

copious Congressional tears for the suffering of the investors.

In the comparable, Enron case, today, what of the suffering of those who, unlike the backers and crew of Kidd's voyage, were neither employees nor backers of Enron's privateering venture? What of those who did not share the fruits of Enron, but who—as among the government and people of the state of California—had perhaps lost much of their pensions and of their health-care, because of the systemic effects of the same kinds of policies of deregulation of both finance and energy supplies which that scandal-ridden Enron case merely typifies today?

The Furies Are Circling

Whatever remains to be discovered and decided about the details of the Enron case, certain conclusions are already shown beyond reasonable doubt. Dickens' "Artful Dodger" has been taken captive, but the "Old Fagin" of deregulation, who fathered the crime-wave, plods on still. Does one, therefore, hear, perhaps, the rustle of the Furies in the air?

The crucial feature of the financial scams associated with Enron's doom, is the role of financial derivatives. The current phase of utter collapse of Enron, was brought on because certain sections of the international market in financial derivatives, have reached the threshold of a chain-reaction collapse in that entire section of the market in international financial speculation.

The conditions which have led to the present brink of such a generalized chain-reaction collapse, are those most concisely stated in the second version of my now internationally-renowned "Triple Curve." During a period no later than mid-2000, the amount of new monetary pumping needed to maintain approximately current levels of crucial financial markets, was greater than the amount of financial paper values sustained in this way. The international financial markets had entered into a potentially hyper-inflationary spiral, of the type which gripped 1923 Weimar Germany. Continued monetary pumping of that type, in a deregulated market, would mean blowing out the system. The result was a crunch developing in the most bloated, most wildly speculative section of the world's financial bubbles today, the financial derivatives portion. The credit derivatives specialty is presently among the most vulnerable.

The proposed, just-look-at-Enron-only investigations policy, put forth by some members of the Congress, is about as relevant, under the present circumstances, as trying to stop a forest fire with a watering can.

Since 1995-1996, in particular, the majority of the elements of the U.S. political system, including, of course, that billionaire-controlled "Big Brother" of the mass entertainment multi-media, has been pumping out fairy-stories: such as promises of the psychotic glories of the "Revolution in Military Affairs (RMA)"; the now busted "New Economy" bubble of 1995-2000; the myth of the "Asia only" crisis of 1997; and the myth of "it was only one Capistrano swallow" hype over the 1998 collapse of the Long Term Capital Man-

agement bubble. The latest fable of that genre is now, "Let's hope Enron was an isolated case!"

Stop trying to Kidd the people! The cause of the crisis was no Kidd; it was the system of privateering, or, what is called today "deregulation." You, including you in the Congress who have ritually pushed deregulation of about everything, have, in effect, deregulated crime itself. You have crime, such as the Enron case, before you today, because you, in effect, voted for it—not because you really knew what you were doing, but simply, as usual, "to go along, to get along."

Now, hear the rustle of the Furies. Enron is not an isolated case; it is just the first big fatality in an onrushing epidemic. It is time for a change, a very big change. Congressman, it may mean time for a big change in you, or, in the alternative, the elected occupant of your present seat.

World Economic Forum

Davos Funny Water Was Drunk in N.Y. This Year

by Scott Thompson

From Jan. 31 through Feb. 4, the World Economic Forum (WEF)—drawing some 3,000 businessmen, political leaders, and non-governmental organizations—met in New York City, for the first time since its founding in 1971, in the ski resort in Davos, Switzerland. Unemployment and homelessness both are rampant in New York this Winter, and the city's budget has a brand new revenue hole estimated at \$4-6 billion. But something special must have been in the drinking water at "Davos on the Hudson," as speaker after speaker could see nothing but recovery and "economic upswing" at hand. The only prominent non-imbiber, evidently, was Microsoft Chairman Bill Gates, who straightforwardly asserted that there was no "recovery" in sight.

The reality of the ongoing economic collapse was lurking, even at "Davos," in the few actual economic reports presented. But Lyndon LaRouche was not asked to speak at the World Economic Forum; as in the 2000 Presidential campaign, the systemic economic collapse LaRouche had forecast, was denied; no one dared so much as to mention Japan, for example; and in six months these international "leaders" will be forced to look back on their speeches in New York as if on unwelcome photos of a lost Saturday night drunken binge.

More importantly, the WEF hosted both sides in the crucial international *strategic* policy brawl ongoing since Sept. 11: whether to try to control the economic collapse with a new global imperialism, the clash of civilizations, and worldwide

war. Harvard Prof. Samuel Huntington and his geopolitical mentor Zbigniew Brzezinski clashed with those participants seeking some sort of peace and development, particularly in the volatile Middle East, as epitomized by Secretary of State Colin Powell and others' Middle East diplomacy at the World Economic Forum.

'The Upswing Is Here'

In an interview with the London *Financial Times* before the start of the WEF, printed on Jan. 31, U.S. Treasury Secretary Paul O'Neill forecast that the "recession," if there was one, would end by the first half of 2002. Elaborating on this at the WEF on Feb. 2, Secretary O'Neill said that despite the bursting of the dot.com bubble, "The U.S. economy has the potential to grow at 3% or 3.5% real growth for the indefinite future. . . . We are in the process of moving out of a slow period in our economy." O'Neill's Deputy, Kenneth Dam, added the message that the global economy had turned the corner, because the latest data on economic growth, unemployment, and consumer and business surveys "would indicate that the U.S. economy has bottomed out."

This delusional view of the economy—"because it's gone down, it must be about to go back up"—was echoed by German Chancellor Gerhard Schröder, who breathed a "thank God" that there were "some signals" of improvement in the United States and the euro zone. "Many indicators today point to recovery in the United States economy," the Chancellor said, adding wishfully: "There are welcome signs that, during the course of the year, there will also be better economic developments in the euro-zone and German economies." (Prudently, he did not try to enumerate these alleged signs of euro recovery, perhaps not wanting such quotes to follow him back across the Atlantic into his re-election campaign.)

As for the destruction caused by the fascist Maastricht Treaty, Schröder told WEF participants, "We need more, not less integration."

Gail Fosler of the Conference Board argued at a Jan. 31 session, that based upon Gross Domestic Product (GDP) figures, "the recovery has already begun." She said that last September would prove to be the low point of the "recession." Jacob Frenkel, the president of Merrill Lynch International told the WEF's opening session on the same day that: "The story of the world in the coming year will be the story of the United States." He predicted that U.S. recovery would "definitely" occur in the second half of 2002. Frenkel's genius was most recently applied as chief advisor to Argentina's disgraced Finance Minister Domingo Cavallo, and currently in a similar position in Israel.

Yet, despite this hysterical denial of the systemic economic breakdown, some evidence of reality leaked through. Thus, Stephen Roach, of the nearly bankrupt firm of Morgan Stanley, noted that the GDP increase had been led by consumer spending with 0% interest rates on cars: "Americans

have been buying cars, but they don't keep on buying cars, month-in, month-out. There is going to be a payback." It was reported and acknowledged, that the reason official U.S. unemployment had dropped to 5.6% rather than rising to the expected 5.9%, was that a million Americans had given up looking for work in December, so that they were not counted in the statistics; ie, real unemployment had clearly risen again.

Also, in an economic statistic that recalled the Great Depression, WEF participants were told that growth in world trade had been only 1% last year—and that the growth came not from nations and their companies trading with one another, but rather from companies outsourcing production of spare parts, factories, etc. and thus "increasing trade" with their own subsidiaries.

President Alejandro Toledo of Peru raised the crisis of Argentina. Despite his International Monetary Fund (IMF)-style rhetoric, that that nation "has to show a willingness to put its house in order," the Peruvian President stated nervously, "We have to put out this fire." The present crisis of bankrupt Japan, which is currently the most likely detonator of free-fall collapse, was not even brought up at the WEF, being apparently a fire that was too hot to control.

Treasury Secretary O'Neill indicated an intention to let the "Argentine" fire burn, saying of Third World debt and poverty, "You can only go so far with tears. . . . Don't talk to me about compassion. I've seen with my own eyes babies born into the dust and I know about Africa. . . . What we need to do, is create the circumstances under which societies create their own wealth. Every society needs to become a wealth-generative organization, not a consumer of other people's money" (obviously with unintentional humor, insofar as the United States has an annual net import of \$500-750 billion of investment). He continued, "Putting these countries on welfare won't help anyone."

The *Financial Times* noted on Feb. 4 that O'Neill's free-trader refusal to consider debt relief and development credit, struck even the WEF members as "outright crass." Wrote the *Financial Times*'s Jeremy Warner: "It was hard to know whether to laugh or cry as the U.S. Treasury Secretary strutted his stuff. . . . His message seemed somewhat callous for a city that is still struggling to come to terms with the tragedy of 11 September."

Important Sidebar Diplomacy

On Feb. 1, the WEF held a panel entitled, "Building a Coalition for a Stable World: Who Will Share in the Burden," during which the following exchange on Middle East peace occurred between Secretary of State Colin Powell and European Union High Representative for Foreign Policy Javier Solana:

Powell: "I might begin by saying that the United States remains deeply engaged in trying to find a solution to the



U.S.-European exchanges on the Middle East crisis, involving EU representative Javier Solana (left) and Secretary of State Powell, were the important events at the World Economic Forum. The economics presentations, by contrast, were pure denial and fantasy.

crisis in the Middle East. When this administration came in last year, we immediately gave our support to Sen. George Mitchell and Javier Solana and their colleagues to complete their work. And that Mitchell report, as it is known, has given us a road map to get back to the negotiating table, beginning with the cease-fire, confidence-building measures, and other activities that will allow us to start discussions again on the basis of UN Resolutions 242 and 338.

“Since the Mitchell report was issued last spring, we have been actively engaged with George Tenet, our CIA director, my own involvement, the involvement of President Bush on a number of occasions. And then President Bush came to the United Nations General Assembly not too long ago, and was the first United States President ever to stand up in front of an international body and talk about his vision for a state for the Palestinian people by the name of Palestine, living in peace and security next to Israel, a Jewish state. I followed that with a speech in Louisville that laid out our vision in greater detail. And then General Zinni went over to try to begin the security discussions that would lead to the cease-fire. . . .

“The interesting thing about our work is that as the United States has pursued this policy, it has been with the closest consultation, in the closest consultation with so many of my friends here on the stage with me. Javier Solana and I talk constantly, to make sure we’re giving a consistent message. . . . I’m in close touch with my Russian and other colleagues who have more than a passing interest in this area.”

Solana: “Thank you. Thank you very much. I’d like to start by saying that what Colin Powell has said, I share. We have been—we are, we continue to be in permanent contact, and tried with the best of our intentions to seek how we can solve this difficult problem.

“Now let me tell you my own experience. I have been

engaged in the Middle East since the Madrid conference [in 1992]. That seems to be centuries ago, but it’s not that far away. And I have to tell you that this moment is, to my mind, the most difficult one. And I think an effort of the international coalition, it will be needed to try to stop the situation. I think we have an obligation to do so, and we cannot probably let the parties alone to continue going through the route in which they are now moving. . . . We have the obligation, I think, as a coalition, international community, to get engaged and to get engaged rapidly, and to get engaged in an intense manner.

“I participated on the Mitchell report with Senator Mitchell and President Demirel from Turkey. I remember very well when we were looking at that situation and we started writing the draft in the Mitchell report; we had a very clear chapter that we called ‘cooling-off measures.’ Why did we call it ‘cooling-off measures’? Because we knew that it was going to be very difficult to obtain zero temperature, as far as violence is concerned, in a very short period of time. . . . We needed to go slowly into this cooling-off period, and at the same time, accompany this cooling-off period with some confidence-building measures.

“That is the past, unfortunately. Now is the reality, and as has been said by Colin Powell, the Palestinian Authority has to do the utmost to stop violence. This is a must. But also, the Israeli government has to begin to get engaged through some political perspective. It will be very difficult without any political perspective to get the situation to the zero temperature or the zero violence that everybody around the table would like to have.”

During Secretary Powell’s speech at the WEF, he emphasized, “We have to make sure that, as we fight terrorism using military means and legal means and law enforcement and intelligence means . . . we have to show people who might

move in the direction of terrorism that there is a better way . . . [because] terrorism is a product of hopelessness and poverty.”

It was through U.S. urging, that Israeli Foreign Minister Shimon Peres (Labor Party), while at the WEF, met with Secretary Powell to discuss the status of Middle East peace, and held talks with Palestinian Legislative Speaker Ahmed

Qurei (a.k.a. Abu Ala) and Palestinian Economics Adviser Halad Salam, on Jan. 31, to discuss steps toward a cease-fire. It was later revealed that both Abu Ala and Salam had taken part in a heated meeting with Israeli Prime Minister Ariel Sharon on Jan. 30. Sharon had been called by Jordan’s King Abdullah II from Washington, D.C., where the King had met

Nuremberg Rally At the Super Bowl

This year’s Superbowl half-time spectacle on Feb. 3, struck many for its echoes of the Nazis’ famed Nuremberg rallies: it used 21st-Century blazing light, blaring sound, smoke, and a “charismatic figure” *to promote a global policy*. The feature attraction was the Irish U2 rock band, and its leader, Bono (né Paul Hewson), who had appeared as a superstar “friend of the poor” at the World Economic Forum in New York City the day before. This was an outstanding display of bread and circuses for the masses, done in the style of what qualifies as “compassionate fascism.”

The next day, the media machine gave out the “spin” on the events: The *New York Times* wrote that the Super Bowl half-time was, “Most emblematic. There was Bono, fresh from the World Economic Forum, where on Saturday he had a formal debate with Treasury Secretary Paul O’Neill and lobbied for the cancellation of Third World debt. He led U2 in a live performance during the half-time show, a one-man walking, talking, singing symbol of how politics and entertainment mixed here” in New York.

Patriotism Bud-ding All Over

During the Super Bowl “Nuremberg rally,” advertisers blatantly used their TV spots to cheapen patriotism and even to “commercialize”—not honor—the Sept. 11 dead. Budweiser showed their noble Clydesdales bowing to the knee, as they drew up their wagon toward Ground Zero, where the World Trade Center used to stand. Bono was dressed in an American flag. This is the highest-rated TV program, and most-watched single-day sporting event in the world. (Only viewership for the Olympics opening on Feb. 8 in Utah, will exceed it.) Televised on Fox, the Feb. 3 half-time reached 130 million viewers in the U.S.A., and some 800 million people in 180 countries.

The economic policy Bono carried out on the Super Bowl stage, came from his much-celebrated debate on Third World debt with U.S. Treasury Secretary Paul



Rock star Bono (left) with Microsoft billionaire Bill Gates. The two were featured speakers at the World Economic Forum, along with Treasury Secretary Paul O’Neill, who will accompany Bono on a junket to Africa to “fight poverty and AIDS.”

O’Neill at the World Economic Forum; his coming odd-couple trip with O’Neill to Africa “to fight poverty and AIDS”; his announced plan with billionaire Bill Gates, “Which we’re calling the ‘DATA Agenda’: ‘Debt, AIDS and Trade for Africa, in return for ‘Democracy, Accountability and Transparency in Africa.’ ” All this was ballyhooed in the World Economic Forum publicity, as the Super Bowl rally went on.

What’s going on? Patriotism, activism, philanthropy, charity—and to top it off, entertainment, mega-sports events. But the economic policies promoted here, are a continuation of precisely those which created the poverty and collapse in the first place—globalized trade, the International Monetary Fund, attacks on nations in the false name of “democracy,” etc. And instead of music and entertainment, along with sports, the wrapping for the package was a fascist musical drama aimed at causing its audience to dissociate and “just feel” a new policy. Look at Hitler’s designs for his 1934 Nuremberg Rally, which he had Leni Riefenstahl film for her movie, “Triumph of the Will.”

Reportedly, some 3,500 volunteers were prepared in advance to help bring off the New Orleans stadium super-show. In six minutes, a huge heart-shaped stage was erected. The four U2 band-members charged out, amidst a sea of screaming, waving fans (approved to be on the field). They performed three numbers, utilizing, no more than the

with Secretary Powell, representing the views of Jordan, Egypt, Saudi Arabia, and Syria.

While there has been no immediate breakthrough on the ground, it is notable that Secretary Powell is maintaining pressure on his opponents within the Administration, in the “Wolfowitz cabal,” who envision a Phase II of the “war on

customary five chords each—“Beautiful Day,” “MLK,” and “Where the Streets Have No Name.” The lyrics—undiscernible under the ear-splitting amps—are all well known, from previous best-seller U2 releases. During the incited frenzy, Bono jogged all around the perimeter of the stage as an action stunt, while the crowd swayed and screamed. The TV camera shots were pre-set to beam the choreography to viewers at home.

When the song, “Where the Streets Have No Name,” began, a giant screen appeared from on high, scrolling down the names of those killed on Sept. 11, in black and white transparent lettering (apparently, this projects on smoke). The stands were darkened, and the names reflected over the thousands of bleachers. The sound levels, lighting, and gigantic special effects, all came together into calibrated focus for maximum effect to induce a mass “wave of concern.” As the lights played on Bono, he dramatically opened his lapel, to reveal an American flag.

Anyone still paying actual attention, will have noticed that the scrolling got down only to about the letter “D” among the dead. So, the list was a come-on. Then, the show over, U2 ran out; the huge staff and volunteers disassembled the heart-shaped stage within six minutes; and the gladiatorial mayhem of the Super Bowl football teams recommenced.

The U2 and Bono are specially qualified for their current role, from their beginnings in Dublin, in 1978, as a “politically concerned” group. They were, at times, even a “Christian” rock band, which is a fraudulently concocted genre. They record for Universal (part of the mass media arm of the Lazard Frères/Bronfman interests).

In the “Christian” genre, the idea is that, so-called “Christian” references and words are used, such as grace, and salvation, all the while employing below-the-belt music and theatrics, to induce the audience to zone out, disassociate, turn off their reasoning ability, to “just feel.” After a few down years of what the critics call “me-ism” orientation in their music, the U2 have returned to a phony Christian charity theme, especially in their “stadium-rocker” mode. They were part of the hit parade for the 1985 Live Aid world concert. To further extend their promotional appeal, an instrumental release called, “Strung Out on U2,” has been put out by Classical string musicians.

—Marcia Merry Baker

terrorism” as including a Thirty Years War spreading from the Middle East.

Moreover, Solana and French Foreign Minister Hubert Védrine—who were both part of the WEF panel with Secretary Powell—spoke out strongly there against President George W. Bush’s “axis of evil” reference in his Jan. 29 State of the Union speech. Danilo Taino in an article for Italy’s *Corriere della Serra* on “The Axis of Evil Splits the Big Powers,” reports that, at the WEF, both Védrine and Solana expressed “doubts over the American campaign.” “The differences were laid out publicly, in front of the U.S. Secretary of State, [by] EU foreign policy czar Javier Solana: ‘I do not think that we could build a coalition in which nobody feels at ease.’ So far, Solana warned, we have shared the American action against terrorism; now, however, we want to share decisions. And Hubert Védrine, French Foreign Minister, has repeated the concept: In the war against terrorism, international consultations must be more ongoing and targets must be reviewed and approved periodically.”

‘Clash of Civilizations’ Gang at WEF

On Jan. 31, the Thirty Years War perspective was put forward by Harvard’s Huntington in a panel entitled, “Defining What We Share: Bridging Cultures and Civilizations.” However, as Marc Champion put it in the *Wall Street Journal* web edition on Jan. 31, Huntington, true to form, was not really interested in “bridging cultures and civilizations.”

This “religious program” of the World Economic Forum was organized by Sheikh Zaki Badawi, a London-based Egyptian scholar, who is quoted saying that Huntington’s book, *Clash of Civilizations*, “has given extremists the means to justify their claims about jihad between Islam and the West.” Huntington simply lied, and responded that he is just warning the world of the facts, as George Kennan had in the 1950s about the danger of nuclear war, so it can be avoided.

The Argentine daily *La Nación* on Jan. 4, reported on a WEF panel entitled, “The Paradigm for the Future,” which saw, squared off against one another: “British Golem” and hedge-fund billionaire George Soros; former Carter National Security Adviser and fascist geopolitician Zbigniew Brzezinski; Huntington, who had been Brzezinski’s protégé at the Trilateral Commission and National Security Council; Francis “The End of History” Fukuyama; Sen. Hillary Clinton (D-N.Y.); and, and Israel’s Foreign Minister Shimon Peres.

While Huntington and Fukuyama argued that there would likely be a post-Cold War clash of civilizations, “Zbig” argued that during this conflict, the United States would need allies to prosecute the “war on terrorism” to its conclusion—i.e., a series of wars throughout what Brzezinski once called the “Arc of Crisis,” and has now broadened into “The Eurasian Balkans.” As Brzezinski has claimed since his 1997 book, *Grand Chessboard*, this “zone of instability” now includes not only the Middle East, but also Transcaucasia and Central Asia.