

# EIR

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LaRouche Webcast: Organize an Economic Recovery  
Italian Press Exposes Cheney-Authored Torture  
LYM Mobilizes Washington for 'Double Impeachment'

## A Design for Legislation: Saving the U.S. Economy



# EIR

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## From the Editor

There is certainly a lot to be thankful for on this Thanksgiving Day 2006, and the spirits of patriots and world citizens around the world should be buoyed by the fact that the American population, led by the youth vote, has finally acted to reject the abominable Bush Administration. Two years ago, after the cliffhanger 2004 election, Lyndon LaRouche projected that many voters would rue the day they voted for President Bush, as the reality of the economic collapse and the war sunk in. He was speaking specifically of Ohio—a state where, this year, the Democrats trounced the Republicans, one of them the Secretary of State who manipulated the pro-Bush vote in 2004, for the governorship and the Senate. But the point is well taken nationally.

In keeping with the Thanksgiving tradition, however, which was mandated by wartime Presidents Abraham Lincoln and Franklin Delano Roosevelt, we realize that our blessings do not give us the ability to rest on our laurels. What has been won is the precious opportunity to escalate the battle to save our nation. The most crucial battles still lie ahead.

To this end, the leadership being provided by Lyndon LaRouche, especially on the crucial questions of economic policy, is the indispensable ingredient, and this issue of *EIR* is dominated by his presentations on those questions, both in his Nov. 16 webcast, and in a complementary article. Both are documents directed very specifically to policymakers around the U.S. Congress, who have very few weeks in which to act decisively to set a correct course. It doesn't take a genius to understand that LaRouche is the *only* source of clarity on how to revive the economy.

It is useful to keep in mind one thing which LaRouche said in the webcast, which may have surprised many. Addressing the issue of impeachment, LaRouche said that it was not only understandable, but *correct* for Congressmen to approach this issue without pre-judgment, but to use all necessary, deliberate Constitutional procedures. We outside the Congress should press for impeachment, LaRouche said; it's Congress's role to *process* what we put forward. That puts the pressure on the citizen as well as the Congress. We've taken the first step; now we must forge ahead.



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LaRouche writes:

“The saying goes: ‘Do not speak of the rope in the house of the hanged.’

“It might also be said: ‘Do not speak of the onrushing, global, financial breakdown in the presence of members of the Houses of Congress.’

“Nevertheless, the time has come to speak, urgently, of what had been often treated, until now, as unspeakable truths.”

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A DESIGN FOR LEGISLATION

## Saving the U.S. Economy

by Lyndon H. LaRouche, Jr.

November 10, 2006

*The saying goes: "Do not speak of the rope in the house of the hanged."*

*It might also be said: "Do not speak of the onrushing, global, financial breakdown in the presence of members of the Houses of Congress."*

*Nevertheless, the time has come to speak, urgently, of what had been often treated, until now, as unspeakable truths.*

*Now, the most recent equivalent of the 1929 "Hoover Crash" had already occurred nearly two decades ago, as the October 1987 Wall Street stock-market crash. The doses of hyperinflationary floods of financial derivatives' bubbling, under the predatory reign of Federal Reserve Chairman Alan Greenspan, as combined with the gains from picking the bones of the former Soviet bloc chicken, put off both the official and popular reckoning with the financial reality of the 1987 crash, but only temporarily. Greenspan's reign transformed what had been a "cyclical" form of economic depression within customary former investment markets, into what has now become the rumble of the global breakdown-crisis which looms immediately ahead today. The time of reckoning has arrived. This presently onrushing global monetary breakdown-crisis can not be reformed on its own terms; the present global system must be quickly, entirely replaced. As long as the attempt were made to save that infinitely unpayable mass of the fraudulent financial derivatives associated with the global "carry trade," efforts which might seek to do no more than reform the present system in its own terms, would ensure the planet's collapse into a prolonged, genocidal "new dark age." This would be a collapse comparable to Europe's Fourteenth-Century "New Dark Age," but, this time, on a global scale.*

*Nonetheless, there is a way to escape from this onrushing catastrophe. In the meantime, the danger is, that the longer the temporary postponement of the general collapse, the worse the collapse, and the more difficult, and more delayed*



As President Franklin Delano Roosevelt understood for his time, the U.S. Constitution provides the tools for solving a nation-threatening crisis. Here, FDR gives his first fireside chat.

the recovery.

In this circumstance, what each citizen will do, what he or she could do, to force the needed, drastic, sweeping reforms in national, and also global economic policy, will determine whether or not this nation, even this present civilization, will have a future. The time is now. There are things that can be, and must be done, and done now.

As President Franklin Roosevelt understood for his time, the intent embedded in the crafting of our national Constitution, is also the key to the solution of this present crisis.

The available solution lies in the fact, that the design of the U.S. Federal Constitution is unique in its providing us, still today, **the constitutional foundation for a successful "Hamiltonian" method for keeping the U.S. economy "alive," virtually without a break in continuity, during a transition from the, presently, hopelessly bankrupt, current world monetary-financial system, to the needed replacement by a monetary system premised on principles of a new design.** The present economic crisis is worse than what U.S. President Franklin D. Roosevelt faced, and conquered; but, the constitutional resources available to the U.S.A. today, are the same, in principle, as then, and can be equally effective

as a method for conquering the more difficult challenge, the relatively great ruin of today.

Since the presently inevitable general crash of the present world monetary-financial system is now onrushing, and impending for some time in the weeks or months immediately ahead, **it is most urgent that relevant legislation be prepared now, so that the U.S.A. and its partners in this reform might be prepared to act promptly, efficiently, and in time to prevent a terminal breakdown of the world system.**

To launch such reforms, the principles governing both the present crisis and the needed reforms, must be understood as matters of principle. This means a broad and deep-going change from presently prevailing assumptions within the body of the Congress; putting aside, only momentarily, the larger issue of the crucial importance of the U.S. in determining the fate of the world during the immediate period ahead today, the survival of our nation itself depends, immediately, upon that change in the way of thinking.

"Change," means, that what must be recognized as a precondition for a successful effort to save the economy, demands acceptance of the following point of principle:

The U.S.A., with its unique Federal Constitution and its history, is, therefore, situated, historically, to provide the initiative for

the very special measures of reform which are absolutely required, if we are to mobilize the larger world to save the itself from a presently threatened plunge into a global "new dark age."

The following elements of this present report introduce the needed view of the kind of actions which the newly elected U.S. Congress must take into account, if our own nation and others, are to be rescued from the threat of the worst economic crisis in modern history.

The needed reform can not be a mish-mash of political compromises. Science, not opinion, not pragmatism, must reign in matters as crucial as these. Assemble the virtual parachute as science prescribes, not according to a compromise among preferences. It is a matter of fact, that you may, of course, prefer to compromise; but you would do so only on the condition that you agree, decently, to accept the doom your attempted compromising of the reality of our nation's existence, would, thus, bring upon yourselves.

My subject in this report is the nature of those principles upon which competent design and successful performance of the needed new world system now depends unconditionally.

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## 1. The U.S. in a Mortal World Crisis

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The possibility of a recovery of our presently ruined U.S. and also the world economy, depends, absolutely, upon understanding, first of all, the relevant universal principles of natural law which are embedded in the foundations of our Federal Constitution. Today, unfortunately, these principles are little understood among even prominent statesmen and relevant others, both inside and outside the U.S.A. Therefore, we require the following exposition on the subject of the principles.

To be clear, restate, and emphasize that point as follows: In an attempt to deal with this present situation of hyperbolic world crisis, the crucially relevant fact is, that we must rely, essentially, on the most distinctive features specific to an original U.S. constitutional law so little understood even among ostensibly well-educated professionals today. Too many doctrines learned, means too many principles violated as a matter of conditioning-shaped habits among even most of today's leading professionals.

These usually ignored and violated principles of natural law are stated, in somewhat differing language, but to the same intent, within both the 1776 Declaration of Independence and the Preamble of the U.S. Federal Constitution. In the first instance, the Declaration of Independence, we have that citation that Declaration took from Gottfried Leibniz's "*the pursuit of happiness*," a citation intended to be a constitutional refutation of John Locke. That expression by Leibniz adopted in that Declaration must be understood as Benjamin Franklin and also relevant other founders of our republic understood Leibniz's specific argument, in his *New Essays on Human Understanding*, against John Locke to that effect. In the second instance, the Federal Constitution, we must recognize the same intention expressed as a universal principle of nature, in a Preamble which is, as President Franklin D. Roosevelt rightly understood, also the same underlying principle of law, echoing Leibniz, governing the reading and implementation of the entirety of the Federal Constitution, that in a manner which includes the principled, allowable intentions of all conceivable future amendments.

Although some extant European constitutions, such as Germany's *Grundgesetz*, include affirmations of certain important principles of natural law, the U.S. Constitution, with its supreme principle stated as the Preamble, is unique in making the principle of natural law the all-subsuming rule of law for the U.S.A. This principle of natural law, as commonly expressed by Leibniz's "pursuit of happiness" and the Preamble of the U.S. Federal Constitution, is the indispensable basis in law for the kind of reform needed, most urgently, now, to rescue both the recently ruined U.S.A. and the world as a whole from the onrushing threat of a general breakdown-crisis.

This shared intention of the 1776 Declaration and the



Howard Chandler Christy

*The possibility of recovery depends upon understanding and reviving the universal principles embedded in the U.S. Constitution. Here, an artist's rendition of George Washington presiding over the signing of the Constitution.*

Federal Constitution, must be understood as the ecumenical form of expression of what was for that time the essential principle of Christianity in particular: the notion of man and woman as set absolutely apart from the beasts: *man and woman as made equally in the likeness of the Creator of the universe*. This was implicit in the ecumenical statement, *De Pace Fidei*, of the great statesman and founder of modern physical science Cardinal Nicholas of Cusa. Cusa's argument was echoed for the ears of North American settlers, and others, in that initiative of Cardinal Mazarin which led into the 1648 Treaty of Westphalia.

As Leibniz argues specifically against the implicitly pro-slavery dogma of John Locke, the happiness of mankind depends on the free expression of that quality of human nature which sets man and woman absolutely apart from, and above all other forms of life. In the language of Russia's great scientist V.I. Vernadsky, it is what places the Noösphere (the domain of the creative powers of the individual human mind) above the inferior Biosphere, the latter the domain of brutish species of inferior living processes and their effects. The individual man and woman are each rightly happy when they are free to act in promotion of creative powers of discovery of universal physical principle and the promotion of Classical modes of artistic composition, powers which provide the basis for those changes which foster human progress, as mankind's native, unique likeness to the Creator identifies such powers.



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*The principles behind the U.S. Constitution impelled a commitment to “do good,” as that impulse is shown in the creation of scientific and cultural progress. Here, a reflection of that progress, the Fairmount Waterworks in Philadelphia, built in the early 1800s upon the impetus of Ben Franklin himself, who left 100,000 pounds to the City to create safe water infrastructure.*

In those past and present oligarchical forms of society contrary to our constitutional law, there is the denial to the individual of the fruitful expression of those creative powers which express the implied immortality of the individual soul; this denial has always tended to herd the so-called lower classes of a class society, and their masters, into a mental state of virtual brutishness, a state which promotes the expression of evil in men and women, both lord and master, dehumanized in that way. “Herd mentality” is the right, ironical choice of expression to describe such a debased, dehumanized condition all too typical of most societies throughout known history.

So, for example, the spread of the cult of so-called “zero technological growth” in modes of physical production, promoted the alienation—and tendency toward brutishness—widely associated with the so-called “Baby Boomer” generation of a thus-debased Europe and the Americas today.

It is the promotion of the creative improvements which the living persons transmit to future generations, which reveals to us the participation, by those persons, in a quality of immortality which surpasses death of the mortal part of individual human existence. That notion of the immortality of the individual human soul, as promoted by emphasis on Classical culture and scientific and technological progress, expresses the absolute distinction of man from the beasts. This typifies the fundamental principle of natural law reflected in Leibniz’s definition of human happiness. This expresses that sacredness of individual human life, for reason of the creative powers specific to human life, on which all decent forms of government absolutely depend.

In a competent approach to the management of our econo-

my, this moral principle, as I have just outlined the case here, is also the most essential principle of sound economic policy-shaping. The element taken from Leibniz into the U.S. Declaration of Independence, and the Preamble of the U.S. Federal Constitution, is the element known to the Classical Greek of Plato and the Christian Apostle Paul as *agapē* (the love for all mankind, as man and woman are defined in *Genesis* 1), which is the foundation of all competent formulation of economic policy of nations.

It is on this point of natural law, as Leibniz and the Preamble of the Federal Constitution express this, that the principles of natural law, those principles of scientific and cultural progress, become one and the same in practice. In short, we exist, as Cotton Mather and Benjamin Franklin forewarned us, “to do good.” It is that commitment which sets apart the constitutional principles, upon which our republic was premised, apart from the governments of our often well-meaning ancestors in a Great Britain and continental Europe, where man and government live,

still, under the sometimes waning, but always lurking, brutish heel of oligarchical traditions.

To escape from the threat of the new barbarism which, thus, now threatens the planet, we must recognize that the source of the present threat to all civilized life on this planet, is represented chiefly by the continuing, corrupting, recently resurgent influence of that traditional, oligarchical model which is, still today, the traditional cause of the moral and physical degradation of modern society. *This force of degradation expresses an influence which is expressed today as the Sophistry of today’s Delphic promotion of the form of imperialism called “globalization.”*

### **They Hate the U.S.A.**

With one most notable exception, the period of U.S. leadership under conditions set by Franklin Roosevelt’s reforms, the state of modern European civilization since 1763 has been set in the following fashion. Since the times, from the wars of France’s brutal and foolish “Sun King” Louis XIV, until the February 1763 Peace of Paris, the world’s dominant international monetary-financial system has been the ideology expressed by the Anglo-Dutch Liberal system. That Liberalism is the imperial system which was codified in essentials under such underlings of Britain’s Lord Shelburne as Jeremy Bentham, like other representatives of the British East India Company’s Haileybury School from that time. In this respect, Liberalism and modern imperialism share the same meaning.

The most notable among the modern political exceptions to that imperialistic hegemony of what is called philosophical Liberalism, has been the dominant role of the U.S. dollar system, as its development must be traced from a point late



*Anglo-Dutch Liberals, who have dominated the world financial system since 1763, have put forward a number of forms of globalization, which amounts to imperialism. Here, the headquarters of the British East India Company, a prime example of such feudalist forces. Drawing by Thomas Hosmer Shepherd.*

during the 1930s, as that thus developed gold-reserve system was continued until the Bretton Woods monetary system was destroyed, in successive blows, by the U.S. Nixon Administration and others, during 1971-1975. Then, in the context of the Nixon Presidency's reactionary reforms, the internal economic, "fair trade" system of regulation created by the Roosevelt Administration, was destroyed in essentials, during the "Trilateral Commission" reign under the 1977-1981 Carter Administration.

Franklin Roosevelt had intended that the powerful economic war-machine, through which the U.S. led the world in defeating the otherwise inevitable reign of a Nazi empire, should be converted, at the close of war, to be employed, during the post-war period, for establishing a new, colonialism-free, imperialism-free world system, a community of respectively sovereign nation-states.

Unfortunately, that President's death presented his successor, the regrettable President Harry Truman, with the opportunity to wreck Roosevelt's intentions for the post-war world. The result of that wrecking, by Truman and others, was what serious economists know as the general effects of the long-term, corrosive trend downward during the 1945-1970s interval. The subsequent wrecking of the U.S. economy which has occurred over the 1971-2006 interval, has assumed the openly avowed intention of creating a new form of global imperialism, called "globalization," under the hegemony of the financier interests associated with the Anglo-Dutch Liberal order rampant in international relations today.

To review summarily what I have written in earlier locations, the following is important to be noted again here.

Contrary to Lord Shelburne's Gibbon, the specific prece-

dent and model for "globalization" today, is not the Roman Empire as such, but a radical redesign of the Roman system, a redesign which created the medieval European *ultramontane* system. The *ultramontane* system was based on coordination of the deployment of the brutish, crusading Norman chivalry by the superior authority of the Venetian financier-oligarchy. This medieval *ultramontane* system, which crashed in Europe's Fourteenth-Century "New Dark Age," is the model echoed in its frankly heathen reform of U.S. military policy, as the so-called Rumsfeld-Cheney reforms carried forward under the current, inept, President George W. Bush, Jr.

That *ultramontane* order which "globalization" mimics today, the system which crashed into a New Dark Age during Europe's Fourteenth Century, came back to contend for reclaiming its medieval power; this attempt was launched over the time from Venice's orchestration of the Fall of Constantinople until the 1648 Peace of Westphalia. During the Seventeenth Century, this Venetian form of financier-oligarchy assumed the flesh of the Anglo-Dutch Liberal System, becoming thus like a stiletto-wielding Venetian predator, at night,

wearing an Anglo-Dutch mask. With the February 1763 Peace of Paris, that Anglo-Dutch Liberal system assumed the form of the imperial East India Company, out of which the later form of the British Empire was developed.

The enemy in whose interest Roosevelt's intention was ultimately wrecked, were those Anglo-Dutch Liberal financier interests which are also represented within what we are accustomed to identify, typically, as "Wall Street." Notably, historically, those are, chiefly, the same interests which had backed the original ambitions of Benito Mussolini and Hjalmar Schacht's Adolf Hitler, until President Franklin Roosevelt's intervention had brought many of even those former Mussolini and Hitler sympathizers of London and Wall Street into tow, and forced them to support the war against Hitler. It was those same, so-called "white shoe" financier interests, my own most notable personal enemies, whose legacy is presently typified by John Train, George Shultz, and Felix Rohatyn, which came back into play beginning virtually right after the death of President Franklin Roosevelt, when the war had been won, interests which have tended to dominate U.S. political life, from the top, over the entire span of decades since, up to the present moment.

For those categories of opponents of Franklin Roosevelt now, as then, Roosevelt typifies their most hated enemy. That hatred springs in history from the same quality of passion which the tyrannical upper class of Lycurgus' Sparta practiced upon its victims, the helot underclass; it is expressed as a leading political and social trend in U.S. policy since the Nixon Administration. It has been expressed, so conspicuously, in the accelerating, increasingly mass-murderous oppression of the lower eighty-to-ninety percentile of our fam-

ily-income brackets, as met within the communities with which their life is associated.

In order to foster a suppression of the natural-law rights of the lower eighty percentile of the population, efficient forms of sovereign national self-government are being suppressed, and then eliminated. This has been the trend in the U.S.A. itself, as in many other places, since 1971-72,

Thus, this neo-*ultramontane* policy-trend is what now carries the name of “globalization.” Under this trend, the former power of the population of a modern nation-state to control its own destiny, has been taken away more and more. So, predatory, and usually scurrilous private financier interests, have already wrecked the basic economic infrastructure, productive power, standard of living, and, now, even the life-expectancy of the lower eighty-percentile of the income-brackets of our citizenry. This, which is most fairly described as, morally, a global crime-wave of predatory financier power, is the true meaning and evil intention expressed by the promotion of “globalization.”

These predatory financier interests, and also the class of lackeys which serves them, would prefer to lower the life-expectancy and conditions of life of the planet, even their own nations (as they have done), rather than accept a return to that civilized standard of relationship of man to man intended by our President Franklin Roosevelt and his great American and European predecessors. Thus, the intent of George P. Shultz, and his *Island of Dr. Moreau*-like zoo of the current Bush Administration, has not been to promote U.S. power in the world, but to destroy the U.S.A., through imposing upon it a regime under which the U.S.A. would do what the George W. Bush Administration has done thus far, to bring about the deep discredit, and ruin of the U.S.A. which had been the world’s leading obstacle to Anglo-Dutch Liberal imperialism, as the U.S.A. had been under President Franklin Roosevelt. This was done in service to the *ultramontane* form of Anglo-Dutch Liberal imperial power, the power expressed now in the form called “globalization.”

President Roosevelt led in saving the world from the threat of a world empire under the system of Adolf Hitler’s masters, by placing the emphasis on scientific and cultural progress in fostering the intention and the ability of the U.S. to produce the mightiest machine for defense of civilization in all history up to that time. Since the virtual day of President Roosevelt’s death, Anglo-Dutch Liberal resurgence in the U.S. has, first, undermined, and, later, now virtually destroyed the Roosevelt government’s great humane intention. If our citizenry and Congress do not come quickly to understand that, and to reverse the post-FDR trend, there is little hope for the U.S.A. and the present and immediate future generations who live within it.

Therefore, we must now turn back to science as the driver of the national and world economy. We must bring to an end that quality of Sophistry which gripped the most typical intellectual and moral victims of the post-World War II fi-

nancier oligarchy: the so-called “68ers,” and white-collar-oriented Baby-Boomer generation of the Americas, and of western and central Europe as a whole. Therefore: Back to real science as the basis for economic reform now.

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## 2. Learning Needed Modern Economic Science From Our Classical Greek Tradition

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The principles of natural law relevant to the matter of the current world economic-financial emergency, are expressed as the subject of a quality of science which is premised upon a (Leibnizian, Riemannian) *dynamic*, rather than the *mechanistic-statistical* (Cartesian) view of the experience of human history. The usual reliance of most economists, accountants, and others, on the incompetent, mechanistic-statistical methods of forecasting and analysis, is an error which must be eradicated from leading policy-shaping practice now, if the U.S.A. is to survive the presently onrushing avalanche of world crisis.

The progress of mankind’s power in and over the universe we inhabit, is expressed through added discoveries of universal principles of physical science and Classical artistic composition.

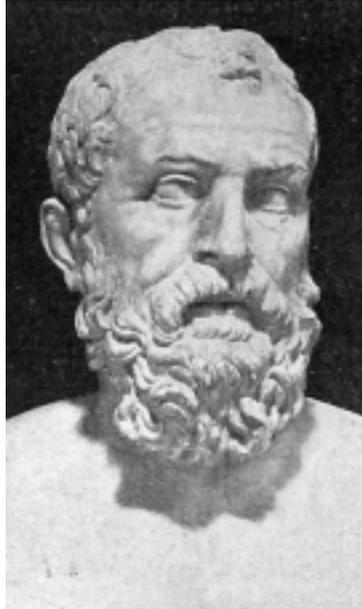
In other words, it is the study of mankind’s progress, or lack of progress, in this historical way, which guides a reasonable mind in understanding the principle of development expressed by the acquisition and employment of newly discovered universal principles. In other words, the universe belongs to the world-outlook of Pythagoreans, Heraclitus, and Plato, rather than the mechanistic, *a priori* schemes of Aristotle, Euclid, and Descartes. *It is the discovery of the manner in which mankind’s power in and over the universe is increased, which expresses the principle by which the universe is actually organized.* All experimentally validated universal physical principles meet that standard, as Johannes Kepler’s uniquely original discovery of the universal principle of gravitation typifies this same notion of universal principle copied by Leibniz for the infinitesimal calculus and the modern notion of *dynamics*, as this principled notion is summarized in Riemann’s treatment of the dynamics of a *physical hypergeometric* domain.

*This notion of such a principle of progress through discovered universal physical principles, is the experience which corresponds to, and typifies, in practice, the nature of mankind made in the likeness of the Willful Creator of the universe as a whole.*

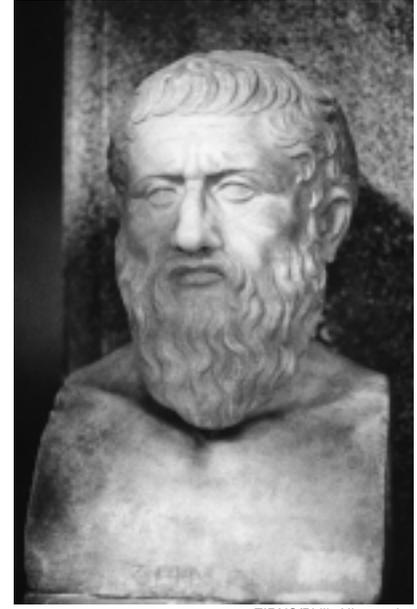
To define natural law competently, we must proceed to the study of the historical development of political and related human systems in that way. Perfection does not correspond to convergence on some predetermined ideal state of organization; perfection is a commitment, like that of the Creator



Pythagoras (detail from Raphael's "The School of Athens")



Solon



EIRNS/Philip Ulanowsky

Plato

The Classical Greek tradition, epitomized by the Constitution-writer Solon, the geometer Pythagoras, and the philosopher Plato, is the source of the principles of natural law ensconced in American republican institutions.

Himself, to a universal, endless progress to higher states of organization and existence. Perfection is a commitment of human beings to develop their minds and practice, and that of the others for whose souls and welfare they must care, in the practice of a mode of commitment to progress which is consistent with the intended immortality of the soul of mortal man.

For the case of today's European civilization, and its influence on the planet, we must study the actual history of the principles at issue, by starting from the case of the birth of now globally-outreaching European civilization itself, that civilization's birth in ancient Greece.

As the great Classical poet, dramatist, and historian Friedrich Schiller emphasized in his Jena University lectures, the entire sweep of what may be described as specifically European history, has been expressed, chiefly, as an unbroken process of struggle between two principal, opposing currents of culture, the constitutional tradition, like that of Solon of Athens, and the opposing, oligarchical tradition associated with, and typified by the Delphic code of Lycurgus' slave-holding Sparta.

The principal source of extensive evil in known human existence thus far, is the form of social order, as within nations and empires, which has been known since the time of ancient Greece as the oligarchical model of society. The elimination of the reign of an oligarchical order, was the embedded objective of the founding of modern European civilization, as during the lifetimes of Thales, Pythagoras, Aeschylus, and Plato, and during the middle of Europe's Fifteenth Century. The emergence of the modern, commonwealth form of sovereign

nation-state, as in King Louis XI's France and Henry VII's England, to replace earlier, feudal and feudalistic systems, typifies the influence of Nicholas of Cusa's contributions to the great ecumenical Council of Florence on this account.

It is most notable, for understanding modern European civilization, as distinct from earlier times and other places, that this development of the commonwealth form of state, from which the constitutional system of the U.S.A. was derived, brought together Cusa's notion of the sovereign nation-state, as in his *Concordantia Catholica*, and the founding of modern experimental science, in his *De Docta Ignorantia*.

Contrary to certain Gnostics, history does not define a perpetual struggle between God and Satan, a struggle of eternal good against eternal evil; it represents a continuing struggle for an ultimate, decisive victory, over evil, which would free society, notably European civilization, from the grip of the evil expressed in such forms as the oligarchical tradition of ancient Sparta, and of the Roman and Byzantine empires, expressed as the tyranny represented by the partnership of Venetian financier-oligarchy with the brutish Norman, crusading chivalry, as the reactionary forces typified by the satanic figure of Grand Inquisitor Tomás de Torquemada, and by the imperial, "globalizing" lustings typified by Anglo-Dutch Liberalism since the February 1763 Peace of Paris, to the present day.

Evil is not an independent force in the universe; evil is the effect of denying man's divine nature in practice, and abusing the powers with which human beings are endowed to serve intentions which resist the compulsion of the human individual to be a creative force for uplifting man's powers to assist

the development of the universe to higher qualities of existence, a process of contribution to development which is inseparable from a truthful, even a sane notion of human individual immortality. Evil is casting the image of the Creator in the likeness of a beast, as by intent, or by negligence of the obligatory development and use of creative powers.

Repeatedly, as in the case of the Peloponnesian War, in the rise and fall of imperial Latin Rome, in the decline and fall of Byzantium, and in the Fourteenth-Century New Dark Age brought about through the Norman-Venetian partnership, the persistence of various expressions of the oligarchical model has led repeatedly to a great, genocidal rupture in the pre-existing order of civilized life, as we are threatened by the imminence of such a rupture, once again, even as early as during the months immediately ahead.

### The Issue of Method

The considerations implicit in what has been said here thus far, has a corresponding expression and basis in those principles of physical science which pertain to the study of economic processes as physical-economic processes, rather than as they appear in their superficial aspect, as accounting systems based in what are merely monetary-financial processes.

The most common failure of economists and others today, is their inclination to view economic and cultural cycles incompetently, from the standpoint of Cartesian, or Cartesian-like, mechanistic-statistical projections. That method is easily recognized as the common failure of generally accepted economic forecasting today. However, a still deeper problem presents itself,

Actual cycles in history are never determined in the way which mechanistic-statistical methods tend to imply; actual cycles of importance are, as I have said, dynamical, rather than mechanistic-statistical in character, and may be compared, on that account, with the notion of astronomical cycles as Johannes Kepler first, uniquely, introduced those conceptions into modern physical science in his *Mysterium Cosmographicum* and *The New Astronomy*. The proper modern term for such "astronomical-like" cycles in history is, again, "Riemannian."

The notion of a Riemannian, rather than a statistical-mechanistic conception of forecasting in economy, is of crucial importance for those among us engaged with providing a genuine physical-economic recovery from those quicksands of misery which the alleged "reforms" of the 1971-2006 interval have dumped upon, especially, the lower eighty percentile of our family-income brackets today. (Hey, Congress, tell us, tell the lower eighty percentile of our citizens: "What have you done to the U.S. constitutional general welfare principle's superior role in the making of our law?") Without a fair comprehension of the issues associated with that distinction, no competent legislation could be crafted for the presently onrushing crisis.

The problem so specified, is that there is a prevalent, popu-

list tendency in political life, to tolerate only simplistic sentimentalities which, because they enjoy resonance with ignorance, are endowed with the reputation of being popular, and therefore, like epidemic diseases, "democratic." As the Enron and similar cases attest, this populist notion of "democracy," is the chief source of that infectious spread of that ruinous, popular credulity on which swindlers rely to dupe and cheat the credulous mass of the nation and its people, as the George W. Bush Administration to date has typified such putrefying economic decadence.

We should be reminded by the fact that it was the Democratic Party of Athens whose Sophist impulses came closest to tyranny, that, sometimes, it is necessary to express doubt about that kind of faith in that alleged veracity of popular opinion which has been the usual instrument for bringing every bad government down upon ourselves, as during the recent six years. Truth, not mere opinion, not even majority opinion, must rule. Without some serious thinking about economic and other policies, thinking contrary to the popular opinion which has misled us into the disastrous present administration, neither the U.S.A., nor the world at large, is going to escape from the presently onrushing general, planet-wide physical-economic breakdown-crisis.

Thus, all too often, as during the recent six years in the U.S.A. under the Bush-Cheney Administration, especially among the so-called democracies, the general population suffers the afflictions which its own populist form of Sophists' credulities has brought upon itself. There is nothing noble, nothing good for the destiny of a people, especially its poor, in the adoration of popular ignorance. Tyranny prescribes government based on promoting barefooted ignorance and bestial sexual recreations of sundry forms, among those whom the tyrant wishes to herd as cattle are herded, largely by themselves, all the way to the slaughter which is their masters' ultimate intention for them.

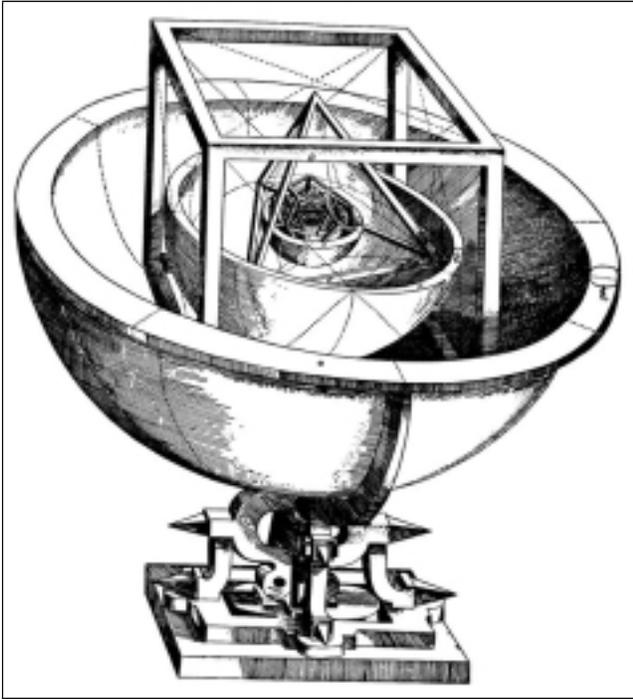
Knowledge, truthful knowledge, is the only true freedom, the only true source of justice. Popular opinion is the crafty tyrant's favorite instrument, an instrument by which his human cattle are herded, as populist German cattle were herded by Hitler.

### From Pythagoras to Riemann

*How can we know what is actually truth, rather than relatively popular, or official opinion, or simply "tradition"?*

The best among the ancient Greeks, as typified by Thales, Heracleitus, the Pythagoreans, and Plato, traced their crafting of their conception of man and nature, from, proximately, certain ancient Egyptian sources. The result was a set of conceptions counterposed to those of their own oligarchical adversaries of that time.

Those immediately relevant adversaries of the Pythagoreans and Plato, at that time, and later, were the advocates of an oligarchical model, as typified by the Delphic cult of Apollo. These adversaries introduced a specific form of corruption, called Sophistry, into Greek culture, a corruption sometimes



*A dynamic concept of the workings of the universe—as opposed to the mechanistic-statistical approach of a Euclid—was applied to physical science by Johannes Kepler. Here, Kepler’s Platonic solid model of the Solar System from his book *Mysterium Cosmographicum*.*

expressed as Euclidean geometry and related, relatively depraved misconceptions of man and nature, which have continue to pollute teaching and related opinion of even widely accepted institutions up to the present time. The essential difference between the competent geometry of the Pythagoreans and Plato, on the one side, and, on the other side, the incompetent pretense at “science” by the Sophists in the likeness of *Euclid’s Elements*, or the modern sophists of Anglo-Dutch Liberal empiricism and its positivist and existentialist outgrowths, is precisely that same conflict, in respect to principles, albeit presently set in modern circumstances, today.

The Pythagoreans made no arbitrary assumptions of the type which are associated with that fraudulent, Sophistical notion of self-evident definitions, axioms, and postulates seen in *Euclid’s Elements*. The Pythagorean method was, for European culture then and to the present day, the forerunner of the best method of modern science: the principle, as expressed by leading modern scientists Kepler, Fermat, Leibniz, Gauss, and Riemann, that no self-evident principles exist, but only discoverable universal physical principles of *dynamics*.

Nonetheless, despite the great, leading achievements of these modern thinkers, the same folly central to the perverted *Euclid’s Elements*, has dominated much of modern physical science, politics, social theory generally, and what passes for both economic theory and current standards of national prac-

tice. Cartesianism, and the doctrines of mechanical-statistical practice commonplace among incompetent practice of what is called “economics,” are typical of the problem of widespread mental confusion which must be addressed now, to rescue an imperilled civilization of today.

The widespread adoption by modern Liberal teachings, of either Euclidean, Cartesian, or kindred forms of reductionist geometry, prevents the mind so corrupted from grasping the most essential principle of science and human society. The victims of the reductionist folly of pro-Cartesian or similar reductionist forms of mechanistic-statistical notions, can not grasp the concept of universality, as Kepler, for example, defined gravitation as a universal principle, a principle which, as Albert Einstein emphasized, is as big as the universe, a self-bounded, and thus finite, universe, a universe with nothing outside it. This needed regard for the universality of such principles, is expressed locally as the notion of the mathematical-physical infinitesimal, that which Leibniz adopted from Kepler’s instruction to his successors, in Leibniz’s crafting of his uniquely original discovery of the infinitesimal calculus.

On this account, the great indirect, but nonetheless essential contribution of V.I. Vernadsky to a physical science of economy, is located, initially, in the implications of his definition of the *Biosphere* as a phase-space which is functionally distinct from the essentially abiotic domain, but which exists as a uniquely distinct, *dynamic* form of organization of those processes described as living processes. This notion of a universal physical phase-space defined by a universal principle of life, established the implied foundations for a related additional discovery by Vernadsky: the discovery of the specific physical principle of human intelligence, a principle, that of the *Noösphere*, as defined by Vernadsky. This notion of specifically human creativity, sets the human individual and society categorically within a universal phase-space above merely living processes, as, comparably, life sets the Biosphere above the universal phase-space of non-living processes.

All three states inhabit the same universe, and share the same material, but they differ absolutely, as phase spaces, through the differences generated as the expression of distinctly different qualities of universal principle of organization of the distinct processes so represented.

Just as life, in its character as a universal principle, organizes material of the domain of the non-living into a dynamic form of organization of development expressed as life, so the human intelligence, which is absent in animal life as such, prompts mankind to create new, higher states of organization in the universe, higher states brought into being through means which can be rigorously distinguished as the potential creative powers of the human mind, the creative powers which define man and woman as equally in the likeness of the Creator.

This distinction is what separated the Pythagoreans and

Plato, in their time, from the systemically mechanistic doctrines, the reductionists, including Aristotle and his followers. This distinction, brought toward fresh fruition by Cardinal Nicholas of Cusa's *De Docta Ignorantia*, is Leibniz's principle of *dynamics* (the modern term, introduced by Leibniz, explicitly, as a name for the Classical Greek *dynamis*) underlying the founding of systemic modern physical science by Cusa's avowed follower Kepler. This concept of *dynamics* was the crucial point made by Leibniz in exposing the intrinsic incompetence in science, of the mechanistic-statistical methods of both the Cartesians and other modern reductionists, such as the victims of the fraudulent Newton cult.

This set of distinctions is what separates today's intrinsically incompetent dogmas of virtually all varieties of taught economics from competence. If we are to rescue our presently imperilled planet from today's threat of a lurch into a new, planet-wide dark age, this is the problem which must be understood as our guide to practice in understanding, for overcoming the intrinsic incompetence of thinking which has brought the world to the verge of what may prove to be the worst crisis in the known history of mankind.

It is this specific issue of human creativity which, as I shall emphasize in the fourth chapter of this report, defines the proper meaning of the term *economics*.

Commonplace, but ignorant opinion, assumes that what is known as sense-experience, is reality *per se*. In reality, sense-perception is a state of the biological mental-perceptual apparatus, a state which expresses an induced response to the existence of an effect which has impinged upon the human sensory apparatus, as if from an unseen domain of reality beyond. What is recognized by the mind as the object of the form of sense-perceptual experience, represents an interpretation generated by the developed perceptual powers of the individual mind, rather than direct, ontologically sensory knowledge of the actual, external action which is the presumed cause of what is experienced.

This ironical role of sense-perception, is key to understanding the "infinitesimal" of Kepler's and Leibniz's notion of a calculus suited to dealing with the fact that an unseen universal principle has produced the effect known as gravitation. Already, for Kepler, the power of gravitation is expressed as what is defined as being an ontological existence experienced as a universal physical principle. It was Kepler's specification on this point, which was taken by Leibniz as Kepler's instruction to future mathematicians to develop an infinitesimal calculus.

Gravitation, for example, is an object as big in scale as the universe, and therefore expresses the ontological finiteness of the physical universe, and is expressed as the experience of an encounter with an infinitesimal, as Kepler shows this to be true for the case of gravitation.

Therefore, the idea of the existence of "self-evident" definitions, axioms, and postulates, of a formal geometry, such as a Euclidean geometry, is a piece of lunacy not to

be tolerated within the finite bounds of study of an actual Solar System.

It is the faculty specific to the sovereign character of the human mind, which is the location of the human mind's ability to discover and comprehend the discovery of an efficient universal physical principle. It is through human actions located within that domain of the "infinite" expressed as the experience of an "infinitesimal," that mankind is enabled to effect willful changes in mankind's specific relationship to the universe.

Thus, from the ancient practice of what the Pythagoreans and like thinkers termed the Egyptian practice of *Sphaerics*, that which became Riemannian physics was generated. In place of *a priori* definitions, axioms, and postulates, of a mechanistic fantasy such as Euclidean and Cartesian geometry, the real geometry of the universe is an anti-Euclidean geometry of the type which has emerged as a Riemannian, dynamic form of *physical hypergeometry* (e.g., of *physical tensor-space*), instead of a Euclidean or Cartesian type of empiricist or other, mechanistic-statistical mathematical space. The physical "dimensions" of a Riemannian physical space, or its antecedents, are essentially universal physical principles whose extension as existing, efficient principles, is equal to that of a finite universal physical space-time as a whole. This was already clearly expressed by the original work of Kepler. So, Einstein came to conclude that the foundations of competent modern physical science are both Keplerian and Riemannian.

There is no need to pretend to be intimidated and befuddled by one's own lack of formal-mathematical elaboration of Riemannian dynamics. For purposes of making general policies which are relevant to overcoming the presently on-rushing crisis, it is sufficient for most to grasp the underlying principles of experimental knowledge which drive the physical-mathematical system. Beyond that, most relevant, sane policy-shapers will rely on qualified experts in the mathematical physics of the system who concur with the point of method I have identified here. The results will be sufficiently clear for intelligent policy-shapers, and will come as a sweet relief from the mumbo-jumbo of our contemporary, radically post-modernist—almost post-post-modernist, high priesthood of the financial-derivatives cults.

This view of the specifically *dynamic* form of Riemannian physical hypergeometric principles, is the essential conceptual basis for competent practice of physical economic science. *The only competent economic science is to be viewed in terms of the dynamic form of interaction within an economic phase-space as a whole, an interaction which reflects the form in which actual increases in the potential relative population-density of a society, and of the planet as whole, are generated.*

The function of a competent approach to economics as a body of scientific practice, is to achieve efficient, practical comprehension of the dynamic interactions defined in this way.

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### 3. Money Versus Economic Value

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As emphasized summarily, repeatedly since the opening of this present report, up to the present point, if an attempt is made to continue the present world system of economic practice within the bounds of relatively superficial reforms, then the entirety of the present world monetary system is already about to disintegrate. *If the entirety of the present world economy is not to collapse in a chain-reaction style of general breakdown-crisis, the present world monetary system must be replaced entirely by a new system, a new system based on fundamentally different notions of the nature of economic value than are, unfortunately for us all, presently in vogue.*

What must occur, if the planet as a whole is to avoid such a catastrophic plunge into a new dark age, is something akin to the reforms made under U.S. President Franklin Roosevelt, the changes he made to lead us from the U.S. monetary system of the bankrupted 1920s, to the regulated system which evolved into the form of the Bretton Woods fixed-exchange-rate form of system during 1944-1945. The death of that President Roosevelt, and the inauguration of his successor and actual opponent, President Harry S Truman, unleashed a wave of destruction of the work of Roosevelt.

On balance, the economic recovery launched by Roosevelt continued for about two decades, despite Truman's reforms; this continued through and somewhat beyond the assassination of President John F. Kennedy; but the interval from about 1968 through 1981 sent the U.S.A. and Europe, and also other places, lurching into a long-wave of physical economic decadence and present state of ruin.

The emergence of the so-called "68ers," represented a cultural paradigm-shift, which had been launched on the death of President Roosevelt, but, whose political consequences had been expressed most clearly by the emergence of the new existentialist irrationalism, in the spirit of the post-Franklin Roosevelt Congress for Cultural Freedom and kindred offal. These consequences took hold as a reigning, new, net-downward cultural trend in trans-Atlantic society, as launched by the so-called "68ers,"

The leading source of intellectual difficulties in attempts to understand reality, among leading circles around the world today, is that real history occurs in cultural patterns operating over the span of not less than several, or more successive generations, while prevalent leading circles in most of the world today think, at their relative best, in terms of a mere decade or two. Those today who do not see today's world crisis as already born in the reversal from Franklin Roosevelt's upward, to Harry Truman's downward trend, are exhibiting their condition as victims of an advanced state of that downward cultural and physical-economic trend today. It is that affliction among our policy-shapers which must be urgently corrected now, if civilization is to escape a relatively immediate plunge into a planetary new dark age.

These have been trends whose kaleidoscopic effects be-

come apparent to most ordinary opinion only over generations. That short-term view is thus expressed as a lack of comprehension of the long-term forces of history, those which have predetermined what occurs to civilization two or more generations later. *Thus, Truman's betrayal of the Roosevelt legacy produced the hellish state of peril throughout our planet, two generations later, today.* The mental powers of most Baby Boomers of today, do not reach far enough to take into account the reality of the fundamental change in direction introduced under President Truman.

The worst of the long-ranging effects of certain axiomatically reductionist presumptions respecting economics, in modern society since the 1648 close of the Thirty Years War in Europe, has been the Liberal presumption that there are monetary values whose existence is lawfully expressed by the assumed convergence of percussive interaction among prices, as converging on some mechanistic-statistical notion of asymptotic social value, as the case of the doctrine of Karl Marx reflects this same form of corruption in looking at economic processes. This was the fatal aspect of Marxist dogma which contributed, crucially, to the collapse of the Soviet system.

This was the assumption of Bernard Mandeville's weird and notorious, very, very Liberal defense of moral degeneration in his *The Fable of the Bees*. This was the implicit notion of value in the superstitious dogma of Physiocrat François Quesnay. This was the assumption of both hoaxster-plagiarist Adam Smith's 1759 *Theory of the Moral Sentiments* and his virulently anti-American tract *The Wealth of Nations*. This same nasty superstition also appeared as the cornerstone of Karl Marx's "theory of value," a view which a credulous Marx under the sway of Palmerston's "Young Europe" operation, acquired from Jeremy Bentham's Haileybury School economists.

Thus, virtual hordes from successive generations of dupes of that dogma, have dominated both nominally Liberal and nominally Marxist types to the present time. With the eruption of the present world crisis, it is already way past time, two generations after Truman's inauguration, to end that farce.

There is no intrinsic natural value associated with the uttering and circulation of money in modern society. The very term, "honest money," is, next to the extreme of financial derivatives, the worst of all lies about money.

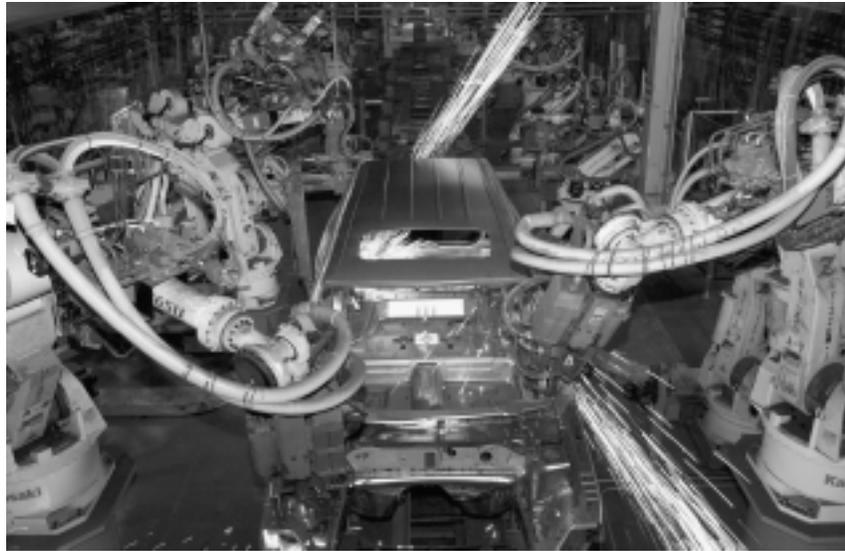
If British Biblical archeologists, searching for the numbered street address of Abraham in Ur, had not made such an awful mess of the cuneiform tablet collections which their pathetic zeal heaped into virtual discard piles, we would have had important additional evidence of the operations of ancient markets prior to approximately 2000 B.C. For that reason, some of the best indications of the development of markets of trade have been acquired during recent post-World War II decades, from the ancient Hittite sites of Asia Minor which reflect reactivated use of cuneiform tablets, rather than the perishable parchment and the like media, for documents of international trade.

Consequently, our best early, functional form of knowl-



EIRNS/Stuart Lewis

*There is no solution to the current crisis without turning away from a fixation on money (above: gold ingots), toward the concept of economic growth based on high-technology production, demonstrated by this automated robot spot-welding in a Chicago auto assembly plant.*



Ford Motor Company

edge of the role of currency in the operations of a trading economy, is associated with the role of the site of the Delphic Apollo cult as a center of usury and Mediterranean maritime trade, and the emergence of what was ostensibly the Delphi Apollo-cult colony set up within the Etruscan region which became known as the city and empire of Rome.

From that role of the Delphi cult to the present day, the known history of the development of medieval and modern monetary systems, and of monetary doctrines, is a history of the rule of usury in the sundry imperial systems of Delphi; Rome; Byzantium; and, in the role of the *ultramontane* medieval system in providing the foundation for the modern Anglo-Dutch Liberal model of modern imperial monetary systems, the latter the systems whose legacy dominates the absurd but popularized notion of money and its use to the present day.

So, the currently prevalent notions of theories of monetary value, are essentially products of the forms of usury practiced by imperial and closely related systems of government.

It is useful to restate this point as follows: there are two mutually exclusive ways for defining the value of money. The prevalent opinion, still today, echoes the way in which the imperialistic Anglo-Dutch Liberal defines money and its value, that from the standpoint of usury, rather than production. This includes the so-called Marxist theory of economic value, which a Karl Marx who was an unsuspecting dupe of Lord Palmerston's direction of the "Young Europe" movement, adopted, with some relatively superficial adjustments, from the imperial system and empiricist doctrine of the neo-Venetian, British East India Company's Haileybury School.

## Two Opposing Cultures

To understand the political and economic trends within today's globally extended modern European civilization, it is essential to look at the entire sweep of cultures over a period

not less than the known portions of the history of the language-cultures of our planet since a time prior to the establishment of the Great Pyramid of Giza. Bal Gangadhar Tilak's principal writings<sup>1</sup> are of crucial importance for insight into earlier phases of development of a functional form of known language-culture. Tilak's insight into the integration of artistic and scientific functions in early known history of the internal dynamics of civilized cultures, is of crucial significance for historians, and strategists today.

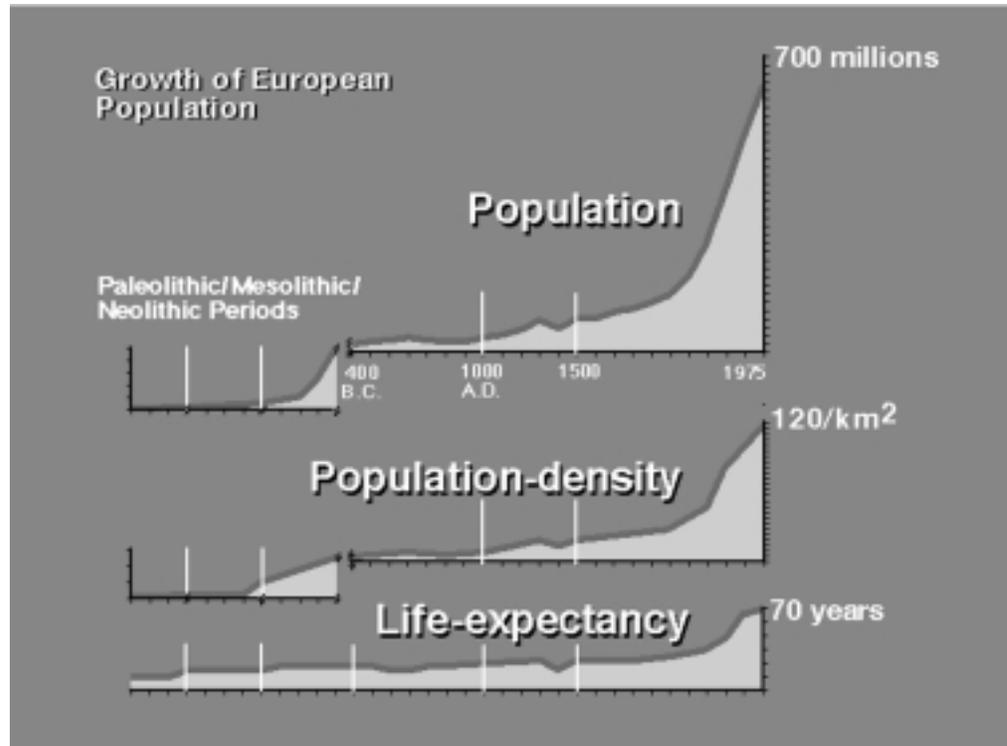
During all such known cultural history from early civilization onward, there has been a continuing state of cultural warfare between civilizing and oligarchical cultures.

Unfortunately, the skein of development internal to European civilization since ancient Greece, has been masked and blurred by the hoaxes such as those of Roman history's most notable chief priest, and lying Sophist, Plutarch, of the Delphi Apollo cult. The entirety of the rise of Rome, since the last actually civilized Roman, Cicero, until the Fifteenth-Century Renaissance organized around the circles of Cardinal Nicholas of Cusa, has been dominated by a general retrogression of European cultures from the higher level typified by Thales, Heracleitus, Aeschylus, the Pythagoreans, Socrates, Plato, and Plato's followers of the Platonic Academy. The deaths of

1. On evidence of the pre-history of India's culture: *Orion* (1893) and *Arctic Home in the Vedas* (1903), but, in the latter part of the same time-frame, his prison writings on the Bhagavadgita. The relationship between ancient maritime cultures, and the reflection of these cultures in both the ancient development of the maritime-based cultures of the Mediterranean and of the Indian subcontinent's cultures, and the latter's impact on the development of pre-Semitic cultures of lower Mesopotamia, the region known as Sheba, Abyssinia, and elsewhere, were crucial features of my proofs, developed, chiefly, during the early 1980s, against the popular myth of a riparian origin for civilization's cultures, and my recognition that riparian cultures had developed as products of the oceanic maritime cultures from the time of the last great ice age (currently due to be experienced anew, unless we change that).

FIGURE 1

**European Population Growth and Life-Expectancy**



*The only true measure of progress lies in the physical-economic rate of increase of the potential relative population-density of entire nations, measured per capita and per square kilometer.*

the greatest scientific thinkers of their time, the collaborators Eratosthenes and Archimedes, about B.C. 200, marked the point of eruption of the dominant role of decadence in the broad sweep of European history from that time until the Fifteenth-Century Renaissance, as the latter is signalled by Brunelleschi's use of his own insight into the same physical principle of the catenary central to the Leibniz calculus, for the completion of the cupola of the Cathedral of Florence.

This long sweep of the history of European culture, from Plato through Nicholas of Cusa, is better understood by looking at the matter of the rise of Christianity as the chief medium of continuation of Classical Greek culture until the rise of Byzantium under the emperors Diocletian and Constantine, and the role of the Augustinian tradition, since then, leading into Charlemagne's civilizing role, during the period preceding the regression into the long, *ultramontane* dark age under the partnership of the Venetian financier oligarchy and the bestial Norman chivalry.

We must understand ourselves today, especially from within globally extended evolution of European civilization's history, as reflecting, in ourselves, and, usually in the typical, contemporary, putatively educated individual's behavior, what has been a long sweep of the persisting conflict between the humanist and oligarchical models of societies and cultures. In the end, one of the two principal, opposing views must triumph; since the laws of the universe will determine the ultimate outcome of this struggle between the forces of civilization and the bestiality of the oligarchical currents, the humanism which I defend and promote will ultimately pre-

vail. It is my certain knowledge from the advantages gained from a long life's unusually significant experience in defending the principle of truthfulness against the living history of the reign of Sophistry over mere popular opinion, that the Creator is awesomely patient in His own way; His clock of history is not that of the span of individual existence of the mortal form of the human individual.

What I discovered to be right, in the long-range forecasts I developed as early as the late 1950s, have become, in respect to all essentials, the reality of the crisis-situation gripping the world today. Who does not think in terms of two generations of extent of life's future experience, is really not thinking very much at all.

As we examine the history of what we call "economy" since ancient Greece, or somewhat earlier, a study of economic systems from the vantage-point of the relative increase or decline of potential relative population-density, per capita and per square kilometer, shows us a persisting domination of what we view, retrospectively, as economic systems, by the role of money under oligarchical systems. Such studies confront us with the conflict between two, ultimately irreconcilable conceptions of man and nature. In this history, the idea of money and the oligarchical practice of usury are virtually inseparable.

In real economy, as defined by Gottfried Leibniz's notion of physical economy, the progress and goals are measured in terms of willfully induced rises in the level of physical productivity, per capita and per square kilometer, of the total land-areas. In oligarchical systems, as typified by the preda-

tory policies of the current George W. Bush Administration, the majority of the population (such as the lower eighty percentile of the family-income brackets of the U.S.A. since about 1977), the physical productivity and incomes of the lower income-brackets of the population have been declining, per capita and per square kilometer, that at a dramatically accelerating rate during the 2001-2006 interval. Whereas, the monied wealth of the upper three percentile of income brackets has zoomed. In effect, the present Bush Administration treats the lower eighty percentile of the income-brackets of the population as human cattle, as the Physiocrat François Quesnay did, as herds of human cattle intended to be culled at increasing rates, as we are experiencing that trend today.

Worse, the tendency among political forces, even within the Democratic Party, is to fawn upon the predatory strata of financier power, while complaining against the impatient rustlings among the increasingly looted lower eighty percentile. Ambitious Democrats are usually kinder to the human cattle than the crueler of the ambitious Republicans of similar persuasions. The case of Democratic fawning upon the Synarchist-linked predator Felix Rohatyn is typical of the fawning of even Democrats on the most vicious predators of the financier class. For Democrats, too, politics goes to the financial market where the big money is, especially among Democrats and others of the Baby Boomer age-range.

Contrary to the mythologies expressed among even leaders of the Democratic Party today, despite what the Democratic Party had gained by the rescue of our nation, as also that party, by President Franklin Roosevelt's reforms, the foundation of modern civilized life of nations was the establishment of the principle of the commonwealth under the succession of France's Louis XI and his follower, England's Henry VII. Where foolish modern opinion presumes that national wealth is the sum-total of individual gains by persons and corporations, a sane view of economy treats the physical-economic rate of increase of the potential relative population-density of entire nations, in physical terms, per capita, and per square kilometer. Competent practice treats the net gains of human civilization as a whole, as the standard of performance by which the role of the physical performance of combined sovereign nation-states of the planet is measured.

Such is both the principled and the practical difference between a sane form of economic thought, which is premised on the dynamic outlook of Leibniz and his ancient Pythagorean and Platonic predecessors, and the inherently decadent, intrinsically incompetent, and essentially silly methods of neo-Cartesian/"Newtonian," mechanistic-statistical nonsense generally taught as "economics" today.

In a sane form of modern economy, money is an organized (*regulated!*) phenomenon, structured, by custom and by law, as President Franklin Roosevelt's reforms typify this, to prompt the flows of physical and services goods in proportions which conform to the objectives of a unitary commonwealth and its foreign partners. In this, the primary concern must be emphasis on the development of the mental-creative

powers of the population as a whole, as I have defined "mental-creative" powers here, as in the earlier locations of my writings on this subject-matter.

The contrary view, is the viewpoint of usury, as in the imperial and related traditions, which includes the inherently imperialist view expressed as Anglo-Dutch Liberalism.

From the beginning of the U.S. republic, in the pre-1688 Seventeenth-Century development of the Massachusetts Bay Colony under the leadership of the Winthrops and the Mathers, the principle of "The Common Good" was expressed by the development of the individual and community for increase of the productive powers of labor per capita and per square kilometer. So, from the beginning of its emergence and later formation as a Federal Republic, the American System of political-economy has been the same implicitly deadly adversary of the intrinsically imperialist British, so-called "free trade" system of political-economy it was when President Franklin Roosevelt confronted his uncomfortable, reluctantly Winston Churchill, on Britain's intent to continue imperialism during the post-war period, the same Churchill whose image sponsored those virtually treasonous policies of Harry S Truman whose impulses led in unleashing the impulses which are the chief source of every self-inflicted wound which the U.S.A. has suffered from the moment of the death of President Franklin Roosevelt, to the present date.

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#### 4. 'Fair Trade,' Not 'Free Trade'

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The secret of competent economic policies by the U.S. government, has always been choosing "fair trade," as opposed to "free trade." The policy of "free trade," when continued for a decade or so, has always been, sooner or later, a disastrous outcome, as it has been the cause of an increasingly severe disaster throughout the recent thirty-five years. This requires a bit of explanation.

Therefore, at his point, I must shift, as briefly as tolerable, into a relatively autobiographical mode. Knowledge of what anyone has discovered, or merely acquired as an adopted outlook, must be explained, as it were by the author of that opinion, in autobiographical terms.

Real knowledge never occurs as an object *per se*. Pointing to an object of sense-perception, is never an act expressing knowledge as such: knowledge is never merely description of objects of sense-perception. Knowledge exists only in the form of the discovery of a principle which often governs an action which is expressed in terms of sense-perceptual experience, but which, itself, is not an object of sense-perception.

Kepler's discovery of a universal principle of gravitation, as he actually reports the relevant successive steps of investigation in, as a first step, his *Mysterium Cosmographicum* and, then, his next step, his *The New Astronomy*, is not an object of sense-perception, but the demonstration of a necessary existence of a principle of the universe which governs the relevant behavior of the class of objects considered. All



EIRNS/Steve Carr



World Bank/Tomas Senett

*Moving production to cheap-labor countries, where infrastructure is lacking and carried out with primitive methods (such as the ditch-digging shown here in Sri Lanka), goes along with shutting down U.S. industrial production, and lowers the world's productivity as a whole. Left: an abandoned mine in Missouri.*

true knowledge of principles, is of this nature. How the discoverer is able to report his or her experience of discovering a claimed principle, is the most crucial issue of scientific and related methods of argument: "You say that is true? Exactly what was the experience which led you to that conclusion?" Or, "You think you know something about economics; where and how did you experience that conclusion?"

The question to be answered is, therefore, posed to others, as to anyone who wishes to contest my conclusion: "How did you reach this conclusion, and from what point of reference in your personal experience, did this begin?"

Some highlights of that experience are perhaps sufficient for the purposes of both the writer and the reader on this present occasion.

My presently specific discoveries within the domain of the science of physical economy which are relevant to the issues at hand here, were set into motion during early 1948, through study of a pre-publication, Paris edition of the reviewers' proof copy of Professor Norbert Wiener's *Cybernetics*. Wiener's outline of the cases of positive and negative feedback, was sufficiently entertaining to hold my interest in that book until the end; his misconception of human intelligence not only disgusted, but horrified me, as a worse than bestial view of the nature of mankind.

That reaction of mine was prompted not only by my "hands-on" familiarity with some features of the role of innovation in production technology, but, even more significantly, by my well-founded reaction of disgust, a decade earlier, with the axiomatic presumptions of any Euclidean geometry, a reaction which occurred at my first encounter with that feature of the secondary curriculum. These reactions, approximately a decade apart, were connected, for me, to my adoption of English translations from among the writings of a Gottfried Leibniz whom I had adopted, from about the age of fourteen,

as that choice had been provided to me from my readings among the English, French, and German philosophers of the Seventeenth and Eighteenth centuries.

From 1948 onward, my intention to develop a systematic refutation of Wiener's "information theory" hoax was closely related in fact, to my focus upon two subjects, the matter of the notion of physical principle as the issue posed by Wiener's work, and the related issue of Classical irony in (especially) English-language poetry, drama, and prose. In this process, with help of reference to the work of Kurt Gödel,<sup>2</sup> I encountered, and developed a related reaction against what appears to me still today as an implicitly autistic, other follower of the evil Bertrand Russell, John von Neumann and von Neumann's worse-than-bestial notion of "artificial intelligence." From closer study of his work, I have come to think of von Neumann as one who might have tagged a colleague, or, perhaps himself, as "It."

These explorations of mine converged, at the beginning of the 1950s upon, first, a significant but not entirely satisfactory experience with the work of Georg Cantor, and, in reaction, about 1952, to the flaw in Cantor, to turn back, in 1953, to reexamination of the work of Bernhard Riemann.<sup>3</sup>

2. Cf. Kurt Gödel, "On Formally Undecidable Propositions of *Principia Mathematica* and Related Systems," (1931) in *Kurt Gödel Collected Works*, Vol. I, Feffermann et al., eds. (London: Oxford University Press, 1986), pp. 144-195. It should be noted, as a point of relevance, that Gödel spent the concluding years of his career at the Princeton Institute, where his notably relevant discussion partners featured the sympathetic figure of Albert Einstein, for as long as Einstein lived.

3. My hesitations on the subject of the work of Cantor during my 1952 studies of his work, were prompted chiefly by Bertrand Russell associate Philip Jourdain's 1915 translation: *Georg Cantor: Contributions to the Founding of the Theory of Transfinite Numbers*. On this subject, see *Georg Cantors gesammelte Abhandlungen mathematischen und philosophischen In-*

The outcome of these experiences, and the connecting integument among them, was my own adoption of the standpoints of Leibniz and Riemann for my own version of a Leibnizian science of physical economy. My own view, thus formed, was obviously greatly influenced by the reflections of Leibniz's influence on the thinking of Alexander Hamilton's argument for the concept of the American System of political-economy.

My orientation of today, has emphasized the development of the elements of a new generation of young adults, in promoting their own independent work in the realm of the crucial developments of European science since Thales and the Pythagoreans, a development I now contemplate with gratifying results as a hopeful indication of the future in reach for the adult generations immediately ahead.

The crucial point developed in John Perkins' account of his experience as an "economic hit-man" for the likes of George P. Shultz, et al.,<sup>4</sup> is that by inducing a targeted nation to incur the debt of development of a large infrastructure venture, without building up the producer sector of that nation, the nation can be bankrupted and looted by the relevant creditors engaged in such an "economic hit-man" form of swindle.

Similarly, just as investment in infrastructure elements, without relevant investment in modern modes of production, is a way of bankrupting a nation, so investment in cheap-labor employment for production of goods, without relevant infrastructural development, is a form of looting an economy. Similarly, investment in production by some part of an economy as a whole, while leaving the remainder in relatively impoverished conditions, has largely negative net effects.

So, in general, "outsourcing" to cheap-labor markets results in an ultimate net loss for the physical form of the world economy, as the U.S.A.'s exports of its production to nations with poorer people and less infrastructure, has ruined the U.S. economy, caused a skyrocketing of our balance-of-payments debt, and ruined the physical standard of living and per-capita physical output of our national economy. In the relatively shorter term, this has been viewed as a relative gain for the cheap-labor markets to which the exported industries have been delivered; however, the effects of a collapse of the U.S. financial system would not only unleash a sinking of the mar-

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halts, Ernest Zermelo and Adolf Frankl, eds. (Berlin: Julius Springer, 1932) and *Georg Cantor Briefe*, Herbert Meschkowski and Winfried Nilson, eds. (Berlin: Springer, 1991). These sources demonstrate how Cantor was victimized by, not only the notorious Leopold Kronecker, but, more slyly, by one-time Lucifer cultist Rudolf Steiner and other representatives of the circles of Bertrand Russell. The induced insanity of the later Cantor shows clearly in the *Transfinite* pieces and his correspondence with B. Russell and Russell's circles. I did not know these other connections in 1952, but the smell in the pages of Jourdain's work had set my nose a-twitching.

4. John Perkins, *Confessions of an Economic Hit Man: how the U.S. Uses Globalization To Cheat Poor Countries Out of Trillions* (San Francisco: Berrett-Koehler, 2004).

kets to which we had exported our industries, but, these effects would reveal the fact that "outsourcing" has caused a net decline of the world's productivity, per capita and per square kilometer, considered as a whole.

Another piece of popularized economic idiocy, "Just-in-Time" marketing, is to be considered in like fashion for its effects.

The general criticism to be made against this set of contemporary global practices, is of the same type, at root, as Gottfried Leibniz's derision for incompetence and related bungling of the claims to science by René Descartes.<sup>5</sup> Leibniz referred directly to the Classical Greek conception of the Pythagoreans and Plato, *dynamis*, which Leibniz presented under the rubric of his general principle of modern physical science, dynamics, a term used to contrast the competent scientific method of Kepler, Fermat, himself, et al., to the bungling incompetence, for physical science, of the method of Descartes. This view, as expressed so by Leibniz, is the same conception, the same notion of *dynamics*, employed by Russia's V.I. Vernadsky's mid-1930s report on the principles of Biogeochemistry.<sup>6</sup> This is the method of Leibniz carried forward from Kepler, Fermat, and Leibniz, by Carl F. Gauss, Henrik Abel, and Lejeune Dirichlet, into the concept of physical hypergeometries by Bernhard Riemann.

In competent physical-economic science, there are no Euclidean-like, *a priori* definitions, axioms, and postulates, but only universal physical principles defined as such by what Riemann represents, within his 1854 habilitation dissertation, as uniquely appropriate experiments. The operating of such physical principles within the functions of a physical economy, define the physical geometry of action within that system: that economic process.

The subject of physical-economic analysis, is the net effect of the application, or lack of application of those principles as measured in terms of entropy-versus-anti-entropy. The set of principles involved, when their relative ratios are quantized, defines a potential relative population-density: *the rate of increase, or decrease* of the quantitative value so determined, defines an indicated relative entropy or anti-entropy.

This means, in general, that investment in more advanced combinations of productive and infrastructural technologies, is the precondition for the continued existence of any economy in the long term, and the relative rate of change in direction in the short to medium term. What is also crucial, are the ratios among the principles represented, as the proper ratio of infrastructural to productive development, under varying levels of technology, bears upon this.

Implied in this, is the evidence that the universe is characteristically anti-entropic, in the sense of proceeding from a relatively lower to higher state of organization. So, the devel-

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5. E.g., G.W. Leibniz, *Specimen Dynamicum*.

6. Cf. Lyndon H. LaRouche, Jr. "Vernadsky & Dirichlet's Principle," *EIR*, June 3, 2005.

opment of the Solar planetary system, with its enlarged “periodic table” of elements and isotopes, represents a higher state of organization of the universe than the fast-spinning, solitary Sun from which that Solar System was generated. Or, restated: we have Heracleitus’ insistence that continuing change, rather than fixed forms of action, is the characteristic of the existence of our universe.

It is the “68ers’ ” role in halting investment in scientific and technological progress in production and infrastructure, which best typifies the principal source of the collapse of the physical standard of output and average net income of the U.S.A. over the 1971-2006 interval to date.

This characteristic entropy of the economies of the Americas and Europe under the influence of the “68ers,” has a relevant theological correlative.



EIRNS/Stuart Lewis

*The Bach choral tradition epitomizes progress in Classical art, as a marker of progress for all mankind. Here, the Thomanerchor—the choir of St. Thomas Church, Leipzig, which dates from Johann Sebastian Bach’s time in the early 18th Century—sings in Washington, D.C. in 1998.*

### Reason in Art: Bach

Ever since my first startled hearing, in a replacement depot outside Calcutta, of a recorded performance by the greatest orchestral conductor of the Twentieth Century, Wilhelm Furtwängler, I have been increasingly aware of the crucial importance, for all great musical composition and its performance, of the meaning of Furtwängler’s reference to “performing between the notes.”<sup>7</sup>

This notion of “performing between the notes,” dates, in our explicit knowledge of the matter, from the Pythagorean conception of the musical *comma*. In the development of modern European musical culture, both methods of performance, such as singing, and composition, are traced, most emphatically, from the Florentine *bel canto* which one can witness as carved in stone within Florence’s great Cathedral of Santa Maria del Fiore. The children sculpted as singing, are a perfect typification of the expression of the singers singing a recognizable composition in the *bel canto* mode. The implications of this *bel canto* training and use of the natural mode of

human singing (and also literate speech) have been perfected and memorialized to the present date by Johann Sebastian Bach’s creation of well-tempered counterpoint.

The principle involved in musical compositions following the strict Bach tradition of Haydn, Mozart, Beethoven, Schubert, Mendelssohn, Schumann, Brahms et al., has a direct correlation with the principles of composition and rendering of Classical poetry, of literate modes of speaking and of written speech. The principle of the *comma*, is implicitly expressed by comparing the challenge of performing a leading motet, *Jesu, meine Freude*, of Bach with the implications of a comparison of Bach’s *The Art of the Fugue* with Beethoven’s Opus 133 *Grosse Fugue*. To render the sung compositions with contrapuntal transparency of interacting voices, all great Classical musical compositions from Bach through Brahms, and beyond, reflect the central role of this principle of counterpoint, a principle which corresponds precisely to the Pythagorean *comma*.

These are the implications of the Classical musical tradition from Pythagoras through the work of performing musicians in the same specific quality of tradition as Furtwängler. The contrary view, that of the admirers of Adorno, or the clockwork bandmaster tradition which Hermann Göring admired in the young von Karajan of the Nazi time, has the effect, and also the intention, of uprooting and smothering the essential spiritual function of the Classical musical tradition.

This issue in music, runs athwart the exact same role as the principle of composition in physical science. The significance of this quality of distinction, is the relationship between the function of the Pythagorean *comma* in music, and the

7. During the post-World War II times, the fraudulent rumor was spread, that Wilhelm Furtwängler was either a Nazi, or pro-Nazi. On the basis of this allegation, Furtwängler, a defender of targeted Jews, at significant risk to himself, and himself a political target of Hermann Göring, was replaced, early during the post-war period, by Göring’s favorite band conductor, the Herbert von Karajan who, eyewitnesses among the orchestra’s members recall as conducting by stop-watch. Furtwängler was targeted by the culturally depraved circles of the post-war Congress for Cultural freedom, and related, pro-existentialist circles of Hannah Arendt, et al., who were typified by the wretched Dame Margaret Mead. The intention was to destroy competent musical performances and their repertoire in the interest of anti-humanist rubbish such as that promoted by Arendt’s side-kick, the freakish Adorno.

ability to communicate what the poet Shelley identified as the power of receiving and imparting profound and impassioned conceptions of man and nature, as accomplished through the sovereign potential expressed as the powers uniquely shared by the Creator and the potentials of the individual human mind.

On this account, contrast the method of Bach and his successors to the embalmed-dead character of the rules of composition of a Rameau or Fux. The powers of the human mind which set the human individual apart from, and above the beasts, are associated, as I have already stressed repeatedly here thus far, with the notion associated with the way in which I have followed Kepler and Leibniz here with the complementarity of the “infinite” and “infinitesimal.”

In this usage, “infinite” and “infinitesimal,” are not the corpse-like stuff of formal-mathematical conceptions, but physical conceptions. “Infinite” is a metaphor for the universal principles of a finite universe; “infinitesimal” is a very lively metaphor for the encounter with the efficient effect of a universal principle in a local region of physical space-time. So, on this account, the notion of the complex domain as developed by Leibniz (i.e., the universal physical principle of least action) for the infinitesimal calculus, and the generalization of the same principle as Riemann’s notion of physical hypergeometries.

Think, therefore, of the *comma* as an expression of such infinitesimals.

The substance of the matter addressed, thus, here, is that the distinction between what is truly Classical art, on the one side, and physical science, on the other, is that in such art, we are contemplating the underlying characteristics of the relevant social process. In physical science, the same quality of mental powers addresses the pre-biotic domain or Biosphere. With that said, the supposed enigma posed by the late C.P. Snow’s “two cultures” paradox, vanishes. The common subject of truly Classical artistic media and physical science is man: the distinct ontology of the human mind, the mind of a creature made to express the intended likeness of the Creator.

## Art in Trading

During the period of World War II, my father had returned, competence significantly refreshed by business management experience, to the footwear industry. Under those auspices, during a certain time immediately prior to my induction into war-time service, my father assigned me to certain duties in support of his function as technical consultant on certain manufacturing techniques to the Manchester, New Hampshire branch of the International Shoe manufacturing firm. One of the technological innovations which I encountered, and participated in assessing, was a new promotion by the Dupont firm, using color schemes in painting of machinery, to enhance the operative’s performance and also personal safety. I was favorably impressed with what I observed as the success of that experiment.

With the widespread tendency to misunderstand the productive process, especially with the advent of the white-collar and kindred strata among the Baby Boomer generation to adulthood (or, some might prefer, “adulteration”), understanding of the broader role of innovations in product design and production process has been largely lost today. Anyone from my generation, or the earlier generation, who had been employed as a technical or management consultant in fields of product design and technology, was made aware of the importance of certain subtleties of the production and marketing processes which had a positive importance for the quality of the product and the productive process.

Today, under the influence of the post-1971-72 shift from a productive to a “post-industrial” economy, the former emphasis on the utility of the product has been displaced in favor of what are, in fact, dubious, but popular conceptions of marketing appeal. That is to stress the point, that a population, including business management strata, who have adapted to an irrational form of the general economic process, will be attracted, as we should have witnessed this for ourselves, by considerations as irrational, and, ultimately counterproductive, as the change in mission-orientation of the economy which sets the new direction in standards. If we attended with as much passion for the quality of the ideas which govern producer and consumer behavior, as we claim to show for trends of popular taste in the matters of products and services, we would not have tolerated the increasing insanity of popular economic behavior during the recent thirty-five years.

The result of this pattern I have just identified summarily, is a loss of the relatively rational form of guiding sense of relative values which prevailed among managements, operatives, and also their families, during the decades prior to the 1968-1981 rise to power of the white-collar stratum of the “Baby Boomer” generation. There were thus, sharp changes, such as to increasing emphasis on food as a children’s toy and human sexuality as virtually a marketable product on, or off the “shopping list” of implicitly taxable entertainments.

Three pieces of popular insanity illustrate the point: the first, urban and suburban development; the second, mass-transportation policy; the third, the Enron syndrome.

Take the case of Felix Rohatyn’s post-industrial hoax, “Big MAC.”

During the time of the great Cathedral towns, as cathedrals are typified by Chartres, the economic life of the surrounding territory was organized around such churches and their market-places. Putting momentarily to one side, the suicidal corruption of the cities of the *ultramontane* system’s medieval Lombard League, and since the middle of Europe’s Fifteenth-Century Renaissance, the urban center became the center of population within the towns and cities, and the agriculture of the adjoining countryside. The role of Brunelleschi in crafting the cupola of the Florence Cathedral of Santa Maria del Fiore, and the impact of Luca Pacioli and Leonardo da Vinci, typifies the function of the city-centered region, in developing the



Michael Maddi

*Among the trends in national policy which have brought the U.S. economy to the edge of national economic breakdown is the swindle of deregulation, epitomized by the now bankrupted Enron, whose headquarters in Houston is shown here.*

territory and population of that region as an engine of scientific, technological, and economic innovation and progress. Thus, France's great Louis XI bribed France's blackmailing adversaries of England, Burgundy, et al., but made a profit on the peaceful outcome of the bribery, through the promotion of innovation, around markets organized within France.

The modern American city based upon industry and commerce, and its functional relationship to the broader areas, remained the pivotal policy-factor in the rise of the United States to the world's most productive power, until phenomena highlighted by the case of the ruinous effects of the wrecking job, called "Big MAC," conducted by the picaresque financial ruffian Felix Rohatyn. Rohatyn did not begin the deindustrialization of the greater New York City and adjoining areas, but he produced the great sucking sound which produced the dysfunctionally gentrified parasite called New York City today: real people can scarcely afford to live there since Felix looted the place!

A different case, to similar ultimate effect, is to be seen in the threatened, self-inflicted doom of Loudoun County, Virginia. The idea of "development" as launched in that county, over objections of saner residents, during the early 1980s, has produced a situation of threatened doom called "suburbanization," more or less typical of many entire regions of the United States. Consider the following points as an illustrative summary.

The county itself has incurred vast carrying costs in promoting a form of "development" which has depended chiefly on tax-rates which depended, in turn, on a soaring, virtual hyperinflation in nominal real-estate values. This expansion program has generated a massive increase in costs per square kilometer to the government and related functions of the county as a whole. Now, former Federal Reserve Chairman Alan Greenspan's hyperinflationary financial-derivatives bubble, with its emphasis on raiding of the implicitly Federally subsidized mortgage-based-securities market, is in the process of reaching its popping phase. Mass evictions and related phenomena are on the immediate horizon, increasingly, now. What happens to the costs of maintaining the

county, when the present tax-revenue base of that county, and comparable areas of so-called "development," around the nation are taken into account?

The closing of the railway system, and the massive costs incurred by the commuter-related irrationalism of major highway systems for passenger and truck travel, have produced an insane and unnecessarily costly national transport system, relative to the rational development of the national territory as a whole around the modern form of rail, and superior form of magnetic-levitation transport of people and goods. The lunacy of "Just-in-Time" policies adds to the costly complexities of this system.

Enron, the great swindle associated with funding of the rise of the George W. Bush, Jr. Presidential campaign of 2000, represents a trend in national policy which has brought the U.S. economy to the edge of a general economic breakdown, even on that account alone. If we had not virtually destroyed the U.S. economy, and ruined the lives of most among our citizens, with an "outsourcing" policy, the lack of power, in respect to both quantity and quality, would have shut down much of our economy on that account alone.

As I have shown in sundry print publications and national and international webcasts, the world has entered a phase at which the continued existence of civilized life on this planet now requires massive investments in nuclear-fission-powered desalination, and the onrushing realization of the benefits of controlled thermonuclear fusion for maintaining the supply of the quality of minerals needed for the world population trends of today.

Deregulation is an economic name for mass economic insanity.

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## 5. The Credit System

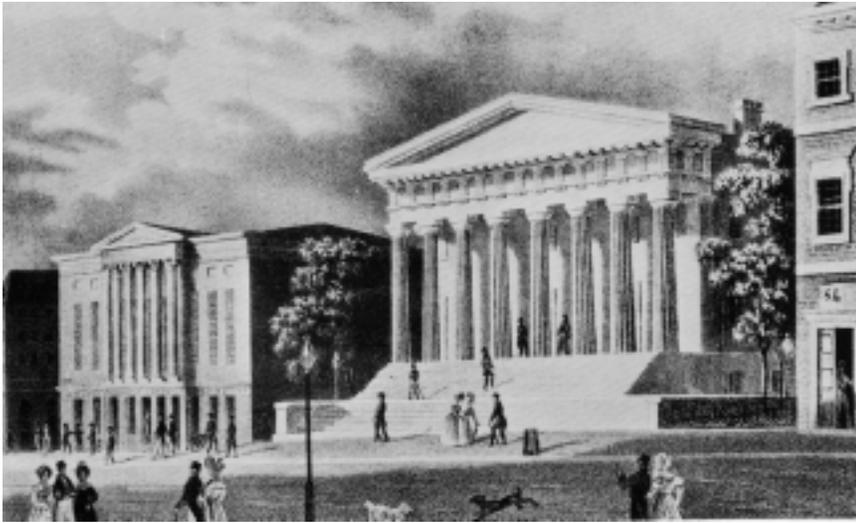
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In 1837, the Land-Bank system which had been created under banker Martin van Buren's puppet-President Andrew Jackson, crashed. By the time van Buren had become President of the U.S.A., by succeeding his puppet Jackson, van Buren reaped the whirlwind of financial disaster which he and Jackson had sown. In 1838, the leading economist of the U.S.A., Henry C. Carey, arguably, already, next to American System economist Friedrich List, the leading economist of the world, published his *The Credit System*.<sup>8</sup>

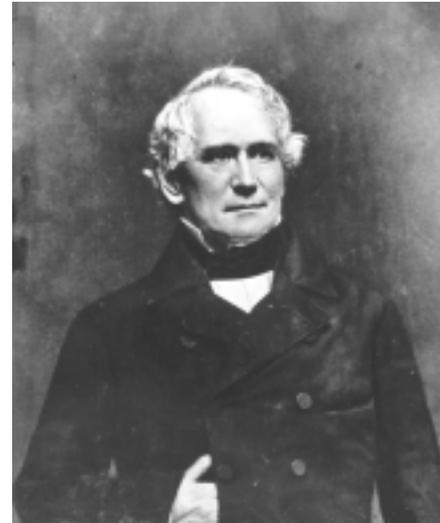
Martin van Buren was the New York banker sometimes rumored to be the son of bed-hopping, hyperactive traitor, and founder of the Bank of Manhattan, Aaron Burr. At the very least, van Buren's role as successor of Burr as operating in enemy, British, interest, is a connection beyond honest dispute. British foreign office asset Burr, was a protégé of the

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8. Henry C. Carey, *The Credit System in France, Great Britain, and the United States* (Philadelphia: Carey, Lea and Blanchard, 1838). (Reprinted by Clifton, New Jersey: Augustus M. Kelley, 1974).



Historical Society of Pennsylvania



Library of Congress

One of the major hallmarks of the successful American System in the 19th Century was Nicholas Biddle's Second National Bank of the United States (shown here, in a lithograph by J.C. Wild). Abraham Lincoln's chief economic advisor, Henry C. Carey (right), was the chief defender of this national credit system.

Foreign Office's Jeremy Bentham, and had escaped being tried and convicted of treason because of a softness on the part of President Thomas Jefferson. Van Buren had engaged Jackson, the man who had conducted the virtual genocide against the Cherokee nation on behalf of what became the Confederacy's land-grabbers, and who had narrowly escaped charges for complicity in a treasonous plot by Burr. Such are the all too frequent gaps between official honor and actual perfidy in even our own national history, as with the added tinge of hypocrisy celebrated at some Jefferson-Jackson dinners.

*Actually, President Franklin Roosevelt salvaged the honor of the Democratic Party, which is what the Party, if it has not lost its senses, will concentrate on choosing as its spiritual father today.*

What Jackson had destroyed, at his patron van Buren's request, was the Second National Bank of the United States. Henry C. Carey's response to the Land-Bank Crisis created by Jackson's puppet van Buren, was Carey's effort to put some sense into public understanding of the ruin which Jackson and van Buren had wrought: just as the Democratic Party's capitulation to joining the Republican far-right wing of the late Professor Milton Friedman, et al., in the cults of "post-industrial" ideology, "free trade," and "globalization," had contributed crucially to ruining the U.S.A. again, today.

Our republic faces a comparable, but worse problem of the same general origins today; the problem is merely typified by the outright lunacy and related incompetence of the 2001-2006 Bush Administration. Like Carey then, we must bring sense into the ruinous situation which the Bush-Cheney Administration has handed to us, for us to remedy, urgently, today.

In view of the prevalent lack of knowledge of the realities of American history in U.S. universities and elsewhere today, it is important to note that Carey, also well established for his *Principles of Economy*, was a leader in exposing the fraud of the argument, resonant to the present day among persons ignorant of the rudiments of economics, the delusion that the U.S. economy benefitted economically from slavery. Carey was, later, the leading figure of the U.S. in bringing about not only the Bismarck reforms in Germany, but was also the architect of the industrial development of Japan during the same period Carey was in Germany in connection with the Bismarck reforms. By that latter time, Carey was, beyond reasonable doubt, the leading and most influential economist of the world, and, thus, the bane of the existence of that British Prince of Wales, Edward Albert, who directed the preparations for launch of what is called World War I, as a "geopolitical scheme" for destroying his own foolish nephews, Germany's Kaiser Wilhelm II and Czar Nicholas II, in the course of bringing about the mutual ruin of the American System-influenced nations of Germany, Russia, and other developing economies of the Eurasian and American continents.

Through the corruption of the monarchy of Japan by the influence of Britain's "Lord of the Isles," Prince of Wales (and later King of England) Edward Albert, Japan launched the first of its 1894-1941 series of wars against the U.S.A. First, in the launching of the first Sino-Japanese War, then in the British-orchestrated Japan war against Russia of 1905, the conquest of Korea, Japan's alliance with Britain for World War I, and Japan's plotting, during the early 1920s, with London, for destruction of the naval power of the U.S.A., including Japan's intention, with its ally London of that time, to destroy the U.S. naval base at Pearl Harbor. In response to

this, the U.S. political forces in the respective, personal Confederacy and Ku Klux Klan traditions of Theodore Roosevelt and Klan fanatic Woodrow Wilson, led the U.S.A., both in backing for Britain's launching of World War I, and in promoting the preparations for Britain's support for the emerging, post-Versailles fascist movements in continental Europe, and in opposing General Billy Mitchell's plan for defending against a known Anglo-Japan plan for the destruction of the U.S. Pearl Harbor base.

Meanwhile, during the 1920s, the U.S.A. was being set up for self-inflicted ruin under such successors as President Calvin Coolidge and Herbert Hoover on the Republican side of the aisles, and the opponents of what became Presidential contender Franklin Roosevelt on the side of the Democratic Party's leadership of that time. The U.S. Liberals of the 1920s and early 1930s, including the circles of modern Sophistry of Pragmatist John Dewey, the sometime patron of Sidney Hook, for a time, were solidly in sympathy with the British asset of the 1920s, Italy's "socialist" Benito Mussolini, and were, like most high-ranking Republican circles of our financier oligarchy, associated with financial London's choice of "national socialist" Adolf Hitler at the beginning of the 1930s.

The role of President Franklin Roosevelt and the patriots of Harry Hopkins' crew of military and other relevant professionals, saved the U.S.A. and the world from the intended Hell which the Anglo-Dutch Liberal sometime backers of Japan's series of Sino-Japanese wars and of Mussolini and Hitler had set into motion.

*Franklin Roosevelt's election and leadership saved us from the evils thus intended against us.*

However, with Franklin Roosevelt's death, matters were turned, immediately, for the worse, with the inauguration of a Harry S Truman who served implicitly in the Jackson-van Buren tradition. We still had patriotic heroes in those terrible times of the changes which have chiefly ruined us since Roosevelt's death. Nonetheless, Eisenhower represented the same patriotic tradition as the Harry Hopkins legacy and General Douglas MacArthur. President John F. Kennedy committed himself to return to the Franklin Roosevelt legacy—but, "they killed him," terrified Lyndon Johnson, and gave us Nixon and the Trilateral Commission to ruin us, as Britain's one-time imperial asset Japan had attacked Pearl Harbor before. There is a deeply rooted patriotic tradition, the Franklin Roosevelt legacy, rooted in our patriotic heroes, among us, still today; I have spent my post-World War II span of life hoping to see that patriotic tradition revived, and, perhaps to be able to contribute significantly to that end, myself.

The issue of the Credit System, as defended by Henry C. Carey on the occasion of the van Buren-created Land Panic of 1837, thus typifies the crux of the irreconcilable difference between the American and Anglo-Dutch systems of political-economy, that to the present day. We should recognize the echoes of Carey's relevant writings of 1838 in President Franklin Roosevelt's rescue of the world from an imperial



David Croll

*Independent central banking systems, such as dominate Europe, eliminate the ability of nations to exercise national sovereignty in pursuit of progress. Here, the "central bank for central banks," the Bank for International Settlements; and Hitler-backer Montagu Norman, who was governor of the Bank of England.*

system under the Anglo-Dutch Liberals' creation, Adolf Hitler. We should, as a corollary of this, recognize that the most brutal adversaries of the Roosevelt tradition in U.S. social and political life today, such as the circles of fascism-polluted William F. Buckley, Jr.'s family, represent a persistence of the evil which President Franklin Roosevelt led in defeating during the course of World War II. It is only when Americans see the connection between the rise of fascism as the legacy of Teddy Roosevelt, Woodrow Wilson, and the policies reflected in the Coolidge and Hoover administrations, that we are likely to understand, and therefore defeat, that awful legacy of the 1920s and 1930s fascist movements which is, once again, the immediate chief threat to civilization globally today.

The problem can neither be understood, nor the menace defeated, unless we recognize the need to defend the Credit System, as defended by Alexander Hamilton, Henry C. Carey, Abraham Lincoln, and Franklin Roosevelt, against those forces of Anglo-Dutch Liberalism, still today, which have brought us the two so-called "World Wars" and Hitler menace of the recent last century. It is necessary to defend civilization against the forces of monetarist usury today, with the kind of determination mobilized for the defeat of Liberalism's creation of Hitler earlier. Otherwise, for nearly all of you, you, your family, your descendants, would have no happy future in the world emerging from the erupting world crises of today.

### **The Issue Is Usury**

To speak plainly of necessary things, to both Liberals and their Marxist dupes alike: *the belief in some lawful value of money as such, is worse than lunacy; it is usury.* Karl Marx and the doctrines presented in his three volumes of *Capital* and the supplementary *Theories of Surplus Value*, are thoroughly polluted with this delusion which the British Foreign Office apparatus of Lord Palmerston's Foreign Office patron, Jeremy Bentham, and the Haileybury School, and the British

Library's recording secretary of the combined Young Europe and Young America conspiracies, David Urquhart, had introduced in a veritably brainwashed Marx.

It is the historical fact of the matter, that it is only from the inside of the British, intrinsically imperialist system of political-economy, that Marx's doctrines have served to expose the true thinking and outcome of that British System, as this could be conceived, *as a system*, from inside that Anglo-Dutch Liberal system itself. Once we go beyond the confines of a world dominated by Anglo-Dutch imperialism, into the larger, and real world defined by the American System of political-economy, the further attempt to approach the problems internal to the Anglo-Dutch Liberal system from the standpoint of Marx himself, leads to confusion, and therefore disaster, as was faithfully demonstrated in my 1983 forewarning that Soviet General Secretary Andropov's rejection of President Reagan's proffer of the SDI had ensured the collapse of the Soviet Union, as I said then, during the early months of 1983, "within about five years."

What brings about even worse failures than the errors of Marxist theory on this account, would be, as we have seen since 1989, the attempt to rescue Russia from Marx, by tendencies toward embracing the mother of all evil, the model of that British imperial system which had been the mother of all of Marx's own principal follies.

As I have emphasized earlier, *money-systems* as defined in today's prevalent theory and practice, are products of what is termed either "*imperialism*," or known by the generic name of "*the oligarchical model*" which has been the dominant form of morally corrupt social systems since the Delphi Cult of the Pythian Apollo against which Socrates and Plato fought. The most typical feature of all of these systems in combined ancient, medieval, and modern history of globally extended European civilization, has been the practice of *usury*.

The expressions of systems of usury include the formal empires of Rome and Byzantium, but also include the principal successors of those formal empires, the system of Norman chivalry and Venetian usury, known as the *ultramontane* system, and the *Anglo-Dutch Liberal system* which dominates the world as a whole still today. The only globally significant modern alternative, as a model, to present world domination by the Anglo-Dutch Liberal form of virtually an imperial world system of supranational government, has been the anti-Anglo-Dutch Liberal system which was developed in what became our U.S. Constitutional republic.

The essential systemic difference between the Anglo-Dutch Liberal and American System of political-economy, has been the sovereign control of utterance and circulation of currency, under the American System of political-economy, as opposed to the intrinsically imperialist Anglo-Dutch Liberal system of reign over banking practices of nations by so-called "independent central banking systems." Any government which submits to control of its practices by consent of

a so-called "independent central banking system," has no true sovereignty as a nation, as a people. All governments (and their nations) which submit to such a system of control by "independent central banking systems," are de facto colonies of an Anglo-Dutch Liberal world empire, and dwell, thus, today, under the reign of a tyranny of global usury, as typified by the rampaging "hedge fund" and related swindles perpetrated under the reign of hoaxster Alan Greenspan as nominal head of the U.S. Federal Reserve System. Therefore, when any public figure says, he supports that Federal Reserve System and what it has come to represent in practice, I must say, "Surely you are joking," a very sick, sick, sick joke.

Thus, the institution of the Bretton Woods system of fixed-exchange-rates, which emerged from the U.S. reforms under President Franklin Roosevelt, was a fruit of the U.S. victory in leading the rescue of the world from the Adolf Hitler tyranny which the Anglo-Dutch Liberal cabals, and their French Synarchist accomplices had brought to the verge of a long-reign world empire.

*Money has no intrinsic value. No system of money has intrinsic value. Economic value is essentially physical value. This value reposes not in physical objects as such, but in the rate of increased power of society over nature, per capita and per square kilometer, as this gain is generated through promotion of the development of the processes of physical production to higher states of productivity, as per capita and per square kilometer of the total territory of, respectively, the nation and the world.*

To accomplish that specified result, the primary need is for a form of development of the physical potential of the territory and its people, which results in constantly higher levels of physical productivity, per capita and per square kilometer. Once that obligation is accepted as a matter of reigning long-range policy, political-economy is confronted by the fact that the elementary root of progress of society as a whole, is the development of the sovereign form of the creative mental powers of the individual. Hence, progress must be organized, but the form of organization must be attuned to the source of all progress, which lies within the development of scientific and Classical artistic expressions of development of the mental powers and mission-orientation of the sovereign individual personality.

To organize a society of such developing individuals for common progress of the powers of the society over nature, it is necessary to create a regulated money-system, which is regulated in a way which deters all deviations from the intended goal of development of the productive powers of the society as a whole.

Since, for example, the success of modern forms of society, has been demonstrated to depend upon investing about half of the total expenditure of society in promoting improvements, per capita and per square kilometer, in the basic economic infrastructure of the society as a whole, a system of national creation of money-credit is required to stimulate the

growth of infrastructure-building, which will, in turn, stimulate the scale, intensity, and productive power of the society as a whole through private, personal initiative.

On that account, it is the prudent side of the tradition of the U.S.A., among other relatively most successful nations in their best periods, to emphasize closely-held enterprises, rather than giant corporations, especially predatory giant financier-controlled corporations, in the development of local communities in a balanced way. We do not ignore the need for some giant enterprises, but they must be controlled such that they serve as partners, rather than predators, in respect to the common welfare of the nation and its people as a whole.

To these ends, as Carey details some of this in his referenced 1838 *The Credit System*, prudent nations join in creating and maintaining a national credit system of the type implicit in the reports to the U.S. Congress by our republic's first Treasury Secretary, Alexander Hamilton.

Those reforms, back to the American System, are the only hope for, not only our U.S.A., but the rescue of the nations of the world from the great, global financial panic at the verge of general eruption now.

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## 6. A Planet of Nation-States

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Philo of Alexandria refuted the followers of the Sophist Aristotle, and also Aristotle's follower Euclid, by insisting that the Creator of the universe did not render himself impotent by the act of Creation. So, as our once-solitary Sun generated the development of a higher form of existence, our Solar System, the actual principle of perfection operating in the finite universe of Kepler, Leibniz, Riemann, and Albert Einstein, is expressed by the overreaching power of processes which are characteristically anti-entropic: proceeding from relatively more primitive, lower, states of existence, to higher forms.

This power creativity, is the intrinsically anti-entropic universal principle of Creation expressed uniquely, among living creatures, as the distinction of the human individual from the beasts; it is, therefore, naturally expressed in the development of society, when this development actually occurs, as higher states of existence.

However, it must not be overlooked, mankind's progress on this account is not without complications.

Thus, as I pointed out as the thematic feature of a recent international webcast broadcast from Berlin, the world has now entered the condition, under which civilized life can not continue to exist without a massive increase in the development of nuclear fission as a principal source of power among nations, and that that development would not be sufficient, without a radical up-shift into the domain of controlled thermonuclear-fusion processes. In the first instance, there is no practical solution for the drawn-down of fresh-water resources without massive use of nuclear power, as this is im-

perative in Southwest Asia, and India, for example. In the second instance, the management of the natural resources available within the domain of the Biosphere can not be provided without development of thermonuclear-fusion technologies over the generation immediately ahead.

At the same time, we have entered, similarly, into a global domain in which the policies of warfare leading into the so-called World War I and World War II, are no longer feasible. Military action as a means of defense against actual assault, is tolerable still, and might be necessary, but everything which smells of the pro-satanic rantings of a bestial Thomas Hobbes or the like, can absolutely not be tolerated any longer. Cooperation, not conflict must be the basis for relations among the sovereign nation-states which must compose the entirety of man's affairs on this planet, and beyond.

The worst approach to the challenges of our time, would be toleration of continued drift into that new "Tower of Babel (i.e., 'babble')" represented by the pathetic imperialist vanity of so-called "globalization." The functional distinction of man from "beast" and from slave, alike, is the expression of those processes of irony which are the site of the human creativity which distinguishes mankind absolutely from beasts. This process of non-literal irony, which is characteristic of great Classical modes in prose, poetry, music, drama, and physical-scientific discovery, is the functional distinction of human behavior from beasts. This function of Classical irony, as typified by the role of the *comma* in the musical principles of Pythagoras and J.S. Bach, is the aspect of language, as emphasized in Percy Shelley's "In Defence of Poetry," which distinguishes a civilized form of culture of the sharers of a common language from a humanity degraded to the brutishness of a literal dictionary type of meaning.

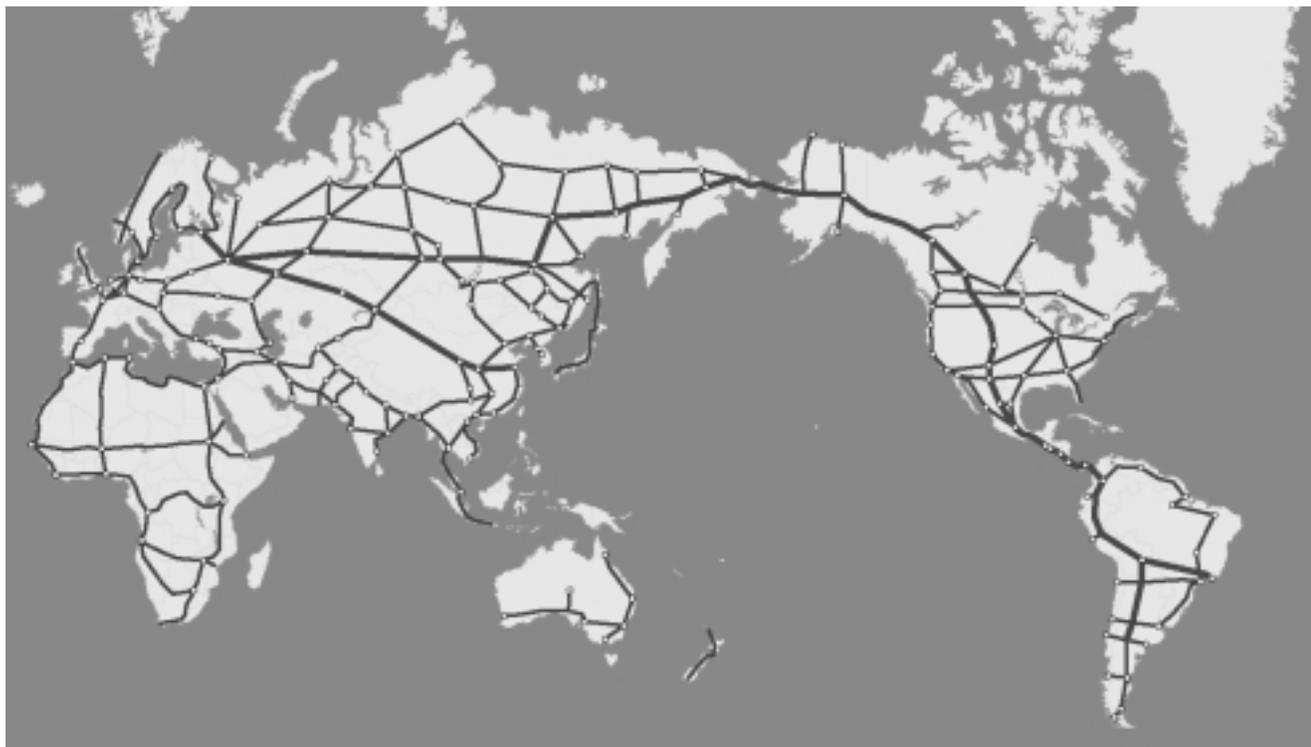
If it were our intention to bring the peoples of the world upward in their cultural development, to the degree that scientific and artistic progress demand, then we must promote arrangements in sovereignties which promote the uplifting of the realized cognitive potential of virtually all strata within each society. Only thus, can the soul of the people of one language-keyed culture speak to the soul of the others.

So, for practical reasons of science-driven technological progress, and for the sake of promoting the relations among the souls, rather than the dictionaries read at grammarians' funerals, of men and women of differing cultural strands, we must finally learn to live together as a community of respectively sovereign nations, cooperating in those great projects of today, such as projects associated with nuclear fission and thermonuclear fusion, which represent, for today, the leading, current objectives to be defined, and preferred as the currently "common aims of mankind."

To that end we require a common, planetary system of respectively sovereign nation-states, united by certain common aims for the half-century or more ahead.

The organization of such a community of cooperation, demands the resurrection of what is, in principle, the model

FIGURE 2



EIRNS, from a sketch by H.A. Cooper

*Nothing epitomizes the mission for collaboration among sovereign nation-states, which must be fostered, better than the Eurasian Land-Bridge project, which has been promoted for more than 15 years by the LaRouche Movement. Here, the design for the Eurasian Land-Bridge extends into the Americas.*

of the Bretton Woods, fixed-exchange-rate system launched by U.S. President Franklin Roosevelt.

The global economic recovery from the folly of the past thirty-five years, requires a vast investment, with initial great emphasis on capital-intensive forms of technological progress in modern basic economic infrastructure. These projects and related programs will be the means of transforming the conditions of life and work of vast tracts of this planet, to the effect of great increases in the physical output, per capita, and per square kilometer of the planet as a whole. The emphasis will be, at least to a relatively large degree, revitalizing the parts of the world, as in the Americas and Europe, which have been rotted out by the post-industrial and related lunacies of U.S. and other policy-trends since 1971. We must debride the formally relatively developed economies of the moral depravity of “post-industrial” madnesses, and commit those nations to mobilization of their potential contributions to capital-intensive scientific and technological progress in their own practice, that they might also make long-term contributions to uplifting the poorer regions of the world, as in Asia and Africa.

For this mission, we require an international, fixed-exchange-rate monetary system which is akin in essential respects to Franklin Roosevelt’s launching of the fixed-ex-

change-rate Bretton Woods system. This requires fixed prime interest-rates of between not more than 1-2% simple interest per annum, for long-term credit largely advanced to nations over treaty-organization-based agreements of a quarter- to half-century maturities.

This requires, in turn, an end to the practice of “free trade” and return to the “fair trade” system developed in fair approximation under Franklin Roosevelt, and under succeeding measures launched among nations until the aftermath of the assassination of U.S. President John F. Kennedy.

This requires, also, agreements on leading technological goals of development, as the implications of greatly extended use of nuclear fission, and ensuing development of thermonuclear-fusion applications imply.

In this, we of the U.S.A., on the condition that we resurrect that Franklin Roosevelt legacy which expresses all of the good things about our existence since the colonization of Massachusetts, must take the lead in this. We must understand, that our included purpose must be to uproot, as gently as tolerable, but as rapidly and extensively as needed, the last vestiges of the oligarchical tradition from this planet, such that the kind of evil which now grips the planetary relations of today, must never return to threaten the very existence of civilization again, as it does today.

## Organizing the Recovery From the Great Crash of 2007

*Here is Lyndon LaRouche's address to a LaRouche PAC webcast on Nov. 16, 2006. About 220 people attended the event in Washington. In addition, there were many "satellite" showings, among them: one group in Paris; five locations in the Mexican Congress and environs; one university in Mexico; four universities in Bolivia; five universities in Peru; two universities in Argentina, and one additional site in Cordoba; and in Colombia, the CUT labor federation invited all members to watch and participate in the dialogue.*

*The proceedings were moderated by his spokeswoman Debra Freeman. The video and audio can be found at [www.larouchepac.com](http://www.larouchepac.com), with simultaneous translation into Spanish, German, Italian, and French.*



EIRNS/Stuart Lewis

**Freeman:** Good afternoon, everyone. I'd like to welcome you on behalf of the LaRouche PAC. My name is Debra Freeman. I serve as Mr. LaRouche's National Spokeswoman and his representative here in Washington. . . .

I think there's really no question that today's event takes place in a much happier environment, than events in the past may have, and I hope everyone is happy, because happy people work harder. And we have a great deal of work to do.

So, if everyone now will take their seats, we're going to close the doors for the next part of the presentation, and then I'll come back, and when I come back, we'll open the doors again. But right now, I'd like to bring Mr. LaRouche up here, and he'll introduce the next part of the program. Lyn?

*Lyndon H. LaRouche, Jr. addresses the webcast, from Washington. Our purpose, he said, is two things: Define the reforms which will prevent a general bankruptcy from plunging the planet into a dark age; and inspire and mobilize the generation between 18 and 35, especially those from the lower 80% of income-brackets.*

**LaRouche:** Thank you. As you will understand better, I think, in the course of the next three hours, the subject we have to address now, is of momentous world importance, and you will appreciate better, later, as we get into the discussion, that the moments which in past history, in past history of European civilization, correspond to what we're going through now, should remind us of 1648, the Treaty of Westphalia: Where, as over a period from 1492 with the beginning of the expulsion of Jews from Spain, through the Treaty of Westphalia, the question of European civilization's existence



EIRNS/Stuart Lewis

*John Sigerson conducts the LaRouche Youth Movement (LYM) chorus, singing Bach's "Jesu, meine Freude." LaRouche chose this complex motet as a principal focus for the LYM's educational work, "to use that as the emphasis for a cultural orientation which corresponds to the same mentality in physical scientific creativity."*

as civilization, was in doubt, as today. Similarly in the middle of the 14th Century, Europe was plunged into a dark age, after centuries of cruelty under the Norman/Venetian tyranny.

So, in 1648 and immediately afterward, Germany in particular, as the center of the great conflict of the Thirty Years' War, rejoiced in liberation from religious warfare through the Treaty of Westphalia. This is comparable to the great terror which threatens us today, a monetary crisis like that of the middle of the 14th Century, the so-called "new dark age crisis." Today, at this time, as will become clearer not only from today's discussion, but from the events which are about to occur on a global scale, you're living in one of the *most terrifying periods of history* known to you. Now, right now.

In this circumstance, in the rejoicing in the liberation from religious warfare, in Germany, around Lutherans, of all things, a hymn was developed, called *Jesu, meine Freude*. Later, in the course of the early 18th Century, Johann Sebastian Bach re-set and treated this as the greatest of his several motets. Today, we're going to have a performance of it, to begin this, in celebration of the kind of the great moment of history which we're trying to bring forth again on this planet, in this time of great danger.

Unfortunately, we're in a hotel, where the acoustics are not those you would get in a good church, so you will not get the full beauty of the performance, because it doesn't fit these walls. But, with a little stretch of the imagination and some good hearing, and some insight into music, you will appreciate what they're about to do. And after you hear them sing, I'll get back to you.

[The LaRouche Youth Movement chorus performs Bach's motet *Jesu, meine Freude*.]

**Freeman:** Once again, let me welcome you to today's event. Certainly, after the last few weeks of this campaign, it's with a certain amount of pleasure that we can say that the Democrats now control both Houses of the U.S. Congress [cheers, applause] and I think that there is broad recognition, both here in Washington and across the United States, that that victory was in fact, sparked by Mr. LaRouche and by the Youth Movement that is associated with him. Because, in fact, the Democratic Party itself was not in the greatest shape during the course of this Spring, when the campaign really did take off in earnest.

The situation now in Washington is an interesting one. Because, for many of us who work here and who represent Mr. LaRouche, we've listened to our Democratic colleagues on Capitol Hill tell us—for months!—that they agree with Mr. LaRouche, and that they absolutely agree with Mr. LaRouche's economic policy. But the only problem, you see, is that we Democrats are not the majority party! And what would be the point of introducing this legislation? The Republicans would just strike it down.

And we've heard that refrain, over, and over, and over again. But *now*, the Democrats are in control. So, there's really no reason at all, why we should not expect that they will, in short order, introduce all of this legislation, and we can get on to the important tasks at hand. And it actually—and I'm not being facetious: It's my full expectation, that that is in fact the way we will start the new year, because it's the way we *must* start the new year. The fact is that the Democratic victory is an important one.

But now that the election is over, we also have to face the simple reality that the onrushing strategic, financial, and

economic collapse will accelerate. And now, the question on the table, is not a question of who will run for President in 2008. The question on the table is how, in fact, the American people, and this nation, are going to organize their way out of the Great Crash of 2007. And there is no better person to address that, than Lyndon LaRouche. Please join me in welcoming him.

**LaRouche:** Thank you, young lady. Thank you.

Just to start with a few observations, our subject will essentially be the question of the economy as such, which requires a lot of attention. It will get more attention: I will be producing, this weekend, for publication over the weekend, in *EIR* and in other publications, a study of the U.S. economy and how to save the U.S. economy. The title is “Saving the U.S. Economy.” It will cover some of the same area, that I’m addressing here today, but it’s a more in-depth treatment, of the type due to an audience for a written publication, as opposed to an oral presentation. And there are some things which I shall say here, I will not say there, because this is an oral discussion between me and people out there and people here. So, that’s a different kind of communication than writing to a reading audience.

Now, there are three subjects which I would call to your attention as reference, and then I shall return to the one, which is the economy.

### **What Bob Rubin Knows—And Doesn’t Know**

First of all, you may know that Bob Rubin, the former Secretary of the Treasury, made some remarks recently, and some other people made similar remarks, but he in particular: In which he did not exactly go all way, but he did warn that we are facing an immediate crisis, an immediate collapse of the present monetary-financial system, which he has been saying for some time. He did not propose the remedies for this, but simply indicated the need to address the reality of the threat, which he much understated.

But I don’t object to that, because Bob Rubin is committed to two things: He’s a professional in the banking field, which is his basis for having been Secretary of the Treasury. He’s a very bright person, very intelligent, and very courageous. But he is a banker, not a politician. He’s not a commander of a field army. I’m more inclined to the latter profession, as you know.

But I agree with him on this point: that he is what he is, and I am what I am, and I have no objection to the fact that he’s greatly understating the problem, and not identifying the solution, even to the degree that he does have a solution. Because his job is to move things forward, to get people off their butts, so to speak, to recognize that there is not a happy economy out there, there is a terrible economy, in which the lower 80%, even the lower 90% of family-income brackets of the United States, in particular, are suffering greatly. In which every nation-state of continental Western and Central



*Former Secretary of the Treasury Robert Rubin: an intelligent and courageous man, but he’s not offering any solution to the economic crisis which he sees clearly.*

Europe is in the process of disintegration. In which there is some recovery in some parts of South America, but the extent of misery is *massive*. The situation in Africa is unspeakable. And if the United States goes down, as I shall explain, in that case, China will go down, India will go down, and the rest of the entire world will go down! Go down in a chain-reaction, not into a depression, but into a general breakdown crisis, comparable to what happened to Europe in the middle of the 14th Century, a period which became known as a New Dark Age: in which half of the municipalities of Europe disappeared from the map, and one-third of the level of population, in a period of one generation.

We’re now facing a condition which potentially threatens that on a global scale. So, I don’t object to what Bob said, because his job is to try to move some dead-heads to life, to realize that this is not a happy situation, that we’re in a very deadly situation, which requires rather strong and exceptional remedies. Fortunately, those remedies exist, if we have the will to adopt them.

### **The Iraq War**

You have a similar kind of situation around the Iraq withdrawal issue. Now, we are all committed to the Iraq withdrawal, I presume. But there are practical problems in executing the withdrawal. So therefore, we have to be concerned that there’s a serious commitment to getting out of there. That it’s not a “baby” commitment, it’s not an “if” commitment, it’s an absolute commitment. But we are not going to simply leave the place! Therefore, as generals have said, leading generals, who oppose the war, have made the same observa-



Lance Cpl. Lameen Witter

*Gen. Anthony C. Zinni (USMC-ret.) warned on Nov. 14 that a quick withdrawal would accelerate civil war in Iraq. As long as Bush and Cheney are in office, he's right.*



EIRNS/Stuart Lewis

*Rep. John Conyers (D-Mich.), incoming chairman of the House Judiciary Committee, will tell you that to put a President on trial for impeachment, Congress must follow due process. But the job of those of us who are outside Congress, is to press for impeachment.*

tion: You have to adopt a *process* by which you successfully disengage, and don't increase the mess which already exists, created by the Bush Administration and its policies. So therefore, I agree with both those of us who say "immediate withdrawal," but who also say, "We've got to have a scheme for withdrawal, which fits the requirement."

### **Impeachment: We Press, They Process**

There's another question of the same nature: Some Democrats are not saying "impeachment," if they're in the Congress. Why? They're for impeachment. We are for impeachment. But why are they saying that, apart from the deadheads—like, we have a Democratic deadhead, he's called Lieberman, from Connecticut. He was elected by the Republican Party, and he's called a Democrat. But in general, they're right. Why? Because, as they will tell you, as Conyers, for example, who's the head of the relevant incoming committee of the Congress, will tell you, that when you are putting the President on trial, where you have to be a judge and jury, you can not be a prosecutor from the outset. You must conduct the proper procedure, because you can not destroy law itself and due process, in the process of seeking to do something which is even necessary.

However, *we*, who are not in the Congress, who are not in the Senate, who are not in the House of Representatives, have the responsibility to press for the impeachments we know are necessary: Cheney, number 1. So therefore, we press, they process. And as long as their processing corresponds to our pressing, we're going to come out just about all right.

This is the nature of the function of leadership, and function and process in government: You must have a strategic

outlook as to what must be done, an understanding of the problem to be corrected. But you must also have respect for the process, so in the process of getting to where you want to get to, you don't destroy your destination.

So therefore, I speak as I do, and it's my job to do so. I'm the tough guy. They're the soft guys. They speak softly; I speak toughly.

Now there's another reason, which I'll return to, the main point here today, is, that Bob Rubin doesn't have a solution. None of the well-meaning, leading financial authorities, and economic authorities, in the United States, or in Western Europe, or in the world at large, have any conception of *how to solve the presently onrushing international financial-monetary and physical crisis: None! I do!* Now, in this case, therefore, it is my job to state frankly what that solution is, and to identify the nature of the problem to which this remedy, this medicine, is to be applied, in order to cure the sick patient. If we don't do what I know we have to do, if we don't take some of the necessary steps, then in the attempt to deal with the crisis, we'll make the mess *worse*. And if we make the mess worse, now, in a crisis which is far more serious than the 1929-1933 period—if we do that, we get a dark age.

So therefore, action must be taken *now*, decision must be made *now*; the medicine must be the right medicine; the solution, the plan, must be the right plan—and we can get out, alive and well. And be free of some of the diseases that have gotten us to this point. That's my job.

It's my job to say what has to be done, because others *don't know what is to be done*. Bob Rubin doesn't know what to do, and he's about as smart as they come in the United States, on this question. Nor does former President Clinton. Nor do any of the leaders of the committees in the Congress, the Senate or the House: None of them know what to do. They

FIGURE 1

### LaRouche's Typical Collapse Function

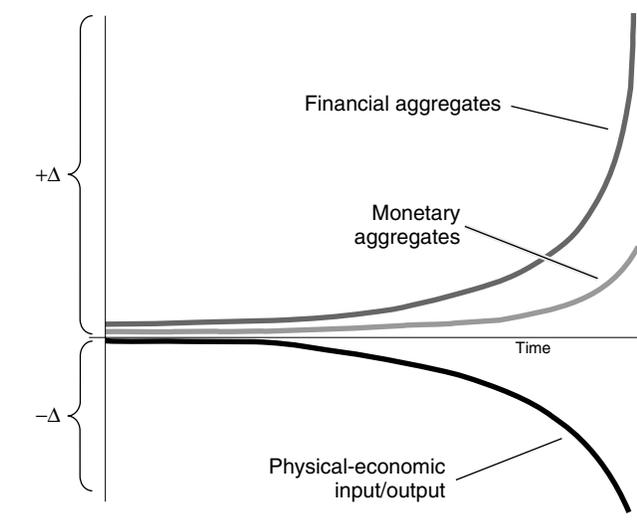
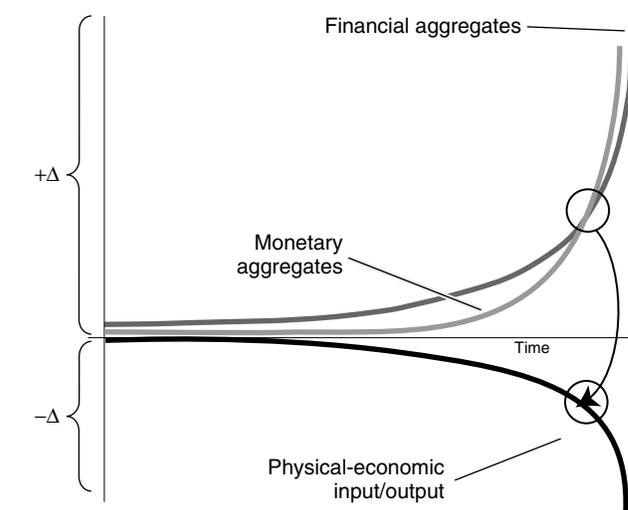


FIGURE 2

### The Collapse Reaches a Critical Point of Instability



LaRouche's "triple curve" heuristic diagrams illustrate the tendency for hyperinflationary expansion, once an economy's physical productive output is cut to the bone. The second figure shows the point at which monetary aggregates overtake the growth of financial aggregates generally: a hyperinflationary blowout.

have the intention, the best of them, of doing something. They want to know *what* to do. My job is to tell them what the solution is, and what to do.

And let's hope they agree, for the sake of us all, and for the future generations of humanity.

### What Happened to the Economy

Now, the present crisis is something which I warned of in particular, at the end of 1995, when I was a guest of a Vatican conference on health policy questions. And during the conclusion of that session, I presented a paper, in support of the proceedings, in which I specified the general nature of the crisis which we face, in which the whole health question had to be situated. The economic aspect of how do you address the growing health situation, the deprivations which were occurring, the failure to meet requirements around the world. And I published this same material in the form of what I called "The Triple Curve," publicly, in January of 1996, as the launching of my then-Presidential primary campaign [Figure 1]. Since that time, there's been some change: One aspect of the curve relationship changed, as I noted around the year 2000, 1999 to 2000 [Figure 2]. *But!* What I had said then is absolutely true.

What has happened, the reality of the economy, is, that over the period, especially since about 1987, and the measures taken under Bush I—"Bush 41" as he's called—a process was set into motion under a raving fascist lunatic, otherwise known as Alan Greenspan. And this process resulted in a *decline* in the physical income, and productive output, of the

United States. But this decline was apparently offset by an increase in financial aggregates. Because the Federal Reserve System and other mechanisms were printing money, in the wildest way imaginable, on the basis of so-called "financial derivatives." And therefore, you had a financial growth, a hyperbolic tendency in expansion of the amount of financial aggregate, while the *physical* aggregate per capita of production *was going down!* In the meantime, you were driving this financial aggregate, by expansion of the monetary aggregate, by new ways of creating fictitious money, which some people try to take to a bank. And every banker knows, you don't do that. You take fictitious monetary assets and you sell 'em to some sucker, to get whatever you can get in terms of physical assets, or negotiable assets.

So now we've reached the point, at which the rate of monetary expansion required to support financial expansion, to keep the whole blasted bubble from popping, or to cause it to pop, is such that we're now at the fag end of the system. We've now reached the point with the collapse of production. . . like for example, the Congress did *nothing*, the Congress did *absolutely nothing* definitive, during the entirety of 2005, to deal with the collapse of the auto industry. We said, "Change it." The Federal government should bail out the auto industry, by taking the sections of the auto industry which are not needed for production of automobiles, and use that section for other things we *do* need: such as fixing up the rivers, which are no longer functional; fixing up our infrastructure in general; producing new power plants. Basic economic infrastructure, which is what government does well, as



EIRNS/Stuart Lewis

“Congress did absolutely nothing definitive, during the entirety of 2005, to deal with the collapse of the auto industry. We said, ‘Change it.’ ” Here, unsold cars on a lot in November 2006. The car in the foreground has been unsold since July.

opposed to the private sector. And use that driver, of using the high-technology section of the auto and aerospace industry, which is not needed any more for automobiles—use that sector, keep it fully in function, because it has a machine-tool capability, the ability to produce almost anything. So use that to build up our infrastructure, to expand our production in the private sector generally, and to go away from being a post-industrial society, which is another way of describing death, back into an industrial society, which means physical progress per capita and per square kilometer.

And all you have to do is look at the conditions of life of the lower 80%, even now, the lower 90% of family-income brackets in the United States, and you see that the President of the United States is, as we’ve all suspected for some time, a raving lunatic. There’s nothing true in anything he says. I mean, a President who wants to go out and kill “tourrists” is not exactly doing something good for the United States, hmm?

### Don’t Sink the Dollar

Now, what has to be done? To get to the essence of the matter, what is the solution? Well, the first thing, is, *don’t sink the dollar*. Because if the dollar is devalued, today, in a significant degree, say 20 or 30%, it would mean the entire system, the entire world system, would go, chain-reaction fashion, *into a global dark age*. Because the whole world system is dependent on a dollar, which intrinsically has no intrinsic value. The dollar has a conventional value, not a physical value.

In 1971-72, we destroyed the dollar. We took it off the Bretton Woods system, and we said it was “floating.” What does it mean, “floating”? You know what floats, huh?

But the point was, the dollar was still used as the currency

of account and denomination by the International Monetary Fund. So the world system is a dollar system. Despite the fact that some parts of the world are trying disengage from heavy implication in dollars, to other currencies, that’s no escape either. Because the entire world system is based on the ability to collect on *the U.S. dollar!* If you can’t collect on the U.S. dollar at parity, then you are bankrupt, too! Every nation in the world: China goes into a crisis. India goes into collapse. Every part of the world goes into a collapse, if the dollar goes down by 30%!

So, the first thing you have to understand, is, there is no solution unless you prevent the dollar from collapsing. How can you prevent the dollar from collapsing? Well, two things have to be done: The United States government has to get rid of this President, and Vice President. If you want to save your rear-end, get rid of this President. And have him go where you put your rear-end.

### An FDR-Type Solution

Because, unless you can make a change from *his* policy—and the guy’s pretty stubbornly insane—unless you can do what I want to do, what President Franklin Roosevelt would have done, unless you want to do that, you are useless; you are worse than useless; you are an impediment in the wheels of progress. If I’m President of the United States, or can get somebody else who is President, to do the right job, we can stop the crisis. By political power: We can say, “We are going to defend the dollar at parity, on international markets.” On condition that other countries will cooperate with us in doing it!

So what we do, is we agree that we’re going to set up a *return* to something like the Bretton Woods system that Nixon shut down in 1971-72. We’re going to say that the policy of the United States is to establish a fixed-parity relationship with other currencies, other nations and currencies of the world; we’re going to create a new system, which will be denominated in dollars, but at a fixed ratio. We are going to convert short-term obligations, *en masse*, into long-term obligations of up to 25 to 50 years by treaty agreement. And therefore we can stabilize the world, on the basis of the agreement with countries that are willing to do that.

We can then, on that basis, we can issue new credit, at 1% to 2%, as fiat credit of governments, or under treaty agreements, long-term trade and credit agreements among governments. For example, take the case between Germany and China, a good example, because Germany is pretty much a trading partner of Russia and China. That’s the key to Germany’s having any economy at all.

All right. So, these countries have different kinds of political, economic, and monetary systems. But therefore, if you have a treaty agreement, covering a 25- to 50-year period, at 1% to 2% simple interest rates, of government to government, over this period, you can now create a new vehicle of credit to finance the major projects, which Asian countries in particular

require, because they don't have enough facilities now, to do the complete job they need to do for their own countries.

So, we can fix this at low rates of borrowing costs. We crank up Europe, starting with Germany. We crank them up to produce the product that Asia requires, particularly for capital goods, capital investments, capital improvements. We finance the thing on a 25- to 50-year basis, in bulk. We also use a reformed monetary system, of a Bretton Woods *type*—not the Bretton Woods system, but a Bretton Woods type—a fixed-exchange-rate system, and we lock the world up into a set of agreements for physical economic recovery and growth.

### End the Greenspan Financial Casino

Now, we also do something else: The reason that this crisis is so severe, is because of Alan Greenspan. That man was no good. Wherever he is today, he's still no good. And you don't know where he might have gone in the meantime—if you know anything about him! Any follower of Ayn Rand might have gone anyplace. He may still be following her, for all I know! And when you look at the Ayn Rand supporters, who turned out to be some of the nastiest fascist types of neo-cons, in existence on the surface of this planet, you have to know, that Alan Greenspan, was, as they say of Satan, “no damned good.”

So therefore, this is the mess. We have created by, instead of investing, instead of creating debt for investment, for investment in creating new plants, new production facilities, basic economic infrastructure, scientific and technological progress, large-scale investment in nuclear power plants, things of that sort; instead of doing that, we have invested in gambling! How many parts of the United States have opened up *casinos*, and legalized gambling, as a substitute for tax revenue? As a mode of employment? What is that worth? It's gambling! Now where in the Hell did gambling come from?

So, what we have, is, we have the entire world is based on a gambling system. Hedge funds: gambling system! The banking system is *bankrupt*, implicitly, because of its tie to hedge funds.

We're now getting to the point where the hedge funds are going to start collapsing, one after the other, by bubble-pricking. We have the real estate bubble. It's a fraud! The entire real estate investment in the United States is a fraud! Right where we're standing, across the river in Loudoun County, it's ground zero for the biggest financial real estate crash in all human history. It's going into a chain-reaction collapse, and other parts of the country are not far behind. That's the situation we're in. It's because we have incurred a mass of debt, of financial debt, in the system, based on a gambling system.

And instead of being honest gamblers, who accept their losses, after they've lost their money, they demand to be paid for their losses! At a profit.

So therefore, what we will do, is simply go at this through financial reorganization: We must save the banks. I agree with Bob Rubin on that. You must save the banking system. Why?



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*“How many parts of the United States have opened casinos, and legalized gambling, as a substitute for tax revenue? As a mode of employment? What is that worth? It's gambling!”*

Because of the *function* of the banking system in the circulation of credit, deposits, and so forth, and organization of communities and private and family life, and so forth, huh?

But they're bankrupt.

All right, we still save them: We put them through *bankruptcy*. We keep the doors open . . . in *bankruptcy*. Guess where the word “bankruptcy” came from? From banks!

So, the Federal government now moves in, and takes over the bankrupt banks, and says, “You guys are going to keep the door open, by Federal order. We're taking the Federal Reserve System into receivership by the Federal government. And the Federal government is going to operate it. We are now going to take accounts, which can not be currently paid, we're going to put the entire system through bankruptcy reorganization! You can't close your doors! We will tell you what accounts you are allowed to pay. We'll tell you what accounts should be guaranteed, whether they're paid in order or on account. We will regulate where you can take your unpaid balances in the banks, and you can draw upon them, at nominal rates, for your own purposes.” In other words, you may have savings, or something lodged in a bank, in a bank account. The bank doesn't have the money to pay you for your investment. But we can decide by Federal law that certain kinds of investments of that sort will be guaranteed, and therefore we can negotiate that a person who can not withdraw

money from the bank because the bank doesn't have it, can get a loan at minimal charges, in which to use their own money, until we can get to the point that we can liquidate this, as we did with the bank holiday procedure—a much milder problem—back in the 1930s under Roosevelt.

So therefore, we can keep the banks functioning! We can selectively protect those things which are of highest priority to the functioning of communities and families. That we can do!

We will then, simply take the financial derivatives, and similar kinds of phony investments, and we will cancel them! Write them off. They're gone anyway! So why not write them off? The banks are bankrupt. You have to settle so much on the dollar. We may end up settling on 20 cents on the dollar for the entire banking system, financial system, in terms of assets, like that.

But if we do it, we go from an *unregulated* situation of chaos, to a regulated system. We turn short-term crisis into long-term stability. We eliminate things that should be eliminated from the accounts; we protect things that should be protected; and we enter into international agreements to expand physical production and development of infrastructure.

At that point, *we really don't have a problem*. Because, if we are keeping enough of the people of the United States working—not in McDonalds, but in actually useful things where you dare eat—you know, in your own kitchen you dare to eat the food, most of the time, don't you? When you go to McDonalds, you wonder, "What am really eating? *Who* am I eating?" [laughter] "It tastes like somebody from Australia. What's this pouch doing in my hamburger?!"

So, the problem is not insuperable. And you can look at what Franklin Roosevelt did during the 1930s, and turned an economy which had collapsed by one-third under Hoover, and he turned it into the greatest economic machine the world had ever seen. A machine which was the only thing which saved the world from a Hitler dictatorship—was the United States and its partnership with other countries, including the Soviet Union. Including an unwilling ally, Great Britain.

Great Britain had been fully for Hitler. And Roosevelt and some other developments convinced some people in Britain *not* to go for Hitler. The leading bankers of New York City were all for Hitler. They'd been for Mussolini, too. Roosevelt beat them over the head! Said, "Now you're against Hitler"; they said, "Okay! Yessir, ma'am." (They get confused on these things.)

So we forced these guys, who were actually the authors of the Nazi system, in the United Kingdom, among the French Synarchists, among the U.S. bankers, including the granddaddy of the present President of the United States, Prescott Bush! Who was a Hitler-backer! *He, personally, signed the order which moved the money into the Nazi Party*, as a loan, which guaranteed the non-collapse of the Nazi Party, in time for Hitler to become the dictator of Germany, and almost the dictator of the world. That was the "gran'daddy of this heah President!" This guy who wants to kill "tourrists." Not good Presidential material.



FDR Library

*President Franklin Roosevelt took an economy which had collapsed by one-third under Hoover, and turned it into the greatest economic machine the world had ever seen. The problem we face today is tougher, but not insuperable.*

## **We're Coming to the End of the Road**

Anyway so, the issue here is, that we can, as governments, if governments agree—and you need a conspiracy among some good governments in the world, and the rest will have to go along. This comes to another question I'll get to later: But we are now involved in a general collapse, where the amount of debt and the acceleration of the amount of debt, unpayable debt being paid off with more unpayable debt, is reaching the point, as typified by the housing crisis or the debt-mortgage crisis in the United States, that we're coming to the end of the road—as Bob Rubin says. As I said, I support Bob Rubin, because he's trying to awaken some idiots in the United States, to the fact that there is no prosperity, that the system is about to collapse: That we're already *overripe for an immediate collapse—any day, any morning, any afternoon*. And once it starts, if the U.S. government and some other governments don't do the right thing, the whole world will go into a dark age. We're at that point. That's why I have to do something.

Now the problem is, the psychological problem, is people believe in money. For example, the British have theories of money. Marx got his ideas from the British, therefore the Marxists have silly ideas about money. They have a theory of value about money.

Money, whether in metallic, or paper, or computer language form, *has no intrinsic value*. None. It is a *medium*, it's a contract, that's all. Or it's a medium of a contract.

## **Defeat the Oligarchical System**

Now, especially in modern society, since medieval society, in fact, since ancient Greece, money, as a notion of value, has always been a characteristic of what's called imperialism. Now in the old days, they didn't call it "imperialism." In those days, in ancient Greece, for example, it was called "the oligarchical system." The oligarchical system—and this is where the problem arises inside the United States—it's where

the problem arises inside the Democratic Party leadership. The oligarchical system, where you had people who were running the Democratic campaign, Howard Dean's Democratic campaign, who were looking at people like Felix Rohatyn, who is by all credentials a fascist—after all, he financed bringing Pinochet to power in Chile. That is not exactly what we consider a first-class Democrat!

But they said, "We're going to the upper 3% of family-income brackets to finance the Democratic election campaign." I said, "Nonsense." They said, "No, we're going to do it, anyway." So the Democratic campaign organization, particularly under the Democratic Leadership Council and under Howard Dean, was going in this direction, to get money. From whom? From the upper 3% of family-income brackets. Now, what's the problem in the United States? The big problem is the lower 80% of family-income brackets! Even the lower 90%, these days, as some of you may have discovered. It used to be a safety valve to be in the upper 20%. Now, you have to be in the upper 10%, or the upper 3%.

So the Democratic Party politics was oriented toward the *upper 3%*! Because, whose butt did you have to kiss to get the money in order to run your campaign? Why did some Democrats want to work through Felix Rohatyn? Because they wanted the *money* that he controlled! Therefore, he could dictate their politics, based on their desire to *ple-e-a-se* him, in the way they ran the campaign. It's still a problem. We're going to have to sort it out.

Whereas, real politics is, the lower 80% of the family-income brackets, that is, in terms of physical standards of living, conditions of life. Of communities in which they live. That's real politics. That's *real, American* politics, as opposed to some European oligarchical system, where you have landlords running the world. This is called the "oligarchical system": A group of wealthy families run society, the way they ran ancient Sparta, where the helots were hunted down for pleasure, by the young bad guys of the wealthy families; where the poor were persecuted and treated as animals; where society was based on treating human beings as animals.

Take Quesnay, for example, the so-called author of the Physiocratic system, who said that wealth comes from what? From production? He didn't say that! What he said was, the property title, the title of nobility to property and land, for mining and farming, was the magical thing which produced wealth. And the people on the estate, engaged in production of mining and agricultural production, were no different than cows! Who should be fed enough straw in order to continue to produce milk and meat. But, the fruit of production, the *gain in wealth*, had been produced by that lazy bum with a title, sitting in his estate, and it was this magical *title* to that estate, which secreted this surplus value, this wealth. That's the oligarchical system.

That was the system of Sparta. That was the system created in European history by the Apollo Cult of Delphi, which created Rome. This is what created the Roman Empire; this



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*"Money, whether in metallic, or paper, or computer language form, has no intrinsic value. None. It is a medium, it's a contract, that's all."*

is what created the Byzantine Empire; this is what created the form of empire of the Middle Ages, where the Venetians were running these bums called the Crusaders, the Norman chivalry, in running a system of persecution of Muslims—"Hey what d'ya know about that? Back then?" The anti-Islamic movement? Medieval! The Crusaders, who were not Christian. They were out to crucify everybody. And they were working for the Venetian bankers! This was the medieval system that led to the Dark Age.

This was what was restored in Europe, again, with the Fall of Constantinople, where the Venetians took power again. This is what led to the formation of the British Empire, the Anglo-Dutch Liberal system, which is the same thing. They reintroduced slavery. Now, again, they've reintroduced the anti-Islamic movement, have a war against Islam! Same thing all over again.

So therefore, the system is to manage the planet, by treating the majority of the human population of the planet *as animal life*, which you can cull, kill, or maintain as a pet—and then eat—as you do a pet cow in a barn. The oligarchical system.

What was achieved in the Renaissance was the kind of idea represented by Solon of Athens, represented by Plato: the idea that the totality of the people—the people contain something which is not an animal. The people contain a spiritual, intellectual power, which distinguishes man from the beast. And therefore, human beings can not be treated as animals! And society exists for the benefit of humanity, for *future* humanity, and future humanity is the *children of all of people living now!*

## **A Community of Sovereign Nations**

So therefore, *real* politics is not democracy. Real politics is *care* for the welfare of all of the people, for the benefit of future humanity. It is the respect for the sovereignty of cul-



EIRNS/Dan Sturman

Democratic National Committee Chairman Howard Dean (left) turned to the upper 3% of family-income brackets for financial support—notably, the circles of banker and synarchist Felix Rohatyn (right). The lower 80% were basically ignored.

tures. Because different people have different cultural backgrounds, they can function only in terms of their language, their culture, which they communicate in. Therefore, people organize themselves in language-cultures, or cultures of tradition. Why? Because they *think* in those terms. If you want to have representative government, you have to give the people the access to the system which is *theirs*, in which they do their thinking, in which they can develop ideas.

And therefore, at the same time, you must then have a fraternity among relations of different cultures on the planet. Roosevelt such had such intentions, Franklin Roosevelt. Truman had the opposite intention. Franklin Roosevelt’s determination, as he said repeatedly, was at the end of war, the great economic production machine which the United States had developed to defeat Hitler, would now be converted as a source of productive power, to enable the colonial nations of the world, and the suppressed people of the world, to develop their own government, independent. And to create on this planet, a fraternity among national self-governments of peoples. That was Roosevelt’s intention.

What Truman did—Truman was a stooge for Churchill. The British did not intend to give up their Empire. Truman let the British occupy their colonies, again. The Truman Administration gave Vietnam back to the Japanese in order to turn it over to the French. The British government and the Dutch suppressed the people of Indonesia; the cause of freedom in Africa was brutally suppressed, repeatedly, throughout most of the post-war period. So that’s the difference between Truman and Roosevelt.

That’s the difference between the American System, the

American Constitutional System, which we created in this country. We were able to create it, because we were at a distance from Europe, where the oligarchy was dominant. And therefore, we were able to take the *best* ideas, that had developed in Europe, and build a culture and a nation around the *best ideas* of Europe, but at a safe distance from the European oligarchy. Not completely safe, but relatively safe.

That’s the difference in politics. That’s the issue today.

### The Indispensable Role of Youth

Look at what won the election. What won the election? And it’s no exaggeration, as Debbie said: That our role, particularly the role of the Youth Movement, and what we were pushing as our policy, was crucial during the last weeks of the campaign, in securing a landslide victory for the Democratic Party in the House of Representatives. Where did the votes come from, that won the election in that way? Well, it came from the people between

18 and 29 years of age. Some of you people are acquainted with some people of that age group. It came, also, from a surge, a great surge of the population between the age of 25 and 35. That is what won the election! This was a part of the population which the Democratic campaign had done *nothing* to win over. The leading policy had been doing *nothing* to win them over.

That’s where we played a role. We pushed. And the youth pushed hard: *We won the election*. Because we sparked a reaction *in* the population by the methods we used, here, to create a mass effect. You have a few people with *ideas*, you produce a *mass effect*. Not by person-to-person conversions. No religious conversions—please. By mass effect: You spread *ideas*. You deploy in such a way as to spread *ideas* among the people! And the spreading of ideas among the people, when the ideas are attractive to them, cause them to have a better relationship to each other. And the people who develop this better relationship to each other in terms of ideas, *then* become influential in the entire community around them. And that’s what happened!

We went to everybody, in our campaigns, in the recent period. But we went especially to those in the 18 to 25 age group, as the base. And we also went to those in the 25 to 35 age group. And that’s exactly where we had our success! We went to other people, but we never had the success in the older generation that we had in these two sections of the population. And this is particularly true of the college-educated population, or quasi-college-educated population—you have quasi-universities today. They’re called universities, but they ain’t really that.



EIRNS/Joe Smalley

*The LYM rallies for impeachment at Union Station in Washington on Nov. 13, in the Week of Action building up to the webcast. Their combining of Classical singing with political organizing has made them a unique feature of the political landscape.*

So that's how we changed it: We created a mass effect. What happened? Where did we stimulate it? Well, tell me about people who are between 25 and 35. Tell me about people in the United States who are between 18 and 25: How many of them are rich? How many of them can afford a university education? How many can afford the effects of having had it? [laughter]

So therefore, there are two things about these two groups, 18 to 25, and 25 to 35: What is characteristic of them? Baby-Boomers are approaching the fag-end of existence, and in their cases you call it the fag-end of existence. 'Cause they don't believe in the future: They believe in their pleasure. [dumbo voice] "History stops with us." That's the Baby-Boomer.

Whereas people who are 18 to 25, either are going to go on drugs and kill themselves; or they're going to say, "I want a society with a future. I'm going to be around here at working age for 50 years to come! What kind of a future do I have in the coming 50 years? Can I produce children? Can I have a family? And if I try, what's going to become of them?" The person who is 25 to 35 faces the same problem: "I'm around, I may have 40-50 years of fight in me, of working life. I want to have a family, somewhere along the line. I want to have a family that can live, where the children can live! I want to look forward to grandchildren, who will be in a society which is at least as good as ours, and perhaps better."

### **Our Culture Was Destroyed**

This is the motivation of people who have not yet reached the Baby-Boomer age as a result of the post-war culture. The

68ers *have no sense of the future!* They didn't believe in production! They hated people they caught wearing blue shirts! So they took their own shirts off completely! [laughter] Because, they were using, taking in stuff, and you couldn't tell what the color was—so, to get rid of all shirts.

So what you had, our culture was destroyed, by what was called in Europe, the Congress for Cultural Freedom. With the Truman Administration, various social measures were taken, especially in the upper 20% of family-income brackets, especially in suburbia, in educational systems, through television and so forth, in order to condition the population which was born after 1945 to about 1957, to condition that population to have no values; to condition them to be complete sophists. In Europe it was called the Congress for Cultural Freedom. In the United States, the same thing was done.

So the young people who went into universities in the 1960s, were generally products of this cultural indoctrination. The same thing that was spread in Europe, as the Congress for Cultural Freedom. And therefore, when they exploded in reaction to the fact that they were about to be drafted—they didn't explode as long as they could get exemptions from the draft by being in a university. But when the day came that the U.S. government said they could be drafted, that the college exemptions were cut back, they went wild!

And what did they do? They demanded clothes and took them off. They demanded freedom of the mind, and took drugs to destroy their minds. Like LSD: They would set up parties, where they would have parties, they would have coke, wine, and pot. And then when they had finished going to pot, they would say, "This no longer is a thrill, I want a real ride



War Resisters League

*Burning draft cards in 1965. The Boomers who were in the universities in the 1960s didn't explode as long as they had draft exemptions for being students. But when those exemptions were cut, they went wild!*

into insanity,” and they would take some LSD. They were against technology; they were against production; they were against people who worked in factories; they were against farmers; they were against every system on which the welfare of the general population depends, and they called this “the new freedom.”

And this is what happened to us: These were the Baby-Boomers. In Europe, as in the United States, the Baby-Boomers destroyed society. Not because they had intended to destroy society, but because they themselves had been destroyed by the Truman-Age culture to which they were born. Especially if they were in the upper 20% of family-income brackets of that period.

Now that generation has been running society, and therefore, leading members of the Congress, political parties, and so forth, are not exactly in the best mental condition. They have certain . . . [parodies goofy mannerisms]. [laughter] And they don't really believe in anything. They believe in their pleasure. They believe in their advantage. They're looking for thrills of various forms, like getting elected or something. But they don't believe in a *mission* for the benefit of future humanity. They haven't got that kind of commitment.

Therefore, the future of mankind rests on the shoulders of people between 18 and 35, today. Because, unless they're destroyed already, they're thinking about a future. They're thinking of the outcome of the years to come. They're looking for a meaningful life in 50 or more years to come, whether they have children or not. *As we used to!*

In all my experience, and I go back a good ways, in terms of grandparents and so forth, well over 150 years—and in terms of people I know in the family, whom I didn't meet actually, go back over 200 years—so, in a sense, sociologically, I'm 200 years old. And I'm working on a third

. . . I think.

So, that's the situation: This generation is what we depend upon. This generation are in motion, as you saw in the election results! This generation will inspire even some of the dead-heads of the Baby-Boomers to come back to human life. They won't initiate it, but they'll follow it.

This is not entirely unusual in history, that you will find that all revolutions and wars are fought by people, generally, mostly, between 18 and 25. All great changes in society originate, within the development of people between the ages of 18 and 25. This is the way history has been run. Look at history! Look at what age-group in each generation played what part in shaping history: It's been the same. I used to warn people about this, I said, “You know, at the age of 27, you change your sex, if you're a university student. As you're about to get your doctoral degree, suddenly your mind drops away—because you don't want to destroy the perfection of what you already know by learning something new. If you're a professor at the age of 27, and you start to teach, and you begin to ‘repeat after me’ from index cards the same lecture you got, and you pass it on to the suckers in the next class to come that you're teaching.”

So there's a phenomenon in society, where a lack of creativity in the development of the young people results from the age of about 27, 30 and so forth. At that point, they develop a kind of “the end of progress,” “the end of development.” They may learn new things, they may acquire new skills, they may gain in effectiveness, but they're not really *creative* any more. They really are not *human* any more. They're sort of an animal-like version of a human being. What they've learned and been conditioned to up, to that time, stays with them, until the memory begins to fail. But they don't progress. They don't undergo personal, internal revolutions in knowledge, in breaking free. They tend to become stagnant. Oh, a minority can differ: You have an Einstein here or there, and so forth. But the majority of people, in a society of our time, still goes stagnant at about the age of 27 to 30. And very few actually continue to be creative beyond that point.

And so therefore, the key thing in society, is always focus upon what leads into the 18 to 25 age group, the 18 to 35 age group in our society: Focus on that; instill creativity, or a sense, an association with creativity, as a normal social process, in that age group. Because, if you can instill that in that age group, then you have set a new direction in society into motion. And then your life means something, because you're doing what the Baby-Boomer generation didn't want to do, is create their successors. “History stops here with us, and after that, we don't care.”

So therefore, you see precisely in these election results, that.

## What Is Economics?

So therefore, we're coming, in this time, to a point where my conception of economics is crucial: What is that conception? What's the difference between man and monkey? Bush

could never tell you. His mother was never able to tell him. And if she'd been able to do so, she wouldn't have been willing to do so—because she's a very cruel person. She doesn't like children—uses them like Kleenex tissues.

The difference between human beings and the animal is creativity. It's typified by the discovery of a universal physical principle. Or what we've done with the Youth Movement, in terms of the work of Bach, which we celebrated again today: That, in Classical musical composition and its performance, if properly understood as Bach understood it, and the great composers after Bach, and the great musicians, the great performers, is creative. It is *not* playing the note. It's playing between the notes. It's playing the passage. It's playing the interplay of voices. And in this, this difference, between the literal note, and the music, is creativity. It involves the same powers of mind, applied to a *social process*, that the scientific discovery of principle applies to an object in nature.

Science and Classical art are the same. They involve exactly the same specific kind of creative mental powers. In the one case, the object is something in nature or animals. In human beings, it's something social, it's something in the cooperative relationship of human minds. And this is best expressed in art, in Classical art. When we organized the East Coast youth operation, Youth Movement, we had a meeting, and we decided—and my proposal was accepted—to take *Jesu, meine Freude*, the work we performed here today, and to use that as the emphasis for a cultural orientation which corresponds to the same mentality in physical scientific creativity. And to develop the practice, and development of this work in vocal music, with that in mind. As playing between the notes, or the kind of thing that in John [Sigerson] has been working with the choruses on doing, on the question of the comma: What does the comma mean in music? When you get to the idea of *irony*, irony was the comma, as an ironical development, which distinguishes the music from the notes, it's irony! It's something between the notes. It's the same thing as the irony of the infinitesimal in physical science as defined by Kepler, in the discovery of universal gravitation, or the organization of the Solar System.

*Irony*: Because a universal physical principle *is never an object of the senses*. The effect of a universal physical principle is an object of the senses—but not the principle itself. Why? Well, gravitation is as big as the universe. Now how can you see an object which is as big as the universe? With what will you compare it? What you see, is the effect of that object, as it rolls over you, so to speak. “Oh! There's something there!”

And this is reflected as something that happens, that hits you in each instance. Well, how big is the instant? Well, the instant is as small as you can get . . . and smaller. The same thing is true in poetry, Classical poetry. It's true in all great art: It's not the literal, mechanism interpretation, which defines the art. *It's the irony!* It's something between the cracks, which is universal, a universal principle. *That's* what defines art. *That's* what defines science, as Kepler defined science.



EIRNS/Tyler Iketubosin

“The difference between human beings and the animal is creativity. It's typified by the discovery of a universal physical principle.” Here, a LYM cadre school in Santa Barbara, California, works on geometry, October 2006.

As the ancient Greeks defined science, in terms of the concept of *dynamis*.

## The Difference Between Man and Ape

So therefore, the function here, in economics, is what? The difference between man and the ape is creativity. If man were an ape, you wouldn't be bothered with more than a few million neighbors of that type, at the most. Because you couldn't sustain a larger population of apes, or gorillas, chimpanzees, and so forth. Human beings: We've got over 6 billion of them. How'd we get that? Because of development. What kind of development? Because humanity developed, in terms of art, in terms of the equivalent of science, humanity made discoveries. These discoveries were reenacted by successive generations, became part of the practice of society: Man's power in and over the universe increased. And the more individuals who expressed this power, and gained it, the more prosperous and better the society was; the more powerful the society was; the more we could conquer the world around us, to provide for a better standard of living for people, for future humanity.

So therefore, this is what's crucial. Now, in oligarchical society, the oligarch does not want the majority of people to understand this. It wants to reduce, like Adam Smith, or the Physiocrats, to degrade man to the status of being an obedient cow! And to tell himself to be happy. Tell the cow to be happy. Tell the cow to “shut up and be happy! Stop that noise at night! I want to sleep! The cow's keeping me awake, or I'll slaughter it in the morning!” Hmm? And people are treated as cows: You're supposed to “learn” things. Learn how to behave. Behave as your ancestors did. Behave as you're taught in school. Don't learn a principle by yourself. Don't learn something the teacher doesn't know. You'll be thrown out of class!

But that is the difference. In a society, which the United States was intended to be at its inception as a nation, even before then, even in the 17th-Century colonies, the Massachusetts Bay Colony, that was the intention: It was the development of the *fullness* of the creative powers of the individual, of *all* of the individuals, all possible individuals. To develop creativity! This creativity resulted in—Massachusetts was, up until 1688 when the British cracked down on it, was one of the most prosperous areas of the world! Why? Because creativity was fostered in that Commonwealth at that time.

It is *creativity*, the development of the creative powers, the nourishment of the creative powers, and the use of the creative powers of the individual, which defines the difference between man and the ape. It is also what is *not* understood, by the people I referred to, the so-called economists: That's the secret of economy! If you develop people and develop those powers in people, if you invest in the use and promotion of those powers, their realization, then you create a population which is capable of growing in its power per capita, per square kilometer: through creativity. Through the fostering of the creative powers of the individual. And that's what the oligarchy doesn't want.

### Return to a Creative Economy

Now what happened to you? What happened is, we used to be a productive United States: We had farms, we had industries, we had skilled professions, and so forth. We prized these things. The more skilled professionals we had in a community, the more doctors, nurses, and so forth, all this sort of thing, the better off we were. And we knew it. But now, they said, "No, factory jobs are no good." That's what the Baby-Boomers said, factory jobs are no good. We'll take away the factory! So you won't have to *slave* at a factory. "What do I do now?"

"You work at McDonalds."

"What do you do at McDonalds?"

"You flip hamburgers."

"What do you do that for? What don't you do it at home?"

"I don't know how to flip hamburgers at home. I only know how to flip hamburgers at McDonalds—never at home."

So you have a degeneration of the U.S. labor force, into what's called a "service economy": of labor-intensive, non-productive, forces. The amount of product which we are producing per capita, physically, is not sufficient to maintain the existing population! We're dying! We're dying of Baby-Boomerism!

We have to go back to become a creative economy. *This is what the problem is they don't understand!*

We have a population on the planet, which is mostly very poor, the population of Asia, the population of Sub-Saharan Africa is extremely poor! They don't have the power, under existing conditions, to maintain their existing population safely! We need for them, an improvement, not only in infrastructure, but the creation of the conditions under which their

productive powers, their intellectual powers are increased. To create the conditions of *development*, under which the power of generating their *own* prosperity is given back to them.

And that's what these guys don't understand. They think that value lies in money. An exchange system of value, that's where the Marxists failed, terribly, as in the case of the Soviet Union. The biggest characteristic of failure in the Soviet Union, was the Marxist theory of value! They didn't understand, that the promotion of creativity of the individual in society, is the source of production of wealth. And that money is simply a means of exchange which must be created and managed, to *assist* the process of transfer of wealth, in one form or another, among people.

Therefore, the secret of economy lies not, in management of money. The management of money is a system of slavery. Where some people control the money, control the economy, for the purpose of getting more money. They do not allow development, because they want to steal. They steal so much that the economy goes into negative growth, as has happened to us, as has happened to the world. They don't understand that *value is a physical value*, not in the sense of physical objects, but in terms of the increase of the productive powers of labor per capita and per square kilometer, as a result of this process.

And that's what they don't understand! That's what they don't *wish* to understand! That's what Baby-Boomers don't want to understand, because they would have to admit, that what they were in 1968, they were the *poison* that was going to destroy this society! Not because they intended to be poison, but because they were conditioned and brainwashed, to be poisonous. They lost culture! They lost science! They lost jobs. They lost the opportunity of being productive. They lost the hope of getting health care. They lost the hope of a future for their children and grandchildren: because they didn't understand value. They assumed that getting more money is value. But getting more money, without increasing the physical powers of production, has no value.

It's to the extent we develop, not "democracy" as such, because democracy's a bad word—but *freedom!* The freedom of the individual as expressed by the *development of the individual*. And the opportunity for expressing those developed powers, in a useful way in society, in a way that makes you proud of being yourself. That makes you proud of what you're doing for the next generations that are coming after you. *That's freedom!* And the right to influence the process, influence the process of thinking, which pertains to thinking in this way.

And that's what they don't understand.

So therefore, *if* we can do two things—and this election has proven it! We've proven it by the turnout by young people as voters, in the 18 to 25 group, and the 25 to 35 group: It proves, that reposing inside the young people of America, the young adults of America, there is a core of young adults which does have an orientation toward the future, which will respond to the idea of a future. Where the Baby-Boomers in general

have given up on the future, and have tried to cling to what they can salvage from their own past. That's what the problem is.

Therefore, the secret, which is universal—the secret of making this work, what I outlined, simply reorganizing the monetary-financial system, the secret is to take young people, 18 to 35, who are still open to the ideas of being useful in society, who are still open to the idea of being truly creative, who want Classical art, who want science, who enjoy it, and who have a future orientation.

So therefore, our purpose is two things: Define the reforms which will prevent a general bankruptcy from plunging the whole planet into a new dark age. But do that in a way, which involves inspiring and mobilizing the generation between 18 and 35, which still have an orientation toward the future, at least latent within them, as they've shown in this recent election. Concentrate on *them*, and realize that you have to look at the lower 80% of family-income brackets among these youth. Because it's not sufficient to inspire youth from the upper 20% of family-income brackets—that's not enough. If you can not inspire young people, from the lower 80% of family-income brackets, you do not have a future for the United States or the world.

Yes, inspire everybody you can. But never lose sight of the fact, that what you do for the people in the lower 80%, young people in the lower 80% of family-income brackets, is what is going to determine the future of this nation, and all humanity.

And *that* is what the Democratic Party leadership has forgotten.

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## Dialogue With LaRouche

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**Debra Freeman:** . . . To start, I will try to, wherever possible, group the questions by subject, just because it lends some order to the discussion. The first question is one of strategic concern that was submitted by a group of senior, retired military officers, who we have been in discussion with, particularly over the course of the last week or so. And what they say is: "Mr. LaRouche, the Baker-Hamilton Commission report is expected to be released sometime soon. Some of us here in the United States have expressed concern that domestic political considerations could override the best overall strategic approach to the Iraq crisis, which is rapidly devolving into a sectarian civil war and worse. How would you respond to these concerns, and how would you update or modify your own 2004 doctrine for Southwest Asia?"

**LaRouche:** Well, what I've not mentioned so far is, who is the enemy? Now, around the world, people think the United States is the enemy. The United States is not the enemy; the United States has become a *puppet* of the enemy. And there are people in the United States who represent the enemy—like George P. Shultz, Henry Kissinger, and so forth. They represent the enemy, but they're not really Americans. They

represent another interest: a foreign interest, which is the Anglo-Dutch Liberal system. It's centered in the imperial system that wants globalization. If you wish to destroy a great nation like ours, you destroy it by first inducing it to discredit itself. And then you look at the way in which we are induced to discredit ourselves as a nation of the world. And the degree of discredit which we have suffered since the year 2000, is the greatest in our history. This Presidency, this Bush-Cheney Presidency, has been the instrument of our destruction, of our self-destruction, which now opens the door to the destruction by other forces besides our own.

Who did it? Who was our enemy in 1776? Who was our enemy in 1812, 1815? Who was our enemy in 1861? Who has been our enemy? Who organized wars on the continent of Europe, in order to build up an imperial power, or a maritime power? Who did it? The Anglo-Dutch Liberal forces, which have always been committed, since 1763, since the Peace of Paris of 1763, have been committed to destroying what became the United States. These are the people who have moved in and taken our Presidency a number of times. These are the people who created the Confederacy. These are the people who were behind Woodrow Wilson, Teddy Roosevelt, who owned Coolidge, who owned Hoover. These are the people who owned Truman. These are the people who owned Nixon. These are the people who owned the Trilateral Commission. These are the people who owned the right wing inside the Reagan Administration—my enemies. These are the people who were behind George H.W. Bush. These were the people behind the Bush-Cheney government, created by George P. Shultz, an accredited fascist.

Who was it? The international financial oligarchy. Who is it? It's a sort of a slime mold, composed of financier interests in the Venetian tradition of Paolo Sarpi, who emerged by Venetians changing their names to Dutch names and English names, and so forth. Instead of Venetian, they became known as Anglo-Dutch Liberals. These are the people who created the British Empire, who are determined to have a world empire modelled upon the medieval model of the time: that Venice, as a financier oligarchy, controlled a bunch of *scumbags*—to use a technical term—called the Crusaders, the Anglo-Dutch Liberal, or the Norman liberals, or the Norman chivalry, who raised hell in Europe, and almost destroyed civilization in the medieval period. They were reincarnated, in a sense, as the Anglo-Dutch Liberals, and became a power, an imperial power, in 1763, with the Peace of Paris.

Since that time, they ran wars repeatedly in order to induce continental Europe to destroy itself. They worked to destroy *us* in various ways. And all of our patriots from earlier times, knew that. Only the poor fools of today don't know that; don't know who the enemy is. Who did we fight in wars? Who is the enemy? It was always the same one. Sometimes we were the suckers; we joined the enemy.

But it's the same thing today. *People wish to destroy us*, and we are destroying ourselves. And when the professional military, who are men of conscience and patriotism, react to



PRNewsFoto/National World War II Museum

George P. Shultz



EIRNS/Stuart Lewis

Henry Kissinger



www.arttoday.com

Napoleon Bonaparte



Adolf Hitler

*What do these four have in common? They are all agents of the Anglo-Dutch financier forces who have been committed to destroying the United States republic since its inception.*

the mess in the Middle East, so-called, they are reacting—they may not understand exactly what they're reacting to historically, because they're younger than I am, and therefore, they weren't around soon enough to find out what this thing is all about. But we patriots—look, I came back as a simple soldier from Burma, into India and back here at the end of the war. And I saw us betrayed! When I hit the shore here, I knew we had been betrayed—betrayed by what Truman represented.

In 1947, for example, I wrote a letter to Eisenhower, who was then the president of Columbia University. In a couple of paragraphs, which is what you write to a former commander of forces, I laid out the case of why he must run for President, for the Presidential nomination on the Democratic ticket. And he wrote back and said he agreed with me, but the time was not right for him to do it. Because patriots who went to the war *understood what we were*, in saving the planet. *We saved this planet from Nazism*. And when Truman came in, we began—by 1948 we brought the Nazis back into their positions in France and elsewhere. We put them in the jug; we tortured them for a while, and we brought them out and

gave them back their old positions, and they are the force in the world today. What do you think this thing is we're dealing with in the United States—this right wing? It's the same thing.

### The British Method

But it's British method. Remember what the British did. Here's France, the Treaty of Westphalia: The Treaty of Westphalia was organized by Cardinal Mazarin of France, who succeeded this idiot by the name of Richelieu (a clever idiot, but an idiot nonetheless), who had as his key man, Jean-Baptiste Colbert, who organized France as the leading nation of the world. What happened to France? Why was France the leading nation of the world, the greatest power in the world at that time. What happened to it? Well, an inside job—Louis XIV.

And so what, they did, the Anglo-Dutch Liberals, our familiar friends, our ever-loving English-speaking brothers and sisters (or English-squeaking brothers and sisters, as the case may be). They induced this idiot, who allied himself with a bunch of gangsters called the Fronde, with imperial delusions, and he fell into a war trap with the Anglo-Dutch Liberals, and there wasn't much left of the French monarchy, except one little infant, at the time that Louis XIV died. At that point then, through various operations, the Anglo-Dutch Liberals took over the throne of England and established it as Great Britain, the British government, 1712. Leibniz dies in 1714; there's a phase change in history. More wars! Always on the continent! The Anglo-Dutch Liberal system wins. Why?

Take the Seven Years' War; that's how the British got to be an empire. It was the British East India Company, not the British monarchy. You had the greatest military commander of that period—Friedrich der Grosse [Frederick the Great]—who was very good at winning battles, but he lost the war! Because he was a puppet of the British in getting the forces of Russia, of Austria, Austro-Hungary, France, and so forth, all involved in this war. What comes out of it? France, which was a great power, is stripped of much of its power, and now the English have established an empire—the Anglo-Dutch Liberals of the East India Company. The same thing all over again.

We beat these guys; we were an inspiration in our Revolution. But then these guys organized the French Revolution, through the Martinist freemasonry. And the British freemasonry ran France; they ran the Revolution. They created Napoleon. "They created Napoleon? Weren't they enemies of Napoleon?" Yes—not really. Because Napoleon did more to destroy continental Europe than any other single force, and then he was gone. And the same Anglo-Dutch Liberals created Hitler, and they were about to make an empire and play with him the same way, by having him get stuck in the Soviet Union someplace, and then they were going to jump on his ass, which is what the British like to do.

And in the same way: We got stuck in this thing! We won World War II. *We saved the planet!* With all our faults, we

saved the planet. Yes, other people fought the war, too, but without us, they'd have never won it. *We saved the planet from Nazism.*

I come back from the war; just a simple soldier, but I know what's going on, like anybody who's intelligent knows what's going on. I come back and I find out we've been betrayed. We went over to the same crowd we fought against. Yes, we joined the British against Hitler, in order to defeat Hitler. But Roosevelt knew what the British were; he told Churchill to his face what he was.

So our people *forget* who the enemy is. They think of the enemy in terms of some guy in a prize fight or something; you go out and kill somebody. The game is not to win wars like winning prize fights. The game is—and this sometimes requires military capability—is *to orchestrate history!* To bring forth on this planet the kind of system of government, the system of society which we need. We were the leader of that; we were created as the leader of that, because Europe was so polluted by oligarchy, that even the best ideas of Europe could never succeed, because of this damned oligarchy. We were independent; and after Lincoln's victory, after Roosevelt's victory, we were repeatedly betrayed.

Now, therefore, to talk about policy in a negative way, in respect to Southwest Asia, is idiocy! It's not a simple military question; it's a strategic question of the highest level. We've come to the point where it is not possible to fight general warfare. We are in the age of nuclear weapons, and traditional ideas of warfare are no longer workable, except for defense in special situations. But it's the idea of general warfare, declaring warfare—you don't go to war. You may defend, but you don't continue warfare; you defend, and you seek the end of war as soon as possible. Get out of there! And you're prepared for that.

But, on the other side, one of the reasons you can't fight war is because we have asymmetric warfare, irregular warfare on a mass scale. And no military force can stand up as a permanent occupying force against asymmetric warfare. The Israelis got their nuts kicked off them in Lebanon—because asymmetric warfare defeated them. Yes, they bombed like hell; they bombed with air power, but what can you do? You live on the ground, you don't live in an airplane forever.

What happened in the Soviet Union, in Afghanistan? Asymmetric warfare. What happened to the United States in Indochina? Asymmetric warfare. What's happened in Iraq? Aggravated asymmetric warfare, complicated by that idiot that was put in there [Paul Bremer], who, when the United States had control of the situation, disbanded the treaty agreement with the Iraqi military and the Ba'ath Party. Under normal military rules, you would do the right thing, but Bremer did everything wrong. Accept the surrender; adopt the forces of the country you just defeated; have *them* do the job of running the country, under an agreement which aims toward a peace treaty. Don't try to do regime change. It was regime change that made asymmetric warfare inevitable.

We're now at the fag end of asymmetric warfare. We're losing the situation in Palestine and Israel. The situation becomes more impossible. We're about to have a Sunni-Shi'a war in the region—maximum destabilization.

What we have to do, therefore, is go to a higher level than simply these simple military questions. *Yes*, we do have to have an exit policy. But we're going to get out of there. What that means is, we're going to have to engage the entire region of Southwest Asia in a comprehensive approach to getting out of there. Now, as long as this President is in power, as the President of the United States, you can't do it—you *can't do it*. The generals are right, in one sense, but you can't do it as long as you've got this President in there, for two reasons: not only because of him and Cheney and his apparatus, which is sunk too deeply already into the institutions of government of the United States. It's going to take a little work to get rid of those rats, which were brought in as part of the Bush Administration. They've been in there for six years now. They've planted their poison; they've destroyed institutions; they've destroyed ideas; they've planted their agents all over the place.

The point is, the United States is not respected as long as Bush is President, and as long as Cheney is influential. If the United States wants to do something in Southwest Asia, it's got to get this bum out of the White House, and it's got to have a spokesman for the United States, whom people will believe.

Now, I'm involved in exploring what the diplomatic options might be, in part of that arrangement. I'm personally involved in that. I've got a sense of what the situation is; and unless we can inspire the people of the region to give up the things they're planning to do right now—for example, what do we have to do? We have to go directly to negotiate, not “conditions” with Iran; we have to negotiate a general diplomatic relationship with Iran, period. Because, once you do that, you change the dynamic. You've got to go to Turkey, and lay the thing out to them, because we are, in a sense, creating the Kurdistan problem. So, we're going to get Turkey involved in this mess. We've got to cut the Israelis off on this thing; they're going to have this agreement with the Palestinians *now!* Period.

You've got to be as tough diplomatically, in these respects, as you would be in warfare. If you're tough enough in the right way, for the right thing, you can win the war without having to fight it. The problem is, is that the kind of thing that's being proposed, about disengagement, the process of disengagement, is you have to have the right factors that will make it work. Right now, everything I'm reading is that the situation is so damned deteriorated, that merely a simple procedure like that, there is no one to do it. There is no way you can enlist forces from that region now, to an agreement by which we can disengage the U.S. forces from Iraq. We're going to have to “git.”

Now, the alternative to just “gitting,” is to do what I said. If you want to get the job done, do it. You're dealing with

a dynamic situation, not a Cartesian mechanistic situation. You've got to control the dynamics of the region.

I believe we can do it. I believe we can handle it with Russia, with Germany, with France; it's difficult with Turkey. [We can] negotiate a general open diplomatic agreement with Iran. No conditions; we have regular diplomatic relations, period. Bring in India; bring in the Pakistan factor, which can be done. Don't make a mess of Darfur, the way some people want to do. Don't do any of these things. Don't let Egypt be destabilized. Force it by getting a nice little conspiracy among some powers. We're going to shove it down the present Israeli government: We're going to have a peace, a Palestinian-Arab-Israeli peace. We're going to have it! And we can do it, actually; we can do it. The danger is, those nuts may go off and start throwing bombs at themselves, almost as on a suicide mission, on Iran, and that can start the whole hell-mess going forward. That's the situation.

So, they're right on their assessment of the situation; they're right on their assessment on the consequences of simple withdrawal. But when you start to define an alternative, then you find you've got a real mess on your hands. You say, well, with this President, with this Vice President, with the present policies, we can't make it. So therefore, you take, on the other hand, the Baker-Hamilton proposal. The Baker-Hamilton proposal does touch on things which are important factors to be considered, and in that sense, it is positive. But, are you willing to go far enough to *win the war*, as opposed to simply pretending to make a gesture to win the war? You've got to have the guts to think it through. And I believe it can be done. If I were President of the United States, I could do it, and I would do it. But, I'm not President of the United States; that's your problem.

## The SDI Approach and Geopolitics

**Freeman:** Now, that's a problem we might be able to deal with. I'd like to call Jeff Steinberg up to the microphone to ask the next question, because I can't make it out.

**Jeff Steinberg:** Yes, thanks Lyn. This is a question that was sent in from Judge Carlo Palermo, who was one of the leading investigative magistrates in Italy, investigating many aspects of the whole terror campaign, Strategy of Tension, from the 1970s through the '80s. He's now retired from his position as a magistrate, and he's a criminal lawyer. He's involved in a case, and he's asked for your insight into some of the background on the case. Basically, in April of 1991, there was a collision of two ships in the harbor of Livorno, Italy. One hundred and forty people were killed, and he's now representing the families of some of the victims. And it turns out, that the reason for this collision, is that this was at the tail end of Operation Desert Storm, and the United States was beginning Operation Provide Comfort. Large amounts of weapons were being covertly smuggled into northern Iraq, along with a number of U.S. Special Forces. This was also the period that there was a big upsurge in smuggling of weap-

ons into the Balkans as well, for the Balkan War.

Judge Palermo's question is: Number one, can you shed some further insight into what was going on during that period; and second, would you estimate that Dick Cheney played an important role in this whole episode?

**LaRouche:** Oh, Cheney is obviously key, but Cheney is not the architect of this. The policy is obvious; it's what we were concerned with, and I was concerned with back at the end of the 1970s, the beginning of the 1980s. It was what was involved in our consideration of what became known as the SDI. It was obvious that with the Soviet Union at that time, we were either headed toward an unthinkable—because of the crisis which was building up inside the Soviet Union already—or we were going to find some remedies.

Now, the danger was—and it was typical of Reagan: Reagan had two sides. Reagan's relationship to me, especially in terms of the SDI, was one thing. And, if by some chance, if Andropov had not become the General Secretary of the Soviet Union, then I think the deal could have been made, that Reagan offered, which is what I had negotiated with the Soviet government, as an offer, as a proposal. And the President presented exactly my proposal to the Soviet government, and the Soviet government turned it down without discussion. And Gorbachov later did the same damn thing.

Our concern was, that knowing the system was going to collapse, and knowing that you could not actually fight, successfully, the kind of thermonuclear war which was building up, that you had to negotiate anew and induce a change in the structure of world relations. The strongest support I had on this, was partly from Italy, from the military in Italy; from leading circles in France, and from much of the German military, who understood exactly what I was saying: That our objective was, by eliminating the kind of condition which this thermonuclear confrontation represented, we could bring the factor of national power back into play again.

Now, our opposition in this, was always moving in the direction of the idea of globalization. So, what did they do? To understand this, you've got to look at the British-French, Thatcher-Mitterrand agreements on Germany, which were imposed to destroy Germany. You look at the German economy today, and look at the elements of it, and you find it's been destroyed. You look at the European continent—largely destroyed. Every state in the former Comecon, is far worse, has far worse conditions of life than it had under the Soviet Union—except that they have political freedom: political freedom to starve and die, peacefully, maybe.

So, where we could have had a controlled situation—which is what the SDI represented, as a strategic move from a higher level—we lost it. But these idiots in the United States, the Democratic Party, who were a pack of idiots; the Republican Party generally were a pack of idiots, and worse. And Reagan was the only one in the leadership of the Republican Party who stuck with the SDI. Me, and Reagan: a funny kind of relationship on this thing. And I was sent to prison because



Conner Soules

*As a consequence of rejecting President Reagan's offer for a joint Strategic Defense Initiative, the economy of the Soviet Union collapsed, leaving the population with far worse economic conditions—"the political freedom to starve and to die." Here a market in St. Petersburg, 1999.*

of what I did in this thing, exactly—no other reason.

So therefore, once this started, once this collapse of the Soviet Union started, which none of these jerks understood was going to happen, and it did happen. Then you had the Gulf War. Now, the Gulf War was orchestrated by the British and the United States—especially the British, not the United States. Remember Thatcher saying, "Don't go wobbling on me, George." That's how the war got going. So, we got into that. The minute we cut that off—the continuation of the war with Iraq—we went into the Balkans. Now, if you know something about European history, let's say we're starting a Balkan war. What does that mean?

Now, it also is complicated, because you had people like Cheney and company and their friends, who are part-time murderers and part-time thieves. And once this crowd gets into an operation, you're going to get that kind of effect. The corruption, the degree of corruption, corruption per se,

becomes the key decisive factor in these things. And what you're getting, is you get military operations; not military, they become criminal operations. And criminal operations and military operations become indistinguishable. That's what Cheney represents.

Remember, what are they going for? Don't just follow the reaction to this or that situation. Look at this thing from above. Look at the geometry of the situation, not the mechanistic, statistical patterns. Look at the geometry of the situation. What is the policy? *The policy is called globalization.* What is globalization? The elimination of the sovereign nation-state; that's globalization. Who wants to do that? *The Anglo-Dutch Liberals.* It's a continuation of the same thing that was called "geopolitics" before, ever since Lincoln won the Civil War, and the Crown Prince Edward Albert had to face the reality that the United States had won the war against Lord Palmerston's Confederacy.

So therefore, from that time on, the danger was, the spread of the influence of the United States' economic model in Germany—1867, 1877, 1879; 1877 and 1879 Japan; Russia, the same period—1877, 1879. You had a developing spectacle; "Uuh!"—said the British. "Uhh!"—Eurasia; Japan; movements in China, Russia, Germany. The new unified government in Italy. Rumbblings in France, after the collapse of the crazy Napoleon III operation. Forces on the continent of Europe are following the American model. Throughout Central and South America, the American model, the U.S. model of economy, the American System of political economy is spreading its influence.

So, suddenly, the British are faced with the fact that their empire, which is based on maritime power, a geopolitical conception, is now threatened, and Edward Albert and his crowd, the Prince of the Isles, decided to go to world war. Another war like the Seven Years' War, which brought the British into an imperial position back in the 18th Century—all over again. *The goal of that crowd has been the destruction of the United States.* Our loving ally: They embrace us, but they don't love us. They screw us, but they don't love us.

So, this is where the problem lies. Then, we have people in our own system, who have been traditional traitors, ever since Aaron Burr. There's a direct line, since Aaron Burr, of traitors to the United States. And you have people in Wall Street, who are chiefly traitors, major financial institutions owned by London; part of the Anglo-Dutch Liberal system. They don't believe in our people. They don't believe in the lower 80% of our population. They don't believe in us as a nation. They believe in us as a territory, which they want to control through their friends. It was called the "white shoe" crowd at the end of the war. When the OSS [Office of Strategic Services] crowd came back, the people who I got to know later, who were one faction of OSS, along with [William] Casey, who was part of that; [William] Donovan was a key leader of it. And you had the other side; the white shoe crowd, the Wall Street crowd, the pro-Hitler crowd behind Truman,

behind the whole operation.

So therefore, what you saw was the process of inducing the United States to adopt policies by which we destroy our own vital interests, to induce us into that kind of thing. And we, like stupid jerks under the influence of white shoe-type mentalities, we go along with it. We represent not a nation as a power—that's not the essential thing to think of. We represent a principle that the best people of Europe contributed to creating on this continent: A nation, a republic which would be a model for liberating humanity as a whole from the oligarchical system. That's what we were; we were weak, we were subject to things, but that's what we were. That is our national interest; that's where our patriotism is located, not in little greedy things, but in that. To save what this nation was created to be, and not to compromise that for the sake of an alliance with something.

And what we had, in the period of the collapse of the Soviet Union was—"aw, we can play all the games we want to." And so they went through the Iraq operation first to bust that one up. Then they went into the Balkan wars, the same way the British organized the Balkan wars at the beginning of the last century, same purpose, same way.

That's the only answer to the judge's question. Yes, corruption; pure corruption. Was the United States involved? Probably. Were the British involved? Probably, in terms of that specific thing. In terms of the overall operation, they were involved. The United States was guilty. U.S. forces were involved in those operations; British forces were involved; French forces were involved. And they were corrupt; they were rotten. And my approach to this thing is: I don't know how we can win cases in isolation.

On the Italian case and Judge Palermo, we have some very interesting developments right now, which is a result of the work I did earlier on the idea of developing a New Bretton Woods policy. The New Bretton Woods policy comes up now as the present government of Italy is on the verge of toppling. And so, some of the forces of the other government have picked up again on the New Bretton Woods policy, which I laid out and they adopted in Italy. So, you may find that Italy becomes a factor. Under those conditions, then, what Judge Palermo is talking about, may become an active possibility from the standpoint of Italian jurisprudence and government.

But that's the way to look at it: Can we get a struggle for the nation-state, agreement on the defense of the nation-state against globalization, against the Anglo-Dutch Liberals in our own country as well as in Europe? Can we get that? If we can get that, we can clean the mess up. But I don't think we can clean the mess up unless we can do that; because up to now, the enemy has been winning.

### **'Go Back to the American System!'**

**Freeman:** Interestingly, we have a lot of questions coming in from Italy, including from a group of young boys in Ascoli Piceno. But, we will get to those.

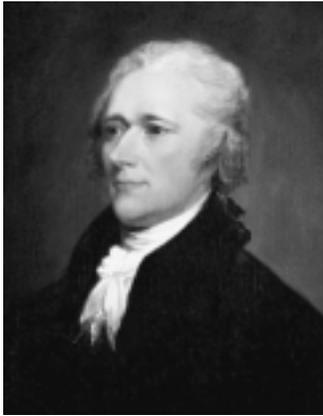
Lyn, I want to switch to some questions concerning the U.S. economy, that are coming in from members of the professional staff of various Congressional offices and committees, who after 12 years of having been the minority party, are now finding that they have to draft policies, and they are having some problems, and they want your help. And judging from these questions, they really need your help.

The first question, and I won't go through all of them, because they're all kind of similar so I'm synopsizing some of them. This is a question that came in from a staffer on a number of different committees, but most specifically, on the Senate Democratic Policy Committee. And she says: "Mr. LaRouche, you've often pointed to JFK's mobilization to put a man on the Moon, as an historic model or precedent for the kind of mobilization that we need today to rebuild our nation's decaying infrastructure. But, in Kennedy's day, we were in much better shape as a nation, and the mission itself was defined in terms that seem relatively narrow by comparison to what we face today.

"As I understand it, the problem today is different. If former Treasury Secretary Rubin is correct, we don't even have enough cash to cover even the most basic commitment that the government has made to its citizens. So, how on Earth can we begin to adequately address the actual needs of an increasingly impoverished population, without massively increasing the Federal deficit, which we obviously don't want to do?"

**LaRouche:** Well, first of all, I've got some areas—reversing some tax cuts, particularly in the upper 3% of family-income brackets. I think we should melt down some of those golden parachutes! The point is, this is a totally immoral swindle, and we have to understand that that's the nature of the thing. Secondly, if you don't make a change—which is what I addressed today—if you don't make a change in the structure of the international monetary system, of the type I outlined today, there's not a damn thing you can do! So either do it my way, or be damned, because what I propose will work. It's based on principles which were tested, in a sense, under Roosevelt. They're traditional for us. They're based on concepts which are understood, and it's only that we are enslaved—we're like brainwashed zombies, as a nation. We believe in economic liberalism. Anybody who believes in economic liberalism has to be brainwashed! They should be put under protection. They should not be allowed to print or have money!

We have to go back to the principles of the American System. That means we have to reorganize the world monetary-financial system. How can we do it? Easy! Put me in the right position in the United States—I don't even have to be President. All you have to do is take my orders, Eh? And I can guarantee you I know exactly what to do, which *will* work, given support. And it will work. *Why?* Because the world is going to become suddenly panicked, and they're going to say, "Somebody, anybody, please do something." And that's the



Alexander Hamilton, one of the framers of the American System of Political Economy, with the frontispiece of his 1791 "Report on Manufactures." "We have to go back to the principles of the American System," LaRouche said.



only way you can do this, is when they scream: "Somebody, anybody, help us! We'll accept anything! Help us!" Then, you can come in with a calm voice, make a proposal, and say well, you can do this. "But I don't want to do that!" Well, okay, then go to Hell.

Under those conditions, history has proven time and time again, that that's the way you act. Look, real leaders and architects in history have always functioned on this basis. You're working in terms of cycles which are like astronomical cycles. You don't know how long they are, but you know that's the nature of the situation. You know, sooner or later, the system that you have is not going to work. And it's not going to work means you're going to come to a point of crisis, where everybody's going to scream, "It doesn't work. What are you going to do? Save us! Save us!" Now, that's a dangerous point. You can either get a remedy, or you can get a dictatorship—or wars—at that point.

So, you have to have people who beforehand have understood what has to be done, and are ready to do it. The idiot says, "But we can't propose that because they're not ready to do it." Say, "You damned idiot! Don't you realize that's history?" You prepare to do something that has to be done, and you never say it can't be done because they're not ready to do it. You wait until they're damned good and ready, when history kicks them in the ass! And that's how you do it.

Look, those of us who have fought, as I have fought: We don't give up! We're right. We know we're right. We keep at

it, and we wait for the time that comes when what we're proposing will be accepted. And if it takes time, that's all right. Because what can we do about it? There's nothing we can do about it. You can't artificially change history. You provide ideas. Some ideas will creep ahead, independently of you, and go forward. But at the same time, you know that you're coming to a point where decisions are going to have to be made. You base yourself on preparing yourself and others for that decision, which is the only solution. The problem is the Nervous Nellie—the coward in warfare—says, "We're losing the war. We've got to make a deal with the enemy now!" The coward. And therefore, if you're not a coward, and you have the right policy, stick to it. If you don't win right away, stick to it, because it's the right policy. That's the only way to look at it.

So, we can do it. I've prescribed what has to be done, today, again. It's brief, but it contains the core of the argument. The theory of money is crazy. Our

policies are crazy. We are already bankrupt. The system's coming down. There's no way within this system in its current bankrupt state that you can—within the system, as presently prescribed—save this nation. Are you prepared to save the nation? Are you prepared to give up your illusions to save this nation, or are you going to choose to go to Hell, for the sake of ideas that don't work? That's leadership.

### 'Change the Architecture of the Monetary System'

**Freeman:** Okay, this is another question like that. This is from a group of fellows at the Hamilton Project, with one speaking on behalf of the other four. He says, "Mr. LaRouche, I've studied your work for quite some time, and I've never had any argument with your critiques of both the U.S. and the global financial systems. The problem I have now though, is that I just cannot seem to wrap my brain around what you're saying has to be done, or rather, how it can be done. The fact is that, as a nation, we are bankrupt, plain and simple. You say that the government can create long-term credit earmarked to rebuild the nation's infrastructure. I do understand that once something like that is under way, that a mobilization like that would boost employment and therefore increase the tax base, yada, yada, yada.

"What I don't understand is the first step. If a bankrupt government can create credit out of nothing, then why can't any Third World nation do essentially the same thing, to re-

build or to initiate building of their own national infrastructure?”

**LaRouche:** Well, the fact is, they can't. The United States can, because the system is denominated in dollars. This is a dollar system. The world system is a dollar monetary system. The world monetary system is about to collapse. The Chinese are not stupid. The Chinese know that if the dollar collapses, the Chinese economy goes into a crisis. Other countries are intelligent enough to know that, maybe not the British or maybe not some other people like that—but that's a fact!

And in this situation, you've got to give up all mechanistic, statistical ideas, statistical chain reactions. Forget them! *What you have to do is change the architecture of the system.* The problem of your objection is, you're trying to find the way in which what I propose can be introduced into the system. *It can't be introduced into the system*, because it challenges the essential assumptions, the axiomatic assumptions, upon which the system is based. I'm saying, change the system. The first step is not to start coming up with some program for investment. First of all, you've got to have a system under which you can do that. How do you do it? The Federal government announces—Ahh! It's astonished!—"We have just discovered that the entire banking system is *bankrupt!*" Which it already is. All they have to do is announce they have discovered that fact! Once you've announced you've discovered that fact, then you say, "Ah, what do we do?"

Well, the first thing you have to do, before discussing my proposals, is, you have to follow my proposals in the *right order!* First of all, number one, the entire U.S. banking system is hopelessly bankrupt! *Number one!* Get the point? "Them is bankrupt!"

Number two: The Federal government must *acknowledge* this fact. Now, acknowledging this fact under the Constitution, under the Preamble of the Constitution, which is the fundamental law of the Constitution: the General Welfare. Then, in the defense of the General Welfare, which can be defended officially, and no other way, because a chaotic disintegration of the banking system is not acceptable; therefore, we must act to defeat the disintegration of the banking system. Well, how do you defend the banking system when it's bankrupt? Well, elementary, Watson. You put the bankrupt system into *bankruptcy protection!* How do you do that? The Federal government, in one statement by the President of the United States, declares the Federal Reserve System bankrupt and takes it into receivership, *for protection* and management. Right?

Then, we decide under bankruptcy arrangements, how we deal with this bankrupt mess. We've taken it over. Some accounts have to be postponed. Some have to be cancelled! Ah! Some golden parachutes just got holes in them! They're cancelled, because the golden parachutes involve assets larger than banks. The discretion of the bankrupting agency is to find that protection comes into play. It may make a big argument, make a big fight about it, but that's where you are.

So, now what do you do? What do you do in a bankruptcy? You convert short-term obligations into long-term obligations. That's what you do in a bankruptcy. You write off part of the claims. It's what you do in a bankruptcy. And they don't have much choice but to consent to something like that. They can argue about the equity of this against that, but we're in the situation. "Look buddy, you ran the system. You, the Federal Reserve System and the member banks, you ran the system. You created the bankruptcy. Yes, the Federal government was complicit, but we got rid of them. We got rid of the ones who did it, like Alan Greenspan. We got rid of 'em. Now, we're cleaning up the mess this bunch of crooks created. We're now going to defend the United States, and defending the United States means defending its people. Defending its people from starvation, from a breakdown of the health-care system, things like that. We're going to do it. The whole world has to do the same thing. Europe has to do exactly the same thing."

Well, then, do it.

### **Political Will and a New Bretton Woods**

Now, what have we got? We've got one thing. We've got a tradition, and we've got certain skills still left, as Western Europe does. We're going to use those skills. We're going to rebuild ourselves for the biggest world market there is, and the biggest world market there is, is poor countries, in poor regions of the world, where the populations are desperately poor, who need the benefits of modern technology, including basic economic infrastructure. So we're now going to hock ourselves, to agree to supply to those countries the assistance they need, in capital formation, to build up their economies. We're going to extend credit; that is our promissory note—our promise to produce for the next period of 25 to 50 years. Now, we're going to say, under this agreement with other nations, let's do the same thing among ourselves, as nations. Let's get ourselves a few big ones to join with us. And we say, let's recreate the Bretton Woods System, in principle, but in a new form, under terms defined by present conditions.

See, it's a matter of political will. It's a matter of understanding what conditions exist that have to be changed. It's seeing the situation in a different way. Not trying to sneak in with a little proposal, shoving a piece of paper under a door, a suggestion, and hoping that somehow it'll fly in the morning. If you're going to do this kind of thing, you come in from the top. The top is the United States, still, because it's our dollar. Not really ours anymore, but it's denominated in U.S. dollars. The ability, the promise of the United States government to pay against the dollar, that's our power. Therefore, we exert that power, to force a reorganization of the international financial monetary system. What we do essentially, is we put the Anglo-Dutch Liberal bankers *out* of political power. And we do that by making agreements with nations on a nation-to-nation basis, or group-of-nations basis, that we have to



Transrapid

*A panoramic view of Shanghai's maglev train. To rebuild itself as an industrial nation, the United States has to join with other industrial nations to supply modern technologies and infrastructure to the poor nations of the world, under a reorganized world monetary system.*

reorganize this world, because the way it's been run by these international financier interests has ruined the world! This is the syphilis of the world—Liberalism! And syphilis has been liberally distributed.

The time has come: We have to make a general reform in policy, under which we declare that liberalism is now outlawed. It's a disease. We have to create an equitable system, which is equitable to governments, equitable among people as human beings, and we have to subordinate any other claims on government to that principle. We go to the same principle which is stated in the Preamble of the U.S. Federal Constitution: the principle of the General Welfare, essentially. We say on the basis of that constitutional principle, which is ours, and on the basis of the power we represent, even for purposes of default, that that should be the ruling principle among nations. That we agree to that, and that we make agreements covering 25 to 50 years in the future, based on that agreement. We reconstruct and rebuild a brand new

international monetary-financial system, and put the other, old system into bankruptcy reorganization. We then treat the process of treating this in bankruptcy equitably. The first thing we care about is *people*.

The next thing we care about is the kind of institutions, the productive institutions, which are necessary to meet the obligation to people. We operate on the basis of justice for people. To take people in poor parts of the world who are suffering, and say, they have a claim against us, for us to assist them. We think about our nation from the standpoint of what people three generations from now, or two generations from now, will think about the United States because of what we have done today. And that is our security, not our muscle power. The great power, the greatest political power, the greatest power on this planet, is the power to do good.

### **'Defend Our Borders From What's Infested the White House'**

**Freeman:** . . . We're going to move away from Washington for a moment, because a Congressman from Mexico has submitted a question. Lyn, this is from Congressman Roberto Mendoza. He is a Deputy from the PRD for the state of Tabasco, where things are hot. He says, "Mr. LaRouche, how do you think the Congress of Mexico could participate in the economic change which you are proposing nationally and internationally?"

**LaRouche:** Well, I think the first thing to ask is what should we do? Not how could Mexico participate, but what should we do? The first thing we always think about is how we in the United States present ourselves to other countries, especially our neighboring countries. For example, the crucial issue right now, is the piece of idiocy which is this border legislation, U.S.-Mexico.

People from Mexico and other points south who come up through Mexico into the United States involve a number of generations in different categories. People who have been here for several generations, but still identify themselves with the Spanish language and with relatives left back, for example, in Mexico. Those who have come more recently, are more inclined to have more important ties to relatives in Mexico. For example, there are whole states of Mexico in which the population depends upon remittances from relatives in the United States. The whole state depends upon remittances from the United States, from their relatives!

Then you have people who have come in as "illegals," and this is encouraged by certain forces in the United States which want the cheap labor. This is a big problem in California; it runs from Texas through Chicago, for example. They, of course, have many relatives. We know of cases where people run drugs, so the drug-runners will sneak them across the border. They're not drug-runners themselves, but they will carry drugs, in hope that their carrying that one piece of loot will get them across the border. You have sections of Mexico which are run by private armies, whole sections of territories of Mexican states are not in the control of the state



James Tourtellotte

*The U.S. Border Patrol in All Terrain Vehicles, patrolling the border with Mexico. The Bush Administration has done the "worst possible thing in the world" regarding the Hispanic minority, importing cheap Mexican labor and then harassing them. "So stop it!"*

or the Federal government of Mexico. They're private armies, sometimes recruited from the Mexican Army or from security forces, are working with others and running things, like the Colombian gangs in Mexico. And near the border they are key in the smuggling across the border. If you wanted to eliminate the smuggling, you would go down and do two things: One is you'd go down to get those guys out by cooperating with the Mexican government to shut them down. And our muscle would back up the Mexican government in that, by methods which are appropriate, without breaching their sovereignty.

The point is, you've got this situation: The largest single designated cultural minority in the United States is Hispanic; most of it associated with Mexico. This is a big part of our citizenry! It's larger than the African-American minority. So therefore, you're dealing essentially with the General Welfare question, and what the Bush Administration has done with this problem—which is a problem—what it's

done is the worst possible thing in the world. So stop it!

Bush's friends wanted cheap Mexican labor from across the border into Texas. They wanted it! Other people, governors, political organizations, wanted it! Now you want to pick on these poor people who came over out of desperation, because of what we did to Mexico, since 1982? We destroyed Mexico's ability to develop. We looted it. We shut it down! Now, these people are desperate for jobs, they're desperate for incomes; they're coming across the U.S. border because they can't get jobs in Mexico! Whole communities depend upon this system. This is rank injustice, a criminal kind of injustice, a lack of care for a nation which is our nearest neighbor, in this respect. And this holier than thou, "We're going to defend our borders!" We've got to defend our borders from what's infested the White House!

### **Vote Fraud: Clean the Mess Up!**

**Freeman:** The next question comes from a senior Senate staffer, and we have just an incredible number of questions on this topic, so I thought I should ask you to address it. He says, "Mr. LaRouche, because the Democrats won a majority, this has gotten very little public attention, but the fact is that this election was rife with voter suppression, outright vote fraud, and a whole host of other dirty tricks, all perpetrated by the GOP." One of the things that this person brought up, in particular, were these robo-calls that went on.

But the question is: "How do you think this should be addressed? Do you think that Congress should hold hearings on these actions, and should these crimes be prosecuted, or should we just brush them away because we managed to win a majority?"

**LaRouche:** Ah. Well, isn't robo-calling spam? Don't we have legislation on that? Why don't we apply it? A crime has been committed. Why not enforce it?

You have to have a multifarious approach to this thing, to realize that there's a systemic problem, which takes many forms. You look at what you have in terms of legislation, which is on the books, institutional practices, on the books, and you use the normal institutional practices on the books, if you think they're just, to deal with the problem. You undercut it. If you undercut it, you'll find some people who will be encouraged: "Oh, oh, oh," panting at your door, ready to confess. "I'll confess if you'll get me out of this." So, just go at it with a straight law-enforcement attitude, that kind of attitude. It's obvious criminality, it has to be known as criminality, it's subversion of justice, it's subversion of our government, it's the destruction of our sovereignty. And, the integrity of the ballot is extremely important. The right to vote and the integrity of the ballot, and the integrity against pollution of the ballot by fake votes, or by fraudulent methods of inducing people to vote, which is not of their own free will. So, therefore, every measure which is possible on the books, and such additional measures of legislation as might be needed, should be simply put to work as a package, and get this thing cleaned up.



EIRNS/Neil Martin

*Long lines of people waiting to vote in Cleveland, Ohio, in the 2004 Presidential election—one example of deliberate voter suppression. Use legislation already on the books, LaRouche said, “to clean the mess up.”*

Now, usually what happens is that this goes over a couple of electoral periods. They go through these electoral cycles, so it’s tough to clean these out under present procedures. So what we need is clarification on general legislation which realizes this is a national emergency, and expedites the procedures which are needed to clean the mess up. So, put ‘em in the jug. Little brown jug.

### Calling a Skunk a Skunk

**Freeman:** The next question is from Jason Pintar from Democracy Now. “Mr. LaRouche, over the last ten days, we’ve spent a lot of time discussing what the new Democratic Congress should do, and that discussion will obviously continue. but the one thing that we’ve not discussed is what the other side will do. I’m actually somewhat optimistic about the Congress, because although the Democrats don’t have a veto-proof majority, the general mood of the population has not gone unnoticed by a good number of Republican members, and the White House’s ability to maintain strict party discipline as they have in the past, is likely to suffer greatly. I’m more concerned, however, about what the Administration will try to do, especially between now and the swearing-in of the new Congress, and I’m sure that you are too. I know that you do not have a crystal ball, but I was wondering if you could discuss specifically what you expect they may try to do, and how you think we can respond to it in advance.”

**LaRouche:** Well, the first thing to do, is to do something which I referred to today, and put some emphasis on it here: Is that the problem of the United States is not that it’s the

number one evil in the world. That is the blackmail. That’s the problem, the myth. The United States is the victim of the Anglo-Dutch Liberal system, whose goal is a form of imperialism called globalization. What has been done, largely through those Anglo-Dutch Liberal interests, inside and outside the United States, is to impose upon us a couple of fools, a Laurel-and-Hardy team called Bush and Cheney. One guy does the slugging, the other guy does the screaming. You have a congenital idiot and a thug, who are being deployed to discredit and destroy the United States from within.

Now, once it is made clear that that is the case, then you break the back of Republicans’ commitment to be party-loyal in this matter. See, the one thing is, you’ve got some Republicans who are not human. You’ve got a couple of Democrats who are also not human—I know that very well. I know some of them personally, and I watch them on all six legs and I realize they are not human.

So, the key thing here is to start from the top. What’s the problem? That the evil which our nation is credited with creating, is not our evil. It’s something we took into the house, that we should have kept out of the door. A foreign influence induced us—look, how was this done? You can’t blame the Republicans if you don’t take into account that you had a Gore-Lieberman ticket in 2000. You had a President, Bill Clinton, who was the most popular President that ever walked since Roosevelt, or Kennedy at least. And he had a successor, and he drowned what should have been an easy victory over a congenital idiot—he drowned it in Gore, who is still doing idiotic things today!

I mean, Gore and his wife Tipper are not exactly the brightest bulbs in creation. And what Gore did: Gore has brought in imported policies which are absolutely *insane and un-American*. And if you think this nation has a responsibility and a mission, a duty of honor, to itself and to the world, to be what we’re supposed to be, then you have to realize that there are certain influences in politics which should be recognized for what they are.

And the first thing you do is, you talk about it! The worst thing you can have is a sacred cow or a white elephant. In other words, in the old days in Asia, the way you could ruin the arrival of a new Raja is by giving it a white elephant, and it would have to feed this thing, and care for it. Bankrupt the Raja by giving it this white elephant as a gift. We have white elephants. George Bush is a white elephant. He insists that he’s white, eh? You have Al Gore, who’s not quite sure what his species is, but it’s really much the same thing.

So why can’t we say, as I did, what a ridiculous menace this Gore was? And I was not too popular with a guy called



*We have one Laurel-and-Hardy team, Bush and Cheney, and another one in the wings, McCain (the ranter) and Lieberman (the thug, on the left here, with Al Gore). Tell the truth about them, LaRouche said.*

Podesta and so forth, because I said so. I wrote a profile and published it, which was intended for the edification of the Clinton Administration, that this guy [Lieberman] is a damned menace! And it was Al Gore who picked up this creature, this fascist running around as a Republican, a Buckley fascist, working with a Cuban gang—whom I knew from the time when I was down in Cuba where these gamblers, these gangsters, who were running the country under Batista, came to be called “freedom fighters” in the United States, in Florida. And this was where Lieberman went for support, and he got the support from a certifiable fascist, Buckley, the Buckley family. How does somebody call this a Democrat? You’ll be calling a six-legged monster a Democrat, the next thing you know.

The problem is public opinion: “You can’t say that about him! He’s a public figure! *He’s respectable!*” Well, if you get rid of two of those legs, he might be less unrespectable! The problem starts right there: we’ve become total hypocrites. We’ve become Sophists, and we don’t call things by the right name. . . . You don’t go around having people deprived of rights because they’re traitorous or stinking or stupid. What you do is, you simply identify them, truthfully, for what they are. You don’t abuse them. You don’t libel them because you don’t like them, but you tell the truth about them. And when you’re going to attack somebody, be very careful about telling the truth, so you don’t have the guilt of perpetrating an injustice in the process of doing so. But when the guy is a skunk, you point to the white stripe.

### **Fighting the Nazi Forces in the U.S.**

**Freeman:** The next question comes from Ira Hirschhorn, from the ACLU. He says: “Mr. LaRouche, during the electoral campaign, your organization exposed a widespread ho-

mogenization operation on U.S. campuses that would have made the Nazis proud. Not surprisingly, we learned that the wife of the Vice President in charge of torture was the wicked witch who presided over the effort. Can you say more about this? Will your organization continue its work to expose this operation? And do you think that there are potential constitutional violations involved?”

**LaRouche:** Well, there are simple human rights violations involved in the attempt of this bunch of thugs, using thuggish methods to enforce it. We’ve had some discussion about this matter, about how we approach it, particularly with the youth trying to deal with it. And therefore, we find that when we get smart, we find a better way of exposing it than simply the simplistic approach. But the point is, our intention is to destroy it.

Look, this is a Nazi force. It’s the equivalent of it. Goebbels would love it. It’s a Goebbels-type of Nazi thing. I mean, it *is* Nazi, actually, the people behind it, when you look at the Ayn Rand crowd. These are real Nazis. Same thing. But it’s not that they’re a Nazi essence. There are certain forms which may appear in different colors and different costumes. Nazi, Fascist, this or that, but which are essentially the same thing, and they represent an attempt to tyrannize a population. You have this, for example, in German universities. Most of the German universities have an SS-equivalent, or thug bunch on the university campus, which is an enforcement agency—the suppression of ideas in institutions which are supposed to deal with the ideas, eh? And this is used as a political weapon. This is organized thuggery on university campuses in Germany.

We have a different form in the United States, and this form all goes back to Buckley. It goes to Lieberman. Remember, Lieberman was part of the operation. And he’s actually a Republican. Count the votes that he got in Connecticut that got him re-elected as a Democrat. They were Republican votes! The Republican Party gave up its votes and dumped its own candidate, to elect Lieberman so that they could control the [Senate]—and the intent, of course, is to have Lieberman run as the Vice Presidential candidate for McCain. So this is sort of a new caricature version—you know, it’s like a Hollywood remake of Laurel and Hardy, or something. Or of Bush and Cheney. Lieberman will be the Cheney of the next administration. McCain will be the ranting and raving guy, and Lieberman will be the thug, and organize the hitmen. He won’t go out and make thuggish statements. He’ll be Mr. Sweetie Pie, but he will organize and order the hits, while McCain’s up there ranting and raving, “We’re going to kill this guy, we’re going to kill that guy.” You can imagine, that’s what they have in store for us.

So therefore, we do have to recognize, however, that this is a force. We know what it is. It’s the same thing as the Nazis.



*LaRouche Youth members are forcibly removed from a lecture by Ayn Rand Institute fascist Yaron Brook, at the University of California, Irvine, Nov. 6, 2006. Our intention is to destroy the campus Gestapo operation, founded by Lynne Cheney and Sen. Joe Lieberman, LaRouche said, pointing out that this form of Nazism goes back to William F. Buckley (left, in 1977). Right: The LaRouche PAC pamphlet, “Is Goebbels on Your Campus,” which members of the LaRouche Youth Movement have distributed on campuses in hundreds of thousands of copies.*

It’s in our country; it’s in South America. It comes from the Nazis, directly. Buckley is that, exactly, the Buckley crowd. And they’re in this area, around Washington. They do the same thing around here; we’ve run into them. We’ve run into them in New York. This *is* a proper thing for the ACLU to be concerned about, because the liberties of Americans are in jeopardy. And if you look at how Hitler came to power, how it was orchestrated, and you say, this is the [same] kind of thing, we’ve got to do a better job than the Germans did, or we’ll find a Hitler here.

### Youth Must ‘Pick Up the Baton,’ To Make a Revolution

**Freeman:** As is always the case at these events, we have far more questions than we will have time to ask. We’re coming very close to the end of the time that we have, and it is also the case that many of the questions that have been submitted are questions that Lyn has already answered. I will pass on to him, as we always do, questions that we couldn’t get to, but I’d like to end with a question which was submitted by a group of young boys from Ascoli Piceno in Italy. Their question has aspects which are specific to Italy, but I think that it’s a fitting question to end with, because it does raise a kind of universal question that’s reflected in many of the questions that have been submitted by young people who have been listening to this webcast, including some who are sitting here.

It says, “Dear Mr. LaRouche, we’re a group of young boys from Ascoli Piceno, and we’d like to ask you: Why do you think that in Italy, as well as in other places, there is such a complete lack of search for truth? We see it here in the media, not only in the media controlled by Berlusconi, but

really throughout the entire political class, not to mention among economists. The question that we have is, what could a common citizen do to actually help its nation regain a pivotal role in a new world renaissance? For instance, how could any individual citizen acquire a real and full knowledge of the political and economic facts? How could an individual search for truth, especially when they find themselves in a position, as we do, of living in a small provincial town?”

**LaRouche:** Yes, Ascoli Piceno. I’m quite familiar with the place. It has its own problems. But the key problem in Italy has been, that Italy, under exceptional circumstances, including the friends of [Enrico] Betti in science, went through a brilliant development in northern Italy around the circles of Betti, which were also the close friends of Riemann. This was the Italian aerospace program; many things in Italy were developed around this group of people. But then, at the same time, on the other side, all the great things Italy used to do have been shut down now. Instead of having factories in Milan, you have poor naked starved girls wearing stinking rags parading in the fashion industry of Italy. And the point is, they’re so skinny, that the skin is inside the bones, and they rattle as they walk. I don’t recommend that ladies be fat, but I think they should be sort of—normal!

So anyway, to have this, instead of the science-related things around Milan. . . .

And then, when I visited several times in Florence, and I’m looking at these objects, the history of Florence, and I’m looking at the work of Brunelleschi, for example, who’s the first to develop the application of the catenary as a physical design feature in building the cupola of the famous cathedral. I got involved with this, with scientists in that period, and I



*The Brunelleschi dome on the Cathedral of Florence. The science that characterized the Florence of the Renaissance and the aerospace program that came out of the circles of Enrico Betti and Bernhard Riemann, LaRouche said, were overturned in cultural warfare that destroyed the population. It is up to the youth now, he said, to mobilize a revolutionary force, based on a mastery of science and art.*

looked at this, and I said, “This is it! This is it! This is the catenary! This is one of those things!” And [my guide, an expert on Brunelleschi] said, “Yes, yes, yes.” And all of this wonderful art work that comes out of there.

And then you look at the population of Florence. Disaster! Cultural disaster! And then you look at another thing that hit me hard, that I was very much concerned with in the 1970s, especially in the early 70s, with what is called the Cassa per il Mezzogiorno, because Italy was divided into two parts, the North and the South. And Italy was never one nation, because the countries to the South—called the Mezzogiorno, the twilight area—never developed: desperation, mass insanity, in whole communities. In Calabria, for example, mass insanity in cities. Like an epidemic, a disease. Like a fatal epidemic disease. And, the whole idea of the Cassa per il Mezzogiorno, which was to integrate Italy so that the people from the southern part of Italy would be part of the same country as the people from the northern part of Italy. This was shut down.

Cultural warfare. Everything was done to destroy the potential of the Italian population, which included some very great intellectual talent, despite the decadence which went through, like many other parts of Europe. To me, I would think that the very crisis we have, in Europe, as well as in the rest of the world, the hopelessness of the situation under present policies, would inspire young people to think of themselves as a generation who will lead the older generation to make the necessary reforms. I do not think that the older generation—the Baby Boomer generation—people 50 and older and so forth—I don’t think that they’ll do it. I don’t

think it’s in them anymore. I think they’re broken, *unless* younger Italians in the 18-35 age group, pick up the baton, and start to do the kind of things that we’re trying to do from the standpoint of the youth movement here in the United States, and to some degree in other parts of the world. That’s the only solution.

You’ve got to mobilize a revolutionary force, which doesn’t mean violence, but it means to make a fundamental change in policy, and you’ve got to bring forth in Italy a concerted group of people, young people, who will do in Italy what we’re trying to do with the youth movement in the United States. And you’ve got to do what we do, what we’re doing with the Kepler projects and similar projects: You’ve got to do that. Because you’ve got to build this around a competent scientific foundation and also a competent musical foundation. Because music is the only medium in

which we have some degree of control, as you do not over acting. We’re trying to do something with acting, including with some professional actors, but the music gives you a control in terms of meeting the standard of the composer’s intention, which you do not get in any other form of art.

And therefore, by getting people to, at the same time, master the conceptions of scientific principle, as by Bach and so forth, by actually learning what this means, you get the kind of personality which has the confidence of certainty of knowledge, which gives them the confidence to make revolutions, of one kind or another.

And we need to see that in Italy, as in other parts of the world. It’s the only hope. The only hope lies with a new generation, who will lead and get the world out of a rut, and who will inspire people from older generations still living, to join them in the cause. The older generation will not initiate the effort, but many of them will be inspired by the example of the younger generation, and that’s the only solution.

**Freeman:** Well, I think so far we’ve done a good job, but we have a lot of work to do, and I think that today, without question, Lyn gave us the tools and the weapons that we need to get that job done. It would also help, for those of you who are listening on the Internet, if you took the opportunity, since it is becoming very close to the end of the calendar year, to max out your contribution to LPAC, which will do a great deal to support the brilliant work that this youth movement is doing under Mr. LaRouche’s direction. We can certainly talk about that later. Right now, I’d like all of you to join me in thanking Lyn for this historic event.

## U.S. Bankers Herald Financial Breakdown

by Nancy Spannaus

President George W. Bush, and most of the financial pages of the U.S. press, may still be touting the “wonderful economy” in the United States, but over recent days, warnings of a systemic crisis, and impending financial blowout, have been issued by leading representatives of major U.S. financial institutions. All are talking of the risk of out-of-control financial chaos, as a result of the massive, unpayable debt bubble created by Alan “Derivatives” Greenspan. There is not a hint of a *solution* to the onrushing crisis in any of these alarums, but, as Lyndon LaRouche noted in his Nov. 16 webcast, if they serve to wake people up to the danger ahead, they will be useful indeed.

Until now, with the exception of New York Federal Reserve head Timothy Geithner, warnings about imminent implosion of the doomed financial bubble have come from European personalities, especially in London. Now, it appears that reality is about to strike home.

### Danger to the Dollar

Former Clinton Treasury Secretary Robert Rubin, now an executive at Citigroup, has been up-front for months in warning of the unsustainability of the Greenspan “wall of money” economy. In statements widely circulated on the Bloomberg financial wire Nov. 15, Rubin said the failure to stem the growing U.S. budget deficit may spook the central banks, hedge funds, and others who have been buying U.S. Treasury notes. “It seems almost inconceivable that this will continue indefinitely,” Rubin said, in a videotaped message for a dinner hosted by the Concord Coalition. In a panel discussion at the event, former Federal Reserve chairman Paul Volcker concurred, saying that the U.S. borrowing requirements raise the risk of “crisis.” “It’s incredible people have

gone on so long holding dollars. At some point, you will get a situation where people have had enough.”

While the time frame Rubin cited for a dollar collapse—two and a half years—is highly understated, he has done his best to convey a sense of urgency about the crisis which the unsustainable borrowing, and speculation, promoted by the Bush Administration, has created.

On Nov. 16, a report by the Treasury Department confirmed the directionality Rubin has been pointing to. Foreign capital flows into the United States in September were at “only” \$53 billion, starting to fall below the level of funding the monthly U.S. current account deficit. After eight to nine months of inflow in the \$80-\$100 billion range, it dropped in August to about \$65 billion. Net purchase of U.S. Treasuries was also at just about \$53 billion, with a net foreign sell-off of short-term T-Bills, and big inflow into long-term T-Notes and Bonds.

While the value of the U.S. dollar is already falling, the collapse in foreign capital inflow could turn it into a rout.

### Those Ballooning Derivatives

On Nov. 10, none other than Administration insider, Comptroller of the Currency John C. Dugan, issued his own warning about the danger of a shock to the financial system. He spoke to the New York Bankers Association meeting in Phoenix, Arizona, specifically on the question of derivatives.

Although Dugan’s statement was couched in all sorts of reassuring language about the ability of the large banks to “control” the situation, to anyone in the know, his message read more like a warning. Derivatives (i.e., gambling) dominate the world financial environment, whether individual banks are involved in them or not, Dugan emphasized, and if



*Comptroller of the Currency John C. Dugan, smiling but warning of the danger of a shock to the financial system.*



*James B. Lockhart III, director of the Office of Federal Housing Enterprise Oversight, warned of the “systemic events” that could be precipitated by the housing bubble.*

the large U.S. commercial banks—which represent 20% of the total global volume of derivatives—should stumble, that would affect the health of all banks in the United States (he could have also said, the world).

Why should all bankers be concerned about “risks” in the derivatives markets? Dugan asked rhetorically. “Because significant mismanagement of these risks could precipitate market disruptions that affect public confidence in financial institutions generally.”

With one in six national banks using derivatives, he said, total credit exposure has now hit \$199 billion. This, he stressed, is much less than the total notional value of outstanding derivatives, \$119 trillion (an understated figure, according to *EIR* estimates), but vigilance is required. There must be “constructive cooperation between government and the industry,” Dugan said, citing the President’s Working Group on Financial Markets (known as the Plunge Protection Team, for its obvious work in pumping liquidity into failing stock markets), and cooperation between derivatives traders and supervisors as examples.

In moving to the question of risk, Dugan understates the case, but, in bankers’ language, he succeeds in conveying the danger. I quote:

“As I’ve already noted, at \$199 billion, the net current credit exposure numbers in the banking system are very large. . . [discussion of how derivatives traders demand additional collateral]. In sum, the very large amount of net current credit exposures arising from derivatives activities of large banks is not quite as worrisome as it may first appear. . . .

“Nevertheless, *derivatives credit exposure remains a real and quite significant risk*. Fierce competition can have the effect of reducing the level of collateral protection that banks require. Unexpected market disruptions or other stress events can produce dramatic increases in credit exposures that can

blow through the collateral required for more predictable market scenarios. Many derivatives counterparties are highly leveraged, producing less room for error in credit judgments. And the balance sheets of such counterparties are frequently opaque, making it impossible for bank dealers to assess risks embedded in ‘away trade’ that don’t involve that bank. For all these reasons, we and other regulators will continue to closely monitor margin levels, stress testing, scenario analysis, and other tools that derivatives dealers need to use effectively to manage derivatives credit risk” (emphasis added).

Of course, monitoring will *not* stop a blowout, which could occur any day.

### **That Imploding Real Estate Bubble**

Another U.S. financial overseer, director of the Office of Federal Housing Enterprise Oversight James Lockhart, weighed in with a warning on Nov. 9, involving the thoroughly alarming and dramatic statistics on the melting U.S. housing bubble. Also speaking to the New York Bankers Association conference, Lockhart called for bank-regulatory-like powers in order to address “significant” implications to financial markets and institutions of the potential “severe financial difficulties” at the “highly leveraged” Federal mortgage lending agencies known as Fannie Mae and Freddie Mac.

As of the end of 2005, these two government-sponsored enterprises together owned or guaranteed more than 40% of the residential mortgages in the United States, or about \$4 trillion in debt, including mortgage-backed securities. Such rapid growth of portfolios held by Fannie/Freddie, he insisted, has increased “their own potential for causing systemic events.”

Banks now face great risk through their overwhelming exposure to mortgage debt, which has since 2000 grown so explosively that it dominates bank and brokerage assets—and which is now falling more and more sharply, as plunging rates of new home starts reported again on Nov. 17, clearly showed. Lockhart said. “In particular, banks with large amounts of this debt could experience losses and liquidity problems, “resulting in a reduction in bank lending or even bank failures.” More than 60% of banks held Fannie/Freddie debt, and mortgage-backed securities, and in combination these are worth over 50% (!) of those banks’ Tier 1 capital, as of the end of 2005. Many mortgage lenders also “would have difficulties maintaining their business models,” Lockhart said blandly.

In fact, none of these impending crises—in the banks, derivatives markets, and housing market—can be prevented, or dealt with, without junking the current bankrupt system, dumping masses of unpayable speculative debt, and putting the financial system back on a sound basis. If these warnings result in alerting policy-makers to study that solution, which has been put forward by Lyndon LaRouche, they will have served a good purpose.

# Eurasian Land-Bridge Passes New Mile Post

by Mary Burdman

Eighteen nations of Eurasia signed the International Agreement on the Trans-Asian Railway Network (TAR) during the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Ministerial Transport conference in the South Korean port city of Busan Nov. 10. Asian nations have been discussing the Trans-Asian Railway project, to build the “missing links” among Asian nations’ rail systems, and ultimately link them to those of Europe, for over 50 years.

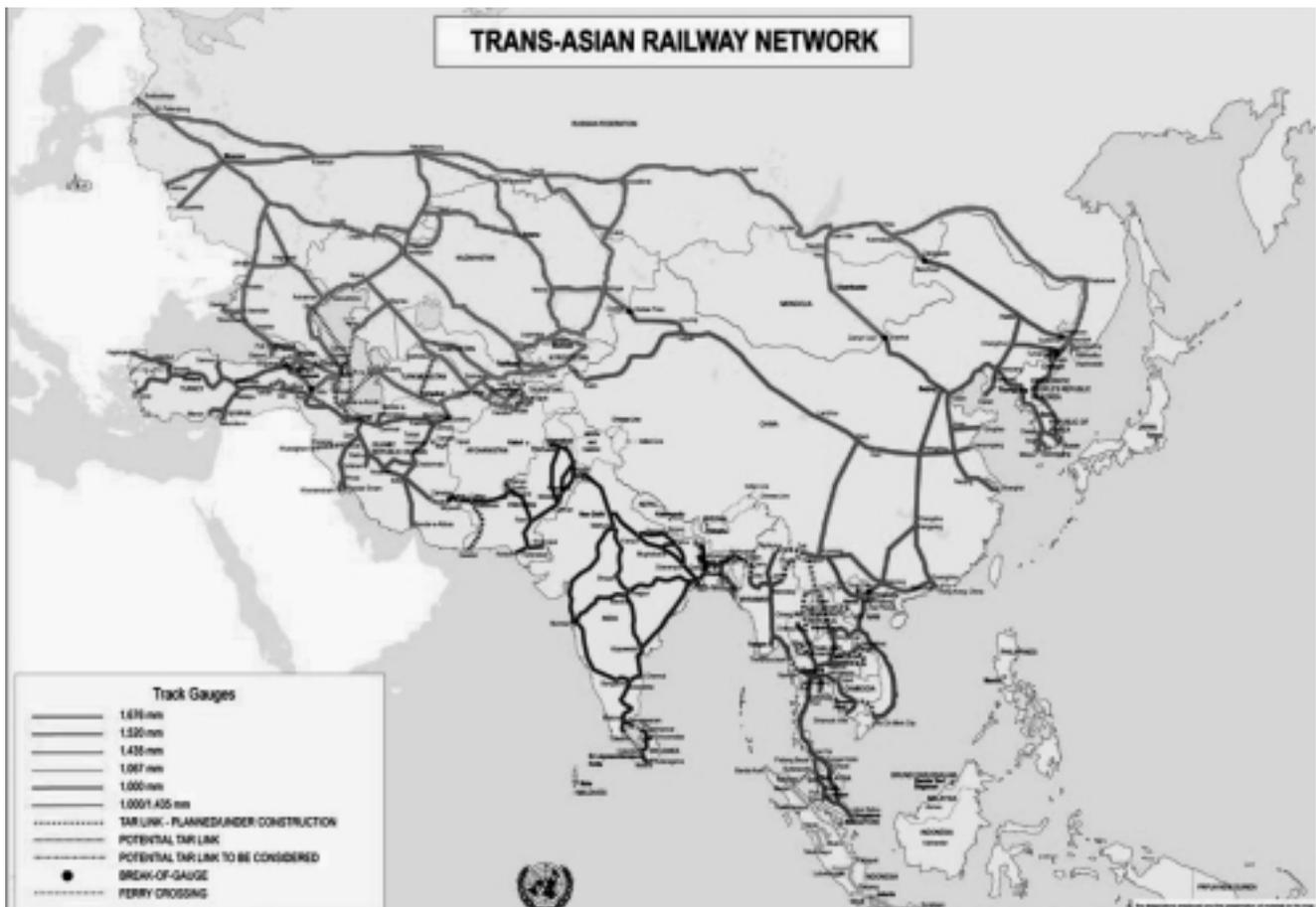
Great progress has been made in building the Trans-Asian Railway since 1960, as the accompanying UNESCAP map

of the project shows, especially in the past decade. The new map demonstrates a much broader concept of the TAR, as a Eurasian Land-Bridge, rather than a regional Asian project.

Ninety percent of the track that will form the TAR network already exists, but both construction and political challenges remain. The largest gap in the tracks exists in Myanmar, where the terrain makes track-laying particularly difficult, said the head of UNESCAP’s Transport and Tourism Department, Barry Cable. And at least eight nations have to ratify the agreement for it to become effective. This is expected to occur by late 2007. Most importantly, the vital issue of how to create the national credits needed for this great project is not grasped by UNESCAP. Currently, TAR is a public-private partnership among the Asian Development Bank, the World Bank, and other financial institutions.

The signing nations are Armenia, Azerbaijan, Cambodia, China, Indonesia, Iran, Kazakhstan, Laos, Mongolia, Nepal, Russian Federation, Republic of Korea, Sri Lanka, Tajikistan, Thailand, Turkey, Uzbekistan, and Vietnam.

Further coverage of the TAR agreement will be in next week’s *EIR*.



Source: UNESCAP.

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# Business Briefs

## *Automotive Sector*

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### **GM, Ford Hock Plant And Equipment for Cash**

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Facing declining sales and no support from the Congress, both Ford and General Motors have begun to hock their most essential assets, factories and equipment, as collateral to win new loans, according to the *Wall Street Journal* of Nov. 16. GM used equipment to secure a \$1.5 billion loan to be arranged by JP Morgan Securities Inc., and Credit Suisse Securities. Ford's Chief Financial Officer announced that the company is preparing to secure a loan deal involving "a significant portion of the assets of the company."

Meanwhile, both companies continue to slash expenses, by reducing their workforces, and by looting assets such as retiree health-care funds. In addition, GM expects to bolster its cash position by selling its finance division, GMAC, to the hedge fund Cerberus.

## *Energy*

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### **Russian Officials Push Siberian Nuclear Plants**

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A round table on an Economic Development Strategy for the Urals and Western Siberia, held at the Russian State Duma (lower house of parliament) on Nov. 8, put forward some major economic initiatives. It discussed proposals to construct two new nuclear plants in the region: the South Ural Nuclear Plant in Ozersk, Chelyabinsk Region, and another in Seversk, Tomsk Region, as well as a new (fifth) reactor at the Belayarsk Nuclear Plant. These are already major industrial areas, West Siberia being a center of oil and gas production, and Chelyabinsk a large manufacturing city, especially since the World War II evacuation of industry to the Urals. But both face a power shortage.

A report distributed at the event by the nuclear power agency Rosenergoatom's press service, noted that the Ural Federal District produces 92% of Russia's natural gas, 68.1% of oil, 40% of steel and other rolled ferrous metals, 45% of refined copper,

40% of rolled aluminum, and almost 10% of the output of Russia's machine-building industry. This scale of industrial production is based on the unique natural resources of the District, which include over 26% of the world's natural gas reserves, and 10% of the world's timber.

## *Coal Mining*

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### **Sago Disaster Victims' Families Name Ross**

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The families of the victims in the Jan. 2, 2006 mine disaster in Sago, West Virginia, have named corporate predator Wilbur Ross and the WL Ross & Co., as well as Ross's International Coal Group (ICG), as defendants in their wrongful-death lawsuit for damages and compensation, over the explosions which led to 12 miners' deaths. Ross, a "former" Rothschild bankruptcy specialist who has made killings in a number of major manufacturing industries by buying up bankrupt companies and stripping them down at the expense of the workforce, in this case appears to have literally made a killing. Ross began buying the debt of Anker West Virginia Coal Co. in 1997, and had his lieutenant in apparent operational control of the company by May 2003.

The rate of accidents in ICG's West Virginia mines was three to five times the national average for underground coal mines, and the Sago mine had seen more than one dozen roof cave-ins during 2005. This information was widely circulated by *EIR*, during Congressional hearings on the lack of safety standards enforcement, after the tragedy. Now, action is being taken.

## *Speculators*

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### **Personal Loot Reaches Science-Fiction Levels**

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The major investment banks and hedge funds, awash in available credit, report that they are paying their traders stratospheric bonuses, which apparently vary according to the rashness and danger of the activity. Top

derivatives traders and "structured investment products" men will each get \$40-50 million in bonuses. Those who are in a position to bet the most, gain the most. A derivatives trader who puts through a nominal profit for the bank of \$500 million may get a bonus of \$50 million as a direct result. Top bankers will get \$20-30 million. The average managing director at a big Wall Street bank will get a \$1.7 million bonus, up \$500,000 from last year.

Wall Street and London banking firms are upping the ante this year, challenged by last year's personal bonus payment of \$1.5 billion to the top hedge fund manager and \$130 million average bonus to the top 25 hedge fund managers. Goldman Sachs, Morgan Stanley, Merrill Lynch, Lehman Brothers, and Bear Stearns will pass out about \$36 billion in bonuses, 30% higher than last year.

## *Public Debt*

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### **Italian Consumers Group Scores Rating Agencies**

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Adusbef, an Italian consumers organization, has published a report signed by Adusbef chairman Elio Lannutti and Paolo Raimondi, chairman of the International Civil Rights Movement Solidarity, exposing international rating agencies as a tool of financial speculation, and calling for a New Bretton Woods-like reorganization of the financial system. The report includes a passage on the resolution for a new financial architecture, voted by the Italian Parliament in 2005, and the Adusbef website version adds a box mentioning Lyndon LaRouche as initiator of the NBW.

A statistical survey by Adusbef found that of 1,000 reports issued by Moody's, Standard & Poor's, and Fitch, 910 proved to be wrong.

The Adusbef report was motivated by the recent downgrading of the Italian public debt. The report states that "the Three Sisters [the major rating agencies] . . . are an integral part of the problem that is driving the economic world towards the crash and systemic crisis, with devastating consequences for the entire economic, social and political life of our planet."

## LYM Mobilizes Washington For 'Double Impeachment'

by Niko Paulson, LaRouche Youth Movement

During the week of Nov. 13 in Washington, D.C., in the immediate aftermath of the dramatic Nov. 7 shift in Congressional power, Lyndon LaRouche and his youth movement made the first bold moves in the battle to establish the ideas which will govern the actions of the incoming Congress; the first front of that battle was waged over the issue of impeachment of Bush *and* Cheney.

For the first time in 12 years, the Democratic Party holds a majority in both houses of Congress; however, this victory is not entirely of their own making. Leading up to the midterm Congressional elections, the Democratic Party relied heavily on the population's already existent disdain for the Administration and its policies. Rather than offering a positive agenda providing leadership to their desperately suffering constituents, the Democrats chose instead to present the election merely as a referendum on the Bush Administration. Thus, the landslide victory in the House, and narrow victory in the Senate, could have been even more stunning, had the appropriate policy direction been provided. As it was, the slim margins in many Congressional Districts could have meant an overall defeat, but for the work of the LaRouche Youth Movement (LYM), focussed on generating youth political activity throughout the country, particularly in the decisive cases of Michigan, Ohio, and Missouri.

Following the unnecessarily close elections, the Democrats chose etiquette over truth; many foolishly spoke of bipartisanship and reconciliation with the fascistic Bush-Cheney Administration; noteworthy was incoming Speaker of the House Nancy Pelosi's statement that "Impeachment is off the table." The Bush Administration, disregarding the affected bipartisan graciousness of the Democrats, announced a hard-line legislative agenda for the final session of the Republican-controlled Congress, attempting to push through the most extreme legislation, and nominees, while

the GOP still held a majority.

Considering the fact that numerous Democratic Congressmen in both the House and the Senate, have for the past six years conducted extensive investigations, and documented the many egregious violations of the U.S. Constitution committed by Bush and Cheney, the above-mentioned election strategy, and subsequent public posturing, smack of a sophistry which endangers the nation.

In that context, on Nov. 8, President Bush held a post-election press conference where his conduct exposed him as wildly insane, going so far as to ask the audience "Do you think I'm nuts?" (The press corps' demeanor indicated the affirmative.) In response to Bush's psychotic outbursts during the event, LaRouche issued a report titled "Bush Sings His Swan Song" (see last week's *EIR*; the report was also issued as a leaflet), which identified the systemic threat posed by the impending collapse of the international dollar system, coupled with the utter insanity of President George W. Bush. LaRouche concluded the report with the following statement: "Impeach that worse than useless pair while we still have a nation which exists to forgive them for what they have done. Let them go kindly; let them go humanly, but 'humanly' means that they must go, and that quickly, for the sake of our nation, and also for all humanity, too. Those who lack the political guts for that great send-off should not be treated as leaders inside the U.S.A."

### Leaflets and Song

Beginning Nov. 12, armed with LaRouche's bold statement, the LYM descended upon Washington, D.C. for a Week of Action. The mission: to break through the sophistry undermining political progress, and to establish the necessity for a "double impeachment," so that it be made the first order of business for the next Congress.



EIRNS

*The LaRouche Youth Movement on the move, organizing and singing in Washington, D.C. during the Week of Action, Nov. 14.*

On the days leading up to LaRouche's Nov. 16 webcast, choral rallies were held by the LYM to begin the impeachment drive on Capitol Hill. On the first day, two early morning choral rallies were established at the busiest access points for both the House of Representatives, and the Senate office buildings. The two 30-person choruses sang Bach, and political canons dedicated to the ouster of Cheney and Bush. The choruses were flanked by giant banners saying "Democrats, Don't be Eunuchs: Put Bush/Cheney Impeachment Back on the Table." Everyone who headed into Congress that morning encountered the LYM deployment, and thousands of leaflets made their way into the Congressional office buildings with the staff members.

On various evening rush hours throughout the week, the approximately 70 LYM members convened at the busiest subway stops near the White House or State Department; the choruses and organizers hailed all those leaving, with Bach and political necessity. In all 40,000 leaflets were distributed in Washington D.C. in the days leading up to the webcast.

### Inside the Congress

On the first two days of the week, the LYM deployed to, and distributed the "Swan-Song" leaflet to all 435 house, and 100 Senate offices. Over the course of the two days, the LYM held over 60 meetings with Congressional staff members, and Congressmen directly, with a determined focus on double impeachment. The LYM also targetted all of the committee offices that would be involved most directly in initiating im-

peachment and oversight on the crimes committed by the Bush-Cheney Administration.

A typical discussion would go like this:

**LYM:** Have you heard about the new bill?

**Staffer:** What bill?

**LYM:** The new double impeachment bill.

That opened a discussion.

The generic response from many of the staff members in Democratic offices, was personal agreement that an impeachment was justified and appropriate for Bush and Cheney; however, as a matter of official policy, they either clung dogmatically to the Pelosi line, claiming that impeachment would jeopardize the Democrats' chances in the 2008 elections, or gave a litany of other excuses as to why it was impolitic at this time to publicly support a double impeachment.

In many cases, however, a shift by the LYM organizers to the question of the economy—especially whether the Congressman would trust the Bush-Cheney Administration to deal with the onrushing financial blowout, the collapse of the auto sector, and the like—also created a more thoughtful attitude. The Democrats, in particular, know that they have been derelict in acting on life-or-death economic issues, and have not yet quite gotten used to the idea that they now have the *power* to enact legislation, not just make proposals that go nowhere. It was also evident, in many offices, that the LYM and LaRouche were being taken a lot more seriously, now that the Democratic majority has the responsibility to act.

On the Republican side, with a few exceptions, those who were willing to speak with the LYM were defensive, though not particularly supportive of the current Administration.

Regardless of whether they, Republican or Democrat, understood the premise of the arguments or disagreed completely, the cumulative effect of the deployment of the LYM on Capitol Hill, established and then expanded a serious process of discussion on impeachment and economy with the Congress.

Another aspect of outreach occurring during the week was to foreign embassies. In total 58 embassies were invited to the webcast. Several expressed great gratitude toward LaRouche and his campaigns, including one secretary from an African embassy, who described LaRouche as the stone wall, or "big guy" of D.C. Several embassy representatives came to the webcast as a result of the mobilization.

On Nov. 16, from a hotel in Washington D.C., Lyndon LaRouche delivered an international webcast address (see transcript in this issue), which consolidated all of the preceding political developments, and went far beyond them in scope. He developed the needed cultural principles which form the basis of long-term strategy, and gave an early demonstration of the rudiments of those principles, through the LYM's performance of Bach's motet *Jesu, meine Freude* to open the event. Approximately 220 people attended the webcast, including diplomats, Congressional staff members, scholars, and over 100 youth. While the audience in Washington was impressive, thousands more tuned in around the world.

# Oversight Hearings Can Lead Straight to Impeachment

by Nancy Spannaus

While most Democrats, even those with a record of demanding the removal of President George W. Bush and Vice-President Dick Cheney from office, are currently repeating the mantra that “impeachment is off the table,” there is no reason to necessarily take them at their word. In the course of his webcast Nov. 16, Lyndon LaRouche put it this way:

“Some Democrats are not saying ‘impeachment,’ if they’re in the Congress. Why? They’re for impeachment. We are for impeachment. But why are they saying that? . . . But in general, they’re right. Why? Because, as they will tell you, as Conyers, for example, who’s the head of the relevant incoming committee of the Congress, will tell you, when you are putting the President on trial, where you have to be a judge and jury, you can not be a prosecutor from the outset. You must conduct the proper procedure, because you can not destroy law itself and due process, in the process of seeking to do something which is even necessary.”

In fact, over the past six years, and especially the three and a half years since the Iraq war was launched, the Democrats have been assiduously documenting the malfeasance of the Bush Administration in a large number of areas, and demanding oversight hearings, which have, in most cases, been blocked by the dictatorial Republican majority. Now that the Republican stranglehold is broken, hearings in these areas of unfinished business are expected to proceed expeditiously. And these hearings are the necessary prerequisite for the required impeachment.

Carried out correctly, the hearings will produce a ton of evidence against especially Dick Cheney, evidence itself which will immediately raise the question of impeachment for high crimes and misdemeanors.

We cite four major areas in which the groundwork for oversight hearings has been thoroughly prepared:

1. The manipulation and misuse of intelligence going into the Iraq war.
2. The abuse of Presidential power through illegal wire-taps, and violation of international and domestic law through torture.
3. The abuse and ripoff of the public by contractors, especially Halliburton, in the Iraq war.
4. The malfeasance and abdication of responsibility

by the Bush Administration in the face of the Katrina disaster.

In most of these areas, the Democrats have been forced to carry out special policy hearings, sometimes confined to a small room in the Capitol basement, in an attempt to air the issues which the Republican majority would not allow to be subjected to oversight. As Democratic Senator Byron Dorgan (N.D.), head of the Oversight Committee which the Republican majority simply eliminated when Newt Gingrich took over in 1994, has explained, the Republicans unilaterally abdicated the Congress’s constitutional responsibility of oversight. A list of the dozens of briefings which the Democratic Senate Policy Committee held, in lieu of oversight hearings, can be found on its web site.

A couple of such briefings have also been held on the House side, and additionally, leading Democrats, such as Henry Waxman (Calif.), the ranking member of the House Government Reform Committee, and John Conyers (Mich.), the ranking member of the House Judiciary Committee, have put their staffs to work assembling extensive dossiers on the misconduct of Bush government officials, all of which are available as starting points for thorough investigation.

## In the Senate: Cheney’s Lies Leading to War

The most fruitful area for oversight has already been identified by the incoming Democratic chairman of the Senate Select Committee on Intelligence (SSCI), Sen. Jay Rockefeller of West Virginia. As he put it in a statement Nov. 16, the Committee “must complete the long-overdue, unfinished business, related to the use and misuse of intelligence leading up to the war in Iraq.” He noted that the Committee had already put out three reports related to prewar intelligence, and now “we will complete the three remaining sections of Phase II.”

As early as *June 2003*, the SSCI began an inquiry into Iraq prewar intelligence. In October 2003, the probe was broadened to include the White House; but in November, under pressure from Vice President Cheney, the investigation was all but shut down, and the Republicans moved to put the blame on the CIA, not on the Administration.

Thanks to institutional pressures, however, including from the military and intelligence circles, Cheney was not able to totally shut down the investigation. It was first split into two segments: Part I to deal with the actual nature of the intelligence that was gathered prior to the launching of war on Iraq, and Part II to deal with the *use* of the intelligence.

On July 9, 2004 the SSCI released a 551-page report, Part I on the prewar intelligence fiasco, which report provided damning evidence that the bulk of that intelligence showed that Iraq posed no imminent threat to the United States, U.S. allies, or neighbor countries. At that point, SSCI chairman Pat Roberts (R-Kan.) declared that Part II, which would deal with the operations of the apparatus run through the Vice President's office, which bypassed the official intelligence assessment, would be withheld until *after* the November 2004 elections!

At the time of the Part I release, the Democratic minority, led by Senators Rockefeller, Carl Levin (D-Mich.), and Richard Durbin (D-Ill.), appended "Additional Views" to the report, wherein they noted that "the central issue of how intelligence on Iraq was used or misused by the Administration" had been left out, and they identified the role of a "private intelligence operation not authorized in law," led by Undersecretary of Defense Doug Feith, in "stovepiping" misinformation to the Secretary of Defense and Vice President Dick Cheney, which they used to ram through the decision for war.

Not surprisingly, the Republicans fiercely stonewalled the second phase of the investigation, in tandem with their similar actions in defense of Cheney's Chief of Staff, I. Lewis Libby, who was ultimately indicted in the matter of the "outing" of Valerie Plame Wilson, the wife of the former Ambassador who had exposed the nonexistence of evidence that Saddam Hussein's Iraq was out to buy tons of yellowcake (uranium) from Niger.

On Nov. 1, 2005, the issue of the lying manipulation of intelligence blew open again, when Democratic Minority Leader, Sen. Harry Reid (Nev.), took dramatic action to compel an emergency closed session of the Senate, under Senate Rule 21, in order to force a discussion of the scandalous misuse of intelligence on the war by the Administration. Reid took direct aim at Vice President Cheney's role in putting forward totally discredited intelligence. As a result of the aggressive, surprise maneuver, the Republican Senators once again agreed to proceed with Phase II of the SSCI investigation.

The warfare continued, and it was not until Sept. 7, 2006 that the SSCI released another section of its investigative report on the pre-Iraq war intelligence failures. This report concludes that the Administration consistently lied to the Congress, and to the public, in order to support its decision to go to war. In the words of Sen. Levin, this report "is a devastating indictment of the Bush Administration's unrelenting, and deceptive attempts to convince the American people that Sad-

dam Hussein was linked with al-Qaeda."

Senators Rockefeller and Levin at that time issued strong protests about the partial report, arguing that it had been substantially rewritten in order to protect the White House, and Levin, in particular, zeroed in on the outright falsehoods being put forward by Vice President Cheney. The public must see the full, unclassified report, they argued. (See *EIR*, Sept. 22, 2006.)

Now that the American electorate has put the Democrats in charge of the SSCI, the road is wide open for this investigation to be opened up, presenting to the world, and to the full Congress, the evidence of the *fraud* carried out by the apparatus headed by the Vice President.

### **In the House: 'Constitution in Crisis'**

Congressman Conyers, who will take over the House Judiciary Committee, the traditional prime mover in impeachment proceedings, is also well prepared to proceed with assembling the evidence required for impeachment. On Aug. 4, 2006, he released a 350-page report, entitled "Constitution in Crisis," in which he identified 26 laws and regulations which the Bush Administration may have violated, matters which he insisted should be taken up by the Congress as a whole, in fulfillment of its responsibilities to the American people and the Constitution.

Conyers's report, by his own testimony, was the result of reviewing tens of thousands of documents and materials, including testimony submitted at two hearings; hundreds of media reports, including interviews with Administration officials; scores of government reports; relevant laws and administrative guidelines; and the Administration's own statements. His conclusion was:

"In brief, we had found that there is substantial evidence the President, the Vice President and other high ranking members of the Bush Administration misled Congress and the American people regarding the decision to go to war in Iraq; mistated and manipulated intelligence information regarding the justification for such war; countenanced torture and cruel, inhuman and degrading treatment in Iraq; permitted inappropriate retaliation against critics of their Administration; and approved domestic surveillance that is both illegal and unconstitutional."

Conyers then identified the specific laws, regulations, and Constitutional provisions which these actions violated. But his main concern was that Congress move to carry out its Constitutional responsibility of investigating these accusations. That is the process which is now free to proceed.

The full transcript of Conyers's report, as well as the dossiers by Rep. Waxman on Halliburton, and others, can be found by logging on to the Congressmen's websites. With these solid beginnings, the Congress is poised to do its job and demand cooperation from the Administration in submitting to oversight. If the Administration won't cooperate, there is little doubt that the subpoenas will come next.

## U.S. Diplomats Revolt Over Policy Toward North Korea

by Mike Billington

Dr. C. Kenneth Quinones, who played a leading role as a State Department official in the successful negotiations which resulted in the "Agreed Framework" with North Korea in 1994, held an extraordinary forum on Nov. 2 in Washington, D.C., sponsored by the newly created U.S.-Korea Institute at the School for Advanced International Studies (SAIS) at Johns Hopkins University. Quinones said that it was necessary for him to "go public" at this time, following the North Korean test of a nuclear device, with his role as a civilian "back channel" between the North Korean government and leading officials at the State Department from 2004 until very recently. He reported that during these past two years, he had succeeded, not just once, but three times, in finding a basis for agreement between the governments of these two nations to re-launch negotiations toward a peaceful solution to the crisis over the North Korean nuclear weapons program.

In each of these cases, Quinones said, actions by the Bush/Cheney/Rumsfeld leadership sabotaged the efforts by others within the Administration: The first time, Bush publicly said he "loathed" North Korea's leader Kim Jong-il, calling him a "tyrant," leading to a cancellation of the talks; the second time, Secretary of Defense Donald Rumsfeld pulled U.S. troops out of North Korea, where they had been working cooperatively with the North Korean Army for years, searching for the remains of U.S. soldiers from the Korean War, and deployed F-117 Stealth fighters into the region, again scuttling the planned talks; a third effort succeeded in bringing about talks which led to the highly promising Sept. 19, 2005 agreement to dismantle the North's nuclear weapons program in exchange for development aid and diplomatic respect, only to see the Administration order a reversal on the promise to help with peaceful nuclear power development the very next day after the agreement had been reached.

Quinones said he was finally convinced that "the track

record of the current administration is not one of diplomacy, but rather one of vacillation, inconsistency, and ultimately the undercutting of the position and the efforts of its own diplomats."

Quinones said that he was compelled to speak out because he saw only two options for the future: Either true diplomacy be given a chance, or there would be a new Korean war, except that this time, the horrible decimation which befell the Korean nation in the 1950s would not be limited to the peninsula, but would engulf the region, and provoke a global economic crisis as well.

### Other Voices

Quinones is not alone in speaking out. This past Summer, David Straub, a Korea expert who served for 30 years in the U.S. foreign service, including as head of Korean affairs at the State Department from 2002-04 under the first George W. Bush Administration, resigned from State and went public with his complaint that then-Secretary of State Colin Powell was "desperate to try to have some real diplomatic effort going" with North Korea, but that his efforts were sabotaged by the White House at every turn. At an Asia Society event in Washington on Oct. 5, Straub related that he had attended a press conference with then-South Korean President Kim Dae-jung and President Bush in 2002, in which Bush stated unequivocally that the United States would not invade North Korea. However, when Straub then used this pledge in his reports to describe U.S. policy, the reports were returned ("from an office that shall go unnamed," according to Straub) with the "no invasion" phrase scratched out, and "all options are on the table" written in. "Of course all options are on the table," Straub said, "but every time we said so gratuitously, we made the situation with our South Korean ally worse and made the prospect of coordination with South Korea to re-



*Dr. Kenneth Quinones, a State Department Korea desk officer into the 1990s, succeeded three times in “back channel” negotiations, since 2004, in reaching agreement with North Korea, but each time was sandbagged by Bush and Cheney.*

solve the North Korean problem diplomatically that much more remote.”

There are others as well. At the founding conference of the U.S.-Korea Institute at SAIS on Oct. 4, the seven living U.S. ambassadors to South Korea spoke on the current crisis, including Christopher Hill, who is now Assistant Secretary of State for Asia and the U.S. representative to the six-party talks with North Korea (which include the United States, South Korea, Japan, China, and Russia). Hill was the lead U.S. negotiator in the successful Sept. 19, 2005 negotiations, which were immediately sabotaged by those aligned with Dick Cheney in the Administration. At the SAIS event, Hill uttered the unfortunate formulation that North Korea “can have a future, or it can have these weapons. It cannot have both.” Such an existential threat gave most of the gathered former ambassadors chills.

James Laney, in particular, who served as ambassador during the successful 1993-94 negotiations, said he was “struck, and I must say, discomfited by the comment of Chris Hill.” He pointed to the “unacknowledged aim that sometimes emerges in the administration, of regime change,” which has made it “very difficult to send forth a credible message to North Korea.” The North, he insisted, “has always said, we want a security guarantee and we want investment,” and if we would simply offer them that, “leading to normalization of relations, I don’t know what we’ve got to lose.”

Laney had called on his friend Jimmy Carter in 1994 to travel to North Korea at a critical moment in the negotiations, which resulted in the Agreed Framework, and he called for a similar emissary today, suggesting James Baker III as a possibility, to go to Pyongyang to stop the rush toward war.

Former Ambassador Thomas Hubbard, who was the first ambassador to South Korea under the George W. Bush Administration in 2001, then offered that he “shared Jim Laney’s view strongly, that we really shouldn’t be making such a statement [as Hill’s threat] without having some options as to how to go forward,” and agreed that direct talks with North Korea (rejected by the Bush Administration) should proceed immediately, to “save us from the stark options that we seem to face if we go forward this way.”

Also speaking at the event was Donald Gregg, a career CIA officer from 1951-82, and then Vice President George H.W. Bush’s National Security Advisor before becoming Ambassador to South Korea when Bush 41 became President. Gregg insisted that we need to recognize that “North-South reconciliation is inevitable. It is going to take place no matter what. It is going to be with nuclear weapons or without nuclear weapons.” We do not want North Korea to have nuclear weapons, he continued, and neither do the Chinese nor the Russians, “but as weapons, they do not fear them, because they know that the North Koreans intend them basically as deterrents against us!” Gregg also warned against the view of some in the military, that we must “rely almost entirely on the Japanese relationship, as the [South] Koreans have become anti-American and are too close to the North Koreans. I think this is very shallow thinking.”

### **The Bipartisan War-Hawks**

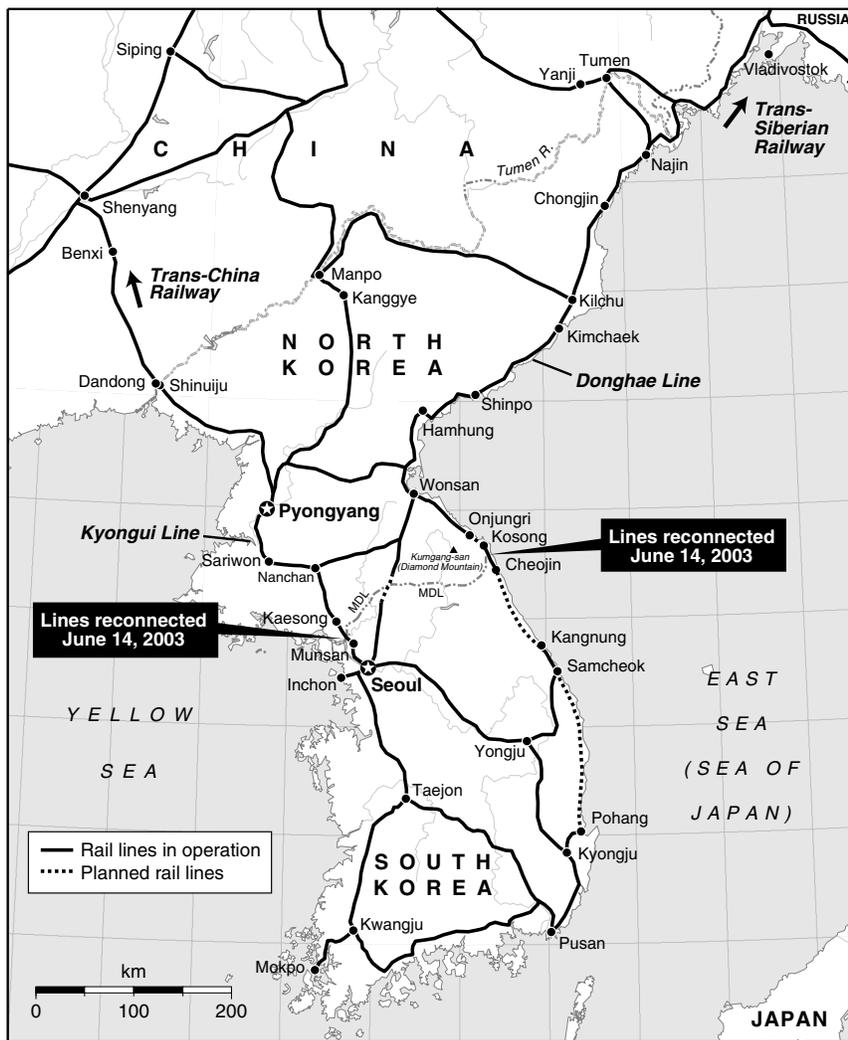
While it is increasingly clear that the Bush/Cheney team is willing and anxious to start war for war’s sake, to justify their drive for dictatorship under the guise of the “unitary executive” in wartime conditions, it must also be recognized that there are many on the Democratic side who are equally fanatical about the concept of “preemptive war” championed by Cheney and his mentor George Shultz. William Perry, who was Secretary of Defense under the Democratic Administration of President Bill Clinton, was chomping at the bit to go to war against North Korea in 1994, before Clinton and Jimmy Carter forced a peaceful solution through diplomatic means. One source who was close to the process told *EIR* that Perry and his associate Ashton Carter were “ready to go in, to prove that their ‘counter-proliferation’ theory (we didn’t call it ‘regime change’ then) would work.”

Democrat Perry has since become part of a traveling road show with Republican George Shultz, promoting “preemptive war” and “coercive diplomacy,” with North Korea prominent on the target list, along with Iran, Syria and Sudan.

When the Bush Administration repeatedly reneged on peace initiatives arranged by its own officials, the North Koreans’ response was to proceed with testing of their missiles and with nuclear weapons development—as clearly intended by Cheney (see “Cheney Wants War, Plays North Korea Card,” *EIR*, Oct. 27, 2006). The intended result was not necessarily a war on Korea, but to point to North Korea’s weapons development as justification for an immediate preemptive attack on Iran.

Nonetheless, when Pyongyang tested (unsuccessfully) a long-range ballistic missile in June, Perry and his cohort Ashton Carter wrote a *Washington Post* op-ed called “Strike and Destroy,” saying that it would be a “prudent policy” to take out the missile sites with cruise missiles, and to “introduce air and naval forces into the region at the same time it made its threat to strike,” to make any subsequent war “swifter and less costly in lives.” Cheney commented that he “appreciated Bill’s advice,” but that “you better not be prepared to fire

## Major Railways of South and North Korea



Source: Ministry of Construction and Transportation (MOCT), Seoul, Korea.

just one shot.”

Jack Pritchard, the special envoy to North Korea who was fired by Bush in 2003 for the “crime” of talking to his negotiating partners from Pyongyang, responded to Perry’s bluster by saying that Perry and the war-hawks had better “give our chest-thumping, feel-good opinions a rest,” noting that the “missile test is not a violation of anything more than our pride, ripping a gaping hole in the false logic that talking with the North Koreans somehow rewards and empowers them.”

Then, when the North Koreans tested a small nuclear device in October, Perry not only threatened war on North Korea, but even blamed the proposed preemptive war on China and South Korea. According to the Japanese daily *Yomiuri*

*Shimbun*, which sponsored a Nov. 4 forum in Japan featuring Perry, he told the audience that if China and South Korea failed to “provide the coercion” by cutting off North Korea’s supply of oil and food, then the United States “might take the only meaningful coercive action available to it—destroying the [North Korean nuclear] reactor before it could come on line.”

If the new Democratic Party-controlled Congress looks to this faction of imperial thugs, the Congressional potential, and responsibility, to check the current rush to war will be lost.

## A Provocation for War

Thus far, President Bush and Secretary of State Condoleezza Rice have insisted that there is no intention to attack North Korea. However, U.S. Ambassador to the UN, John Bolton, has also insisted that the UN resolution passed by the Security Council on Oct. 14 imposing sanctions on North Korea, includes the right to stop North Korean ships on the high seas, to guard against suspected weapons proliferation—a policy Bolton and Cheney have pursued for years. This claim is false—the sanctions in no way legitimize such piracy—but such an attempt by Washington could create an incident that could spark a war in an instant.

South Korean President Roh Moo-hyun has warned of such an “accidental war” being started by an effort to interdict shipping on the high seas. He told the South Korean General Assembly that “some argue that we should not shy away from going to war, which is truly irresponsible and dangerous.” He also rejected U.S. demands to curtail the “Sunshine Policy” of expanding economic and social relations between the two Koreas. When the White House claimed that any profits derived from the South Korean industrial park in the northern city of Kaesong, or from the tourists who visit Mount Kumgang in the North, could be used to finance nuclear weapons, and must thus be stopped, President Roh responded that these projects were “symbols of peace and stability on the Peninsula.” He added that “under any circumstances, inter-Korean dialogue must be sustained and the government will stick to the basic policy for peace and prosperity.”

# Italian Press Exposes Cheney-Authored Kidnapping and Torture of Abu Omar

by Claudio Celani

Dramatic new evidence has been published, exposing the Nazi-like practices authorized by Vice President Dick Cheney's legal counsel, involving the kidnapping and torture of foreign citizens. An affidavit by Abu Omar, an Egyptian Imam who resided in Italy, was published in the Italian media Nov. 9. The affidavit, written in Arabic, was smuggled from an Egyptian prison where Abu Omar has been held under barbaric conditions since a CIA commando kidnapped him in Milan on Feb. 17, 2003. The affidavit was delivered to prosecutors in Milan, who have issued warrants to the CIA station chiefs in Milan and Rome, 23 other Americans, and several Italian police and secret service officials who participated or indirectly helped the abduction operation.

Abu Omar's affidavit, published almost in its entirety by the daily *Corriere della Sera*, has been confirmed as authentic by prosecutors. It is a frightening shock for those who believe in the dignity of man and in constitutional law, and realize that in the 21st Century, the most brutal practices of the Spanish Inquisition have been revived by a government squatting in the Homeland of Liberty, the U.S.A.

"Testimony by the Islamist kidnapped on a Milan street. This is how they kidnapped me from Italy and tortured me in Egyptian jails," is the headline of the affidavit.

"The undersigned, Osama Mustafa Hassan Nasr, known as Abu Omar, an Islamist kidnapped in Milan on February 17, 2003, and still detained in the Tora prison in Cairo, is writing this statement from inside this grave of mine: I am emaciated, my sickness has worsened, and I am in very critical condition. My face has been transformed as a consequence of torture.

"I shall explain my kidnapping. I was walking from my apartment, in via Conte Verde 18/A, on Monday, February 17, 2003, going towards the Mosque for the Midday prayer. . . . In my pocket, I had 450 Euros (400 to pay the rent), my Italian refugee passport, my residence permit, my mobile phone, my social security card, my watch, and house keys. All these things are now in the office of the Egyptian secret services, in the 'Copa garden, in front of the People's Castle.' . . . When I left home, I saw a white van drive in front of me . . . in front of a public garden, I saw a red Fiat. The driver ran towards me. He pulled out a card. 'I am a policeman.' I gave him my residence permit and my Italian passport.

He pulls out his mobile phone and places a call. He looked like an American: blond hair, light skin, about 1.70 meters tall."

The person described by Abu Omar is actually an Italian policeman: Giuliano Pironi, a Carabinieri junior officer nicknamed "Ludwig" because of his Teutonic appearance. Pironi had been recruited by Robert Seldon Lady, CIA station chief in Milan, because the kidnapers needed Italians on the scene, to protect the kidnapping operation from unwanted disturbances, including from police patrols.

Abu Omar's affidavit goes on:

"Then, the white van stopped close to the sidewalk. I did not understand what was going on, I just saw two persons who literally lifted me up: they certainly looked like Italians, at least two meters tall or more, about 30 years old. My kidnapping was also witnessed by an Egyptian lady." She was an eyewitness who has been interrogated by prosecutors, has confirmed the story, and has since strangely disappeared.

"When they threw me inside the van, I tried to react, but they began to punch me in the stomach and all over my body. They threw me into the back and covered my face. It was completely dark. They tied my hands and feet. . . . I was trembling because of the punches and foam was coming out of my mouth. . . . Then I heard two Italians arguing; one of them shouted. They tore my clothes off and practiced a heart massage on me. . . . After four hours, with my hands and feet still tied together, they moved me to another vehicle. . . ."

"After another hour travelling, I recognized that we had come to an airport, because of the airplane noise. I heard steps: seven, eight people, walking towards me. They cut my clothes off with knives and put something else on me with incredible speed. They also took my blindfold off for a few seconds, to take some pictures; there were a lot of people in commando uniforms. They wrapped my entire head and face with large tape, and cut holes over my nose and face so I could breathe. . . . The plane took off."

Abu Omar described how he was taken to the U.S. air base in Aviano. From there he was flown to the Ramstein Air Base, in Germany, and from there to Cairo.

"It was damned cold. . . . I was immobilized and could not breathe. Then, they fastened a breathing machine on me. . . . When we landed, my hands were bleeding. In Cairo, an Egyptian official told me: in this room there are two pashas, i.e.,



*Egyptian Imam Abu Omar, in an undated photograph before he was kidnapped in Italy in February 2003. His affidavit describes the horrendous conditions in which he is still being held in Egypt. Italian prosecutors have issued warrants against CIA officers and Italian Carabinieri in the case.*

two high secret service officers. Only one spoke, in Egyptian, saying only: ‘Do you want to cooperate with us?’ The other one, who was probably an American, did not speak, but after a while I understood what he said: ‘If Abu Omar accepts, he comes back to Italy with us.’

“My prison cell was two meters long and one meter wide, with no lights. It was in a secret service building. They fastened my hands and one foot, had me walk and, since I fell down, they laughed. They went on with electric shocks, punches, slaps. They brought paper and a pen, asking me to write down everything about my life outside of Egypt. They showed me photos of Egyptians, Tunisians, Algerians, and Moroccans residing in Italy. . . . I had pains in my bones and breathing problems. The interrogations went on for seven months, until September 14, 2003, but to me it seemed like seven years.”

### **The Cell Is a Grave**

“After another trip, they carried me to another building where a lot of hands beat me all over my body. They told me: ‘Inside here, not even the blue fly enters.’ When I asked about the toilet, they told me that it was my cell. . . . There was a terrible smell. . . . I stayed in that place for six and a half more months, Amn-El-Dawla. . . . The cell had no air circulation. Roaches and rats walked across my body. . . . When the guard entered, I had to fall on my knees. Otherwise he would zap me with an electric stun gun. . . .

“They gave me only bad bread for food, which had sand

in it and caused my teeth to fall out. . . . You cannot dunk it or reject it, as they must keep a skeleton alive. . . . They interrogated me in the office near the cells, so that the other detainees could hear the shouts and cries from the torture. . . . My hair and my beard turned white.

“At the beginning, the guards undressed me until I was naked, threatened to rape me, gave me shocks with an electric stun gun. One of them held my private parts and squeezed them if I didn’t speak. . . . Then they lay me on an iron door called ‘the Bride,’ where I receive kicks, electric shocks, and cold water.

“They never gave me the Koran: the cell was always dark, but I wanted it only to kiss it and keep it in my arms. Because of the beatings, I became totally deaf in one ear. . . . I also underwent a torture called ‘the Mattress.’ In the torture room, they put a wet mattress on the floor, connected to an electric current. Then they bound my hands and feet behind my back. One person sat on my shoulders on a wooden chair, and the other plugged the electricity in. I was always afraid, and I often fainted. Now, I no longer have the strength to go on writing about these tortures.”

### **The State of Investigation**

Besides Robert Seldon Lady, the former CIA station chief in Milan, warrants have been issued against his superior, Jeff Castelli, a former CIA station chief in Rome, along with the other U.S. citizens. On the Italian side, initial warrants have been issued against Carabinieri officer Pironi and a former chief of counterespionage of the military intelligence agency (SISMI), Marco Mancini, a friend of Pironi. Recently, however, prosecutors have issued a warrant also against current SISMI head Niccolo Pollari, who has claimed that he had rejected CIA requests for assistance in kidnappings.

For his defense, Pollari has now filed a request to prosecutors, to seize papers in the hands of the Italian government, proving his innocence. The government is not releasing such documents, contending that they contain state secrets. An anonymous government official has declared to the press that such documents endanger relations with a foreign government. He didn’t say that it was the government of the Cheney/Bush Administration, but it does indicate that the papers document a deal between Italy and the United States on precisely such illegal activities.

The deal was signed under the previous Italian government, led by Silvio Berlusconi, but the current government, led by Romano Prodi, is sticking to the same arrangement, showing that some things might have changed, but not the cowardness typical of a certain brand of political class. But Prodi is under tremendous pressure from public opinion and parts of his government itself, to authorize extradition requests in the Abu Omar case. Whatever the Italian government decides, the Abu Omar case is an urgent case which the U.S. Congress, under the new Democratic leadership, must address.

# Germans Grapple With U.S. Political Shift

by Rainer Apel

Given the tight mind-control that Anglo-Dutch oligarchs maintain over the media, it did not come as a surprise that press coverage in Germany of the U.S. midterm elections was grossly distorted. The dominant line was that voiced by John Kornblum, former U.S. Ambassador to Germany, now chairman of Lazard bank's Germany operations, in an interview with German public radio on Nov. 8: The "only reasonable" approach for the Democrats, he said, was not to go for "revenge strategies" but to "cooperate with the President." In other words: no impeachment.

Reflecting the views of those in Germany who oppose Bush and Cheney (and there are quite a lot of them), were remarks by Andreas Zumach, a left-liberal author, at an event in Wiesbaden on Nov. 7, a few hours before the vote-counting in the United States was completed.

In response to a question from *EIR* about the red-hot danger of a U.S. war against Iran by the end of January, Zumach said that "indeed, these weeks between the election and the State of the Union Address are highly dangerous, because Bush and his people know that even if the Democrats conquer a majority in only one house of Congress, all the investigations will start again, and they will face impeachment. It makes a lot of sense, therefore, for Bush, Cheney, Rumsfeld, and so on, to try a trick to get out of that. I hope it will not happen, but it could happen—the attack on Iran."

## War Crimes Charged

Reflecting the same ferment, the German Republican Attorneys' Association (RAV) held an event in Berlin on Nov. 14, together with the U.S. Center for Constitutional Rights and the Paris-based International League of Human Rights. These organizations filed a complaint before the Supreme Court of Germany that same day, involving charges of war crimes and crimes against humanity against U.S. Secretary of Defense Donald Rumsfeld, Vice President Richard Cheney, General Attorney Alberto Gonzales, and 11 other leading political and military officials, in connection with torture at Abu Ghraib and Guantanamo Bay. Prof. Scott Horton of the New York City Bar Association addressed the meeting, and so did Col. Janis Karpinski, former commander of the Abu Ghraib prison at the rank of brigadier general, who was demoted by Rumsfeld for her public opposition to the torture. Karpinski also said in a Nov. 15 interview with the left-wing Berlin

daily *Junge Welt*, that when Gen. Geoffrey Miller, who had previously directed interrogations at Guantanamo, was flown to Baghdad to oversee the interrogation of prisoners at Abu Ghraib, this entire operation was done behind her back, and when she learned about it and protested, she was punished by the Pentagon.

In a discussion with this author on Nov. 15, a spokesman for the RAV said that for the time being, Cheney has not been chosen as the prime target of the war crimes complaint, but that in his personal view, Cheney was the main culprit, and should be impeached. Briefed on the LaRouche Youth Movement's Week of Action in Washington, D.C., Nov. 13-18, which put the focus on the impeachment issue, the RAV spokesman voiced appreciation for campaigns like this one, which would expose Cheney's crucial role.

And Willy Wimmer, a fierce opponent among German parliamentarians to the Bush-Cheney-Rumsfeld war strategy since 2001, on Nov. 10 called for the immediate pullout of German troops from Afghanistan, before they sink into deeper complicity with the U.S. practice of taking prisoners there, who are then abducted to prisons like Guantanamo.

## Dangerous Illusions

Other elements among the German political establishment, however, were more cautious. Ruprecht Polenz, chairman of the foreign relations committee of the Bundestag (parliament), said in a Nov. 10 interview with German public radio, that pacification and stabilization of Iraq can only be achieved through direct talks between the United States, and Syria and Iran, that a new start for U.S. policy toward Iran is possible now, after the U.S. election.

German President Horst Köhler said in a Nov. 11, interview with the *Frankfurter Rundschau* daily: "The era of the coalition of the willing is over. What must come into being, now, is a coalition of the reasonable and of the common responsibility for global stability. This can, by the way, no longer be achieved without Russia and China. We have to get accustomed to new coordinates in world politics."

As in the United States, so in Germany, the catalytic role for a broad public debate about the necessity of a *double impeachment* is being played by the LaRouche Movement, in particular the LaRouche Youth. With their literature distributions at subway stations, public institutions, and government offices in Berlin, thousands of pamphlets, leaflets, and other material is focussing attention on the need for impeachment of Bush and Cheney. Pressure will be increased on political institutions not only to distance themselves from the Bush Administration, but also to establish direct contact to the LaRouche Democrats. The unprecedentedly high attendance at LaRouche's Berlin webcast on Oct. 31, indicates that an increasing number of Germans have begun to recognize the new political opportunities that are going to result from the U.S. midterm elections, and are looking to LaRouche as the man who knows what to do.

# Uri Avnery: Peace Is Made With Enemies

by Dean Andromidas

Veteran Israeli peace activist and leader of the Gush Shalom peace movement, Uri Avnery, authored an important comment on the speech by Israeli poet and author David Grossman delivered at the Nov. 4 memorial rally commemorating the 11th anniversary of the death of Prime Minister Yitzhak Rabin (see last week's *EIR*, "The Poet and the Slain Statesman"). Entitled "Grossman's Dilemma" and released on Nov. 18, Avnery's article praised the speech as "brilliant" and uplifting for all those present, but leveled some important criticism of Grossman's own refusal to talk to Hamas, but only to the "moderates" among the Palestinians.

Avnery made the crucial point that one makes peace with one's enemies. Gush Shalom, during the rally, distributed a sticker that said, "Peace is made with enemies—TALK TO HAMAS."

After praising Grossman's biting critique of Israel's "hollow" leadership, Avnery scored Grossman's call for Israeli Prime Minister Ehud Olmert to appeal to the "moderates" and go "over the head" of the Hamas government. The differentiation between "moderates" and "fanatics" is misleading, and contains a "measure of contempt for Arab society" that leads to a "dead end," he said. It is not whom you speak to that is the issue, but what to speak about; and that is, "the termination of the occupation, establishment of the State of Palestine with East Jerusalem as its capital, withdrawal to the pre-1967 border, solution of the refugee problem."

Pointing to the fact that the Hamas government was elected by the majority of the Palestinian people, Avnery wrote: "After all, it is clear that one has to make such a proposal to the elected Palestinian leadership, whatever its composition. The idea that we can talk with a part of the Palestinian people (now the minority) and boycott the other part (now the majority) is false and misleading. It is also imbued with the overbearing arrogance that is the hallmark of the occupation."

Avnery writes that although Grossman attempts to show empathy toward the Palestinians by saying that they are "a people no less tortured than we are," this is, in fact, "an effort to create a symmetry between occupier and occupied, which has become typical for some of the peaceniks too, [and it] testifies to a basic fault. That is true even if Grossman meant the untold suffering of the Jews throughout the ages—even that does not justify what we are doing to the Palestinians now."



Rachel Avnery

*Uri Avnery (second from right), leader of Israel's Gush Shalom peace movement, maintains that the best strategy for the "peace camp" is to proclaim its message loudly and clearly, even if it goes against "popular opinion"—and that consensus will follow.*

Avnery also criticized Grossman's vague proposal for peace with Syria, which would last "several years, only at the end of which, if he [Syrian President Bashar al-Assad] meets all the conditions, lives up to all the restrictions, will he get the Golan Heights. Force him into a process of ongoing dialogue." Avnery drily commented, "Bashar al-Assad certainly did not fall off his chair for sheer enthusiasm when he read this."

Avnery wrote that the problem is that Grossman reflects the views of the "Zionist peace camp," whose "strategic concept is that it is wrong to stray from what is called the 'national consensus.'" "If they act otherwise, they fear they will not win over the public. Therefore, they tailor their message to what they think the public at large is able to absorb at any time. This position is best represented by Peace Now, and tends to be close to the Meretz Party and the left wing of the Labor Party.

But there is a second camp, wrote Avnery, "usually called the 'radical peace camp,' which carries out the opposite strategy: to spell out our message loudly and clearly, even when it is unpopular and far from the consensus (as it usually is). The assumption is that the consensus will follow us when our message proves right in the test of reality. This camp, to which Gush Shalom (in which I am active) belongs, together with dozens of other organizations, is engaged in strenuous daily work: from the fight against the Wall and all the other evil doings of the occupation, up to the boycott of the settlements and the support for soldiers who refuse to serve in the occupied territories.

"This camp differs from the other one also in its close contacts with the Palestinians, from the leadership down to

ordinary villagers who are fighting against the wall that robs them of their land. Recently, Gush Shalom started a dialogue with Hamas leaders. These contacts enable us to understand the Palestinian society in all its complexity, feelings, insights, demands and hopes.”

Their success is, that what Gush Shalom says today, Peace Now will say tomorrow, and a large part of the public on the day after. “This has been proven dozens of times in the past, and was proven again in the last few weeks during the Second Lebanon War. We called a demonstration against the war on its first day, when the overwhelming majority—including Amos Oz, David Grossman and others—supported it openly and wholeheartedly. But when the real motives and the fatal results started to become obvious, the consensus began to change. Our demonstrations swelled from 200 to 10,000 protesters. Even Peace Now, which had supported the war in the beginning, changed its stand, and near the end of the war called its own anti-war demonstration, in conjunction with Meretz. In the end, the entire national consensus moved.”

### A Step Forward

“Grossman’s speech should be judged in this spirit. It was a moving speech, even a great speech. It did not contain all we would have wished for, but for Grossman, and the camp

he belongs to, it was really a big step in the right direction.”

Avnery’s comments underscore the fundamental dilemmas in achieving a Middle East peace, bridging not only the Israeli-Arab divide, but the internal divisions within both peoples. It is here that American statesman Lyndon H. LaRouche has identified the crucial and indispensable role that the United States must play. Peace between enemies must be defined in the terms laid out in the 1648 Peace of Westphalia, based on the principle of commitment to the happiness and well-being of the other, which established a peace that ended 30 years of religious war in central Europe.

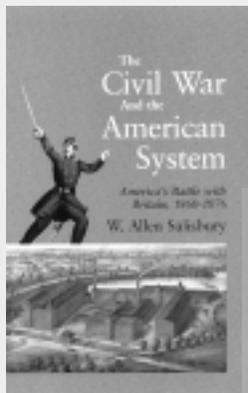
Today, this is only possible through cooperation in a regional economic development plan, as defined in LaRouche’s Oasis Plan for Middle East Peace. This plan lays out a series of regional economic infrastructure projects in the areas of transport, and increasing the region’s water resources and through development of nuclear energy for both water desalination and generation of electricity. Such a program will aid in healing the deep wounds of conflict, by raising the living standards of both peoples, and by providing for a positive future for both nations. Only the United States, under a very different leadership in Washington, has the power, and under capable leadership, the prestige and trust, to carry it out.

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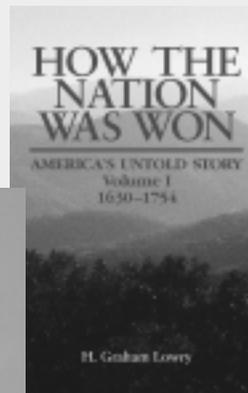
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## Editorial

### *The Winners and Losers on Nov. 7*

It is now clear that the decisive margin of victory for the Democratic Party on Nov. 7 was a surge of votes from two categories of Americans: Youth between the ages of 18-25 and “young Tweeners” between the ages of 25-35. The significance of the youth vote, which increased from 8 million in the last midterm elections in 2002, to over 10 million this year, as the decisive margin of “landslide victory” for the Democrats, particularly in the House of Representatives, has not been missed.

Lyndon LaRouche, giving a webcast speech before an audience in Washington, D.C. on Nov. 16, rightly took a lion’s share of credit—along with the LaRouche Youth Movement—for energizing that outpouring of millions of young voters. One critical aspect of that LaRouche-led mass-outreach mobilization, was the fact that the climate of terror, building up on most university campuses today, was broken, by a pointed intervention of the LYM, directed against an alphabet soup of front groups, all emanating, ultimately, from the inner circles of Lynne Cheney, the wife of the Vice President and a leader of the “New McCarthyism.”

First, as Chair of the National Endowment for the Humanities (1986-93), and later as the co-founder, with Sen. Joe Lieberman (D-Conn.) of the American Council of Trustees and Alumni (ACTA), Lynne Cheney has led a witch-hunt against academics who dared to challenge Straussian and neo-conservative dogma. After 9/11, Lynne Cheney’s ACTA declared war on academia, for failing to fall in lock-step behind her husband’s so-called “Global War on Terror,” in league with Wall Street Anglophile right-winger John Train and ex-Stalinist David Horowitz. Among the “bottom feeders” in the Lynne Cheney-directed right-wing assault on academic freedom, one finds the Ayn Rand Institute, led by a former Israeli military intelligence officer named Yoran Brook, who openly promotes the mass extermination of Muslims.

Beyond the well-known right-wing losers on Nov. 7, another group of equally enraged losers must also be identified: those self-professed Democrats—including Democratic National Committee Chairman Howard Dean and his putative rivals in the Democratic Leader-

ship Council—who sought a *narrow* victory, which would preserve the ultimate power of their Wall Street “angels” such as Felix Rohatyn and George Soros.

For these Democrats, the idea that American politics has been now recast as a genuine battle for the future of the nation and mankind, is hardly good news. Young voters, who turned out to defeat everything that the Bush-Cheney team and their Congressional rubber-stampers stood for, are not beholden to check-book politics—especially of the variety promoted by Wall Street thieves like Rohatyn and Soros. They know that, unless there is a dramatic shift in policy, top down, their future stinks. They are not living in a fantasy world of the upper 10% of family-income brackets.

If they are still attending university, they know that they are going to walk out of those sacred halls with a piece of paper that will not guarantee them productive employment—and with tens of thousands of dollars in debt. If they are in the “young Tweener” category, they are already, for the most part, living the hell of a shrinking economy, with fewer and fewer productive job opportunities and soaring costs of housing, food, and health care.

They also know—unlike the post-World War II Baby-Boomer generation—that they are going to be around for a long time. They have upwards of 50 years of productive life ahead of them, and they know they are inheriting a world of shrunken production, collapsing opportunities, and widening disparity between the handful of “haves” and the legions of “have-nots.”

The midterm election, thus, represents a potential dramatic phase-shift in American politics, one that goes far beyond the transfer of power from a Republican to a Democratic Congressional majority. Electoral historians will, hopefully, write of the 2006 elections as the end of the era of check-book politics, and the revival of mass politics, in the best, republican sense of the word.

In a post-election dialogue with leaders of his youth movement, LaRouche emphasized that the immediate mission ahead is to maintain the momentum of the newly energized youth constituency, to secure that change in the political direction of our nation.