

Saving the nation-state is child's play

by Dennis Small

The following is a slightly edited transcription of the speech delivered by the author at the Feb. 19-20, 2000 Presidents' Day conference of the Schiller Institute and the International Caucus of Labor Committees, in Reston, Virginia. The concluding section on Plato's Theaitetos dialogue has been augmented by the author.

The title, "Saving the Nation-State Is Child's Play," is not meant to indicate that I think the task is going to be easy.

As of a few years ago, there were approximately 188 nations in the world. Today, 15 of those countries are gone. Of those 15, about 10 are in Africa. In addition to those 15 nations which are gone, there are another 25 or so which are on the chopping block.

What is going on here is *not* a case of 15 individual countries that have been individually obliterated. This is not a case of 25 additional countries that are on the chopping block, each of which, for their own individual reasons, may be about to disappear. Rather, we are witnessing the results of an overall policy directed by financial interests centered in London, with branches in New York's Wall Street, and many capitals of the world, a policy whose intent, whose purpose, is to erase the nation-state as the institution guiding the political destiny of peoples, and to replace it with a structure of globalization, of a single, global, world government in the hands of this financial oligarchy. Their purpose is to create a situation where, as the crash hits, and financial disintegration spreads throughout the globe, that oligarchy will face no resistance whatsoever from the institution of the nation-state, and what it has represented for humanity over the course of recent centuries. They intend, in short, to *control* the ongoing disintegration.

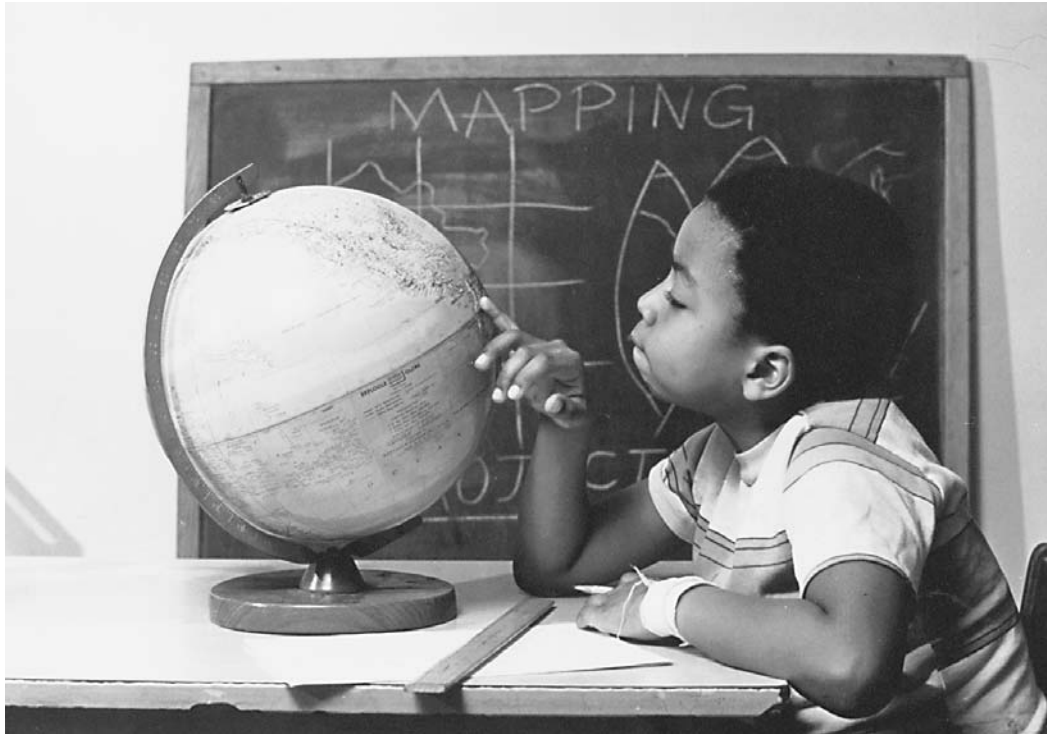
Now, there is a response to this assault, as you might expect, in different parts of the world. There are people who

are quite aware of the fact that the nation-state is going, and in some cases, is gone. For example, take the eloquent words of a group of 15 prominent Indonesians, who wrote a joint statement in July 1998, as their country was in the process of being obliterated by the forces of the International Monetary Fund (IMF) and the United Nations. In this statement, they said simply: "Class conflict could happen, where people with no rice beat up others. . . . *We are dying*. Do you understand?"

There are some people around the world who indeed do understand. And I don't think it will be a surprise to those of you here today that many of them, the leaders of political groups and in some cases the leaders of entire nations, are turning to the LaRouche Presidential campaign, to the international LaRouche movement—they are turning to *you* as part of the LaRouche movement—to make sure that these policies are stopped. The eyes of the world are on Lyndon LaRouche, and they are on you; and the hopes of the world are with LaRouche, and they are with you, with all of us here today.

This responsibility that is resting on our shoulders was very well presented by the former Speaker of the Parliament of Georgia, Yakhtang Goguadze, who on Oct. 14, 1999 wrote an open letter to the U.S. Ambassador to Georgia, saying:

"I am worried about the tragic, almost catastrophic fate of my people. . . . Today, Georgia is in hell. . . . I ask you, Mr. Ambassador, to reconsider the U.S. doctrine of foreign relations, and to raise a question at the Department of State, about the danger of a boomerang effect resulting from the present ideology. . . . America's current policy is unsuitable for the U.S.A. itself. If you desire that people like me should love America, then believe Mr. Lyndon LaRouche. Whether he will become President or not, I do not know. But I know one thing: no future President will be able to ignore his concepts."



There is more to a nation-state than a currency, a military, and territorial integrity. The key to the development of any society, as Plato proved, is whether or not it fosters a joyous process of cognition in its children.

So we have a world aflame, and a world looking to LaRouche, and looking to you, to change this situation.

The three pillars of the nation-state

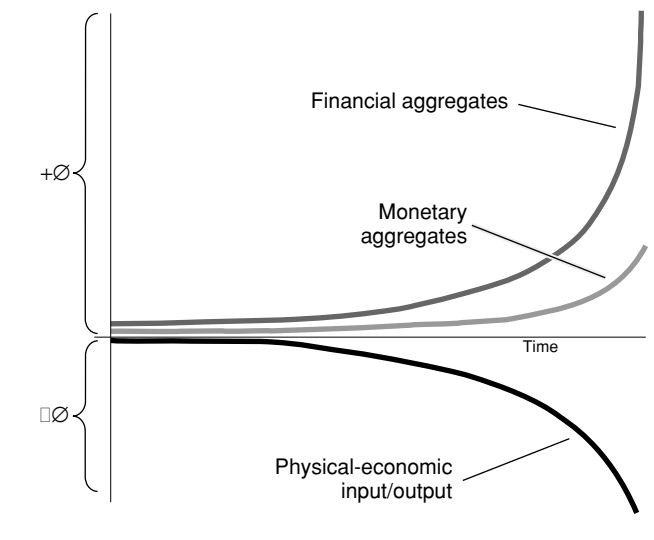
The way I would like to review this situation of the disintegration of the nation-state, is to look at it in terms of the effects produced by the 1997-99 wave of financial crises — you know, the last wave of crises that were so “successfully resolved,” or so we are told. There was the 1997 Asia crisis, very successfully resolved, they say. It’s out of the way, never to return. Then there was the 1998 Russian and eastern European crisis: also completely settled. And finally, there was the 1999 crisis in Brazil and the rest of South America: It, too, was settled and solved—or so we are told.

Now, the point is very simple. The way these crises were “solved” involved a twofold process. Think of LaRouche’s Triple Curve function (**Figure 1**), including the two upper financial curves: the monetary aggregates curve, and the financial aggregates curve above that, rising hyperbolically. The way these crises were “solved” was by further stoking the fires of that speculative financial bubble in each of those situations. The second side of the “solution” has to do with the third, lower curve, reflecting the physical economic parameters, which is the one that has been dropping. The solution which the financial oligarchy put into place involved making sure that this third curve dropped so drastically, that nation after nation around the world is being wiped off the face of the Earth. That is their “final solution.”

The world we see today is strewn with the corpses of

once-proud nations. And this is the result of the “successful” resolution of the 1997-99 crises. I ask you: What is going to happen as the next, worse wave of financial crises hits, whether that be tomorrow, a month, or two months from now? Keep that question in mind, as we review what has happened to date, as a result of the oligarchy’s implemented “solutions”

FIGURE 1
A typical collapse function





Australian troops patrol the streets of Dili, East Timor, Sept. 26, 1999. Behind all the propaganda about UN protection of “democracy,” the real issue is a resource grab on the part of the global commodity cartels.

to this crisis.

The gameplan of the oligarchy is to destroy the nation-state by ripping out that which is the soul of the body politic—that is the way you have to think about this. Furthermore, the results are not an error, a mistake, or a foolish blunder: They are absolutely intentional. What is happening is being done deliberately, and the effects are the intended ones.

The way the oligarchy have approached this, is they have targetted, for starters, what we can refer to as three functions, or pillars, of the nation-state. These are aspects of the functioning of the nation-state, without which it cannot exist.

First, there is the sovereign right of a nation to issue currency, that is, to have its own currency, its own credit system, its own money. A country without a currency is not sovereign, it cannot be a true nation-state. Just look at Panama. Panama is a destroyed country, it hardly exists. Have you seen the currency of Panama? It is called the “balboa.” I’ll show you one [holding up a U.S. dollar bill]: that is the balboa, and it is what circulates in Panama. It’s a dollar bill: They call it a balboa, but it’s a dollar bill. So, Panama doesn’t have its own currency. And you can’t have a nation-state without a currency.

The second function, or pillar, of a nation-state: It must have a viable military, an armed forces to perform functions such as defending the existence of that nation-state, for the purpose of fostering the sovereign development of its economy and its population, in a concert of nations. And this second pillar, a sovereign military, is very much targetted for destruction by London’s oligarchy in this period.

The third function, or pillar, of the nation-state system is

that of territorial integrity as such: that is, the existence of a territory which is that of the nation, which is protected, and within the borders of which that economy and that population flourishes and develops. Today, the very idea of national territorial integrity is under assault. Look at Kosovo and the Balkans, where nations are being chopped into pieces. Then you have East Timor: East Timor was stolen from Indonesia. It was very simple: They just stole it. They invaded Indonesia with troops from Australia, from the British Commonwealth, and split off East Timor.

The oligarchy also use indigenism, environmentalism, and all of the other new “isms” that have been concocted to promote the idea that national territorial integrity should no longer exist. On this basis, they are proceeding to chop countries into salami, and then govern them from the top, through their global institutions. This is of course very convenient for them, because they can then proceed with resource grabs, to seize the oil, the mineral wealth, and other resources that were previously under national sovereign control.

The way this strategy operates, is that the globalized financial oligarchy picks a target country, and then assaults it through their hedge funds. They deploy George Soros, the world’s leading proponent of legalized drugs, to obliterate the country’s currency, to reduce it to rubble. Then, after they annihilate it, they come in and say: “Gee, fellows, you don’t seem to have a viable currency. Would you like to borrow ours? We’ll lend you the dollar. You can dollarize! No problem.”

The same thing happens with the national military. First, the oligarchy annihilate the military through budget cutbacks,

through international human rights campaigns, through non-governmental organizations. This way, they make the nation incapable of defending itself. For example, take the case of Colombia. As Gen. Harold Bedoya (ret.) has shown, the Colombian military, properly supported, is perfectly capable of putting an end to the FARC and the ELN narco-terrorist assault. But not if you demoralize, downsize, and destroy the military. The really cynical thing is that, after they have done this, the oligarchy's spokesmen come along and say, "Gee, guys, you don't seem to be able to handle this with your own military. Would you like to borrow ours, or some UN Blue Helmet troops to help out? No problem."

And this is the way the game works. I'm always reminded of a little lesson I learned as I was growing up in Mexico, about how these kinds of operations work. Often when you would park your car on the street in Mexico, you would come back from visiting a store or whatever, only to discover that your hubcaps were gone. Your four hubcaps are gone: they're stolen. So, you would glumly get in your car and drive off; and at the first corner, there's a guy standing, offering you four hubcaps . . . which just happen to fit your tires perfectly. And with a big smile on his face, he would say: "Señor, I have four hubcaps for you, half-price!" *You* know what's happening, *he* knows what's happening, but you don't have a choice but to play along.

This is the same kind of game that the oligarchy is playing with nations on the question of the military, the currency, and so on. Only here, obviously, with far more serious consequences.

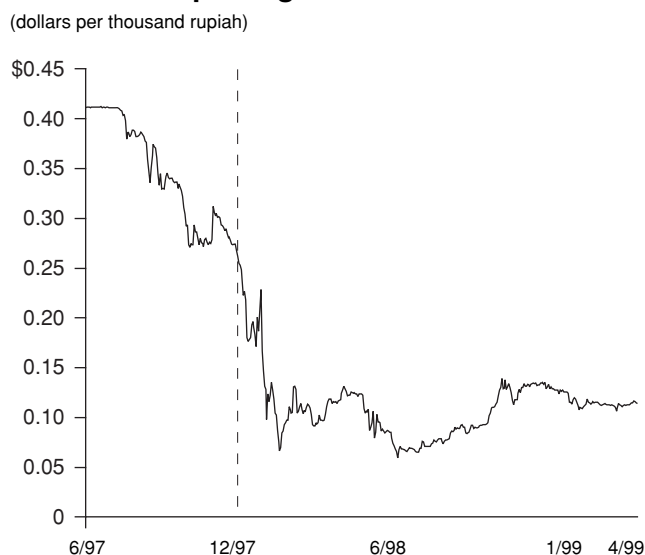
1997: the Asia crisis

I now want to review three cases, and I ask you to keep in mind these three functions of the nation-state: the currency, the military, and territorial integrity.

First, let's look at the Asia crisis of 1997. Beginning in the middle of that year, Thailand, South Korea, Japan, and Indonesia were all assaulted with financial warfare. The "solution" to each of these crises involved IMF packages adding up to hundreds of billions of dollars, and bone-crushing austerity policies demanded by the IMF, which reduced most of these countries to economic junkheaps. In the case of South Korea and Japan, the crisis dealt a deadly blow to the machine-tool capabilities of those countries, in particular, which is of vital importance globally.

In the case of Indonesia, which is a nation that is today disintegrating, a systematic assault on its currency, the rupiah, was carried out. In **Figure 2** you can see what happened, in terms of the devaluation of that currency under this assault. In December 1997, the rupiah was worth about 30¢ per thousand rupiahs. In other words, with 30 U.S. cents you could buy a thousand rupiahs. Then, with the financial assault on the country, in just a few months it dropped down to the level of about 10¢ per thousand rupiahs. This is a two-thirds drop in the value of the currency; it was completely wiped out.

FIGURE 2
Indonesia: rupiah against the dollar



Source: *Wall Street Journal*.

The curious thing that happened immediately after the rupiah crash—after they'd stolen their hubcaps—the financial oligarchy turned up right around the corner, so to speak, and said: "Hey, we'll offer you another currency! We've got a great currency for you. Why don't you link the rupiah to the dollar, and set up a currency board?"—which is just one step shy of full dollarization. And they attempted to impose a currency board on Indonesia in this way.

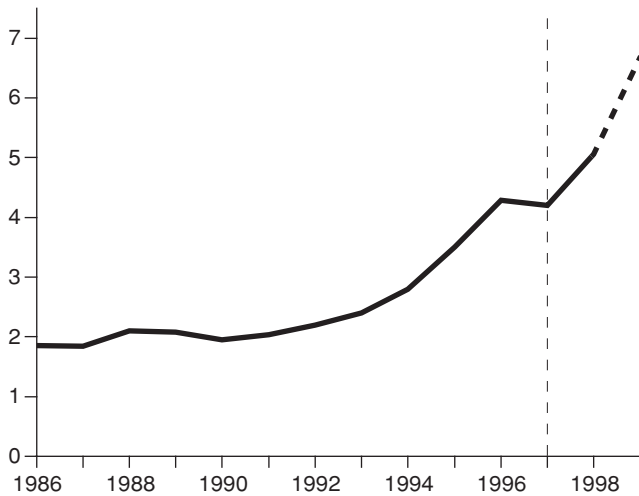
They failed in that situation. Suharto said no. Johns Hopkins Prof. Steven Hanke travelled there and tried to sell it to them. But at that time, both the IMF's Managing Director, Michel Camdessus, and then-U.S. Treasury Secretary Robert Rubin, did not go along with the idea of the currency board. So they tried in the case of Indonesia, but they didn't succeed with the currency board. What they did manage to do, however, as you can see in **Figure 3**, is that as a result of this financial assault, unemployment in Indonesia soared during the period from 1997 to 1999: It doubled, from approximately 4 million to 8 million unemployed in that two-year period. And in **Figure 4** you can see what has happened with poverty in Indonesia, which had actually been reduced from 1987 to 1992 to 1997, when it was down to 11% of the total population: about 22 million poor people. And then, in a period of 18 months, the number of impoverished people increased more than fourfold, to 96 million.

While the economy was being obliterated in this fashion, the military institution of Indonesia, which was historically essential to its existence as a nation-state—with all of its wars, all of its problems, all of its mistakes, but it was a

FIGURE 3

Indonesia: official unemployment

(millions)

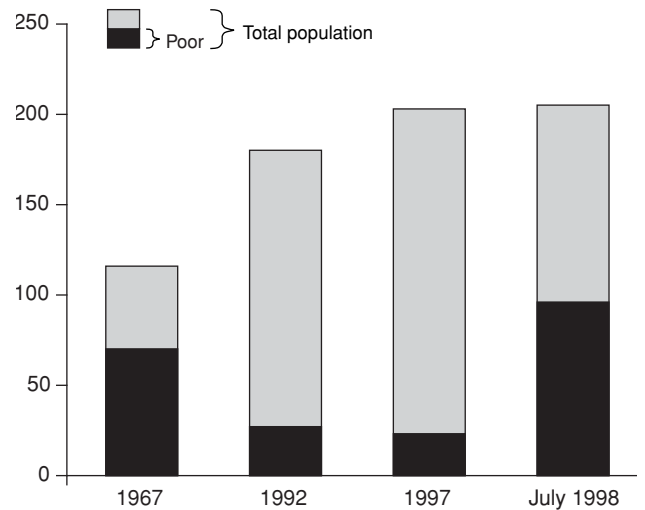


Sources: United Nations *Statistical Yearbook, 1995*; employment statistics, Badan Pusat Statistik (Statistics Indonesia), Republic of Indonesia; International Labor Organization

FIGURE 4

Indonesia: population below the poverty line

(millions)



Sources: Republic of Indonesia, National Development Information Office; International Labor Organization.

national institution which helped, and still helps, hold the country together—the military was placed under assault. Suharto was toppled in May 1998, and then a systematic campaign against the military was begun. Accusations of human rights violations, charges of thousands being massacred, and so on and so forth, proceeded.

General Wiranto, the head of the Armed Forces, was particularly targeted. He was pushed, he was cajoled, and he was then induced, foolishly, to head up the so-called “reform process” of the Indonesian military. And he made the decision, the same mistake I’ve seen made time and time again in countries in Ibero-America, of thinking that he could better deal with the problem from the inside, by being involved in the process. He decided that it would be better to “go along, to get along.” And he played right into the trap, because the strategy of the demilitarizers, the people who want to wipe out this institution, is exactly that: to get rid of the people who are *opposed* to them, and then use the reformers who helped to make the change, and obliterate them as well. And that’s what is now happening to Wiranto.

If he had bothered to read *EIR*, or if he had bothered to read *EIR*’s book, *The Plot to Annihilate the Armed Forces and the Nations of Ibero-America* (Washington, D.C.: EIR News Service, 1994), General Wiranto would have known what people like Samuel Huntington, a leading member of the Trilateral Commission, had to say on the subject. In a book entitled *The Third Wave*, written in 1992, which is a manual for demilitarization, Huntington’s recommendation

is the following: “Promptly purge or retire all potentially disloyal officers, including both leading supporters of the authoritarian regime *and* military reformers who may have helped you to bring about the democratic regime.”

These are exactly the instructions for what has now just happened to the cashiered General Wiranto, and has also happened in country after country.

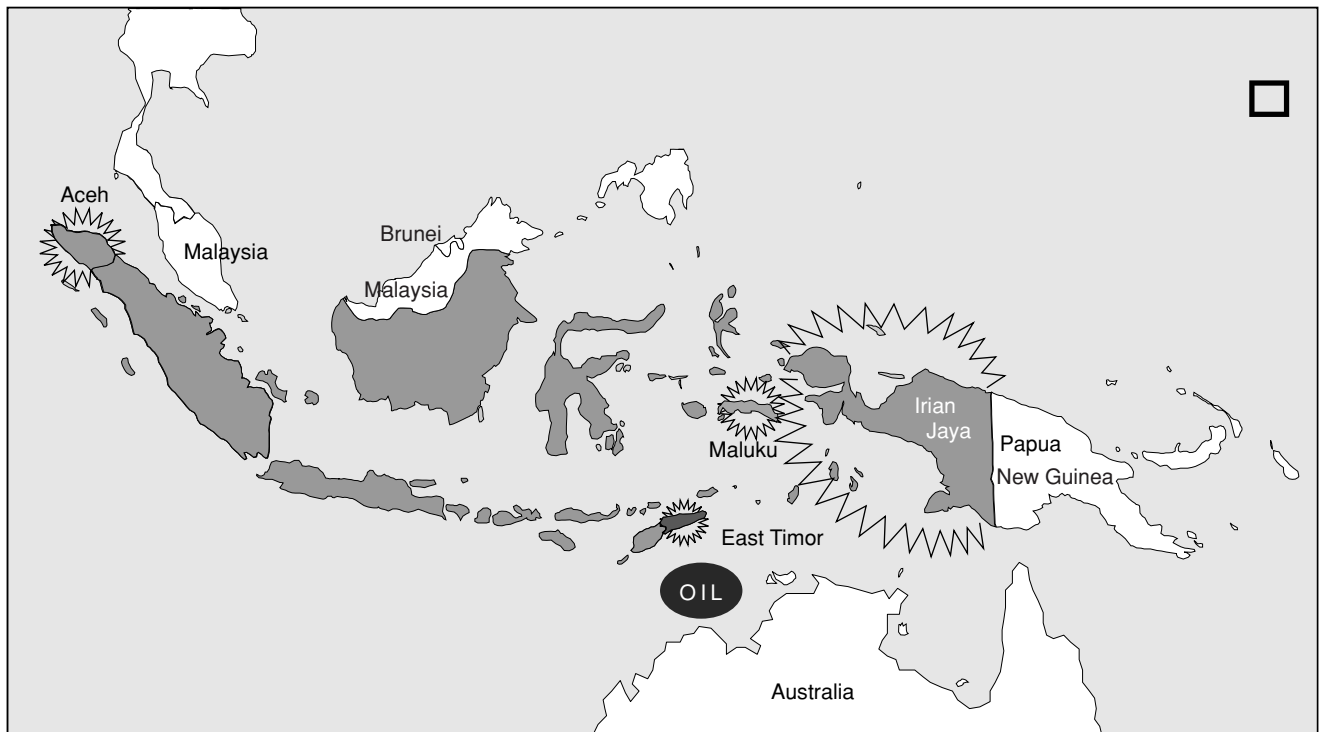
This reminds me of the story of how to cook a frog. You do *not* set the water to boil and then try to throw the frog in, because the frog will jump right out of boiling water. If you want to cook a frog, you put it in cool water . . . and then you raise the temperature gradually. And at every point, the foolish frog will say, “Hmmm, it’s getting a little warmer here, but I don’t think I’m ready to fight quite yet.” And he keeps saying that until he’s incapable of doing anything anymore, and he’s a cooked frog.

That is exactly the means by which institution after institution in countries around the Third World have been torn apart, because they have not understood that what was going on, was that the oligarchy was trying to “cook” them. They figured something else was happening, and that therefore they would stay involved in the process, swim around in the pot, and see what evolved.

The upshot in the case of Indonesia, as you can see in **Figure 5**, was a plain old resource grab, and fragmentation of the country. Various parts of the country—such as Irian Jaya, Aceh, and Maluku—are targeted, and ethnic and other problems are being fomented. In the case of East Timor, separat-

FIGURE 5

Indonesia is disintegrating



ism has already occurred. Indonesia has lost East Timor, they've lost part of their country. And it just so happens that there's a huge amount of oil sitting in the East Timor Sea, right between Australia and East Timor. And, of course, it's principally Australian troops that the UN sent to East Timor to "protect democracy." What a coincidence.

1998: the Russia crisis

Our second case study is Russia. As you can see in **Figure 6**, 1990-97, as a result of the Bush-Thatcher policies, Russia was chopped into pieces, its economy was wrecked—completely and deliberately destroyed. (The statistics for this and the next few graphs were taken from *Genocide*, a book by Sergei Glazyev, the well-known Russian economist, which *EIR* has just translated into English.) Look at consumer goods production in a couple of key areas: meat was down 31%; milk, down 38% over the seven-year period; wages were down 52%; and overall agricultural production was down 41%.

Industry suffered even worse (**Figure 7**). In the case of overall industrial output, it was down 51% in the same seven-year period. But still worse is that, in the most critical areas within the industrial sector—machinery production and investment in capital-goods-producing areas, output has

dropped even more than the average. In the case of machinery, it fell 61%; investment in these areas dropped 71%. Over this period that these real physical economic parameters were in decline—agriculture by 41%, industry by 51%—the debt was rising by 225%. This process is your typical collapse function, the Triple Curve function that LaRouche has talked about repeatedly (see **Figure 8**).

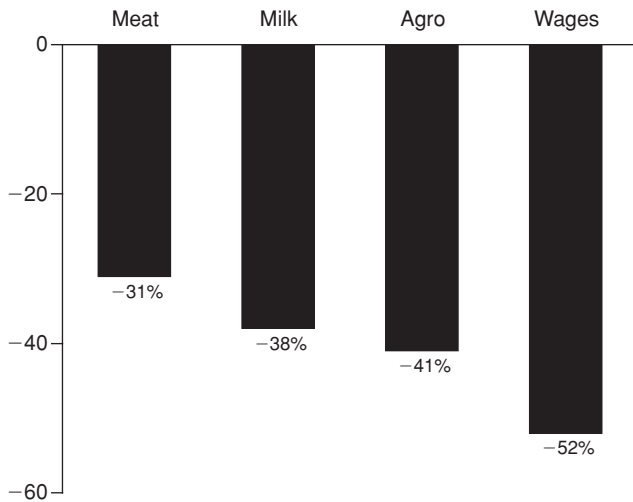
But that is just the beginning of the Russia story. In **Figure 9** you can see what happened when the Russian currency was assaulted in 1998, much as the Indonesian rupiah had been attacked before it. In August 1998, before the "crash," the ruble was valued at approximately 16¢ per ruble, or per thousand rubles (at first it was thousand rubles; then they knocked off three zeroes). Within weeks, it dropped down to about 4 or 5¢ per ruble. This is a three-quarters reduction, or destruction, of the value of the national currency of Russia. It was two-thirds in the case of Indonesia, three-quarters in the case of Russia.

Lo and behold, after they obliterated the Russian currency, the hubcap thieves showed up in Russia and said: "Gee, you don't seem to have a stable currency. We'll offer you a currency. Why don't you set up a currency board, and link your currency to the dollar? That will bring stability." And they sent over Domingo Cavallo, who had set up a currency

FIGURE 6

Russia: consumer goods, 1990-97

(% change)

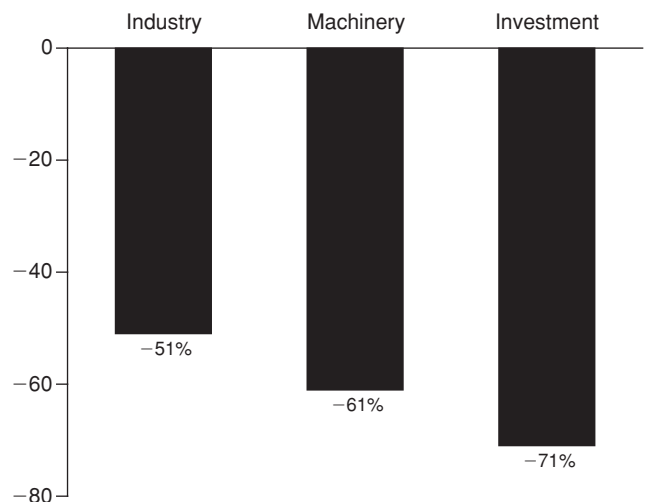


Source: Sergei Glazyev, *Genocide: Russia and the New World Order*.

FIGURE 7

Russia: producer goods, 1990-97

(% change)

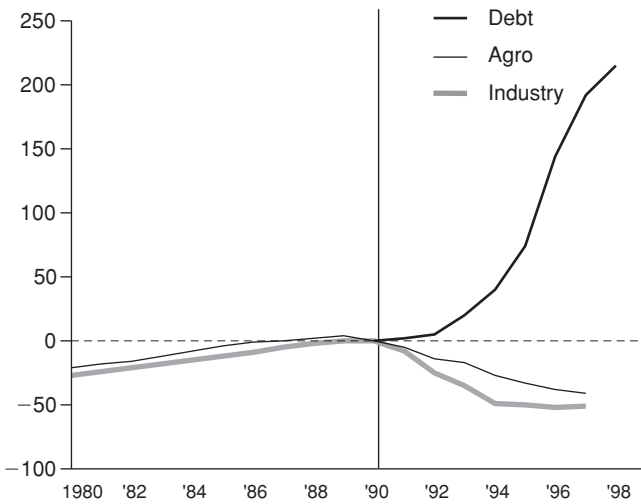


Source: Sergei Glazyev, *Genocide: Russia and the New World Order*.

FIGURE 8

Russia: typical collapse function

(index: 1990 = 0)

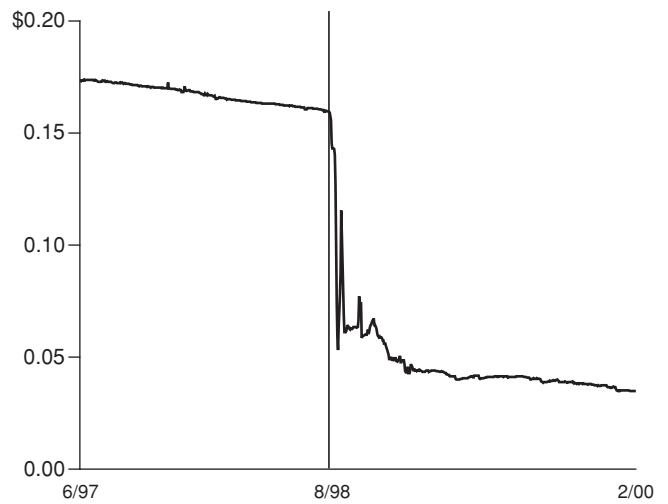


Source: Sergei Glazyev, *Genocide: Russia and the New World Order*; World Bank.

FIGURE 9

Russia: the ruble crash

(\$ per ruble)



Source: *Wall Street Journal*.

board in Argentina, and the whole Gore crowd was deployed, including then-Prime Minister Viktor Chernomyrdin, to push for a currency board for Russia — which is a form of dollarization. Fortunately, in Russia, as in Indonesia, it did not work.

It should be mentioned that, at this point, there was a political and economic interlude of great significance: the

Primakov government, which was in office from September 1998 to May 1999. This was a total change in the general directionality of the Typical Collapse Function which we saw, because, on the one hand, the physical economic parameters began to rise, and on the other hand, the debt was actually reduced. The Primakov government was eventually knocked

out by, among others, Vice President Al Gore.

In Russia, the issue of the territorial integrity of the country is also at stake. The Chechnya revolt, and the whole manipulation of this crisis by the British, is meant to sink Russia into a losing scenario: a lose-lose scenario. The Russians are having pieces of their national territory chopped off right in front of their eyes. And this, of course, has created a fast-track to generalized war, among other things.

It should come as no great surprise, then, that under these circumstances, you have patriots of Russia also turning to LaRouche and his Presidential campaign as the only answer to this situation. Allow me to quote from a recent statement issued by a group of some 15 top scientists and intellectuals in Russia, including such people as Ruslan Khasbulatov, the former chairman of the Supreme Soviet and a very famous physicist; Nina Gromyko, the Editor in Chief of the *Russian Analytical Review* and a doctor of philosophical sciences; Leonid Shelepin, Chief Scientist of the Institute of Physics; and others. What do these people have to say about LaRouche in light of what is happening to their country? Put yourself in their shoes, and in their minds. Look at the world through their eyes. What do they see when they look at the United States and at the LaRouche campaign? They say:

“With great interest and agitation, we are following the Presidential campaign in the United States and your own participation in it. . . . Through personal contacts and acquaintances with your scientific writings and political speeches, we have gotten to know your profound erudition, the precision of your analysis, your sharp mind, your intolerance of phoniness, your high level of scientific honesty, and your ability to put forward original ideas and find constructive, sometimes unexpected, solutions and recommendations. Like no one before, you have succeeded in uncovering the harmony and interaction of rigorous science and Classical art forms, as well as uniting the methods of scientific discovery and the education of youth. . . . We think that you, Mr. LaRouche, are the one capable of directing your country onto the path of progress and prosperity for the American people, and for the sake of all the people of our planet. We hope that American voters will make the right choice, by voting for you as the future President of the United States.”

1999: the South America crisis

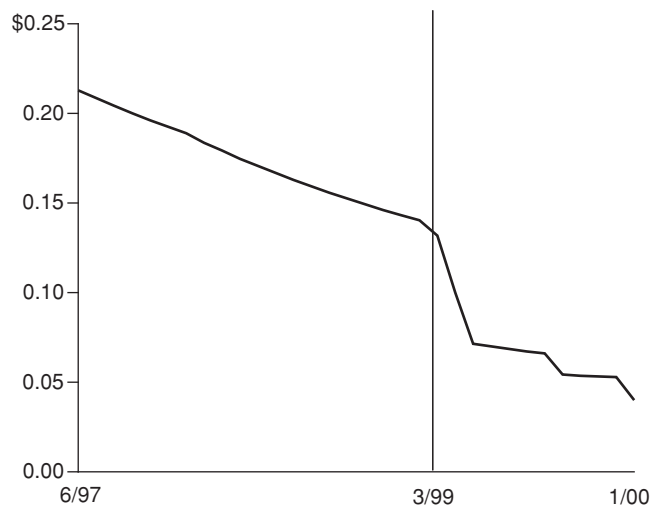
Now let's turn to our third case study, that of South America, and in particular, the situation of Ecuador. This is the 1999 financial crisis which, like those of 1997 and 1998, were “resolved” so successfully by the oligarchy.

As **Figure 10** shows, the Ecuadorean currency, the sucre, was hit, just as happened to Indonesia and to Russia. In March 1999 the sucre was assaulted by international speculators. The authorities let it float, and its value dropped quickly from about 7,000 to the dollar, to 18,000 to the dollar. A few months later, in September, Ecuador defaulted on its foreign debt obligations: It simply could not pay. That is to say, it went *bankrupt*. And by the beginning of this year, in December and

FIGURE 10

Ecuador: the sucre crash

(\$ per thousand sucres)



then in early January 2000, the value of the sucre dropped to 25,000 to the dollar. Stated in inverse terms, 14 U.S. cents back in March 1999 would buy you 1,000 sucres. By early 2000, it took only 4¢ to buy 1,000 sucres, a two-thirds drop in the value of the currency.

Remember what happened in Indonesia and then in Russia: The big press was put on to establish a currency board, to go with the dollar. “Have we got some hubcaps to sell you,” they were told. It didn’t work in Indonesia, and it didn’t work in Russia. But it worked in Ecuador. And it’s extremely significant that it worked in Ecuador, not because of Ecuador in itself, but because of what this means for the financial policy direction of the globe. The government of Ecuador, on Jan. 9, 2000, decided to dollarize, they chose to accept the dollar as their currency.

Now, that sounds great. What’s wrong with having dollars? Everyone wants to have dollars, right? Motherhood, apple pie, dollars—what could be better? But what does it really mean, to dollarize?

Over the course of the assault on the sucre in 1999, the Ecuadorean economy collapsed: productive capacity dropped 40%; imports fell 50%, because their currency wasn’t worth anything anymore, and they couldn’t import anything, including food, medicine, and pharmaceuticals; and the minimum wage in the country dropped 67% in one year (see **Figure 11**). What will the year 2000 bring Ecuador? What is happening as a result of inflation and the dollarization process, as you can see in **Figure 12**, is that, in January alone, the cost of basic medicines and medical supplies rose 40%. The cost of rice, a staple food item, rose 43%—in one month! And the cost of cooking oil in the highlands regions, where

FIGURE 11
Ecuador: economic collapse, 1999

(% change)

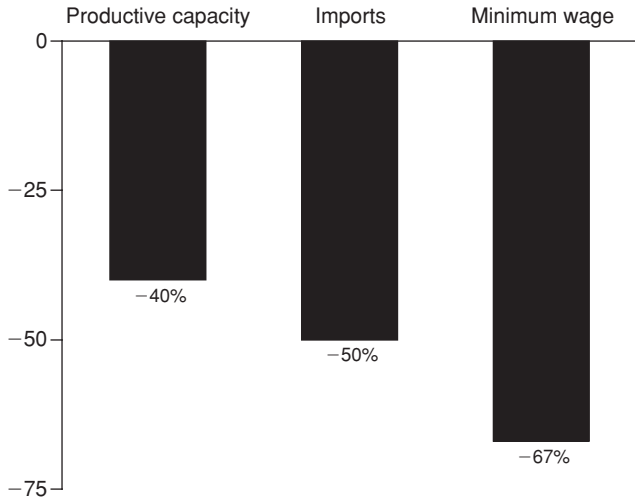


FIGURE 12
Ecuador: inflation, January 2000

(% change)

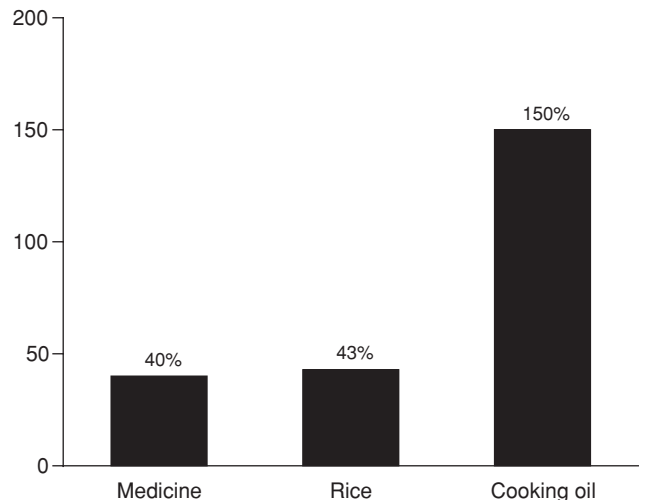


FIGURE 13
Ecuador: consumer market basket

(% total population)

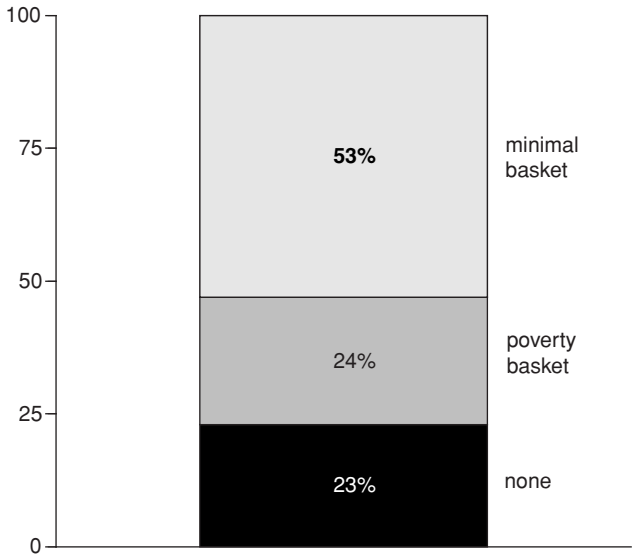
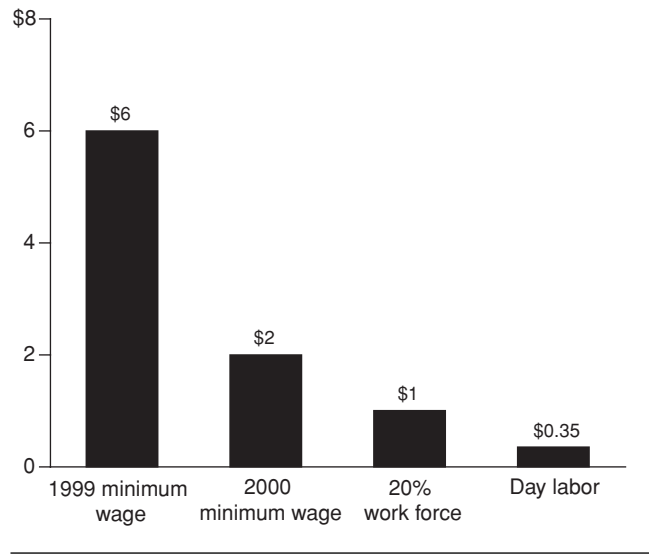


FIGURE 14
Ecuador: slave labor

(\$ per day)



most of the Indians live, rose 150% in one month.

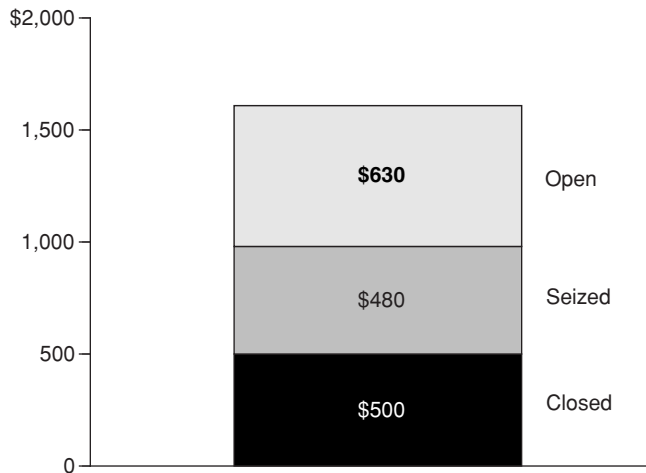
What is this doing to the standard of living of the population? **Figure 13** shows what has happened to the ability of the population to purchase a minimal market basket of consumption goods. According to official statistics, which means that

the reality is undoubtedly far worse, 53% of the population is able to purchase a minimal market-basket of consumer items. Twenty-four percent of the population are only able to afford what is called a "poverty basket." They are the poor: The only thing they can buy is a poverty basket. And 23% can't even afford that: They are in extreme poverty, or worse.

FIGURE 15

Ecuador: banking system deposits

(millions \$)



You may have heard Lyndon LaRouche say that dollarization means slavery. Well, take a look at slave labor in dollarized Ecuador (**Figure 14**). In 1999, the minimum wage for a day's labor—this is a *day*, not per hour—was \$6. Now, in dollar equivalent, in the year 2000, as a result of the policy of dollarization, the minimum daily wage is \$2. Worse, 20% of the workforce in Ecuador earns *one* dollar or less per day. And day laborers, especially in the countryside, earn an average of 35¢ a day. That is slavery.

Ecuador's banking system is also gone, obliterated. Approximately two-thirds of the banks have already gone bankrupt (**Figure 15**). Some have been closed outright; others have been seized by the government, which is trying to keep them afloat, but they are going to go under also. Only the top third, more or less, are still open and functioning at this point.

To make matters worse, the IMF has come in with its typical, insistent demands: end all subsidies on prices; raise utility rates, oil prices, and the price of basic consumption items up to so-called "international levels"—which means they zoom up to the sky. Wage levels should be reduced, says the IMF, and everything in the country should be privatized.

Ecuador: dollarization means slavery and drugs

What is dollarization, really? Dollarization, for a country like Ecuador, or Russia, or Indonesia, is a form of *bankruptcy reorganization* of the country. The country is bankrupt; their currency doesn't work anymore, since it has been obliterated; and the idea is to reorganize the economy by dollarizing it. What is the content of the bankruptcy reorganization? In the case of Ecuador, they have approximately \$800 million in

liquid foreign reserves, which barely covers the current money supply in sucres. In other words, to take the sucres out of circulation and put in the dollars, you use up these reserves. But what about the entire banking system, the deposits base? What about the domestic credit structure? What about lending to business? What about lending to consumers? It all gets completely wiped out, under dollarization. And instead what gets maintained is the foreign debt structure, possibly with the help of an IMF loan, and the absolute minimal level of money supply.

In other words, dollarization is a kind of bankruptcy reorganization, except in this case you salvage the parasite, the cancer, and annihilate the productive economy. If you read the financial press on Ecuador, they say: "Well, it's really too bad. It looks like the domestic credit system is going to have to take the hit, to keep the foreign debt side of the bubble afloat."

So what you have with dollarization, is the exact 180-degree opposite of what LaRouche has insisted must be done by way of bankruptcy reorganization. LaRouche's plan is to take the 90% or more of the financial instruments that reflect nothing but cancer, and wipe them off the books. And you defend the remaining 10% of actual banking structure which works productively, which is for use in communities, businesses, neighborhoods, and so on. So, dollarization is the exact opposite of the LaRouche proposal. And it is slavery.

But it is one thing else, as well.

Where is Ecuador going to get its dollars from? A gift from Federal Reserve Board Chairman Alan Greenspan? Have you stopped to think about that? Countries get dollars by attracting foreign speculative capital, or from their exports. Ecuador exports oil: that accounts for 30% of their exports. Right now, the price of oil is strong; but two years ago, they wouldn't have made a penny from that, and two weeks from now, it may plunge again. Their second export is bananas, at 26%; and shrimp, which is another 16%. So, 72% of Ecuador's foreign exchange earnings comes from only three export products.

In Ecuador today, government officials are discussing how to maintain the flow of dollars into the country—which, after all, is now their only money supply—in an unstable and unpredictable world environment. One option under consideration is to take the few dollars that they have, and place them in the derivatives market. It's true: They are talking about speculating with the little foreign reserves that they have, as the basis of their national money supply.

But there is something else that is going to happen. This dollarization is going to *legalize the drug trade* in Ecuador. They're going to get *drug* dollars. Take a look at **Figure 16**. Where is Ecuador located, after all? The exploding part of the map is the FARC-controlled area of Colombia. Colombia is being taken over by this process. In Venezuela, it is also spreading: President Hugo Chávez is completely allied with the FARC drug cartel in Colombia. This has effectively moved in and taken over Panama, where George Bush dis-

FIGURE 16

The FARC ‘narco-nation’ expands



mantled their military after the 1989 invasion. And in Ecuador, there is a tremendous influence of the FARC, and of people in the military and elsewhere who are trying to ally with Chávez.

In this situation, with almost no dollars in hand, with no capability of maintaining their economy, where do you think the dollars for Ecuador are going to come from? From shrimp fishing? Forget it! This is going to force the de facto legalization of the drug trade: That’s where they are going to get their dollars from. So, dollarization doesn’t mean only slavery; it also means drugs, which is a different form of slavery.

To get an idea of how far the drug scourge has already spread in the region, look at the famous photo of the “Grasso Abrazo,” the Grasso embrace. Here you see him, Richard Grasso, the president of the New York Stock Exchange, in a jungle embrace with Comandante Raúl Reyes, the chief of finances of the FARC, who is carrying the instruments of his trade. The Pastrana government in Colombia, purportedly to facilitate “peace negotiations,” has decided to not only hand over one area of the country to the FARC, as a kind of demilitarized zone (DMZ); they are now handing over a second area to the ELN narco-terrorists (see **Figure 17**). The ELN is the other drug cartel. Colombian General Bedoya calls them the “Fourth Cartel,” the FARC being the “Third Cartel.”

Again, put yourself in the shoes of the patriots of these assaulted countries, as we did a moment ago for Russia, or

for Georgia. How do such people view the United States? Consider the case of the former Presidential candidate of Brazil, Dr. Enéas Carneiro. He endorsed LaRouche in the following terms.

“Mr. LaRouche is unrelenting in his fight for the welfare of all people, and I believe that through this year’s Presidential elections in the United States, only he can make possible and worthwhile the productive work that will defeat speculation. We shall see wisdom and organization directed against ignorance and the chaos. It will be the light against the darkness.”

Or recall the statement issued by the former President of Mexico, José López Portillo, who is one of the leading patriots of the last 20 or 30 years in Mexico. In addition to meeting with Helga Zepp LaRouche and giving a joint public presentation with her in December 1999, López Portillo issued a ringing endorsement of LaRouche:

“In the battle for such a [new world] order, I would like to recognize the tireless and generous efforts carried out by Lyndon H. LaRouche, for whom I hope for the best as a pre-candidate for the Presidency of the United States of America. I wish that his voice be listened to, and followed by those in the world who have the grave responsibility of stopping this situation from continuing on its calamitous course. And I hope that his fellow U.S. citizens, who will elect their President in the coming elections, will give him their timely recognition and support.”



New York Stock Exchange President Richard Grasso (left) with FARC negotiator Raúl Reyes.

FIGURE 17

Colombia's two narco-DMZs



Cognition: the soul of the body politic

What we have reviewed here so far, as the three pillars, or functions of the nation-state, in one sense are really not the core of the matter. The currency, the military, territorial integrity—these are the attributes of the body politic. They are *necessary* conditions for a nation-state, because without them no nation can be sovereign. But they are not *sufficient*: There is more to a nation-state than currency, military, and territorial integrity. After all, the British Empire or Commonwealth has a currency, it has a military, it has territorial integrity.

So, there is something more, something that is actually the soul of the nation-state. It is that intangible idea which is the actual life force of this institution which we call the nation-state. Look at this from the standpoint which Nicolaus of Cusa, for example, discusses regarding the role that the soul plays, and what the soul actually is, or the mind, which in Cusa are often interchangeable concepts. In his dialogue, *The Layman: About Mind*, of 1450, Cusa says: “Mind is a living substance. . . . Its function in this body is to give it life, and because of this, it is called soul. Mind is a substantial form of power.”

What, then, is that concept, that intangible soul, which makes the nation-state a true, living nation-state? This is the crux of the matter. The nation-state is the only institution, the only form of organization of society, which is perfectly attuned to that which is distinctly human about the human being, which is his cognitive capability to make breakthroughs in discovery, which also uniquely proves the existence of the human soul. The nation-state is the vehicle, the *only* vehicle, through which the General Welfare of society can be achieved. It is a way of bringing about the Common Good. It is the way in which a society organizes itself politically to achieve these goals.

And it is the form of organization of society, the *only* one—and in this sense it represents a crucial discovery—which fosters the existence of the kind of individual which can make this process actually work: an individual who finds joy in cognition, and whose identity lies in that process of discovery. This is a process and outlook which we see most clearly, in fact, in children. *In children*. You know, people talk a lot about *imago viva Dei*, that man is made in the living image of God. But, sometimes you have to wonder. You look around at your fellow man, and you say: “Well, I don’t know; I *suppose* it’s true that man is in the image of God. But a lot of the evidence seems to point in the opposite direction.”

But then, look at children. In children we see most clearly expressed exactly that which *is* in the image of God. Think of translating that Latin phrase as “*children* made in the living image of God.”

People often say that you know a society by how it treats its old people, or how it treats its prisoners. That is true enough. But I think that it’s equally true that you know a society by how it treats its children, and what it does to them.

So, let us delve further into this issue of the soul of the nation-state, by looking at the question of this joyous creative process in children. We will do this by referring to two dialogues of Plato's, and in particular to the *Meno*, because, to my knowledge, this is the only dialogue of Plato's where a child appears, and actually participates in the dialogue in a major way. That child is the famous slave boy in the *Meno* dialogue.

Plato's 'Meno': child's play

Allow me to refresh your memory about the *Meno*. There are a couple of participants in this dialogue, in addition to Socrates. First, you have Meno himself. Plato sets the stage for what is going to happen later with Meno's slave boy, with the child, by first showing the discussion between Socrates and Meno. Meno is a young fellow, a nobleman: He is sort of your typical blocked person whom most political organizers, like those at this conference, are all too familiar with. Then there is the child. And the dialogue closes with an exchange between Socrates and Anytos. Now, Anytos is very interesting. He turns out to be one of the three accusers of Socrates at his trial, various dialogues down the line. So keep that in mind.

So, the dialogue is your classical organizing situation, with three personality types that you have to deal with. Political organizers today run across them, just as Socrates did.

Socrates begins the discussion with Meno, the nobleman, by saying: Very well, let's discuss what virtue is, and whether or not it can be taught. Meno says, fine, I'll tell you what virtue is, and then he describes the different kinds of virtue that exist in the world. There is virtue in men, and virtue in women, and virtue in children, and so forth. Socrates finally interrupts Meno and says: No, no, no. Don't give me a "swarm" of different definitions. I don't want a swarm; I don't want a multitude. I want to know what the common element of all of them is. What is virtue *itself*, not all of its different expressions?

Meno responds that he now understands what Socrates wants. In that case, he offers, I would say that virtue is "to desire handsome things and to have the power to achieve them." Socrates says, let's explore that a little bit. If you are saying that virtue is desiring handsome things, do you really think that some people desire *bad* things? Why would anyone intentionally desire something bad? Isn't it rather the case that some people do not know the nature of what they are desiring, and that leads them to desire something bad, for lack of knowledge?

So Socrates proves to Meno that virtue couldn't possibly be anything of the sort, and that he was effectively laying out a circular argument, by simply saying that "virtue" is a whole series of different acts, each performed with a certain amount of virtue. And if you tell me that virtue is acts performed with virtue, you have told me nothing whatsoever.

At this point, something very interesting happens. Meno says to Socrates, I don't know what you've done, but I'm

numb. My mind has stopped working. I can't speak. I don't know what's going on. To quote Meno directly:

And now you seem to me to be a regular wizard. You dose me with drugs and bewitch me with charms and spells, and drown me in puzzlement. I'll tell you just what you're like, if you will forgive a little jest: your looks and the rest of you are exactly like a flatfish, and you sting like this stingray. Only go near and touch one of those fish, and you go numb. And that is the sort of thing you seem to have done to me. Really and truly, my soul is numb and my mouth is numb. And what to answer you, I do not know.

And then he issues a prophetic little warning to Socrates:

I must say, you are wise not to sail away or travel abroad; for if you did this as a foreigner in a foreign city, you would probably be run in for a wizard.

Socrates tells Meno that there is no reason to be numb about this exercise. I myself don't know the answer to this, he notes. It is something we don't have the answer to, so let's go about finding the answer. Meno is thoroughly upset at this idea. What do you mean? How can we find the answer and look for something, if we don't know what we're looking for in advance? But if we know what we're looking for, why should we look for it? Meno says:

And how will you try to find out something, Socrates, when you have no notion at all what it is? Will you lay out before us a thing you don't know, and then try to find it? Or, if at best you meet it by chance, how will you know this is that which you did not know?

Socrates responds pointedly:

I understand what you wish to say, Meno. You look on this as a piece of chop-logic, don't you see, as if a man cannot try to find either what he knows or what he does not know.

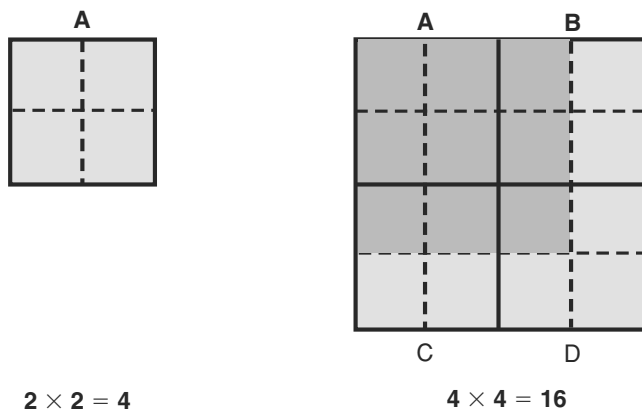
And Meno asks, somewhat sheepishly: "Then, you don't think that this is a good argument, Socrates?" And Socrates replies: "Not I."

So that is the way Socrates deals with Meno, which is important to lay the stage for what comes next. I'm sure you recognize this type of discussion, from your own experience in political organizing.

Socrates then has his famous discussion with the slave boy. He tells Meno, bring your slave boy here, and I'm going to show you something about how knowledge is achieved. It is not simply repeating by rote, but it derives from what Socrates calls "remembrance": people "remember" things that they know. They create knowledge for themselves, and thereby

FIGURE 18

Plato's 'Meno' – I



remember it. This is Plato's famous doctrine of "remembrance," which should *not* be thought of as the idea of rote memorization of past information. That is not the idea at all.

I refer you, on this issue, to LaRouche's documents on the subject of memory in "Motivic Thorough-Composition," which deals with the role of memory in music, in particular. [See LaRouche's *EIR* special features: "The Substance of Morality," June 26, 1998; and "The Case of Classical Motivic Thorough-Composition," Sept. 4, 1998.] What LaRouche presents there is the same concept that Plato is getting at here. As Plato explains to Meno, his slave boy "will know, having got the knowledge out of himself. To get knowledge out of yourself is to remember." Knowledge, therefore, is not transference of information. We will discover what it is by observing the case of this young child.

I will proceed through this next argument fairly quickly, because I don't want to focus on the specific predicates of the geometry involved, but rather to look at the *thought process* of the child. Keep in mind what we are trying to get at here: the issue of the soul of the nation-state, what it is that gives it life and holds it together. There is a three-step process of discovery that occurs in the *Meno* dialogue. Again, the important question here is to look at *how* the child is thinking. Don't look at the specific thoughts; look at how he is thinking about the problem.

In the first step (Figure 18), the slave boy is at the level of simple knowledge. Socrates draws the first square on the left, and counts out two units in one direction and two units in the other. He then asks him what the area of the whole square, "A," is. The slave boy counts it out: one, two, three, four, and concludes that the area is four.

Socrates then asks him how he would produce an area twice the size of the first square, "A"—a simple enough question.

The young child at first believes that he knows exactly

what the solution is, and so he says very quickly: Well, it's obvious. You draw a square which has a side which is twice as long as the first square. This is an obvious answer, which he considers clearly true on the surface of it: You just double the length of each side.

In the process of discussing his answer with Socrates, at this level of simple knowledge, the slave boy comes to see his own error, after having jumped in feet first. To quote the dialogue:

Socrates: Well, could there be another such space, twice as big, but of the same shape, with all the lines equal like this one?

Boy: Yes.

Socrates: How many feet will there be in that, then?

Boy: Eight.

Socrates: Very well. Now try to tell me how long will be each line of that one. The line of this one is two feet. How long would the line of the double one be?

Boy [completely self-assured]: The line would be double, Socrates, that is clear.

Socrates then proceeds to show the boy his own error.

Socrates: Then if we put four like this, you say we shall get the eight-foot space.

Boy [still quite confident]: Yes.

Socrates: Then let us draw these four equal lines. Is that the space which you say will be eight feet?

Boy [triumphant]: Of course.

Socrates: Well, how big is the new one? Is it not *four* times the old one?

Boy: Surely it is!

Socrates: Is four times the old one, double?

Boy [shaken]: Why, no, upon my word!

Socrates: How big, then?

Boy [surprised]: Four times as big!

Socrates: Then, my boy, from a double line we get a space four times as big, not double.

Boy [thoroughly puzzled]: That's true.

Forgive my editorial comments along the way, but notice the stark difference in attitude of the slave boy, and his master Meno, when faced with new knowledge. The boy is puzzled, but very curious. He wants to know how to proceed. So Socrates leads him on to the next step, proposing that he come up with a new idea of what the answer might be. The attitude of the boy at this second stage is very cautious, on the one hand (because he knows that he made a mistake by jumping in feet first), but he is also daring. He is cautious, knowing that he made a mistake, but he is also willing to be daring, in the sense that he's willing to try out new ideas.

And the second time around he again comes up with something that is flat-out wrong. Socrates argues that to get an area twice that of the original square, it is clearly more than the

two-by-two square, which was the first square, because that produced an area of four. But if we go to four by four, that produces an area of sixteen. So it's somewhere between a side of two, and a side of four. What do you think it is? Socrates asks the child. It is probably three, then, he answers.

Socrates: Try to tell me, then, how long you say it must be.

Boy: Three feet.

Socrates: Then if the space is three feet this way, and three feet that way, the whole space will be three times three feet?

Boy [beginning to suspect where this is heading]: It looks like it.

Socrates: How much is three times three feet?

Boy: Nine.

Socrates: How many feet was the double to be?

Boy: Eight!

Socrates: So we have not got the eight-foot space from the three-foot line, after all.

Boy [really perplexed]: No, we haven't.

Socrates: Then how long ought the line to be? Try to tell us exactly, or if you don't want to give it in numbers, show it if you can.

Boy: Indeed, Socrates, on my word, I don't know.

This is an interesting conundrum. The first time around, the boy was sure he knew — except he was wrong. Now, he doesn't know, but he's highly inquisitive. He wants to try to figure out how to think this through. The next, third step in the dialogue is, of course, the interesting one, where Socrates prompts the child to come up with an idea of how to actually solve the problem. At first, the child doesn't see it, he doesn't recognize it. And then, when he actually sees the solution, we witness a transformation in his mind, and he becomes confident in a new way.

Socrates proposes, let's draw a line, which is a diagonal across the first square A, and another across B, and another across C, and another across D (see **Figure 19**). This gives us a line running from corner to corner, cutting each of these original squares in two parts. Socrates asks if these four diagonal lines are not equal, and don't they contain a new space within them? The boy agrees that is the case. And Socrates asks him how big the space is. And the boy says: I don't understand.

So Socrates comes back at the problem afresh:

Socrates: Does not each of these lines cut each of the spaces, four spaces, in half? Is that right?

Boy: Yes.

Socrates: How many spaces as big as that are in this middle space?

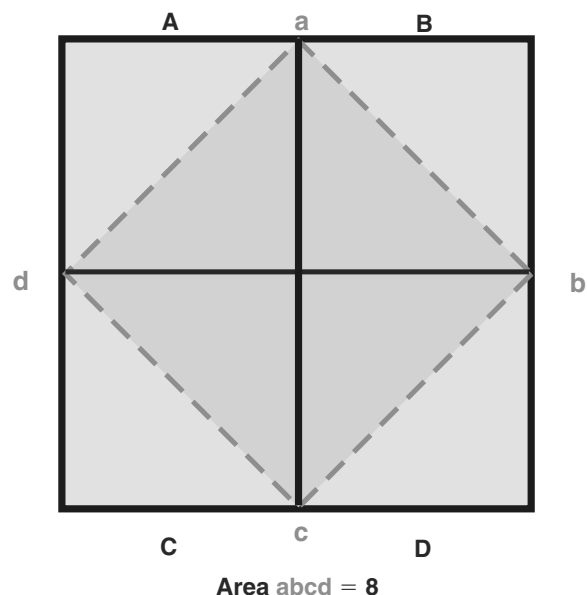
Boy: Four.

Socrates: How many in this one?

Boy: Two.

Socrates: How many times two is four?

FIGURE 19
Plato's 'Meno' – II



Boy: Twice.

Socrates: Then how many square feet big is this middle space?

Boy: Eight square feet. . . .

Socrates: The professors call this a diameter, or diagonal: So if this is a diagonal, the double space would be made from the diagonal, as you say, Meno's boy!

Boy: Certainly, Socrates.

This time, the slave boy is confident of the idea, because he has developed it himself. And you see a process of change in the way he has approached the problem, which is completely different from what we saw before with his master, Meno, who was dealing with this in terms of "chop-logic."

It is also very different from what happens next in the dialogue, which is really quite significant. While all of this is happening, in walks Anytos. And Socrates, of course, tries to pull him into the middle of the discussion. He tells him what they have discussed, and that they have discovered that: "The truth is, my dear friend Anytos, I fear virtue cannot be taught."

The first words out of Anytos's mouth, in response, are:

My dear Socrates, you seem to speak ill of men easily. I would advise you to be careful, if you will listen to me. Perhaps it is easier to do people harm than good in other cities, but it is very easy in this. I think that you yourself knew that perfectly well.

And he stomps off. Socrates replies:

Meno, I'm afraid that Anytos is angry, and I don't wonder, for he thinks firstly, that I am defaming these men, and secondly, he believes he is one of them himself.

Recall that Anytos turns out to be one of Socrates's accusers in one of the later dialogues.

I am sure that you have run across people like this, in your political organizing. The second you throw an idea out to them, they get angry, they stomp off, they threaten you: "You Pinko Platonist! You sissy Socratic! Why don't you go back to Greece where you came from?" Or something like that.

This is the kind of reaction that we often have to deal with, when we are trying to bring out in people that quality which is otherwise found in the slave boy, in this mere child.

Plato's 'Theaitetos': What is knowledge?

Although the *Meno* is unique in its portrayal of a child in active discovery, one can find a similar display of childlike enthusiasm about new knowledge by the adolescent Theaitetos, in Plato's dialogue of that same name. Here you will see even more explicit commentary from Socrates on the state of mind required to attain new knowledge.

The principal characters of the *Theaitetos* are Socrates, Theodoros, and a young man, perhaps an adolescent, whom Theodoros the astronomer introduces to Socrates, whose name is Theaitetos. Many people who read this dialogue complain that Plato just criticizes other thinkers' theories of knowledge, but that he never states his own theory. Curiously, in the dialogue itself Plato criticizes such an approach explicitly, and preemptively: Asking for a recipe means you don't understand my method at all, he says. Rather, our attention should be drawn to three distinct discoveries which Theaitetos makes.

From the outset, Plato informs us that Theaitetos is very much like Socrates. If you read Plato's dialogues, you will notice that there are very few characters whom Socrates praises, and who are not complete, raving fools. But Theaitetos is different, because, like Meno's slave boy, he displays a certain child-like excitement, a joy of discovery. Theodoros tells Socrates that Theaitetos is just like him:

I have met a fine young Athenian, and it will pay you to listen while I describe him. . . . Actually, so far from being handsome, forgive my saying so, he is rather like you, what with his snub nose and protruding eyes, though these features are less noticeable in him. So, I can speak without fear. I assure you that among all the young men whom I have met—and I have come across a great many—I have never found one with such extraordinary promise.

Theodoros is of course teasing Socrates, by referring to

his snub nose and protruding eyes, but what he's really saying is that Theaitetos *thinks* like you, he has a bright mind. So Socrates responds: "Okay, I've heard that before. Let's see." And what Socrates then does is walk Theaitetos through three specific discoveries. I'll focus on those moments in the dialogue, in order to look at the *way* the youth responds, *how* his mind is working—because this is the essence of the issue, and nothing else.

Socrates begins by proposing to explore the issue of what is knowledge. Theaitetos replies that there is knowledge of this, and knowledge of that, you can know this, you can know that. Socrates stops him and says, no, no, Theaitetos, that's not what I'm talking about. I don't want to know the objects of knowledge. I'm asking what knowledge itself is, beyond the specific things that you may know.

At that point, Theaitetos responds with interest: Oh, now I know what you mean! So he has just said something wrong, perhaps foolish, and Socrates prods him. And Theaitetos says: Oh, I get it. I know what you're talking about. And he goes on to tell Socrates that he was talking about with a friend of his, trying to figure out how to describe those numbers which, when squared, are incommensurable with the hypotenuse connecting the vertices of the square. For example, numbers like the square root of three, or the square root of five, and so on. These are incommensurable with integers (one, two, three, four, etc.). We realized that there was an infinite number of such numbers, but we were trying to figure out a single idea which encapsulated them all. What is their common element? How do you explain the totality? So, what you are asking me, Socrates, is for one name which covers the totality of the objects of knowledge. Here is now Theaitetos says it:

Theaitetos: Now it occurred to us, since these square roots were apparently infinite in number, to look for a single collective term by which we should be able to designate all of them.

Socrates: And did you find one?

Theaitetos: I believe we did. . . .

Socrates [encouraging the discovery]: Follow the road then that you have just mapped out so well. Take as a model your answer about the roots. Just as you included the whole lot of them within a single character, so now try to designate the several kinds of knowledge by a single formula.

Theaitetos [uncertain]: But I assure you Socrates, I have often set myself to study that problem when I heard reports of the questions you ask. But I cannot convince myself that I have reached a solution, or that I have ever heard anyone else put forward the kind of answer you require. On the other hand, *I cannot get the subject from my mind.*

Socrates: My dear Theaitetos, that is because your mind is not a vacuum.

This is the first episode where you see Theaitetos in thought: First he says something fairly foolish; then Socrates

prods him, urging him to think of it in a different way; then Theaitetos makes a breakthrough and says, oh, I know what you mean, and comes up with a new idea; and Socrates then pushes him to carry the idea further. At that point, the youth is caught in a quandary: He doesn't know how to handle the question (yet), but *he cannot stop thinking about it*.

Now, I ask you: What sort of person says that? I can't figure this out, but I can't stop thinking about it. Socrates is of course thrilled. This is not your typical jerk. Here we have a young man who thinks, whose mind is not a vacuum.

So that is Theaitetos's first discovery. Socrates proceeds: Okay, Theaitetos, so what *is* knowledge? Let me hear your theory. The first thing Theaitetos comes up with is that knowledge is perception: What you know is what you perceive through your eyes, your other senses, and so on. Basically, he argues that things are as they appear. Socrates disagrees, and he knocks down the argument by going through a series of examples showing that any perception you may have at a given moment, changes the very next moment, and is a different perception. So, if knowledge is perception, all that you have is constant change, perennial change.

This section recalls Heraclitus's famous example of how you cannot step into the same river twice. Because if the river is defined as your perception of it, then if you step into the river once, and then step into it again a moment later, it can't be the same river, because all your perceptions will have changed. So, if knowledge is perception, everything is completely different from everything else, and there is no such thing as knowledge and truth.

There cannot even be such simple things as objects. because defining an object is already a unity, and you cannot explain how the mind forms unities, if the only thing you allow in your system is perception.

Socrates develops the paradox further, and this part really hits home. If you can't say that you step in the same river twice, how can you define knowledge of an existent "I," or self? Presumably, when you say "I," you have some idea of yourself as a person. Although changing over time, there is a certain continuity, there is something there, there's a sense of identity, there's something which is "I." However, if all you are, are your perceptions of yourself, every single one of those perceptions will have begun to change from the moment that you begin to pronounce that one-syllable word, "I," to when you finish uttering it. So, nothing in perception gives us the right to say that there is knowledge of something as elementary as the "I."

Knowledge, Socrates concludes, is not perception. Profane people believe that the invisible is not real, but we disagree. And he has the following exchange with the young Theaitetos at this point:

Socrates: You doubtless follow me, Theaitetos; at all events I do not imagine that such puzzles are outside your experience.

Theaitetos: On the contrary, Socrates, it is extraordinary how they get me wondering whatever they can mean. Sometimes the very contemplation of them makes me feel quite dizzy.

Socrates: I see. Theodoros did not estimate your nature so badly after all. This sense of wonder is characteristic of a philosopher. Wonder, in fact, is the very source of speculation.

Socrates is clearly very happy with the fact that Theaitetos is made dizzy, because the ground he was standing on, which he thought was so firm—with all its hard objects, facts, perceptions, and appearances—is moving under him. And Theaitetos has had the honesty to say, I don't know what ground I'm standing on now, and I feel dizzy. Socrates says, good; now we're getting somewhere.

At this point in the dialogue something very interesting occurs. Theodoros, the astronomer, who had introduced Theaitetos to Socrates, cannot control himself any longer, and he blurts out to Socrates: "Hurry up and tell us if the conclusion is wrong." Socrates replies sharply:

Socrates: A fine thing, to treat me like a kind of sack full of arguments. . . . You do not understand my method: the arguments never come from me, but always from the person with whom I am talking. . . . So now, I shall put forward no explanation of my own, but try to extract it from our friend here.

Theodoros [chastised]: That is the better way, Socrates; go ahead.

So Socrates proceeds with the next round of inquiry with Theaitetos. He notes that they have discovered, and agreed, that perception is not knowledge. We don't yet know what it *is*, but we sure know what it is *not*. It is *not* perception. So let me ask you a further question, Socrates says, with regard to our senses—sight, hearing, etc. Does man perceive *with* his senses, or *through* his senses? In other words, is it the sensory perceptive apparatus which gives you information or knowledge of what is going on, or is there something else which is coordinating all the information, and that you are using your senses and only perceiving *through* them?

At that point, Theaitetos has a second flash of insight:

Theaitetos: You want me to tell you through what bodily organs our mind perceives these. Am I right?

Socrates: You follow me exactly, Theaitetos; that is just what I am asking.

Theaitetos: Really, Socrates, I haven't an idea, except that there is no special organ for apprehending these things, as there is for apprehending color, sound, etc. I am quite sure that the mind in itself is its own organ for viewing what is common to all things.

Socrates: Why Theaitetos, you are handsome after all, not

ugly as Theodoros described you. For in debate, “handsome is that handsome speaks.” That is a charming discovery!

Recall Theaitetos’s first discovery, where he was looking for that which is common to all objects of knowledge, a single concept which summarizes all the specific bits of information. And here, with his second breakthrough, he has discovered that mind itself is its own agency for viewing that which is common to all things. Also note the interplay between Socrates and Theaitetos, when Theaitetos is really thinking. Socrates doesn’t really care about the specific idea or proposal Theaitetos comes up with. Every one may turn out to be mistaken. But the *way* his mind is working is what Socrates is most concerned with. And he refers back to the original teasing about how Theaitetos is supposedly ugly, just like Socrates, and he says: no, you are really very handsome, “for in debate, handsome is as handsome speaks. That is a charming discovery.”

(Parenthetically, to go from the sublime to the ridiculous for a moment, compare this insight to the idiotic, degrading, disgusting movie “Forrest Gump,” this glorification of stupidity as the supposed essence of the American identity, with its witless refrain: “stupid is as stupid does.”)

So that is Theaitetos’s second discovery: that mind is the only organ in the body capable of true unity. Socrates then insists that Theaitetos provide a new definition of knowledge, since it is not perception. Theaitetos triumphantly proclaims: Clearly, knowledge is “true judgment,” in other words, that there is a mental process of *judgment* involved in forming a concept out of mere perceptions.

Socrates then proceeds to pick this definition apart, as well. What if you happen on a truthful statement by pure coincidence? Is that really knowledge, or just a lucky guess? Theaitetos, getting the hang of things, quickly concedes: Okay, Socrates, I admit that “true judgment” is not a sufficient definition of knowledge. And so he takes another stab at it: knowledge is “true judgment with an account,” or explanation.

Again Socrates elaborates the paradoxes. If you simply make up a list of true judgments, each with its own explanation, can this be called knowledge? Even an exhaustive, or infinite, such list of specific truths fails the test of true knowledge. It is like the difference between a collection of notes or sounds, and actual music, Socrates suggests.

Socrates then offers Theaitetos the following concluding insight, which is Plato’s actual theory of knowledge, as nothing other than the mental activity of continuing self-correction and discovery:

Socrates: I wonder whether your description of the thought-process agrees with mine?

Theaitetos: How do you describe it?

Socrates: As a discourse that the mind carries on with itself about any subject it has under consideration. . . . I have

an idea that when the mind is thinking, it is simply conversing with itself, asking and answering questions, and affirming or denying. . . . I therefore describe thinking as discourse, and judgment as a statement expressed, not aloud to someone else, but in silence to oneself. What do you say?

Theaitetos: I agree. . . .

Socrates: Therefore, Theaitetos, neither perception nor true belief, nor an account coupled with true belief can be knowledge. . . . [You must have] the good sense not to imagine you know what you don’t know. That much and no more my art can accomplish.

We have reviewed the issue of cognition, in children in particular, from the Classical period of Greece, because I believe that this is at the very heart of what is required to truly defend the nation-state from its ongoing disintegration. And it is what the oligarchy is really out to destroy. Sure, they have to get rid of its attributes: national currencies, the military, territorial integrity. But what they are really trying to destroy is this quality of thinking like children, of excitement at new discoveries, and of not being attached to any particular old beliefs. This is what they are trying to kill.

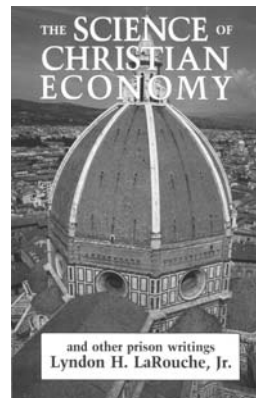
And I believe that we have to take the Menos of this world, the chop-logic blockheads, and turn them, in effect, into slave-boys making new discovers. In that sense, I am confident that saving the nation-state is, in fact, child’s play.

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