

## The roots of today's mass hysteria

by Lyndon H. LaRouche, Jr.

October 21, 1998

How could most of the leading banks and related institutions of this planet, have been, for so many years, such pathetic suckers for such an obvious swindle as that so-called “derivatives” bubble which now threatens, at almost any moment, to do to the world’s financial system what the Weimar hyperinflationary bubble did to the 1923 Reichsmark? Speaking clinically, the problem is that, for more than a decade, the world’s leading financial institutions, and the governments, including most officials of the Executive Branch and the Congress of the U.S.A., have behaved as lunatics, on financial, monetary, and economic policy. That behavior of those institutions is a case of mass hysteria.

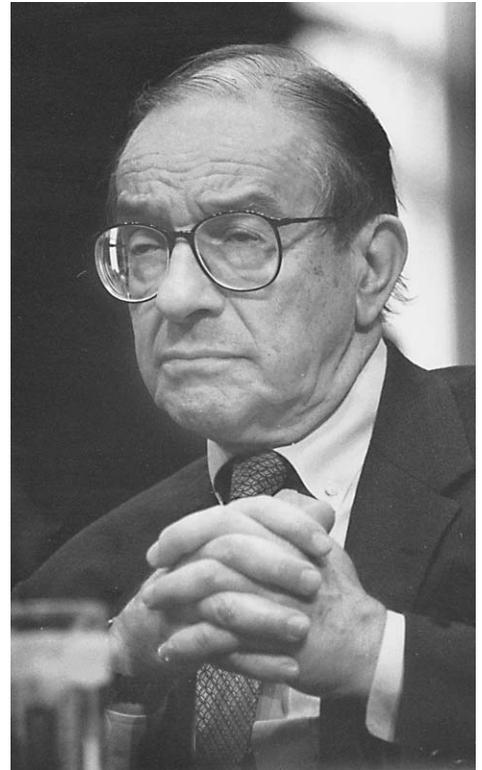
Today’s situation can be summed up as follows.

Not only Federal Reserve Chairman Alan Greenspan, but, around the world, most of today’s leading bankers, are individually and collectively insane, and also probably broke; but, nonetheless, up to now, broke or not, they still defend those specific features of their current policies, the which have brought the world’s financial system to the brink of general disintegration. After the recent four weeks of continued unravelling of that crisis of Long-Term Capital Management (LTCM), which erupted on September 23, 1998, no rational person could deny the objectivity and fairness of the charge, that the bankers in view, are insane.

What I have said for those bankers, or perhaps worse, must be said of the mental state of most of those of the world’s economists whose putative authority has been most often cited by the popular mass media. This mental condition is typified by nominal economists such as Jeffrey Sachs or Paul Krugman, who are currently associated with Harvard University or the Massachusetts Institute of Technology (MIT).<sup>1</sup> My associate John Hoefle, has summarized the hard core of the proof of

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1. On Paul Krugman, see Lyndon H. LaRouche, Jr., “Paul Krugman’s Cargo-Cult Economics,” *EIR*, Oct. 23, 1998.



Left to right: Harvard economist Jeffrey Sachs, British Prime Minister Tony Blair, Federal Reserve Chairman Alan Greenspan. Not only Greenspan, but most of today's leading bankers, economists, and policymakers are collectively insane. Only lunatics would endorse Blair's idiotic "alternative" to LaRouche's proposal for a "New Bretton Woods."

this conclusion, in *EIR*'s October 9 edition.<sup>2</sup>

The same mass hysteria is widespread among other categories of today's influentials. By their own public statements, most of the voices heard, during recent months, from among the leading establishment circles of the U.S., western Europe, and Japan — which is to say, most among the currently incumbent, official power elite of the so-called G-7 nations — are infected by the same lunacy. So far, there are but few exceptions to this general rule. Included are the majorities among accountants, and the liberal establishment generally, think-tankers, wonks by and large, most editors of leading U.S. news media publications — not only *The Wall Street Journal*, and such foreign-controlled U.S. press as the Hollinger and Murdoch chains, and deviant Democrats, in addition to the troops of Yahoo varieties of Republicans. To say it as gently as truth permits, on matters of economy, these are, each and all, as dangerously fruity, as depraved characters out of Peter Weiss' *Marat-Sade*.

This mass hysteria may end, hopefully, soon, even suddenly; but, even in that case, what we report here will have been the situation, over the course of the recent thirty-odd years, until the present moment. Whatever turn matters will take during the period immediately ahead, the situation, as we report it now, will remain what it had been, unchanged, as the road which the world had travelled during the recent thirty-odd years, into the present moment of crisis. That is the

2. John Hoefle, "One Derivatives Disaster after Another: Will They Never Learn?" *EIR*, Oct. 9, 1998.

problem which must be solved, whether the presently leading official victims of mass hysteria recover their wits, or not.

It is necessary for the survival of the U.S. itself, that this truth not only be said, but that that perception of the problematic financial situation which I outline here, should become the guiding policy of action of the government of the United States. Admittedly, much of what I report will be read in high-ranking circles in several parts of the world as "grating, unacceptable." Those who suffer from a pathology typical among members of the "Baby-Boomer" or "X" generation, will react, typically, with words to the effect, "We are not going there!" The life of their nation, and, therefore, the lives of their family, may depend upon their overcoming their own irrationalism, to face up to the evidence presented here. As I have said, our nation, our lives, may depend upon their forcing themselves to take a few minutes to face the real world, which exists only outside of the fantasies of most in high places today.

Foolish critics will say of me, "Why are you always so negative? Why don't you just make your positive suggestions in a helpful spirit, and leave it at that?" I have learned that to be truthful, means to show nothing but revulsion for the "Dale Carnegie" style in sly, simpering, boardroom sophistry; such duplicitous salesmanship has no place among honest people; on the field of battle, it may be fatal. Indeed, we are in a battle, and would be fools not to see matters in the way I describe the situation. Sometimes in history, as now, the health of all concerned urgently requires not only that we be merely truthful; at such times, the survival of nations demands that

the garbage be thrown out; which means that it must first be plainly identified as no better than garbage, however much such plain talk might offend the hearer.<sup>3</sup> It would be permitted, however, to make the same point in less inelegant choice of terms, as numbers of flag officers among my friends have chosen at various recent and earlier times. It is now time that we draw up a list of the commanders which we, acting in the tradition of Lazare Carnot, must replace, if we are not to lose the war.<sup>4</sup>

The present international financial and monetary system can not be reformed; it must be removed. The worst source of danger to civilization at this point, is from those fools in high places who propose to “manage the crisis,” who propose, foolishly, to “stay the course” of recent decades’ reforms, rather than eliminate that present financial and monetary system whose so-called “reforms” are already the cause of the present, terminal stage of this crisis. Those so-called “reforms” of recent decades, must be dumped, as garbage whose continued presence is a threat to the health of our nation and the world; the present, sick system must be replaced, surely with mercy for the people caught up within it, but no mercy for the system itself.

Currently popular around some circles in Washington, D.C., is the virtually suicidal delusion, that the U.S.A. must follow leading British lemming Tony Blair over the cliff: that we must hold up any reforms of the international financial system, until such time as a few of the proverbial “big boys” among nations cut the deal to which other nations will then be obliged to submit. In history, such thinking is, unfortunately, typical of academics, bureaucrats, and intellectually gutless politicians. Had the Prussian reformers around Hardenberg, vom Stein, and Wilhelm von Humboldt, acted as foolishly as official Washington (at this moment of writing) is viewing the matter of global financial reforms, Napoleon Bonaparte’s heirs would probably be ruling, still today, in both Germany and Moscow.

In warfare on a more or less continental or global scale, and in kindred undertakings, one uses the existing terrain not of one’s making, to one’s advantage. This principle of military science, the Clinton White House has, apparently, so far, not understood. This means using not only the geography, but also actual and potential forces in motion, especially forces over which one exerts no direct control, to assist in producing a situation in which victory becomes possible. This conception, born partly of the example of the successes of Lazare Carnot in his 1792-1794 command of France’s forces, was applied with excellence by the circles of Scharnhorst, et al., using Schiller’s studies of warfare, to design the baiting of the Moscow trap, which enabled the Prussians and their allies to do what had been impossible at the beginning of the War

of 1812-1813: to destroy Napoleon.

Those bureaucrats and politicians who demand that they command everything, lose wars. “Let loose the dogs of war?” But, when you do, make alliance with the forces you do not, and should not attempt to control, even of nature itself, too. Unfortunately, military and related strategic matters are President Clinton’s notable weak point. Under circumstances like the present one, the Clinton administration’s strategically naive emphasis upon “dialoguing” and “control,” in its opposition to my Sept. 27, 1998 “What Each Among All Nations Must Do Now”<sup>5</sup> puts the administration, for the moment, potentially in the politically fatal position of adopting mass hysteria in face of the onrushing new financial disasters now preparing to strike.

As all my literate and rational readers must come to agree, I am not exaggerating, not even the proverbial teeny bit. We shall begin the hard proof of what I have just stated, with a review of the crucial points to be made respecting the LTCM case, and then go back over those highlights of the past thirty-six years, which prove the sweeping charges against those broader strata of the liberal establishment I have listed by type, above. By the end of this report, you will have the proof, not only that I have not exaggerated in the slightest, but that your life might depend upon actions you must take in response to my proof.

The proof I am describing to you here, is evidence that our nation, and all of civilization with it, is threatened with virtual extinction, as a result of a form of what is usually called “mass hysteria.” Readers should recall, or, they might look up the standard references, that the “John Law” bubble of the early Eighteenth Century, like the Dutch tulip bubble of the Seventeenth Century, is often identified in what passes for the textbooks, as among the classic cases of mass hysteria, like that among most bankers, and many others presently.

The key fact to bear in mind, when confronted by any mass hysteria, is that the source of that quality of emotional behavior which defines mass hysteria as hysteria, is a desperate effort to deny what is true about the probable origins and outcome of one’s own behavior. It is typical of groups of people, who are clinging to a common “Please, please, let it be true!” kind of mass fantasy, possessing all the evidence needed to show it is a fantasy, but, who, rather, like Alan Greenspan fans among investors in mutual funds, fear nothing as much as that someone will take their fantasy away from them. The worst sorts of compulsive gambling mania, a phenomenon closely related to the derivatives scam, are examples of this same sort of mental illness. These are victims of living out a recurring nightmare; there lies the source of the psychic energy controlling their mass hysteria.

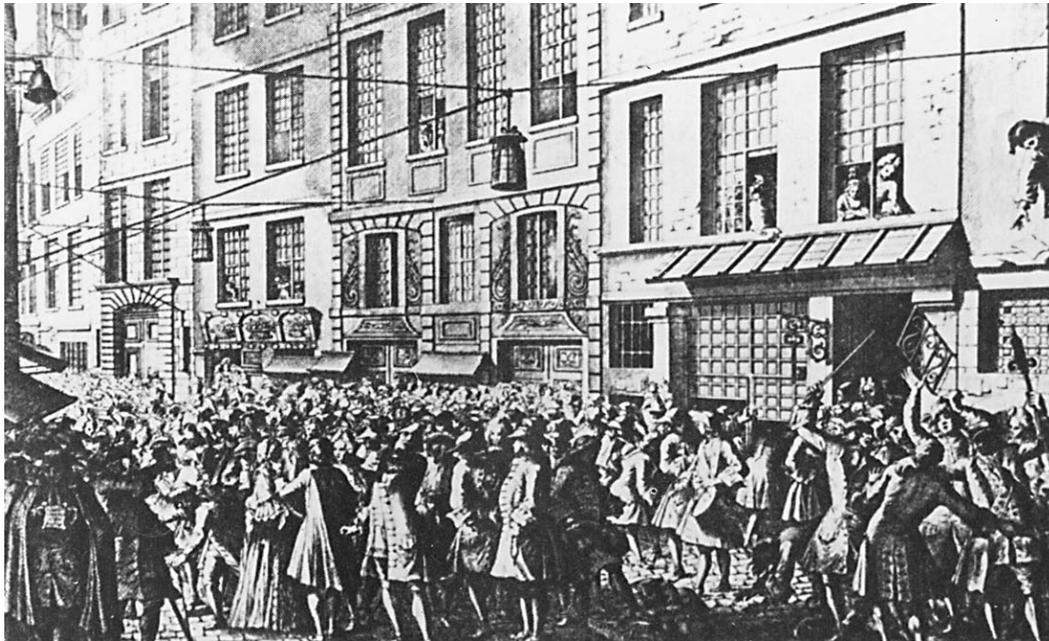
## 1. How LTCM went under

In the matter of the derivatives mania, we are faced with a specific form of this mental disorder, a form of mass hysteria,

3. For, as the prophet Isaiah wrote: If the trumpet shall sound an uncertain note, who will heed the call to battle?

4. On firing the generals, see Lyndon H. LaRouche, Jr., “The Death-Agony of Olympus,” *EIR*, Sept. 18, 1998, pp. 25-27, esp. note 25.

5. *EIR*, Oct. 9, 1998.



*A textbook case of the mass hysteria we now see around us: gambling mania in the streets of Paris during the John Law bubble of 1719-1720. Law convinced gullible Parisians to buy pieces of paper that would allegedly give them title to untold mineral wealth in Louisiana. Engraving by A. Humblot.*

which, over the recent decades, has gripped a growing rati-  
on of population, especially what are measurable, per capita, as  
the most politically influential strata of that population. This  
has been, until now, the rising trend, over a period of approxi-  
mately thirty years.

The class of mass hysteria responsible for the presently  
ongoing disintegration of the world's financial system, is typi-  
fied by the fact, that virtually every bank and related institu-  
tion in the world, was hoodwinked, now to its much-belated,  
great sorrow, into buying into what has now proven itself, the  
final, and fatal version of the derivatives shell-game, as that  
shell game is typified by the Nobel Prize-winning hoax known  
as Merton's and Scholes' "Black-Scholes formula"—which  
some ruined bankers and brokers today might suggest, were  
better named the "black holes formula."<sup>6</sup>

To understand that derivatives shell-game, we must rec-  
ognize it as the post-1987 successor to, and outgrowth of what  
readily proves, on inspection, to have been an earlier phase  
of the same mass hysteria: the "junk bond" swindle of the

post-Kemp-Roth, post-Garn-St Germain bill,<sup>7</sup> 1982-1988 in-  
terval. We must recall, that the derivatives swindle zoomed  
into becoming the dominant phenomenon of the international  
financial world, after the successive effects of the 1987 U.S.  
stock-market panic, in the aftermath of the R.J. Reynolds-  
Nabisco caper. Combined, the junk-bond swindle and deriva-  
tives hysteria, are, genetically, two closely related varieties  
of a "pyramid club" game,<sup>8</sup> which has looted the real econo-  
mies of most of the nations of the world, and which has now  
sunk, or nearly sunk every leading financial institution in most  
parts of today's world.

During professional hoaxster P.T. Barnum's time, it was  
considered plausible to say, "There's a sucker born every  
minute;" as the citizen might sadly say, today, after receiving  
his most recent report on the state of his mutual funds account,  
lately, LTCM's Wall Street has been measuring the birth-rate  
for suckers in nanoseconds.

As we shall see in this report, to understand both swin-  
dles, Wall Street's "junk bond" mania and the derivatives  
pyramid, we must consider not only then-Vice-President

6. Hoefle, op. cit. Notably a certain, highly relevant defender of the Nobel  
Prize committee's 1997 award to Merton and Scholes, insists that the formula  
itself was not at fault, but only those who overlooked the fact that factors not  
includable in the formula were at fault for mistaking the formula itself for  
the real world. Unwittingly, perhaps, that learned gentleman was paraphras-  
ing the proof of the case I present: that the bankers' faith in Black-Scholes  
was a case of substituting impassioned faith in fantasy for reality, of mass  
hysteria. What that apologist is describing in mere words, is the real-life  
spectacle acted out in all financial centers of the planet, of mentally underaged  
financial traders with a crazed look about their eyes, punching numbers on a  
hand-held calculator, while shrieking words to the effect: "This, at last, is  
the only true reality of the world's economy." Irrational exuberance? Mass  
hysteria, indeed.

7. Richard Freeman, "A History of the Push for Deregulation," *EIR*, March  
29, 1996. George Bush played a role in this: In 1982, he headed a White House  
task force which studied, recommended, and oversaw banking deregulation.

8. See the 1940-1950 volume of *The Fabulous Century* (Time-Life Books,  
1987), Time, Inc. *Time's* summary account of the mass hysteria associated  
with the "pyramid club" frenzy of 1949, might help readers of this report to  
understand the nature of recent generation's susceptibility to outbreaks of  
mass lunacy of this type. For a related case, which prefigures the derivatives  
swindle of the 1990s, see Norman C. Miller, *The Great Salad Oil Swindle*  
(New York: Coward McCann, 1965). The later case I featured as a part of  
the thirteen-week lecture series I taught at various campuses during the 1966-  
1973 interval.

*Four crucial events of the 1971-1981 period, set into motion the crisis we now see crashing down upon us.*



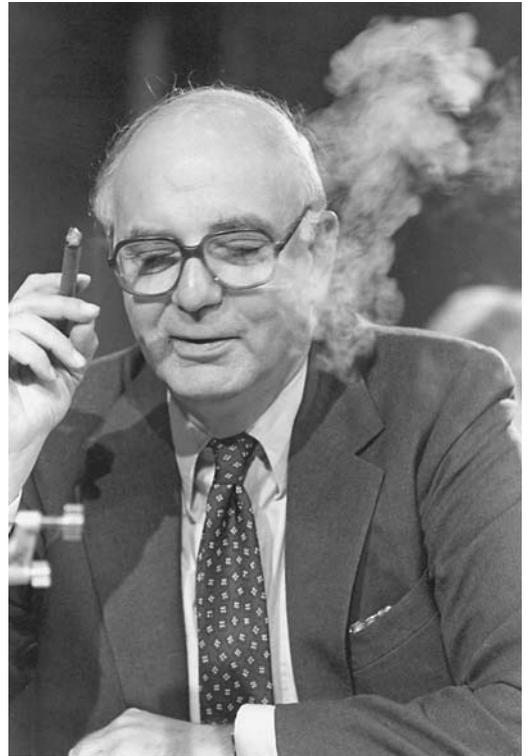
**1)** *President Nixon, who wrecked the Bretton Woods agreements and paved the way for floating exchange rates (Nixon is shown here with Henry Kissinger peering over his shoulder);*



**2)** *Kissinger, who played a major role in the oil hoax of the mid-1970s;*



**3)** *President Jimmy Carter, the Trilateral Commission's creation, with insane policies of deregulation and environmentalism;*



**4)** *Fed Chairman Paul Volcker, who wrecked what remained of the U.S. physical economy.*

George Bush's "junk-bond" wheeling cronies; we must dig still deeper into the past. To understand what made that junk-bond swindle possible on the scale it reached during the 1982-1988 interval, we must recognize that George Bush became part of the problem, but he did not create it. On that point, consider the following fact: There could not have been either of the leading, international financial swindles of the recent sixteen years, but in the setting of that new geometry of U.S. and world finance, the which was the outgrowth of developments centered around four crucial events of the 1971-1981 interval.

These four events are: 1) The series of Nixon administration decisions of 1971-1972, which wrecked the Bretton Woods agreements, and set up the present, lunatic arrangement known as "the floating exchange-rate system;"<sup>9</sup> 2) the role of President Nixon's U.S. Secretary of State, Henry A. Kissinger, in setting up the London-based petroleum cartel's oil-price scam of the mid-1970s;<sup>10</sup> 3) The election of Trilateral Commission creation Jimmy Carter as the U.S. President who wrecked much of what remained as the post-Nixon-Kissinger U.S. economy, by Carter's savagely radical, Trilateral Commission-ordered deregulation, and similarly radical, and ruinous measures in energy, agricultural, anti-industrial, financial, monetary, and population policies;<sup>11</sup> 4) the wrecking of what still remained of the U.S.A.'s real economy, by Carter appointee Paul Volcker's October 1979 introduction of a policy which Volcker himself had identified by the language "controlled disintegration of the economy."<sup>12</sup>

Without the slightest risk of exaggeration: Each of these four clusters of developments did far more, actuarially countable damage to the U.S.A. and its population, than all of the losses and suffering during World War II, in economic

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9. See "Nixon Pulls the Plug," *New Solidarity*, Aug. 30-Sept. 3, 1971; *New Solidarity* also reported on LaRouche's Dec. 2, 1971 debate with Abba Lerner on these issues, and on the 1972 Azores conference and its aftermath. The Azores conference was the first international conference after August 15, 1971, to discuss how to shape the international monetary system; it affirmed the policy of "floating exchange rates."

10. For a recent overview, see Jonathan Tennenbaum, "Financial Crisis: The End-Phase of a 30-Year Disease," *EIR*, May 22, 1998, and "The Global Financial Crisis Unfolds, 1944-98," *EIR*, May 29, 1998.

11. See "The Trilateral Conspiracy Against the U.S. Constitution: Fact or Fiction?," *EIR Special Report*, Sept. 30, 1985. For a recent overview of the Carter administration's policies, see Lyndon H. LaRouche, Jr., "Where Franklin Roosevelt Was Interrupted," *EIR*, July 17, 1998.

12. Fred Hirsch, former editor of the London *Economist*, wrote in *Alternatives to Monetary Disorder* (New York: Council on Foreign Relations, 1977), that "controlled disintegration in the world economy is a legitimate object for the 1980s." Paul Volcker, delivering the Fred Hirsch Memorial Lecture at Warwick University in Leeds, U.K., in November 1978, began his speech by citing Hirsch's dictum. LaRouche, in on October 16, 1979, during his New Hampshire Democratic Presidential campaign, warned of the consequence of policies just announced by Carter's appointee Volcker. In November-December 1979, *EIR* published a projection, as reported orally by LaRouche, on the timing of the outbreak of the U.S. Volcker recession. See also *EIR*'s "LaRouche Riemann Quarterly Forecast" of January 1980, on the projected impact of the Volcker policies.

costs, loss of life, and anguish, from the December 1941 Pearl Harbor attack, on. One must wonder: Would not a sane nation have long since declared war against such policies?

These four, and related sets of changes in U.S. policy of practice, which were introduced during a period of approximately a decade, from August 15, 1971, through early January 1981, changed the character of the U.S. economy in the most sweeping and fundamental way. This transformation destroyed the real economy which we knew under Presidents Franklin Roosevelt and John F. Kennedy, a former real economy which had been rooted in continued development of basic economic infrastructure, and in increased average physical productive powers of labor in our labor-force as a whole. By the time President Reagan was inaugurated, in January 1981, we had degenerated into an economy whose profits depended upon financial looting of the real economic base our republic had built up over centuries prior to the close of the 1970s. The essence of this radical turnabout in U.S. economic policy, can be summed up: Carter's and Volcker's Trilateral Commission-designed policies killed the Savings and Loan industry, and the junk-bond vultures flew in, on wings of the Garn-St Germain and Kemp-Roth legislation, to savage the corpses.<sup>13</sup> To understand the "junk bond" and derivatives swindles, we must view the financial interests involved, as the carpetbaggers who swooped down to loot the remains of an economy which had lost the war to the wrecking-forces run rampant under the bi-partisan—one might say almost "third way"—auspices of Nixon, Kissinger, Carter, and Volcker.

To understand the junk-bond bandits and derivatives dupes, ask the question: In what kind of an economic system can a financial profit be extracted, under an economy which, as a whole, no longer repays the physical costs incurred by its production of real wealth? Since 1981, the U.S. economy has been maintained, partly by a richly documented, massive looting of other nations, especially Central and South

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13. On the effects of Garn-St Germain, see "The Coming Reorganization of U.S. Banking: Who Benefits from Deregulation?" *EIR Special Report*, 1983; John Hoefle, "The Planned Disintegration of the Savings and Loan Industry," *EIR*, Jan. 26, 1990. On the connections of Kravis, et al. to Vice President George Bush, see Chris White, "Financial House of Cards Is Nothing to Sneeze At," *EIR*, Aug. 25, 1989. Kohlberg Kravis & Roberts' founding partner Henry Kravis was finance manager of George Bush's New York State Campaign Committee in 1988. KKR engineered some of the biggest leveraged buyouts of the 1980s, culminating with the record-setting buyout of R.J. Reynolds-Nabisco. KKR's LBO operations, along with those of Drexel Burnham Lambert and Michael Milken, played a key role in building the speculative bubble upon which the Reagan/Bush "economic recovery" was based, and paved the way for today's derivatives fiasco.

Readers should not overemphasize George Bush's ability to comprehend what his cronies in the "junk bond" business were doing. Bush's biography documents the evidence that Bush was unable to understand business on his own mental steam. His fluff, during his 1992 re-election campaign, over check-out-counter use of bar codes (*EIR*, Feb. 21, 1992, p. 4.), is consistent with other evidence, that Bush is not the sort of fellow who manages to keep up-to-date on even very rudimentary matters of economics. One wonders, if Barbara is the one who balanced the checkbooks.

America;<sup>14</sup> but, also, by looting earlier investments in basic economic infrastructure, agriculture, and manufacturing, creating a virtual economic dust-bowl where a great and prosperous U.S. economy once stood.

What has struck the derivatives traders with self-inflicted ruin, was that, as my “Triple Curve” shows [Figure 1], as their appetites increased, the pickings available to these modern carpet-baggers became leaner, and leaner, and leaner. The more they picked the decaying U.S. economic wasteland of 1982-1998 clean of its shrinking mass of redeemable salvage, the more rapidly the lean pickings shrivelled into near nothingness.

As a result of precisely what I first presented at the close of 1995, as the pedagogical image of the “Triple Curve,”<sup>15</sup> current financial-leverage ratios for even on-balance-sheet derivatives, are now priced in the vicinity of 300-to-1. Worse, we have now reached the threshold of absolute doom of the present financial system, a point at which there is no discount rate so infinitesimally small, that it could sustain for long a global derivatives bubble totalling perhaps as much as \$150 trillions, or even more, a bubble now at the verge of imploding. As suggested by John Hoefle, the image of the process which had brought the financial world to this result, is that of a desperate quarter-ton flea, frantically sucking the life-blood out of a poor, forty-pound dog.<sup>16</sup>

In fact, the hyperinflationary policies of “crisis management,” which a panic-stricken Alan Greenspan, like other neo-Keynesians in Europe and elsewhere, has unleashed in the aftermath of the LTCM crisis, is the worst possible reaction. On this account, Britain’s neo-Toryite Labour Prime Minister Tony Blair, must expect a short political life, as was said of all men who take the third way — neither the stairs nor elevator — from the penthouse to the street. Blair’s “Third Way” (a.k.a., “Middle Way,” “Middle Earth”) flirtation with the legacy of Prime Minister Thatcher, indicates that he seems doomed to learn nothing from the lesson of his forerunners of 1931, the ill-fated governments of London’s Ramsay MacDonald and Germany’s Heinrich Brüning (of March 1930-May 1932).

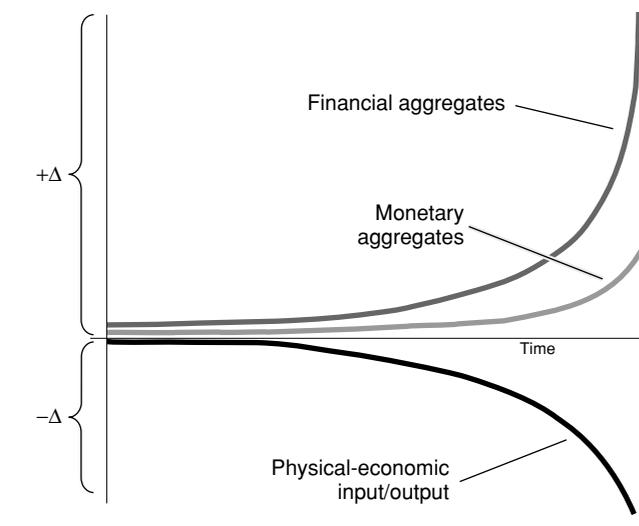
A policy which constricts the channels of credit into the real economy (employment, production, trade in physical goods, etc.) at an accelerating rate, to pump large masses of cheap credit into refueling speculative financial capital, is the worst possible policy which might be imagined. It is a policy

14. See, e.g., Dennis Small, “Debt Weapon on the Agenda for Latin American Nationalists,” *EIR*, June 15, 1982; The Debt Bomb Is Going to Explode in Mexico — Again,” *EIR*, Feb. 28, 1997.

15. I crafted the “Triple Curve” as part of my participation in a Vatican conference, in 1995, and first presented the same figure in my address to a conference in Eltville, Germany, later that same year. Its next public introduction, was in a January 15, 1996, nationwide television broadcast, for my 1996 campaign for the Democratic Party’s U.S. Presidential nomination.

16. John Hoefle, “The Dow Jones Fantasy Index,” a speech to an *EIR* conference, published in *EIR*, July 23, 1997.

FIGURE 1  
A typical collapse function



to be described as the folly of willfully repeating today, the follies imposed upon Germany by the Versailles powers, as the Weimar hyperinflation of 1921-23. Only lunatics describing themselves as virtually “born-again” Keynesians, could repeat such folly as Blair and others have proposed as the “alternative” to my proposal for a pre-1959-style “New Bretton Woods.”

The directly opposite policy must be instituted: use capital, exchange, and domestic financial controls, to shut the flow of new monetary aggregates off from reinvestment in pre-existing financial paper, and flood cheap credit directly into the revival of investment in basic economic infrastructure, agriculture, industry, and hard-commodity trade in both domestic and international markets. Does that mean putting essentially bankrupt financial institutions — no matter how big! — into bankruptcy-reorganization under government supervision? Inevitably! Any other course of action, under present conditions, would be virtually criminal lunacy. In matters of truth, falsehood, and real political-economy, there is no “third way” leading to any place but that “Middle Earth,” which is Hell itself.

That background now supplied, focus upon the mathematical formula which turned out to be the deadly instrument through which LTCM performed its ritual act of financial suicide: that piece of wildly unscientific nonsense, the Black-Scholes formula, for which Robert Merton and Myron C. Scholes won the Nobel Prize for economics, in 1997.<sup>17</sup> There is nothing within the formula itself which contradicts, or is, in any degree, more lunatic than already prevailing derivatives and related practices prior to the 1994 founding of Wall

17. Hoefle, op. cit.

Street's self-inflated—self-ill-fated—LTCM. Nor is there any point of inconsistency between the Merton-Scholes doctrine and the 1980s junk-bond practices, or with the logic adopted for design of the Garn-St Germain and Kemp-Roth follies. The only significant difference is, that the monetarist lunacy of the 1990s was much, much *bigger* than the lunacy of the 1980s.

Thus, it is no exaggeration to add the further point, that the Merton-Scholes doctrine is consistent with all leading expressions of that variety of radical monetarism associated with Britain's Mont Pelerin Society, and with such Mont Pelerin devotees as the following: Professor Milton Friedman, former Prime Minister Margaret Thatcher, the Heritage Foundation, editor Bartley's *Wall Street Journal*, the fanatically anti-American System faction styling itself as the Federalist Society, and House Speaker Newton "Yahoo" Gingrich's avowedly neo-Jacobin revolution.

In summary of this point: among these circles, theorems may differ from case to case, and from time to time, but the axioms which define them all as of a common political and psychopathological species, are the same.<sup>18</sup> Those axiomatic assumptions held in common among them, are the root of the mass hysteria expressed most nakedly by the horde of suckers whose fatal blind greed lured them into the delusions and doom of the derivatives bubble.

To recognize and understand the set of axioms which underlies the mass hysteria of the derivatives and mutual funds mania, we must recognize three distinct sub-sets of such axioms, which, combined, commonly underlie the explosion of mass hysteria seen today.

1. The most immediate of these three sub-sets of axioms, the sub-set expressed by the derivatives hoax itself, is the role of the late John von Neumann's perverted notion of a mathematical economics, a notion he premised upon his absurd and fanatical belief, that the analysis of economic processes can be reduced to solutions for systems of simultaneous linear equations. Von Neumann's hoax provides the crucial doctrinal underpinnings for the Merton-Scholes scam, and for what Alvin Toffler, Speaker Newt Gingrich, and London's Lord William Rees-Mogg worship as "Third Wave" dogma in economics. It is this lunatic sub-set of axioms which gave the mass hysteria around derivatives its cult-like flavor of witchcraft.

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18. Here lies the key to exposing the fraudulent character of Prime Minister Tony Blair's so-called "Third Way." The assumption that there is a logical point of convergence of actually human politics with the brutish assumptions of the unfortunate former Prime Minister Margaret Thatcher, is the delusion that the latter two polarities are united by commonly underlying axioms. In fact, the "Third Way" is about as plausible in politics as the mating of a puppy with a lizard were likely to be fruitful in the domain of animal husbandry. Think of distinctions among sets of axioms as equivalent to the distinction among species.

2. The second sub-set, which receives the most extensive attention in this report, is the set of conditioned axiomatic beliefs spread, and built up as increasingly popular "New Age" ideas, about society and economy, during the 1964-1981 post-Kennedy years. This is sometimes referred to as the myth of "the Golden Generation."

3. The third sub-set, is an array of axiomatic beliefs associated with the radical monetarism of Winston Churchill's, Friedrich von Hayek's, and Milton Friedman's pagan religious cult of the Eighteenth Century's Bernard de Mandeville, the Mont Pelerin Society. This is better understood as a mechanistic notion of human nature and the universe, introduced into the official beliefs of the English monarchy's court, under the rubric of empiricism. This was introduced to the England of Sir Francis Bacon and Thomas Hobbes, by Venice's extraordinarily influential Paolo Sarpi, beginning the period of King James I; without any further change in included axioms, it became the so-called "liberalism," or "philosophical indifferentism" of pro-slavery John Locke, and of David Hume, Adam Smith, and Jeremy Bentham. Von Neumann's and kindred dogmas are to be recognized, like the dogma of Ernst Mach, Bertrand Russell, Norbert Wiener, and John von Neumann, as an extremely radical, logical-positivist outgrowth of Sarpi's empiricism.

Of these three sets, it is the second which is crucial for defining the difference between the pre-1964-1966 U.S. economy, and the radical change, introduced beginning 1966-1972, which has led directly, and consistently, into the presently ongoing disintegration of the world's present financial system. It is the second sub-set, belonging to the developments of the 1964-1981 interval, which defines the disease; the post-1981 developments are simply the terminal presentation of the doom already rooted in the radical cultural-paradigm shifts in which a majority of the U.S. population became indoctrinated, over the 1964-1981 interval.

The doctrine of Merton and Scholes, like the foolish systems analysis of John von Neumann, takes the ignoble prize for a deceptive veil of apparent complexity, adorning a very simple-minded, almost clock-work-like set of beliefs underneath. Once the more complex, first and second sub-sets are understood, the present, terminal phase of the global financial collapse, including the part played by the Merton-Scholes hoax, is easily understood.

## 2. When death set in

That said, turn to the key evidence bearing upon the second of the three indicated sets of axioms.

To account for the death of a once-great U.S. economy, one must begin with the initial, ultimately fatal infection,

dating from the famous Cuba Missiles Crisis of 1962. As a *Special Feature* in a preceding issue of *EIR* has presented the relevant conception and supporting documentation, it was former U.S. High Commissioner for Germany John J. McCloy's back-channel dealings with Bertrand Russell and the Soviet Khrushchev government, which used the circumstances of the missile crisis to begin what has turned out to be the programmed, thirty-odd-year process of collapsing of both the U.S. economy, and that of the rest of the planet besides.<sup>19</sup>

In the aftermath of those back-channel negotiations, not only was President John Kennedy soon removed from the scene, but, through Willy Brandt sponsor McCloy's efforts, both Germany's Chancellor Konrad Adenauer and, also, Adenauer's successor, Ludwig Erhard. Key Anglo-American establishment assassination-target, France's President Charles de Gaulle, was finally ousted after the events of 1968, as an outgrowth of McCloy's targetting of him for removal. It was the policies of the U.S. and British liberal establishments, as coordinated by McCloy, during and beyond the period of both the 1962 missiles-crisis and of his controlling role in the Warren Commission,<sup>20</sup> which set into motion that process of long-term self-destruction of the U.S. economy, whose results are now being experienced as the ongoing disintegration of the world's financial system.

To summarize as briefly as possible the relevant features from the report published in the October 23 edition, the common goal of the circles associated with McCloy, Bertrand Russell, et al., was to use the shock-effects of the 1962 missiles crisis, to implement the arms-control and disarmament negotiations (ACDA) which McCloy had been directing from the U.S. side, since the time his subordinates were brought into the planning group set up during the second half of the 1950s. This was a group in which former Stimson protégé McGeorge Bundy served under McCloy, and Henry A. Kissinger served under his own patron, Bundy. The frankly treasonous objective of ACDA was identical to that of Bertrand Russell's declaration in the September 1946 edition of *The Bulletin of the Atomic Scientists*, to use the terror of nuclear war as a bludgeon, to terrorize nations into giving up their sovereignty, in favor of world government.<sup>21</sup>

To facilitate the process of programmed march into world government, McCloy and other architects of this ACDA policy, concentrated on destroying all of those principal elements of modern agro-industrial economy upon which the strategic potential of sovereign nation-states depends

19. Lyndon H. LaRouche, Jr., "How Our World Was Nearly Destroyed," and Stu Rosenblatt, "How Mr. Fixit Nearly Wrecked the World," *EIR*, Oct. 23, 1998.

20. *ibid.* John J. McCloy gave an account of his sponsorship of Brandt's post-war political career in Germany, at a joint New York City press conference.

21. Lyndon H. LaRouche, Jr., "How Bertrand Russell Became An Evil Man," *Fidelio*, Autumn 1994, notes 6 and 7.

absolutely. That was the issue of McCloy's quarrels with Presidents Kennedy and de Gaulle, behind the post-missile-crisis efforts to push Adenauer and Erhard, successively, out of the German government, and to use a process of transition to bring McCloy's protégé Willy Brandt into the Chancellor's position. The point was to eliminate those institutional forces which were "stubbornly" committed to fostering both the sovereign nation-state, and the increase of the productive powers of labor on which the strength of the sovereign nation-state depends.<sup>22</sup>

The implementation of these economic changes was begun with the use of an orchestrated sex-scandal—the Profumo scandal—to bring down the British government of Prime Minister Harold Macmillan, clearing the way for a fairly rapid transition to Harold Wilson's first Labour government. Wilson's government presided over massive cutbacks in the United Kingdom's industrial development, beginning a long process of economic degeneration there, which has continued, as a trend, to the present day. The resulting collapse of the British pound led into Wilson's November 1967 devaluation of the currency. The chain-reaction effects of that devaluation, led into the first step toward break-up of the 1960s version of the Bretton Woods system, in the March 1968 emergency monetary conference which President Lyndon Johnson called into Washington.

Meanwhile, more than a year before the 1967 sterling devaluation, the Johnson administration had already begun to tear down the U.S. economy, Wilson-style. Savage U.S. government-directed cut-backs in technological progress, during 1966-1967, hit the space program first, and spread rapidly into broader areas.

From March 1968 on, the rot spread. Foreign monetarist influences on the Nixon administration, were typified by a corrupting celebrity given to the Mont Pelerin Society's Professor Milton Friedman. This fostered policies which led into the mid-1970 crisis around the cases of the Penn-Central railway and Chrysler Corporation. Nixon reacted in a manner not unlike Alan Greenspan's panic-stricken, hyper-infla-

22. In the case of Brandt, and of other among McCloy's and other "four-power" arrangements for Germany, one must qualify Prime Minister William Pitt the Younger's definition of "agent of influence," with an eye to the same functional notion of multiply-connected manifolds central to the work of Gauss and Riemann. Even the most craven lackey in service of the meanest and most vigilant tyrant, has what pass for his own interests, and will color his submissions to the tyrant accordingly, however sly and surreptitious those colorings might be. In the case an entire nation, especially a divided nation, or one like Russia under the foreign-dictated "liberal reforms" of 1990-1998, is subjected to demeaning approximations of a lackey, the impulses to assert self-interest are powerful ones. In the case of Germany, this is sometimes expressed in statements to the effect: "Yes, you are probably right; but, you must understand, that we Germans are in an unenviable political position, where we can not . . ." Exemplary of this point, is Chancellor Helmut Kohl's outbursts of energetic and public expressions of patriotism during November 1989 and some later points. Never underestimate such influences operating underneath even long-standing appearances.



*McCloy and company were determined to eliminate those forces passionately committed to the nation-state and the development of the productive powers of labor. Chief among their political targets were U.S. President John F. Kennedy and German Chancellor Konrad Adenauer, shown here on April 12, 1961.*

tionary reaction to the outbreak of the LTCM crisis this present September and October; Nixon prefigured Tony Blair's recent foolish outbursts, by announcing himself a convert to Keynesian "crisis management" tactics. As a result of Johnson's and Nixon's blunders, Nixon was induced to chose the even greater, catastrophic blunder of August 15-16, 1971, destroying the last relics of Roosevelt's Bretton Woods system, and launching that lunatic, "floating exchange-rate" monetary system, whose result has been the presently ongoing, successive waves of disintegration of the world's financial system.

By 1971-1972, the late 1960s contraction of the net output of the U.S. economy crossed over, to fall below the physical-economic break-even point. It has never risen to that break-even point again, since 1972. As *EIR* documented this during the late 1970s and early 1980s, the decline in the U.S. economy has been geometric, falling at a rate never less than losses of about two percent of net physical-economic output each year, to the present date. During the 1970s, the heaviest losses were initially in the neglected maintenance of the basic economic infrastructure of Federal, state, and local governments and public utilities. Agriculture began to suffer massive losses beginning the mid-1970s, losses which have accelerated since. Industry began to be hard-hit under Carter, suffering savagely as a result of the policies shoved upon the economy during the dismal, last fifteen months of that administration. Virtually the entire Savings and Loan industry was already

bankrupted as a result, not by so-called corrupt stockholders, but by the Trilateral Commission policies of the Carter administration and its new Federal Reserve Chairman, Paul Volcker.

Although the U.S. economy continued to operate above physical-economic break-even, until 1971-1972, the real economy, as it had existed prior to 1966, was already as good as dead. As subsequent developments have demonstrated, the economy was already doomed to die, as soon as, and for a long as the new, post-1965 directions in U.S. government policy-shaping were not reversed. In that case, death was but a matter of time. As it has turned out now, the time required to complete the process of dying, was approximately a generation and a half.

During 1982, I handed the Reagan administration two policies which could have rescued the U.S. economy from the already-looming disasters, from whose consequences the Clinton administration is suffering today. The first, in order of its presentation, was a proposal which became the Strategic Defense Initiative (SDI) of President Reagan's March 23, 1983 address.<sup>23</sup> The second, presented to several governments

23. There were radical changes in the definition of SDI after March 1983. Chiefly, these changes were imposed as compromises between the Reagan administration and the Mont Pelerin Society's (Heritage Foundation's) Lt.-Gen. (ret.) Daniel Graham, a violently vigorous opponent of SDI prior to March 1983. The changes, pushing me out of the picture, were adopted during August 1983, although a fraudulent public attack upon me by Graham led to

at the beginning of August 1982, was a report entitled *Operation Juárez*, elaborating a plan for reorganization of the debts of Central and South America. Several governments, including Mexico's, were prepared to act upon my proposal, but the Reagan administration turned to the British monarchy's Henry Kissinger and his cronies instead. President Reagan's regrettable Spring 1981 decision to renominate Volcker as Federal Reserve Board Chairman, as compounded by the rejection of the policy of *Operation Juárez* and of the SDI as I had originally proposed it, left the Reagan administration with no viable economic-policy options. It was the Carter administration which created the chronic debt-crisis, and accelerating physical-economic collapse of the U.S.A.; but, it was the influence of Kissinger- and Bush-related elements, and their Trilateral Commission-connected cronies in the Reagan administration, which realized Carter's financial and economic disasters as the catastrophe they have become today.

The sequence of events bearing directly on the battle over *Operation Juárez* between Kissinger and me, is, summarily, as follows. During May of 1982, I held a series of meetings in Mexico City, with some key figures representing various parts of Central and South America. During these meetings, I committed myself to writing a paper which would summarize my proposals for dealing with an upcoming international debt-crisis — which I had publicly identified as a “debt bomb” which I forecast would hit Mexico no later than September 1982.<sup>24</sup> The book-length paper, titled *Operation Juárez*, was delivered to the relevant offices of the governments of the U.S.A., Mexico, and others, on August 10, 1982.

Meanwhile, on May 10, 1982, Henry A. Kissinger keynoted a London conference of the British Foreign Office think-tank, the Royal Institute of International Affairs (RIIA), in which he bragged of his anti-American beliefs, and that he had been covertly an agent of British influence while serving under Presidents Nixon and Ford.<sup>25</sup> In this London setting, Kissinger was given the backing of a key asset of the British royal family, Lord Peter Carrington, in the formation of Kissinger Associates, Inc.<sup>26</sup> Meanwhile, Kissinger, together with

George Shultz and Germany's Helmut Schmidt, travelled together to the Bohemian Grove, where, according to Kissinger's written account, he had a meeting with FBI Director William Webster.<sup>27</sup> Meanwhile, Kissinger was caught red-handed, in cahoots with Israel's Ariel Sharon, and others, in a lucrative swindle known as “The West Bank Land-Scam.”<sup>28</sup>

Later, after the publication of *Operation Juárez*, Kissinger wrote what became his celebrated “Dear Bill” letter to FBI Director Webster demanding official FBI action against LaRouche. During the same period, agent of British influence Kissinger was designated for a Central American Commission, in which connection he became a leading operative against *Operation Juárez*. Following Kissinger's visit to Mexico City in October, President López Portillo's government was backed down from its initial efforts to implement *Operation Juárez* measures.<sup>29</sup> Next, in January 1983, Kissinger succeeded in having the President's Foreign Intelligence Advisory Board authorize an international secret-intelligence operation against LaRouche, under the terms provided by Executive Order 12333.<sup>30</sup> This was then set into motion by FBI Director Webster, resulting in all of the prosecutorial, civil, and judicial frame-ups and related harassments against LaRouche and his associates. The issues which prompted that E.O. 12333 targetting were chiefly three: 1) LaRouche's role in initiating what became known as the SDI, a policy in direct opposition to the “world government” policies of McCloy, Bundy, and Kissinger; 2) *Operation Juárez*; and, 3) the effort to cover up the Sharon-led “West Bank Land-Scam” in which Kissinger was an accomplice.

History — real history — always was, and always will be the history of ideas. Ideas are conceptions of physical and comparable principle invented by individual discoverers. It is the replication and related practice of such ideas by individuals, a process centered in what is called Classical forms of education, which determines a society's competence to survive the challenges confronting it. The primary subject-matter of all competent historiography, is the fate of such individuals and their ideas. When current opinion dominates ideas, cultures degenerate; when valid, fresh ideas dominate opinion, cultures prosper. That process, of fresh, creative generation, and regeneration, of valid ideas of principle, not mere so-called “freedom of opinion,” is the true freedom upon

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Dr. Edward Teller's temporary conciliation with me, until approximately mid-1984, when the heat from my opponents in Vice-President Bush's White House circles, and from E.O. 12333 operations, became intense.

24. See Dennis Small, “Debt Weapon on the Agenda for Latin American Nationalists,” *EIR*, June 15, 1982. The use of the debt as a weapon was first proposed by LaRouche on May 23 in Mexico City at a conference of the Mexican Labor Party, and reiterated at press conferences on May 26 and 27.

25. Kissinger Chatham House address, May 10, 1982.

26. See Scott Thompson and Joe Brewda, “Kissinger Associates: Two Birds in the Bush,” and Joe Brewda, “The Hidden Clout of Kissinger Associates,” *EIR*, Feb. 24, 1989. Further information on Lord Carrington's role in the founding of Kissinger Associates, Inc. can be found in March 15, 1989 testimony by Scott Thompson, representing the National Democratic Policy Committee, “Testimony on Lawrence Eagleburger Nomination to be Undersecretary of State,” which was published as an appendix to the hearings for Eagleburger's confirmation.

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27. In a letter to FBI Director Webster dated Aug. 19, 1992, calling for measures to deal with Lyndon LaRouche, Kissinger added, “It was good to see you at the Grove. . . .” See *Railroad! U.S.A. vs. Lyndon LaRouche, et al.* (Washington, D.C.: Commission to Investigate Human Rights Violations, 1987), p. 546.

28. “Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia,” *EIR Special Report*, March 1, 1986.

29. See Timothy Rush, “The IMF Accords Add Up to a Shell Game,” *EIR*, Nov. 30, 1982, and “De la Madrid Pursues a ‘Middle Way’ on Debt,” *EIR*, Dec. 14, 1982.

30. *EIR*, June 30, 1995, p. 20, and Oct. 6, 1996, pp. 30-32.

which the survival of the U.S. republic has always depended. Such is the fundamental principle of human nature, and therefore the fate of the cultures which are produced by human natures.

Since the death of President John F. Kennedy, the history of the United States has been, with increasingly rare exceptions to the prevailing, downward trend, a terribly sickening, worsening tragedy of a once great nation. What has killed the U.S.'s real economy, was not some terrible physical blow from outside. As good history is the history of ideas, so, bad periods in history are the subject-matter of the history of bad ideas. What might have saved the U.S. economy was a pair of valid new ideas which the Reagan administration either rejected, or failed to implement. Other ideas prevailed, and so the U.S. history of 1981-1998 became a mere continuation of the doom already embedded in the bad ideas which had taken over U.S. policy-shaping during—most emphatically—the 1971-1981 interval.

It happened, as all the greatest playwrights have defined the principle of tragedy. In the great tragedies on stage, such as those of Aeschylus, Shakespeare, and Schiller, or, often, in the real-life tragedy of nations, the ideas which might have averted the tragedy were available to the institutions of that nation. However, either the agent of such ideas was killed, imprisoned, or exiled, as the trial and execution of Socrates ultimately doomed Athens, or, like the Posa of Schiller's *Don Carlos*, simply failed to act faithfully in support of that idea himself. By that latter act, either of commission or negligence by its leaders in positions of power, the nation doomed itself. The ideas which existed, and might have saved society from that doom, were rejected or neglected for too long, and, for just that folly of the ruling elites, the entire nation paid the price.

One of the most efficient, real-life demonstrations of that principle of tragedy in history, is provided by the fact that the first known attempt at a circumnavigation of the Earth was conducted, from Egypt's Cyrenaica (i.e., Libya), during the years 233-231 B.C.

The reason the Egyptian flotilla failed to complete the planned circumnavigation, was that it ran into the unexpected Pacific coast of the Americas. After exploring 4,000 miles of that coast, the navigator Maui recorded his summary report, describing the exploration, and declaring the Americas a colony of Ptolemy III's Egypt; the flotilla then turned back, westward, to where they worked among a people who spoke the ancient language of Egypt, the Polynesians; there, Maui taught the Polynesians the principles of astro-navigation which had been developed by the greatest scientist of that time, the Plato Academy's Eratosthenes. It was Eratosthenes who planned the circumnavigation, based on his then-recent measurement of the circumference of the Earth.<sup>31</sup>

31. The modern rediscovery of this Egyptian discovery of the continent of the Americas, is a process of finds and researches by specialists, beginning

1723 years later, Christopher Columbus, using scientific knowledge obtained from the work of Eratosthenes, and using a flotilla of ships technologically inferior to the Egyptian craft commanded by Egypt's Captain Rata and navigator-scientist Maui, made a successful transatlantic voyage to the Caribbean, in approximately the same range of latitudes in which Captain Rata's Egyptian flotilla had first reached the Americas from the Pacific side. Columbus used a map, whose construction was based upon Fifteenth Century Europe's re-discoveries of the work of Eratosthenes and other representatives of Plato's Academy.

What is the tragedy in this case? The tragedy is expressed most succinctly, and simply, by the gap of 1723 years between those two voyages of discovery. That is, about the same time the Latins murdered Eratosthenes' fellow-scientist and correspondent, Archimedes of Syracuse, all of Mediterranean civilization fell into a relative dark age, from which it did not begin to recover the level of culture commanded by what had been the earlier centuries of Greek-speaking Hellenistic culture, until the Fifteenth Century's great ecumenical Council of Florence.

The case of navigator Maui demonstrates, once again, that G.W.F. Hegel, and historians of that ilk, are frauds. There is no mystical principle of automatic pulsation in history. There is a voluntarist principle of cognitive action, underlying all actual history, and pre-history; it is the thinking individual human being, who makes all history. There are only ideas generated by real-life, individual men and women, either as valid ideas, or as bad ideas. The generation, and transmission or rejection of the spread and practice of such ideas, is the form of action which is the only existing expression of actual history. That history of ideas determines the history in which nations and cultures rise or fall in physical terms of account.

It was bad ideas, which began to take over during the aftermath of the 1962 missile-crisis, which are the influence which has, so far, doomed our nation to the process of economic dying which we have experienced during the thirty-odd years to date.

### 3. The axioms of economic dying

The process we have summarized so far, may be conceptualized in terms of the kind of notion we otherwise associate with a mathematical-physical, functional description of an unfolding process. That is to say, that the determination of whether the conjecturable space-ship was qualified to succeed

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during the 1880s, in a record left by the Egyptian navigator Maui, in a cave near Santiago, Chile; the fuller significance of that find was recognized by collaborating relevant academics, during 1974-75. The latter work dovetails with original work on related topics, by the present writer, as these connections and their relevance are summarized in a recent memorandum: Lyndon H. LaRouche, Jr., "Go With the Flow: Why Scholars Lied About Ulysses' Transatlantic Crossing," Oct. 16, 1998. That memorandum, and relevant attached documents, will be published in an *EIR* special feature during the near future.

in its planned voyage, or was foredoomed, by its defects or navigation, to fail, was probably already knowable from the beginning of that venture. In the same sense, whether the U.S. economy would collapse, or not, as a result of continuing the 1960s policies associated with John J. McCloy, was fully knowable in advance.

Indeed, there exists a kind of mathematical-like function by means of which just that kind of predetermination can be made. I should know; this is the conception of economic processes which has established me, in fact, repeatedly, as the most successful long-range economic forecaster of the past forty years. Today, no person qualified to lead any leading government of this planet, lacks the means, or the responsibility to know that fact.

Taking all the faults in U.S. policy of practice, accumulated during the period 1945-1964, or earlier, the U.S. was still, up to that latter point, the most successful power of this planet, a success which was, chiefly, the combined fruit of the American Revolution, its 1789 Constitution, and the reaffirmation of that Constitution by President Abraham Lincoln's victories. The profitability of that economy, despite all its many political and other faults, was that the effect of that complex of good and bad policies, was to ensure a persisting trend toward investment in the increase of the physical-economic productive powers of labor through capital-intensive, energy-intensive modes of investment in scientific and technological progress, and of related programs of public and higher, Greek-Classics-pivotted forms of education. The effect, was a secular trend toward recurring periods of net physical-economic profitability and growth of the economy, and of its average physical-economic productive powers of labor.

During the 1964-1972 interval, a fundamental change occurred. Out of changes in "cultural paradigms" bearing upon policy-shaping, the characteristic effect of policy-making after 1972, was a persisting, accelerating rate of physical-economic collapse of the U.S. economy, and of the social welfare of its citizenry considered as a whole. Thus, although we did not experience net annual losses to the physical economy as a whole until after 1970, we had already been transformed into an economy which was self-doomed to lose, that for as far into the future as the cultural paradigm-shift of the 1964-1972 interval persisted.

Thus, during the 1964-1972 interval, the U.S. underwent a culturally determined, rapid, fundamental transformation, from the most successful form of society on this planet (despite considerable flaws included), to a self-doomed society. This change was not expressed primarily in immediate terms of income, and so forth; it was expressed in the adoption of new, so-called "New Age"—"post-industrial" utopian—policy-matrices, which (measured on the scale of generations) would soon come to foredoom any society which adopted them. During the course of this 1964-1972 period of transition, the advocacy of the slogan "zero growth" emerged as the popular "New Age" cant among the least rational of the

new radicals. The kindest thing which could be said of the "Third Way," is that like the "Third Wave," the kind of psychedelic mish-mash this ideology represents, is a form of society which is self-doomed, because the very physical laws of this universe prohibit such a form of society from continuing to live for very long.

The way in which this degeneration of U.S. culture was accomplished, should not have surprised any Classical scholar. One is reminded of the strategy used by the Phrygian oligarchical cult of Cybele-Dionysus, in its effort to subvert and destroy the city-state republics of Ionian Greece. The cult targetted the sons and daughters of the leading families of the city-state republics for recruitment to an ancient forerunner of the 1960s "rock-drug-sex counterculture," and then deployed these recruits, like radical terrorists of the 1970s and 1980s, to overthrow, even assassinate key leading figures of the city-state republics, sometimes, as in the Paris-prompted 1977 assassination of Dresdner Bank's Jürgen Ponto, using the children of family friends of the victim, as the assassin of record.

Using the demoralized and degenerate strata of "intellectual youth" from post-World War I France, Britain, Germany, and elsewhere, satanic figures typified by Georg Lukacs organized existentialist counter-cultural movements such as the so-called "Frankfurt School." Theodor Adorno, Hannah Arendt, and Dame Margaret Mead, like the figure "Pirate Jenny" from Bertolt Brecht's 1931 *Three-Penny Opera*, typify the strata from which the recruiters for the 1960s "rock-drug-sex youth-counterculture" were drawn. The shock of the 1962 missile crisis, and of the lunatic launching of an unjustified horror-show in Indo-China, was exploited to the fullest, to recruit a countercultural movement from among those strata of 1960s university students who were the candidates most likely to "march through the institutions" of power to become the controlling elite of a generation later. The circles associated with McCloy used this university stratum, as the social battering-ram to catalyze a general, pro-irrationalist "cultural-paradigm shift" of the 1964-1972 interval.

This 1960s, reenforced fear of war and its implications, was used to establish "deep structures" within the psyches of those suggestible strata among 1964-1972 university-student layers, and others. The subliminal images of warfare, and all that was essential for warfare and its anticipation, became the symbolic triggers of that knee-jerk-reflex, mass hysteria, which became the characteristic feature of the "new radicals" of the 1960s and 1970s. "Nuclear" was the term which evoked the strongest of such irrationalists' knee-jerk hysterias. "Military-industrial complex," served as a close second on the scale of knee-jerk reactions. Hatred of industrial trade-unionists was a by-product of that same set of knee-jerk hysterias. Hatred of science and technology—"Destroy it before it destroys us!"—was part of the same, induced pathological syndrome. In a word, they were "nuts."

These and related knee-jerk pathologies of the "New

Left,” became the political impulse which searched out, and destroyed, as quickly, as irrevocably, and as irrationally as possible, anything consistent with 1) A sovereign nation-state republic; 2) Scientific and technological progress; 3) Basic economic infrastructure (an integral part of the power of the sovereign nation-state within society); 4) Economic protectionism; 5) Any notion of the moral authority of reason over arbitrary mass-based opinion. The New Left radicals, even those directly or indirectly on the payroll of some labor unions, were fervently anti-labor in respect to the economic and related family values of the traditional blue-collar operative, or the professional in fields related to science and technology. It was these actions which were rallied to serve the goals of the “world government” plottings of such oligarchs’ lackeys as McCloy, Bundy, and Kissinger.

Before this 1964-1972 cultural-paradigm shift, the performance of the economy, and of economic polices, was measured against the standard of per-capita rates of growth of gross and net physical-economic output, and against the yardstick of improvements in the demographic characteristics and standard of living of households. The impact of the “rock-drug-sex” youth-counterculture of the period of the Anti-Vietnam-War ferment, was to eliminate from the standard of performance of the economy and economic policies, anything which the new radicals had decided to dislike. By the perverse pseudo-logic thus adopted among the new radicals, an Orwellian measure of the standard of living was introduced, under which “worse” became “better.” Intangibles dreamed into existence by witches, were introduced as heavily weighted “variables” in calculating the “improvement in the quality of living.”

In short, the radical downturn in the economy introduced by policies derived from the new cultural paradigms of the 1964-1972 youth-counterculture, was denied to be a downturn, because the worsening of the typical physical standard of living, was associated with an offsetting elimination of policies which were indispensable for economic progress, but which the new radicals hated. In brief, the new radicals were simply mad; their beliefs were of the sort which can not subsist without the support of lunatic mass hysterias.

So, President Richard Nixon was destroyed in the “Watergate” proceedings. The passion behind that ouster, was less actual public knowledge of relevant evidence against Nixon, than the hatred evoked by his image as “An American Pinochet,” or something akin to such a symbol. If the liberal establishment had not discovered Britain’s asset Pinochet, they would have had to have invented him for his use as a symbol of a “very bad man in uniform,” for edifying the credulous in the U.S.A. and Europe; they needed a hateful symbol, an image with which to tar everything which suggested the sovereign authority of a nation-state republic.<sup>32</sup>

32. If there are people in Russia, and elsewhere, whom the U.S.A.’s International Republican Institute have recruited to paint themselves as a prospective

When Jimmy Carter ran to become a Democratic President, on David Rockefeller’s Trilateral Commission ticket, the principal popular impetus supplied by veterans of the mid-1960s cultural-paradigm shift, was an orgy of pure hatred against those U.S. policy-institutions which were viewed with new-leftish hatred, as symbols of the hated U.S. Government as it had been under Presidents such as Franklin Roosevelt and John F. Kennedy. Typical of such hate-object fetishes were the code-words “nuclear,” “greedy farmers,” and “government regulation.” The Carter administration was thus, essentially a rolling state of fetish-ridden, perpetual rage, a kind of neo-Jacobin, “Third Way” alliance of populist varieties of southern Democrats with northern New Age veteran *sans-culottes* of the 1960s anti-war ferment era. The guillotine of purely irrational rage chopped, chopped, chopped, until, by the close of 1980, there was very little left, either of Carter, or of what makes a viable agro-industrial economy.<sup>33</sup>

What happened to the U.S. under the post-Carter years, 1982-1998, has become a parody of what happened to France after Britain’s Duke of Wellington, in 1815, restored the Bourbons in defeated France: the ultra-decadent France depicted by Honoré de Balzac. The dionysiac rage of Carter’s late 1970s, was superseded by the dionysiac rage rooted in the passion of the boundless pure and simple, Yahoo-style greed, of the type characteristic of Garn-St Germain, Kemp-Roth, Michael Milken, junk bonds, “Contract with America,” and derivatives.

#### 4. 1964 in retrospect: Came the revulsion

Probably, President Clinton’s gravest short-coming, is the world-outlook often consequent upon being born a “baby boomer.” His case is broadly typical of otherwise bright young men and women from that generation, who nonetheless suffer what we describe here, as a special quality of historical amnesia, respecting their experiences from the 1960s. This is a condition often seen among those who have either not experienced, or not fully integrated a matured adult’s experience of *both* the forerunner and aftermath of the 1964-1972, revolutionary transformation in hegemonic cultural values.

In this respect and degree, a Clinton who is otherwise, in several visible respects, atypical of most of his generation, has nonetheless often located his identity as typical of those

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Russian “Pinochet,” it is because there are Russians today who are like 1960s and 1970s recruits to an American Nazi Party, or the like. They admire a Hitler or Pinochet, not because they actually do, or do not know much about Pinochet or the nature of the evil Hitler actually represented, but because they are filled with hate, and like to think of themselves as terribly evil people. Therefore, such symbol-minded fools have a psychological need for fetishes which they could be induced to believe represented the evil which they wished to express in themselves.

33. November 1980 became an echo of France’s July 1794 Thermidor against “Robespierre” Carter. With Carter’s fellow-Trilateral Commission veteran, Bush, we received our “Barras,” tragedy revisited as farce.

members of the “baby boomer” generation, who were educated as intellectuals, and also as professionals, who know that a change in cultural paradigms has occurred, but still lack a sense of the fact that the new values which they tend to prefer to those of the pre-1964 period, are products of mass hysteria, not reason.

It was that induced memory-gap, typical of those who became the politically influential strata of the “baby boomer” generation, which made possible Jimmy Carter’s election, and the subsequent several years’ toleration of his personal role in conducting his administration’s savage destruction of the U.S. economy. Carter’s time has passed, but this side of Carter is key to understanding today’s former Carter asset, deviant Democrat Newton “Yahoo” Gingrich. It was the takeover of top positions of power by these Democratic Party “baby boomers,” over the course of the 1980s and 1990s, which made possible the ensuing, lunatic Republican Party fads of Kemp-Roth, junk bonds, derivatives, and “The Third Wave.” The so-called “Southern Strategy,” the successive waves of flight of deviant Southern Democrats, such as Speaker Gingrich and Senator Phil Gramm, into their roles as among the Republican Party’s most savage and lunatic right-wing radicals today, can only be understood from the point of reference of former President Jimmy Carter, seen as a Hollywood “remake” version of Edgar Allan Poe’s *The Man Who Was Used Up*.

Those facts are not only a necessary insight into the way in which our republic has been destroying itself, from the mid-1960s until now. If we understand the mass hysteria commonplace among today’s politically hyperactive, veteran “baby boomers” and politically purblind “Xers,” as a mental illness, we have the key to identifying the available, hopefully adopted cure for the mass hysteria dominating our nation’s policy-shaping today. We invoke the most durable principle of psychopathology: What has been done, can be undone, at least partly so, on condition one understands what was done.

Since President Clinton, as the President who must currently decide, typifies the prospective fate of our nation-in-peril today, we must consider our nation’s threat of self-induced, Hamlet-like doom, from the standpoint of Clinton as another hero from a Shakespeare, or Schiller tragedy. In short: President Clinton’s problems are your problems, the problems threatening our nation’s and your immediate family’s survival. If he goes down, the nation goes down—and your family with it. You dare not permit him to fail, as he has been wont to do, all too often, during his time as President. Stop whining about local, relevant problems; under present circumstances of crisis, without the big solutions, no local, so-called community or personal problems could ever be solved. Make this usually floundering, present President a good President, even if belatedly so. That is the only available solution which now exists, for the problems of either your local community, or your family’s future.

With that in view, contrast two views of the same experi-

ence, the crisis of the 1960s as seen, on the one side, by the not necessarily average World War II veteran, and, from the other side, by the “baby boomer,” such as President Clinton. Contrast those two mutually exclusive versions of what happened during the 1960s. Account for the systematic differences between the two mutually exclusive views of the 1960s experience. Then, and only then, will the true nature of the present problem, and its solutions, become clear.

The still-living generations of adult Americans today, have experienced, cumulatively, since April 1945, three experiences which each evoked a powerful sense of betrayal:

1. The first was the untimely death of President Franklin Roosevelt, a President rightly seen by the so-called “average American” as the only figure who could rally the combination of social forces needed to defend the nation and its people from those packs of menacing wolves associated with the images of Wall Street and London. That was sensed strongly by me, and by others serving abroad with me, at the time we received first news of the President’s death. Most who mourned the President, saw the untimeliness of his death as a kind of betrayal, his abandoning us, however unwillingly, at a time when his role was still indispensable. That perception proved to be justified, at least respecting its effects; the wolves whose packs Roosevelt had staved off, closed in quickly, as soon as he was dead.
2. The second sense of betrayal was associated with the deep post-war recession of 1946-1948, and the overlapping outbreak of a global Anglo-American versus Soviet threat of general warfare.
3. The third sense of betrayal, even more shocking in its effects on the “baby boomers” than the 1945-1946 developments had been on most of my generation, came with the combined impacts upon the “baby boomer” generation, of the assassination of President John F. Kennedy, and the actions of “perpetual peacemaker” McCloy’s sidekick, McGeorge Bundy, immediately after Kennedy’s death, launching the U.S. war in Indo-China.

From my direct, and relatively advantaged position in knowledge among the members of my own generation, I have been more conscious than most, of the deep changes within the memories of each among all three current adult generations: World War I-II, “baby boomer,” “Xers,” which associate each of those three successive, shocking experiences with a deep sense of national betrayal. With rare exceptions, most “baby boomers,” including President Clinton, lack that indispensable insight into the forces still controlling their own behavior. Therein, in the blindness of the “baby boomers” to the implication of that fact, lies the wellspring of an ideology,

a mass hysteria, which now threatens to destroy us all.

Comparing those recent U.S. generations' successive experiences, with certain among the notable breaking-points in continental European history, we are advised to view such an induced sense of national betrayal, as the likely circumstance leading toward revolutions, such as the Russian revolutions of February through October 1917. The latter case is distinct, but in its most elementary features it does merit comparison with the three American cases which I have just identified here.

Taking these broadly analogous examples as representing a general type, assists us greatly in focussing upon the immediacy of both the national and global crisis-situation facing us now. It is urgent that these connections be stressed, in order that the mass hysteria controlling most of today's decision-makers, be adequately, efficiently understood.

First, view the roughly analogous case for the successive Russian revolutions of 1917. Contrast Russia's history following the aftermath of the so-called "Crimean War," to the series of events, as were actually seen by Count Sergei Witte while he was still living, leading into Russia's role in World War I. See the successive Russian revolutions of 1917 in the context of what was known to Witte during his lifetime.

The modern tragedies of Russia begin with the virtual insanity of Czar Alexander I, his change from Russia's heroic leader in the Prussia-Russia alliance for defeat of Napoleon, in 1812-1813, to the later, diseased lunatic whose depraved sense of personal guilt was reenforced by an infection acquired, courtesy of official pimp Metternich, during what is fairly described as the "international sexual" Congress of Vienna. Out of this Vienna orgy of international sexual unions came the pestilence ironically named "The Holy Alliance."

With aid of the reaction provoked by Anglo-French aggression against Russia known as the "Crimean War," Czar Alexander II freed Russia, temporarily, from the legacy of Metternich's Holy Alliance. This Czar became an admirer and ally of Abraham Lincoln's United States, the key figure of a U.S.-Russia alliance, and the pivot for much renewed collaboration with Germany. This happier state of Russia's affairs continued, until the assassination of patriotic U.S. President McKinley, in favor of British asset Theodore Roosevelt. The British orchestration of the Russo-Japanese War, with Roosevelt's complicit role in the affair, destroyed the already fragile mind of Czar Nicholas II, and paved the way for Russia's suicidal alliance with Britain and France, for aggressive war against Germany.

The folly of both Czar Nicholas II and his "pan-Slavism"-corrupted military, in committing Russia to that war, doomed not only the Romanov dynasty, but also the monarchy's pro-British and pro-France successors in government. The deep sense of national betrayal, which, by early 1917, had turned the Russian soldiers and others, with hatred, against all of the institutions associated with launching and continuing that war, created the conditions in which a decidedly voluntarist

personality with a clear view of both the domestic and strategic situation, V.I. Lenin, steered the Bolsheviks to the seizure of power later that same year.

The point of citing this example, is that, on the one side, it describes a context which is historically remote from anything which the U.S.A. has recently experienced internally; yet, at the same time, it demonstrates the relevant principle of the "baby boomers' " 1964-1972 experience exactly, if in an otherwise apparently incomparable situation. That is the essence of the principle implicitly the central topic of Plato's *Parmenides* dialogue, the essential principle intrinsically characteristic of all truly non-linear principles of action, whether in physical science, in Classical art-forms, or in actual history. The principle is that which governs the ordered transition of axiomatically inconsistent processes, from one to another, and among one another. This is the principle of *change* which the linearized mind of the relevant character, "Parmenides," of Plato's dialogue, could not comprehend.

The Russian population's acute sense of betrayal by the Czar and everything associated with the Czarist system, fostered a hatred against that "system," a hatred which an insightful Lenin used to force his chiefly reluctant Bolshevik leadership into filling a political vacuum, by simply leading the Russian people in general to seize power, from every force in Russia which was still suspected of being committed to alliance with Britain and France, for the continuation of the war with Germany.

Compare this with the situation created among "baby boomers," by the combined effect of the 1962 missile crisis, the assassination of President Kennedy, and the launching of the official war against Indo-China. This produced an effect analogous to that of 1917 Russia. In both revolutionary reactions, that of 1917 Russia and the 1964-1972 anti-war movement, the dominant feature was hatred against the "existing system," and against the values which were associated with the, rightly or wrongly, assumed causes of one's grievances against "the existing system."

The Wall Street establishment's key 1967-1968 funders of the role of Herbert Marcuse and the ultra-radical SDSers, for example, such as McGeorge Bundy's Ford Foundation, understood this parallel to Russia 1917, and, as foundation funding-grants records show, exploited that understanding to steer the anti-war movement in the directions which would, ultimately be most useful to the Bertrand Russell-allied, "perpetual peace" faction of McCloy, Bundy, et al. In the failure of the "baby boomer" generation to recognize the way in which they were being manipulated and used to such ends, lies that blindness, that deadly, hate-filled element of mass-hysterical irrationalism, which has affected the role of the '68er generation in U.S. political life ever since.

Let us be appropriately cruel about this matter. Imagine the case of a middle-aged man, whose adolescence was spent in passing from one set of foster-parents to another. He had cultivated a deep enmity, over decades, against the parents

“who abandoned me during my childhood.” By chance, this grudge-filled fellow learned, much belatedly, that his parents’ identities had been discovered only many years after the terrible accident which had killed them. The grudge-filled orphan shook his head angrily, “I still can’t forgive them for abandoning me.”

That hypothetical case should be read as a variant on the type of inappropriate behavior which is all-too-typical of the ’68er still today. The latter, during the mid-sixties and later, railed against “the system.” He sought out assurance that his parents, and “their values,” were the guilty agencies to be punished for his pain. His hatred against what he sensed as his society’s betrayal of him, became the obsession, the mass hysteria, on which the all-too-typical present ideology of today’s aging “baby boomer” is premised, still today.

It was not the society which betrayed the all too typically narcissistic child of the “golden generation,” the baby-boomer of the 1960s. It was that society which had been betrayed by its virtual Benedict Arnolds and Aaron Burrs. For this, all too typically, the campus baby-boomers of ’68 blamed not the Bertrand Russells and the like who had orchestrated the horrors of the so-called nuclear age; the petulant, oh so self-indulgent baby-boomer closed ranks with the Russells and others, against those specific values which the baby-boomer himself, or herself, had participated in betraying.

The baby-boomer, especially the middle-class stereotype typical of the university campuses of the middle to late 1960s, was often bright, but intellectually and morally shallow.

During the 1950s, post-World War II suburbia had spawned a generation of “spoiled brats,” the generation raised by a “Third Way”-type blend of the merged immoralities of Dr. Spock and Senator Joe McCarthy. The parents had learned to borrow their ethics for today, like borrowing a cup of sugar from a neighbor. Usually, that neighbor was the mass media; that authority for the gossip was its public opinion, as the perverted Walter Lippmann had conceived its “Big Brother” role decades before George Orwell’s *1984*. Their values were all amoral: psychology; personal, individual, existentialist sensitivities; how to feel good while getting ahead in the social-status derby otherwise known as the Age of the Organization Man—*just not too far ahead!*

1950s suburbia only pretended to be “Keeping up with the Joneses;” actually, these cowards, both the suburbanite parents and their baby-boomer offspring, preferred to walk a safe distance behind whoever was the head of the crowd whose opinion they were following during that moment. For the ’68ers, like Philippe Egalité’s hired lynch-mobs of *sans-culottes*, individual responsibility did not exist; when it came to taste, manners, morals, and politics, the mob was always right, until a new mob came along.

During the 1950s, I stood outside the mob-scenes of both the suburbanite parents and their ’sixties campus offspring. I observed both, during both decades. I recognized certain

connections, connections which could be understood only from the vantage-point of knowing, among other things, what went wrong, morally and intellectually, with the United States, and most of its citizens, after the shock of President Franklin Roosevelt’s untimely death. As to the 1950s suburban parents and their 1960s progeny on campus, both were each trapped within the glass cage of their respective, irrational ideologies. They looked at the world around them from the interior of an ideological glass cage of currently received opinion. Each had strong opinions about what he or she imagined he saw, but, in reality, they understood nothing that was real, only what was painted on the surface of the glass which imprisoned their opinions.

The specifics of the problem so posed were peculiar to that time, place, and situation. The problem expressed by each and all of these specific cases, was, and is of a more general nature. It is from that standpoint, to which we turn our attention now, that all that we have said here up to this point, falls into place.

## 5. The issue of human nature

British liberal philosophers, like today’s U.S. televangelists, are inveterate liars. Whenever either is caught *in flagrante*, doing something really perverse, they pretend to be surprised, and also justly offended by the criticism they receive for their brutish conduct. “You can’t say that about me and my friends! Didn’t you know,” they retort; “that is human nature.” So, Lord Jeffreys ranted from one end of England’s Bloody Assizes to the other; so, the so-called “fundamentalists” brag, like special persecutor Kenneth Starr, at every altar call, about the utter depravity of themselves.

Perhaps that also explains why so many British liberals insist so loudly, that they, like old Hobbes, are descended from apes. One wonders, in viewing that curious genealogical conceit: how far down did the apes have to descend, to achieve this?

One can, and should laugh about such things; ridicule, as practiced by François Rabelais, and Shakespeare, for example, is an essential part of Classical art; it serves to place its proper target, folly, in appropriate emotional perspective. The issue posed implicitly by the folly typical of today’s “baby boomer,” what we have identified as mass hysteria, is precisely: What is really human nature? English and British empiricism insists, as London’s Hobbes or slave-cotton-processor Frederick Engels did, that man is brutish by nature. The New Left generally, adopted the same folly. It is, as I shall now emphasize, only from the vantage-point of challenging, and ridiculing the demonstrable absurdity of the popular British, bestial assumptions, respecting both human and British nature, that the roots of the referenced case of mass hysteria can be uncovered.

In touching now the concluding crucial point upon which this report as a whole pivots, I make a relevant confession, without shame, and with pride and joy in that admission.



*An anti-nuclear demonstration in Harrisburg, Pennsylvania, 1981. The baby boomers were hit by the combined effect of the 1962 missile crisis, the assassination of President Kennedy, and the war in Vietnam. This produced hatred against the “existing system,” analogous to that of 1917 Russia. This hatred was manipulated by the Wall Street establishment, against the nation-state.*

Since about the age of six or seven, my conception of individual human nature has been consistent with *Genesis* 1’s man and woman made in the image of the Creator. Then, I identified “image of God” with the notion of discovery of ideas. By adolescence, largely through my wrestling with the writings of the best known from among the Seventeenth and Eighteenth Century European philosophers, Gottfried Leibniz most notably, I came to identify “image of God” with the notion of reason, which I associated that then with Leibniz’s view, and came later to recognize it in Plato’s use of *agapē*, as Plato’s notion is the characteristic feature of the Gospel of John and the Epistles of Paul, each taken as a whole. Since my adolescence, and more rigorously since the late 1940s, a scientific view of this notion of reason, has been the central theme of my concerns. It should not be surprising, that I have devoted such a large ration of my earlier published output to this topic.

The specific distinction of my own work has been to have proven those principles from the standpoint of original discoveries I made, by means of which I demonstrated that this definition of the human individual’s natural, *agapic* nature, is demanded not only by Christian doctrine, but by the relevant crucial evidence expressed in a science of physical economy. Putting the reader on notice to that effect here, simplifies the task of reporting on the present occasion.

At this point, this report has shifted its point of emphasis, to bear on this definition of human nature, in locating the roots of that mass hysteria which today’s “baby boomers,” and others, have carried over from the cultural paradigm-shift of the 1964-1972 interval. The point emphasized at this point in the report, is that the root of that mass hysteria is a faulty popular conception of individual human nature. That faulty axiomatic conception of human nature, has been, and remains as, the continuing point of origin, for the official and related mass hysteria underlying the past thirty-odd years’ attempted denial of the axiomatic, economic and moral degeneration of the U.S.A. Once the implications of that axiomatic issue are brought to bear on the subject of economic and related policies, the nature of and remedy for the present mass hysteria should become transparent issues.

As I have shown the crucial proof for what is otherwise the Christian conception of human nature, the entire existence of the human species demonstrates, absolutely, the uniqueness of the human individual among all other existence within the universe at large. From the standpoint of science, the natural quality of the human individual, is the developable power of cognition, by means of which, the individual is able to generate validatable discoveries of universal principles; these are physical principles, principles of Classical art, and political principles of history. This power of the individual, the power of reason, is equally common to all persons, with no

supposed distinction of race, or of other notions of ethnic origins allowed.

In consequence of this same creative power of individual cognition, which the empiricists, like heathen Immanuel Kant, absolutely deny to exist, man is the only species which has the power to increase willfully the potential relative population-density of its species. This increase is accomplished by the accumulation of validated discoveries of physical and other principles of this universe, by means of which our species' power in, and over the universe is increased: what *Genesis* 1 presents as "dominion."

The methods of experimental physics derived from Plato's Socratic method, provide us the means to conduct what are termed "crucial experiments," whose relevant most general effect is, to show, that that power of discovery of principle, by means of which mankind's power to exist is increased, is located *uniquely* in a power of creative insight which exists *only* within the bounds of the individual person's perfectly sovereign, developable powers of cognition. By that, we signify those validated solutions to paradoxes which can not be generated by the mere formal-logical methods of deduction-induction.

This sovereign power can not be communicated as "information," nor as textbook drill-and-grill doctrine. It can be communicated only, as by the student replicating the sovereign act of the original discovery of principle, or a copy of that experience of original discovery. It is by means of such combined processes of discovery, and Classical-humanist methods of education and Socratic self-education, that the accumulation of actual knowledge of physical and other universal principles can be effected. It is only by means reflecting the same principle of cognitive development and education, that man's power in, and over the universe is effected.

The referenced case of the Egyptian voyage of discovery of the Americas, of 233-231 B.C., is an exceptionally appropriate illustration of this fundamental principle of individual human nature. It is appropriate, perhaps indispensable, to point out the relevant crucial features of that recorded discovery here.

First, the voyage itself was, from the first, the implementation of a great scientific discovery which had occurred shortly before that voyage. Two discoveries were crucial. One, the primary discovery, as reported by navigator Maui's records, was the method by means of which the greatest scientist of that time, the Plato Academy's head of the Library of Alexandria, Eratosthenes, had measured the circumference of the Earth, by astrophysical means, a measurement which had been made with astonishing precision, relative to the methods of (deep well) observation available in Egypt at that time. The other, a most important auxiliary development, was the method for locating one's position on Earth through measurements made relative to the ecliptic of the Earth's orbit of the Sun. The evidence of the use and principled understanding of those discoveries by Eratosthenes, is

an integral part of the record made by navigator Maui during the 233-231 B.C. interval.

Second, these discoveries were made by a representative of Plato's Athens Academy, and were effected by the scientific methods elaborated by Plato himself within his dialogues. That scientific method is the Classical-humanist method of discovery and education we have identified above.

Third, the voyage of discovery was undertaken and conducted for a purely scientific purpose: to supply experimental demonstration, that the circumference of the Earth as defined by astrophysical investigations, corresponded to the results which might be ascertained by crucial kinds of geodetic measurements. The surviving, experimentally verifiable elements of Maui's log are already conclusive evidence to this effect. The voyages of Magellan and of Captain Cook, had related implications, but were far more crudely conceived, from a scientific point of view, than the work of Rata and Maui. Thus, Eratosthenes and Maui are among prominent forerunners of the development of modern geodesy by Carl Gauss. This quality of connection of Eratosthenes' and Maui's work, to the work of Paolo Toscanelli, Kepler, and Gauss, makes the successful assembly and translation of at least crucial parts of Maui's written records of current importance to the ongoing internal development of science today.

It is to be emphasized here, especially touching upon the issues of defining human nature, that it is those principles of discovery and their application, as exemplified by the content and implications of this work of Eratosthenes, Maui, et al., which provide us crucial, conclusive, experimental proof of individual human nature, that in opposition to contrary assertions of the empiricism of Hobbes, Locke, et al., and the notions of both Descartes and the foolish Immanuel Kant.

Thus, the apprehension of those most crucial facts, leads us to a conception of the identity and fundamental self-interest of the individual mortal person, which is not possible for any lower form of life, either naturally lower, or, like a true Hobbes or other empiricist, lowered by choice of depravity. In the relevant philosophical and theological literature, this distinction of the mortal human individual, is sometimes associated with the term *the simultaneity of eternity*. I have elaborated the significance of the latter term, and its cognates in numbers of earlier publications; but, it is necessary to summarize just enough of the relevant argument on that point to situate the concluding argument on the subject of mass hysteria.

The problem to be addressed from that indispensable vantage-point, is a problem of the conceited fellow known as a typical member of the "Ivy League" or kindred university student population from the second half of the 1960s. Quick-witted, but much too conceited, too vain, and too cynical, for his, or her, or the society's good. Excepting the effects of the 1950s and early 1960s habituated blending of moral posturing and moral indifferentism, which had typified the childhood and adolescent household and peer-group experience of that

stratum, the general class of problematic features in their personalities were no worse than is commonplace among what passes for “ordinary people.” The essential difference was, and is, that his stratum was destined “to march through the institutions,” as members of a class of prospective candidates to occupy the top-most strata of decision-making within a generation to a generation and half ahead.

To zoom in quickly on the point: such fellows were typical of those whose shallow-minded notion of morality is rooted axiomatically in relatively simplistic notions of ways in which *to calculate* “my interests” and “our interests.” It was that propensity for that sort of moral calculation which caused such types to have lost, or soon to lose their proverbial shirt in the mutual funds market. As I shall demonstrate, these poor fellows lacked any rational sense of the way in which to determine his or her true self-interest. That is why they are hysterical now.

Perhaps the best way to get this point across to them pedagogically, emotionally, is by holding up the mirror to show the “baby boomers” (for example) themselves, as clearly just another variety of those dupes being taken in by predatory Elmer Gantrys such as Pat Robertson or Jerry Falwell, Elmer Gantrys which every self-respecting “baby boomer” shrewdly despises.

Ask yourself: What is it that these Elmer Gantrys preach, and what do the dupes believe? What is the notion of “self-interest” which these carnival pitchmen are peddling to the purses, and deep-rooted cupidity, of the suckers? Listen carefully. What do you hear? “. . .A place in Heaven.” “. . .Falwell’s people will write out the contract now!” “. . .Rapture.” Viagra! Mumbo-jumbo: Your illnesses are cured, your bank accounts are refilled, your sex-life is rejuvenated, and the mortgage is lifted. “Ain’t it Heavenly!” Health, sex, money, and eternal life in luxury, are the stock-in-trade of the Heavenly mail-order business. What does the behavior of such pitiable suckers tell us about our society, and its morality, in general?

The first clue to the answer to all such sorts of problems of personal identity, is a simple proposition: “Since, as all mortal persons are born, and will die, where in the world do a dead person’s vital self-interests lie?” They do not lie in what a dead man can take out of his mortal life. The question implies the answer: The true self-interest of the individual lies in what he can give, while he is alive, of things which have implicitly eternal value for humanity. These are things which perpetuate and enhance the benefits to humanity passed on to us by the deceased, and also things of durable value for future generations.

What are the objects which represent such relatively immortal value, such relatively immortal self-interest? What is so important for your mortal life, that you, being no draft-dodger *in such matters*, should willingly hazard death, if necessary, and that cheerfully, to defend it?

In first approximation, the answer is “ideas,” as Plato de-

fining the proper use of the term “idea.” By “ideas,” one means validatable discoveries of universal principle, as physical principle illustrates the point. These are also the same quality of discovery of principle in the domain of Classical art-forms, or the political art of shaping the course of history. It is those ideas which represent mankind’s increased per-capita power in the universe, and over the universe, which have this value, the value of mankind’s injunction to “exert dominion.”

That is not the true interest. The true interest is not merely the defense of particular ideas, but the defense of the process by which valid such ideas are generated, and their generation replicated by later generations. Since all ideas are produced by the sovereign, cognitive, creative powers of the individual mind, is it not the development of those minds, and the fostering of the process which their work represents, which is the true self-interest of every individual person? Is it not, then, the nurture of that individual quality in all persons, which is the duty impressed upon us by our receipt of the loan of the gift of mortal life? Is it not that which secures us a place in the simultaneity of eternity?

What, then do we say of the personal morality of those wicked people, who insist that most pupils should be reared as we breed and train barnyard livestock: be afforded only a so-called “practical” education, preferably one deemed “relevant” to the occupations they are likely to be offered later in life (until the HMO accountants cull them from the herd)?

For actually moral people, education of the young must be compulsory, universal, and Classical in form. The purpose of that education, according to law, must be that which is the best tradition of education in the U.S. republic since the education policies of the pre-1684 Massachusetts Bay Colony, the educational principles of Winthrop, the Mathers, and Benjamin Franklin. The purpose of the kind of compulsory, universal, and Classical education which I am freshly prescribing here, is to develop an acceptable quality of individual citizen, in all future citizens who have those mental aptitudes of even nothing more than simple sanity, which are sufficient foundation upon which to develop any healthy young individual to become educated to become citizens of such universal qualities. This principle of Classical education for all, has been demonstrated in every part of the world, in populations of every cultural background to which such Classical forms of education have been provided.

On this account, there are no relatively inferior biological strains among human beings; there are only instances of degenerates who have turned their backs against the talent of humanity originally loaned to them, such unhappy apostates from humanity as Speaker Newt Gingrich or Special Prosecutor Kenneth Starr, for example.

The purpose of a compulsory, universal, Classical form of education, is to bring about a quality which is generally lacking among the citizens of the U.S. today: the appropriate development of their individual human nature, to render them sane adults, free of those mental disabilities which underlie

the pervasiveness of mass hysteria respecting economic and related policies of the U.S.A. today.

The recognition of the crucial, conclusive scientific evidence respecting individual human nature, has two overlapping immediate applications to the issues of mass hysteria addressed in this report. One, is the relevance of this definition of human nature for determining the mandatory requirements of the economic policy of the United States, and of the U.S.'s economic relations to other nations. Second, is the matter of the origin of the pathologies, such as the mass hysteria examined by this report, which threaten to doom the U.S. itself, as civilization more generally, unless the recent decades' trends in U.S. economic and social policies are suddenly and drastically reversed.

The key point on the first account is already made. The function of economic policy is progress in the general human condition, of the people of our own republic and other nations, too. The purpose is the development of the human condition as a whole, a purpose best served through the instrumentality of the perfectly sovereign form of modern nation-state republic, a sovereignty free of the evils and stupidity inherent in the doctrine of so-called "globalization."

The issue on the second count, is the legacy of oligarchism, as I have addressed this frequently within my published work. The consideration to be emphasized in the present connection, is the fundamental, axiomatically irreconcilable difference between the conception of human nature under oligarchical rule (feudal society, for example), and a society which is actually informed by Christianity, for example. Under the form of law we know from the history of the Mediterranean region, or the bestiality of the "pre-Columbian cultures" which modern discoverers found in the Americas, society's conception of human nature was that of a mere beast, the same misconception of human nature which is typical doctrine among such self-styled "British Israelite" varieties of Protestant "fundamentalists" as today's Elmer Gantrys.

When the same doctrine is delivered in the equivalent of the legendary "plain, brown wrapper," or, perhaps from Richard Viguerie or other sources, this brutish misconception of human nature, is also a common axiomatic hallmark of both the Mont Pelerin Society's, or American Enterprise Institute's doctrine of pure greed for its own sake, but, also of today's New Left traditions. Notably, the convergence of the Mont Pelerin Society's and New Left cults on precisely this matter of defining human nature, is the philosophical basis expressed as "The Third Way" among today's British subjects and their fellow-travellers in the U.S.A. as in the British Commonwealth.

The issue we are addressing in this way, may be summed up, as the perilous state of modern society which persists for no other reason, than that the bestial conception of human nature expressed by the defender of chattel slavery, or European feudal traditions, is still today an inbred legacy of thousands of generations of those human cultures which remain

the dominant feature of every strain of culture, inherited from deep in the darkest recesses of the most depraved traditions of long past millennia.

This bestial definition of human nature, is expressed in such varieties of stated or implied philosophies as that of Aristotle, the empiricists, the existentialists, and so on today.

Most of the departments of social studies, in the universities of Europe and the Americas today, are virtually nothing but various packagings of a common, bestialized view of human nature. This is what is taught by such relevant departments of universities as the sundry varieties of anthropology, sociology, psychology, history, political science, economics, and most of the music conservatories and other fine arts departments, too. The empiricist and positivist currents in teaching of mathematics and physical science, are often more occupied with philosophical indoctrination in the "linear principle" of the oligarchical tradition, than with the nominally, ostensible topics of instruction listed. Modern culture is up to its ears and mouth in this traditional filth—and sometimes, over its head in this cultural cesspool, too.

In no sense, is this pathological influence chiefly a matter of the corruption pervading the educational systems, although that corruption is pervasive today, even much more so than thirty-odd years ago, and even much worse than sixty years ago. The principal cesspool from which this corruption pours into society in general, is popular culture. When our educational systems join ignorant popular traditions from an oligarchical past of humanity, to shape the political institutions of society, disaster results, as experience of the recent thirty-odd years shows this most dramatically.

That is the operating principle employed to propagate the passion associated with the kind of populism expressed by Bertolt Brecht, and his autobiographical "Pirate Jenny," the kind of satanic passion for pure destruction, which was shown by Frankfurt Schoolers such as those three cronies, the terrible trio of Adorno, Arendt, and Nazi philosopher Martin Heidegger, the Nazi-like evil underlying the existentialism of Heidegger's pupil Jean-Paul Sartre, and Sartre's satanic creation, Frantz Fanon. This is the source of the proclivity of the "organic philosophy" of populism, to throw up fascistic and fascist tendencies, such as the base of the Ku Klux Klan, or my impassioned Libertarian adversaries in the U.S.A., the Nazi Party in Germany, and fascistic currents in many countries.

The evil which, to some, appears to flow from the human nature of the common people, does not arise from within the nature of the individual member of the human species, but from the cultural legacy of such sources as the imperial tradition of the empires of Mesopotamia, Rome, and Byzantium, and those currents of European feudalism most aptly typified by the Welf League and the Venice-led, Aristotelean rampage of the heathen mortalist Pietro Pomponazzi's Sixteenth Century.

We who continue the struggle to free mankind from those

imperial and kindred oligarchical legacies of evil from the past, continue to be faced with two foremost political challenges. The first challenge, was to create the institutions of the modern form of perfectly sovereign nation-state republic, as the case of the U.S. of Franklin, John Quincy Adams, and Abraham Lincoln typifies the legacy from which Franklin Roosevelt borrowed for his great, if still incompleting work. The second challenge, was to develop the general population into a quality of cultured, educated human being, freed thus from the legacy of a time when approximately ninety-five percent of each culture were human cattle, and the remaining small percentile chiefly either oligarchical parasites or their lackeys.

The idea that goodness comes from “the ordinary people,” and error chiefly from people “at the top,” is not only a false idea, but an evil one. The power of a tiny minority, “at the top,” so to speak, to control ninety-five percent of the society, lies principally in the cultural corruption of the ninety-five percent below. (Perhaps this is why Hell is usually portrayed as a place below.) The source of this evil from below is a depravity embedded in popular cultures. This customary depravity of popular cultures, does not flow from human nature, but from the legacy of cultures which are themselves contrary to human nature.

The image of Jesus Christ, is the exemplar of what is needed to correct this polluted state of popular traditions. The progress of European civilization, as of the Classical Greek culture of Socrates, Plato, and Eratosthenes earlier, was always accomplished by suitable, rare leaders, like those individuals who acted in inspired imitation of Christ, who were usually persecuted, and often murdered by the mob. In general, all relevant leadership of nations, who devote themselves to rescuing and uplifting the people, despite the corrupted, contrary tendencies of the people themselves. There is no notable case from known history in which it was different than that.

This arrangement is imposed upon history *thus far*, not because the people are *naturally* corrupt, but because popular cultures, thus far, have been unnatural ones. The mechanism by which this corruption operates, is to induce the population itself to think of itself as a lower form of life, to think and feel as lower animals must think and feel, or worse than that. This is accomplished by means sometimes identified as the “Seven Deadly Sins:” to locate passion in sensory lusts, and to defend such brutish conduct as “what my simple senses tell me are my moment-to-moment self-interests.” That is precisely the mechanism underlying today’s panic-stricken mass hysteria.

Thus, we have fought, and must fight, to defend the kinds of institutions of the sovereign nation-state, which have liberated nations from the bestiality which inheres in a system of “globalization,” the latter typified by the empires and feudal orders of the past. We must defend those constitutional institutions and arrangements even against contrary popular opin-

ion; if we ever lose that fight, our nation as such would be finished, perhaps forever. The source of strength on which we rely for conducting that defense of the sovereign republic as an institution, is ideas. The exemplary expression of such a war by and for ideas, is the struggle to make a compulsory, Classical education as universal as possible. The reality of that form of education as a political defense of the republic, is the promotion of the habit of valid, crucial, original scientific and cognate discoveries of principle, and the role of the power supplied by the realization of those ideas in as general a practice of the republic as possible.

What is always needed, until such policies bring mankind to a moral maturity consistent with human nature, is a door-to-door, unrelenting slug-fest of, not opinion, but genuine ideas, fighting always to prevent the corrupting cesspool of degrading popular traditions from overwhelming nations such as our republic, with that hideous stench of mass hysteria which is suffocating our nation near to death, today.

We have come to a time when we have had altogether too much mere popular opinion. What this nation now requires, and that desperately, is a fresh dose of real political and real moral leadership. Perhaps President Clinton would find the image of the Apostle Paul helpful in understanding the change he must make in his own practice, for the sake of the nation, and for all humanity.

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