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LaRouche: 'I Don't Believe in Signs'
Rohatyn Steals Public Property Coast to Coast
Mexico's López Obrador: 'We Shall Overcome!'

The Strategic Significance Of the Hit on India



EIR

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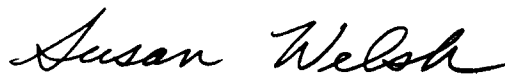
From the Associate Editor

The events in Southwest Asia and the Asian subcontinent during the second week of July seem almost too terrible to comprehend. I for one, lived many of my childhood years in an apartment building in the shadow of the beautiful Beirut lighthouse, which was bombed by the Israelis yesterday, July 15. I can almost hear a child's voice asking, "Why did they have to bomb my lighthouse?" The question reflects the emotional reaction (despair) felt by most Baby Boomers—and perhaps not a few others as well—as we view the horrific events of the day on our TV screens and in our newspapers.

How does one get past that gut emotional reaction, and approach the spreading horrors of war from the mindset of *statecraft*—which is to say, reason? Lyndon LaRouche's *Feature* on the strategic significance of the hit on India addresses the problem profoundly. You want to succumb to fear? You want to turn off the TV and "think about something else"? Then you'll get fascism, and war. The world is at the brink of a crisis which must be compared, at the very least, LaRouche writes, to the outbreak of the two world wars of the last century. But: "Actually, what is presently threatened for the immediate future, unless we act now to prevent it, would soon be something much worse than either of those wars. Do not look for the image of troops marching to battle; what is coming down the road now, is something most nearly comparable, in known history, to a nuclear-age version of the Hellish nightmare-scenes of the so-called 'New Dark Age' which erupted in the Fourteenth Century. . . ."

LaRouche addresses his polemic to the now-supine Congress, but also to the citizenry. The experience of the past year makes clear, that only a mobilized citizenry can force the Congress to act, in a situation where the Executive branch has been hijacked by synarchist bankers. Such a mobilization is the only chance to avoid a Dark Age. It must happen here, in America, and it must happen soon.

Elsewhere in this issue, you will find a wealth of excellent material. LaRouche's "I Don't Believe in Signs," elaborates the changes in mental life that are required to achieve a political transformation. In *Economics*, we document how Felix Rohatyn is grabbing up public urban infrastructure. And in *National*, we delve deeper into Rohatyn's mechanisms of control over the Democratic Party.



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THE ONCOMING STRATEGIC CRISIS

The Strategic Significance of The Hit on India

by Lyndon H. LaRouche, Jr.

Friday, July 14, 2006

I bring no "good news." Only fools march to battle because the news is good; wise men march with grim and resolute determination, because they know the news is very bad.

Lately, while most of the U.S. Congress has been virtually sleeping through a months-long, lulling delusion, like that which Neville Chamberlain carried back to London from Munich, the world has been lurching toward the brink of a crisis which must be compared, at the very least, to the brink of outbreak of each of two so-called "world wars" of the last century. Actually, what is presently threatened for the immediate future, unless we act now to prevent it, would soon be something much worse than either of those wars. Do not look for the image of troops marching to battle; what is coming down the road now, is something most nearly comparable, in known history, to a nuclear-age version of the Hellish nightmare-scenes of the so-called "New Dark Age" which erupted in the Fourteenth Century, when the King of England repudiated his debts to the Lombard League's House of Bardi.

While the gathering for the G-8 summit brings the world into a great global crisis which has been already over-ripe for eruption, certain events of the past week to date, in Southwest Asia and in the Asian subcontinent, respectively, taken together with escalating issues of the immediate G-8 meeting, have lit the fuse of a simmering force of global strategic explosion like nothing which has happened in history before this time.

So, during Tuesday's late afternoon drive, back from Zürich, Switzerland, to Germany, the car's radio broke the news of terrorist bombing attacks on the commuter trains leaving Mumbai (Bombay), India. By Thursday, reports on the strategic implications of this event received from high-level circles inside India, gave a



www.g8russia.ru

Recent events in Southwest Asia and the Asian subcontinent, taken with the issues already before the G-8 summit, "have lit the fuse of a simmering force of global strategic explosion like nothing which has happened in history before this time." Here, Presidents Bush and Putin give a press conference on July 15 in St. Petersburg, in the context of the G-8 meeting.

fuller picture. This attack was comparable, in its strategic implications, if not the size of the death toll, to what struck New York City on September 11, 2001. The principal targets of the coordinated attacks were the first-class coaches of trains leaving Mumbai. The number of reported dead, so far, is significantly less than those who died in the attacks on New York's World Trade Center, but the effect was clearly intended to be comparable, and, given other developments around the world ongoing now, the strategic effects would be much worse than those of "9/11," unless action to prevent such an outcome were taken now.

This was no ordinary sort of "terrorist incident"; the characteristics of the attack themselves bespeak the hand of a leading strategic power.

The admirers of Vice-President Cheney's strategic impulses might be pleased by the intention expressed in these events in India, since what is being served is the same warfare policy expressed by Cheney's wicked partnership with Israel's Benjamin Netanyahu. Worse, although Cheney's conspiring with Netanyahu has been the obvious motive for the presently escalating state of warfare launched, in several directions, by Israel, Cheney himself is merely a disposable pawn in an imperial game played by forces operating from a much higher level than the current U.S. Presidency, levels higher than Cheney's immediate master, George P. Shultz.

With the combination of this strategic attack on India, and the continuing actions of Dick Cheney and his accomplice,

Netanyahu, in Southwest Asia, a signaled, actually global threat was delivered, in effect, to those assembling for the "G-8" summit in Russia now. Like the June 28, 1914 assassination of Archduke Franz Ferdinand and his wife at Sarajevo, the Mumbai incident of this past Tuesday has been recognized, in relevant circles in India and elsewhere, as the intended detonator of a global strategic crisis. This is, in fact, a crisis which must be compared with the situation on the verge of the two so-called "world wars" of the Twentieth Century; unless the present threat is promptly reversed, the outcome will be vastly worse than anything experienced in the two "world wars" of the preceding century, but of an essentially different type than either of those two great wars.

These are, once again, times "which try men's souls." The world as a whole is gripped by what threatens to be the world's greatest crisis since the U.S. was founded, in 1776, a worse crisis of European civilization as a whole than anything since the 1648 Treaty of Westphalia. For the U.S.A. itself, it is everything our republic has accomplished since the developments of 1776-1789, which is under attack, and in grave jeopardy from both forces within and without our republic.

Within forty-eight hours of that trip from Switzerland, I understood precisely what the nature of the present concatenation of ongoing and simmering strategic crises signifies. My problem on this account, is that of enabling others, especially some in very important positions, to grasp at least the rudiments of a crisis whose characteristic, fuller implications

would probably be, otherwise, beyond their present attempts at comprehension. It is not sufficient that I state the facts, as I shall in the concluding summary section of this report; I must, first, equip those hearers to understand the actual facts of the situation. To prepare for the threats ahead, the audience must, so to speak, weigh the situation within today's equivalent of Wallenstein's Camp.

That point will be made clear as I proceed in this report.

The Weakness in Our Government

We knew, this past Springtime, that Vice-President Dick Cheney was a principal figure behind a proposed, preemptive series of aerial attacks on the nation of Iran. The pressures of circumstances induced the government of President George W. Bush, Jr., to back away, perhaps temporarily, from Cheney's threat of launching such an attack as soon as June 2006. However, Cheney had an alternative; pressures placed upon forces within Israel opened up a new initiative with the same lust for warfare against Iran as Cheney had represented earlier, and also against other targets, in sight.

Now, that alternative detour to Hell on Earth has brought events to the point that a global nightmare beyond the belief of most, is threatened for the early future. The addition of the strategic quality of terrorist mode of attacks on India, combined with the lunatic escalation of events unleashed, chiefly, by the accomplices of Cheney and Netanyahu in Israel, now signal a remarkable convergence of a strategic crisis with the convening of the G-8 negotiations. The potential of this systemic threat is monstrous, with consequences obviously beyond the imagination of the present members of the U.S. Congress.

We should not be surprised by the recent months' trend toward failures of performance in the U.S. Senate. Presently, very few in the U.S. Congress as a whole have shown themselves willing to think clearly about these matters. Their attention is focussed on far less noble goals than world peace or the fate of the U.S. economy. It is therefore indispensable that I intervene, as I intervened in aid of the Democratic Party's 2004 Presidential election-campaign, and, still later, in November 2004, to revive the Party from its moment of post-electoral despair. There are only a few leading figures of the Democratic Party, and others, who are equipped by intention to grasp the essential features of the great strategic issues underlying the presently accelerating world-crisis.

In fact of manifest practice, presently, most of our elected Federal representatives have put the existence of mankind itself "on hold" until some yet to be decided at some time past the coming November elections. Yet, the greatest events, and the most crucial strategic decisions in present world history, will be decided by what happens during these Summer months, while members of the Congress are campaigning, like the "Wynken, Blynken, and Nod" of the children's poem, for a November 2006 election, an election which, just possibly, might not happen after all.



U.S. Navy/Brian J. May

"Although Cheney's conspiring with Netanyahu has been the obvious motive for the presently escalating state of warfare launched by Israel, Cheney himself is merely a disposable pawn in an imperial game played by forces operating from a much higher level. . . ." Here, the Vice-President presses the flesh at the Norfolk Naval Station.

People who do not understand either the nature of mankind, or its history, will ask: "Is it going to happen, or not: Yes, or No?" Such people have yet to recognize that special nature of the human species, which sets mankind apart from the beasts; such people have never grasped the kind of physical geometry of cause and effect within which the great developments of human history have always been shaped. People who say, "My experience teaches me," if they wished to become credible in God's Eyes, should have chosen a different school. Mere personal experience will never teach anyone the nature of that which has yet to be experienced for the first time in history. Whatever comes out of the weeks and months of the presently onrushing world strategic crisis, the persons who live through that time will have experienced mostly things they had never imagined might happen.

One thing, above all others, is certain. The world as it exists for mankind a year or so ahead, will have become already a different world, for better, or for far worse, than most members of Congress, for example, would have the present courage to believe possible. So, most of those influential people in the age-brackets between fifty and sixty-odd years of age, including some members of the Congress, presently, seem to be swimming like fish which the outgoing tide has cast upon the beach; those poor fish, certain members of the Congress, and others, are still trying to swim to safety as they only imagine that past experience might have taught them.

There is a timely precedent for overcoming this hellish danger before us all. We have but to look back, knowingly, to both the election of President Franklin Roosevelt, and to the defeat of those powerful plotters within the U.S. who not only admired Hitler as they admired Mussolini, but who also plotted a military overthrow of the Roosevelt government. These are the forerunners, sometimes of the same families, who later set the leading precedents for the financier and other organizations, such as the so-called Congress for Cultural Freedom, which typify, once again, the source of the principal internal threat to not only our virtually bankrupted U.S.A., but civilization as a whole, today.

This time, those who are willing to understand the actual situation in those historical terms of reference, must lead, or there will be soon no remaining republic for us to defend.

1. The Prerequisites of Comprehension

“The fault, dear Brutus, lies not in our stars, but in ourselves. . .”

The source of the recent apparent inability of most members of our Congress, for example, to grasp the actual nature of the ruinous situation it, unwittingly, is doing so much to create, is a popular conceit, most notably among the university-educated generation, the proverbial “upper twenty percentile,” now centered in the 50-65 age-group. That conceit has been shaped by the form of sophistry to which that generation was subjected, virtually from birth, by degrading influences typified by the Congress for Cultural Freedom.

The specific aspect of the problem, which must be emphasized in any effort to bring our republic safely out of the threatened destruction which looms over our nation and its people now, is that we are led by a generation of so-called “Baby Boomers” which has been steeped in a Sophistry which is an imitation of the fatal moral sickness of Pericles’ Athens; like Sophists generally, like many among the wilder 68ers whom I recall, they do not recognize the specific, determining distinction of man from monkeys. In other words, at this moment, we are largely ruled by a generation which does not recognize that the shaping of the history of mankind depends upon certain principles of human nature which are, themselves, absolutely contrary to a standard middle-class Baby-Boomer notion of reality.

These foolish notions of such self-destructive people include the idea of individual “free will” in the Kantian and related sense of Kant’s doctrine of “Practical Reason”; I refer thus to the so-called doctrine of “negation of the negation,” which was copied into the Nineteenth-Century Romantic school of law and history of that follower of Martinist freema-

sonry’s Count Joseph de Maistre known as G.W.F. Hegel, as also Hegel’s crony F.C. von Savigny.

In order to approach the strategic issues implicit in the intersection of the Israeli and Indian situations with the issues of the G-8 meeting, two points of principle must be underscored. These are points of principle of which most representatives in government are still ignorant, but which they must now come to know, if they are to discover the way out of the presently menacing mess which they, the unwitting, have helped to create.

First, the Issue of Irony

First, consider the matter of the distinction between ironical and literal speech, in defining the relative intellectual and moral capabilities characteristic of cultures.

Putting aside such Romantic adversaries of the European Classical cultural tradition as Kant and Hegel; the contrary culture, from which the U.S. Declaration of Independence and Federal Constitution sprang, was essentially the Classical culture expressed by the succession of both Europe’s Fifteenth-Century Renaissance and the 1648 Treaty of Westphalia. However, there is a lingering, important, ironical distinction of an American scion of European culture who has been relatively liberated from the oligarchical ironies which, still today, pollute the lands whence our founders, and my European forebears came. Otherwise, the best historical root of our national U.S. culture is, thus far, essentially European. However, we must also recognize the danger which lurks in the fact, that the origins and nature of the pro-oligarchical corruption has been promoted within our republic, the danger expressed by that Europe-based oligarchical faction which has been determined, from our nation’s beginnings, to eradicate what we represent from this planet.

It is this legacy of European oligarchical culture which is the source of the principal evils of globally extended European culture today. It is this irony which distinguishes the Presidential system of the U.S. Federal Constitution from the implicitly pro-oligarchical, parliamentary cultures of western and central Europe today. It is the reach of this oligarchical defect in Europe’s traditions into the U.S.A. itself, which has been the principal source of our nation’s own corruption, and the source of the present threat of a collapse of our civilization into a prolonged dark age. It is that pro-oligarchical current which is the principal source of the great evil which menaces civilization as a whole right now.

For example, our Federal Constitution subordinates the uttering of our currency and control over our banking system to the authority of our government; whereas, the usual European system, subordinates the government of the nation to the authority of implicitly imperial, Anglo-Dutch Liberal forms of privately owned and controlled central banking systems. *Globalization is nothing but the intention to destroy the U.S. Federal Constitution, in favor of the concerted power of private usurers, that according to the tradition of the same type*



Albert Einstein. "Dry-as-dust mathematical minds dream in black and white; able Classical musicians prefer to dream in color, as do great scientists who prefer Classical music."

as the Venetian bankers who created the New Dark Age of Europe's Fourteenth Century.

There are discoverable principles which would help us to find our way to solutions for the present crisis which that inherently pro-imperialist, Anglo-Dutch Liberal system of globalized financial tyranny has brought upon this planet as a whole.

Human development in the individual is centered in the dynamics of individual interaction with transmitted culture. Excepting the mentally ill, ideas are never communicated as the so-called "literal" meanings of words used according to some mechanical-like notion of "dictionary" meaning. All literate use of language relies upon the same natural root as the musical quality of Classical poetry; it is the musical-poetical principle, to be seen as the medium through which ideas are molded: not as mechanically literal meanings, but as ironies. It is not only through the transmission of explicit statements, that one generation communicates to the other; it is through the ironies conveyed within the usages of specific languages, especially in sung forms of Classical polyphony, that the creative powers of human thought, those powers which distinguish man from beast, are transmitted across successive generations. It is the resulting accumulation of irony with a use of a specific language, which touches with relatively greatest immediacy upon those cognitive functions of the individual's mind which are the medium of creative discovery and its transmission.

It is the sharing of the peculiarities of that cultural development within the nation, which enables a people to think together, rather than merely throwing words at one another.

Thus, there can be no representative form of government of peoples which is not based on regard for this aspect of language and thought, and nothing but the impulse for barbarism is possible without adherence to a principle of national sovereignty.

For example. As the substance of the published exchange between Albert Einstein and Max Born illustrates: in physical science, the damaged mind identifies a physical principle with a specific, written mathematical formulation; whereas, the healthy mind, conceives the crucial-experimental form of the discovery as real, and the mathematical formulation, as an intrinsically defective adumbration of the effect of the principle itself. Einstein's notion is of a physical universe as finite, but unbounded, or, as I would prefer, "self-bounded." This points directly to the difference between the two viewpoints. Dry-as-dust mathematical minds dream in black and white; able Classical musicians prefer to dream in color, as do great scientists who prefer Classical music. Color expresses life; black-and-white are the colors of the dead.

It is for this reason that music which conforms to Classical principles of choral singing of polyphony, such as the Florentine *bel canto*, plays a crucial role in religious services. People who sing in that way are better people than they would be, or could be, otherwise.

Notably, with the maliciously intended replacement of Classical forms of polyphony from popular practice, we encounter today a population which can not speak literate speech; it has little sense of the role of polyphonically ironical utterance in communicating important qualities of ideas. This is especially notable when we compare the news reporting from the generation of Walter Cronkite to intrinsically illiterate tendencies toward mechanical babbling among what passes for yackety-yack news-reporting speech delivered by the mass media today.

For such reasons, we would reject the idea of universal vocabulary such as Esperanto, since Esperanto were a way of reducing societies to virtual, if homogeneous cultural idiocy. It is the ironies of the practice of a familiar language, including its natural, Classical prosody/musicality, which enable a society to unify itself around a common set of ways of deliberation about principled ideas.

Second, Consider Historical Cycles

Now, for our second qualifying point: consider the way in which the most crucial changes in cultures are brought about, usually over relatively long intervals of several or even many generations.

The known history of mankind is arranged as the rise and fall of specific cultures and forms of government over long periods, periods which are often separated from one another by intervening "dark ages," or the like. Consider the case of the history of European civilization, from the emergence of the Ionian and Etruscan cultures as allies of Egypt against the maritime forces of Tyre and its Punic colonies. Proceed to the



Library of Congress

St. Mark's Square in Venice. The imperial reign over the Mediterranean by the ultramontane form of Venetian financier oligarchy and its allies of the Norman chivalry, led to the Fourteenth-Century New Dark Age. The same oligarchical evil continues, in different forms, today.

collapse of Athens following the ruinous Peloponnesian War; the rise of the Roman Empire; the succession of the Byzantine Empire; the attempted renaissance of civilization under Charlemagne's leadership; the imperial reign over the Mediterranean by the ultramontane form of Venetian financier oligarchy and its allies of the Norman chivalry; and, the Fifteenth-Century emergence of modern Europe in the form of the Golden Renaissance. These are examples of the spans of many generations usually defining the rise and fall of entire species of reigning cultures.

On this account, as in competent physical science, cultures and their history reveal their principled characteristics in the way they collapse. A collapse of a society, as the foregoing list of cases illustrates the point, implicitly defines a governing principle which, in the end, brings a culture incorporating some crucially failed principle of social organization, to an end. Every culture is like an experiment based upon some principle; the collapse of that culture confronts us with the evidence of that principle's efficiency in bringing that culture itself down, sooner or later.

To be clear about this crucial point, recognize, as Albert Einstein did, for example, that the existence of any physical principle which can be shown rigorously to be universal, bounds the existence of the system within which it is operating. Thus, Einstein described the universe as "finite, but unbounded." I prefer "finite and self-bounded." So, the principled assumptions operating, often unconsciously, in the

relations within a society, bound the existence of that form of organization of a society.

The task of the political analyst who would wish to be competent in his trade, is to uncover the existence of such controlling parameters, as I have done, for example, in my exceptionally successful record of long-range economic forecasting. Rather than attempting to infer the occurrence of crucial events by extrapolation, adduce the principle which functions as a self-bounding feature of the current way in which the system is operating. Avoid the often deadly fallacy of using modes of statistical projection of trends, without first defining the principled character of the specific physical geometry of the system for which the forecast is being projected.

As the case of the August-September 1998 collapse of the LTCM speculative bubble illustrates this point: only a fool seeks to become rich by taking in his own laundry at a substantial rate of profit. All living systems, including economies, are intrinsically dynamic, never the ontologically linear schemes on which the Enron-like hedge-fund charlatans rely.

Example: The Fourteenth-Century New Dark Age:

The self-weakening of the Byzantine system, transferred the Byzantine effort to crush Charlemagne's legacy of statecraft to the hands of the rising power of Venice's financier oligarchy. Venice carried on this heritage through building up the power of that Norman chivalry which had been formerly directed by Byzantium itself. This became known as the sys-

tem of the Crusades, seeking to crush the vestiges of Charlemagne's system, and against the heirs of Charlemagne's cooperation with the Baghdad Caliphate and Jewry. After crushing and looting both the remains of Byzantium and the targeted opposition, as opposition was typified by the Hohenstaufen Emperor Frederick II, the Venetian-Crusader system began to eat its own legs, as if having nothing else to consume. The result was the Fourteenth-Century New Dark Age, which destroyed an estimated half of the parishes of Europe, and reduced the population by an estimated one-third.

That New Dark Age is the nearest approximation of what the attempt to enforce globalization would do to the world as a whole today.

Example: Oligarchical systems generally:

In all known history, as history, the greatest conflict within society has been between the Athens typified by the leadership of Solon, and the oligarchical model which Friedrich Schiller associated with the Lycurgan constitution of Delphic Sparta. The principled essence of this conflict is summed up in the surviving, middle portion of Aeschylus' *Prometheus* trilogy, *Prometheus Bound*. The virtual Satan and "environmentalist" fanatic of Aeschylus' drama, the Olympian Zeus, condemned Prometheus to perpetual torment for the adjudged crime of having permitted mortal mankind to discover the use of fire: science & technology.

Such is the conflict between the actual nature of the human individual, and what was known and widely upheld as the *oligarchical model* typified by the systems of ancient known Mesopotamia. This is the point of present mortal conflict of the co-ideologues of the financier-oligarchical fanatics of Felix Rohatyn's circles, against all human beings who associate their loyalties with the system of law congruent with our Federal Constitution. On this account, Rohatyn's profession of his nominal citizen's allegiance to the U.S.A. is a brutish lie.

The issues so posed pertain to the fact that the human species differs absolutely from all other forms of life, by virtue of those creative powers of the individual mind which do not exist in any other known living species.

Within the phase-space represented by the population-potential of any living species in any specific setting, the existence of the population is bounded by what are loosely identified as biological characteristics. Thus, the planetary animal potential of the human species would be comparable to that of a member of the higher apes. In fact, the human population today is over six billions individuals. This difference is intellectually determined, by the physical effect of the accumulation of discovery and employment of knowledge of universal physical principles. This accumulation occurs only through practices which are banned from the knowledge of the mass of the people, categorically, by the implications of the Olympian Zeus' decreed punishment of Prometheus.

In effect, the oligarchical system typified by the image of the Olympian Zeus, divides the human species among functional types: those who prey upon others, and those who are intended victims of the predators. This defines a limited possi-

bility for the continued existence of any oligarchical form of culture, and also defines a need of humanity to free itself from the limits to human existence imposed by predatory, ostensibly "environmentalist" oligarchical systems. The essential difference between the two cultures, *oligarchical* versus *humanist*, is that the oligarchical culture is self-doomed to relive its collapse, whereas the potential for discovery and mastery of new physical principles, by the freed human mind, is implicitly limitless.

The human individual who is relatively freed of submission to the constraints of an oligarchical culture, acts, in effect, as he or she were a member of a different species than the persons who submit to typical oligarchical constraints upon the specific ability of the human individual to increase society's power to exist, that through use of the creative faculty associated with the discovery of universal physical principles.

Example: Euclid as a Sophist hoaxster:

Therefore, for reasons implied in those illustrations, the individual person's assumed knowledge of his experience, usually, still today, takes the defective form of a notion of all direct experience of living individuals, as chiefly limited to the personal, individual life-span of a virtually infinitesimal speck within the rise and fall of entire cultures.

The miseducated individual who accepts that naïve view of experience, is easily induced to swallow the Sophist doctrine of Euclidean geometry, assuming that there are self-evident definitions, axioms, and postulates, from which everything can be deduced, in all times and places. It was on those elementary fallacies that the entire system of deductive argument employed by the Sophist Euclid was premised. Euclid thus misrepresented the method of discovery by which the actual founders of Classical Greek science worked to produce the discoveries which Euclid perverted in his report of them. So, the credulous student's worship of Euclid, or kindred forms of reductionism, creates the fantasy which sees space as a timeless flatland extended into three spatial dimensions and time.

For the dupe of that reductionist persuasion, knowledge is the simple, additive aggregation of local experiences tacked one next to another, all in some wild-eyed fantasy suited to the work of E.T.A. Hoffmann.

In reality, as the study of the rise and fall of empires and comparable social systems illustrates this point, societies are ruled, usually over many successive generations, in each case, by certain sets of underlying, axiomatic-like assumptions. For a long span of elapsed time, as we see in the case of the rise and fall of the cultures of ancient Mesopotamia, nature often tolerates such ruling sets of assumptions over a period of time spanning many successive generations. In these cases, although there are many changes which do occur within each culture, over successive generations, the culture taken as a whole has a certain fixed type of essential characteristic. The collapse of the culture occurs, when it could survive only by rejecting the culture's needed changes in its relationship to humanity generally, and would collapse simply from the con-

tinuation of the cumulative impact of its habits upon its own environment.

The Anglo-Dutch Liberal “free trade” system of monetarism is such an inherently self-doomed, intrinsically imperialist system in the footsteps of Babylon.

Take the case of so-called “environmentalism.” This was the “68ers” revival, in modern dress (and often, as we saw then, “undress”) of the tradition of the ancient Dionysian cult celebrated at the ancient Delphi temple of the Pythian Apollo. This ancient cult became the characteristic of the leading political edge of the Baby Boomer university-student population of the late 1960s and 1970s, in Europe as also in the U.S.A. This cult’s influence has been the crucial social factor in destroying the economies—and living standards—of Europe and the Americas, over the 1968-2006 interval to date. Without a reversal of that revival of the dionysiac tradition, there is presently no possibility of the survival of civilization globally. Without the very rapid proliferation of nuclear-fission power, and the early arrival of thermonuclear-fusion technology, it were not possible to sustain the present level of world population. Similarly, without uprooting and banning “globalization,” it were not possible to sustain the present world population.

Refusal to abandon such foolish choices of axiomatic ideas of a present culture, should remind us of the way in which ancient Mesopotamian oligarchical culture caused the collapse of that civilization through the salinization caused by the oligarchical exploitation of what had been the bow-tenured agricultural population.

So, ancient imperial Rome destroyed itself. So, ancient Byzantium brought about its own destruction. So, the alliance of Venetian financier-oligarchy with Norman chivalry destroyed the work of Charlemagne and his followers, such as Frederick II, but brought about the destruction of European civilization of that time in the Fourteenth-Century New Dark Age.

Example: real economy:

The best way to understand the principle underlying this aspect of human history as a whole, is to adopt the notion of “potential relative population-density” (i.e., measures of the life expectancy and power of the population, per square kilometer, per capita).

In these processes associated with the successive rise, decline, and fall of cultures, the crucial consideration is the distinction of man from beast. By that, we must understand the notion of a quality of increase of knowledge and use of discovered universal physical principles. Exemplary are those physical principles most readily recognized as means by which the power of man over nature is increased through discovery and employment of universal physical principles. However, that is not the extent of the issue which must be understood in assessing the presently onrushing, global existential crisis of society at this moment.

In physical science as such, the mind of the individual is focussed upon manifest principles of non-living processes, or



Library of Congress

Franklin Roosevelt on March 12, 1933, just before his historic first fireside chat. “For us,” LaRouche writes, “it is back to FDR, or a prolonged sojourn of our posterity in virtual Hell.”

living processes and their residues: or, what Russia’s V.I. Vernadsky identified as the *Biosphere*. In human social behavior, meaning the cooperation among persons in society, the individual mind is focussed upon the social processes which are categorically non-existent among animal species, but which are determining in considering the principled characteristics of the willful cooperation within society. *This latter concern is rightly identified as the subject of natural law.* It is therefore useful to treat natural law, so defined, as the characteristic expression of that domain which Vernadsky identified as the *Noösphere*.

So, just as we may trace the role of true and false notions of the universal physical principles of the phase-spaces associated with inorganic and living processes, so, we must recognize the role of the true and false notions of the natural law applicable to the Noösphere.

It should be apparent today, that the American System of political-economy has proven itself, when applied, as a certain culmination of a long sweep of the rise of civilization to whatever should be the take-off-point for whatever the next improvement will prove to be. From the outset of our national experience, all of the principal evils which have arisen inside our republic have been imposed upon us by the Venetian-style financier-oligarchical practices known as the imperial British East India Company and its outgrowths.

With the achievements of President Franklin Roosevelt, including his indispensable role in rescuing the planet from the Nazi menace, the U.S. American System of political-econ-

omy had reached the level of achievement, that had that President lived, what would have been accomplished during the completion of the term to which he had been reelected, would have represented a virtually irreversible establishment of a planetary system of perfectly sovereign nation-states, whose benefits for all mankind would have been an imperfect, but irreversible step toward a higher order of affairs among nations.

We have fallen far below the standard of morality which Franklin Roosevelt's leadership had realized in practice. We must reverse those losses, and use that recovery of our planet's economy and affairs as an adopted launching-point for whatever new changes the future will require. Otherwise, without a return to the American System of political-economy, instead of the abomination of the decadence which has reigned over us, as a trend, these recent nearly four decades, there is a poor chance for mankind globally, for generations yet to come.

For us, it is back to FDR, or a prolonged sojourn of our posterity in virtual Hell.

The Concept of Immortality in Society

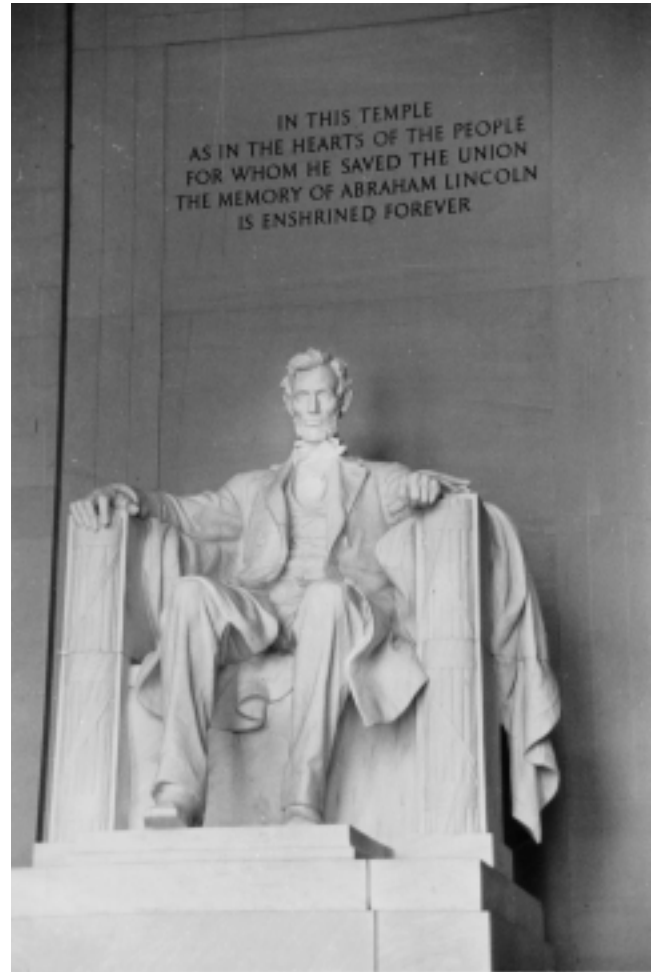
The crucial distinction between man and beast is expressed chiefly in the principle of human immortality. That, whereas death removes the mortal aspect associated with the animal-life functions, the distinction of the human personality is the development of those changes in principle of practice which have the practical, cultural effect of evolution into a higher species than we were, in practice, a generation or so earlier.

We see this process in the development of European physical science since Nicholas of Cusa and Johannes Kepler. We see this process in the development of music, as from J.S. Bach through Johannes Brahms. We see this also in social reforms, such as the Hill-Burton legislation which the Nixon Administration destroyed, and the Social Security system installed by FDR, which the George W. Bush, Jr. Presidency has sought to destroy.

Thus, in such ways, we die as mortal, but, in the human good we do, we live as immortals in the simultaneity of eternity.

In statecraft, as in scientific progress, we pass the torch. The institutions of progress to which we contribute are an integral, functional part of the future of society. The practical expression of the immortality of the deceased lies in the principle of qualitative development, in the progress of peoples which is the progress of our unique species as a whole.

So, there are qualitative changes for the better, or for the worse. In this light, competent statecraft flows from progress, not a fixed order of things. The distinction of the member of the human species from the apes, is the power for progress, for change, lodged in the creative potentials of the individual human mind. By creative, we must not intend mere "innovation." We must mean improvements in the knowledge of principles, especially newly discovered universal principles. We must mean that the policy of good nations, under good self-



EIRNS/Stuart Lewis

The truly sane human individual, who is qualified to be a great President, has the keen sense of immortality that characterized Abraham Lincoln, as well as such exemplars as George Washington, John Quincy Adams, and Franklin Roosevelt.

government, is based on organizing the activity of the nation around the realization of the potential represented by the implementation of discovered advances in discovery of universal principles.

This argument, as it applies to progress in physical science, has a more general expression, as in those forms of development of Classical artistic culture. By Classical artistic culture, we mean that which the beasts could not imitate, nor should man the beasts.

Case in Point: the immortal President:

The character of the truly sane human individual, a category which qualifies him or her to be considered as a prospective President of the U.S.A. in the tradition of exemplars such as George Washington, John Quincy Adams, Abraham Lincoln, and Franklin Roosevelt, is a keen sense of immortality, the immortality to which I have referred here. Looking abroad, there was greatness in the President Charles de Gaulle who resisted the attempted Synarchist tyranny over France,

and a certain extraordinary goodness in the inspiring attempts of Chancellor Konrad Adenauer under terrible circumstances. However, the institution of the U.S. Presidency is unique among nations to date, because our history and our Constitution are unique.

From the beginning, as the chief crafter of our Constitution's principle, Benjamin Franklin understood very well, our emerging republic had a nearby great enemy in the corrupting influence of the faction of the British East India Company, the so-called "Essex Junto," in our midst. This struggle against the chief foe within our ranks was always, as today, like a wrestling with the Devil incarnate himself. This foe was represented by the modern expression of the same evil which European experience sometimes refers to as "the whore of Babylon," the oligarchical interest typified by the image of the Delphi cult's Pythian Apollo and Olympian Zeus. It represented the Anglo-Dutch Liberal mask of the Venetian financier-oligarchical tradition.

This specific form of evil, the Anglo-Dutch Liberal mask, is to be recognized today as rooted in the role of Paolo Sarpi as the organizer of the new Venice faction which came to be incarnated in the Anglo-Dutch Liberal party of Sir Francis Bacon, Thomas Hobbes, John Locke, Bernard Mandeville, François Quesnay, Adam Smith, and Jeremy Bentham. The opposing faction within the specific domain of political-economy, has been typified by the founder of the modern science of physical economy, Gottfried Leibniz.

The February 1763 Treaty of Paris, which concluded the so-called "Seven Years War," established the Anglo-Dutch alliance associated with the British East India Company as a growing world-empire-in-fact. With the absorption of the defeated Emperor Napoleon Bonaparte's Banque de France into the orbit of the higher-ranking Anglo-Dutch Liberal system, the present leading constellation of actually imperial financier-oligarchical power was brought into being. The integration of the Synarchist banking circles of France and other nations into the Anglo-Dutch Liberal system of, in fact, global imperial power, has been recently consolidated in a new degree through the emergence of a European Central Bank whose existence and practice have degraded the nations of western and central continental Europe into mere colonies of global Anglo-Dutch Liberal financier power, dying colonies trapped within the orbit of the dying Euro and its satellites.

This system is now implicitly bankrupt beyond redemption. One way or another, a new system's early appearance is virtually inevitable—either for good, or for doom. For the moment, the likely contender for leadership over a bankrupted, globalized world at large, is an inner core of international bankers closely associated with the same France-based Synarchist cabal which played a key role in bringing the regime of Adolf Hitler into power in France, and which was never actually shut down, despite its crimes as an accomplice of the Nazis. This element, associated with the Lazard bank and its Banque Worms links, is the central feature of a system of control over ownership of primary commodities and of

crucial elements of industrial and agricultural production, a monster which has situated itself in a position to seize power over, and to devour what survives of the world economy, all this under the conditions of a now threatened global financial collapse comparable, on a world scale, to what happened in Europe during the Fourteenth-Century New Dark Age crisis.

This is a key aspect of the current leading strategic threat to the planet as a whole. If this Synarchist-centered element were to succeed in that gamble, or if it were to nearly succeed but fail, all of this planet's civilization would be in jeopardy. While this is an expression of the greatest evil loose on the planet today, is it only an aspect of the larger problem. This brings us now to the core of my report on the current threat.

2. The Author of the Mumbai Horror

It is not absolutely necessary to know the personal identities of the culpable parties behind the crimes of mass murder perpetrated in Mumbai, India earlier this week. That does not mean that we should not seek to apprehend the particular culprits and their accomplices; it means simply that we already know the name of the enemy species, the guilty species. Our priority must not be to punish scape-goats, but to remove the specific power to do evil which that faction represents. Punishing culprits will not bring the victims back to life; eliminating the power of the evil forces on whose behalf the perpetrators acted, is to honor the victims by removing the power represented by the class which the perpetrators represented. To the victims we owe the assurance that their lives and suffering were not in vain. We must resolve, once more, and mean it, that the evil we face today shall never be allowed to happen again.

The victory over Hitler was made possible by the fact that Franklin Roosevelt was elected President of the United States, and that he prepared and directed not only the recovery of the U.S. from that economic collapse, by about one-half, caused by the combined policies of the Coolidge and Hoover Administrations; he also prepared the U.S. to intervene to prevent the United Kingdom from joining a Synarchist-ruled France, which had prearranged Hitler's military victory, in capitulating to Hitler, in Summer 1940, as France had done. Thus, although the fascist regimes of 1922-1945 Europe had been established with the initial enthusiastic support for fascist regimes in both Europe and the U.S.A. itself, from leading financial groups in New York City, Paris, London, Switzerland, and elsewhere, the alliance among, principally, the U.S., the United Kingdom, and the Soviet Union, saved the world from the 1930s likely threat of Nazi world rule.

The logic of that account of history is much the same

danger we face, in principle, under the qualitatively new conditions of today. The person, or institution which does not relish reflection on that truth of the 1922-1945 interval, is useless, or worse than useless, in addressing the great global crisis descending upon us all now.

The most significant form of incompetence of political leadership in the world today, is that view which is sometimes expressed either by mentally deranged fellows, or simply frauds, who preach, "I do not believe in conspiracy-theories." Only a bit less extreme incompetence is shown by those who claim to accept the fact of conspiracies in history, but who seek to explain history in mechanistic-statistical ways.

As I have emphasized earlier in this present report, *the course of history is shaped chiefly in what may appear to be long waves, long cycles. Mass behavior, and conduct of individuals, is chiefly determined by assumptions which shape the will of individuals and institutions, but of which the individual is often unaware.* This is conveniently illustrated by the case of the fraud which is Euclidean geometry.

The quickness with which the all-too-typical student accepts the Sophist fraud, that certain definitions, axioms, and postulates are "self-evident," is the prototype of all of the most successful forms of academic frauds. Until the victim of that miseducation were rescued by discovery of a Riemannian, or corresponding mode in physical geometry, rather than the usual textbook stuff, the victim does not see how he is fooled, and how his behavior is controlled by his belief in assumptions he does not recognize as assumptions. *Once any similarly fraudulent assumption is habituated, that assumption takes the form, functionally, of an axiom of the victim's belief-system, and, thus, controls the behavior of the affected population.*

How It Happened

Strategically, the enemy who menaces civilization today is, chiefly, an echo of what the Nazi system and its immediate predecessors in the "conservative revolution" represented in the aftermath of the First World War. Unless we recognize the reincarnation of that same evil in the forces menacing civilization at this moment, we shall have lost the war coming upon us, before the great battles had begun.

Many among the core of those royal and other powerful families and related institutions of Europe and the Americas, which had, initially, shared sympathies for the fascist role of Coudenhove-Kalergi and his like, turned against Adolf Hitler, for one reason or another, but, usually, had not abandoned the implicitly axiomatic prejudices which had shaped their



"Many among the core of those royal and other powerful families and related institutions of Europe and the Americas, which had, initially, shared sympathies for the fascist role of Coudenhove-Kalergi and his like, turned against Adolf Hitler, for one reason or another, but, usually, had not abandoned the implicitly axiomatic prejudices which had shaped their former inclinations toward fascism."

former inclinations toward fascism. As psychoanalyst Sigmund Freud would have made the point, they lost their *cathexis* for the image of Hitler, Nazism, and so on, but had not lost contact with those axiomatic-like impulses which had drawn them into varying degrees of inclinations toward, or attachment to specific fascist commitments earlier. (The followers of those one-time Nazis and the like, are rarely pleased to be reminded of that, publicly, today.) This kind of pattern was more significant as typical of institutions, rather than of isolated persons. Families, or institutions, for example, tended to reinforce pro-ideological attachments in a degree much less probable for the instance of the single individual.

In other words, the relevant predispositions, or inclinations, were much more an expression of social ties than of individual persuasion as such.

This threat was already clear to some at the time President Roosevelt died.

A friend, an OSS veteran close to General Donovan, recalled a moment when he had been waiting outside President Roosevelt's office while Donovan met with the President, inside. The friend recalled the expression on Donovan's face when the General came out. The General muttered something which the friend recalled as, "It's over!" The President was clearly dying, which signified to Donovan and my friend that the old right wing was moving in to take over, and cancel the relevant post-war policies intended by Roosevelt. Hence, the ruinous role played by the waiting Vice-President, Harry S Truman.

After the President's death, the changes in direction of

policy came suddenly, and sharply. However, there were some features of the Roosevelt legacy which could not be uprooted so readily as others. The world economy outside the U.S.A. was a ruin; without retaining the core of the Bretton Woods agreements framed by Roosevelt, no stable world order were possible. It would be not until two decades later, in the middle to late 1960s, that the British, first, and the U.S. government, second, would proceed to the immediately following destruction of the Bretton Woods system.

Meanwhile, with the death of President Roosevelt, the core of his lurking adversaries, some with important links to the European financier circles which had backed Mussolini and Hitler, respectively, back during the 1920s and 1930s, were back in the saddle. All that is essential in that drive toward world-wide fascism expressed by circles such as those of Lazard's Felix Rohatyn, including temporarily condemned and imprisoned notable Nazi collaborators, were already back in motion by about 1948.

In the meantime, these who carried the germs of fascism, made another long-term cultural investment, this time in a selected stratum from among those born during the 1945-1957 interval, especially those so-called "Baby Boomers" who were likely to pass into and through relevant universities in their adult rise to positions of relatively great collective influence. The pro-existentialist Congress for Cultural Freedom, typified an array of programs with that intended effect on what was to become the so-called "68ers." Fascism-in-fact was thus spread among the relevant 68ers, not in shirts of black or brown, but in the politically upwardly-mobile green of the fanatically anti-science brigades.

So, over the course of the 1969-1981 Presidency, the Bretton Woods system and the system of regulation on which the U.S. recovery from Hoover had depended, were almost obliterated. Similarly, the beneficial effects of similar, surviving features of Roosevelt's reforms were promoted in Europe, until the turn for the worst during the middle through late post-John F. Kennedy 1960s.

Look at the dwindling ration of science graduates, before and after 1968. Look at the dwindling ration of the total labor-force employed in agricultural and industrial production. Look at the collapse, during the recent more than three decades in the ratio of maintenance of essential infrastructure to total employment. Look at the cultural and economic downshift to enmiserated, unskilled so-called "service workers," clinging desperately to economic survival in the ruins of what had been our nation's most prosperous agricultural and industrial regions. Look at the increasingly depraved standard for quality of education provided, especially to the members of households in relatively lower income-brackets.

Today, my generation of World War II veterans is dying out. The generation ensconced in leading positions of power, between approximately fifty and sixty-five years of age, occupies most of the leading positions of influence in government, academic, and other professional life. The cycle of the 1945-2006 cultural paradigm-shift, from Hiroshima to this week's

terror of Mumbai, has been run, with worse implicitly promised as soon to come. It has been those decadent axiomatic-like elements of belief often associated with the name of the "68ers," which work their subtle effect on the scarcely witting, which have done their nasty work to this effect.

You might wish to say, that this is true, and it is terrible. Yet, the fellow standing next to you might say: "You are probably right about that; but you have to be realistic enough to say to yourself that it is inevitable." So, the descent into the ghoulish nightmare of "globalization" is heralded as, "You can't put the toothpaste back in the tube."

In this way, you, to speak generically, have been conditioned, generation by generation, decade by decade, to accept as virtually inevitable conditions you would have sworn never to tolerate a relatively short time earlier. The lapse of a generation, became, thus, as if almost a century away in a past one claims he can scarcely still remember.

In the meantime, a new "power elite" emerges, typified by those sufficiently corrupted to tolerate the company of someone of the obvious characteristics, and included Synarchist (i.e., fascist) pedigree of a Felix Rohatyn. Such miserable political creatures are products of a process of cultural devolution. They are, in the pedigree of many, the rebirth, in successive new generations, of what was left over as the wealthy and related authors of 1922-1945 fascism. The emergence of the successive generations, has also been a process of changes in the qualities of those old institutions which continue to exist, but also new kinds of institutions. These institutions, and their new ways careen as if by social inertia in the direction of the modern mass terrorism, which governments and other powerful agencies deploy in the attempt to bring forth a new kind of world, called globalization, a world which would be a parody of Europe's medieval ultramontane tyranny of Venetian financial oligarchy and the privatized armies of the Norman chivalry: a new form of the design for an international Waffen-SS.

The various actors in this unfolding situation of global crisis, are, in large degree, acting consciously, as if by free will. Yet, if their choices are sometimes willful, the criteria which shape those choices are more bred into them by their social conditioning, than in the form of actually independently rational acts of cognitive judgment. The evil within them, as this is exhibited by Felix Rohatyn, is, as if instinctive, as an evil which commands them, such that they may be conscious of what they choose to do, but they act so because they can not resist the impulse which conditioning has embedded, as virtually axiomatic, in their wills.

So, today's mounting world nightmare unfolds, as if it had been written as a script.

The Simple Matters of Grand Strategy

The only remedy for this kind of recurring type of affliction in known history, is a willful creative action, which goes against the pricks, which goes directly against the kinds of reaction which conditioning compels the virtual puppet to



EIRNS/Claudio Celani

Felix “the Coyote” Rohatyn. “The enemy is he who reveals himself, as in the exemplary personal history and role of Felix Rohatyn. Rohatyn personally, is a triviality morally; his significance is that he is not merely evil, but has made himself conspicuously so.”

perform. Return to the uncompleted mission of President Franklin Roosevelt for the post-war world of his time.

The only hope for avoiding the now seemingly inevitable plunge into the abyss which the combination of Southwest Asian lunacy and terror against Mumbai foretells, is to induce a voluntary action by governments to go directly against the dominant trend of the recent decades. Like the man who would swim, the survival of civilizations in perils of this kind, has always been the exceptional voluntary action, which both overturns the currently seemingly inevitable trends toward ruin, and which sends society moving in a rational choice of direction, directly against the current, menacing trends.

The power of human creative reason, which is rarely understood, or consciously employed in society today, is that which distinguishes the man from the beast, if he is both conscious of that difference, and has the courage of the fabled Prometheus to cry out, “Zeus be damned!” We could save civilization, if we really wished to do so badly enough.

It is not good news which drives humanity upward, but rather the very bad news which kicks the reluctant people into necessary action to overturn the habits which led them into a self-inflicted peril. It is that impulse which provokes the uniquely human within you, the creative powers of mind lacking in the beasts.

The enemy is he who reveals himself, as in the exemplary personal history and role of Felix Rohatyn. Rohatyn, personally, is a triviality morally; his significance is that he is not merely evil, but has made himself conspicuously so. So, he typifies the kind of evil agency whom humanity must mobilize to defeat. If you can not dare to name him, identify the evil he represents, and act directly and efficiently to frustrate and destroy the enterprise he is building, then it is you who lack the moral fitness to survive.

Synarchist Bankers’ Deep Hooks in Israel

by Allen Douglas

The private financier oligarchy, known as the Synarchist International, has its hooks deep into the Israeli economy and banking system, and they use this leverage to run Israel as a “marcher-lord state,” serving the interests of their London-Paris-Amsterdam nexus, frequently in stark contrast to the genuine sovereign interests of the Israeli people. One of their key operatives is Bechtel’s and JP Morgan Chase’s “economic hit man,” George Shultz, since his tenure as U.S. Secretary of State in the mid-1980s. His schemes are run through Israel’s central bank and the country’s top three private banks, Bank Hapoalim, the Israeli Discount Bank, and Bank LeumiLe Israel (Bank Leumi), all centerpieces of the Synarchy’s international guns, drugs, and dirty-money-laundering network. All of them were founded, and are still today run, through London and Venice.

As Secretary of State under President Reagan, Shultz gave the Israeli government the green light to invade Lebanon. Due to that war, by 1984 Israel’s economy was disintegrating, with inflation running at 400%. Then-Prime Minister Shimon Peres came to Washington to beg for aid. Shultz said, “Yes, but at a price.” For a paltry \$1.5 billion, Israel was forced to agree to sweeping “free-market” economic reforms, including the privatization of its extensive, labor Zionist-founded state sector. A desperate Peres capitulated, and Shultz founded the Joint Israeli-U.S. Economic Development Group. To help design Israel’s shock therapy, Shultz tapped two U.S. professors, Jacob Frenkel and Stanley Fischer. As Fischer later recounted, “My real opportunity came when George Shultz asked me to join an advisory group he was creating on the Israeli economy; that’s how I got into the policy game.” Frenkel and Fischer became top officials in the synarchist-run World Bank and International Monetary Fund, Fischer serving as the IMF’s Deputy Managing Director from 1994-2001, from which post he supervised the financial meltdowns of that era in Asia, Russia, and Argentina, in particular. Shultz then installed first Frenkel, and then Fischer, as governor of the Bank of Israel. Their savage “reforms” ruined the Israeli and Palestinian economies, and also destroyed the 1993 Oslo Accords peace process, whose success was premised upon economic development.

The Big Three Private Banks

In the late 1970s, Lyndon LaRouche commissioned a study of the world’s burgeoning drug traffic, which was al-

ready an estimated \$200 billion and which has probably risen to well over a trillion dollars today. Aided by U.S. and other law enforcement officials, *EIR* investigators soon determined that the world dope trade was still run by those British imperial corporations and banks which established the modern form of it in the 19th Century, as in the Opium Wars against China. The names of Bank Hapoalim, Bank Leumi, and the Israel Discount Bank (IDB) continually popped up in that investigation as de facto subsidiaries of such dirty London (and Swiss) private banks as Barclays, the Hong Kong and Shanghai Bank (HSBC, today) and other behemoths.

Leumi, for instance, financed an estimated one-third of the world's traffic in diamonds, used for untraceable laundering of drug money, while the IDB set up the notorious drug-money-launderer Edmond Safra and his Republic National Bank.

Bank Hapoalim laundered money for the drugs- and gun-running Iran/Contra affair. It was no surprise, then, that Israeli police on March 6, 2005 raided Branch 535 of Bank Hapoalim in what top police officials called "the largest money-laundering case in the nation's history," involving, at minimum, \$400 million in dirty funds. In 2001, French authorities were also investigating Leumi (and its French subsidiary), along with the IDB and the First International Bank of Israel, Israel's fifth-largest bank, for money laundering. Leumi, the IDB, and Hapoalim all have branches spanning the globe, including in such money-laundering havens as Luxembourg, the Bahamas, and the Jersey Islands, off the British coast.

Such activities by the "Big Three" are easily understood, when one considers their provenance. Leumi began life in 1899 as the Jewish Colonial Trust. Dominated by the Rothschilds, who still have a dominant influence in Israel today, it soon became known as the Anglo-Palestine Company, and served as the Jewish colony's central bank, until Israel was founded in 1948. The IDB was founded by the powerful Venetian/Salonican banking family, the Recanatits, whose members even today brag about their roots as "an old Venetian banking family." Bank Hapoalim was formally (although not in practice) dominated by Israel's labor federation, Histadrut, until it was privatized under Shultz's protégé Prime Minister Benjamin Netanyahu in 1997.

The previous year, according to a posting in the Israeli Foreign Ministry's Oct. 14, 1996 "Economic Survey," a delegation of executives of "the British arm of the American [sic] investment bank Lazard Frères," travelled to Israel to plan Hapoalim's privatization, whose controlling interest they were expected to purchase, along with Israeli businessman Eliezer Fishman. Among those who bought major shares in the privatized Hapoalim were U.S. Democratic Leadership Council (DLC) financier Michael Steinhardt, the son of gangster Meyer Lansky's jewel fence, and Danny Danker, an Israeli who made a fortune under the Shultz-run privatization of Israel.

Israel-Palestine

Cheney Unleashes The Dogs of War

by Dean Andromidas

Vice President Dick Cheney has ignited a new Middle East war that threatens to spread from Israel and Lebanon, to Syria and Iran. As *EIR* recently exposed, (*EIR* June 30, "Cheney and Netanyahu Conspiring for War"), this latest war was planned at a secret meeting between Cheney, Donald Rumsfeld, and Likud chairman Benjamin Netanyahu, during a conference organized by the American Enterprise Institute in June at Beaver Creek, Colorado.

This war is not intended to make Israel safe from Hamas, Hezbollah terrorism, or Iran's alleged intentions to build nuclear weapons, but is rather a drive by the synarchist financial forces represented by the likes of George Shultz and Felix Rohatyn, who stand behind Cheney and Netanyahu. Their aim is to escalate a global clash of civilizations, to maintain their political and financial hegemony, as their own global financial system crumbles.

Israel is their chosen instrument to launch a war against Syria and Iran, now that U.S. military forces are bogged down in Cheney's insane Iraq war. Their war plan is well known to readers of *EIR*, and is the policy the Bush Administration has been implementing, with disastrous results, for the last three years. This is based on the notorious policy paper, "A Clean Break: New Strategy for Securing the Realm," which was presented to Netanyahu when he became Israeli Prime Minister in 1996. Its authors included the "Prince of Darkness" Richard Perle, former Defense Department official Douglas Feith, and neo-conservative fanatics such as David and Meyrav Wurmser. That document called for a "clean break from the slogan 'comprehensive peace' to a traditional balance of power." They called for Israel to "seize the initiative along its northern border," against Hezbollah, Syria, and Iran, including "*striking at select targets in Syria proper*" (emphasis in the original).

Hezbollah is a Lebanese umbrella organization of Islamic Shi'ite groups, and the Shi'ites are the largest religious bloc in Lebanon.

Israel's War Policy

Netanyahu came back from his meeting on the weekend of June 17-18 with Cheney at Beaver Creek, and announced that Israel must reject any form of negotiations with the Palestinians, and instead reassert its military "deterrence."

This policy has been embraced by Israeli Prime Minister Ehud Olmert, a former Likudnik who enjoys many of the same U.S. financial supporters as does Netanyahu. The June 25 capture of the Israeli soldier Gilad Shalit, by Palestinian militants in the Gaza Strip, served as a pretext to launch Netanyahu's policy of "rebuilding Israel's deterrence" against the Palestinians, by destroying Hamas. After rejecting political negotiations with the Hamas government of Palestinian Prime Minister Ismail Haniyah, as well as President Abu Mazen, the Gaza Strip was reoccupied, after chunks of its infrastructure were destroyed, leading to a humanitarian catastrophe.

Now a second front has been opened on the Israel-Lebanon border. Contrary to media reports, Hezbollah members did not cross into Israeli territory to "kidnap" two Israeli soldiers, as the media spin claims. The captured Israeli soldiers were part of a group patrolling inside Lebanese territory. Like the capture of Israeli soldier Gilad Shalit, their capture became a pretext to launch a large military operation against Hezbollah. Another factor to be considered is that, according to the July 13 *Jerusalem Post*, the high-alert status that the northern border had been under since the capture of Shalit three weeks ago, was lifted only three days prior to the Hezbollah capture of two Israeli soldiers.

According to a report in the July 13 Israeli daily *Ha'aretz*, the Israel military had approved a plan for a major exercise along the Israeli-Lebanese border, based on a scenario of a Hezbollah capture of Israeli soldiers, after which Israel would respond with a heavy air and land assault into southern Lebanon to destroy Hezbollah. It is this plan which is now being carried out. As of this writing, Israel has begun to mobilize its reserves, including a full division, to be deployed on the already heavily fortified northern border.

The Israeli military has similar contingency plans for a strike against Syria. These plans have been the basis of exercises for the last two to three years.

While Israel has bombed targets in Beirut and put the entire country under a siege by air and sea, Hezbollah forces have launched Katyusha rockets into Israeli towns in northern Israel. The head of Hezbollah, Sheikh Hassan Nasrallah, has declared that the Israeli soldiers will be released only in an exchange of prisoners.

The conflict is now vectored to escalate, and spread to Syria. Israel's intention to attack Syria and Iran has been mooted by several Bush Administration spokesmen, each of whom immediately blamed Syria and Iran. Bush himself, while meeting with German Chancellor Angela Merkel on July 13, declared that "Israel has a right to self-defense."

The most obvious proof that the Bush Administration



Gush Shalom Photo/Rachel Avnery

Only a few hours after the start of the Israeli attack on Lebanon on July 13, 200 peace activists gathered in front of the Israeli Ministry of Defense to protest against the retributive attacks.

wants a new war does not lie in its bellicose statements against Iran, Syria, Hamas, or Hezbollah, however. It lies in the fact that it has not lifted a finger either to stop, or even mediate the crisis. Through its Ambassador to the United Nations, the non-confirmable neo-con zealot John Bolton, the Bush Administration is even preventing the issue from being brought before the United Nations Security Council.

No Military Solution

In comments to *EIR*, veteran Israeli military historian Col. Meir Pa'il (ret.) confirmed that a broad military escalation can be expected. From a military standpoint, Pa'il said, Israel will now have no choice but to occupy southern Lebanon up to the Litani River, which means a return to the so-called "security zone" from which Israel unilaterally withdrew in 2000. Nonetheless, Israel will not be able to sustain a broad land war in Lebanon, as in 1982, or even a permanent occupation of the old security zone.

Although he doubted that Syria would offer Israel a pretext for an attack, he feared that if such a pretext presented itself, a military strike could not be ruled out. While asserting that Israel is not capable of launching a major land war against Syria, and thus would not do it, Colonel Pa'il warned that there has always been a "dream" held by a faction in the military security establishment to put Damascus within range of Israeli artillery. Since the Syrian capital is less than 40 kilometers from the Israeli-occupied Golan Heights, such an event is very much within the realm of possibility.

Colonel Pa'il warned that "the real problem is that Israeli leaders are only thinking in military terms," while what needs

to be done is to build a political peace with Israel's Arab neighbors. Pa'il, who is a member of the pro-peace Meretz-Yahad party, said that the value of Israel's massive military superiority is to demonstrate to the Arab world that Israel cannot be defeated militarily. Nonetheless, that military must serve to set the stage for a real peace process. "The real issue is to raise the flag of a solution to the problem. I am crying and weeping because of the fact that this government has no political orientation to deal with the Arab world."

While the ex-lawyer Ehud Olmert and the ex-furniture salesman Benjamin Netanyahu are trying to sound like the ex-general Ariel Sharon, there are serious doubts within the Israeli security establishment over their drive to push Israel into a three-front, or even four-front war with the Palestinians, Hezbollah, Syria, and Iran. Even prior to the new crisis with Hezbollah, *Ha'aretz* cited security sources who have dealt with these situations, saying that Olmert's policy of non-negotiation "infuriates" them. *Ha'aretz* even quoted slain Prime Minister Yitzhak Rabin, who said, "When there is no military option, we do everything, including negotiations with the kidnapers, to free hostages."

Former Mossad chief Ephraim Halevy expressed similar doubts, when speaking before a business luncheon on July 11. Asked how he would have acted in the current Israeli prisoner crisis, he replied, "I believe that one should never underestimate the enemy, and it always helps and never harms, when you approach your greatest tests with just a grain of humility."

A Basis for Negotiations

Many Israelis also know that the Bush Administration has given Israel a green light to crush Hamas, and now Hezbollah.

Hamas knows this also. Palestinian Prime Minister Ismail Haniyah, in a op-ed published in the July 11 *Washington Post*, under the title "Aggression Under False Pretenses," charged that both Olmert and the Bush Administration were colluding to destroy the Hamas government.

"The current Gaza invasion is only the latest effort to destroy the results of fair and free elections held early this year," Haniyah charged. "It is the explosive follow-up to a five-month campaign of economic and diplomatic warfare directed by the United States and Israel. The stated intention of that strategy was to force the average Palestinian to 'reconsider' his or her vote when faced with deepening hardship; its failure was predictable, and the new overt military aggression and collective punishment are its logical fulfillment.

"The 'kidnapped' Israeli Cpl. Gilad Shalit is only a pretext for a job scheduled months ago. In addition to removing our democratically elected government, Israel wants to sow dissent among Palestinians by claiming that there is a serious leadership rivalry among us. I am compelled to dispel this notion definitively. The Palestinian leadership is firmly embedded in the concept of Islamic *shura*, or mutual consultation; suffice it to say that while we may have differing opin-

ions, we are united in mutual respect and focused on the goal of serving our people. . . .

"We want what Americans enjoy—democratic rights, economic sovereignty and justice. We thought our pride in conducting the fairest elections in the Arab world might resonate with the United States and its citizens. Instead, our new government was met from the very beginning by acts of explicit, declared sabotage by the White House. Now this aggression continues against 3.9 million civilians living in the world's largest prison camps. America's complacency in the face of these war crimes is, as usual, embedded in the coded rhetorical 'green light': 'Israel has a right to defend itself.' Was Israel defending itself when it killed eight family members on a Gaza beach last month, or three members of the Hajjaj family on Saturday, among them 6-year-old Rawan? I refuse to believe that such inhumanity sits well with the American public."

Haniyah called for a prisoner exchange and put forward the principles for a negotiating process, writing that, "Palestinian priorities include recognition of the core dispute over the land of historical Palestine, and the rights of all its people; resolution of the refugee issue from 1948; reclaiming all lands occupied in 1967; and stopping Israeli attacks, assassinations and military expansion. . . .

"Contrary to popular depictions of the crisis in the American media, the dispute is not only about Gaza and the West Bank; it is a wider national conflict that can be resolved only by addressing the full dimensions of Palestinian national rights in an integrated manner. This means statehood for the West Bank and Gaza, a capital in Arab East Jerusalem, and resolving the 1948 Palestinian refugee issue fairly, on the basis of international legitimacy and established law. "

Haniyah concluded, "If Israel is prepared to negotiate seriously and fairly, and resolve the core 1948 issues, rather than the secondary ones from 1967, a fair and permanent peace is possible. Based on a *hudna* (comprehensive cessation of hostilities for an agreed time), the Holy Land still has an opportunity to be a peaceful and stable economic powerhouse for all the Semitic people of the region. If Americans only knew the truth, possibility might become reality."

Olmert thinks his hard-line policies, backed by the Bush Administration, will create a new "balance of power" in the region. But Israel is facing an asymmetric war like the one the United States is conducting and losing in Iraq and Afghanistan, where there are no "balances." Already the Israeli military is warning that these operations could continue for many months, and for the first time, put hundreds of thousands of Israeli civilians in the line of fire. Can Israel sustain this, economically and politically? The 1982 Lebanon War bankrupted Israel. Israel avoided bankruptcy in the six-year-long second Intifada of 2000 to 2005 only because the Bush Administration provided \$10 billion in loan guarantees. Now, with the United States itself nearly bankrupt, will there be another bailout?

Afghanistan War Is Raging Out of Control

by Muriel Mirak-Weissbach

If the international military operation in Afghanistan has been such a smashing success, why do the British need to send in yet more reinforcements? The decision to do so was announced on July 11. Defence Secretary Des Browne told members of Parliament that the U.K. forces would be beefed up in southern Afghanistan, from 3,600 to 4,500 by autumn. To give the reason for the build-up, Browne cited military officials: The Taliban was putting up resistance “in some places more virulent than expected,” and “had drawn [the British] in sooner than we might have liked.”

This is typical British understatement. In fact, the situation in Afghanistan, and especially in the southern Helmand province, where Britain is to take over leadership from the United States, is utterly out of control. Neither the “central government,” of President Hamid Karzai, nor the U.S. Operation “Enduring Freedom” with its 23,000 troops, nor the NATO-led International Security Assistance Force (ISAF) with its 15,000 to 20,000 troops, nor the Afghan security forces of 70,000, is in control. Insurgents arriving from Iraq, where the resistance has established itself as a self-subsisting organism, have carried with them new, sophisticated methods and new weapons, like the Improvised Explosive Devices, which are used so frequently in Iraq.

Not only have the numbers of casualties been steadily on the rise, but virtually the entire Afghan population has turned against all foreign troops and foreign personnel, in response to indiscriminate killings of civilians by the occupying forces. The riots which broke out in Kabul at the end of May, in response to an American army truck ramming civilian vehicles and killing several Afghans, were just the foretaste of what is to come, if no dramatic changes are made.

From Resistance to War

Gen. Mirza Aslam Beg (ret.), former Chief of Staff of the Pakistani Army, told *EIR* in a telephone interview July 11, that what has occurred in Afghanistan since the 2001 war, is exactly what he had predicted: “I told [Pakistani President] Musharraf,” he recalled, “be-

fore the 2001 war, and I wrote in September 2001, that the Taliban would not be able to withstand sustained aerial attacks by the United States. I said they would go to Kandahar, and establish a base support line from Quetta to Peshawar, as in 1980-89, during the Soviet occupation. That is what has been revived now,” he said. The areas from Kandahar and Jalalabad to Waziristan, in the northwest province of Pakistan, to Baluchistan, he said, were now under Taliban-led control—despite the deployment of 80,000 Pakistani troops on the border. He estimates that the Taliban controls 19 of 30 provinces.

The arrival of the British troops in Helmand province, General Beg said, was tantamount to “waving a red flag before the Afghans,” for historical reasons. The Afghans “have always fought the British, and it has always been a total disaster for the British.” This new conflict would be “the fourth war,” he said. (The first three Afghan-British wars were in 1838, 1841, and 1919). Regarding news of reinforcements, Beg said, “Let them send in more troops; they will only suffer more.” He said, “The dream of holding onto Afghanistan with 11 strong bases, won’t work.” Beg stressed that the Afghans, a people “who have rejected occupation,” would resist. “They are not tired of fighting,” he said, noting that the Pushtun majority, from which the resistance is drawn, constitutes 55-60% of the population.





U.S. Army/SPC Christopher S. Barnhart

Members of the 314th Psychological Operations Battalion, on patrol in Ghazni, Afghanistan. The only solution, LaRouche said, lies in, first, acknowledging that the United States cannot sustain the occupation of Afghanistan, any more than it can sustain the occupation of Iraq.

Helmand province, where the British have settled in, is the center of the intensified conflict, but although it is the location of the most advanced stage of warfare, the rest of the country is not stable. According to a report just released by Human Rights Watch, large parts of the country have witnessed armed attacks by the Taliban and other groups, against teachers, students, and schools, considered “soft targets.”¹ The idea is to terrorize the population, so that it will reject the government, as unable to protect them.

These attacks, mounted by the Taliban, as well as local warlords and criminal gangs, have increased dramatically: There were more such attacks in the first half of this year than in all of 2005. As a result, panicked parents are not sending their children to school, especially girls.

The Human Rights Watch report identifies the armed opposition as including three groups: the Taliban, its allies, and Pushtun warlord Gulbuddin Hekmatyar; “regional warlords and militia commanders, ostensibly loyal to the central government, now entrenched as power brokers after the flawed parliamentary elections of October 2005”; and criminal gangs involved in the opium trade, which provides the financing.

What Is To Be Done?

For the British, the solution to this appears to be, to accept the state of war, and increase troop strength in order to fight it. This is in spite of the fact that the official mission of the British is to establish order and prosperity.

U.S. Secretary of Defense Donald Rumsfeld, who

dropped into Kabul on July 11, responded to the situation by merely voicing concern about stopping the narcotics trade. (Unmentioned, of course, was that the United States works closely with the drug warlords against the Taliban!) Speaking to press while in flight, and in Dushanbe en route to Kabul, Rumsfeld admitted that the level of Taliban-inspired violence in Afghanistan is “higher than it has been,” and he said he was “concerned about the role that narcotics are playing” because the drug money “could conceivably end up adversely affecting the democratic process.”

Rumsfeld’s absurd “solution,” was to prevail on the Europeans and Russians to take the initiative, because they are the countries which have the demand for Afghan drugs! After a meeting with Tajik President Rakmanov, Rumsfeld told the press: “The question was posed, ‘What went wrong?’ There are too many people demanding drugs and supplying large amounts of money to get them. That’s what’s going wrong,” he said. A day later in Kabul, Rumsfeld said that there were no plans for more U.S. troops, and he again called on other countries to help establish security in Afghanistan.

In contrast, there is the proposal of Lyndon LaRouche: The only solution, LaRouche said, lies in, first, acknowledging that the United States cannot sustain the occupation of Afghanistan, any more than it can sustain the occupation of Iraq. This move out of Afghanistan must take place, according to LaRouche, in parallel with preparations to withdraw from Iraq, in the context of a U.S.-backed regional security arrangement, involving all of Iraq’s neighbors, plus Egypt. These are the nations whose Foreign Ministers met in Tehran on July 8-9, and drafted a workable document calling for foreign troop withdrawal, and precisely such a regional security agreement.

An integral part of this security arrangement for Southwest Asia, according to the “LaRouche Doctrine” issued two years ago (reprinted below), is a two-state solution to the Palestinian-Israeli conflict, which the Cheney neo-conservative forces in the United States have just dangerously escalated.

The precondition for Afghanistan’s security, is that the United States must leave. General Beg expressed his agreement that there must be an exit strategy, and a clear schedule for withdrawal of foreign troops. He said negotiations must begin, among the Afghan government, the resistance groups, and the occupying forces. Beg recalled that Taliban leader Mullah Omar had said two years ago that first a withdrawal plan had to be presented, after which they could sit down and talk about how to return to peace. In General Beg’s view, the United Nations should be brought into such talks, and would be acceptable as a peacekeeping force as well as an institution involved in reconstruction—“but not U.S. or NATO forces,” he stressed.

Asked whether he thought such a development were possible, given the contrary policy intent of the neo-cons, Beg simply said, “The only other option is disaster; necessity demands the right decision.”

1. “Lessons in Terror: Attacks on Education in Afghanistan,” Human Rights Watch (London, July 2006).

Southwest Asia: The LaRouche Doctrine

This statement by Lyndon H. LaRouche, Jr. was released by the LaRouche in 2004 Presidential campaign committee on April 17, 2004, and appeared in EIR on April 30. Following the Democratic Convention in Boston in July, Democratic candidate Sen. John Kerry shifted to a more aggressive campaign, which he continued up to the November election. Unfortunately, his abandonment of what LaRouche here calls “me, too” campaign postures, occurred very late in the electoral process.

The very future existence of the U.S.A., and much more besides, are being put in terrible peril by current economic and military policies of both the U.S. Bush Administration and the matching, negligent follies of Senator Kerry’s presently ill-advised campaign. While the Bush Administration’s policies do differ, presently, in the relatively tertiary matters of detail, both campaigns currently share axiomatically identical policy-shaping assumptions for practice, respecting both a.) the economy and b.) the currently escalating asymmetric warfare in Iraq and Palestine. However they may differ respecting the proposed rearrangement of the deck-chairs of our Titanic U.S.A., both refuse to say or do anything which is even merely worthwhile, or even urgent, about the fact that, under the currently proposed policies of either, the ship of our state will surely sink.

Only if Kerry were to continue his recent, pathetic “me, too” campaign postures in these areas, were Bush’s reelection by any honest means a likely prospect at this present time. In Kerry’s apparent efforts to placate the menacing Bush Administration, and to please prospective financier interests seen as funders of his campaign, his proclivity for shilly-shally tokenism is alienating, even angering large portions of those citizens, the “proverbial forgotten man and woman,” on which a Democratic victory in November would depend. The victory is, for the moment, for Kerry to lose; at the present rate he is doing much to bring that loss about.

Whether President Bush had been actually elected, or merely injected into that office, remains obscured by the January 2001 act of anti-constitutional *ejaculatio praecox* by that U.S. Supreme Court Associate Justice Antonin Scalia, a man whose proclivities on constitutional law are often more echoes of the Confederacy’s than the U.S. Constitution. We have, nonetheless adopted Mr. Bush as President, perhaps out of compassion, by some, for the fact that, since the “Keystone

Cops” have gone out of business long ago, poor Mr. Bush may not be qualified for entry to any other presently available place of employment than as a dummy performing in a White House, where his performance is managed by his ventriloquist, Vice President Cheney.

Meanwhile, of late, neither of the two rival candidates has much of anything really significant and good to say on any essential matter confronting the nation at this time. My duty is either to replace Senator Kerry as presumptive nominee, or to create a situation in which he is impelled to become both a winning, and an actually qualified candidate as Bush’s replacement.

On the Economy

The present world monetary-financial system is presently gripped by an acutely terminal phase of an ongoing general collapse. Contrary to the disclaimers of Senator Kerry, for example, virtually every important central banker in the world today, whether he or she agrees with my proposed remedies, or not, agrees emphatically, in their discussions behind the scenes, with the factual accuracy of my warning that there is an ongoing collapse. They know that this is an Alan “Mr. Financial Derivatives” Greenspan-crafted collapse which would be far worse than that Europe and the U.S.A. experienced over the 1928-1933 interval, a collapse now rushing toward a general, global blow-out in the very near future. The present world monetary-financial system is gripped by the kind of financial-derivatives-driven hyperinflation from which that present system could never recover.

The U.S. itself could recover, but only under a new kind of monetary system, similar to that crafted by President Franklin Roosevelt. Either we reorganize the world system now, as President Franklin Roosevelt did, or we today will be plunged into a global epidemic of “vulture fund”-like fascism, such as that which took over all of western and central continental Europe over the interval 1922-1945. This is not a threat of what might occur down the line a few years ahead. The threat is immediate. It could occur on Monday, or come even months later; but it is onrushing, and will hit with far greater force, this time, than the calamity which Calvin Coolidge bequeathed to Herbert Hoover, three-quarters of a century ago.

In this area, the economy, Senator Kerry has been, so far, an electoral disaster waiting, eagerly, to happen. His case reminds us, not without relevance, of the case of the unfortunate, bungling Al Gore, without whose folly in his campaign, the current incumbency of President Bush would not have been possible.

We have very little time. The general collapse of the U.S. financial system, and that of Europe, could occur on the coming Monday, or the kind of hyperinflationary tricks now being used might postpone the crash for a short time.

I explain.

In Spring 1987, I forecast a probable, early October major stock-market crash; which later occurred, precisely



Lyndon LaRouche (right) issued this statement during the 2004 Presidential primary campaign. “The immediate subject of my present policy-statement here,” he wrote, “is the task of successfully and quickly extracting U.S. military forces back to safety, out of the hopeless Hell-hole of the presently disintegrating U.S. military occupation of Iraq.” The example of President Franklin D. Roosevelt’s diplomacy with Saudi Arabia’s King Ibn Saud, shown (above) in Egypt in 1945, points the way to the foreign policy approach the United States should take.

on schedule. At the latter juncture, former Federal Reserve Chairman Paul Volcker, who had rapidly turned the U.S. economy into wreckage, beginning October 1979, was being replaced by the present incumbent of bathtub and Chairmanship alike, Alan “Bubbles” Greenspan, otherwise widely, and wisely better known as “Greenspin.” Greenspan reacted to the already calamitous situation which Volcker had bequeathed to him in October 1987, by inventing a new kind of money, called “financial derivatives.” Among intelligent people, these are not called “derivatives,” they are better called “side-bets” on that already wild-eyed gambling enterprise known as the speculator’s market for paper securities. Greenspan turned these side-bets, which have been reported as aggregating to \$8.7 quadrillions of hyperinflationary turnover during 2003, into a giant financial-accounting swindle, a source of nominal assets included as if they had had some real economic value on regular financial markets, including stock and bond markets.

Breaking the Bond Barrier

To understand the presently onrushing collapse of the world’s present monetary-financial system, compare the way in which financial markets are being inflated, largely through the derivatives hoax, with the image of a propeller-driven, or even an early configuration of jet aircraft approaching the point at which it will attempt to “break the sound-barrier,” the famous shock-wave front first defined by the mathematical

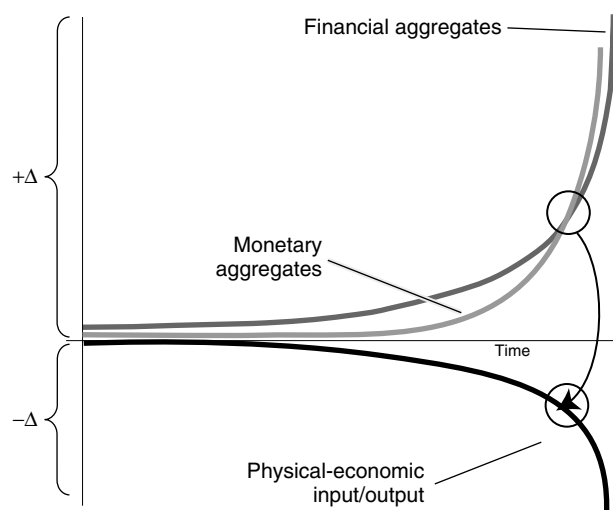
physicist Bernhard Riemann back during the middle of the 19th Century. For the purposes of applying the Riemannian concept to the present economic crisis, the limiting condition which defines the shock-front we are currently entering in the world’s finances, is the ratio of the rate of increase of financial aggregates to the relative decline of production of physical goods, excluding fictitious qualities of “services,” as the Wal-Mart phenomenon typifies this economic insanity in the domain of so-called “micro-economy.”

As the mass of financial aggregates increases geometrically, the required lowering of the discount-rate needed to sustain the financial bubble converges on the virtual zero-overnight-rate of emission of a virtually bankrupt Japan banking system. This kind of inflationary emission of monetized credit is used, chiefly, to prop otherwise collapsing U.S. financial markets. The case of Greenspin’s U.S. mortgage-based securities swindle, run through channels such as Fannie Mae, and a similar, worse bubble in England, are typical by-products of that sort of increasingly explosive international financial-monetary situation.

As the angular aspect of the inflationary curve turns toward a nearly vertical direction, the equivalent to a trembling in the aircraft becomes ominous. The craft may shatter, or dive out of control to its doom at an uncertain, but immediate point just ahead, as test supersonic flights often crashed, until a certain German engineer showed the U.S., drawing virtually on the back of an envelope, how to reconfigure the craft for

FIGURE 1

The Collapse Reaches a Critical Point of Instability



The current hyperinflationary policy, which you see reflected in the straight-up shape of the monetary aggregates curve here, promises a near-term collapse of the world-monetary system.

supersonic flight, according to Riemannian shock-wave principles.

For points of reference, this bubble could have popped at the close of President George H.W. Bush's term, and those pressures did contribute greatly to his defeat by President Clinton. Greenspin's IT bubble kept the hoax alive during the Clinton Administration until Spring 2000, when the bubble was already touching the area of the presently ongoing general collapse. The 1997 Soros crisis in Asia was a product of this. The collapse of the market in Russia's GKO bonds, in August 1998, was a case. The hyperinflationary "wall of money" policy introduced during late 1998, postponed the collapse until President George W. Bush's term in office.

Now, the rate of the shock-front-like curve is turning toward pointing straight upward (**Figure 1**). The ratio of the rate of increase of increasingly inflationary emission of fictitious monetary and financial assets, which occurs in a way which accelerates the collapse of the underlying (real) physical economy, tends to produce an hyperbolic-like combined effect. At that point, nothing can postpone the collapse of the world's monetary-financial system in its present form.

Only ignorant people, or liars, from leading circles around the world today, would deny that fact. Rather, as the elegant François Rabelais might suggest, the next meeting of the IMF's principals will probably be conducted, so to speak, each and all arranged in a circle, with each seated, panic-stricken, on an automatically flushing lavatory-stool.

What is certain is, that were the present Bush-Cheney

Administration reelected in November, a general financial crash, a Schachtian world government, a fascist one advised by a neo-Schachtian Felix Rohatyn or Robert Mundell, controlled by vulture funds, combined with a prompt unleashing of Cheney's and Blair's Fabian Society-like policies of a rolling, world-wide, perpetual warfare according to the doctrine of preventive nuclear warfare which created the presently hopeless U.S. situation in Iraq, are assured.

Meanwhile, the U.S. under a post-November 2004 Bush-Cheney-Ashcroft-Scalia team, would be transformed, by emergency measures, into a fascist state modelled upon that which Ashcroft and Scalia have already resurrected, as aggressive tendencies, from the policies of Adolf Hitler's "crown jurist" Carl Schmitt, the Schmitt who was the original sponsor of the same Leo Strauss whose fascistic doctrines later produced Cheney's neo-cons. Times of an oncoming twilight of those ever-damned gods of financial Olympus, usually mean times of those kinds of war and dictatorship associated with the notion of a dark age.

On the War

The immediate subject of my present policy-statement here, is the task of successfully and quickly extracting U.S. military forces back to safety, out of the hopeless Hell-hole of the presently disintegrating U.S. military occupation of Iraq. Neither President Bush, nor Senator Kerry currently, are competent to define a practical approach to the accomplishment of that withdrawal. Nor would even my policy work, were it not presented by the U.S. as my doctrine, as I shall explain here, and the U.S. government were to identify this as their adoption of my doctrine.

That doctrine itself is as follows.

U.S. Interest in Southwest Asia

1. Neither the causes, nor remedy for the present quagmire of boiling asymmetric warfare in Iraq can be found within the bounds of the present configuration of conflicting forces within Iraq itself. There could be no competent moral or military reason for maintaining a policy of keeping our forces within the territory of Iraq. We must, therefore, extricate our troops safely, and quickly, from Iraq itself. However, this can not be done without creating a larger strategic framework in which a workable solution could be brought into existence.

The trap currently gripping U.S. military forces inside Iraq, is that either a headlong flight forward, as a desperate Secretary Rumsfeld proposes, or reckless retreat, would inevitably create an infinitely worse mess there, and for the U.S. world-wide, than already exists today. Therefore, the present situation on the ground must be strategically outflanked.

2. To define a feasible solution, we must shift the agenda, from Iraq alone, to the subject of Southwest Asia as a whole.



The countries highlighted are the four principal states identified in "The LaRouche Doctrine," whose cooperation is required to create a zone of stability in the region as a whole.

Only within an appropriate declaration of U.S. policy-interest in Southwest Asia as a coherently defined unit of U.S. policy-making, could we bring into play the concert of forces required to create a viable option for Iraq today.

3. For the purposes of U.S. foreign policy, Southwest Asia is to be recognized as bounded by four principal states, whose appropriate cooperation is indispensable for creating a zone of stability among the nations and peoples of the region as a whole. These are Turkey, Syria, Iran, and Egypt (see map). The security of the northeast corner of the region so defined, depends on protecting its flank, by ensuring non-interference from outside interests, that by the exclusion of meddling outside parties from intrusion into current discussions on cooperation among Armenia, Azerbaijan, and Iran.

It is only through fostering the immediate establishment of an appropriate declaration of U.S. commitment to recognition of that reality of Southwest Asia, that the needed aid for the extrication of U.S. forces from Iraq could be accomplished. The acceptance of that U.S. declaration by those and other nations of that region, is the necessary flanking action. Therefore, action in the direction outlined here is urgent, and must be immediate.

4. The effort to establish such a zone of mutual security in Southwest Asia, would fail, unless the U.S.A. also took the boldest action toward bringing about the realization of an unconditional U.S. commitment to immediate negotiation of a two-state peace-agreement along long-standing, predetermined lines, between the Palestinian and Israeli states. No one in Southwest Asia or much of the world besides, would

believe the U.S. to be an honorable party unless the U.S. came down hard, without its present and customary equivocation, on the long-overdue establishment of a kind of Palestinian-Israeli peace consistent in fact with the principled precedent of the 1648 Treaty of Westphalia.

If the nations of the Southwest Asia region accept such a settlement, with assured U.S. backing, the global influences needed can be brought into play.

5. However, no such policy proffered by the U.S., even if it followed to the letter what has been said here, would be accepted among the peoples of the regions, unless the U.S. government were to identify

such a declaration as the adoption, by name, of this as a "LaRouche Doctrine." No other notable political figure of the U.S. would be capable of enjoying the trust of the Arab and related parts of the world, for this purpose, at the time.

The included, and essential significance of this role of the name of "LaRouche," is, chiefly, that the U.S. government under the thumb of such figures as Vice President Cheney and his Leo-Straussian neo-conservatives, has acted under a continuing commitment to a utopian doctrine known variously under the titles of "perpetual warfare" and "preventive nuclear warfare." These policies are an extension of the Fabian Society doctrines of the U.S.-hating H.G. Wells and Bertrand Russell, the doctrines of "world government through terror of nuclear weapons," the terror which ruled the world from the bombing of Hiroshima and Nagasaki, to the European events of 1989. Cheney, in particular, has targetted Syria, Iran, North Korea, and other nations as intended victims of such a policy. Were he to be reelected, the world must expect early action, including "preventive" nuclear attacks, on those and other targets, to begin soon after the November election. No relevant declaration of U.S. stated policy will be considered credible by the world at large, unless that statement, as crafted by me, is considered as a systemic eradication of the Russell English-speaking "world government" tradition and of that tradition's association with the doctrines of Vice President Cheney today.

6. At the present time, we must keep the Wall Street and kindred lawyers out of the policy-making. No attempt to develop a "detailed plan of withdrawal," or negotiate a "con-

tract” should be introduced prior to the achievement of a commitment to an agreement in principle among a relevant majority, at least, of the prospective partners to a new Southwest Asia security and development agreement. We must recall that the beginning of the ruin of the otherwise excellent agreements reached in the Oslo Accords occurred, once certain financial interests, such as those associated with the World Bank, were permitted to intervene, in the fashion of attorneys for banking interests, to distort the implementation of the agreements in such incompetent ways, that no serious economic-development measures were ever taken. That error created the vacuum of inaction in which the ensuing mischief by Netanyahu, Ariel Sharon, and others, ostensibly on both sides, took its toll.

a.) Only principles of intention which have a constitutional basis in natural law, rather than positive law, such as the great constitutional principle, “the advantage of the other,” of the 1648 Treaty of Westphalia, could succeed in establishing a core-agreement in circumstances such as those of this region today. The positive law must wait upon the pleasure of the adoption of the relevant, ecumenical principles of natural law.

b.) The most crucial economic issues of the Middle East region, are water and power. In the immediate vicinity of Israel and occupied Palestine, for example, there is not sufficient water from presently available resources to allow the growing population of that region to live in peace. Artificial means, such as large-scale desalination, which are needed to increase the gross supply of potable water for the region, together with provision of associated power generation and distribution, could ensure the pre-conditions for a prospective, durable peace in the region generally. In general, peace were a durable prospect, only if the region were defined under the echo of the Treaty of Westphalia, as a zone of cooperation in development of sovereign states.

7. The United States must recognize the importance of stability of Southwest Asia, as a critical flank of the possibility of economic recovery through development throughout the Eurasia continent, and related areas, as a whole. It is vital U.S. interest that this region of the world develop in ways which uplift the conditions of life and cooperative relations among the peoples of that continent, creating a system of cooperation for progress in which the U.S. itself should desire to be accepted as a useful, active partner. If we set our neighbor’s house in flames, could ours be truly secure?

Relevant U.S. Military Policy

8. The judgment which the world will make, respecting my proposed new policy for Southwest Asia, will prompt relevant other nations to examine my military policy as such most closely. On that account I provide the following relevant points of clarification:

a.) I propose that the U.S. adopt as its intention my policy for the prompt, summary withdrawal of U.S. military forces

from the Middle East. As President, I would pull the bulk of our military forces back to the U.S., for rebuilding those relevant institutions there. Therefore, I set forth the following exemplary points of a related military policy, which should become accepted among ourselves and nations abroad as our policy.

b.) The military policy of the U.S. henceforth, must be the affirmation of a military tradition of Strategic Defense, as that term was first defined in a significant, scientific way by the great Lazare Carnot who rescued a virtually doomed France from occupation and partition by the combined arms of virtually all Europe. This policy, as known to us, was enriched by the added contributions of Gerhard Scharnhorst for Prussia, as Scharnhorst’s policy was expressed, both, in the destruction of Napoleon’s Grande Armée in the strategic trap prepared under Czar Alexander I, and the subsequent Prussian initiative which destroyed the retreating Emperor Napoleon’s power before he could return to France to build a new army. This was the magnificent principle applied by General of the Armies Douglas MacArthur to the Pacific War, and the policy of the U.S. of traditionalists Marshall and Eisenhower hampered by our extraordinarily difficult dealings with British ally Winston Churchill et al., in Europe.

c.) Strategic Defense is based on the securing and development of peace, not the pursuit of perpetual war. We must never again tolerate imitations of the original fascist, Robber-Emperor Napoleon Bonaparte, whose precedent set the ideological stage for Adolf Hitler’s wars later. Thus, in war, and in peacetime, the military forces of the U.S.A. are intended to be essentially an engineering force, led by officers whose qualifications rest on the foundations of competence in science and engineering, and cohering comprehension of the related mission and tasks of the republic’s military arms, and their related intelligence functions, that against a background of comprehension of the relevant history of statecraft, especially the history of European civilization since ancient Greece.

d.) Carnot’s reference to Vauban, and to the intention of such fortifications as those at Belfort and Neuf Breisach, in his development of the leading tradition of France’s notion of strategic defense, rather than the dogmas of the mercenary Jomini, was the foundation of the revitalization of West Point military academy during the Presidencies of James Monroe and John Quincy Adams. This was buttressed by the associated role of the great U.S. intelligence/counterintelligence arm of that time, the Society of Cincinnati then led by our General the Marquis de Lafayette, and served by such heroes of our intelligence service as Washington Irving, James Fenimore Cooper, counterintelligence specialist Edgar Allan Poe, and others.

e.) During approximately forty years, since the launching of the U.S. official war in Indo-China, the U.S. and its military arms have undergone a long-term decline in quality as a force of strategic defense, toward an imperial mode. This transfor-

mation has been intertwined with a shift of our national economy, from the world's leading producer-nation, which it had been up to the 1966-1968 interval, into what was increasingly the "post-industrial," predatory economy which emerged during the 1971-1981 interval. During the latter interval, we shut down our essential basic economic infrastructure and good qualities of productive employment, transforming our nation into something resembling an imperial Rome which kept its ruined general population quiet with bread and Roman-circus-like entertainment, while looting subject slaves, and peoples and their nations abroad.

f.) The matching decadence of recent, politically superimposed forms of U.S. strategic doctrine and practice, is to be traced chiefly to agreements struck between the Nazi security apparatus and a U.S. faction associated with Allen Dulles and his associate James J. Angleton. Under this arrangement, the section of the Nazi security apparatus associated with Schellenberg and Italy-based Wolf, and with the international network of the Hjalmar Schacht who had put the Nazis into power in Germany, were absorbed as "a capable anti-Soviet entity" within the Anglo-American intelligence apparatus, and, thus, in due course, NATO. This coopting of a core of the Nazi apparatus into what became known as the "utopian" wing of the Anglo-American strategic establishment, was an integral part of the intended implementation of the policy of "world government through nuclear preventive war" by Bertrand Russell then, and also Vice President Cheney and his circles today. The new generations of that Nazi apparatus infest Italy, France, Spain, and the nations of Central and South America today, as they also infest the relevant utopian warfare capabilities of our own nation today. Vice President Cheney, and the neo-cons, such as Michael Ledeen, generally, are functionally ideological representatives of the current generation of that Nazi Allgemeine-SS ("universal fascist," pro-"globalization") legacy.

g.) This blending of that Nazi element into the utopian faction of Anglo-American establishment, was run through Franco's Spain, and that large component of the Nazi SS salvaged from SS-General Wolf's, nominally Mussolini-ruled Salò Republic of Italy. However, these elements, however nasty in their own right, were merely the instruments of the same Synarchist International network of private banking organizations which had put the fascists into power over all continental western and central Europe over the course of the 1922-1945 interval. It is that same network of Synarchist banking organizations which had been behind the fascist enterprises of 1922-1945, which is the financier interest behind the policies associated with both Vice President Cheney and the Fabian Society's matching control over London's 10 Downing Street today.

It is only through the exposing of these ugly facts that the U.S.A. would be capable of a competently self-interested strategic doctrine and institutionalized practice today. If the U.S. declares that those relics from the past will no longer be

tolerated, then, the needed reforms in policy and practice, to return to the tradition of the founding of our republic and its Constitutional forms, will be made possible.

9. The issues of peace and security today can not be separated from the rebuilding of the U.S. economy, back toward its former role as the world's leading producer society, a role expressed in levels of scientific progress and technology. This requires a rebuilding of our republic, in which institutions consistent with our military tradition of strategic defense must be enabled to resume their traditional constitutional orientation.

a.) As Prussia's great reformer Scharnhorst also understood, a policy of strategic defense depends upon an integration of the regular military with the general militia, the organized and unorganized reserves which might be mobilized for warfare or other emergency. The militia is able to fill its role as such, to the degree it is qualified as an engineering force, as the forces sent to occupy Iraq were not qualified in the role of an engineering force, and failed to engage the existing large militia of Iraq immediately as a partner in the engineering work which would facilitate our forces' early and successful withdrawal in essential part.

b.) The reconstruction of the presently bankrupt U.S. economy, could not be accomplished without a massive long-term investment of Federal government-created credit in leading national and statewide programs of rebuilding and developing basic economic infrastructure, probably in the order of \$6 trillions of capital formation to this effect set into motion during the coming four years. The problem this encounters is the lack of skill among the mass of combined unemployed and poorly employed sections of the labor force. During the 1930s, under President Franklin Roosevelt, we created the Civilian Conservation Corps, under, chiefly, military engineering guidance, producing thus entire divisions which were enlisted in war, but which also contributed greatly to the building of the peace-time civilian labor-force of the U.S. after that. Sargent Shriver's leadership of the Kennedy Peace Corps, is a relevant example. The orientation of the regular military forces to a complementary functional relationship with the reserves, and return to the legacy of a strong emphasis on science-driven engineering qualifications in training and work-assignment, will provide an integration of the economic tasks of reconstructing our presently gutted-out powers of production, and the maintenance of an adequate quality and quantity of regular and reserve forces.

c.) War should end with peace. A military force which goes to necessary war, must finish the job by building the foundations of durable peace, and must be qualified for the conduct of that mission.

10. Let us tell the world, boldly, clearly, without equivocation, that that is what we were created to become, and what we must return to being. Then we shall become unbeatable in any justified effort, and shall avoid scrupulously what we should not do.

'I Don't Believe in Signs'

by Lyndon H. LaRouche, Jr.

June 22, 2006

The world as a whole is currently impelled toward threatened, early, general, physical breakdown-crisis of the trans-Atlantic monetary-financial system. The breakdown itself could be averted by methods which amount to a return to the outlook expressed in the great reforms made by President Franklin Delano Roosevelt. If that needed reform is to be brought about, the special impediment which must be overcome, is found in the fact that the generation now dominating current trans-Atlantic power centers, that born between, approximately, the close of World War II and the onset of the steep recession of 1957-1958, has lost two earlier generations' essential connections to those lessons of the Franklin Roosevelt recovery and the 1939-1945 war which had been crucial for the defeat of Hitler's empire, connections which were also indispensable for the recovery which followed during the immediate two post-war decades.

The kernel of the disorientation which pervades among the pace-setters of today's currently reigning, upper twenty percentile of political and economic power, is the delusion known by such currently popular titles as "information theory," "post-industrial society," "post-modernism," and "globalization." It is presently urgent that those currently reigning expressions of Sophistry be identified as such, and that the contrary, appropriate measures for returning society to relative mental health be adopted.

On that subject, about six years back, the late, redoubtable Mark Burdman referred my attention to a book, Doron Swade's *The Cogwheel Brain*, which, at Mark's prompting, I reviewed for *EIR* at that time.¹ As Swade's title frankly implies, that book, although authored by a writer with specialist credentials, was also notable for its expressed character as a piece influenced by post-modernist modes in Sophistry, as

this was expressed in its representation of the Charles Babbage whose conceptions are the root of the Twentieth-Century development of the electronic computer.² The issues which Mark posed for my attention then, have a new kind of relevance for the rising new adult generation of today,

Mark's following message to me is still notable today on that account. I repeat it now:

"I think you will find this book both interesting and infuriating. You can do with it as you wish.

"I have read it through and found the 'story line' compelling, but the author is either uninformed, or crazy on basic scientific/epistemological matters, e.g., with his page 84 equating Leibniz and von Neumann, as both mathematicians involved with 'symbols,' and so on.

"Swade, the author, repeatedly mentions Babbage's ties to the European continent, with [Alexander] von Humboldt, French circles that are descended from Lazare Carnot, etc.; but, this is never developed in any detail. Swade is obviously uncomfortable, and perhaps angry, with Babbage's attacks on English science, in his 1830 writing, *Reflections on the Decline of Science in England*, and elsewhere.

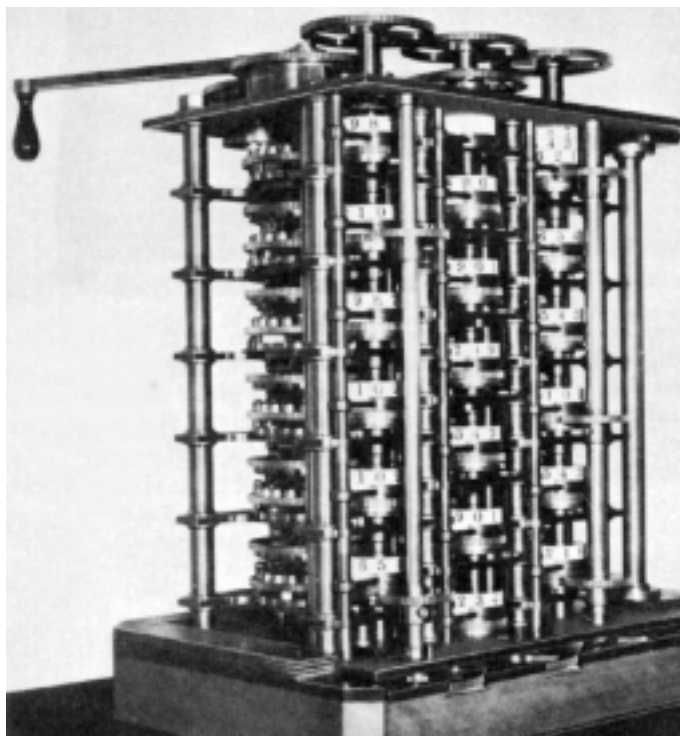
"Swade is a key guy in something in Britain called the 'Information Age Project,' founded in the 1970s, about which we have to find out more. He gets very involved in what seems to me, in any case, to be a phony discussion, about whether the modern computer owes a great deal to Babbage, or not. I say 'phony,' because even from the evidence of this book, Babbage made fundamental contributions in other vital areas, such as machine tools, manufactures, engineering, etc. Obviously, he is someone of considerable importance, still at this moment, with the present British discussion, post-Third Way,

1. Lyndon LaRouche, "Who Was Charles Babbage?" *EIR*, May 19, 2000.

2. Doron Swade, *The Cogwheel Brain* (London: Little, Brown and Company, 2000). Cf. Philip and Emily Morrison, *Charles Babbage and His Calculating Engines: Selected Writings by Charles Babbage and Others* (Dover Publications, 1961).



Library of Congress



Charles Babbage (1791-1871) and his Difference Engine. The importance of emphasizing “the Charles Babbage lurking within the design of every competently functional, modern digital computing system,” LaRouche writes, “is that there is no magical distinction in principle of underlying conception, between the original, root conception for future computing machinery by Babbage, and the most modern such electronic device.”

about the destruction of real industry.

“I was also pleased, that the book never mentions Darwin, T. Huxley, etc., since almost any book these days on ‘English Science’ starts from these creatures.

“Anyway, I hope you find it interesting.—Mark.”

I did; then, and, as you shall see, now.

Since then, a new generation of young adults has emerged as a significant force in political life, thus, hopefully, establishing new foundations for the leadership of our society over the coming half-century, or longer. So, the core of the argument which I made in that review, should be restated now, but with the inclusion of new terms of reference, terms cohering with that refreshed approach to science occupying the emerging adult generation typified by the LaRouche Youth Movement (LYM).

The point to be made here is, given today’s existential degree of world-wide policy crisis, that we proceed, as relentlessly as may be necessary to do that job, to defend the future fate of humanity against one of today’s most popularized, and most ruinous hoaxes, the delusion examined in these pages under the title of so-called “information theory.”

In referring to that hoax called “information theory,” I am emphasizing the destructive effect, on the mind, and on the world economy, of the widespread influence of the body of pseudo-scientific dogma spread, under sundry labels, as the

influence of persons such as Bertrand Russell, Norbert Wiener, and John von Neumann. I emphasize those gentlemen’s adherence to a cult which was propagated in such forms of expression as von Neumann’s superstitious notions of “artificial intelligence,” as that same cult is associated with such locations as the related, published work of Marvin Minsky and Noam Chomsky under the auspices of MIT’s Research Laboratory of Electronics (RLE). It was this wretched ideology, launched in the U.S.A. of the 1940s as the “Cybernetics” project of agencies such as the Josiah Macy, Jr. Foundation, which has been the crucial ideological feature of the method by which the once mighty U.S. economy, among others, has systematically destroyed itself over the course of the 1968-2006 period to date.

That use of the term “intelligence,” as the term is misused by those post-modernist ideologues, expressed an intended deception. That deception expressed the intent of the circles of Bertrand Russell, Russell’s acolytes Norbert Wiener and John von Neumann, and also the wretched Margaret Mead et al., to destroy the world of U.S. President Franklin Roosevelt. That was, and remains a deception which must be uprooted, lest the still spreading weeds of such delusions cripple the minds of an already all too credulous humanity, lodging them, thus, within a self-inflicted, presently threatened lurch into a new dark age: a dark age comparable to that which wiped out

an estimated one-third of the population of mid-Fourteenth-Century Europe.

The most efficient treatment of that subject which I have placed at issue here, lies within a topical area, the science of physical economy, in which my special expertise in long-range economic forecasting is outstanding, on record of performance, in the world of today. It was my 1948 recognition of the central fallacy of the argument which Professor Norbert Wiener presented, in his *Cybernetics*, which led me directly to those researches of 1948-1953 which, in turn, led me to my own original discoveries which were added to the domain of Leibniz's science of physical economy. What first impelled me toward my own original, 1948-1953, discoveries in economics treated as a branch of physical science, was this 1948 recognition of the fundamental error employed by Bertrand Russell's dupe Norbert Wiener as the basis for Wiener's own, and Russell dupe John von Neumann's brutish misconception of the essential nature of the human individual.

To clear up the widespread ignorance and confusion on this subject, we must begin here by reaffirming certain essential elements of sanity respecting the origins of that modern electronic digital computer which, while, on the one side, an integral part of life today, has also been cruelly misrepresented as a potential, or even actual medium of "artificial intelligence," and has been made, thus, into a temple of worship for the devotees of a modern Sophist cult, the radically reductionist, logically-positivist sophistry of so-called "information theory."

I have made the essential argument in numerous locations over recent years, and in earlier times. This time, I restate the crucial point from a fresh standpoint, with some points added which, among other purposes served here, are crucially significant for their bearing on work, on physical-economic animations, which is ongoing at this time.

1. The Birth of the Modern Computer

The history bearing upon Babbage's most notable discoveries within what became the development of digital computer systems, is fairly summarized as follows.

The roots of those relevant strains of modern physical science in which the valid currents of modern European science were developed, are found chiefly in the implications of the founding of that modern European experimental physical science by the Fifteenth-Century *De Docta Ignorantia* of Cardinal Nicholas of Cusa.³ This development was also ex-

3. The term "experimental physical science" signifies the exclusion of *a priori* assumptions, such as those associated with Euclidean, or modern reductionist mathematics and physics doctrines generally. Although anti-Euclidean physical geometries were characteristic of the work of the Pythagoreans and Plato, for example, and were prescribed by Carl F. Gauss's teacher Abraham Kästner, the explicitly thorough application of anti-Euclid-

pressed at that time by the crucial discoveries of such contemporaries of Cusa as the Filippo Brunelleschi who applied the catenary function to construction of the cupola of the Cathedral of Florence, and by explicit followers of Cusa, such as Leonardo da Vinci and Johannes Kepler. Cusa student Leonardo da Vinci's invention of the principle of modern weaving machines, is a particular contribution by Leonardo, which, in this instance, led into the development of the programming of computers, that by the route of Babbage's adoption of the punched-card system, for weaving, of Joseph-Marie Jacquard.

That development of scientific calculating machines, which led into the Twentieth-Century development of the general purpose electronic computer, began with the development, first, of such a machine built by Johannes Kepler, one crafted by him to assist his calculations for astronomy. Secondly, a copy of what Kepler described as his machine, was crafted by Blaise Pascal. Thirdly, Pascal's work was the starting-point of reference for the then revolutionary technological development of the early general-purpose scientific calculator, by Gottfried Leibniz. Fourth, the development of the design for the mechanical forerunner of the modern digital computer, was chiefly a reflection of the influence of Gottfried Leibniz on Babbage's invention of the mechanical model for the modern electronic computer. Full circle, back to Kepler's astronomy: on his own account, Babbage's discovery was prompted by his continuing close personal association with Britain's leading astronomer of that time, Sir John Herschel, and also with the followers of Kepler and Leibniz among those broader European circles of Babbage's personal acquaintance, as typified by the scientist Alexander von Humboldt, the latter both in Germany and the Monge-Carnot Ecole Polytechnique program in France.

In that historical context of the time, the context of the rising influence of Carl F. Gauss's revolutionary discoveries in astronomy, Babbage's close personal association with the celebrated son of the celebrated astronomer Frederick Wilhelm Herschel, was of crucial importance in prompting Babbage's undertaking the development of designs for his mechanical calculating devices.⁴ This was a reaction to a re-

ean physical geometries was formally introduced by Bernhard Riemann's 1854 habilitation dissertation.

4. The genesis of this invention by Babbage dates from the formation of the Cambridge Analytical Society, approximately 1811, prompted by the circulation of an hilarious, but shrewd denunciation of the so-called Newton calculus, a denunciation presented in a celebrated composition written by Babbage, John Herschel, et al., under the title of "The Principles of pure D-ism in opposition to the Dot-age of the University." The authors referenced John Herschel's celebrated father, as the German from Hannover who was the only competent mathematician in England at that time. This fact respecting the dilapidated state of science and industry in early Nineteenth-Century England correlates with the fact that the young English-speaking U.S.A., which had been founded under the leadership of the scientist Benjamin Franklin, had a level of productivity approximately twice that under the British monarchy at that time. The economic power commanded by the

curing problem within the work of modern astronomy: the toil of building accurate arithmetical tables: most notably, since the work of Tycho Brahe and the genius who superseded him, Johannes Kepler. However, excepting the importance of Babbage's recognizing the utility of Jacquard's punched-card system, as a needed approach to variable programming of Babbage's design for calculating machinery, the kernel of the discovery which served as the model for his development of the approach used in modern calculating machinery, was, otherwise, contrary to the sophistries of Swade, essentially Babbage's own.

The importance for science of undertaking such mammoth calculating activity, had been made clear by the way in which Kepler recognized, and treated the errors in the work of his predecessor Tycho Brahe. Where Aristarchus of Samos had proven the Solar principle of astronomy by the method of *Sphaerics* employed by Thales et al., the study of eclipses of the Sun and Moon, Kepler not only revived the standpoint of Aristarchus, but used the Sun-Earth-Mars alignments to define an apparent margin of error in orbital characteristics of the Solar System. This apparent error required a reworking of the statistics collected by Brahe, that with the degree of precision which not only settled the issues posed by the apparently anomalous form of the Mars orbit, but demonstrated an elliptical orbit for the Earth itself. The method of Kepler was given a second, stunning proof in Carl F. Gauss's experimental proof of the Keplerian character of the asteroid "belt," a proof which reverberated among the circles of Herschel and Babbage.

Such were the challenges which the work of Carl Gauss had presented to the work of Babbage's friend and collaborator Herschel. Massive work in detecting and checking data, was now made obligatory by the successive work of Kepler and Kepler's followers through Gauss's stunning discovery of the asteroid orbits. The problems addressed were physical-geometric, not arithmetic, nor simply algebraic, in essential quality; the curvatures must be measured in detail, and this required massive calculations based on repeated observations, observations which must be measured in the precision of great detail. Additionally, it was the evidence of typical errors in the work of those employed to carry out these calculations, which impelled Babbage to discover machines which could reduce greatly this significant factor of error by human calculators in compiling of astronomical tables at that time.

The reasonable forms of debates respecting the respective validities of the design of both Babbage's intention and his

machine, have usually reflected practical problems of Nineteenth-Century production methods, rather than actually principled errors in Babbage's intentions. The actual difficulties had been the practical impediments, during the Nineteenth Century, to building a set of machines based on Babbage's design in England at that time, the lack of development of the required precision in then existing machine-tool practice. This practical factor is what, chiefly, delayed the construction of a full-scale Difference Engine according to the intention embodied in Babbage's design. As subsequent developments showed, only quantitative improvements in technology of production, over time, were required, to refine the physical construction of machines based on Babbage's design, in the successive steps of successful development of the so-called Hollerith machines which preceded the development of electronic digital computers.

Author Swade indulged in the sophistry of appearing to debate the question, which among the sundry known rivals and professed followers of Babbage's intention have actually claimed or denied knowledge of the predecessor's, Babbage's, designs? That issue, as posed by Swade, is best characterized as an example of flagrant sophistry.

In such matters, let the evidence speak for itself. The only honest question is, whether or not Babbage reflects the same principle on which competent modern general-purpose calculating machinery has been premised. To answer the question of how Babbage's development of his discovery was premised, and proceeded, we know, that since Babbage was prompted by the relatively recent fame of Carl Gauss's discovery of the asteroid orbits, and the fact that this accomplishment had given crucial proof of the method of Kepler against the followers of Galileo and the Newtonians, Babbage and his friend Herschel must be understood as deliberating in that context. In this light, the apparent prompting of Swade's sophisticated evasions is seen, as Mark Burdman's message to me suggests: presently continuing official British hostility, in the tradition of London's Newcomen Society hoax, to Babbage's part in the authorship of both the 1811 Cambridge piece, "D-ism and Dot-age," and, as Swade himself indicates, Babbage's own 1830 *Reflections on the Decline of Science in England*.

Today, the specific, continuing importance of emphasizing the Charles Babbage lurking within the design of every competently functional, modern digital computing system, is that there is no magical distinction in principle of underlying conception, between the original, root conception for future computing machinery by Babbage, and the most modern such electronic device. It is the development, applications, and implications of the electronics, which is new; the rest, the root of the matter, is traced to the conceptions employed by Babbage.

The working point in this report on that subject, is that anything lacking in principle in Babbage's own original development, is, of principled necessity, also lacking in the un-

British monarchy reposed in the strategic advantage, since February 1763, of the British East India Company's international role, in sucking the blood of much of the world outside Britain itself. Since then, the British monarchy represented, thus, an imperial form of the Anglo-Dutch Liberal system, a system which is the forerunner of what is represented by the alliance of the pro-Nazi Lazard Frères/Banque Worms circles of France with the Bilderbergers of today. (A Bilderberger is a meatball composed of an assembly of scraps of human flesh.)

derlying concept of design of any digital computer-system employed today.

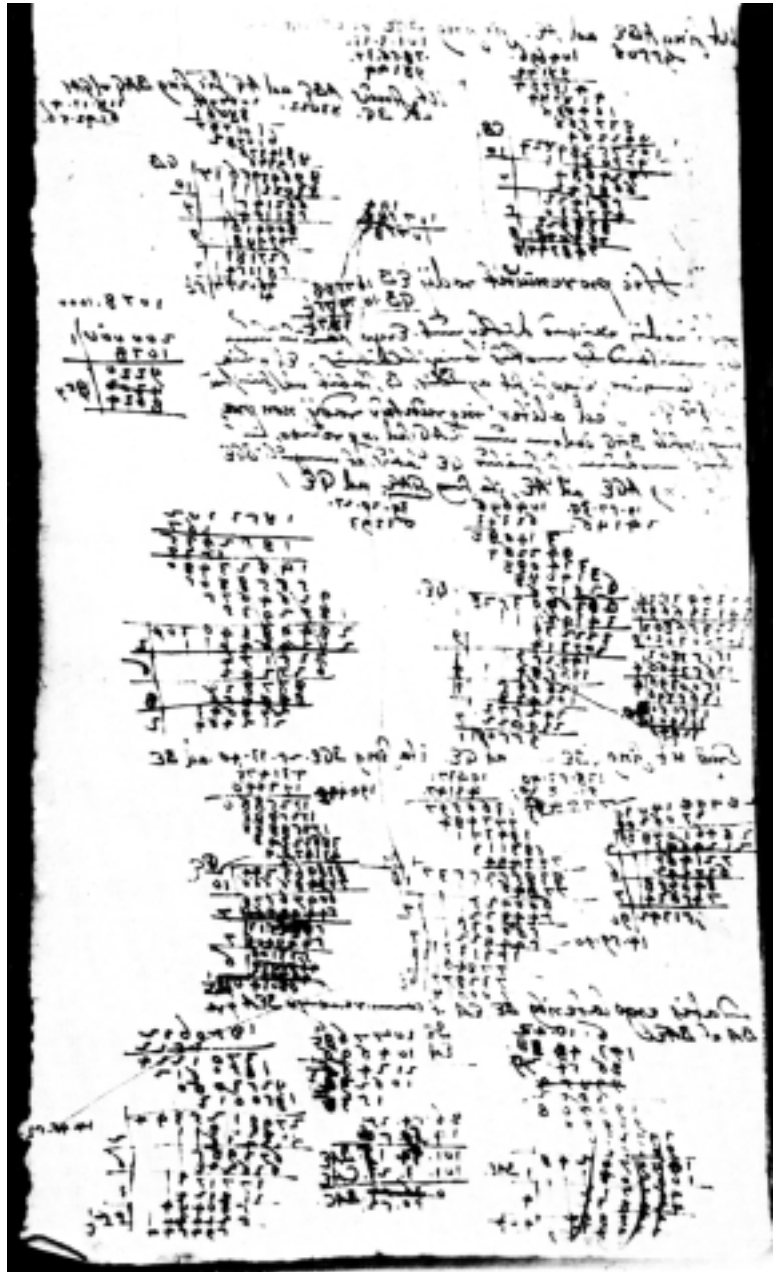
This limitation of computer design, then as now, is not a fault in itself. Good computers in working condition, while they still “live” their usually fragile short lives, carry out the commands uttered, in concert, by human designers, manufacturers, and operators. The problem of such computers to be examined here, is not a failure in the original conception of the digital computer itself; the fault to be corrected is typified by the case of the foolish imagination of that man, whose admiration of a department-store dummy, prompts him to propose intimacies to the poor dummy—and, perhaps, to beat the poor she-it which failed to respond with the enthusiasm which the enamored gentleman demanded.

A Sophistry by Swade

Swade’s particular incompetence, is expressed in the way he purports to weigh the claims of Babbage’s authorship of the principled features of digital computing machinery. This strongly suggests that either Swade was ignorant of the relevant fundamental issues of Seventeenth- through Nineteenth-Century physical science, or (in a stretch) that he, for political reasons, *had chosen to appear to be ignorant of those issues*. Putting the class of “Rube Goldberg” inventions aside, the crucial issue posed by the digital computer, whether mechanical or electronic, is the issue which places Kepler, Leibniz, Gauss, and Riemann, among others, on one side, and the empiricists and positivists, such as Descartes, Newton, D’Alembert, de Moivre, Euler, Lagrange, Cauchy, Kelvin, Clausius, Grassmann, Helmholtz, et al., on the opposing side.

The issue of the computer, as reflected in the pathological arguments of Russell, Wiener, von Neumann, Minsky, Chomsky, et al., is the issue of what de Moivre is credited as first to name “imaginary numbers.” This is the issue to which we shall return attention in a later chapter of this present report. For our immediate purposes at this instant, it is sufficient to note that Swade’s sophistry on the matter of Babbage’s originality, depends implicitly upon his apparent scientific illiteracy respecting the issues of reductionist method.

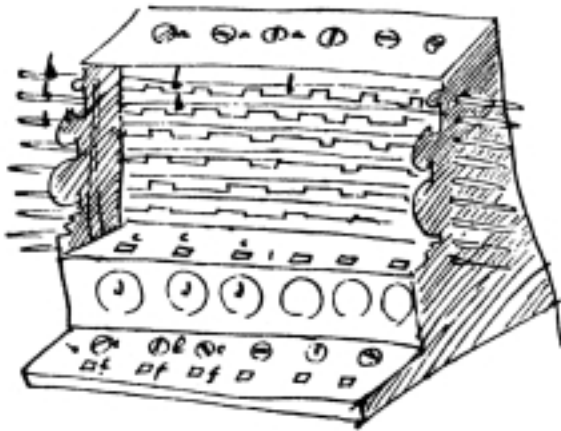
There are two most notable things about the nature of Babbage’s discovery itself. First, it is a true, patentable type of invention; but, we should recognize that, just as neither judges nor Monsanto are to be considered legitimately as deities, Babbage’s discovery does not involve any discovery of what should be, in principle, a non-patentable discovery of



A page of Johannes Kepler's notebook shows his earliest calculations on the orbit of Mars. His notebooks are filled with laborious calculations—a strong motivation for his development of a calculating machine.

a true principle found in nature, such as the discovery of genetic types. The same distinction applies to the subject of the fraudulent claims, as by both Norbert Wiener and John von Neumann, to have discovered a universal physical principle in support of their respective, fraudulent claims to discovery of the respective, non-existent principles of “information theory” as a form of “artificial intelligence.”

In contrast to the duped devotees of virtual creatures cast in the likeness of creatures from the fantasy-world of H.G.



Kepler's friend Wilhelm Schickart (1592-1635) was a mathematician, draughtsman, and mechanic, who built this calculating machine, following Kepler's conceptual design, in 1623. The machine was destroyed by fire, and all that remains are two sketches by Schickart. This is believed to be the first real calculating machine in the world.

Wells' Dr. Moreau, which were implicitly creatures such as those imagined by Wiener, von Neumann, et al., the crucial fact is, that individual human intelligence is the expression of an actual, distinctly specific principle of the universe, a principle corresponding to the fundamental, principled distinction, creative intelligence, of human beings from either the mere higher apes, or the ideology of those certain modern "environmentalist" politicians who monkey maliciously with mankind's destiny today. Unlike the Minsky and Chomsky who tried to make a virtual monkey of their collective self, no animal, nor machine, however elegant, might be able to exhibit an intrinsic quality of intelligence operating within the composition of that species' design.⁵

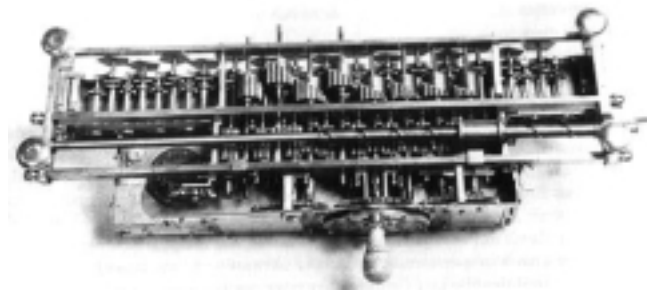
I made the relevant distinction, first, in early 1948, when I acquired loan of a pre-publication review copy of Wiener's *Cybernetics*. In part, at first, the book was delightful. Much of the gain in production techniques associated with computer technology, was identified, in germ form, within parts of Wiener's book. Yet, as much as the book had first pleased me on that account, I was soon angered by the sophistry of "Cybernetics," which Wiener had added to an otherwise interesting argument: the notion that actually human intelligence could be reduced to a Machian sophistry called "information theory." From that moment on, I reacted to the book, as if instinctively, with a dedication to demonstrate the deadly

5. Lest some reader lapse into an unthinking interpretation of H.G. Wells' intention in the latter's writing of that venture in "science fiction," Thomas Huxley creation Wells' moralizing intention in that novel, was to argue that do-gooders should give up trying to elevate ordinary working-class people into the status of equals to the ruling oligarchy of English-speaking society. "You will only enrage those whom you propose to elevate."



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Blaise Pascal's (1623-1662) calculator was based on the principle of the Kepler-Schickart machine. It, in turn, was the starting-point of reference for Leibniz's calculator.



Gottfried Leibniz's (1646-1716) general-purpose scientific calculator. Babbage's invention was chiefly a reflection of the influence of Leibniz.

threat to humanity in radical reductionist Wiener's somewhat seductive "information theory" hoax.

This distinction of man from beast, defines the leading issue treated here, the issue of the inherent fraud of the claims for the alleged existence of "information" and "artificial intelligence" as principled categories of existence. However, the most certain proof of the fraud in the referenced claims of Wiener, von Neumann, et al., lies within the bounds of showing the nature of a principle of true creativity, a principle which does not exist in the systems of a reductionist mathematics such as those of the Sophist Euclid, or of such modern, empiricist successors of that Euclid as Descartes and the devotees of Sir Isaac Newton, Norbert Wiener, and John von Neumann.

Computers and Economies

Practically, the digital computer and linear programming became synonymous in the practice among many leading schools of economists and others of the early post-World War II decades. For example, as a matter of principle, the most significant among the uses of modern electronic, digital data-processing systems, from my standpoint as a physical economist, is the applications of what has been named "linear pro-

gramming,” as applied, for example, for governmental operations typified by Professor Wassily Leontief’s contributions to the analytical correlation of the standard statistical economic reporting on national product and national income, for the purposes of assembly of the relevant U.S. government and related data.

The now recently deceased Leontief, who had been trained under the Russian Kondratieff famous for the notion of “Kondratieff Waves” in technology, did make a major contribution to the development of national accounting practice. He is distinguished from the “ivory tower” school of modern positivist radicalism by his essential sanity. However, to the best of my knowledge, he seems never to have grasped the actually dynamic nature of a truly non-linear physical-economic process. That is to say, “dynamic” in the sense of the Pythagorean *dynamis* or the definition of *dynamics* presented by Leibniz as the solution for the incompetence of the work of modern sophist René Descartes on the subject of physical science.

Strictly speaking, linear programming would always be intrinsically a failure, if it were employed as a method of medium- to long-term policy-shaping. Since it is intrinsically, ontologically, a mechanistic technique, it is axiomatically unsuited as a tool for representing a truly dynamic process of the type which any real-life economy is. Linear programming sometimes explains some bad practices of business or government management of an economic process, which is useful, but, since economic progress is intrinsically non-linear and dynamic, linear methods could never design a successful economic process.

Therefore, the inherent limitation, and potential defect attached to all forms of linear programming, is, that while the linear methods of quasi-Cartesian mechanics can report some among the effects of the application of a new principle, those methods are inherently incompetent for defining the process of change which connects what are, in physical principle, two or more successive phase-states of an economy undergoing the effects of a change in set of employed physical principles.

This is not to imply that Leontief’s work itself was incompetent; quite the contrary. The question to be posed is: competent for what intended mission? Leontief himself said as much, in effect, in his late 1950s quarrel with what he described as the “ivory tower” fanatics associated with Tjalling Koopmans et al.

In principle, what Leontief charged against Koopmans et al., was not really a new issue at that time. It had already been the essential point at issue, made by Gottfried Leibniz, in pointing out the essential fraud of René Descartes’ attempt at a formally mechanistic explication of what are ridiculously simple, false notions of physical principles. At issue was the error made by the defenders of Cartesian and Newtonian method, such as D’Alembert, de Moivre, Euler, Lagrange, Laplace, and Cauchy, in their fraudulent attacks on Leibniz’s

infinitesimal calculus and the related, subsuming principle of Leibniz’s catenary-cued principle of universal physical least action. This was the issue addressed by the followers of Leibniz, such as Carl F. Gauss, against D’Alembert et al., in Gauss’s 1799 doctoral dissertation.

The most characteristic feature of any actual economy, is a willful, characteristically non-linear, dynamic principle of action which is absolutely lacking in all known living species excepting the strictly definable creative powers of the individual human mind. This principle of action is expressed as the changes in economy effected through the discovery and employment of a universal physical, or related principle. In all competent physical science, this same distinction is expressed as the original discovery of what appropriate tests demonstrate to be a universal physical principle.

That distinction is of crucial importance for understanding the root of the essential incompetence of any effort to treat usually taught and practiced varieties of accounting or actual economics as scientific. The crucial issue of the entire controversy is the following.

Whereas all lower forms of life, the animals most notably here, have a limit on the size of living populations, the human species does not have that form of limitation. Were mankind a variety of higher ape, our species’ population-potential would be in the order of the higher apes, perhaps a few millions living individuals at any one time during the recent one to two millions of years. The existence of more than six billions living human individuals today, that on a higher level per capita than ancient or medieval times, or even recent centuries, expresses a power of the human species which is absent among the beasts.

That notion of power is associated with the use of the term *dynamis* by Pythagoreans and Platonists of the ancient Classical Greek culture of which European civilization’s best achievements have been an outgrowth since. In ancient, pre-Euclidean Classical Greek instances, *dynamis* is a principle of *physical geometry*, not today’s usually taught classroom geometry. The pre-Sophist, anti-Euclidean notion of physical geometry rejected any attempt, such as that of the Sophist Euclid, to treat geometric forms of existence as “self-evident.” The doubling of the cube by construction, by the Pythagorean Archytas, the construction of the series of Platonic solids by the circles of Plato, and the later discoveries of the *Pentagramma Mirificum* by Napier and then Gauss, are examples of the way in which the Classical Greek scientific tradition defined universal physical principles in terms of construction within the medium of a *synthetic, physical geometry*, as Bernhard Riemann defined a modern form of such a physical geometry.

The measure of performance of a physical economy is the increase of the power, in that sense, of the society’s population. This increase is associated with the effects of discovery and application of both universal physical princi-

ples respecting man's action on nature, and the development of Classical artistic principles of composition through which the willful social action within society is able to shape higher qualities of cooperation in society, as by development of natural law.

The measure of the performance of an economy lies within the economy of a certain population and territory as a whole, not an aggregate of the apparent gains in merely some part of the economic system. Thus, whereas digital systems can measure certain among the shadows of an intrinsically non-linear action, they can not measure the actual action itself.

Therefore, any competent science of economy must be a science of physical economy, rather than a monetary system.

What monetary systems have done, from the known surviving archeological evidence of ancient Mesopotamia on to today, is to assume that simple linear aggregations of things are the characteristic of cultures. So, modern Venetian and related doctrines assume, as Adam Smith and his predecessors did, that there are mysterious beings acting from under the floor-boards of the universe, beings casting crooked dice to determine which dwellers above shall be enriched and which impoverished, which shall be master, and which shall be slave.

Since all universal physical principles are expressed in mathematics as the efficient action of infinitesimals, as I shall emphasize below, no linear system, such as taught accounting doctrines, can actually account for the role of "investment" in discovery and use of the physical principles upon which depends any actual improvement in an economy, per capita and per square kilometer.

The relevant feature of the modern computer is, on principle, as old as humanity's earliest explorations of the subjects of astronomy, especially the development of a scientific method of astronavigation corresponding to the Egyptian notion of *Sphaerics* adopted by the Pythagoreans and Plato. However, historically, the modern idea of constructing a general-purpose machine to assist in making relevant calculations, is focussed around the implications of two qualitatively distinct sets of discoveries, the discovery of universal gravitation, as this occurred, uniquely, in the work of Johannes Kepler, and the correlation of the implications of Kepler's own discovery with the defining of the principle of "quickest pathway" by Fermat.

However, on a deeper level in the history of European civilization, the notion of such kinds of principles expressed in the form of those two discoveries, was already grasped in European civilization no later than the work, on the subject of what was identified as *Sphaerics*, by the Pythagoreans and Plato. The use of the physical principle of the catenary, by F. Brunelleschi, to construct the cupola of the Cathedral of Florence, and the articulation of the method of modern experimental physical science by Nicholas of Cusa, formed the basis

for the relevant work of avowed Cusa followers such as Luca Pacioli and Leonardo da Vinci.

Although the relevant concept of principle was set forth by Cusa, the crucial step toward the practice of modern physical science, and toward the development of the modern general purpose computer, was the work of avowed Cusa follower Johannes Kepler.

With those qualifications taken into account, Kepler (not Copernicus, and certainly not that charlatan and house-lackey of Venice's Paolo Sarpi, Galileo) was the founder of the general practice of the modern experimental physical science prescribed, as to principles, by the Nicholas of Cusa who already echoed the discovery of Aristarchus of Samos made long before Copernicus. It is to be understood, respecting the origins of the computer, that the first known step toward crafting a general purpose computer was made by Kepler, to aid him in processing the vast mass of calculations through which he ridiculed the fraudulent constructions of the Roman hoaxster Claudius Ptolemy, and corrected the systemic errors in method and conception of both Copernicus and Kepler's own immediate predecessor Tycho Brahe. These specific distinctions are of crucial importance for their relevance to any competent understanding of the role of modern physical science in economy, and are also crucial for sorting myth from reality in the role of modern computing machinery developed since Kepler's contribution.

Kepler's discoveries involve a massive mathematical labor, starting with the uncompleted work of Tycho Brahe, and proceeding to correct important errors in Brahe's work, while, at the same time, completely redefining the experimental design of the system of the observations made by Brahe and others earlier.⁶ Until recently, with relatively rare exceptions, most of this work of Kepler remained unknown to modern physicists generally, most notably among English-speaking populations victimized by the cults of Galileo and Newton; whereas, a bowdlerized misrepresentation of the discoveries, as promoted by the sophist Galileo Galilei, prevailed among the devotees of Isaac Newton and their followers. That ignorance of essential features of Kepler's work, an ignorance promoted in attempted defense of the relatively popularized, synthetic image of the person of Isaac Newton, has done great damage to understanding of even the rudimentary aspects of a competent modern physical science in general, and a physical science of economy particularly. As the case of Kepler's elliptical orbit attests, the most crucial issues are elementary ones.

However, it must be noted, that the usual fallacy encountered in treatments of Kepler's and related work today, is the evasion of the issue of the efficiency of universal physical principles, such as gravitation, by substituting the mere alge-

6. The discovery of a heliocentric orbit had been made by Aristarchus of Samos. Kepler's discovery was of a principle of heliocentric gravitation for the Solar System as a whole.

braic form of representation of an apparent effect, for the actually efficient principle itself. In the extreme expression of that error of reductionist method, the idea of the physical principle as such is eliminated, by putting a mere mathematical formula in place of the notion of an efficient principle.

To present and resolve the leading issues which a sane understanding of the abilities and limitations of the digital computer demands, it is most useful to compare the principle of gravitation, as Kepler actually discovered it, with the fundamental principle of a competent physical science of economy. In other words, we must recognize the inherent, physically principled limitations of the modern general-purpose computer, and also the functional principle of successful physical economy, as expressed in the ontologically actual (not imaginary) form of the Leibnizian infinitesimal, as Leibniz's uniquely original discovery of the infinitesimal calculus directly echoed Kepler's discovery of the infinitesimal as the characteristic functional feature of the planetary orbit.

Computer Animations

This distinction which I have just made above, is the key to an invaluable quality of practice which I have introduced into our association's economics practice.

During the 1950s, as part of my professional work as a consultant in economics matters, I had seen it to be necessary to bring the notion of *dynamics*, in Leibniz's sense of the term, into ordinary economics practice. My view of the subject of dynamic economic models, as opposed to mechanistic, linear ones, can be compared with the use of the concept of *dynamics* by V.I. Vernadsky, for defining the special chemistry of the Biosphere, as I have emphasized that in my 2005 "Vernadsky and Dirichlet's Principle."

The principle is the same employed for music, as by the conductor Wilhelm Furtwängler's notion of "performing between the notes." The principle of the Pythagorean *comma*, as applied to the method of well-tempered counterpoint of J.S. Bach, is the relevant consideration. In all cases, economy, biogeochemistry, and Classical polyphony, we are dealing with phenomena which have the quality of an anti-Euclidean physical geometry. This is the same principle established for modern physical science generally by Bernhard Riemann's founding, and development of an explicitly anti-Euclidean geometry. This is a physical geometry from which all *a priori* assumptions of definitions, axioms, and postulates are banned, in which only experimentally established universal physical principles exist for science, as also for Classical artistic composition and related practice.

In such anti-Euclidean systems, as outlined by Riemann beginning his 1854 habilitation dissertation, the only "dimensions" permitted are universal physical-experimental principles. On this account, Riemann's habilitation dissertation represents a return to the implicit core-principle of the method of *Sphaerics* employed by the Pythagoreans and Plato. In

physical economy (which is to say real economy, as distinct from a mere monetary-financial system), it is the gain in what Norbert Wiener misnamed "negative entropy" which is of essential relevance.

For example, my work of 1948-1953, which carried me to the point of successfully defining a physical-economic function in economy as a Riemannian function, prescribed that economic processes must be defined implicitly as physical-economic processes, such that performance of monetary-financial systems must be judged, as I have written here earlier, from the standpoint of a physical, non-monetary process. This means treating all relevant physical principles of human activity as a process which is to be assessed for its relative, physical "anti-entropy." This means, that the development of the universe to a higher state of organization, as the case of the emergence of the Solar System from the Sun illustrates the point, is expressed in the form of mankind's discovery and expression of additional universal physical principles. This implicitly defines the physical significance of a Riemannian species of hypergeometrical notion of dynamics.

In the simplest practical application of this outlook on the U.S. economy, considering evidence over a lapse of time such as the recent sixty years, we use the annual changes in the physical statistical characteristics of the U.S. political county, as the convenient political-economic unit of approximation required for today's analytical work. We then compare changes in physical-economic parameters, so, county by county, over a span of decades. We take into account an increasing number of physical factors. In this process, our attention must be principally focussed on two kinds of phenomena portrayed by using this approach. We are contrasting linear patterns with significantly non-linear patterns. We must be chiefly concerned with significant non-linear effects of a sort we might otherwise associate with such matters as "changes in quality of life" experienced in counties.

The study divides the county's physical-economic processes between what may be best classed as the working distinction between "basic economic infrastructure" and direct production, the latter as by private enterprises. Power, water, public transportation, health-care facilities, schools and related, and so on are featured as "infrastructure." Agriculture, manufacturing, and privately supplied technical services not included under "infrastructure," compose the second principled category.

The relatively greatest importance is attributed to those characteristically non-linear changes in patterns associated with addition, improvement, or loss, or deterioration in categories of elements of infrastructure and the private sector. Typical, in the 1968-2006 interval, is the often catastrophic degree of entropic collapse of county economies caused by loss of technologically progressive family farming (as distinct from large-scale corporate farming), and by replacement of skilled, capital-intensive employment by low-skilled forms of non-capital-intensive, so-called "services employment."

The most significant categories within such studies are relative capital-intensity, level of scientific technology, relative “energy-flux density,” and addition or removal of specific forms of technology from production or infrastructure, either by elimination, or merely by technological or other forms of attrition. These are the typical correlatives of manifest “non-linear” discontinuities in the observed function. The sharpest manifestations are associated with the introduction of a newly adopted physical principle for practice, or a loss of the participation of such a principle which would probably result in a discontinuous form of collapse within the local economy.

In reviewing such developments over the 1945-2006 interval to date, we must recognize that the phenomenon of the Sixty-Eighters represented the coming to adulthood of the relevant portion of the sociologically upper twenty-percentile of the “Baby Boomer” generation born between, approximately, 1945-1957. The hard-core “Sixty-Eighters” counter-cultural trend of hatred against technological progress in economy, against so-called “blue-collar workers” and progressive family farming, represented a shift in cultural impulse, away from the science-driver trends in the economy under President Franklin Roosevelt, as continued, with approximate consistency, through the assassination of President John F. Kennedy, toward what Zbigniew Brzezinski hailed as a radically entropic form of “technetronic” cultural change, the change carried through by the successive Nixon and Carter Administrations.

That was the predecessor for the more violent destruction of the world economy led by the Synarchist financier circles associated with André Meyer’s protégé Felix Rohatyn, whose proposed pro-globalization policies would reduce the sustainable population of the planet, from the present level of more than six billions, to about the levels which the planet “enjoyed” during the period of Europe’s mid-Fourteenth-Century “New Dark Age.”

Thus, what we are measuring in reviewing the physical-economic realities of the post-1968 U.S.A. is an accelerating entropy in the economy, and conditions of life of the U.S.A. as a whole.

When I refer to computer “animations,” my emphasis is on showing the effects of adding, or removing one or more physical principles from the economic process represented. It is to be borne in mind, that analytically useful forms of computer animations are, conceptually, an outgrowth of the use of lapsed-time photography, especially the use of such techniques for assisting the mind of the observer in seeing the determined, “intentional” patterns of motion, as in comparison of the growth patterns of some weeds with those of other plants. I have recommended the use of computer animations generally, but I have emphasized, properly, that it is the instances of authentically “non-linear” functions, such as those associated with the addition or removal of an applied physical principle in the process represented, which is what we must prefer to discover and represent.

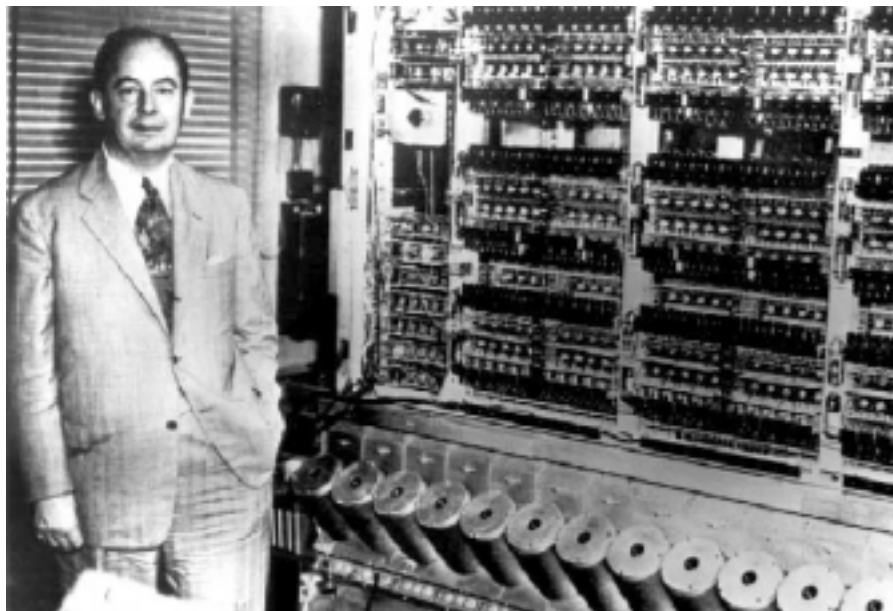
2. What Is ‘Non-Linear,’ Strictly Speaking?

Perhaps, this may seem curious, but, within the bounds of physiological limitations, opposite to digital computers, true scientists tend, within limits, to become better thinkers, if slower, as they grow older. The same is true in principle among great Classical artists, except that the waning of powers of vision and hearing tend to constrict their sensory experiences, performances, as similar problems of ageing impair the scientist’s capacity for certain types of hands-on experimental work. The root cause for this apparent anomaly in human physiology, is that, as Russia’s V.I. Vernadsky made clear during the closing decade of his life, the human individual belongs, as Mosaic *Genesis* 1 prescribes, to a qualitatively higher domain of existence than any form of animal life. *Man, when functioning as a human being, is mortal as animals are, and therefore subject to frailty; but, man is neither a mere machine, nor a mere animal. Human creativity is not an animal quality; whereas, human stupidity does appear to qualify as an animal quality.*

In other words, just as living processes have a chemistry which does not exist in the abiotic behavior of the same atomic elements, so analogously, the functional distinction of the human mind is absolutely set apart from the domain of animal ecology by those creative (e.g., *noëtic*) powers which are unique to the internal life of the individual human mind. The effect of these *noëtic* powers can not be communicated directly from one individual to another, as if by “wiring,” but only replicated through the principle of “resonance,” as typified by the role of irony in Classical poetry, or by methods such as conductor Wilhelm Furtwängler’s “performing between the notes.”

As Vernadsky’s argument, respecting the Noösphere, implicitly requires, the human cognitive powers which are expressed by original discoveries of universal physical principles, such as Kepler’s discovery of gravitation, or Archytas’ doubling of the cube entirely by physical-geometric construction, are the expression of a universal physical principle, in the same sense that the chemistry of the dynamic action of living processes includes actions which do not occur among the same elements in non-living processes. We are dealing, thus, with what are to be regarded as distinct, but interactive physical phase-spaces, in that sense.

Cognitive creativity, as this distinguishes the human individual from the beast, is the expression of a specific physical principle, but it is a principle which supersedes the merely living phase-space, just as life is a universal, principled, physical phase-space, distinct from the inferior, non-living phase-space. It is the physically efficient action, on the living domain, by the higher principle expressed by human creativity of the type which the Classical Greeks knew as *dynamis*, which prompts the living tissue of the human being to perform



John von Neumann with his ENIAC computer. Von Neumann's superstitious notions of "artificial intelligence," along with the Cybernetics project of Norbert Wiener et al., "has been the crucial ideological feature of the method by which the once mighty U.S. economy, among others, has systematically destroyed itself over the course of the 1968-2006 period to date."

dynamic actions in categories, which we recognize in Archytas, Plato, Kepler, et al., which do not occur in the lower species.

On the "down side," so to speak, the human mind can be trained, by the kind of misuse of its specifically creative powers which Aeschylus' Olympian Zeus demands of mortal men and women, to cause mortal human individuals to suppress those creative powers, as the fraudulent Sophistry of Euclid did with the discoveries of those physical principles of geometry which had been made earlier by such as the Pythagoreans and Plato. Such has been the tendency toward effects we encounter in philosophical reductionism, such as empiricism and pro-Machian positivism generally, as those earlier hoaxes of D'Alembert, de Moivre, Euler, Lagrange, et al., had been exposed as such by Carl F. Gauss's 1799 doctoral dissertation, and the related hoaxes of Immanuel Kant's *Critiques* and the Romantic positivism in law of G.W.F. Hegel. The effect of Mach's pernicious influence on the training of the human mind, is typified by both the case of Sigmund Freud, and the savage, fraudulent attacks on Max Planck by the German-speaking followers of the Mach cult during the period of World War I. These defective personalities, such as Freud and some among the Machians, did not lose those human powers, as Freud, for example, had brilliant moments; rather, those powers were largely suppressed, and, in that process, the creative potential was often expressed in the form of a reductionist perversion.

The fact that our universe is composed of three distinct,

but interacting sets of principles, is, in itself, the basis for an ontological proof, that the interrelationship among the three categories of principle, shows the existence of a higher principle, a higher, subsuming, "fourth domain," under which the three respectively distinct phase-spaces are integrated into a single dynamic system.

For those reasons, the reasons illustrated by Plato in his *Parmenides* dialogue, the fruit of these creative powers can not be communicated within the bounds of an arithmetic, nor of a Euclidean geometry. In the matter of creativity, all deductive-inductive method fails absolutely.

Thus, the human individual has a quality of potential immortality which is not available to any lower form of living process. As Nicholas of Cusa emphasized, animals, at their best, may achieve implied immortality only through their participation in an absolutely, distinctly higher form

of existence, mankind, as man's immortality is located in participation in a higher domain, the "fourth domain," the universe of the Creator.

The contrary views, such as the Sophist view adopted by Euclid's *Elements*, defines an essentially linear, flat-Earth universality of the parallel postulate. Substituting a non-Euclidean postulate for the parallel postulate, improves the appearance, but does not bring the dead back to life. Remove the arbitrary assumptions of Euclidean or other implicitly "flat-Earth" geometries, and nothing is left for science but a dynamic system, a finite and self-bounded universe which is implicitly a Riemannian form of hypergeometry.

That situates the following parameters for treatment of the subject of the radically positivist rant of Russell, Wiener, von Neumann, et al.

To sum up the argument with which I have introduced this chapter of my report: the effect of this qualitative distinction of mankind from beasts, is demonstrated in a manner which coincides with Vernadsky's conception of the qualitative, universal distinction of three qualities of perceptible existence in the universe: the non-living processes, the domain of living processes known as the *Biosphere*, and the third, higher domain, the domain of mankind, which Vernadsky named as the *Noösphere*.

As Vernadsky's work in biogeochemistry shows, the barrier between the domain of the abiotic, and of the living processes and their fossils, expresses a universal physical principle. So, there is a principled barrier which sets the human

individual above the beasts. Mankind is the only species which can willfully increase its potential relative population-density, per square kilometer of the Earth's total surface. This distinction is the only competent basis for defining, and assessing the quality of the practice of economy.

Thus, as I have presented the argument in my "Vernadsky and Dirichlet's Principle," Vernadsky's work done during the closing decade of his life, rounded out the proof that the physical universe, as we experience it, is divided among three categorical, but dynamically interacting domains: non-living; life and its specific products; and, the processes of cognition which set the human individual into a category in a higher, third domain, outside the domain of other living processes.

Vernadsky defined these distinctions in terms of *dynamics*, as Leibniz introduced the term "dynamics" into modern physical science. Instead of locating action within the extended, specifically Euclidean domain of René Descartes and his British and continental empiricist followers, Vernadsky's conception of dynamics is, like Leibniz's, a faithful echo of the science of *Sphaerics* associated with the scientific discoveries of the Pythagoreans and Plato. Real universal action occurs within an *anti-Euclidean* physical geometry, as this is best typified for modern physical science by the work of Bernhard Riemann.

So, as I stated at the outset of this present chapter: those who employ their mind, more emphatically, for the kind of acts of creative insight which we associate with discoveries of universal physical principle, and the like, rather than the lower order of deductive-inductive argument, tend to strengthen their intellectual powers, in certain respects, as time passes, relative to those whose mental habits remain relatively "ossified" over time. The class of phenomena associated with this distinction, can not be traced within the bounds of biology as such, but obliges us to take into account the fact that cognitive action, such as that associated with discoveries of scientific principle, expresses a power which is of a higher order than biology, and acts thus upon it, *dynamically*.

This distinction corresponds in intention to the assignment, in *Genesis* 1, of a higher mission to man and woman. No animal species can increase its potential relative population-density, but only man, and that through means of the higher, cognitive function through which such effects as the discovery and use of higher orders of universal physical principles are generated by those non-degenerate cultures which have contempt for, and hate the satanic figure of the Olympian Zeus of Aeschylus' *Prometheus Bound*.

This dynamic quality of mind is typical of the best known among ancient Classical Greeks, such as Thales, Heraclitus, Solon, Archytas, Socrates, and Plato, but lacking in their notable adversaries. The proper use of the term "dynamic," as employed by Leibniz in opposition to Descartes and Descartes' followers, is a modern expression derived from the intention of the Classical Greek Pythagoreans' use of "*dy-*

namis," and has a modern ontological connotation corresponding to the Classical Greek usage of Plato et al. respecting the application of the notion of an efficiently physical, rather than a merely formal geometry.

For convenience at this point, let us describe the significance of that use of the term "dynamics," as it appears in contrast to the radically reductionist systems of modern empiricist and positivist ideologies. In this way, we shall provide the reader an intellectual map of the topics to be discussed in the following pages.

Kepler's Self-Bounded Universe

The universe of Riemann and Einstein, for example, is a *dynamic* system, of a type best described, as I have above, as *finite and self-bounded*. That means, for example, that gravity, as discovered uniquely by Johannes Kepler (but not the modern sophists Galileo and Newton) is *an efficiently universal physical principle*. This means, in other words, a principle of action as extensive as the universe, in a universe which extends no further than is reached by the universal principle of gravitation. Our universe is therefore self-bounded, and finite in that sense. Its bounds are expressed in mankind's expanding accumulation of discoveries and applications of universal physical principles.

Therefore, as I have said, each discovery which meets the requirements of a universal physical principle, is also as extensive and bounded as gravitation is to be defined as bounded. The principles which satisfy that requirement, interact universally, to produce those commonly bounded effects which are discovered in the course of mankind's expanding knowledge of experience.

Therefore, all physical action in the universe is defined by a physical geometry which expresses the universal interaction of universal physical principles. The universe is, therefore, pervasively *dynamic* in these terms. It is the adducibly distinct categories of dynamics which define the distinction of the otherwise interactive abiotic, Biosphere, and Noösphere. The interaction among these three domains defines the experimental domain of the known universe as a unified set of phase-spaces as a whole.

The issue of human practice so posed, thus assumes the form of: *How does man, through aid of his sense-apparatus, know, with certainty, of the existence of any universal physical principle?* For modern physical science's practice, Johannes Kepler's discovery of universal gravitation, presents what appears to me now, to be the best choice of illustration of the notion of a universal physical principle as an intrinsically non-linear, or *transcendental* function of the type which required the development of not only Gottfried Leibniz's own, uniquely original discovery of the infinitesimal calculus, but the addition of the revolutionary change in mathematical physics carried out by Bernhard Riemann's development of an absolutely anti-Euclidean physical geometry.

The leading accomplishment of Riemann for physical sci-

ence in general, was to go beyond the limits of elliptical functions, including the limits of Abel's work, to explore and develop deeper implications of Gauss's passing attention to the subject of hypergeometries. (By which I mean to reject the attempt to inflict Riemann with support for a discovery which the caught-out plagiarist and hoaxster Cauchy had copied from a paper he had stolen from the writings of the deceased Abel. The stolen paper turned up, at Cauchy's death, in a cataloguing of the materials carefully filed among Cauchy's possessions.)

Consider the principle of gravity in this way, a discovery made uniquely by Johannes Kepler. I use this case here to illustrate the quality of intention which should underlie the use of animation in treating the subject of physical economy.

The *mistaken description* of Kepler's discovery would be to say, that the planet, such as Earth or Mars, follows an elliptical pathway within the Solar System. The *competent choice of scientific language*, says, that universal principle known as gravity, repeatedly compels the planet to follow what becomes an elliptical pathway. The principled character of that action which might be portrayed at the blackboard of mere Euclidean geometry, as by pins and strings, or by an appropriate cross-sectional cut of a cone, expresses methods which have nothing in common with the ontological character of an elliptical Keplerian orbit. The crude options are typical of the usually miseducated student, as among the followers of Descartes and Newton. The correct method defines the need for a Leibnizian development of an ontologically infinitesimal calculus.

It was a conception consistent with the latter, appropriate choice of language, which impelled Kepler to present two challenges to the future mathematicians who might continue to perfect his own original discovery. This conception by Kepler, as addressed successfully by Leibniz, Carl Gauss, and others, through the work of Bernhard Riemann, is the key for understanding the proper function which animations should perform in study of the lawful principles governing the patterns of behavior of the U.S. and all other economies—whether the government, or governments, agree to this, or not.

The two challenges delivered by Kepler were, first, to develop a *truly infinitesimal calculus*, and, second, to define, not a mere mathematics as such, but a mathematical physics of *elliptical functions*, the latter premised on the crucial experimental evidence of Kepler's work: that it was the gravitation which generated the *ontologically infinitesimal* form of action corresponding to an ellipse. All competent mathematical physics must be proven within the bounds of those two, interdependent aspects of Kepler's own original discovery. These same two considerations are also, appropriately, the foundation of a competent science of physical economy.

On the first count, the vector which impels the planet along the generated orbital pathway, changes in each instant, no matter how small the estimated lapse of time during that

instant. In other words, contrary to the empiricist Newtonians such as Euler, Lagrange, Cauchy, et al., the orbit is, *ontologically, absolutely infinitesimal*. The action which this infinitesimal expresses is, in actuality, not imaginary, as de Moivre, D'Alembert, Euler, et al., insisted; it expresses the efficiently acting presence of the universality of the principle expressed, for example, as gravitation. On this account, Kepler assigned the task of creating a calculus of the infinitesimal to future mathematicians.

To restate the core of that argument: gravitation is not a matter of an interaction (as if at a distance) among discrete bodies, but a pervasive action by a universal existence upon the universe in which any body is situated, *dynamically*, at any time. All universal principles have that same efficient character expressed in their effects.

Within the bounds of European civilization since the ancient Greece of Thales and Solon of Athens, this fact about universal physical principles would tend to be grasped more or less readily, as it was by the Pythagoreans and Plato. The impediment to clear thinking has been the type of reductionist Sophistry typified, for geometry, by Euclid's *Elements*. The reductionists' assumption that action occurs among discrete bodies within a predetermined, linear ordering of a purely formal physical space-time, is the induced quality of insanity which continues to be the leading obstacle to sanity respecting matters of science to the present time.

Rather than accepting the fact that sense-perception is the shadow which the real universe tends to cast upon our sense-organs, and, then, seeking to discover the experimental principles which show us *the process of generation of a real universe beyond the shadows*, the reductionist interprets sense-perception—the shadows cast upon the senses by reality—as reality per se. The pathetic effect of the reductionist assumption is, in effect, something akin to the notion that definitions, axioms, and postulates are self-evidently existing agencies of cause and effect. Thus, Riemann's bold return to the standpoint of *Sphaerics*, in his 1854 habilitation dissertation and beyond, is the necessary modern correction for the pathetic influences of reductionism in general and the standpoints of Descartes and Newton in particular.

The Leibniz calculus, from its initial development, no later than 1676 Paris, to its later precision as a catenary/natural-logarithmic-cued universal principle of physical least-action, meets Kepler's requirement. The reductionist counterfeits, such as that attributed to Isaac Newton, and to the doctrines of the empiricists D'Alembert, de Moivre, Euler, Lagrange, Laplace, and Cauchy, do not meet the requirement.

On the second count, it was clear to Kepler that we must not situate any physical principle, such as gravitation, within an aprioristic, Euclidean or kindred sort of Sophist system. The principle of hypergeometry since Riemann, has been, that the curvature lies within *the dynamic nature* of the action, rather than the action within the curvature. The three most outstanding cases of those who mastered Kepler's challenge

on this account, were Carl F. Gauss, Niels Abel, and Bernhard Riemann. Riemann adopted Gauss's treatment of both elliptical physical functions and the rudiments of the higher-order physical-hypergeometric functions, as starting-points for what emerged as the Riemannian physical geometry which underlies any competent modern approach to a science of physical economy.

On this account, it should be emphasized that Kepler's method, which he rightly bases on the influence of Nicholas of Cusa and Leonardo da Vinci, is already, implicitly, a method of physical geometry, not an "ivory tower" mathematics such as that of Euclid. The outcome of the successive discoveries of Leibniz, Gauss, Riemann, et al., is already implicit in the work of Kepler. This was already recognized as a matter of *a threatening principle, contrary to their special interests*, by the empiricist followers of the New Venetian Party of Paolo Sarpi, as the attempt to destroy knowledge of Kepler's work was deployed through hoaxsters such as Fludd, Sarpi's lackey Galileo, Descartes, and the Isaac Newton hoax steered by Abbé Antonio Conti et al. Once again, in this and comparable cases, the voice of the Satanic Olympian Zeus, heard in Aeschylus' *Prometheus Bound*, resonates in the misty unwashed nooks of the modern science classroom.

The type of creative conceptions which I have defended here, conceptions situated within the domain of an epistemologically competent modern science, were not original to modern Europe; they are rooted in the earlier scientific practice of *Sphaerics*, which the ancient Classical Greek Pythagoreans and Plato adopted from Egyptian origins. Knowledge of that connection is more than probably indispensable in today's world, to clear up the popularized, false assumptions which were embedded in the wicked tradition of ancient Sophists such as the famous Euclid.

How Sophistry Corrupts Science

My experience with my own original discoveries in the science of physical economy, combined with experience of the achievements and shortcomings within the work of the Fusion Energy Foundation, have taught me that the proper approach to the development of a new adult generation of more fruitfully creative minds is to concentrate on avoiding the replication of those traditional pedagogical hoaxes of the classroom. The experience of a lifetime has shown me, that a young mind which submits to qualifying himself, or herself in a profession by submitting to the canons of a corrupt representation of science, is more likely to damage his, or her mind, than improve it.

By premising the education of bright young adult minds on avoiding the pitfalls called the taught canons of science and modern art, we leave young adult minds of promise free to unleash their true potential. Given the circumstances under which progress has proceeded, the work of the LYM during the recent several years on this account, has been a gratifying success in the specific sense that it shows the pathway to

travel in promoting the creative development of the individual mind.

Cardinal Nicholas of Cusa appears thus as the most notable among the great creative intellects who shaped the wonderful work of the great "Golden Renaissance" of the mid-Fifteenth Century. From the vantage-point of the contemporary classroom, *De Docta Ignorantia* seems an awkward work, as all great beginnings of a valid intellectual revolution must be. It appears difficult in its own way, because every work of pioneering a new quality of direction in the Classical modes of science and art, must create its own language as it proceeds from the beginnings of a new direction. If later works appear less awkward, it is chiefly because the richer development of the necessary forms of language, and of ideas as such, have enriched the catalogue of our conversations. Such is the way in which real creativity proceeds, especially those creative efforts which launch an entire field of scientific or comparable thought.

The great accomplishments within modern European culture, although they echo, chiefly, the Classical Greek legacy established prior to the Roman, Byzantine, and medieval systems of corruption, were brought forth afresh by the Renaissance and its immediate predecessors, giving newly minted names for ideas almost lost to historical memory, and introducing new ideas not known to predecessors. In the greatest of the art and science which has emerged in the aftermath of the Fifteenth-Century Renaissance of Cusa et al., we have accumulated a new language, not merely of new words, but of new conceptions of principle unknown to our civilization's predecessors. As the participants in the experience of the LYM's self-development turn to Classical science and music, they find available to them a rich vocabulary of selectable, non-linear ideas of science and Classical art which have been created by six centuries of progress—despite the reactionary setbacks along the way. Ideas which had been confined to awkward expression, now have a rich vocabulary on which to improve.

The attempted corruption of ancient Greek science did not begin with Euclid. The intersecting, combined influence of the reductionists, such as the "materialists," Aristotle, and Euclid, have been the principal reservoirs of such types of intellectual corruption in European civilization since, up into modern times. The kernel of that corruption can be fairly summarized, for our purposes here, in the following way.

As I have already stressed this point above: we know that our imagination of what we are experiencing in the world, so to speak, which is "outside our skins," is not necessarily a competent representation of the real world. What our consciousness experiences is our attempt to discover both how the universe in which we live is controlled, and how we might alter the way in which that control is exerted.

Do not ignore sign-posts, but, at the same time, never allow yourselves to be duped into believing in mere signs, such as mere mathematical formulations.

Rohatyn Steals Public Property Coast to Coast

by Marcia Merry Baker

As of this Summer, 22 out of 50 states have made changes in their laws to permit the sell-off of various of their public works to private parties. At least 43 such sell-off deals are up before state legislatures for consideration—from city- or state-owned real estate (parks, housing, hospital sites, museums), to ports, airports, and especially highways. The City of Chicago recently sold a 90-year lease on its Skyway for merely \$1.3 billion in upfront cash. On June 30, Indiana signed off on a 75-year private lease to its northern Indiana Turnpike for \$3.85 billion. A 50-year lease on the 8.8-mile Pocahontas Parkway in Richmond, Virginia was let earlier this year for \$522 million.

Lyndon LaRouche, reviewing the picture, stated the principle involved: “These projects were built with public funds. They cannot be privatized. And anyone who does it, is going to be accused of theft. No one should pay tolls on privatized public highways. They shouldn’t pay them. They should defy the tolls!

“This was paid for by the public. It’s public property. You cannot sell public property in this way. It is immoral. It is illegal. No one should pay a toll on a privatized public highway.”

Leading the charge for the sell-off of public infrastructure is Felix Rohatyn, in league with his longtime financial house, Lazard, and related circles, who are the very same networks actively destroying U.S. industry to begin with, and thus, the economic base of local government. Why? There is the obvious loot to be made off jacking up tolls, utility rates, fees, speculation, and stealing in all kinds of ways. Multibillions of dollars are involved. Just picture in your mind, if every 20 miles, a new private investor’s toll booth appears on your highway: Lazard, Goldman Sachs, Blackstone Group, Merrill Lynch, Morgan Stanley, and so on.

But beyond greed, stripping down infrastructure is an attack on the nation-state itself. That is what’s at stake. Rohatyn is acting on behalf of the interests of those financial networks opposing nations and the public welfare outright. Their history traces back directly to the 1920s and 1930s cartels and banking circles that backed Hitler and fascist economics. *EIR* has “written the book” on this.*

You can see the same point in Dick Cheney’s behavior, acting in service of the same networks. His pursuits of war against Iraq, Afghanistan, and now threats to Iran, are not simply in furtherance of gross profiteering for Halliburton and the like—which are crimes enough. Cheney is out to destroy the very system of nation-states itself. He personally has been working with Rohatyn and George Shultz to privatize huge parts of the U.S. military since 1991.

If you take away public infrastructure services—transportation, communications, water, power, housing, sanitation, cultural facilities, public security, and defense—the conditions of existence for the benefit of present and future popula-

* The Rohatyn/Lazard nexus of companies connects back, by direct lineage and policy, continuously with its predecessor cartels and financial powers that backed Nazi economics in the 1920s and 1930s, in France, Germany, Italy, Spain, Britain, and elsewhere. Lazard itself, and Rohatyn’s senior and mentor at Lazard, André Meyer, were identified explicitly by U.S. intelligence in the 1940s, as part of the Hitler-backing financial crowd, called “Synarchists.”

The dossier on this, “Rohatyn’s Fascist Roots Are Showing” (*EIR*, June 30, 2006), is now in mass circulation in a LaRouche Political Action Committee pamphlet, “Time Is Running Out For the U.S.A.” (July 2006. See www.larouchepac.com.) This title, from a statement by LaRouche, refers to how the Congress, and key institutions, beginning with the Democratic Party, are so far still refusing to act in the face of the crisis and *who is causing it*. In particular, Congress is turning its back on the takedown of the auto/machine-tool sector, the heart of the industrial existence of the United States.



The 7.8-mile Chicago Skyway opened in 1958, built originally as a shortcut to Indiana and the steel mills, from the southeast side of Chicago. This 1999 photo shows some of the characteristic features of the elevated highway. It goes above the waterways and railways; its course is marked by dense communications and power lines. The corridor has had farm commodity storage, processing and transshipment—the grain elevators are visible in the distance—heavy industry, and it is a thoroughway for dense interstate traffic. Chicago sold a 99-year lease for the Skyway in January 2005, for \$1.82 billion, cash up front. Chicago Mayor Richard Daley announced the deal in December 2004; it was finalized in January 2005. Goldman Sachs advised on the sale, making a reported \$9 million.

The buyers are Macquarie Infrastructure Group (MIG) and Cintra Concesiones de Infraestructuras de Transporte, S.A., operating as one conglomerate here called, State Mobility Partners. Cintra-Macquarie are to keep up the structural integrity and do maintenance of the Skyway, for which they collect tolls for 99 years. Already, they reduced the hourly wage of toll operators from \$20 per hour, to \$10-12. Chicago's bond ratings jumped up to their highest levels in about 25 years after the sell-off of the city-owned Skyway. Their \$5.5 billion of general obligations bonds went to AA.

tions, the nation-state will not exist. Look at how the United States grew as a young nation, by the impact of policies of internal improvements of all kinds, fostered as government policy. For example, modes of transportation were successively improved, from the first canals and corduroy turnpikes, to the railroads, mass urban transit, and airways. Now we see the principle involved under direct attack.

In fact, the infrastructure sell-off is a violation of the Constitution. The Constitution gives sovereignty to the Federal government, and you can't privatize the Federal government. The general welfare cannot be privatized.

Even British law outlaws this, LaRouche likes to point out, when it comes to a privatized toll road that was paid for originally by the people. "It belongs to the people. There can be no tolls on it. It's the public highway. Even the British law—even that which was adopted under King John the First, the Magna Carta—even the Magna Carta outlaws this. The King's Highway cannot be usurped!"

'Benito Mussolini Laws'

Figure 1 names the 22 states where laws have been changed to allow the private infrastructure grab. Texas amended its state transportation code in 2003. Many states made changes only in 2005 or since. The battles have been fierce, as in Indiana, where the private-sale authorization for the state toll road was passed by only one vote in the legislature. The entire Pacific Coast, the Southeast, and the Gulf States, except for Mississippi, have now passed enabling laws. Illinois has not yet passed such laws; Chicago sold off its Skyway, which was municipally owned.

LaRouche called these new state law changes, "Benito Mussolini Laws." And if Mussolini is here, can Hitler be far behind?

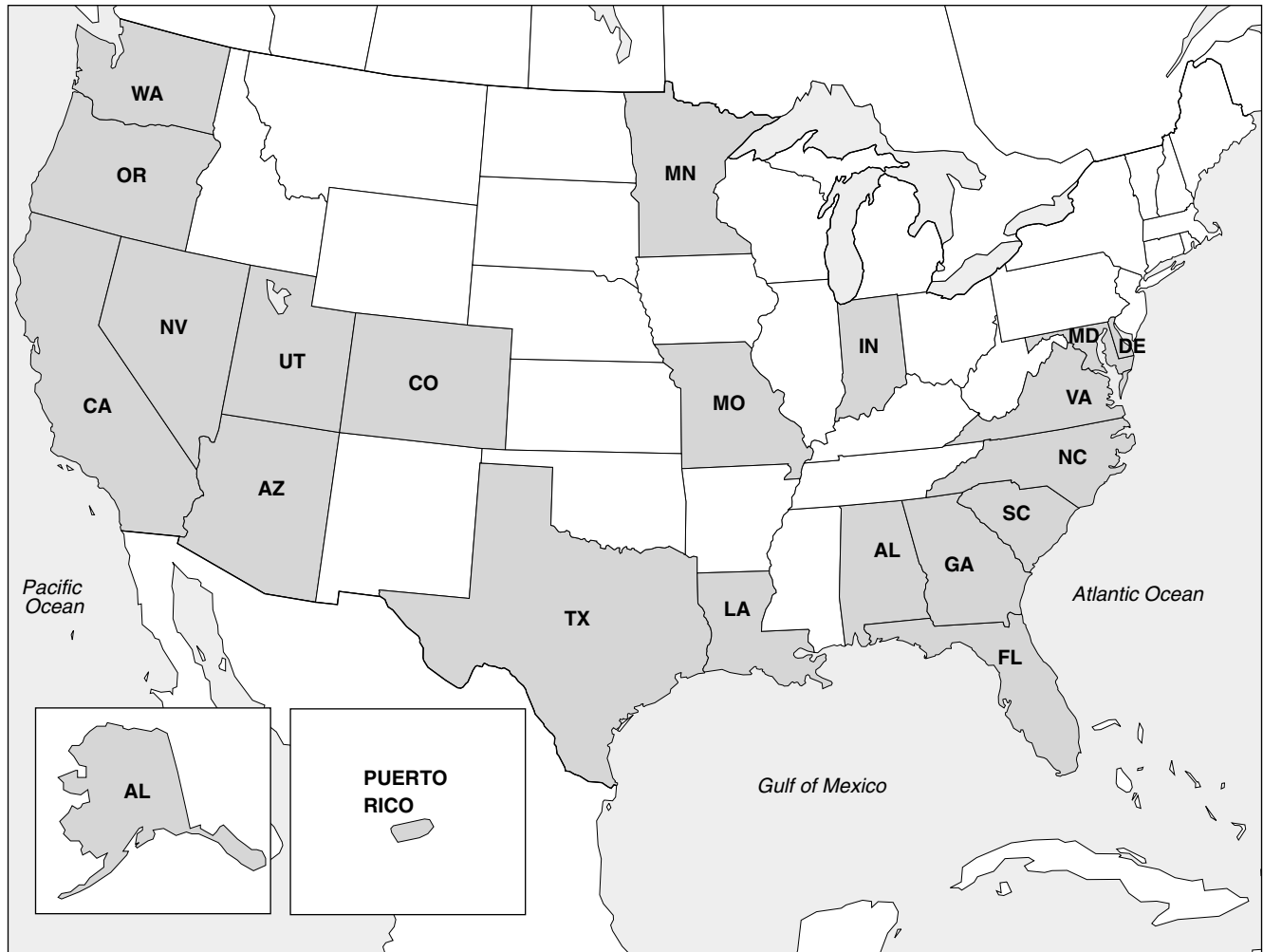
The Mussolini era was characterized by the most extreme privateering of bridges, housing, and every kind of public works. He advocated privatization of telecommunications and the post office. One Mussolini quote presents his view: "Fascism should more appropriately be called Corporatism because it is a merger of state and corporate power"—that is, private corporations take over. Mussolini's early Finance Minister, Giuseppe Volpi, later took what he considered a much more important

post, as president of the Fascist Federation of Industrialists.

How does Rohatyn come off promoting Mussolini Laws? He has a special double-speak lexicon for law changes, saying that governments must allow new "public private partnerships" (PPPs) for government services and infrastructure. He avoids saying, "privatization," which is now a has-been term, because of public disgust over the many cases of swindles and looting of public property over the 1990s—from water systems to schools.

The state law tally mapped in Figure 1, comes from the website of the National Council for Public-Private Partnerships (PPP) at ncppp.org. They are keeping close tabs on legal changes, because they represent the firms lined up for the buyouts, ranging from Bechtel Infrastructure Corp., to Lehman Brothers, Merrill Lynch, Morgan Stanley, United Water/Suez, Veolia Water, to dozens of others, including government entities. The PPP Council uses the expression, "PPP Enabling Laws" and is in high gear to coax or coerce state

FIGURE 1

States With 'Mussolini Laws' for Private Takeovers of Public Infrastructure, May 2006

Source: State law review on National Council of Public-Private Partnerships, ncppp.org.

and local officials to give up governmental rights.

In particular, state laws commonly need to be changed for takeovers of localized links in the 47,000-mile national interstate highway grid—now the infrastructure takeover-of-choice for the swarm of multinationals in the game. For years, privateers have already been active in buying and looting public assets that are owned by cities and counties, especially municipal water and sewage systems.

On Sept. 21, 2005, a Congressional PPP Caucus was announced, headed by Sen. George Allen (R-Va.) and Rep. Chris Cannon (R-Utah). Virginia, where Allen was Governor (1994-98), is considered one of the national models for PPPs. It is home to the 14-mile privately owned Greenway Toll Road, the first one in the nation since the 1800s. In 1988, a planned Virginia Department of Transportation highway extension westward past Dulles Airport was instead authorized for a privately owned highway. The road didn't open

until 1995; the state lost funds outright on the so-called public-private partnership; a sequence of private owners gained. In 2005, the giant Macquarie Infrastructure Group took it over. The toll is now \$3.20 for a one-way, 14-mile trip.

Yet Allen said at the PPP Caucus inauguration, "PPPs have resulted in the savings of hundreds of millions of dollars for the state." Now running for President, Allen is known in Virginia as the "PP candidate—a diaper boy for Rohatyn."

On March 27 of this year, Rohatyn staged a PPP event in Washington, D.C., with former Sen. Warren Rudman, the co-chairman with Rohatyn of a group he founded in 2004, the Commission for Public Infrastructure, to promote government infrastructure sell-off. They released their "Guiding Principles for Strengthening America's Infrastructure," whose language makes the classic pitch:

"Deeper capital markets and greater experience in infrastructure have dramatically improved the ability of the private



Indiana Dept. of Transportation

The Indiana Toll Road: Shown is Interchange 10, adjacent to the Grand Calumet Viaduct, in northwest Indiana. The Toll Road, opened in 1956, stretches westward 156.9 miles across the northern part of the state from Ohio to Illinois. It is the main connection to the Chicago Skyway, going to southeast Chicago; it is the main route linking Chicago to the entire Eastern Seaboard. As of June 2006, a 75-year lease was sold for \$3.85 billion upfront, to the consortium partnership called ITR Concession Co. LLC, made up of Macquarie Infrastructure Group (MIG) and Cintra Concesiones de Infraestructuras de Transporte, S.A. (This was approved by only a one-vote margin in the state legislature earlier this year.) Gov. Mitch Daniels, who forced it through, was former Bush Office of Management and the Budget director.

sector to play a central role in infrastructure provision. The old public works dichotomy—the public sector buys and manages while the private sector builds—is being replaced by new types of *public-private partnerships*. Increased private sector activity will continue to improve the efficiency of infrastructure markets. Entrepreneurs should be encouraged to put their capital at risk in order to create infrastructure that meets the needs of users” (emphasis added).

Among the 12 signators were California Gov. Arnold Schwarzenegger, Texas Gov. Rick Perry, Iowa Gov. Tom Vilsack, and representatives of buy-out companies including Bernard Schwartz, retired chairman and CEO of Loral Space and Communications, and Frederick B. Whittemore, advisory director of Morgan Stanley.

The Sell-Offs

Along with highways and water systems, the range of public works installations targetted for privatization includes all kinds of government property that can be converted to what the PPP market calls, “saleable assets”—from ports and airports, to swimming pools, skating rinks, and zoos. Up for sale are concessions and long-term licenses for government services ranging from police and health care, to data processing, parking-meter collections, even for fees on High Occupancy Vehicle lanes.

Running parallel with the yard sales for civic and public works, is the push to privatize military logistics and services. This was kicked off in 1992, with a \$9 million report on privatization of the military’s civil logistics by then-Defense Secretary Dick Cheney, carried out by Halliburton’s subsidiary KBR.

Many of the current infrastructure deals involve government sell-off of the rights to construct future facilities, in exchange for long-term private control of revenue streams from tolls, fees, or billings of other kinds. Texas is the leading case right now.

In 2002, Gov. Rick Perry (R) announced his “Trans Texas” transportation and utility corridor plan, calling for a grid of toll-ways, rail, and utility routes for water and power, across the state. This June, the first contract was signed to construct a designated stretch of the Trans Texas Corridor Toll Road, by a consortium that is 65% Cintra Concesiones Infraestructuras SA of Spain, and 35% Zachry, a Texas firm. The conditions include the consortium investing an initial \$1.3 billion in the first segment, for which it gets a 50-year concession on the tolls. More multibillion-dollar commitments and private conces-

sions are in the works.

In revolt, Texas counties and municipalities have taken to passing opposition resolutions and seeking other recourse, because Congress is so stalled out. The Texas Transportation Department has over 50 public hearings scheduled on the potential rights-of-way.

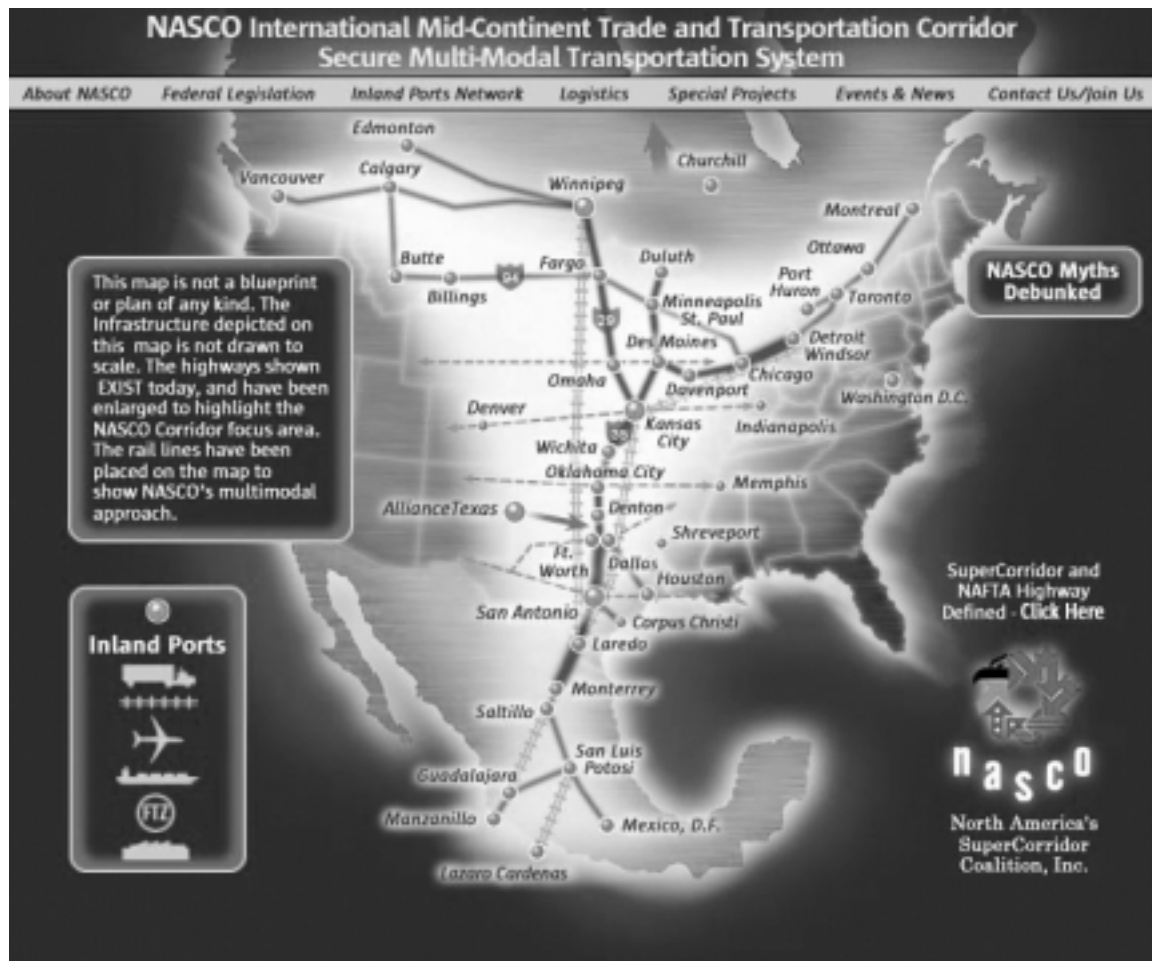
Figure 2 shows a continental scheme—North America’s Super Corridor Coalition, Inc.—for major highways connecting Canada, the United States, and Mexico. In today’s free-trade domain, this constitutes the blueprint for the “NAFTA Highway,” with sub-sections being prime targets for “PPP takeovers.”

On June 29, outgoing Transportation Secretary Norman Mineta, speaking to the Chamber of Commerce in Washington, D.C., praised the NAFTA Highway concept by name, when extolling the recent sell-off of the 7.8-mile Chicago Skyway, and the connecting 157-mile Indiana Toll Road as key links in the superhighway route from Canada to Mexico. Within a week of leaving government, Mineta took up a new job as vice president of Hill-Knowlton, the public relations giant, to specialize in the transfer of public transportation systems to private ownership.

At least 18 major U.S. transportation system sell-off deals are under discussion nationally, involving some \$25 billions. Critical links in the 47,000-mile U.S. interstate

FIGURE 2

North American 'SuperCorridor'



Source: North America's SuperCorridor Coalition, Inc. www.nascocorridor.com.

This map is the website homepage image of NASCO—North America's SuperCorridor Coalition, Inc. While controversy rages over whether it does, or does not constitute a "NAFTA Highway," given the radical free-trade practices now destroying Canada, the United States, and Mexico, key links of it (Chicago, Indiana, Texas) are already being sold off to the Rohatyn globalists, along with choice links throughout the entire 47,000-mile U.S. Interstate highway system.

highway system are up for grabs.

New Jersey. A legislator proposes selling a 49% share of the New Jersey Turnpike and the Garden State Parkway.

New York. Gov. George Pataki is proposing that a lease be granted to a private firm for taking over the Tappan Zee Bridge, spanning the Hudson above New York City. It needs to be repaired or replaced; he wants it privatized.

Pennsylvania. Turnpike officials have met with Macquarie Infrastructure Group about a PPP deal for the Mon-Valley Expressway and the Southern Beltway in the Pittsburgh area.

California. A legislative panel is considering a \$16 billion plan for privately run toll roads.

Virginia. Widening the Route 81 corridor in the Shenandoah Valley is considered a potential PPP deal.

Chicago. The city-owned parking system, the largest in the nation, with four garages having almost 9,200 spaces, is expected to be put up for sale. At least 13 bids are already in the works, involving Maquarie-Cintra, Goldman Sachs, Morgan Stanley, and Merrill Lynch.

Municipally owned Midway Airport has been mooted for potential sale.

Ohio. Ken Blackwell, the scandal-ridden Republican gubernatorial candidate, proposes that the Ohio Turnpike system should be sold off for \$6 billion. His 2005 book *Rebuilding America*, co-authored with Jerome R. Corsi (who wrote *Unfit for Command: Swift Boat Veterans Speak Out Against John Kerry*), is described by its publisher, Cumberland House, as putting forward "new techniques of public finance—not dependent on new taxes—to enlist financial insti-



EIRNS/Stuart Lewis

Toll stations for the 14-mile Dulles Greenway Toll Road in 1995, the year it opened. It runs westward from Dulles International Airport, through the northern Virginia commuter belt. Greenway was built as a private toll road from scratch. It came about when, in 1988, a syndicate of investors was granted a 40-year concession agreement to build a private extension of a highway past Dulles International Airport, instead of allowing the Virginia Department of Transportation to proceed as intended on its already planned roadway extension. The project was then marked by delays, financial losses foisted on the state, insolvency, a shuffling among shareholders—including by Kellogg, Brown & Root/Halliburton—and a sequence of three private operators. The state kicked in an additional 20-year toll concession, and in 2005, Macquarie Infrastructure Group acquired the roadway, getting more than 51 years of tolls remaining. Despite all this, the Greenway is still called a “national model” for toll road PPPs. The charge is \$3.20 for a one-way, 14-mile trip.

tutions in deploying new urban capital into rebuilding our cities. The goal is to work with established and newly formed corporations. . . .”

The Rohatyn Takeover Crowd

Among the leading names involved in the purchase, financial structuring, investment, and other functions connected with sales of infrastructure and government service concessions are: Macquarie Bank/Macquarie Infrastructure Group, Lazard Infrastructure Fund, Goldman Sachs, Loral, Cintra, Bechtel Infrastructure, Suez (Ondeo/United Water), Morgan Stanley, and Transurban. In addition, many of these operate together in joint ventures for various purposes of buy-outs, stocks, fees, and leases.

Rohatyn is active in these personally, and through Lazard, for which he was senior officer from the 1960s through the 1990s. Look at two of the world’s foremost takeover corporations—Suez, infamous for water swindles; and the Macquarie Bank group, infamous for toll road takeovers. From 2001 to 2004, Rohatyn served on the Board of Suez. With the Macquarie Bank/Macquarie Infrastructure Group, Lazard has three joint investment ventures:

Suez. The multinational based in France dates back to the 1850s Suez Canal construction. In recent years, it came to

rank as one of the top multinationals involved in global water system takeovers, along with Vivendi Water (Lyon, France) and Thames Water (Reading, England). These, along with Bechtel and a few others, have bought out water systems from South America, across Europe, the United States, and in Southeast Asia. Suez has a record of spectacular takeovers, and spectacular disasters.

In 1998, the City of Atlanta, Georgia sold a 20-year lease to Suez for \$438 million—then the largest such water utility deal ever. Within four years, the system was in breakdown; pipes were breaking; brown water came out the taps. Yet the customer rates were hiked over 30%. The city broke off the contract with Suez, but Atlanta’s water system is a wreck. Argentina cancelled the Suez franchise this year, for what it did to water services there. Bolivia kicked Suez out of the country too.

Macquarie. The leader of the pack in transportation is the Macquarie Infrastructure Group (MIG), head of the consortium which last year bought the Chicago Skyway and the Virginia Dulles Greenway Toll Road, and this year, the Indiana Toll Road; it now owns thousands of miles of toll roads around the world. In Britain, its toll road holdings include the new \$2 bil-

lion M6 Expressway. Macquarie’s External Affairs Manager became infamous when his comment became public on Macquarie policy: “We can put up the tolls by whatever we like and, almost as importantly, we can start the tolls on day one by whatever we like. . . . If [motorists] don’t complain about it being too high, then we won’t have done our job.” He was fired, but Macquarie policy remains.

Based in Australia, Macquarie Infrastructure Group is part of Macquarie Bank Ltd., with a pedigree going straight back to the heart of the historical Synarchy International (see accompanying article). At large, the Macquarie Bank Ltd operates three investment partnerships directly with Lazard: Macquarie Lazard Master Global Equities Fund, Macquarie Lazard Asia Pacific Share Trust, and Macquarie Lazard International Share Trust.

In February 2006, Lazard Asset Management launched its own Lazard Global Listed Infrastructure strategy, with a special focus on “North American infrastructure stocks,” that are opportunities as once-government-owned infrastructure is sold off. Lazard’s own description of this in February states:

“Infrastructure assets are the basic physical systems needed for the functioning of a country or community, including utilities, roads, airports, ports, railroads, and communications systems. Historically, a large component of global infra-

structure has been developed and owned by governments, but there is an increasing trend to listed and unlisted public ownership [meaning shares]. Infrastructure assets can have attractive investment characteristics, including long duration, low risk of capital loss, and inflation-linked revenues. . . .”

Macquarie stands in line to buy out the Eurotunnel. Now that the Chunnel filed for bankruptcy on July 13—after a preventable failure of financial restructuring—a consortium including Macquarie, Goldman Sachs, and Barclays plans to buy out the 70% holdings of the senior debtholders.

These corporate snapshots characterize all the players in the infrastructure grab. Goldman Sachs is reportedly raising a \$3 billion fund to be able to vastly expand into the hot deals for privatizing public infrastructure. The company is said to have raked off \$9 million in fees advising the City of Chicago on the sell-off of its Skyway in 2005, and \$19 million for the 2006 Indiana deal to sell off the 75-year lease on its toll road. Mark Florian, a Goldman Sachs managing director, said they have discussed similar sales with 35 states.

LaRouche summed up the character of these networks and their menace, in a reponse he wrote to a December 2005 article by Rohatyn and Warren Rudman (“It’s Time To Re-build America: A Plan for Spending More—and Wisely—on Our Decaying Infrastructure”): “What Rohatyn represents, and represents this in a fully conscious way, is a globalized system of imperial rule by a global combination of super-gigantic slime-molds made up of many private financier interests. They intend to eliminate what they regard as the former power of ‘big government,’ by either governments which are mere lackeys, errand-boys for financier slime-molds, or, for most cases, no real government at all.”

Rohatyn’s Record

The process of mass theft and deliberate destruction of government described here, is just what Felix Rohatyn has been working overtime to bring about. A timeline of some of his recent public activities documents his role.

1999-2001

In **January 1999**, when Rohatyn was the U.S. Ambassador to France, he addressed the U.S. Conference of Mayors, at its 67th Winter meeting in Washington, D.C. At the time, cities were in acute crises over depopulation, loss of industrial base, lack of revenue, and decrepit infrastructure. Rohatyn’s theme? Look to “European investment” as the solution. In other words: Private financing takeovers by the synarchists. He stressed this for cities in the United States and Europe alike. For the future, he said, mayors would have to learn to work in partnership with the private and voluntary sector, and to “compete internationally in new ways.”

Rohatyn then invited the mayors present to work with him and John Kornblum, then U.S. Ambassador to Germany



EIRNS/Dan Sturman

Felix Rohatyn and his Lazard investment bank are leading the charge for the sell-off of public infrastructure to private interests. Highways are the most prominent target, but other urban infrastructure is next in line.

(and subsequently, a Lazard vice president), to convene a U.S.-German-French mayors meeting in **April 2000**, in Lyon. Over the 2000-01 period, the “Transatlantic Mayors Initiative” was led by Rohatyn and Kornblum, drumming on the public-private theme for selling off government assets and sovereignty. At the same time, the Rohatyn networks targetted U.S. state and local leaders for compliance (see accompanying article).

In **August 2001**, Rohatyn published an opinion column in the London *Financial Times*, entitled “Back to Bretton Woods.” His Delphic message came at a time when cities, and the U.S. economy generally, were reeling under the impact of the newly deregulated electricity markets. The out-of-control energy prices—backed by the Cheney Task Force—focussed attention on the dangerous condition of the unhinged, speculative world financial system. Rohatyn’s letter was a pretense of addressing this. LaRouche responded by an open letter to Rohatyn to clarify his view of a new monetary system, vis-à-vis LaRouche’s own long-standing proposal. Rohatyn never answered.

2002

In **April**, Rohatyn addressed the Spring meeting of the U.S. Conference of Mayors. Occurring soon after the 9/11 attack, the mayors not only met in Washington, D.C. as usual, but took a side-trip to New York City. These events became the occasion for the Rohatyn crowd to imbue local officials with the sense that private takeovers were the order of the day, especially because of the new security needs. The topic of the New York gathering was “International Summit on Terrorism and Travel/Tourism.” Rohatyn gave the greeting and keynote address. The trip was sponsored by United Water of Ondeo Services Company, a subsidiary of Suez, the Lazard-related, France-based synarchist company. United Water Chairman and CEO, Michael L. Chessier spoke, besides Mayor Michael Bloomberg and others.

At the Washington, D.C. part of the conference, the topic addressed was, “Mayoral Strategies To Ensure Safety and

Security for Their Cities: Special Events, Water and Border Security,” and again, a United Water/Suez official spoke—Patrick Cairo, Vice President for Strategic Issues.

2003

On **Nov. 12**, Rohatyn addressed a national summit of mayors and business leaders in New York City, on “‘04 Metro Agenda on Infrastructure and Jobs.” He advised the group “to look at new institutional arrangements that would allow for greater and longer term investment of pension funds in infrastructure development.” Rohatyn downplayed the importance of the rising U.S. deficit as “not the immediate concern.” Instead, “restoring business investment is of paramount importance.”

A report was released prepared by Global Insights, Inc. Key figures at the meeting were Detroit Mayor Kwame M. Kilpatrick, chairman of the Council for Investment in the New American City.

2004

Rohatyn founded the Commission on Public Infrastructure, as part of the Washington, D.C. Center for Strategic and International Studies (CSIS). His co-chair was former Senator Rudman. In standard double-speak, the Commission said that it “seeks to raise public awareness and dialogue on the subject of America’s mounting infrastructure problems, and to help lead the country towards making more innovative investments in public infrastructure.”

The eight Commission on Public Infrastructure members include Frederick B. Whittemore, an “Advisory Director” with Morgan Stanley, where he has been for over 30 years. A Morgan Stanley official is also a top official for the National Council for Public-Private Partnerships.

On **Oct. 9**, Rohatyn and George Shultz teamed up to address a conference on “The Privatization of National Security,” held on the campus of Middlebury College in Vermont, sponsored by Shultz’s Princeton Project on National Security, and the Rohatyn Center for International Affairs at Middlebury College. The theme was to outsource to private multinational corporations, virtually all national security and military functions, including all non-combat and some core combat functions of the military itself. The message was summed up by one speaker, Peter Feaver, the director of the Triangle Institute for Security Studies at Duke University, who gushed: “In fact, what we’re seeing is a return to neo-feudalism. If you think how the East India Company played a role in the rise of the British Empire, there are similar parallels to the rise of the American quasi-Empire.”

Rohatyn spoke on the final panel, pronouncing the inevitability and superiority of privatization. “I will address this issue as privatization and what goes with it—not if it’s good or bad—because I think it is here to stay and there’s no point in arguing that issue. And also because I think it will grow. I don’t think for a moment that privatization will stop with

security services. . . . I believe it is inevitable that more and more ranking officers will leave the Pentagon and go with private companies, and then go back to the military as contractors, with businesses that have far greater market values. Because one actor that you haven’t included here are the securities markets. And privatization, which is a dogma as well as a process, usually brings with it two other elements. One is deregulation and the other is a need for transparency. . . .”

2005

May 1: Rohatyn signs, as President of Rohatyn Associates LLC, an agreement with Delphi Corp., to advise on their pre-bankruptcy strategy. By 13 months later, 47,000 Delphi and GM auto worker jobs were gone through buy-outs, and numerous plants were shut down—the loss of crucial capacity for infrastructure building.

June 16: Rohatyn authors an opinion column in the *Wall Street Journal* entitled, “A Trust Fund for America,” which uses citations from Thomas Jefferson, James Madison, and FDR’s Tennessee Valley Authority, to try to sell his PPP for privatizing public works.

Sept. 21: The formation of a Congressional PPP Caucus was announced in Washington, D.C., by co-chairmen Sen. George Allen (R-Va.) and Rep. Chris Cannon (R-Utah). Senator Allen spoke of his time as Governor, and his use of PPPs for transportation, and for real estate/economic development. He said that PPPs “resulted in the savings of hundreds of millions of dollars for the state.” At the announcement of the meeting, specific PPP enabling actions for water supply were extolled:

- HR 1708 would remove caps on Private Activity Bonds. The example was given of the Tampa Bay desalination plant (a sizable project), which used all the annual Florida state allowance for PABS for three years in a row. Conclusion: Don’t cap private bond issuance.

- S-1400, the Water Infrastructure Financing Act, has clauses to promote PPPs.

Future PPP Caucus sessions were promised, to review private management of Federal installations, “enhanced use” leasing, and transportation.

Dec. 13: Rohatyn co-authors an opinion column in the *Washington Post*, with Warren Rudman, entitled, “It’s Time To Rebuild America, A Plan for Spending More—and Wisely—on our Aging Infrastructure.” The Rohatyn now-standard format is used, to review the decay in infrastructure, and call for PPP takeovers.

2006

March 27: The Washington, D.C. Commission on Public Infrastructure National Press Club event had Rohatyn and Rudman as featured speakers.

A “Guiding Principles” document was released with 12 signators, including Iowa Gov. Tom Vilsack (D), former Nebraska Sen. Bob Kerrey, and others.

The LaRouche Record on 'Science and Infrastructure'

Lyndon LaRouche, as the most accurate economic forecaster, and among history's leading economists, has repeatedly, explicitly located the significance of infrastructure in the real economy.

Over the last four decades of "post-industrial" decline, he has insisted on bringing back onto the public agenda, projects cast aside under globalization—from nuclear power development, to the North American Water and Power Alliance. His name is associated with the most beautiful, large-scale development programs under discussion internationally, in particular the "Eurasian Land-Bridge" of development corridors; the "Oasis Plan" for Southwest Asia; the "Productive Triangle" concept of restoring the European industrial powerhouse; the "Great American Desert Development Program," for the U.S./Mexico cross-border region; and above all, the imperative of economic development in Africa.

LaRouche has spelled out key concepts involved, ranging from questions of technology, to how to fund the projects, and ensure national solvency, living standards, and a future for mankind. LaRouche and his efforts stand in direct opposition to Rohatyn and the Synarchy International. Here are a few points of the clash over the last five years, now at show-down stage.

2001

Aug. 31: LaRouche issued in *EIR* a "Challenge to Banker Felix Rohatyn," to state whether his use of the term, "New Bretton Woods," called for in LaRouche's widely circulated proposal, means that Rohatyn is supporting LaRouche's proposal, or attempting to make an end-run against LaRouche's growing influence worldwide on this matter. LaRouche issues a statement, "Rohatyn Must Not Duck the Issue."

2002

Aug. 18: LaRouche, as a pre-candidate for the 2004 Democratic Party Presidential elections, announced a national emergency infrastructure-building drive, leading with rebuilding rail and air systems. "Without this action, we don't have a future." He spoke at a San Pedro, California gathering of youth, a beginning formation of the LaRouche Youth Movement.

Aug. 24: LaRouche, on Internet radio, called his emergency infrastructure-building policy, a "November Emergency Program," to be the metric for the 2002 midterm elections. When Congress reopened after Labor Day, LaRouche's infrastructure package—including a detailed U.S. sector-by-

sector survey—was circulating in Washington.

A 50-page report, "Science and Infrastructure" was written by LaRouche, reviewing the takedown of infrastructure—especially railroad systems over the past 35 years, and the need to rebuild rail, air travel, waterways, and all infrastructure. He included especially, the vital "soft" infrastructure sectors of health care and Classical education.

Sept. 11: At an international webcast from Washington, D.C., LaRouche reiterated his call for a "national infrastructure policy," and foreign policy on the same basis. "If you don't build infrastructure, you're wasting your time."

October: A 25-page pamphlet was released for mass circulation by the LaRouche in 2004 Committee, entitled, "LaRouche's 'November Program' To Rebuild The Economy." Over the next two years, more than 1 million copies are printed. The document stressed how to pay for the projects, and at the same time, restore local, state, and Federal governments to solvency, using precedents of the FDR drive for massive infrastructure-building and job creation.

November: A 100-page *EIR* Special Report was released, "Science and Infrastructure," leading with LaRouche's policy paper of that name, and including reviews of the breakdown of U.S. infrastructure, especially rail and air systems.

"A Super-TVA" was the concept stressed by LaRouche in tours in California and northern Mexico. Focussing on large-scale power and water programs, he called for the development of the "Great American Desert Project," which he said was required in the U.S./Mexico cross-border region.

2003

September: The "LaRouche in 2004" campaign issued three pamphlets in California, in the Democratic Party battle to defeat Arnold Schwarzenegger. The first exposed George Shultz and the other Synarchists backing Schwarzenegger. The next two pamphlets:

- *The Sovereign States of the Americas*, which included maps and reports on the "Great Infrastructure Projects," from the intercontinental rail grid, to Atlantic-to-Pacific waterway connections across South America, and others. Printed in Spanish and English.
- *Return To Sanity: Make California a Pilot Project For the Nation!*, reviewing in detail, plans for nuclear electricity and nuclear-powered seawater desalination.

Nov. 18-20: In St. Louis, Missouri, and Detroit, Michigan, LaRouche conferred with state and local lawmakers, and labor and farm leaders, on specifics of a "Transportation Reconstruction Fund," in the FDR tradition, for Midwest regional economic reindustrialization.

2004

July 30: A Boston press conference was held by LaRouche, with the LaRouche Youth Movement, at the conclusion of the national Democratic Party convention, launching the Lyndon LaRouche Political Action Committee (LPAC). He committed to "draw an economic map of the

United States,” on what is collapsing, and what must be done. LaRouche commissioned a series of animations of economics—especially of infrastructure development historically, and for crash development today.

Sept. 4: Labor Day Conference in Reston, Virginia. LaRouche stressed in his keynote, “The greatest issue today, in terms of government policy, is the question of basic economic infrastructure.”

September: The pamphlet, *‘It’s the Physical Economy, Stupid!’*—Lyndon LaRouche, 2004, was released by the Lyndon LaRouche Political Action Committee, for mass circulation.

2005

March: LaRouche issued an alarm, and call to action by the Senate, on the threat of shutdown of the U.S. auto/machine tool sector. He repeats this throughout the year, calling for retooling auto capacity for transportation infrastructure development. Over the ensuing 15 months, more than 20 state and city resolutions are introduced calling for Congressional action to intervene against the auto shutdown, and launch infrastructure-building.

Dec. 30: LaRouche article appeared in *EIR*, titled, “How Not To Build a Recovery: A Tale of Two Bozos,” in which he dissects a piece of chicanery written by Rohatyn and Warren Rudman for the *Washington Post*, entitled, “It’s Time To Rebuild America: A Plan for Spending More—and Wisely—on Our Decaying Infrastructure.” LaRouche describes Rohatyn’s efforts as part of the “globalized system of imperial rule by . . . many private financier interests,” aimed at destroying national governments. LPAC issues the statement for mass circulation as a public warning of the Rohatyn menace.

Dec. 30: LaRouche’s paper, *Rebuilding the U.S.A.: Travel Among Cities*, appeared in *EIR*, as a guide to economic animations to depict transportation and the historical development of the United States; and programs needed today “in restoring our presently ruined and endangered national public transportation (air, rail, navigable waterways) and power grid.”

2006

Jan. 27: *Deficits As Capital Gains—How to Capitalize a Recovery*, is a 35-page *EIR* feature by LaRouche, on how to conceptualize and finance economic recovery.

March 27: At the Rohatyn/Rudman National Press Club event on their Commission for Public Infrastructure, Rohatyn was forced to admit publicly, in response to questions from LaRouche Youth Movement and *EIR* representatives, that he opposes the FDR perspective on infrastructure funding and programs.

May: *The U.S. Economic Recovery Act of 2006* is issued by LPAC, as what Congress must do to halt the liquidation of the auto/machine tool industrial core.

July 20: LaRouche to hold an LPAC international webcast in Washington, D.C. on the topic, “Rohatyn As Satan.”

Transatlantic Initiative

Rohatyn Courts Mayors For Urban Looting

by Elke Fimmen

Lazard’s Felix Rohatyn has been working, since at least 1999, to put together a forum for selected mayors from cities around the world, to convince them that globalization is here to stay, and they have to learn how to live with it. A big part of this organizing effort, is to sell U.S. and international mayors on the idea of privatizing large chunks of their taxpayer-funded urban infrastructure. Rohatyn’s other goal, which he shares with all synarchist bankers, is to strip away the powers of the sovereign nation-state.

The drive was officially launched in January 1999, when Rohatyn addressed a meeting of the U.S. Mayors Conference in Washington, D.C., on the theme of “Cities, Europe, and the Global Economy.” He praised “the role of regions of cities” in the globalization of the world economy, besides the competitive drive of the private sector. He singled out the big European investment in the United States as an important factor. For the future, mayors would have to learn to work in partnership with the private sector, and also “compete internationally in new ways.” Then, he invited the mayors present, to work with him and John Kornblum, to convene a U.S.-German-French mayors meeting in 2000 in Lyon, France, “center of an international economic region, that extends from Barcelona, Spain, to Geneva, Switzerland, north into Germany, and south across the Alps to Turin in northern Italy.”

Rohatyn’s partner, Kornblum, was U.S. Ambassador to Germany (1997-2001), and is currently the chairman of Lazard’s branch in Germany.

Lyon, 2000

The first Transatlantic Summit of Mayors took place a year later, April 6-8, 2000, in Lyon. It was organized by Rohatyn, who was then U.S. Ambassador to France, Kornblum, J. Thomas Cochran (executive director of the U.S. Conference of Mayors), together with Aspen France and the Aspen Institute Berlin. Major foundations and corporate sponsors included the German Marshall Fund of the United States, American Airlines, and ONDEO Services (including United Water, Lyonnaise des Eaux, and Eurawasser). The conference was held under the umbrella of the New Traditions Network (NTN), which had emerged since 1994, and is coordinated by the U.S. Embassy Public Affairs Section.

About 30 mayors participated, including 10 from the United States, and 20 from France and Germany.

Macquarie Bank Ltd's Imperialist Family Tree

Today's foremost owner of once-public infrastructure—toll roads, ports, power services—is the Australia-based Macquarie Bank Ltd, also operating through various subsidiaries including its Macquarie Infrastructure Group, Macquarie Airports, and Macquarie Communications Infrastructure Group. Macquarie also has three investment partnerships with Lazard: Macquarie Lazard Master Global Equities Fund; Macquarie Lazard Asia Pacific Share Trust; and Macquarie Lazard International Share Trust.

Rohatyn's fascist euphemism for private takeover of public infrastructure today, is "public-private partnerships." A short list of the Macquarie PPP-type holdings so far:

Macquarie Infrastructure Group owns stakes in the Chicago Skyway and Indiana Toll Road; owns the Greenway Toll Road west of Dulles International Airport; owns a U.K. ferry service, and part of the M-6 Motorway; and just bought the Pittsburgh electric company, Duquesne Power, on July 6.

Macquarie Airports owns stakes in the air terminals of Rome, Copenhagen, Brussels, and Sydney airports.

The origin of Macquarie Bank Ltd., Australia's largest investment bank, takes it back right to the heart of imperialist cartels. Macquarie Bank Ltd, was set up in 1969, in Sydney, as Hill Samuel Australia Ltd., the Australian arm of Hill Samuel Bank of London—a case of a new whorehouse in an old chain.

Marcus Samuel, later Viscount Bearsted, was the founder of Shell Transport & Trading. Shell merged with Royal Dutch, led by Henri Deterding, in 1907, and in 1911 the company, now known as Royal Dutch Shell, bought Azerbaijan oil fields from the Rothschilds, making the Rothschilds the largest shareholders in both Royal Dutch and Shell. Deterding was notorious for his support of the Nazis and Hitler.



Sir Marcus Samuel

Hill Samuel itself was a product of a 1965 merger between M. Samuel, Marcus Samuel's bank, and Philip Hill, Higginson, Erlanger. Head of the bank was Sir Kenneth Keith, a director of Eagle Star, one of the core companies of the British Empire. Erlanger was the bank of Baron Emil Erlanger, which made the famous Erlanger Loan to help fund the Confederacy. Such is the pedigree of Macquarie.—*John Hoefle*

Among the "key issues addressed at the summit," we find the full "globalization is inevitable" mantra:

- What are the economic and social impacts of globalization?
- How should they be managed in the context of change?
- What is the impact of globalization on urban management?
- How are German, U.S., and French cities positioned to seize the opportunities in the globalization process?
- How can the city achieve sustainable development within the context of global changes?

The meeting was opened by former prime minister of France, mayor of Lyon, and synarchist Raymond Barre, who declared that globalization generates "challenges for economic development and can strain the social cohesion of cities and communities." However, "new opportunities would inevitably arise from the increased competition resulting from globalization." Another former prime minister, Alain Juppé, mayor of Bordeaux, said that "governments today are too small for big things, and too big for small things"—that's why cities are so important in the globalized world.

Ambassador Rohatyn said how proud he was, that this was the first time ever something like this had been done, to bring together "European mayors to address critical issues of globalization." It was reported in press coverage of that event, that Rohatyn, as ambassador to France, had made a special point of decentralizing the U.S. Embassy to several French cities, to reflect his view, that that is where the significant political and economic action is taking place.

Ambassador Kornblum encouraged mayors to "ignore the admonishments of foreign ministries not to engage in foreign affairs," but to become "global players" themselves. The subsequent discussion focussed on how to attract businesses "that are no longer bound to a geographic area"—i.e., globalized interests.

This theme of bypassing or eliminating the institutions of the nation-state was pervasive at the conference. Denver Mayor Wellington E. Webb declared: "If the 19th Century was the century of empires and the 20th Century the century of nation-states, then the 21st Century will be the century of cities." He ended on Rohatyn's favorite theme of so-called public-private cooperation: "The potential for the cities is limited only by our imagination, creativity, and joint effort of

our local public/private sector cooperation.”

Tulsa Mayor Susan Savage said that “globalization is bringing about new ways of thinking about boundaries and the national sovereignty of nations,” and described how the “explosive growth” of the world’s population leads to migration into the cities, which corresponds “to a depletion of natural resources.”

Norbert Gansel, mayor of the northern German port city of Kiel, pointed out the fact, obvious to all, that there is “no money” in the cities with which to fight social problems. This is clearly Rohatyn’s cue to bring in private companies to loot the cities.

Berlin, 2001 and Washington, 2002

The second meeting sponsored by the New Traditions Network was in Berlin on May 20-22, 2001, on the theme “Immigration in the Era of Globalization, Future of Housing and Transit Development.”

Then, at a Washington meeting of the U.S. Mayors Conference in April 2002 (see accompanying article), billed as an “International Summit on Terrorism and Travel/Tourism,” many international mayors joined the American hosts. Among them were Social Democrats Bärbel Dieckmann (Bonn), and the aforementioned Norbert Gansel (Kiel). Gansel is said to be a personal friend of John Kornblum. As mayor in 1997-2003, he enforced a strict austerity budget, making Kiel number one among the big German cities in paying its debts, including by privatization of key municipal assets. Dieckmann and her husband, the former Social Democratic justice minister of North Rhine-Westphalia, are strong proponents of the environmentalist current of the party; she is president of the Council of World Mayors on Climate Change; and executive president of the Council of Communities and Regions of Europe.

Denver, 2003

The next summit, “The Second International Conference of Mayors: The Role of Mayoral Leadership in Achieving Sustainability in the World’s Cities,” took place in Denver on June 5-8, 2003. (This was apparently the last meeting to take place under this particular institutional structure.)

The Mayors and Business Council Plenary breakfast was addressed by Howard Menaker, Manager of Public Affairs for George Shultz’s company, Bechtel. Other notable speakers were: Maury Myers, the president and CEO of the sponsoring company, Waste Management; Australian Ambassador to the United States Michael Thawley, on the Australia-U.S. Free Trade Agreement; the senior vice president and general counsel of DuPont, Stacey Mobley; the vice president and general manager of U.S. Filter Services group; and Detroit Mayor Kwame Kilpatrick, chairman of the Council for Investment in the New American City. There were also representatives from Japan, Korea, Africa, and the United Nations.

Renault Bid for GM Steps Up Cartelization

by Richard Freeman

The maneuvering of the Lazard-connected Renault-Nissan Motors to acquire a 20% share, or greater, of General Motors, represents an accelerated push to create a synarchist-directed world auto cartel, placing the advanced machine-tool capacity of the auto sector in the hands of financiers, and above the control of sovereign nation-states. During the past ten years, this drive had intensified, while the largest six auto producers, under the guiding hand of Lazard and the synarchists, snatched up tens of auto companies that had been the backbone of their nations’ economies. These six alone now produce almost two-thirds of the world’s auto output.

On July 14, Renault CEO Carlos “Le Cost Killer” Ghosn flew to Detroit to meet with GM CEO Rick Wagoner to discuss Renault’s proposed “alliance.” Publicly, Wagoner has been cool to the idea, while Las Vegas gambling king Kirk Kerkorian, who has purchased 9.9% of GM’s stock, has allied with Ghosn to try to compel the merger. In a July 13 interview with the *Wall Street Journal*, Ghosn made clear that he is following an end-game scenario to get hold of a significant share of GM. Ghosn said he doesn’t want some vague alliance: “You need some kind of a shareholding [of GM] to make sure you are serious about it.” He added, “I would not go through with all this if I didn’t think there was a big prize.”

Preliminary reports of the meeting indicate very little, but Renault will not give up. Were Ghosn’s takeover assault to succeed, he would subject GM to fascist economics, even on top of the deep cuts and layoffs that GM has made so far. Ghosn’s arrival at Renault in 1996, and his rise in the ranks, are due to the Lazard investment bank. In 1995, François de Combret, the managing director of Lazard’s Paris office, arranged for the government-owned Renault to be privatized. In 1999, Lazard spearheaded Renault’s taking a commanding 37% stake in Japan’s Nissan; the share has since been increased to 44%. Also in 1999, Ghosn was sent into Nissan to carry out a bloodbath: He slashed production and eliminated 20,000 production workers, an unheard of event in Japan. For this action, in 2000, he was promoted to CEO of Renault.

At the same time, as part of his globalization offensive, Ghosn is implementing a slave-labor plan at Nissan’s Canton, Mississippi plant. Nissan pays its Canton workforce—85%

of whom are African-American—\$9.50 to \$12 per hour, on average, 60% below what a member of the United Auto Workers Union makes. Many Canton workers must work for 18 to 24 months as temporary workers, during which time they receive no benefits. If he has the chance, Ghosn will make this an industry-wide standard.

Mergers and Buyouts

Lazard and the wealthy families of Synarchy see Ghosn as the perfect *gauleiter* instrument to accelerate the cartelization process to Nazi proportions in the auto industry. During the past 10-15 years, the six biggest automakers have carried out a frenzied process of mergers and acquisitions, at each step jettisoning more and more valuable capacity and workers:

General Motors is being hotly pursued by Renault. However, Renault-Nissan would be getting more than GM itself, because GM had been snatching up auto companies on its own. In 2001, GM purchased the remaining 50% of Saab of Sweden, after having bought 50% of the company in 1990. In 2002, GM purchased 100% of Daewoo of South Korea, and several decades ago, GM purchased 100% of Holden of Australia. During the late 1990s and early 2000s, GM bought significant shares of Japanese automakers Subaru, Suzuki, and Isuzu, and of Italian automaker Fiat. It has sold off all but a shrunken 3% share of Isuzu.

Layoffs for 1998-2008: 40-50,000 (projected).

Toyota: In 2001, Toyota increased its stake in Hino Motors, Japan's largest independent truckmaker, to 50.1%. In 1999, Toyota purchased 100% of Daihatsu of Japan. In the 1990s, Toyota bought 100% of Densu, a major Japanese global auto parts producer. In 2005, Toyota bought 8.7% of Fuji Heavy Industries, the maker of Subaru.

Layoffs for 1998-2008: Unknown.

Ford bought 100% of the Swedish company Volvo's car-making capacity in 1999. In 1996, Ford increased its stake in Mazda (Japan) to a controlling 33.4%. In 2000, Ford bought 100% of Land Rover (Britain). In 1993, Ford bought 100% control of Aston Martin (Britain), purchasing the portion it did not already own. In 1989, Ford bought 100% of Jaguar (Britain).

Layoffs for 1998-2008: 40,000 (projected).

Renault, in 2002, raised its stake in Nissan of Japan to a commanding 44%. In 2000, it bought a 70% stake of Samsung Motors (Korea), the motor division of Samsung. Now, Renault seeks to buy 20% of GM.

Layoffs for 1998-2008: 25-30,000 (projected).

Volkswagen, in 1990, increased its stake to 100% ownership of Seat, the largest automaker in Spain. In 1991, Volkswagen bought Skoda, the largest automaker in the Czech Republic. In 1998, it bought 100% of Bentley (Britain) and 100% of Lamborghini (Italy). In 1964, Volkswagen had bought 100% of Audi (Germany).

Layoffs for 1998-2008: 25-30,000 (projected).

Daimler Benz in 1998, purchased 100% of U.S. auto-

TABLE 1

Motor Vehicle Production, 2005

Name of Company	Number of Units Produced* (Millions)	Percentage of World Total
General Motors	9.098	13.9%
Toyota	8.350	12.8
Ford†	6.927	10.6
Renault-Nissan	6.111	9.4
Volkswagen	5.211	8.0
Daimler Chrysler	4.816	7.4
Subtotal top six	40.531	62.0
World Total	65.319	100.0

*includes production of cars, light trucks, SUVs, vans, heavy trucks, and buses

†includes one-third of Mazda production

maker Chrysler. In the 1990s, it bought a stake in Mitsubishi Motors of Japan; it now owns 22%. Daimler also owns 85% of Mitsubishi Fuso, maker of Mitsubishi's trucks. In 1981, Daimler bought 100% of Freightliner, the largest heavy truck producer in North America.

Layoffs for 1998-2008: 30-40,000 (projected).

Lazard at Center

During this process of cartelization, Lazard shows up as advisor and consultant, not only at Renault, but also at GM, Ford, and Volkswagen. For three decades, the managing director of Lazard in New York was Felix Rohatyn.

Almost the entire auto industries of Sweden, the Czech Republic, Great Britain, and Australia were swallowed up, along with important sections of the auto industries of Japan, South Korea, Spain, the United States, and Germany. As **Table 1** shows, these six predator companies dominate nearly two-thirds of the world's car output, becoming aligned into a cartel more powerful than governments. These companies are stalking more takeover targets. That is not to say that each of the auto companies is synarchist-run, but the synarchists control the overall process, and are sinking their teeth into several companies. The merger of Renault-Nissan-GM would create an entity to regiment the whole process.

The factories and workplaces that will be kept open will be those in the Third World, where low wages and sweatshop conditions prevail, as indicated by the June 14 leak that Ford Motor Company plans a massive move of its auto assembly operations to Mexico, even as it shuts down 7 of its remaining 18 assembly plants in the United States and Canada.

Earlier in July, auto sales for the United States in June were announced: Ford's sales were down 6.9%; Daimler-Chrysler's 15%; GM's 25.6%; and Nissan's a startling 19%. Unless Congress adopts Lyndon LaRouche's Economic Recovery Act quickly, there will only be a fraction of the U.S. auto industry functioning by December.

Industry Gets Ready to Build New Nuclear Power Plants

by Marsha Freeman

In anticipation of orders from electric utilities for new power plants, the nuclear industry is beginning to make the investments necessary for this coming nuclear renaissance. Although a U.S. utility has yet to order a new power plant, the industry recognizes it must be ready to hit the ground running when orders come in.

Similarly, when President John F. Kennedy announced, on May 25, 1961, that the United States would go to the Moon within the decade of the 1960s, the aerospace industry, in anticipation of participating in this great project, began expanding its facilities months before the space agency had the money to pay them for doing so.

A nuclear renaissance will require reconstituting facilities to manufacture nuclear plant components, facilities that have been idle for more than a decade; expanding currently operating factories that service existing plants; creating the engineering and design centers for the new generation of nuclear plants; and creating the new manufacturing capacity to build standardized plants that will be assembled from modular components. Some of the modular components, industry experts agree, could be produced in the increasingly idle auto and machine tool factories, a concept proposed by Lyndon LaRouche.

Investments must be made to the physical infrastructure of the manufacturing and construction industry, and in parallel, to re-create the manpower needed to design, manufacture, and operate new plants. Already, universities are seeing an increased interest among students to study nuclear science and engineering.

Back in Business

More than 100 years ago, the Babcock & Wilcox company began fabricating boilers for industry, and then for power plants. During the Second World War, B&W designed and delivered 4,100 marine boilers for combat and merchant ships. It provided components, including a 214-ton pressure vessel, for tests during the wartime Manhattan Project, and was awarded the first contract to develop nuclear propulsion systems for the U.S. Navy.

Babcock & Wilcox designed and fabricated reactor systems for the first American commercial nuclear power plant in 1962, at Indian Point in New York, and in its Mount Vernon Works in Indiana and Barberton Plant in Ohio, pressure ves-

sels, steam generators, and other multi-ton power components were fabricated. The Mount Vernon plant, which dates to the 1960s, has been in "standby" mode since the late 1970s, after the collapse in orders for new nuclear power plants.

BWXT, the former Babcock & Wilcox, which is now a subsidiary of McDermott International, had elected in the



BWXT

The only company in the U.S. able to build pressure vessels for nuclear reactors, BWXT, formerly Babcock & Wilcox, has refurbished its Mount Vernon, Indiana factory to restart production. Here, a 190-ton pressure vessel is supported by a frame, and can be lifted with one of two 500-ton capacity overhead cranes.



BWXT

A nuclear power plant steam generator is lifted with overhead cranes from the shop floor onto a barge for shipment.

1990s not to renew its nuclear accreditation, which had expired, because the industry had no new orders. But the company has recently decided to make the investments necessary to become accredited for nuclear manufacturing, a necessary step to reenter the nuclear business.

BWXT Nuclear Equipment Division Vice President J. Rod Woolsey remarked in April, when the accreditation was received: "The U.S. commercial nuclear industry is gaining momentum. As the only domestic manufacturer of large, heavy pressure vessels, we look forward to being an active participant in the industry's comeback."

The Next Generation

Although it is necessary to reconstitute the manufacturing facilities that the nuclear industry relied upon to build the 103 nuclear power plants that are in operation today, the reactors that will be built in the future will be standardized, less complex, less fragile, and easier to manufacture, operate, and maintain. All of the major nuclear vendors have designed

what are described as Generation III+ reactor systems. Now they must get ready to build them.

In March, Westinghouse Electric Company announced that it was planning to identify, within a year, a new site to house nuclear engineers and technicians, for its expansion into the new nuclear plant market. In 2005, Westinghouse hired 800 people, and it is planning to hire 500 more this year. At least an additional 2,000 will be hired over the next five years, as production of its AP-1000 plant gets under way.

Westinghouse is the only nuclear supplier so far which has had its Generation III+ design certified by the Nuclear Regulatory Commission. A new modular approach and more advanced construction technology will make it possible to build a new plant in 36 months, from the time the concrete is poured, to the loading of the fuel. This faster construction schedule has already been achieved in Japan, and will be possible here, with the new NRC procedures that precertify the design, so the plant cannot be challenged (and thereby delayed) when it is under construction. Such anti-nuclear challenges had stretched out construction times to ten years and more in the past.

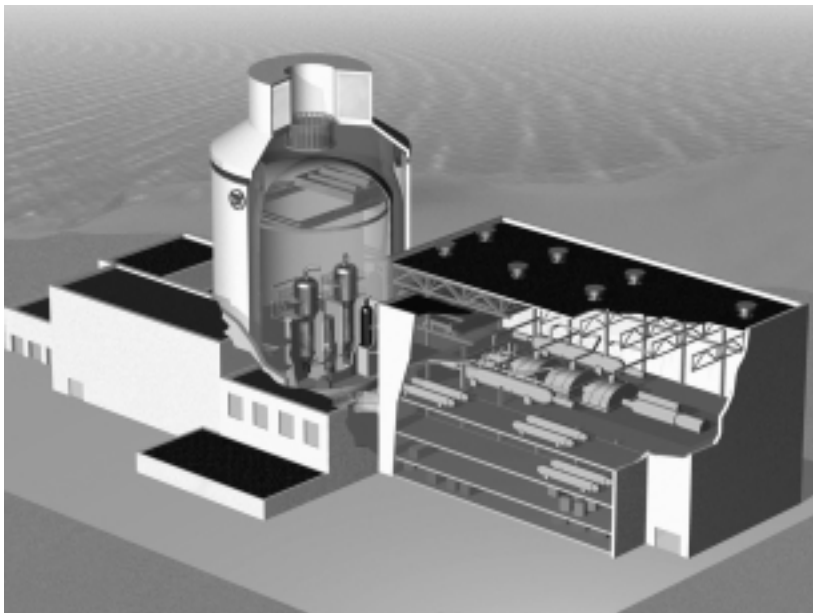
The Westinghouse pressurized water reactors are the most common type of reactor in operation globally, and the company plans to compete for international orders for its AP-1000, including in Great Britain, which recently announced plans to build new nuclear power plants.

The other U.S.-based nuclear vendor, General Electric, is also getting ready for advanced power plant production. GE announced in May that it is expanding its nuclear operations headquarters in Wilmington, North Carolina, with construction of a two-story 40,000-square-foot research and development facility to design its new, Generation III+ Advanced Boiling Water Reactor. After completion this November, at full staffing, the facility will house more than 200 engineers, project managers, and support staff. GE and the state of North Carolina combined are spending \$77 million to expand and consolidate nuclear activities at the site.

Recently, GE acquired Ionics Nuclear Fabricated Products, which manufactures spent fuel cannisters and replacement equipment for pressurized water reactors, to add breadth to its capabilities, and it has signed an agreement with Silex Systems of Australia to develop an advanced laser isotope separation process for enriching uranium for use in commercial reactors.

Competition From Abroad

Over the next 12 months, utility and industry consortia will begin submitting construction and operating license applications to the Nuclear Regulatory Commission. They will have an array of more advanced nuclear reactor power plant designs to choose from. How much of the hardware for these new plants will be able to be manufactured in the United States will depend upon how quickly there is a gear-up to reconstitute the U.S. nuclear industry.



Westinghouse Electric Company

The Westinghouse Advanced Pressurized reactor, the AP-1000, will be built using a modular design, and some of its components could be built and assembled in idled auto plants.

There is already intense competition among vendors internationally for the round of orders that is expected over the next few years. European-based Areva and Japanese-based Mitsubishi Heavy Industries are hoping to sell their own Generation III+ reactors here.

Although Areva does not yet have an NRC license to build an Evolutionary Power Reactor (EPR) in the United States, it is the only company that is actually building a Generation III+ plant anywhere in the world: The 1,600-megawatt Olkiluoto-3 reactor in Finland is scheduled to be in operation in 2010.

Areva is in the process of preparing its application for design certification with the Nuclear Regulatory Commission, and expects its EPR to be licensed and ready for operation at a U.S. site in 2015. The company operates in 40 locations around the United States, employing 5,300 people, and in more than 100 countries. The recent announcement by the British government that its energy program will include the building of new nuclear power plants, led to an announcement July 10 that Areva will also seek a permit for its EPR there.

The scope of manufacturing capabilities of Japan's Mitsubishi Heavy Industries is extensive. MHI builds nuclear power plants, ships, chemical plants, industrial machinery, aircraft, and rockets. On July 3, MHI Nuclear Energy Systems opened a new office in Washington, D.C., to position itself for sales of an American version of its Advanced Pressurized Water Reactor, or APWR. Mitsubishi Heavy Industries already holds 40% of the U.S. market in the replacement of large nuclear power plant components. It has provided 15

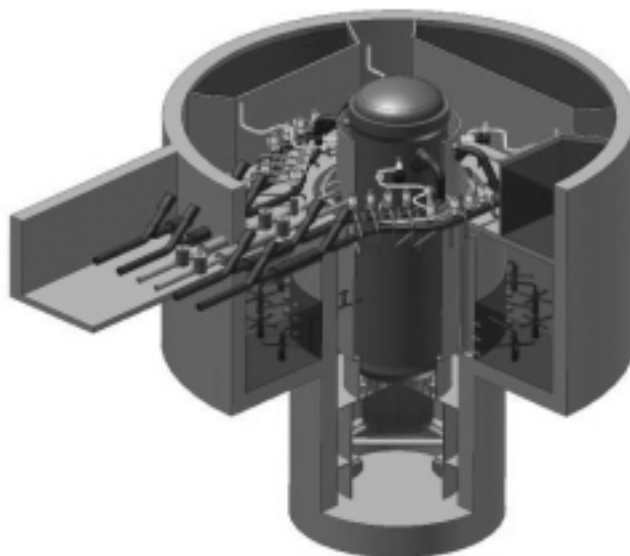
reactor vessel heads, 6 steam generators, and a pressurizer for operating U.S. reactors.

The Mitsubishi APWR is undergoing permit review for the construction of two units at the Tsuruga Power Station of the Japan Atomic Power Company, each of which is 1,538 megawatts. For the U.S. version, MHI plans to increase the power output to 1,700 megawatts by increasing the efficiency of the steam turbine. Of the heat produced by the nuclear reactor, 39% will be extracted and produce electricity, compared to 34% for today's average system. In addition, MHI will design a larger steam generator, and lengthen the fuel rods from 12 to 14 feet for the U.S.-APWR.

MHI expects to receive certification for the U.S.-APWR from the Nuclear Regulatory Commission by 2011, and has begun discussions with the Commission in a pre-application review. The MHI Nuclear Energy Systems Washington office, which is starting off with a staff of 12, will be handling not only the technical process of NRC certification, but activities to attract orders

for the U.S.-APWR from U.S. electric utilities.

Looking ahead, the opportunities for U.S. industry are vast: As *EIR* has documented, it will take a full-scale emergency economic mobilization to expand the nuclear industry and construct the needed number of nuclear plants to bring living standards of the developing sector to Western levels.



General Electric

In order to design its next-generation Advanced Boiling Water Reactor, seen in this diagram, General Electric is expanding its nuclear operations in North Carolina.

Russia Needs LaRouche's New Bretton Woods

A report on the June 27 *EIR* seminar in Berlin, written by Prof. Stanislav Menshikov, appeared in the July 7 issue of the Moscow newspaper *Slovo*, under the headline "The Dollar and Russia." The Russian economist, whose own remarks to the seminar were printed in last week's *EIR*, reported especially about the keynote speeches, delivered by "the well-known American politician and theoretician of physical economy Lyndon LaRouche," and Prof. Wilhelm Hankel of the Frankfurt Currency and Development Institute, with respect to the status of the dollar, which continues to serve as an international unit of account, despite its fluctuations and the underlying weakness of the debt-strapped U.S. economy.

Menshikov summarized the conclusion of Professor Hankel's presentation: "Professor Hankel supported LaRouche's earlier proposal for an international currency reform, the so-called New Bretton Woods. This would mean rejecting the current system of floating exchange rates, and a return to fixed exchange rates, such as existed until the 1970s. Instead of the previous system, which was tied to the dollar and (indirectly or directly) to gold, Hankel proposes the institution of a new world unit of account, which would express the fixed rates of national currencies. This sort of system would make it possible to break free of the dollar's current wild fluctuations, as well as to reduce radically the volume of currency speculation, which shakes the international payments system and brings it, from time to time, to the brink of collapse."

Turning to LaRouche, Menshikov wrote, "Lyndon LaRouche emphasizes not only the strictly monetary significance of currency reform, and the reintroduction of stability to payments between countries, but also the investment mission of a New Bretton Woods, which could provide financial resources for capital investments in the global modernization of production and economic infrastructure during the decades ahead. And he places Russia, with its enormous raw materials and scientific research resources, at the center of implementing the new system, along with Western Eu-



Prof. Stanislav Menshikov

rope, especially Germany, with its advanced technological capabilities."

How To Solve the Resource Problem

The article brought to the attention of Russian readers, LaRouche's discussion of resources, recalling Menshikov's own participation in polemics against the Club of Rome's campaign on this question: "It is of interest that, this time, LaRouche also put up front the problem of limited natural resources for the further growth of production in the world. This topic was raised in the early 1970s by the Club of Rome, in their report, very faddish at the time, entitled 'Limits to Growth.' But its extremist, scientifically unfounded conclusions were convincingly refuted, in particular in a United Nations report called 'The Future of the World Economy,' edited by Wassily Leontieff (which the present author, working at the UN at that time, helped to prepare).

"The same topic has come up again now, for several reasons. The population of the Earth recently passed the 6 billion mark. China and India are developing rapidly, while in the West there are doubts about whether or not there will be enough resources to sustain a high living standard, with 8-10 billion people on the planet in the near future. LaRouche said that this will be impossible, without a radical breakthrough in nuclear fusion and other alternative sources of energy, nanotechnologies (i.e., the creation of new synthetic materials with the needed properties), fresh water production systems, etc., during the next 20-30 years. The New Bretton Woods is needed also for that reason."

Menshikov then summarized his own and Prof. Andrei Kobyakov's Berlin contributions to the discussion of Russia's role in these processes (see *EIR*, July 14). President Putin and his people have made important shifts recently, he said, but what's missing so far is a push "for an international agreement on monetary reform, say, in the spirit of the New Bretton Woods. This might have been put on the G-8 agenda, for example, but it wasn't. It is not yet clear, if Russia will become active in this matter in the future. Its support for world currency reform would certainly boost Russia's international prestige."

Professor Menshikov developed the perils associated with the wave of Russian companies getting involved in risky international financial markets, even as their participation in manufacturing (as with the abortive Arcelor-Severstal merger) is blocked. He cited the information provided by French 2007 Presidential candidate Jacques Chirac at the seminar, on who pulls the strings on the Arcelor board. The article concluded, "Lyndon LaRouche reacted to this story with emotion: 'There are people in Washington who have been making plans for a long time, for the weakening and, ultimately, the removal of Russia from the face of the Earth. But we shall never let that happen.' It is good to know that our country has not only overt and covert enemies across the ocean, but also consistent, faithful, and committed friends."

Business Briefs

Globalization

Japan's Trade Ministry Boosts Cartel Formation

As the "financial locusts," or hedge funds, are being welcomed into Japan, the Trade Ministry is trying to loosen restrictions against cartelization. The current law on mergers and acquisitions (M&As) restricts post-merger companies to 35% of market share in any industry, but the Trade Ministry is pushing to up that to 50%, "to respond to global competition," according to Ministry Director Keisuke Sadamori. Such cartelization, described as necessary to "respond to global competition," recalls the *zaibatsu* conglomerates of pre-war Japan.

The context today, however, is the invasion of the hedge funds. Thompson Financial reports that private equity funds put \$4.9 billion into Japanese M&As in the first half of 2006—far below the figures in the United States and Europe, but huge by Japanese standards, and growing. The Nikkei wire service wrote on July 11: "With the economy returning to normalcy, as shown in the Bank of Japan's expected termination of its zero interest rate policy, private equity funds anticipate corporate M&A activity comparable to those in the U.S. and Europe." Nikkei also noted, however, that "with interest rates being hiked globally, concerns are growing that the investment fund bubble may burst in the near future."

Nuclear Power

China To Build Plants On Inland Sites

In order to spur the economic development of its non-coastal regions, the China National Nuclear Corp. has announced plans to build the country's first inland nuclear power plant within 3-5 years, *China Daily* reported on July 4. On June 30, the company set up an office in Hunan province to conduct preparatory work for the plant. "The multibillion-dollar nuclear project will fuel the economy of inland regions," said an

official, "where development lags behind the east."

According to a company official, it is technically feasible to build a 600 megawatt plant in land-locked regions, whereas in coastal regions, 1,000 MW plants are the norm. The plant will draw cooling water from a branch of the Yangtze River. The first selected site is about 100 kilometers from Hunan's capital of Changsha. Other sites are under consideration.

China Nuclear has elected to build a Chinese-designed and -built reactor, which will cost less than importing the technology. China has already commercially deployed 300 MW nuclear reactors of indigenous design and manufacture. Clearly China will, in the not-too-distant future, become a nuclear plant exporter.

Free Trade

Von Hayekians Hold Conference in Vienna

The European Resource Bank held its third annual conference in Vienna between June 29 and July 2, European newspapers reported. The ERB is a front for the Friedrich August von Hayek Institute, the high temple of the Synarchist radical free-market ideology and the so-called "Austrian School of Economics." The other organizer of the conference was the European Center of Economic Growth. With the aim of spreading radical free-market economics worldwide, the conference was comprised mainly of 250 participants from neo-liberal economic think-tanks around the world.

Among the speakers were Israeli Likud Party Chairman Benjamin Netanyahu; C. Boyden Gray, U.S. Ambassador to the European Union; Victorio Curzon Price, president of the Mont Pelerin Society; Ivan Miklos, outgoing Minister of Finance of the Slovak Republic; Dan Mitchell, Heritage Foundation; Richard Rahn, director general of the Center for Global Economic Growth; Andrei Illarionov, former economic advisor to the Russian President; Jürgen Stark, vice president of the German Bundesbank; John Bludell, Institute of Economic Affairs, Lon-

don; and Barbara Kolm-Lamprechter, Friedrich von Hayek Institute.

In addition, there was a regiment of leaders from the World Taxpayers Association, a federation of various tax revolt organizations. Grover Norquist, president of Americans for Tax Reform, was the most prominent of this crew.

Speaking at a press conference following the event, Netanyahu castigated the governments of Western Europe for their high social welfare payments: "In Israel, we paid a very high children's bonus, which even increased with rising numbers of children. The result is that families with many children, like ultra-Orthodox Jews or Arabs, were deterred from taking a job."

Social welfare and the state role were also attacked by Illarionov, former Kremlin chief economic advisor, who maintained that Hurricane Katrina showed that the state cannot act. "The private sector" was much more clever: "Most people simply jumped into their cars and drove away."

Natural Gas

Putin Scores Western Bias Against Russia

Russian President Vladimir Putin, in a July 13 interview with Germany's ZDF television network, criticized the Western media for perpetrating a bias against Russia, particularly its energy deals with Europe. He recalled that, "when in the middle of the 1970s Germany and the U.S.S.R. thought of constructing a gas pipeline system to provide German consumers with our natural gas, America was against this. At the time they talked about the unreliability, the problems related to possible dependence on the U.S.S.R. And we both know that no dependence ensued."

"Moreover, the Berlin Wall fell with the support of the Soviet Union, and Germany was united. And despite all the difficulties and dramatic events of that period, Russia has been a most reliable supplier for over 40 years." Putin added that if Germany depends on Russia, so does Russia on Germany, as an importer of Russian natural gas.

DLC Neo-Cons Spit on Franklin Roosevelt's Grave

by Jeffrey Steinberg

In 1946, barely a year after the death of Franklin Delano Roosevelt, his son and wartime aide, Elliott Roosevelt, published a stirring account of the late President, with a Foreword by his mother, Eleanor Roosevelt. In his own introduction to *As He Saw It* (New York: Duell, Sloan, and Pearce), Elliott Roosevelt explained why he was compelled—indeed, driven—to write the book.

“The decision to write this book,” he began, “was taken more recently, and impelled by urgent events. Winston Churchill’s speech at Fulton, Missouri, had a hand in this decision; the meetings of the Security Council at Hunter College in New York City and the ideas expressed at those meetings were influential; the growing stockpile of American atom bombs is a compelling factor; all the signs of growing disunity among the leading nations of the world, all the broken promises, all the renascent power politics of greedy and desperate imperialism were my spurs in this undertaking.”

Directly taking on Churchill and U.S. President Harry Truman’s right-wing, anti-Communist scare campaign, Roosevelt continued:

“The tempo of our times is such that our opinions are not keyed to history but to headlines. Whether we trust or distrust Russia is not conditioned by that nation’s mighty contribution to our victory in the war, still the greatest single fact of our lifetime; rather it is molded by scare-print on the front pages of three or four days’ newspapers—newspapers often irresponsible in the past, and therefore surely doubly to be doubted in the tremulous present. . . . The unity that won the war should be, must be, a fact today, if we are to win the peace. . . . But more and more since V-E Day, and since the atom bomb first fell, this unity has disappeared.”

He escalated: “It is because I doubt that we have only *drifted* away from this unity, it is because I am convinced that

we are being *shoved* away from it, by men who should know better or—in Walter Lippmann’s phrase—‘little boys playing with matches,’ that I felt it important for me to write this book.”

After briefly recounting his own eyewitness role as FDR’s aide and personal confidant at the wartime conferences with Churchill, Stalin, and the other Allied leaders, Roosevelt explained:

“My opportunities to witness these conferences, then, were on two levels: one as an official Presidential aide, the other as a most intimate friend to the man who was primarily responsible for the unity of the United Nations. It was on this second level that I shared his most intimate thoughts and listened to his most cherished aspirations for the world of peace to follow our military victory. I knew what conditions he predicated for the structure of world peace; I knew what conversations led to them; I knew of the bargains and the promises.

“And I have seen the promises violated, and the conditions summarily and cynically disregarded, and the structure of peace disavowed. . . . I am writing this, then,” he concluded, “to you who agree with me that Franklin Roosevelt was the wartime architect of the unity of the United Nations, who agree with me that Franklin Roosevelt’s ideals and statesmanship would have been sufficient to keep that unity a vital entity during the postwar period, and who agree with me that the path he charted has been most grievously—and deliberately—forsaken.”

Elliott Roosevelt profoundly understood that his father’s successor in the White House, the small-minded haberdasher from Independence, Missouri, Harry Truman, had sold out the FDR legacy; squandered the enormous American sacrifices to defeat Nazism, Fascism, and Japanese imperialism; need-

lessly dropped two atomic bombs on Japan, after the Emperor had already petitioned to surrender; and aligned with Churchill to launch a senseless anti-Communist crusade, that would divide the world and hold it hostage to the perpetual threat of thermonuclear extinction for the next 45 years.

It is not clear from *As He Saw It*, that Elliott Roosevelt shared his father's deeper understanding, that the ultimate enemy was an international synarchist banking oligarchy, and that this Anglo-Dutch-dominated apparatus had grabbed power in Washington within moments of FDR's death. What is clear, is that Elliott Roosevelt held President Truman accountable for the reversal of virtually everything that FDR held dear for the postwar world.

The DLC Trojan Horse

Thus is it perfectly lawful, today, that the nest of synarchists, otherwise known as neo-conservatives, who have infiltrated the Democratic Party, through institutions such as the Democratic Leadership Council (DLC), the Progressive Policy Institute (PPI), and the financier circles of Lazard banker and DLC/PPI bankroller Felix Rohatyn, have chosen to launch a new "movement" to "save" the Democratic Party, by reviving the values and traditions of . . . Harry Truman.

The so-called Truman National Security Project was launched in the wake of the 2004 Presidential elections, ostensibly by a 20-something-year-old Oxford Rhodes Scholar, Rachel Kleinfeld, and another young Oxford grad, Matthew Spence. At the time she launched the Truman Project, Kleinfeld was a "Senior Consultant to Booz Allen Hamilton, where she worked on information-sharing across the military, intelligence, and law enforcement communities, homeland security, and trade and security issues," according to her official biography. While at Booz Allen, she penned at least one joint op-ed with the firm's vice president, R. James Woolsey, the first CIA Director under President Bill Clinton; a member of Donald Rumsfeld's all-neo-con Defense Policy Board (chaired by Richard Perle); and the co-chairman today of the hard-core imperialist Committee on the Present Danger, along with Bush-Cheney Administration godfather and leading synarchist George P. Shultz.

While Kleinfeld and Spence deny that they are a bunch of wanna-be neo-cons or right-wing Republican shills, the Project's last conference, in June 2005, featured a post-election panel discussion titled "What Democrats Did Wrong, Republicans Did Right, and Neo-Cons Did Better." The Truman Project's website features a series of policy papers, all of which come down to the idea that right-wing Democrats can do a better job of marketing the same Global War on Terror and free-trade dogmas than their GOP counterparts.

While it may be a coincidence, the Truman Project was launched at nearly the identical moment that another new "project" was being launched across the Atlantic, at Britain's Cambridge University, called the Henry Jackson Society. Named after the late U.S. Sen. Henry "Scoop" Jackson (D-

Wa.), whose 1976 failed campaign for the Democratic Party Presidential nomination launched the neo-con movement, the group is actually dominated by the new generation of British Tory Party MPs. The group's founding principles are a carbon copy of the Truman Project's beliefs. The Jackson Society's International Patrons include Americans: Bruce Jackson, Robert Kagan, William Kristol, Clifford May, Richard Perle, Joshua Muravchik, and Michael McFaul.

Beyond the Kleinfeld-Woolsey links, the Truman Project's Advisory Board includes an all-star cast of Democratic Leadership Council luminaries, and other Democratic super-hawks, including Will Marshall, the President of the DLC think-tank, the Progressive Policy Institute; former Clinton Secretary of State Madeleine Albright; Kurt Campbell, senior vice president of the Center for Strategic and International Studies; William J. Perry, the former Clinton Secretary of Defense who recently advocated a pre-emptive strike against North Korea's missile launch sites; and Anne-Marie Slaughter, the director of the Princeton Project on National Security, which is chaired by George Shultz. As *EIR* revealed earlier this year, the Princeton Project teamed up with Felix Rohatyn's own center at Middlebury College, Vermont in October 2004, to host a conference promoting the "privatization of national security," which openly advocated a "new feudalism" modelled on the British East India Company, to serve the requirements of an "American neo-imperialism." (See *EIR*, March 31 and April 7, 2006.) The Princeton Project and the Progressive Policy Institute are officially listed as partner organizations of the Truman Project.

More Than an 'Insurgency'

In an astute column in the *Los Angeles Times* May 28, 2006, the paper's former editorial writer Jacob Heilbrunn warned about the real mission of the Truman Project, under the headline "Neo-Cons in the Democratic Party." Drawing the parallel between the Truman Project on National Security and the mid-1970s first generation Democratic Party neo-cons of the Henry "Scoop" Jackson and Jeane Kirkpatrick camp, Heilbrunn asked: "Where will all this lead? To an internecine Democratic war, of course. Just as Republicans are being riven by debates between realists and Bush administration idealists, so the Democratic Party is about to witness its own battle. . . . The new Democratic hawks, like the old neo-conservatives of the 1970s, represent an insurgency, a direct challenge to the establishment. And if they are to revamp the party, they will have to do a lot more than simply evoke the ghost of Truman and Co."

The term "internecine war," used by Heilbrunn, however, profoundly misses the point. As Lyndon LaRouche has emphasized, the fight between those in the tradition of Franklin Delano Roosevelt and those in the tradition of Harry Truman is a fight for the very soul of the Democratic Party. "FDR won the war against Fascism and Nazism, and the ghost of Harry Truman lost the war," LaRouche recently said.

Senate Judiciary Hearings Expose Hedge Fund Perfidy

by John Hoefle

In a rare burst of public service, the Senate Judiciary Committee held a hearing on June 28, shedding some badly needed light on the deliberately murky world of hedge funds. The stated reason for the hearing was to examine the problem of collaboration between the hedge funds and so-called independent stock analysts, to drive down the stock-prices of companies in which the hedge funds have taken short positions, an activity which committee chairman Arlen Specter (R-Pa.) said “has enormous potential for very major impact on the markets.”

While *EIR* supports movement to restore proper regulation to the financial markets as an essential element of restoring sovereignty and rebuilding our economy, we must clearly state up front that tweaking around the edges will not do the job. As Lyndon LaRouche has repeatedly stated, the hedge funds are but a manifestation of a bankrupt financial system, and it is that bankruptcy with which our government must deal. The system which allows hedge funds to flourish, must be shut down and replaced with American System economics, as identified by Alexander Hamilton and further developed by LaRouche. Partial measures will not do the job.

Connecticut Attorney General Richard Blumenthal called hedge funds “a regulatory black hole, lacking even minimal disclosure,” especially after a court decision overturning Securities and Exchange Commission (SEC) rules requiring hedge funds to register under the Investment Advisors Act of 1940. The more than 13,000 hedge funds, with assets exceeding \$24 trillion, provide “fertile opportunity for potential fraud,” Blumenthal said, urging Congress to increase its oversight.

‘A Grotesque Industry’

The panel really got rolling with the testimony of Gary J. Aguirre, a former investigator with the SEC, who said he was fired for doing his job too well.

“The illegal flow of insider information from investment banks to hedge funds was the primary focus of the hedge fund investigation I headed,” he testified. “Senior SEC officials halted the investigation, as I was told, because the suspected tipper had powerful connections. Indeed, he does at the highest level. When I raised the propriety of that decision with the most senior enforcement officials, they fired me. When I appraised [SEC] Chairman [Christopher] Cox of these events, he did not lift a finger.”

That powerful tipper, according to Aguirre, was Morgan Stanley Chairman John Mack, and the hedge fund Pequot Capital Management, a \$7 billion hedge fund run by Arthur J. Samberg. The SEC investigation showed that Morgan Stanley President Mack leaked information to Samberg about Morgan Stanley client GE Credit’s takeover bid for Heller Financial, allowing Pequot to profit at the expense of other market participants. Rather than allow Aguirre to go after Mack, the politicians at the SEC fired him. Mack, who left Morgan Stanley for *Crédit Suisse* a few years ago and recently returned as chairman, also served a brief stint as chairman of Pequot.

“Powerful interests want the SEC to stay just the way it is or, better yet, become even weaker,” Aguirre told the panel. “Those interests are not just the hedge funds. They include the financial industries that are receiving tens of billions of dollars in revenues for helping hedge funds cheat other market participants or close their eyes to the carnage. At the top of that list are the big investment banks, e.g., Goldman Sachs, Morgan Stanley, Merrill Lynch, and Bear Stearns. Those interests know how to reward friends and punish enemies. Their tentacles reach far. They stopped the hedge fund investigation. They cost me my job.”

That power was also suggested by a letter to the Senate Judiciary Committee from the Senate Banking Committee, telling them to keep their hands off the hedge funds.

Aguirre compared the hedge funds to the unregulated money trusts and pools of the 1920s, whose market manipulations “were instrumental in delivering the 1929 Crash. They were, among other things, skilled at using various devices to manipulate stock market prices to trick the public. There is growing evidence that today’s unregulated pools—hedge funds—have advanced and refined the practice of manipulating and cheating other market participants.”

Hedge funds have indeed become a dominant and cancerous force in the financial markets. Aguirre said that they execute up to 50% of the daily trading on the New York Stock Exchange, and do 70% of the trading in the U.S. distressed debt market. They are also becoming major players in the derivatives markets. Investment banks reportedly collected \$15 billion in revenues and made \$6 billion in profits, either directly from hedge funds or because of them. Goldman Sachs, whose \$21 billion Goldman Sachs Asset Management hedge fund group is the largest in the world, according to *Institutional Investor*, earned a quarter of its profits last year

from hedge funds, with Morgan Stanley not far behind.

Aguirre put his finger on the predatory nature of hedge funds, saying that "in the Darwinian hedge fund world, cheating other market participants has its benefits. . . . To survive, a hedge fund must learn to siphon. One after another, hedge funds learn the trick." Or, as New York Attorney General's Office investigator David Brown said about an earlier scandal, there is "a whole grotesque industry growing up based on screwing small investors. It's about as bad as it gets."

That's not a bad characterization of the financial system as a whole, if you expand the target group to cover nearly all of mankind.

Documentation

LaRouche Says 'We Must Eliminate Hedge Funds'

In an article published in the Feb. 17, 2006 issue of EIR, Lyndon LaRouche bluntly stated that, "In this moment of onrushing threat of early general financial collapse . . . the prompt first actions to be taken by governments, must be to eliminate the existence of so-called 'hedge funds' and related expressions of so-called 'financial derivatives' from the national and international economy." Several days later, on Feb. 23, LaRouche addressed an international webcast on behalf of the Lyndon LaRouche Political Action Committee, where he identified today's hedge funds as the instrument of fascist bankers, like Felix Rohatyn, to destroy the nation-state. On June 23, 2006, the Federal Court of Appeals in Washington, D.C. overturned regulations that had been imposed on the hedge funds by the Security and Exchange Commission (SEC), which had required them for the first time to identify their principal owners, and directors. After the Court of Appeals ruling, some headlines read, "Hedge Funds Free To Run Wild."

LaRouche's call to make hedge funds illegal is now more urgent than ever. His comments on hedge funds, from the Feb. 23, 2006 webcast, are excerpted below:

Now the intention, therefore, is to destroy the nation-state, to concentrate wealth, as it is being concentrated now, by all this rape of industry. Industry is being raped internationally, by hedge funds, that are taking over and looting corporations, so the corporations either don't exist, or they become simply creatures of the hedge-fund interests. The hedge funds are the major banks! The major banks are the hedge funds. The hedge funds are their creation. They are running around the world pirating, stealing everything like Biche and Mouche from the House of Bardi in the early part of the 14th Century! Their

idea is to set up a permanent system, like the Venetian system, with Norman chivalry, during the medieval period, in which the power of the state is virtually non-existent, except by consent of the bankers. And the bankers run the world. And, the bankers have an enforcing arm, such as the Norman chivalry, to do the killing.

That is Cheney's policy. That's the Bush Administration policy. That's the policy of George Shultz. That is Felix Rohatyn's policy! What does he say? He says, "private interest, private interest, private interest!"

You want private money?

Yeah, I got a hedge fund, that is ready to come in and take over your firm, in a take-over operation, based on what Scalia calls shareholder value, move in next to a corporation with a big show of money; say, "Now we represent the stockholders." Take the firm, loot the firm . . . by paying big dividends, or big portfolios to people; loot the place; run it down into bankruptcy, and throw the carcass away, and move on with the gathered wealth, and move on to the next place!

That's what's happening to the automobile industry right now! That's what's happening to the industry of Europe right now. This is fascism! Felix Rohatyn is a fascist! And the key thing, to learn the lesson from the fact that some people don't realize he's a fascist: You understand now how Hitler came to power in Germany! Because, nobody thought Hitler was a Nazi.

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—Friedrich List

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Mexico Is On the Move; What's Wrong With U.S. Democrats?

by Gretchen Small

Since Mexico's July 2 Presidential elections, candidate Andrés Manuel López Obrador has provided a lesson in the kind of leadership required, if a world suitable for human beings is to emerge out of the ongoing collapse of the international financial system. Declared the loser in Mexico's highly contested Presidential elections, painted as an authoritarian demagogue who refuses to play by the rules of today's system, offered a seat at the table of power would he but bow before its masters, López Obrador has not cowered, but instead has gone to the Mexican people, and offered them a strategy to defeat the private economic interests that seek to loot Mexico and its people to death.

A "rapacious minority" would silence any questioning of the legitimacy of the declared results of the election, in order to install their loyal instrument, National Action Party (PAN) candidate Felipe Calderón in the Presidency, López Obrador declared, but we will force them to count the votes again, ballot by ballot, because fraud was committed and a majority of the population is with us.

Addressing the estimated 500,000 Mexicans who on July 8 answered his call for a post-election rally in support of that demand, López Obrador identified the real issue at stake in this election fight:

"We are conscious that we are facing an economic and political power group that is accustomed to win at all costs, without moral scruples of any kind. They really don't care about the country, much less the suffering of the majority of the Mexican people. Their only goal is to maintain and increase their privileges. It has been precisely the domination by this group, of this rapacious minority, which has brought the country to ruin, and has converted it into an ocean of inequalities." It is they who have driven millions of Mexicans "to abandon the country and their families to go look for work on the other side of the border."

López Obrador may not have named those economic interests as the offspring of the synarchist financial cartels that created Hitler, Mussolini, and Franco in their day, but he has not hesitated to call the black propaganda against him what it is: a *fascist* campaign of lies fed by economic interests clinging to power.

Lyndon LaRouche promptly endorsed López Obrador's warning that Calderón and Co. are out to rape Mexico, and must be stopped. Mexico is now positioned to join the battle for Ibero-American unity being led by Argentine President Néstor Kirchner, LaRouche pointed out, while specifying the crucial programmatic measures and credit facilities required for Ibero-America to finally grow again. (See box.) LaRouche's statement, now circulating widely in Mexico and around the continent, was quickly published by Mexican and Bolivian political websites.

At the July 8 rally, López Obrador acknowledged that this fight will be neither quick nor easy. Let's agree to come back the following weekend, on Sunday, July 16, and this time bring in delegations from all of the 300 electoral districts, he proposed. To come back with greater force, each person should assume responsibility for bringing others to the next rally. So, too, we should set up "informational committees" to keep everyone informed, because the media will black our efforts out, he said.

LaRouche Youth Movement (LYM) organizers at the rally described an atmosphere of revolutionary mass ferment. People sense that this is a historic moment, in which change must be secured, because it will be impossible later. There was a sense of fight, of renewed pride in being citizens, and that the policies which had gone so horribly wrong could be changed. When LYM organizers told people, as they handed out the LaRouche movement's newspaper, about the role of Lazard Frères's Felix Rohatyn as the epitome of the synarchist



López Obrador told the crowd of a half-million Mexicans July 8, "We are facing an economic and political power group that is accustomed to win at all costs, without moral scruples of any kind."

Website of Andrés Manuel López Obrador

financial enemy behind Mexico's crisis, people would turn, listen closely, and then there would be a chorus of, "Give me one of those," "To me, too," as people reached for every paper the LYM had.

As LaRouche Has Been Telling You . . .

EIR publishes López Obrador's speech in its entirety in the pages which follow. Events are already proving that López Obrador is right when he proposes that if people refuse to grovel, victory, while not guaranteed, is possible. LaRouche's hammering at Democratic Party leaders, that victory lies in doing as Franklin Roosevelt did, mobilizing the lower 80% of income brackets which financial interests abandon, is being vindicated in the streets of Mexico today.

Calderón and outgoing President Vicente Fox's PAN government are refusing to budge, insisting, desperately, that Mexican law does not permit a general vote recount, and that the Federal Electoral Institute (IFE), which ran the election, is not to be questioned. (On a humorous note, according to investigative reporter Alfredo Jalife-Rahme, not only was IFE head Luis Carlos Ugalde's previous job at the CIDE, a think-tank of PAN-aligned ideologues from the Mont Pelerin Society's fascist Austrian economic school, but his favorite pastime is magic!)

Calderón and crew, however, now find themselves in the unusual situation, of bucking demands from the international financial interests they otherwise so readily obey. Recognizing the truth of those Mexican and international figures—including LaRouche—who warn that an attempt to impose Calderón by sheer force will produce such an explosion that

Mexico will become ungovernable, on July 7, the *New York Times*, followed on July 10 by London's *Financial Times*, published editorials calling for precisely the vote-by-vote recount López Obrador is demanding. "It would be foolhardy for Mexico's elites to underestimate the dangers that this situation represents, especially bearing in mind the country's history," the *Financial Times* warned.

Feeling the heat, on July 13, IFE officials announced they would suspend any further opening of electoral packets. The announcement came two days after López Obrador called a press conference to present evidence that the IFE had broken the seals on warehouses where ballots are being stored, and that this was a bald and *illegal* attempt to cover up fraud. Only the Federal electoral court, which is reviewing challenges to the election results, is authorized at this stage to open the ballots, López Obrador pointed out. IFE officials insisted that it was not illegal for them to review ballots, but said that as their "contribution to the tranquility of all of Mexican society," they would let the Federal Electoral Court make any such decisions in the future. The next day, however, López Obrador charged that the IFE was continuing to illegally enter warehouses.

Breaking With Mexico's Would-Be Rohatyn

According to some reports, López Obrador has also distanced himself from the would-be "Rohatyn of Mexico," billionaire Carlos Slim. Slim had visibly sided with López Obrador earlier in the campaign, and in some deluded circles in López Obrador's Democratic Revolutionary Party, the word had gone out that López Obrador would not need to rely on foreign investment—or a reform of the international

LaRouche Says 'Stop Rape of Mexico,' Back López Obrador

This press release was issued by the LaRouche Political Action Committee on July 10, under the title "Mexico's López Obrador Is Right To Say That the Calderón Gang Intends To Rape Mexico and Its People."

Former U.S. Presidential candidate and renowned economist Lyndon LaRouche commented today on the speech delivered by Mexican Presidential candidate Andrés Manuel López Obrador on July 8, before a crowd of up to a half-million people gathered in Mexico City's central plaza, in which López Obrador announced that he was challenging the July 2 Presidential elections, and demanding a vote-by-vote recount.

"To use plain English, López Obrador said that the gang around PAN candidate Felipe Calderón intends to rape Mexico and its people. People throughout the hemisphere must take López Obrador's warnings seriously. The very fate of the hemisphere hangs in the balance. Join with me and with the *New York Times* to crush this atrocity," LaRouche stated.

LaRouche elaborated on the context of the Mexican developments, and the programmatic measures that must be taken:

"Ibero-America is being brought together around the alliance in which Argentine President Néstor Kirchner has been key, and Kirchner's dealing with Venezuela has been crucial in doing that. Now the question arises: Where does Mexico fit in, in terms of this attempt to unify the region?

"People should refer back to my *Operation Juarez*. That was in 1982, but it's still the program for today. The world situation is somewhat different, but the principle is the same. And therefore the point is, there should be an orientation toward building up in the Americas this chain

of cooperation among sovereign nation states."

In light of the activities of the Nazi U.S. banker Felix Rohatyn of Lazard Frères, and his associates in Mexico and elsewhere, LaRouche underscored:

"It has to be emphasized that *there is no cheap credit available*. There is *none*. There is only *Dracula credit* available, which gives the opportunity for a lender to suck your blood and give you nothing. Therefore you must create a mechanism of credit, which has to be a *new* mechanism of credit, by putting the old system, which is bankrupt, into reorganization.

"Operation Juárez is the principle it's based on." LaRouche reiterated. "The orientation has not changed. Back then, we were fighting to defend Mexico against what was coming out of the United States. And now Mexico has experienced what was coming out of the United States then, with a loss of its economy and its sovereignty. Don't trust any private lenders who are not controlled by some kind of coalition of governments, to make sure the credit is long-term, cheap, and that it goes into infrastructure—public works primarily, and industries which are stimulated by public works. This is where we stand now.

"López Obrador is absolutely right in saying that what they are doing, is that they are looting Mexico and its people by sucking them into the United States, like a great vacuum cleaner, through the sucking power of poverty, and looting.

"We don't want risk capital investments as such," LaRouche summarized. "What we need throughout the hemisphere is long-term investments in solid, basic economic infrastructure, as a stimulant for every section of the economy." LaRouche pointed to his standing proposal that Mexico should develop its oil industry as a transition to a nuclear energy-based, high-technology economy, as an example of the kind of policy that is required.

"Study what's going on in Russia, what's going on in Europe, what's going on in China," LaRouche suggested. "Don't believe fairy tales; don't believe the tequila dreams that some promote."

financial system—because Slim's "Mexican" money would bail Mexico out.

Slim, touted as the third richest man in the world, is no more "Mexican" than Rohatyn is "American." A telecommunications mogul, whose big boost to riches came when he bought Mexico's state telephone company from the Carlos Salinas regime in 1990 for a song, Slim is now an integral part of the global telecommunications cartel, tied closely to AT&T. In recent years, he has promoted himself as "anti-IMF" and concerned about development—all the while promoting *private* construction of infrastructure. Among his ex-

panded family business empire—which was said to employ a quarter million Mexicans in 2003, and now extends across Ibero-America and into the United States—is Grupo Inbursa, Mexico's seventh largest bank (as of 2004). As *EIR* noted in its July 2, 2004 feature, "Spanish Banks Recolonize Ibero-America," Inbursa specializes in "activities of a volatile nature," making "financial investment in corporate paper and international bonds of a speculative rating." Included in Inbursa's "volatile" business, was a 1996 partnership with Lazard Frères in Mexico Partners Trust, a jointly managed risk capital fund investing in Mexico.

Mexicans Are Told: 'We Shall Overcome'

Here is the July 8 speech Mexican Presidential candidate Andrés Manuel López Obrador, delivered to a crowd of up to a half-million people in Mexico City's central plaza. The address was translated from Spanish; subheads have been added.

Friends, citizens all, women and men of good will.

Before anything else, my thanks for your presence at this first informational assembly regarding the Presidential elections of last July 2.

I believe that the majority of those of us who are here, and many others who could not attend, knew that it was not going to be easy to make democracy prevail in our country.

We are conscious that we are facing an economic and political power group that is accustomed to win at all costs, without moral scruples of any kind. They really don't care about the country, much less the suffering of the majority of the Mexican people. Their only goal is to maintain and increase their privileges.

It has been precisely the domination by this group, of this rapacious minority, which has brought the country to ruin, and has converted it into an ocean of inequalities, with more economic and social differences than when Morelos [one of Mexico's founding fathers—ed.] proclaimed that indigence and opulence had to be restrained.

It is they who truly conspire against democracy, because they oppose real change. It is they who defend the prevailing anti-popular and submissive economic policy, which has only brought the country economic stagnation, unemployment, and the emigration of millions of Mexicans who, out of necessity, have had to abandon the country and their families to go look for work on the other side of the border.

It is they who have taken the companies and the goods of the nation. It is they who covet the privatization of the oil and the electrical industry. It is they who have turned the government into a committee at the service of the few. It is they who now want to impose in the Presidency an unquestioning employee, a lackey who will guarantee them the perpetuation of corruption, influence-peddling, and impunity.

As is natural, this group sees its interests threatened when we propose and defend an alternative national project, capable of creating a new legality which is needed, which is urgent in our country; a new economy, a new and more honorable way

of engaging in politics, a social coexistence, with less inequality and with more justice.

That is our project, which we will defend, come what may. This people needs a real change. And it is not just the issue of the Presidency; as I said throughout the campaign, the Presidency is important, but what is fundamental is that we be able to transform our country, and that is why we are here, and we are going to continue to be here, for as long as necessary.

Therefore, as this extraordinary Mexican writer, Fernando del Paso, stated here, long before the elections—and you know this, because you supported me, you backed me, you defended me—this group attempted to lift my immunity, to strip me of my political rights, and to keep my name from appearing on the ballot.

That's why I agree with Fernando del Paso, that this isn't simply a matter of election day, this wasn't simply the insult of July 2, and the days which followed; this has been happening for a long time. During one of the most ruthless anti-democratic assaults that has ever occurred in this country, this was the group which launched the "Black Legend" about me and launched the fascist propaganda according to which I was a danger to Mexico.

The Concerted Attacks Against Me

Everything was thrown into the campaign to discredit me; there was a lot of dirty warfare. They bought time on radio and television to defame us with impunity. They spent billions of pesos on the campaign, which went way over what the law permits; they used public institutions and resources to favor the candidate of the right.

The proof is there, in the tape recording which we just heard. What is a Secretary of Communications doing, on a Monday, during the work day, doing political organizing to favor the candidate of the right? He shouldn't be doing that.

This morning I held a press conference with foreign journalists, and one of them, very dubious, said to me: "So things haven't changed in Mexico? There hasn't been any progress in the area of democracy?" He's probably listening now; he probably heard the tape. Those practices go way back, speaking with a governor to tell him, in the middle of an election: it's time to get the operation going, and get in line.

What does this mean? It means votes for the candidate of the right, and against us. It means fraud, to state it clearly. Vicente Fox, with no shame at all, and without concern for the Presidential office, went about attacking us, and ended up being a complete traitor to democracy.

As if that were not enough, the Federal Electoral Institute (IFE), which should be impartial, became a battering ram for the party of the right, and committed itself fully to the electoral fakery. It is enough to point out that Wednesday, the same way they did on Sunday, they manipulated the system of counting and information. And although they knew in advance what the result was going to be, throughout the day,



Website of Andrés Manuel López Obrador

Presidential candidate López Obrador charged that those who want to steal the election from him, are the same forces who have brought the country to ruin, forcing millions to emigrate. He urged the nearly half-million who turned out for this rally, to peacefully mobilize for justice, vowing, "We Shall Overcome."

they used the television to report the purported electoral district count, playing with, assaulting, trampling on the hopes of millions of Mexicans.

We have irrefutable proof of all this. That is why we are going to challenge the election before the Federal Electoral Tribunal tomorrow. We are going to show, without any room for doubt, that the guiding principles of certainty, legality, independence, impartiality, and objectivity established under Article 41 of the Political Constitution of the United States of Mexico, have been violated.

We are going to ask for the elections to be cleaned up. We are going to ask for the vote to be counted, vote by vote, polling station by polling station. The electoral packets should be opened, because there is conclusive evidence that votes were taken from us to favor the candidate of the right.

Let me say that, despite the resistance of electoral officials, where we were able to have the packets opened and the ballots were counted, we were able to prove that the pattern was that the candidate of the right had extra votes, and we had fewer votes than we had really received.

Furthermore, assuming without conceding that the figures showed a difference of only a half percentage point, it is

obvious that this revision will be decisive for the definitive result.

The argument that there isn't time, or that there is no way to recount the votes, doesn't hold water. I only maintain that, beyond technical arguments or legalistic justifications, there is democracy and political stability.

I would also like to inform you that, at the appropriate time, we will appeal to the Supreme Court of Justice to request, under Article 97 of the Constitution, that it exercise its authority to carry out an investigation of the facts that constitute a violation of the public vote, and the illegality of the entire process.

In short, so that no one is confused, the electoral process, according to law, has not yet concluded; the review of the election is only beginning. So no one can proclaim himself or even call himself President-elect. The congratulations from the foreign Presidents are a pure hoax.

Friends:

We are sure that, despite all of the anti-democratic practices, we won on July 2. And we did so with the free, conscious vote of the citizens; we didn't hand out construction materials, nor groceries, we didn't buy votes, nor did we make shameful agreements with the same old political *caciques* [local honchos]. That is why we are going to defend our victory.

If we count vote by vote, IFE's results can be overturned. They can't try to impose themselves, when they themselves have acknowledged that we won in three of the five electoral regions, that we won in 16 states, including those with the largest populations.

I want to tally up for you what was won and is recognized, even though we won in many other places where it is not being recognized. What the IFE does recognize, is that we won in the states of Quintana Roo, Campeche, Tabasco, Veracruz, Oaxaca, Chiapas, Guerrero, Michoacán, the state of Mexico, Tlaxcala, Hidalgo, the Federal District, Morelos, Nayarit, Zacatecas, and Baja California Sur.

Peaceful March for Democracy

Friends:

I want to take this opportunity to respectfully call upon the members of the Federal Electoral Tribunal and the Supreme Court of Justice, to carefully weigh the historic significance of the decision which they must make.

I also call upon the Mexican Army, a fundamental institution and guarantor of our sovereignty, to not permit any intrusions into the district headquarters where the electoral packets are held. I also respectfully address the media of our country, respectfully requesting that they do not shut off access to the news, and do not give in to the pressures which, I'm told, they are coming under from the Federal government and our adversaries.

Friends:

I want to propose to you, for the moment, the following, which are some actions that we can carry out, if you agree:

1. Carry out a national march for democracy, starting next Wednesday, from all of the electoral districts of the country, towards Mexico City. I repeat, because communication is not easy and it's better that we take advantage of this assembly so that everyone knows what's going on. I am going to repeat: The proposal is for a national march for democracy starting next Wednesday, which will begin next Wednesday from all the country's electoral districts, towards Mexico City. Are we agreed?

To this end, I call upon all political leaders of the parties in the Coalition for the Good of All—the leaders of the Democratic Revolutionary Party, of the PT [Workers Party], of Convergence, who, incidentally, have acted honestly, have been equal to the occasion. I call upon all the leaders of the parties in the Coalition for the Good of All, also upon our candidates for Congressman and Senator, for Governor, for municipal president, for state legislature, as also upon all free citizens interested in the future of democracy, to help us organize, and to participate, immediately, in these activities.

I particularly invite artists, intellectuals, and writers to participate in this citizens' mobilization, discussing, explaining, exchanging points of view with the people.

These mobilizations will be carried out using our individual rights, without harming the rights of third parties. I underscore this: We do not want to harm the citizens, we are not going to shut down highways, let that be clear. This is a peaceful movement, and we are never going to fall for provocations nor play into our adversaries' game. We have sufficient force to make democracy prevail by peaceful demonstrations alone. We are not going to fall for any provocation. I repeat: We will not let ourselves be provoked, we will not play into our adversaries' game. This has been and it will continue to be a peaceful movement.

2. I propose also that Sunday, July 16, a week from tomorrow, we carry out the second informational assembly, and that we again assemble in this Zócalo of Mexico City. What do you think: Should we make the commitment that each person who is here will invite at least ten others for Sunday, July 16? But since I know that you are going to get that job done, I propose also that not only do we assemble here, but that we march from the Anthropology Museum to the Zócalo of Mexico City. Do you agree? Sunday, at 11 a.m. Is that all right?

3. I call for the formation of outreach committees that help inform all the citizens of the country and help to thwart the strategy, that our adversaries have already activated, to confuse and demoralize citizen participation on behalf of democracy. We have to form these outreach committees. Let it be done freely and voluntarily so that people are being constantly informed, so that—and I don't think this will happen—if we are blocked out of the mass media, we would have direct communication. What do you think? Constant information.

4. It's a symbolic matter, but very significant: that we once again wear, as we did during the lifting of immunity [the attempt to kick López Obrador off the ballot a year ago—ed.] a three-colored ribbon, as a mark of the struggle for democracy in Mexico.

Friends:

I ask you that we remain united, and that you have confidence in me. I will maintain, as always, my principles and my convictions, which I hold dearer than my life. I am not going to betray the people of Mexico.

As you will understand, this goes beyond my role as a leader. It is an issue of not permitting a democratic setback. If we allow them to impose themselves through fraud, it will be a regression. That is what is disturbing about the attitude of Vicente Fox, who gets to the Presidency thanks to democratic advances, and when in power, he becomes a traitor to democracy.

We cannot accept that a group of vested interests would prevent the free exercise of effective suffrage. Democracy is indispensable if we wish to live in a Mexico with justice and dignity. And we are going to defend democracy.

I want to thank you, with all my heart, for your support, your backing. You know that I took the risk, as usual, I took the risk of issuing the call for this meeting when it was already Thursday. Today is Saturday. We have no resources, and look at the response. Thank you.

'We Shall Overcome'

This is a movement of free and aware women and men of good will. That is why we are going to triumph. We are advancing, friends, firmly and also with joy, because we are defending a just cause. We are defending the right of Mexicans to freely elect their government. We shall overcome. We must defend our alternative national project.

I am extremely happy, it fills me with pride, as I said in my closing campaign rally, that all social classes are participating in this movement, many members of the middle class, many professionals; but the mainstay of this movement—and I don't want anyone to feel excluded—what sustains this movement is our humble people, our poor people.

We are advancing. Thank you. Before anything else, do you approve this proposal to begin this way? Because people have been asking us, what do we do, we want to help. Well, here now are some tasks. Are we in agreement on this as a start? Let's not worry. There is time, and this movement to make democracy prevail is going to keep growing. Those in agreement with these proposals, raise your hands.

Thank you, with all my heart, thank you. This is what supports us, this is what backs us, what allows us to keep fighting, and I repeat, I am not worried at all. I am not going to betray your confidence. We are going to advance until we triumph in our goal of making democracy prevail. Thank you with all my heart, with all my affection, lovingly, thank you.

Kirchner: Fight With Ideas, for the Future

by Cynthia R. Rush

On the occasion of Venezuela's official entry into the Common Market of the South (Mercosur) as its fifth permanent member—Brazil, Argentina, Uruguay, and Paraguay are the other four—Argentine President Néstor Kirchner urged six Presidents gathered in Caracas, Venezuela on July 4 to fight “audaciously” for a regional integration process that will lift their populations out of poverty.

South America, Kirchner said, “is at an inflection point.” Today, “we have the sense that we are taking big steps toward an effective South American integration . . . toward a Mercosur more focussed on production . . . with more initiatives on the development of infrastructure, and with more efficiency in financing productive regional products.” He expressed his conviction “that integration is the great enterprise of our time.”

Aside from Kirchner and Venezuelan President Hugo Chávez, Brazilian President Lula da Silva, Uruguay's Tabaré Vázquez, and Paraguay's Nicanor Duarte were also at the summit. Bolivia's President Evo Morales attended as a special invited guest, although Bolivia is not a permanent member.

On the eve of Mercosur's annual summit July 20-21, when the same group of Presidents will meet in Córdoba, Argentina—there will be ten Presidents attending in all—Kirchner pointedly stated that “integration is much more than just liberalizing trade.” The “markets and free trade can't guarantee our development with inclusiveness,” he explained. Real integration “must set a goal of building a great political community which promotes production.” And remember, he added, integration is also “a battle of ideas, and as such, it has its adversaries.” Gone, he said, are the days of the Cold War when the United States expected and got “automatic alignment” from the nations of the hemisphere on every issue.

These words were not exactly music to the ears of synarchist financiers who are nervously monitoring the region from their perches on Wall Street or in the City of London. They are panicked that the accelerated unravelling of the global monetary system is leading to the formation of regional alliances—as in the case of Asia—to seek alternatives to the Cheney-Bush Administration's economic and geopolitical insanity. As statesman Lyndon LaRouche noted in his July 10 declaration on Mexico's recent elections (see accompanying

article), Néstor Kirchner's leadership within the informal “Club” of Ibero-American Presidents is key to the consolidation of an emerging South American alliance.

This is bad news enough from the financial predators' standpoint. They don't even want to contemplate how the region might shift in an even more dramatic fashion, should the current battle over the outcome of Mexico's July 2 elections result in a López Obrador Presidency.

‘Winds of Change Are Sweeping Across Latin America’

This explains the increasingly hysterical attacks on Kirchner, from synarchist financiers inside and outside Argentina. Addressing the continental situation, they charge that Kirchner is allying with Hugo Chávez to move Argentina further “to the left,” discrediting it in the eyes of “the international community” and discouraging foreign investment.

The reality is that Kirchner is working closely with Brazilian President Lula to rein in Chávez, urging him to refrain from behavior that could give the Cheney crowd an excuse to launch some lunatic action in the region. “Kirchner and I have talked a lot with Chávez,” Lula told London's *Financial Times* in an interview published July 13. “We have to take the tensions out of our relations. . . . In all our meetings we talk a lot.”

The “strategic alliance” that Kirchner and Chávez signed in Caracas, July 4, includes cooperation in trade, energy, and technological transfer, which is beneficial to both countries. But it also provides Kirchner a way to keep an eye on the Venezuelan, and keep his often provocative behavior in check.

Countering neo-conservative propaganda that accuses Bolivian President Evo Morales of taking orders from Chávez, Kirchner and Lula are also intervening to integrate that impoverished country more fully into Mercosur. During the July 2-4 Caracas summit, Lula invited Morales to become Mercosur's next permanent member, and Kirchner has signed several agreements with Morales for humanitarian assistance, as well as technological cooperation and joint infrastructure projects.

In his July 5 address before Venezuela's National Assembly, to which he was invited as the guest speaker on the 195th anniversary of that country's independence from Spain, Kirchner clearly defined the situation the region faces. “The winds of change are sweeping across Latin America,” he warned,” to enthusiastic applause. As Venezuela officially enters Mercosur, he explained, it is joining not just an economic bloc but a “political process” which “allows us to envision . . . that the *Patria Grande* (the South American Fatherland) and Latin American integration are absolutely possible.”

Mercosur members share a commitment to democracy, peace, and respect for the rule of law, he underscored. But that in no way contradicts the fact that “in this concert of Latin

American nations, we share today the conviction that our region cannot continue to be characterized as a group of countries that are potentially rich, but whose populations are impoverished.” As the nations of Ibero-America approach the bicentennial anniversaries in 2010 of their independence from Spain, he said, “we cannot wait another 200 years” to achieve real economic and political independence.

“It’s not good enough to take office with nationalist or progressive ideas,” he argued. “We must have the courage and boldness to carry them out, to make progressive decisions, and keep the promises we made to our people.”

As for “those who would stop history, compromising the current process because it restricts their privileges,” Kirchner issued a stern warning. Don’t resort to anachronistic or worn epithets to try to divide us by “classifying some leaders as populist.” Let it be understood, he said, that “waging the battle against social exclusion, against the poverty that afflicts our nations, against indigence and unemployment, or defending our natural wealth, cannot in any way be defined as populism.” Rather, he continued, “what you see in this process . . . is the defense of national interests.”

Fascists Go Berzerk

Inside Argentina, Kirchner’s forceful repudiation of the free-market and privatization policies of the 1990s, and insistence that the “intelligent State” play a regulatory role to defend the General Welfare from predatory financial interests, is driving local toadies of the synarchist international into fits of rug-chewing rage.

The proponents of unbridled economic looting are also incensed that instead of giving official press conferences, Kirchner prefers to go directly to the people, as did Franklin Delano Roosevelt (FDR) in his “fireside chats.” In speeches either in the Presidential Palace—the Casa Rosada—or during very frequent visits to cities around the country, he informs citizens that the country is still “in hell,” but gives status reports on progress in reducing poverty and indigence, creating jobs, building needed infrastructure, and reindustrializing.

There is a great deal more to be done, he always notes, and expresses the hope that by the time he leaves office in 2007, the country will have at least climbed out of hell, and onto the first rungs of Purgatory.

He also names those who plunged the country into hell, beginning with the 1976 military coup that installed free-market madman José Martínez de Hoz as Finance Minister. De Hoz is emblematic of an entire treasonous apparatus whose economic policies and fascist repression combined to create “unprecedented catastrophe” for the nation, he warns. “We must never forget” what they did, he constantly repeats, to ensure that such destructive forces are never allowed to do this again.

Because he insists that “the market” can’t be allowed to ride roughshod over the country, such conservative dailies as

La Nación and *La Nueva Provincia* accuse him of being a “dictator,” of destroying national institutions, and usurping power from other branches of government to advance his “hegemonic” schemes. Wall Street attacked FDR in much the same way.

Exemplary is the virulent attack by “Cuban-Argentine” analyst Armando Ribas, published in *La Nueva Provincia* July 6 under the headline “The Fourth Reich.” A mouthpiece for the Mont Pelerin Society’s Atlas Foundation, the Washington, D.C. Heritage Foundation, and the University of Chicago-linked Argentine think-tank FIEL, Ribas charges that Kirchner is the “new Hitler,” because he violates “property rights” through agreements to control prices, “punishes” producers who speculate on beef prices by curtailing exports, and “publicly mistreats” such foreign multinationals as Shell Oil and Repsol-YPF, by regulating their activities.

Those who argue that the kidnappings, torture, and disappearances carried out by the 1976-83 military dictatorship were justified because the country was fighting a “just war” against “international communism,” also charge that Kirchner is “anti-military” because he is prosecuting officers who committed atrocities during that period. Well-known “Catholic” philosopher Antonio Caponnetto, a hard-core Nazi and LaRouche-hater who recently travelled to Madrid to commemorate the 40th anniversary of the founding of *Fuerza Nueva*, the fascist organization run by Francoite Blas Piñar, most frequently retails this line.

In a recent editorial in his flashy *Cabildo* magazine, Caponnetto suggested that since Kirchner’s government is run by former terrorists, the military has no reason to accept him as Commander-in-Chief. The Liberator General San Martín, would have “shot” Kirchner for such “treasonous” treatment of the Armed Forces, Caponnetto threatened.

Freeing the Armed Forces from the Synarchists

But the Argentine President is very clear on his military policy. During a July 6 speech at the annual Armed Forces Camaraderie Banquet, he told the gathered officers that since taking office in 2003, his government has attempted to build “a national defense policy, and *free* the Armed Forces from an ill-fated orientation” that violated its historic mission. His reference was to the synarchist worldview that captured the Armed Forces leadership in the 1960s and 1970s, and justified atrocities in the name of defending “Western Christian civilization.”

It would be unjust to both past history and to the future, Kirchner stated, to identify the institution as a whole with the “deviant behavior” of some. Separating out those responsible for the “aberrations committed during the last dictatorship” of 1976-83, is key to preserving the institution’s “strategic role” and its historic mission, he emphasized. “We definitely want our Armed Forces to belong to all Argentines,” and to play a positive role in rebuilding the country, he concluded.

International Intelligence

At G-8, Only Germany Opposes Nuclear Power

Almost three decades of ecologist propaganda have warped German thinking to such an extent, that the Berlin government thinks it cannot even join non-binding resolutions like the one in favor of nuclear power that was scheduled to be passed at the G-8 Summit in St. Petersburg, according to July 10 media reports.

All seven of the other members of the group favor nuclear power; only Germany's protracted obstruction has prevented a stronger summit statement on the issue. As a result, the resolution leaves it up to individual member countries to arrive at an energy policy on their own. All other governments, such as China, Brazil, India, and South Africa, which are not G-8 members, but were involved in the numerous talks that preceded the July 15-17 summit, favor nuclear power, as well.

The German intransigence demonstrates that the present Grand Coalition (cross-party government) in Berlin is a transitional government; if it does not jump over its green shadow, in the next few months, it will have to make way, at some point, for a new government that is sovereign enough to take decisions in the national interest.

Pinochet's Role in Drug-Trafficking Exposed

Under the category "thieves fall out," Felix Rohatyn's and George Shultz's man, former Chilean dictator Gen. Augusto Pinochet, was up to his ears in drug-trafficking, according to Pinochet's former right-hand man, Gen. Manuel Contreras (ret.), as reported in the July 9 edition of *La Nación*, in Chile. A hard-core Nazi who ran Pinochet's secret police agency DINA, and coordinated the activities of the "Operation Condor" killing machine with other dictatorships in the Southern Cone of Ibero-America from 1975 to at least 1983, Contreras has now decided to spill the beans.

Sentenced to a long jail term for human rights violations, he made these charges in a report to prosecutor Claudio Pávez, who is

investigating the murder of Col. Gerardo Huber. Huber, a former Army intelligence operative who was close to Contreras, was killed on Pinochet's orders in 1992, when he threatened to reveal what he knew about the regime's drug- and weapons-trafficking.

Although many investigators have documented Pinochet's role in drug- and weapons-trafficking in the past, the current report comes straight from the horse's mouth. Contreras was intimately involved with every aspect of the Pinochet regime's fascist operations, and states that the dictator personally authorized the "cooking" of cocaine by DINA chemist Eugenio Berrios.

Chilean President Michelle Bachelet, asked about the revelations on July 10, said that it is best to let the judicial system handle the matter, just as it has dealt with other charges against Pinochet, without any interference from the government. Army Commander-in-Chief Gen. Oscar Izurieta made the same point, adding the Army today is not Pinochet's Army, but "the Army of *all* Chileans, the Army that all Chileans want, and that their Commander-in-Chief wants."

Putin Sees Danger of Collapse of Iraqi State

Russian President Putin made two references to the U.S. debacle in Iraq, prior to the G-8 summit in St. Petersburg on July 15-17.

In a July 12 NBC-TV interview, Putin was asked, "Do you think that life for the average Iraqi citizens has become better than it was under Saddam Hussein?"

He responded, "I think that there are greater prospects now for making life better, but from the security point of view the situation has worsened, and a real threat that the state will collapse, has emerged. People are talking about this more and more often now. If this does happen, it will be a major event with far-reaching and perhaps negative consequences for the region as a whole. . . . I say once again that there is hope for the future now, and we all want to see these hopes realized. . . ."

Then Germany's ZDF television channel asked him on July 13: "Will you support him [Bush] concerning the resolution against Iran?"

His answer was: "We consider that we have developed a good unified mechanism to work on very delicate issues on the international agenda, including on the Iranian nuclear dossier. And let me remind you that the mechanism consists of six countries, including the United States, Russia, and the Federal Republic of Germany, who have developed a common position and gave our Iranian partners our proposals. As you know, they reacted positively. They declared that they are ready to begin negotiations on this basis.

"We believe that we must not lead this situation into a dead end, and aggravate it. Of course we would like Iran's reaction to be faster. But we have negative examples of what happens when we hurry to make a decision on such sensitive and delicate issues. And also in this region we have situations from which no one knows how to get out, situations developing like, for example, the one in Iraq. . . ."

Israel Bars Palestinians With U.S. Passports

The Israeli government is preventing Palestinians who hold American passports from entering the West Bank, including Palestinians who have been living in the West Bank, but are being denied re-entry if they travel outside of the region, according to Israeli daily *Ha'aretz* on July 10. The practice is affecting thousands of Palestinians, and is a form of ethnic cleansing which Israel practiced prior to the 1993 Oslo Accords. It is also applied to Palestinians with European and other foreign passports.

The practice started when Ariel Sharon became Prime Minister in 2000, and has been further tightened since April, under the pretext that Israel refuses to deal with Hamas government officials.

The U.S. Embassy claims it cannot do anything, because it cannot intervene in the "sovereign decisions" of another country. But the Palestinians are seeking entry into the West Bank, which the United States still officially considers occupied territory, and is not Israel. They can only enter the West Bank via Israel. This type of denial of entry is forbidden under the Geneva Conventions.