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# What Moscow should conclude from the Illinois bank's sharp crisis

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On Friday, May 11, 1984, one of the major U.S. commercial banks, Continental Illinois, announced that it was not going to file immediately for bankruptcy proceedings under Chapter 11, although the bank's bad loans exceeded 110% of its capital. It was announced that the U.S. Comptroller of the Currency was involved in negotiations to have Japanese interests take over the wobbling Illinois bank.

The collapse of a bank as important as Continental Illinois might have started the chain-reaction leading into a world-wide, 1931 Hoover-style financial collapse. Although it is to be expected that both the Reagan administration and Federal Reserve will take some actions to prevent the formal collapse of Continental Illinois from occurring at this moment, the plight of this one major commercial bank is but the tip of the iceberg. The international banking system is rotten-ripe for a collapse of the type which occurred during the period of May through September 1931; this weekend's Continental Illinois crisis is only a symptom of much worse crises ready to explode in many parts of the banking system. At the point any major bank actually collapses, or that one or more indebted nations are driven into default, or that a combination of banking and foreign-debt defaults occur more or less simultaneously, the entire system would probably be plunged into a chain-reaction of collapse.

This weekend's developments around the Continental Illinois case bear implicitly upon the Soviet leadership's continuing appraisal of the LaRouche Draft Memorandum dated March 30, 1984 (*EIR*, April 17, 1984). There are certain global conditions under which at least a prominent current of opinion within the Soviet leadership would accept the policies set forth in that Draft Memorandum as a basis for U.S.-Soviet negotiations. Essentially, any body of opinion within the Soviet leadership which might recommend negotiations in that context would have to persuade its colleagues that certain new conditions had arisen. Above all, they must persuade their colleagues that the international monetary policies of the New York, London, and Swiss banking interests were at the verge of being dumped by the government of the United States. The continuing and currently prevailing Soviet estimate is that such a change is improbable in any case, and

altogether impossible without a "conjunctural crisis" in the world's monetary order.

In other words:

- Leading opinion in Moscow is that the United States would never offer negotiations along the lines of the LaRouche Draft Memorandum, unless a world-wide monetary crisis erupted first.
- Under conditions of world-wide monetary crisis, the indications are, Moscow would think it barely possible that the U.S. government might adopt the LaRouche Draft Memorandum's approach.
- But Moscow would nonetheless consider such a policy shift most unlikely even under such conditions of crisis.
- However, during or following such a crisis, some leading opinion in Moscow would consider the LaRouche Draft Memorandum a bare possibility.

Since that Draft Memorandum represents the only possible basis for assured war avoidance between the superpowers, the new stage of the monetary crisis, as merely symptomized by the case of Continental Illinois, should be examined from the standpoint of its bearing upon possible United States adoption of that Draft Memorandum's approach to strategic negotiations.

Before turning our attention to the direct and indirect effects of the emerging, worldwide monetary collapse itself, we shall examine summarily the way in which the "average mind" in the Soviet leadership will tend to view the economic and political implications of such a collapse. This examination of the Soviet mind is indispensable for any U.S. government body preparing for negotiations with Moscow. It is urgent to conduct such an examination here and now, since known work of U.S. agencies specializing in Soviet intelligence is usually worse than outright incompetent.

## The Soviet world-outlook

The principal and most fundamental error of U.S. intelligence agencies and think-tanks is the ideological conceit, that the Bolshevik Revolution of 1917 defines a "Communist

Russia” whose outlook and beliefs are opposite to those prevailing in Czarist Russia. On the basis of that false but popular bit of ideological conceit, it is argued that a revival of the Russian Orthodox Church’s influence tends toward either a sudden or gradual, anti-Communist transformation in the character of the Soviet state.

Recently, the Vatican itself has contributed to such a delusion. Some forces in the Vatican, estimating that the Soviet Union appears in the process of becoming the dominant world power, and that the United States has lost not only the political will but is losing the material means to resist emergent Soviet world hegemony, have proposed that the survival of the Catholic Church itself requires a Vatican adaptation to emerging Soviet hegemony. This misguided view among some very influential Vatican circles naturally takes the form of seeking to integrate the Catholic and Russian Orthodox churches, even at the price of the Catholic Church’s abandonment of the doctrines of St. Augustine, abandonment of the *filioque* of the Latin Nicene Creed.

This indicated outlook among increasing numbers of influential Vatican circles is not only a tragic blunder, but this particular blunder properly focuses our attention on the most crucial feature of the point to be made. The point is, that the underlying drive toward thermonuclear war between East and West, from Moscow’s side of the divide, is the centuries-old hatred of the *filioque* by the Russian Orthodox Church. This hatred against the *filioque* is rooted in the powerful force of paganist mysticism among the Russian people (in particular), the form of mysticism most nakedly expressed by the Russian Old Believers (Raskolniki), as accurately echoed by such varieties as Tolstoy and Dostoevsky.

The conventional view today is that the revival of the Russian Orthodox Church inside Russia constitutes a return of religious mysticism to Russia. Factually, that view is an absurd one. The population of Bolshevik Russia was always dominated by religious mysticism, in the same sense that such a secular voice as Fyodor Dostoevsky was a religious mystic in the true, deeper sense, as the unchurched Raskolnik was always deeply, fanatically, a pagan sort of religious mystic. As the case of the Soviet counteroffensive during World War II illustrates the point, it is the religious mystic of Bolshevik Russia who supplies Russia its drive toward wars against alien nations and cultures.

The trouble with many contemporary Catholic theologians on this point is that they have rendered themselves incapable of understanding Russian culture and that culture’s implications, because of their own efforts to reject and suppress Augustinian theology in favor of an irrationally mystical (actually paganist) interpretation of the *Magister* of the Catholic Church. On this account, they themselves do not understand the most essential feature of Augustinian doctrine. They are incapable, to that degree, of understanding why a revival of the Russian Orthodox Church as an institution of the Soviet state is the precondition for a Soviet war of aggression against Western civilization.

Theologically, the crucial issue within “the West” is the Jesuit-led “neo-Aristotelian” reactionary movement against the theology of Cardinal Nicolaus of Cusa. That Jesuit-centered attack against the 15th-century’s revived Papacy is the religious aspect of the politically brutish, Venice-steered and Hapsburg-centered inquisition of the 16th through 18th centuries. In opposition to the Jesuits, the Christian churches in Western Europe and the Americas were essentially neo-Platonic from the time of Christ and the Apostles. Christianity is not to be mistaken for the misnamed “neo-Platonism” of Byzantine mysticism: Since St. Peter’s collaborator, Philo of Alexandria, the theology of Western European Judeo-Christian culture has employed Plato as a guide to methods and conceptions of theology, as such methods are employed in St. Augustine’s writings, and is most richly elaborated by Cusa and his colleagues of the 15th-century Golden Renaissance. In the modern history of the Christian churches—both Catholic and Protestant—this neo-Platonic theology is the defining issue of the 1439 ecumenical Council of Florence, the Council which is the modern watershed for the East-West conflict expressed as Soviet aggression against the West today. The Soviet aggression against Western civilization today is not understood except in the light of the “Third Rome” teachings of such fanatical, anti-Rome mystics as Philotheos of Pskov during the period following the Russian Orthodox monasteries’ violent rejection of the 1439 Council of Florence.

Admittedly, on the outside, the putative impulse toward thermonuclear war is not, presently, that of a religious war. The present East-West strategic conflict takes the form of cultural warfare, rather than religious warfare as such. Nonetheless, the religious issue is embodied on the one side, in the Judeo-Christian molding of the political culture of the republican currents of Europe and the Americas, and, on the other side, the antagonistic Russian culture developed under the influence of paganist mysticism.

Every culture is at least implicitly religious in character. Religion embodies a people’s most fundamental tendencies of belief respecting the creation of the universe, and belief concerning the nature and purpose of man’s existence within that process of continuing creation. Just as the “God” of the Eastern mystic is not the Judeo-Christian “God” of Western civilization, so the deepest aspects of traditional Russian culture are in uncompromisable conflict with the varieties of republican cultures which have emerged in Western Europe and the Americas since Charlemagne’s first establishment of a republican, Augustinian order in Western Europe.

However, Western Judeo-Christian nations are not homogeneously republican. In religion, the cabalistic cults revived in Judaism during the 13th century by the Luzzato family of Venice, and the Sufi mysticism embedded in the discipline and hesychastic spiritual exercises of the Jesuits, are typical of the penetration of Western civilization by Eastern forms of paganistic mysticism. By the standards of the Gospel of St. John, the Epistles of St. Paul, and the writings of St. Augustine, neither the Jesuits nor the Sufi-paganist

Templar and Hospitaller orders are Christian. Similarly, the "Old Believers" of Russia, and the monastic hierarchy of the Russian Orthodox Church, as well as the cult-manufacturing center at "Holy Mountain" (Mount Athos), Greece, are not and never were Christian. Yet, on this very account, the Jesuit order, for example, is not merely allied with Moscow today through such channels as "Liberation Theology"; Jesuit theology has deep affinities with the paganist mysticism of the Russian peasant cult of "Matushka Rus" ("Mother Russia").

For example, the Jesuit dogma of "bio-ethics," as taught, for example, at Washington, D.C.'s Georgetown University, is an anti-Christian dogma, a dogma which has essential agreement with the Soviet doctrine of "materialist man," and with the British liberal doctrine of "human nature" as taught by Hobbes, Locke, Hume, Adam Smith, Jeremy Bentham, James Mill, John Stuart Mill, Friedrich Engels, and Karl Marx. The Jesuits' bio-ethics dogma is derived directly from Aristotle's *Nicomachean Ethics*, and also, implicitly, from Aristotle's *Politics*. The British liberals, from Francis Bacon through John Stuart Mill and the Fabian Society, were predominantly a Jesuit covert operation in Britain, through families such as the Pettys, who are classed as "neo-Aristotelians" because of their emphasis on the radical nominalism of William of Ockham, et al., but who otherwise based the moral doctrines of Bacon, Hobbes, Locke, Hume, et al. chiefly on the model of Aristotle's *Nicomachean Ethics*.

The Jesuits and like-minded political reactionaries of Western Europe and the Americas are viciously anti-republican. Brought back from Russian exile into Western Europe by the 1815 Treaty of Vienna, the Jesuits were notorious during the 1815-48 period as the world-wide secret-intelligence arm of the Holy Alliance's Prince Metternich—the same Metternich whom Harvard University's Henry A. Kissinger, the Talleyrand of the age of nylon, adopted as his model of diplomacy and politics generally. Just as the Luzzatos, during the 13th century, led in inserting the heathen Magician cult of cabalism into the ranks of Jews, so the Jesuits and other pseudo-Christian cults were manufactured by the same anti-republican, wealthy rentier-financier aristocracy centered upon the evil city of Venice and upon the surviving, like-minded descendants of the ruling Roman imperial families at Rome, the families who dominate the Roman Curia today.

The connection between theology, on the one side, and culture and government, on the other, is most simply shown by contrasting Augustinian principles of law with the doctrine of law of the Roman Empire: "Romanic Law."

The American Revolution's leading material issue was our forefathers' refusal to tolerate the colonies' looting under the British East India Company policies presented in Adam Smith's *Wealth of Nations*. More deeply, our forefathers hated the Romanic Law which had become the doctrine of law practised under the Restoration British monarchy; our reference in law was St. Augustine, as was the case with the

leading transatlantic forces allied with our Dr. Benjamin Franklin during the period 1766-89. Although, through such centers of wickedness as Harvard University, and the wicked Justice Oliver Wendell Holmes, our Federal courts have become corrupted with the British revivals of Romanic Law's doctrine, in the character of approximately 60% to 70% of our adult population today, the moral-philosophical world-outlook echoes the heritage of the anti-British American Revolution: belief in the essential political equality of the individual, belief in the sacredness of the human life containing the human soul (mind), belief in the right to opportunities for self-development, and belief in the right to individual opportunities to apply that developed talent for general good. This morality among the majority of our people opposes the immorality of the Romanic Law tradition, which places the financial contract constructed to the advantage of the usurer above the right to life itself.

Contrary to Jesuitical and kindred commentaries on Christian doctrine, our God is a being coextensive with the universe, the universal embodiment and source of the self-reflexive, transitive verb "To Create," a God who might be named "The Self-Creating." Although "Jehovah" is commonly regarded as a proper noun, it were better a self-reflexive transitive verb, "I am what I am creating Myself to become." The process of universal creating is knowable to mankind as the discoverable universal law which everywhere, coherently subsumes action of transformation in the universe, which is for mankind as the efficient Will of God, the Logos ("Word") of the opening of the Gospel of St. John. In imitation of Christ, the individual, by informing and subordinating his will to the discovered Logos, prompts his right arm to participate in the Will of the Creating, and in that way asserts himself to be in the image of God and to participate in God. Thus, the individual personality may participate in God, as Cusa elaborates these points.

Accordingly, the essential cultural, moral, and legal distinction between the United States and Russia lies in the contrast between our emphasis upon the participation in God by the individual soul, and the Russian's pagan-mystical doctrine of collectivism, the doctrine of "Matushka Rus," of Russian Blood and Russian Soil. Only ignorant persons delude themselves to say that Karl Marx introduced "collectivization" to Russia; Russian culture has been collectivist since long before Vladimir. Philotheos of Pskov's doctrine of the "Third Rome" is no mere doctrine; it is an organic expression of Russian culture. Wherever the deeply mystical Russian peasant rises to power in the Russian state, the Russian state gives birth afresh to the same imperialistic doctrine of "Third Rome" which the Nazis copied from Fyodor Dostoevsky in the name of the Third Reich. Had Hitler succeeded, he would have wiped out Christianity, as he promised his colleagues he would do in the post-war world, and would have established conquered Moscow as a spiritual center for a Germano-Russian world empire, blending the Nazi and Russian versions of the Blood and Soil doctrines in a fashion which

Russophile Alfred Rosenberg would have much admired.

Leading Soviet officials, including Russian Church officials, today have vivid recognition of the points we have made within certain limits. Their minds cannot accept, and therefore cannot comprehend the republican outlook of Western civilization. Western civilization, its theology and philosophy, they recognize only as alien objects, as objects whose total destruction they would count no loss. Insofar as we have described the Russian mind, this is the world-outlook they vividly recognize as their own.

This is illustrated by contrasting Soviet reactions to our past 12 months' discussion of the Third Rome doctrine with the reactions of non-Russian fellow travellers of Moscow. The non-Russian fellow travellers react with a rage whose violence knows no limit. The Russian shrugs. He does not complain that we describe more or less accurately his Third Rome outlook. He hates us because we identify that Third Rome outlook as our cultural adversary, but he does not consider himself in any way libeled by us on this account.

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Who could feel libeled by being described as what he himself proudly considers himself to be?

If the *New York Times* were to publish weekly featured attacks upon this writer, denouncing me as a neo-Platonic in the footsteps of Cardinal Nicolaus of Cusa and Gottfried Leibniz, I would be pleased that the *New York Times* had resorted to the unusual practice of editorial honesty, and would hate the *Times* only because the *Times* had accurately defined the adversary relationship between us. It is the same with any sensible Soviet official; he is pleased with me because of my accurate insight into his world-outlook, and yet hates me because I have accurately identified the fundamental issue between us.

Consider the case of the Vatican in this setting.

Through the summer of 1982, the thrust of policy from the Church was coherent with Paul VI's 1967 *Populorum Progressio*. The 1981 encyclical, *Laborem Exercens*, and the great Papal letter on the subject of the family are exemplary. Up through that time, still, the appearance was that the United States and its transatlantic alliance were the efficient bastion against destruction of Western civilization unleashed from the East. Over the autumn and winter of 1982-83, a rapid shift surfaced, partly reflected in the support for the Soviet-directed nuclear freeze movement from the so-called U.S. Catholic Bishops' Conference. In the same time-frame,

the Papacy conceded to the Jesuit order, in particular, on the subject of freemasonry. A nest of agents of Soviet influence emerged around the Vatican's advisory body on science matters, and a drive during ecumenical accommodations with Moscow through the Eastern churches emerged to the extent that prominent theologians in Italy and elsewhere were emboldened to argue for discarding the *filioque* principle from the Roman Catholic liturgy for the sake of ecumenical enterprises of this sort.

Among some influential Catholic circles, the following rationalization is offered. They argue that the United States and its alliances are no longer a credible obstacle to the accelerating rise to world hegemony by the Soviet Empire. Therefore, the Church must prepare to survive in a Soviet Empire-dominated world, through ecumenical processes bordering upon fusion with the Russian Orthodox Church. The debated "Third Prophecy of Fatima," that the Roman Church must undergo a great tribulation, and must consecrate Soviet Russia to Christianity to survive this tribulation, is increasingly the mood-shift seen among growing numbers of influentials rationalizing the recent direction of Vatican adaptations to new realities from the East.

A more radical strategic reorientation permeates the hierarchies of the World Council of Churches. Among some influential Zionist currents, there are efforts to secure agreements with the anti-Semitic forces in Moscow paralleling the recently re-publicized "Transfer Agreement" efforts of 1933-39 with the Adolf Hitler regime: Make agreements with Moscow, for the sake of securing a quarter-million or more Russian Jewish emigrants to fill up the housing being constructed on the West Bank of the Jordan River.

These developments in religious or quasi-religious guise parallel and intermesh with the secular efforts of Henry A. Kissinger and others to turn Western Europe over to the Soviet sphere of "New Yalta" influence, through measures known by such names as "strategic decoupling."

The combined effect of these variously religious, quasi-religious, and secular concessions to the Soviet Empire, is to foster a retreat from Reason into a pagan-like quality of irrational mysticism. In place of the Christian doctrine, that man must participate in God through governance of the actions of our right arms, that we must be God's instruments on this planet and thus bring His Will to fruition in our functioning as His instruments, the paganist, oriental cults of hesychasm are seizing both religious institutions and secular life. In the United States, obscene pagan cults—witchcraft cults, theosophical cults generally, ESP cults, and so forth—penetrate to the highest levels of our government's bureaucracy, and, under these covers, the Soviet KGB is able to make agents of even high officials within our Defense and other relevant establishments. A U.S. official participating in such a cult's "brotherhood" does not need to know that he is acting as a Soviet KGB agent. By influencing the cult itself, the KGB efficiently uses the duped member of the cult as a channel of Soviet influence into even our Pentagon. The

spread of homosexual and other cults is a symptom of a breakdown of our culture. We are properly reminded of the spread of obscene cults during the late 13th and 14th centuries in Europe, under not dissimilar trends in combined material decay and cultural pessimism.

Under these circumstances, the Soviet leadership has excellent reason to believe that the world hegemony of the Soviet Empire could very well become an established fact in time for the 1988 celebrations of the Byzantine conversion of Kiev Rus, a thousand years earlier.

### **Present Soviet strategic policy**

The policies which are causing the breakdown of Western civilization, morally as well as materially, today, are the policies of the majority among the wealthy rentier-financier families of Europe and the Americas, families typified by the Morgans, the Harrimans, and the Lowell blood-lines of McGeorge and William Bundy. Although there are varieties of differentiation among the specific policies of European and U.S. representatives of these families, all converge upon the prevailing doctrine of the "liberal" faction among the Anglo-American section of the transatlantic "families" complex as a whole. The faction of the U.S. liberal families associated with the Bundys, Harrimans, Rockefellers, et al., may differ in detail from policies among families of continental Western Europe, but they all converge on agreement on the most essential points. The policies of the Anglo-American liberals among these families are chiefly of three interacting categories, as follows.

1) **Monetary Policy:** The establishment of increasing degrees of world super-government, centered around the increasing power of supranational monetary institutions promoting the cause of usury: Pure financial usury, ground-rent forms of usury, and usury in the guise of speculation in rigged world markets in primary commodities.

2) **Cultural Policy:** A concerted effort, consistent with the teachings of the Pre-Raphaelite Brotherhood of Oxford University's John Ruskin et al., and with the "Open Conspiracy" dogmas of H. G. Wells, Bertrand Russell, Aldous Huxley, Aleister Crowley, et al., to uproot every vestige of Augustinian republican culture in general, and of the legacy of the 15th-century's Golden Renaissance most emphatically. The cult of the "post-industrial society" and its theosophical correlatives, is the leading expression of this anti-rationalism, anti-science, anti-technology thrust.

3) **Strategic Agreements With Moscow:** During the second half of the 1950s, the Anglo-American liberal establishments ("families") reached long-range strategic agreements with Moscow:

a) To grant Russia an enlarged and permanent empire, based on expanding greatly the sphere of influence given to Moscow during the 1943 Yalta agreements: the New Yalta policy for which Lord Carrington, Henry A. Kissinger, et al. work diligently today.

b) To prevent general warfare between the superpowers by agreeing both to leave each power vulnerable to virtually total thermonuclear assault, and by agreeing to build up thermonuclear arsenals sufficient to ensure the assured mutual destruction of both superpowers in case of outbreak of general war between them: nuclear deterrence, or MAD.

c) To permit local wars, and limited nuclear wars to occur, on condition that these wars are fought within flexible guidelines jointly accepted by the two superpowers: Flexible Response.

d) Arms-control agreements.

e) To impose a "post-industrial society" weakening of the logistical strength in-depth of the United States and its allies.

Although Moscow despises the "families," as the "families" also desire the foreseeable internal collapse of the Russian Empire, Moscow has a strategic agreement of approximately 30 years' standing with these "families," and

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is allied with those "families" in defending the durability of those strategic agreements against all "third parties." As long as Moscow judges that these "families" and their policies are hegemonic within the governments of the United States and Western Europe, up to the point that Moscow senses itself ready to subjugate the West, Moscow will enforce defense of those agreements against all "third parties."

However, should the indicated policies of those "families" cease to control the policies of the United States, Moscow would be obliged to prepare to dump the strategic agreements made with those families, and to prepare to negotiate replacement of those agreements with new agreements, new agreements negotiated with the newly established policy-shaping combination in Washington, for example. This situates exactly the strategic significance of the symptomatic crisis of Continental Illinois this past weekend.

Moscow's own strategic policy runs along two distinct, although coordinated tracks: the first diplomatic strategic deception, and the second military. Summarily, the function of Soviet use of diplomacy for strategic deception has the function of encouraging the West to destroy itself from within, and to afford Moscow, thus, the time and material potential for realizing its long-range military objectives. By cloaking itself diplomatically in support for the Nuclear deterrence, Flexible Response, and Arms-Control agree-

ments, Moscow encourages the West to continue destroying its capabilities, while Moscow builds up its own. Its military doctrine is essentially the *Soviet Military Strategy* first set forth publicly by Marshal V. D. Sokolovskii in 1962: to build up Soviet capabilities to the point of assuring Soviet survival and victory in a general thermonuclear war with the United States, with great emphasis upon strategic ballistic-missile defense for the Soviet Union.

Moscow was doubly panicked by the announcement of a new U.S. strategic doctrine, the Strategic Defense Initiative announced by President Reagan in his televised address of March 23, 1983. First, the Strategic Defense Initiative implicitly destroyed the practicability of Moscow's strategic agreement with Henry A. Kissinger's employers among the "families." Once the United States abandons a doctrine of assured total vulnerability, Nuclear Deterrence no longer works, and therefore the "New Yalta" agreements by Kissinger's employers tend to be cast aside. Second, the Soviet Union now has vast strategic superiority over the United States, and by approximately 1987 will have completed deployment of a first generation of beam-weapons and related elements of strategic ballistic-missile defense of the Soviet Union. If the United States lacks a deployed strategic ballistic-missile defense by that time, or perhaps 1988 or 1989—if the Soviets slip past a target-date in their deployment, then the United States loses World War III without even daring to fire a shot in its own defense. To Moscow's military circles, President Reagan's televised address of March 23, 1983 had about the same effect as a parent's informing a 10-year-old boy on Christmas Eve that there is no Santa Claus.

In the equations of thermonuclear warfare, if one nation has a strategic ballistic-missile defense which is only 40% to 50% effective, and the other nation no such defense deployed, the first nation will assuredly survive and win a thermonuclear "first strike" assault against the second.

Unlike the liars of the Union of Concerned Scientists, and other allies of the Harrimans, Kennans, and Kissingers, the Soviet leadership has stated openly that the technologies of strategic ballistic-missile defense proposed by this writer and others are implicitly deployable now; they are by no means "music of the future." On May 9, 1984, Soviet Chief of Staff Marshal Nikolai Orgakov published the following policy statement in the official Red Army journal *Red Star*:

Weapons based on new physical principles . . . [are] more destructive than any existing weapon, and work on them is going on in many countries, including the United States. . . . Their creation is a reality in the immediate future, and to ignore that even now would be a serious mistake. . . . It is better to test new forms of struggle in peacetime than to look for them during a war.

For various reasons, the Soviet leadership viewed the President's March 23, 1983 announcement as both this writ-

er's success in influencing U.S. strategic policy, and a symptom that this writer's thinking might be more influential within the U.S.A. and elsewhere than Moscow had previously estimated to be the case. Since Moscow knew that this writer's policies for implementation of a U.S. strategic defense initiative included an Apollo Project-style "crash program" for development and deployment of such defensive weapons systems, Moscow had reason to fear that the superior technological potential of the U.S. labor force over the Soviet labor force would be unleashed, and that in this way the United States would quickly overtake the existing Soviet lead in development of deployable ballistic missile defense.

There were other strategic considerations, beyond U.S. strategic defense, which Moscow was required to consider. If LaRouche's influence was on the rise, as the March 23, 1983 address suggested, then other features of LaRouche's strategic policies must also be taken into account. The most prominent such to be considered included the following.

1) LaRouche's proposed monetary reforms, such as the Ibero-American policies elaborated in the 1982 book, *Operation Juárez*, signified a rapid consolidation of improved political and economic relations between the United States and the developing nations generally: implicitly a massive "geopolitical setback" for Moscow globally.

2) With aid of such monetary reforms, there would be a rapid economic recovery in the United States echoing the 1939-43 revival under President Franklin Roosevelt: a massive set-back to Soviet long-range perspectives of world hegemony.

3) LaRouche's 1982-83 campaign for U.S.-European cooperation in ballistic-missile defense and in tactical revolutions based upon the same spectrum of new technologies was a threat to the Carrington-Kissinger campaign to turn a frightened and "decoupled" Western Europe and the Middle East over to a Soviet sphere of influence.

4) Although LaRouche's proposals posed no direct military threat to the Soviet Union itself, those proposals would reduce greatly the political and economic power of the liberal "families" with which Moscow maintains an established strategic agreement.

These four leading implications of LaRouche's earlier design of the Strategic Defense Initiative doctrine confronted Moscow with the following sort of puzzle.

1) If LaRouche's policies became efficiently those of the United States, this would create conditions under which Moscow would have to enter into realistic negotiations with the U.S. government in terms of accepting the reality of such policies.

2) However, LaRouche's policies could not be implemented without defeating the dominant liberal

“families” policy-configuration. Therefore, as long as these “families” had the power to stop LaRouche from either becoming President or a President’s “grey eminence,” Moscow could assure itself that LaRouche’s policies would never succeed in the U.S.A. Therefore, the idea of negotiating with the U.S.A. on the basis of the Strategic Defense Initiative was to be rejected as a) impractical, since the “families” would not permit LaRouche to be that influential, and as b) counterproductive, since LaRouche’s policies meant preventing the possibility of world-hegemony for a Soviet Empire; on the latter account, Moscow is impelled to ally with the “families” against LaRouche, to attempt to destroy the dangerous LaRouche.

3) Only a monetary crisis could weaken the power of the “families” to the degree that a “new Franklin Roosevelt” of the LaRouche variety could become efficiently influential in the U.S.A. Under those possible, but improbable conditions, Moscow would be obliged to shift policy, and be prepared to negotiate on the basis of a Strategic Defense Initiative.

Thus, to the degree Moscow comprehends the deeper implications of this past weekend’s Continental Illinois crisis, Moscow is obliged now to reassess the implications of the March 30, 1984 Draft Memorandum.

### **Suicidal lunacy around Wall Street**

Although the Continental Illinois crisis is symptomatic of the overrotten ripeness of the entire U.S. banking system for a general financial, chain-reaction collapse, the crisis itself was triggered by what must be fairly described as consummate, suicidal lunacy around Wall Street. It is an old saw, but an apt one, that whom the gods would destroy, they first drive mad. In the history of crises, crises occur chiefly because of a certain overripeness of circumstances, yet, the immediate trigger for a crisis is usually some suicidal lunacy among the leading bankers, politicians, and so forth.

For political reasons, including reasons of election-campaign tactics, a fraudulent picture of U.S. economic recovery has been constructed by means including collapsing the inflated Eurodollar market upon the weakened monetary structures of the United States. The gist of the matter is adequately reported in the latest report of the Basel, Switzerland Bank for International Settlements. The Eurodollar market, largely a creation of President Nixon’s foolish decision of August 1971, is pivoted upon “offshore banking institutions” which lend large amounts without the customary precaution of covering loans with deposits of cash. The greatest concentration of non-performing loans in the world today is bad paper held as assets by these offshore banking-system institutions. Recently, the United States has been borrowing heavily from the Eurodollar market at usurious interest-rates. Thus, if the Eurodollar market collapses, it will now collapse chiefly upon the internal financial structures of the United States.

Now, interest-rates in the Eurodollar market are skyrocketing; since the Federal Reserve and Wall Street generally have made themselves significantly dependent upon Eurodollar borrowings, an interest-rate skyrocket has taken off again.

This is aggravated by a shrinking of the relative deposit base in the U.S. banks. Banks’ customers are going bankrupt, or nearly so. Non-performing bank assets on domestic account are the Scylla, and non-performing bank assets on foreign account are the Charybdis. Skyrocketing interest-rates push Charybdis against Scylla—to adjust the simile slightly. Continental Illinois was caught between the rocks.

This is bad enough. At the same time, some financial circles are taking advantage of the banking crisis to push ahead on the existing plan for destroying the U.S. banking system as it presently exists, and creating a new banking system, modelled on Canadian banking. The big sharks are zealously eating up the weaker sharks, apparently oblivious to the fact that such hyena-like behavior around Wall Street is turning crises like that of Continental Illinois into chain-reaction crises.

Wall Street has no monopoly on lunacy. The British and Swiss banking circles are moving in upon the weakened financial structures of the United States: more sharks in our nation’s financial waters. This is pretty much a repeat of the lunacies of the Coolidge and Hoover administrations up to the eve of the 1931 world financial collapse; our government and our bankers appear to have learned nothing from the last Great Depression.

Lunacy is a fair description of Wall Street officials these days, but not necessarily the most precise term scientifically. A better word were a popular synonym for insanity, “ideology.” The social circles which employ Wall Street executives are a pack of self-righteous, pompous asses, who are so sadistically self-assured of their ability to buy and sell Presidents and legislatures of the United States, and to treat other nations as helpless colonies, that these “families” have taken the idea into their heads that “God Almighty,” too, must bend His Will to theirs. They argue, in effect, “The system works. We have the power, and no one can resist our will in these matters. Therefore, the economy and nations will submit to our will. You will see: We know how to manage things. After all, we are the ‘families.’” The aromas are those of Aeschylean tragedy.

Sometimes these quasi-aristocratic “families” of the United States are called “capitalists”; it is a curious error, since they represent a modern form of a social phenomenon as old as Ishtar, the Biblical “Whore of Babylon.” Henry C. Carey and others described such families as “feudal” in character, a useful discrimination, if not quite an historically exact one. The best choice of term is “oligarchical”; the proper image of reference is the ruling families of the Babylonian and Persian empires, of Sparta, and the patricians of Rome.

This oligarchical character of the Harrimans, Bundys, and so forth is key to the tragedy of their imminent doom.

They are as good as deader than the House of Atreus. Two leading features of this "families'" stratum are key to understanding both their presently lunatic behavior and their self-imposed early doom.

The center of the ideology of the "patrician families" is their smug persuasion of their own innate superiority. Among our American varieties, in particular, the argument is that of "Social Darwinism": Since they are the most powerful agglomeration in sight, they conclude that this has been accomplished by the invisible hand of natural selection. Yet, there is no reason in their belief; the belief is axiomatic, to the point that even the most empty-headed, senile dame of the social orbit can elicit guilty submission to the doctrine merely by asserting it as a matter of cultivated, if ignorant prejudice. It is a belief like the racism for which the Harriman family is notorious; it needs no reason to be generally accepted as guide to practice among the strata infected with such an arbitrary conceit. This ignorant but fanatical conceit is the essence, the most characteristic feature of the "families'" ideology.

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### *British and Swiss bankers are moving in upon the weakened U.S. financial structures: more sharks in our nation's financial waters.*

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The second leading feature of belief of the oligarchical tribes is fairly described as a radically physiocratic rationalization for the principle of usury. This includes the most primitive form of usury: ground-rent. Ground-rent's principle is extended into the form of financial ground-rent: ordinary usury. The two are extended into the form of speculation on trafficking in primary commodities: ground-rent extracted from need, as distinct from ground-rent extracted directly from production.

Since a zero-technological-growth society is doomed to collapse from depletion of natural resources, any society which is ruled by an oligarchy is doomed to be destroyed, unless the oligarchy's power is broken before that collapse occurs. There is nothing very complicated about the connection:

Technological progress is a fruit of development of the creative-mental powers of the individual member of society, as scientific discovery illustrates this. Yet, apart from the scientific discoverer, the average individual person, especially the laborer, must develop the powers to assimilate and employ technological advances.

In a society so ordered, the highest social value of the person is associated with the development of

the creative-mental powers of the individual. Such a form of society is a threat to the class-supremacy of the oligarchical social formation, since creative accomplishment ranks a "mere plebeian" higher than a prating aristocrat.

Thus scientific and technological progress demand and foster republican, anti-oligarchic order in society, and thus oligarchies hate the proliferation of education and investment for scientific and technological progress—viewing such practices as more or less explicitly the work of the republican adversary.

Thus, it is the organic tendency of oligarchies to attempt to consolidate and preserve their power as a ruling caste, or "establishment," over society, by opposing generalized practice of scientific and technological progress. They do so for no more complicated reason than caste instinct.

Hence, they collapse the power of the societies over which they rule, and render such ruined societies easy prey for the ambitious hordes of invading barbarians.

So it has been generally in the course of history. So, the oligarchs of our "liberal Eastern Establishment" have brought matters once again today. We have reached the edge of the precipice; either they go down alone, or, if we cling to them, we all go down together.

Now, reason no longer rules their course of policy action. They respond to events essentially by caste instinct, by what appear to them to be "immediate and original instincts," their lust for momentary pleasure, and hatred against practices or even thoughts which are alien to the oligarchical ordering of behavior.

Yet, the 60% to 70% of the U.S. adult population which is still essentially moral, if freed from the grip of the oligarchs, will naturally express a political philosophy of practice consistent with the republicanism of Western civilization, with the heritage of St. Augustine and Cusa. The March 30, 1984 Draft Memorandum gives articulated expression to that heritage in today's circumstances.

If the world-wide financial collapse, which the oligarchs have brought upon the world—and themselves—ushers the oligarchies' policies from power, and brings the moral citizenry of this republic back to the fore, then Moscow will be confronted with a different sort of world than appears to be the case today. Dreams of "Third Rome" imperialism and global hegemony become empty dreams; the only hope for peace and survival for the Soviet Union becomes acceptance of life within a world increasingly dominated by the republican philosophical outlook expressed by the March 30, 1984 Draft Memorandum.

As Moscow's leading circles study the implications of this past weekend's Continental Illinois crisis, they have reason to shift uneasily in their chairs. The puzzle we described as confronting them, has taken a new turn.