account, the most notable consequence of Johannes Kepler's discovery of the orbital principle of "equal areas in equal times," is that the orbit, so determined, returns, in one sense or another, to its *relative* origin, albeit in a transformed state. Since these transformations are so ordered, history is defined thus as a cycle of successive cycles, all subsumed under a long-ranging direction of changes in state of the system as a whole. This typifies the most elementary real-life notion of a cycle. Astronomical cycles, considered in the sense of Gauss's discovery of the orbits of the asteroids Ceres and Pallas, should be employed by economists to impart a sensed image of the meaning of "cycle." *The difference between astronomical and human cycles, is that those creative powers of the human will, which enable the discovery and employment of newly discovered universal physical principles, can change the ordering within the relevant phase-space of the universe as a whole.*

Economic forecasts following the lines of my own successes in this field, represent an appropriate adaptation of that method to social processes, as distinct from merely inanimate or animal processes.

The 1945-2006 sequence of principal and subsidiary economic "cycles," which I outlined, earlier in this chapter, under the subheading of "Understanding Business Cycles," is to be treated as the lesson that Gauss's discovery of the asteroid system illustrates.

In my method, as illustrated by my reported long-range forecasts, and also my first forecast, my 1956 forecast of the February 1957 recession, the principles underlying all competent long-range economic forecasting are based primarily on physical-economic, rather than monetary principles, but take into account the role of the *political-monetary process* as the superimposed, political subjective factor shaping the human behavior responsible for choosing, by intent or default, the cyclical character of the corresponding physical process.

mies of Benjamin Franklin among the British loyalists of Boston and Essex County, Massachusetts, and the British agent Aaron Burr's New York City Bank of Manhattan. That conflict, between our patriots and the opposing rascals, has persisted as the leading internal enemy of our constitutional system of economy within the so-called "Eastern Establishment," to the present day.¹⁸

On this account, the U.S. economy, for example, presents us with two mutually incongruent systems. On the one side, especially since 1971-1972, the dominant policy-shaping decisions and related actions within both the U.S.A. and the trans-Atlantic community as a whole, have been dominated by, early on, a radical version of the actually imperial Anglo-Dutch Liberal monetarist system. In an earlier phase of this process, this had been modified as that Liberal system's Napoleonic form; this change continued during most of the periods of globally extended European history since the 1815 subjugation of the Napoleonic Banque de France-centered French



The American System of political-economy emerged around the leadership of Benjamin Franklin, in deadly opposition to the Anglo-Dutch Liberal system.

system to its customary Anglo-Dutch master. On the other, opposing, patriotic side, especially as we take the full sweep of the history of the U.S. republic into focus, we have an aspect of real economy, largely external to the liberal monetarist systems, which is rooted implicitly in the American System of political-economy as defined by the U.S.A.'s first Treasury Secretary, Alexander Hamilton.

The principal functional difference in quality between those two presently interacting systems, is that, under the U.S. Federal Constitution, money and the regulation of its circulation are a creation

of the constitutional authority of the U.S. government; whereas, in the customary modern European systems since February 1763, especially under Anglo-Dutch Liberal tyranny, government is a captive vassal of the private financier interests represented by a so-called "independent central banking system," such as the supranational, imperial tyranny of the European Central Bank of the present moment.

18. Especially notable are the work of Anton Chaitkin and the late H. Graham Lowry in defining the characteristic issues of the continuing life-death struggle between the patriots' American System of political-economy and the American System's leading global adversary, the Anglo-Dutch Liberal system. Cf. Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman*, 2nd edition, Executive Intelligence Review, New York, N.Y. 1998; and H. Graham Lowry, *How the Nation Was Won: America's Untold Story, Vol. I, 1630-1754*. Executive Intelligence Review, Washington, D.C., 1987. The writing and production of Volume 2 of Lowry's book was prevented by agents of the notorious Nestor Sanchez of "death squads" notoriety, et al., e.g., Fernando Quijano, who had seized temporary control of my philosophical organization under the special, Federal government-directed arrangements, in mid-1990.

These publications have been supplemented by important strategic studies of the defense of the U.S. against its Europe-based strategic adversaries during the 1920-1945 interval, and of the perversion accomplished under the President Harry Truman who did much to console the domestic and foreign enemies of FDR for their earlier defeat at FDR's hands.

The significance of the radical changes in U.S. monetary policy, of 1971-1972, and their sequelae over the course of the 1970s, combined with the willful wrecking of the U.S. economy under the Trilateral Commission reforms of 1977-1981, have created a somewhat complicated picture confronting us, since then, to the present day. Without some historical insight into the causes for changes within the post-1945 U.S.A. and world systems, no competent identification of relevant recent cyclical patterns could be made.

The U.S. Civil War, for example, was the result of the launching of the effort to destroy the U.S.A. as a republic by the combined monarchies of Britain and Lord Palmerston-created Napoleon III's France. The deadly conflict between the forces led by U.S. President Franklin

Roosevelt, and the opposing, anti-American System faction served by Roosevelt's post-mortem enemy, President Harry Truman, is also an important illustration of the conflict. The role of Felix Rohatyn, as among the leading agents of Anglo-Dutch/French Synarchist financier interests, working, in the name of "free trade," the "WTO," and "Globalization," to actually destroy the U.S. republic today, is an expression of that same conflict.

It must be emphasized here, that this configuration of two opposing systems has persisted to the present day, and has been the principal feature of conflict both within the territory of the U.S.A. itself, and between our patriots and the Anglo-Dutch Liberal faction and its French Synarchist partners, such as fascist fellow-traveller Felix Rohatyn, to the present day.

The consequence of this history of modern civilization, has been, that, since the 1713 treaty of Utrecht, and since the accession of George I as the first modern British monarch, and since the triumph of what became the British empire, with the February 1763 Treaty of Paris, the globally extended European system has been usually dominated by the Anglo-Dutch Liberal system of political-economy. The general effect of habituation to that state of doctrinal affairs and related practice, has been the delusion that the doctrine of the British East India Company's Haileybury school in economics, has been regarded as the basis for defining the educated notion of political-economy.

Thus, as Karl Marx, a recruit to the Young Europe organization of Lord Palmerston's agent Giuseppe Mazzini, was trained under the guidance of British intelligence's controller of the Mazzini organization, the British Library's veteran spy William Urquhart. Thus, since this decades-long brainwashing of British dupe Karl Marx, by the followers of Lord Shelburne's lackey, Jeremy Bentham, the absurd superstition, the notion of Bernard Mandeville, François Quesnay, Jacques Turgot, and Lord Shelburne's lackeys Adam Smith and Jeremy Bentham, the notion of some mysterious principle of primary economic value as intrinsic to economy, has dominated the sundry schools of taught economy, left, right, and center. The effects of that induced delusion have pervaded most of the universities and popular opinion of the world, to the time



FDR Library

President Franklin Roosevelt, Vice President-Elect Harry Truman, and Vice President Henry Wallace. President Franklin Roosevelt's post-mortem enemy Harry Truman "did much to console the domestic and foreign enemies of FDR for their earlier defeat at FDR's hands."

of the present day's wild-eyed monetarists.¹⁹ This has been a leading ideological factor in the ruin of many nations ever since.

The System of National Economy

Despite the consequently widespread delusion among relevant academics and others, there is no intrinsic value to money as such. The authority to impose a notion of value on a particular kind of money, or monetary asset, is a political power, either of governments, or of an implicitly imperial power over governments.

19. The modern system of empiricism, on which the mathematical form of the Anglo-Dutch Liberal system of political-economy was premised, is the product of the leading role of the New Venetian Party of Paolo Sarpi. Throughout, that system was based on the principle of gambling, rather than production; Sarpi's personal lackey, the hoaxster Galileo Galilei, pioneered in developing the system of gambling which underlies the design of the Liberal political-economic system generally, and the methods of Mandeville, Quesnay, Adam Smith, and Jeremy Bentham in particular.

Implicitly, as Mandeville argues in his frankly pro-Satanic *The Fable of the Bees*, and as Mandeville is echoed by François Quesnay's doctrine of the magical power of paper titles of property; and as Adam Smith's doctrine of "free trade" plagiarized both Mandeville and Quesnay; and the Turgot, from whom Smith plagiarized much of the content of his *The Wealth of Nations*—this view expresses the implied world-view of Donald Trump, which is that the respective fates of rich and poor are in the hands of virtual little green men under the floorboards of the universe, who cheat in favor of the one, and against the other.

The value of money, including coinage, is, otherwise, fictitious, not “scientific.” In modern society, any sane attribution respecting the value of money is essentially a matter of currently operating, or merely fantastic political fictions.

Such is the distinction which competent science makes between real economy (e.g., physical economy) and political-economy. A clear understanding of this distinction, and of its practical implications, is absolutely crucial for understanding and overcoming the catastrophic, global crisis which menaces each and every nation of the planet today.

Thus, from the standpoint of today’s crisis, we are faced with two principal species of political-economic systems, the Anglo-Dutch Liberal system, which is a system of an implicitly imperial type, and the American System of political-economy, as associated with the memories of U.S. Treasury Secretary Alexander Hamilton, Frederick List, and Mathew and Henry C. Carey.

However, behind the American System is, predominantly, the influence of the founder of *the science of physical economy*, Gottfried Leibniz, in which Hamilton, for example, was educated, and which has been the essential point of reference for my outlook since my adolescence.

These two, conflicting systems, the American System of political-economy, and the reigning Anglo-Dutch-Synarchist element of European political opposition to the American System, have distinct cyclical characteristics, but the interaction between the two also has its own cyclical characteristics. *This array is best treated analytically as a set of relations of sundry nested, and mutually conflicting cyclical phase-spaces, each of which has cyclical characteristics of its own, but interacts, dynamically, to define a commonly subsuming cyclical characteristic.* The phases of the U.S. economy over the 1945-2006 interval, as I have indicated above, are to be examined as products of the characteristic features of such interacting, compound cycles.

The additional complicating factor is, of course, the fact that the will of efficient government, in particular, can change the characteristic of action within the process, as President Franklin Roosevelt did, and thus supersede an existing cyclical pattern, that for better, or for worse. However, if the will, like that exerted by President Franklin Roosevelt, to make such remedial changes, is lacking, the U.S.A. today were already virtually finished as a nation.

Without the Franklin Roosevelt reforms, there would

have never been a recovery from the deep depths of the Hoover depression. Roosevelt’s reforms left us with a system of regulation, on which the U.S.A. depended for its recovery from the depression, and also for the ability of the U.S.A. to supply the critical margin in the defeat of the Nazi attempt at world empire. This system of regulation implicitly recognized the fact that there is no asymptotic determination of a true value of money in the “floating-kidney”-like system of a so-called “free market.”

Roosevelt’s reforms were essentially products of both the central scientific principle of the U.S. 1776 Declaration of Independence, and Leibniz’s principle of “the pursuit of happiness,” as this is amplified by the entirety of that Preamble of the Federal Constitution which, contrary to certain morally corrupted, but influential circles in law today, expresses the fundamental principle of natural law underlying the properly assessed intention of the Constitution as a whole.

Unfortunately, both the intentions of those two features of our constitutional law, and their implication for competent practice of law, have been chiefly lost among the educated strata in relevant positions of power and influence today. Hence, the pervasive incompetence of those aspects of our nation’s current law-making respecting substantive matters of political-economy.

European systems of economy are best described scientifically as what they are not; although the American System of political-economy was of great influence in Europe, throughout the Americas, and in Japan, Thailand, and China, after the 1861-1876 developments within the U.S.A., the European systems are not expressions of the principles of the American System of political-economy. In fact, the trends of the post-1865 echoing of the American System, were not only lessened, but have been reversed at an accelerating rate, since 1971-1972. It is feasible, and necessary, to view European systems from the standpoint of the American System; the reverse would always be, as now, an inevitable source of threatened national tragedies. Therefore, to treat the leading global issues of today, we must begin from emphasis on the subject of the American System of national-economy, as such. After that, it is feasible, as also necessary, to view other economies of the planet from the vantage-point of the lessons of the American System as it is embedded in the intention of the original crafting of our Federal Constitution.

From the beginning, the American System of political economy has been protectionist, and this in specific opposition to the post-1763 practice of Anglo-Dutch

Liberalism. It was only during peaks of U.S. weakness, that more or less treasonous elements within the U.S.A., elements allied with the rising British Empire, were able to impose free-trade policies on the U.S. In every healthy period of the U.S. economy, our policies were of the American System form of protectionism. In every period that our republic veered away from American System modes in protectionism, our economy, and our people generally suffered greatly, as since 1971, from the inherent evils of a global “free trade” system.

So, today, especially since 1971-1972, and, more emphatically, since the Trilateral Commission rampages during the Carter and Reagan Administrations, there has been an accelerating rate of decline in the physical economy as a whole, and an accompanying ruin of the conditions of life of the lower eighty percentile of our family-income brackets, while a shrinking few within the upper twenty percentile have become the richly undeserving, filthy rich.

To the extent our citizens have tolerated what have usually been the prevalent trends in policy of our Presidency and Congress during the period from 1972 to the present, the U.S. has been moving at an accelerating rate toward the stinking state of looming national bankruptcy to which the current Bush Administration’s lunacies are now bringing us, and the world at large, today. Any different views of the trends in our economy is the fruit of stupidity, or is simply the usual Sophist’s political lies.

The Principle of Physical Capital

As Gottfried Leibniz demonstrated, the methods of René Descartes were intrinsically incompetent in physical science, and otherwise. Leibniz contrasted the incompetent, failed system of physical science of Descartes, and therefore also Baruch Spinoza’s system of thought, to the method which Leibniz had inherited (actually) from the principles and practice of *Sphaerics*, and from Cusa, Leonardo da Vinci, Johannes Kepler, Pierre de Fermat, and Blaise Pascal, and from Leibniz’s own collaboration with Christiaan Huyghens and others. The universe is not statistical and mechanical, as the empiricists such as Descartes, D’Alembert, and Leonhard Euler had imagined, but as Leibniz showed, *dynamic*.

This *dynamic* quality of organization, which later assumed its most advanced form of expression, as to principles, in the development of physical hypergeometries by Bernhard Riemann, is characteristic of all three presently known experimental domains: the prebiotic phase-spaces, the Biosphere, and the Noösphere.

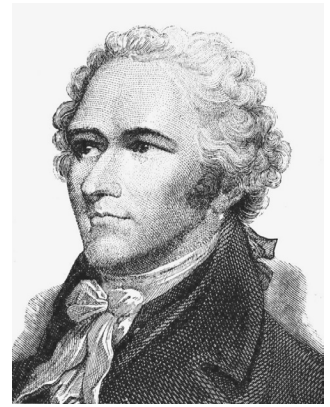
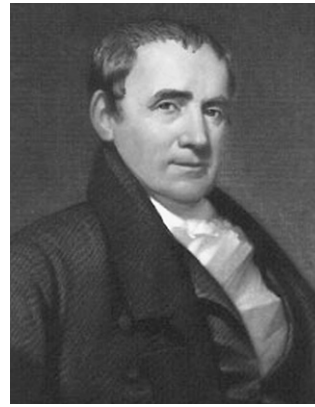
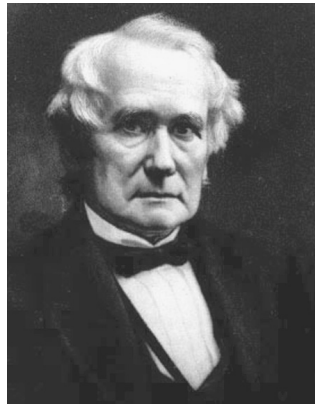
A dynamic organization of physical space-time, in which all three of those phase-spaces are found, is not the sum-total of objects floating in kinetic orderings in empty space, but, rather, physical space itself is a product of the interaction of all processes and their associated events within a physical hypergeometry of (e.g., tensor) space determined by the interaction of all included processes within that domain.²⁰

In the history of European civilization, this notion of dynamics is rooted, as I have already emphasized, in the type of practice of *Sphaerics* associated with the work of the Pythagoreans and Plato. The universe so defined for analysis is essentially Kepler’s universe, the universe as Kepler’s development of the notion of *dynamic*s, and as the harmonic organization of the Solar System defined by the principle of universal gravitation, predefines the concept of physical space-time associated with the work of Bernhard Riemann and such of his followers, in the matter of experimental scientific method, as V.I. Vernadsky and Albert Einstein.

Thus, a competent notion of a national or international economy, is, first of all, a notion of a physical economy, rather than a monetary system. The actual economy is, functionally, a combination of the alterable natural physical circumstances of the economy as a whole, with the artificial principles added by the application of the willful discoveries of mankind, or subtracted, forms a system of dynamic interaction. This dynamic interaction, defines the specific quality of economic phase-space of an entire society at any point in the relative development, or degeneration of that economy. The measurements of a national economy are essentially non-monetary, and pertain, primarily, to the physical attributes of a dynamic manifold as a whole.

The essential measurement which that configuration implies is a manifest increase, and rate of increase, in what is, as I have always taught my students, fairly termed *the potential relative population-density of the population of the system as a whole*. This term implies a rate of relative improvement, or decadence, of mankind’s power to exist, per capita and per square kilometer. These rates are to be studied from the vantage-point of the certainty that the initiatives of sovereign indi-

20. The mathematical-physical elaboration of this point, is important, of course; but the conceptual overview of this point is not only indispensable, but primary. The trouble with even acceptable mathematical formulations, lies in the tendency of the reductionist to treat the mathematics as the substance, rather than the shadow it is, of the ontological actuality of the relevant concept.



The American System of political-economy is associated with the legacies of (l. to r.) Friedrich List, Henry C. Carey, Mathew Carey, and the U.S.A.'s first Treasury Secretary, Alexander Hamilton.

vidual minds in discovering, or simply promoting universal physical principles, are the form of functional action which determines the potential for rates of growth of mankind's power to exist—per capita and per square kilometer of the total territory, taken into account as forming what might be defined, functionally, as a national economy.

Outstanding considerations include the possible and actual divisions of human efforts between simply maintaining a current level of existence and productivity, and actions which promote increases in the rate of potential relative population-density. Within this framework, we distinguish between wasteful existence and activity, and forms of activity which are either physically productive themselves, or which represent that necessary creation and maintenance of environmental conditions on which the maintenance and improvement of technological-progress-driven increases of per-capita productivity depend. All of these measurements are made in physical terms, not monetary terms. *Economic value is expressed directly only in physical, not monetary terms.*

The typical moral problem we encounter in popular, but viciously incompetent beliefs respecting economy, and economic policies, is simply ordinary petty greed. The typical victim of that popular delusion, mistakes the power to purchase, represented by the current legal or quasi-legal status of money as such, for the aspect of the process of circulation which he or she prefers not to think about: earning money through production of physical values, rather than merely grabbing it. Though who are obsessed with selling themselves, as to the devilish predators of the DLC, may soon find themselves, and all they are, bought, as author Stephen Vincent Benét wrote in his celebrated *The Devil and Daniel*

Webster.

However, this picture of economy as a physical process, must take the authorship of all such progress into account: the creative potential of the individual human mind.

Here, the matter of money comes into play. First, one must recognize the nature of physical-economic value, and, after that, assess the relative value which might be usefully assigned to money.

The creative act which presents mankind with the discovery of any valid conception of a universal physical principle, is an action which occurs only within the sovereign bounds of the individual human mind. Here lies the essential functional distinction, in terms of physical science, between the human being and the lower forms of life. As Vernadsky, notably, has defined the creative powers of the human species (i.e., the *Noösphere*) as expressing a physical principle not found in lower forms of life, *human creativity is not an expression of biology*, as we associate biology with animal life.

Human existence expresses a universal physical principle which is physically efficient, as this is expressed as the increase of the Noösphere relative to both the mass of the planet as a whole, and also the mass of the Biosphere. This is expressed as the specifically creative powers of the individual mind of our species, which we associate with efficient discovery of fundamental (i.e., universal) physical principles. It is through those discoveries that the increase of the potential relative population-density of the human species has been possible. That increase in the potential relative population-density, is the true, physical measure of economic value.

Clearly, the celebrated prophet Moses understood

this, as the modern physical scientist must agree, in reflection on **Genesis** 1:26-31; the sane individual human mind has a quality lacking in all other living creatures. This is the quality expressed by Kepler's *intrinsically non-deductive, non-inductive* discovery of universal gravitation. This power is personal to the living individual, rather than a product of some kinematic or kinematic-like percussive interaction among persons. Anyone who disagrees with that specification, has no conception of what is actual creativity in physical science or Classical artistic composition.

Society requires creative discoveries of that quality not only to increase humanity's power to exist, per capita and per square kilometer. Creativity is needed to overcome the entropic and like effects of attrition.

Hence, the most important consideration in organizing and leading society, is the process of prompting reenactments of discoveries of universal physical and Classical-artistic principles, such as those of J.S. Bach, in the minds of others. Opinions are worth little, especially the opinions of today's Sophists; knowledge, when expressed in terms of discoveries of experimentally validatable, universal physical and comparable principles, is everything. "How you feel" on matters of personal opinion, is of relatively trivial importance; "What you know," preferably contrary to popular opinion today, is precious. The rigor of an anti-Euclidean physical geometry, is typical of the healthy, and useful individual mind.

This means that certain trends of improvement in the conditions of life of the typical community and family household, are of crucial importance respecting the development of the individual and of those features of social relations on which the discovery, propagation, and use of discoveries of universal principles depend. This means that the acts of production of the articles we require for maintenance and improvement of individual life, must be supplemented by creating artificial environments for life and for production of goods, such as basic economic infrastructure.

Thus, there are several conditions of exceptional notability to be considered before taking up the matters of the nature and role of money in an economy. The physical standard of living of the individual and household, are one consideration which must be treated prior to allowing the presence of a financial accountant in any place proximate to the discussion. The other principled consideration is the ration of invested physical capital, for both production and basic economic infrastructure. The functional relationship among these ele-

ments of an economic process treated as a dynamic process, must be defined, firstly, as a matter physical-capital investment.

Money then enters into proper consideration as a matter of what some term, as delightfully as they might please themselves to say, "the allocation function." The required ratios among the indicated physical-economic, as opposed to financial-monetary accounts, are classed under the title of capital functions: physical-capital functions, rather than monetary functions.

This brings us to the way in which the U.S. administrations of 1969-1981 wrecked the U.S. economy.

Physical and Financial Capitals

For reasons too obvious to require exposition here, the ordering of relations among the component features of a dynamic system of physical economy, requires a money-system. The value associated with money lies primarily with the important functions performed by the money-system, not in any of the commonplace, superstitiously imputed notions of an intrinsic value of money itself.

Under the American System of political-economy, money is a willful creation of the sovereign government of the nation-state, an utterance made by the Executive with the consent of the Congress, i.e., the U.S. House of Representatives. It should be the principal concern of that Federal government, as our republic's relevant founders would agree, that the relative physical value associated with this issue of money, and relative to the nominal value of that money, should appreciate over time. It should be recognized, otherwise, that money has no other intrinsic value in itself. We organize interest-payments on loans, not because money has any intrinsic value, but because an orderly money-system is both valuable and necessary, as a system of credit, in modern society. This was the case in the highly successful utterance of scrip by the pre-1688 Commonwealth of Massachusetts. That principle underlies the notion of Federal credit inherent in the Federal Constitution's provisions, still today.

Our objective is that the non-monetary form of physical value of total social product per capita and for the society as a whole, must increase more rapidly than the price of money. Were the price of money to increase the more rapidly, a potential catastrophe were brewing.

The creation of money by the nation-state, which is the only decent and truly sane form of economy, must be steered in such a way that physical productivity and

standard of living of the total population and total territory of the nation, must increase relative to the financial debt created by the issue of money.

In practice, these require a lending rate of between approximately one to two percent, simple interest, per annum, on the primary issue of money as credit by the Federal government. The rate of interest must not exceed the required rate of growth, after relevant provision for reinvestment is taken into account.

In viewing the foregoing broad considerations, we must take the indispensable role of scientific and technological progress into account. This requires a rising physical and cultural standard of living for the population as a whole, otherwise scientific-technological net progress could not be sustained. This increment depends upon increasing the total net physical output per capita at the relevant rates.

In practice, the largest component of national expenditure in a sanely ordered national economy takes us back to pre-Nixon levels of rates of growth of capital-intensive investments in both basic economic infrastructure, per capita and per square kilometer, and rising physical capital-intensity, similarly. In other words, the general trends in U.S. economic policy since 1968 have been clinically insane, especially since the 1977-1981 downshift of the U.S. economy into a post-industrial phase of savage deregulation of essential production and infrastructure.

On this account, it is essential to re-examine the way in which deregulation of the economy transformed the U.S.A., the world's leading economy, into a mass of bankrupt wreckage of both the economy generally, and the Federal and state governments, today.

Since there is no natural price-level for any useful commodity, the idea that "free trade" would contribute to the efficiency of the national, or world economy, is a case of pure masturbation in the extreme. WTO, globalization, and so forth are clinically insane economic-policy practices!

What the Franklin Roosevelt reforms did, on this account, was to develop a combination of governmental economic institutions, typified by Social Security, and regulations of "fair price" levels, which kept the U.S. dollar in check, relative to inflation and deflation, and, at the same time, used the power of regulation and of utterance of Federal emissions of public credit, to favor beneficial shifts in categories of activities, and to disfavor threatened trends which were inflationary or otherwise wasteful diversions from the meeting of needs by either the private, or public sector, or both.

It must never be forgotten that President Franklin Roosevelt's incurrence of a large national debt, involved the costs of saving civilization from an otherwise inevitable Hitler domination of the world as a whole. Also, it must not be forgotten, that had President Truman and his administration not sabotaged the post-war policies of President Roosevelt, the vast 1945 war debt of the U.S. would have been converted into a system of credit for investment in development of the world economy. The Truman policies of 1945, in postponing the peace agreement already negotiated with Japan's head of state, the totally unnecessary and criminal nuclear bombing of Hiroshima and Nagasaki, and the complicity of Truman, et al. with Winston Churchill, et al., in launching a policy of "preventive nuclear attack" on the Soviet Union, was a determining factor in the avoidable aspects of the economic problems of the post-war U.S.A.

Nonetheless, despite Truman's follies, this "fair trade" system of combined forms of private and public regulation, which persisted, with some faults, into the 1950s and slightly beyond, provided a degree of stability in the economy under and after Franklin Roosevelt's Presidency. Significantly, by tough regulation of a fixed-price monetary-reserve system, it was possible to continue to utter long-term development credit until the ruinous combined effects of the United Kingdom's first Harold Wilson government and the lunatic launching of the U.S. 1960s war in Indo-China.

In all of this, the crucial point to be emphasized, is that the primary source of available, needed credit, to bring the world system out of an immediately threatened general breakdown crisis of the system as a whole, is to put the present national banking systems, especially the so-called independent central banking systems, into governmental reorganization-in-bankruptcy, while creating vast, carefully regulated floods of long-term state credit, as by the U.S. government, to the immediate purpose of preventing a presently immediately threatened general collapse of the world monetary-financial system, and also launching a rapid expansion of the rate of physical output of the world economy, per capita, up to levels of virtual current operating breakeven.

In other words, the objectives of economic policy must be physical, rather than monetary-financial, but we must also regulate the monetary-financial systems to the effect of providing long-term security for the utterance of the credit needed to reach needed levels of breakeven and growth. The failure to act to do precisely that, would mean, the relatively immediate plunge of the planet into a prolonged new dark age of all humanity.



EIRNS/Brian McAndrews

The LYM chorus performs J.S. Bach's motet, "Jesu, meine Freude," at a LaRouche webcast, Jan. 5, 2005. "The most important consideration in organizing and leading society, is the process of prompting reenactments of discoveries of universal physical and Classical-artistic principles, such as those of J.S. Bach, in the minds of others."

3. The Role of Creativity

As the Classical tragedian Aeschylus presents this continuing, historic problem of mankind, in his *Prometheus* trilogy, the leading problem of humanity, as we know this problem from the time of historically ancient Greece to the present, is expressed by the Satanic quality of evil embodied in the Olympian Zeus' condemnation of that true friend of mankind known as Prometheus.

Zeus condemned Prometheus for the offense of permitting mortal human beings to know the uses of fire. Such was the early onset of what became the anti-nuclear, back-to-nature movement of today's 68ers. Aeschylus, however, promises that Prometheus and mankind will ultimately be freed from Zeus' order condemning human beings to the status of dumb cattle. That latter mission, that ascent to truly human freedom of the creative powers of the individual mind, is our purpose here.

Throughout known history, we have repeated signs of the eruptions of the true creativity needed for the progress of the human condition, a progress consistent with the referenced passage from *Genesis* 1. Yet, since

the evil represented by the Delphic cult's Lycurgus constitution of Sparta, most of the known history of mankind is dominated by the overlords by what was known in Classical Greek times as the oligarchical principle. Such was the evil of the Roman Empire, Byzantium, the ultramontane system of the Venetian financier-oligarchy and its butchers of the Norman chivalry. Such has been the Anglo-Dutch Liberal form of imperial system, the so-called British imperial system which was outlined as a kind of prophecy, by Lord Shelburne's lackey, Edward Gibbon, of an eternal new Roman Empire of the British financier oligarchy, ruled by a proposed new incarnation of Julian the Apostate. Such is the intention of the form of frankly anti-American type of Europe-sponsored imperialism

known as "globalization" today.

All through these millennia, there have been continued efforts to bring a just, anti-oligarchical order into human affairs. On this account, the Fifteenth-Century Renaissance, centered on the events of the great ecumenical Council of Florence, gave humanity the promise of a system of sovereign governments, as typified by such products of that Renaissance as the commonwealths of France's Louis XI and Henry VII's England. Unfortunately, the Venetian financier oligarchy struck back, with the orchestration of the Fall of Constantinople, and with the subsequent launching of the satanic bestiality of religious warfare unleashed by the frankly satanic figure of Spain's Grand Inquisitor Tomás de Torquemada.²¹

It was one of the leading architects of what became the Thirty Years' War, Venice's Paolo Sarpi, who created that modern form of philosophical-political liberalism, of Sir Francis Bacon, Thomas Hobbes, John

21. Fyodor Dostoevsky's character, the Grand Inquisitor, represents a valid historical insight into the Torquemada on whom the Martinist freemason Count Joseph de Maistre tailored the career of Napoléon Bonaparte, and of the Adolf Hitler who walked in Napoléon's footsteps.

Locke, et al., on which a modified version of the satanic principle of the Delphic Olympian Zeus has been predicated. Sarpi did not absolutely ban scientific and technological progress, but he and his accomplices devised a policy, modelled on the ravings of the medieval lunatic William of Ockham, which became known as modern European philosophical liberalism, under which technological progress would be sometimes permitted, but knowledge of the principle of “fire” would be banned from most among the ranks of even the technologically literate strata.

This frankly satanic, Venetian aspect of philosophical liberalism, came into the political foreground with the neo-Cartesianism of Voltaire and the Eighteenth-Century empiricist reductionists around such followers of the Paris-based Venetian Abbe Antonio Conti as D’Alembert, de Moivre, Euler, and Lagrange, and such of their followers as Laplace, the plagiarist Augustin Cauchy, Clausius, Grassmann, Lord Kelvin, Helmholtz, and the radical positivists in the mold of Ernst Mach. Among the most extreme were the hoaxster Bertrand Russell, and such of Russell’s 1920s cronies as the overt Satanist (and theosophist) Aleister Crowley, and H.G. Wells, from which we had the corrupted personalities of Professor Norbert Wiener of the “information theory” hoax and the John von Neumann of the “artificial intelligence” hoax.

The characteristic feature of these empiricists and their positivist followers, is that denial of the existence of knowable expressions of creativity encountered among the so-called Newtonians of the D’Alembert, Euler, Lagrange type. This denial was the argument which was demolished, in fact of scientific principle, in Carl F. Gauss’s 1799 doctoral dissertation. Carl F. Gauss was a young genius who prospered in that momentarily happier cultural environment, and to whom we owe very much today. Echoes of the Olympian Zeus of the *Prometheus* trilogy!

The issue of that quarrel between the followers of Cusa, Leonardo, Kepler, Fermat, Pascal, Leibniz, et al., on the one side, and the Eighteenth-Century empiricists on the other, took the form of the empiricists’ hysterical denial of the ontological actuality of the infinitesimal, as defined by Kepler and Leibniz, for example. In fact, as the case of gravitation illustrates the general principle for such cases, gravity, as big as the universe, expresses its bigness locally as being an infinitesimal expression of its total self. The empiricists, like their more radical followers the positivists, called the infinitesimal of the Leibniz calculus “imaginary,” as a useful mathe-

matical trick considered as having no other ontological significance than useful trickery.

This trick goes to the core of the sleight of hand used by Sarpi, Galileo, and their followers. Their trick, in handling any discovery whose actual origin they wished to deny by sleight of hand, was to use a substitute for the act of physical proof of a discovered universal physical principle, such as universal gravitation, by replacing the act of discovery by a mathematical formula. This formula would be based on the model of the Euclid-Descartes misrepresentation of the ontological-experimental reality of physical space-time. The reality of the physical-experimental discovery, was replaced by the notion of a mathematical formula lodged within a fantastic realm, located in the fanciful, “self-evident” domain of Euclidean space and in time.

The history of that fight between the scientists and the empiricists took an important, if temporary turn for the better during the second half of the Eighteenth Century. This occurred in Germany, through the intersection of the work of a leading mathematician of that century, Abraham Kästner, one of the principal teachers of the young Carl F. Gauss, and the celebrated collaborators Gotthold Lessing and Moses Mendelssohn. During the period of their collaboration, that pair not only shattered, if temporarily, the influence of the Berlin Academy’s empiricists around Leonhard Euler, but played a leading role in the Classical cultural renaissance which produced Goethe, Schiller, and their collaborators, and which was a leading part of the movement which associated itself with the cause of the American struggle, against the British and the Habsburgs, for independence from oligarchical tyrannies.

The French Revolution, and the Napoleonic tyranny, were both organized, with British support, by the circles of Martinist freemasonry led by the Count Joseph de Maistre, who crafted the model which he designed for the personal character played by the real-life Napoleon. This became the Napoleon model later used for designing the public appearances of Adolf Hitler. These developments demoralized the Classical movement in Europe. London’s and Metternich’s 1815 Congress of Vienna, combined in effect with the Duke of Wellington’s installing the Bourbon restoration in Paris. The thought-control laws organized in Germany by the Metternich behind his correspondent G.W.F. Hegel, created a widespread right-wing moral depression which persisted, despite the achievements of Alexander von Humboldt as an organizer of science, until approximately the 1850s.

What the Central Bankers Won't Tell You: The System is Disintegrating

by Harley Schlanger

Nov. 29—On November 18, in the midst of hearings by the regime-change coup plotters aimed at removing President Trump, the President was meeting with his Treasury Secretary Steven Mnuchin and Federal Reserve Chair Jerome Powell. For such a meeting to occur is highly unusual. Trump summoned Powell to the meeting, from which little of note has been reported. He tweeted afterwards only that “Everything was discussed,” while Powell’s comments were couched in the usual opaque Fed-speak, that future policy will depend on “incoming information that bears on the outlook for the economy,” and the Fed will make policy “based solely on careful, objective and non-political analysis,” blah, blah, blah....

Most of the media focus continues to be on whether there will be another interest-rate cut before the end of the year, whether rates will go up or down in 2020, and how much higher the stock market can go, after the Dow Jones average went above 28,000 early this week. Not surprisingly, there were no comments on the continuing commitment of the Federal Reserve to a massive bailout, in the form of overnight “repo” lending, which is now averaging approximately \$70 billion a day. Since the Fed’s nightly injection of funds began on September 17, with 24-hour loans ranging from \$25 billion to over \$100 billion per day, the Fed has added 14-day loans, and now 42-day loans. Additionally, the Fed reversed its policy of tightening and selling off assets and is now purchasing \$60 billion per month in mostly worthless assets from banks, which Powell

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denies is “Quantitative Easing 4.” With the monetary spigots running full blast, pumping huge volumes of liquidity into a system which is supposedly healthy—according to Powell and most other central bankers—why the silence on the biggest bailout underway since the Crash of 2008?

In speaking of this, on November 26, Schiller Institute President Helga Zepp-LaRouche made the point that the key issue facing the world is that the crash of the trans-Atlantic financial system is about to happen. If you talk to informed people in the world of finance, they all agree that a major crash is upon us, and that it will be worse than 2008.

Junk Debt and Zombie Corporations

The repo crisis was precipitated when interbank lending froze, as banks preferred to hold onto their cash rather than loaning it. In repo lending, a lender takes an asset in return for cash, which it returns the next day for its cash back plus interest. When interest rates on this market spiked to 10% on September 17, J.P. Morgan Chase (JPMC), which had been a big player in this market, stopped lending. An initial explanation suggested that JPMC, which was flush with cash, decided to use that cash for stock buybacks, to push up its stock valuation, instead of using it for what had become highly profitable repo loans.

However, a November 26 [post](#) in Pam and Russ Martens’ influential *Wall Street on Parade*, under the title “Intra-Day Bankruptcy,” presents a dif-



Federalreserve

Jerome Powell, Chairman of the Federal Reserve; and below, the trading floor of the New York Stock Exchange.



ferent explanation, referring back to a Federal Reserve memo on the 2008 Lehman Brothers collapse, which warned of the systemic danger of a sudden bankruptcy filing. As to why J.P. Morgan Chase stopped making the repo loans, despite apparently having massive funds to draw on, Pam and Russ Martens wrote:

Why didn't it make loans from those funds?

There are two possible scenarios—neither of which is particularly reassuring. One scenario is that the bulk of J.P. Morgan Chase's cash is already pledged as collateral for its own trades—for example, on the \$55.7 trillion it holds in derivatives. Another scenario is that J.P. Morgan is once again afraid of a highly interconnected Wall Street firm making an intra-day bankruptcy filing and catching everybody by surprise.

If that's what's worrying the risk officers at J.P. Morgan Chase, it's also worrying the risk officers at Goldman Sachs, Morgan Stanley, Citigroup, Bank of America and every other major bank on Wall Street.

Therefore, J.P. Morgan Chase pulled back, dumping a subsequent liquidity crisis into the lap of the Federal Reserve, in its role as "lender of last resort."

Even with the Fed pumping in anywhere up to \$100 billion per day to protect against an "intra-day bankruptcy," in which a surprise announcement would leave lenders stuck holding the worthless assets of its customers—as happened with Lehman Brothers in September 2008—it is not enough. A report issued by Bank of America Merrill Lynch, as reported in the *Financial Times*, explains why.

According to the *Financial Times* [article](#), "Beware the Dawn of the Corporate Dead," "Bank of America Merrill Lynch estimates that there are 548 large or mid-range "zombie companies" in the trans-Atlantic region that need daily infu-

sions of cash to avoid bankruptcy. A zombie company is one whose annual earnings cannot cover the interest on its debt. Corporate debt is one of the explosive trigger points in an increasingly stretched financial system, as it is estimated that more than 40% of new bonds issued by corporations are traded at or near junk bond levels.

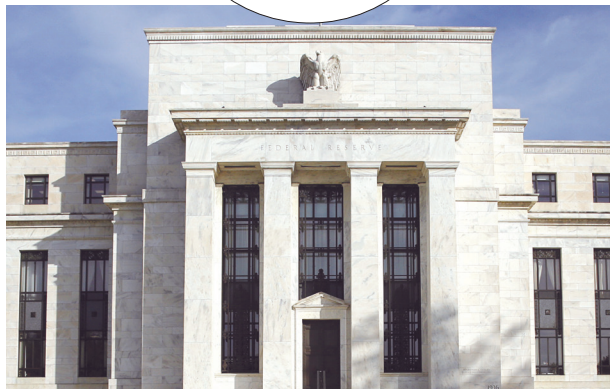
This is a Systemic Crisis

As Lyndon LaRouche repeatedly emphasized, prior to his passing earlier this year, what we are seeing today is not merely a "system-wide" crisis, but a terminal systemic crisis—a disintegration of the entire British imperial monetarist system, under the weight of hundreds of trillions of dollars of speculative debt, combined with a failure to maintain necessary investments into the physical economy. [See](#) Lyndon LaRouche's "Typical Collapse Function." Since 2008, driven by the policies of the City of London, the deregulated banking/financial system has created a buildup of unsustainable levels of debt in all areas—corporate debt, government debt, household/consumer debt—which forces investors to

seek ever-higher returns, meaning they turn to ever-more-risky investments, to make enough profit to cover their debts. In this process, everything becomes "securitized," creating new instruments for speculation. This speculative frenzy is now hegemonic.

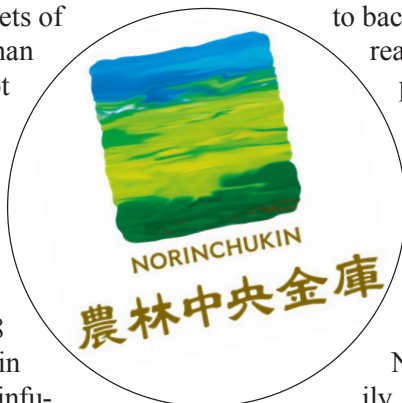
As with Mortgage-Backed Securities in the lead-up to the 2008 Crash, so-called "innovative financial instruments" are launched, with little or nothing of value to back them up, and no way of knowing their real value, except what frenzied traders will pay. One of these is Collateralized Loan Obligations (CLOs), which are securities produced from bundling leveraged corporate loans—including loans to zombie companies!

A report in the Italian financial daily *Il Sole 24 Ore*, and a follow-up in *Bloomberg*, identifies a Japanese bank, Norinchukin Bank, which has been heavily involved in CLOs, as one of the other



The Federal Reserve Board Building, Washington, D.C.

VOA



possible causes of the current liquidity crunch. Norinchukin became a major player in high-risk CLO trading to make up for losses due to the effects of the negative interest rate policy of the Bank of Japan. It currently holds almost 10% of the global CLO market.

When the Bank of Japan warned that prices of CLOs might fall due to changes in market conditions, the bank began selling off its holdings, taking away from the usual flows of money from CLO trading into overnight lending. In its Nov. 12 [coverage](#) of the issue, “Japan’s biggest CLO Investor Cools on \$750 Billion Market,” *Bloomberg* concludes that, “At the start of the year, Norinchukin’s CLO purchases were critical in both the U.S. and Europe after the leveraged-loan market seized up,” thus affecting the repo market liquidity.

This is not a problem located in Japan: Norinchukin Bank’s counterparties include major French banks BNP Paribas, Société Générale, Crédit Agricole and BPCE.

Of note, also, are the comments of former IMF Director Carlo Cottarelli, who joined the chorus of those supporting more liquidity pumping in the European Union. In a November 17 radio interview he said:

The European Resolution Fund [ERF], which is being created, is small and is growing slowly. What they say is: As long as the ERF has not reached a dimension big enough to bail out banks—all banks—we need the possibility for the European Stability Mechanism to jump in with its money to avoid insufficient funds to support the European banking system.

This may explain the about-face of the Angela Merkel government in Germany in joining the call for a centrally run ERF, as there are increasing fears of a crash of Deutsche Bank in this moment of escalating instability.

The U.S. Economy Is Not Strong!

The hope that the “continuing strength” of the U.S. economy can pull the world out of a deepening “recession” is proven to be a delusion by new monthly figures that show a slowdown in manufacturing, trade, transport of goods, and consumer spending in the U.S. While many phony reasons are proffered—trade war with China, the uncertainty surrounding the impeachment of Trump, climate change (!)—the reality is that the debt crisis reveals the depth of the collapse of the

physical economy of the U.S. The four-decade-plus shift of the United States from a scientifically and technologically driven economy, with constant improvements in productivity, to a post-industrial rust heap, in which the only “wealth” produced comes from changes in fictitious “market” valuations produced by speculative trading, is now hitting the American people with a vengeance.

This is revealed in a new [report](#), “Births: Final Data for 2018,” released on November 26 by the Centers for Disease Control (CDC). The CDC report provides statistical evidence of a demographic collapse underway, similar to that which occurred in the former Warsaw Pact states due to the imposition by the IMF and western governments of “shock therapy” after the fall of the Soviet Union.

The data show a decline in the birth rate by 2% for 2018 compared to 2017; the decline of the fertility rate (number of children per woman), which is now 1.729—the “replacement rate” is 2.1 children—and the decline in life expectancy. This last point is related to increased deaths from preventable diseases, especially in the “Rust Belt,” the formerly industrialized regions of the country, and correlates with a ten-fold increase in deaths due to drug overdoses, from 2.3 per 100,000 in 1999, to 23.5 per 100,000 in 2017.

These are all symptoms of an economy spiraling downward, due to a continuing devolution of its ability to produce new physical capacity, an economy in which real productivity is declining and the means to support the population are evaporating. It is time for President Trump to fulfill his economic promises during the 2016 election campaign, beginning with breaking up the Wall Street banks, by restoring Glass-Steagall banking separation, and by reaching agreements with Russia, China, and India for creating a new financial system, which would allow for the abundant issuance of productive credit. Towards this end, the President will profit by turning to the outline provided by Lyndon LaRouche in his [Four Economic Laws](#) and his call for a new [Four Power Agreement](#) for a New Bretton Woods monetary system.

It is clear that the nearly three years of Russiagate, Ukrainegate and assaults on the Presidency by neoliberals and neoconservatives alike has been designed to prevent him from carrying out such a program. Given the fragility of the trans-Atlantic economy, these reforms cannot be put off until after the 2020 election; they must be implemented now.

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